Filed Pursuant to Rule 424(b)(4)
Registration No. 333-248250

41,026,000 Shares

Pactiv Evergreen Inc.

Common Stock

This is the initial public offering of shares of common stock of Pactiv Evergreen Inc. Prior to this offering, there has been no public market for our common stock. The initial public offering price is $14.00 per share. Our common stock has been approved for listing on the Nasdaq Global Select Market ("Nasdaq") under the symbol "PTVE."

Immediately prior to the closing of this offering, Packaging Finance Limited ("PFL") will be our only stockholder. Upon the closing of this offering, the Hart Stockholders (as defined herein) will own a majority of the voting power of our common stock. As a result, upon the closing of this offering, we will be a "controlled company" as defined under the corporate governance rules of Nasdaq. See "Principal Stockholders."

We have granted the underwriters a 30-day option to purchase up to 6,153,900 additional shares of common stock from us at the initial public offering price, less the underwriting discounts and commissions.

Investing in our common stock involves risks. See "Risk Factors" on page 42.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds before expenses, to us(2)
Per Share	$14.00	$0.665	$13.335
Total	$574,364,000	$24,907,290	$549,456,710

(1) An entity affiliated with Mr. Graeme Hart (the "Affiliated Participant") has agreed to purchase 3,571,428 shares of our common stock in this offering at the initial public offering price. The allocation of these shares to the Affiliated Participant was made at our direction. The underwriters will not receive any underwriting discounts or commissions on these shares.

(2) See "Underwriting" for a description of all compensation payable to the underwriters.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about September 21, 2020.

Credit Suisse **Citigroup**

BofA Securities **Goldman Sachs & Co. LLC**

Baird BMO Capital Markets Deutsche Bank Securities HSBC RBC Capital Markets

Academy Securities Loop Capital Markets Rabo Securities Ramirez & Co., Inc. Siebert Williams Shank

The date of this prospectus is September 16, 2020

3 leading businesses
900 production lines
13,000 SKUs
3,800+ new products
500+ new sustainable products
65% of revenues from sustainable products

We are the largest producer of fresh food and fresh beverage packaging in North America*

People in the US use our products ~5 billion times every week

*Based on 2019 revenue

We make products that let consumers eat and drink what they want, when they want, where they want

#onthego #anywhere #anytime #keepsafe #nohassle #nocleanup #convenient #usedmillionsoftimesdaily

Foodservice

Take-out, eat out, order-in, on-the-go, safely and conveniently

Food Merchandising

Shop fresh, safe, ready-to-go,
Eat at home, see what you eat, for-you design

Beverage Merchandising

Easy to use, easy to keep, fresh, good-for-you and sustainable

In this prospectus, "Group," "we," "us" and "our" refer to (i) prior to the GPC Separation (as defined below), Pactiv Evergreen Inc. ("PTVE", or the "Company") (formerly known as Reynolds Group Holdings Limited) and its consolidated subsidiaries, including Graham Packaging Company Inc. ("GPC") and its consolidated subsidiaries (the "GPC Group") and (ii) after the GPC Separation, PTVE and its consolidated subsidiaries, excluding the GPC Group. As discussed elsewhere in this prospectus, prior to the closing of this offering: (i) we will distribute GPC to PFL, and, as a result, the GPC Group will no longer be part of the Group and (ii) Reynolds Group Holdings Limited will convert into a corporation incorporated in the state of Delaware, with the name Pactiv Evergreen Inc. The financial information presented in this prospectus, except where designated "pro forma," includes the results of the GPC Group. Our discussion of our business and our forward-looking statements, including our Risk Factors, are generally limited to our business as of the closing of this offering and do not include the GPC Group.

We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

No action is being taken in any jurisdiction outside the United States to permit a public offering of common stock. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restriction as to this offering and the distribution of this prospectus applicable to those jurisdictions.

Market Share and Other Information

This prospectus includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys, filings of public companies in our industry and internal company surveys. These include government and industry sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the industry and market data to be reliable as of the date of this prospectus, this information could prove to be inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein. Unless otherwise indicated, when presented in this prospectus (i) historical industry growth rates are based on the period from 2014 through 2019, (ii) industry growth projections are based on data as of January 2020 and (iii) North American industry sizes are estimates as of 2019.

Trademarks and Trade Names

We own or have rights to trademarks, service marks and trade names that we use in connection with the operation of our business. Other trademarks, service marks and trade names appearing in this prospectus are the property of their respective owners. Solely for convenience, some of the trademarks, service marks and trade names referred to in this prospectus are listed without the ® or ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our trademarks, service marks and trade names.

Presentation of Information

References to “fiscal year 2021”, “fiscal year 2020,” “fiscal year 2019,” “fiscal year 2018,” “fiscal year 2017” and “fiscal year 2016” relate to our fiscal years ending December 31, 2021 and 2020 and fiscal years ended December 31, 2019, 2018, 2017 and 2016, respectively. With the exception of the adoption of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* and other related Accounting Standards Updates regarding Accounting Standards Codification Topic 606 (“ASC 606”) as of January 1, 2018, Accounting Standards Update 2016-02, *Leases* and other related Accounting Standards Updates regarding Accounting Standards Codification Topic 842 (“ASC 842”) as of January 1, 2019, and Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses* and other related Accounting Standards Updates regarding Accounting Standards Codification Topic 326 (“ASC 326”) as of January 1, 2020, the accounting policies set out in the annual consolidated financial statements included elsewhere in this prospectus have been consistently applied to all periods presented. We adopted the new revenue recognition standard on a modified retrospective basis for all contracts not completed as of the date of adoption. There was no material financial impact from adopting the new revenue recognition standard. We adopted the new lease accounting standard on a modified retrospective basis without the recasting of comparative periods’ financial information, as permitted by the transition guidance. Upon adoption we recorded operating lease right-of-use assets (adjusted for prepaid and deferred rent) and operating lease liabilities of $322 million and $331 million, respectively, representing the present value of future lease payments with terms greater than 12 months. See Note 2—Summary of Significant Accounting Policies in our annual consolidated financial statements included elsewhere in this prospectus for an explanation of the impact of the adoption of ASC 606 and ASC 842. We adopted the new accounting requirements for credit losses on a modified retrospective basis. The adoption of these new requirements had no material impact on our consolidated financial statements.

The financial information presented in this prospectus, except where designated “pro forma,” includes the results of the GPC Group. Accordingly, references to pro forma information, such as “pro forma net revenue,” “pro forma net income,” “pro forma Adjusted EBITDA from continuing operations,” “pro forma Adjusted EBITDA margin from continuing operations,” “pro forma capital expenditures” and “pro forma CAGR”, give effect to the GPC Separation, the Corporate Reorganization (as defined below) and this offering, as reflected in the unaudited pro forma consolidated financial data included elsewhere in this prospectus.

We have made rounding adjustments to some of the figures included in this prospectus. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that precede them. Unless otherwise indicated, all references to “U.S. dollars,” “dollars,” “U.S. $” and “$” in this prospectus are to the lawful currency of the United States of America.

Non-GAAP Financial Measures

This prospectus contains "non-GAAP financial measures," which are financial measures that are not calculated and presented in accordance with U.S. generally accepted accounting principles ("GAAP").

The Securities and Exchange Commission ("SEC") has adopted rules to regulate the use in filings with the SEC and in other public disclosures of non-GAAP financial measures. These rules govern the manner in which non-GAAP financial measures are publicly presented and require, among other things:

- a presentation with equal or greater prominence of the most comparable financial measure or measures calculated and presented in accordance with GAAP; and
- a statement disclosing the purposes for which the registrant's management uses the non-GAAP financial measure.

Specifically, we make use of the non-GAAP financial measure "Adjusted EBITDA from continuing operations" in evaluating our consolidated past results and our consolidated future prospects. For the definition of Adjusted EBITDA from continuing operations and a reconciliation to net income from continuing operations, its most directly comparable financial measure presented in accordance with GAAP, see "Prospectus Summary—Summary Historical and Unaudited Pro Forma Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—How We Assess the Performance of Our Business."

We present Adjusted EBITDA from continuing operations because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions and, in certain cases, because this measure is used to determine compliance with covenants in our debt agreements and compensation of certain management. Accordingly, we believe that Adjusted EBITDA from continuing operations 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.

Adjusted EBITDA from continuing operations has limitations as an analytical tool, and you should not consider such a measure either in isolation or as a substitute for analyzing our results as reported under GAAP. Some of these limitations include the following:

- Adjusted EBITDA from continuing operations does not reflect every expenditure or contractual commitment;
- Adjusted EBITDA from continuing operations does not reflect changes in our working capital needs;
- Adjusted EBITDA from continuing operations does not reflect any interest expense, or the amounts necessary to service interest or principal payments on any debt obligations;
- Adjusted EBITDA from continuing operations does not reflect income tax expense;
- although depreciation and amortization are eliminated in the calculation of Adjusted EBITDA from continuing operations, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA from continuing operations does not reflect any costs of such replacements;
- Adjusted EBITDA from continuing operations does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative, on a recurring basis, of our ongoing operations; and
- other companies in our industry may calculate Adjusted EBITDA from continuing operations or similarly titled measures differently than we do, limiting their usefulness as comparative measures.

We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA from continuing operations as supplemental information.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus carefully, including the "Risk Factors" and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

Overview

We help make today's convenience-oriented lifestyle possible by making products that give people the freedom to eat and drink fresh food and beverages safely anytime and anywhere.

We are the largest manufacturer and distributor of fresh foodservice and food merchandising products and fresh beverage cartons in North America (as measured by revenue). We produce a broad range of on-trend and feature rich products that protect, package and display fresh food and beverages for consumers who want to eat or drink fresh, prepared or ready-to-eat food and beverages conveniently and with confidence. Consumers use our products every day in restaurants, coffee shops, supermarkets, grocery stores and their homes and we estimate that our products are used by people in the United States approximately 5 billion times per week. We support consumers' active, on-the-go lifestyle with a variety of products that are used daily by people who want to eat and drink fresh food and beverages on-the-go, take-out or at home. Our products range from food containers, plates and bowls, hot and cold cups, lids, wraps and cutlery to meat and poultry trays, egg cartons and reclosable fresh beverage cartons. Our products are made from a diverse range of substrates, including resins, bio-resins, plant and paper-based fiber and aluminum. We believe that the breadth of our product offering and our best-in-class technological and material engineering capabilities provide us with a competitive advantage by giving us the ability to offer or develop products to meet a broad range of customer needs and specifications. These capabilities are a part of the value proposition we offer our customers that help make us a "one-stop-shop" for customers with a wide range of fresh food and beverage packaging requirements. We believe our product development, material engineering and technology innovation initiatives enable us to commercialize new products that provide a consistent and meaningful contribution to both our product offering and revenue. Our objective is to generate 25% of our net revenues each year from products developed or re-engineered within the prior three years. We are a market leader in our industry. Approximately 80% of our total pro forma net revenues for 2019 were from products for which we held a #1, #2 or #3 U.S. market share position.

We supply our products to a broad and diversified mix of companies, including full service restaurants ("FSRs") and quick service restaurants ("QSRs"), foodservice distributors, supermarkets, grocery and healthy eating retailers, other food stores, food and beverage producers, food packers and food processors. Based on management data, in 2019, we were the #1 supplier to many of our customers across our product categories in the aggregate, including four of the five largest foodservice distributors, eight of the ten largest supermarket chains, three of the four largest dairies, and the three largest QSR groups. We were also the #1, #2 or #3 packaging supplier to six of the eight largest meat and poultry processors. Our customers range from large blue-chip multinational companies to national and regional companies to small local businesses. We have developed strong and longstanding relationships with our customers. We have been supplying the vast majority of our customers for many years, and our relationships with our top ten customers average over 19 years. We have a diverse business with no single customer representing more than 10% of our pro forma net revenues for fiscal year 2019. We believe our strategic customer partnerships, which are built on our "one-stop-shop" product, service and value offering, differentiate us from our competitors. Sales contracts for our products are in many cases long-term and generally contain cost pass-through mechanisms for raw materials, and may contain pass-through mechanisms for freight and other variable costs that mitigate the impact of cost volatility on our profitability.

We participate in the North American foodservice packaging, retail and food processor packaging and liquid carton containers industry, which has grown at a compound annual growth rate ("CAGR") of approximately 4% over the last five years. Because people always need to eat and drink without regard to economic conditions, the markets we serve have historically been recession-resilient. The foodservice and food merchandising end market categories we participate in have grown consistently over the last five years, with foodservice having grown at a CAGR of approximately 3% and food merchandising having grown at a CAGR of approximately 4% during that period. Foodservice refers to products used in restaurants and for away-from-home eating and drinking. Food Merchandising refers to products for fresh, prepared and ready-to-eat foods sold through supermarkets, grocery and other food stores for consumption on-the-go or at home. Beverage Merchandising refers to cartons and related products for refrigerated dairy, juice and specialty beverages sold in retail outlets and used in school lunches. Our industry is supported by strong demographic profiles and consumer preference trends that have increased demand for the convenient, easy-to-use, reclosable and highly reliable products we make. Our products protect, display and keep food and beverages fresh and help consumers eat and drink safely, easily and with confidence. Millions of people use our products every day. Consumers also increasingly want products that are made using sustainable materials. For fiscal year 2019, approximately 65% of our pro forma net revenues were derived from products made with recycled, recyclable or renewable materials, and our goal is 100% by 2030.

We operate primarily in North America, with 86% of our pro forma net revenues in fiscal year 2019 coming from the United States and 8% of our pro forma net revenues in fiscal year 2019 coming from Canada and Mexico, combined. We also operate internationally, including through joint ventures, with manufacturing facilities located in fast-growing emerging markets including Southeast Asia and the Middle East. In total we have approximately 15,000 employees.

We have well-invested nationwide manufacturing operations that, as of December 31, 2019, include 46 manufacturing and 27 distribution facilities. We have approximately 900 production lines and we manufacture approximately 115 billion units each year. Over the last two fiscal years, we invested approximately $374 million in pro forma capital expenditures in a number of strategic initiatives focused on growth and productivity. These initiatives involve automation, operational efficiency and the development and launch of new products to further enhance our value proposition and product offering for customers, streamline and further reduce the cost of our manufacturing and distribution of products and capitalize on growth opportunities in the markets we serve. Over 98% of the products we sell in the United States are manufactured in the United States, and we believe our strategically located regional mixing centers ("RMCs") and proprietary logistic software provide freight advantages and certainty of supply for our customers. We have flexible manufacturing capabilities that enable us to quickly shift production at low cost to meet customers' changing needs. We believe that our unique low-cost distribution model and short supply chain relative to our competitors are highly valued by our customers.

Our unique value proposition drives our longstanding strategic relationships with our customers in a number of ways through our products, our services for customers, our manufacturing and our distribution model and our experienced employees who are dedicated to maintaining our customers' trust. We offer one of the broadest ranges of products in our markets available from a single source, and we manufacture our products from a wide range of materials to meet customer needs. This allows us to be a "one-stop-shop" with just-in-time fulfillment that simplifies and increases the efficiency of our customers' purchasing. We make the procurement process easier for our customers with proprietary tools like the Virtual Packaging Assistant ("VPA"), which enable us to work with customers to select tailored product solutions. We also work closely with customers to design innovative products that meet their specific and changing requirements and help differentiate their brands. As a result of our broad material, manufacturing and design capabilities, we are able to create products and consistently and reliably fulfill our customers' needs across a wide range of product categories. We believe our value-added service for customers creates logistic and supply chain savings for them. Our nationwide hub-and-spoke distribution system makes it possible for customers to purchase a range of products in one order from a single location and thereby increase the load factor for shipping and reduce their supply chain costs. We enjoy high levels of customer satisfaction with our products and service. We believe that the combination of these unique attributes creates significant value for our customers, a strategic competitive advantage for us and high barriers to entry for adjacent industry participants.

We strive to operate with respect for the environment, and we are committed to sustainability across three key areas: our product portfolio, our manufacturing and supply chain and our communities. We offer environmentally sustainable solutions across nearly all of our product lines today, supporting our customers' own sustainability goals. We are focused on increasing our use of recycled and renewable materials and making our products recyclable or compostable. For example, through our EarthChoice brand, we offer a robust line of sustainable foodservice products. Since the start of 2019, we have launched, or expect to launch by the end of 2020, over 70 new items across many of our product categories under our proprietary EarthChoice brand. As of December 31, 2019, the EarthChoice product line included more than 250 products. We currently offer a recyclable or sustainable product for nearly every product category that we manufacture, and we have the product offering and material technology to move customers to alternative substrates. Additionally, our entire line of fresh beverage cartons are made using sustainable fiber-based materials. We have focused on reducing our carbon footprint in the manufacturing and distribution of our products. Substantially all of the products we sell in North America are manufactured by us in the United States, unlike some of our competitors. Since 2015, we have achieved a 12% reduction in absolute energy consumption, resulting in a 10% reduction in greenhouse gases. We put safety first, value our people and communities and operate in a manner that is inspiring and empowering and makes our business sustainable in the long run. We never compromise our values in the face of market forces.

Our focus on growing and recession-resilient end markets, well-invested manufacturing platforms, efficient manufacturing and distribution, innovation, long-term customer relationships and contractual cost pass-through mechanisms allow us to maintain an attractive financial profile with steady, organic revenue growth, robust margins and significant cash flows. In fiscal year 2019, on a pro forma basis after giving effect to the GPC Separation, the Corporate Reorganization and this offering, we generated $5.2 billion in net revenues, an $93 million net loss from continuing operations and $691 million in Adjusted EBITDA from continuing operations.

Strategic Initiative Management

We have a culture that constantly seeks to improve the way we work throughout our business, from our products to our manufacturing and distribution processes to the way we work with our customers. We continually seek to optimize our business through comprehensive business reviews, ideation and targeted strategic initiatives. The review process, identification of focus areas, development of actionable improvement programs and implementation and monitoring of these initiatives are coordinated and managed by our Strategic Project Management Office (the "SPMO"). Our strategic initiatives are grouped into six key areas: growth; value-added customer service; profitable innovation; cost reduction; the integration of Beverage Merchandising and sustainability.

- **Growth:** Drive growth of our products and support our customers while maintaining our commitment to quality, reliability, service and safety
- **Value-added customer service:** Proactively implement new ways to serve our customers and continually seek to refine our value proposition for customers
- **Profitable innovation**: Reinforce our existing product portfolio with new and on-trend products
- **Cost reduction:** Optimize our processes to drive increased profitability and cash flow through automation, digital transformation and streamlining our manufacturing and supply chain

- **Integration of Beverage Merchandising:** Capitalize on commercial and cost synergies from integration of the Beverage Merchandising business
- **Sustainability:** Maintain and grow the broadest sustainable product offering in the industry with a focus on our "Four R's" of "Reduce," "Recycle," "Renew," and "Reuse". For fiscal year 2019, approximately 65% of our pro forma net revenues were derived from products made with recycled, recyclable or renewable materials, and our goal is 100% by 2030.

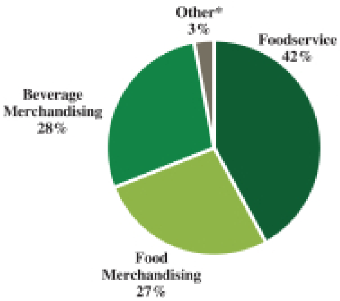
Within each of these categories, we have a number of specific initiatives that we believe will improve our business, including: our automation and digital transformation initiatives; growth of our sustainable product offerings; reduction of our carbon footprint in our manufacturing and distribution processes; and our cost reduction programs. We believe it is critical to embrace new technology and we have made significant investment across our business to accelerate growth and optimization opportunities. We rigorously track and measure the progress and results of each of our initiatives. We are focused on long-term planning and goal-setting strategies as well as our near term operating results. We believe our strategic initiatives help drive our revenue growth, increase our market share and increase our margins.

Our SPMO's initiatives drive our collective, cross-functional and company-wide efforts to increase growth and profitability across our business. The systematic approach championed by our SPMO includes collaborative partnerships across our segments, regular meetings with top executives and rigorous measurement of initiatives and progress against internal benchmarks. The SPMO's initiatives have yielded significant results both on the top and bottom line. Our strategic initiatives also include internal goals for innovation. Our objective is to generate 25% of our revenue each year from new products introduced within the prior three years. In fiscal year 2019, 20% of our pro forma net revenues were generated from products that were less than three years old. The SPMO and its initiatives will continue to impact the way we work on a daily basis.

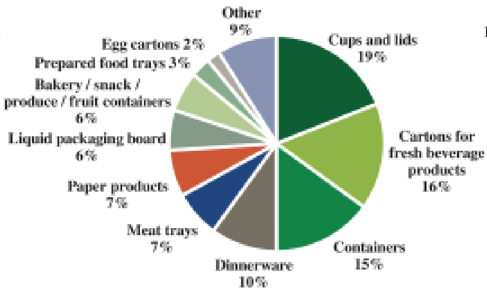
Our Segments

We are the largest producer of fresh food and fresh beverage packaging in North America (as measured by revenue). Our operations consist of manufacturing and selling products through three reportable segments: Foodservice; Food Merchandising; and Beverage Merchandising. The pie charts below show the breakdown of our pro forma net revenues for fiscal year 2019 by our segments, geography and products.

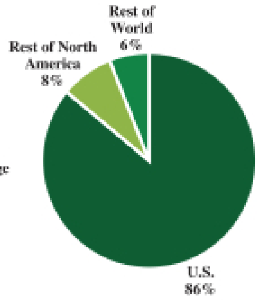
FY2019 pro forma net revenues by segment



FY2019 pro forma net revenues by product



FY2019 pro forma net revenues by geography



* Other represents residual businesses that do not represent a reportable segment.

Foodservice

Our Foodservice segment (“Foodservice”) is the #1 manufacturer of foodservice products in North America (as measured by revenue). Foodservice generated $2.2 billion in net revenues and $336 million in Adjusted EBITDA (a 16% Adjusted EBITDA margin) for fiscal year 2019 and has grown its net revenues at a 2.5% CAGR from December 31, 2017 through December 31, 2019.

Foodservice provides a broad range of convenient, on-the-go products that let consumers eat and drink the fresh food and beverages that they want, where they want and when they want with confidence. We manufacture food containers, hot and cold cups, lids, plates, bowls, cutlery and straws, wraps and cafeteria trays.

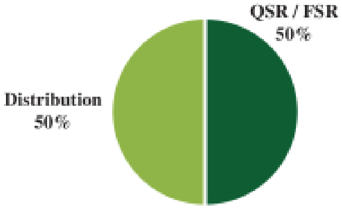
Foodservice has a large customer base that includes chain restaurants, FSRs, established and emerging QSRs, distributors, institutional foodservices (e.g. airports, schools and hospitals) and convenience stores. We serve our customers nationwide, regionally or locally, depending on their needs.

We operate in the $22 billion North American foodservice packaging industry. The industry is forecast to grow at a CAGR of approximately 3% to 4% during the five-year period from 2019 through 2024. We believe that key growth drivers in the North American foodservice market include increased demand for fresh prepared foods and beverages that can be consumed safely and easily on-the-go; growing consumer demand for eat-at-home and order-in food delivery options; increasing catering and event services; and the shift toward higher value and feature-rich formats (e.g. tamper-evident and reclosable containers) and higher priced eco-friendly products and substrates.

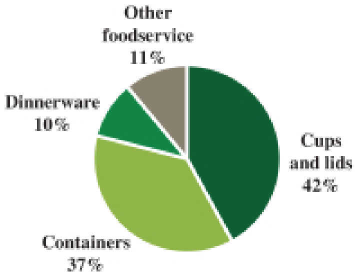
Foodservice offers one of the broadest selections of foodservice products in North America and was the largest producer of foodservice packaging in North America in 2019 (as measured by revenue). Foodservice held a #1, #2 or #3 U.S. market share position in almost all of its product categories in 2019. The segment is well positioned to grow with today’s “eat anywhere/anytime” lifestyle trends and is aligned with the grab-and-go, away-from-home and eat-at-home preferences of consumers, rapidly expanding food delivery services and emerging QSRs, the trend toward fresh, ready-to-eat and prepared foods and the increasing consumer demand for sustainable products and products that protect against contamination. Since the start of 2019, we have launched, or expect to launch prior to the end of 2020, over 70 new items across many of our product categories under our proprietary EarthChoice brand. Our EarthChoice brand of products offers a robust line of sustainable packaging for customers looking for alternatives to traditional products. Foodservice provides significant value for customers through its “one-stop-shop” product and service offering, packaging solutions that align with today’s consumer preferences and by providing consistent and reliable quality.

The pie charts below show the breakdown of net revenues in our Foodservice segment for fiscal year 2019 by type of customer, by product and by geography.

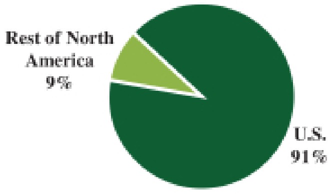
FY 2019 net revenues by customer type



FY 2019 net revenues by product



FY 2019 net revenues by geography



Food Merchandising

Our Food Merchandising segment ("Food Merchandising") is a leading North American manufacturer of solutions that package, protect and display food and keep it safe from contamination. Food Merchandising generated $1.4 billion in net revenues and $223 million in Adjusted EBITDA (a 16% Adjusted EBITDA margin) for fiscal year 2019 and its net revenues had a CAGR of (0.4)% from December 31, 2017 through December 31, 2019.

We manufacture containers for delicatessen, bakery, produce and snack food applications; microwaveable containers for fresh, prepared and ready-to-eat food; and trays for meat, poultry and eggs.

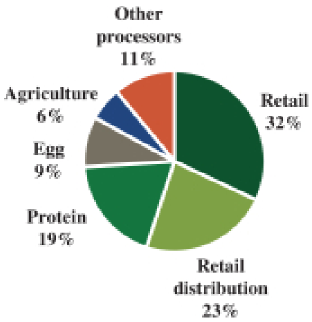
Food Merchandising's extensive list of customers includes supermarkets, grocery and healthy eating retailers and other food stores as well as meat, egg, agricultural and consumer packaged goods ("CPG") processors. We serve our customers nationwide, regionally or locally, depending on their needs.

We operate in the $9 billion North American food merchandising industry. This industry is forecast to grow at a CAGR of approximately 3% during the five-year period from 2019 through 2024. We believe that key growth drivers in North American food merchandising include increased consumption of fresh produce, meat, poultry, prepared foods and baked goods; increased demand for display-ready fresh food; the shift toward smaller containers, as well as fiber-based and higher value packaging formats (e.g. higher cost meat and poultry trays for organic and specialty products) and the proliferation of products designed to meet unique functional needs such as tamper-evident and reclosable containers.

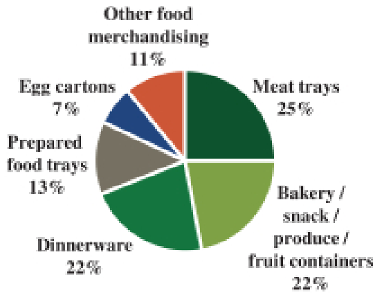
Food Merchandising has the broadest range of products and packaging solutions in North America. Over 85% of its net revenues for 2019 were from products for which it held a #1, #2 or #3 U.S. market share position. The segment is aligned with increasing customers' demand for packaging solutions that protect and display fresh food, fresh prepared, already-cooked and ready-to-cook foods. We believe that Food Merchandising provides a compelling value proposition to customers, packages that consumers like and trust and products that meet high standards with rapid turnaround times. Product innovation is focused on high-growth emerging companies where our products help deliver our customers' brands.

The pie charts below show the breakdown of net revenues in our Food Merchandising segment for fiscal year 2019 by type of customer, by product and by geography.

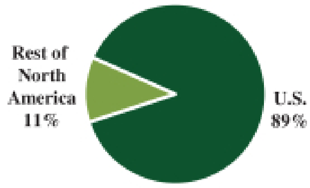
FY 2019 net revenues by customer type



FY 2019 net revenues by product



FY 2019 net revenues by geography



Beverage Merchandising

Our Beverage Merchandising segment ("Beverage Merchandising") is a leading manufacturer of fresh cartons for refrigerated beverage products in North America and certain portions of Southeast Asia, primarily serving dairy (including plant-based, organic and specialties), "good-for-you" juice and other specialty beverage end-markets. Beverage Merchandising generated $1.6 billion in net revenues and $196 million in Adjusted EBITDA (a 12% Adjusted EBITDA margin) for fiscal year 2019 and has grown its net revenues at a 1.4% CAGR from December 31, 2017 through December 31, 2019.

Based on management data, Beverage Merchandising is the only integrated producer of fresh beverage cartons in North America that offers customers a "one-stop-shop" carton solution, which we refer to as the Total Packaging System Solution ("TPSS"). Beverage Merchandising manufactures and supplies integrated fresh carton systems, which include printed cartons with high-impact graphics, spouts and filling machinery. Beverage Merchandising also produces fiber-based liquid packaging board ("LPB") for its internal requirements and to sell to other fresh beverage carton manufacturers, as well as a range of paper-based products which it sells to paper and packaging converters. Based on management data, in 2019 Beverage Merchandising held a #1 U.S. and Canada market share position in its key beverage product categories: high-barrier LPB used for gable-top cartons; printed fiber-based beverage cartons; and high-speed filling machinery.

Select Beverage Merchandising products

Fiber products

Fresh beverage cartons

Filling machinery

Beverage Merchandising's key customers include national and regional dairy, juice and specialty beverage producers, cup, plate and container manufacturers and other beverage carton manufacturers.

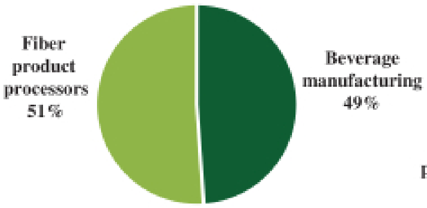
We primarily operate in the $1 billion North American fresh beverage carton industry. The North American fresh beverage carton industry is forecast to grow at a CAGR of approximately 1% during the five-year period from 2019 through 2024. Key growth drivers in North American fresh beverage cartons include increased demand for fresh, plant-based, organic and other specialty dairy products and specialty beverages, the displacement of other packaging formats by recyclable fiber-based cartons and the trend toward smaller size containers of one-half gallon or less. We also operate in growing emerging markets in Asia, including China, Korea, Malaysia and Taiwan and in the Middle East, including Israel, Morocco and Saudi Arabia through our joint ventures. We believe the Asian and Middle Eastern markets we serve are forecast to grow annually at approximately 5% and 3%, respectively, during the four-year period from 2020 through 2024. The growth in demand for the products we manufacture in emerging markets is driven by a growing middle class and urbanization.

One-hundred percent of our product offering is environmentally sustainable and fiber-based (excluding filling machinery and spouts) and our cartons are recyclable. We believe that Beverage Merchandising is well positioned to capitalize on consumer trends that favor fresh, conveniently-sized refrigerated beverage containers made with fiber-based materials that meet the demanding health, safety, speed and reliability requirements of customers and regulators. In addition, we believe our TPSS provides customers with a low cost solution and excellent customer service. We believe our market positions, our total systems approach, our manufacturing capabilities and our technical support and other services for customers give us a competitive advantage.

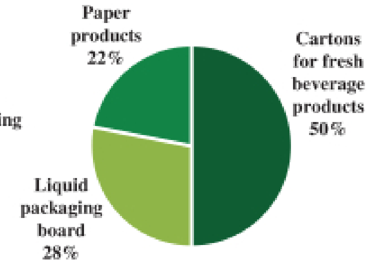
Beverage Merchandising has historically been operated and managed as a separate and independent reportable segment from our Foodservice and Food Merchandising segments. Beverage Merchandising's leading position in fresh cartons for specialty dairy and juice gives us leadership in another "good-for-you" department around the outside of the supermarket and complements our existing leadership positions with food retailers in meat and poultry trays, fiber egg packaging, bakery and snack containers and fruit and produce containers. We believe the integration of the businesses will generate new product opportunities that capitalize on Beverage Merchandising's fiber manufacturing and material science capabilities. We are targeting significant commercial benefits from this planned integration. We believe that by combining Beverage Merchandising with Foodservice and Food Merchandising, we will be able to provide a broader range of essential fiber-based packaging solutions for our customers. We also expect that the integration will help reduce cost by allowing us to use previously discarded materials, reduce procurement costs through combined purchasing and achieve potential cost savings through the integration of fiber and board materials.

The pie charts below show the breakdown of net revenues in our Beverage Merchandising segment for fiscal year 2019 by type of customer, by product and by geography.

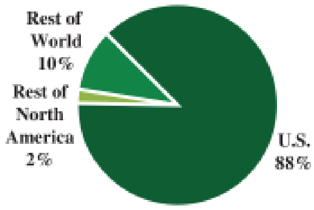
FY 2019 net revenues by customer type



FY 2019 net revenues by product



FY 2019 net revenues by geography



Our Products

We provide a wide range of products to serve convenience-oriented consumers by making it possible for them to eat and drink the fresh food and beverages that they want, when they want and where they want. Our products range from food containers, plates and bowls, hot and cold cups, lids, wraps and cutlery to meat and poultry trays, egg cartons and reclosable fresh beverage cartons. We make products that are convenient, reliable and offer consumers features like reclosability and tamper evidence. Our products help make daily life easier for consumers by reducing the time and hassle of cleaning up. We held a #1, #2 or #3 U.S. market share position in product categories that represent approximately 80% of our total pro forma net revenues in 2019.

Our Strengths

Unrivalled product and substrate breadth for on-the-go food and beverage consumption

We manufacture the broadest range of foodservice, food merchandising and beverage merchandising products in the North American market. We offer over 13,000 unique SKUs made from a diverse range of substrates, including resins, bio-resins, plant and paper-based fiber and aluminum. We believe our extensive product offering is part of what makes us the “one-stop-shop” for our customers by providing them the ability to switch between our products and various substrates to meet evolving customer and consumer preferences.

Our material science expertise and state-of-the-art product design and testing capabilities enable us to engineer high-performing materials and create new and innovative products to meet the demanding requirements of our customers and the preferences of consumers as well as to increase food safety. We use our material science expertise to focus on sustainability, performance and material savings. We have an industry-leading analytical lab and dedicated technology center in Canandaigua, New York where we develop innovative resin blending and compounding formulations and processes and new engineered materials using paper/fiber substrates. We also have an innovation center in Bedford Park, Illinois where we have on-site design, testing, prototyping and production capabilities. These unique material and product design capabilities allow us to partner with our customers to rapidly develop and commercialize new and innovative solutions that further increase the value we provide our customers.

Our products are formulated and fabricated in compliance with all applicable food laws and regulations. In addition, our production facilities are independently audited for adherence to good manufacturing practices. All Beverage Merchandising converting facilities have received SQF (“Safe Quality Food”) certification, and 23 Foodservice and Food Merchandising facilities have achieved BRC (“British Retail Consortium”) certification for meeting globally-recognized standards related to food safety and quality.

We believe we offer the most extensive selection of eco-friendly fresh food and beverage products in North America that are manufactured from recycled, recyclable or renewable materials and we continue to grow our offering of sustainable products with new bio-resin and fiber-based offerings. We offer customers environmentally-friendly alternatives across nearly all of our products and categories today and we believe our EarthChoice brand is the largest eco-friendly foodservice brand with one of the broadest product lines in the North American foodservice industry.

Market leading positions across a broad range of products

We are the largest producer of fresh food and fresh beverage packaging in North America (as measured by revenue). We held a #1, #2 or #3 U.S. market share position in product categories that represent approximately 80% of our total pro forma net revenues in 2019. Our scale and broad product offering, efficient low-cost nationwide manufacturing and hub-and-spoke distribution capabilities, together with the various services, efficiencies and reliability we offer customers, create our unique and compelling value proposition. We believe that our market leading positions in almost every product category in North America provide pricing power and purchasing leverage and help generate strong margins. Foodservice held a #1, #2 or #3 U.S. market share position in almost all of its product categories in 2019. Over 85% of Food Merchandising's net revenues for 2019 were from product categories in which it held a #1, #2 or #3 U.S. market share position. Based on management data, Beverage Merchandising is the only integrated fresh beverage carton producer in North America and it held a #1 U.S. and Canada market share position in its key beverage product categories: high-barrier LPB used for gable-top cartons; printed fiber-based beverage cartons; and high speed filling machinery. We believe our market positions and scale are a significant competitive advantage and would be difficult for any competitor to replicate.

Our products have leading market share positions across nearly all our categories

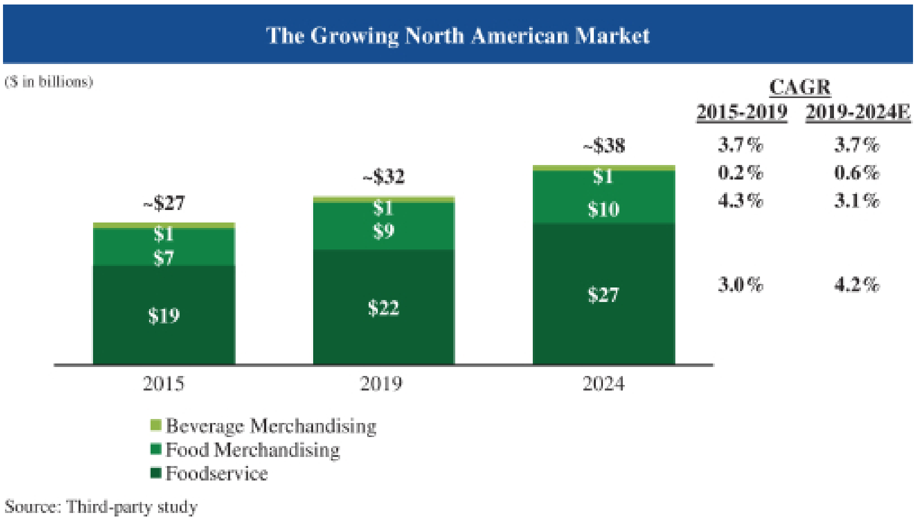
Category	Segment	Position**
Containers*	Foodservice	1-2
Utensils	Foodservice	1-2
Film and foil wraps*	Foodservice	1-2
Cafeteria trays	Foodservice	1
Molded fiber plates and bowls	Foodservice	1
Cups and lids	Foodservice	2-3
Meat and poultry trays	Food Merchandising	1
Fiber-based egg cartons	Food Merchandising	1-2
Bakery / snack containers	Food Merchandising	2-3
Fruit / produce containers	Food Merchandising	2-3
Fresh beverage cartons	Beverage Merchandising	1
Filling machinery	Beverage Merchandising	1
Liquid packaging board	Beverage Merchandising	1
Specialty Dairy	Beverage Merchandising	1

* Excluding paper-based products.

** Positions for Foodservice and Food Merchandising based on third-party estimates of U.S. market share. Positions for Beverage Merchandising based on management estimates for U.S. and Canada market share.

Growing consumer-oriented end markets

We serve customers in the fresh foodservice, fresh food merchandising and fresh beverage carton markets and we are well positioned to benefit from growth trends in each of these markets. Our businesses are aligned with secular growth in demand for convenient, on-the-go fresh food and beverages and for products made from sustainable materials. The graph below sets forth the historical and expected growth in the addressable North American market served by our three reportable segments:

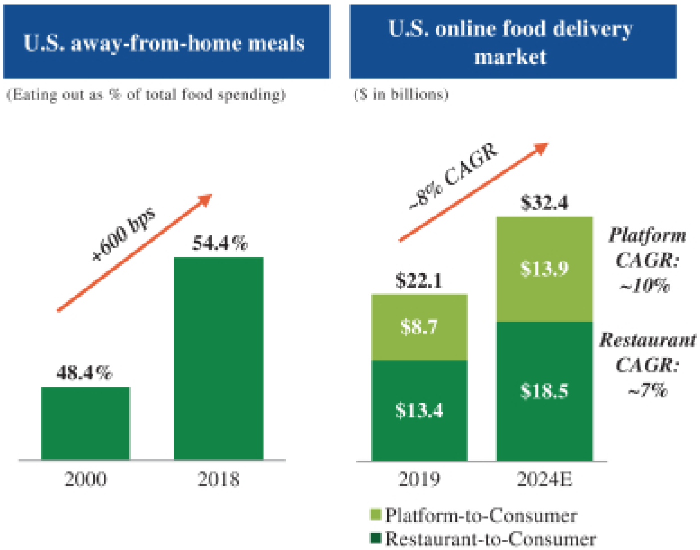


The addressable North American Foodservice market is valued at approximately $22 billion and is expected to grow at a CAGR of 4.2% during the five-year period from 2019 through 2024. We believe the breadth of our fresh, convenience-oriented and sustainable packaging solutions positions us to benefit from the key trends driving growth in the foodservice market. Consumers are increasingly eating food prepared away-from-home, as evidenced by the growing popularity of online delivery, take-out, drive-thru, emerging QSR brands and catering and events services. There has been a significant shift toward away-from-home eating, with away-from-home consumer spending increasing to 54% of total U.S. consumer food spending in 2018, compared to only 48% in 2000. We expect away-from-home's percentage of overall consumer food spending to continue to increase in the future. Online food delivery transactions are expected to grow approximately 10% per annum through 2024. We believe growth in on-the-go hot and cold beverage consumption will drive increased consumption of our cups, lids and straws. In addition, we believe favorable demand trends in many of our other product categories, such as growing demand for chef-inspired packaged food and restaurant-prepared foods, will also drive increased consumption of our foodservice products. Consumer preference is shifting toward higher-priced and eco-friendly fiber-based substrates, and we believe consumers are increasingly considering the quality and sustainability of food and beverage packaging when selecting restaurants for delivery, take-out and drive-thru orders. Increased demand for lightweight packaging with value-add and safety features, such as enhanced tamper evidence, is also an important growth driver in the foodservice market. We believe our extensive selection of on-the-go and sustainable products with innovative features positions us to benefit from these growth trends and earn higher margins from the sale of these products.

The addressable North American Food Merchandising market is valued at approximately $9 billion and is expected to grow at a CAGR of 3.1% during the five-year period from 2019 through 2024. We believe our expansive selection of innovative and sustainable packaging solutions positions us to benefit from market trends driving growth in the North American food merchandising market. Consumption of fresh produce, meat, poultry, prepared food and baked goods in North America is increasing. Consumer preference is shifting toward fiber-based packaging and smaller product formats. Consumers increasingly want to be able to see the food they buy while being assured of its safety and they increasingly want food that is fresh and ready-to-eat. In addition, the North American food merchandising market is projected to grow as consumers shift toward higher value and feature-rich formats (e.g. innovative tamper-evident containers and recycled PET meat and poultry trays for organic and specialty products) and with the proliferation of proprietary products designed to meet unique functional needs for customers, such as meat and poultry trays that are engineered to be packed and wrapped at high speeds. We believe we are positioned to benefit from these trends due to our wide-ranging product offerings and our ability to design and develop innovative on-trend products that meet evolving consumer preferences and the specific requirements of our customers.

The addressable North American Beverage Merchandising market is valued at approximately $1 billion and is expected to grow at a CAGR of 0.6% during the five-year period from 2019 through 2024. We believe demand for fresh beverage cartons will increase as consumer preference shifts toward fresh, refrigerated, organic and plant-based dairy and smaller product formats (i.e. cartons that are one-half gallon or smaller). We believe that demand will also increase as consumer preference shifts toward convenient, sustainable and visually-attractive printed fiber beverage cartons from alternative formats. We believe that a growing middle class and urbanization trends in emerging markets in Asia position us to continue benefitting from international growth as well. We believe our broad range of sustainable, fiber-based beverage packaging will allow us to benefit from these trends.

An important trend affecting all three of our business segments is the growing preference of consumers for fresh and prepared food and fresh beverages. Almost every product we make across our three segments is specifically designed for fresh food and beverages and we expect to benefit from the consumer's desire to increasingly eat and drink fresh. Whether consumers eat at home or away-from-home, we believe we are well-positioned to cater to their preferences. The following graphs set forth the expected growth in the U.S. away-from-home meals market and the U.S. online food delivery market during the five-year period from 2019 to 2024.



Source: Third-party study

Compelling value proposition backs longstanding strategic partnerships with blue chip customer base

Our customer relationships across leading FSRs and QSRs, foodservice distributors, supermarkets, grocery and healthy eating retailers, other food stores, fresh food and beverage producers, food packers and food processors are based on a long history of trust. We believe we have developed strong long-term partnerships with a diverse group of blue-chip customers due to our compelling value proposition driven by our broad range of products, the range of substrates we manufacture products from, our national distribution network and our ability to quickly design and manufacture innovative custom solutions.

We believe our "one-stop-shop" model offers our customers significant commercial, logistics and cost advantages. Our breadth of products and nationwide network of regional mixing centers means we can partner with customers anywhere in the United States and meet their wide-ranging food and beverage packaging needs. We offer our customers the ability to work with one salesperson, place one order with one customer service representative and receive one shipment, thereby improving efficiencies and lowering working capital. Customers are able to minimize supply chain and logistics costs by shipping with full truck loads from our distribution centers rather than shipping from multiple locations or overseas with our competitors.

We partner with our customers to develop new product designs that help them market their brands. Through our leading production technology and material science expertise, we are able to rapidly develop on-trend new products with features that meet the evolving preferences of consumers. As a result, we serve a critical role in developing and differentiating iconic food and beverage brands for our customers with consumers.

Customers rely on our products to help protect their brands by keeping food and beverages safe and fresh. Whether it is a hot coffee cup with the iconic logo of one of our national Foodservice customers or Food Merchandising's clear containers that let consumers see the fresh salads and fruit at their supermarket, our products are integral to consumers' everyday lifestyles. Each one of Beverage Merchandising's fresh beverage filling machines safely and reliably fills approximately 1 million cartons each week for our customers without leakage or spoilage, which is critical to protecting their brands. Customers depend on the quality, reliability and performance of our products for critical applications like these and many others. Our customers trust us with their brand reputation each time they use our products.

We have also invested in programs that allow us to better serve our clients by improving the procurement process. Our VPA tool helps customers navigate our extensive product offering and directs them toward the products that best fit their packaging needs.

We believe these value-added services differentiate us from our competitors and strengthen our position as a leading strategic partner with our customer base.

Examples of our customers by segment:

Foodservice | **Food Merchandising** | **Beverage Merchandising**

Well-invested, nationwide footprint and unique distribution model enhances competitive position

We have a large well-invested, manufacturing base and a hub-and-spoke distribution network in the United States and the international geographies in which we operate. The majority of our assets are in the United States, which allows us to provide an extensive offering of products manufactured in the United States to our customers. We believe our manufacturing footprint and distribution network provides us a competitive advantage in each of our segments. Foodservice is the only manufacturer in the United States with an extensive nationwide hub-and-spoke distribution network, which enables customers to buy across our entire product offering. Food Merchandising is a low cost U.S. manufacturer with well-invested facilities that are within close proximity to our customer base. We have an unrivalled product offering in the North American foodservice and food merchandising markets and a "one-face-to-the-customer" service model. This service model uses one sales representative per account to produce one order which is supported by one customer service representative that is responsible for one shipment with one invoice. We believe Beverage Merchandising is uniquely positioned in the U.S. and in the emerging markets we serve as the only producer that manufactures fresh beverage cartons, filling machinery and LPB, which we believe positions us as a low cost solution with excellent customer service.

We have made manufacturing flexibility a priority in our investment of capital. We are able to offer substrates and product lines to match changing market needs efficiently and at low cost. This enables us to scale production to match the requirements of our customers and trends in the market, including for example, increasing our use of recycled and recyclable material to produce a greater number of sustainable products and earn higher margins from the sale of these products. We have strategically invested in flexible manufacturing assets that can be quickly converted to produce alternative products. Our broad manufacturing base includes approximately 900 production lines and we manufacture approximately 115 billion units each year. We believe the flexibility of our manufacturing capabilities across our large asset base is a competitive advantage.

Foodservice has 16 manufacturing plants. Food Merchandising has 24 manufacturing plants. Foodservice and Food Merchandising share the use of 26 warehouses and 8 regional mixing centers. Beverage Merchandising has 6 U.S. beverage carton manufacturing plants, 7 international beverage carton manufacturing plants (including 3 plants in our joint ventures), 2 filling machinery plants, 3 extrusion plants, 2 integrated LPB and paper mills and 3 chip mills. Each of our manufacturing plants is managed by a manufacturing director, and we utilize lean operating practices and information technology to measure performance against objective metrics to optimize manufacturing efficiency and reduce cost. We estimate that it would require more than $11.6 billion to replicate our manufacturing assets, and we believe it would be exceedingly difficult to recreate our proprietary manufacturing know-how and in-house developed technologies that enable us to produce the broad range of high-quality products we efficiently manufacture, distribute and sell to customers. In addition, it would be difficult to construct comparable manufacturing facilities across the breadth of our locations and capabilities.

We have made significant investments in our manufacturing plant network, including approximately $636 million in pro forma capital expenditures over the last two fiscal years, approximately $374 million of which has been invested in growth and productivity initiatives. These investments have centered on automation, operational efficiencies and innovation for value-add and eco-friendly product offerings. Recent investments include capacity expansions, increased process speed, yield improvements and new processes and capabilities. We believe that these investments will help drive future growth in net income from continuing operations and Adjusted EBITDA from continuing operations.

Sustainability focus is aligned with today's consumer preferences and our customers' goals

We offer a broad range of sustainable products that are made with recycled, recyclable, renewable or compostable materials. We manufacture an eco-friendly alternative across nearly our entire range of products and offer products made from seven different types of sustainable substrates. Through our state-of-the-art production technology and material science experience, we have the ability to develop new value-add and sustainable materials and solutions. We believe we are well positioned to benefit from changing consumer preferences for more environmentally sustainable products. In fiscal year 2019, approximately 65% of our pro forma net revenue came from products made from recycled, recyclable or renewable materials. In addition, based on third-party industry research and management estimates, the global addressable market for sustainable packaging is estimated to grow at a 5-10% CAGR through 2025.

In addition, many of our customers have publicly-stated goals to increase the use of sustainable products. Significant portions of our new product and material innovations are geared toward developing sustainable products for our customers. As current customers using traditional materials look to switch to more sustainable alternatives, we are well-positioned to quickly and effectively support them. With a high percentage of our net revenue coming from products that are made from recyclable or other sustainable materials, we are helping our customers achieve their own sustainability goals.

Foodservice offers a rapidly growing selection of sustainable products through our EarthChoice brand. Food Merchandising is the leading North American producer of fiber-based egg packaging. The portfolio includes over 250 products, each with at least one of our four environmental attributes:

- **Reduce**: We reduce the use of petroleum-based materials by incorporating other materials, such as minerals and plant-based starches, into select EarthChoice products.
- **Recycle**: We manufacture products that include post-consumer recycled materials and actively engage in initiatives to expand recycling of foodservice packaging.
- **Renew**: We utilize renewable resources and promote initiatives to broaden composting of foodservice packaging.
- **Reuse**: We design products that may be washed and reused by consumers.

Beverage Merchandising's reclosable fresh beverage packaging consists entirely of sustainable fiber-based cartons (excluding spouts). Our cartons are recyclable and are made with over 70% renewable material. We hold third-party certifications from Forest Stewardship Council, the Programme for the Endorsement of Forest Certification and the Sustainable Forestry Initiative which demonstrate our commitment to responsible wood procurement and chain-of-custody procedures.

In addition to our use of recycled and renewable materials, we also support efforts to expand opportunities for consumers to recycle or compost our products, notably as one of the founding members of the Carton Council, Paper Recovery Alliance, Plastics Recovery Group, Foam Recycling Coalition and the Paper Cup Alliance. We have demonstrated our commitment to use more recycled plastic by joining the Association for Plastic Recyclers' Demand Champions program. We engage with the composting industry through the U.S. Composting Council, and a growing number of our products are certified compostable by the Biodegradable Products Institute. We are a longstanding member of the Sustainable Packaging Coalition, an industry working group dedicated to a more robust environmental vision for packaging.

We are working to limit our environmental impact by reducing greenhouse gas emissions, increasing energy efficiency and minimizing waste going to landfills. For example, nearly 60% of the energy we use in Beverage Merchandising to make paper comes from biomass, a renewable energy source, and we generate solar energy for local communities near our Canton, North Carolina mill. In addition, we consistently optimize our freight routes in order to lower fuel consumption, and we recycle internally almost all our plastic processing scrap in manufacturing our own products and we recycle externally our paper scrap, which reduces material going to landfills.

Demonstrated track record of new product development

We have a proven history of product innovation, including the introduction of new products and the addition of innovative features to existing products. We have introduced over 3,800 new products, including over 500 new sustainable products within the last 5 years. Innovation is a core capability we are proud of and a key focus area going forward as we strive to enhance our product portfolio, drive growth and increase margins.

We have significant intellectual property and proprietary know-how. We hold over 400 patents related to product design, utility and material formulations.

Our primary focus areas for product innovation are the development of packaging with new value-add features, engineering new materials that improve the performance of our products and commercializing new environmentally-friendly packaging solutions. Both consumer preferences and the requirements of our customers continually evolve and we strive to develop new value-add features and products to meet those needs. Through our long-standing customer relationships, we gain valuable insight into our customers' needs and are able to identify, engineer and develop the optimal products for them. Functionality, quality, material savings, brand marketing and safety are key drivers in our product development. Examples of our product innovations include reclosable beverage cartons, proprietary SecuriTESMART tamper-evident containers, strawless lids, compostable cutlery and recycled PET containers.

In Foodservice, our product innovation initiatives are focused on developing new products made from sustainable materials. Since the start of 2019, we have launched, or expect to launch by the end of 2020, over 70 new items across many of our product categories under our EarthChoice brand. In Food Merchandising, our product innovation is focused on rapidly growing emerging companies for whom packaging helps deliver their brand. In Beverage Merchandising, we have developed a variety of carton designs to help beverage manufacturers differentiate their products and generate stronger brand recognition. Our barrier board technology allows our customers to achieve longer shelf life for their products as well as protecting against the loss of vitamins and other nutrients.

In 2019, on a pro forma basis, we spent a total of $22 million on research and development efforts. We have dedicated technology and innovation facilities, and we employ personnel focused on product development, material innovation and process improvement. We maintain a robust pipeline of potential new projects related to new products, materials and process improvements, and we currently have over 150 active projects across our three segments. Examples of the commercialization of our research and development projects include:

- **New products:** Our new EarthChoice line of compostable plates and bowls and our new dual color polypropylene hinged lid line of containers
- **New materials:** Foamed PET, next-generation CPET and polyethylene-free cup stock
- **Process improvements:** Increased use of RPET in PET products and improved thermoforming processes that will enable us to use alternative materials and increase output

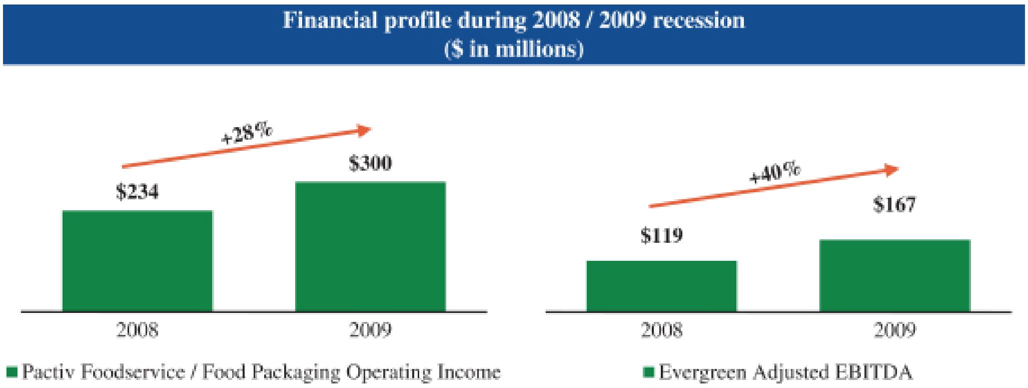
Attractive financial profile with strong free cash flow generation

We have an attractive financial profile with strong free cash flow generation. Our large and growing end markets, unrivalled North American manufacturing and distribution network, effective raw material cost pass-throughs and active cost management result in high margins and strong free cash flow generation. The majority of our net revenues are pursuant to long-term customer contracts that include resin and other raw material cost pass-through provisions, and many of our contracts include cost pass-through provisions for other cost components, including freight, energy, labor and cost of living. The contractual pass-through mechanisms ensure that substantially all increases and decreases in the cost of resin are passed on to customers, which mitigates the effect of resin price movements on our profitability. We also effectively manage our raw material costs by leveraging our significant purchasing scale to obtain favorable pricing with our diversified supplier base.

We intend to use the proceeds of this offering to repay a portion of our existing indebtedness and, in the long-term, we expect to use a portion of our available free cash flow to further delever our balance sheet. While we have operated the business with significantly higher leverage in the past, we intend to significantly delever our balance sheet using the net proceeds of this offering, plus cash on hand, and we are focused on further deleveraging our balance sheet in the long-term to achieve a target leverage ratio of approximately 3.0x net debt (defined as total principal amount of debt less cash and cash equivalents) to Adjusted EBITDA.

Recession-resilient financial profile

The data presented in the graphs below represent the respective segment measure of performance, derived from separate financial statements not included in this prospectus. Pactiv Foodservice / Food Packaging was a segment of Pactiv Inc., prior to our acquisition of Pactiv Inc. in 2010, and is substantially consistent with the aggregation of our currently reported Foodservice and Food Merchandising segments. This data was prepared in accordance with GAAP applicable at the time of the issuance of the financial statements of Pactiv Inc. from which it was derived. Evergreen was one of our reportable segments for the periods presented and is consistent with our currently reported Beverage Merchandising segment. This data was prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable at the time of the issuance of the financial statements of the Group from which it was derived.



We believe our participation in recession-resilient food and beverage end markets helps us maintain a strong financial profile for each of our segments throughout the economic cycle. Regardless of the economic environment, consumers will continue to eat and drink and our products keep their food and beverages safe and fresh. For example, as illustrated in the chart above, during the 2008-2009 recession the financial performance of Pactiv Foodservice / Food Packaging and Evergreen improved while the S&P 500 decreased by approximately 24% during that same two year period.

Our strong financial profile is also driven by our long-term contracts with customers that average approximately three years in length and that contain raw material, energy, freight and other variable costs pass-through mechanisms. We have secured long-term contracts with many of our major customers, and together these contracts represented a total of 55% of our pro forma net revenues for the year ended December 31, 2019. Of the total net revenues generated pursuant to these contracts in 2019, 90% was covered by specific and effective cost pass-through mechanisms that insulate us to a substantial extent from fluctuations in raw material and other variable costs. We expect the combination of long-term contracts with our customers and the pass-through mechanisms in many of these contracts will lead to greater certainty of future net revenues and help reduce the volatility of our net income (loss) from continuing operations and Adjusted EBITDA from continuing operations.

World-class management team

We have a committed team of talented management, led by John McGrath, our Chief Executive Officer, who has over 35 years in the industry. The rest of our leadership team averages over 20 years of industry experience.

Our management team is focused on their vision for the Group, which includes a culture of innovation, excelling at quality and service, creating relied-on products that are part of people's lives, minimizing our impact on the environment and constantly evolving the business to meet customers' needs. Our management team's key accomplishments include integrating, developing and growing the Group with a strong ethics-driven and safety-focused culture while still achieving a leading market share and strong financial results. In addition, we attribute our lower than industry standard employee turnover rates to our collaborative, trustworthy company culture and our unwavering commitment to safety and to our approximately 15,000 employees. Our strong management team is well positioned to effectively manage the business into the future with a depth of talented and dedicated employees already primed to lead the next generation of the Group.

Our Strategy

Continue to capitalize on our industry leading position and grow with our customers

We participate in large and growing food and beverage markets with strong market penetration. We have market leading positions in many of the product categories that we participate in and have developed longstanding strategic partnerships with our customers. We offer our customers a broad and innovative selection of product solutions across a wide range of substrates. We provide a wide range of value-added services to our customers. We believe our extensive manufacturing and distribution network makes us one of the lowest cost and most flexible manufacturers in our industry. We have the capability to meet the demanding and evolving product, material and performance requirements of our customers. We are positioned to supply customers in fast-growing markets, such as fresh and prepared food delivery, healthy eating retailing and plant-based dairy substitutes, and
in emerging market geographies. We believe we offer our customers a unique and compelling value proposition. These factors and our focus on offering a high quality portfolio of food and beverage packaging products provide tremendous value to our customers and continue to drive growth.

Target profitable growth through new and innovative products

Our demonstrated track record of product innovation has in our view helped differentiate us from our competitors and gain business with customers. Our product innovation drives incremental growth and margin within the product categories in which we compete. We intend to use our broad manufacturing capabilities, product development know-how and material science expertise to continue to add to our product offering and to enter adjacent product categories across our segments.

We believe there are significant opportunities in the markets we serve for us to develop new products. We are developing products with increased functionality and innovative features to help our customers improve the fresh, prepared and ready-to-eat products they offer to consumers. We are also developing products to build consumers' point of sale awareness of our customers' brands. Additionally, we believe increasing environmental awareness, sustainability and safety concerns of consumers will continue to create significant new product opportunities for us. We expect these and other new opportunities will generate higher margins and incremental profitable growth for us.

In Foodservice, we are introducing new compostable plates and bowls made from internally sourced proprietary fiber board, compostable cutlery and straws made from plant-based resins, two-piece polypropylene container systems and strawless lids made from recyclable resins. In Food Merchandising, we are introducing recycled PET meat trays, recycled PET foam egg cartons, recycled PET thermoformed containers, ovenable CPET containers and recycled PET hinged-lid containers with proprietary tamper-evident hinge features under the SecuriTESMART tamper-evident line. In Beverage Merchandising, we have introduced our SmartPak line of sustainable beverage cartons and we are developing a poly-free fiber board for use in paper cups and cartons, which we believe will be a major product innovation.

Execute on operational excellence, grow our business and reduce cost

Since 2017, we have experienced headwinds in our operations due to a variety of factors, many of which we believe have subsided or which we are actively addressing through strategic capital initiatives that we believe also position the Company for future growth. We believe the declines in our Adjusted EBITDA from continuing operations we have experienced during this period are largely attributable to temporary factors that include: increased labor costs of $73 million due to labor shortages in 2018; increased freight and logistics costs of $74 million primarily driven by a shortage of truck drivers in 2018; increased raw material costs driven primarily by inclement weather that affected Beverage Merchandising’s primary source of wood raw materials in 2019 of $33 million; and operational issues driving higher costs of $19 million at our two Beverage Merchandising mills in 2018 and 2019. As a result of certain other headwinds, which include certain selling, general and administrative expenses, manufacturing costs (excluding labor costs) and volume changes related to distribution, we have also experienced additional costs totaling $56 million since 2017. The conditions that drove the increased freight, raw material and labor costs have subsided. Nonetheless, to address the labor shortages, we have implemented automation programs to decrease total labor costs. At our Beverage Merchandising mills, we have invested in our assets and our systems to increase our operational efficiency. These and other initiatives are part of the 4-year strategic investment program that we began in 2018 and plan on completing by the end of fiscal year 2021.

Over the two year period ended December 31, 2019, we invested approximately $374 million in pro forma capital expenditures in a number of strategic initiatives to grow our business and reduce cost. These strategic initiatives involve automation, operational efficiency and the development and launch of new products and capabilities. We believe these initiatives will further enhance our value proposition and product offering for customers, streamline and further reduce the cost of our manufacturing and distribution of products and position us to capitalize on growth opportunities in the markets we serve.

We have targeted a weighted average expected payback period of approximately 2.0 years for these strategic capital investments. We define expected payback period as the number of years of targeted benefit to Adjusted EBITDA required to equal the amount of our investment.

The table below summarizes the capital costs we have incurred on these projects, the expected payback periods, the Adjusted EBITDA benefits we have achieved through December 31, 2019 and June 30, 2020 and the total targeted Adjusted EBITDA benefit. Included in the $374 million of total 2018-2019 strategic investments is approximately $228 million we invested in growth initiatives and approximately $146 million we invested in a series of initiatives that we believe will increase the efficiency of our operations and further reduce our costs. As the data in the table shows, for the 12 months ended June 30, 2020 initiatives that we have implemented at our Foodservice, Food Merchandising and Beverage Merchandising segments have realized Adjusted EBITDA benefits of $47 million, $24 million and $8 million, respectively.

($ in millions)	Capex	Expected payback period**	Adjusted EBITDA benefit realized during 12 months ended December 31, 2019	Adjusted EBITDA benefit realized during 12 months ended June 30, 2020	Targeted total annual Adjusted EBITDA benefit
Business Growth					
Foodservice	$ 54	~ 1.5 years	$ 10	$ 14	*
Food Merchandising	42	~ 1.5 years	8	11	*
New product & material innovation					
Foodservice	$ 38	~ 2.0 years	$ 13	$ 12	*
Food Merchandising	13	~ 2.0 years	2	7	*
Automation					
Foodservice	$ 56	~ 2.0 years	$ 13	$ 15	$ 26
Food Merchandising	13	~ 2.0 years	3	3	6
Digital transformation					
Foodservice	$ 35	~ 2.5 years	$ 3	$ 4	$ 12
Food Merchandising	–	—	2	2	2
Integrated supply chain					
Foodservice	$ 25	~ 2.0 years	—	$ 2	$ 14
Food Merchandising	19	~ 2.0 years	—	2	10
Cost reduction					
Foodservice	$ 17	*	—	—	*
Food Merchandising	17	*	—	—	*
Beverage Merchandising	46	~ 2.5 years	3	8	18
	$ 374	**~ 2.0 years**			

* Targeted total annual Adjusted EBITDA benefit amounts and expected payback periods for these initiatives have been omitted from the table above because the Adjusted EBITDA benefits for these initiatives are not entirely within our control.

** We define expected payback period as the number of years of targeted benefit to Adjusted EBITDA required to equal the amount of our investment.

We intend to invest approximately $287 million over the two year period ended December 31, 2021 in what we believe are high return new strategic initiatives or to complete strategic investments in process. In the six months ended June 30, 2020, we invested approximately $59 million of this $287 million total amount of capital expenditures. Included in the $287 million of total targeted 2020-2021 strategic investments is approximately $145 million we plan to invest in growth initiatives and approximately $142 million that we plan to invest in a series of initiatives that will increase the efficiency of our operations and further reduce our costs. We have targeted a weighted average expected payback period for these investments of approximately 2.5 years. The table below summarizes our 2020-2021 strategic capital investments and the expected payback period we estimate for those investments.

($ in millions)	Capex	Expected payback period**	Targeted total annual Adjusted EBITDA benefit
Business Growth			
Foodservice	$ 23	~ 2.5 years	*
Food Merchandising	34	~ 4.0 years	*
New product & material innovation			
Foodservice	$ 37	~ 4.5 years	*
Food Merchandising	18	~ 1.0 year	*
Beverage Merchandising integration			
Foodservice	$ 34	~ 1.0 year	*
Cost reduction			
Foodservice	$ 44	~ 3.5 years	$ 13
Food Merchandising	30	~ 4.5 years	7
Beverage Merchandising	68	~ 2.0 years	32
	$ 287	**~ 2.5 years**	

* Targeted total annual Adjusted EBITDA benefit amounts and expected payback periods for these initiatives have been omitted from the table above because the Adjusted EBITDA benefits for these initiatives are not entirely within our control.

** We define expected payback period as the number of years of targeted benefit to Adjusted EBITDA required to equal the amount of our investment.

As discussed above, we are making strategic investments in a number of targeted programs to further improve our operations, grow our business, and reduce our costs with the goal of increasing the Adjusted EBITDA of our reportable segments. Details of the strategic initiatives include:

- *Business Growth Initiatives*. Beginning in 2018, we launched a number of business growth initiatives which are primarily focused on increasing production capacity, speeding up production lines and adding new manufacturing process capabilities. Through December 31, 2019, we invested approximately $96 million in these initiatives and have targeted an expected total payback period of approximately 1.5 years for these initiatives for both the Foodservice and Food Merchandising segments. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $14 million for the Foodservice segment and $11 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods. In the 2020-21 period, we intend to invest $57 million in business growth initiatives and are targeting an expected total payback period of approximately 2.5 years for these initiatives for the Foodservice segment and approximately 4.0 years for the Food Merchandising segment.
- *New Product and Material Innovation.* In 2018, we also launched a series of initiatives to develop new innovative products and materials. These initiatives are primarily focused on developing products with new shapes, sizes and features, products made using new substrates and growing our line of sustainable products. Through December 31, 2019, we invested approximately $50 million in these initiatives and have targeted an expected total payback period of approximately 2.0 years for these initiatives for both the Foodservice and Food Merchandising segments. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $12 million for the Foodservice segment and $7 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods. In the 2020-21 period, we intend to invest

$55 million in new product and material innovation initiatives and are targeting an expected total payback period of approximately 4.5 years for these initiatives for the Foodservice segment and approximately 1.0 year for the Food Merchandising segment.

- *Increase productivity through automation*: We continue to invest in automating manual tasks to increase operating efficiency and safety. We commenced a systematic automation program in 2017 to lower labor costs and eliminate repetitive tasks, which we expect to complete by the end of 2020. Our automation strategy includes implementing end of production line automation and palletizing, introducing automated vehicles, changing work flow and work cells to streamline processes and integrating collaborative robots ("COBOTs") with our employees. We estimate that phase 1 of our system automation program will require approximately $88 million of capital expenditures and we have targeted a total payback period of approximately 2.0 years. Through December 31, 2019, we invested $69 million in automation initiatives. We have targeted approximately $26 million of total Adjusted EBITDA benefit through cost savings from this program for the Foodservice segment and approximately $6 million of total Adjusted EBITDA benefit through cost savings for the Food Merchandising segment. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $15 million for the Foodservice segment and $3 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods.

- *Improve operations through digital transformation:* We have launched a number of digital initiatives to significantly improve our operational efficiency and effectiveness, including our Factory Asset Intelligence program, our fast analytics program, our Resin Procurement Optimization Tool ("RPOT") and our Virtual Packaging Assistant ("VPA") for customers. The factory asset intelligence program was designed to target productivity increases of 10% across our manufacturing facilities. We have implemented the program at two facilities and have established a dedicated team to help implement the program at additional sites and at a significantly reduced cost. Our fast analytics program enables us to obtain and analyze data, which helps us make real-time decisions to improve the operation, efficiency and speed of decision-making throughout many aspects of the business. RPOT lowers cost by optimizing our resin purchase plan based on demand, manufacturing constraints, commodity cost forecasts and supply constraints. Our proprietary VPA helps customers select the products that best fit their packaging needs. These initiatives are helping us build our integrated, data-driven culture to transform our operations through digitally-connected people, assets and processes. Through December 31, 2019, we invested $35 million in digital transformation initiatives. We have targeted approximately $12 million of total Adjusted EBITDA benefit through cost savings from this program for the Foodservice segment and approximately $2 million of total Adjusted EBITDA benefit through cost savings for the Food Merchandising segment. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $4 million for the Foodservice segment and $2 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods.

- *Reduce costs through an integrated supply chain*: We are integrating our supply chain by implementing production planning, transportation management and warehouse management software. We are increasing our operational efficiency through interlocking task management and other initiatives that will improve throughput and productivity. These programs will improve supply chain management, reduce inventory and drive out cost. Through December 31, 2019, we invested $44 million in integrated supply chain initiatives. We have targeted approximately $14 million of total targeted Adjusted EBITDA benefit through cost savings from this program for the Foodservice segment and approximately $10 million of total targeted Adjusted EBITDA benefit for the Food Merchandising segment. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $2 million for the Foodservice segment and $2 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods.

- *Other Cost Savings Initiatives*: We have launched a number of programs focused on improving the performance and earnings of our two Beverage Merchandising LPB mills. We have also launched a series of local productivity programs intended to offset inflation. Our Operator Driven Reliability, or ODR, program focuses our operators on optimizing lubrication, managing vibration and ensuring precision alignment, with the goal of reducing production variability and improving productivity. We have new personnel initiatives focused on recruitment, increased training and employee certification along with increased support from our suppliers and technical experts. We are installing a predictive analytics and visualization system at our Canton, North Carolina mill to optimize quality and speed. A number of small capital expenditure projects have commenced or are under consideration, in each case with the intention of lowering cost and/or improving productivity in certain sub-processes within our mills, such as white liquor optimization and bark boiler natural gas conversion. Through December 31, 2019, we invested $80 million in cost reduction initiatives and have targeted an expected total payback period of approximately 4.5 years for these initiatives. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $8 million for the Beverage Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods. In the 2020-21 period, we intend to invest $142 million in additional cost reduction initiatives, including further mill operational improvements, phase 2 of our automation program and other cost reduction initiatives and are targeting an expected total payback period of approximately 3.5 years for these initiatives for the Foodservice segment, approximately 4.5 years for the Food Merchandising segment and approximately 2.0 years for the Beverage Merchandising segment.

In addition to the strategic investment program described above, we have implemented a series of operating initiatives to improve our operating performance. These operating initiatives focus on effective pricing, speed of changeovers, labor management, total maintenance cost and offsetting inflation. These initiatives do not require any significant capital expenditures and are expected to help improve our operating efficiency.

Integrate Beverage Merchandising

Beverage Merchandising has historically been operated and managed as an individual reportable segment, separate from Foodservice and Food Merchandising. Beverage Merchandising's leading position in fresh cartons for specialty dairy and juice gives us leadership in another "good-for-you" department around the outside of the supermarket and complements our existing leadership positions with food retailers in meat and poultry trays, fiber egg packaging, bakery and snack containers and fruit and produce containers. We believe the integration of the businesses will generate new product opportunities that capitalize on Beverage Merchandising's fiber manufacturing and material science capabilities. We will leverage Beverage Merchandising's fiber capabilities and Foodservice and Food Merchandising's resources to create innovative customized products. For example, we have launched a line of fully compostable paper plates and bowls under the EarthChoice brand, which combines the strengths of Beverage Merchandising's barrier board manufacturing technology and Foodservice's go-to-market expertise.

We believe we can complete the integration with limited capital expenditures. We plan to invest approximately $34 million to capitalize on commercial opportunities created by the integration of the businesses, such as the development of new products like paper hot cup sleeves, paper tray liners, paper bags and other paper foodservice products. We believe these investments have an attractive payback period and will help drive future growth.

Focus on sustainability as a growth opportunity

We view sustainability as a growth opportunity. We offer one of the broadest lines of eco-friendly products for fresh food and beverages in the North American market to support our customers' sustainability goals and meet consumers' demands. Unlike some other industry participants, most of our environmentally friendly products are produced in the United States.

We believe we are well positioned to benefit from trends toward sustainable products. Consumers increasingly prefer products which are made from recycled, recyclable or renewable materials. Consumers are also often willing to pay more for food and beverage items made from environmentally-friendly substrates, which result in sales with higher profitability for us.

Across our business, we believe we are well positioned to benefit from growth in fiber-based, recycled, recyclable and compostable packaging. We currently offer a recyclable or sustainable product for nearly every product category that we manufacture and we have the product offering and material technology to move customers to alternative substrates. Many of our customers have publicly-stated goals to increase the use of sustainable products and we are committed to launching new and innovative sustainable product lines for our customers. In Foodservice, we continue to develop and introduce new products under the EarthChoice brand, which includes a comprehensive sustainable portfolio of products made with bio-resins, fiber, recyclable PET and mineral filled polypropylene. In Food Merchandising, we are the largest producer of molded fiber egg cartons in the United States and believe we are positioned to benefit from shifts toward fiber and away from foam polystyrene. Our Food Merchandising segment continues to produce new sustainable product innovations, such as our recycled PET meat trays and egg cartons. In Beverage Merchandising, we continue to develop new fiber-based beverage cartons, such as our SmartPak line of sustainable cartons. We are reducing our carbon footprint by increasing our recycled resin content, growing our fiber-based product offering and using recyclable resins and materials, such as infinitely-recyclable aluminum.

We actively manage our portfolio of products to capitalize on material substitution opportunities to improve Adjusted EBITDA from continuing operations. For fiscal year 2019, approximately 65% of our pro forma net revenues, or approximately $3.4 billion, were derived from products made with recycled, recyclable or renewable materials. The approximately $3.4 billion of pro forma net revenues during fiscal year 2019 was comprised of approximately $965 million of pro forma net revenues from sales of recycled and recyclable PET and polypropylene, approximately $2.055 billion of pro forma net revenues from sales of molded fiber and paper products and approximately $380 million of pro forma net revenues from sales of other recyclable and compostable materials. We are committed to our goal of achieving 100% of sales from recycled, recyclable or renewable materials by 2030.

Carefully evaluate and pursue highly accretive acquisitions

Given the breadth of our product offering, multiple business platforms in fresh food and beverage merchandising and the scale of our manufacturing, distribution and customer network, we believe we are well positioned to grow through strategic acquisitions within our industry. Furthermore, we believe we have a competitive advantage over our peers in mergers and acquisitions due to our historical acquisition track record and ability to leverage our scale to generate incremental synergies versus our peers.

We are an experienced consolidator with a proven track record of successfully integrating our acquired companies to capture synergies and broaden our product offering. We intend to continue to apply a selective and disciplined acquisition strategy that focuses on enhancing our scale, product diversity and geographic reach, while bolstering our financial performance through synergies and additional cash generation. In addition, we may also divest non-core assets from time to time.

Environmental, Social and Governance Commitments

Environmental

Through our sustainable product offering and efficient manufacturing processes, we intend to reduce our impact on the environment. Since 2015, we have achieved a 12% reduction in absolute energy consumption, which resulted in a 10% reduction in greenhouse gas emissions. Our recyclable and compostable product offering helps reduce the amount of our products that end up in landfills. In the last four years, approximately 65% of Foodservice/Food Merchandising's waste has been recycled each year. We are dedicated to meeting the highest standards of sustainability. For example, 100% of Beverage Merchandising's fiber meets the SFI Fiber Sourcing standards for sustainable fiber.

We currently offer a wide variety of sustainable products offered through our leading EarthChoice brand or under our customers' brands. While we are proud of the fact that 65% of our pro forma net revenues are currently derived from materials that are recyclable, recycled or renewable, we are focused on reaching our goal of 100% by 2030.

In addition, we support efforts to expand opportunities for consumers to recycle or compost our products, notably as one of the founding members of the Carton Council, Paper Recovery Alliance, Plastics Recovery Group, Foam Recycling Coalition and the Paper Cup Alliance. We have demonstrated our commitment to use more recycled plastic by joining the Association for Plastic Recyclers' Demand Champions program. We engage with the composting industry through the U.S. Composting Council, and a growing number of our products are certified compostable by the Biodegradable Products Institute. We are a longstanding member of the Sustainable Packaging Coalition, an industry working group dedicated to a more robust environmental vision for packaging. We hold third-party certifications from Forest Stewardship Council, the Programme for the Endorsement of Forest Certification and the Sustainable Forestry Initiative which demonstrate our commitment to responsible wood procurement and chain-of-custody procedures. We plan to publish our first comprehensive sustainability report, cataloguing our extensive sustainability initiatives and metrics, during the third quarter of 2020.

Social

We are committed to engaging our employees and communities through a variety of social initiatives centered around safety, leadership and community involvement. Safety is a core value and affects everything we do. Our manufacturing facilities have achieved safety metrics that are approximately three times better than industry average in 2019. We had a total recordable incidence rate of 1.14 compared to the industry average of 3.20, a total lost time rate of 0.83 compared to the industry average of 1.93, and a total lost workday rate of 0.35 compared to an industry average of 0.93. In addition to our safety-oriented culture, we invest in the health and well-being of our employees, as evidenced by the approximately $30 million of investments in employee comfort and convenience initiatives in our facilities since the beginning of 2019.

We are committed to values of respect for our people and our communities and we focus on attracting and retaining a diverse workforce. For example, we engage our communities and provide leadership opportunities for our employees through our Operations Leadership Development Program and our Leadership Advisory Council. Our Operations Leadership Development Program recruits Junior Military Officers and puts them through an intensive training program to fast-track their transition into manufacturing and logistics leadership roles. Thirty-one candidates have successfully completed or are currently enrolled in this program and seven are currently Plant Managers or Warehouse Operations Managers. Our Leadership Advisory Council identifies high performing and high potential employees. We also provide these employees with the executive mentorship and guidance needed for them to excel, and we provide them with leadership and strategy development training. This program has been highly successful, with two of our CEO's direct reports having participated in the program.

Governance

We have implemented a strong, independent governance program. The composition of our board of directors reflects our commitment to independence. Of the seven members of the board, four are independent members, including two women. The chairman of our board of directors is also an independent member.

Recent Developments

COVID-19 Impact on the Group

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which recommended containment and mitigation measures worldwide. Our operations, sales, and, to a lesser extent, our supply chain have been impacted by the pandemic, and we expect that impact to continue.

Although many jurisdictions implemented, for various periods of time, stay-at-home, closures or similar measures designed to limit the spread of COVID-19, resulting in the temporary closing of many businesses, these orders include exemptions for "essential businesses." All of our operations fall within those exemptions and have remained open. Some of our facilities, however, operate in communities that have had high incident rates of COVID-19, resulting in many persons out sick or in quarantine, which has impacted production at some plants. We have implemented several policies designed to protect our employees and our customers including screening employees for all symptoms of COVID-19 (including increased temperature checking), ensuring social distancing is observed, providing physical barriers and personal protective equipment where employees work closely together, tracking and tracing of COVID-19 positive employees to identify close contacts and locations frequented, engagement of third-party vendors to deep-clean and sanitize facilities and enhancing pay and leave policies to ensure employees experiencing symptoms of COVID-19 stay at home. While certain of these measures taken have increased our costs, we remain committed to adapting our policies and procedures to ensure the safety of our employees and compliance with federal, state and local regulations while the pandemic continues.

We have taken actions to reduce non-essential spending, including the furlough of certain of our employees, reducing working capital in areas affected by lower sales and reducing non-essential capital spending. We estimate that we will realize approximately $12 million in annual savings from plant fixed cost reductions, $20 million in annual savings from selling, general and administrative expense reductions and $19 million in annual savings from other cost reduction initiatives. We believe we have realized $12 million of cost savings in the six months ended June 30, 2020 as a result of these actions. Additionally, we plan to invest approximately $9 million in high-return capital investments to rebalance our manufacturing operations and shift focus towards products with increased demand due to the COVID-19 pandemic.

The COVID-19 pandemic had a significant impact on our results of operations in the second quarter of 2020, particularly in our Foodservice segment, with lesser impacts in our Food Merchandising, Beverage Merchandising and Graham Packaging segments. Our Foodservice segment has experienced a significant decline in net revenue due to the closure or reduced activity of restaurants. Our Foodservice customers have begun adapting to COVID-19 restrictions and changes in consumer behavior by offering more take-out and online ordering options. Consistent with the easing of restrictions, towards the latter part of the second quarter of 2020 we experienced an increase in volumes and net revenues in our Foodservice segment. Our Food Merchandising segment has experienced a strong market demand for many of our products such as meat trays as people continue to eat more at home, while there has been a decline in demand for other products, such as bakery and snack containers typically used in many of the group gatherings that were either canceled or scaled back during the second quarter. Within our Beverage Merchandising segment, sales of fresh beverage cartons have remained relatively constant with declines in sales of school milk cartons being offset by higher demand in the retail segment, while sales in the paper markets have declined due to a decrease in demand of printed publications and advertising. The COVID-19 pandemic has adversely impacted some of our operations, particularly at our Beverage Merchandising sites, with a number of staff absent from work on sick leave. This has resulted in some lower production volumes and increased overtime and temporary labor costs. The pandemic has also slightly slowed the implementation of some of our operation excellence programs as contractors have not been able to travel to our sites and, to ensure staff safety, we have restricted the number of third party contractors allowed into our plants. Our Graham Packaging segment has experienced a minimal net positive impact with an increase in demand for containers used for food, beverages and disinfectants offset by a decrease in demand for containers used in automotive markets as a result of people driving less.

While our results of operations are starting to recover from the impact of the COVID-19 pandemic, we expect that the COVID-19 pandemic will continue to negatively impact our results of operations in future periods as the macroeconomic environment changes and consumer behavior continues to evolve. Based on data currently available, we expect the impact of the COVID-19 pandemic on our business to be less significant in the third quarter of 2020 as compared to its impact in the prior quarter. However, the general effects of the COVID-19 pandemic continue to change and remain unpredictable. We make no assurances as to the future results of our business.

In facilities that manufacture, warehouse and distribute products with softening demand, we have taken measures to reduce spending and production accordingly. To date, we have not experienced significant issues within our supply chain, including the sourcing of materials and logistics service providers. However, this may change the longer the pandemic continues.

We believe the increased demand for certain of our products results from more people eating at home and increased cleaning due to the pandemic. We cannot predict if, or for how long, such increased demand will continue. For those products with decreased demand, we do not expect to recover the sales lost during the pandemic, and certain industries we serve, primarily the restaurant industry, are experiencing severe impacts and may not return to pre-pandemic strength for a significant period of time. The duration of the COVID-19 pandemic remains unknown, and its ongoing impact on our operations may not be consistent with our experiences to date.

In addition, we have experienced volatility in the net liability for our pension plans, with the value of plan assets and liabilities impacted by changes in financial markets in connection with the COVID-19 pandemic. See “Risk Factors—We face risks associated with certain pension obligations.”

The table below shows the monthly Adjusted EBITDA of each of our reportable segments, on a pro forma basis.

	January, 2020	February, 2020	March, 2020	April, 2020	May, 2020	June, 2020
			(In millions)			
Foodservice	$ 19	$ 17	$ 20	$ 2	$ 10	$ 21
Food Merchandising	17	16	20	16	19	26
Beverage Merchandising	13	17	19	16	13	9

On a pro forma basis, after giving effect to the GPC Separation, the Corporate Reorganization and this offering, as of June 30, 2020, we had $504 million of cash and cash equivalents on hand and $259 million available for drawing under our revolving credit facility (which may be reduced to $207 million of availability as a result of the Concurrent Debt Transactions described below). Following our repayment of borrowings as part of the Corporate Reorganization, our next significant near term maturity of outstanding borrowings is the U.S. term loan under our Credit Agreement, which matures in February 2023. Our revolving credit facility, which is currently used for letters of credit, matures in August 2021. As part of the Concurrent Debt Transactions, we intend to extend the maturity of a portion of the U.S. term loan under our Credit Agreement to February 15, 2026 and the maturity of our revolving credit facility under our Credit Agreement to August 5, 2024. We do not currently anticipate that the COVID-19 pandemic will materially impact our liquidity over the next 12 months.

CARES Act

The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted in March 2020. Retroactive provisions of the CARES Act entitle us to utilize additional deferred interest deductions, which lower our taxable income for the year ended December 31, 2019. The CARES Act also increases the allowable interest deductions for the year ending December 31, 2020. As a result of the CARES Act, we recognized a tax benefit in the six months ended June 30, 2020 of $90 million in respect of adjusting our taxable income for the year ended December 31, 2019. This estimate will be updated when our U.S. federal and state tax returns for the year ended December 31, 2019 are finalized and filed.

Concurrent Debt Transactions

Prior to the pricing of this offering, we launched a senior secured notes offering, revolving credit facility refinancing amendment and term loan refinancing amendment (the "Concurrent Debt Transactions"), as described below. Unless otherwise indicated, the unaudited pro forma consolidated financial data included elsewhere in this prospectus does not give effect to the Concurrent Debt Transactions.

Senior Secured Notes Offering

Prior to the pricing of this offering, we launched a private placement (the "Senior Secured Notes Offering") of $1,000 million aggregate principal amount of senior secured notes (the "New Senior Secured Notes"). The Senior Secured Notes Offering has been made pursuant to a separate confidential offering memorandum, and nothing contained herein shall constitute an offer to sell or the solicitation of an offer to buy the Senior Secured Notes. Completion of this offering is not conditioned upon completion of the Senior Secured Notes Offering, although the consummation of the Senior Secured Notes Offering will be conditioned upon the completion of this offering. If consummated, we intend to use the net proceeds from the Senior Secured Notes Offering to repay certain indebtedness. See "Use of Proceeds."

To the extent the Senior Secured Notes Offering is consummated, the New Senior Secured Notes will be guaranteed by the same parties and secured by the same collateral that guarantee and secure our Credit Agreement and our existing Senior Secured Notes. The indenture governing the New Senior Secured Notes will include similar restrictions and covenants as our existing senior secured notes, that will, among other things and, subject to a number of qualifications and exceptions, restrict our and certain of our subsidiaries' ability to, incur indebtedness; make restricted payments, including paying dividends or other distributions on our common stock and repurchasing our common stock; make investments; consummate certain asset sales; engage in certain transactions with affiliates; grant certain liens; and consolidate, merge or transfer all or substantially all of our assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and Note 9—Debt in our annual consolidated financial statements included elsewhere in this prospectus.

There can be no assurance that we will be able to consummate the Senior Secured Notes Offering on the terms described herein or at all. The terms of the New Senior Secured Notes described herein are subject to change and a number of conditions.

Revolving Facility

Prior to the pricing of this offering, we launched a revolving credit facility refinancing amendment with respect to our Credit Agreement to extend the maturity of the revolving credit facility under our Credit

Agreement and reduce the commitments under such revolving credit facility by $52 million to a total of $250 million. The maturity of the revolving credit facility will be extended from August 5, 2021 to August 5, 2024, subject to the springing maturity provision described below. The extended revolving credit facility will contain a springing maturity provision that will adjust the maturity date of the revolving credit facility to the date that is 91 days prior to the maturity date applicable to any of the term loan facility, our senior secured notes and/or our senior unsecured notes ("Reference Debt") if the aggregate principal amount of such Reference Debt outstanding at such time exceeds $500 million. Following any such maturity date extension, the extended revolving credit facility will include the same financial and restrictive covenants as those currently in place. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and Note 9—Debt in our annual consolidated financial statements included elsewhere in this prospectus.

There can be no assurance that we will successfully extend the maturity of the revolving credit facility on the terms described herein or at all. Completion of this offering is not conditioned upon completion of the revolving credit facility refinancing amendment although the effectiveness of the revolving credit facility refinancing amendment will be conditioned upon the completion of this offering.

Term Loan Facility

Prior to the pricing of this offering, we launched a refinancing amendment with respect to a portion of the term loan under our Credit Agreement to extend the maturity of a portion of the term loan by three years to February 5, 2026. Following the refinancing amendment, the extended term loan facility will include the same restrictive covenants as those currently in place. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and Note 9—Debt in our annual consolidated financial statements included elsewhere in this prospectus.

There can be no assurance that we will successfully extend the maturity of any portion of the term loan facility on the terms described herein or at all. Completion of this offering is not conditioned upon completion of the effectiveness of the refinancing amendment, although the effectiveness of the refinancing amendment will be conditioned upon completion of this offering.

Exiting of Residual Operations of Closures South America and Related Impairment

Separate from our reportable segments, we have residual operations in Europe and South America related to our former closures business. During the three months ending September 30, 2020, we commenced a process to dispose of our remaining closures operations in South America and have concluded that it is probable that a disposal will be completed within the next twelve months. As a result, the assets and liabilities associated with these operations will be presented as assets and liabilities held for sale as of September 30, 2020. In conjunction with the reclassification to held for sale we expect to recognize an impairment charge during the three months ended September 30, 2020, which we currently estimate to be up to $30 million.

Summary Risk Factors

Investing in our stock involves risks. These risks include, among others, those related to:

- future costs of raw materials, energy and freight, including the impact of tariffs, trade sanctions and similar matters;
- competition in the markets in which we operate;
- changes in consumer lifestyle, eating habits, nutritional preferences and health-related and environmental and sustainability concerns;

- failure to maintain satisfactory relationships with our major customers;
- the impact of a loss of any of our key manufacturing facilities;
- the uncertain economic, operational and financial impacts of the COVID-19 pandemic;
- compliance with, and liabilities related to, environmental, health and safety laws, regulations and permits;
- impact of government regulations and judicial decisions affecting products we produce or the products contained in the products we produce;
- any non-compliance with the Foreign Corrupt Practices Act of 1977 or other similar laws;
- our dependence on suppliers of raw materials and any interruption to our supply of raw materials;
- our ability to realize the benefits of our capital investment, restructuring and other cost savings programs; and
- seasonality and cyclicality.

Before you invest in our stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading "Risk Factors" beginning on page 42.

Our Corporate Information

PTVE was incorporated under the name Reynolds Group Holdings Limited on May 30, 2006 under the Companies Act 1993 of New Zealand. Prior to the closing of this offering, Reynolds Group Holdings Limited will convert into a corporation incorporated in the state of Delaware with the name Pactiv Evergreen Inc.

Our principal executive offices are located at 1900 W. Field Court, Lake Forest, Illinois, 60045 and our telephone number is (800) 879-5067. Our website is www.pactivevergreen.com. Our website and the information contained therein or connected thereto are not incorporated into this prospectus or the registration statement of which it forms a part.

PFL, a company incorporated pursuant to the laws of New Zealand, is and will be our only stockholder immediately prior to the closing of this offering. PFL is a wholly-owned subsidiary of Packaging Holdings Limited ("PHL"), a company incorporated pursuant to the laws of New Zealand and wholly-owned by Mr. Graeme Hart. PFL is also the controlling shareholder of Reynolds Consumer Products Inc. ("RCPI") and the sole shareholder of GPC (following the GPC Separation). Rank Group Limited ("Rank"), a company incorporated pursuant to the laws of New Zealand, is Mr. Hart's principal operating entity. For additional information on our relationships with PFL, RCPI, GPC, Rank and Mr. Hart, see "Certain Relationships and Related Party Transactions" and "Principal Stockholders."

Upon the closing of this offering, PFL and the Affiliated Participant (together, the "Hart Stockholders") will own, and control the voting power of, approximately 79% of our outstanding shares of common stock (or approximately 76% if the underwriters' option to purchase additional shares of common stock is exercised in full). Upon the closing of this offering, we will be a "controlled company" as defined under the corporate governance rules of Nasdaq. As a result, the Hart Stockholders will be able to exercise control over all matters requiring approval by our stockholders, including the election of our directors and approval of significant corporate transactions. The Hart Stockholders' controlling interest may discourage or prevent a change in control of our company that other holders of our common stock may favor. See "Risk Factors—Risks Relating to Our Relationships with the Hart Stockholders, RCPI, GPC and Rank—We will be a "controlled company" within the meaning of the rules of Nasdaq and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.”

Prior to the closing of this offering we will complete the following transactions (collectively, the “GPC Separation”):

- the legal release of the GPC Group from the senior secured credit agreement dated August 5, 2016 to which PTVE and certain members of the Group are parties (the “Credit Agreement”), and the legal release of the GPC Group from the guarantees of certain of the notes issued by subsidiaries of the Company;
- the execution of a transition services agreement with GPC (the “GPC TSA”) pursuant to which we will, upon GPC’s request, provide certain administrative services to GPC for up to 24 months, which is described in greater detail in “Certain Relationships and Related Party Transactions;”
- the entry by the GPC Group into $1,985 million of new borrowings (the “New GPC Borrowings”), the net proceeds of which were received by us; and
- the distribution of all of the shares in GPC to PFL in consideration for the buy-back of approximately 14 million of our outstanding shares, based on the initial public offering price, which will be canceled upon completion of the buy-back.

Prior to the closing of this offering, we will also complete the following transactions (collectively, the “Corporate Reorganization”):

- the repayment of certain borrowings (other than the repayment of indebtedness that will be made in connection with the application of the net proceeds of this offering) as described in note (f) to the unaudited pro forma financial statements included under the heading “Unaudited Pro Forma Consolidated Financial Data”;
- the conversion of Reynolds Group Holdings Limited into a corporation incorporated in the state of Delaware, with 1,000 shares of common stock issued and outstanding;
- the execution of a transition services agreement with Rank (the “Rank TSA”) pursuant to which Rank will, upon our request, provide certain administrative and support services to us for up to 24 months, and we will, upon Rank’s request, provide certain administrative and support services to them for up to 24 months, which is described in greater detail in “Certain Relationships and Related Party Transactions;”
- the settlement of related party balances with Rank and its subsidiaries as described in note (g) to the unaudited pro forma financial statements included under the heading “Unaudited Pro Forma Consolidated Financial Data”; and
- the consummation of a stock split pursuant to which each share of our outstanding common stock will be reclassified into 134,408 shares of common stock (“Stock Split”).

THE OFFERING

This summary highlights information presented in greater detail elsewhere in this prospectus. This summary is not complete and does not contain all the information you should consider before investing in our common stock. You should carefully read this entire prospectus before investing in our common stock including the "Risk Factors" section and our consolidated financial statements and notes thereto.

Common stock offered	41,026,000 shares
Common stock to be outstanding after this offering	175,434,000 shares
Overallotment option to purchase additional shares of common stock from us	6,153,900 shares
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $541 million, or approximately $623 million if the underwriters exercise their option to purchase additional shares of common stock in full, at an initial public offering price of $14.00 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds from this offering to repay certain indebtedness. See "Use of Proceeds."
Concentration of ownership	Upon the closing of this offering, the Hart Stockholders will own a majority of the voting power of our common stock. We currently intend to avail ourselves of the "controlled company" exemption under the corporate governance rules of Nasdaq.
Dividend policy	Commencing with the fiscal quarter ended December 31, 2020 and subject to legally available funds, we intend to pay quarterly cash dividends on our common stock. We expect to pay an initial quarterly cash dividend of $0.10 per share. The initial dividend for the quarter ended December 31, 2020 is expected to be paid in February 2021. Thereafter, the quarterly dividend will be paid subsequent to the close of each fiscal quarter. The declaration, amount and payment of any dividends will be at the sole discretion of our board of directors and subject to certain considerations. See "Dividend Policy."
Listing	Our common stock has been approved for listing on Nasdaq under the trading symbol "PTVE."

The number of shares of our common stock to be outstanding after this offering:

- is based on 134,408,000 shares of common stock outstanding prior to this offering (after giving effect to the Corporate Reorganization);

- excludes 297,296 shares of common stock underlying the grants to be issued upon the closing of this offering to persons, including our senior management, pursuant to retention agreements entered into with such persons (“IPO Grants”). These IPO Grants will be issued as restricted stock units. The majority of the IPO Grants will vest ratably on an annual basis over a three-year period, commencing on the first anniversary of the closing date of this offering. All other IPO Grants will vest on December 31, 2021.
- excludes 9,079,395 shares of common stock reserved for future issuance under the Pactiv Evergreen Inc. Equity Incentive Plan (the “Incentive Plan”) (which includes the 297,296 shares of common stock underlying the IPO Grants); and
- excludes the issuance of up to 6,153,900 shares of common stock which the underwriters have the option to purchase from us solely to cover over-allotments. If the underwriters exercise their option to purchase additional shares in full, 181,587,900 shares of common stock will be outstanding after this offering.

Unless we specifically state otherwise and except for our historical consolidated financial statements included elsewhere in this prospectus, all information in this prospectus assumes the completion of the GPC Separation and the Corporate Reorganization prior to the closing of this offering and assumes no exercise of the underwriters’ option to purchase additional shares of common stock solely to cover overallotments.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

Set forth below are summary historical financial and other data. The consolidated balance sheet data as of December 31, 2019 and 2018 and the consolidated statements of income data and the consolidated statements of cash flows data for the years ended December 31, 2019, 2018 and 2017 have been derived from our annual consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated balance sheet data as of December 31, 2017 has been derived from our financial records which are not included in this prospectus, and has been prepared on the same basis as our consolidated financial statements. The unaudited consolidated balance sheet data as of June 30, 2020 and the unaudited consolidated statements of income data and the unaudited consolidated statements of cash flows data for the six months ended June 30, 2020 and 2019 have been derived from our interim condensed consolidated financial statements included elsewhere in this prospectus. Except as described below, the interim condensed consolidated financial statements were prepared on a basis consistent with that used in preparing our annual consolidated financial statements and include all normal and recurring adjustments considered necessary for a fair statement of our financial position and results of operations for the interim periods. The summary financial data may not be indicative of our future performance as a public company. It should be read in conjunction with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Consolidated Financial Data" and the annual consolidated financial statements and corresponding notes and the interim condensed consolidated financial statements and corresponding notes included elsewhere in this prospectus.

The GPC Group is included in our summary historical consolidated financial data presented below. Following the GPC Separation, which will occur prior to the closing of this offering, the GPC Group will no longer operate as one of our reportable segments and the results of the GPC Group for the periods prior to the GPC Separation will be presented as a discontinued operation in our historical financial statements beginning with the fiscal period that includes the completion of the GPC Separation.

Also set forth below are summary unaudited pro forma consolidated statements of income data for the six months ended June 30, 2020 and 2019 and the year ended December 31, 2019, which assume that the GPC Separation, the Corporate Reorganization and this offering had occurred as of January 1, 2019. The summary unaudited pro forma consolidated balance sheet data as of June 30, 2020 assumes that the GPC Separation, the Corporate Reorganization and this offering occurred as of June 30, 2020. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable. The summary unaudited pro forma consolidated financial data does not purport to represent what the financial position or results of operations of the Group would have been if we had operated as a public company during the periods presented or if the transactions described therein had actually occurred as of the dates indicated, nor does it project the financial position at any future date or the results of operations for any future period. The following unaudited pro forma financial data does not give effect to the Concurrent Debt Transactions. Please see the notes to the "Unaudited Pro Forma Consolidated Financial Data" included elsewhere in this prospectus for a complete description of the adjustments reflected in the unaudited pro forma consolidated financial data.

	Pro Forma			Historical				
	Six months ended June 30,		Year ended December 31,	Six months ended June 30,		Year ended December 31,		
	2020	2019	2019	2020	2019	2019	2018	2017
	(In millions, except share and per share data)							
Statements of Income Data:								
Net revenues(1)	$ 2,319	$ 2,582	$ 5,191	$ 3,259	$ 3,594	$ 7,115	$ 7,395	$ 7,439
Cost of sales	(1,971)	(2,149)	(4,344)	(2,755)	(3,019)	(5,999)	(6,282)	(6,086)
Gross profit	348	433	847	504	575	1,116	1,113	1,353
Selling, general and administrative expenses	(247)	(239)	(469)	(330)	(324)	(639)	(565)	(599)
Goodwill impairment charges	—	—	(16)	—	—	(16)	(138)	—
Restructuring, asset impairment and other related charges	(4)	(6)	(46)	(13)	(24)	(96)	(53)	(101)

	Pro Forma			Historical				
	Six months ended June 30,		Year ended December 31,	Six months ended June 30,		Year ended December 31,		
	2020	2019	2019	2020	2019	2019	2018	2017
	(In millions, except share and per share data)							
Other income (expense), net(2)	40	(4)	(19)	27	(7)	(34)	(33)	(38)
Operating income from continuing operations	137	184	297	188	220	331	324	615
Non-operating income (expense), net	33	(2)	(13)	33	(2)	(13)	41	(10)
Interest expense, net	(74)	(123)	(245)	(187)	(228)	(432)	(412)	(484)
Income (loss) from continuing operations before tax	96	59	39	34	(10)	(114)	(47)	121
Income tax (expense) benefit	140	(43)	(132)	59	(14)	(54)	16	218
Net income (loss) from continuing operations	$ 236	$ 16	$ (93)	$ 93	$ (24)	$ (168)	$ (31)	$ 339
Per share:								
Earnings (loss) per share from continuing operations								
Basic	$ 1.34	$ 0.09	$ (0.52)	$ 2.58	$ (0.70)	$ (4.68)	$ (0.92)	$ 9.44
Diluted	1.34	0.09	(0.52)	2.58	(0.70)	(4.68)	(0.92)	9.44
Weighted average number of shares used in calculating earnings per share:								
Basic	175,525,003	175,434,000	175,434,000	35,708,019	35,708,019	35,708,019	35,708,019	35,708,019
Diluted	175,573,634	175,502,073	175,434,000	35,708,019	35,708,019	35,708,019	35,708,019	35,708,019
Balance Sheet Data (as per period end):								
Accounts receivable, less allowances for doubtful accounts	$ 428			$ 691		$ 666	$ 699	$ 722
Inventories	766			903		894	896	911
Total assets(3)	6,904			12,260		16,175	16,169	16,385
Accounts payable	261			391		425	483	454
Long-term debt, including current portion	4,031			7,435		10,630	10,997	11,339
Total equity	1,038			2,037		2,082	1,785	1,599
Cash Flow Data:								
Net cash provided by (used in)								
Operating activities				$ 167	$ 240	$ 896	$ 963	$ 858
Investing activities				(208)	(275)	(4)	(453)	(364)
Financing activities				368	(20)	(384)	(360)	(796)
Other financial data:(4)								
Adjusted EBITDA from continuing operations (non-GAAP)	$ 272	$ 341	$ 691	$ 463	$ 518	$ 1,038	$ 1,091	$ 1,294

(1) On January 1, 2018, we adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* and other related Accounting Standards Updates regarding Accounting Standards Codification Topic 606 ("ASC 606"), using the modified retrospective method. Results as of and for the year ended December 31, 2018 and periods thereafter are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported under ASC 605, *Revenue Recognition*, the accounting standard in effect for those periods presented. Our adoption of ASC 606 resulted in immaterial adjustments to amounts recognized in our consolidated financial statements. For further details regarding the impact of the adoption of ASC 606, refer to Note 2—Summary of Significant Accounting Policies of our annual consolidated financial statements included elsewhere in this prospectus.

(2) For the historical periods, Other income (expense), net, includes the related party management fee. For further information, refer to Note 18—Related Party Transactions in our annual consolidated financial statements and Note 17—Related Party Transactions in our interim condensed consolidated financial statements, each of which are included

elsewhere in this prospectus. Following the closing of this offering, we will no longer be charged the related party management fee.

(3) On January 1, 2019, we adopted Accounting Standards Update 2016-02, *Leases* and other related Accounting Standards Updates regarding Accounting Standards Codification Topic 842 ("ASC 842"), using the modified retrospective method without the recasting of comparative periods' financial information, as permitted by the transition guidance. Results for the six months ended June 30, 2019 and as of and for the year ended December 31, 2019 and periods thereafter are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported under ASC 840, *Leases*, the accounting standard in effect for those periods presented. For further details regarding the impact of the adoption of ASC 842, refer to Note 2—Summary of Significant Accounting Policies of our annual consolidated financial statements included elsewhere in this prospectus.

Non-GAAP Financial Measures

(4) It is management's intent to provide non-GAAP financial measures to enhance the understanding of our GAAP financial information, and it should be considered in addition to, and not instead of, the financial statements prepared in accordance with GAAP included elsewhere in this prospectus. Our non-GAAP financial measure is presented along with the corresponding most directly comparable GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial measure presented may be determined or calculated differently by other companies.

We define "Adjusted EBITDA from continuing operations" as our net income (loss) from continuing operations 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 of a significant or unusual nature, including but not limited to foreign exchange gains or losses on cash, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of businesses and non-current assets, restructuring, asset impairment and other related charges, operational process engineering-related consultancy costs, non-cash pension income or expense and strategic review and transaction-related costs.

We have included Adjusted EBITDA from continuing operations in this prospectus because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions. Accordingly, we believe that Adjusted EBITDA from continuing operations 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. In addition, our chief operating decision maker uses Adjusted EBITDA as the segment measure of performance for each of our reportable segments.

The following table presents a reconciliation of net income (loss) from continuing operations, the most directly comparable GAAP financial measure, to Adjusted EBITDA from continuing operations for each of the periods indicated:

	Pro Forma			Historical				
	Six months ended June 30,		Year ended December 31,	Six months ended June 30,		Year ended December 31,		
	2020	2019	2019	2020	2019	2019	2018	2017
	(In millions)							
Net income (loss) from continuing operations (GAAP)	**$ 236**	**$ 16**	**$ (93)**	**$ 93**	**$ (24)**	**$ (168)**	**$ (31)**	**$ 339**
Income tax expense (benefit)	(140)	43	132	(59)	14	54	(16)	(218)
Interest expense, net	74	123	245	187	228	432	412	484
Depreciation and amortization	141	131	273	259	253	516	523	534
Goodwill impairment charges(a)	—	—	16	—	—	16	138	—
Restructuring, asset impairment and other related charges(b)	4	6	46	13	24	96	53	101
Loss (gain) on sale of businesses and non-current assets(c)	—	11	22	1	6	21	31	22
Non-cash pension (income) expense(d)	(37)	(2)	6	(37)	(2)	6	(51)	1
Operational process engineering-related consultancy costs(e)	9	13	27	9	13	27	14	12
Related party management fee(f)	—	—	—	8	8	16	16	17
Strategic review and transaction-related costs(g)	16	3	10	19	1	7	—	—
Unrealized (gains) losses on derivatives(h)	(2)	(7)	(4)	(2)	(7)	(4)	8	3
Foreign exchange (gains) losses on cash(i)	(28)	—	8	(28)	—	8	(11)	3
Other	(1)	4	3	—	4	11	5	(4)
Adjusted EBITDA from continuing operations (Non-GAAP)	**$ 272**	**$341**	**$ 691**	**$463**	**$518**	**$1,038**	**$1,091**	**$1,294**

(a) Reflects goodwill impairment charges in respect of our closures operations in 2019, including dis-synergies associated with the sale of the North American and Japanese closures businesses in December 2019, and a goodwill impairment charge in 2018 in respect of the GPC Group. We will complete the GPC Separation prior to the closing of this offering. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(b) Reflects asset impairment, restructuring and other related charges primarily associated with the remaining closures businesses that are not reported within discontinued operations and the ongoing rationalization of the manufacturing footprint in the GPC Group. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(c) Reflects the loss from the sale of businesses and non-current assets, primarily in our Other segment. For further information, refer to Note 13—Other Expense, Net in our annual consolidated financial statements and Note 12—Other Income (Expense), Net in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(d) Reflects the non-cash pension (income) expense related to our Reynolds Group Pension Plan, or “RGPP” (formerly the Pactiv Retirement Plan). For further information, refer to Note 12—Employee Benefits in our annual consolidated financial statements and Note 11—Employee Benefits in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(e) Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.

(f) Reflects the related party management fee charged by Rank to us. For further information, refer to Note 18—Related Party Transactions in our annual consolidated financial statements and Note 17—Related Party Transactions in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus. Following the closing of this offering, we will no longer be charged the related party management fee.

(g) Reflects costs incurred for strategic reviews of our businesses, as well as costs related to this offering that cannot be offset against the expected proceeds of this offering.

(h) Reflects the mark-to-market movements in our commodity and foreign exchange derivatives. For further information, refer to Note 11—Financial Instruments in our annual consolidated financial statements and Note 10—Financial Instruments in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(i) Reflects foreign exchange (gains) losses on cash, primarily arising on U.S. dollar amounts held in non-U.S. dollar functional currency entities.

Supplemental Summary Unaudited Pro Forma Consolidated Financial Data

The summary historical consolidated financial data presented above includes the GPC Group. We will complete the GPC Separation prior to the closing of this offering, and the GPC Group will be presented as a discontinued operation in our historical financial statements beginning with the fiscal period that includes the completion of the GPC Separation. The GPC Group has not yet been reflected as a discontinued operation in our historical consolidated financial statements that are included elsewhere in this prospectus. The following table presents supplemental summary unaudited pro forma income statement data for the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019, 2018 and 2017, as if GPC Group had been reflected as a discontinued operation for all periods presented. This information is presented in the columns captioned “Pro Forma – adjusted for the GPC Separation.” We believe the inclusion of this supplemental information will help investors assess the impact of the GPC Separation for all periods presented in the historical financial information included elsewhere in this prospectus. Refer to “Unaudited Pro Forma Consolidated Financial Data” for further details regarding the pro forma adjustments associated with presenting our consolidated income statement information on a pro forma basis as if the GPC Separation had occurred on January 1, 2017. The information in the columns captioned “Pro forma – adjusted for the GPC Separation” does not include the pro forma impact of the Corporate Reorganization, this offering, the repayment of certain indebtedness, as described in “Use of Proceeds”, the issuance of the IPO Grants and payment of certain one-time cash settled transaction bonuses.

Also set forth below in the columns captioned “Pro Forma” are the summary unaudited pro forma consolidated statements of income data for the six months ended June 30, 2020 and 2019 and the year ended December 31, 2019, which assume that the GPC Separation, the Corporate Reorganization, this offering, the repayment of certain indebtedness (as described in "Use of Proceeds") the issuance of the IPO Grants and payment of certain one-time cash settled transaction bonuses had occurred as of January 1, 2019.

	Pro Forma			Pro Forma – adjusted for the GPC Separation				
	Six months ended June 30,		Year ended December 31,	Six months ended June 30,		Year ended December 31,		
	2020	2019	2019	2020	2019	2019	2018	2017
	(In millions, except share and per share data)							
Statements of Income Data:								
Net revenues(1)	$ 2,319	$ 2,582	$ 5,191	$ 2,319	$ 2,582	$ 5,191	$ 5,308	$ 5,292
Cost of sales	(1,971)	(2,149)	(4,344)	(1,971)	(2,149)	(4,344)	(4,464)	(4,265)
Gross profit	348	433	847	348	433	847	844	1,027
Selling, general and administrative expenses	(247)	(239)	(469)	(246)	(237)	(466)	(394)	(417)
Goodwill impairment charges	—	—	(16)	—	—	(16)	—	—
Restructuring, asset impairment and other related charges	(4)	(6)	(46)	(4)	(6)	(46)	(18)	(90)
Other income (expense), net	40	(4)	(19)	35	(9)	(29)	(15)	(38)
Operating income from continuing operations	137	184	297	133	181	290	417	482
Non-operating income (expense), net	33	(2)	(13)	33	(2)	(13)	41	(10)
Interest expense, net	(74)	(123)	(245)	(188)	(228)	(433)	(414)	(478)
Income (loss) from continuing operations before tax	96	59	39	(22)	(49)	(156)	44	(6)
Income tax (expense) benefit	140	(43)	(132)	170	(16)	(84)	20	290
Net income (loss) from continuing operations	$ 236	$ 16	$ (93)	$ 148	$ (65)	$ (240)	$ 64	$ 284
Other financial data:(2)								
Adjusted EBITDA from continuing operations (non-GAAP)	$ 272	$ 341	$ 691	$ 272	$ 341	$ 691	$ 737	$ 892

(1) Refer to footnote (1) of the summary historical financial and other data above for information related to the impact of the adoption of ASC 606.

Non-GAAP Financial Measures

(2) It is management's intent to provide non-GAAP financial measures to enhance the understanding of our GAAP financial information, and these measures should be considered in addition to, and not instead of, the financial statements prepared in accordance with GAAP included elsewhere in this prospectus. Our non-GAAP financial measure is presented along with the corresponding most directly comparable GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial measure presented may be determined or calculated differently by other companies.

We define "Adjusted EBITDA from continuing operations" as our net income (loss) from continuing operations 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 of a significant or unusual nature, including but not limited to foreign exchange gains or losses on cash, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of businesses and non-current assets, restructuring, asset impairment and other related charges, operational process engineering-related consultancy costs, non-cash pension income or expense and strategic review and transaction-related costs.

We have included Adjusted EBITDA from continuing operations in this prospectus because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions. Accordingly, we believe that Adjusted EBITDA from continuing operations 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. In addition, our chief operating decision maker uses Adjusted EBITDA as the segment measure of performance for each of our reportable segments.

The following table presents a reconciliation of net income (loss) from continuing operations, the most directly comparable GAAP financial measure, to Adjusted EBITDA from continuing operations for each of the periods indicated:

	Pro Forma			Pro Forma – adjusted for the GPC Separation				
	Six months ended June 30,		Year ended December 31,	Six months ended June 30,		Year ended December 31,		
	2020	2019	2019	2020	2019	2019	2018	2017
	(In millions)							
Net income (loss) from continuing operations (GAAP)	**$ 236**	**$ 16**	**$ (93)**	**$ 148**	**$ (65)**	**$(240)**	**$ 64**	**$ 284**
Income tax expense (benefit)	(140)	43	132	(170)	16	84	(20)	(290)
Interest expense, net	74	123	245	188	228	433	414	478
Depreciation and amortization	141	131	273	141	131	273	271	277
Goodwill impairment charges(a)	—	—	16	—	—	16	—	—
Restructuring, asset impairment and other related charges(b)	4	6	46	4	6	46	18	90
Loss (gain) on sale of businesses and non-current assets(c)	—	11	22	—	11	22	18	28
Non-cash pension (income) expense(d)	(37)	(2)	6	(37)	(2)	6	(51)	1
Operational process engineering-related consultancy costs(e)	9	13	27	9	13	27	14	12
Related party management fee(f)	—	—	—	5	5	10	11	11
Strategic review and transaction-related costs(g)	16	3	10	15	1	7	—	—
Unrealized (gains) losses on derivatives(h)	(2)	(7)	(4)	(2)	(7)	(4)	8	3
Foreign exchange (gains) losses on cash(i)	(28)	—	8	(28)	—	8	(11)	2
Other	(1)	4	3	(1)	4	3	1	(4)
Adjusted EBITDA from continuing operations (Non-GAAP)	**$ 272**	**$341**	**$ 691**	**$ 272**	**$341**	**$ 691**	**$737**	**$ 892**

(a) Reflects goodwill impairment charges in respect of our closures operations in 2019, including dis-synergies associated with the sale of the North American and Japanese closures businesses in December 2019. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(b) Reflects asset impairment, restructuring and other related charges primarily associated with the remaining closures businesses that are not reported within discontinued operations. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(c) Reflects the loss from the sale of businesses and non-current assets, primarily in our Other segment. For further information, refer to Note 13—Other Expense, Net in our annual consolidated financial statements and Note 12—Other Income (Expense), Net in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(d) Reflects the non-cash pension (income) expense related to our RGPP. For further information, refer to Note 12—Employee Benefits in our annual consolidated financial statements and Note 11—Employee Benefits in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(e) Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.

(f) Reflects the related party management fee charged by Rank to us. For further information, refer to Note 18—Related Party Transactions in our annual consolidated financial statements and Note 17—Related Party Transactions in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus. Following the closing of this offering, we will no longer be charged the related party management fee.

(g) Reflects costs incurred for strategic reviews of our businesses, as well as costs related to this offering that cannot be offset against the expected proceeds of this offering.

(h) Reflects the mark-to-market movements in our commodity and foreign exchange derivatives. For further information, refer to Note 11—Financial Instruments in our annual consolidated financial statements and Note 10—Financial Instruments in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(i) Reflects foreign exchange (gains) losses on cash, primarily on U.S. dollar amounts held in non-U.S. dollar functional currency entities.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks and all of the other information set forth in this prospectus before deciding to invest in shares of our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially adversely affected. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment. The risks discussed below are not the only risks we face. Additional risks or uncertainties not currently known to us, or that we currently deem immaterial, may also have a material adverse effect on our business, financial condition, prospects, results of operations or cash flows. We cannot assure you that any of the events discussed in the risk factors below will not occur.

Risks Relating to Our Business and Industry

Our business is impacted by fluctuations in raw material, energy and freight costs, including the impact of tariffs, trade and similar matters.

Fluctuations in raw material costs can adversely affect our business, financial condition and results of operations. Raw material costs represent a significant portion of our cost of sales. The primary raw materials used in our products are plastic resins (principally polylactic acid, polyvinyl chloride, polypropylene, polyethylene, polystyrene and polyethylene terephthalate), aluminum, fiber (principally recycled newsprint, raw wood and wood chips) and paperboard (principally cartonboard and cupstock).

The prices of many of our raw materials have fluctuated significantly in recent years. Raw material price fluctuations are generally due to movements in commodity market prices although some raw materials, such as wood, may be affected by local market conditions (including weather) as well as the commodity market. We typically do not enter into long-term purchase contracts that provide for fixed prices for our principal raw materials. While we regularly enter into hedging agreements for some of our raw materials and energy sources, such as resin (or components thereof), natural gas and diesel, to minimize the impact of such fluctuations, these hedging agreements do not cover all of our needs, and hedging may reduce the positive impact we may otherwise receive when raw material prices decline.

In addition, over the last several years, there has been a trend toward consolidation among suppliers of many of our principal raw materials, and we expect that this trend will continue. Consolidation among our key suppliers could enhance their ability to increase prices, forcing us to pay more for such raw materials. We may be unable to pass on such cost increases to customers which could result in lower margins or lost sales.

Although many of our customer pricing agreements include raw material cost pass-through mechanisms, which mitigate the impact of changes in raw material costs, the contractual price changes do not occur simultaneously with raw material price changes. Due to differences in timing between purchases of raw materials and sales to customers, there is often a “lead-lag” effect during which margins are negatively impacted in periods of rising raw material costs and positively impacted in periods of falling raw material costs. Moreover, many of our sales are not covered by such pass-through mechanisms, and while we also use price increases, whenever possible, to mitigate the effect of raw material cost increases for customers that are not subject to raw material cost pass-through agreements, we often are not able to pass on cost increases to our customers on a timely basis, if at all, and consequently do not always recover the lost margin resulting from the cost increases. Additionally, an increase in the selling prices for the products we produce resulting from a pass-through of increased raw material costs or freight costs could have an adverse impact on the volume of units we sell.

In addition to our dependence on primary raw materials, we are also dependent on different sources of energy for our operations, such as coal, fuel oil, electricity and natural gas. For example, Beverage Merchandising is susceptible to price fluctuations in natural gas as it incurs significant natural gas costs to convert raw wood and wood chips to liquid packaging board. In addition, if some of our large energy contracts were to be terminated for any reason or not renewed upon expiration, or if market conditions were to substantially change resulting in a significant increase in the price of coal, fuel oil, electricity and/or natural gas, we may not be able to find alternative, comparable suppliers or suppliers capable of providing coal, fuel oil, electricity and/or natural gas on terms or in amounts satisfactory to us. As a result of any of these events, our business, financial condition and operating results may suffer.

We are also dependent on third parties for the transportation of both our raw materials and other products that we purchase for our operations and the products that we sell to our customers. In certain jurisdictions, we are exposed to import duties and freight costs, the latter of which is influenced by carrier availability and the fluctuating costs of oil and other transportation costs.

The cost of raw materials and other goods and services required to operate our business are also impacted by governmental actions, such as tariffs and trade sanctions. For example, the recent imposition by the U.S. government of tariffs on products imported from certain countries and trade sanctions against certain countries have introduced greater uncertainty with respect to U.S. trade policies, which have impacted the cost of certain raw materials, including aluminum and resin, and other goods and services required to operate our business. Major developments in trade relations, including the imposition of new or increased tariffs by the United States and/or other countries, could have a material adverse effect on our business, financial condition and results of operations.

We operate in highly competitive markets.

We operate in highly competitive markets. The following companies, among others, compete with us: Dart Container Corporation, Huhtamäki Oyj, Berry Global Group, Inc., Genpak LLC, Sonoco, Paper Excellence Group, Stora Enso Oyj, Amcor plc, Sealed Air Corporation, Silgan Holdings, SIG Combibloc and Elopak. Some of our competitors have significantly higher market shares in select product lines than we do globally or in the geographic markets in which we compete. Some of our competitors offer a more specialized variety of materials and concepts in select product lines and may serve more geographic regions through various distribution channels. Some of our competitors may have lower costs or greater financial and other resources than we do and may be less adversely affected than we are by price declines or by increases in raw material costs or otherwise may be better able to withstand adverse economic or market conditions.

In addition to existing competitors, we also face the threat of competition from new entrants to our markets. To the extent there are new entrants, increasing or even maintaining our market shares or margins may be more difficult. In addition to other suppliers of similar products, our business also faces competition from products made from other substrates. The prices that we can charge for our products are therefore constrained by the availability and cost of substitutes.

In addition, we are subject to the risk that local competitors following lower social responsibility standards may enter the market with lower compliance, labor and other costs than ours, and we may not be able to compete with such companies for the most price-conscious customers.

The combination of these market influences has created a competitive environment in which product pricing (including volume rebates and other items impacting net pricing), quality and service are key competitive factors. Our customers continuously evaluate their suppliers, often resulting in downward pricing pressure and increased pressure to continuously introduce and commercialize innovative new products, improve quality and customer service and maintain strong relationships with our customers. We may lose customers in the future, which would adversely affect our business and results of operations. These competitive pressures could result in reduced net revenues and profitability and limit our ability to recover cost increases through price increases and, unless we are able to control our operating costs, our gross margin may be adversely affected.

Our business could be harmed by changes in consumer lifestyle, eating habits, nutritional preferences and health-related and environmental or sustainability concerns.

Many of our products are used by consumers in connection with food or beverage products. Any reduction in consumer demand for those products as a result of lifestyle, environmental, nutritional or health considerations could have a significant impact on our customers and, as a result, on our financial condition and results of operations. This includes the demand for the products that we make, as well as demand for our customer's products. For example, certain of our products are used for dairy and fresh juice. Sales of those products have generally declined over recent years, requiring us to find new markets for our products. Additionally, there is increasing concern about the environmental impact of the manufacturing, shipping and/or use of single-use food packaging and foodservice products. For instance, some U.S. municipalities and states and certain other countries have proposed or enacted legislation prohibiting or restricting the sale and use of certain foodservice products and requiring them to be replaced with recyclable or compostable alternatives. Product stewardship and resource sustainability concerns, including the recycling of products and product packaging and restrictions on the use of potentially harmful materials in products, have received increased attention in recent years and are likely to play an increasing role in brand management and consumer purchasing decisions. In addition, changes in consumer lifestyle may result in decreasing demand for certain of our products. Our financial position and results of operations might be adversely affected to the extent that such environmental or sustainability concerns, prohibitions or restrictions on disposable packaging and products or changes in consumer lifestyle reduce demand for our products.

If we fail to maintain satisfactory relationships with our major customers, our results of operations could be adversely affected.

Many of our customers are large and possess significant market leverage, which results in significant downward pricing pressure and often constrains our ability to pass through price increases. We sell the majority of our products under multi-year agreements with customers, although some of these agreements may be terminated at the convenience of the customer on short notice; the balance of our products are sold on a purchase order basis without any commitment from the customers to purchase any quantity of products in the future. If our major customers reduce purchasing volumes or stop purchasing our products, our business and results of operations would likely be adversely affected. It is possible that we will lose customers in the future, which may adversely affect our business and results of operations.

Over the last several years, there has been a trend toward consolidation among our customers in the food and beverage industry and in the retail and foodservice industries, and we expect that this trend will continue. Consolidation among our customers could increase their ability to apply price pressure, and thereby force us to reduce our selling prices or lose sales, which would impact our results of operations. Following a consolidation, our customers in the food and beverage industry may also close production facilities or switch suppliers, while our customers in the retail industry may close stores, reduce inventory or switch suppliers of consumer products. Any of these actions could adversely impact the sales of our products.

In fiscal year 2019, our top ten customers accounted for 37% of our pro forma net revenues. The loss of any of our significant customers could have a material adverse effect on our business, financial condition and results of operations.

Loss of any of our key manufacturing equipment or facilities or equipment failure could have an adverse effect on our financial condition or results of operations.

While we manufacture most of our products in a number of diversified facilities, a loss of the use of all or a portion of any of our key manufacturing facilities due to an accident, labor issues, weather conditions, pandemics, terrorism, natural disaster or otherwise, could have a material adverse effect on our financial condition or results of operations. Certain of our products are produced at only one or at a small number of facilities, increasing the risks associated with a loss of use of such facilities. Facilities may from time to time be impacted by adverse weather and other natural events, and the prolonged loss of a key manufacturing facility due to such events could have a material adverse effect on our business. In addition, certain of our equipment requires significant effort to maintain and repair, and prolonged down-time due to key equipment failure or loss could have a material adverse effect on our business.

We depend on a small number of suppliers for our raw materials and any interruption in our supply of raw materials would harm our business and financial performance.

Some of our key raw materials are sourced from a single supplier or a relatively small number of suppliers. As a consequence, we are dependent on these suppliers for an uninterrupted supply of our key raw materials. Such supply could be disrupted for a wide variety of reasons, many of which are beyond our control. We have written contracts with some but not all of our key suppliers, and many of our written contracts can be terminated on short notice or include *force majeure* clauses that would excuse the supplier's failure to supply in certain circumstances. An interruption in the supply of raw materials for an extended period of time could have an adverse impact on our business and results of operations.

The COVID-19 pandemic and associated responses could adversely impact our business and results of operations.

The COVID-19 pandemic has significantly impacted economic activity and markets throughout the world. In response, governmental authorities have implemented numerous measures in an attempt to contain the virus, such as travel bans and restrictions, quarantines, "stay-at-home" orders and business shutdowns. The pandemic and the measures instituted by governmental authorities and associated responses to the COVID-19 pandemic could adversely impact our business and results of operations in a number of ways, including but not limited to:

- impacts on our operations, including total or partial shutdowns of one or more of our manufacturing, warehousing or distribution facilities, including but not limited to, as a result of illness, government restrictions or other workforce disruptions;
- the failure of third parties on which we rely, including but not limited to those that supply our raw materials and other necessary operating materials, co-manufacturers and independent contractors, to meet their obligations to us, or significant disruptions in their ability to do so;
- a strain on our supply chain, which could result from continued increased retailer and consumer demand for our products;
- a disruption to our distribution capabilities or to our distribution channels, including those of our suppliers, manufacturers, logistics service providers or distributors;
- new or escalated government or regulatory responses in markets in which we manufacture, sell or distribute our products, or in the markets of third parties on which we rely, which could prevent or disrupt our business operations;
- higher employee compensation costs, as well as incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees;
- significant reductions or volatility in demand for one or more of our products, which may be caused by, among other things: lower customer demand as a result of the temporary inability of consumers to purchase items that use our products due to illness, quarantine or other travel restrictions, or financial hardship; customers modifying their inventory, fulfillment or shipping practices; governmental restrictions and business closings; or pantry-loading activity or other changes in buying patterns;
- a disruption or delay in executing our strategic capital initiatives, including mill operational improvement programs, due to travel restrictions and / or health and safety concerns limiting access to our sites;
- local, regional, national or international economic slowdowns; and
- volatility in the net liability for our pension plans, with the value of plan assets and liabilities impacted by changes in financial markets.

The ultimate impact depends on the severity and duration of the current COVID-19 pandemic and actions taken by governmental authorities and other third parties in response, each of which is uncertain, rapidly changing and difficult to predict. Any of these disruptions could adversely impact our business and results of operations. In addition, these and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risk factors disclosed in this prospectus.

We are subject to governmental regulation and we may incur material liabilities under, or costs in order to comply with, existing or future laws and regulations.

Many of our products come into contact with food and beverages, and the manufacture, packaging, labeling, storage, distribution, advertising and sale of such products are subject to various laws designed to protect human health and the environment. For example, in the United States, many of our products are regulated by the Food and Drug Administration (including applicable current good manufacturing practice regulations), and our product claims and advertising are regulated by the Federal Trade Commission. Most states have agencies that regulate in parallel to these federal agencies. Liabilities under, and/or costs of compliance, and the impact on us of any non-compliance with any such laws and regulations could materially and adversely affect our business, financial condition and results of operations. In addition, changes in the laws and regulations which we are subject to could impose significant limitations and require changes to our business, which in turn may increase our compliance expenses, make our business more costly and less efficient to conduct and compromise our growth strategy.

We are subject to increasingly stringent environmental, health and safety laws, regulations and permits, and we could incur significant costs in complying with, or liabilities and obligations related to, such laws, regulations and permits.

We are subject to various federal, state/provincial, local and international environmental, health and safety laws, regulations and permits, which have tended to become more stringent over time. Among other things, these laws and regulations govern the emission or discharge of materials into the environment (including air, water or ground), the use, storage, treatment, disposal, management and releases of, and exposure to, hazardous substances and wastes, the health and safety of our employees and the end-users of our products, protection of wildlife and endangered species, wood harvesting and the materials used in and the recycling of our products. Violations of these laws and regulations or of any conditions contained in any environmental permit can result in substantial fines or penalties, injunctive relief, requirements to install pollution or other controls or equipment, civil and criminal sanctions, permit revocations and/or facility shutdowns. Moreover, we may be directly impacted by the risks and costs to us, our customers and our vendors of the effects of climate change, greenhouse gases, and the availability of energy and water resources. These risks include the potentially adverse impact on forestlands, which are a key resource in the production of some of our products, increased product costs and a change in the types of products that customers purchase. We also face risks arising from the increased public focus, including by governmental and nongovernmental organizations, on these and other environmental sustainability matters, such as packaging and waste, deforestation, and land use.

We are and have been involved in the remediation of current, former and third party sites, and could be held jointly and severally liable for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances and wastes at any site we have ever owned, leased, operated or used as a treatment or disposal site, including releases by prior owners or operators of sites we currently own or operate. We could also be subject to third-party claims for property or natural resource damage, personal injury or nuisance or otherwise as a result of violations of or liabilities under environmental laws, regulations and permits or in connection with releases of hazardous or other substances or wastes. In addition, changes in, or new interpretations of, existing laws, regulations, permits or enforcement policies, the discovery of previously unknown contamination, or the imposition of other environmental, health and safety liabilities or obligations in the future, including additional investigation or other obligations with respect to any potential health hazards of our products or business activities or the imposition of new permit requirements, may lead to additional compliance or other costs that could have a material adverse effect on our business, financial condition or results of operations.

Moreover, as environmental issues, such as climate change, have become more prevalent, federal, state and local governments, as well as foreign governments, have responded, and are expected to continue to respond, with increased legislation and regulation, which could negatively affect us. For example, the United States Environmental Protection Agency is regulating certain greenhouse gas emissions under existing laws such as the Clean Air Act, and various countries have adopted the Paris Agreement, which aims to keep global temperature rise to well below 2 degrees Celsius using various national pledges to reduce greenhouse gas emissions. These and other international, foreign, federal, regional and state climate change initiatives may cause us to incur additional direct costs in complying with new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from our suppliers, customers or both incurring additional compliance costs that could get passed through to us or impact product demand.

Government regulations and judicial decisions affecting products we produce or the products contained in the products we produce could significantly reduce demand for our products.

A number of governmental authorities, both in the United States and abroad, have considered, and are expected to consider, legislation aimed at reducing the amount of materials incapable of being recycled or composted. Programs have included, for example, banning or restricting certain types of products, mandating certain rates of recycling and/or the use of recycled materials, imposing deposits or taxes on single-use items (often plastic) and requiring retailers or manufacturers to take back packaging used for their products. Such legislation, as well as voluntary initiatives similarly aimed at reducing the level of single-use packaging waste, could reduce demand for our products. Some consumer products companies, including some of our customers, have responded to these governmental initiatives and to perceived environmental or sustainability concerns of consumers by using only recyclable or compostable containers.

In addition, changes to health and food safety regulations could increase costs and may also have a material adverse effect on our net revenues if, as a result, the public’s attitude towards our products or the end-products for which we provide packaging is substantially affected.

We are subject to the Foreign Corrupt Practices Act of 1977 and other similar anti-corruption, anti-bribery and anti-kickback laws and regulations, and any noncompliance with those laws or regulations by us or others acting on our behalf could have a material adverse effect on our business, financial condition and results of operations.

The Foreign Corrupt Practices Act of 1977 (the “FCPA”) and other similar anti-corruption and anti-bribery laws and regulations in other jurisdictions generally prohibit companies and their intermediaries from offering or providing improper things of value to foreign officials for the purpose of obtaining or retaining business or securing regulatory benefits. Under the FCPA and similar anti-corruption laws, we may become liable for the actions of employees, officers, directors, agents, representatives, consultants, or other intermediaries, or our strategic or local partners, including those over whom we may have little actual control. We are continuously engaged in transacting business, including in new locations, around the world. Because we will maintain and intend to grow our international sales and operations, we have contacts with foreign public officials, and therefore potential exposure to liability under laws such as the FCPA.

If we are found liable for violations of the FCPA or other similar anti-corruption, anti-bribery or anti-kickback laws or regulations, either due to our own acts or out of inadvertence, or due to the acts or inadvertence of others, we could suffer criminal or civil fines or penalties or other repercussions, including reputational harm, which could have a material adverse effect on our business, financial condition and results of operations.

In August 2020, we identified practices in our Evergreen Packaging Shanghai business ("EPS"), which is part of our Beverage Merchandising segment, that involve acts potentially in violation of the FCPA. While our investigation into these practices (which is being conducted by external counsel, accountants, and other advisors) is not complete, we believe we have identified the occasional giving of gift cards representing relatively minor monetary values to government regulators in the People's Republic of China ("PRC"), and/or employees of one or more state-owned enterprises in the PRC, over the course of several years. In addition, it is possible that EPS potentially violated the FCPA by engaging external consultants to interact with government regulators in the PRC to avoid potential adverse action by those regulators. The amounts involved in each scenario are immaterial, individually and in the aggregate, and we have initiated procedures to remediate such practices, including discontinuing the giving of gift cards and the engagement of any such consultants. We have also voluntarily self-reported these matters to the U.S. Department of Justice and U.S. Securities and Exchange Commission. We intend to fully cooperate with these U.S. government agencies, with the assistance of legal counsel. While we are not aware of any other acts at EPS which could be a violation of the FCPA or other similar laws, our investigation is ongoing and there can be no assurance that other violations have not been made. We are unable at this time to predict when our or the government agencies' review of these matters will be completed or what regulatory or other consequences may result from these matters.

We may not be able to achieve some or all of the benefits that we expect to achieve from our capital investment, restructuring and other cost savings programs.

We regularly review our business to identify opportunities to reduce our costs. When we identify such opportunities, we may develop a capital investment, restructuring or other cost savings program to attempt to capture those savings, such as our strategic capital investment program. We may not be able to realize some or all of the cost savings we expect to achieve in the future as a result of our capital investment, restructuring and other cost savings programs in the time frame we anticipate. A variety of factors could cause us not to realize some of the expected cost savings, including, among others, delays in the anticipated timing of activities related to our cost savings programs, lack of sustainability in cost savings over time, unexpected costs associated with implementing the programs or operating our business, and lack of ability to eliminate duplicative back office overhead and redundant selling, general and administrative functions, obtain procurement related savings, rationalize our distribution and warehousing networks, rationalize manufacturing capacity and shift production to more economical facilities and avoid labor disruptions in connection with any integration, particularly in connection with any headcount reduction.

We are affected by seasonality and cyclicality.

Demand for certain of our products is moderately seasonal. Our Foodservice and Food Merchandising operations peak during the summer and fall months in North America when the favorable weather, harvest and holiday season lead to increased consumption, resulting in greater levels of sales in the second and third quarters. Beverage Merchandising's customers are principally engaged in providing products that are generally less sensitive to seasonal effects, although Beverage Merchandising does experience some seasonality as a result of increased consumption of milk by school children during the North American academic year, resulting in a greater level of carton product sales in the first and fourth quarters. In addition, the market for some of our products can be cyclical and sensitive to changes in general business conditions, industry capacity, consumer preferences and other factors. We have no control over these factors and they can significantly influence our financial performance.

Loss of our key management and other personnel, or an inability to attract new management and other personnel, could impact our business.

We depend on our senior executive officers and other key personnel to operate our business and on our in-house technical experts to develop new products and technologies and to service our customers. The loss of any of these officers or other key personnel could adversely affect our operations. Competition is intense for qualified employees among companies that rely heavily on engineering and technology, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of our business could hinder our ability to successfully conduct research and development activities or develop and support marketable products.

Uncertain global economic conditions could have an adverse effect on our business and financial performance.

General economic downturns in our key geographic regions and globally can adversely affect our business operations, demand for our products and our financial results. The current global economic challenges, including relatively high levels of unemployment in certain areas in which we operate, low economic growth and difficulties associated with managing rising debt levels and related economic volatility in certain economies, could put pressure on the global economy and our business. When challenging economic conditions exist, our customers may delay, decrease or cancel purchases from us, and may also delay payment or fail to pay us altogether. Suppliers may have difficulty filling our orders and distributors may have difficulty getting our products to customers, which may affect our ability to meet customer demands, and result in a loss of business. Weakened global economic conditions may also result in unfavorable changes in our product prices and product mix and lower profit margins. All of these factors could have a material adverse effect on demand for our products, our cash flow, financial condition and results of operations.

Supply of faulty or contaminated products could harm our reputation and business.

Although we have control measures and systems in place to ensure the maximum safety and quality of our products is maintained, the consequences of not being able to do so, due to accidental or malicious raw material contamination, or due to supply chain contamination caused by human error or faulty equipment, could be severe. Such consequences may include adverse effects on consumer health, reputation, loss of customers and market share, financial costs or loss of revenue. If any of our products are found to be defective, we could be required to recall such products, which could result in adverse publicity, significant expenses and a disruption in sales and could affect our reputation and that of our products. Although we maintain product liability insurance coverage, potential product liability claims may exceed the amount of insurance coverage or potential product liability claims may be excluded under the terms of the policy. In addition, if any of our competitors or customers supply faulty or contaminated products to the market, or if manufacturers of the end-products that utilize our products produce faulty or contaminated products, our industry, or our end-products' industries, could be negatively impacted, which could have adverse effects on our business.

The widespread use of social media and networking sites by consumers has greatly increased the speed and accessibility of information dissemination. Negative publicity, posts or comments on social media or networking sites about us, whether accurate or inaccurate, or disclosure of non-public sensitive information about us, could be widely disseminated through the use of social media. Such events, if they were to occur, could harm our image and adversely affect our business, as well as require resources to rebuild our reputation.

Currency exchange rate fluctuations could adversely affect our results of operations.

Our business is exposed to fluctuations in exchange rates. Although our reporting currency is U.S. dollars, we operate in multiple countries and transact in a range of currencies in addition to U.S. dollars. In addition, we are exposed to exchange rate risk as a result of sales, purchases, assets and borrowings (including intercompany borrowings) that are denominated in currencies other than the functional currency of the respective entities. Where possible, we try to minimize the impact of exchange rate fluctuations by transacting in local currencies so as to create natural hedges. There can be no assurance that we will be successful in protecting against these risks. Under certain circumstances in which we are unable to naturally offset our exposure to these currency risks, we may enter into derivative transactions to reduce such exposures. Nevertheless, exchange rate fluctuations may either increase or decrease our net revenues and expenses as reported in U.S. dollars. Given the volatility of exchange rates, we may not be able to manage our currency transaction risks effectively, and volatility in currency exchange rates may materially adversely affect our financial condition or results of operations.

The global scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in, and subject to the tax laws and regulations of, multiple jurisdictions as a result of the global scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds between our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations. In addition, the tax authorities in any applicable jurisdiction, including the United States, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness. If any applicable tax authorities, including the U.S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could result in the disallowance of deductions, the imposition of withholding taxes on internal deemed transfers or other consequences that could have a material adverse effect on our business, financial condition and results of operations.

We may not be successful in obtaining, maintaining and enforcing our intellectual property rights, including our unpatented proprietary knowledge and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.

In addition to relying on the patent, copyright and trademark rights granted under the laws of the United States and other jurisdictions, we rely on unpatented proprietary knowledge and trade secrets and employ various methods, including confidentiality agreements with employees and third parties, to protect our knowledge and trade secrets. However, these precautions and our patents, copyrights and trademarks may not afford complete protection against infringement, misappropriation or other violation of our rights by third parties, and there can be no assurance that others will not independently develop the knowledge protected by our trade secrets or develop products that compete with ours despite not infringing, misusing or otherwise violating our intellectual property rights. Patent, copyright and trademark rights are territorial; thus, the protection they provide will only extend to those countries in which we have been issued patents and have registered trademarks or copyrights. Even so, the laws of certain countries do not protect our intellectual property rights to the same extent as do the laws of the United States.

We believe that we have sufficient intellectual property rights to allow us to conduct our business without incurring liability to third parties. However, we or our products may nonetheless infringe on the intellectual property rights of third parties, or we may determine in the future that we require a license or other rights to intellectual property rights held by third parties. Such a license or other rights may not be available to us on commercially reasonable terms or at all, in which case we may be prevented from using, providing or manufacturing certain products, services or brands as we see fit. In addition, we may be subject to claims asserting infringement, misappropriation or other violation of third parties' intellectual property rights seeking damages, the payment of royalties or licensing fees and/or injunctions against the sale of our products or other aspects of our business. If we are found to have infringed, misused or otherwise violated the intellectual property rights of others, we could be forced to pay damages, cease use of such intellectual property rights or, if we are given the opportunity to continue to use the intellectual property rights of others, we could be required to pay a substantial amount for continued use of those rights. Even if we are not found to infringe, misappropriate, or otherwise violate a third party's intellectual property rights, we could incur material expense to defend against such claims and we could incur significant costs associated with discontinuing to use, provide or manufacture certain products, services or brands, and such defense could be protracted and costly regardless of its outcome. Any of the foregoing could have a material adverse effect on our business and results of operations.

Furthermore, we cannot be certain that the intellectual property rights we do obtain and rely on will not be challenged or invalidated in the future. In the event of such a challenge, we could incur significant costs to defend our rights, even if we are ultimately successful. We also may not be able to prevent current and former employees, contractors and other parties from breaching confidentiality agreements and misappropriating trade secrets or other proprietary information. It is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Infringement of our intellectual property rights may adversely affect our results of operations and make it more difficult for us to establish a strong market position in countries which may not afford adequate protection of intellectual property rights. Furthermore, others may develop technologies that are similar or superior to our technologies, duplicate our technologies or design around our patents, and steps taken by us to protect our technologies may not prevent infringement or misappropriation of such technologies. Additionally, we have licensed, and may license in the future, patents, trademarks, copyrights, trade secrets and other intellectual property rights to third parties. While we attempt to ensure that our intellectual property rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect our rights or the value of our intellectual property rights or reputation. If necessary, we also rely on litigation to enforce our intellectual property rights and contractual rights, and, if not successful, we may not be able to protect the value of our intellectual property rights. Any litigation could be protracted and costly and could have a material adverse effect on our business and results of operations regardless of its outcome.

If we are unable to develop new products or stay abreast of changing technology in our industry, our profits may decline.

We operate in mature markets that are subject to high levels of competition. Our future performance and growth depends on innovation and our ability to successfully develop or license capabilities to introduce new products and product innovations or enter into or expand into adjacent product categories, sales channels or countries. Our ability to quickly innovate in order to adapt our products to meet changing customer demands is essential, especially in light of eCommerce and direct-to-consumer channels significantly reducing the barriers for even small competitors to quickly introduce new products directly to customers. The development and introduction of new products require substantial and effective research and development and demand creation expenditures, which we may be unable to recoup if the new products do not gain widespread market acceptance.

In addition, effective and integrated systems are required for us to gather and use consumer data and information to successfully market our products. New product development and marketing efforts, including efforts to enter markets or product categories in which we have limited or no prior experience, have inherent risks, including product development or launch delays. These could result in us not being the first to market and the failure of new products to achieve anticipated levels of market acceptance. If product introductions or new or expanded adjacencies are not successful, costs associated with these efforts may not be fully recouped and our results of operations could be adversely affected. In addition, if sales generated by new products cause a decline in sales of our existing products, our financial condition and results of operations could be materially adversely affected. Even if we are successful in increasing market share within particular product categories, a decline in the markets for such product categories could have a negative impact on our financial results. In addition, in the future, our growth strategy may include expanding our international operations, which could be subject to foreign market risks, including, among others, foreign currency fluctuations, economic or political instability and the imposition of tariffs and trade restrictions, which could adversely affect our financial results.

Our business is subject to frequent and sometimes significant changes in technology, and if we fail to anticipate or respond adequately to such changes, or do not have sufficient capital to invest in these developments, our profits may decline. Our future financial performance will depend in part upon our ability to develop new products and to implement and utilize technology successfully to improve our business operations. We cannot predict all the effects of future technological changes. The cost of implementing new technologies could be significant, and our ability to potentially finance these technological developments may be adversely affected by our debt servicing requirements or our inability to obtain the financing we require to develop or acquire competing technologies.

We face risks associated with certain pension obligations.

We have pension plans that cover many of our employees, former employees and employees of formerly affiliated businesses. Certain of these pension plans are defined benefit pension plans pursuant to which the participants receive defined payment amounts regardless of the value or investment performance of the assets held by such plans. Deterioration in the value of plan assets, including equity and debt securities, resulting from a general financial downturn or otherwise, or a change in the interest rate used to discount the projected benefit obligations, could cause an increase in the underfunded status of our defined benefit pension plans, thereby increasing our obligation to make contributions to the plans, which in turn would reduce the cash available for our business.

Our largest pension plan is the RGPP, of which Pactiv became the sponsor when Pactiv Corporation (now Pactiv LLC, our subsidiary) was spun-off from Tenneco Inc. in 1999. This plan covers certain of our employees as well as employees (or their beneficiaries) of certain companies previously owned by Tenneco Inc. but not owned by us. As a result, while persons who have never been our employees do not currently accrue benefits under the plan, the total number of individuals/beneficiaries covered by this plan is much larger than if only our personnel were participants. For this reason, the impact of the pension plan on our net income and cash from operations is greater than the impact typically found at similarly sized companies. Changes in the following factors can have a disproportionate effect on our results of operations compared with similarly sized companies: (i) interest rate used to discount projected benefit obligations, (ii) governmental regulations related to funding of retirement plans, (iii) financial market performance, and (iv) revisions to mortality tables as a result of changes in life expectancy.

As of December 31, 2019, the RGPP was underfunded by approximately $654 million and subsequent adverse financial market performance has increased this deficit. During the six months ended June 30, 2020, the plan liability has increased by $211 million as a result of a decrease in the discount rate and the fair value of RGPP assets decreased by $92 million. We expect to make a $121 million contribution to the RGPP in 2020. Future contributions to our pension plans (including the RGPP) will be dependent on future plan asset returns and interest rates and are highly sensitive to changes. Such future contributions will reduce the cash otherwise available to operate our business and could have an adverse effect on our results of operations.

Our insurance may not adequately protect us against business and operating risks.

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive in relation to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance policies are economically unavailable or available only for reduced amounts of coverage. For example, we are not fully insured against all risks associated with pollution, contamination and other environmental incidents or impacts. Moreover, we may not be able to maintain adequate insurance in the future at rates we consider reasonable or to obtain or renew insurance against certain risks. We maintain a high deductible or self-insured retention on many of the risks that we do insure, and we would bear the cost or loss to the extent of the high deductible and self-insured retention. Any significant uninsured liability, or our high deductible or self-insured retention, may require us to pay substantial amounts which would adversely affect our cash position and results of operations.

We may be involved in a number of legal proceedings that could result in substantial liabilities for us.

We are involved in several legal proceedings. It is difficult to predict with certainty the cost of defense or the outcome of these proceedings and their impact on our business, including remedies or damage awards. The outcomes of these legal proceedings and other contingencies could require us to take or refrain from taking certain actions, which actions or inactions could adversely affect our operations or could require us to pay substantial amounts of money or restrict our operations. If liabilities or fines resulting from these proceedings are substantial or exceed our expectations, our business, financial condition or results of operations may be adversely affected.

We may pursue and execute acquisitions, which, if not successful, could adversely affect our business.

We may pursue acquisitions of product lines or businesses from third parties. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, services and products of the acquired product lines or businesses, estimation and assumption of liabilities and contingencies, personnel turnover and the diversion of management's attention from other business operations. We may be unable to successfully integrate and manage certain product lines or businesses that we may acquire in the future, or be unable to achieve anticipated benefits or cost savings from acquisitions in the time frame we anticipate, or at all.

Employee slowdowns, strikes and similar actions could have a material adverse effect on our business and operations.

As of December 31, 2019, approximately 33% of our employees were subject to collective bargaining agreements or are represented by work councils. The transportation and delivery of raw materials to our manufacturing facilities and of our products to our customers by workers that are members of labor unions is critical to our business. In many cases, before we take significant actions with respect to our production facilities, such as workforce reductions or closures, we must reach agreement with applicable labor unions and employee works councils. We may not be able to successfully negotiate any such agreements or new collective bargaining agreements on satisfactory terms in the future. The failure to maintain satisfactory relationships with our employees and their representatives, or prolonged labor disputes, slowdowns, strikes or similar actions, could have a material adverse effect on our business and results of operations.

Our hedging activities may result in significant losses and in period-to-period earnings volatility.

We regularly enter into hedging transactions to limit our exposure to raw material and energy price risks. Our commodity hedges are primarily related to resin, natural gas, ethylene, propylene, benzene, diesel and polyethylene. If our hedging strategies prove to be ineffective or if we fail to effectively monitor and manage our hedging activities, we could incur significant losses which could adversely affect our financial position and results of operations, and we could experience significant fluctuations in our earnings from period to period. Factors that could affect the impact and effectiveness of our hedging activities include the accuracy of our operational forecasts of raw material and energy needs and volatility of the commodities and raw materials pricing markets.

Goodwill, intangible assets and other long-lived assets are material components of our balance sheet and impairments of such balances, and future other impairment charges, could have a significant impact on our financial results.

We have recorded a significant amount of goodwill and other indefinite-lived intangible assets in our consolidated financial statements resulting from our acquisitions. We test the carrying value of goodwill and other indefinite-lived intangible assets for impairment at least annually and whenever events or circumstances indicate the carrying value may not be recoverable. The estimates and assumptions about future results of operations and cash flows made in connection with the impairment testing could differ from future actual results of operations and cash flows. Any resulting impairment charge, although non-cash, could have a material adverse effect on our results of operations and financial position.

Our historical financial results also include other asset impairment charges. These charges have arisen from a variety of events including decisions to exit certain businesses and ceasing to use certain equipment prior to the end of its useful life. Future asset impairment charges could arise as a result of changes in our business strategy or changes in the intention to use certain assets. Any resulting impairment charge, although non-cash, could have a material adverse effect on our results of operations and financial position.

We have significant debt, which could adversely affect our financial condition and ability to operate our business.

Upon the closing of this offering and the use of the proceeds as described in "Use of Proceeds", we expect to have approximately $4,031 million of outstanding indebtedness. For a description of this indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." Our debt level and related debt service obligations:

- require us to dedicate significant cash flow to the payment of principal of, and interest on, our debt, which will reduce the funds we have available for other purposes, including working capital, capital expenditures and general corporate purposes;
- may limit our flexibility in planning for or reacting to changes in our business and market conditions or in funding our strategic growth plan;
- impose on us financial and operational restrictions; and
- expose us to interest rate risk on our debt obligations bearing interest at variable rates.

These restrictions could adversely affect our financial condition and limit our ability to successfully implement our growth strategy.

In addition, we may need additional financing to support our business and pursue our growth strategy, including for strategic acquisitions. Our ability to obtain additional financing, if and when required, will depend on investor demand, our operating performance, the condition of the capital markets and other factors. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to those of our common stock, and, in the case of equity and equity-linked securities, our existing stockholders may experience dilution.

Borrowings under our Credit Agreement are at variable rates of interest and we may incur additional variable interest rate indebtedness in the future. This exposes us to interest rate risk, and any interest rate swaps we enter into in order to reduce interest rate volatility may not fully mitigate our interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease.

Certain of our long-term indebtedness bears interest at variable interest rates, primarily based on LIBOR, which may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to fluctuate or cause other unanticipated consequences.

The U.K. Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop encouraging or requiring banks to submit rates for the calculation of LIBOR after 2021. It is unclear whether LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become acceptable alternatives to LIBOR, or what effect these changes in views or alternatives may have on financial markets for LIBOR-linked financial instruments. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our current or future indebtedness may be adversely affected or we may need to renegotiate the terms of our debt agreements that utilize LIBOR as a factor in determining the applicable interest rate to replace LIBOR with the new standard that is established, if any, or to otherwise agree with the trustees or agents under such facilities or instruments on a new means of calculating interest.

Breaches of our information systems security measures could disrupt our internal operations.

We depend on information technology for processing and distributing information in our business, including to and from our customers and suppliers. This information technology is subject to theft, damage or interruption from a variety of sources, including malicious computer viruses, security breaches, defects in design, natural disasters, terrorist attacks, power and/or telecommunication failures, employee malfeasance or human or technical errors. Additionally, we can be at risk if a customer's or supplier's information technology system is attacked or compromised. Cybersecurity incidents have increased in number and severity, and it is expected that these trends will continue. We have taken measures to protect our data and to protect our computer systems from attack but these measures may not prevent unauthorized access to our systems or theft of our data. If we or third parties with whom we do business were to fall victim to cyber-attacks or experience other cybersecurity incidents, such incidents could result in unauthorized access to, disclosure or loss of or damage to company, customer or other third party data; theft of confidential data including personal information and intellectual property; loss of access to critical data or systems; and other business delays or disruptions. If these events were to occur, we may incur substantial costs or suffer other consequences that negatively impact our operations and financial results.

We are subject to stringent privacy laws, information security policies and contractual obligations governing the use, processing, and cross-border transfer of personal information.

We receive, generate and store significant and increasing volumes of sensitive information, such as personally identifiable information. We face a number of risks relative to protecting this critical information, including loss of access risk, inappropriate use or disclosure, inappropriate modification, and the risk of our being unable to adequately monitor, audit and modify our controls over our critical information. This risk extends to the third-party vendors and subcontractors we use to manage this sensitive data.

We are subject to a variety of local, state, national and international laws, directives and regulations that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the different jurisdictions in which we operate. For example, California enacted the California Consumer Privacy Act ("CCPA") which creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal data. The CCPA went into effect on January 1, 2020, and the California Attorney General may bring enforcement actions for violations beginning July 1, 2020. The CCPA has been amended from time to time, and it remains unclear what, if any, further modifications will be made to this legislation or how it will be interpreted. In addition to fines and penalties imposed upon violators, some state laws, including the CCPA, also afford private rights of action to individuals who believe their personal information has been misused. The interplay of federal and state laws may be subject to varying interpretations by courts and government agencies, creating complex compliance issues for us and data we receive, use and share, potentially exposing us to additional expense, adverse publicity and liability. Legal requirements relating to the collection, storage, handling, and transfer of personal information and personal data continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement, sanctions and increased costs of compliance.

Compliance with applicable data protection laws and regulations could also require us to change our business practices and compliance procedures in a manner adverse to our business. Penalties for violations of these laws vary, but can be substantial. Moreover, complying with these various laws could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. In addition, we rely on third party vendors to collect, process and store data on our behalf and we cannot guarantee that such vendors are in compliance with all applicable data protection laws and regulations. Our or our vendors' failure to comply with applicable data protection laws and regulations could result in government enforcement actions (which could include civil or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business. Claims that we have violated individuals' privacy rights, failed to comply with data protection laws, or breached our contractual obligations or privacy policies, even if we are not found liable, could be expensive and time consuming to defend, could result in adverse publicity and could have a material adverse effect on our business, financial condition and results of operations.

We have a history of net losses from continuing operations and may not achieve or maintain profitability in the future.

We have a history of significant net losses from continuing operations, including a net loss of $168 million for fiscal year 2019. We may not be able to achieve or maintain profitability for the current or any future fiscal year. We may incur significant losses in the future for a number of reasons, including due to the other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown events. In addition, as a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. As a result, our operations may not achieve profitability in the future and, even if we do achieve profitability, we may not be able to maintain or increase it.

There is no assurance that the Concurrent Debt Transactions will be completed.

This offering is not contingent on the consummation of the Concurrent Debt Transactions. There is no assurance we will be able to consummate the Concurrent Debt Transactions on the terms described herein or at all. The proposed terms of the Concurrent Debt Transactions included in this prospectus are preliminary, are based on management estimates and may be changed based on market conditions and other considerations. If, for any reason, we are not able to complete the Concurrent Debt Transactions, our existing debt agreements will remain unchanged upon closing of this offering (other than the indenture governing the 2024 Notes which will be repaid in full using the net proceeds of this offering and cash on hand, as set forth under “Use of Proceeds”).

Risks Relating to Our Common Stock and this Offering

There may not be an active, liquid trading market for our common stock.

Prior to this offering, there has been no public market for shares of our common stock. We cannot predict the extent to which investor interest in our company will lead to the development of a trading market on Nasdaq or how liquid that market may become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you purchase. The initial public offering price of our common stock was determined by negotiation between us and the underwriters and may not be indicative of prices that will prevail following the closing of this offering. The market price of shares of our common stock may decline below the initial public offering price, and you may not be able to resell your shares of our common stock at or above the initial public offering price.

We expect that our common stock price will fluctuate significantly, and you may not be able to resell your common stock at or above the initial public offering price.

The trading price of our common stock is likely to be volatile and subject to wide price fluctuations in response to various factors, including those described above in “—Risks Relating to Our Business and Industry.” In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, you may be unable to resell your common stock at or above the initial public offering price, if at all. In addition to the factors described above in “—Risks Relating to Our Business and Industry,” some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

- market conditions in the broader stock market in general, or in our industry in particular;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products and services by us or our competitors;

- issuance of new or changes in securities analysts’ reports or recommendations;
- our inability to meet the financial estimates of analysts who follow our company;
- strategic actions by us or our competitors, such as acquisitions, restructurings, significant contracts, joint marketing relationships, joint ventures or capital commitments;
- sales of large blocks of our common stock;
- additions or departures of key personnel;
- changes in accounting standards, policies, guidance, interpretations or principles;
- perceptions of the investment opportunity associated with our common stock relative to other investment alternatives;
- the public reactions to our press releases, other public announcements and filings with the SEC;
- any increased indebtedness we may incur in the future;
- regulatory developments;
- actions by institutional stockholders;
- litigation and governmental investigations; and
- economic and political conditions or events.

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. The stock market in general has from time to time experienced extreme price and volume fluctuations, including in recent months. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

If securities or industry analysts do not publish research or reports about our business, or they publish inaccurate or unfavorable reports about our business, the price of our common stock and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares of common stock or change their opinion of our common stock, our common stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our common stock price or trading volume to decline.

Substantial future sales by the Hart Stockholders or others of our common stock, or the perception that such sales may occur, could depress the price of our common stock.

Following the closing of this offering, the Hart Stockholders will control a majority of the voting power of our outstanding common stock. Subject to the restrictions described in the paragraph below, future sales of the Hart Stockholders’ shares in the public market will be subject to the volume and other restrictions of Rule 144 under the Securities Act of 1933 (“Securities Act”) for so long as the Hart Stockholders are deemed to be our affiliate, unless the shares to be sold are registered with the SEC. We do not know whether or when the Hart Stockholders will sell shares of our common stock following this offering. The sale by the Hart Stockholders or others of a substantial number of shares of our common stock after this offering, or a perception that such sales could occur, could significantly reduce the market price of our common stock. Subject to the lock-up agreements discussed below, we are not restricted from issuing additional common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or any substantially similar securities. The perception of a potential sell-down by the Hart Stockholders could depress the market price of our common stock and make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon the closing of this offering, except as otherwise described herein, all shares of common stock that are being offered hereby will be freely tradable without restriction, assuming they are not held by our "affiliates," as that term is defined in Rule 144 under the Securities Act. In addition, we intend to grant registration rights to the Hart Stockholders, pursuant to which the Hart Stockholders will have the right to demand that we register common stock held by the Hart Stockholders under the Securities Act as well as the right to demand that we include any such common stock in any registration statement that we file with the SEC, subject to certain exceptions. See "Shares Eligible for Future Sale—Registration Rights." Any common stock registered pursuant to the registration rights agreement described in "Certain Relationships and Related Party Transactions" will be freely tradable in the public market, subject to applicable lock-up periods, if any. In addition, in connection with this offering, we, our directors and our executive officers and the Hart Stockholders have each agreed, subject to certain exceptions, to be subject to a 180-day lock-up restriction. See "Shares Eligible for Future Sale—Lock-up Agreements." Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. may waive these restrictions at their discretion. The market price of our common stock may decline significantly when this lock-up restriction lapses.

Investors purchasing common stock in this offering will experience immediate and substantial dilution as a result of this offering and any future equity issuances.

The initial public offering price of our common stock is substantially higher than the pro forma net tangible book value per share of our common stock. Dilution is the difference between the initial public offering price per share of common stock and the pro forma net tangible book value per share of common stock after this offering. If you purchase shares of common stock in this offering, you will incur immediate and substantial dilution in the amount of $24.52 per share of common stock. In addition, if we issue additional equity securities in the future, including to our employees and directors under our equity incentive plan, investors purchasing shares of common stock in this offering will experience additional dilution. See "Dilution."

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management as they will include provisions that:

- require at least 66$^{2/3}$% of the votes that all of our stockholders would be entitled to cast in an annual election of directors in order to amend our amended and restated certificate of incorporation and bylaws from and after the date on which 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") beneficially own less than 50% of the outstanding shares of our common stock;
- provide for a staggered board from and after the date on which the Hart Entities or Permitted Assigns beneficially own less than 50% of the outstanding shares of our common stock;
- eliminate the ability of our stockholders to call special meetings of stockholders from and after the date on which the Hart Entities or Permitted Assigns beneficially own less than 50% of the outstanding shares of our common stock;

- prohibit stockholder action by written consent, instead requiring stockholder actions to be taken solely at a duly convened meeting of our stockholders, from and after the date on which the Hart Entities or Permitted Assigns beneficially own less than 50% of the outstanding shares of our common stock;
- permit our board of directors, without further action by our stockholders, to fix the rights, preferences, privileges and restrictions of preferred stock, the rights of which may be greater than the rights of our common stock;
- restrict the forum for certain litigation against us to Delaware; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. As a result, these provisions may adversely affect the market price and market for our common stock if they are viewed as limiting the liquidity of our stock. These provisions may also make it more difficult for a third party to acquire us in the future, and, as a result, our stockholders may be limited in their ability to obtain a premium for their shares of common stock. See "Description of Capital Stock."

Furthermore, in connection with this offering, we will enter into a stockholders agreement with the Hart Stockholders. The stockholders agreement will provide the Hart Stockholders with the right to nominate a certain number of directors to our board of directors so long as the Hart Entities beneficially own at least 10% of the outstanding shares of our common stock. See "Certain Relationships and Related Party Transactions—Transactions to be Entered into in Connection with this Offering—Stockholders Agreement."

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. Notwithstanding the foregoing, the exclusive forum provision will not apply to any claim to enforce any liability or duty created by the Securities and Exchange Act of 1934 ("Exchange Act") or the Securities Act and for which the federal courts have exclusive jurisdiction. In addition, our amended and restated certificate of incorporation will also provide that unless we consent 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 or the federal forum provision.

The choice of forum provision and federal forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court were "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our federal forum provision. If the federal forum provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The federal forum provision may also impose additional litigation costs on stockholders who assert the provision is not enforceable or invalid.

Transformation into a listed public company will increase our costs and may disrupt the regular operations of our business.

Since 2006, we have operated as a privately owned company and we expect to incur additional legal, regulatory, finance, accounting, investor relations and other administrative expenses as a result of having publicly traded common stock. While we are currently in compliance with portions of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), including Sections 302 and 906 as it relates to our preparation of historical financial statements in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”), we will be required under the Sarbanes-Oxley Act, as well as rules adopted by the SEC and Nasdaq, to implement specified corporate governance practices that currently do not apply to us as a voluntary filer.

We are currently a voluntary filer and not subject to the periodic reporting requirements of the SEC. Historically, we have prepared and filed financial statements in accordance with IFRS to fulfil reporting requirements for certain of our borrowings. Upon the closing of this offering, we will become obligated to file with the SEC annual and quarterly information and other reports. We will also be required to ensure that we have the ability to prepare financial statements, in accordance with GAAP, on a timely basis that fully comply with all SEC reporting requirements and maintain effective internal controls over financial reporting.

The additional demands associated with being a public company may disrupt regular operations of our business by diverting the attention of some of our senior management team away from revenue producing activities to management and administrative oversight, adversely affecting our ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing our businesses. Additionally, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance. We may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. In addition, failure to comply with any laws or regulations applicable to us as a public company may result in legal proceedings and/or regulatory investigations, and may cause reputational damage. Any of these effects could harm our business, financial condition and results of operations.

Failure to maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and reputation.

We are currently a voluntary filer that has historically prepared our financial statements in accordance with IFRS as issued by the IASB. We are currently in compliance with portions of the Sarbanes-Oxley Act, including Sections 302 and 906 as it relates to our historical financial reports, however, as a voluntary filer, our independent registered public accounting firm has not audited our assessment of the effectiveness of internal controls over financial reporting.

Upon completion of this offering, we will be required to comply with all of the SEC’s rules, including the requirements of Section 404 of the Sarbanes-Oxley Act which will require our independent registered public accounting firm to audit our assessment of the effectiveness of internal controls over financial reporting.

If we are not able to meet all of the requirements of Section 404 of the Sarbanes-Oxley Act with adequate compliance, our independent registered public accounting firm may issue an adverse opinion due to ineffective internal controls over financial reporting, and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. Moreover, any material weakness or other deficiencies in our internal control over financial reporting may impede our ability to file timely and accurate reports with the SEC. Any of the above could cause a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations and cash flows.

We intend to pay regular dividends on our common stock, but our ability to do so may be limited.

Following the closing of this offering, we intend to pay cash dividends on our common stock on a quarterly basis, subject to the discretion of our board of directors and our compliance with applicable law, and depending on our results of operations, capital requirements, financial condition, business prospects, contractual restrictions, restrictions imposed by applicable laws and other factors that our board of directors deems relevant. See "Dividend Policy."

Our ability to pay dividends may also be restricted by the terms of our existing debt agreements, or any future debt or preferred equity securities. Our dividend policy entails certain risks and limitations, particularly with respect to our liquidity. By paying cash dividends rather than investing that cash in our business or repaying any outstanding debt, we risk, among other things, slowing the expansion of our business, having insufficient cash to fund our operations or make capital expenditures or limiting our ability to incur borrowings. Our board of directors will periodically review the cash generated from our business and the capital expenditures required to finance our growth plans and determine whether to modify the amount of regular dividends and/or declare any periodic special dividends. There can be no assurance that our board of directors will not reduce the amount of regular cash dividends or cause us to cease paying dividends altogether.

Risks Relating to Our Relationships with the Hart Stockholders, RCPI, GPC and Rank

The Hart Stockholders control the direction of our business and the Hart Stockholders' concentrated ownership of our common stock will prevent you and other stockholders from influencing significant decisions.

Upon the closing of this offering, the Hart Stockholders will own, and control the voting power of, approximately 79% of our outstanding shares of common stock (or approximately 76% if the underwriters' option to purchase additional shares of common stock from us is exercised in full). As long as the Hart Stockholders continue to control a majority of the voting power of our outstanding common stock, they will generally be able to determine the outcome of all corporate actions requiring stockholder approval, including the election and removal of directors.

The Hart Stockholders and their affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, the Hart Stockholders and their affiliates may engage in activities where their interests may not be the same as, or may conflict with, the interests of our other stockholders. Investors in this offering will not be able to affect the outcome of any stockholder vote while the Hart Stockholders control the majority of the voting power of our outstanding common stock. As a result, the Hart Stockholders will be able to control, directly or indirectly and subject to applicable law, the composition of our board of directors, which in turn will be able to control all matters affecting us, including, among others:

- any determination with respect to our business direction and policies, including the appointment and removal of officers and directors;
- the adoption of amendments to our amended and restated certificate of incorporation;
- any determinations with respect to mergers, business combinations or disposition of assets;
- compensation and benefit programs and other human resources policy decisions;
- the payment of dividends on our common stock; and
- determinations with respect to tax matters.

In addition, the concentration of the Hart Stockholders' ownership could also discourage others from making tender offers, which could prevent stockholders from receiving a premium for their common stock.

Because the Hart Stockholders' interests may differ from ours or from those of our other stockholders, actions that the Hart Stockholders take with respect to us, as our controlling stockholders, may not be favorable to us or our other stockholders, including holders of our common stock.

We have entered, and may continue to enter, into certain related party transactions. There can be no assurance that we could not have achieved more favorable terms if such transactions had not been entered into with related parties, or that we will be able to maintain existing terms in the future.

In connection with the distributions of our interests in RCPI and in GPC to our shareholder, PFL, we have, or prior to closing of this offering, will enter into various transactions with related parties including, among others:

- five-year supply agreements under which we sell certain products (primarily tableware) to RCPI, and purchase certain products (primarily aluminum foil containers and roll foil) from RCPI;
- a warehousing and freight services agreement pursuant to which we provide certain logistics services to RCPI;
- a lease of part of our corporate headquarters in Lake Forest, Illinois and another lease for part of our facility in Canandaigua, New York to RCPI;
- a tax matters agreement with each of RCPI and GPC;
- a transition services agreement pursuant to which we will continue to provide certain administrative services to RCPI, including information technology service; accounting, treasury, financial reporting and transaction support; human resources; procurement; tax, legal and compliance related services; and other corporate services, and we will receive certain services from RCPI, including human resources; compliance; and procurement, in each case for up to 24 months from February 2020;
- a transition services agreement with GPC pursuant to which we will, upon GPC's request, provide certain administrative services to GPC for up to 24 months from August 4, 2020;
- an IT license usage agreement with Rank and GPC, pursuant to which we will continue to receive usage rights under certain IT-related license and contractual arrangements which are held by certain of our affiliates and provide usage rights to certain of our affiliates under certain IT-related license and contractual arrangements held by us;
- an agreement with our affiliate, Beverage Packaging Holdings I ("BPH I"), to indemnify BPH I for certain losses that BPH I may suffer in connection with a guarantee of a property lease that BPH I provided to a third party landlord in connection with the divestment of a business by the Group; and
- a transition services agreement with Rank pursuant to which Rank will, upon our request, provide certain administrative and support services to us for up to 24 months, and we will, upon Rank's request, provide certain administrative and support services to them for up to 24 months.

While we believe that all such transactions have been negotiated on an arm's length basis and contain commercially reasonable terms, we may have been able to achieve more favorable terms had such transactions been entered into with unrelated parties. In addition, while goods and services are being provided to us by related parties, our operational flexibility to modify or implement changes with respect to such goods or services or the amounts we pay or receive for them may be limited.

Potential conflicts of interest or disputes may arise between us and RCPI or GPC in connection with these related party agreements, or relating to our past or future relationships in several areas including tax, employee benefits, intellectual property rights, indemnification and other matters. Furthermore, conflicts of interest may arise in connection with business opportunities that may be attractive to us and RCPI or GPC. In the event of a dispute under any of these related party agreements, RCPI's and GPC's interests may not align with ours and the resolution of any such disputes may be adverse to us, or less favorable to us than we might achieve if we were not dealing with a related party, and our ability to enforce our contractual rights may be limited.

There can be no assurance that such present or any future transactions, and any potential disputes that may arise in connection with them, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations, or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties.

It is also likely that we may enter into related party transactions in the future. Although material related party transactions that we may enter into will be subject to approval or ratification of a designated committee of our board of directors (which will initially be the audit committee) or other committee designated by our board of directors made up solely of independent directors, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations, or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties.

The related party transactions we have entered into, which are described in this prospectus, are of varying durations and may be amended upon agreement of the parties. The Hart Stockholders will have the ability to determine the outcome of matters requiring stockholder approval, cause or prevent a change of control, and change the composition of our board of directors. For so long as we are controlled by the Hart Stockholders, we may be unable to negotiate renewals or amendments to these agreements, if required, on terms as favorable to us as those we would be able to negotiate with an unaffiliated third party. For additional information, see "Certain Relationships and Related Party Transactions."

Our ability to operate our business effectively may suffer if we do not establish independent financial, administrative, and other support functions, and we cannot assure you that the transitional services Rank has agreed to provide us will be sufficient for our needs.

Historically, we have relied on financial, administrative and other resources of Rank to assist in operating our business. In conjunction with our anticipated separation from Rank, we intend to establish our own financial, administrative and other support functions or contract with third parties to replace the assistance Rank has provided us. Prior to the closing of this offering, we will enter into an agreement with Rank under which, upon our request, Rank will provide certain administrative and support services to us, such as financial, insurance, IT, tax, human resources, M&A transaction support and legal and corporate secretarial services for up to 24 months, and we will, upon request, provide certain support services to Rank for up to 24 months. See "Certain Relationships and Related Party Transactions—Transactions to be Entered into in Connection with this Offering" for a description of these services. These services and data access controls may not be sufficient to meet our needs. After our agreement with Rank expires, we may not be able to obtain these services at prices or on terms that are as favorable. Any failure or significant downtime in our own financial, administrative or other support functions or in Rank's financial, administrative or other support functions during the transitional period could negatively impact our results of operations.

If the Hart Stockholders sell a controlling interest in our company to a third party in a private transaction, you may not realize any change-of-control premium on shares of our common stock and we may become subject to the control of a presently unknown third party.

Upon the closing of this offering, the Hart Stockholders will own, and control the voting power of, approximately 79% of our outstanding shares of common stock (or approximately 76% if the underwriters' option to purchase additional shares of common stock from us is exercised in full). The Hart Stockholders will have the ability, should they choose to do so, to sell some or all of their shares of our common stock in a privately negotiated transaction, which, if sufficient in size, could result in a change of control of our company.

The ability of the Hart Stockholders to privately sell their shares of our common stock, with no requirement for a concurrent offer to be made to acquire all of the shares of our common stock that will be publicly traded hereafter, could prevent you from realizing any change-of-control premium on your shares of our common stock that may otherwise accrue to the Hart Stockholders on their private sale of our common stock. Additionally, if the Hart Stockholders privately sell their significant equity interests in our company, we may become subject to the control of a presently unknown third party. Such third party may have conflicts of interest with those of other stockholders. In addition, if the Hart Stockholders sell a controlling interest in our company to a third party, our liquidity could be impaired, our outstanding indebtedness may be subject to acceleration and our commercial agreements and relationships could be impacted, all of which may adversely affect our ability to run our business as described herein and may have a material adverse effect on our results of operations and financial condition.

We will be a "controlled company" within the meaning of the rules of Nasdaq and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Upon the closing of this offering, the Hart Stockholders will control a majority of the voting power of our outstanding common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that our compensation committee and our nominating and corporate governance committee be composed entirely of independent directors; and
- the requirement for an annual performance evaluation of our compensation committee and our nominating and corporate governance committee.

While the Hart Stockholders control a majority of the voting power of our outstanding common stock, we intend to rely on certain of these exemptions and, as a result, will not have upon the closing of this offering, a compensation committee or a nominating and corporate governance committee consisting entirely of independent directors. Upon the closing of this offering, we expect that three of our seven directors will not qualify as "independent directors" under the applicable rules of Nasdaq. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

We may be liable for significant taxes if the distributions of RCPI or of GPC to PFL are determined to be taxable transactions.

In February 2020, prior to the initial public offering of shares of common stock of RCPI, we effected certain distributions to transfer the interests of RCPI to PFL in a manner that was intended to qualify as tax-free to PFL, us, and Reynolds Group Holdings Inc. ("RGHI") under Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, prior to the closing of this offering we will complete certain distributions to transfer the interests of GPC to PFL in a manner that is intended to qualify as tax-free to PFL, us and RGHI under Section 355 of the Code.

We have received a tax opinion as to the tax treatment of the RCPI distribution and will receive, prior to closing of this offering, a tax opinion as to the tax treatment of the GPC distribution. These tax opinions rely on certain facts, assumptions, representations and undertakings from Mr. Hart, RCPI or GPC, as applicable, and us regarding the past and future conduct of PTVE's, and RCPI's or GPC's, as applicable, respective businesses and other matters. If any of these facts, assumptions, representations or undertakings is incorrect or not satisfied, we may not be able to rely on the tax opinions and could be subject to significant tax liabilities with respect to the RCPI or GPC distributions. Notwithstanding the tax opinions, the Internal Revenue Service (the "IRS") could determine on audit that the RCPI or GPC distributions are taxable if it determines that any of the facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinions, or for other reasons, including as a result of certain significant changes in the stock ownership of PTVE, RCPI or GPC, as applicable, or RGHI. If the RCPI or GPC distributions are determined to be taxable for U.S. federal income tax purposes, we could be liable for significant U.S. federal income tax liabilities.

We entered into a Tax Matters Agreement with RCPI in connection with the RCPI distribution (the "RCPI Tax Matters Agreement") and will, prior to closing of this offering, enter into a Tax Matters Agreement with GPC in connection with the GPC distribution (the "GPC Tax Matters Agreement" and, together with the RCPI Tax Matters Agreement, the "Tax Matters Agreements"). Under the Tax Matters Agreements, RCPI or GPC, as applicable, will generally be required to indemnify us against taxes incurred with respect to the RCPI distribution or the GPC distribution, respectively, that arise as a result of, among other things, (i) a breach of any representation made under the Tax Matters Agreements, including those provided in connection with an opinion of tax counsel, or (ii) RCPI or GPC, as applicable, taking or failing to take, as the case may be, certain actions, in each case that result in the distributions failing to meet the requirements for tax-free treatment under the Code. In the event that RCPI or GPC fails to indemnify us in accordance with the Tax Matters Agreements, we would bear such tax liability.

In order to preserve the tax-free treatment of the RCPI and the GPC distributions, our ability to engage in certain corporate transactions for a two-year period after the distributions will be limited.

To preserve the tax-free treatment for U.S. federal income tax purposes of the RCPI and the GPC distributions, we will be limited in our ability to enter into acquisition, merger, liquidation, sale and stock redemption transactions with respect to our stock for the two-year period following each of these distributions. While we are under no contractual obligations, effecting certain such transactions could violate the representations and undertakings we made in connection with the opinions of tax counsel and could result in significant tax liabilities to us. These limitations may restrict our ability to pursue certain strategic transactions or other transactions that would otherwise be in our best interest or that might increase the value of our business. We will not be limited in our ability to acquire other businesses for cash consideration.

RCPI and GPC may compete with us, and their competitive positions in certain markets may constrain our ability to build and maintain partnerships.

We may face competition from a variety of sources, including RCPI and GPC, today and in the future. For example, while we do have supply agreements in place with RCPI, each of RCPI and GPC may still compete with us in certain products and/or in certain channels. In addition, while RCPI and GPC do not currently manufacture or sell products that compete with our products in the channels in which we sell our products, they each may do so in the future, including as a result of acquiring a company that manufactures products which compete with ours. RCPI and GPC may have acquired know-how from their previous affiliation with our business, which could give them significant competitive advantages should they decide to engage in the type of business we conduct, which may materially and adversely affect our business, financial condition and results of operations. Although RCPI has historically sold the products (primarily tableware and cups) that it purchases from us in the retail channel, and we sell such products in the foodservice business-to-business channel, after the termination of the supply agreement with RCPI, it could seek to sell such products in the foodservice channel or otherwise compete with us. As our customer, RCPI has information about products, including pricing, and, as one of our former operating segments, GPC has knowledge of our business that could provide RCPI and GPC with competitive advantages.

In addition, we may partner with companies that compete with RCPI and GPC in certain markets. Our prior affiliation with RCPI and GPC may affect our ability to effectively partner with these companies. These companies may favor our competitors because of our relationships with RCPI and GPC.

Mr. Hart may have conflicts of interest with the holders of our shares of common stock or us in the future.

Upon the closing of this offering, Mr. Hart will indirectly own and control a majority of the outstanding shares of our common stock, and the actions he is able to undertake as our controlling shareholder may differ from or adversely affect the interests of our other shareholders. Pursuant to the stockholders agreement to be entered into upon the closing of this offering, Mr. Hart has the power to nominate a majority of the directors to our board of directors for so long as the Hart Entities beneficially own more than 40% of our common stock, enabling Mr. Hart to control our legal and capital structure and operations, subject to applicable law. The stockholders agreement also provides that so long as the Hart Entities hold at least 5% of the Company's shares, Mr. Hart will be entitled to receive access to certain of the Company's information and also to routinely consult and advise senior management with respect to the Company's business and financial matters, with the Company agreeing to give consideration to Mr. Hart's advice and proposals. The stockholders agreement also provides Mr. Hart with certain consent rights for so long as the Hart Entities hold at least 40% of the Company's shares. Additionally, Mr. Hart is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete, directly or indirectly, with us. Mr. Hart may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.

Conflicts of interest may arise because certain of our directors will hold a management or board position with PFL or other affiliated entities.

One of our directors is also a director of PFL and two of our directors are also directors of other entities affiliated with Mr. Hart. The interests of these directors in PFL and other entities affiliated with Mr. Hart and us could create, or appear to create, conflicts of interest with respect to decisions involving both us and PFL and other entities affiliated with Mr. Hart that could have different implications for PFL and other entities affiliated with Mr. Hart and us. These decisions could, for example, relate to:

- disagreement over corporate opportunities;
- competition between us, PFL and other Hart-affiliated entities;
- employee retention or recruiting;
- our dividend policy; and
- the services and arrangements from which we benefit as a result of our relationships with PFL and other entities affiliated with Mr. Hart.

Conflicts of interest could also arise if we enter into any new agreements with the Hart Stockholders and other entities affiliated with Mr. Hart in the future, or if the Hart Stockholders and other entities affiliated with Mr. Hart decide to compete with us in any of our product categories. The presence of directors or officers of entities affiliated with the Hart Stockholders and other entities affiliated with Mr. Hart on our board of directors could create, or appear to create, conflicts of interest and conflicts in allocating their time with respect to matters involving both us and any one of them, or involving us and the Hart Stockholders and other entities affiliated with Mr. Hart, that could have different implications for any of these entities than they do for us. Provisions of our amended and restated certificate of incorporation and bylaws that will be in effect prior to the closing of this offering address corporate opportunities that are presented to our directors who are also directors or officers of the Hart Stockholders and other entities affiliated with Mr. Hart and certain of their subsidiaries. See "Description of Capital Stock." We cannot assure you that our amended and restated certificate of incorporation will adequately address potential conflicts of interest or that potential conflicts of interest will be resolved in our favor or that we will be able to take advantage of corporate opportunities presented to individuals who are directors of both us and the Hart Stockholders and other entities affiliated with Mr. Hart. As a result, we may be precluded from pursuing certain advantageous transactions or growth initiatives.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements under the captions "Prospectus Summary," "Risk Factors," "Unaudited Pro Forma Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and in other sections of this prospectus that are forward-looking statements. 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." You should specifically consider the numerous risks outlined under "Risk Factors." These risks include, among others, those related to:

- future costs of raw materials, energy and freight, including the impact of tariffs, trade sanctions and similar matters;
- competition in the markets in which we operate;
- changes in consumer lifestyle, eating habits, nutritional preferences and health-related and environmental and sustainability concerns;
- failure to maintain satisfactory relationships with our major customers;
- the impact of a loss of any of our key manufacturing facilities;
- the uncertain economic, operational and financial impacts of the COVID-19 pandemic;
- compliance with, and liabilities related to, environmental, health and safety laws, regulations and permits;
- impact of government regulations and judicial decisions affecting products we produce or the products contained in the products we produce;
- any non-compliance with the FCPA or other similar laws;
- our dependence on suppliers of raw materials and any interruption to our supply of raw materials;
- our ability to realize the benefits of our capital investment, restructuring and other cost savings programs; and
- seasonality and cyclicality.

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 prospectus to conform our prior statements to actual results or revised expectations.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $541 million, or approximately $623 million if the underwriters exercise in full their option to purchase additional shares from us, at the initial public offering price, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

We currently intend to use the net proceeds that we receive from this offering, as well as $653 million of cash on hand, to repay all $650 million aggregate principal amount outstanding of the 7.000% Senior Notes due 2024 (the "2024 Notes") and $528 million aggregate principal amount outstanding of the 5.125% Senior Secured Notes due 2023 (the "2023 Notes"), and to pay associated redemption premiums.

The 2024 Notes bear interest at a rate of 7.000% per annum and mature on July 15, 2024, and the 2023 Notes bear interest at a rate of 5.125% per annum and mature on July 15, 2023. The 2024 Notes are redeemable at a price equal to 101.750% of the principal amount to be redeemed, plus accrued and unpaid interest to the applicable redemption date. The 2023 Notes are redeemable at a price equal to 101.281% of the principal amount to be redeemed, plus accrued and unpaid interest to the applicable redemption date.

We currently intend to use any net proceeds from the underwriters exercising their option to purchase additional shares of common stock from us to repay certain indebtedness as noted above, or the term loan under our Credit Agreement, or for general corporate purposes. The term loan currently matures in February 2023 and bears interest at a rate of LIBOR plus 2.750%.

In addition, to the extent the Senior Secured Notes Offering is consummated, we intend to use the net proceeds from the Senior Secured Notes Offering to repay certain indebtedness, including the term loan under our Credit Agreement and/or additional 2023 Notes. There can be no assurance that we will consummate the Senior Secured Notes Offering.

DIVIDEND POLICY

Commencing with the fiscal quarter ended December 31, 2020 and subject to legally available funds, we intend to pay quarterly cash dividends on our common stock. We expect to pay an initial quarterly cash dividend of $0.10 per share. The initial dividend for the quarter ended December 31, 2020 is expected to be paid in February 2021. Thereafter, the quarterly dividend will be paid subsequent to the close of each fiscal quarter.

Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, including restrictive covenants contained in our financing agreements, and such other factors as our board of directors may deem relevant. See “Risk Factors—Risks Relating to Our Common Stock and this Offering—We intend to pay regular dividends on our common stock, but our ability to do so may be limited.”

Under Delaware law, dividends may be payable only out of surplus, which is calculated as our net assets less our liabilities and our capital, or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and capitalization as of June 30, 2020:

- on an actual basis;
- on a pro forma basis to reflect:
  - the completion of the GPC Separation; and
  - the completion of the Corporate Reorganization;
- on a pro forma basis, as further adjusted, to reflect:
  - the sale by us of 41,026,000 shares of common stock in this offering, at the initial public offering price of $14.00 per share, representing the receipt of $541 million in net proceeds after deducting the underwriting discount and the estimated offering expenses payable by us, as well as the application of such net proceeds as described in "Use of Proceeds"; and
  - the issuance of the IPO Grants and payment of certain one-time cash settled transaction bonuses.

This table should be read in conjunction with "Use of Proceeds," "Selected Historical Consolidated Financial Data," "Unaudited Pro Forma Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our annual and interim consolidated financial statements and notes thereto included elsewhere in this prospectus.

The pro forma information set forth in the table below does not give effect to the Concurrent Debt Transactions.

	June 30, 2020 (In millions except share and per share data)		
	Actual	Pro Forma Group after GPC Separation and Corporate Reorganization	Pro forma, as further adjusted
Cash and cash equivalents	$1,609	$ 1,157	$ 504(2)
Debt, including current and long-term:			
Securitization Facility	$ 378	$ —	$ —
Credit Agreement	3,443	2,481	2,481(3)
Notes:			
Floating Rate Senior Secured Notes due 2021	745	—	—
5.125% Senior Secured Notes due 2023	1,591	1,591	1,066(4)
7.000% Senior Notes due 2024	792	644	—
Pactiv Debentures:			
7.950% Debentures due 2025	272	272	272(5)
8.375% Debentures due 2027	198	198	198(6)
Other	16	14	14
Total debt(1)	$7,435	$ 5,200	$ 4,031

	Actual	Pro Forma Group after GPC Separation and Corporate Reorganization	Pro forma, as further adjusted
	June 30, 2020 (In millions except share and per share data)		
Equity:			
Common stock (Historical: 35,708,019 shares issued and outstanding with no par value; Pro forma: $0.001 par value per share, 2,000,000,000 shares authorized, 175,434,000 shares issued and outstanding)	—	—	—
Additional paid in capital	55	33	575
Accumulated other comprehensive loss	(624)	(443)	(443)
Retained earnings	2,603	939	903
Non-controlling interests	3	3	3
Total equity(1)	$2,037	$ 532	$ 1,038
Total capitalization	$9,472	$ 5,732	$ 5,069

(1) As described in "Use of Proceeds," we intend to use the net proceeds from this offering to repay certain indebtedness.

(2) Does not reflect certain transaction costs associated with the Concurrent Debt Transactions, including prepayment and redemption premiums, associated with the Concurrent Debt Transactions, which we expect to be approximately $32 million.

(3) Pro forma, as further adjusted balance of $2,481 million comprises outstanding principal of $2,487 million net of deferred financing transaction costs of $6 million.

(4) Pro forma, as further adjusted balance of $1,066 million comprises outstanding principal of $1,071 million net of deferred financing transaction costs of $5 million.

(5) Pro forma, as further adjusted balance of $272 million comprises outstanding principal of $276 million net of deferred financing transaction costs of $4 million.

(6) Pro forma, as further adjusted balance of $198 million comprises outstanding principal of $200 million net of deferred financing transaction costs of $2 million.

DILUTION

If you invest in shares of our common stock, your investment will be immediately diluted to the extent of the difference between the initial public offering price per share of common stock and the pro forma net tangible book value per share of common stock after this offering. Dilution results from the fact that the per share offering price of the shares of common stock is substantially in excess of the pro forma net tangible book value (deficit) per share after this offering.

Our net tangible book value (deficit) as of June 30, 2020 was $(2,352) million or $(17.50) per share of common stock after giving pro forma effect to the GPC Separation and the Corporate Reorganization. Net tangible book value (deficit) represents total tangible assets less total liabilities. Tangible assets represent total assets excluding goodwill and other intangible assets. Net tangible book value (deficit) per share represents net tangible book value (deficit) divided by the aggregate number of shares of common stock outstanding immediately prior to this offering (after giving pro forma effect to the GPC Separation and the Corporate Reorganization).

After giving further effect to the sale by us of the shares of our common stock in this offering, at the initial public offering price of $14.00 per share, and the receipt and application of the net proceeds, our pro forma net tangible book value (deficit) as of June 30, 2020 would have been $(1,846) million or $(10.52) per share. This represents an immediate increase in pro forma net tangible book value (deficit) to the existing stockholder of $6.98 per share and an immediate dilution to new investors of $24.52 per share. Dilution per share represents the difference between the price per share to be paid by new investors for the shares of our common stock sold in this offering and the pro forma net tangible book value (deficit) per share immediately after this offering. The following table illustrates this per share dilution:

Initial public offering price	$ 14.00
Pro forma net tangible book value (deficit) per share as of June 30, 2020 (after giving effect to the GPC Separation and the Corporate Reorganization)	$(17.50)
Increase in pro forma net tangible book value (deficit) per share attributable to the existing stockholder	6.98
Pro forma net tangible book value (deficit) per share after offering	(10.52)
Dilution per share to new investors	$ 24.52

The following table sets forth, on a pro forma basis, as of June 30, 2020, the number of shares of our common stock purchased from us, the total consideration paid, or to be paid, and the average price per share paid, or to be paid, by the existing stockholder and by the new investors, at the initial public offering price of $14.00 per share, before deducting estimated underwriting discounts and commissions and offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholder(1)	134,408,000	77%	$ 532,000,000	48%	$ 3.96
New investors	41,026,000	23%	574,364,000	52%	14.00
Total	175,434,000	100%	$1,106,364,000	100%	$ 6.31

(1) Does not reflect the purchase of 3,571,428 shares of common stock in this offering by the Affiliated Participant.

The foregoing tables assume no exercise of the underwriters' option to purchase additional shares of common stock from us.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical consolidated financial data. The consolidated statement of income data and summary cash flow data for each of the years ended December 31, 2019, 2018 and 2017, and the consolidated balance sheet data as of December 31, 2019 and 2018, are derived from our annual consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated statement of income data and summary cash flow data for the years ended December 31, 2016 and 2015, and the unaudited consolidated balance sheet data as of December 31, 2017, 2016 and 2015, are derived from our financial records which are not included in this prospectus. The unaudited consolidated financial data as of December 31, 2017, 2016 and 2015 and for the years ended December 31, 2016 and 2015 was prepared on the same basis as our consolidated financial statements, except as described in the footnotes to the table.

The unaudited consolidated statement of income data and summary cash flow data for the six months ended June 30, 2020 and 2019, and the unaudited consolidated balance sheet data as of June 30, 2020, have been derived from our interim condensed consolidated financial statements included elsewhere in this prospectus.

The interim condensed consolidated financial statements as of June 30, 2020 and for the six months ended June 30, 2020 and 2019 were prepared on the same basis as our annual consolidated financial statements. In our opinion, such financial statements include all normal and recurring adjustments considered necessary for a fair statement of the financial information set forth in those statements.

The GPC Group is included in our selected historical consolidated financial data presented below. Following the GPC Separation, which will occur prior to the closing of this offering, the GPC Group will no longer operate as one of our reportable segments and the results of the GPC Group for the periods prior to the GPC Separation will be presented as a discontinued operation in our historical financial statements beginning with the fiscal period that includes the completion of the GPC Separation.

Our historical results are not necessarily indicative of our results in any future period. You should read the following selected historical consolidated financial data together with our consolidated annual and interim financial statements and the related notes included elsewhere in this prospectus and the "Capitalization," "Unaudited Pro Forma Consolidated Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this prospectus.

	Six months ended June 30,		Year ended December 31,				
	2020	2019	2019	2018	2017	2016	2015
	(In millions, except per share amounts)						
Statement of Income Data:							
Net revenues(1),(2),(3)	$ 3,259	$ 3,594	$ 7,115	$ 7,395	$ 7,439	$ 7,601	$ 8,163
Cost of sales(3)	(2,755)	(3,019)	(5,999)	(6,282)	(6,086)	(6,176)	(6,725)
Gross profit	504	575	1,116	1,113	1,353	1,425	1,438
Selling, general and administrative expenses	(330)	(324)	(639)	(565)	(599)	(700)	(614)
Goodwill impairment charges(4)	—	—	(16)	(138)	—	—	—
Restructuring, asset impairment and other related charges(5)	(13)	(24)	(96)	(53)	(101)	(83)	(19)
Other income (expense), net(6)	27	(7)	(34)	(33)	(38)	(25)	(31)
Operating income from continuing operations	188	220	331	324	615	617	774
Non-operating income (expense), net	33	(2)	(13)	41	(10)	(7)	5
Interest expense, net	(187)	(228)	(432)	(412)	(484)	(870)	(1,153)
Income (loss) from continuing operations before tax	34	(10)	(114)	(47)	121	(260)	(374)
Income tax benefit (expense)	59	(14)	(54)	16	218	76	28
Net income (loss) from continuing operations	$ 93	$ (24)	$ (168)	$ (31)	$ 339	$ (184)	$ (346)
Basic and diluted earnings (loss) per share from continuing operations	$ 2.58	$ (0.70)	$ (4.68)	$ (0.92)	$ 9.44	$ (5.18)	$ (9.72)
Balance Sheet Data (as of end of period):							
Accounts receivable, net	$ 691		$ 666	$ 699	$ 722	$ 655	$ 728
Inventories	903		894	896	911	867	886
Total assets(7)	12,260		16,175	16,169	16,385	16,708	18,370
Accounts payable	391		425	483	454	471	423
Long-term debt, including current portion	7,435		10,630	10,997	11,339	12,056	13,696
Total equity	2,037		2,082	1,785	1,599	826	763
Cash Flow Data:							
Net cash provided by (used in):							
Operating activities	$ 167	$ 240	$ 896	$ 963	$ 858	$ 1,007	$ 892
Investing activities	(208)	(275)	(4)	(453)	(364)	(165)	3,811
Financing activities	368	(20)	(384)	(360)	(796)	(1,871)	(4,382)
Other financial data:(8)							
Adjusted EBITDA from continuing operations (non-GAAP)	$ 463	$ 518	$ 1,038	$ 1,091	$ 1,294	$ 1,339	$ 1,327

(1) Our net revenues are derived primarily from sales of our foodservice and food merchandising products and our fresh cartons to third-party customers, primarily in the United States and the rest of North America.

Revenues are reported net of estimated sales incentives. Our financial statements also present revenue from the sale of plastic containers for consumer products. This revenue was generated by the GPC Group.

(2) On January 1, 2018, we adopted ASC 606, using the modified retrospective method for all contracts not completed as of the date of adoption. The adoption resulted in changes in accounting policies and immaterial adjustments to the amounts recognized in the consolidated financial statements, including the cumulative impact to retained earnings at January 1, 2018. See Note 2—Summary of Significant Accounting Policies in our annual consolidated financial statements included elsewhere in this prospectus for an explanation of the impact of the adoption of ASC 606. Results as of and for the year ended December 31, 2018 and periods thereafter are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported under ASC 605, *Revenue Recognition*, the accounting standard in effect for those periods.

(3) Effective February 4, 2020, the Group distributed its interest in RCPI to PFL. The RCPI distribution occurred prior to and in connection with the initial public offering of shares of common stock of RCPI, which was completed on February 4, 2020. Following the distribution of RCPI on February 4, 2020, the Group continues to sell to and purchase products from Reynolds Consumer Products in the ordinary course of business. Our Food Merchandising segment continues to sell certain finished products to Reynolds Consumer Products and our Foodservice segment continues to purchase products from them. These transactions arise under agreements that expire on December 31, 2024 but may be renewed between the parties. Effective February 4, 2020 and thereafter, these transactions are related party transactions and are recognized within our net revenues and cost of sales. For further details, refer to Note 17—Related Party Transactions in our interim condensed consolidated financial statements included elsewhere in this prospectus. Prior to February 4, 2020, these transactions with Reynolds Consumer Products were intercompany transactions, and are presented in continuing operations with the offsetting activity presented in discontinued operations. Within our consolidated statement of income data, our continuing operations have recognized revenue of $171 million and $141 million for the six months ended June 30, 2020 and 2019, respectively, and $280 million, $316 million, $302 million, $336 million and $363 million for the years ended December, 2019, 2018, 2017, 2016 and 2015, respectively, from sales to Reynolds Consumer Products. Within our cost of sales, we have recognized purchases of $63 million and $78 million for the six months ended June 30, 2020 and 2019, respectively, and $149 million, $161 million, $148 million, $143 million and $170 million for the years ended December, 2019, 2018, 2017, 2016 and 2015, respectively.

(4) Reflects goodwill impairment charges in respect of our closures operations in 2019, including dis-synergies associated with the sale of the North American and Japanese closures businesses in December 2019, and an impairment charge in 2018 in respect of the GPC Group. We will complete the GPC Separation prior to the closing of this offering.

(5) Restructuring, asset impairment and other related charges include asset impairment charges of $70 million for the year ended December 31, 2019 related to the remaining closures businesses, as a result of dis-synergies associated with the sale of the North American and Japanese closures businesses in December 2019, and the ongoing rationalization of the manufacturing footprint in the GPC Group. For further information in relation to the impairment expenses, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(6) Other income (expense), net includes related party management fees of $8 million and $8 million in the six months ended June 30, 2020 and 2019, respectively, and $16 million, $16 million, $17 million, $26 million and $41 million in the years ended December 31, 2019, 2018, 2017, 2016 and 2015, respectively, which are permitted by our financing agreements. For further information, see “Certain Relationships and Related Party Transactions,” and Note 18—Related Party Transactions of our annual consolidated financial statements and Note 17—Related Party Transactions of our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus. Following the closing of this offering, we will no longer be charged the related party management fee.

(7) On January 1, 2019, we adopted ASC 842, using the modified retrospective method without the recasting of comparative periods' financial information, as permitted by the transition guidance. Results for the six months ended June 30, 2020 and 2019 and as of and for the year ended December 31, 2019 are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported under ASC 840, *Leases*, the accounting standard in effect for those periods. See Note 2—Summary of Significant Accounting Policies in our annual consolidated financial statements included elsewhere in this prospectus for an explanation of the impact of the adoption of ASC 842.

(8) We define "Adjusted EBITDA" from continuing operations as our net income (loss) from continuing operations 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 of a significant or unusual nature, including but not limited to foreign exchange gains or losses on cash, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of businesses and non-current assets, restructuring, asset impairment and other related charges, operational process engineering-related consultancy costs, non-cash pension income or expense and strategic review and transaction-related costs.

We have included Adjusted EBITDA from continuing operations in this prospectus because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions. Accordingly, we believe that Adjusted EBITDA from continuing operations 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. In addition, our chief operating decision maker uses Adjusted EBITDA as the segment measure of performance for each of our reportable segments.

The following table presents a reconciliation of net income (loss) from continuing operations, the most directly comparable GAAP financial measure, to Adjusted EBITDA from continuing operations for each of the periods indicated:

	Six months ended June 30,		Year ended December 31,				
	2020	2019	2019	2018	2017	2016	2015
				(In millions)			
Net income (loss) from continuing operations (GAAP)	**$ 93**	**$ (24)**	**$ (168)**	**$ (31)**	**$ 339**	**$ (184)**	**$ (346)**
Income tax (benefit) expense	(59)	14	54	(16)	(218)	(76)	(28)
Interest expense, net	187	228	432	412	484	870	1,153
Depreciation and amortization	259	253	516	523	534	555	556
Goodwill impairment charges(a)	—	—	16	138	—	—	—
Restructuring, asset impairment and other related charges(b)	13	24	96	53	101	83	19
Loss (gain) on sale of businesses and non-current assets(c)	1	6	21	31	22	(1)	(1)
Non-cash pension (income) expense(d)	(37)	(2)	6	(51)	1	64	(11)
Operational process engineering-related consultancy costs(e)	9	13	27	14	12	21	18
Related party management fee(f)	8	8	16	16	17	26	41
Strategic review and transaction-related costs(g)	19	1	7	—	—	—	—
Unrealized (gains) losses on derivatives(h)	(2)	(7)	(4)	8	3	(8)	(82)
Foreign exchange (gains) losses on cash(i)	(28)	—	8	(11)	3	—	(7)
Other	—	4	11	5	(4)	(11)	15
Adjusted EBITDA from continuing operations (Non-GAAP)	**$ 463**	**$ 518**	**$1,038**	**$1,091**	**$1,294**	**$1,339**	**$1,327**

(a) Reflects goodwill impairment charges in respect of our closures operations in 2019, including dis-synergies associated with the sale of the North American and Japanese closures businesses in

December 2019, and an impairment charge in 2018 in respect of the GPC Group. We will complete the GPC Separation prior to the closing of this offering. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(b) Reflects asset impairment, restructuring and other related charges primarily associated with the remaining closures businesses that are not reported within discontinued operations and the ongoing rationalization of the manufacturing footprint in the GPC Group. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(c) Reflects the loss or gain from the sale of businesses and non-current assets, primarily in our Other segment. For further information, refer to Note 13—Other Expense, Net in our annual consolidated financial statements and Note 12—Other Income (Expense), Net in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(d) Reflects the non-cash pension (income) expense related to our RGPP benefit plan. For further information, refer to Note 12—Employee Benefits in our annual consolidated financial statements and Note 11—Employee Benefits in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(e) Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.

(f) Reflects the related party management fee charged by Rank to us. For further information, refer to Note 18—Related Party Transactions in our annual consolidated financial statements and Note 17—Related Party Transactions in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus. Following the closing of this offering, we will no longer be charged the related party management fee.

(g) Reflects costs incurred for strategic reviews of our businesses, as well as costs related to this offering that cannot be offset against the expected proceeds of this offering.

(h) Reflects the mark-to-market movements in our commodity and foreign exchange derivatives. For further information, refer to Note 11—Financial Instruments in our annual consolidated financial statements and Note 10—Financial Instruments in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(i) Reflects foreign exchange (gains) losses on cash, primarily arising on U.S. dollar amounts held in non-U.S. dollar functional currency entities.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma consolidated financial data of the Group consists of unaudited pro forma consolidated statements of income for the six months ended June 30, 2020 and 2019 and for the years ended December 31, 2019, 2018 and 2017, and an unaudited pro forma consolidated balance sheet as of June 30, 2020. The unaudited pro forma consolidated financial statements and the related notes should be read in conjunction with "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Certain Relationships and Related Party Transactions," and our audited and unaudited consolidated financial statements and the related notes included elsewhere in this prospectus.

The unaudited pro forma consolidated statements of income for the six months ended June 30, 2020 and 2019 and for the year ended December 31, 2019 give effect to the Pro Forma Transactions (as defined below) as if the Pro Forma Transactions had occurred or had become effective as of January 1, 2019. The unaudited pro forma consolidated balance sheet gives effect to the Pro Forma Transactions as if the Pro Forma Transactions had occurred or had become effective as of June 30, 2020.

Effective February 4, 2020, the Group distributed its interest in RCPI to PFL. The RCPI distribution occurred prior to and in connection with the initial public offering of shares of common stock of RCPI, which was completed on February 4, 2020. As a result, the business comprising RCPI has been presented as a discontinued operation in our consolidated financial statements and the related notes included elsewhere in this prospectus. We will complete the GPC Separation prior to the closing of this offering in order for the GPC Group business to be excluded from the Group prior to the closing of this offering. The results of the GPC Group for the periods prior to the GPC Separation will be presented as a discontinued operation in our consolidated financial statements beginning with the fiscal period that includes the completion of the GPC Separation. The GPC Group has not yet been reflected as a discontinued operation in our historical consolidated financial statements that are included elsewhere in this prospectus. As a result, we have also presented unaudited pro forma consolidated statements of income for the years ended December 31, 2018 and 2017 to present our results from continuing operations without the GPC Group, as if the GPC Separation had occurred on January 1, 2017.

The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma consolidated financial statements are for illustrative and informational purposes only and do not purport to represent what our financial position or results of operations would have been if the Pro Forma Transactions had actually occurred as of the dates indicated, nor does it project our financial position at any future date or our results of operations or cash flows for any future period.

The unaudited pro forma consolidated statements of income and balance sheet have been derived from the historical annual consolidated and interim condensed consolidated financial statements included elsewhere in this prospectus. Our unaudited pro forma consolidated financial statements have been prepared to reflect adjustments to our historical consolidated financial statements that are: (1) directly attributable to the Pro Forma Transactions, (2) factually supportable and (3) with respect to the unaudited pro forma consolidated statements of income, expected to have a continuing impact on our results.

The unaudited pro forma consolidated statements of income for the six months ended June 30, 2020 and 2019 and for the year ended December 31, 2019, and the unaudited pro forma consolidated balance sheet as of June 30, 2020 give effect to the following pro forma transactions ("Pro Forma Transactions"):

- the GPC Separation, comprising the following transactions which have occurred or will occur prior to the closing of this offering:
  - the legal release of the GPC Group from its obligations under the Credit Agreement, and the legal release of the GPC Group from the guarantees of certain of the notes issued by subsidiaries of the Company;
  - the execution of the GPC TSA pursuant to which we will, upon GPC's request, provide certain administrative services to GPC for up to 24 months, which is described in greater detail in "Certain Relationships and Related Party Transactions;"

- the entry by the GPC Group into the New GPC Borrowings, the net proceeds of which were received by us; and
- the distribution of all of the shares in GPC to PFL in consideration for the buy-back of approximately 14 million of our outstanding shares, based on the initial public offering price, which will be canceled upon completion of the buy-back;

- the Corporate Reorganization, comprising the following transactions which will occur prior to the closing of this offering:
  - the repayment of certain borrowings (other than the repayment of debt that will be made in connection with the application of the net proceeds of this offering);
  - the conversion of Reynolds Group Holdings Limited into a corporation incorporated in the state of Delaware, with 1,000 shares of common stock issued and outstanding;
  - the execution of the Rank TSA pursuant to which Rank will, upon our request, provide certain administrative and support services to us for up to 24 months, and we will, upon Rank's request, provide certain administrative and support services to them for up to 24 months which is described in greater detail in "Certain Relationships and Related Party Transactions;"
  - the settlement of related party balances with Rank and its subsidiaries; and
  - the consummation of the Stock Split;
- the Offering, comprising the following transactions:
  - the sale by us of shares of common stock in this offering, at the initial public offering price of $14.00 per share, representing the receipt of $541 million in net proceeds after deducting the underwriting discount and the estimated offering expenses payable by us;
  - the repayment of certain indebtedness in connection with the application of the net proceeds of this offering, as described in "Use of Proceeds"; and
  - the issuance of the IPO Grants and payment of certain one-time cash settled transaction bonuses.

In connection with this offering, we will establish the Incentive Plan for purposes of granting stock-based compensation awards to certain of our senior management, to our non-executive directors and to certain employees, to incentivize their performance and align their interests with ours. The maximum number of shares of common stock initially available for issuance under the equity incentive awards granted pursuant to the Incentive Plan is expected to equal 9,079,395 shares. Upon the granting of stock-based compensation awards, and the vesting of such awards, we will recognize stock-based compensation expense. Historically, we have not granted any stock-based compensation awards, other than the IPO Grants described elsewhere in this prospectus. No adjustment has been made for these future equity incentive plan awards because the timing and amount of the awards to be granted is uncertain.

The unaudited pro forma consolidated statements of income also include certain non-recurring items that we have incurred in connection with the GPC Separation, the Corporate Reorganization and this offering, including costs related to legal, accounting and other professional fees. We have incurred costs totaling $12 million during the six months ended June 30, 2020 and $6 million during the year ended December 31, 2019 which have not been eliminated from the unaudited pro forma consolidated statements of income. We estimate that an additional $18 million to $22 million of these costs will be incurred in 2020. We expect all of these costs to be expensed, as incurred. The amount of these estimated costs could increase or decrease materially and the timing of when they are incurred could change. These estimated additional non-recurring transaction costs that we expect to incur are not reflected in our unaudited pro forma consolidated financial statements as such amounts are estimates and not factually supportable.

The following unaudited pro forma consolidated financial data does not give effect to the Concurrent Debt Transactions, as such transactions are not factually supportable. There is no assurance that the Concurrent Debt Transactions will be completed or, if completed, on what terms they will be completed. Based upon the intended use of proceeds, we do not expect the impacts of the Concurrent Debt Transactions to be material to our financial condition or our results of operations should they be consummated.

Unaudited Pro Forma Consolidated Balance Sheet As of June 30, 2020 (In Millions, Except Share and Per Share Data)

	Historical Consolidated	Adjustments arising from the GPC Separation(a)	Pro Forma Group after GPC Separation	Adjustments arising from the Corporate Reorganization	Pro Forma Group after GPC Separation and Corporate Reorganization	Adjustments arising from the Offering	Total Pro Forma
Assets							
Cash and cash equivalents	$ 1,609	$ 1,897(b)	$ 3,506	$ (2,349)(e)	$ 1,157	$ (653)(e)	$ 504
Accounts receivable, net	691	(263)	428	—	428	—	428
Inventories	903	(137)	766	—	766	—	766
Other current assets	173	(30)(h)	143	—	143	(2)(i)	141
Related party receivables	63	—	63	(14)(g)	49	—	49
Total current assets	**3,439**	**1,467**	**4,906**	**(2,363)**	**2,543**	**(655)**	**1,888**
Property, plant and equipment, net	2,443	(780)	1,663	—	1,663	—	1,663
Operating lease right-of-use assets, net	359	(118)	241	—	241	—	241
Goodwill	3,025	(1,259)	1,766	—	1,766	—	1,766
Intangible assets, net	2,404	(1,286)	1,118	—	1,118	—	1,118
Deferred income taxes	10	—	10	—	10	—	10
Related party receivable	330	—	330	(330)(g)	—	—	—
Other noncurrent assets	198	(21)	177	—	177	—	177
Noncurrent assets held for sale or distribution	52	(11)	41	—	41	—	41
Total assets	**$ 12,260**	**$ (2,008)**	**$ 10,252**	**$ (2,693)**	**$ 7,559**	**$ (655)**	**$ 6,904**
Liabilities and Stockholders' Equity							
Accounts payable	$ 391	$ (130)	$ 261	$ —	$ 261	$ —	$ 261
Related party payables	48	—	48	(39)(g)	9	—	9
Current portion of long-term debt	417	—	417	(417)(f)	—	—	—
Current portion of operating lease liabilities	83	(28)	55	—	55	—	55
Income taxes payable	17	(1)(h)	16	—	16	—	16
Accrued and other current liabilities	451	(87)	364	(7)(e)	357	8(g)	365
Total current liabilities	**1,407**	**(246)**	**1,161**	**(463)**	**698**	**8**	**706**
Long-term debt	7,018	(2)	7,016	(1,816)(f)	5,200	(1,169)(f)	4,031
Long-term operating lease liabilities	298	(95)	203	—	203	—	203
Deferred income taxes	600	(509)(h)	91	—	91	—	91
Long-term employee benefit obligations	701	(7)	694	—	694	—	694
Other noncurrent liabilities	199	(58)	141	—	141	—	141
Total liabilities	**$ 10,223**	**$ (917)**	**$ 9,306**	**$ (2,279)**	**$ 7,027**	**$ (1,161)**	**$ 5,866**
Common stock (Historical: 35,708,019 shares issued and outstanding with no par value; Pro forma: Common stock, 2,000,000,000 shares authorized, $0.001 par value, 175,434,000 shares issued and outstanding)	—	— (c)	—	— (i)	—	— (i)	—
Additional paid in capital	55	(22)(c)	33	— (i)	33	542(i)	575
Accumulated other comprehensive loss	(624)	181(c)	(443)	— (i)	(443)	— (i)	(443)
Retained earnings	2,603	(1,250)(c)	1,353	(414)(i)	939	(36)(i)	903
Total equity attributable to PTVE common stockholders	2,034	(1,091)	943	(414)	529	506	1,035
Non-controlling interests	3	—	3	—	3	—	3
Total equity	2,037	(1,091)	946	(414)	532	506	1,038
Total liabilities and equity	**$ 12,260**	**$ (2,008)**	**$ 10,252**	**$ (2,693)**	**$ 7,559**	**$ (655)**	**$ 6,904**

See accompanying Notes to Unaudited Pro Forma Consolidated Financial Data.

Unaudited Pro Forma Consolidated Statement of Income For the Six Months Ended June 30, 2020
(In Millions, Except Share and Per Share Data)

	Historical Consolidated	Adjustments arising from the GPC Separation(d)	Pro Forma Group after GPC Separation	Adjustments arising from the Corporate Reorganization	Pro Forma Group after GPC Separation and Corporate Reorganization	Adjustments arising from the Offering	Total Pro Forma
Net revenues	$ 3,259	$ (940)	$ 2,319	—	$ 2,319	—	$ 2,319
Cost of sales	(2,755)	784	(1,971)	—	(1,971)	—	(1,971)
Gross profit	**504**	**(156)**	**348**	—	**348**	—	**348**
Selling, general and administrative expenses	(330)	84	(246)	—	(246)	(1)(g)	(247)
Restructuring, asset impairment and other related charges	(13)	9	(4)	—	(4)	—	(4)
Other income, net	27	8	35	5(g)	40	—	40
Operating income from continuing operations	**188**	**(55)**	**133**	**5**	**138**	**(1)**	**137**
Non-operating income, net	33	—	33	—	33	—	33
Interest expense, net	(187)	(1)	(188)	75(f)	(113)	39(f)	(74)
Income (loss) from continuing operations before tax	**34**	**(56)**	**(22)**	**80**	**58**	**38**	**96**
Income tax benefit (expense)	59	111	170	(20)(h)	150	(10)(h)	140
Net income (loss) from continuing operations	**$ 93**	**$ 55**	**$ 148**	**$ 60**	**$ 208**	**$ 28**	**$ 236**
Earnings (loss) per share from continuing operations:							
Basic	$ 2.58						$ 1.34
Diluted	$ 2.58						$ 1.34
Weighted average shares outstanding:							
Basic	35,708,019						175,525,003
Diluted	35,708,019						175,573,634

See accompanying Notes to Unaudited Pro Forma Consolidated Financial Data.

Unaudited Pro Forma Consolidated Statement of Income For the Six Months Ended June 30, 2019 (In Millions, Except Share and Per Share Data)

	Historical Consolidated	Adjustments arising from the GPC Separation(d)	Pro Forma Group after GPC Separation	Adjustments arising from the Corporate Reorganization	Pro Forma Group after GPC Separation and Corporate Reorganization	Adjustments arising from the Offering	Total Pro Forma
Net revenues	$ 3,594	$ (1,012)	$ 2,582	$ —	$ 2,582	$ —	$ 2,582
Cost of sales	(3,019)	870	(2,149)	—	(2,149)	—	(2,149)
Gross profit	**575**	**(142)**	**433**	**—**	**433**	**—**	**433**
Selling, general and administrative expenses	(324)	87	(237)	—	(237)	(2)(g)	(239)
Restructuring, asset impairment and other related charges	(24)	18	(6)	—	(6)	—	(6)
Other expense, net	(7)	(2)	(9)	5(g)	(4)	—	(4)
Operating income from continuing operations	**220**	**(39)**	**181**	**5**	**186**	**(2)**	**184**
Non-operating expense, net	(2)	—	(2)	—	(2)	—	(2)
Interest expense, net	(228)	—	(228)	67(f)	(161)	38(f)	(123)
(Loss) income from continuing operations before tax	**(10)**	**(39)**	**(49)**	**72**	**23**	**36**	**59**
Income tax expense	(14)	(2)	(16)	(18)(h)	(34)	(9)(h)	(43)
Net (loss) income from continuing operations	**$ (24)**	**$ (41)**	**$ (65)**	**$ 54**	**$ (11)**	**$ 27**	**$ 16**
Earnings (loss) per share from continuing operations:							
Basic	$ (0.70)						$ 0.09
Diluted	$ (0.70)						$ 0.09
Weighted average shares outstanding:							
Basic	35,708,019						175,434,000
Diluted	35,708,019						175,502,073

See accompanying Notes to Unaudited Pro Forma Consolidated Financial Data.

Unaudited Pro Forma Consolidated Statement of Income For the Year Ended December 31, 2019 (In Millions, Except Share and Per Share Data)

	Historical Consolidated	Adjustments arising from the GPC Separation(d)	Pro Forma Group after GPC Separation	Adjustments arising from the Corporate Reorganization	Pro Forma Group after GPC Separation and Corporate Reorganization	Adjustments arising from the Offering	Total Pro Forma
Net revenues	$ 7,115	$ (1,924)	$ 5,191	$ —	$ 5,191	$ —	$ 5,191
Cost of sales	(5,999)	1,655	(4,344)	—	(4,344)	—	(4,344)
Gross profit	**1,116**	**(269)**	**847**	**—**	**847**	**—**	**847**
Selling, general and administrative expenses	(639)	173	(466)	—	(466)	(3)(g)	(469)
Goodwill impairment charges	(16)	—	(16)	—	(16)	—	(16)
Restructuring, asset impairment and other related charges	(96)	50	(46)	—	(46)	—	(46)
Other expense, net	(34)	5	(29)	10(g)	(19)	—	(19)
Operating income from continuing operations	**331**	**(41)**	**290**	**10**	**300**	**(3)**	**297**
Non-operating expense, net	(13)	—	(13)	—	(13)	—	(13)
Interest expense, net	(432)	(1)	(433)	113(f)	(320)	75(f)	(245)
(Loss) income from continuing operations before tax	**(114)**	**(42)**	**(156)**	**123**	**(33)**	**72**	**39**
Income tax expense	(54)	(30)	(84)	(31)(h)	(115)	(17)(h)	(132)
Net (loss) income from continuing operations	**$ (168)**	**$ (72)**	**$ (240)**	**$ 92**	**$ (148)**	**$ 55**	**$ (93)**
Earnings (loss) per share from continuing operations:							
Basic	$ (4.68)						$ (0.52)
Diluted	$ (4.68)						$ (0.52)
Weighted average shares outstanding:							
Basic	35,708,019						175,434,000
Diluted	35,708,019						175,434,000

See accompanying Notes to Unaudited Pro Forma Consolidated Financial Data.

Unaudited Pro Forma Consolidated Statement of Income For the Year Ended December 31, 2018 (In Millions, Except Share and Per Share Data)

	Historical Consolidated	GPC Separation(d)	Pro Forma Group after GPC Separation
Net revenues	$ 7,395	$ (2,087)	$ 5,308
Cost of sales	(6,282)	1,818	(4,464)
Gross profit	**1,113**	**(269)**	**844**
Selling, general and administrative expenses	(565)	171	(394)
Goodwill impairment charges	(138)	138	—
Restructuring, asset impairment and other related charges	(53)	35	(18)
Other expense, net	(33)	18	(15)
Operating income from continuing operations	**324**	**93**	**417**
Non-operating income, net	41	—	41
Interest expense, net	(412)	(2)	(414)
(Loss) income from continuing operations before tax	**(47)**	**91**	**44**
Income tax benefit	16	4	20
Net (loss) income from continuing operations	**$ (31)**	**$ 95**	**$ 64**
Earnings (loss) per share from continuing operations:			
Basic	$ (0.92)		$ 0.46
Diluted	$ (0.92)		$ 0.46
Weighted average shares outstanding:			
Basic	35,708,019		134,408,000
Diluted	35,708,019		134,408,000

Unaudited Pro Forma Consolidated Statement of Income For the Year Ended December 31, 2017 (In Millions, Except Share and Per Share Data)

	Historical Consolidated	GPC Separation(d)	Pro Forma Group after GPC Separation
Net revenues	$ 7,439	$ (2,147)	$ 5,292
Cost of sales	(6,086)	1,821	(4,265)
Gross profit	**1,353**	**(326)**	**1,027**
Selling, general and administrative expenses	(599)	182	(417)
Restructuring, asset impairment and other related charges	(101)	11	(90)
Other expense, net	(38)	—	(38)
Operating income from continuing operations	**615**	**(133)**	**482**
Non-operating expense, net	(10)	—	(10)
Interest expense, net	(484)	6	(478)
Income (loss) from continuing operations before tax	**121**	**(127)**	**(6)**
Income tax benefit	218	72	290
Net income (loss) from continuing operations	**$ 339**	**$ (55)**	**$ 284**
Earnings (loss) per share from continuing operations:			
Basic	$ 9.44		$ 2.10
Diluted	$ 9.44		$ 2.10
Weighted average shares outstanding:			
Basic	35,708,019		134,408,000
Diluted	35,708,019		134,408,000

See accompanying Notes to Unaudited Pro Forma Consolidated Financial Data.

GPC Separation

Prior to the closing of this offering, we will complete the GPC Separation. The pro forma adjustments resulting from the GPC Separation are described in notes (a) to (d). The GPC Separation has not yet been reflected in our historical consolidated financial statements that are included elsewhere in this prospectus. The unaudited pro forma consolidated balance sheet as of June 30, 2020 and the unaudited pro forma statements of income for the six months ended June 30, 2020 and 2019 and the year ended December 31, 2019 have been adjusted to reflect the GPC Separation. The GPC Group will be treated as a discontinued operation upon the date of the distribution of all of the shares in GPC to PFL. Accordingly, additional unaudited pro forma statements of income have been provided for the years ended December 31, 2018 and 2017 in order to provide pro forma presentation of our results of continuing operations without the GPC Group.

The unaudited pro forma consolidated financial statements have been prepared to reflect the continuing operations of the Group after giving effect to reflecting the GPC Group as a discontinued operation and therefore do not reflect what our or the GPC Group's financial position or results of operations would have been on a stand-alone basis and are not necessarily indicative of ours or the GPC Group's future financial condition or results of operations. The information in the GPC Separation column in the unaudited pro forma consolidated financial statements was derived from our accounting records as of June 30, 2020 and for the six months ended June 30, 2020 and 2019 and for the years ended December 31, 2019, 2018 and 2017.

(a) Adjustments to assets and liabilities

These pro forma adjustments reflect the distribution to PFL of the assets and liabilities attributable to the GPC Group.

(b) Adjustments to cash and cash equivalents

On August 4, 2020, GPC Group incurred $1,985 million of long-term debt under the New GPC Borrowings. The proceeds of the New GPC Borrowings, net of transaction costs, were returned to us by way of settling intercompany balances and a distribution. We used the net proceeds, plus available cash, to repay certain of our outstanding borrowings, as more fully described in note (f) below. At the time of the GPC Separation, the obligations under the New GPC Borrowings and $45 million of cash and cash equivalents will be included in the assets and liabilities attributable to the GPC Group distributed to PFL.

The following table presents the pro forma adjustments to cash and cash equivalents associated with the GPC Separation:

	(In millions)
Cash received from the net proceeds of the New GPC Borrowings	$ 1,942
Cash in GPC Group at the time of the GPC Separation	(45)
Net adjustment to cash and cash equivalents	$ 1,897

(c) Adjustments to equity

Prior to the closing of this offering, we will distribute all of the shares in GPC to PFL in consideration for the buy-back of approximately 14 million, or 39%, of our outstanding shares which will be canceled upon completion of the buy-back. The reduction in common stock represents the par value of the cancelled shares. In accordance with our accounting policy, the reduction in additional paid in capital is limited to the shares retired as a percentage of total shares outstanding prior to the distribution with the residual balance presented as a reduction to retained earnings.

The following table presents the adjustments to our equity after giving effect to the GPC Separation:

	Common stock	Additional paid in capital	Accumulated other comprehensive loss	Retained earnings
	(in millions)			
Share buy-back	$ —	$ (22)	$ —	$(1,069)
Transfer of GPC Group's defined benefit plan accumulated other comprehensive loss into retained earnings	—	—	1	(1)
Transfer of GPC Group's cumulative currency translation adjustment into retained earnings	—	—	180	(180)
Net adjustment	$ —	$ (22)	$ 181	$(1,250)

The number of shares that we will buy-back and cancel as part of the GPC Separation and the computation of the adjustment to additional paid in capital arising from the GPC Separation will be determined based on the relative fair value of the GPC Group to our consolidated fair value including the GPC Group. For the purposes of determining our consolidated fair value, we have used the initial public offering price of $14.00 per share.

(d) Income statement adjustments

These pro forma adjustments reflect the elimination of the external revenues and direct expenses of the GPC Group. These adjustments include certain costs incurred by us that are attributable to the revenue-producing activities of the GPC Group and are not expected to continue to be incurred by us after the distribution date, including transaction costs incurred by us related to the GPC Separation. These adjustments do not reflect the allocation of any general corporate overhead costs to the GPC Group. These amounts include a portion of the historical related party management fee attributable to the GPC Group that will no longer be incurred by us after the GPC Group has been distributed to PFL. The income tax expense adjustment has been determined using the "with-and-without method."

GPC transition services agreement

In connection with the GPC Separation, we entered into the GPC TSA pursuant to which we will, upon GPC's request, provide certain services to GPC, including financial reporting and transaction support; tax, legal and compliance related services and other services for a period of up to 24 months. These services will be consistent with the services provided by us to GPC prior to the GPC Separation, and charges will be at forecasted cost or current cost plus a margin. No adjustment is reflected in our unaudited pro forma consolidated financial statements in relation to services that may be provided under the GPC TSA, as such amounts will ultimately depend upon the actual assistance requested which is not factually supportable.

All other Pro Forma Adjustments

(e) Cash and Cash Equivalents

In preparation for this offering, using a combination of cash on hand and cash received from the net proceeds of the New GPC Borrowings, we repaid $2,244 million of borrowings in July 2020 and August 2020 (including $150 million aggregate principal amount of our 7.000% Senior Notes due 2024), as described in note (f). In conjunction with the repayment of these borrowings, on August 7, 2020, we terminated and settled the outstanding interest rate swap resulting in a $7 million reduction in cash and accrued and other current liabilities.

We will use the net proceeds from this offering and approximately $653 million of cash on hand to repay $1,178 million of additional borrowings, comprising $650 million of 7.000% Senior Notes due 2024 and $528 million of 5.125% Senior Secured Notes due 2023 and associated redemption premiums.

In connection with the repayment of borrowings, we will use $21 million of cash to pay redemption premiums associated with the repayment of the 7.000% Senior Notes due 2024 and the 5.125% Senior Secured Notes due 2023, with a corresponding reduction in retained earnings. Furthermore, in connection with this offering, we will use cash to settle related party payables with Rank and its subsidiaries, pay the historical related party management fee and make a one-time payment upon termination of the historical Rank Services Agreement, each as described in note (g) below.

The following table presents the pro forma adjustments to cash and cash equivalents arising from the Corporate Reorganization:

	(in millions)
Cash paid to repay borrowings in July 2020 and August 2020, as described in (f)	$ (2,244)
Cash paid to terminate interest rate swap, as described above	(7)
Cash paid in respect of redemption premiums associated with our 7.000% Senior Notes due 2024, as described above	(3)
Cash paid on termination of Rank Services Agreement, as described in (g)	(45)
Cash paid for historical related party management fee, as described in (g)	(22)
Cash paid to settle related party payables, as described in (g)	(28)
Net adjustment to cash and cash equivalents	$ (2,349)

The following table presents the pro forma adjustments to cash and cash equivalents arising from the Offering:

	(in millions)
Cash paid to repay our 7.000% Senior Notes due 2024 and 5.125% Senior Secured Notes due 2023, as described above	$ (1,178)
Cash paid in respect of redemption premiums associated with our 7.000% Senior Notes due 2024 and 5.125% Senior Secured Notes due 2023, as described above	(18)
Cash received from the issuance of 41,026,000 shares at $14.00 per share	574
Cash paid for costs associated with the issuance of shares, as described in (i)	(31)
Net adjustment to cash and cash equivalents	$ (653)

(f) Repayment of Borrowings

These pro forma adjustments reflect the repayment of certain borrowings and the impact on interest expense, net. The repayment reflects the combination of repayments that occurred in July 2020 and August 2020 and the further repayment of borrowings (and associated redemption premiums) using the net proceeds from this offering and approximately $653 million of cash on hand.

The following table presents the pro forma adjustments to long-term debt arising from the Corporate Reorganization:

	(in millions)
Repayment and extinguishment of the Securitization Facility	$ (380)
Repayment and extinguishment of the Floating Rate Senior Secured Notes due 2021	(749)
Partial repayment of the U.S. term loan under the Credit Agreement	(700)
Repayment and extinguishment of the European term loan under the Credit Agreement	(265)
Partial repayment of the 7.000% Senior Notes due 2024	(150)
Total repayments in July 2020 and August 2020	(2,244)
Write-off of unamortized deferred financing transaction costs associated with the borrowings repaid	11
Net adjustment to long-term debt, presented as the current portion of $417 million and the non-current portion of $1,816 million	$ (2,233)

The following table presents the pro forma adjustments to long-term debt arising from the Offering:

	(in millions)
Repayment and extinguishment of the 7.000% Senior Notes due 2024	$ (650)
Partial repayment of 5.125% Senior Notes due 2023	(528)
Write-off of unamortized deferred financing transaction costs associated with the borrowings repaid	9
Net adjustments to long-term debt	$ (1,169)

The $20 million aggregate adjustment to write-off deferred financing transaction costs associated with borrowings repaid has been recognized in the unaudited pro forma consolidated balance sheet as a reduction to retained earnings. Refer to note (i) below.

The following table presents the pro forma adjustments to interest expense, net associated with the pro forma adjustments to long-term debt described above, including derivative losses associated with the terminated interest rate swap, and the pro forma adjustment arising from the forgiveness of the noncurrent related party receivable described below at note (g).

	Six months ended June 30, 2020	Six months ended June 30, 2019	Year ended December 31, 2019
		(In millions)	
Interest expense – Securitization Facility	$ 6	$ 9	$ 17
Interest expense – Credit Agreement	18	24	45
Interest expense – Notes	60	60	118
Amortization of deferred financing transaction costs	9	4	8
Foreign currency exchange (gains) losses (1)	13	(1)	(6)
Interest swap derivative losses	14	17	21
Interest income, related parties	(6)	(8)	(15)
Net adjustment to interest expense, net	$ 114	$ 105	$ 188

(1) The European term loan under the Credit Agreement, which was repaid in August 2020, was incurred by a consolidated entity of the Group with a New Zealand dollar functional currency. As a result, our historical interest expense includes unrealized foreign currency exchange gains and losses. This adjustment removes these historical foreign exchange gains and losses assuming the repayment and extinguishment of the European term loan occurred on January 1, 2019.

The net adjustment to interest expense, net associated with the Corporate Reorganization comprises $75 million and $67 million for the six months ended June 30, 2020 and 2019, respectively, and $113 million for the year ended December 31, 2019. The net adjustment to interest expense, net associated with the Offering comprises $39 million and $38 million for the six months ended June 30, 2020 and 2019, and $75 million for the year ended December 31, 2019.

(g) Operational Changes and Corporate Reorganization Adjustments

Removal of historical related party management fee

Our historical consolidated statements of income include a related party management fee. For further information refer to Note 18—Related Party Transactions of our annual consolidated financial statements and Note 17—Related Party Transactions of our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus. In connection with this offering, the Rank Services Agreement will be terminated and the annual related party management fee will cease to be incurred. Under the Rank Services Agreement and arrangements in place prior to it being entered into, we have incurred an annual related party management fee of between $30 million and $40 million in each year since the year ended December 31, 2011. In conjunction with the termination of the Rank Services Agreement, a one-time termination fee of $45 million will be paid to Rank, which will include the related party management fee payable for the period January 1, 2020 to the date of termination. No fees will be payable for future periods. The adjustments to the unaudited pro forma consolidated statements of income reflect a reduction in other income (expense), net of $5 million for each of the six months ended June 30, 2020 and 2019, and $10 million for the year ended December 31, 2019. The payment of the one-time termination fee results in a $45 million reduction in cash and cash equivalents, with a corresponding adjustment to reduce retained earnings.

Payment of historical related party management fee

Our financing arrangements permit the payment of an additional $22 million related party management fee in respect of the years ended December 31, 2009 and 2010 (“historical related party management fee”). As detailed in Note 14—Commitments and Contingencies of our annual consolidated financial statements and Note 13—Commitments and Contingencies of our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus, no liability has been recognized in relation to this historical related party management fee. In connection with this offering, a decision was made by Rank to charge the historical related party management fee for the years ended December 31, 2009 and 2010. We will incur and pay the historical related party management fee resulting in a $22 million reduction in cash, with a corresponding adjustment to reduce retained earnings.

Settlement of certain related party payables and receivables

As part of the Corporate Reorganization, we will settle a portion of our related party payables and receivables, representing amounts outstanding with Rank and its subsidiaries. Trade related party payables and receivables with RCPI will remain outstanding and will be settled in the normal course of business. Pro forma adjustments have been recognized in the unaudited pro forma consolidated balance sheet to: (i) settle related party payables and cash totaling $28 million and (ii) settle related party payables and receivables of $11 million and $14 million, respectively, for no cash consideration, with a corresponding net adjustment to reduce retained earnings by $3 million.

Forgiveness of the noncurrent related party receivable

As part of the Corporate Reorganization, we will forgive the $330 million outstanding balance of the noncurrent related party receivable due from Rank. A pro forma adjustment has been recognized in the unaudited pro forma consolidated balance sheet to reduce the noncurrent related party receivable due from Rank with a corresponding reduction in retained earnings.

As a result, a pro forma adjustment has been recognized in the unaudited pro forma consolidated statements of income to remove related party interest income of $6 million and $8 million for the six months ended June 30, 2020 and 2019, respectively, and $15 million for the year ended December 31, 2019.

Rank transition services agreement

In connection with this offering, we will enter into the Rank TSA pursuant to which Rank will, upon our request, provide certain administrative and support services to us, including financial reporting, consulting and compliance services, insurance and IT handover services, tax consulting services, treasury, human resources, administrative, relationship support and compensation management services, M&A transaction support services and legal and corporate secretarial support, and related services for up to 24 months, to be charged at an agreed hourly rate plus any third party costs. We will also provide certain support services to Rank, including IT support, human resources, administrative support and office space to a small number of Rank's North American employees, and legal support for a period of up to 24 months. These services will be consistent with the services provided by us to Rank prior to this offering and will be charged at an agreed hourly rate plus any third party costs. In addition, we will provide, at Rank's request, certain historical tax and financial information to enable Rank to prepare certain of its tax and financial reports.

No adjustment is reflected in our unaudited pro forma consolidated financial statements in relation to services that may be provided under the Rank TSA, as such amounts will ultimately depend upon the actual assistance requested which is not factually supportable.

Restricted stock unit awards—IPO Grants

Adjustments to the unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated statements of income have been made related to the granting of restricted stock units to certain of our employees at the closing of this offering. The IPO Grants are classified as an equity settled stock based payment arrangement.

The adjustments to the unaudited pro forma consolidated statements of income reflect an increase in selling, general and administrative expenses of $1 million and $2 million in the six months ended June 30, 2020 and 2019, respectively, and $3 million for the year ended December 31, 2019.

An adjustment of $1 million has been recognized in the unaudited pro forma consolidated balance sheet as of June 30, 2020 to increase additional paid in capital and reduce retained earnings to recognize a pro rata portion of the compensation expense based on service performed as of the date of this offering.

Cash transaction bonus

In connection with this offering, certain members of our management will be entitled to a one-time cash settled transaction bonus. Entitlement to the bonus is contingent upon the individual's ongoing employment at the time of payment. The aggregate $10 million bonus will be paid in two installments, 50% will be paid 30 days after the closing of this offering and 50% will be paid six months after the closing of this offering. The unaudited pro forma consolidated balance sheet includes an adjustment of $8 million to accrued and other current liabilities to recognize a pro rata portion of this liability based on service performed as of the date of this offering, with a corresponding reduction to retained earnings.

(h) Resulting Tax Effects

Adjustments to the unaudited pro forma consolidated statements of income have been made to reflect the income tax expense for the items described in (e) through (g) above, calculated at the U.S. federal statutory rate of 21% and the blended state rate of 4%.

The pro forma adjustments to deferred tax liabilities arising from the GPC Separation incorporate changes in deferred taxes during the six months ended June 30, 2020 that have been derived from the income tax expense calculation using the "with-and-without method", as described in (d). At the time of the actual GPC Separation, the adjustments to deferred tax liabilities will be computed using actual balances. These amounts may differ from the amounts presented above, and these differences may be material.

We have recognized in our historical consolidated financial statements a partial valuation allowance against the deferred tax asset for deferred interest deductions which have been carried forward. For further details, refer to Note 16—Income Taxes in our annual consolidated financial statements included elsewhere in this prospectus. The pro forma balance sheet as of June 30, 2020 does not reflect any re-assessment of the valuation allowance in relation to deferred interest deductions as a result of the pro forma adjustments to interest expense, changes in taxable income arising from the CARES Act or the GPC Separation, or any of the other pro forma adjustments. It is possible that adjustments to the valuation allowance will be required once we have completed our evaluation of the impacts from the matters noted above and those adjustments could be material.

(i) Changes in Equity

The following table presents the adjustments to our equity after giving effect to the Corporate Reorganization:

	Common stock	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings
	(In millions)			
Payment of redemption premiums on the repayment of certain indebtedness, as described in (e)	$ —	$ —	$ —	$ (3)
Write-off of unamortized deferred financing transaction costs, as described in (f)	—	—	—	(11)
Payment of Rank Services Agreement termination fee, as described in (g)	—	—	—	(45)
Payment of the historical related party management fee, as described in (g)	—	—	—	(22)
Write-off of certain related party management receivables, net, as described in (g)	—	—	—	(3)
Forgiveness of non-current related party receivable, as described in (g)	—	—	—	(330)
	$ —	$ —	$ —	$ (414)

The following table presents the adjustments to our equity after giving effect to the Offering. The proceeds from the Offering reflect the issuance of 41,026,000 shares at $14.00 per share (the initial public offering price), net of $33 million of transaction costs, of which $2 million was incurred prior to June 30, 2020 and is included in other current assets in the historical consolidated balance sheet as of June 30, 2020.

	Common stock	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings
		(In millions)		
Net proceeds from this offering	$ —	$ 541	$ —	$ —
Payment of redemption premiums on the repayment of certain borrowings, as described in (e)	—	—	—	(18)
Write-off of unamortized deferred financing transaction costs, as described in (f)	—	—	—	(9)
Cash transaction bonus, as described in (g)	—	—	—	(8)
IPO Grants, as described in (g)	—	1	—	(1)
	$ —	$ 542	$ —	$ (36)

(j) Pro Forma Earnings Per Share

Pro forma earnings per share has been calculated based on the number of shares outstanding immediately after completion of this offering, assuming such shares were outstanding for the full periods presented. The following table sets forth the computation of unaudited pro forma basic and diluted earnings per share:

	Six months ended June 30, 2020	Six months ended June 30, 2019	Year ended December 31, 2019
		(in millions, except for share and per share data)	
Pro forma net income (loss) from continuing operations attributable to PTVE	$ 235	$ 15	$ (92)
Pro forma weighted average shares of common stock outstanding, following the GPC Separation and Corporate Reorganization(1)—basic	134,408,000	134,408,000	134,408,000
Pro forma adjustment to reflect the issuance of common stock in this offering	41,026,000	41,026,000	41,026,000
Pro forma adjustment for the weighted average number of vested shares associated with the IPO Grants—basic	91,003	—	—
Weighted average shares of common stock outstanding used in computing pro forma net income from continuing operations per share—basic	175,525,003	175,434,000	175,434,000
Pro forma adjustment for the weighted average number of shares outstanding associated with the IPO Grants—diluted	48,631	68,073	N/A
Weighted average shares of common stock outstanding used in computing pro forma net income from continuing operations per share—diluted	175,573,634	175,502,073	175,434,000
Pro forma net income from continuing operations per share—basic	$ 1.34	$ 0.09	$ (0.52)
Pro forma net income from continuing operations per share—diluted	1.34	0.09	(0.52)

(1) As part of the Corporate Reorganization, Reynolds Group Holdings Limited will convert into a corporation incorporated in the state of Delaware with 1,000 shares of common stock issued and outstanding. Prior to the completion of this offering, we will effect a stock split pursuant to which each share of our outstanding common stock will be reclassified into 134,408 shares of common stock.

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

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes thereto and the unaudited pro forma consolidated financial data and notes thereto, each included elsewhere in this prospectus, as well as the information presented under "Selected Historical Consolidated Financial Data" and "Unaudited Pro Forma Consolidated Financial Data." This discussion and analysis contains forward-looking statements. These forward-looking statements are subject to risk, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed elsewhere in this prospectus. See in particular "Special Note Regarding Forward–Looking Statements" and "Risk Factors."

Overview

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 products that protect, package and display fresh food and beverages for consumers who want to eat or drink fresh, prepared or ready-to-eat food and beverages conveniently and with confidence. We supply our products to a broad and diversified mix of companies, including FSRs and QSRs, foodservice distributors, supermarkets, grocery and healthy eating retailers, other food stores, food and beverage producers and food processors. We operate primarily in North America, with 86% of our pro forma net revenues in fiscal year 2019 coming from the United States and 8% of our pro forma net revenues in fiscal year 2019 coming from Canada and Mexico, combined.

Prior to the GPC Separation, the GPC Group, a designer and manufacturer of value-added, custom blow-molded plastic containers for branded consumer products, also operated as one of our reportable segments. Following the GPC Separation, which will occur prior to the closing of this offering, the GPC Group will qualify as a discontinued operation and will no longer be a consolidated business of the Group. Although the GPC Group will no longer operate as one of our reportable segments, it is included as a reportable segment in our historical consolidated financial statements included elsewhere in this prospectus, and we have included a summary of its operations in this Management's Discussion and Analysis of Financial Condition and Results of Operations to facilitate an understanding of our historical financial information. For supplemental information regarding our consolidated financial performance on a pro forma basis as if the GPC Group had been presented as a discontinued operation for all periods presented see "—Results of Operations—Supplemental Disclosure."

Following the GPC Separation, which will occur prior to the closing of this offering, our operations will consist of manufacturing and selling products through three reportable segments organized across three broad categories:

- ***Foodservice.*** Our Foodservice segment manufactures a broad range of products that enable consumers to eat and drink what they want, where they want and when they want with convenience. Products include food containers, hot and cold cups, lids, dinnerware and other products which make eating on-the-go more enjoyable and easy to do. Foodservice's customer base includes chain restaurants, FSRs, established and emerging QSRs, distributors, institutional foodservice (e.g. airports, schools and hospitals) and convenience stores.
- ***Food Merchandising.*** Our Food Merchandising segment manufactures products that protect and attractively display food while preserving freshness. Products include clear rigid-display containers, containers for prepared and ready-to-eat food, trays for meat and poultry and molded fiber cartons. Food Merchandising's customers include supermarkets, grocery and healthy eating retailers and other food stores as well as meat, egg, agricultural and CPG processors.
- ***Beverage Merchandising.*** Our Beverage Merchandising segment manufactures cartons for fresh refrigerated beverage products, primarily serving dairy (including plant-based, organic and specialties),

juice and other specialty beverage end-markets. Products include integrated fresh carton systems, which include printed cartons with high-impact graphics, spouts and filling machines. Beverage Merchandising also produces fiber-based LPB for its internal requirements and to sell to other fresh beverage carton manufacturers, as well as a range of paper-based products which it sells to paper and packaging converters. Beverage Merchandising's customers include dairy, juice and specialty beverage producers, cup, plate and container manufacturers, and other beverage carton manufacturers.

Trends and Factors Impacting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section of this prospectus titled "Risk Factors."

Changes in Consumer Demand

Our sales are driven by consumer buying habits in the markets that our customers serve and by the volume of sales made from our customers to consumers. Consequently, we are exposed to changes in consumer demand patterns and customer requirements in numerous industries. Changes in consumer preferences for products in the industries that we serve or the packaging formats in which such products are delivered, whether as a result of changes in cost, convenience or health, environmental and social concerns and perceptions, may result in a decline in the demand for certain of our products. For example, certain of our products are used for dairy and fresh juice, and as sales of those beverages have generally declined over recent years, we have had to find new markets for these products. On the other hand, changing preferences for products and packaging formats may also result in increased demand for other products we manufacture. For instance, the growth in consumer preference for organic meat, poultry and free-range eggs outpaces the growth in consumer preference for conventional meat, poultry and standard eggs. Organic meat, poultry and eggs are often packaged in PET or molded fiber, which may drive a shift from polystyrene foam packaging for these products toward higher value PET and molded fiber substrates.

Enhancements in Automation to Control Fluctuations in Labor Costs and Availability

As labor costs rise and as the availability of labor fluctuates, we have focused on increasing automation to reduce our reliance on labor. Since 2017, we have experienced declines in our net income from continuing operations and Adjusted EBITDA from continuing operations due to a number of what we believe to be temporary factors that include increased labor costs due to labor shortages in 2018. The conditions that drove the increased labor costs have subsided. Nonetheless, to address the labor shortages and to decrease total labor costs, we have implemented automation programs. We commenced a systematic automation program in 2017 to lower labor costs, eliminate repetitive tasks and increase efficiency, which we expect to complete by the end of 2020. Our automation strategy includes implementing end of production line automation and palletizing, introducing automated vehicles, changing work flow and work cells to streamline processes and integrating COBOTs with our employees. Although we have automated a portion of our operations, we are committed to further investments in automation, including recent initiatives focused on the automation of repetitive manual tasks to increase operating efficiency and consistency, while protecting ourselves from fluctuations in the cost and availability of labor.

Sustainability

Interest in environmental sustainability has increased over the past decade, and we expect that sustainability will play an increasing role in customer and consumer purchasing decisions. There have been recent concerns about the environmental impact of single-use products and products made from plastic, particularly polystyrene foam. Governmental authorities in the United States and abroad continue to implement legislation aimed at reducing the amount of plastic and other wastes incapable of being recycled or composted. Such legislation, as well as voluntary initiatives similarly aimed at reducing the level of single-use packaging waste, could reduce demand for certain of our products. In addition state and local bans on polystyrene foam foodservice packaging may drive a shift to the use of higher value substrates, such as paper, molded fiber, PP and PET.

Some consumer products companies, including some of our customers, have responded to these governmental initiatives and to perceived environmental or sustainability concerns of consumers by using only recyclable or compostable containers. As our customers may shift towards purchasing more sustainable products, we have focused much of our innovation efforts around sustainability. Across our business, we believe we are well positioned to benefit from growth in fiber-based, recycled, recyclable and compostable packaging. For instance, in Foodservice, we continue to develop and introduce new products under the EarthChoice brand. In Food Merchandising, we are the largest producer of molded fiber egg cartons in the United States and believe we are positioned to benefit from shifts toward fiber and away from foam polystyrene. Our Food Merchandising segment continues to produce new sustainable product innovations, such as our recycled PET meat and poultry trays and egg cartons. In Beverage Merchandising, we continue to develop new fiber-based beverage cartons.

We intend to continue sustainability innovation to ensure that we are at the leading edge of recyclability, renewability and compostability in order to offer our customers environmentally sustainable choices. For fiscal year 2019, approximately 65% of our pro forma net revenues were derived from products made with recycled, recyclable or renewable materials, and our goal is 100% by 2030.

We expect to incur additional capital expenditures and research and development costs as a result of developing these products and/or increasing manufacturing of existing sustainable products.

Food Safety

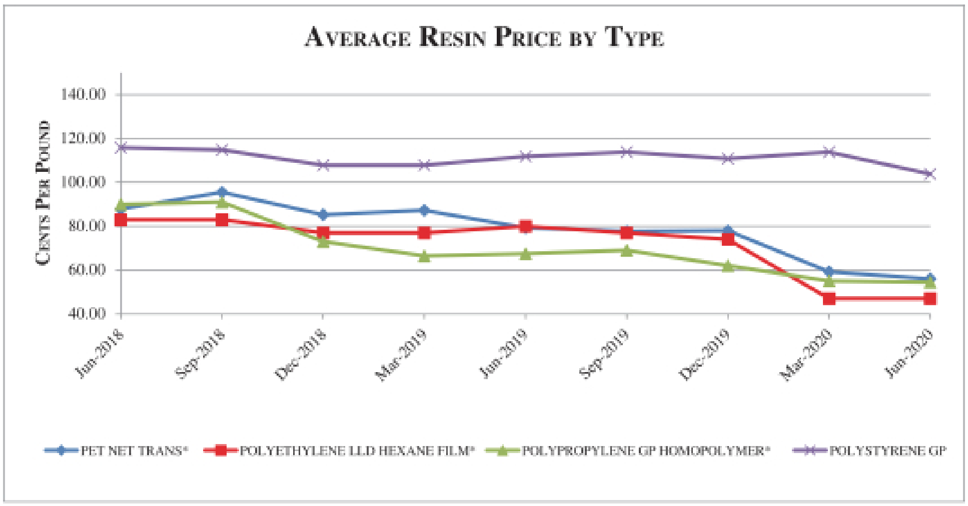
Food safety remains a top concern among our customers and consumers, and packaging plays a critical role in keeping food safe. Within food processing and retail, consumers increasingly value enhanced packaging features such as tamper-evident containers to ensure freshness and food safety. Within foodservice, providers value tamper-evident packaging due to increased customer concerns around food quality and safety. In addition, the growth of food delivery is creating a greater need for tamper-evident seals and packaging formats to ensure consumer safety. We expect that the desire for safe packaging will play an increasing role in customer purchasing decisions and create significant new product opportunities for us.

Raw Materials and Energy Prices

Our results of operations, and the gross profits corresponding to each of our segments, are impacted by changes in the costs of our raw materials and energy prices. The primary raw materials used to manufacture our products are plastic resins, fiber (principally raw wood and wood chips) and paperboard (principally cartonboard and cupstock). We also use commodity chemicals, steel and energy, including fuel oil, electricity, natural gas and coal, to manufacture our products.

The cost of our raw materials can also be affected by tariffs, trade sanctions and similar matters that affect international commerce. For instance, the U.S. government has announced tariffs on various materials, including certain types of resins. In response to these actions, other governments have proposed or imposed tariffs on U.S. goods. The impact of these actions, and possible future actions, on our business remains uncertain. At this time, we do not believe that these matters as they currently exist will have a material adverse effect on our business, financial condition or results of operations, but this has been a rapidly changing area and the full effect of these actions may not be known for some time.

Historical index prices of resin from June 2018 through June 2020 are shown in the chart below. This chart presents index prices and does not represent the prices at which we purchase resin.



Source: IHS Inc.

* In Q1 2020, there was a non-market index price reduction due to a change in the methodology of IHS Inc.

Resin prices have historically fluctuated with changes in the prices of crude oil and natural gas, as well as changes in refining capacity and the demand for other petroleum-based products.

The prices of raw wood and wood chips may fluctuate due to external conditions such as weather, product scarcity and commodity market fluctuations and changes in governmental policies and regulations.

Purchases of most of our raw materials are based on negotiated rates with suppliers, which are tied to published indices. Typically, we do not enter into long-term purchase contracts that provide for fixed quantities or prices for our principal raw materials. For Beverage Merchandising, most raw materials and other input costs are purchased on the spot market.

Changes in raw material prices impact our results of operations. Revenue is directly impacted by changes in raw material costs as a result of raw material cost pass-through mechanisms in many of the customer pricing agreements entered into by our segments. Generally, the contractual price adjustments do not occur simultaneously with commodity price fluctuations, but rather on a mutually agreed upon schedule. Due to differences in timing between purchases of raw materials and sales to customers, there is often a lead-lag effect, during which margins are negatively impacted in the short term when raw material costs increase and positively impacted in the short term when raw material costs decrease. Historically, the average lag time in implementing raw material cost pass-through mechanisms has been approximately three months.

We use price increases, where possible, to mitigate the effects of raw material cost increases for customers that are not subject to raw material cost pass-through agreements.

The prices for some of our raw materials, particularly resins, and the prices that we pay to purchase aluminum products have fluctuated significantly in recent years. Prices for raw wood and wood chips have fluctuated less than the prices of resins. Raw wood and wood chips are typically purchased from sources close to our mills and, as a result, prices are established locally based on factors such as local competitive conditions and weather conditions. Management expects continued volatility in raw material prices and such volatility may impact our results of operations.

Our segments are also sensitive to energy-related cost movements, particularly those that affect transportation and utility costs. In particular, our Beverage Merchandising segment is susceptible to price fluctuations in natural gas, as this segment incurs significant natural gas costs to convert raw wood and wood chips to paper products and liquid packaging board. Historically, we have been able to mitigate the effect of higher energy-related costs with productivity improvements and other cost reductions. Furthermore, energy costs (excluding transportation costs) are generally included in Beverage Merchandising's indexed customer contracts.

We use various strategies to manage cost exposures on certain raw material purchases with the objective of obtaining more predictable costs for these commodities. From time to time we enter into hedging agreements for some of our raw materials and energy sources to minimize the impact of price fluctuations. We generally enter into commodity financial instruments or derivatives to hedge commodity prices primarily related to resin, diesel and natural gas. Although we continue to take steps to minimize the impact of the volatility of raw material prices through commodity hedging, fixed supplier pricing, reducing the lag time in contractual raw material cost pass-through mechanisms and entering into additional indexed customer contracts that include raw material cost pass-through provisions, these efforts may prove to be inadequate.

Competitive Environment

The markets in which we sell our products historically have been, and continue to be, highly competitive. Areas of competition include service, innovation, quality and price. While we have long-term relationships with many of our customers, the underlying contracts may be re-bid or renegotiated from time to time, and we may not be successful in renewing on favorable terms or at all, as pricing and other competitive pressures may occasionally result in the loss of a customer relationship. The loss of business from our larger customers, or the renewal of business on less favorable terms, may have a significant impact on our operating results.

Commitment to Cost Reduction

In light of continuing margin pressure throughout the packaging industry, we have programs in place that are designed to reduce costs, improve productivity and increase profitability. We intend to reduce our operational costs by implementing a series of cost reduction programs as part of our SPMO initiatives. Our SPMO initiatives include increasing productivity through automation, improving operations through a number of digital initiatives and integrating our supply chain. We have targeted up to approximately $32 million of total annual cost savings from this program.

Seasonality

Our business does not experience high seasonality due to the complementary nature of the seasonal effects on our segments, though portions of our business are moderately seasonal. Our Foodservice and Food Merchandising operations peak during the summer and fall months in North America when the favorable weather, harvest and holiday season lead to increased consumption, resulting in greater levels of sales in the second and third quarters. Beverage Merchandising's customers are principally engaged in providing products that are generally less sensitive to seasonal effects, although Beverage Merchandising does experience some seasonality as a result of increased consumption of milk by school children during the North American academic year, resulting in a greater level of carton product sales in the first and fourth quarters.

Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which recommended containment and mitigation measures worldwide. Our operations, sales, and, to a lesser extent, our supply chain have been impacted by the pandemic, and we expect that impact to continue.

Although many jurisdictions implemented, for various periods of time, stay-at-home, closures or similar measures designed to limit the spread of COVID-19, resulting in the temporary closing of many businesses, these orders include exemptions for "essential businesses." All of our operations fall within those exemptions and have remained open. Some of our facilities, however, operate in communities that have had high incident rates of COVID-19, resulting in many persons out sick or in quarantine, which has impacted production at some plants. We have implemented several policies designed to protect our employees and our customers including screening employees for all symptoms of COVID-19 (including increased temperature checking), ensuring social distancing is observed, providing physical barriers and personal protective equipment where employees work closely together, tracking and tracing of COVID-19 positive employees to identify close contacts and locations frequented, engagement of third-party vendors to deep-clean and sanitize facilities and enhancing pay and leave policies to ensure employees experiencing symptoms of COVID-19 stay at home. While certain of these measures taken have increased our costs, we remain committed to adapting our policies and procedures to ensure the safety of our employees and compliance with federal, state and local regulations while the pandemic continues.

We have taken actions to reduce non-essential spending, including the furlough of certain of our employees, reducing working capital in areas affected by lower sales and reducing non-essential capital spending. We estimate that we will realize approximately $12 million in annual savings from plant fixed cost reductions, $20 million in annual savings from selling, general and administrative expense reductions and $19 million in annual savings from other cost reduction initiatives. We believe we have realized $12 million of cost savings in the six months ended June 30, 2020 as a result of these actions. Additionally, we plan to invest approximately $9 million in high-return capital investments to rebalance our manufacturing operations and shift focus towards products with increased demand due to the COVID-19 pandemic.

The COVID-19 pandemic had a significant impact on our results of operations in the second quarter of 2020, particularly in our Foodservice segment, with lesser impacts in our Food Merchandising, Beverage Merchandising and Graham Packaging segments. Our Foodservice segment has experienced a significant decline in net revenue due to the closure or reduced activity of restaurants. Our Foodservice customers have begun adapting to COVID-19 restrictions and changes in consumer behavior by offering more take-out and online ordering options. Consistent with the easing of restrictions, towards the latter part of the second quarter of 2020 we experienced an increase in volumes and net revenues in our Foodservice segment. Our Food Merchandising segment has experienced a strong market demand for many of our products such as meat trays as people continue to eat more at home, while there has been a decline in demand for other products, such as bakery and snack containers typically used in many of the group gatherings that were either canceled or scaled back during the second quarter. Within our Beverage Merchandising segment, sales of fresh beverage cartons have remained relatively constant with declines in sales of school milk cartons being offset by higher demand in the retail segment, while sales in the paper markets have declined due to a decrease in demand of printed publications and advertising. The COVID-19 pandemic has adversely impacted some of our operations, particularly at our Beverage Merchandising sites, with a number of staff absent from work on sick leave. This has resulted in some lower production volumes and increased overtime and temporary labor costs. The pandemic has also slightly slowed the implementation of some of our operation excellence programs as contractors have not been able to travel to our sites and, to ensure staff safety, we have restricted the number of third party contractors allowed into our plants. Our Graham Packaging segment has experienced a minimal net positive impact with an increase in demand for containers used for food, beverages and disinfectants offset by a decrease in demand for containers used in automotive markets as a result of people driving less.

While our results of operations are starting to recover from the impact of the COVID-19 pandemic, we expect that the COVID-19 pandemic will continue to negatively impact our results of operations in future periods as the macroeconomic environment changes and consumer behavior continues to evolve. Based on data currently available, we expect the impact of the COVID-19 pandemic on our business to be less significant in the third quarter of 2020 as compared to its impact in the prior quarter. However, the general effects of the COVID-19 pandemic continue to change and remain unpredictable. We make no assurances as to the future results of our business.

In facilities that manufacture, warehouse and distribute products with softening demand, we have taken measures to reduce spending and production accordingly. To date, we have not experienced significant issues within our supply chain, including the sourcing of materials and logistics service providers. However, this may change the longer the pandemic continues.

We believe the increased demand for certain of our products results from more people eating at home and increased cleaning due to the pandemic. We cannot predict if, or for how long, such increased demand will continue. For those products with decreased demand, we do not expect to recover the sales lost during the pandemic, and certain industries we serve, primarily the restaurant industry, are experiencing severe impacts and may not return to pre-pandemic strength for a significant period of time. The duration of the COVID-19 pandemic remains unknown, and its ongoing impact on our operations may not be consistent with our experiences to date.

In addition, we have experienced volatility in the net liability for our pension plans, with the value of plan assets and liabilities impacted by changes in financial markets in connection with the COVID-19 pandemic. See “Risk Factors—Risks Relating to Our Business and Industry—We face risks associated with certain pension obligations.”

The table below shows the monthly Adjusted EBITDA of each of our reportable segments, on a pro forma basis.

	January, 2020	February, 2020	March, 2020	April, 2020	May, 2020	June, 2020
			(In millions)			
Foodservice	$ 19	$ 17	$ 20	$ 2	$ 10	$ 21
Food Merchandising	17	16	20	16	19	26
Beverage Merchandising	13	17	19	16	13	9

On a pro forma basis, after giving effect to the GPC Separation, the Corporate Reorganization and this offering, as of June 30, 2020, we had $504 million of cash and cash equivalents on hand and $259 million available for drawing under our revolving credit facility (which may be reduced to $207 million of availability as a result of the Concurrent Debt Transactions described below). Following our repayment of borrowings as part of the Corporate Reorganization, our next significant near term maturity of outstanding borrowings is the U.S. term loan under our Credit Agreement, which matures in February 2023. Our revolving credit facility, which is currently used for letters of credit, matures in August 2021. As part of the Concurrent Debt Transactions, we intend to extend the maturity of a portion of the U.S. term loan under our Credit Agreement to February 5, 2026 and the maturity of our revolving credit facility under our Credit Agreement to August 5, 2024. We do not currently anticipate that the COVID-19 pandemic will materially impact our liquidity over the next 12 months.

At this time, we are unable to predict with any certainty the nature, timing or magnitude of any changes in future sales and/or earnings attributable to the spread of COVID-19. See “Risk Factors.”

CARES Act

The CARES Act was enacted in March 2020. Retroactive provisions of the CARES Act entitle us to utilize additional deferred interest deductions, which lower our taxable income for the year ended December 31, 2019. The CARES Act also increases the allowable interest deductions for the year ending December 31, 2020. As a result of the CARES Act, we recognized a tax benefit in the six months ended June 30, 2020 of $90 million in respect of adjusting our taxable income for the year ended December 31, 2019. This estimate will be updated when our U.S. federal and state tax returns for the year ended December 31, 2019 are finalized and filed.

Post-Offering Public Company Expenses

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. In particular, we expect our accounting, legal and personnel-related expenses and directors' and officers' insurance costs to increase as we establish more comprehensive compliance and governance functions, establish, maintain and review internal controls over financial reporting in accordance with the Sarbanes-Oxley Act, and prepare and distribute periodic reports in accordance with SEC rules. Our financial statements following this offering will reflect the impact of these expenses.

In addition, in 2017, 2018 and 2019 there were certain selling, general and administrative expenses of $24 million, $23 million and $27 million, respectively, that primarily relate to costs incurred by related parties and recharged to us pursuant to a services agreement with Rank. Although there can be no assurance as to our future levels of selling, general and administrative expense, we do not expect to incur the aforementioned expenses after this offering. However, in connection with this offering, we will enter into the Rank TSA pursuant to which Rank will, upon our request, provide certain administrative and support services to us for up to 24 months, to be charged at an agreed hourly rate plus any third party costs. No adjustment is reflected in our unaudited pro forma financial information included elsewhere in this prospectus with respect to the extent of Rank TSA services that may be required because such items are not factually supportable.

In addition, in connection with this offering, we intend to establish the Incentive Plan for purposes of granting stock-based compensation awards to certain of our senior management, to our non-executive directors and to certain employees, to incentivize their performance and align their interests with ours. The maximum number of shares of common stock initially available for issuance under the Incentive Plan is expected to equal 9,079,395 shares, which includes 297,296 shares of common stock underlying restricted stock units expected to be issued pursuant to the IPO Grants. Upon the granting of stock-based compensation awards, and the vesting of such awards, we will recognize stock-based compensation expense. Accordingly, we expect to recognize a stock compensation charge of approximately $1 million in the quarter in which this offering closes. Historically, we have not granted any stock-based compensation awards.

Items Affecting Comparability

Debt Obligations

As of June 30, 2020, we had $7,435 million of indebtedness ($10,630 million as of December 31, 2019), consisting of total indebtedness net of unamortized transaction costs and original issue discounts. This debt requires a portion of cash flow from operations to be used for the payment of principal and interest, exposes us to the risk of increased interest rates on our floating rate debt and may restrict our ability to obtain additional financing.

GPC Distribution

The GPC Group currently operates as one of our reportable segments. Following the GPC Separation, which will occur prior to the closing of this offering, the GPC Group will qualify as a discontinued operation and will no longer be a consolidated business of the Group. Although the GPC Group will no longer operate as one of our reportable segments, it is included as a reportable segment in our historical consolidated financial statements included elsewhere in this prospectus, and we have included a summary of its operations in this Management's Discussion and Analysis of Financial Condition and Results of Operations to facilitate an understanding of our historical financial information.

Discontinued Operations

The operations of both RCPI and our former North American and Japanese closures business are presented as discontinued operations for all periods presented. As of December 31, 2019 and 2018, the assets and liabilities of RCPI are presented in assets held for sale or distribution and liabilities held for sale or distribution. As of December 31, 2018, the assets and liabilities of our former North American and Japanese closures operations are presented in assets held for sale or distribution and liabilities held for sale or distribution.

Although the GPC Group is included as a reportable segment in our historical financial statements included elsewhere in this prospectus, the results of the GPC Group for the periods prior to the GPC Separation will be presented as a discontinued operation in our historical financial statements beginning with the fiscal period that includes the completion of the GPC Separation. For supplemental summary unaudited pro forma information as if the GPC Group had not been included in our results from continuing operations for all periods presented, refer to "—Results of Operations — Supplemental Disclosure."

Elevated Past Capital Expenditures

In the last two years, our level of pro forma capital expenditures has been elevated due to our strategic and growth initiatives and certain extraordinary maintenance capital expenditures. In the years ended December 31, 2018 and 2019 we made $335 million of pro forma capital expenditures (consisting of $112 million of productivity capital expenditures, $98 million of growth capital expenditures and $125 million of maintenance capital expenditures) and $301 million of pro forma capital expenditures (consisting of $119 million of productivity capital expenditures, $69 million of growth capital expenditures and $113 million of maintenance capital expenditures), respectively. We estimate that our normalized annual capital expenditures for our business in its current state, once the strategic investment program has concluded, are approximately $230 million. Certain of our strategic and growth initiatives are likely to continue through our fiscal year 2020 and into 2021. After these initiatives are completed, we expect our capital expenditures to return to a more normalized level, with approximately 50% being targeted for maintenance spending.

Components of the Consolidated Statements of Income

Net Revenues

Our revenues are derived primarily from the sale of our products to third parties, net of any sales incentives. Sales incentives include volume rebates and early payment discounts. Revenue is recognized when control over products transfers to our customers, which generally occurs upon delivery or shipment of the products.

Cost of Sales

Cost of sales consists primarily of the cost of materials, packaging, labor and overhead associated with our manufacturing operations. Also included within cost of sales are the freight and logistics-related costs of delivering our products to our customers.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of general and administrative costs associated with all of our non-manufacturing personnel. The general and administrative costs include wages, benefits, travel expenses, legal fees, research and development costs and any professional fees or consulting services.

Goodwill Impairment Charges

Goodwill impairment charges consist of non-cash charges for the amount by which the carrying value of a reporting unit exceeds fair value.

Restructuring, Asset Impairment and Other Related Charges

Impairment charges consist of non-cash charges associated with the write-down of long-lived assets, including indefinite life intangible assets other than goodwill, and disposal groups to their estimated recoverable amount. Restructuring and other related costs consist of charges associated with initiatives to achieve cost savings in areas such as rationalizing manufacturing operations and eliminating duplicative administrative functions. These costs include employee termination costs and facility exit costs.

Other Income (Expense), Net

Other income (expense), net includes foreign exchange gains or losses on cash, losses on the sale of businesses which do not represent discontinued operations and a historical related party management fee. Following the closing of this offering, we will no longer be charged the related party management fee.

Non-Operating (Expense) Income, Net

Non-operating (expense) income, net includes the non-service cost component of net periodic defined benefit pension plans and other postretirement benefit plans.

Interest Expense, Net

Interest expense, net consists primarily of interest on external debt, losses on extinguishment of debt and the changes in foreign currency exchange on intercompany borrowings, net of external and related party interest income.

Income Tax (Expense) Benefit

Income tax (expense) benefit consists of an estimate of federal, state and foreign income taxes based on enacted tax rates, as adjusted for allowable credits, deductions and uncertain tax positions.

Income From Discontinued Operations, Net of Income Taxes

Income from discontinued operations consists of the operating income of our former North American and Japanese closures operations which we sold in December 2019, and the loss on the disposal, and the operating income of RCPI which we distributed to our shareholder in February 2020.

How We Assess the Performance of Our Business

In addition to financial measures determined in accordance with GAAP, we make use of the non-GAAP financial measure Adjusted EBITDA from continuing operations in evaluating our consolidated past results and our consolidated future prospects.

Adjusted EBITDA from continuing operations

Adjusted EBITDA from continuing operations is defined as net income from continuing operations 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 of a significant or unusual nature, including but not limited to foreign exchange gains or losses on cash, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of businesses and non-current assets, restructuring, asset impairment and other related charges, operational process engineering-related consultancy costs, non-cash pension income or expense and strategic review and transaction-related costs.

We present Adjusted EBITDA from continuing operations because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions. Accordingly, we believe that Adjusted EBITDA from continuing operations 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. In addition, our chief operating decision maker uses Adjusted EBITDA of each reportable segment to evaluate the operating performance of such segments.

The following is a reconciliation of our net income from continuing operations, the most directly comparable GAAP financial measure, to Adjusted EBITDA from continuing operations for each of the periods indicated:

	Historical				
	Six months ended June 30,		Year ended December 31,		
	2020	2019	2019	2018	2017
	(In millions)				
Net income (loss) from continuing operations—GAAP	**$ 93**	**$ (24)**	**$ (168)**	**$ (31)**	**$ 339**
Income tax (benefit) expense	(59)	14	54	(16)	(218)
Interest expense, net	187	228	432	412	484
Depreciation and amortization	259	253	516	523	534
Goodwill impairment charges(1)	—	—	16	138	—
Restructuring, asset impairment and other related charges(2)	13	24	96	53	101
Loss on sale of businesses and non-current assets(3)	1	6	21	31	22
Non-cash pension (income) expense (4)	(37)	(2)	6	(51)	1
Operational process engineering-related consultancy costs(5)	9	13	27	14	12
Related party management fee(6)	8	8	16	16	17
Strategic review and transaction-related costs(7)	19	1	7	—	—
Unrealized (gains) losses on derivatives(8)	(2)	(7)	(4)	8	3
Foreign exchange (gains) losses on cash(9)	(28)	—	8	(11)	3
Other	—	4	11	5	(4)
Adjusted EBITDA from continuing operations (Non-GAAP)	**$463**	**$518**	**$1,038**	**$1,091**	**$1,294**

(1) Reflects goodwill impairment charges in respect of our closures operations in 2019, including dis-synergies associated with the sale of the North American and Japanese closures businesses in December 2019, and an impairment charge in 2018 in respect of the GPC Group. We will complete the GPC Separation prior to the closing of this offering. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(2) Reflects asset impairment, restructuring and other related charges primarily associated with the remaining closures businesses that are not reported within discontinued operations and the ongoing rationalization of the manufacturing footprint in the GPC Group. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(3) Reflects the loss from the sale of businesses and non-current assets, primarily in our Other segment. For further information, refer to Note 13—Other Expense, Net in our annual consolidated financial statements and Note 12—Other Income (Expense), Net in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(4) Reflects the non-cash pension (income) expense related to our RGPP benefit plan. For further information, refer to Note 12—Employee Benefits in our annual consolidated financial statements and Note 11—Employee Benefits in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(5) Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.

(6) Reflects the related party management fee charged by Rank to us. For further information, refer to Note 18—Related Party Transactions in our annual consolidated financial statements and Note 17—Related Party Transactions in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus. Following the closing of this offering, we will no longer be charged the related party management fee.

(7) Reflects costs incurred for strategic reviews of our businesses, as well as costs related to this offering that cannot be offset against the expected proceeds of this offering.

(8) Reflects the mark-to-market movements in our commodity and foreign exchange derivatives. For further information, refer to Note 11—Financial Instruments in our annual consolidated financial statements and Note 10—Financial Instruments in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(9) Reflects foreign exchange (gains) losses on cash, primarily arising on U.S. dollar amounts held in non-U.S. dollar functional currency entities.

Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements included elsewhere in this prospectus. Detailed comparisons of revenue and results are presented in the discussions of the operating segments, which follow our consolidated results discussion.

Reportable Segment Net Revenue and Adjusted EBITDA

(In millions)	Foodservice	Food Merchandising	Beverage Merchandising	Graham Packaging
Net revenues				
2019	$ 2,160	$ 1,388	$ 1,606	$ 1,924
2018	2,137	1,419	1,603	2,087
2017	2,056	1,398	1,562	2,147
Adjusted EBITDA				
2019	$ 336	$ 223	$ 196	$ 339
2018	318	231	231	350
2017	377	280	259	397

Six Months Ended June 30, 2020 Compared with the Six Months Ended June 30, 2019

Total Group

	For the six months ended June 30,					
(In millions, except for %)	**2020**	**% of revenue**	**2019**	**% of revenue**	**Change**	**% change**
Net revenues	$ 3,259	100%	$ 3,594	100%	$ (335)	(9)%
Cost of sales	(2,755)	(85)%	(3,019)	(84)%	264	9%
Gross profit	**504**	**15%**	**575**	**16%**	**(71)**	**(12)%**
Selling, general and administrative expenses	(330)	(10)%	(324)	(9)%	(6)	(2)%
Restructuring, asset impairment and other related charges	(13)	— %	(24)	(1)%	11	46%
Other income (expense), net	27	1%	(7)	— %	34	NM(1)
Operating income from continuing operations	**188**	**6%**	**220**	**6%**	**(32)**	**(15)%**
Non-operating income (expense), net	33	1%	(2)	— %	35	NM(1)
Interest expense, net	(187)	(6)%	(228)	(6)%	41	18%
Income (loss) from continuing operations before tax	**34**	**1%**	**(10)**	**— %**	**44**	**NM(1)**
Income tax benefit (expense)	59	2%	(14)	— %	73	NM(1)
Net income (loss) from continuing operations	**93**	**3%**	**(24)**	**(1)%**	**117**	**NM(1)**
Income from discontinued operations, net of income taxes	4	NM(1)	138	NM(1)	(134)	(97)%
Net income	**$ 97**	**NM(1)**	**$ 114**	**NM(1)**	**$ (17)**	**NM(1)**
Adjusted EBITDA from continuing operations(2)	**$ 463**	**14%**	**$ 518**	**14%**	**$ (55)**	**(11)%**

(1) Not meaningful.
(2) Adjusted EBITDA from continuing operations is a non-GAAP measure. See "—How We Assess the Performance of Our Business" for details, including a reconciliation between net income and Adjusted EBITDA from continuing operations.

Components of Change in Reportable Segment Net Revenues for the Six Months Ended June 30, 2020 Compared with the Six Months Ended June 30, 2019

	Price/Mix	**Volume**	**Dispositions**	**FX**	**Total**
Net Revenues	(3)%	(6)%	— %	— %	(9)%
By reportable segment:					
Foodservice	(3)%	(16)%	— %	— %	(19)%
Food Merchandising	4%	(2)%	— %	(1)%	1%
Beverage Merchandising	(2)%	(3)%	— %	— %	(5)%
Graham Packaging	(6)%	1%	(1)%	(1)%	(7)%

Net Revenues. Net revenues for the six months ended June 30, 2020 decreased by $335 million, or 9%, to $3,259 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume in our Foodservice, Beverage Merchandising and Food Merchandising segments, largely due to the unfavorable impact from the COVID-19 pandemic, as well as lower pricing in our Foodservice, Beverage Merchandising and Graham Packaging segments, mainly due to lower raw material costs passed through to customers.

Cost of Sales. Cost of sales for the six months ended June 30, 2020 decreased by $264 million, or 9%, to $2,755 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume and lower raw material costs, partially offset by higher manufacturing costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the six months ended June 30, 2020 increased by $6 million, or 2%, to $330 million, compared to the six months ended June 30, 2019. The increase was primarily due to higher strategic review costs, partially offset by lower employee costs.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the six months ended June 30, 2020 decreased by $11 million to $13 million compared to the six months ended June 30, 2019. The decrease was primarily due to a decrease of $15 million in asset impairment charges related to the Graham Packaging segment as a result of the manufacturing footprint rationalization initiatives during 2019, partially offset by an increase of $4 million in asset impairment charges related to the Food Merchandising segment. We will complete the GPC Separation prior to the closing of this offering. For additional information regarding impairment, restructuring and other related charges, refer to Note 4—Impairment, Restructuring and Other Related Charges of our interim condensed consolidated financial statements included elsewhere in this prospectus.

Other Income (Expense), Net. Other income, net for the six months ended June 30, 2020 changed by $34 million to $27 million of income compared to $7 million of expense for the six months ended June 30, 2019. The change is primarily attributable to a favorable change of $28 million in foreign exchange gains, largely on U.S. dollar cash balances held by entities with a non-U.S. dollar functional currency, and a decrease in losses on sale of businesses and other non-current assets.

Non-operating Income (Expense), Net. Non-operating income, net for the six months ended June 30, 2020 changed by $35 million to $33 million of income, compared to $2 million of expense for the six months ended June 30, 2019. The change was primarily due to a decrease of $21 million in interest cost on benefit plans, largely as a result of a decrease in interest rates, and an increase of $14 million in the expected return on pension plan assets.

Interest Expense, Net. Interest expense, net for the six months ended June 30, 2020 decreased by $41 million, or 18%, to $187 million, compared to the six months ended June 30, 2019. The decrease was primarily due to a $24 million reduction in interest expense on our Credit Agreement and a $12 million reduction in interest expense on our notes. The lower interest expense on our Credit Agreement reflects a reduction in the underlying LIBO reference rate on the U.S. term loan, which was 0.18% as of June 30, 2020 compared to 2.40% as of June 30, 2019. The decrease in interest expense on our notes is attributable to the repayment of $345 million of the 6.875% notes in November 2019.

Income Tax (Expense) Benefit. We recognized an income tax benefit of $59 million for the six months ended June 30, 2020, on income from continuing operations before tax of $34 million, compared to tax expense of $14 million for the six months ended June 30, 2019, on a loss from continuing operations before tax of $10 million. The unusual effective tax rate during the six months ended June 30, 2020 was primarily attributable to the combination of the enactment of the CARES Act in March 2020 and the mix of book income and losses among the jurisdictions in which we operate. The unusual effective tax rate during the six months ended June 30, 2019 included the establishment of an additional valuation allowance, primarily in relation to the deductibility of interest expense, and the mix of income and losses among the various jurisdictions in which we operate.

Income from Discontinued Operations, Net of Income Taxes. Income from discontinued operations, net of income taxes for the six months ended June 30, 2020 decreased by $134 million, or 97%, to $4 million, compared to the six months ended June 30, 2019. The six months ended June 30, 2020 include approximately one month of operations for the Reynolds Consumer Products business whereas the prior period includes six months of operations of both Reynolds Consumer Products and the disposed closures businesses. The income from discontinued operations in the six months ended June 30, 2020 also includes the finalization of the working capital adjustment on the sale of the closures businesses. For more information, refer to Note 3—Discontinued Operations of our interim condensed consolidated financial statements included elsewhere in this prospectus.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the six months ended June 30, 2020 decreased by $55 million, or 11%, to $463 million, compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume due to the impact of the COVID-19 pandemic, lower pricing mainly due to lower costs passed through to customers and higher manufacturing costs. These items were partially offset by favorable material costs, net of lower costs passed through to customers and lower logistics costs.

Segment Information

Foodservice

(In millions, except for %)	For the six months ended June 30, 2020	2019	Change	% change
Total segment net revenues	$878	$1,084	$ (206)	(19)%
Segment Adjusted EBITDA	89	173	(84)	(49)%
Segment Adjusted EBITDA Margin	10%	16%		

Total Segment Net Revenues. Foodservice total segment net revenues for the six months ended June 30, 2020 decreased by $206 million, or 19%, to $878 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume due to market contraction from the impact of the COVID-19 pandemic, as well as lower pricing primarily due to lower raw material costs passed through to customers.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the six months ended June 30, 2020 decreased by $84 million, or 49%, to $89 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume due to the impact of the COVID-19 pandemic, higher manufacturing costs due to measures put in place to continue to operate during the pandemic and lower production, as well as an unfavorable impact from raw material hedges. These items were partially offset by lower logistics costs due to lower sales volume and favorable freight rates.

Food Merchandising

(In millions, except for %)	For the six months ended June 30, 2020	2019	Change	% change
Total segment net revenues	$692	$686	$ 6	1%
Segment Adjusted EBITDA	114	105	9	9%
Segment Adjusted EBITDA Margin	16%	15%		

Total Segment Net Revenues. Food Merchandising total segment net revenues for the six months ended June 30, 2020 increased by $6 million, or 1%, to $692 million compared to the six months ended June 30, 2019. The increase was primarily due to favorable pricing, partially offset by lower sales volume and an unfavorable currency impact. The lower sales volume was primarily driven by lower demand from certain large customers that had increased inventory levels due to accelerated purchases in the fourth quarter of 2019 and an unfavorable net impact from the COVID-19 pandemic.

Adjusted EBITDA. Food Merchandising Adjusted EBITDA for the six months ended June 30, 2020 increased $9 million, or 9%, to $114 million compared to the six months ended June 30, 2019. The increase was primarily due to favorable material costs, net of lower costs passed through to customers and higher pricing, partially offset by an unfavorable foreign currency impact and lower sales volume.

Beverage Merchandising

(In millions, except for %)	For the six months ended June 30, 2020	2019	Change	% change
Total segment net revenues	$745	$787	$ (42)	(5)%
Segment Adjusted EBITDA	87	97	(10)	(10)%
Segment Adjusted EBITDA Margin	12%	12%		

Total Segment Net Revenues. Beverage Merchandising total segment net revenues for the six months ended June 30, 2020 decreased by $42 million, or 5%, to $745 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume and lower pricing due to the impact of the COVID-19 pandemic.

Adjusted EBITDA. Beverage Merchandising Adjusted EBITDA for the six months ended June 30, 2020 decreased by $10 million, or 10%, to $87 million compared to the six months ended June 30, 2019. The decrease was primarily due to increased manufacturing costs due to production inefficiencies and mill production outage timing, as well as lower pricing and lower sales volume due to the impact of the COVID-19 pandemic. These items were partially offset by lower raw material costs, driven by wood supply as markets have returned to historical normalized levels from prior year weather-related increases.

Graham Packaging

(In millions, except for %)	For the six months ended June 30, 2020	2019	Change	% change
Total segment net revenues	$940	$1,012	$ (72)	(7)%
Segment Adjusted EBITDA	187	173	14	8%
Segment Adjusted EBITDA Margin	20%	17%		

Total Segment Net Revenues. Graham Packaging total segment net revenues for the six months ended June 30, 2020 decreased by $72 million, or 7%, to $940 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower pricing, mainly due to lower raw material costs passed through to customers, an unfavorable foreign currency impact and the impact of business divestitures.

Adjusted EBITDA. Graham Packaging Adjusted EBITDA for the six months ended June 30, 2020 increased $14 million, or 8%, to $187 million compared to the six months ended June 30, 2019. The increase was primarily due to lower raw material costs, net of lower raw material costs passed through to customers and lower manufacturing costs, partially offset by a decline in pricing due to contractual price movements.

Year Ended December 31, 2019 Compared with the Year Ended December 31, 2018

Total Group

	For the year ended December 31,					
(In millions, except for %)	2019	% of revenue	2018	% of revenue	Change	% change
Net revenues	$ 7,115	100%	$ 7,395	100%	$ (280)	(4)%
Cost of sales	(5,999)	(84)%	(6,282)	(85)%	283	5%
Gross profit	**1,116**	**16%**	**1,113**	**15%**	**3**	**— %**
Selling, general and administrative expenses	(639)	(9)%	(565)	(8)%	(74)	(13)%
Goodwill impairment charges	(16)	— %	(138)	(2)%	122	88%
Restructuring, asset impairment and other related charges	(96)	(1)%	(53)	(1)%	(43)	(81)%
Other expense, net	(34)	— %	(33)	— %	(1)	(3)%
Operating income from continuing operations	**331**	**5%**	**324**	**4%**	**7**	**2%**
Non-operating (expense) income, net	(13)	— %	41	1%	(54)	(132)%
Interest expense, net	(432)	(6)%	(412)	(6)%	(20)	(5)%
Loss from continuing operations before tax	**(114)**	**(2)%**	**(47)**	**(1)%**	**(67)**	**(143)%**
Income tax (expense) benefit	(54)	(1)%	16	— %	(70)	NM(1)
Net loss from continuing operations	**(168)**	**(2)%**	**(31)**	**— %**	**(137)**	**NM(1)**
Income from discontinued operations, net of income taxes	258	NM(1)	312	NM(1)	(54)	(17)%
Net income	**$ 90**	**NM(1)**	**$ 281**	**NM(1)**	**$ (191)**	**(68)%**
Adjusted EBITDA from continuing operations(2)	**$ 1,038**	**15%**	**$ 1,091**	**15%**	**$ (53)**	**(5)%**

(1) Not meaningful.
(2) Adjusted EBITDA from continuing operations is a non-GAAP measure. See "—How We Assess the Performance of Our Business" for details, including a reconciliation between net income from continuing operations and Adjusted EBITDA from continuing operations.

Components of Change in Reportable Segment Net Revenues for the Year Ended December 31, 2019 Compared with the Year Ended December 31, 2018

	Price/Mix	Volume	Dispositions	FX	Total
Net Revenues	(1)%	(2)%	(1)%	— %	(4)%
By reportable segment:					
Foodservice	(2)%	3%	— %	— %	1%
Food Merchandising	1%	(3)%	— %	— %	(2)%
Beverage Merchandising	3%	(2)%	— %	(1)%	— %
Graham Packaging	(2)%	(4)%	(1)%	(1)%	(8)%

Net Revenues. Net revenues for the year ended December 31, 2019 decreased by $280 million, or 4%, to $7,115 million compared to the year ended December 31, 2018. The decrease was primarily due to lower sales volume primarily in Graham Packaging, Food Merchandising and Beverage Merchandising, the impact of divestitures of non-core businesses, and lower pricing primarily due to lower raw material costs passed through to customers.

Cost of Sales. Cost of sales for the year ended December 31, 2019 decreased by $283 million, or 5%, to $5,999 million compared to the year ended December 31, 2018. The decrease was primarily due to lower raw material costs, lower sales volume and the impact of divestitures of non-core businesses, partially offset by higher manufacturing and logistics costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the year ended December 31, 2019 increased by $74 million, or 13%, to $639 million, compared to the year ended December 31, 2018. The increase was primarily due to higher employee-related costs of $52 million and a $13 million increase in operational consultancy costs.

Goodwill Impairment Charges. Goodwill impairment charges for the year ended December 31, 2019 decreased by $122 million to $16 million compared to the year ended December 31, 2018. The goodwill impairment charge during the year ended December 31, 2019 arose in relation to our remaining closures business. The goodwill impairment charge during the year ended December 31, 2018 arose in relation to the Graham Packaging segment. We will complete the GPC Separation prior to the closing of this offering.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the year ended December 31, 2019 increased by $43 million to $96 million compared to the year ended December 31, 2018. The increase was primarily due to $33 million of higher asset impairment charges related to our remaining closures business and higher restructuring costs within the Graham Packaging segment. We will complete the GPC Separation prior to the closing of this offering. For additional information regarding impairment, restructuring and other related charges, refer to Note 4—Impairment, Restructuring and Other Related Charges of our consolidated financial statements included elsewhere in this prospectus.

Other Expense, Net. Other expense, net for the year ended December 31, 2019 increased by $1 million to $34 million compared to the year ended December 31, 2018. The increase is primarily attributable to a $19 million unfavorable change in foreign exchange rates on cash and a $6 million unfavorable change in the loss on the sale of investments, partially offset by a $10 million decline in loss on sale of businesses and other assets.

Non-operating (Expense) Income, Net. Non-operating expense, net for the year ended December 31, 2019 changed by $54 million to $13 million, compared to non-operating income, net of $41 million for the year ended December 31, 2018. The change was primarily due to a decrease of $32 million in the expected return on pension plan assets, primarily as a result of a lower fair value of plan assets. In addition, plan settlements increased by $16 million.

Interest Expense, Net. Interest expense, net for the year ended December 31, 2019 increased by $20 million, or 5%, to $432 million, compared to the year ended December 31, 2018. The increase was primarily due to an unfavorable change of $23 million in the fair value of an interest rate swap derivative.

Income Tax (Expense) Benefit. We recognized income tax expense of $54 million for the year ended December 31, 2019, on a loss from continuing operations before tax of $114 million, compared to a tax benefit of $16 million for the year ended December 31, 2018, on a loss from continuing operations before tax of $47 million. The unusual effective tax rate during the year ended December 31, 2019 was primarily attributable to a $100 million increase in our valuation allowance and the mix of income and losses in the jurisdictions in which we operate, partially offset by a $57 million refund request in respect of amended tax returns in which we have claimed a foreign tax credit in lieu of a foreign tax deduction. The $100 million increase in our valuation allowance was primarily attributable to lower expected future taxable income as a result of the tax-free distribution of RCPI. The unusual effective tax rate during the year ended December 31, 2018 included the impact of non-deductible expenses, including a portion of the goodwill impairment charge. For further information, including a reconciliation of income tax expense, refer to Note 16—Income Taxes of our consolidated financial statements included elsewhere in this prospectus.

Income from Discontinued Operations, Net of Income Taxes. Income from discontinued operations, net of income taxes for the year ended December 31, 2019 decreased by $54 million, or 17%, to $258 million, compared to the year ended December 31, 2018. The year ended December 31, 2019 included impairment charges of $40 million and a loss on disposal of $30 million on the sale of the closures operations in North America and Japan.

Adjusted EBITDA from continuing operations. Adjusted EBITDA from continuing operations for the year ended December 31, 2019 decreased by $53 million, or 5%, to $1,038 million, compared to the year ended December 31, 2018. The decrease was driven by higher manufacturing and logistics costs, higher employee-related costs and lower sales volume, partially offset by favorable raw material costs, net of lower raw material costs passed through to customers.

Segment Information

Foodservice

(In millions, except for %)	For the year ended December 31, 2019	2018	Change	% change
Total segment net revenues	$2,160	$2,137	$ 23	1%
Segment Adjusted EBITDA	336	318	18	6%
Segment Adjusted EBITDA Margin	16%	15%		

Total Segment Net Revenues. Foodservice total segment net revenues for the year ended December 31, 2019 increased by $23 million, or 1%, to $2,160 million compared to the year ended December 31, 2018. The increase was primarily due to higher volume across all sales channels, except to foodservice distributors which declined slightly, partially offset by lower pricing primarily due to lower raw material costs passed through to customers.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the year ended December 31, 2019 increased $18 million, or 6%, to $336 million compared to the year ended December 31, 2018. The increase was primarily due to favorable raw material costs, net of lower costs passed through to customers, higher sales volume and favorable manufacturing costs partially offset by increased employee-related expenses and higher logistics costs.

Food Merchandising

(In millions, except for %)	For the year ended December 31, 2019	2018	Change	% change
Total segment net revenues	$1,388	$1,419	$ (31)	(2)%
Segment Adjusted EBITDA	223	231	(8)	(3)%
Segment Adjusted EBITDA Margin	16%	16%		

Total Segment Net Revenues. Food Merchandising total segment net revenues for the year ended December 31, 2019 decreased by $31 million, or 2%, to $1,388 million compared to the year ended December 31, 2018. The decrease was primarily due to lower volume, primarily to retail distributors, partially offset by favorable pricing, net of the impact of product mix.

Adjusted EBITDA. Food Merchandising Adjusted EBITDA for the year ended December 31, 2019 decreased $8 million, or 3%, to $223 million compared to the year ended December 31, 2018. The decrease was primarily due to increased manufacturing costs and higher employee-related costs, partially offset by favorable raw material costs, net of lower costs passed through to customers.

Beverage Merchandising

(In millions, except for %)	For the year ended December 31, 2019	2018	Change	% change
Total segment net revenues	$1,606	$1,603	$ 3	— %
Segment Adjusted EBITDA	196	231	(35)	(15)%
Segment Adjusted EBITDA Margin	12%	14%		

Total Segment Net Revenues. Beverage Merchandising total segment net revenues for the year ended December 31, 2019 increased by $3 million, to $1,606 million compared to the year ended December 31, 2018. The increase was primarily due to higher pricing in LPB and paper products, partially offset by lower sales volume.

Adjusted EBITDA. Beverage Merchandising Adjusted EBITDA for the year ended December 31, 2019 decreased $35 million, or 15%, to $196 million compared to the year ended December 31, 2018. The decrease was due to higher manufacturing costs from production inefficiencies, higher raw material costs and higher employee-related costs, partially offset by higher pricing to customers.

Graham Packaging

(In millions, except for %)	For the year ended December 31, 2019	2018	Change	% change
Total segment net revenues	$1,924	$2,087	$ (163)	(8)%
Segment Adjusted EBITDA	339	350	(11)	(3)%
Segment Adjusted EBITDA Margin	18%	17%		

Total Segment Net Revenues. Graham Packaging total segment net revenues for the year ended December 31, 2019 decreased by $163 million, or 8%, to $1,924 million compared to the year ended December 31, 2018. The decrease was primarily due to lower sales volume, lower pricing primarily due to lower costs passed through to customers, an unfavorable foreign currency impact and the impact of strategic business exits.

Adjusted EBITDA. Graham Packaging Adjusted EBITDA for the year ended December 31, 2019 decreased $11 million, or 3%, to $339 million compared to the year ended December 31, 2018. The decrease was primarily due to lower sales volume, pricing concessions on existing business and higher employee-related costs, partially offset by lower raw material costs, net of lower costs passed through to customers.

Year Ended December 31, 2018 Compared with the Year Ended December 31, 2017

Total Group

(In millions, except for %)	2018	% of revenue	2017	% of revenue	Change	% change
	For the year ended December 31,					
Net revenues	$ 7,395	100%	$ 7,439	100%	$ (44)	(1)%
Cost of sales	(6,282)	(85)%	(6,086)	(82)%	(196)	(3)%
Gross profit	**1,113**	**15%**	**1,353**	**18%**	**(240)**	**(18)%**
Selling, general and administrative expenses	(565)	(8)%	(599)	(8)%	34	6%
Goodwill impairment charges	(138)	(2)%	—	— %	(138)	NM(1)
Restructuring, asset impairment and other related charges	(53)	(1)%	(101)	(1)%	48	48%
Other expense, net	(33)	— %	(38)	(1)%	5	13%
Operating income from continuing operations	**324**	**4%**	**615**	**8%**	**(291)**	**(47)%**
Non-operating income (expense), net	41	1%	(10)	— %	51	NM(1)
Interest expense, net	(412)	(6)%	(484)	(7)%	72	15%
(Loss) income from continuing operations before tax	**(47)**	**(1)%**	**121**	**2%**	**(168)**	**(139)%**
Income tax benefit	16	— %	218	3%	(202)	(93)%
Net (loss) income from continuing operations	**(31)**	**— %**	**339**	**5%**	**(370)**	**(109)%**
Income from discontinued operations, net of income taxes	312	NM(1)	257	NM(1)	55	21%
Net income	**$ 281**	**NM(1)**	**$ 596**	**NM(1)**	**$ (315)**	**(53)%**
Adjusted EBITDA from continuing operations(2)	**$ 1,091**	**15%**	**$ 1,294**	**17%**	**$ (203)**	**(16)%**

(1) Not meaningful.

(2) Adjusted EBITDA from continuing operations is a non-GAAP measure. See "—How We Assess the Performance of Our Business" for details, including a reconciliation between net income from continuing operations and Adjusted EBITDA from continuing operations.

Components of Change in Reportable Segment Net Revenues for the Year Ended December 31, 2018 Compared with the Year Ended December 31, 2017

	Price/Mix	Volume	Dispositions	FX	Total
Net Revenues	4%	(2)%	(3)%	— %	(1)%
By reportable segment:					
Foodservice	3%	1%	— %	— %	4%
Food Merchandising	3%	(1)%	— %	— %	2%
Beverage Merchandising	3%	— %	— %	— %	3%
Graham Packaging	4%	(5)%	(2)%	— %	(3)%

Net Revenues. Net revenues for the year ended December 31, 2018 decreased by $44 million, or 1%, to $7,395 million compared to the year ended December 31, 2017. The decrease was primarily due to the impact of divestitures of non-core businesses and lower sales volume primarily in Graham Packaging and Food Merchandising, mostly offset by higher pricing across all segments, largely as a result of the pass-through of higher raw material costs to customers.

Cost of Sales. Cost of sales for the year ended December 31, 2018 increased by $196 million, or 3%, to $6,282 million compared to the year ended December 31, 2017. The increase was primarily due to higher raw material, manufacturing and logistics costs. These increases were partially offset by the impact of divestitures of non-core businesses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the year ended December 31, 2018 decreased by $34 million, or 6%, to $565 million, compared to the year ended December 31, 2017. The decrease was primarily due to lower employee-related costs, lower depreciation and amortization expenses and lower expenses driven by business divestitures.

Goodwill Impairment Charges. Goodwill impairment charges for the year ended December 31, 2018 were $138 million, and arose in relation to the Graham Packaging segment. We will complete the GPC Separation prior to the closing of this offering. For additional information regarding the goodwill impairment charge, refer to Note 4—Impairment, Restructuring and Other Related Charges of our consolidated financial statements included elsewhere in this prospectus.

Restructuring, Asset Impairment and Other Related Charges. Impairment, restructuring and other related charges for the year ended December 31, 2018 decreased by $48 million to $53 million compared to the year ended December 31, 2017. The decrease was primarily due to lower asset impairment charges of $46 million. During the year ended December 31, 2017, we incurred $72 million of asset impairment charges related to the exit of various operations that are not included our reportable segments. This decrease was partially offset by higher asset impairment charges during the year ended December 31, 2018 in relation to the Graham Packaging segment. We will complete the GPC Separation prior to the closing of this offering. For additional information regarding impairment, restructuring and other related charges, refer to Note 4—Impairment, Restructuring and Other Related Charges of our consolidated financial statements included elsewhere in this prospectus.

Other Expense, Net. Other expense, net for the year ended December 31, 2018 decreased by $5 million, or 13%, to $33 million compared to the year ended December 31, 2017. The change is primarily attributable to a $14 million favorable change in foreign exchange rates on cash, partially offset by a $9 million increase in the loss on the disposal of businesses and other assets.

Non-operating (Expense) Income, Net. Non-operating expense, net for the year ended December 31, 2018 changed by $51 million to non-operating income of $41 million, compared to non-operating expense of $10 million for the year ended December 31, 2017. The change was primarily due to the combination of a $31 million decrease in defined benefit plan settlements and a $27 million decrease in the interest cost of our benefit plans.

Interest Expense, Net. Interest expense, net for the year ended December 31, 2018 decreased by $72 million, or 15%, to $412 million, compared to the year ended December 31, 2017. Coupon payments on our notes and debentures decreased by $34 million reflecting the reduction in outstanding principal, partially offset by an increase of $20 million in interest expense on our Credit Agreement as a result of changes in the underlying LIBOR benchmark interest rate. In addition, interest expense, net decreased due to a $40 million favorable change in foreign exchange rates and a decrease of $20 million in other items including a loss on extinguishment of debt in 2017.

Income Tax (Expense) Benefit. We recognized a tax benefit of $16 million for the year ended December 31, 2018, on a loss from continuing operations before tax of $47 million, compared to a tax benefit of $218 million for the year ended December 31, 2017, on income from continuing operations before tax of $121 million. The unusual effective tax rate during the year ended December 31, 2018 included the impact of non-deductible expenses, including a portion of the goodwill impairment charge. The unusual effective tax rate during the year ended December 31, 2017 was primarily attributable to the impact of the December 2017 changes in U.S. federal tax law. For further information, including a reconciliation of income tax expense, refer to Note 16—Income Taxes of our consolidated financial statements included elsewhere in this prospectus.

Income from Discontinued Operations, Net of Income Taxes. Income from discontinued operations, net of income taxes for the year ended December 31, 2018 increased by $55 million, or 21%, to $312 million, compared to the year ended December 31, 2017. The increase was primarily attributable to the benefit of the lower U.S. federal tax rate of 21% during the year ended December 31, 2018 compared to 35% during the year ended December 31, 2017.

Adjusted EBITDA from continuing operations. Adjusted EBITDA from continuing operations for the year ended December 31, 2018 decreased by $203 million, or 16%, to $1,091 million, compared to the year ended December 31, 2017. The decrease was driven by higher manufacturing and logistics costs, lower sales volume and higher raw material costs, net of additional costs passed through to customers, partially offset by lower employee-related expenses.

Segment Information

Foodservice

	For the year ended December 31,			
(In millions, except for %)	**2018**	**2017**	**Change**	**% change**
Total segment net revenues	$2,137	$2,056	$ 81	4 %
Segment Adjusted EBITDA	318	377	(59)	(16)%
Segment Adjusted EBITDA Margin	15%	18%		

Total Segment Net Revenues. Foodservice total segment net revenues for the year ended December 31, 2018 increased by $81 million, or 4%, to $2,137 million compared to the year ended December 31, 2017. The increase was primarily due to higher pricing, largely as a result of the pass-through of raw material costs to customers, net of product mix impacts, as well as increased sales volume to QSR and FSR customers.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the year ended December 31, 2018 decreased $59 million, or 16%, to $318 million compared to the year ended December 31, 2017. The decrease was primarily due to higher manufacturing costs driven by production inefficiencies primarily due to labor shortages, higher logistics costs and higher material costs, net of increased costs passed through to customers, partially offset by increased volume.

Food Merchandising

	For the year ended December 31,			
(In millions, except for %)	**2018**	**2017**	**Change**	**%change**
Total segment net revenues	$1,419	$1,398	$ 21	2 %
Segment Adjusted EBITDA	231	280	(49)	(18)%
Segment Adjusted EBITDA Margin	16%	20%		

Total Segment Net Revenues. Food Merchandising total segment net revenues for the year ended December 31, 2018 increased by $21 million, or 2%, to $1,419 million compared to the year ended December 31, 2017. The increase was primarily due to higher pricing, largely as a result of the pass-through of input costs to customers, net of product mix impacts. This increase was partially offset by the impact of lower sales volume across most of our sales channels.

Adjusted EBITDA. Food Merchandising Adjusted EBITDA for the year ended December 31, 2018 decreased $49 million, or 18%, to $231 million compared to the year ended December 31, 2017. The decrease was primarily due to higher manufacturing costs due to labor shortages, higher logistics costs, lower sales volume and higher material costs, net of increased costs passed through to customers.

Beverage Merchandising

(In millions, except for %)	For the year ended December 31, 2018	2017	Change	% change
Total segment net revenues	$1,603	$1,562	$ 41	3 %
Segment Adjusted EBITDA	231	259	(28)	(11)%
Segment Adjusted EBITDA Margin	14%	17%		

Total Segment Net Revenues. Beverage Merchandising total segment net revenues for the year ended December 31, 2018 increased by $41 million, or 3%, to $1,603 million compared to the year ended December 31, 2018. The increase was primarily due to higher pricing and favorable product mix, partially offset by lower sales volume.

Adjusted EBITDA. Beverage Merchandising Adjusted EBITDA for the year ended December 31, 2018 decreased $28 million, or 11%, to $231 million compared to the year ended December 31, 2017. The decrease was primarily due to higher manufacturing and logistics costs, partially offset by higher pricing and lower employee-related costs.

Graham Packaging

(In millions, except for %)	For the year ended December 31, 2018	2017	Change	%change
Total segment net revenues	$2,087	$2,147	$ (60)	(3)%
Segment Adjusted EBITDA	350	397	(47)	(12)%
Segment Adjusted EBITDA Margin	17%	18%		

Total Segment Net Revenues. Graham Packaging total segment net revenues for the year ended December 31, 2018 decreased by $60 million, or 3%, to $2,087 million compared to the year ended December 31, 2017. The decrease was primarily due to lower sales volume, strategic business exits and pricing concessions on existing business, partially offset by higher material costs passed through to customers.

Adjusted EBITDA. Graham Packaging Adjusted EBITDA for the year ended December 31, 2018 decreased $47 million, or 12%, to $350 million compared to the year ended December 31, 2017. The decrease was primarily due to lower sales volume, higher manufacturing and logistics costs, and pricing concessions on existing business, partially offset by lower employee-related costs.

Results of Operations – Supplemental Disclosure

The discussion of our results of operations above includes amounts that are attributable to the operations of Graham Packaging, one of our reportable segments. The GPC Separation, which will occur prior to the closing of this offering, will trigger the presentation of Graham Packaging as a discontinued operation in our future consolidated financial statements beginning with the period in which the distribution of the net assets and operations of the Graham Packaging business is made to PFL. The GPC Group has not yet been reflected as a discontinued operation in our historical consolidated financial statements that are included elsewhere in this prospectus. Set forth below is a supplemental consolidated management's discussion and analysis on our pro forma results of operations from continuing operations for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, for the year ended December 31, 2019 compared to the year ended December 31, 2018, and for the year ended December 31, 2018 compared to the year ended December 31, 2017, as if the GPC Separation had occurred on January 1, 2017. Refer to "Unaudited Pro Forma Consolidated Financial Data" for further details regarding the pro forma adjustments associated with presenting our historical financial information as if the Graham Packaging business had not been included in our results from continuing operations for all periods presented. This supplemental disclosure also includes reconciliations of our pro forma net income (loss) from continuing operations to our pro forma Adjusted EBITDA from continuing operations. The following information may not be indicative of our actual results of operations had the GPC Separation occurred on January 1, 2017.

Six Months Ended June 30, 2020 Compared with the Six Months Ended June 30, 2019

Pro Forma Group after giving effect to the GPC Separation

	Pro Forma for the six months ended June 30,					
(In millions, except for %)	**2020**	**% of revenue**	**2019**	**% of revenue**	**Change**	**% change**
Net revenues	$ 2,319	100%	$ 2,582	100%	$ (263)	(10)%
Cost of sales	(1,971)	(85)%	(2,149)	(83)%	178	8%
Gross profit	**348**	**15%**	**433**	**17%**	**(85)**	**(20)%**
Selling, general and administrative expenses	(246)	(11)%	(237)	(9)%	(9)	(4)%
Restructuring, asset impairment and other related charges	(4)	— %	(6)	— %	2	33%
Other income (expense), net	35	2%	(9)	— %	44	NM(1)
Operating income from continuing operations	**133**	**6%**	**181**	**7%**	**(48)**	**(27)%**
Non-operating income (expense), net	33	1%	(2)	— %	35	NM(1)
Interest expense, net	(188)	(8)%	(228)	(9)%	40	18%
Loss from continuing operations before tax	**(22)**	**(1)%**	**(49)**	**(2)%**	**27**	**55%**
Income tax benefit (expense)	170	7%	(16)	(1)%	186	NM(1)
Net income (loss) from continuing operations	**$ 148**	**6%**	**$ (65)**	**(3)%**	**$ 213**	**NM(1)**
Adjusted EBITDA from continuing operations(2)	**$ 272**	**12%**	**$ 341**	**13%**	**$ (69)**	**(20)%**

(1) Not meaningful.
(2) Adjusted EBITDA from continuing operations is a non-GAAP measure. See "—Pro Forma Group after giving effect to the GPC Separation—Adjusted EBITDA from Continuing Operations" for details, including a reconciliation between net income (loss) from continuing operations and Adjusted EBITDA from continuing operations.

Components of Change in Reportable Segment Net Revenues for the Six Months Ended June 30, 2020 Compared with the Six Months Ended June 30, 2019

	Price/Mix	**Volume**	**Dispositions**	**FX**	**Total**
Net Revenues	(1)%	(9)%	— %	— %	(10)%
By reportable segment:					
Foodservice	(3)%	(16)%	— %	— %	(19)%
Food Merchandising	4%	(2)%	— %	(1)%	1%
Beverage Merchandising	(2)%	(3)%	— %	— %	(5)%

Net Revenues. Net revenues for the six months ended June 30, 2020 decreased by $263 million, or 10%, to $2,319 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume in our Foodservice, Beverage Merchandising and Food Merchandising segments, largely due to the unfavorable impact from the COVID-19 pandemic, as well as lower pricing in our Foodservice and Beverage Merchandising segments, mainly due to lower raw material costs passed through to customers.

Cost of Sales. Cost of sales for the six months ended June 30, 2020 decreased by $178 million, or 8%, to $1,971 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume and lower raw material costs, partially offset by higher manufacturing costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the six months ended June 30, 2020 increased by $9 million, or 4%, to $246 million compared to the six months ended June 30, 2019. The increase was primarily due to higher strategic review costs, partially offset by lower employee costs.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the six months ended June 30, 2020 decreased by $2 million, or 33%, to $4 million compared to the six months ended June 30, 2019. The change reflects different initiatives across our segments. For additional information regarding impairment, restructuring and other related charges, refer to Note 4—Impairment, Restructuring and Other Related Charges of our interim condensed consolidated financial statements included elsewhere in this prospectus.

Other Income (Expense), Net. Other income, net for the six months ended June 30, 2020 changed by $44 million to $35 million of income compared to $9 million of expense for the six months ended June 30, 2019. The change is primarily attributable to a favorable change of $28 million in foreign exchange gains, largely on U.S. dollar cash balances held by entities with a non-U.S. dollar functional currency, and a decrease in losses on sale of businesses and other non-current assets.

Non-operating Income (Expense), Net. Non-operating income, net for the six months ended June 30, 2020 changed by $35 million to $33 million of income, compared to $2 million of expense for the six months ended June 30, 2019. The change was primarily due to a decrease of $21 million in interest cost on benefit plans, largely as a result of a decrease in interest rates, and an increase of $14 million in the expected return on pension plan assets.

Interest Expense, Net. Interest expense, net for the six months ended June 30, 2020 decreased by $40 million, or 18%, to $188 million, compared to the six months ended June 30, 2019. The decrease was primarily due to a $24 million reduction in interest expense on our Credit Agreement and a $12 million reduction in interest expense on our notes. The lower interest expense on our Credit Agreement reflects a reduction in the underlying LIBO reference rate on the U.S. term loan, which was 0.18% as of June 30, 2020 compared to 2.40% as of June 30, 2019. The decrease in interest expense on our notes is attributable to the repayment of $345 million of the 6.875% notes in November 2019.

Income Tax Benefit (Expense). We recognized an income tax benefit of $170 million for the six months ended June 30, 2020, on a loss from continuing operations before tax of $22 million, compared to tax expense of $16 million for the six months ended June 30, 2019, on a loss from continuing operations before tax of $49 million. The unusual effective tax rate during the six months ended June 30, 2020 was primarily attributable to tax benefits from CARES Act legislative changes, including a benefit from the release of valuation allowance against carry forward interest deductions, as well as the mix of book income and losses taxed at varying rates among the jurisdictions in which we operate. The unusual effective tax rate during the six months ended June 30, 2019 was primarily attributable to an increase in our valuation allowance and the mix of book income and losses taxed at varying rates amount the jurisdictions in which we operate.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the six months ended June 30, 2020 decreased by $69 million, or 20%, to $272 million compared to the six months ended June 30, 2019. The decrease was primarily due to lower sales volume due to the impact of the COVID-19 pandemic, lower pricing mainly due to lower costs passed through to customers and higher manufacturing costs. These items were partially offset by favorable material costs, net of lower costs passed through to customers and lower logistics costs.

Year Ended December 31, 2019 Compared with the Year Ended December 31, 2018

Pro Forma Group after giving effect to the GPC Separation

(In millions, except for %)	Pro Forma for the year ended December 31, 2019	% of revenue	2018	% of revenue	Change	% change
Net revenues	$ 5,191	100%	$ 5,308	100%	$ (117)	(2)%
Cost of sales	(4,344)	(84)%	(4,464)	(84)%	120	3%
Gross profit	**847**	**16%**	**844**	**16%**	**3**	**— %**
Selling, general and administrative expenses	(466)	(9)%	(394)	(7)%	(72)	(18)%
Goodwill impairment charges	(16)	— %	—	— %	(16)	NM(1)
Restructuring, asset impairment and other related charges	(46)	(1)%	(18)	— %	(28)	NM(1)
Other expense, net	(29)	(1)%	(15)	— %	(14)	(93)%
Operating income from continuing operations	**290**	**6%**	**417**	**8%**	**(127)**	**(30)%**
Non-operating (expense) income, net	(13)	— %	41	1%	(54)	NM(1)
Interest expense, net	(433)	(8)%	(414)	(8)%	(19)	(5)%
(Loss) income from continuing operations before tax	**(156)**	**(3)%**	**44**	**1%**	**(200)**	**NM(1)**
Income tax (expense) benefit	(84)	(2)%	20	— %	(104)	NM(1)
Net (loss) income from continuing operations	**$ (240)**	**(5)%**	**$ 64**	**1%**	**$(304)**	**NM(1)**
Adjusted EBITDA from Continuing Operations(2)	**$ 691**	**13%**	**$ 737**	**14%**	**$ (46)**	**(6)%**

(1) Not meaningful.

(2) Adjusted EBITDA from continuing operations is a non-GAAP measure. See "—Pro Forma Group after GPC Separation—Adjusted EBITDA from Continuing Operations" for details, including a reconciliation between net income (loss) from continuing operations and Adjusted EBITDA from continuing operations.

Components of Change in Reportable Segment Net Revenues for the Year Ended December 31, 2019 Compared with the Year Ended December 31, 2018

	Price/Mix	Volume	Dispositions	FX	Total
Net Revenues	— %	(1)%	(1)%	— %	(2)%
By reportable segment:					
Foodservice	(2)%	3%	— %	— %	1%
Food Merchandising	1%	(3)%	— %	— %	(2)%
Beverage Merchandising	3%	(2)%	— %	(1)%	— %

Net Revenues. Net revenues for the year ended December 31, 2019 decreased by $117 million, or 2%, to $5,191 million compared to the year ended December 31, 2018. The decrease was primarily due to lower sales volume primarily in Food Merchandising and Beverage Merchandising and the impact of divestitures of non-core businesses.

Cost of Sales. Cost of sales for the year ended December 31, 2019 decreased by $120 million, or 3%, to $4,344 million compared to the year ended December 31, 2018. The decrease was primarily due to lower raw material costs, lower sales volume and the impact of divestitures of non-core businesses, partially offset by higher manufacturing and logistics costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the year ended December 31, 2019 increased by $72 million, or 18%, to $466 million compared to the year ended December 31, 2018. The increase was primarily due to higher employee-related costs of $45 million and a $13 million increase in operational consultancy costs.

Goodwill Impairment Charges. During the year ended December 31, 2019, we recognized a non-cash goodwill impairment charge of $16 million. This impairment arose in relation to our remaining closures business. There was no goodwill impairment during the year ended December 31, 2018.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the year ended December 31, 2019 increased by $28 million to $46 million compared to the year ended December 31, 2018. The increase was primarily due to higher asset impairment charges related to our remaining closures business. For additional information regarding impairment, restructuring and other related charges, refer to Note 4—Impairment, Restructuring and Other Related Charges of our consolidated financial statements included elsewhere in this prospectus.

Other Expense, Net. Other expense, net for the year ended December 31, 2019 increased by $14 million to $29 million compared to the year ended December 31, 2018. The increase is primarily attributable to a $20 million unfavorable change in foreign exchange rates on cash, partially offset by a $5 million favorable change in the loss on sale of investments.

Non-operating (Expense) Income, Net. Non-operating expense, net for the year ended December 31, 2019 changed by $54 million to $13 million, compared to non-operating income, net of $41 million for the year ended December 31, 2018. The change was primarily due to a decrease of $32 million in the expected return on pension plan assets, primarily as a result of a lower fair value of plan assets. In addition, plan settlements increased by $16 million.

Interest Expense, Net. Interest expense, net for the year ended December 31, 2019 increased by $19 million, or 5%, to $433 million compared to the year ended December 31, 2018. The increase was primarily due to an unfavorable change of $23 million in the fair value of an interest rate swap derivative.

Income Tax Expense. We recognized income tax expense of $84 million for the year ended December 31, 2019, on a loss from continuing operations before tax of $156 million, compared to an income tax benefit of $20 million for the year ended December 31, 2018, on income from continuing operations before tax of $44 million. The unusual effective tax rate during the year ended December 31, 2019 was primarily attributable to a $93 million increase in our valuation allowance and the mix of income and losses in the jurisdictions in which we operate. The increase in our valuation allowance was primarily attributable to lower expected future taxable income as a result of the tax-free distribution of RCPI. The unusual effective tax rate during the year ended December 31, 2018 was primarily attributable to a benefit of $46 million from changes in tax rates and $27 million associated with changes in uncertain tax positions, partially offset by the impact of the mix of income and losses in the jurisdictions in which we operate.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the year ended December 31, 2019 decreased by $46 million, or 6%, to $691 million compared to the year ended December 31, 2018. The decrease was driven by higher manufacturing, employee-related and logistics costs and lower sales volume, partially offset by favorable raw material costs, net of lower raw material costs passed through to customers.

Year Ended December 31, 2018 Compared with the Year Ended December 31, 2017

Pro Forma Group after giving effect to the GPC Separation

	Pro Forma for the year ended December 31,					
(In millions, except for %)	2018	% of revenue	2017	% of revenue	Change	% change
Net revenues	$ 5,308	100%	$ 5,292	100%	$ 16	—%
Cost of sales	(4,464)	(84)%	(4,265)	(81)%	(199)	(5)%
Gross profit	**844**	**16%**	**1,027**	**19%**	**(183)**	**(18)%**
Selling, general and administrative expenses	(394)	(7)%	(417)	(8)%	23	6%
Restructuring, asset impairment and other related charges	(18)	—%	(90)	(2)%	72	80%
Other expense, net	(15)	—%	(38)	(1)%	23	61%
Operating income from continuing operations	**417**	**8%**	**482**	**9%**	**(65)**	**(13)%**
Non-operating income (expense), net	41	1%	(10)	—%	51	NM(1)
Interest expense, net	(414)	(8)%	(478)	(9)%	64	13%
Income (loss) from continuing operations before tax	**44**	**1%**	**(6)**	**—%**	**50**	**NM(1)**
Income tax benefit	20	—%	290	5%	(270)	NM(1)
Net income from continuing operations	**$ 64**	**1%**	**$ 284**	**5%**	**(220)**	**NM(1)**
Adjusted EBITDA from continuing operations(2)	**$ 737**	**14%**	**$ 892**	**17%**	**$ (155)**	**(17)%**

(1) Not meaningful.

(2) Adjusted EBITDA from continuing operations is a non-GAAP measure. See "—Pro Forma Group after GPC Separation—Adjusted EBITDA from Continuing Operations" for details, including a reconciliation between net income (loss) from continuing operations and Adjusted EBITDA from continuing operations.

Components of Change in Reportable Segment Net Revenues for the Year Ended December 31, 2018 Compared with the Year Ended December 31, 2017

	Price/Mix	Volume	Dispositions	FX	Total
Net Revenues	3%	—%	(3)%	—%	—%
By reportable segment:					
Foodservice	3%	1%	—%	—%	4%
Food Merchandising	3%	(1)%	—%	—%	2%
Beverage Merchandising	3%	—%	—%	—%	3%

Net Revenues. Net revenues for the year ended December 31, 2018 increased by $16 million to $5,308 million compared to the year ended December 31, 2017. The increase was primarily due to higher pricing across all segments, largely as a result of the pass-through of higher raw material costs to customers, offset by the impact of divestitures of non-core businesses.

Cost of Sales. Cost of sales for the year ended December 31, 2018 increased by $199 million, or 5%, to $4,464 million compared to the year ended December 31, 2017. The increase was primarily due to higher raw material, manufacturing and logistics costs. These increases were partially offset by the impact of divestitures of non-core businesses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the year ended December 31, 2018 decreased by $23 million, or 6%, to $394 million compared to the year ended

December 31, 2017. The decrease was primarily due to lower employee-related costs, lower depreciation and amortization expenses and lower expenses driven by business divestitures.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the year ended December 31, 2018 decreased by $72 million to $18 million compared to the year ended December 31, 2017. During the year ended December 31, 2017, we incurred $72 million of asset impairment charges related to the exit of various operations that are not included our reportable segments. For additional information regarding impairment, restructuring and other related charges, refer to Note 4—Impairment, Restructuring and Other Related Charges of our consolidated financial statements included elsewhere in this prospectus.

Other Expense, Net. Other expense, net for the year ended December 31, 2018 decreased by $23 million, or 61%, to $15 million compared to the year ended December 31, 2017. The change is primarily attributable to a $13 million favorable change in foreign exchange rates on cash and a $9 million reduction in the loss on the disposal of businesses and other assets.

Non-operating Income (Expense), Net. Non-operating income, net for the year ended December 31, 2018 changed by $51 million to $41 million, compared to non-operating expense, net of $10 million for the year ended December 31, 2017. The change was primarily due to the combination of a $31 million decrease in defined benefit plan settlements and a $27 million decrease in the interest cost of our benefit plans.

Interest Expense, Net. Interest expense, net for the year ended December 31, 2018 decreased by $64 million, or 13%, to $414 million compared to the year ended December 31, 2017. Interest expense on our notes and debentures decreased by $34 million reflecting the reduction in outstanding principal, partially offset by an increase of $20 million in interest expense on our Credit Agreement as a result of changes in the underlying LIBOR benchmark interest rate. In addition, interest expense, net decreased due to a $33 million favorable change in foreign exchange rates and a decrease of $20 million in other items including a loss on extinguishment of debt in 2017.

Income Tax Benefit. We recognized an income tax benefit of $20 million for the year ended December 31, 2018, on income from continuing operations before tax of $44 million, compared to an income tax benefit of $290 million for the year ended December 31, 2017, on a loss from continuing operations before tax of $6 million. The unusual effective tax rate during the year ended December 31, 2018 was primarily attributable to a benefit of $46 million from changes in tax rates and $27 million associated with changes in uncertain tax positions, partially offset the impact of the mix of income and losses in the jurisdictions in which we operate. The unusual effective tax rate during the year ended December 31, 2017 was primarily attributable to the impact of the December 2017 changes in U.S. federal tax law.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the year ended December 31, 2018 decreased by $155 million, or 17%, to $737 million compared to the year ended December 31, 2017. The decrease was driven by higher manufacturing and logistics costs and higher raw material costs, net of higher costs passed through to customers, partially offset by favorable pricing, net of product mix, and lower employee-related expenses.

Pro Forma Group after giving effect to the GPC Separation—Adjusted EBITDA from continuing operations

The following is a reconciliation of our net income from continuing operations, the most directly comparable GAAP financial measure, to Adjusted EBITDA from continuing operations for each of the periods indicated, on a pro forma basis as if the Graham Packaging business had been presented as a discontinued operation for all periods presented. See "—How We Assess the Performance of Our Business" for details of the definition of Adjusted EBITDA from continuing operations and why we present this non-GAAP measure.

	Pro Forma—adjusted for the GPC Separation				
	Six months ended June 30,		Year ended December 31,		
	2020	2019	2019	2018	2017
	(In millions)				
Net income (loss) from continuing operations—GAAP	**$ 148**	**$ (65)**	**$(240)**	**$ 64**	**$ 284**
Income tax (benefit) expense	(170)	16	84	(20)	(290)
Interest expense, net	188	228	433	414	478
Depreciation and amortization	141	131	273	271	277
Goodwill impairment charges(1)	—	—	16	—	—
Restructuring, asset impairment and other related charges(2)	4	6	46	18	90
Loss on sale of businesses and non-current assets(3)	—	11	22	18	28
Non-cash pension (income) expense (4)	(37)	(2)	6	(51)	1
Operational process engineering-related consultancy costs(5)	9	13	27	14	12
Related party management fee(6)	5	5	10	11	11
Strategic review and transaction-related costs(7)	15	1	7	—	—
Unrealized (gains) losses on derivatives(8)	(2)	(7)	(4)	8	3
Foreign exchange (gains) losses on cash(9)	(28)	—	8	(11)	2
Other	(1)	4	3	1	(4)
Adjusted EBITDA from continuing operations (Non-GAAP)	**$ 272**	**$ 341**	**$ 691**	**$737**	**$ 892**

(1) Reflects goodwill impairment charges in respect of our closures operations in 2019, including dis-synergies associated with the sale of the North American and Japanese closures businesses in December 2019. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(2) Reflects asset impairment, restructuring and other related charges primarily associated with the remaining closures businesses that are not reported within discontinued operations. For further information, refer to Note 4—Impairment, Restructuring and Other Related Charges in our annual consolidated financial statements and Note 4—Impairment, Restructuring and Other Related Charges in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(3) Reflects the loss from the sale of businesses and non-current assets, primarily in our Other segment. For further information, refer to Note 13—Other Expense, Net in our annual consolidated financial statements and Note 12—Other Income (Expense), Net in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(4) Reflects the non-cash pension (income) expense related to our RGPP. For further information, refer to Note 12—Employee Benefits in our annual consolidated financial statements and Note 11—Employee Benefits in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(5) Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.

(6) Reflects the related party management fee charged by Rank to us. For further information, refer to Note 18—Related Party Transactions in our annual consolidated financial statements and Note 17—Related Party Transactions in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus. Following the closing of this offering, we will no longer be charged the related party management fee.

(7) Reflects costs incurred for strategic reviews of our businesses, as well as costs related to this offering that cannot be offset against the expected proceeds of this offering.

(8) Reflects the mark-to-market movements in our commodity and foreign exchange derivatives. For further information, refer to Note 11—Financial Instruments in our annual consolidated financial statements and Note 10—Financial Instruments in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.
(9) Reflects foreign exchange (gains) losses on cash, primarily on U.S. dollar amounts held in non-U.S. dollar functional currency entities.

Historical Cash Flows

Six months ended June 30, 2020 and 2019

The following table discloses our cash flows for the periods presented:

(In millions)	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Net cash provided by operating activities	$ 167	$ 240
Net cash used in investing activities	(208)	(275)
Net cash provided by (used in) financing activities	368	(20)
Net increase (decrease) in cash, cash equivalents and restricted cash, excluding the effect of exchange rates changes	**$** 327	**$** (55)

Cash provided by operating activities

Net cash provided by operating activities decreased by $73 million, or 30%, to $167 million for the six months ended June 30, 2020 compared to $240 million for the six months ended June 30, 2019. The decrease is primarily attributable to the change in cash provided by operating activities from our discontinued operations, which decreased from an inflow of $92 million during the six months ended June 30, 2019 to a net outflow of $14 million during the six months ended June 30, 2020. The closures operations were sold in December 2019 and RCP was distributed on February 4, 2020. Excluding the contribution from discontinued operations, net cash provided by operating activities increased by $33 million, or 22%, to $181 million for the six months ended June 30, 2020 compared to $148 million for the six months ended June 30, 2019. This $33 million increase in net cash provided by operating activities is primarily attributable to favorable changes in accounts receivable and inventories, partly offset by lower cash earnings. These changes were primarily as a result of the impact of the COVID-19 pandemic.

Cash used in investing activities

Net cash used in investing activities decreased by $67 million, or 24%, to $208 million for the six months ended June 30, 2020 compared to $275 million for the six months ended June 30, 2019. The decrease is primarily attributable to the change in cash used in investing activities by our discontinued operations, which decreased by $55 million, to $5 million for the six months ended June 30, 2020 compared to $60 million for the six months ended June 30, 2019 as a result of the sale of the closures operations in December 2019 and the distribution of RCP on February 4, 2020. Excluding the impact of discontinued operations, net cash used in investing activities decreased by $12 million, or 6%, to $203 million for the six months ended June 30, 2020 compared to $215 million for the six months ended June 30, 2019. The reduction in cash used in investing activities was primarily due to lower capital expenditures as a result of the impact of the COVID-19 pandemic.

Cash used in financing activities

Net cash provided by financing activities was $368 million for the six months ended June 30, 2020 compared to cash used in financing activities of $20 million for the six months ended June 30, 2019. The cash provided by financing activities was primarily attributable to the incurrence of $3,616 million of debt, net of transaction costs, by RCP immediately prior to its distribution, net of our repayment of $3,215 million of our pre-existing debt and $31 million of cash held by RCP at the time of its distribution.

Years ended December 31, 2019, 2018 and 2017

The following table discloses our cash flows for the years presented:

(In millions)	For the year ended December 31, 2019	2018	2017
Net cash provided by operating activities	$ 896	$ 963	$ 858
Net cash used in investing activities	(4)	(453)	(364)
Net cash used in financing activities	(384)	(360)	(796)
Net increase (decrease) in cash, cash equivalents and restricted cash, excluding the effect of exchange rates changes	**$ 508**	**$ 150**	**$(302)**

Cash provided by operating activities

Net cash from operating activities decreased by $67 million, or 7%, to $896 million for the year ended December 31, 2019 compared to $963 million for the year ended December 31, 2018. The decrease was driven by unfavorable changes in working capital, driven by lower accounts payable due to the timing of payments, partially offset by lower inventories and accounts receivable due to initiatives to decrease inventory levels and improve accounts receivable turnover. This unfavorable change in working capital was partially offset by $45 million of lower cash tax payments, net of refunds. Discontinued operations contributed $461 million and $419 million of cash provided by operating activities for the years ended December 31, 2019 and 2018, respectively.

Net cash from operating activities increased by $105 million, or 12%, to $963 million for the year ended December 31, 2018 compared to $858 million for the year ended December 31, 2017. The increase was driven by favorable working capital fluctuations resulting from focused measures to decrease inventories and to improve accounts receivable turnover, a decrease of $53 million in cash tax payments, net of refunds, partially due to the U.S. tax legislative changes in 2017 and a decrease of $25 million in interest payments due to a reduction of outstanding principal borrowings. Discontinued operations contributed $419 million and $348 million of cash provided by operating activities for the years ended December 31, 2018 and 2017, respectively.

Cash used in investing activities

Net cash used in investing activities decreased by $449 million, or 99%, to $4 million for the year ended December 31, 2019, compared to $453 million for the year ended December 31, 2018. The reduction in cash used in investing activities was primarily due to a $479 million increase in cash received from the disposal of businesses. During the year ended December 31, 2019, we received $597 million of cash, net of cash disposed, from the sale of our discontinued closures businesses, partially offset by an increase of $37 million in acquisitions of property, plant and equipment. During the year ended December 31, 2019, cash outflows for the acquisition of property, plant and equipment and intangible assets increased to $629 million compared to $592 million during the year ended December 31, 2018. The increase in capital expenditures reflects our continued investment in automation, digital manufacturing and an integrated supply chain model. Cash used in investing activities in 2019 and 2018 include $151 million and $116 million, respectively, related to discontinued operations.

Net cash used in investing activities increased by $89 million, or 24%, to $453 million for the year ended December 31, 2018 compared to $364 million for the year ended December 31, 2017. The increase reflects a $179 million increase in capital expenditures made during 2018, partially offset by a $74 million increase in proceeds received from the disposal of businesses. The increase in additions to property, plant and equipment reflects investments made in 2018 related to automation projects within the manufacturing facilities, digital manufacturing and an integrated supply chain model in our continuing businesses. Cash used in investing activities in 2018 and 2017 include $116 million and $85 million, respectively, related to discontinued operations.

Cash used in financing activities

Net cash used in financing activities increased by $24 million, or 7%, to $384 million for the year ended December 31, 2019 compared to $360 million for the year ended December 31, 2018. The increase in cash used in financing activities was primarily attributable to additional voluntary repayments of borrowings using cash on hand. During the year ended December 31, 2019 we voluntarily repaid $345 million of our 6.875% senior secured notes due 2021, compared to a voluntary repayment of $300 million of the 6.875% senior secured notes due 2021 during the year ended December 31, 2018.

Net cash used in financing activities decreased by $436 million, or 55%, to $360 million for the year ended December 31, 2018 compared to $796 million for the year ended December 31, 2017. The decrease in net cash used in financing activities was primarily due to lower repayments of borrowings during the year ended December 31, 2018 compared to the year ended December 31, 2017. We made a voluntary repayment of $300 million of the 6.875% senior secured notes due 2021 during the year ended December 31, 2018. The repayments during the year ended December 31, 2017 included a combination of $445 million of voluntary repayments and $300 million of repayments on maturity.

GPC Separation

The summarized annual and interim historical cash flow information presented above includes amounts that are attributable to the operations of Graham Packaging. From and after the GPC Separation, other than amounts arising under separation related arrangements (refer to "Certain Relationships and Related Party Transactions"), our statement of cash flows will not include amounts attributable to Graham Packaging.

During the years ended December 31, 2019, 2018 and 2017, Graham Packaging generated cash from operating activities of $277 million, $316 million and $296 million, respectively, and used cash in investing activities of $157 million, $93 million and $100 million, respectively, primarily related to the acquisition of property, plant and equipment and intangible assets. During the years ended December 31, 2019, 2018 and 2017, none of our cash flows used in financing activities were attributable to Graham Packaging.

During the six months ended June 30, 2020 and 2019, Graham Packaging generated cash from operating activities of $148 million and $156 million, respectively, and used cash in investing activities of $89 million and $67 million, respectively, primarily related to the acquisition of property, plant and equipment and intangible assets. During the six months ended June 30, 2020 and 2019, none of our cash flows related to financing activities were attributable to Graham Packaging.

As part of the GPC Separation, Graham Packaging has entered into the New GPC Borrowings. The proceeds from these borrowings, net of transaction costs, have been returned to us by way of settling intercompany balances and a distribution. We used these net proceeds, plus available cash, to reduce the principal amount of our outstanding borrowings by $2,244 million. This repayment of borrowings occurred in July 2020 and August 2020. This reduction in borrowings will reduce our interest expense, and consequently have a favorable impact on our cash from operating activities. For further details regarding the pro forma impact of the repayment of borrowings refer to "Unaudited Pro Forma Consolidated Financial Data".

Quarterly Results and Seasonality

Portions of our business are moderately seasonal. Our Foodservice and Food Merchandising operations peak during the summer and fall months in North America when the favorable weather, harvest and holiday season lead to increased consumption, resulting in greater levels of sales in the second and third quarters. Beverage Merchandising's customers are principally engaged in providing products that are generally less sensitive to seasonal effects, although Beverage Merchandising does experience some seasonality as a result of increased consumption of milk by school children during the North American academic year, resulting in a greater level of carton product sales in the first and fourth quarters.

The following table sets forth quarterly data for each of the periods presented. In management's opinion, the data below has been prepared on the same basis as the consolidated financial statements included elsewhere in this prospectus and reflects all normal and recurring adjustments considered necessary for a fair statement of this data. The results of historical periods are not necessarily indicative of the results to be expected for a full year or any future period. The following quarterly financial data should be read in conjunction with our annual consolidated financial statements and related notes and our interim condensed consolidated financial statements and related notes, each of which is included elsewhere in this prospectus.

	Three months ended June 30, 2020	Three months ended March 31, 2020	Three months ended December 31, 2019	Three months ended September 30, 2019	Three months ended June 30, 2019	Three months ended March 31, 2019
	(In millions)					
Statements of Income Data:						
Net revenues.	$ 1,569	$ 1,690	$ 1,740	$ 1,781	$ 1,806	$ 1,788
Cost of sales	(1,316)	(1,439)	(1,470)	(1,510)	(1,500)	(1,519)
Gross profit	**253**	**251**	**270**	**271**	**306**	**269**
Selling, general and administrative expenses	(162)	(168)	(169)	(146)	(165)	(159)
Goodwill impairment charges	—	—	—	(16)	—	—
Restructuring, asset impairment and other related charges	(5)	(8)	(18)	(54)	(18)	(6)
Other (expense) income, net	(48)	75	(23)	(4)	(4)	(3)
Operating income from continuing operations	**38**	**150**	**60**	**51**	**119**	**101**
Non-operating income (expense), net	16	17	(10)	(1)	(1)	(1)
Interest expense, net	(87)	(100)	(121)	(83)	(119)	(109)
(Loss) income from continuing operations before tax	**$ (33)**	**$ 67**	**$ (71)**	**$ (33)**	**$ (1)**	**$ (9)**

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash resources and cash flow from operations. In addition, we may utilize borrowing capacity under our revolving credit facility and local working capital facilities. As of December 31, 2019, in addition to our cash and cash equivalents and availability under our Securitization Facility, we had $247 million available for drawing under our revolving credit facility, which matures in August 2021. The Securitization Facility was repaid and terminated in connection with the Corporate Reorganization.

As of June 30, 2020, we had $7,435 million of total indebtedness. On a pro forma basis (as described in "Capitalization"), as of June 30, 2020, we had $4,031 million of total indebtedness. On a pro forma basis (as described in "Capitalization"), our 2020 annual cash interest obligations on our Credit Agreement, the 2023 Notes, the Pactiv Debentures and our other indebtedness are expected to be approximately $168 million, assuming interest on our floating rate debt continues to accrue at the current interest rates. As of June 30, 2020, the interest rate on our U.S. term loan was 2.93%.

On a pro forma basis, as of June 30, 2020, we had $504 million of cash and cash equivalents on hand and $259 million available for drawing under our revolving credit facility (which may be reduced to $207 million of availability as a result of the Concurrent Debt Transactions). We believe that our existing cash resources, projected cash flows generated from operations together with our borrowing availability under our revolving credit facility are sufficient to fund our principal debt payments, interest expense, our working capital needs and our expected capital expenditures for the next twelve months. Following our repayment of borrowings as part of the Corporate Reorganization, our next significant near term maturity of borrowings is the U.S. term loan under our Credit Agreement which matures in February 2023. Our revolving credit facility, which is currently used for letters of credit, matures in August 2021. We currently anticipate incurring between $239 million and $279 million of pro forma capital expenditures during fiscal year 2020. We do not currently anticipate that the COVID-19 pandemic will materially impact our liquidity over the next 12 months. As part of the Concurrent Debt Transactions, we intend to extend the maturity of a portion of the U.S. term loan under our Credit Agreement to February 5, 2026 and the maturity of our revolving credit facility under our Credit Agreement to August 5, 2024.

Our ability to borrow under our revolving credit facility or our local working capital facilities 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 indentures governing the Notes generally allow subsidiaries of PTVE to transfer funds in the form of cash dividends, loans or advances within the Group.

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 incremental senior secured indebtedness under the Credit Agreement and senior secured notes 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 if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis.

Under the 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 and, (i) under the indenture governing the 2023 Notes, the liens securing first lien secured indebtedness do not exceed a 4.50 to 1.00 senior secured first lien leverage ratio and (ii) under the indenture governing the 2024 Notes, the liens securing secured indebtedness do not exceed a 4.50 to 1.00 secured leverage ratio.

Except as specifically indicated, the foregoing discussion of our liquidity and capital resources does not take into account any of the Concurrent Debt Transactions.

New Senior Secured Notes

To the extent the Senior Secured Notes Offering is consummated, the New Senior Secured Notes will be guaranteed by the same parties and secured by the same collateral that currently guarantee and secure our Credit Agreement and existing Senior Secured Notes. If consummated, we intend to use the net proceeds from the Senior Secured Notes Offering to repay certain indebtedness. See "Use of Proceeds." The indenture governing the New Senior Secured Notes will include similar restrictions and covenants as our existing senior secured notes, that will, among other things and, subject to a number of qualifications and exceptions, restrict our and certain of our subsidiaries' ability to, incur indebtedness; make restricted payments, including paying dividends or other distributions on our common stock and repurchasing our common stock; make investments; consummate certain asset sales; engage in certain transactions with affiliates; grant certain liens; and consolidate, merge or transfer all or substantially all of our assets.

The terms of the New Senior Secured Notes described above are subject to change and a number of conditions. There can be no assurance that we will be able to consummate the Senior Notes Offering on the terms described herein or at all. Completion of this offering is not conditioned upon completion of the Senior Secured Notes Offering, although the Senior Secured Notes Offering is conditioned upon the completion of this offering.

Revolving Facility

Prior to the pricing of this offering, we launched a revolving credit facility refinancing amendment with respect to our Credit Agreement to extend the maturity of the revolving credit facility under our Credit Agreement and reduce the commitments under such revolving credit facility by $52 million to a total of $250 million. The maturity of the revolving credit facility will be extended from August 5, 2021 to August 5, 2024, subject to the springing maturity provision described below. The extended revolving credit facility will contain a springing maturity provision that will adjust the maturity date of the revolving credit facility to the date that is 91 days prior to the maturity date applicable to any of the term loan facility, our senior secured notes and/or our senior unsecured notes ("Reference Debt") if the aggregate principal amount of such Reference Debt outstanding at such time exceeds $500 million. Following any such maturity date extension, the extended revolving credit facility will include the same financial and restrictive covenants as those currently in place.

There can be no assurance that we will successfully extend the maturity of the revolving credit facility on the terms described herein or at all. Completion of this offering is not conditioned upon completion of the revolving refinancing amendment although the effectiveness of the revolving credit facility refinancing amendment is conditioned upon the completion of this offering.

Term Loan Facility

Prior to the pricing of this offering, we launched a refinancing amendment with respect to a portion of the term loan under our Credit Agreement to extend the maturity of a portion of the term loan by three years to February 5, 2026. Following the refinancing amendment, the extended term loan facility will include the same restrictive covenants as those currently in place.

There can be no assurance that we will successfully extend the maturity of any portion of the term loan facility on the terms described herein or at all. Completion of this offering is not conditioned upon completion of the effectiveness of the refinancing amendment, although the effectiveness of the refinancing amendment is conditioned upon completion of this offering.

For further information regarding the terms of our Notes and Credit Agreement, refer to Note 9—Debt in our annual consolidated financial statements included elsewhere in this prospectus.

Contractual Obligations

The following table summarizes our material contractual obligations as of December 31, 2019, on a historical basis. As detailed in the notes to the table, subsequent to December 31, 2019 we have repaid $5,401 million of principal outstanding on our borrowings:

(In millions)	Total	Less than one year	One to three years	Three to five years	Greater than five years
Long-term debt(1), (2), (3)	$12,129	$ 4,037	$ 1,508	$ 6,044	$ 540
Operating lease liabilities(3)	406	91	148	97	70
Contributions for other post-employment benefit obligations	51	3	6	6	36
Unconditional capital expenditure obligations	185	185	—	—	—
Total contractual obligations	**$12,771**	**$ 4,316**	**$ 1,662**	**$ 6,147**	**$ 646**

(1) On February 4, 2020, we repaid $3,119 million of principal and $54 million of accrued interest, which is presented in the less than one year column in the table above. In January 2020, we repaid a total of $38 million of principal of various other external borrowings. In July 2020 and August 2020, we repaid a combined total of $2,244 million of various other external borrowings consisting of (i) the repayment and termination of our Securitization Facility in July 2020, (ii) the repayment and termination of the European term loan under our Credit Agreement in August 2020, (iii) the repayment of $700 million of the U.S. term loan under our Credit Agreement in August 2020 and (iv) the repayment of $150 million of our 7.000% Senior Notes due 2024 in August 2020. For further details, refer to Note 9—Debt in our annual consolidated financial statements and Note 19—Subsequent Events in our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

(2) Total obligations for long-term debt consist of the principal amounts and fixed and floating rate interest obligations, including the cash flows associated with interest rate swap derivatives. The exchange rate on euro-denominated borrowings and the interest rates on the floating rate debt balances not covered by interest rate swaps have been assumed to be the same as the rates in effect as of December 31, 2019. As of December 31, 2019, the interest rates on our floating rate debt not covered by interest rate swaps were 4.55% in respect of the U.S. term loan and 3.25% in respect of the European term loan under our Credit Agreement and 3.51% under our Securitization Facility. As of December 31, 2019, the euro-to-U.S. dollar exchange rate was 1:1.12.

(3) If the Concurrent Debt Transactions are consummated, the maturity of the revolving credit facility is anticipated to be extended to August 5, 2024, the maturity of a portion of the term loan is anticipated to be extended to February 5, 2026 and the maturity of the New Senior Secured Notes is anticipated to be September 2027. Therefore, due to the use of proceeds of this offering and depending on the completion of the Concurrent Debt Transactions, the contractual obligations in the table above in respect of the 5.125% Notes and term loan are subject to change.

(4) Total repayments of operating leases exclude short-term leases which were not significant in the aggregate.

As of June 30, 2020, our liabilities for pensions and uncertain tax positions totaled $682 million. The ultimate timing of these liabilities cannot be determined; therefore, we have excluded these amounts from the contractual obligations table above. We expect to make a $121 million contribution to the RGPP in 2020. Expected contributions during the year ending December 31, 2020 for all other defined benefit plans are estimated to be up to $5 million. Future contributions will be dependent on future plan asset returns and interest rates and are highly sensitive to changes.

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 made in 2018 or 2019 or will be due in 2020 for the year ended December 31, 2019.

Off-Balance Sheet Arrangements

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

Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, we are subject to risks from adverse fluctuations in interest and foreign currency exchange rates and commodity prices. We manage these risks through a combination of an appropriate mix between variable rate and fixed rate borrowings, interest rate swaps and natural offsets of foreign currency receipts and payments, supplemented by forward foreign currency exchange contracts and commodity derivatives. Derivative contracts are not used for trading or speculative purposes. The extent to which we use derivative instruments is dependent upon our access to them in the financial markets, the costs associated with entering into such arrangements and our use of other risk management methods, such as netting exposures for foreign currency exchange risk and establishing sales arrangements that permit the pass-through of changes in commodity prices to customers. Our objective in managing our exposure to market risk is to limit the impact on earnings and cash flow.

Interest Rate Risk

We had significant debt commitments outstanding as of December 31, 2019. These on-balance sheet financial instruments, to the extent they accrue interest at variable interest rates, expose us to interest rate risk. Our interest rate risk arises primarily on significant borrowings that are denominated in U.S. dollars drawn under our Floating Rate Senior Secured Notes, our Credit Agreement and our Securitization Facility and in euros drawn under our Credit Agreement. As of December 31, 2019, the Floating Rate Senior Secured Notes accrued interest at a floating rate with no floor. As of December 31, 2019, the Credit Agreement included interest rate floors of 0.0% per annum on the U.S. and European term loans and the revolving loan. As of December 31, 2019, the Securitization Facility accrued interest at a floating rate with a 0.0% floor. The Securitization Facility was repaid and terminated in connection with the Corporate Reorganization.

The underlying rate for our Floating Rate Senior Secured Notes due 2021 was the three-month Dollar LIBO Rate. As of December 31, 2019, the applicable three-month Dollar LIBO Rate was 2.00%. In July 2016, we entered into a $750 million interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While we have elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is fixed at 4.670% from October 15, 2016. The Floating Rate Senior Secured Notes due 2021 were repaid in connection with the Corporate Reorganization and the interest rate swap was terminated.

The underlying rates for our Credit Agreement are the one-month LIBOR and EURIBOR, and as of December 31, 2019 the applicable rates were 1.80% and (0.44)%, respectively. Based on our outstanding debt commitments as of December 31, 2019, a one-year timeframe and all other variables, in particular foreign currency exchange rates, remaining constant, a 100 basis point increase in interest rates would result in a $32 million increase in interest expense on the U.S. term loan and a $2 million increase in interest expense on the European term loan under our Credit Agreement. A 100 basis point decrease in interest rates would result in a $32 million decrease in interest expense on the U.S. term loan and would have no impact on interest expense for the European term loan due to the EURIBOR floor under our Credit Agreement. The European term loan was repaid and all obligations under this tranche of our Credit Agreement were terminated in connection with the Corporate Reorganization.

Interest rates may fluctuate if LIBOR ceases to exist or if new methods of calculating LIBOR will be established. See “Risk Factors—Risks Relating to Our Business and Industry—Certain of our long-term indebtedness bears interest at variable interest rates, primarily based on LIBOR, which may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to fluctuate or cause other unanticipated consequences.”

Foreign Currency Exchange Rate Risk

As a result of our international operations, we are exposed to foreign currency exchange risk arising from sales, purchases, assets and borrowings that are denominated in currencies other than the functional currencies of the respective entities. We are also exposed to foreign currency exchange risk on certain intercompany borrowings between certain of our entities with different functional currencies.

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 residual 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. We had no foreign currency derivative contracts as of December 31, 2019.

Commodity Risk

We are exposed to commodity and other price risk principally from the purchase of resin, natural gas, electricity, raw wood, wood chips and diesel. We use various strategies to manage cost exposures on certain material purchases with the objective of obtaining more predictable costs for these commodities. We generally enter into commodity financial instruments or derivatives to hedge commodity prices related to resin (and its components), diesel and natural gas.

We enter into futures and swaps to reduce our exposure to commodity price fluctuations. These derivatives are implemented to either (a) mitigate the impact of the lag in timing between when material costs change and when we can pass through these changes to our customers or (b) fix our input costs for a period. The following table provides the details of our commodity derivative contracts as of December 31, 2019.

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Natural gas swaps	Million BTU	4,334,903	\$2.33 - \$2.86	Feb. 2020 - Dec. 2020
Ethylene swaps	Pound	2,152,533	\$0.29 - \$0.29	Jan. 2020 - Apr. 2020
Polymer-grade propylene swaps	Pound	52,015,428	\$0.36 - \$0.41	Jan. 2020 - Jul. 2020
Benzene swaps	U.S. liquid gallon	7,775,862	\$2.23 - \$2.49	Feb. 2020 - Sep. 2020
Diesel swaps	U.S. liquid gallon	1,391,644	\$3.02 - \$3.26	Jan. 2020 - Dec. 2020
Low-density polyethylene swaps	Pound	12,000,000	\$0.84 - \$0.84	Jan. 2020 - Dec. 2020
High density polyethylene swaps	Pound	8,250,000	\$0.79 - \$0.79	Jan. 2020 - Nov. 2020

The fair values of commodity derivative contracts are derived from inputs based on quoted market prices or traded exchange market prices and represent the estimated amounts that we would pay or receive to terminate the contracts. As of December 31, 2019, the estimated fair values of the outstanding commodity derivative contracts were a net liability of \$4 million. During the year ended December 31, 2019, we recognized a \$4 million unrealized gain in cost of sales in the consolidated statement of income related to commodity derivatives.

A 10% upward (downward) movement in the price curve used to value the commodity derivative contracts, applied as of December 31, 2019, would have resulted in a change of less than \$1 million in the unrealized gain recognized in the consolidated statement of income, assuming all other variables remain constant.

Critical Accounting Policies, Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. These assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of net revenues and expenses during the reporting period. Estimates and assumptions are used for, but not limited to: (i) reserves for employee benefits and benefit plan assumptions; (ii) long-lived and indefinite-lived asset valuations, impairment and recoverability assessments; (iii) depreciable lives of assets and useful lives of intangible assets; and (iv) income tax reserves and valuation allowances. Estimates are revised as additional information becomes available. Actual results could differ from these estimates.

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 most critical accounting policies and estimates are related to our defined benefit pension plans, goodwill and indefinite-lived intangible assets, other long-lived assets and income taxes. A summary of our significant accounting policies and use of estimates is contained in Note 2—Summary of Significant Accounting Policies of our annual consolidated financial statements included elsewhere in this prospectus.

Employee Benefit Plans—Defined benefit retirement plans

We have several non-contributory defined benefit retirement plans. Our defined benefit pension obligations are concentrated in the RGPP, which, as of December 31, 2019, represented 94% of our defined benefit plan liability. We assumed this plan in a business combination in 2010. As a result, while persons who are not current employees do not accrue benefits under this plan, the total number of beneficiaries covered by this plan is much larger than if it only provided benefits to our current and retired employees.

We measure changes in funded status using actuarial models which utilize an attribution approach that generally spreads individual events either over the estimated service lives of the remaining employees in the plan or, for plans where participants will not earn additional benefits by rendering future service, over the plan participants' estimated remaining lives.

Net pension and postretirement benefit income or expense is actuarially determined using assumptions which include expected long term rates of return on plan assets, discount rates and mortality rates. We use a mix of actual historical rates, expected rates and external data to determine the assumptions used in the actuarial models. While we believe that our assumptions are reasonable and appropriate, significant differences in actual experience or inaccuracies in assumptions may materially affect our benefit plan obligations and future benefit plan expense.

The discount rates utilized to measure the pension obligations use the yield on corporate bonds that are denominated in the currency in which the benefits will be paid, that have maturity dates approximating the terms of our obligations and are based on the yield on high-quality bonds. Our largest U.S. plan benefit obligation is highly sensitive to changes in the discount rate. As of December 31, 2019, holding all other assumptions constant: (i) a one-half percentage point decrease (increase) in the discount rate would increase (decrease) the defined benefit obligation by approximately $220—$240 million; (ii) a one-half percentage point increase (decrease) in the discount rate would increase (decrease) pension cost by approximately $13—$14 million; and (iii) a one-half percentage point decrease (increase) in the expected long-term return on plan assets would increase (decrease) pension cost by approximately $19 million.

Goodwill and Indefinite-Lived Intangible Assets

We test goodwill and indefinite-lived intangible assets for impairment on an annual basis in the fourth quarter and whenever events or circumstances indicate that the carrying value may not be recoverable. We may perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

Goodwill

Our reporting units for goodwill impairment testing purposes are Foodservice, Food Merchandising, Beverage Merchandising and the remaining components of our former closures business. Historically, our reporting units for goodwill impairment testing also included Graham Packaging. No instances of impairment were identified during the 2019 annual impairment review. Our Foodservice, Food Merchandising and Beverage Merchandising reporting units had fair values that significantly exceeded their recorded carrying values. However, future changes in the judgments, assumptions and estimates that are used in the impairment testing for goodwill as described below could result in significantly different estimates of the fair values. In the past, we have recognized impairment charges in respect of other businesses which we no longer own, including an impairment charge of $16 million during the year ended December 31, 2019 in relation to the reporting unit comprised of the remaining components of our former closures business and $138 million in respect of the operations of the GPC Group in 2018. While there was no additional impairment of goodwill recognized as a result of the 2019 annual impairment test, a reasonably possible unexpected deterioration in financial performance or adverse change in the earnings multiple may result in an additional impairment charge. The operations of the GPC Group will be presented as a discontinued operation when this business is distributed to PFL prior to the closing of this offering.

In our evaluation of goodwill impairment, we have the option to first assess qualitative factors such as the maturity and stability of the reporting unit, the magnitude of the excess fair value over carrying value from the prior year's impairment testing, other reporting unit operating results as well as new events and circumstances impacting the operations at the reporting unit level. If the result of a qualitative test indicates a potential for impairment, a quantitative test is performed, wherein we compare the estimated fair value of each reporting unit to its carrying value. Excluding the GPC Group impairment charge referred to above, in all other instances where a quantitative test was performed, the estimated fair value exceeded the carrying value of the reporting unit and none of our current reporting units were at a risk of failing the quantitative test during the years ended December 31, 2019, 2018 and 2017. If the estimated fair value of any reporting unit had been less than its carrying value, an impairment charge would have been recorded for the amount by which the reporting unit's carrying amount exceeds its fair value.

To determine the fair value of a reporting unit as part of our quantitative test, we use a capitalization of earnings method under the income approach. Under this approach, we estimate the forecasted Adjusted EBITDA of each reporting unit and capitalize this amount using an earnings multiple. The Adjusted EBITDA amounts are consistent with those we use in our internal planning, which gives consideration to actual business trends experienced and the long-term business strategy. The selection of a capitalization multiple incorporates consideration of comparable entity trading multiples within the same industry and recent sale and purchase transactions. Changes in such estimates or the application of alternative assumptions could produce different results.

Indefinite-Lived Intangible Assets

Our indefinite-lived intangible assets consist primarily of certain trademarks. We test indefinite-lived intangible assets for impairment on an annual basis in the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amount of such asset exceeds its estimated fair value, an impairment charge is recorded for the difference between the carrying amount and the estimated fair value. When a quantitative test is performed we use a relief from royalty computation under the income approach to estimate the fair value of our trademarks. This approach requires significant judgments in determining (i) the estimated future revenue from the use of the asset; (ii) the relevant royalty rate to be applied to these estimated future cash flows; and (iii) the appropriate discount rates applied to those cash flows to determine fair value. Changes in such estimates or the use of alternative assumptions could produce different results. No instances of impairment were identified during the 2019 annual impairment review in respect of the trademark assets attributable to our segments. Each of our indefinite-lived intangible assets had fair values that significantly exceeded their recorded carrying values. An impairment charge of $8 million was recognized in 2018 related to the trademark assets attributable to our former Graham Packaging segment. The operations of the GPC Group will be presented as a discontinued operation when this business is distributed to PFL prior to the closing of this offering.

Long-Lived Assets

Long-lived assets, including finite-lived intangible assets, are reviewed for possible impairment whenever events or changes in circumstances occur that indicate that the carrying amount of an asset (or asset group) may not be recoverable. Our impairment review requires significant management judgment, including estimating the future success of product lines, future sales volumes, revenue and expense growth rates, alternative uses for the assets and estimated proceeds from the disposal of the assets. We review business plans for possible impairment indicators. Impairment occurs when the carrying amount of the asset (or asset group) exceeds its estimated future undiscounted cash flows. When impairment is indicated, an impairment charge is recorded for the difference between the asset's carrying value and its estimated fair value. Depending on the asset, estimated fair value may be determined either by use of a discounted cash flow model or by reference to estimated selling values of assets in similar condition. The use of different assumptions would increase or decrease the estimated fair value of assets and would increase or decrease any impairment measurement.

Income Taxes

Significant judgment is required in determining our worldwide income tax provision. In the ordinary course of an international business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Some of these uncertainties arise from examinations in various jurisdictions and assumptions and estimates used in evaluating the need for a valuation allowance.

We are subject to income taxes in both the United States and numerous foreign jurisdictions. We compute our provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. Significant judgments are required in order to determine the realizability of these deferred tax assets. In assessing the need for a valuation allowance, we evaluate all significant available positive and negative evidence, including historical operating results, estimates of future taxable income and the existence of prudent and feasible tax planning strategies. Changes in the expectations regarding the realization of deferred tax assets have in the past materially impacted our reported tax expense, and future changes in expectations could materially impact income tax expense in future periods. One of our largest deferred tax assets is generated from book to tax differences related to the treatment of interest expense, for which the deductibility for tax purposes is deferred. The future recoverability of this deferred tax asset is based on forecasted taxable income which includes the reversal of existing taxable temporary differences. The distribution of RCPI in February 2020 resulted in a significant reduction in taxable temporary differences and, consequently, forecasted taxable income, reducing the estimated recoverability of the deferred tax benefit related to interest expense. As a result, during the year ended December 31, 2019, we increased our deferred tax asset valuation allowance.

We continuously review issues raised in connection with all ongoing examinations and open tax years to evaluate the adequacy of our tax liabilities. We evaluate uncertain tax positions under a two-step approach. The first step is to evaluate the uncertain tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon examination based on its technical merits. For those positions that meet the recognition criteria, the second step is to measure the tax benefit as the largest amount that is more than fifty percent likely of being realized. We believe our recorded tax liabilities are adequate to cover all open tax years based on our assessment. This assessment relies on estimates and assumptions and involves significant judgments about future events. To the extent that our view as to the outcome of these matters changes, we will adjust income tax expense in the period in which such determination is made. We classify interest and penalties related to income taxes as income tax expense.

Recent Accounting Pronouncements

New accounting guidance that we have recently adopted, as well as accounting guidance that has been recently issued but not yet adopted by us, is included in Note 2—Summary of Significant Accounting Policies of our annual consolidated financial statements and of our interim condensed consolidated financial statements, each of which is included elsewhere in this prospectus.

BUSINESS

Overview

We help make today's convenience-oriented lifestyle possible by making products that give people the freedom to eat and drink fresh food and beverages safely anytime and anywhere.

We are the largest manufacturer and distributor of fresh foodservice and food merchandising products and fresh beverage cartons in North America (as measured by revenue). We produce a broad range of on-trend and feature rich products that protect, package and display fresh food and beverages for consumers who want to eat or drink fresh, prepared or ready-to-eat food and beverages conveniently and with confidence. Consumers use our products every day in restaurants, coffee shops, supermarkets, grocery stores and their homes and we estimate that our products are used by people in the United States approximately 5 billion times per week. We support consumers' active, on-the-go lifestyle with a variety of products that are used daily by people who want to eat and drink fresh food and beverages on-the-go, take-out or at home. Our products range from food containers, plates and bowls, hot and cold cups, lids, wraps and cutlery to meat and poultry trays, egg cartons and reclosable fresh beverage cartons. Our products are made from a diverse range of substrates, including resins, bio-resins, plant and paper-based fiber and aluminum. We believe that the breadth of our product offering and our best-in-class technological and material engineering capabilities provide us with a competitive advantage by giving us the ability to offer or develop products to meet a broad range of customer needs and specifications. These capabilities are a part of the value proposition we offer our customers that help make us a "one-stop-shop" for customers with a wide range of fresh food and beverage packaging requirements. We believe our product development, material engineering and technology innovation initiatives enable us to commercialize new products that provide a consistent and meaningful contribution to both our product offering and revenue. Our objective is to generate 25% of our net revenues each year from products developed or re-engineered within the prior three years. We are a market leader in our industry. Approximately 80% of our total pro forma net revenues for 2019 were from products for which we held a #1, #2 or #3 U.S. market share position.

We supply our products to a broad and diversified mix of companies, including FSRs and QSRs, foodservice distributors, supermarkets, grocery and healthy eating retailers, other food stores, food and beverage producers, food packers and food processors. Based on management data, in 2019, we were the #1 supplier to many of our customers across our product categories in the aggregate, including four of the five largest foodservice distributors, eight of the ten largest supermarket chains, three of the four largest dairies, and the three largest QSR groups. We were also the #1, #2 or #3 packaging supplier to six of the eight largest meat and poultry processors. Our customers range from large blue-chip multinational companies to national and regional companies to small local businesses. We have developed strong and longstanding relationships with our customers. We have been supplying the vast majority of our customers for many years, and our relationships with our top ten customers average over 19 years. We have a diverse business with no single customer representing more than 10% of our pro forma net revenues for fiscal year 2019. We believe our strategic customer partnerships, which are built on our "one-stop-shop" product, service and value offering, differentiate us from our competitors. Sales contracts for our products are in many cases long-term and generally contain cost pass-through mechanisms for raw materials, and may contain pass-through mechanisms for freight and other variable costs that mitigate the impact of cost volatility on our profitability.

We participate in the North American foodservice packaging, retail and food processor packaging and liquid carton containers industry, which has grown at a CAGR of approximately 4% over the last five years. Because people always need to eat and drink without regard to economic conditions, the markets we serve have historically been recession-resilient. The foodservice and food merchandising end market categories we participate in have grown consistently over the last five years, with foodservice having grown at a CAGR of approximately 3% and food merchandising having grown at a CAGR of approximately 4% during that period. Foodservice refers to products used in restaurants and for away-from-home eating and drinking. Food Merchandising refers to products for fresh, prepared and ready-to-eat foods sold through supermarkets, grocery and other food stores for consumption on-the-go or at home. Beverage Merchandising refers to cartons and related products for refrigerated dairy, juice and specialty beverages sold in retail outlets and used in school lunches. Our industry is supported by strong demographic profiles and consumer preference trends that have increased demand for the convenient, easy-to-use, reclosable and highly reliable products we make. Our products protect, display and keep food and beverages fresh and help consumers eat and drink safely, easily and with confidence. Millions of people use our products every day. Consumers also increasingly want products that are made using sustainable materials. For fiscal year 2019, approximately 65% of our pro forma net revenues were derived from products made with recycled, recyclable or renewable materials, and our goal is 100% by 2030.

We operate primarily in North America, with 86% of our pro forma net revenues in fiscal year 2019 coming from the United States and 8% of our pro forma net revenues in fiscal year 2019 coming from Canada and Mexico, combined. We also operate internationally, including through joint ventures, with manufacturing facilities located in fast-growing emerging markets including Southeast Asia and the Middle East. In total we have approximately 15,000 employees.

We have well-invested nationwide manufacturing operations that, as of December 31, 2019, include 46 manufacturing and 27 distribution facilities. We have approximately 900 production lines and we manufacture approximately 115 billion units each year. Over the last two fiscal years, we invested approximately $374 million in pro forma capital expenditures in a number of strategic initiatives focused on growth and productivity. These initiatives involve automation, operational efficiency and the development and launch of new products to further enhance our value proposition and product offering for customers, streamline and further reduce the cost of our manufacturing and distribution of products and capitalize on growth opportunities in the markets we serve. Over 98% of the products we sell in the United States are manufactured in the United States, and we believe our strategically located RMCs and proprietary logistic software provide freight advantages and certainty of supply for our customers. We have flexible manufacturing capabilities that enable us to quickly shift production at low cost to meet customers' changing needs. We believe that our unique low-cost distribution model and short supply chain relative to our competitors are highly valued by our customers.

Our unique value proposition drives our longstanding strategic relationships with our customers in a number of ways through our products, our services for customers, our manufacturing and our distribution model and our experienced employees who are dedicated to maintaining our customers' trust. We offer one of the broadest ranges of products in our markets available from a single source, and we manufacture our products from a wide range of materials to meet customer needs. This allows us to be a "one-stop-shop" with just-in-time fulfillment that simplifies and increases the efficiency of our customers' purchasing. We make the procurement process easier for our customers with proprietary tools like the VPA, which enable us to work with customers to select tailored product solutions. We also work closely with customers to design innovative products that meet their specific and changing requirements and help differentiate their brands. As a result of our broad material, manufacturing and design capabilities, we are able to create products and consistently and reliably fulfill our customers' needs across a wide range of product categories. We believe our value-added service for customers creates logistic and supply chain savings for them. Our nationwide hub-and-spoke distribution system makes it possible for customers to purchase a range of products in one order from a single location and thereby increase the load factor for shipping and reduce their supply chain costs. We enjoy high levels of customer satisfaction with our products and service. We believe that the combination of these unique attributes creates significant value for our customers, a strategic competitive advantage for us and high barriers to entry for adjacent industry participants.

We strive to operate with respect for the environment, and we are committed to sustainability across three key areas: our product portfolio, our manufacturing and supply chain and our communities. We offer environmentally sustainable solutions across nearly all of our product lines today, supporting our customers' own sustainability goals. We are focused on increasing our use of recycled and renewable materials and making our products recyclable or compostable. For example, through our EarthChoice brand, we offer a robust line of sustainable foodservice products. Since the start of 2019, we have launched, or expect to launch by the end of 2020, over 70 new items across many of our product categories under our proprietary EarthChoice brand. As of

December 31, 2019, the EarthChoice product line included more than 250 products. We currently offer a recyclable or sustainable product for nearly every product category that we manufacture, and we have the product offering and material technology to move customers to alternative substrates. Additionally, our entire line of fresh beverage cartons are made using sustainable fiber-based materials. We have focused on reducing our carbon footprint in the manufacturing and distribution of our products. Substantially all of the products we sell in North America are manufactured by us in the United States, unlike some of our competitors. Since 2015, we have achieved a 12% reduction in absolute energy consumption, resulting in a 10% reduction in greenhouse gases. We put safety first, value our people and communities and operate in a manner that is inspiring and empowering and makes our business sustainable in the long run. We never compromise our values in the face of market forces.

Our focus on growing and recession-resilient end markets, well-invested manufacturing platforms, efficient manufacturing and distribution, innovation, long-term customer relationships and contractual cost pass-through mechanisms allow us to maintain an attractive financial profile with steady, organic revenue growth, robust margins and significant cash flows. In fiscal year 2019, on a pro forma basis after giving effect to the GPC Separation, the Corporate Reorganization and this offering, we generated $5.2 billion in net revenues, a $93 million net loss from continuing operations and $691 million in Adjusted EBITDA from continuing operations.

Strategic Initiative Management

We have a culture that constantly seeks to improve the way we work throughout our business, from our products to our manufacturing and distribution processes to the way we work with our customers. We continually seek to optimize our business through comprehensive business reviews, ideation and targeted strategic initiatives. The review process, identification of focus areas, development of actionable improvement programs and implementation and monitoring of these initiatives are coordinated and managed by our SPMO. Our strategic initiatives are grouped into six key areas: growth; value-added customer service; profitable innovation; cost reduction; the integration of Beverage Merchandising and sustainability.

• **Growth:**	Drive growth of our products and support our customers while maintaining our commitment to quality, reliability, service and safety
• **Value-added customer service:**	Proactively implement new ways to serve our customers and continually seek to refine our value proposition for customers
• **Profitable innovation**:	Reinforce our existing product portfolio with new and on-trend products
• **Cost reduction:**	Optimize our processes to drive increased profitability and cash flow through automation, digital transformation and streamlining our manufacturing and supply chain
• **Integration of Beverage Merchandising:**	Capitalize on commercial and cost synergies from integration of the Beverage Merchandising business
• **Sustainability:**	Maintain and grow the broadest sustainable product offering in the industry with a focus on our “Four R’s” of “Reduce,” “Recycle,” “Renew,” and “Reuse”. For fiscal year 2019, approximately 65% of our pro forma net revenues were derived from products made with recycled, recyclable or renewable materials, and our goal is 100% by 2030.

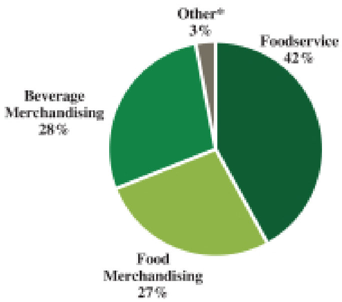
Within each of these categories, we have a number of specific initiatives that we believe will improve our business, including: our automation and digital transformation initiatives; growth of our sustainable product offerings; reduction of our carbon footprint in our manufacturing and distribution processes; and our cost reduction programs. We believe it is critical to embrace new technology and we have made significant investment across our business to accelerate growth and optimization opportunities. We rigorously track and measure the progress and results of each of our initiatives. We are focused on long-term planning and goal-setting strategies as well as our near term operating results. We believe our strategic initiatives help drive our revenue growth, increase our market share and increase our margins.

Our SPMO's initiatives drive our collective, cross-functional and company-wide efforts to increase growth and profitability across our business. The systematic approach championed by our SPMO includes collaborative partnerships across our segments, regular meetings with top executives and rigorous measurement of initiatives and progress against internal benchmarks. The SPMO's initiatives have yielded significant results both on the top and bottom line. Our strategic initiatives also include internal goals for innovation. Our objective is to generate 25% of our revenue each year from new products introduced within the prior three years. In fiscal year 2019, 20% of our pro forma net revenues were generated from products that were less than three years old. The SPMO and its initiatives will continue to impact the way we work on a daily basis.

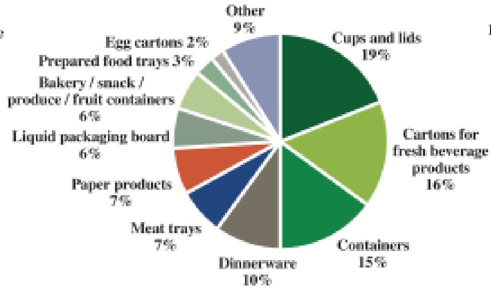
Our Segments

We are the largest producer of fresh food and fresh beverage packaging in North America (as measured by revenue). Our operations consist of manufacturing and selling products through three reportable segments: Foodservice; Food Merchandising; and Beverage Merchandising. The pie charts below show the breakdown of our pro forma net revenues for fiscal year 2019 by our segments, geography and products.

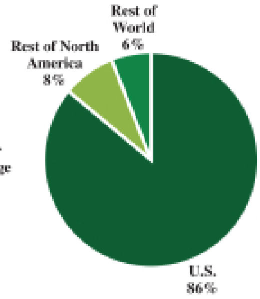
FY2019 pro forma net revenues by segment



FY2019 pro forma net revenues by product



FY2019 pro forma net revenues by geography



* Other represents residual businesses that do not represent a reportable segment.

Foodservice

Foodservice is the #1 manufacturer of foodservice products in North America (as measured by revenue). Foodservice generated $2.2 billion in net revenues and $336 million in Adjusted EBITDA (a 16% Adjusted EBITDA margin) for fiscal year 2019 and has grown its net revenues at a 2.5% CAGR from December 31, 2017 through December 31, 2019.

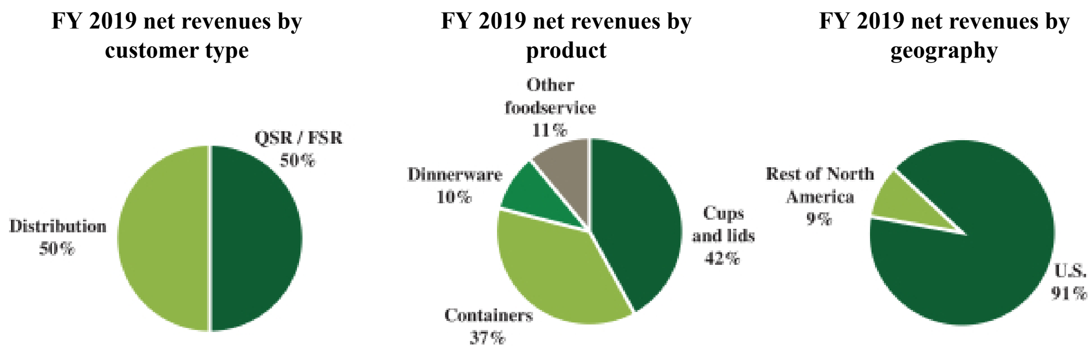
Foodservice provides a broad range of convenient, on-the-go products that let consumers eat and drink the fresh food and beverages that they want, where they want and when they want with confidence. We manufacture food containers, hot and cold cups, lids, plates, bowls, cutlery and straws, wraps and cafeteria trays.

Foodservice has a large customer base that includes chain restaurants, FSRs, established and emerging QSRs, distributors, institutional foodservices (e.g. airports, schools and hospitals) and convenience stores. We serve our customers nationwide, regionally or locally, depending on their needs.

We operate in the $22 billion North American foodservice packaging industry. The industry is forecast to grow at a CAGR of approximately 3% to 4% during the five-year period from 2019 through 2024. We believe that key growth drivers in the North American foodservice market include increased demand for fresh prepared foods and beverages that can be consumed safely and easily on-the-go; growing consumer demand for eat-at-home and order-in food delivery options; increasing catering and event services; and the shift toward higher value and feature-rich formats (e.g. tamper-evident and reclosable containers) and higher priced eco-friendly products and substrates.

Foodservice offers one of the broadest selections of foodservice products in North America and was the largest producer of foodservice packaging in North America in 2019 (as measured by revenue). Foodservice held a #1, #2 or #3 U.S. market share position in almost all of its product categories in 2019. The segment is well positioned to grow with today's "eat anywhere/anytime" lifestyle trends and is aligned with the grab-and-go, away-from-home and eat-at-home preferences of consumers, rapidly expanding food delivery services and emerging QSRs, the trend toward fresh, ready-to-eat and prepared foods and the increasing consumer demand for sustainable products and products that protect against contamination. Since the start of 2019, we have launched, or expect to launch prior to the end of 2020, over 70 new items across many of our product categories under our proprietary EarthChoice brand. Our EarthChoice brand of products offers a robust line of sustainable packaging for customers looking for alternatives to traditional products. Foodservice provides significant value for customers through its "one-stop-shop" product and service offering, packaging solutions that align with today's consumer preferences and by providing consistent and reliable quality.

The pie charts below show the breakdown of net revenues in our Foodservice segment for fiscal year 2019 by type of customer, by product and by geography.



Food Merchandising

Food Merchandising is a leading North American manufacturer of solutions that package, protect and display food and keep it safe from contamination. Food Merchandising generated $1.4 billion in net revenues and $223 million in Adjusted EBITDA (a 16% Adjusted EBITDA margin) for fiscal year 2019 and its net revenues had a CAGR of (0.4)% from December 31, 2017 through December 31, 2019.

We manufacture containers for delicatessen, bakery, produce and snack food applications; microwaveable containers for fresh, prepared and ready-to-eat food; and trays for meat, poultry and eggs.

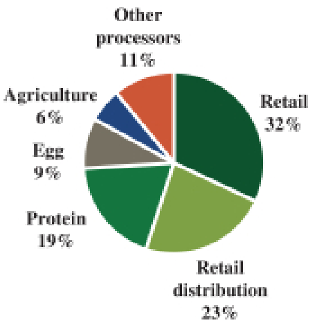
Food Merchandising's extensive list of customers includes supermarkets, grocery and healthy eating retailers and other food stores as well as meat, egg, agricultural and consumer packaged goods ("CPG") processors. We serve our customers nationwide, regionally or locally, depending on their needs.

We operate in the $9 billion North American food merchandising industry. This industry is forecast to grow at a CAGR of approximately 3% during the five-year period from 2019 through 2024. We believe that key growth drivers in North American food merchandising include increased consumption of fresh produce, meat, poultry, prepared foods and baked goods; increased demand for display-ready fresh food; the shift toward smaller containers, as well as fiber-based and higher value packaging formats (e.g. higher cost meat and poultry trays for organic and specialty products) and the proliferation of products designed to meet unique functional needs such as tamper-evident and reclosable containers.

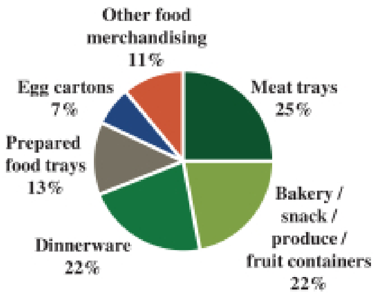
Food Merchandising has the broadest range of products and packaging solutions in North America. Over 85% of its net revenues for 2019 were from products for which it held a #1, #2 or #3 U.S. market share position. The segment is aligned with increasing customers' demand for packaging solutions that protect and display fresh food, fresh prepared, already-cooked and ready-to-cook foods. We believe that Food Merchandising provides a compelling value proposition to customers, packages that consumers like and trust and products that meet high standards with rapid turnaround times. Product innovation is focused on high-growth emerging companies where our products help deliver our customers' brands.

The pie charts below show the breakdown of net revenues in our Food Merchandising segment for fiscal year 2019 by type of customer, by product and by geography.

FY 2019 net revenues by customer type



FY 2019 net revenues by product



FY 2019 net revenues by geography

Beverage Merchandising

Beverage Merchandising is a leading manufacturer of fresh cartons for refrigerated beverage products in North America and certain portions of Southeast Asia, primarily serving dairy (including plant-based, organic and specialties), "good-for-you" juice and other specialty beverage end-markets. Beverage Merchandising generated $1.6 billion in net revenues and $196 million in Adjusted EBITDA (a 12% Adjusted EBITDA margin) for fiscal year 2019 and has grown its net revenues at a 1.4% CAGR from December 31, 2017 through December 31, 2019.

Based on management data, Beverage Merchandising is the only integrated producer of fresh beverage cartons in North America that offers customers a "one-stop-shop" carton solution, which we refer to as the TPSS. Beverage Merchandising manufactures and supplies integrated fresh carton systems, which include printed cartons with high-impact graphics, spouts and filling machinery. Beverage Merchandising also produces fiber-based LPB for its internal requirements and to sell to other fresh beverage carton manufacturers, as well as a range of paper-based products which it sells to paper and packaging converters. Based on management data, in 2019 Beverage Merchandising held a #1 U.S. and Canada market share position in its key beverage product categories: high-barrier LPB used for gable-top cartons; printed fiber-based beverage cartons; and high-speed filling machinery.

Select Beverage Merchandising products

Fiber products	Fresh beverage cartons	Filling machinery

Beverage Merchandising's key customers include national and regional dairy, juice and specialty beverage producers, cup, plate and container manufacturers and other beverage carton manufacturers.

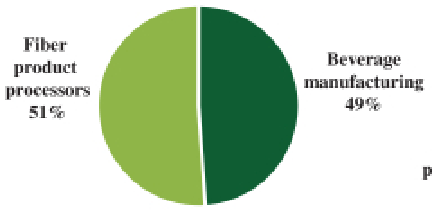
We primarily operate in the $1 billion North American fresh beverage carton industry. The North American fresh beverage carton industry is forecast to grow at a CAGR of approximately 1% during the five-year period from 2019 through 2024. Key growth drivers in North American fresh beverage cartons include increased demand for fresh, plant-based, organic and other specialty dairy products and specialty beverages, the displacement of other packaging formats by recyclable fiber-based cartons and the trend toward smaller size containers of one-half gallon or less. We also operate in growing emerging markets in Asia, including China, Korea, Malaysia and Taiwan and in the Middle East, including Israel, Morocco and Saudi Arabia through our joint ventures. We believe the Asian and Middle Eastern markets we serve are forecast to grow annually at approximately 5% and 3%, respectively, during the four-year period from 2020 through 2024. The growth in demand for the products we manufacture in emerging markets is driven by a growing middle class and urbanization.

One-hundred percent of our product offering is environmentally sustainable and fiber-based (excluding filling machinery and spouts) and our cartons are recyclable. We believe that Beverage Merchandising is well positioned to capitalize on consumer trends that favor fresh, conveniently-sized refrigerated beverage containers made with fiber-based materials that meet the demanding health, safety, speed and reliability requirements of customers and regulators. In addition, we believe our TPSS provides customers with a low cost solution and excellent customer service. We believe our market positions, our total systems approach, our manufacturing capabilities and our technical support and other services for customers give us a competitive advantage.

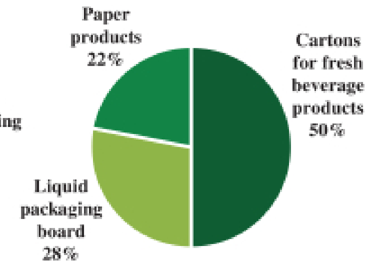
Beverage Merchandising has historically been operated and managed as a separate and independent reportable segment from our Foodservice and Food Merchandising segments. Beverage Merchandising's leading position in fresh cartons for specialty dairy and juice gives us leadership in another "good-for-you" department around the outside of the supermarket and complements our existing leadership positions with food retailers in meat and poultry trays, fiber egg packaging, bakery and snack containers and fruit and produce containers. We believe the integration of the businesses will generate new product opportunities that capitalize on Beverage Merchandising's fiber manufacturing and material science capabilities. We are targeting significant commercial benefits from this planned integration. We believe that by combining Beverage Merchandising with Foodservice and Food Merchandising, we will be able to provide a broader range of essential fiber-based packaging solutions for our customers. We also expect that the integration will help reduce cost by allowing us to use previously discarded materials, reduce procurement costs through combined purchasing and achieve potential cost savings through the integration of fiber and board materials.

The pie charts below show the breakdown of net revenues in our Beverage Merchandising segment for fiscal year 2019 by type of customer, by product and by geography.

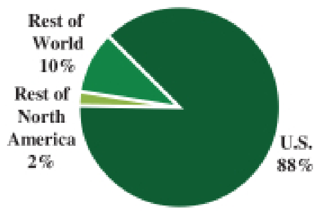
FY 2019 net revenues by customer type



FY 2019 net revenues by product



FY 2019 net revenues by geography



Our Products

We provide a wide range of products to serve convenience-oriented consumers by making it possible for them to eat and drink the fresh food and beverages that they want, when they want and where they want. Our products range from food containers, plates and bowls, hot and cold cups, lids, wraps and cutlery to meat and poultry trays, egg cartons and reclosable fresh beverage cartons. We make products that are convenient, reliable and offer consumers features like reclosability and tamper evidence. Our products help make daily life easier for consumers by reducing the time and hassle of cleaning up. We held a #1, #2 or #3 U.S. market share position in product categories that represent approximately 80% of our total pro forma net revenues in 2019.

Our Strengths

Unrivalled product and substrate breadth for on-the-go food and beverage consumption

We manufacture the broadest range of foodservice, food merchandising and beverage merchandising products in the North American market. We offer over 13,000 unique SKUs made from a diverse range of substrates, including resins, bio-resins, plant and paper-based fiber and aluminum. We believe our extensive product offering is part of what makes us the "one-stop-shop" for our customers by providing them the ability to switch between our products and various substrates to meet evolving customer and consumer preferences.

Our material science expertise and state-of-the-art product design and testing capabilities enable us to engineer high-performing materials and create new and innovative products to meet the demanding requirements of our customers and the preferences of consumers as well as to increase food safety. We use our material science expertise to focus on sustainability, performance and material savings. We have an industry-leading analytical lab and dedicated technology center in Canandaigua, New York where we develop innovative resin blending and compounding formulations and processes and new engineered materials using paper/fiber substrates. We also have an innovation center in Bedford Park, Illinois where we have on-site design, testing, prototyping and production capabilities. These unique material and product design capabilities allow us to partner with our customers to rapidly develop and commercialize new and innovative solutions that further increase the value we provide our customers.

Our products are formulated and fabricated in compliance with all applicable food laws and regulations. In addition, our production facilities are independently audited for adherence to good manufacturing practices. All Beverage Merchandising converting facilities have received SQF ("Safe Quality Food") certification, and 23 Foodservice and Food Merchandising facilities have achieved BRC ("British Retail Consortium") certification for meeting globally-recognized standards related to food safety and quality.

We believe we offer the most extensive selection of eco-friendly fresh food and beverage products in North America that are manufactured from recycled, recyclable or renewable materials and we continue to grow our offering of sustainable products with new bio-resin and fiber-based offerings. We offer customers environmentally-friendly alternatives across nearly all of our products and categories today and we believe our EarthChoice brand is the largest eco-friendly foodservice brand with one of the broadest product lines in the North American foodservice industry.

Market leading positions across a broad range of products

We are the largest producer of fresh food and fresh beverage packaging in North America (as measured by revenue). We held a #1, #2 or #3 U.S. market share position in product categories that represent approximately 80% of our total pro forma net revenues in 2019. Our scale and broad product offering, efficient low-cost nationwide manufacturing and hub-and-spoke distribution capabilities, together with the various services, efficiencies and reliability we offer customers, create our unique and compelling value proposition. We believe that our market leading positions in almost every product category in North America provide pricing power and purchasing leverage and help generate strong margins. Foodservice held a #1, #2 or #3 U.S. market share position in almost all of its product categories in 2019. Over 85% of Food Merchandising's net revenues for 2019 were from product categories in which it held a #1, #2 or #3 U.S. market share position. Based on management data, Beverage Merchandising is the only integrated fresh beverage carton producer in North America and it held a #1 U.S. and Canada market share position in its key beverage product categories: high-barrier LPB used for gable-top cartons; printed fiber-based beverage cartons; and high speed filling machinery. We believe our market positions and scale are a significant competitive advantage and would be difficult for any competitor to replicate.

Our products have leading market share positions across nearly all our categories

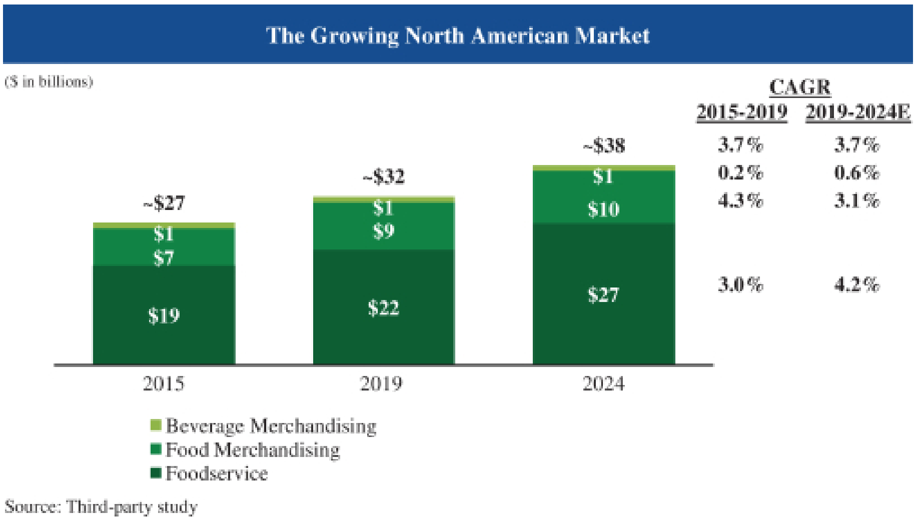
Category	Segment	Position**
Containers*	Foodservice	1-2
Utensils	Foodservice	1-2
Film and foil wraps*	Foodservice	1-2
Cafeteria trays	Foodservice	1
Molded fiber plates and bowls	Foodservice	1
Cups and lids	Foodservice	2-3
Meat and poultry trays	Food Merchandising	1
Fiber-based egg cartons	Food Merchandising	1-2
Bakery / snack containers	Food Merchandising	2-3
Fruit / produce containers	Food Merchandising	2-3
Fresh beverage cartons	Beverage Merchandising	1
Filling machinery	Beverage Merchandising	1
Liquid packaging board	Beverage Merchandising	1
Specialty Dairy	Beverage Merchandising	1

* Excluding paper-based products.

** Positions for Foodservice and Food Merchandising based on third-party estimates of U.S. market share. Positions for Beverage Merchandising based on management estimates for U.S. and Canada market share.

Growing consumer-oriented end markets

We serve customers in the fresh foodservice, fresh food merchandising and fresh beverage carton markets and we are well positioned to benefit from growth trends in each of these markets. Our businesses are aligned with secular growth in demand for convenient, on-the-go fresh food and beverages and for products made from sustainable materials. The graph below sets forth the historical and expected growth in the addressable North American market served by our three reportable segments:

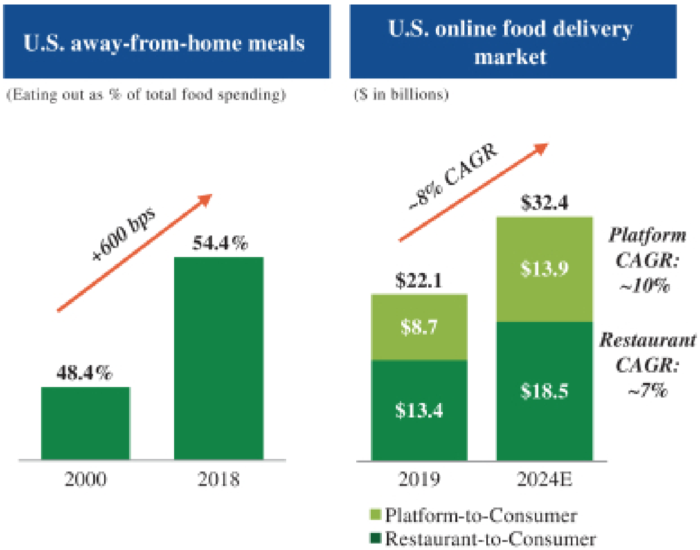


The addressable North American Foodservice market is valued at approximately $22 billion and is expected to grow at a CAGR of 4.2% during the five-year period from 2019 through 2024. We believe the breadth of our fresh, convenience-oriented and sustainable packaging solutions positions us to benefit from the key trends driving growth in the foodservice market. Consumers are increasingly eating food prepared away-from-home, as evidenced by the growing popularity of online delivery, take-out, drive-thru, emerging QSR brands and catering and events services. There has been a significant shift toward away-from-home eating, with away-from-home consumer spending increasing to 54% of total U.S. consumer food spending in 2018, compared to only 48% in 2000. We expect away-from-home's percentage of overall consumer food spending to continue to increase in the future. Online food delivery transactions are expected to grow approximately 10% per annum through 2024. We believe growth in on-the-go hot and cold beverage consumption will drive increased consumption of our cups, lids and straws. In addition, we believe favorable demand trends in many of our other product categories, such as growing demand for chef-inspired packaged food and restaurant-prepared foods, will also drive increased consumption of our foodservice products. Consumer preference is shifting toward higher-priced and eco-friendly fiber-based substrates, and we believe consumers are increasingly considering the quality and sustainability of food and beverage packaging when selecting restaurants for delivery, take-out and drive-thru orders. Increased demand for lightweight packaging with value-add and safety features, such as enhanced tamper evidence, is also an important growth driver in the foodservice market. We believe our extensive selection of on-the-go and sustainable products with innovative features positions us to benefit from these growth trends and earn higher margins from the sale of these products.

The addressable North American Food Merchandising market is valued at approximately $9 billion and is expected to grow at a CAGR of 3.1% during the five-year period from 2019 through 2024. We believe our expansive selection of innovative and sustainable packaging solutions positions us to benefit from market trends driving growth in the North American food merchandising market. Consumption of fresh produce, meat, poultry, prepared food and baked goods in North America is increasing. Consumer preference is shifting toward fiber-based packaging and smaller product formats. Consumers increasingly want to be able to see the food they buy while being assured of its safety and they increasingly want food that is fresh and ready-to-eat. In addition, the North American food merchandising market is projected to grow as consumers shift toward higher value and feature-rich formats (e.g. innovative tamper-evident containers and recycled PET meat and poultry trays for organic and specialty products) and with the proliferation of proprietary products designed to meet unique functional needs for customers, such as meat and poultry trays that are engineered to be packed and wrapped at high speeds. We believe we are positioned to benefit from these trends due to our wide-ranging product offerings and our ability to design and develop innovative on-trend products that meet evolving consumer preferences and the specific requirements of our customers.

The addressable North American Beverage Merchandising market is valued at approximately $1 billion and is expected to grow at a CAGR of 0.6% during the five-year period from 2019 through 2024. We believe demand for fresh beverage cartons will increase as consumer preference shifts toward fresh, refrigerated, organic and plant-based dairy and smaller product formats (i.e. cartons that are one-half gallon or smaller). We believe that demand will also increase as consumer preference shifts toward convenient, sustainable and visually-attractive printed fiber beverage cartons from alternative formats. We believe that a growing middle class and urbanization trends in emerging markets in Asia position us to continue benefitting from international growth as well. We believe our broad range of sustainable, fiber-based beverage packaging will allow us to benefit from these trends.

An important trend affecting all three of our business segments is the growing preference of consumers for fresh and prepared food and fresh beverages. Almost every product we make across our three segments is specifically designed for fresh food and beverages and we expect to benefit from the consumer's desire to increasingly eat and drink fresh. Whether consumers eat at home or away-from-home, we believe we are well-positioned to cater to their preferences. The following graphs set forth the expected growth in the U.S. away-from-home meals market and the U.S. online food delivery market during the five-year period from 2019 to 2024.



Source: Third-party study

Compelling value proposition backs longstanding strategic partnerships with blue chip customer base

Our customer relationships across leading FSRs and QSRs, foodservice distributors, supermarkets, grocery and healthy eating retailers, other food stores, fresh food and beverage producers, food packers and food processors are based on a long history of trust. We believe we have developed strong long-term partnerships with a diverse group of blue-chip customers due to our compelling value proposition driven by our broad range of products, the range of substrates we manufacture products from, our national distribution network and our ability to quickly design and manufacture innovative custom solutions.

We believe our "one-stop-shop" model offers our customers significant commercial, logistics and cost advantages. Our breadth of products and nationwide network of regional mixing centers means we can partner with customers anywhere in the United States and meet their wide-ranging food and beverage packaging needs. We offer our customers the ability to work with one salesperson, place one order with one customer service representative and receive one shipment, thereby improving efficiencies and lowering working capital. Customers are able to minimize supply chain and logistics costs by shipping with full truck loads from our distribution centers rather than shipping from multiple locations or overseas with our competitors.

We partner with our customers to develop new product designs that help them market their brands. Through our leading production technology and material science expertise, we are able to rapidly develop on-trend new products with features that meet the evolving preferences of consumers. As a result, we serve a critical role in developing and differentiating iconic food and beverage brands for our customers with consumers.

Customers rely on our products to help protect their brands by keeping food and beverages safe and fresh. Whether it is a hot coffee cup with the iconic logo of one of our national Foodservice customers or Food Merchandising's clear containers that let consumers see the fresh salads and fruit at their supermarket, our products are integral to consumers' everyday lifestyles. Each one of Beverage Merchandising's fresh beverage filling machines safely and reliably fills approximately 1 million cartons each week for our customers without leakage or spoilage, which is critical to protecting their brands. Customers depend on the quality, reliability and performance of our products for critical applications like these and many others. Our customers trust us with their brand reputation each time they use our products.

We have also invested in programs that allow us to better serve our clients by improving the procurement process. Our VPA tool helps customers navigate our extensive product offering and directs them toward the products that best fit their packaging needs.

We believe these value-added services differentiate us from our competitors and strengthen our position as a leading strategic partner with our customer base.

Examples of our customers by segment:

Foodservice	Food Merchandising	Beverage Merchandising

Well-invested, nationwide footprint and unique distribution model enhances competitive position

We have a large well-invested, manufacturing base and a hub-and-spoke distribution network in the United States and the international geographies in which we operate. The majority of our assets are in the United States, which allows us to provide an extensive offering of products manufactured in the United States to our customers. We believe our manufacturing footprint and distribution network provides us a competitive advantage in each of our segments. Foodservice is the only manufacturer in the United States with an extensive nationwide hub-and-spoke distribution network, which enables customers to buy across our entire product offering. Food Merchandising is a low cost U.S. manufacturer with well-invested facilities that are within close proximity to our customer base. We have an unrivalled product offering in the North American foodservice and food merchandising markets and a "one-face-to-the-customer" service model. This service model uses one sales representative per account to produce one order which is supported by one customer service representative that is responsible for one shipment with one invoice. We believe Beverage Merchandising is uniquely positioned in the U.S. and in the emerging markets we serve as the only producer that manufactures fresh beverage cartons, filling machinery and LPB, which we believe positions us as a low cost solution with excellent customer service.

We have made manufacturing flexibility a priority in our investment of capital. We are able to offer substrates and product lines to match changing market needs efficiently and at low cost. This enables us to scale production to match the requirements of our customers and trends in the market, including for example, increasing our use of recycled and recyclable material to produce a greater number of sustainable products and earn higher margins from the sale of these products. We have strategically invested in flexible manufacturing assets that can be quickly converted to produce alternative products. Our broad manufacturing base includes approximately 900 production lines and we manufacture approximately 115 billion units each year. We believe the flexibility of our manufacturing capabilities across our large asset base is a competitive advantage.

Foodservice has 16 manufacturing plants. Food Merchandising has 24 manufacturing plants. Foodservice and Food Merchandising share the use of 26 warehouses and 8 regional mixing centers. Beverage Merchandising has 6 U.S. beverage carton manufacturing plants, 7 international beverage carton manufacturing plants (including 3 plants in our joint ventures), 2 filling machinery plants, 3 extrusion plants, 2 integrated LPB and paper mills and 3 chip mills. Each of our manufacturing plants is managed by a manufacturing director, and we utilize lean operating practices and information technology to measure performance against objective metrics to optimize manufacturing efficiency and reduce cost. We estimate that it would require more than $11.6 billion to replicate our manufacturing assets, and we believe it would be exceedingly difficult to recreate our proprietary manufacturing know-how and in-house developed technologies that enable us to produce the broad range of high-quality products we efficiently manufacture, distribute and sell to customers. In addition, it would be difficult to construct comparable manufacturing facilities across the breadth of our locations and capabilities.

We have made significant investments in our manufacturing plant network, including approximately $636 million in pro forma capital expenditures over the last two fiscal years, approximately $374 million of which has been invested in growth and productivity initiatives. These investments have centered on automation, operational efficiencies and innovation for value-add and eco-friendly product offerings. Recent investments include capacity expansions, increased process speed, yield improvements and new processes and capabilities. We believe that these investments will help drive future growth in net income from continuing operations and Adjusted EBITDA from continuing operations.

Sustainability focus is aligned with today's consumer preferences and our customers' goals

We offer a broad range of sustainable products that are made with recycled, recyclable, renewable or compostable materials. We manufacture an eco-friendly alternative across nearly our entire range of products and offer products made from seven different types of sustainable substrates. Through our state-of-the-art production technology and material science experience, we have the ability to develop new value-add and sustainable materials and solutions. We believe we are well positioned to benefit from changing consumer preferences for more environmentally sustainable products. In fiscal year 2019, approximately 65% of our pro forma net revenue came from products made from recycled, recyclable or renewable materials. In addition, based on third-party industry research and management estimates, the global addressable market for sustainable packaging is estimated to grow at a 5-10% CAGR through 2025.

In addition, many of our customers have publicly-stated goals to increase the use of sustainable products. Significant portions of our new product and material innovations are geared toward developing sustainable products for our customers. As current customers using traditional materials look to switch to more sustainable alternatives, we are well-positioned to quickly and effectively support them. With a high percentage of our net revenue coming from products that are made from recyclable or other sustainable materials, we are helping our customers achieve their own sustainability goals.

Foodservice offers a rapidly growing selection of sustainable products through our EarthChoice brand. Food Merchandising is the leading North American producer of fiber-based egg packaging. The portfolio includes over 250 products, each with at least one of our four environmental attributes:

- **Reduce**: We reduce the use of petroleum-based materials by incorporating other materials, such as minerals and plant-based starches, into select EarthChoice products.
- **Recycle**: We manufacture products that include post-consumer recycled materials and actively engage in initiatives to expand recycling of foodservice packaging.
- **Renew**: We utilize renewable resources and promote initiatives to broaden composting of foodservice packaging.
- **Reuse**: We design products that may be washed and reused by consumers.

Beverage Merchandising's reclosable fresh beverage packaging consists entirely of sustainable fiber-based cartons (excluding spouts). Our cartons are recyclable and are made with over 70% renewable material. We hold third-party certifications from Forest Stewardship Council, the Programme for the Endorsement of Forest Certification and the Sustainable Forestry Initiative which demonstrate our commitment to responsible wood procurement and chain-of-custody procedures.

In addition to our use of recycled and renewable materials, we also support efforts to expand opportunities for consumers to recycle or compost our products, notably as one of the founding members of the Carton Council, Paper Recovery Alliance, Plastics Recovery Group, Foam Recycling Coalition and the Paper Cup Alliance. We have demonstrated our commitment to use more recycled plastic by joining the Association for Plastic Recyclers' Demand Champions program. We engage with the composting industry through the U.S. Composting Council, and a growing number of our products are certified compostable by the Biodegradable Products Institute. We are a longstanding member of the Sustainable Packaging Coalition, an industry working group dedicated to a more robust environmental vision for packaging.

We are working to limit our environmental impact by reducing greenhouse gas emissions, increasing energy efficiency and minimizing waste going to landfills. For example, nearly 60% of the energy we use in Beverage Merchandising to make paper comes from biomass, a renewable energy source, and we generate solar energy for local communities near our Canton, North Carolina mill. In addition, we consistently optimize our freight routes in order to lower fuel consumption, and we recycle internally almost all our plastic processing scrap in manufacturing our own products and we recycle externally our paper scrap, which reduces material going to landfills.

Demonstrated track record of new product development

We have a proven history of product innovation, including the introduction of new products and the addition of innovative features to existing products. We have introduced over 3,800 new products, including over 500 new sustainable products within the last 5 years. Innovation is a core capability we are proud of and a key focus area going forward as we strive to enhance our product portfolio, drive growth and increase margins.

We have significant intellectual property and proprietary know-how. We hold over 400 patents related to product design, utility and material formulations.

Our primary focus areas for product innovation are the development of packaging with new value-add features, engineering new materials that improve the performance of our products and commercializing new environmentally-friendly packaging solutions. Both consumer preferences and the requirements of our customers continually evolve and we strive to develop new value-add features and products to meet those needs. Through our long-standing customer relationships, we gain valuable insight into our customers' needs and are able to identify, engineer and develop the optimal products for them. Functionality, quality, material savings, brand marketing and safety are key drivers in our product development. Examples of our product innovations include reclosable beverage cartons, proprietary SecuriTESMART tamper-evident containers, strawless lids, compostable cutlery and recycled PET containers.

In Foodservice, our product innovation initiatives are focused on developing new products made from sustainable materials. Since the start of 2019, we have launched, or expect to launch by the end of 2020, over 70 new items across many of our product categories under our EarthChoice brand. In Food Merchandising, our product innovation is focused on rapidly growing emerging companies for whom packaging helps deliver their brand. In Beverage Merchandising, we have developed a variety of carton designs to help beverage manufacturers differentiate their products and generate stronger brand recognition. Our barrier board technology allows our customers to achieve longer shelf life for their products as well as protecting against the loss of vitamins and other nutrients.

In 2019, on a pro forma basis, we spent a total of $22 million on research and development efforts. We have dedicated technology and innovation facilities, and we employ personnel focused on product development, material innovation and process improvement. We maintain a robust pipeline of potential new projects related to new products, materials and process improvements, and we currently have over 150 active projects across our three segments. Examples of the commercialization of our research and development projects include:

- **New products:** Our new EarthChoice line of compostable plates and bowls and our new dual color polypropylene hinged lid line of containers
- **New materials:** Foamed PET, next-generation CPET and polyethylene-free cup stock
- **Process improvements:** Increased use of RPET in PET products and improved thermoforming processes that will enable us to use alternative materials and increase output

Attractive financial profile with strong free cash flow generation

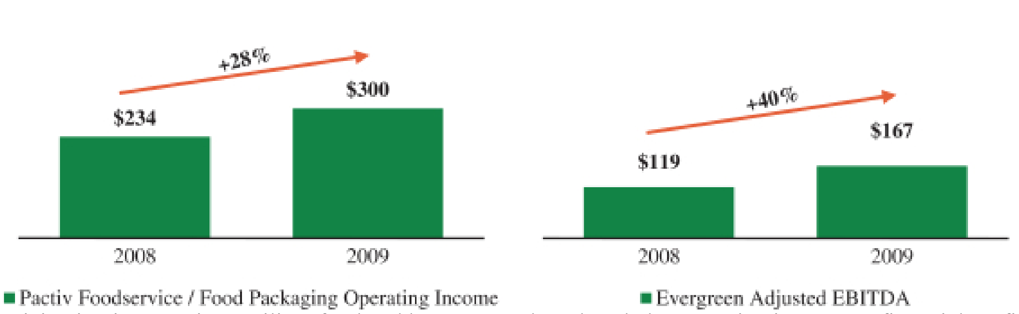
We have an attractive financial profile with strong free cash flow generation. Our large and growing end markets, unrivalled North American manufacturing and distribution network, effective raw material cost pass-throughs and active cost management result in high margins and strong free cash flow generation. The majority of our net revenues are pursuant to long-term customer contracts that include resin and other raw material cost pass-through provisions, and many of our contracts include cost pass-through provisions for other cost components, including freight, energy, labor and cost of living. The contractual pass-through mechanisms ensure that substantially all increases and decreases in the cost of resin are passed on to customers, which mitigates the effect of resin price movements on our profitability. We also effectively manage our raw material costs by leveraging our significant purchasing scale to obtain favorable pricing with our diversified supplier base.

We intend to use the proceeds of this offering to repay a portion of our existing indebtedness and, in the long-term, we expect to use a portion of our available free cash flow to further delever our balance sheet. While we have operated the business with significantly higher leverage in the past, we intend to significantly delever our balance sheet using the net proceeds of this offering, plus cash on hand, and we are focused on further deleveraging our balance sheet in the long-term to achieve a target leverage ratio of approximately 3.0x net debt (defined as total principal amount of debt less cash and cash equivalents) to Adjusted EBITDA.

Recession-resilient financial profile

The data presented in the graphs below represent the respective segment measure of performance, derived from separate financial statements not included in this prospectus. Pactiv Foodservice / Food Packaging was a segment of Pactiv Inc., prior to our acquisition of Pactiv Inc. in 2010, and is substantially consistent with the aggregation of our currently reported Foodservice and Food Merchandising segments. This data was prepared in accordance with GAAP applicable at the time of the issuance of the financial statements of Pactiv Inc. from which it was derived. Evergreen was one of our reportable segments for the periods presented and is consistent with our currently reported Beverage Merchandising segment. This data was prepared in accordance with International Financial Reporting Standards ("IFRS") applicable at the time of the issuance of the financial statements of the Group from which it was derived.

Financial profile during 2008 / 2009 recession
($ in millions)



We believe our participation in recession-resilient food and beverage end markets helps us maintain a strong financial profile for each of our segments throughout the economic cycle. Regardless of the economic environment, consumers will continue to eat and drink and our products keep their food and beverages safe and fresh. For example, as illustrated in the chart above, during the 2008-2009 recession the financial performance of Pactiv Foodservice / Food Packaging and Evergreen improved while the S&P 500 decreased by approximately 24% during that same two year period.

Our strong financial profile is also driven by our long-term contracts with customers that average approximately three years in length and that contain raw material, energy, freight and other variable costs pass-through mechanisms. We have secured long-term contracts with many of our major customers, and together these contracts represented a total of 55% of our pro forma net revenues for the year ended December 31, 2019. Of the total net revenues generated pursuant to these contracts in 2019, 90% was covered by specific and effective cost pass-through mechanisms that insulate us to a substantial extent from fluctuations in raw material and other variable costs. We expect the combination of long-term contracts with our customers and the pass-through mechanisms in many of these contracts will lead to greater certainty of future net revenues and help reduce the volatility of our net income (loss) from continuing operations and Adjusted EBITDA from continuing operations.

World-class management team

We have a committed team of talented management, led by John McGrath, our Chief Executive Officer, who has over 35 years in the industry. The rest of our leadership team averages over 20 years of industry experience.

Our management team is focused on their vision for the Group, which includes a culture of innovation, excelling at quality and service, creating relied-on products that are part of people’s lives, minimizing our impact on the environment and constantly evolving the business to meet customers’ needs. Our management team’s key accomplishments include integrating, developing and growing the Group with a strong ethics-driven and safety-focused culture while still achieving a leading market share and strong financial results. In addition, we attribute our lower than industry standard employee turnover rates to our collaborative, trustworthy company culture and our unwavering commitment to safety and to our approximately 15,000 employees. Our strong management team is well positioned to effectively manage the business into the future with a depth of talented and dedicated employees already primed to lead the next generation of the Group.

Our Strategy

Continue to capitalize on our industry leading position and grow with our customers

We participate in large and growing food and beverage markets with strong market penetration. We have market leading positions in many of the product categories that we participate in and have developed longstanding strategic partnerships with our customers. We offer our customers a broad and innovative selection of product solutions across a wide range of substrates. We provide a wide range of value-added services to our customers. We believe our extensive manufacturing and distribution network makes us one of the lowest cost and most flexible manufacturers in our industry. We have the capability to meet the demanding and evolving product, material and performance requirements of our customers. We are positioned to supply customers in fast-growing markets, such as fresh and prepared food delivery, healthy eating retailing and plant-based dairy substitutes, and in emerging market geographies. We believe we offer our customers a unique and compelling value proposition. These factors and our focus on offering a high quality portfolio of food and beverage packaging products provide tremendous value to our customers and continue to drive growth.

Target profitable growth through new and innovative products

Our demonstrated track record of product innovation has in our view helped differentiate us from our competitors and gain business with customers. Our product innovation drives incremental growth and margin within the product categories in which we compete. We intend to use our broad manufacturing capabilities, product development know-how and material science expertise to continue to add to our product offering and to enter adjacent product categories across our segments.

We believe there are significant opportunities in the markets we serve for us to develop new products. We are developing products with increased functionality and innovative features to help our customers improve the fresh, prepared and ready-to-eat products they offer to consumers. We are also developing products to build consumers' point of sale awareness of our customers' brands. Additionally, we believe increasing environmental awareness, sustainability and safety concerns of consumers will continue to create significant new product opportunities for us. We expect these and other new opportunities will generate higher margins and incremental profitable growth for us.

In Foodservice, we are introducing new compostable plates and bowls made from internally sourced proprietary fiber board, compostable cutlery and straws made from plant-based resins, two-piece polypropylene container systems and strawless lids made from recyclable resins. In Food Merchandising, we are introducing recycled PET meat trays, recycled PET foam egg cartons, recycled PET thermoformed containers, ovenable CPET containers and recycled PET hinged-lid containers with proprietary tamper-evident hinge features under the SecuriTESMART tamper-evident line. In Beverage Merchandising, we have introduced our SmartPak line of sustainable beverage cartons and we are developing a poly-free fiber board for use in paper cups and cartons, which we believe will be a major product innovation.

Execute on operational excellence, grow our business and reduce cost

Since 2017, we have experienced headwinds in our operations due to a variety of factors, many of which we believe have subsided or which we are actively addressing through strategic capital initiatives that we believe also position the Company for future growth. We believe the declines in our Adjusted EBITDA from continuing operations we have experienced during this period are largely attributable to temporary factors that include: increased labor costs of $73 million due to labor shortages in 2018; increased freight and logistics costs of $74 million primarily driven by a shortage of truck drivers in 2018; increased raw material costs driven primarily by inclement weather that affected Beverage Merchandising's primary source of wood raw materials in 2019 of $33 million; and operational issues driving higher costs of $19 million at our two Beverage Merchandising mills in 2018 and 2019. As a result of certain other headwinds, which include certain selling, general and administrative expenses, manufacturing costs (excluding labor costs) and volume changes related to distribution, we have also experienced additional costs totaling $56 million since 2017. The conditions that drove the increased freight, raw material and labor costs have subsided. Nonetheless, to address the labor shortages, we have implemented automation programs to decrease total labor costs. At our Beverage Merchandising mills, we have invested in our assets and our systems to increase our operational efficiency. These and other initiatives are part of the 4-year strategic investment program that we began in 2018 and plan on completing by the end of fiscal year 2021.

Over the two year period ended December 31, 2019, we invested approximately $374 million in pro forma capital expenditures in a number of strategic initiatives to grow our business and reduce cost. These strategic initiatives involve automation, operational efficiency and the development and launch of new products and capabilities. We believe these initiatives will further enhance our value proposition and product offering for customers, streamline and further reduce the cost of our manufacturing and distribution of products and position us to capitalize on growth opportunities in the markets we serve.

We have targeted a weighted average expected payback period of approximately 2.0 years for these strategic capital investments. We define expected payback period as the number of years of targeted benefit to Adjusted EBITDA required to equal the amount of our investment.

The table below summarizes the capital costs we have incurred on these projects, the expected payback periods, the Adjusted EBITDA benefits we have achieved through December 31, 2019 and June 30, 2020 and the total targeted Adjusted EBITDA benefit. Included in the $374 million of total 2018-2019 strategic investments is approximately $228 million we invested in growth initiatives and approximately $146 million we invested in a series of initiatives that we believe will increase the efficiency of our operations and further reduce our costs. As the data in the table shows, for the 12 months ended June 30, 2020 initiatives that we have implemented at our Foodservice, Food Merchandising and Beverage Merchandising segments have realized Adjusted EBITDA benefits of $47 million, $24 million and $8 million, respectively.

($ in millions)	Capex	Expected payback period**	Adjusted EBITDA benefit realized during 12 months ended December 31, 2019	Adjusted EBITDA benefit realized during 12 months ended June 30, 2020	Targeted total annual Adjusted EBITDA benefit
Business Growth					
Foodservice	$ 54	~ 1.5 years	$ 10	$ 14	*
Food Merchandising	42	~ 1.5 years	8	11	*
New product & material innovation					
Foodservice	$ 38	~ 2.0 years	$ 13	$ 12	*
Food Merchandising	13	~ 2.0 years	2	7	*
Automation					
Foodservice	$ 56	~ 2.0 years	$ 13	$ 15	$ 26
Food Merchandising	13	~ 2.0 years	3	3	6
Digital transformation					
Foodservice	$ 35	~ 2.5 years	$ 3	$ 4	$ 12
Food Merchandising	–	—	2	2	2
Integrated supply chain					
Foodservice	$ 25	~ 2.0 years	—	$ 2	$ 14
Food Merchandising	19	~ 2.0 years	—	2	10
Cost reduction					
Foodservice	$ 17	*	—	—	*
Food Merchandising	17	*	—	—	*
Beverage Merchandising	46	~ 2.5 years	3	8	18
	$ 374	**~ 2.0 years**			

* Targeted total annual Adjusted EBITDA benefit amounts and expected payback periods for these initiatives have been omitted from the table above because the Adjusted EBITDA benefits for these initiatives are not entirely within our control.

** We define expected payback period as the number of years of targeted benefit to Adjusted EBITDA required to equal the amount of our investment.

We intend to invest approximately $287 million over the two year period ended December 31, 2021 in what we believe are high return new strategic initiatives or to complete strategic investments in process. In the six months ended June 30, 2020, we invested approximately $59 million of this $287 million total amount of capital expenditures. Included in the $287 million of total targeted 2020-2021 strategic investments is approximately $145 million we plan to invest in growth initiatives and approximately $142 million that we plan to invest in a series of initiatives that will increase the efficiency of our operations and further reduce our costs. We have targeted a weighted average expected payback period for these investments of approximately 2.5 years. The table below summarizes our 2020-2021 strategic capital investments and the expected payback period we estimate for those investments.

(in millions, unless otherwise indicated)	Capex	Expected payback period	Targeted total annual Adjusted EBITDA benefit
Business Growth			
Foodservice	$ 23	~ 2.5 years	*
Food Merchandising	34	~ 4.0 years	*
New product & material innovation			
Foodservice	$ 37	~ 4.5 years	*
Food Merchandising	18	~ 1.0 year	*
Beverage Merchandising integration			
Foodservice	$ 34	~ 1.0 year	*
Cost reduction			
Foodservice	$ 44	~ 3.5 years	$ 13
Food Merchandising	30	~ 4.5 years	7
Beverage Merchandising	68	~ 2.0 years	32
	$ 287	**~ 2.5 years**	

* Targeted total annual Adjusted EBITDA benefit amounts and expected payback periods for these initiatives have been omitted from the table above because the Adjusted EBITDA benefits for these initiatives are not entirely within our control.

** We define expected payback period as the number of years of targeted benefit to Adjusted EBITDA required to equal the amount of our investment.

As discussed above, we are making strategic investments in a number of targeted programs to further improve our operations, grow our business, and reduce our costs with the goal of increasing the Adjusted EBITDA of our reportable segments. Details of the strategic initiatives include:

- *Business Growth Initiatives*. Beginning in 2018, we launched a number of business growth initiatives which are primarily focused on increasing production capacity, speeding up production lines and adding new manufacturing process capabilities. Through December 31, 2019, we invested approximately $96 million in these initiatives and have targeted an expected total payback period of approximately 1.5 years for these initiatives for both the Foodservice and Food Merchandising segments. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $14 million for the Foodservice segment and $11 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods. In the

2020-21 period, we intend to invest $57 million in business growth initiatives and are targeting an expected total payback period of approximately 2.5 years for these initiatives for the Foodservice segment and approximately 4.0 years for the Food Merchandising segment.

- *New Product and Material Innovation.* In 2018, we also launched a series of initiatives to develop new innovative products and materials. These initiatives are primarily focused on developing products with new shapes, sizes and features, products made using new substrates and growing our line of sustainable products. Through December 31, 2019, we invested approximately $50 million in these initiatives and have targeted an expected total payback period of approximately 2.0 years for these initiatives for both the Foodservice and Food Merchandising segments. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $12 million for the Foodservice segment and $7 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods. In the 2020-21 period, we intend to invest $55 million in new product and material innovation initiatives and are targeting an expected total payback period of approximately 4.5 years for these initiatives for the Foodservice segment and approximately 1.0 year for the Food Merchandising segment.
- *Increase productivity through automation*: We continue to invest in automating manual tasks to increase operating efficiency and safety. We commenced a systematic automation program in 2017 to lower labor costs and eliminate repetitive tasks, which we expect to complete by the end of 2020. Our automation strategy includes implementing end of production line automation and palletizing, introducing automated vehicles, changing work flow and work cells to streamline processes and integrating collaborative robots ("COBOTs") with our employees. We estimate that phase 1 of our system automation program will require approximately $88 million of capital expenditures and we have targeted a total payback period of approximately 2.0 years. Through December 31, 2019, we invested $69 million in automation initiatives. We have targeted approximately $26 million of total Adjusted EBITDA benefit through cost savings from this program for the Foodservice segment and approximately $6 million of total Adjusted EBITDA benefit through cost savings for the Food Merchandising segment. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $15 million for the Foodservice segment and $3 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods.
- *Improve operations through digital transformation:* We have launched a number of digital initiatives to significantly improve our operational efficiency and effectiveness, including our Factory Asset Intelligence program, our fast analytics program, our Resin Procurement Optimization Tool ("RPOT") and our Virtual Packaging Assistant ("VPA") for customers. The factory asset intelligence program was designed to target productivity increases of 10% across our manufacturing facilities. We have implemented the program at two facilities and have established a dedicated team to help implement the program at additional sites and at a significantly reduced cost. Our fast analytics program enables us to obtain and analyze data, which helps us make real-time decisions to improve the operation, efficiency and speed of decision-making throughout many aspects of the business. RPOT lowers cost by optimizing our resin purchase plan based on demand, manufacturing constraints, commodity cost forecasts and supply constraints. Our proprietary VPA helps customers select the products that best fit their packaging needs. These initiatives are helping us build our integrated, data-driven culture to transform our operations through digitally-connected people, assets and processes. Through December 31, 2019, we invested $35 million in digital transformation initiatives. We have targeted approximately $12 million of total Adjusted EBITDA benefit through cost savings from this program for the Foodservice segment and approximately $2 million of total Adjusted EBITDA benefit through cost savings for the Food Merchandising segment. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $4 million for the Foodservice segment and $2 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods.

- *Reduce costs through an integrated supply chain*: We are integrating our supply chain by implementing production planning, transportation management and warehouse management software. We are increasing our operational efficiency through interlocking task management and other initiatives that will improve throughput and productivity. These programs will improve supply chain management, reduce inventory and drive out cost. Through December 31, 2019, we invested $44 million in integrated supply chain initiatives. We have targeted approximately $14 million of total targeted Adjusted EBITDA benefit through cost savings from this program for the Foodservice segment and approximately $10 million of total targeted Adjusted EBITDA benefit for the Food Merchandising segment. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $2 million for the Foodservice segment and $2 million for the Food Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods.
- *Other Cost Savings Initiatives*: We have launched a number of programs focused on improving the performance and earnings of our two Beverage Merchandising LPB mills. We have also launched a series of local productivity programs intended to offset inflation. Our Operator Driven Reliability, or ODR, program focuses our operators on optimizing lubrication, managing vibration and ensuring precision alignment, with the goal of reducing production variability and improving productivity. We have new personnel initiatives focused on recruitment, increased training and employee certification along with increased support from our suppliers and technical experts. We are installing a predictive analytics and visualization system at our Canton, North Carolina mill to optimize quality and speed. A number of small capital expenditure projects have commenced or are under consideration, in each case with the intention of lowering cost and/or improving productivity in certain sub-processes within our mills, such as white liquor optimization and bark boiler natural gas conversion. Through December 31, 2019, we invested $80 million in cost reduction initiatives and have targeted an expected total payback period of approximately 4.5 years for these initiatives. For the 12 months ended June 30, 2020, we have realized Adjusted EBITDA benefits from these initiatives of $8 million for the Beverage Merchandising segment. We anticipate realizing the remainder of the total targeted Adjusted EBITDA benefit in subsequent periods. In the 2020-21 period, we intend to invest $142 million in additional cost reduction initiatives, including further mill operational improvements, phase 2 of our automation program and other cost reduction initiatives and are targeting an expected total payback period of approximately 3.5 years for these initiatives for the Foodservice segment, approximately 4.5 years for the Food Merchandising segment and approximately 2.0 years for the Beverage Merchandising segment.

In addition to the strategic investment program described above, we have implemented a series of operating initiatives to improve our operating performance. These operating initiatives focus on effective pricing, speed of changeovers, labor management, total maintenance cost and offsetting inflation. These initiatives do not require any significant capital expenditures and are expected to help improve our operating efficiency.

Integrate Beverage Merchandising

Beverage Merchandising has historically been operated and managed as an individual reportable segment, separate from Foodservice and Food Merchandising. Beverage Merchandising's leading position in fresh cartons for specialty dairy and juice gives us leadership in another "good-for-you" department around the outside of the supermarket and complements our existing leadership positions with food retailers in meat and poultry trays, fiber egg packaging, bakery and snack containers and fruit and produce containers. We believe the integration of the businesses will generate new product opportunities that capitalize on Beverage Merchandising's fiber manufacturing and material science capabilities. We will leverage Beverage Merchandising's fiber capabilities and Foodservice and Food Merchandising's resources to create innovative customized products. For example, we have launched a line of fully compostable paper plates and bowls under the EarthChoice brand, which combines the strengths of Beverage Merchandising's barrier board manufacturing technology and Foodservice's go-to-market expertise.

We believe we can complete the integration with limited capital expenditures. We plan to invest approximately $34 million to capitalize on commercial opportunities created by the integration of the businesses, such as the development of new products like paper hot cup sleeves, paper tray liners, paper bags and other paper foodservice products. We believe these investments have an attractive payback period and will help drive future growth.

Focus on sustainability as a growth opportunity

We view sustainability as a growth opportunity. We offer one of the broadest lines of eco-friendly products for fresh food and beverages in the North American market to support our customers' sustainability goals and meet consumers' demands. Unlike some other industry participants, most of our environmentally friendly products are produced in the United States.

We believe we are well positioned to benefit from trends toward sustainable products. Consumers increasingly prefer products which are made from recycled, recyclable or renewable materials. Consumers are also often willing to pay more for food and beverage items made from environmentally-friendly substrates, which result in sales with higher profitability for us.

Across our business, we believe we are well positioned to benefit from growth in fiber-based, recycled, recyclable and compostable packaging. We currently offer a recyclable or sustainable product for nearly every product category that we manufacture and we have the product offering and material technology to move customers to alternative substrates. Many of our customers have publicly-stated goals to increase the use of sustainable products and we are committed to launching new and innovative sustainable product lines for our customers. In Foodservice, we continue to develop and introduce new products under the EarthChoice brand, which includes a comprehensive sustainable portfolio of products made with bio-resins, fiber, recyclable PET and mineral filled polypropylene. In Food Merchandising, we are the largest producer of molded fiber egg cartons in the United States and believe we are positioned to benefit from shifts toward fiber and away from foam polystyrene. Our Food Merchandising segment continues to produce new sustainable product innovations, such as our recycled PET meat trays and egg cartons. In Beverage Merchandising, we continue to develop new fiber-based beverage cartons, such as our SmartPak line of sustainable cartons. We are reducing our carbon footprint by increasing our recycled resin content, growing our fiber-based product offering and using recyclable resins and materials, such as infinitely-recyclable aluminum.

We actively manage our portfolio of products to capitalize on material substitution opportunities to improve Adjusted EBITDA from continuing operations. For fiscal year 2019, approximately 65% of our pro forma net revenues, or approximately $3.4 billion, were derived from products made with recycled, recyclable or renewable materials. The approximately $3.4 billion of pro forma net revenues during fiscal year 2019 was comprised of approximately $965 million of pro forma net revenues from sales of recycled and recyclable PET and polypropylene, approximately $2.055 billion of pro forma net revenues from sales of molded fiber and paper products and approximately $380 million of pro forma net revenues from sales of other recyclable and compostable materials. We are committed to our goal of achieving 100% of sales from recycled, recyclable or renewable materials by 2030.

Carefully evaluate and pursue highly accretive acquisitions

Given the breadth of our product offering, multiple business platforms in fresh food and beverage merchandising and the scale of our manufacturing, distribution and customer network, we believe we are well positioned to grow through strategic acquisitions within our industry. Furthermore, we believe we have a competitive advantage over our peers in mergers and acquisitions due to our historical acquisition track record and ability to leverage our scale to generate incremental synergies versus our peers.

We are an experienced consolidator with a proven track record of successfully integrating our acquired companies to capture synergies and broaden our product offering. We intend to continue to apply a selective and disciplined acquisition strategy that focuses on enhancing our scale, product diversity and geographic reach, while bolstering our financial performance through synergies and additional cash generation. In addition, we may also divest non-core assets from time to time.

Environmental, Social and Governance Commitments

Environmental

Through our sustainable product offering and efficient manufacturing processes, we intend to reduce our impact on the environment. Since 2015, we have achieved a 12% reduction in absolute energy consumption, which resulted in a 10% reduction in greenhouse gas emissions. Our recyclable and compostable product offering helps reduce the amount of our products that end up in landfills. In the last four years, approximately 65% of Foodservice/Food Merchandising's waste has been recycled each year. We are dedicated to meeting the highest standards of sustainability. For example, 100% of Beverage Merchandising's fiber meets the SFI Fiber Sourcing standards for sustainable fiber.

We currently offer a wide variety of sustainable products offered through our leading EarthChoice brand or under our customers' brands. While we are proud of the fact that 65% of our pro forma net revenues are currently derived from materials that are recyclable, recycled or renewable, we are focused on reaching our goal of 100% by 2030.

In addition, we support efforts to expand opportunities for consumers to recycle or compost our products, notably as one of the founding members of the Carton Council, Paper Recovery Alliance, Plastics Recovery Group, Foam Recycling Coalition and the Paper Cup Alliance. We have demonstrated our commitment to use more recycled plastic by joining the Association for Plastic Recyclers' Demand Champions program. We engage with the composting industry through the U.S. Composting Council, and a growing number of our products are certified compostable by the Biodegradable Products Institute. We are a longstanding member of the Sustainable Packaging Coalition, an industry working group dedicated to a more robust environmental vision for packaging. We hold third-party certifications from Forest Stewardship Council, the Programme for the Endorsement of Forest Certification and the Sustainable Forestry Initiative which demonstrate our commitment to responsible wood procurement and chain-of-custody procedures. We plan to publish our first comprehensive sustainability report, cataloguing our extensive sustainability initiatives and metrics, during the third quarter of 2020.

Social

We are committed to engaging our employees and communities through a variety of social initiatives centered around safety, leadership and community involvement. Safety is a core value and affects everything we do. Our manufacturing facilities have achieved safety metrics that are approximately three times better than industry average in 2019. We had a total recordable incidence rate of 1.14 compared to the industry average of 3.20, a total lost time rate of 0.83 compared to the industry average of 1.93, and a total lost workday rate of 0.35 compared to an industry average of 0.93. In addition to our safety-oriented culture, we invest in the health and well-being of our employees, as evidenced by the approximately $30 million of investments in employee comfort and convenience initiatives in our facilities since the beginning of 2019.

We are committed to values of respect for our people and our communities and we focus on attracting and retaining a diverse workforce. For example, we engage our communities and provide leadership opportunities for our employees through our Operations Leadership Development Program and our Leadership Advisory Council. Our Operations Leadership Development Program recruits Junior Military Officers and puts them through an intensive training program to fast-track their transition into manufacturing and logistics leadership roles. Thirty-one candidates have successfully completed or are currently enrolled in this program and seven are currently Plant Managers or Warehouse Operations Managers. Our Leadership Advisory Council identifies high performing and high potential employees. We also provide these employees with the executive mentorship and guidance needed for them to excel, and we provide them with leadership and strategy development training. This program has been highly successful, with two of our CEO's direct reports having participated in the program.

Governance

We have implemented a strong, independent governance program. The composition of our board of directors reflects our commitment to independence. Of the seven members of the board, four are independent members, including two women. The chairman of our board of directors is also an independent member.

History

PTVE was incorporated under the name Reynolds Group Holdings Limited in 2006. Prior to the closing of this offering, we will convert into a corporation incorporated in the state of Delaware with the name Pactiv Evergreen Inc. PTVE acquired various food service and beverage merchandising related businesses, including Evergreen, RCPI, Closure Systems International ("CSI"), Pactiv and GPC. We sold most of CSI in 2019. RCPI (except for its foodservice business which was combined with Pactiv) was distributed to our stockholder in February 2020 and GPC will be distributed to PFL prior to the closing of this offering. Our current business comprises our Pactiv business and our Evergreen business, which were operated separately until 2019, when they were combined under a unified management structure.

Each of our businesses has a long heritage and a history of innovation and product development. Pactiv was originally part of Tenneco Packaging Inc. In November 1999, Tenneco Packaging Inc. (which was renamed Pactiv Corporation) was spun-off from Tenneco Inc. In November 2010, we acquired Pactiv and combined the Pactiv foodservice business with our Reynolds foodservice businesses in Pactiv and transferred Pactiv's consumer products business to RCPI. In May 2011, we acquired Dopaco Inc., which was added to our Pactiv business, and have subsequently acquired and sold various smaller businesses. Beverage Merchandising's predecessor was established in 1946 when International Paper Company ("IPC") entered the beverage packaging business. Over the years, the business was responsible for many breakthroughs in beverage carton packaging, including the introduction of PE coated cartons and barrier board technology. IPC's beverage packaging business included fresh beverage converting facilities, a fresh filling machine manufacturing facility and the Pine Bluff, Arkansas mill. In January 2007, we acquired IPC's beverage packaging business and renamed it Evergreen. In July 2007, Evergreen acquired Blue Ridge Paper Products, Inc.

Our Industry

We primarily operate in the North American foodservice, foodservice packaging, retail and food processor packaging and liquid carton containers industry, which had a combined market size of approximately $32 billion in 2019.

Foodservice refers broadly to products used in restaurants and for away-from-home eating and drinking. Food Merchandising refers broadly to products for fresh, prepared and ready-to-eat, on-the-go or eat-at-home foods sold through supermarkets, grocery and other food stores. Beverage Merchandising refers broadly to cartons and related products for refrigerated fresh dairy, juice and specialty beverages sold in retail outlets and used in school lunches.

Foodservice

The North American foodservice market was approximately $22 billion in 2019. The market grew at a CAGR of 3.0% during the four-year period from 2015 through 2019 and is expected to grow at a CAGR of 4.2% during the five-year period from 2019 through 2024.

The addressable foodservice market we serve includes containers, cups, lids, plates and bowls, utensils, wraps and cafeteria trays.

	Total estimated size ($ in billions) Year ended December 31, 2019	2015 – 2019 market CAGR	2019 – 2024 forecasted market CAGR
Containers	$ 10.1	4.0%	5.8%
Cups	$ 5.9	1.5%	2.6%
Lids	$ 0.9	1.0%	3.5%
Plates and bowls	$ 1.1	—%	0.5%
Utensils	$ 0.7	3.0%	2.1%
Film and foil wraps	$ 1.5	3.9%	3.6%
Cafeteria trays	$ 0.2	3.1%	7.1%

Note: Information above represents North American market only. Category market size based on third party study. Excludes paper bags.

We believe that key growth drivers in the North American foodservice market include increased demand for fresh food and beverages that can be consumed safely and easily on-the-go; growing consumer demand for take-out, eat-at-home and order-in food delivery options; increasing catering and event services; and the shift toward higher value and feature-rich formats (e.g. tamper-evident and reclosable containers) and higher priced eco-friendly products and substrates.

Food Merchandising

The addressable North American food merchandising market was valued at approximately $9 billion in 2019. The market grew at a CAGR of 4.3% during the four-year period from 2015 through 2019 and is expected to grow at a CAGR of 3.1% during the five-year period from 2019 through 2024.

The North American food merchandising market we serve includes meat and poultry trays, bakery and snack containers, prepared food trays, egg cartons and fruit and produce containers.

	Total estimated size ($ in billions) Year ended December 31, 2019	2015 – 2019 market CAGR	2019 – 2024 forecasted market CAGR
Meat and poultry trays / containers	$ 2.1	2.6%	2.2%
Bakery trays / containers	$ 1.2	4.8%	2.8%
Prepared food trays	$ 2.2	5.2%	3.7%
Egg cartons	$ 0.5	3.1%	2.8%
Fruit / produce trays / containers	$ 1.5	6.0%	4.6%

Note: Information above represents North American market only. Category market size based on third party study. Excludes other trays / containers.

We believe that key growth drivers in North American food merchandising include increased consumption of fresh produce, meat, poultry, prepared foods and baked goods; increased demand for display-ready fresh food; the shift toward smaller containers as well as fiber-based and higher value packaging formats (e.g. higher cost meat and poultry trays for organic and specialty products) and the proliferation of products designed to meet unique functional needs such as tamper-evident and reclosable containers.

Beverage Merchandising

The addressable North American beverage merchandising market was valued at approximately $1 billion in 2019. The market had a CAGR of (0.2)% in the four-year period from 2015 through 2019 and is expected to grow at a CAGR of 0.6% during the five-year period from 2019 through 2024.

The North American beverage merchandising market we serve includes fresh beverage cartons, fiber products and filling machinery.

	Total estimated size ($ in billions) Year ended December 31, 2019	2015 – 2019 market CAGR	2019 – 2024 forecasted market CAGR
Fresh beverage cartons	$ 1.1	(0.2)%	0.6%

Note: Information above represents North American market only and does not include Beverage Merchandising's international markets. Category market size based on third party study. CAGR assumes no pricing change.

We believe key growth drivers in North American beverage merchandising include increased demand for fresh, plant-based, organic and other specialty dairy products and specialty beverages, the displacement of other packaging formats by recyclable fiber-based cartons and the trend toward smaller size containers of one-half gallon or less.

We also operate in growing emerging markets in Asia, including China, Korea, Malaysia and Taiwan and in the Middle East, Israel, Morocco and Saudi Arabia through our joint ventures. We believe the Asian and Middle Eastern markets we serve are forecast to grow annually at approximately 5% and 3%, respectively, during the four-year period 2020 through 2024. The growth in demand for the products we manufacture in emerging markets is driven by a growing middle class and urbanization.

Customers

We supply our products to a broad and diversified mix of companies, including FSRs and QSRs, foodservice distributors, supermarkets, grocery and healthy eating retailers, other food stores, food and beverage producers and food processors. Based on management data, in 2019 we were the #1 supplier to many of our customers across our product categories in the aggregate, including four of the five largest foodservice distributors, eight of the ten largest supermarket chains, three of the four largest dairies, and the three largest QSR groups. We were also the #1, #2 or #3 packaging supplier to six of the eight largest meat and poultry processors. Our customers range from large blue-chip multinational companies to national and regional companies to small local businesses. Food Merchandising's extensive list of customers includes supermarkets, grocery and healthy eating retailers and other food stores as well as meat, egg, agricultural and CPG processors. We serve our customers nationwide, regionally or locally, depending on their needs. Beverage Merchandising's key customers include national and regional dairy, juice and specialty beverage producers, cup, plate and container manufacturers and other beverage carton manufacturers. We have a diverse business with no single customer representing more than 10% of our pro forma net revenues for fiscal year 2019. In fiscal year 2019, our top ten customers accounted for 37% of our pro forma net revenues.

Our contracts with customers average approximately three years in length and generally contain mechanisms to pass through changes in raw material costs, and may contain pass-through mechanisms for freight and other variable costs. We have secured long-term contracts with many of our major customers, and together these contracts represented a total of 55% of our pro forma net revenues for the year ended December 31, 2019. Of the total net revenues generated pursuant to these contracts in fiscal year 2019, 60% was covered by specific cost pass-through mechanisms that insulate us to a substantial extent from fluctuations in raw materials and certain other variable costs.

Marketing and Sales

Our Foodservice and Food Merchandising segments primarily use a direct sales force to sell to foodservice and retail customers and also utilize third-party brokers for selected products and accounts. Our marketing and sales effort is premised on the "one-face-to-the-customer" value proposition which offers our customers the ability to work with one salesperson, place one order with one customer service representative and receive one shipment, thereby improving efficiencies and lowering working capital. In addition to the sales professionals and customer service representatives, the sales organization includes marketing teams and an internal logistics and transportation team.

Our Beverage Merchandising segment's sales and marketing staff coordinates and performs all customer interaction activities, including sales, marketing and technical services. Beverage Merchandising reaches its large and diversified customer base primarily through a direct field sales force. Beverage Merchandising's customer service representatives are responsible for processing sales orders, expediting production and liaising with customers on order status. Machine service technicians, paper technicians and field service engineers work closely with key account managers to satisfy customers' needs.

New Product Development

Our material science expertise and state-of-the-art product design and testing capabilities enable us to engineer and create new and innovative products to meet the requirements of our customers and preferences of consumers while increasing food safety. We have an analytical lab and dedicated technology center in Canandaigua, New York where we develop innovative resin blending and compounding formulations and processes and new engineered materials using paper/fiber substrates. We also have an innovation center in Bedford Park, Illinois where we have on-site design, testing, prototyping and production capabilities. These facilities support and accommodate the full range of research, formulation, design and testing requirements related to customer-driven applications, including design studios, analytical and quality test laboratories, pilot operations for new materials and technology development, test kitchens, rapid prototyping modules and commercial tooling fabrication operations. Research and development costs, on a pro forma basis, were $22 million, $19 million and $16 million for the years ended December 31, 2019, 2018 and 2017, respectively.

These unique material and product design capabilities allow us to partner with our customers to rapidly develop and commercialize new and innovative solutions that further increase the value-add we provide our customers. Examples of our product innovations include reclosable beverage cartons, proprietary tamper-evident containers, strawless lids, compostable cutlery and recycled PET containers. We continue to actively develop new products, primarily focusing on developing packaging with new value-add features, engineering new materials that improve the performance of our products and commercializing new environmentally-friendly packaging solutions.

Competition

Foodservice and Food Merchandising have an unrivalled product offering in North America and a leading customer value proposition exemplified by their "one-stop-shop," "one-face-to-the-customer" and nationwide hub-and-spoke distribution models. Foodservice is a leading manufacturer of food containers, hot and cold cups, lids, plates, bowls, cutlery and straws, wraps and cafeteria trays. Food Merchandising is a leading manufacturer of containers for delicatessen, bakery, produce and snack foods applications, containers for prepared and ready-to-eat food and trays for meat, poultry and eggs. Based on management data, Beverage Merchandising is the only integrated producer of fresh beverage cartons in North America that offers customers a "one-stop-shop" carton solution, which we refer to as the TPSS. Beverage Merchandising manufactures and supplies integrated fresh carton systems, which include printed cartons with high-impact graphics, spouts and filling machinery. Beverage Merchandising also produces fiber-based LPB to sell to its fresh beverage manufacturing competitors.

We believe our TPSS differentiates us from our North American competitors and helps us to secure increased volumes and better terms with our customers and a large share of the North American market.

We believe that due to our extensive nationwide footprint and breadth of our product line, we have no single competitor that competes with us across all regions and all product lines in North America. The following companies, among others, compete with us: Dart Container Corporation, Huhtamäki Oyj, Berry Global Group, Inc., Genpak LLC, Sonoco, Paper Excellence Group, Stora Enso Oyj, Amcor plc, Sealed Air Corporation, Silgan Holdings, SIG Combibloc and Elopak.

The markets in which we sell our products historically have been, and continue to be, highly competitive. Competition in our industry is based on a number of factors including price, service, quality and product offering. While we have long-term relationships with many of our customers, the underlying contracts may be re-bid or renegotiated from time to time, and we may not be successful in renewing on favorable terms or at all, as pricing and other competitive pressures may occasionally result in the loss of a customer relationship.

Seasonality

Portions of our business are moderately seasonal. Our Foodservice and Food Merchandising operations peak during the summer and fall months in North America when the favorable weather, harvest and holiday season lead to increased consumption, resulting in greater levels of sales in the second and third quarters. Beverage Merchandising's customers are principally engaged in providing products that are generally less sensitive to seasonal effects, although Beverage Merchandising does experience some seasonality as a result of increased consumption of milk by school children during the North American academic year, resulting in a greater level of carton product sales in the first and fourth quarters.

Manufacturing and Distribution

The majority of our manufacturing assets are in the United States, which allows us to provide an extensive offering of products manufactured in the United States to our customers. We believe our manufacturing footprint and distribution network provide us with a competitive advantage in each of our segments. Foodservice is the only manufacturer in the industry with an extensive nationwide hub-and-spoke distribution network, which enables customers to buy across our entire product offering. Food Merchandising is a low cost U.S. manufacturer with well-invested facilities that are within close proximity to our customer base. We have an unrivalled product offering in the North American foodservice and food merchandising markets and a "one-face-to-the-customer" service model. This service model uses one sales representative per account to produce one order which is supported by one customer service representative that is responsible for one shipment with one invoice. We believe Beverage Merchandising is uniquely positioned in the U.S. and in the emerging markets we serve as the only producer that manufactures fresh beverage cartons, filling machinery and LPB.

We have made manufacturing flexibility a priority in our investment of capital. We are able to offer substrates and product lines to match changing market needs efficiently and at low cost. This enables us to scale production to match the requirements of our customers and trends in the market, including for example, increasing our use of recycled and recyclable material to produce a greater number of sustainable products. We believe the flexibility of our manufacturing capabilities across our large asset base is a competitive advantage.

Foodservice has 16 manufacturing plants. Food Merchandising has 24 manufacturing plants. Foodservice and Food Merchandising share the use of 26 warehouses and 8 regional mixing centers. Beverage Merchandising has 6 U.S. beverage carton manufacturing plants, 7 international beverage carton manufacturing plants (including 3 plants in our joint ventures), 2 filling machinery plants, 3 extrusion plants, 2 integrated LPB and paper mills and 3 chip mills. Each of our manufacturing plants is managed by a manufacturing director, and we utilize lean operating practices and information technology to measure performance against objective metrics to optimize manufacturing efficiency and reduce cost.

We have made significant investments in our manufacturing plant network, including approximately $810 million in strategic pro forma capital expenditures over the last three years. These investments have centered on automation, operational efficiencies and innovation for value-add and eco-friendly product offerings. In connection with these investments, we have targeted up to approximately $94 million of aggregate annual cost savings, of which $16 million have been realized as of December 31, 2019. We believe that these investments will reduce our costs and also increase our productivity.

We utilize two distribution models: our direct model and our regional mixing center distribution model. We ship direct from our manufacturing sites to customers that order large quantities of a limited range of items. We serve customers that order an extensive range of products through our eight regional mixing centers. Together, our two distribution models comprise our nationwide hub-and-spoke distribution system. We utilize both distribution models to serve our Foodservice customers, including FSRs, QSRs and institutional customers, and our Food Merchandising customers, including supermarkets and food processors. In Beverage Merchandising, we ship direct to our customers, including dairies, juice and specialty beverage producers as well as other beverage carton manufacturers. The combination of these two distribution models enables us to optimize service, efficiency and cost for our customers and for us and increases our profitability.

Raw Materials and Suppliers

We have a diverse supplier base, and are not reliant on any single supplier for the majority of our primary raw materials, including plastic resins, fiber and paperboard. In fiscal year 2019, on a pro forma basis, the total value of raw materials we consumed was approximately $2.2 billion and represented 52% of our total pro forma cost of sales, excluding depreciation and amortization. Plastic resins accounted for 48% of raw material consumed, on a pro forma basis, for fiscal year 2019, while fiber collectively accounted for 21%. We also purchase raw material additives, secondary packaging materials and finished products for resale. We source a significant majority of our resin requirements from domestic suppliers. We have a track record of actively managing and/or successfully passing along to customers raw material price fluctuations. We also enter into hedging agreements at the request of certain customers who want to mitigate the risk of changes in raw material costs in their product pricing.

Centralized purchasing enables us to leverage the global purchasing power of our operations and reduces our dependence on any one supplier. We generally enter into short-term contracts or purchase raw materials on a purchase order basis to take advantage of market conditions. In certain instances, we purchase selected finished goods from third-party suppliers to supplement capacity and source specialty items.

Product Quality Management and Product Safety

Quality and safety are cornerstones of our business. Our commitment to quality and safety has driven the strong and longstanding relationships we have with our customers, as our customers know they can rely on our products to protect fresh food and beverages and help consumers stay safe.

Our segments each maintain quality procedures through strong corporate leadership, comprehensive integrated quality controls across manufacturing operations, collaboration with suppliers and contract manufacturers, analytical capabilities and physical property testing. We have continuous improvement programs focused on cost reduction, productivity enhancements and improving product quality.

Furthermore, our manufacturing operations are designed to meet or exceed product safety requirements through disciplined control of primary materials and traceability of products. We review our facilities regularly for full compliance, and appropriate remediation procedures are taken if necessary. Our high workforce engagement and industry leading safety rates at plants reflect our commitment to the safety and well-being of our employees. We have a “safety-first” culture, with safety being a top priority in all aspects of our business. We had an average Occupational Health and Safety Administration Recordable Incident Rate of 0.78 for the last three years in our Foodservice and Food Merchandising segments (as compared to an industry average in 2018 of 3.1 for Converted Paper Product Manufacturing and 3.9 for All Other Plastics Manufacturing), and an average Recordable Incident Rate of 0.68 for the last three years in our Beverage Merchandising segment (as compared to an industry average in 2018 of 2.7).

Intellectual Property

We have significant intellectual property and proprietary know-how. We have a significant number of registered trademarks and hold over 400 patents related to product design, utility and material formulations, which, along with our trade secrets and manufacturing know-how, help support our ability to add value within the market and sustain our competitive advantages. We have invested a considerable amount of resources in developing proprietary products and manufacturing capabilities, and we employ various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants, to protect our intellectual property. While in the aggregate our patents are of material importance to us, we believe that we are not dependent upon any single patent or group of patents. Similarly, while we believe that we are not dependent upon any single trademark or group of trademarks, our trademarks are of material importance to us in the aggregate, and our EarthChoice and SmartPak® trademarks and branding are becoming increasingly significant as we expand our environmentally-friendly product lines.

Other than licenses for commercially available software, we do not believe that any of our licenses from third parties are material to us taken as a whole. We do not believe that any of our licenses to intellectual property rights granted to third parties are material to us taken as a whole.

Employees

As of June 30, 2020, we employed 15,033 people. Approximately 33% of our employees are covered by collective labor agreements. We have not experienced any significant union-related work stoppages over the last ten years. We believe our relationships with our employees and labor unions are satisfactory.

Information Systems

We predominantly utilize commonplace commercially available third-party technology and systems to support our operations, including for financial reporting, inventory management, customer and supply chain management and category management.

A common enterprise resource planning (“ERP”) ecosystem is used by our facilities for operations, procurement, receiving, warehousing, inventory management and order processing. In addition, in our mills we use best in industry manufacturing execution systems (“MES”) that are specifically designed and configurable to streamline and optimize the unique processes of the pulp and paper industry. Our ERP/MES environment is fully integrated, providing us with the ability to transact with customers and vendors seamlessly, optimize manufacturing in support of our demand signals and order cycles, efficiently process orders and shipments and manage inventory. We also use targeted information technology systems and analytics to support business intelligence and processes across our sales channels, including in relation to trade management, industry trends, demand forecasting and segment planning and reporting.

We continue to innovate and invest in information systems and technology to enhance the customer experience, drive sales and create operating efficiencies. Over the last ten years, we have transitioned the facilities we have acquired to our common technology, and added modern analysis systems that provide us additional functionality and scalability in order to better support operational and financial decision-making, using the latest data management technology. These investments also include a specific focus on in-plant real-time analysis in support of differentiated operational efficiency and production quality. We believe our existing systems are scalable to support future growth.

In addition, we have launched a number of digital initiatives designed to significantly improve our operational efficiency and effectiveness, including our Factory Asset Intelligence program, our fast analytics program, RPOT and VPA. These initiatives are helping us build our integrated, data-driven culture to transform our operations through digitally-connected people, assets and processes.

Principal Properties

Our corporate headquarters are located in Lake Forest, Illinois. Currently, we own 44 properties in the United States and 13 internationally, and lease or license 48 properties in the United States and 21 internationally. This includes 63 manufacturing facilities and 34 warehouses which comprise our global production and distribution network.

We believe that all of our properties are in good operating condition and are suitable to adequately meet our current needs.

Regulatory

Our business is subject to regulations governing products that may contact food. We are also subject to various federal, state, local and international environmental, health and safety laws and regulations, and associated permits, which are subject to renewal, modification and revocation. Among other things, these laws and regulations govern the emission or discharge of materials into the environment (including air, water or ground), climate change, the use, storage, treatment, disposal, management and releases of, and exposure to, hazardous substances and wastes, the health and safety of our employees and the end-users of our products, protection of wildlife and endangered species, wood harvesting and the materials used in and the recycling of our products. We have implemented compliance programs and procedures designed to achieve compliance with applicable laws and regulations.

In addition, a number of governmental authorities, both in the United States and abroad, have considered, and are expected to consider, legislation aimed at reducing the amount of plastic waste. For instance, some U.S. municipalities and states and certain other countries have proposed or enacted legislation prohibiting or restricting the sale and use of single-use food packaging and foodservice products and requiring them to be replaced with recyclable or compostable alternatives. We have developed a broad line of eco-friendly products, including products made from recycled, recyclable and renewable materials, and we actively monitor such legislative actions and, where appropriate, adjust our product offering in response to such laws.

Legal Proceedings

From time to time, we are a party to various claims, charges and litigation matters arising in the ordinary course of business. Management and legal counsel regularly review the probable outcome of such proceedings. We have established reserves for legal matters that are probable and estimable, and at June 30, 2020 and December 31, 2019 and 2018, these reserves were not significant. While we cannot feasibly predict the outcome of these matters with certainty, we believe, based on examination of these matters, experience to date and discussions with counsel, that the ultimate liability, individually or in the aggregate, will not have a material adverse effect on our business, financial position, results of operations or cash flows.

MANAGEMENT

Executive Officers and Directors

The following table presents the names of the executive officers and directors that we intend to have in place at the closing of this offering.

Name	Age	Position
Executive Officers		
John McGrath	62	Chief Executive Officer
Michael Ragen	49	Chief Operating Officer and Chief Financial Officer
John Rooney	57	President, Beverage Merchandising
Tim Levenda	52	President, Foodservice
Eric Wulf	39	President, Food Merchandising
Directors		
Allen Hugli	57	Director
John McGrath	62	Director
LeighAnne Baker	61	Director Nominee
Michael King	41	Director Nominee
Rolf Stangl	49	Director Nominee
Felicia Thornton	56	Director Nominee
Jonathan Rich	65	Director Nominee and Chairman of the Board of Directors

Executive Officers

John McGrath

Mr. McGrath has been a member of our board of directors since August 2020 and will, prior to the closing of this offering, be appointed as our Chief Executive Officer. Mr. McGrath served as the Chief Executive Officer and the President of Pactiv from 2010 to 2020. Prior to becoming Chief Executive Officer of Pactiv, Mr. McGrath served as Vice President of Sales, Marketing and Product Development for Pactiv’s foodservice and food packaging division. Formerly, Mr. McGrath served as the general manager of Pactiv’s food processor business and prior to that, Vice President of Logistics. He has also held various positions in sales, marketing and product development throughout his career. Mr. McGrath is the past chairman of the Foodservice Packaging Institute. Mr. McGrath is currently a member of the board of directors of OmniMax International, Inc. Mr. McGrath was selected to serve on our board of directors because of the perspective, management, leadership experience and operational expertise in our business.

Mr. McGrath received an MBA from Northwestern University and a Bachelor of Science majoring in Engineering from the United States Military Academy at West Point.

Michael Ragen

Mr. Ragen will, prior to the closing of this offering, be appointed as our Chief Operating Officer and Chief Financial Officer. From October 2018 to September 2020, Mr. Ragen served as Chief Operating and Financial Officer of Pactiv, and as Chief Financial Officer since 2014. Prior to joining Pactiv in 2014, Mr. Ragen served as an executive for Rank from 2012 to 2014, held various roles with AB Mauri from 2004 to 2011 and with Burns, Philp & Company Limited from 1994 to 2004.

Mr. Ragen is a CPA certified by the Australian Society of CPAs and received a Bachelor of Business from the University of Technology, Sydney.

John Rooney

Mr. Rooney has served as the President of Beverage Merchandising since January 2020. Mr. Rooney served as the Chief Executive Officer of Evergreen from 2018 to 2020. He also served as Chief Executive Officer of the combined operations of Evergreen and our former Graham Packaging and Closures segments from late 2015 to early 2018 and Chief Executive Officer of Graham Packaging from November 2015 to late 2018. He also served as Chief Executive Officer of Evergreen from June 2011 to October 2015. Mr. Rooney has worked at Evergreen since 1991 in a number of progressive leadership assignments including Plant Manager, International Marketing, Business Integration and General Manager of Evergreen Packaging Equipment.

Mr. Rooney received an MBA from Penn State University and a Bachelor of Science majoring in Chemistry from the University of Connecticut.

Tim Levenda

Mr. Levenda has served as the President of Foodservice since September 2019. From December 2014 to September 2019, he served as Senior Vice President, Foodservice. Mr. Levenda first joined Pactiv in 2007 as Executive Director, Sales, following Pactiv's acquisition of Prairie Packaging LLC, where he served as Executive Director, Sales since 2000, and Regional Sales Manager from 1998 to 2000. Mr. Levenda worked as a Regional Sales Manager for Marcal Paper Mills from 1992 to 1998, and in various roles at Coca-Cola Bottling Company of Chicago from 1990 to 1992.

Mr. Levenda received a Bachelor of Arts majoring in Economics from Wabash College.

Eric Wulf

Mr. Wulf has served as the President of Food Merchandising since March 2020. From August 2019 to March 2020, he served at Pactiv as the President of Food Packaging, and previously as Vice President, Food Packaging from July 2014 to August 2019. Mr. Wulf joined Pactiv in 2003 as a Customer Account Representative and has held various other roles including Territory Account Manager, Associate Product Manager, Product Manager, and Business Manager. He serves as Vice Chairman on the Board of Directors for Foodservice Packaging Institute.

Mr. Wulf received an MBA from Northwestern University, and a Bachelor of Science majoring in Computer Engineering from Iowa State University.

Directors (who are not Executive Officers)

Allen Hugli

Mr. Hugli has been a member of our board of directors since January 2020. Mr. Hugli served as the Chief Financial Officer of PTVE from 2009 to the time of Mr. Ragen's appointment as Chief Financial Officer of PTVE prior to the closing of this offering. He currently serves as Chief Financial Officer and a director of Rank and a director of other entities owned by Mr. Hart. He has been a senior executive of Rank since 1993. Mr. Hugli previously held positions in financial management and audit practices in Australia, Canada and New Zealand. Mr. Hugli was selected to serve on our board of directors because of his finance, accounting and senior management experience.

Mr. Hugli received a Bachelor of Commerce (Honours) from Queen's University at Kingston. Mr. Hugli holds a CPA CA designation from the Chartered Professional Accountants of Canada.

LeighAnne Baker

Ms. Baker is expected to join our board of directors upon the listing of our shares of common stock on Nasdaq. Ms. Baker currently serves on the board of directors, the compensation committee and the stakeholder and enterprise risk committee of ABM Industries Inc. Ms. Baker previously served as Chief Human Resources Officer of Cargill, Inc. from 2014 to 2020. Prior to joining Cargill, Ms. Baker served as Chief Human Resources Officer at Hertz Global Holdings and Reynolds and Reynolds Company. She also held numerous leadership positions in operations and human resources at The Timken Company. Ms. Baker was selected to serve on our board of directors because of her experience as a senior executive and board member for public and private corporations across multiple industries.

Ms. Baker received a Master of Science in Management from the Graduate School of Business at Stanford University, an MBA from Ashland University and a Bachelor of Arts majoring in Mathematics from Capital University.

Michael King

Mr. King is expected to join our board of directors upon the listing of our shares of common stock on Nasdaq. Mr. King has served as the Chief Executive Officer and President of our former Graham Packaging segment since December 2018. He also served as President of Graham Packaging from April 2017 to November 2018. Prior to Graham Packaging, Mr. King was President of FRAM Group from August 2015 to April 2017. Mr. King has held various leadership positions including Global Vice President of Sales and Marketing at Graham Packaging, Global Sales Director at Graham Packaging, Global Vice President and General Manager of TI Automotive Fuel Systems Division and Global Director of Sales and Engineering at TI Automotive Fuel Systems. He began his career as an engineer with Lear Corporation. Mr. King was selected to serve on our board of directors because of his industry and management experience.

Mr. King received a Bachelor of Science degree in Polymer Chemistry (Plastics) from Ferris State University.

Rolf Stangl

Mr. Stangl is expected to join our board of directors upon the listing of our shares of common stock on Nasdaq. Mr. Stangl has served as Chief Executive Officer of SIG Combibloc Group AG since 2008. Prior to becoming Chief Executive Officer of SIG, Mr. Stangl held a number of positions within SIG, including Head of Corporate Development and M&A, Chief Executive Officer of SIG Beverage (a division subsequently divested), and Chief Market Officer. Previously, he was an Investment Director for small and mid-cap buyouts at a family office in London, and a Senior Consultant with Roland Berger Strategy Consultants in Germany. Mr. Stangl was selected to serve on our board of directors because of his industry and management experience.

Mr. Stangl received a Bachelor of Business Administration from ESC Reims & ESB Reutlingen.

Felicia Thornton

Ms. Thornton is expected to join our board of directors upon the listing of our shares of common stock on Nasdaq. Ms. Thornton currently serves as Vice Chairman of the board of directors of 99 Cents Only Stores, Inc., having previously held executive positions within the company since 2015, including Interim Chief Executive Officer and Chief Financial Officer. Formerly, Ms. Thornton served as Co-Chief Executive Officer, Chief Operating Officer and President of Demoulas Super Markets, Inc., Chief Executive Officer of Knowledge Universe Education Holdings and Chief Financial Officer of Albertson’s Inc. Ms. Thornton also currently serves on the board of directors of Convergint Technologies LLC, CoolSys, Inc. and Floor & Decor Holdings, Inc. Ms. Thornton is a fellow of the National Association of Corporate Directors and a member of the Latino Corporate Director Association. Ms. Thornton was selected to serve on our board of directors because of her extensive finance, corporate strategy, M&A, integration and board experience.

Ms. Thornton received an MBA from the University of Southern California and a Bachelor of Science majoring in Economics from Santa Clara University.

Jonathan Rich

Mr. Rich is expected to join and serve as chairman of our board of directors upon the listing of our shares of common stock on Nasdaq. Mr. Rich has served as Chief Executive Officer of Lumileds since 2019 and served as Chairman of the Board of Directors of Lumileds in 2019. Formerly, Mr. Rich served as Chief Executive Officer and Chairman of the Board of Directors of Berry Global Corporation from 2010 to 2018, and as President, Chief Executive Officer and member of the Board of Directors of Momentive from 2007 to 2010. Prior to that, he held positions with Goodyear Tire and Rubber Company, first as President of the Global Chemicals business and subsequently as President of Goodyear's North American Tire Division. Mr. Rich spent his formative years at General Electric, first as a research scientist at GE Global Research and then in a series of management positions with GE Plastics. Mr. Rich previously served on the Board of Directors of PLZ Aeroscience and Hexion LLC. Mr. Rich was selected to serve on our board of directors because of his industry and board experience.

Mr. Rich received a Ph.D. in Chemistry from the University of Wisconsin-Madison and a Bachelor of Science majoring in Chemistry from Iowa State University.

Board Structure

Upon the closing of this offering, our board of directors will consist of seven members.

In connection with this offering, we will enter into a stockholders agreement with the Hart Stockholders. Among other things, the stockholders agreement will provide the Hart Stockholders with the right to nominate a certain number of directors so long as the Hart Entities beneficially own at least 10% of the outstanding shares of our common stock. See "Certain Relationships and Related Party Transactions—Stockholders Agreement."

Our amended and restated certificate of incorporation and bylaws provide that, prior to the first date on which the Hart Entities or any Permitted Assigns beneficially own less than 50% of the outstanding shares of our common stock, all directors will stand for election each year at our annual meeting of stockholders. From and after such date, our board of directors will be divided into three classes serving staggered three-year terms, with one class standing for election each year. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of the board of directors. In general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of the board of directors.

Director Independence

We are a "controlled company" under the rules of Nasdaq. As a result, we qualify for exemptions from, and have elected not to comply with, certain corporate governance requirements under the rules. Even though we are a controlled company, we are required to comply with the rules of the SEC and Nasdaq relating to the membership, qualifications and operations of the audit committee, as disclosed below.

The rules of Nasdaq define a "controlled company" as a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. Upon the closing of this offering, the Hart Stockholders will own, and control the voting power of, 137,979,428 shares of our common stock, representing 79% of the total outstanding shares of common stock (or approximately 76% if the underwriters exercise in full their option to purchase additional shares of common stock from us). Through their control of shares of common stock representing a majority of the votes entitled to be cast in the election of directors, the Hart Stockholders will control the vote to elect all of our directors. Accordingly, we will qualify as a "controlled company" and will be able to rely on the controlled company exemption from the director independence requirements of Nasdaq relating to the board of directors, the compensation committee and the nominating and corporate governance committee. If we cease to be a controlled company and the common stock continues to be listed on Nasdaq, we will be required to comply with these requirements by the date our status as a controlled company changes or within specified transition periods applicable to certain provisions, as the case may be.

Our board of directors has determined that Ms. LeighAnne Baker, Mr. Rolf Stangl, Ms. Felicia Thornton and Mr. Jonathan Rich are independent directors under Nasdaq rules.

Role of Board of Directors in Risk Oversight

Our Chief Executive Officer, other executive officers and other members of our management team regularly report to the non-executive directors and the audit committee to discuss any financial, legal, cybersecurity or regulatory risks, to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. The internal audit department reports functionally and administratively to our Chief Financial Officer and directly to the audit committee. We believe that the leadership structure of our board of directors provides appropriate risk oversight of our activities given the controlling interests held by the Hart Stockholders.

Board Committees

Audit Committee

The members of our audit committee are Ms. Felicia Thornton, Ms. LeighAnne Baker and Mr. Allen Hugli. Ms. Thornton will serve as the chair of our audit committee. The composition of our audit committee meets the requirements for independence under the current Nasdaq listing standards and SEC rules and regulations. Each member of our audit committee is financially literate. In addition, our board of directors has determined that Felicia Thornton is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose any duties, obligations or liabilities that are greater than those which are generally imposed on members of our audit committee and our board of directors. Our audit committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our financial statements;
- ensuring the independence of the independent registered public accounting firm;
- approving the planned scope and timing, and discussing the findings, of the audit with the independent registered public accounting firm, and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or auditing matters;
- considering the adequacy of our internal controls and internal audit function;
- reviewing and approving related person transactions and those that require disclosure; and
- approving or, as permitted, pre-approving all audit and non-audit services to be provided by the independent registered public accounting firm.

Compensation Committee

The members of our compensation committee are Ms. LeighAnne Baker, Mr. Allen Hugli and Mr. Jonathan Rich. Ms. Baker will serve as the chair of our compensation committee. Our compensation committee is responsible for, among other things:

- recommending to our board of directors for determination, the compensation of our executive officers;

- administering our stock and equity incentive plans;
- reviewing and evaluating, or making recommendations to our board of directors with respect to, incentive compensation and equity plans; and
- reviewing our overall compensation philosophy.

Nominating and Corporate Governance Committee

The members of our nominating and corporate governance committee are Mr. Allen Hugli, Mr. Jonathan Rich and Mr. Rolf Stangl. Mr. Hugli will serve as the chair of our nominating and corporate governance committee. Our nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending candidates for membership on our board of directors;
- reviewing and approving the compensation of our directors;
- reviewing and recommending our corporate governance guidelines and policies;
- reviewing and considering proposed waivers of the code of conduct for directors and executive officers and making recommendations to our board of directors;
- overseeing the process of evaluating the performance of our board of directors; and
- assisting our board of directors on corporate governance matters.

Code of Business Conduct and Ethics

In connection with this offering, our board of directors will adopt a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. Upon the closing of this offering, the full text of our code of business conduct and ethics will be posted on the investor relations section of our website. We intend to disclose future amendments to our code of business conduct and ethics, or any waivers of such code, on our website or in public filings.

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a member of a compensation committee (or if no committee performs that function, the board of directors) of any other entity that has an executive officer serving as a member of our board of directors.

EXECUTIVE COMPENSATION

Introduction

This Compensation Discussion and Analysis section describes our compensation approach and programs for our named executive officers ("NEOs") for the year ended December 31, 2019. Except as otherwise indicated, the information in this section relates to the compensation of our NEOs, and the principles underlying our executive compensation policies, in respect of fiscal year 2019.

John McGrath will be appointed Chief Executive Officer of PTVE prior to the closing of this offering. Michael Ragen will be appointed Chief Operating Officer and Chief Financial Officer of PTVE prior to the closing of this offering. Allen Hugli, Chief Financial Officer of Rank, served as Chief Financial Officer of PTVE prior to Mr. Ragen's appointment but Mr. Hugli has never been an employee of the Group. Mr. Hugli was primarily paid by Rank, an entity that was not part of the Group prior to this offering and will not be part of the Group subsequent to this offering. Mr. Hugli continues to receive this amount even though he no longer provides services to the Group, and will not provide services subsequent to this offering (other than in his capacity as a director of PTVE, for which he will receive no compensation). Additionally, none of the compensation Mr. Hugli received from Rank was recharged to the Group. Mr. Hugli received a small portion of his salary from Pactiv Canada Inc. (an entity that is part of the Group) prior to this offering, which he will continue to receive from another entity outside of the Group following this offering.

Our NEOs for 2019 were:

- Thomas Degnan, Chief Executive Officer, PTVE
- John McGrath, Chief Executive Officer, Pactiv
- Michael Ragen, Chief Financial Officer, Pactiv
- Lance Mitchell, Chief Executive Officer, RCPI
- John Rooney, Chief Executive Officer, Evergreen

Mr. Degnan is not an employee of the Group, and will not serve as an executive officer of PTVE following this offering; his compensation disclosed in the following discussion reflects the proportion of such compensation costs that is attributable to the services he performed for the Group and which has been recharged to the Group.

Mr. Mitchell is the Chief Executive Officer of RCPI. RCPI was part of the Group throughout 2019. Effective February 4, 2020, the Group distributed its interest in RCPI to PTVE's shareholder, PFL. The distributions occurred prior to the initial public offering of shares of common stock of RCPI, which was completed on February 4, 2020. Mr. Mitchell is not an executive officer and will not be an executive officer of the Group following this offering.

The following discussion relates to the compensation of our NEOs for 2019 whose compensation is disclosed below, as well as the overall principles underlying our executive compensation policies. For the reasons stated above, many aspects of the following discussion are not applicable to Mr. Degnan, and only relate to Mr. Mitchell for the period prior to February 4, 2020.

Our Compensation Objectives and Philosophy

Throughout 2019, PTVE was a wholly-owned subsidiary of PFL, and as such our compensation objectives reflected the expectations of our sole shareholder. These objectives included attracting and retaining top talent, motivating and rewarding the performance of senior executives in support of achievement of strategic, financial and operating performance objectives and ensuring that our total compensation packages are competitive in comparison to those offered by our peers. Our NEOs (with the exception of Mr. Degnan), as well as our employees generally, have participated in compensation and benefits plans and programs and we will continue a number of these plans and programs following this offering. These plans and programs are intended to align our compensation programs with our business objectives, promote good corporate governance and seek to achieve our compensation objectives.

To ensure that management's interests are aligned with those of our stockholders and to motivate and reward individual initiative and effort, our executive compensation program will emphasize a pay-for-performance compensation philosophy so that attainment of enterprise-wide, operating segments' and individual performance goals are rewarded. Through the use of performance-based plans that emphasize attainment of enterprise-wide and/or operating segment goals, we seek to foster teamwork and commitment to performance. The introduction of tools such as equity ownership and long-term equity-based incentive compensation programs, discussed below, is important to ensure that the efforts of management are consistent with the objectives of our stockholders.

Risk Assessment of Compensation Programs

We do not believe that our compensation arrangements, including financial performance measures used to determine short-term and long-term incentive payout amounts, will provide our executives with an incentive to engage in business activities or other behavior that would expose us or our stockholders to excessive risks that are reasonably likely to have a material adverse effect.

Executive Compensation Process

Role of the Group's Executives and the Compensation Committee Going Forward

In connection with our public offering, Mr. Degnan, in consultation with the sole shareholder, established our initial compensation and benefits programs as a public company and approved initial compensation for our executive officers and senior executives, including our NEOs, after the offering. To assist in this task, PTVE engaged Pearl Meyer & Partners, LLC ("Pearl Meyer"), an independent compensation consultant, to provide an analysis of base salary, short-term incentive ("STI") compensation and long-term incentive ("LTI") compensation for senior executives with similar responsibilities, including positions within business groups which are within the companies in the Benchmark Comparison Group (defined below). We also directed Pearl Meyer to compare the Group's executive officers' compensation by percentile ranking to the compensation received by officers in comparable positions at Benchmark Comparison Group companies, discussed below.

We have established a compensation committee of directors (the "Compensation Committee") who, following the closing of this offering, will assume responsibility for determining our compensation philosophy, structuring our compensation and benefits programs and determining appropriate payments and awards to our executive officers, including our NEOs after this offering. The Compensation Committee will also be responsible for implementing, monitoring and evaluating our executive compensation philosophy and objectives and overseeing the compensation program for senior executives. The Compensation Committee's responsibilities and authority are described fully in its charter.

Role of the Independent Compensation Consultant and Our Peer Group

In conjunction with this offering, we have identified a group of peer companies which we will use as our benchmark for compensation matters ("Benchmark Comparison Group"). The Benchmark Comparison Group will be reviewed from time to time by our Compensation Committee. The Benchmark Comparison Group includes the following companies:

- AptarGroup, Inc.
- Avery Dennison Corporation
- Berry Global Group, Inc.
- Clearwater Paper Corporation
- Crown Holdings, Inc.
- Graphic Packaging Holding Company
- Greif, Inc.
- P.H. Glatfelter Company
- Packaging Corporation of America
- Sealed Air Corporation
- Silgan Holdings Inc.
- Sonoco Products Company
- Tupperware Brands Corporation
- Verso Corporation

The criteria considered in selecting peer companies for the Benchmark Comparison Group include the following:

- size, as measured by revenue, market capitalization and enterprise value;
- industry category, including packaging materials, packaging products and packaging solutions; and
- competition for sources of talent.

Role of Management

Subsequent to this offering, our CEO will make recommendations to the Compensation Committee for base salary, STI and LTI compensation and any other elements of our compensation program for each executive officer (other than the CEO, whose compensation is determined solely by the Compensation Committee). Our CEO will also provide recommendations to the Compensation Committee on other elements of our compensation program for senior executives, including, for example, the design and metrics under our STI and LTI programs. While the Compensation Committee will consider the CEO's recommendations with respect to the compensation of such executive officers, the Compensation Committee independently evaluates the recommendations and makes all final compensation decisions relating to the executive officers.

In the case of compensation for employees below the most senior level, the Compensation Committee will delegate certain authority to our management to make determinations in accordance with the philosophy and principles established by the Compensation Committee.

Elements of Compensation

The components of executive compensation for our NEOs, and the primary objectives of each, are summarized in the chart below:

Compensation Element	Description	Form	Objective
Base salary	Fixed based on level of responsibility, experience, tenure and qualifications	Cash	• Support talent attraction and retention
STI Compensation (Annual Incentive Program)	Variable based on the achievement of annual financial metrics	Cash	• Link pay and performance • Drive the achievement of short-term business objectives

LTI Compensation	Variable based on the achievement of longer-term goals and stockholder value creation	Cash and equity (for 2019, LTI compensation was in the form of cash only)	• Support talent attraction and retention • Link pay and performance • Drive the achievement of longer-term goals • Align with stockholder interests
Other Compensation and Benefits Programs	Employee health, welfare and retirement benefits	Group medical benefits Life and disability insurance 401(k) plan participation Nonqualified deferred compensation plan and the Reynolds Group Pension Plan	• Support talent attraction and retention

PTVE has been a wholly-owned subsidiary of PFL, and executive compensation has been set based on the expectations of our sole shareholder. As a result of this offering, PTVE will become a stand-alone organization and will adopt programs that it feels, considering the advice from its consultants, are appropriate for a publicly-traded company. Comparisons with the Benchmark Comparison Group (and compensation survey data where applicable) have been undertaken to recognize the increased independence of the NEOs and to adopt compensation programs that are more consistent with the public company market.

Because of the ability of our NEOs to directly influence our overall performance, and consistent with our philosophy of linking pay to performance, the compensation programs will allocate a significant portion of compensation paid to our NEOs to both short-term and long-term performance-based incentive programs. In addition, as an employee's responsibility and ability to affect our financial results increases, base salary becomes a relatively smaller component of total compensation while long-term and at-risk incentive compensation becomes a larger component of total compensation. See "—2019 Summary Compensation Table."

The following discussions on Base Salary, Annual Incentive Compensation, Long-Term Incentive Compensation, and Other Compensation – Retirement and Welfare Benefits are not applicable to Mr. Degnan, who does not receive compensation from the Group, although he is eligible to participate in the Group's health and welfare plans. The compensation shown in the tables below reflects the proportion of Mr. Degnan's compensation costs attributable to the services he has performed for the Group and that was charged back to the Group in the applicable periods.

Base Salary

Base salaries are set at competitive levels necessary to attract and retain top-performing senior executives, including our NEOs, and are intended to compensate senior executives for their job responsibilities and level of experience. PTVE has set a total compensation goal at approximately the 50^{th} percentile of the Benchmark Comparison Group (and, where it is possible to do so, the overall general industry), adjusted to reflect each executive's individual performance and contributions. Additionally, going forward the Compensation Committee will attempt to set each of the elements of total compensation at or around the 50^{th} percentile of the Benchmark Comparison Group, taking into account general industry data. However, as there were certain elements of compensation not available to the Group when it was wholly-owned by PFL, such as equity-based compensation, the Compensation Committee recognizes that it will take time before all of the individual elements of total compensation can reach the 50^{th} percentile goal. In certain cases, including when an executive is recruited from another company or where it is otherwise appropriate to retain or incentivize an executive, the base salary may exceed the levels indicated in order to attract, and ultimately retain, the executive.

Annual Incentive Compensation

Our annual incentive program was designed to provide an opportunity for our senior executives, including our NEOs, to earn an annual incentive, paid in cash, based on the achievement of certain financial targets and strategic priorities. An executive's incentive target is a percentage of his or her base salary. The table below discloses the annual incentive targets for each NEO.

Name	Incentive Target (%)
Thomas Degnan	N/A
John McGrath	150%
Michael Ragen	50%
Lance Mitchell	115%
John Rooney	125%

Actual payments made in respect of the year ended December 31, 2019 for the NEOs who participated in these plans are disclosed in the "—2019 Summary Compensation Table" section below.

2019 AIP Design

The annual incentive program for 2019 (the "2019 AIP") was designed to motivate our senior executives to achieve annual financial and other business goals based on our strategic, financial and operating performance objectives. For our senior executives, 90% of the payout under the 2019 AIP was determined by the senior executive's respective business unit's (i.e., historically, Evergreen, Pactiv or RCPI) Adjusted EBITDA year over year growth ("Adjusted EBIDTA Growth"). The remaining 10% was measured by the respective business unit's working capital achievements. Accordingly, the Evergreen, Pactiv and RCPI operations were all treated as separate from each other for purposes of the 2019 AIP. Based on the combined Adjusted EBITDA Growth and working capital results, a participant could earn up to 200% of the target value. Additionally, an individual's calculated payout amount could be increased or decreased at management's discretion to take into account his or her performance and contribution to the Group. These 2019 Adjusted EBITDA Growth and working capital results reflect amounts that were reported by PTVE as part of its IFRS reporting.

The Adjusted EBITDA Growth component was calculated on a scale where the threshold payout was 25% of the incentive target upon achievement of 90% Adjusted EBITDA Growth. The percentage payout increases on a non-linear scale with award payouts of 100% of target upon achievement of 101% Adjusted EBITDA Growth and award payouts capped at 200% of target upon achievement of 108% Adjusted EBITDA Growth. The working capital achievements component was based on the achievement of discrete projects particular to each of the executive's respective business units.

Evergreen's Adjusted EBITDA Growth result was less than 90%, and the working capital targets were not achieved. For the business as a whole, Mr. Degnan, in consultation with our sole shareholder, awarded a discretionary pool of 25% of the target value. In the context of a group reorganization occurring in December 2018, Mr. Rooney was guaranteed a minimum 2019 AIP award equal to his target incentive value, and accordingly was awarded 100% of target value.

Metric	2019 Adjusted EBITDA Actual ($m)	2019 Adjusted EBITDA Growth (% of prior year)	Payout Attainment (%)	Weight (%)	Final Payout (%)
Evergreen Adjusted EBITDA Growth	201	88%	0%	90%	0%
Evergreen Working Capital			0%	10%	0%
Evergreen Total					**0%**
Evergreen Discretionary Award					**25%**

Based on Pactiv's Adjusted EBITDA Growth and achievement of working capital targets in 2019, the calculated payment was 104% of target, based on the following factors:

Metric	2019 Adjusted EBITDA Actual ($m)	2019 Adjusted EBITDA Growth (% of prior year)	Payout Attainment (%)	Weight (%)	Final Payout (%)
Pactiv Adjusted EBITDA Growth	586	102%	107%	90%	96%
Pactiv Working Capital			75%	10%	8%
Pactiv Total					**104%**

Based on RCPI's Adjusted EBITDA Growth and achievement of working capital targets in 2019, the calculated payment was 122% of target, based on the following factors:

Metric	2019 Adjusted EBITDA Actual ($m)	2019 Adjusted EBITDA Growth (% of prior year)	Payout Attainment (%)	Weight (%)	Final Payout (%)
RCPI Adjusted EBITDA Growth	664	103%	122%	90%	110%
RCPI Working Capital			122%	10%	12%
RCPI Total					**122%**

Long-Term Incentive Compensation

A small number of key executives participate in a cash-based long-term incentive program ("PTVE LTIP") designed to provide the participants an opportunity to earn incentive awards tied to sustained Adjusted EBITDA Growth over a three-year term. Pursuant to the PTVE LTIP, participants receive a grant at the beginning of a three-year performance period that can be earned over such period in annual installments based upon the attainment of certain Adjusted EBITDA Growth metrics set at the beginning of the period. Each grant will provide for a "Target Opportunity Award" (based on a percentage of base salary) that can be achieved over the three-year period. The performance results achieved in the first year of the three-year period will establish the total amount of the award (which is expressed as a percentage of the Target Opportunity Award) that can be payable over the specified three-year period. If the executive's respective business unit does not meet the performance threshold level in the first year, the participant is no longer eligible to earn any amount over the three-year period. If the threshold is met in the first year, the participant will receive the first payment, but the second and third payments depend on business results in the second and third years.

Each of Evergreen, Pactiv and RCPI had the same overall LTIP design, but was measured against the Adjusted EBITDA Growth specific to its own operations. Accordingly, Evergreen, Pactiv and RCPI operations were treated as separate from each other for purposes of the PTVE LTIP. A participant is not eligible to receive any award if they are not employed by the Group at the time the award is paid. See the "—2019 Summary Compensation Table" section below for the amounts earned in 2019 pursuant to grants made in 2017, 2018 and 2019 under the PTVE LTIP.

The 2019 grant, covering the years 2019-2021, was based on Adjusted EBITDA Growth with potential payouts ranging from an award of 25% of the target value for 90% Adjusted EBITDA Growth, 100% of the target value for 103% Adjusted EBITDA Growth and a maximum of 125% of the target value for 108% Adjusted EBITDA Growth.

The Evergreen Adjusted EBITDA Growth result for 2019 was less than 90%, so participants are no longer eligible to earn any amount from this grant.

Pactiv's Adjusted EBITDA Growth result for 2019 was 102% Adjusted EBITDA Growth which translated to a payout equal to 91% of the target value. Therefore, a participant's Target Opportunity Award for the 2019 grant for Pactiv is multiplied by 91%, and the result is the maximum that can be earned for the 2019 grant over the three-year period. One-third of such amount was paid in early 2020 in respect of 2019, and one-third will be available to be earned in respect of each of 2020 and 2021 contingent on the performance targets being met in such years.

RCPI's Adjusted EBITDA Growth result for 2019 was 103% Adjusted EBITDA Growth which translated to a payout equal to 101% of the target value. Therefore, a participant's Target Opportunity Award for the 2019 grant is multiplied by 101%, and the result is the maximum that can be earned for the 2019 grant over the three-year period. One-third of such amount was paid in early 2020 in respect of 2019, and one-third will be available to be earned in respect of each of 2020 and 2021 contingent on the performance targets being met in such years.

A final, 2020 grant has been issued under the PTVE LTIP to participants. Initially, this grant was based on the same EBITDA Growth metric and performance scale as the 2019 grant. Due to the subsequent impact of COVID-19 on the business, the design of the 2020 grant has (effective August 28, 2020) been modified for the Pactiv operations (but not for the Evergreen operations). Under the modified terms, Pactiv participants will be entitled to 100% of the Target Opportunity Award if Pactiv achieves an Adjusted EBITDA result of $476 million. The potential award ranges from 25% of the Target Opportunity Award for an Adjusted EBITDA result of $416 million, to a maximum of 125% of the Target Opportunity Award for an Adjusted EBITDA result of $499 million. An Adjusted EBITDA result of $416 million will also trigger payment of the second one-third portion of the 2019 grant. The performance target for the final one-third portion of the 2019 grant remains unchanged. We will not be issuing any further grants under the PTVE LTIP after this offering.

Other Compensation—Retirement and Welfare Benefits

Retirement and welfare benefit programs are a necessary element of the total compensation package to ensure a competitive position in attracting and retaining a committed workforce. Participation in these programs is not tied to performance.

Our specific contribution levels to these programs are reviewed annually to maintain a competitive position while considering costs.

- Employee Savings Plan: All non-union employees in the United States, including our NEOs except for Mr. Degnan, are eligible to participate in a tax-qualified retirement savings plan under Section 401(k) of the Code. There are two such plans: Pactiv and corporate employees of the Group participate in one, and Evergreen employees participate in the other. For both plans, PTVE makes a 2% non-elective contribution and matching contributions of 100% of the first 6% of an employee's elective deferral contribution. Prior to the RCPI Distribution, RCPI employees also participated in a separate plan.
- Reynolds Group Pension Plan ("RGPP") (formerly known as the Pactiv Retirement Plan): Certain employees, including Mr. McGrath, have frozen benefits under the RGPP.
- Welfare Plans: Our executives are also eligible to participate in our broad-based health and welfare plans (including medical, dental, vision, life insurance and disability plans) under the same terms and conditions as other employees.

Executive Benefits and Perquisites

Employees of the Group who are at a designated salary grade or above may defer up to 50% of their salary and up to 80% of their bonus each year into a nonqualified deferred compensation plan, which is a tax-deferred plan. There are two such plans: Pactiv and corporate employees participate in one, and Evergreen employees participate in the other. The Group also makes contributions to these plans mirroring percentage contributions made to the applicable 401(k) plans. Under the deferred compensation plans, the deferred amounts will be paid upon an employee's "separation from service" or a specified date elected by the employee. This program is intended to promote retention by providing a long-term savings opportunity on a tax-efficient basis. The amounts deferred are unsecured obligations of the Group, receive no preferential standing and are subject to the same risks as any of the Group's other unsecured obligations.

The Group provides certain of its senior management with limited perquisites and other personal benefits, including reimbursement of relocation costs. Additionally, the Group purchases tickets to various cultural, charitable, civic, entertainment and sporting events for business development and relationship building purposes, and to maintain its involvement in communities in which the Group operates and its employees live. Occasionally, its employees, including its NEOs, make personal use of tickets that would not otherwise be used for business purposes. The Compensation Committee will periodically review the levels of perquisites and other personal benefits provided to our NEOs. The Compensation Committee intends to maintain only those perquisites and other benefits that it determines to be necessary components of total compensation and that are not inconsistent with stockholder interests.

Mr. Degnan was also provided with a car allowance by an entity outside of the Group and is permitted personal use of an aircraft owned by an entity outside of the Group. Mr. Degnan receives two forms of life insurance benefits: he receives the benefit of the term life insurance made available to employees of the Group and Rank Group North America Inc., Mr Degnan's employing entity, and Mr. Degnan's employing entity also pays the cost of an individual term life executive policy, with a fixed lump sum benefit. Costs associated with Mr. Degnan's car allowance, personal use of the aircraft and life insurance benefits are recharged to the Group.

Attributed costs of the personal benefits described above for our NEOs for the year ended December 31, 2019 are included in the column entitled "All Other Compensation" of the 2019 Summary Compensation Table.

Compensation Programs Following this Offering

The Group has established STI and LTI programs for fiscal year 2020. The STI program for fiscal year 2020 follows the same structure as the 2019 AIP and will allow participants, including our NEOs, to earn cash awards (determined as a percentage of the participant's base salary) based on the Group's attainment of Adjusted EBITDA from continuing operations Growth (90%) and working capital (10%) goals in fiscal year 2020 as a whole or for the relevant segment, as applicable. The targets and threshold levels for these performance metrics were set by Mr. Degnan, in consultation with our sole shareholder in the first quarter of 2020. Due to the subsequent impact of COVID-19 on the business, the design of the 2020 AIP has (effective August 28, 2020) been modified for the Pactiv operations (but not for the Evergreen operations) for the 90% portion of the AIP which is based on Adjusted EBITDA Growth. Under the modified terms, the Adjusted EBITDA Growth component is calculated on a scale where the threshold payout of 25% of the incentive target is payable upon achievement of Adjusted EBITDA of $416 million. The percentage payout increases on a non-linear scale with award payouts capped at 100% of target upon achievement of Adjusted EBITDA of $462 million.

We believe that a significant portion of each senior executive's compensation should be dependent on long term value created for our stockholders. In conjunction with this offering, the Group will implement an LTI program, which will be designed to align the awards for the senior executives with the results achieved for stockholders, and will consist of restricted stock or restricted stock unit ("RSU") awards and performance share awards. The restricted stock or RSUs will generally vest over a three-year period, with 1/3 vesting each year. The performance shares will be earned at the end of a three-year period based on the attainment of specified performance metrics, which include earnings per share and Adjusted EBITDA from continuing operations, over the three-year period.

Equity Incentive Plan

PTVE has adopted the Equity Incentive Plan (the "Incentive Plan"), which will be effective in connection with the closing of this offering. The purpose of the Incentive Plan is to motivate and reward our employees, directors, consultants and advisors to perform at the highest level and to further our best interests and those of our shareholders.

Shares Available. Subject to adjustment, the Incentive Plan permits us to make awards of up to 5% of our common stock issued and outstanding after the closing of this offering (assuming the underwriters' option to purchase additional shares of common stock is exercised in full). Additionally, the number of shares of our common stock reserved for issuance under the Incentive Plan may increase automatically on the first day of each fiscal year following the effective date of the Incentive Plan by an amount equal to the lesser of (i) 1% of outstanding shares on December 31 of the immediately preceding fiscal year or (ii) such number of shares as determined by our board of directors in its discretion. If any award issued under the Incentive Plan is cancelled, forfeited, or otherwise terminates or expires unexercised, such shares may again be issued under the Incentive Plan. In the event that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Incentive Plan, as a result of any dividend (other than ordinary cash dividends) or other distribution (whether in the form of cash, shares or other securities), recapitalization, share split (share subdivision), reverse share split (share consolidation), reorganization, merger, amalgamation, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other securities of the Company, issuance of warrants or other rights to acquire shares or other securities of the Company, issuance of shares pursuant to the anti-dilution provisions of securities of the Company, or other similar corporate transaction or event affecting the shares, or of changes in applicable laws, regulations or accounting principles, our Compensation Committee shall, subject to compliance with Sections 409A and 457A of the Code, adjust equitably any or all of (i) the number and type of shares (or other securities) which thereafter may be made the subject of awards, (ii) the number and type of shares (or other securities) subject to outstanding awards, (iii) the grant, acquisition or exercise price of awards or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding award or (iv) the terms and conditions of any outstanding awards, including the performance criteria of any performance awards.

Administration. Our Compensation Committee will administer the Incentive Plan and determine the following items:

- select the participants to whom awards may be granted;
- determine the type or types of awards to be granted under the Incentive Plan;
- determine the number of shares to be covered by awards;
- determine the terms and conditions of any award and prescribe the form of award agreement;
- determine whether, to what extent and under what circumstances awards may be settled or exercised in cash, shares, other awards, other property, net settlement, or any combination thereof, or canceled, forfeited or suspended, and the method or methods by which awards may be settled, exercised, canceled, forfeited or suspended;
- determine whether, to what extent and under what circumstances amounts payable with respect to an award shall be deferred;
- amend or modify outstanding awards or award agreements;
- correct any defect, supply any omission and reconcile any inconsistency in the Incentive Plan or any award, in the manner and to the extent it will deem desirable to carry the Incentive Plan into effect;
- interpret and administer the terms of the Incentive Plan, any award agreement and any agreement related to any award; and
- make any other determination and take any other action that it deems necessary or desirable to administer the Incentive Plan.

To the extent not inconsistent with applicable law, our Compensation Committee may delegate to one or more of our officers some or all of the authority under the Incentive Plan, including the authority to grant all types of awards authorized under the Incentive Plan.

Eligibility. Generally, all employees, directors, consultants or other advisors of the Group or any of our affiliates will be eligible to receive awards.

Forms of Awards. Awards under the Incentive Plan may include one or more of the following types: (i) stock options, (ii) share appreciation rights ("SAR"), (iii) restricted stock awards, (iv) RSU awards, (v) performance awards, (vi) other cash-based awards and (vii) other stock-based awards.

- *Stock Options*. Options are rights to purchase a specified number of shares of our common stock at a price fixed by our Compensation Committee, but not less than the fair market value on the date of grant. Options generally expire no later than ten years after the date of grant. Options will become exercisable at such time and in such installments as our Compensation Committee will determine.
- *SARs*. An SAR entitles the holder to receive, upon exercise, an amount equal to any positive difference between the fair market value of one share of our common stock on the date an SAR is exercised and the exercise price, multiplied by the number of shares of common stock with respect to which an SAR is exercised. Our Compensation Committee will have the authority to determine whether the amount to be paid upon exercise of an SAR will be paid in cash, common stock or a combination of cash and common stock.
- *Restricted Stock Awards*. Restricted stock awards provide for a specified number of shares of our common stock subject to a restriction against transfer during a period of time or until performance measures are satisfied, as established by our Compensation Committee. Unless otherwise set forth in the agreement relating to a restricted stock award, the holder has all the rights of a shareholder, including voting rights, the right to receive dividends and the right to participate in any capital adjustment applicable to all holders of common stock; provided, however, that our Compensation Committee may determine that distributions with respect to shares of common stock will be reinvested in additional shares of common stock and will be subject to the same restrictions as the shares of common stock with respect to which such distribution was made.
- *RSU Awards*. An RSU award is a right to receive a specified number of shares of our common stock (or the fair market value thereof in cash, or any combination of our common stock and cash, as determined by our Compensation Committee), subject to the expiration of a specified restriction period and/or the achievement of any performance measures selected by our Compensation Committee, consistent with the terms of the Incentive Plan. The RSU award agreement will specify whether the award recipient is entitled to receive dividend equivalents with respect to the number of shares of our common stock subject to the award. Prior to the settlement of an RSU award in our common stock, the award recipient will have no rights as a shareholder of our Company with respect to our common stock subject to the award.
- *Performance Awards*. Performance awards are awards whose final value or amount, if any, is determined by the degree to which specified performance measures have been achieved during a performance period set by our Compensation Committee. Payment may be made in the form of cash, shares, other awards, or a combination thereof, as specified by our Compensation Committee.
- *Other Cash-Based Awards.* Our Compensation Committee is authorized, subject to limitations under applicable law, to grant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, cash on such terms and conditions as set by our Compensation Committee.
- *Other Stock-Based Awards*. Our Compensation Committee is authorized, subject to limitations under applicable law, to grant other types of awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares or factors that may influence the value of shares.

An award agreement may contain additional terms and restrictions, including vesting conditions, not inconsistent with the terms of the Incentive Plan, as our Compensation Committee may determine.

No Repricing. Except as provided in the adjustment provision of the Incentive Plan, no action will directly or indirectly, through cancellation and regrant or any other method, reduce, or have the effect of reducing, the exercise price of any option or an SAR established at the time of grant thereof without approval of our stockholders.

Director Pay Cap. Subject to the adjustment provision of the Incentive Plan, an individual who is a non-employee director may not receive awards, in cash or otherwise, for any calendar year that total more than $750,000 in the aggregate.

Termination of Employment or Service and Change in Control. Our Compensation Committee will determine the effect of a termination of employment or service on outstanding awards, including whether the awards will vest, become exercisable, settle, be paid or be forfeited. In the event of a change in control, all outstanding awards shall immediately vest and settle, and, with respect to options and SARs, shall become fully exercisable, and any performance criteria to which any such award is subject will be deemed to be satisfied at target.

Amendment and Termination. Subject to certain restrictions, our board of directors may amend, alter, suspend, discontinue or terminate the Incentive Plan at any time. Our Compensation Committee may also amend the related award documents. However, subject to the adjustment and change in control provisions of the Incentive Plan, any such action that would materially adversely affect the rights of a holder of an outstanding award may not be taken without the holder's consent, except to the extent that such action is taken to cause the Incentive Plan to comply with applicable law, stock market or exchange rules and regulations, or accounting or tax rules and regulations, or to impose any "clawback" or recoupment provisions on any outstanding awards in accordance with the Incentive Plan.

Executive Retention and Transaction Bonus Agreements

Cash and equity retention agreements were entered into with certain of the Group's NEOs and other key executives, including Messrs. McGrath, Ragen and Rooney. RCPI entered into cash and equity retention agreements with Mr. Mitchell. The retention agreements were implemented to further ensure leadership continuity, and the objectives are to retain executives through the initial public offerings and beyond. Awards under the retention agreements are summarized below. Transaction bonus agreements were also entered into with Messrs. McGrath, Ragen and Rooney.

Cash Retention Agreements: Two cash retention agreements were entered into with each of Messrs. McGrath and Rooney and one with each of Messrs. Ragen and Mitchell. The retention amounts are paid in one, two or three installments. Under the retention bonus agreements, the total potential transaction bonus amounts are $3,100,000 for Mr. McGrath, $980,000 for Mr. Ragen, $2,400,000 for Mr. Rooney and $1,550,000 for Mr. Mitchell.

If the executive resigns or is terminated for cause before the end of the retention period, the executive must repay any installments which have already been paid to him. For Messrs. McGrath and Rooney, a portion of their total retention bonus amounts ($1,550,000 for Mr. McGrath and $800,000 for Mr. Rooney) will accelerate upon a sale or disposition of more than 50% of the equity interests of PTVE.

Restricted Stock Units: In conjunction with this offering, RSUs of PTVE will be issued to Messrs. McGrath, Ragen and Rooney. For Mr. McGrath, 100% of the RSUs will vest on December 31, 2021. For Messrs. Ragen and Rooney, the RSUs will vest over a three-year period, with 1/3 vesting after 12 months, 1/3 vesting after 24 months and 1/3 vesting after 36 months. The executive must be an employee of the Group on the applicable vesting date to receive the shares.

Transaction Bonus Agreements: Pursuant to the transaction bonus agreement, Messrs. McGrath, Ragen and Rooney are entitled to a bonus upon the closing of this offering, 50% of which will be paid 30 days after the closing of this offering and 50% of which will be paid six months after the closing of this offering, as long as the executive remains employed as of the payment date. Under the transaction bonus agreements, the total potential transaction bonus amounts are $2,325,000 for Mr. McGrath, $980,000 for Mr. Ragen and $2,000,000 for Mr. Rooney. Messrs. Mitchell and Ragen entered into transaction bonus agreements in connection with RCPI's IPO (with equivalent terms to the agreements with Messrs. McGrath, Ragen and Rooney in connection with this offering). The total transaction bonus amount for Mr. Mitchell and Mr. Ragen under those agreements is $1,782,500 and $270,000, respectively.

Employment Agreements

The Group has entered into employment agreements with Messrs. McGrath, Ragen and Rooney, and RCPI entered into an employment agreement with Mr. Mitchell. Key elements of these agreements are outlined below. Mr. Degnan does not have an employment agreement with any entity. Receipt of the below-described payments and benefits is conditioned upon the executive's execution and non-revocation of a release of claims in favor of the Company.

Employee	Base Salary	Incentive Target (1)	Severance	Restrictive Covenants (2)
John McGrath	$ 1,550,000	150%	• 12 months' base salary plus target annual incentive upon a termination without "cause" (as defined in the applicable employment agreement) (3) • 24 months' base salary plus target annual incentive if there is a qualifying termination following a "Sale of Business" (4) • 12 months of COBRA continuation coverage (or a lump-sum cash payment equal to COBRA premiums in lieu of such coverage)	Yes
Michael Ragen	$ 980,000	50%	• 12 months' base salary plus prorated target annual incentive upon a termination without "cause" • 24 months' base salary plus target annual incentive if there is a qualifying termination following a "Sale of Business" (4) • 12 months of COBRA continuation coverage (or a lump-sum cash payment equal to COBRA premiums in lieu of such coverage)	Yes

Employee	Base Salary	Incentive Target (1)	Severance	Restrictive Covenants (2)
Lance Mitchell	$ 1,550,000	115%	• 12 months' base salary plus prorated target annual incentive upon a termination without "cause" • 24 months' base salary plus a prorated target annual incentive if there is a qualifying termination following a "Sale of Business" (4) • 12 months of COBRA continuation coverage (or a lump-sum cash payment equal to COBRA premiums in lieu of such coverage)	Yes
John Rooney	$ 1,600,000	125%	• 12 months' base salary upon a termination without "cause" • 24 months' base salary plus prorated target annual incentive if there is a qualifying termination following a "Sale of Business" (4) • 12 months of COBRA continuation coverage (or a lump-sum cash payment equal to COBRA premiums in lieu of such coverage)	Yes

(1) Incentive target is percentage of base salary.

(2) Restrictive covenants include non-competition and non-solicitation covenants during employment and for one year following termination of employment for any reason.

(3) Pursuant to a letter memorandum dated July 16, 2019, Mr. McGrath's severance entitlement will also include a reimbursement of Mr. McGrath's lease payments ($4,550 per month) for the remainder of the lease term through June 2021 if there is a Sale of Business and Mr. McGrath is terminated for any reason other than for cause prior to December 31, 2020. If Mr. McGrath continues his employment through December 31, 2021 (or June 30, 2022, if his term is extended by PTVE), Mr. McGrath will be eligible for severance in the amount of $1,575,000 paid in equal installments over a 12-month period in the event he resigns or retires.

(4) Increased severance provided if within 12 months following a "Sale of Business," (as defined in the applicable employment agreement), the employee is terminated without "cause," (as defined in the applicable employment agreement), or resigns following a material reduction in his or her remuneration or scope of duties (a "qualifying termination"). Severance is paid in equal installments over the applicable severance period.

Tax and Accounting Implications

Tax Considerations of Our Executive Compensation: Section 162(m) of the Code generally limits the tax deductibility of annual compensation paid by public companies for certain executive officers to $1 million. Although our Compensation Committee is mindful of the benefits of tax deductibility when determining executive compensation, the Compensation Committee may approve compensation that will not be fully-deductible in order to ensure competitive levels of total compensation for our executive officers.

Accounting for Our Stock-Based Compensation: We will account for stock-based payments, including grants under each of our equity compensation plans, in accordance with the requirements of FASB ASC Topic 718.

2019 Summary Compensation Table

The following table sets forth information concerning the compensation paid to our NEOs during the year ended December 31, 2019 in respect of the services rendered to the Group.

In the case of Mr. Degnan, the amounts reported represent what has been recharged to the Group by his employing entity. Mr. Degnan did not receive any compensation directly from the Group during this period, and did not participate in the 2019 AIP, PTVE LTIP, or PTVE pension or retirement savings programs outlined below.

Name and Principal Position	Year	Salary ($)	Bonus(1) ($)	Non-Equity Incentive Plan Compensation(2) ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings(3) ($)	All Other Compensation(4) ($)	Total ($)
Thomas Degnan							
CEO, PTVE	2019	7,155,000	N/A	N/A	N/A	324,619	7,479,619
John McGrath							
CEO, Pactiv	2019	1,550,000	3,100,000	3,337,066	181,410	168,564	8,337,040
Michael Ragen							
CFO, Pactiv	2019	980,000	980,000	933,952	—	90,490	2,984,442
Lance Mitchell							
CEO, RCPI	2019	1,550,000	1,550,000	3,429,903	—	168,564	6,698,467
John Rooney							
CEO, Evergreen	2019	1,600,000	2,400,000	2,000,000	—	210,119	6,210,119

(1) The values reflected in this column represent amounts awarded pursuant to one-time retention bonuses as more fully described in the section entitled "—Executive Retention and Transaction Bonus Agreements— *Cash Retention Agreements*."

(2) This column represents the NEO's payouts under the 2019 AIP and the PTVE LTIP as described above in the sections entitled "—Annual Incentive Compensation—2019 AIP Design" and "—Long-Term Incentive Compensation."

Awards under the 2019 AIP are as shown in the table below.

Name	AIP Target Percentage (%)	Payment From AIP ($)
Thomas Degnan	N/A	N/A
John McGrath	150%	2,413,350
Michael Ragen	50%	508,620
Lance Mitchell	115%	2,174,650
John Rooney	125%	2,000,000

Awards and payments under the PTVE LTIP are set forth in the tables below. The first table shows the Target Opportunity Award for each NEO and results achieved (expressed as a percentage). That amount (the Target Opportunity Award times the performance percentage) sets the maximum amount that can be earned for such grant, payable over three years with years two and three contingent on the business meeting its performance goals. The second table shows the payouts (and in future years, potential payouts) for each of the grants.

Name	2017 ($)	2017 %	2018 ($)	2018 %	2019 ($)	2019 %
Thomas Degnan	N/A	N/A	N/A	N/A	N/A	N/A
John McGrath	1,400,000	97%	1,500,000	—%	1,550,000	91%
Michael Ragen	624,750	97%	640,500	—%	735,000	91%
Lance Mitchell	1,300,000	92%	1,400,000	72%	1,550,000	101%
John Rooney	1,500,000	83%	1,600,000	—%	1,600,000	—%

Name	2017 ($)	2018 ($)	2019 ($)	2020(a) ($)	2021(a) ($)
Thomas Degnan					
2017 Grant	N/A	N/A	N/A	N/A	N/A
2018 Grant	N/A	N/A	N/A	N/A	N/A
2019 Grant	N/A	N/A	N/A	N/A	N/A
John McGrath					
2017 Grant	454,067	—	454,066		
2018 Grant		—	—	—	
2019 Grant			469,650	469,650	469,650
Michael Ragen					
2017 Grant	202,627	—	202,627		
2018 Grant		—	—	—	
2019 Grant			222,705	222,705	222,705
Lance Mitchell					
2017 Grant	399,100	399,100	399,100		
2018 Grant		334,320	334,320	334,320	
2019 Grant			521,833	521,833	521,833
John Rooney					
2017 Grant	414,500	414,500	—		
2018 Grant		—	—	—	
2019 Grant			—	—	—

(a) Payouts for 2020 and 2021 are contingent on Pactiv and Evergreen, respectively, meeting performance goals for such years.

(3) Mr. McGrath receives benefits under the RGPP. In 2019, there was an increase in the value of plan benefits for Mr. McGrath of $181,410. The applicable nonqualified deferred compensation plan assets are entirely invested in mutual funds. Accordingly, none of the applicable investment earnings from those plans are regarded as above market earnings. The full investment earnings for fiscal year 2019 are disclosed in the "2019 Nonqualified Deferred Compensation" table.

(4) We make contributions to 401(k) plans, the Reynolds Services Inc. Nonqualified Deferred Compensation Plan and the Evergreen Packaging Group Nonqualified Deferred Compensation Plan. The applicable amounts for fiscal year 2019 year were as follows. Mr. Degnan did not participate in these programs.

Name	Contributions To 401(k) Plan ($)	Contributions To Nonqualified Deferred Compensation Plan ($)
Thomas Degnan	N/A	N/A
John McGrath	22,400	142,600
Michael Ragen	22,400	64,563
Lance Mitchell	22,400	142,600
John Rooney	22,400	182,758

Other benefits reported under All Other Compensation include group life insurance and wellness credits. For Mr. Degnan, benefits also include a car allowance in the amount of $66,780, the incremental costs associated with the personal use of an aircraft owned by an entity outside of the Group in the amount of $68,659, and a gross-up of the premiums under the group term life insurance plan and Mr. Degnan's individual term life executive policy in the amount of $189,179. Health and welfare benefits are not reported to the extent these benefits are generally available to all other salaried and non-union hourly employees.

2019 Grants of Plan-Based Awards

The following table sets forth information concerning grants of plan-based awards made to the NEOs who participated in the 2019 AIP and PTVE LTIP during the year ended December 31, 2019. Mr. Degnan did not participate in these programs.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards		
Name	Grant Date	Award Type	Threshold ($)	Target ($)	Maximum ($)
Thomas Degnan	January 1, 2019	2019 AIP	N/A	N/A	N/A
	January 1, 2019	PTVE LTIP	N/A	N/A	N/A
John McGrath	January 1, 2019 (1)	2019 AIP	581,250	2,325,000	4,650,000
	January 1, 2019 (2)	PTVE LTIP	387,500	1,550,000	1,937,500
Michael Ragen	January 1, 2019 (1)	2019 AIP	122,500	490,000	980,000
	January 1, 2019 (2)	PTVE LTIP	183,750	735,000	918,750
Lance Mitchell	January 1, 2019 (1)	2019 AIP	445,625	1,782,500	3,565,000
	January 1, 2019 (2)	PTVE LTIP	387,500	1,550,000	1,937,500
John Rooney	January 1, 2019 (1)	2019 AIP	500,000	2,000,000	4,000,000
	January 1, 2019 (2)	PTVE LTIP	400,000	1,600,000	2,000,000

(1) Represents the threshold, target and maximum awards set for the 2019 AIP. The actual amount paid for 2019 to each NEO under the 2019 AIP is included in the 2019 Summary Compensation Table under the column titled "Non-Equity Incentive Plan Compensation." The target value represents the NEO's target percentage multiplied by the eligible earnings for the year ended December 31, 2019.

(2) Represents the threshold, target and maximum awards set for the PTVE LTIP. The actual amount paid for 2019 to each NEO under the PTVE LTIP is included in the 2019 Summary Compensation Table under the column titled "Non-Equity Incentive Plan Compensation." The target value is the amount which was communicated to the NEO at the beginning of the 2019 grant cycle for the PTVE LTIP.

There have been no equity-based compensation programs and consequently there were no outstanding equity awards as of December 31, 2019. We intend to adopt, subject to the approval of our shareholder, the

Incentive Plan as described above in the section entitled "Compensation Programs Following This Offering—Equity Incentive Plan" in connection with this offering.

2019 Pension Benefits

The following table sets forth information with respect to each plan that provides for payments or other benefits at, following or in connection with retirement.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Thomas Degnan	N/A	N/A	N/A	N/A
John McGrath	RGPP	16.09	1,182,024	—
Michael Ragen	—	—	—	—
Lance Mitchell	—	—	—	—
John Rooney	—	—	—	—

Mr. McGrath has legacy entitlements under the RGPP, an ERISA-qualified defined benefit plan maintained by the Group. Mr. McGrath's legacy entitlements include a final average pay provision and a cash balance provision. The benefit formula for the final average pay provision under normal retirement is a monthly amount equal to 55% of final average compensation, multiplied by a fraction of the number of years of participation (not exceeding 35 years) divided by 35. Final average pay accruals were frozen as of October 31, 2010. The benefit formula for the cash balance provision was a monthly contribution credit of between 2.5% and 5% of compensation for that month (with the specific percentage based on age), plus an interest credit added each month. Cash balance accruals were frozen as of December 31, 2011.

2019 Nonqualified Deferred Compensation

In 2019, the Group maintained nonqualified deferred compensation plans that allowed participants to defer portions of their compensation. The purpose of these plans is to allow such persons to defer receipt of such compensation, and therefore the tax obligations arising from such compensation, to a date elected by the participant. The following table sets forth information with respect to each NEO's participation in such a plan. A description of the non-qualified deferred compensation plans is set forth above in the section entitled "—Other Compensation—Retirement and Welfare Benefits—Executive Benefits and Perquisites." Mr. Degnan did not participate in these Group non-qualified deferred compensation plans.

Name	Executive Contributions in Last FY (1) ($)	Group Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FY ($)
Thomas Degnan	N/A	N/A	N/A	N/A	N/A
John McGrath	861,335	142,600	484,213	—	3,728,607
Michael Ragen	148,862	64,563	51,861	—	451,497
Lance Mitchell	223,479	142,600	201,821	—	1,690,784
John Rooney	356,000	182,758	189,790	430,519	1,978,042

(1) Contributions represent the deferred portion of each NEO's base salary and bonus amounts. The value in this column is also included in the "2019 Summary Compensation Table" and "2019 Grants of Plan-Based Awards."

Potential Payments Upon Termination or Change in Control

The employment agreements with the NEOs include severance in the event the employee is terminated without cause and enhanced severance if, within 12 months following a Sale of Business, the NEO is terminated without cause or resigns following a material reduction in his or her remuneration or scope of duties ("Good Reason"). The following table sets forth the expected benefits to be received by each NEO in each of these termination scenarios. This table assumes a termination date of December 31, 2019. Mr. Degnan did not have an agreement with the Group that provides for potential payments upon termination or a change in control. None of the employment agreements provide for severance or benefits solely upon a change in control or in the event of a termination for any reason other than as described above. The receipt of the severance benefits set forth below is subject to the execution and non-revocation of a release of claims in favor of the Group and compliance with restrictive covenants.

	Termination without Cause Not in Connection with a Change in Control ($)	Termination without Cause or Resignation for Good Reason in Connection with a Change in Control ($)
John McGrath		
Cash (1)	3,875,000	5,425,000
Other Benefits (2)	8,308	8,308
Michael Ragen		
Cash (1)	1,470,000	2,450,000
Other Benefits (2)	11,592	11,592
Lance Mitchell		
Cash (1)	3,332,500	4,882,500
Other Benefits (2)	10,278	10,278
John Rooney		
Cash (1)	1,600,000	5,200,000
Other Benefits (2)	17,403	17,403

(1) Under their employment agreements, in connection with a qualifying termination of employment, the NEOs would have received severance payments equivalent to 12 months' base salary. Additionally, Mr. McGrath would receive his target annual incentive bonus and Messrs. Ragen and Mitchell would receive their prorated target annual incentive bonus. If a qualifying termination occurs within 12 months following a Sale of Business (as defined in the employment agreements), the NEOs would have received severance payments equivalent to 24 months' base salary. Severance is paid in equal installments over the applicable severance period. Additionally, Messrs. McGrath and Ragen would receive their target annual incentive bonus and Messrs. Mitchell and Rooney would receive their prorated target annual incentive bonus. Finally, Mr. McGrath would be entitled to a reimbursement of his lease payments for the remainder of the lease term through June 2021 if he was terminated for any reason other than for cause following a Sale of Business. His entitlement to a reimbursement of the lease payments is not included in the table above.

(2) In connection with a qualifying termination of employment, whether or not in connection with a Sale of Business, the NEOs would have continued to receive benefits under (or benefits comparable to) their respective health and welfare plans for 12 months; however, the employee may elect to receive a lump-sum cash payment equal to COBRA premiums in lieu of the health insurance coverage.

Director Compensation

Our directors did not receive any compensation for their service in their capacity as a director in the year ended December 31, 2019.

Following the closing of this offering, we intend to implement a new director compensation program for our independent directors, which includes all directors except for those directors who are officers or full-time employees of the Group or directors or employees of entities associated with Mr. Hart. Our independent directors will be eligible to receive the following annual retainers and annual equity compensation grants:

- *Board member*: $230,000, of which $100,000 will be an annual cash retainer and $130,000 will be in the form of an annual grant of RSUs.
- *Chairman of the Board*: $115,000, of which $50,000 will be an annual cash retainer and $65,000 will be in the form of an annual grant of RSUs, in addition to the $230,000 in board member payments and grants described above.
- *Chairs of our Audit Committee, our Compensation Committee* and our *Nominating and Corporate Governance Committee*: $20,000, as an annual cash retainer.
- *Members of our Audit Committee, our Compensation Committee and our Nominating and Corporate Governance Committee (other than the Chairman of the Board)*: $10,000, as an annual cash retainer.

RSUs will be granted pursuant to the Incentive Plan. Directors who are also full-time officers or employees of the Group will receive no additional compensation for serving as directors. As explained above in the section entitled "—Compensation Programs Following this Offering— Equity Incentive Plan—*Director Pay Cap*," an individual who is a non-employee director may not receive awards, in cash or otherwise, for any calendar year that total more than $750,000 in the aggregate.

We will also reimburse all of our directors for their reasonable expenses incurred in attending meetings of our board of directors or committees, and have entered into Indemnification Agreements with our directors. Our directors will also be entitled to indemnification, as further described in the section entitled "Description of Capital Stock—Limitation of Liability of Directors and Officers."

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a member of a compensation committee (or if no committee performs that function, the board of directors) of any other entity that has an executive officer serving as a member of our board of directors.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of similar transactions, during our last three fiscal years or currently proposed, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions meeting this criteria to which we have been or will be a party other than compensation arrangements, which are described where required under “Management—Board Structure” and “Executive Compensation.”

Historical Transactions with Related Parties

Prior to this offering, we have operated as part of PFL’s broader corporate organization rather than as a standalone public company. Historically, related entities have performed or supported various corporate services for us, and we have engaged in various transactions with such related parties. The previous arrangements include those described below.

Supply, Warehousing and Freight Arrangements

Pactiv and RCPI have entered into supply arrangements to continue to purchase products from and sell products to each other, primarily aluminum foil, aluminum foil containers and tableware products. These agreements will expire on December 31, 2024.

Pactiv and RCPI have entered into a warehousing and freight services agreement pursuant to which Pactiv will store certain of RCPI’s finished goods in its warehouses and to provide certain freight services. The term of the warehousing services under the agreement varies by location. The term of the freight services under the agreement expires on various dates, with a final termination date of December 31, 2024.

Rank Services Agreement

Our financing agreements permit the payment to related parties of management, consulting, monitoring and advising fees of up to 1.5% of the Group’s Adjusted EBITDA (as defined in the financing agreements) for the previous year (the “related party management fee”). The related party management fee is paid pursuant to a services agreement with Rank (the “Rank Services Agreement”).

During the years ended December 31, 2019, 2018 and 2017, the Group recognized an expense of $29 million, $28 million and $31 million, respectively, in relation to the related party management fee. These amounts include $13 million, $12 million and $14 million, respectively, which have been presented in discontinued operations.

Prior to the closing of this offering, the Rank Services Agreement described above with Rank will be terminated for a one-time termination fee of $45 million which will be paid to Rank and which will include the related party management fee payable for the period from January 1, 2020 to the date of termination. Following termination of the Rank Services Agreement, we will no longer be charged a related party management fee by Rank.

Transfer of New Zealand Tax Losses

During the years ended December 31, 2019, 2018 and 2017, the Group paid $2 million, $3 million and $1 million, respectively, to entities related to Mr. Hart for the transfer of New Zealand tax losses to offset income taxes payable. These payments represent the value of the acquired tax losses. During the six months ended June 30, 2020, the Group recognized a receivable of $13 million in relation to the transfer of New Zealand tax losses to entities related to Mr. Hart. This amount represents the value of the transferred tax losses. In connection with the Corporate Reorganization, the $13 million receivable was forgiven.

After the closing of this offering, we will no longer acquire tax losses from related parties.

Recharges for Other Costs

During the years ended December 31, 2019, 2018 and 2017, the Group incurred expenses of $24 million, $18 million and $21 million, respectively, in relation to costs that were incurred by related parties on our behalf and subsequently recharged to us. These charges are for various costs including services provided, financing and other activities, and are charged pursuant to a separate services agreement with Rank. As part of becoming a public company, we are developing internal resources to perform the services previously recharged to us. Prior to the closing of this offering, this services agreement will be terminated and the recharges described above will be discontinued.

Prior to the closing of this offering, we will enter into the Rank TSA, under which, upon our request, Rank will provide administrative and support services to us for up to 24 months to be charged at an agreed hourly rate.

Transition Services Agreements with RCPI and GPC

We have entered into two Transition Services Agreements ("TSAs") with RCPI and one TSA with GPC:

- A TSA with RCPI pursuant to which we will continue to provide certain administrative and support services to RCPI, including information technology service; accounting, treasury, financial reporting and transaction support; human resources; procurement; tax, legal and compliance related services; and other corporate services. These services will be consistent with administrative services provided by us to RCPI prior to the IPO of RCPI, and the charges are at forecasted cost or current cost plus margin. In addition, RCPI will provide certain services to us, consistent with services provided by RCPI to us prior to the IPO of RCPI, which are also charged at current cost plus margin. The term of this TSA runs to February 2022, although certain of the services terminate before that date.
- A TSA for RCPI's Red Bluff, California and Huntersville, North Carolina facilities, acquired from Pactiv in 2019, pursuant to which Pactiv provides certain services to RCPI, including tooling and engineering support, financial services, procurement services, and environmental, health and safety services, charged at an agreed rate. The term of this TSA runs to November 2020.
- A TSA with GPC pursuant to which we will continue to provide certain administrative services to GPC to be charged at forecasted cost or current cost plus margin, including information technology services; accounting, treasury, financial reporting and transaction support services; human resources services; procurement services; tax, internal audit, legal, regulatory and trade compliance services; and other corporate services for up to 24 months from August 4, 2020. In addition, GPC will provide certain services to us, consistent with services provided by GPC to us prior to this offering, which will be charged at agreed hourly rates or at current cost plus margin.

IT License Usage Agreement

We have entered into an IT License Usage Agreement with Rank and GPC, pursuant to which we will continue to: (i) receive usage rights under certain IT-related license and contractual arrangements which are held by certain of our affiliates; and (ii) provide usage rights to certain of our affiliates under certain IT-related license and contractual arrangements held by us, each in consideration for pass-through costs for consumption or license maintenance based on each party's proportionate use of these IT licenses or services. The IT License Usage

Agreement will continue in relation to each license or contract until the earlier of: (i) expiration or termination of the relevant license agreement or contract; (ii) the date on which we cease to qualify for usage rights as an affiliate of the relevant license holder or contract counterparty, or the date our affiliates cease to qualify for such usage rights in respect of licenses or contracts held by us (as applicable); or (iii) the effective date that we or the relevant license holder terminates this arrangement by written notice no less than 6 months prior to the next anniversary of the commencement date of the relevant IT-related license or contractual arrangement (such termination to be effective on the next anniversary of the commencement date).

Leases

RCPI leases its corporate headquarters in Lake Forest, Illinois from Pactiv. RCPI occupies approximately 70,000 square feet at market rent with a term of ten years, which began on January 1, 2020, with two five-year renewal options. RCPI also leases at market rent approximately 26,000 square feet in our Canandaigua, New York facility for certain research and development activities. The Canandaigua lease began on January 1, 2020 and has a term of five years, provided RCPI has the right to terminate the lease on six months' notice.

Tax Sharing Agreement with GPC

We entered into a tax sharing agreement with GPC, effective January 1, 2020, that addressed the allocation of tax liability and certain other related matters. The GPC Group will be included in the consolidated U.S. federal tax return of which RGHI is the parent company (the "RGHI Tax Group") until the completion of the GPC distribution. As a member of the RGHI Tax Group and pursuant to the tax sharing agreement, the GPC Group computed its provision for U.S. income taxes on a separate company basis using tax elections made by RGHI. Pursuant to the tax sharing agreement and using tax elections made by RGHI, GPC was required to make payments to and entitled to receive payments from RGHI that generally approximated the amounts the GPC Group would have paid to or received from the U.S. Internal Revenue Service had it not been a member of the RGHI Tax Group but instead had been a separate taxpayer. The GPC Group was also a part of group tax returns filed by RGHI in certain U.S. state jurisdictions, and the terms of the tax sharing agreement also applied to state payments to, and refunds from, these jurisdictions. The tax sharing agreement will, prior to closing of this offering, be terminated in connection with the GPC distributions and replaced by the GPC Tax Matters Agreement, described below.

Tax Matters Agreements

Allocation of taxes

As discussed above under "Risk Factors—Risks Relating to Our Relationships with the Hart Stockholders, RCPI, GPC and Rank—We may be liable for significant taxes if the distributions of RCPI or of GPC to PFL are determined to be taxable transactions," we entered into the RCPI Tax Matters Agreement in connection with the RCPI distribution and will, prior to the closing of this offering, enter into the GPC Tax Matters Agreement in connection with the GPC distribution. These Tax Matters Agreements govern the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, payment of taxes due, the control of audits and other tax proceedings and other matters regarding taxes. None of the parties' obligations under the Tax Matters Agreements will be limited in amount or subject to any cap.

Preservation of the tax-free status of the RCPI and the GPC distributions

Pursuant to the Tax Matters Agreements, each of RCPI and GPC agree to certain covenants that contain restrictions intended to preserve the tax-free status of the RCPI distribution and the GPC distribution, respectively. RCPI and GPC may take certain actions otherwise prohibited by these covenants if they obtain and provide to us a ruling from the IRS or an opinion from a tax advisor recognized as an expert in federal income tax and acceptable to us, in each case, to the effect that such action should not jeopardize the tax-free status of the

RCPI distribution or the GPC distribution, as applicable, or if we consent to waive such requirements. Under the Tax Matters Agreements, RCPI or GPC, as applicable, will generally be required to indemnify us against taxes incurred with respect to the RCPI distribution or the GPC distribution, respectively, that arise as a result of, among other things, (i) a breach of any representation made under a Tax Matters Agreement, including those provided in connection with an opinion of tax counsel, or (ii) RCPI or GPC, as applicable, taking or failing to take, as the case may be, certain actions, in each case that result in the distributions failing to meet the requirements for tax-free treatment under the Code. These indemnifications will apply even if RCPI or GPC, as applicable, is permitted to take an action that would otherwise have been prohibited under the tax-related covenants because it obtains an opinion, IRS ruling or our consent (as described above).

Related Party Non-Current Receivable

We were previously party to a loan agreement with Rank under which Rank was able to request and, with our agreement, receive one or more advances. Advances were unsecured and repayable on demand. Advances due from Rank accrued interest at a rate based on the average 90 day New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. Interest was only charged or accrued if demanded by us.

In May 2019, Rank repaid $5 million of the related party loan receivable balance, and PTVE repaid $5 million of outstanding related party balances due to Rank. For the year ended December 31, 2019, interest was charged at 4.40% to 5.15%, and for the year ended December 31, 2018, interest was charged at 5.16% to 5.26%. As of December 31, 2019 and December 31, 2018, $339 million and $328 million, respectively, inclusive of capitalized interest, was outstanding under the loan.

This outstanding balance under the loan agreement was forgiven in connection with the Corporate Reorganization and, upon closing of this offering, there will be no outstanding related party balances due to or from Rank.

Transactions to be Entered into in Connection with this Offering

Transition Services Agreement with Rank

We will enter into a TSA with Rank pursuant to which Rank will, upon our request, continue to provide certain administrative and support services to us, including financial reporting, consulting and compliance services, insurance and IT handover services, tax consulting services, treasury, human resources, administrative, relationship support and compensation management services, M&A transaction support services and legal and corporate secretarial support, and related services for up to 24 months, to be charged at an agreed hourly rate plus any third party costs. We will also provide certain support services to Rank, including IT support, human resources, administrative support and office space to a small number of Rank's North American employees, and legal support for a period of up to 24 months. These services will be consistent with the services provided by us to Rank prior to this offering and will be charged at an agreed hourly rate plus any third party costs. In addition, we will provide, at Rank's request, certain historical tax and financial information to enable Rank to prepare certain of its tax and financial reports as well as legal support services.

Stockholders Agreement

In connection with this offering, we will enter into a stockholders agreement with the Hart Stockholders. Among other things, the stockholders agreement will provide the Hart Stockholders with the right to nominate a certain number of directors to our board of directors, so long as the Hart Entities beneficially own at least 10% of the outstanding shares of our common stock. The stockholders agreement will also provide the Hart Stockholders with the ability to assign their board nomination and other rights to Permitted Assigns (including the Hart Entities) at any time, and rights afforded to the Hart Stockholders under this agreement are for the Hart Stockholders and their Permitted Assigns (including the Hart Entities) that have agreed to be bound by the terms of the stockholders agreement.

The stockholders agreement will provide that, subject to compliance with applicable law and Nasdaq rules, for so long as the Hart Entities beneficially own at least 50% of our common stock then outstanding, the Hart Stockholders shall be entitled to nominate the total number of directors comprising the entire board of directors; for so long as the Hart Entities beneficially own at least 40%, but less than 50%, of our common stock then outstanding, the Hart Stockholders shall be entitled to nominate a majority of directors to our board of directors; for so long as the Hart Entities beneficially own at least 30%, but less than 40%, of our common stock then outstanding, the Hart Stockholders shall be entitled to nominate 40% of the directors to our board of directors; for so long as the Hart Entities beneficially own at least 20%, but less than 30%, of our common stock then outstanding, the Hart Stockholders shall be entitled to nominate 25% of the directors to our board of directors; and for so long as the Hart Entities beneficially own at least 10%, but less than 20%, of our common stock then outstanding, the Hart Stockholders shall be entitled to nominate 10% of the directors to our board of directors. For purposes of calculating the number of directors that the Hart Stockholders will be entitled to nominate pursuant to the formula outlined above, any fractional amounts would be rounded up to the nearest whole number and the calculation would be made on a pro forma basis, taking into account any increase in the size of our board of directors. In the case of a vacancy on our board of directors created by the removal or resignation of an individual selected for nomination by the Hart Stockholders, the stockholders agreement will require us to nominate another individual selected by the Hart Stockholders.

The rights granted to the Hart Stockholders to nominate directors are additive to and not intended to limit in any way the rights that the Hart Stockholders may have to nominate, elect or remove our directors under our amended and restated certificate of incorporation, bylaws or Delaware law.

In addition, the stockholders agreement will provide that for so long as the Hart Entities beneficially own at least 10% of the outstanding shares of our common stock, the Hart Stockholders will be entitled to nominate, pursuant to the formula outlined above, members of the compensation committee, the nominating and corporate governance committee and the audit committee of our board of directors, except to the extent that such membership would violate applicable securities laws or rules. The stockholders agreement will provide that so long as the Hart Entities hold over 5% of the Company’s shares, the Hart Stockholders will be entitled to receive access to certain of the Company’s information and also to routinely consult and advise senior management with respect to the Company’s business and financial matters, with the Company agreeing to give consideration to such advice and proposals.

In addition, for so long as the Hart Entities beneficially own at least 40% of the outstanding shares of our common stock, the Hart Stockholders shall be entitled to certain consent rights, including, the right to consent to:

- any change in the size of the Board of directors;
- the incurrence of indebtedness aggregating more than $50 million, subject to certain exceptions;
- the issuance of additional shares of any class of the Company’s capital stock exceeding $50 million in any single issuance or an aggregate amount of $100 million during a calendar year, subject to certain exceptions;
- other than in the ordinary course of business with vendors, customers and suppliers, the acquisition or disposition of assets exceeding $50 million in any single transaction or $100 million in the aggregate during a calendar year;
- hiring or terminating our Chief Executive Officer or our Chief Financial Officer; and
- capital expenditures in excess of $25 million in any calendar year.

The Hart Stockholders will also have consent rights with respect to the release of any information or press releases concerning our business, results of operations or financial condition (including earnings releases), reports, notices, proxy statements, registration statements, prospectus or any other information prepared by the Company for release to financial analysts or investors.

The Stockholders Agreement will also contain certain restrictions intended to preserve the tax-free status of the RCPI distribution and the GPC distribution. Under the agreement, we will be barred from taking any action, or failing to take any action, where such action or failure to act adversely affects or could reasonably be expected to adversely affect the tax-free status of these distributions, for all relevant time periods. These covenants will also restrict us from entering into discussions relating to any secondary offering of our stock during the time period ending one year after the date of the GPC distribution. In addition, during the time period ending two years after the date of the GPC distribution, these covenants will include, among others, specific restrictions on our:

- discontinuing the active conduct of our trade or business;
- issuance or sale of stock or other securities (including securities convertible into our stock but excluding certain compensatory arrangements) in excess of 45% of our then-outstanding shares of common stock, in the aggregate;
- amending our certificate of incorporation (or other organizational documents) or taking any other action, whether through a stockholder vote or otherwise, affecting the voting rights of our common stock; and
- entering into certain corporate transactions that could jeopardize the tax-free status of the distributions.

In addition, for so long as the Hart Entities beneficially own at least 40% of the outstanding shares of our common stock, the Hart Stockholders will be entitled to provide investment oversight over the assets of our pension plans and to nominate or remove members of the Company's pension plan investment committee. We will appoint or remove all persons proposed by the Hart Stockholders to our pension plan investment committee and will not amend or terminate the pension plan committee charter without the prior written consent of the Hart Stockholders.

Participation in our Initial Public Offering

The Affiliated Participant has agreed to purchase 3,571,428 shares of our common stock in this offering at the initial public offering price. The allocation of these shares to the Affiliated Participant was made at our direction. The underwriters will not receive any underwriting discounts or commissions on these shares. The shares purchased by the Affiliated Participant in this offering will be subject to a lock-up agreement described under the headings "Shares Eligible for Future Sale" and "Underwriting."

Indemnification Agreement

We have entered into an agreement with our affiliate, Beverage Packaging Holdings I ("BPH I"), to indemnify BPH I for certain losses that BPH I may suffer in connection with a guarantee of a property lease that BPH I provided to a third party landlord in connection with the divestment of a business by the Group.

Investment Advisory Agreement

In connection with this offering, the Company will enter into an Investment Advisory Agreement with the Company's Pension Plan Investment Committee and our affiliate, BPH I, for BPH I to provide advisory services to the Committee in accordance with the Company's Investment Policy Statement with respect to the assets of certain pension plans. The fee for services will be based on the total employment cost of BPH I's employees providing the advisory services, plus reasonable third party expenses. The agreement will continue until terminated by any party on written notice.

Policies and Procedures for Transactions with Related Parties

In connection with this offering, we have adopted a written policy that our executive officers, directors, nominees for election as a director, beneficial owners of 5% or more of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related party transaction with us without the approval or ratification of a designated committee of our board of directors (which will initially be the audit committee) or other committee designated by our board of directors made up solely of independent directors. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of 5% or more of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds $120,000 and such person would have a direct or indirect interest, must be presented to our audit committee or other committee of independent directors for review to determine whether the related party involved has a direct or indirect material interest in the transaction. In reviewing any such proposal, our audit committee or other committee of independent directors are to consider the relevant facts of the transaction, including the risks, costs and benefits to us and whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of September 8, 2020 (as adjusted to give effect to the Corporate Reorganization), by:

- each person, or group of affiliated persons, known by us to own beneficially 5% or more of our common stock;
- each of the directors and NEOs individually; and
- all directors and executive officers as a group.

The number of shares of common stock outstanding after this offering includes 41,026,000 shares of common stock being offered for sale by us in this offering and assumes no exercise of the underwriters' option to purchase additional shares from us. Unless otherwise indicated, the address for each listed stockholder is: 1900 W. Field Court, Lake Forest, Illinois, 60045. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

	Shares Beneficially Owned Before This Offering		Shares Beneficially Owned After This Offering (1)	
	Common Stock		Common Stock	
Name and Address of Beneficial Owner	Number	%	Number	%
5% Stockholder				
Hart Stockholders(2)	134,408,000	100%	137,979,428	79%
Named Executive Officers and Directors				
Thomas Degnan	—	—	—	—
John McGrath(3)	—	—	—	—
Michael Ragen(4)	—	—	—	—
Lance Mitchell	—	—	—	—
John Rooney(5)	—	—	—	—
Allen Hugli	—	—	—	—
Michael King	—	—	—	—
LeighAnne Baker	—	—	—	—
Rolf Stangl	—	—	—	—
Felicia Thornton	—	—	—	—
Jonathan Rich	—	—	—	—
All executive officers and directors as a group (thirteen persons)	—	—	—	—

(1) Assumes no exercise of the underwriters' option to purchase additional shares. See "Underwriting."

(2) Includes shares beneficially owned by PFL before this offering and shares beneficially owned by PFL and the Affiliated Participant after this offering. PFL is a wholly-owned subsidiary of PHL, which is wholly-owned by Mr. Hart. The Affiliated Participant is wholly owned by Mr. Hart. The principal business address of PFL, PHL and Mr. Hart is c/o Rank Group Limited, Floor 9, 148 Quay Street, Auckland, 1010 New Zealand.

(3) In connection with this offering, Mr. McGrath will receive 142,857 restricted stock units as IPO Grants.

(4) In connection with this offering, Mr. Ragen will receive 35,000 restricted stock units as IPO Grants.

(5) In connection with this offering, Mr. Rooney will receive 57,143 restricted stock units as IPO Grants.

DESCRIPTION OF CAPITAL STOCK

The following descriptions are summaries of the material terms of our amended and restated certificate of incorporation and bylaws. Reference is made to the more detailed provisions of, and the descriptions are qualified in their entirety by reference to, these documents, copies of which will be filed with the SEC as exhibits to the registration statement of which this prospectus is a part, and applicable law.

General

Upon the closing of this offering, our amended and restated certificate of incorporation and bylaws will provide for one class of common stock. In addition, our amended and restated certificate of incorporation and bylaws will authorize shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our board of directors.

Following the closing this offering, our authorized capital stock will consist of 2,000,000,000 shares of common stock, par value $0.001 per share and 200,000,000 shares of preferred stock, par value $0.001 per share.

Common Stock

Common stock outstanding. Prior to the closing of this offering (after giving effect to the Corporate Reorganization) there were 134,408,000 shares of common stock outstanding. Upon the closing of this offering, there will be 175,434,000 shares of common stock outstanding, assuming no exercise of the underwriters' option to purchase additional shares from us, after giving effect to the sale of the shares of common stock offered hereby. All outstanding shares of common stock are fully paid and non-assessable, and the shares of common stock to be issued upon the closing of this offering will be fully paid and non-assessable.

Voting rights. The holders of our common stock are entitled to one vote per share on all matters to be voted upon by the stockholders.

Dividend rights. Holders of shares of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available therefor, subject to preferences that may be applicable to any outstanding preferred stock. See "Dividend Policy."

Rights upon liquidation. In the event of liquidation, dissolution or winding up of the Company, the holders of common stock will be entitled to share equally, identically and ratably in all assets remaining after the payment of any liabilities, liquidation preferences and accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock.

Other rights. Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

Preferred Stock

Our board of directors has the authority to issue preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the stockholders.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. At present, we have no plans to issue any of the preferred stock.

Election and Removal of Directors

Our board of directors will consist of between five and eleven directors. The exact number of directors will be fixed from time to time by resolution of the board. Upon the closing of this offering, our board of directors will consist of seven directors. Our amended and restated certificate of incorporation and bylaws provide that, prior to the first date on which the Hart Entities or any Permitted Assigns no longer beneficially own more than 50% of the outstanding shares of our common stock, any director may be removed, with or without cause, by an affirmative vote of shares representing a majority of the shares then entitled to vote at an election of directors. From and after such date, no director may be removed, except for cause with the affirmative vote of shares representing a majority of the shares then entitled to vote at an election of directors. Any vacancy occurring on the board of directors and any newly created directorship may be filled only by a board resolution approved by a majority of the remaining directors in office.

Staggered Board

Our amended and restated certificate of incorporation and bylaws provide that, prior to the first date on which the Hart Entities or any Permitted Assigns no longer beneficially own more than 50% of the outstanding shares of our common stock, all directors will stand for election each year at our annual meeting of stockholders. From and after such date, our board of directors will be divided into three classes serving staggered three-year terms, with one class standing for election each year. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of the board of directors. In general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of the board of directors.

Limits on Written Consents

Our amended and restated certificate of incorporation and our bylaws provide that from and after the date on which the Hart Entities or Permitted Assigns no longer beneficially own more than 50% of the outstanding shares of our common stock, holders of our common stock will not be able to act by written consent without a meeting.

Stockholder Meetings

Our amended and restated certificate of incorporation and our bylaws provide that special meetings of our stockholders may be called only by our Chief Executive Officer, the chairman of our board of directors, a majority of the directors, or stockholders holding more than 50% of the voting power of our outstanding common stock (which ability of stockholders to call special meetings will terminate once the Hart Entities or Permitted Assigns no longer beneficially own more than 50% of the outstanding shares of our common stock). Our amended and restated certificate of incorporation and our bylaws will specifically deny any power of any other person to call a special meeting.

Amendment of Certificate of Incorporation

The provisions of our amended and restated certificate of incorporation may be amended only by the affirmative vote of holders of at least a majority of the voting power of our outstanding shares of voting stock, for as long as the Hart Entities or Permitted Assigns beneficially own more than 50% of the outstanding shares of our common stock. From and after the date on which the Hart Entities or Permitted Assigns no longer beneficially own more than 50% of the outstanding shares of our common stock, the affirmative vote of holders of at least 66$^{2/3}$% of the voting power of our outstanding shares of common stock will be required to amend provisions of our amended and restated certificate of incorporation.

Amendment of Bylaws

Our bylaws may generally be altered, amended or repealed, and new bylaws may be adopted, with:

- the affirmative vote of a majority of directors present at any regular or special meeting of the board of directors called for that purpose; or
- the affirmative vote of holders of at least a majority of the voting power of our outstanding shares of voting stock for as long as the Hart Entities or Permitted Assigns beneficially own more than 50% of the outstanding shares of our common stock. From and after the date on which the Hart Entities or Permitted Assigns no longer beneficially own more than 50% of the outstanding shares of our common stock, the affirmative vote of holders of at least 66$^{2/3}$% of the voting power of our outstanding shares of common stock will be required to amend provisions of our bylaws.

Other Limitations on Stockholder Actions

Our bylaws will also impose some procedural requirements on stockholders who wish to:

- make nominations in the election of directors;
- propose that a director be removed;
- propose any repeal or change in our bylaws; or
- propose any other business to be brought before an annual or special meeting of stockholders.

Under these procedural requirements, in order to bring a proposal before a meeting of stockholders, a stockholder must deliver timely notice of a proposal pertaining to a proper subject for presentation at the meeting to our corporate secretary along with the following:

- a description of the business or nomination to be brought before the meeting and the reasons for conducting such business at the meeting;
- the stockholder’s name and address;
- any material interest of the stockholder in the proposal;
- the number of shares beneficially owned by the stockholder and evidence of such ownership;
- the names and addresses of all persons with whom the stockholder is acting in concert and a description of all arrangements and understandings with those persons, and the number of shares such persons beneficially own;
- a description of any agreement or arrangement that has been entered into, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder with respect to the Company’s securities; and
- representations (i) that the stockholder is a holder of record entitled to vote and intends to appear in person or by proxy at such meeting to bring such business before the meeting and (ii) as to whether such stockholder intends to deliver a proxy statement to holders of the required voting power to approve the proposal or otherwise solicit proxies in support of the proposal.

To be timely, a stockholder must generally deliver notice:

- in connection with an annual meeting of stockholders, not less than 120 nor more than 180 days prior to the date on which the annual meeting of stockholders was held in the immediately preceding year, but in the event that the date of the annual meeting is more than 30 days before or more than 60 days after the anniversary date of the preceding annual meeting of stockholders, a stockholder notice will be timely if received by us no earlier than 120 days prior to such annual meeting and not later than the close of business on the later of (1) 70 days prior to the date of the annual meeting and (2) the 10th day following the day on which we first publicly announce the date of the annual meeting; or

- in connection with the election of a director at a special meeting of stockholders, a stockholder notice will be timely if received by us (1) not earlier than 150 days prior to the date of the special meeting nor (2) later than the later of (a) 120 days prior to the date of the special meeting or (b) the 10th day following the day on which public announcement of the date of the special meeting of the stockholders is first made.

In order to submit a nomination for our board of directors, a stockholder must also submit any information with respect to the nominee that we would be required to include in a proxy statement, as well as certain other information. If a stockholder fails to follow the required procedures, the stockholder's proposal or nominee will be ineligible and will not be voted on by our stockholders.

Limitation of Liability of Directors and Officers

Our amended and restated certificate of incorporation will provide that no director will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except as required by applicable law, as in effect from time to time. Currently, Delaware law requires that liability be imposed for the following:

- any breach of the director's duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; and
- any transaction from which the director derived an improper personal benefit.

As a result, neither we nor our stockholders have the right, through stockholders' derivative suits on our behalf, to recover monetary damages against a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior, except in the situations described above.

Our bylaws will provide that, to the fullest extent permitted by law, we will indemnify any officer or director of our company against all damages, claims and liabilities arising out of the fact that the person is or was our director or officer, or served any other enterprise at our request as a director, officer, employee, agent or fiduciary. We will reimburse the expenses, including attorneys' fees, incurred by a person indemnified by this provision when we receive an undertaking to repay such amounts if it is ultimately determined that the person is not entitled to be indemnified by us. Amending this provision will not reduce our indemnification obligations relating to actions taken before an amendment.

Forum Selection

Our amended and restated certificate of incorporation will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees or our stockholders;

- any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law; or
- any action asserting a claim governed by the internal affairs doctrine.

In each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

Notwithstanding the foregoing, the exclusive forum provision will not apply to any claim to enforce any duty or liability created by the Securities Act, the Exchange Act or for which the federal courts have exclusive jurisdiction. Unless we consent 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.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the foregoing forum selection provisions. Although we believe these provisions will benefit us by providing increased consistency in the application of Delaware and federal law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in our amended and restated certificate of incorporation is inapplicable or unenforceable.

Delaware Business Combination Statute

Section 203 of the Delaware General Corporation Law prevents an "interested stockholder," which is defined generally as a person owning 15% or more of a corporation's voting stock, or any affiliate or associate of that person, from engaging in a broad range of "business combinations" with the corporation for three years after becoming an interested stockholder unless:

- the board of directors of the corporation had previously approved either the business combination or the transaction that resulted in the stockholder's becoming an interested stockholder;
- upon the closing of the transaction that resulted in the stockholder's becoming an interested stockholder, that person owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than statutorily excluded shares; or
- following the transaction in which that person became an interested stockholder, the business combination is approved by the board of directors of the corporation and holders of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

A Delaware corporation may elect in its certificate of incorporation or bylaws not to be governed by this particular Delaware law. Under our amended and restated certificate of incorporation, we will opt out of Section 203 of the Delaware General Corporation Law and will therefore not be subject to Section 203.

Anti-Takeover Effects of Some Provisions

Some provisions of our amended and restated certificate of incorporation and bylaws could make the following more difficult:

- acquisition of control of us by means of a proxy contest or otherwise, or
- removal of our incumbent officers and directors.

These provisions, as well as our ability to issue preferred stock, are designed to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us, and that the benefits of this increased protection outweigh the disadvantages of discouraging those proposals, because negotiation of those proposals could result in an improvement of their terms.

Listing

Our common stock has been approved for listing on Nasdaq under the symbol "PTVE."

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is American Stock Transfer & Trust Company, LLC.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following are the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock acquired in this offering by a "Non-U.S. Holder" that does not own, and has not owned, actually or constructively, more than 5% of our common stock. You are a Non-U.S. Holder if for U.S. federal income tax purposes you are a beneficial owner of our common stock that is:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

You are not a Non-U.S. Holder if you are a nonresident alien individual present in the United States for 183 days or more in the taxable year of disposition, or if you are a former citizen or former resident of the United States for U.S. federal income tax purposes. If you are such a person, you should consult your tax adviser regarding the U.S. federal income tax consequences of the ownership and disposition of our common stock.

If you are a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and your activities.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein, possibly with retroactive effect. This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax and Medicare contribution tax consequences and does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income and estate taxes. You should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Dividends

Distributions of cash or other property will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, they will constitute a return of capital, which will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of our common stock, as described below under "—Gain on Disposition of Our Common Stock."

Dividends paid to you generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding (subject to the discussion below under "—FATCA"), you will be required to provide a properly executed applicable IRS Form W-8 certifying your entitlement to benefits under a treaty.

If dividends paid to you are effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by you in the United States), you will generally be taxed on the dividends in the same manner as a U.S. person. In this case, you will be exempt from the withholding tax discussed in the preceding paragraph, although you will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding. You should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of our common stock, including the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate) if you are a corporation.

Gain on Disposition of Our Common Stock

Subject to the discussions below under "—Information Reporting and Backup Withholding" and "—FATCA," you generally will not be subject to U.S. federal income or withholding tax on gain realized on a sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by you in the United States), or
- we are or have been a "United States real property holding corporation," as defined in the Code, at any time within the five-year period preceding the disposition or your holding period, whichever period is shorter, and our common stock has ceased to be regularly traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs.

We believe that we are not, and do not anticipate becoming, a United States real property holding corporation.

If you recognize gain on a sale or other disposition of our common stock that is effectively connected with your conduct of a trade or business in the United States (and if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by you in the United States), you will generally be taxed on such gain in the same manner as a U.S. person. You should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of our common stock, including the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate) if you are a corporation.

Information Reporting and Backup Withholding

Information returns are required to be filed with the IRS in connection with payments of dividends on our common stock. Unless you comply with certification procedures to establish that you are not a U.S. person, information returns may also be filed with the IRS in connection with the proceeds from a sale or other disposition of our common stock. You may be subject to backup withholding on payments on our common stock or on the proceeds from a sale or other disposition of our common stock unless you comply with certification procedures to establish that you are not a U.S. person or otherwise establish an exemption. Your provision of a properly executed applicable IRS Form W-8 certifying your non-U.S. status will permit you to avoid backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

FATCA

Provisions of the Code commonly referred to as "FATCA" require withholding of 30% on payments of dividends on our common stock, as well as of gross proceeds of dispositions of our common stock, to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles) and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied, or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under proposed regulations the preamble to which states that taxpayers may rely on the proposed regulations until final regulations are issued, this withholding tax will not apply to the gross proceeds from the sale, exchange, redemption or other taxable disposition of our common stock. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally may obtain a refund of any amounts withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). You should consult your tax adviser regarding the effects of FATCA on your investment in our common stock.

Federal Estate Tax

Individual Non-U.S. Holders and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty exemption, our common stock will be treated as U.S.-situs property subject to U.S. federal estate tax.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock. Future sales of substantial amounts of our common stock in the public market could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our common stock in the public market after the restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon the closing of this offering, we will have 175,434,000 shares of common stock outstanding (or 181,587,900 shares, if the underwriters exercise in full their option to purchase additional shares from us). Of these shares, 37,454,572 shares of common stock, or 43,608,472 shares of common stock if the underwriters exercise in full their option to purchase additional shares from us, sold in this offering will be freely transferable without restriction or registration under the Securities Act, except for any shares (in addition to the shares purchased in this offering by the Affiliated Participant) purchased by any of our existing "affiliates," as that term is defined in Rule 144 under the Securities Act. The shares of common stock issued pursuant to the IPO Grants will be subject to vesting conditions. The 137,979,428 shares of common stock held by the Hart Stockholders upon the closing of this offering are "restricted shares" as defined in Rule 144. Restricted shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 of the Securities Act. As a result of the contractual 180-day lock-up period described below and the provisions of Rules 144, these shares will be available for sale in the public market as follows:

Number of Shares	Date
0	On the date of this prospectus.
137,979,428	After 180 days from the date of this prospectus (subject to volume limitations).

Rule 144

In general, a person (or persons whose shares are aggregated) who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell such securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 1,754,340 shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares from us; or
- the average weekly trading volume of our common stock on the Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144 to the extent applicable.

Registration Statement on Form S-8

We intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock subject to issuance under the Incentive Plan and the IPO Grants, which will be adopted in connection with this offering. We expect to file this registration statement as promptly as possible after the closing of this offering. Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market, subject to vesting or transfer restrictions that may be applicable to such awards. We expect that the registration statement on Form S-8 relating to the IPO Grants and the Incentive Plan, which will be adopted in connection with this offering, will cover approximately 9,079,395 shares of common stock.

Registration Rights

In connection with this offering, we will enter into an agreement that will provide that the Hart Stockholders will be entitled to various rights with respect to the registration of the offer and sale of the shares they hold under the Securities Act. If the offer and sale of these shares is registered, these shares will become freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. The registration rights agreement that we intend to enter into with the Hart Stockholders will not provide for any cash penalties, or any other penalties, resulting from delays in registering the shares held by the Hart Stockholders.

Lock-up Agreements

We, our directors, our executive officers and the Hart Stockholders have agreed, subject to certain exceptions, not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock for a period of 180 days after the date of this prospectus, without the prior written consent of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. See “Underwriting” for a description of the lock-up agreements applicable to our shares.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are acting as representatives, the following respective number of shares of common stock:

Name	Number of Shares
Credit Suisse Securities (USA) LLC	9,128,285
Citigroup Global Markets Inc.	9,128,285
BofA Securities, Inc.	6,153,900
Goldman Sachs & Co. LLC	6,153,900
Robert W. Baird & Co. Incorporated	2,076,942
BMO Capital Markets Corp.	2,076,941
Deutsche Bank Securities Inc.	2,076,941
HSBC Securities (USA) Inc.	1,128,215
RBC Capital Markets, LLC	2,076,941
Academy Securities, Inc.	205,130
Loop Capital Markets LLC	205,130
Rabo Securities USA, Inc.	205,130
Samuel A. Ramirez & Company, Inc.	205,130
Siebert Williams Shank & Co., LLC	205,130
Total	41,026,000

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in this offering if any are purchased, other than those shares covered by the option to purchase additional shares described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or this offering may be terminated.

We have granted the underwriters a 30-day option to purchase on a pro rata basis up to 6,153,900 additional shares of common stock from us at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of up to $0.399 per share. After the initial public offering the representatives may change the public offering price and selling concession. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The following table summarizes the compensation and estimated expenses we will pay.

	Per Share		Total	
	Without Option	With Option	Without Option	With Option
Underwriting discounts and commissions(1)	$ 0.665	$ 0.665	$ 24,907,290	$ 28,999,634
Expenses payable	$ 0.195	$ 0.170	$ 8,000,000	$ 8,000,000

(1) The Affiliated Participant has agreed to purchase 3,571,428 shares of our common stock in the offering at the initial public offering price. The allocation of these shares to the Affiliated Participant was made at our direction. The underwriters will not receive any underwriting discounts or commissions on these shares.

We have agreed to reimburse the underwriters for expenses of up to $50,000 related to clearance of this offering with the Financial Industry Regulatory Authority, Inc., or FINRA. The underwriters have also agreed to reimburse us for certain of our expenses incurred by us with respect to this offering. We have also agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We have agreed, subject to certain exceptions, that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days after the date of this prospectus.

Our executive officers and directors and the Hart Stockholders have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. for a period of 180 days after the date of this prospectus, subject to certain exceptions.

Our common stock has been approved for listing on Nasdaq, under the symbol "PTVE."

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives and will not necessarily reflect the market price of the common stock following this offering. The principal factors that were considered in determining the initial public offering price included:

- the information presented in this prospectus and otherwise available to the underwriters;
- the history of, and prospects for, the industry in which we will compete;
- the ability of our management;
- the prospects for our future earnings;
- the present state of our development, results of operations and our current financial condition;
- the general condition of the securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies.

We cannot assure you that the initial public offering price will correspond to the price at which the common stock will trade in the public market subsequent to this offering or that an active trading market for the common stock will develop and continue after this offering.

In connection with this offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of

shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in the option to purchase additional shares. The underwriters may close out any covered short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market.

- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares. If the underwriters sell more shares than could be covered by the option to purchase additional shares, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase shares in this offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on Nasdaq or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. These investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain affiliates of Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc. and certain of the other underwriters have preexisting lending relationships (including under the Credit Agreement) with the Group and certain of their respective affiliates. Furthermore, an affiliate of Credit Suisse Securities (USA) LLC, is the administrative agent and a lender and issuing bank under the Credit Agreement.

Selling Restrictions

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in the European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a "Member State"), no securities have been offered or will be offered to the public in that Member State prior to the publication of a prospectus in relation to the securities which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of securities may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of securities shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase or subscribe for any securities, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Prospective Investors in the United Kingdom

Each of the underwriters severally represents, warrants and agrees as follows:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the securities in circumstances in which Section 21 of the FSMA does not apply to us; and

(b) it has complied with, and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Canada

The securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the securities or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company or the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority, or FINMA, and the offer of securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in Hong Kong

The securities may not be offered or sold in Hong Kong by means of any document other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the depositary securities may be issued or may be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to depositary securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

(i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"),

(ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Australia

This prospectus is not a formal disclosure document and has not been, nor will be, lodged with the Australian Securities and Investments Commission. It does not purport to contain all information that an investor or their professional advisers would expect to find in a prospectus or other disclosure document (as defined in the

Corporations Act 2001 (Australia)) for the purposes of Part 6D.2 of the Corporations Act 2001 (Australia) or in a product disclosure statement for the purposes of Part 7.9 of the Corporations Act 2001 (Australia), in either case, in relation to the securities. The securities are not being offered in Australia to "retail clients" as defined in sections 761G and 761GA of the Corporations Act 2001 (Australia). This offering is being made in Australia solely to "wholesale clients" for the purposes of section 761G of the Corporations Act 2001 (Australia) and, as such, no prospectus, product disclosure statement or other disclosure document in relation to the securities has been, or will be, prepared.

This prospectus does not constitute an offer in Australia other than to persons who do not require disclosure under Part 6D.2 of the Corporations Act 2001 (Australia) and who are wholesale clients for the purposes of section 761G of the Corporations Act 2001 (Australia). By submitting an application for the securities, you represent and warrant to us that you are a person who does not require disclosure under Part 6D.2 and who is a wholesale client for the purposes of section 761G of the Corporations Act 2001 (Australia). If any recipient of this prospectus is not a wholesale client, no offer of, or invitation to apply for, the securities shall be deemed to be made to such recipient and no applications for such securities will be accepted from such recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of such offer, is personal and may only be accepted by the recipient. In addition, by applying for the securities you undertake to us that, for a period of 12 months from the date of issue of the securities, you will not transfer any interest in the securities to any person in Australia other than to a person who does not require disclosure under Part 6D.2 and who is a wholesale client.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

LEGAL MATTERS

The validity of the issuance of the shares of capital stock offered hereby and certain legal matters in connection with this offering will be passed upon for us by Davis Polk & Wardwell LLP. The underwriters have been represented by Cravath, Swaine & Moore LLP.

EXPERTS

The financial statements as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to the Company and its common stock, reference is made to the registration statement and the exhibits and any schedules filed therewith. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance, if such contract or document is filed as an exhibit, reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each statement being qualified in all respects by such reference. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information we have filed electronically with the SEC.

As a result of this offering, we will be required to file periodic reports and other information with the SEC. We also maintain a website at www.pactivevergreen.com. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part.

We intend to make available to our stockholders annual reports containing consolidated financial statements audited by an independent registered public accounting firm.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors of Reynolds Group Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Reynolds Group Holdings Limited and its subsidiaries (the “Company”) as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.
/s/ PricewaterhouseCoopers LLP

Chicago, Illinois
June 2, 2020, except for the effects of the distribution described in Note 3 and the segment change described in Note 17, as to which the date is August 20, 2020

We have served as the Company’s auditor since 2009.

Reynolds Group Holdings Limited

Consolidated Statements of Income
For the Years Ended December 31
(in millions, except per share amounts)

	2019	2018	2017
Net revenues	$ 7,115	$ 7,395	$ 7,439
Cost of sales	(5,999)	(6,282)	(6,086)
Gross profit	**1,116**	**1,113**	**1,353**
Selling, general and administrative expenses	(639)	(565)	(599)
Goodwill impairment charges	(16)	(138)	—
Restructuring, asset impairment and other related charges	(96)	(53)	(101)
Other expense, net	(34)	(33)	(38)
Operating income from continuing operations	**331**	**324**	**615**
Non-operating (expense) income, net	(13)	41	(10)
Interest expense, net	(432)	(412)	(484)
(Loss) income from continuing operations before tax	**(114)**	**(47)**	**121**
Income tax (expense) benefit	(54)	16	218
Net (loss) income from continuing operations	**(168)**	**(31)**	**339**
Income from discontinued operations, net of income taxes	258	312	257
Net income	**90**	**281**	**596**
Net loss (income) attributable to non-controlling interests	1	(2)	(2)
Net income attributable to Reynolds Group Holdings Limited common stockholder	**$ 91**	**$ 279**	**$ 594**
Earnings (loss) per share attributable to Reynolds Group Holdings Limited common stockholder:			
From continuing operations-basic and diluted	$ (4.68)	$ (0.92)	$ 9.44
From discontinued operations-basic and diluted	7.23	8.74	7.20
Total-basic and diluted	2.55	7.82	16.64

See accompanying notes to the consolidated financial statements.

Reynolds Group Holdings Limited

Consolidated Statements of Comprehensive Income
For the Years Ended December 31
(in millions)

	2019	2018	2017
Net income	$ 90	$281	$596
Other comprehensive income (loss), net of income taxes:			
Currency translation adjustments	88	(40)	103
Defined benefit plans	124	(52)	75
Other comprehensive income (loss)	212	(92)	178
Comprehensive income	**302**	**189**	**774**
Comprehensive loss (income) attributable to non-controlling interests	1	(2)	(2)
Comprehensive income attributable to Reynolds Group Holdings Limited common stockholder	**$303**	**$187**	**$772**

See accompanying notes to the consolidated financial statements.

Reynolds Group Holdings Limited

Consolidated Balance Sheets
As of December 31
(in millions, except share amounts)

	2019	2018
Assets		
Cash and cash equivalents	$ 1,189	$ 704
Accounts receivable, less allowances for doubtful accounts of $4 and $5	666	699
Inventories	894	896
Other current assets	147	183
Assets held for sale or distribution	808	965
Total current assets	**3,704**	**3,447**
Property, plant and equipment, net	2,475	2,422
Operating lease right-of-use assets, net	300	—
Goodwill	3,026	3,044
Intangible assets, net	2,493	2,660
Deferred income taxes	23	26
Related party receivables	339	328
Other noncurrent assets	181	132
Noncurrent assets held for sale or distribution	3,634	4,110
Total assets	**$16,175**	**$16,169**
Liabilities		
Accounts payable	$ 425	$ 483
Related party payables	30	33
Current portion of long-term debt	3,587	455
Current portion of operating lease liabilities	71	—
Income taxes payable	16	10
Accrued and other current liabilities	509	519
Liabilities held for sale or distribution	259	401
Total current liabilities	**4,897**	**1,901**
Long-term debt	7,043	10,542
Long-term operating lease liabilities	247	—
Deferred income taxes	555	464
Long-term employee benefit obligations	737	887
Other noncurrent liabilities	183	198
Noncurrent liabilities held for sale or distribution	431	392
Total liabilities	**$14,093**	**$14,384**
Commitments and contingencies (Note 14)		
Equity		
Common stock (35,708,019 issued and outstanding shares with no par value. Refer to Note 19)	—	—
Additional paid in capital	103	103
Accumulated other comprehensive loss	(518)	(689)
Retained earnings	2,494	2,362
Total equity attributable to Reynolds Group Holdings Limited common stockholder	**2,079**	**1,776**
Non-controlling interests	3	9
Total equity	2,082	1,785
Total liabilities and equity	**$16,175**	**$16,169**

See accompanying notes to the consolidated financial statements.

Reynolds Group Holdings Limited

Consolidated Statements of Equity
(in millions)

	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interests	Total Equity
Balance as of December 31, 2016	**$ —**	**$ 103**	**$ (775)**	**$ 1,489**	**$ 9**	**$ 826**
Net income	—	—	—	594	2	**596**
Other comprehensive income, net of income taxes	—	—	178	—	—	**178**
Dividends paid to non-controlling interests	—	—	—	—	(1)	**(1)**
Balance as of December 31, 2017	**$ —**	**$ 103**	**$ (597)**	**$ 2,083**	**$ 10**	**$1,599**
Net income	—	—	—	279	2	**281**
Other comprehensive loss, net of income taxes	—	—	(92)	—	—	**(92)**
Dividends paid to non-controlling interests	—	—	—	—	(3)	**(3)**
Balance as of December 31, 2018	**$ —**	**$ 103**	**$ (689)**	**$ 2,362**	**$ 9**	**$1,785**
Cumulative impact of adopting ASU 2018-02	—	—	(41)	41	—	**—**
Net income (loss)	—	—	—	91	(1)	**90**
Other comprehensive income, net of income taxes	—	—	212	—	—	**212**
Disposition of non-controlling interest	—	—	—	—	(4)	**(4)**
Dividends paid to non-controlling interests	—	—	—	—	(1)	**(1)**
Balance as of December 31, 2019	**$ —**	**$ 103**	**$ (518)**	**$ 2,494**	**$ 3**	**$2,082**

See accompanying notes to the consolidated financial statements.

Reynolds Group Holdings Limited

Consolidated Statements of Cash Flows
For the Years Ended December 31
(in millions)

	2019	2018	2017
Cash provided by (used in) operating activities			
Net income	$ 90	$ 281	$ 596
Adjustments to reconcile net income to operating cash flows:			
Depreciation and amortization	643	653	672
Deferred income taxes	98	(27)	(256)
Unrealized (gains) losses on derivatives	(13)	22	—
Goodwill impairment charges	25	138	—
Other asset impairment charges	106	40	86
Loss on disposal of businesses and other assets	42	24	16
Non-cash portion of employee benefit obligations	27	(20)	25
Non-cash portion of operating lease expense	108	—	—
Other non-cash items, net	(3)	(2)	(3)
Change in assets and liabilities:			
Accounts receivable, net	19	(1)	(109)
Inventories	19	(83)	(151)
Other current assets	29	(5)	1
Accounts payable	(118)	48	(5)
Operating lease payments	(106)	—	—
Income taxes payable	(53)	32	2
Accrued and other current liabilities	(37)	(38)	(62)
Other assets and liabilities	25	(75)	79
Employee benefit obligation contributions	(5)	(24)	(33)
Net cash provided by operating activities	**896**	**963**	**858**
Cash provided by (used in) investing activities			
Acquisition of property, plant and equipment and intangible assets	(629)	(592)	(413)
Proceeds from sale of property, plant and equipment	23	21	5
Disposal of businesses, net of cash disposed	597	118	44
Proceeds from related party loan repayment	5	—	—
Net cash used in investing activities	**(4)**	**(453)**	**(364)**
Cash provided by (used in) financing activities			
Long-term debt proceeds	—	—	452
Long-term debt repayments	(381)	(352)	(1,221)
Deferred financing transaction costs on long-term debt	—	—	(10)
Premium on redemption of long-term debt	—	(3)	(11)
Other financing activities	(3)	(5)	(6)
Net cash used in financing activities	**(384)**	**(360)**	**(796)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	(7)	6
Increase (decrease) in cash, cash equivalents and restricted cash	508	143	(296)
Cash, cash equivalents and restricted cash as of beginning of the year	786	643	939
Cash, cash equivalents and restricted cash as of end of the year	**$1,294**	**$ 786**	**$ 643**
Cash, cash equivalents and restricted cash are comprised of:			
Cash and cash equivalents	$1,189	$ 704	$ 535
Cash and cash equivalents classified as assets held for sale or distribution	102	79	102
Restricted cash included within other current assets	3	3	6
Cash, cash equivalents and restricted cash as of December 31	**$1,294**	**$ 786**	**$ 643**
Cash paid:			
Interest	$ 619	$ 619	$ 644
Income taxes	98	143	196

Significant non-cash investing and financing activities

Refer to Note 10—Leases for details of non-cash additions to operating lease right-of-use assets, net as a result of changes in operating lease liabilities. Refer to Note 18—Related Party Transactions for details of significant non-cash investing and financing activities with related parties.

See accompanying notes to the consolidated financial statements.

Note 1—Nature of Operations and Basis of Presentation

The accompanying consolidated financial statements comprise the accounts of Reynolds Group Holdings Limited ("RGHL") and its subsidiaries ("we", "us", "our" or the "Group"). These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany accounts and transactions have been eliminated in consolidation.

We are a manufacturer and supplier of consumer food and beverage packaging products, primarily in North America. We report our business in four reportable segments: Foodservice, Food Merchandising, Beverage Merchandising and Graham Packaging. Our Foodservice segment manufactures a broad range of products that enable consumers to eat and drink where they want and when they want with convenience. Our Food Merchandising segment manufactures products that protect and attractively display food while preserving freshness. Our Beverage Merchandising segment manufactures cartons for fresh refrigerated beverage products, primarily serving dairy (including plant-based, organic and specialties), juice and other specialty beverage end-markets. Our Graham Packaging segment is a designer and manufacturer of value-added, custom blow molded plastic containers for consumer products.

Unless otherwise indicated, information in these notes to the consolidated financial statements relates to our continuing operations. Certain of our operations have been presented as discontinued. We present businesses that represent components as discontinued operations when the components either meet the criteria as held for sale or are sold or distributed and their disposal represents a strategic shift that has, or will have, a major effect on our operations and financial results. As discussed in Note 3—Discontinued Operations, we are reporting the assets, liabilities, results of operations and supplemental cash flow information of substantially all of our Closures business, sold in December 2019, and all of our former Reynolds Consumer Products segment, distributed in February 2020, as discontinued operations for all periods presented. Sales from our continuing operations to our discontinued operations previously eliminated in consolidation are included in net revenues within operating income from continuing operations. The net revenues were $280 million, $316 million and $302 million for the years ended December 31, 2019, 2018 and 2017, respectively.

As of December 31, 2019, our consolidated balance sheet presents current liabilities in excess of current assets due to $3,137 million of borrowings which mature in October 2020 being classified as a current liability. As detailed in Note 9—Debt, in conjunction with the initial public offering ("IPO") of Reynolds Consumer Products Inc. ("RCPI"), these borrowings were repaid in February 2020, resulting in current assets exceeding current liabilities.

Note 2—Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the 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 be worse than anticipated in those estimates, which could materially affect our results of operations and balance sheet. 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.

Foreign Operations

Our consolidated financial statements are presented in U.S. dollars, which is our reporting currency. We translate the results of operations of our subsidiaries with functional currencies other than the U.S. dollar using average exchange rates during each period and translate balance sheet accounts using exchange rates at the end of each period. We record currency translation adjustments as a component of equity within accumulated other comprehensive loss and transaction gains and losses in other expense, net in our consolidated statements of income. Foreign currency translation balances reported within accumulated other comprehensive loss are recognized in the consolidated statements of income when the operation is disposed of or substantially liquidated.

Variable Interest Entities

Variable interest entities ("VIEs") are primarily entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders, as a group, lack one or more of the following characteristics: (a) direct or indirect ability to make decisions, (b) obligation to absorb expected losses or (c) right to receive expected residual returns. VIEs must be evaluated quantitatively and qualitatively to determine the primary beneficiary, which is the reporting entity that has (a) the power to direct activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes. To determine a VIE's primary beneficiary, we perform a qualitative assessment to determine which party, if any, has the power to direct activities of the VIE and the obligation to absorb losses and or receive its benefits. This assessment involves identifying the activities that most significantly impact the VIE's economic performance and determine whether we, or another party, has the power to direct those activities.

We have a variable interest in one VIE related to our non-recourse factoring arrangements in which receivables are sold from certain of our operations to a special purpose trust ("SPE") in exchange for cash. We are the sole beneficiary of the SPE. The SPE is considered to be a VIE and we are its primary beneficiary as we have the power to direct its activities and the right to receive its benefits. We have consolidated the results, assets and liabilities of this SPE for all years presented in these financial statements. As a result of consolidating the SPE, we continue to recognize the trade receivables and external borrowings of this entity with respective carrying values of $789 million (including $264 million presented within assets held for sale or distribution) and $420 million, respectively, as of December 31, 2019 and $835 million (including $292 million presented within assets held for sale or distribution) and $420 million, respectively, as of December 31, 2018. The obligations of the SPE are non-recourse to us and only the assets of the SPE can be used to settle those obligations.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks and all highly liquid investments with original maturities of three months or less. We maintain our bank accounts with a relatively small number of high quality financial institutions.

Accounts Receivable

Accounts receivable are stated net of allowances for doubtful accounts and primarily include trade receivables. No single customer comprised more than 10% of our consolidated net revenues or consolidated accounts receivable in 2019, 2018 or 2017. Specific customer provisions are made when a review of outstanding amounts, utilizing information about customer creditworthiness and current economic trends, indicates that collection is doubtful. In addition, provisions are made at differing rates, based upon the age of the receivable and our historical collection experience.

Inventories

Inventories include raw materials, supplies, direct labor and manufacturing overhead associated with production and are stated at the lower of cost or net realizable value, utilizing the first-in, first-out method. In evaluating net realizable value, appropriate consideration is given to obsolescence, excessive inventory levels, product deterioration and other factors.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Machinery and equipment are depreciated over periods ranging from 3 to 25 years and buildings and building improvements over periods ranging from 20 to 50 years. Maintenance and repair costs are charged to expense as incurred. Major overhauls that extend the useful lives of existing assets are capitalized. When assets are retired or disposed, the cost and accumulated depreciation are eliminated and the resulting profit or loss is recognized in cost of sales in our results of operations.

Long-Lived Assets

Finite-lived intangible assets, which primarily consist of customer relationships and technology, are stated at historical cost and amortized using the straight-line method (which reflects the pattern of how the assets' economic benefits are consumed) over the assets' estimated useful lives which range from 6 to 25 years and 3 to 10 years, respectively.

We assess potential impairments to our long-lived assets if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In those circumstances, we perform an undiscounted cash flow analysis to determine if an impairment exists. When testing for asset impairment, we group assets and liabilities at the lowest level for which cash flows are separately identifiable. An impaired asset is written down to its estimated fair value based upon the most recent information available. Estimated fair market value is generally measured by discounting estimated future cash flows or using a capitalization of earnings methodology. Long-lived assets which are part of a disposal group are presented as held for sale and are recorded at the lower of the carrying value or the fair market value less the estimated cost to sell.

Goodwill and Indefinite-Lived Intangible Assets

We test goodwill for impairment on an annual basis in the fourth quarter and whenever events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. For certain reporting units, we may perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. As part of this assessment, we consider various factors, including the excess of prior year estimates of fair value compared to carrying value, the effect of market or industry changes and the reporting units' actual results compared to projected results. Based on this qualitative analysis, if we determine that it is more likely than not that the fair value of the reporting unit is greater than its carrying value, no further impairment testing is performed. For the remaining reporting units, we compare each reporting unit's fair value to its carrying value. Estimating the fair value of individual reporting units requires us to make assumptions and estimates regarding our future plans and industry and economic conditions. The key assumptions associated with determining the estimated fair value are forecasted Adjusted EBITDA (as defined in Note 17—Segment Information) and a relevant earnings multiple. If the carrying value of a reporting unit's net assets exceeds its fair value, we would recognize an impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value.

Our indefinite-lived intangible assets consist primarily of certain trade names. We test indefinite-lived intangible assets for impairment on an annual basis in the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If potential impairment risk exists for a specific asset, we quantitatively test it for impairment by comparing its estimated fair value with its carrying value. We determine estimated fair value using the relief-from-royalty method, using key assumptions including planned revenue growth rates, market-based discount rates and estimates of royalty rates. If the carrying value of the asset exceeds its fair value, we consider the asset impaired and reduce its carrying value to the estimated fair value.

Revenue Recognition

Our revenues are primarily derived from the sale of packaging products to customers. Revenue is recognized when performance obligations are satisfied, in an amount reflecting the consideration we expect to receive. We consider the promise to transfer products to be our sole performance obligation. If the consideration agreed to in a contract includes a variable amount, we estimate the amount of consideration we expect to receive in exchange for transferring the promised goods to the customer using an expected value method. Our main sources of variable consideration are customer rebates and cash discounts. We base these estimates on anticipated performance and our best judgment at the time to the extent that it is probable that a significant reversal of revenue recognized will not occur. Estimates are monitored and adjusted each period until the incentives are realized. There are no material instances where variable consideration is constrained and not recorded at the initial time of sale.

Generally, our revenue is recognized at the time of shipment, when title and risk of loss pass to the customer. A small number of our contracts are for sales of products which are customer specific and cannot be repurposed. Revenue for these products is recognized over time based on costs incurred plus a reasonable profit. This revenue represents approximately 2% of our net revenues and has a relatively short period of time between the goods being manufactured and shipped to customers. Shipping and handling fees billed to a customer are recorded on a gross basis in net revenues with the corresponding shipping and handling costs included in cost of sales in the concurrent period as the revenue is recorded. Any taxes collected on behalf of government authorities are excluded from net revenues. We do not receive non-cash consideration for the sale of goods nor do we grant payment financing terms greater than one year. We do not incur any significant costs to obtain a contract.

See Note 17—Segment Information for information regarding the disaggregation of revenue by products and geography.

Our revenue recognition for the years ended December 31, 2019 and 2018 reflects the requirements of ASC 606 *Revenue from Contracts with Customers*, which was adopted as of January 1, 2018. We elected to adopt the requirements of ASC 606 using the modified retrospective method. As such, the cumulative effect of applying the standard was recognized as of January 1, 2018. We elected to apply this method to all contracts that were not completed at the date of initial application. The adoption resulted in changes in accounting policies and immaterial adjustments to the amounts recognized in our consolidated financial statements, including the cumulative impact to retained earnings as of January 1, 2018.

We consider purchase orders, which in some cases are governed by master supply agreements, to be the contracts with a customer. Key sales terms, such as pricing and quantities ordered, are established frequently, so most customer arrangements and related sales incentives have a duration of one year or shorter. We generally do not have any unbilled receivables at the end of a period.

Prior to January 1, 2018, we recognized revenue when the sales price was determinable and the risks and rewards of ownership had transferred to the customer as determined by the shipping terms. Revenues were recorded net of sales incentives, which were based on historical experience.

Restructuring Costs

We incur restructuring costs when we take action to exit or significantly curtail a part of our operations or change the deployment of assets or personnel. A restructuring charge can consist of an impairment of affected assets, severance costs associated with reductions to our workforce, costs to terminate an operating lease or contract and charges for legal obligations from which no future benefit will be derived. Such restructuring activities are recorded when management has committed to an exit or reorganization plan and when termination benefits are probable and can be reasonably estimated based on circumstances at the time the restructuring plan is approved by management or when termination benefits are communicated. The accrual of both severance and exit costs requires the use of estimates. Though we believe that our estimates accurately reflect the anticipated costs, actual results may be different from the original estimated amounts.

Leases

We determine if an arrangement is a lease or a service contract at inception. Where an arrangement is a lease we determine if it is an operating lease or a finance lease. Subsequently, if the arrangement is modified, we re-evaluate our classification. We have no significant finance leases.

Beginning January 1, 2019, at lease commencement, we record a lease liability and corresponding right-of-use ("ROU") asset in accordance with ASC 842 *Leases*. Lease liabilities represent the present value of our future lease payments over the expected lease term which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. We have elected to include lease and non-lease components in determining our lease liability for all leased assets. Non-lease components are generally services that the lessor provides for the entity associated with the leased asset. For those leases with payments based on an index, the lease liability is determined using the index at lease commencement. Lease payments based on increases in the index subsequent to lease commencement are recognized as variable lease expense as they occur. The present value of our lease liability is determined using our incremental borrowing rate at lease inception. ROU assets represent our right to control the use of the leased asset during the lease and are generally recognized in an amount equal to the lease liability. Over the lease term we use the effective interest rate method to account for the lease liability as lease payments are made and the ROU asset is amortized to earnings in a manner that results in a straight-line expense recognition in our consolidated statements of income. An ROU asset and lease liability are not recognized for leases with an initial term of 12 months or less and we recognize lease expense for these leases on a straight-line basis over the lease term. For the year ended December 31, 2019, lease expense of $84 million was recorded in cost of sales and $5 million in selling, general and administrative expenses in our consolidated statements of income. All operating lease cash payments are recorded within cash flows from operating activities in the consolidated statements of cash flows. We test ROU assets for impairment whenever events or changes in circumstance indicate that the asset may be impaired. Our lease agreements do not include significant restrictions, covenants or residual value guarantees.

Prior to January 1, 2019 we classified leases at inception date, or upon modification, as either a capital lease or an operating lease in accordance with ASC 840 *Leases*. Our lease portfolio consisted primarily of operating leases wherein rental payments were expensed on a straight-line basis over their respective lease term.

Employee Benefit Plans

We record annual income and expense amounts relating to our defined benefit pension plans and other post-employment benefit ("OPEB") plans based on calculations which include various actuarial assumptions, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. We review our actuarial assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when it is deemed appropriate to do so. The effect of modifications on the value of plan obligations and assets is recognized immediately within other comprehensive income (loss) and amortized into non-operating expense, net over future periods. We believe that the assumptions utilized in recording our obligations under our plans are reasonable based on our experience, market conditions and input from our actuaries and investment advisors. See Note 12—Employee Benefits for additional information.

Financial Instruments

We are exposed to interest rate risk related to variable rate borrowings and price risk related to forecasted purchases of certain commodities that we primarily use as raw materials. From time to time we may enter into derivative financial instruments to mitigate certain risks. We are not a party to leveraged derivatives and, by policy, do not use financial instruments for speculative purposes.

We record derivative financial instruments on a gross basis and at fair value in our consolidated balance sheets in other current assets, other noncurrent assets or accrued and other current liabilities depending on their duration. Cash flows from derivative instruments are classified as operating activities in our consolidated statements of cash flows based on the nature of the derivative instrument. Historically, we have not elected to use hedge accounting. Accordingly, any unrealized gains or losses (mark-to-market impacts) and realized gains or losses are recorded in cost of sales, for commodity derivatives, and interest expense, net, for interest rate derivatives, in our consolidated statements of income.

Income Taxes

Our income tax expense includes amounts payable or refundable for the current year, the effects of deferred taxes and impacts from uncertain tax positions. We recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax basis of our assets and liabilities, tax loss carryforwards and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those differences are expected to reverse.

The realization of certain deferred tax assets is dependent on generating sufficient taxable income in the appropriate jurisdiction prior to the expiration of the carryforward periods. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. When assessing the need for a valuation allowance, we consider any carryback potential, future reversals of existing taxable temporary differences (including liabilities for unrecognized tax benefits), future taxable income and tax planning strategies.

We recognize tax benefits in our consolidated financial statements from uncertain tax positions only if it is more likely than not that the tax position will be sustained based on the technical merits of the position. The amount we recognize is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon resolution. Future changes related to the expected resolution of uncertain tax positions could affect tax expense in the period when the change occurs.

Fair Value Measurements and Disclosures

Certain assets and liabilities are required to be recorded at fair value on a recurring basis. Certain other assets are measured at fair value on a nonrecurring basis. Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Our assets and liabilities measured at fair value on a recurring basis are presented in Note 11—Financial Instruments. Assets measured at fair value on a nonrecurring basis include long-lived assets held and used, long-lived assets held for sale or distribution, goodwill and other intangible assets. The fair value of cash and cash equivalents, accounts and other receivables, accounts payable, related party payables and accrued and other current liabilities approximate their carrying values due to the short-term nature of these instruments. The three-tier value hierarchy, which prioritizes valuation methodologies based on the reliability of the inputs, is:

- Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.
- Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.

Recently Adopted Accounting Guidance

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlined a single comprehensive model for entities to use in accounting for revenue. The core principle is that an entity should recognize revenue to depict the transfer of control over promised goods or services to a customer in an amount that reflects the consideration the entity expects to be entitled to receive in exchange for the goods or services. The ASU also requires additional quantitative and qualitative disclosures. In 2016 and 2017, the FASB issued several ASUs that clarified matters such as principal versus agent (gross versus net) revenue presentation considerations and clarified the guidance for identifying performance obligations within a contract. The FASB also issued two ASUs providing technical corrections, narrow scope exceptions and practical expedients to clarify and improve the implementation of the new revenue recognition guidance. We adopted the guidance as of January 1, 2018 using the modified retrospective approach for all contracts not completed as of the date of adoption, resulting in immaterial adjustments to the amounts recognized in our consolidated financial statements, including the cumulative impact to retained earnings as of January 1, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU revises existing U.S. GAAP and outlines a new model for lessors and lessees to use in accounting for lease contracts. The guidance requires lessees to recognize an ROU asset and a lease liability on the balance sheet for all leases, with the exception of short-term leases. Lessees will classify leases as either operating (resulting in straight-line expense recognition) or finance (resulting in a front-loaded expense pattern). In July 2018, the FASB issued an ASU which allows for an alternative transition approach, which would not require adjustments to comparative prior-period amounts. Topic 842 and all related ASUs are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We adopted the new standard on January 1, 2019 on a modified retrospective basis using a simplified transition approach, with no adjustment made to our prior period consolidated financial statements. We elected to apply the package of practical expedients, including not reassessing whether expired or existing contracts contained leases, the classification of those leases and initial direct costs for any existing leases. We also elected to exclude short-term leases (term of 12 months or less) from the balance sheet presentation. The most significant impact from adopting the standard is the initial recognition of ROU assets and operating lease liabilities on our consolidated balance sheet. Upon adoption, we recorded ROU assets (adjusted for prepaid and deferred rent) and operating lease liabilities of $322 million and $331 million, respectively, representing the present value of future lease payments with terms greater than 12 months.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, with the objective of reducing the existing diversity in practice with respect to how certain cash flow items are classified in the statement of cash flows. The ASU is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. We adopted the standard on January 1, 2017 and it had no impact on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, which eliminates the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure goodwill impairment. Goodwill impairment testing is now performed by comparing the fair value of the reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds fair value. The new standard is effective for goodwill impairment tests in annual reporting periods beginning after December 15, 2019, and should be applied on a prospective basis, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We early adopted this guidance on January 1, 2017 and it had no material impact on our consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which amended the income statement presentation of the components of net periodic benefit cost for an entity's sponsored defined benefit pension and other postretirement plans. The amendment requires entities to present the current service cost component with other current compensation costs in the income statement within income from operations and present the other components outside of income from operations. The amendment is effective for annual reporting periods beginning after December 15, 2017. We adopted this amendment retrospectively on January 1, 2018 and have presented the service cost in cost of sales and selling, general and administrative expenses and the other components of net periodic benefit cost in non-operating expense, net in our consolidated statements of income.

In February 2018, the FASB issued ASU 2018-02, *Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This guidance permits companies to reclassify to retained earnings the tax effects stranded in accumulated other comprehensive loss as a result of the U.S. Tax Cuts and Jobs Act of 2017. The ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We adopted the standard on January 1, 2019 which resulted in a reclassification of $41 million of income tax benefit from accumulated other comprehensive loss into retained earnings.

Accounting Guidance Issued But Not Yet Adopted as of December 31, 2019

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and subsequent amendments to the initial guidance: ASU 2019-04, *Financial Instruments-Credit Losses (Topic 326)*, *Derivatives and Hedging (Topic 815), and Financial Instruments—Codification Improvements (Topic 825)*, ASU 2019-05, *Financial Instruments—Credit Losses—Targeted Transition Relief (Topic 326)* and ASU 2019-11, *Codification Improvements, Financial Instruments—Credit Losses (Topic 326)*. These ASUs modify the impairment model to use an expected loss methodology in place of the currently used incurred loss methodology, which may result in earlier recognition of losses related to financial instruments. These ASUs are effective for fiscal years beginning after December 15, 2019, with early adoption permitted, and require a cumulative effect adjustment to the balance sheet upon adoption. The adoption of these standards will not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Change to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying and adding certain disclosures. This ASU is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. The requirements of this guidance are expected to impact our disclosure but have no impact on the measurement and recognition of amounts in our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20) Disclosure - Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. The ASU modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. We are currently evaluating the requirements of this guidance, which are expected to impact our disclosures but are not expected to impact the measurement and recognition of amounts in our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract,* which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs for internal-use software. This ASU is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The adoption of this standard will not have a material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. This ASU removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. We are currently assessing the impact of this standard on our consolidated financial statements.

Note 3—Discontinued Operations

Our discontinued operations comprise substantially all of our Closures business and all of our former Reynolds Consumer Products business.

On September 30, 2019, we determined that our North American and Japanese closures businesses met the criteria to be classified as a discontinued operation and, as a result, their historical financial results have been reflected in our consolidated financial statements as a discontinued operation and their assets and liabilities have been classified as assets and liabilities held for sale. We ceased recording depreciation and amortization on these assets from September 30, 2019. We did not allocate any general corporate overhead to this discontinued operation. On December 20, 2019, we completed the sale of our North American and Japanese closures businesses to a third party. These operations represented substantially all of our Closures business. We received preliminary cash proceeds of $611 million. These proceeds are subject to further adjustment associated with differences between estimated and final amounts as of completion, in respect of balances such as cash, indebtedness and working capital, each as defined in the sale agreement and are expected to be settled within approximately one year. Based on the preliminary sales proceeds, the related book values of the net assets disposed of and the effect of the release of accumulated other comprehensive loss, we recognized a loss of $30 million on the sale of the North American and Japanese closures businesses in the year ended December 31, 2019, which is reported within net income from discontinued operations in our consolidated statements of income.

On February 4, 2020, we distributed our interest in the operations that represented our former Reynolds Consumer Products business to our shareholder, Packaging Finance Limited ("PFL"). The distribution was effected in a tax-free manner. The distribution occurred prior to and in preparation for the IPO of shares of common stock of RCPI, which was completed on February 4, 2020. To effect the distribution of RCPI, we bought back 35,791,985 of our shares from PFL, in consideration of us transferring all of our shares in RCPI to PFL. On February 4, 2020, we determined that our former Reynolds Consumer Products business met the criteria to be classified as a discontinued operation and, as a result, its historical financial results have been reflected in our consolidated financial statements as a discontinued operation and its assets and liabilities have been classified as assets and liabilities held for distribution. We did not allocate any general corporate overhead to this discontinued operation.

Immediately prior to its distribution and the IPO, Reynolds Consumer Products incurred $2,475 million of term loan borrowings under its new post-IPO credit facilities and $1,168 million of borrowings under an IPO settlement facility. Reynolds Consumer Products repaid the IPO settlement facility with the net proceeds from the IPO on February 4, 2020. We have not provided any guarantees or security in relation to Reynolds Consumer Products' external borrowings. The cash proceeds from these new credit facilities, net of transaction costs and original issue discount, along with cash on-hand, were used to settle various intercompany balances between Reynolds Consumer Products and us.

Income from discontinued operations was as follows:

	For the Years Ended December 31,		
	2019	**2018**	**2017**
		(in millions)	
Net revenues	$ 3,150	$ 3,267	$ 3,088
Cost of sales	(2,144)	(2,295)	(2,098)
Gross profit	**1,006**	**972**	**990**
Selling, general and administrative expenses	(390)	(331)	(346)
Goodwill impairment charges	(9)	—	—
Restructuring, asset impairment and other related charges	(33)	(4)	(4)
Interest expense, net(1)	(189)	(180)	(201)
Other expense, net	(5)	(15)	(14)
Income before income taxes from discontinued operations	**380**	**442**	**425**
Income tax expense	(92)	(130)	(168)
Net income from discontinued operations, before loss on disposal	**288**	**312**	**257**
Loss on disposal, net of income taxes	(30)	—	—
Net income from discontinued operations	**$ 258**	**$ 312**	**$ 257**

(1) This balance is primarily attributable to interest expense and amortization of deferred transaction costs in respect of our 5.750% Senior Secured Notes due 2020. These notes were repaid in conjunction with the distribution of RCPI.

The income from discontinued operations includes depreciation and amortization expenses of $146 million, $131 million and $140 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The income from discontinued operations for the year ended December 31, 2019 includes a goodwill impairment charge of $9 million arising from the assessment of the recoverable amount of goodwill for our closures reporting unit as well as an asset impairment charge of $31 million relating to the write-down of the closures disposal group to its estimated recoverable amount, which is included in restructuring, asset impairment and other related charges in the above table.

We have no significant continuing involvement in relation to the sold North American and Japanese closures businesses.

Subsequent to February 2020, we will continue to trade with Reynolds Consumer Products in the ordinary course of business. Our Food Merchandising segment will continue to sell certain finished products to Reynolds Consumer Products and our Foodservice segment will continue to purchase products from them. These transactions arise under agreements that expire on December 31, 2024, but may be renewed between the parties at this time.

Within the consolidated financial statements, our continuing operations have recognized revenue of $280 million, $316 million and $302 million for the years end December 31, 2019, 2018 and 2017, respectively, in respect of sales to Reynolds Consumer Products. Within our cost of sales from continuing operations, we have recognized purchases from Reynolds Consumer Products of $149 million, $161 million and $148 million, respectively.

Assets and liabilities held for sale or distribution in relation to our discontinued operations were as follows:

	As of December 31,	
	2019	2018
	(in millions)	
Cash and cash equivalents(1)	$ 102	$ 79
Accounts receivable, net	269	338
Inventories	418	515
Other current assets	19	33
Total current assets held for sale or distribution	**$ 808**	**$ 965**
Property, plant and equipment, net	$ 537	$ 635
Operating lease right-of-use assets, net	42	—
Goodwill	1,913	2,205
Intangible assets, net	1,123	1,256
Other noncurrent assets	8	9
Total noncurrent assets held for sale or distribution	**$3,623**	**$ 4,105**
Accounts payable	$ 134	$ 227
Income taxes payable	—	30
Accrued and other current liabilities	125	144
Total current liabilities held for sale or distribution	**$ 259**	**$ 401**
Long-term operating lease liabilities	$ 35	$ —
Deferred income taxes	326	327
Long-term employee benefit obligations	51	50
Other noncurrent liabilities	19	15
Total noncurrent liabilities held for sale or distribution	**$ 431**	**$ 392**

(1) Cash and cash equivalents reflect historical balances reported by the discontinued operations as of the balance sheet date. The cash and cash equivalents balance at the time of the disposal of the North American and Japanese closures businesses was $9 million. The cash and cash equivalents balance at the time of the distribution of Reynolds Consumer Products was $31 million.

Noncurrent assets held for sale or distribution as of December 31, 2019 and 2018 also included $11 million and $5 million, respectively, related to our Graham Packaging segment.

Cash flows from discontinued operations were as follows:

	For the Years Ended December 31, 2019	2018	2017
	(in millions)		
Net cash provided by operating activities	$ 461	$ 419	$ 348
Net cash used in investing activities	(151)	(116)	(85)
Net cash used in financing activities	—	(1)	(1)
Net cash from discontinued operations	**$ 310**	**$ 302**	**$ 262**

Note 4—Impairment, Restructuring and Other Related Charges

During the year ended December 31, 2019, we recorded the following impairment, restructuring and other related charges:

	Goodwill impairment	Other asset impairment	Employee terminations	Other restructuring charges	Total
			(in millions)		
Foodservice	$ —	$ 1	$ 1	$ —	$ 2
Food Merchandising	—	4	—	—	4
Graham Packaging	—	33	9	8	50
Other	16	37	3	—	56
Total	**$ 16**	**$ 75**	**$ 13**	**$ 8**	**$112**

For the year ended December 31, 2019, we recorded non-cash impairment charges of $53 million, comprising $29 million in respect of property, plant and equipment, $16 million in respect of goodwill, $5 million in respect of operating lease ROU assets and $3 million in respect of customer relationships, in relation to the remaining closures businesses which are reported above in Other. Following these impairments, the remaining carrying values of property, plant and equipment, goodwill, operating lease ROU assets and customer relationships were $17 million, $6 million, $3 million and $4 million, respectively. The impairments arose as a result of various commercial dis-synergies triggered by the separation of these remaining businesses from the closures operations that were sold, as discussed in Note 3—Discontinued Operations. The estimated recoverable amounts, or fair value, were determined based on a capitalization of earnings methodology, using Adjusted EBITDA expected to be generated multiplied by an earnings multiple. The key assumptions in developing Adjusted EBITDA include management's assessment of future trends in the industry and are based on both external and internal sources. The forecasted 2019 Adjusted EBITDA for the remaining closures operations was prepared using certain key assumptions including selling prices, sales volumes and costs of raw materials. Earnings multiples reflect recent sale and purchase transactions and comparable company trading multiples in the same industry. These estimates represent a Level 3 measurement in the fair value hierarchy, which includes inputs that are not based on observable market data. For certain of the remaining closures operations, there is no difference between the carrying value and the recoverable amount. Accordingly, a reasonably possible unexpected deterioration in financial performance or adverse change in the earnings multiple may result in a further impairment of goodwill.

We also recorded non-cash impairment charges of $33 million, related to obsolete property, plant and equipment and operating lease ROU assets arising from the ongoing rationalization of our manufacturing footprint in Graham Packaging, and an aggregate of $5 million relating to obsolete property, plant and equipment in respect of our Foodservice and Food Merchandising segments. The aggregate of the remaining carrying values of the assets impaired at Graham Packaging, Foodservice and Food Merchandising was $3 million.

For the year ended December 31, 2019, we recorded restructuring charges of $13 million for employee termination costs. These charges primarily relate to the rationalization of our manufacturing footprint in Graham Packaging. The restructuring charges reported in Other represent additional employee termination costs for residual operations in South America.

In conjunction with the restructuring initiatives described above, we may also incur implementation costs which are directly attributable to the restructuring activities, however, they do not qualify for accounting treatment as exit or disposal activities. These costs include incidental expenses such as those related to the closure of facilities. During the year ended December 31, 2019, Graham Packaging incurred $8 million of implementation costs in relation to the ongoing manufacturing footprint rationalization. These costs are primarily associated with exiting existing facilities and reinstalling certain plant and equipment at other facilities.

The restructuring associated with the Graham Packaging footprint optimization initiative is ongoing. As of December 31, 2019, the cumulative amount of restructuring and related expenses associated with this initiative was $33 million. No further employee termination costs are expected in relation to the previously announced termination plans. We are continuing to evaluate additional opportunities in relation to this initiative, which may trigger additional impairments, employee terminations and other restructuring changes.

The Foodservice restructuring initiative that commenced during the year ended December 31, 2019 is complete. No further significant expense is expected.

The various restructuring initiatives in Other have been implemented. No further employee termination costs are expected in relation to the previously announced initiatives.

During the year ended December 31, 2018, we recorded the following impairment, restructuring and other related charges:

	Goodwill impairment	Other asset impairment	Employee terminations	Other restructuring charges	Total
			(in millions)		
Foodservice	$ —	$ 6	$ —	$ —	$ 6
Food Merchandising	—	1	—	1	2
Graham Packaging	138	29	5	1	173
Other	—	4	5	1	10
Total	**$ 138**	**$ 40**	**$ 10**	**$ 3**	**$191**

For the year ended December 31, 2018, we recorded non-cash impairment charges of $167 million relating to Graham Packaging, comprising $138 million in respect of goodwill, $21 million in respect of property, plant and equipment and $8 million in respect of Graham Packaging's indefinite-life trade name. Following these impairments at Graham Packaging, the remaining carrying values of goodwill, property, plant and equipment and the indefinite-life trade name were $1,260 million, $6 million and $243 million, respectively. The recognition of the goodwill impairment charge was triggered by the lower than expected performance of Graham Packaging during the year ended December 31, 2018, particularly during the three months ended December 31, 2018, and lower near term earnings expectations based upon the finalization of the annual budget process. The estimated recoverable amount as of December 31, 2018 and 2019 represents a Level 3 measurement in the fair value hierarchy, which includes inputs that are not based on observable market data. The primary unobservable input is expected future earnings. The key assumptions in developing the forecasted Adjusted EBITDA include management's assessment of future trends in the segment's industry and are based on both external and internal sources. The forecasted Adjusted EBITDA has been prepared using certain key assumptions including selling prices, sales volumes and costs of raw materials. The assumptions are developed from management's annual budget process. Earnings multiples reflect recent sale and purchase transactions and comparable company EBITDA trading multiples in the same industry. As a result of the impairment, the carrying value of the Graham Packaging reporting unit was the same as its recoverable amount as of December 31, 2018. While there was no additional impairment of goodwill recognized as a result of the 2019 annual impairment test, a reasonably possible unexpected deterioration in financial performance or adverse change in the earnings multiple may result in an additional impairment charge. The lower earnings expectations as of December 31, 2018 also triggered the impairment charges in respect of property, plant and equipment and the trade name.

Our Foodservice and Food Merchandising segments recorded non-cash impairment charges in the aggregate of $7 million relating to obsolete property, plant and equipment. The non-cash impairment charge of $4 million in Other was primarily associated with the disposal of an operation in Argentina. The aggregate of the remaining carrying value of the assets impaired at Foodservice, Food Merchandising and the disposal group was less than $1 million.

For the year ended December 31, 2018, we recorded restructuring charges of $10 million for employee termination costs. These charges primarily relate to the ongoing rationalization of our manufacturing footprint in Graham Packaging and the disposal of an operation in Argentina, reported in Other.

During the year ended December 31, 2017, we recorded the following impairment, restructuring and other related charges:

	Goodwill impairment	Other asset impairment	Employee terminations	Other restructuring charges	Total
			(in millions)		
Foodservice	$ —	$ 6	$ —	$ 4	$ 10
Food Merchandising	—	1	—	3	4
Beverage Merchandising	—	—	2	—	2
Graham Packaging	—	7	4	—	11
Other	—	72	2	—	74
Total	**$ —**	**$ 86**	**$ 8**	**$ 7**	**$101**

For the year ended December 31, 2017, we recorded non-cash impairment charges of $72 million following decisions to exit various operations that are not included in our reportable segments. This includes a charge of

$41 million in relation to the impairment of the carrying value of a business that was presented as held for sale as of December 31, 2017, and subsequently sold in 2018. Subsequent to these impairments, the carrying value of the disposal group that was sold in 2018 was $114 million, and the carrying value of the other assets that were impaired was less than $1 million. Additionally, we recorded non-cash asset impairment charges of $14 million relating to property, plant and equipment that was either obsolete or the carrying value was not supported by estimated future cash flows. The aggregate of the remaining carrying value of the impaired property, plant and equipment was less than $1 million.

For the year ended December 31, 2017, we recorded restructuring charges of $8 million for employee termination costs. These charges primarily relate to the rationalization of our manufacturing footprint in Graham Packaging, the streamlining of administrative functions within our Beverage Merchandising segment and the rationalization of other operations in South America.

Other restructuring charges of $7 million during year ended December 31, 2017, represent implementation costs associated with exiting manufacturing facilities.

The following tables summarize the changes to our restructuring liability for the years ended December 31, 2019 and 2018:

	December 31, 2018	Charges to earnings	Cash paid	Non-cash other	December 31, 2019
			(in millions)		
Employee termination costs	$ 2	$ 13	$ (9)	$ (3)	$ 3
Total	**$ 2**	**$ 13**	**$ (9)**	**$ (3)**	**$ 3**

	December 31, 2017	Charges to earnings	Cash paid	Non-cash other	December 31, 2018
			(in millions)		
Employee termination costs	$ 4	$ 10	$(10)	$ (2)	$ 2
Total	**$ 4**	**$ 10**	**$(10)**	**$ (2)**	**$ 2**

We expect to settle our restructuring liability within twelve months.

Note 5—Inventories

The components of inventories consisted of the following:

	As of December 31, 2019	2018
	(in millions)	
Raw materials	$ 213	$ 234
Work in progress	131	145
Finished goods	468	445
Spare parts	82	72
Inventories	**$ 894**	**$ 896**

Note 6—Property, Plant and Equipment, Net

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

	As of December 31, 2019	As of December 31, 2018
	(in millions)	
Land and land improvements	$ 115	$ 131
Buildings and building improvements	751	754
Machinery and equipment	4,538	4,299
Construction in progress	351	314
Property, plant and equipment, at cost	5,755	5,498
Less: accumulated depreciation	(3,280)	(3,076)
Property, plant and equipment, net	**$ 2,475**	**$ 2,422**

Depreciation expense was $350 million, $353 million and $362 million for the years ended December 31, 2019, 2018 and 2017, respectively, of which $330 million, $334 million and $334 million was recognized in cost of sales and $20 million, $19 million and $28 million was recognized in selling, general and administrative expenses, respectively.

See Note 4—Impairment, Restructuring and Other Related Charges for further discussion.

Note 7—Goodwill and Intangible Assets

Goodwill by reportable segment was as follows:

	Foodservice(1)	Food Merchandising(1)	Beverage Merchandising	Graham Packaging	Other	Total
			(in millions)			
Balance as of December 31, 2017	$ 924	$ 770	$ 66	$ 1,404	$ 24	**$3,188**
Dispositions	—	—	—	(3)	—	(3)
Impairment	—	—	—	(138)	—	(138)
Foreign exchange and other adjustments	—	—	—	(3)	—	(3)
Balance as of December 31, 2018	924	770	66	1,260	24	**3,044**
Dispositions	—	—	—	—	(2)	(2)
Impairment	—	—	—	—	(16)	(16)
Balance as of December 31, 2019	**$ 924**	**$ 770**	**$ 66**	**$ 1,260**	**$ 6**	**$3,026**
Accumulated impairment losses	**$ —**	**$ —**	**$ —**	**$ 138**	**$ 16**	**$ 154**

(1) The information presented above reflects the retrospective application of the March 2020 change in segments. See Note 17—Segment Information for further details.

Other includes operations which do not meet the quantitative threshold for reportable segments.

See Note 4—Impairment, Restructuring and Other Related Charges for further discussion regarding impairments.

Intangible assets, net consisted of the following:

	As of December 31, 2019			As of December 31, 2018		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
			(in millions)			
Finite-lived intangible assets						
Customer relationships	$ 2,508	$ (1,071)	$1,437	$ 2,511	$ (947)	$1,564
Technology	529	(339)	190	530	(299)	231
Other	34	(24)	10	32	(23)	9
Total finite-lived intangible assets	**3,071**	**(1,434)**	**1,637**	**3,073**	**(1,269)**	**1,804**
Indefinite-lived intangible assets						
Trademarks	798	—	798	798	—	798
Other	58	—	58	58	—	58
Total indefinite-lived intangible assets	856	—	856	856	—	856
Total intangible assets	**$ 3,927**	**$ (1,434)**	**$2,493**	**$ 3,929**	**$ (1,269)**	**$2,660**

Amortization expense for intangible assets was $166 million, $170 million and $172 million for the years ended December 31, 2019, 2018 and 2017, respectively, of which $39 million, $42 million and $42 million, respectively, was recognized in cost of sales and $127 million, $128 million and $130 million, respectively, was recognized in selling, general and administrative expenses.

For the next five years, we estimate annual amortization expense as follows:

	(in millions)
2020	$ 164
2021	158
2022	147
2023	146
2024	146
Total	**$ 761**

Note 8—Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	As of December 31,	
	2019	2018
	(in millions)	
Accrued personnel costs	$ 146	$ 134
Accrued interest	115	125
Other(1)	248	260
Accrued and other current liabilities	**$ 509**	**$ 519**

(1) Other includes items such as accruals for customer rebates and allowances, freight and utilities.

Note 9—Debt

As of December 31, 2019, we were in compliance with all of our covenants.

Debt consisted of the following:

	As of December 31,	
	2019	2018
	(in millions)	
Securitization Facility	$ 420	$ 420
Credit Agreement	3,487	3,528
Notes:		
5.750% Senior Secured Notes due 2020	3,137	3,137
6.875% Senior Secured Notes due 2021	—	345
Floating Rate Senior Secured Notes due 2021	750	750
5.125% Senior Secured Notes due 2023	1,600	1,600
7.000% Senior Notes due 2024	800	800
Pactiv Debentures:		
7.950% Debentures due 2025	276	276
8.375% Debentures due 2027	200	200
Other	15	17
Total principal amount of borrowings	**10,685**	**11,073**
Deferred financing transaction costs	(46)	(66)
Original issue discounts, net of premiums	(9)	(10)
	10,630	**10,997**
Less: current portion	(3,587)	(455)
Long-term debt	**$ 7,043**	**$10,542**

Securitization Facility

On March 22, 2017, we entered into a new $600 million securitization facility (the “Securitization Facility”). Proceeds of $452 million and cash were used to repay and extinguish all amounts outstanding under the previous securitization facility and pay transaction fees and expenses. The Securitization Facility matures on March 22, 2022. The amount that can be borrowed is calculated by reference to a funding base determined by the amount of eligible trade receivables. The Securitization Facility is secured by all of the assets of the borrower, which are primarily the eligible trade receivables and cash. The terms of the arrangement do not result in the derecognition of the trade receivables. The Securitization Facility has an interest rate equal to one-month LIBOR with a 0% floor, plus a margin of 1.75% per annum. In January 2020, in connection with the distribution of Reynolds Consumer Products to PFL, the Securitization Facility was reduced to $450 million and the outstanding borrowings were reduced to $397 million.

Credit Agreement

Certain members of our Group are parties to a senior secured credit agreement dated August 5, 2016 as amended (the "Credit Agreement"). The Credit Agreement comprises the following term and revolving tranches:

	Currency	Maturity date	Value drawn or utilized as of December 31, 2019 (in millions)	Applicable interest rate as of December 31, 2019
Term Tranches				
U.S. term loans	$	February 5, 2023	3,215	LIBOR (floor of 0.000%) + 2.750%
European term loans	€	February 5, 2023	242	EURIBOR (floor of 0.000%) + 3.250%
Revolving Tranche(1)				
U.S. Revolving Loans	$	August 5, 2021	55	—

(1) The Revolving Tranche represents a $302 million facility. The amount utilized is in the form of bank guarantees and letters of credit.

On February 7, 2017, we entered into an incremental assumption agreement and incurred $3,315 million and €249 million of term loans thereunder. The proceeds of these incremental term loans were used to repay in full the outstanding U.S. and European term loans under the Credit Agreement. This resulted in a 0.25% per annum reduction in the margin applicable to the outstanding U.S. and European term loans to 3.000% per annum and 3.500% per annum, respectively, in each case with a step down based on achieving certain ratings, and a reduction in the LIBOR floor of the U.S. term loans by 100 basis points to 0.000% per annum. This amendment resulted in a loss on extinguishment of less than $1 million. On September 29, 2017, the interest rate margin applicable to the outstanding U.S. and European term loans was reduced by 0.25% per annum to 2.750% per annum and 3.250% per annum, respectively, due to certain upgrades in our credit rating.

The weighted average contractual interest rates related to our U.S. term loans as of December 31, 2019, 2018 and 2017, were 5.03%, 4.74% and 3.48%, respectively. The weighted average contractual interest rates related to our European term loans as of December 31, 2019, 2018 and 2017, were 3.25%, 3.25% and 3.70%, respectively. The effective interest rates of our debt obligations under the Credit Agreement are not materially different from the contractual interest rates.

Certain members of our Group have guaranteed on a senior basis the obligations under the Credit Agreement and related documents to the extent permitted by law. 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 note holders under the Senior Secured Notes.

Indebtedness under the Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments of 0.25% of the principal amount of term loans outstanding on February 7, 2017. The borrowers 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 in 2019 or are due in 2020 for the year ended December 31, 2019.

The Credit Agreement contains customary covenants which restrict us from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the Credit Agreement. In addition, total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 25% or less of the adjusted consolidated total assets as of the last day of the most recently ended fiscal quarter of RGHL for which financial statements are available, and the aggregate of the EBITDA of the non-guarantor companies is required to be 25% or less of the consolidated EBITDA for the period of four consecutive fiscal quarters of RGHL for which financial statements are available, in each case calculated in accordance with the Credit Agreement (the "Guarantor Coverage Test") which may differ from the measure of Adjusted EBITDA as disclosed elsewhere in our consolidated financial statements. If we are unable to meet the Guarantor Coverage Test, we will be required to add additional subsidiary guarantors as necessary to satisfy such requirements.

The Credit Agreement also contains a total secured leverage ratio covenant not to exceed 5.00 to 1.00 on a pro forma basis. This covenant applies if the aggregate revolving credit exposure (excluding any exposure in respect of undrawn letters of credit) as of the last day of a fiscal quarter exceeds 35% of the total commitments under the revolving credit facility on such day.

Notes

Outstanding Notes, as of December 31, 2019, are summarized below:

	Maturity date	Interest payment dates
5.750% Senior Secured Notes due 2020	October 15, 2020	April 15 and October 15
Floating Rate Senior Secured Notes due 2021(1)	July 15, 2021	January 15, April 15, July 15 and October 15
5.125% Senior Secured Notes due 2023(2)	July 15, 2023	January 15 and July 15
7.000% Senior Notes due 2024	July 15, 2024	January 15 and July 15

(1) The Floating Rate Senior Secured Notes due 2021 were issued at an issue price of 99.000% and have an interest rate equal to the three-month Dollar LIBOR plus 3.500% reset quarterly. In July 2016, we entered into an interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While we have elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is 4.670% from October 15, 2016.

(2) $250 million aggregate principal amount of 5.125% Senior Secured Notes due 2023 were issued at an issue price of 103.500%.

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

On November 15, 2019, we repaid the remaining $345 million aggregate principal amount of the outstanding 6.875% Senior Secured Notes due 2021 at a redemption price of 100.000% plus accrued and unpaid interest. The repayment of these borrowings resulted in a $1 million loss on extinguishment of debt.

On February 15, 2018, we repaid $300 million aggregate principal amount of the outstanding 6.875% Senior Secured Notes due 2021 at a redemption price of 101.146% plus accrued and unpaid interest. The repayment of these borrowings resulted in a $3 million loss on extinguishment of debt.

Assets pledged as security for borrowings

The shares in Beverage Packaging Holdings I ("BP I") (a wholly owned subsidiary of RGHL) have been pledged as collateral to support the obligations under the Credit Agreement and the Senior Secured Notes. In addition, RGHL, BP I and certain subsidiaries of BP I have pledged substantially all of their assets as collateral to support the obligations under the Credit Agreement and the Senior Secured Notes.

Guarantee and security arrangements

All of the guarantors of the Credit Agreement have guaranteed the obligations under the Notes to the extent permitted by law.

The guarantors have granted security over substantially all of their assets to support the obligations under the Senior Secured Notes. This security is expected to be shared on a first priority basis with the creditors under the Credit Agreement.

Notes indentures restrictions

The respective indentures governing the Notes all contain customary covenants which restrict us from certain activities including, among other things, 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.

Early redemption option and change in control provisions

Under the respective indentures governing the Notes, we can, at our option, elect to redeem the Notes under terms and conditions specified in the respective 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 December 31, 2019, we had outstanding the following debentures (together, the "Pactiv Debentures"):

	Maturity date	Semi-annual 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

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

On January 15, 2018, we repaid upon maturity all of the $16 million aggregate principal amount outstanding of the 6.400% debentures due 2018 plus accrued and unpaid interest.

The Pactiv Debentures are not guaranteed by any member of our Group 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

As of December 31, 2019, in addition to the Securitization Facility, the Credit Agreement, the Notes and the Pactiv Debentures, we had a number of unsecured working capital facilities extended to certain of our operating companies. These facilities bear interest at floating or fixed rates.

As of December 31, 2019, we had local working capital facilities in a number of jurisdictions which are secured by the collateral under the Credit Agreement and the Senior Secured Notes and by certain other assets. These facilities rank *pari passu* with the obligations under the Credit Agreement and under the Senior Secured Notes.

Other borrowings include finance lease obligations of $15 million and $17 million as of December 31, 2019 and 2018, respectively.

Scheduled Maturities

Below is a schedule of required future repayments on our debt outstanding as of December 31, 2019:

	(in millions)
2020	$ 3,596
2021	788
2022	39
2023	4,980
2024	801
Thereafter	481
Total principal amount of borrowings	**$ 10,685**

January 2020 debt repayments

In January 2020, we completed the process to offer to certain lenders the net proceeds from the sale of our North American and Japanese closures businesses, and repaid an aggregate of $38 million of borrowings, at face value plus accrued and unpaid interest. Refer to Note 3—Discontinued Operations for further details.

Repayment of 5.750% Senior Secured Notes due 2020

On February 4, 2020, we repaid in full all of the $3,137 million aggregate principal amount outstanding of our 5.750% Senior Secured Notes due 2020 at face value plus accrued and unpaid interest. The repayment of these borrowings resulted in a $3 million loss on extinguishment of debt.

Fair value of our long-term debt:

The fair value of our long-term debt as of December 31, 2019 and 2018 is a Level 2 fair value measurement. Below is a schedule of carrying values and fair values of our debt outstanding as of December 31, 2019 and 2018:

	As of December 31,			
	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
	(in millions)			
Securitization Facility	$ 418	$ 420	$ 417	$ 420
Credit Agreement	3,476	3,487	3,512	3,528
Notes:				
5.750% Senior Secured Notes due 2020	3,130	3,144	3,123	3,129
6.875% Senior Secured Notes due 2021	—	—	343	344
Floating Rate Senior Secured Notes due 2021	739	753	737	749
5.125% Senior Secured Notes due 2023	1,591	1,641	1,589	1,520
7.000% Senior Notes due 2024	791	828	789	756
Pactiv Debentures:				
7.950% Debentures due 2025	272	311	272	274
8.375% Debentures due 2027	198	220	198	193
Other	15	15	17	17
Total	**$ 10,630**	**$ 10,819**	**$ 10,997**	**$ 10,930**

Interest expense, net:

Interest expense, net consisted of the following:

	For the Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Interest expense:			
Securitization Facility	$ 17	$ 16	$ 13
Credit Agreement	174	166	146
Notes	194	199	222
Pactiv Debentures	39	39	50
Interest income, related party(1)	(15)	(17)	(17)
Interest income, other	(14)	(5)	(3)
Amortization of deferred transaction costs	12	12	11
Derivative losses (gains)	21	(2)	(2)
Net foreign currency exchange (gains) losses	(4)	(8)	32
Other(2)	8	12	32
Interest expense, net(3)	**$ 432**	**$ 412**	**$ 484**

(1) Refer to Note 18—Related Party Transactions for additional information.

(2) Other includes loss on extinguishment of debt, the write-off of third-party fees incurred in relation to modification of debt arrangements and premium on redemption of long-term debt.

(3) Amounts presented in the above table exclude interest expense and amortization of deferred transaction costs in respect of our 5.750% Senior Secured Notes due 2020. Such amounts are presented within discontinued operations as these notes were required to be repaid in conjunction with the distribution of RCPI.

Note 10—Leases

We lease certain buildings and plant and equipment. Our leases have reasonably assured remaining lease terms of up to 23 years. Certain leases include options to renew for up to 20 years. At lease inception, we determine the lease term by assuming the exercise of those renewal options that are reasonably certain. Some leases have variable payments, however, because they are not based on an index or rate, they are not included in the measurement of ROU assets and operating lease liabilities. Variable payments for real estate leases relate primarily to common area maintenance, insurance, taxes and utilities associated with the properties. Variable payments for equipment leases relate primarily to hours, miles, or other quantifiable usage factors, which are not determinable at the time the lease agreement is entered into. These variable payments are expensed as incurred. The discount rate applied to our leases in determining the present value of lease payments is our incremental borrowing rate based on the information available at the commencement date. Leases with an initial term of 12 months or less are not recorded in our consolidated balance sheets and we recognize lease expense for these leases on a straight-line basis over the lease term. As of December 31, 2019, there were no material lease transactions that we have entered into but had not yet commenced.

Lease costs consisted of the following:

	For the Year Ended December 31, 2019 (in millions)
Operating lease costs	$ 87
Variable lease costs	11
Short-term lease costs	22
Total lease costs	**$ 120**

Future lease payments under non-cancellable leases under the new lease accounting rules (ASC 842) that went into effect on January 1, 2019 were as follows:

	As of December 31, 2019 (in millions)
2020	$ 91
2021	81
2022	67
2023	57
2024	40
2025 and thereafter	70
Total undiscounted lease payments	**406**
Less: amounts representing interest	(88)
Present value of lease obligations	**$ 318**
Weighted average remaining lease term	5.2 years
Weighted average discount rate	7.08%

During the year ended December 31, 2019, new leases resulted in the recognition of ROU assets and corresponding lease liabilities of $83 million. During the year ended December 31, 2019, cash flows from operating activities include $91 million of payments for operating lease liabilities.

Comparative Period Disclosures under Topic 840

Rent expense for buildings and plant and equipment was $100 million and $96 million for the years ended December 31, 2018 and 2017, respectively.

As of December 31, 2018, future minimum rental commitments under operating leases were as follows:

	As of December 31, 2018 (in millions)
2019	$ 90
2020	72
2021	57
2022	42
2023	31
2024 and thereafter	48
Total lease payments	**$ 340**

Note 11—Financial Instruments

Fair Value of Derivative Instruments:

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

	As of December 31, (in millions)			
	2019		2018	
	Asset derivatives	Liability derivatives	Asset derivatives	Liability derivatives
Interest rate swap derivatives	$ 7	$ —	$ 28	$ —
Commodity swap contracts	1	(5)	1	(9)
Total fair value	**$ 8**	**$ (5)**	**$ 29**	**$ (9)**
Recorded in:				
Other current assets	$ 6	$ —	$ 12	$ —
Other noncurrent assets	2	—	17	—
Accrued and other current liabilities	—	(5)	—	(9)
Total fair value	**$ 8**	**$ (5)**	**$ 29**	**$ (9)**

Our derivatives comprise interest rate and commodity swaps and are all 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. 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 years ended December 31, 2019, 2018 and 2017, an unrealized gain of $4 million, an unrealized loss of $8 million and an unrealized loss of $3 million, respectively, was recognized in cost of sales.

The following table provides the detail of outstanding commodity derivative contracts as of December 31, 2019:

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Natural gas swaps	million BTU	4,334,903	$2.33 - $2.86	Feb 2020 - Dec 2020
Ethylene	pound	2,152,533	$0.29 - $0.29	Jan 2020 - Apr 2020
Polymer-grade propylene swaps	pound	52,015,428	$0.36 - $0.41	Jan 2020 - Jul 2020
Benzene swaps	U.S. liquid gallon	7,775,862	$2.23 - $2.49	Feb 2020 - Sep 2020
Diesel swaps	U.S. liquid gallon	1,391,664	$3.02 - $3.26	Jan 2020 - Dec 2020
Low-density polyethylene swaps	pound	12,000,000	$0.84 - $0.84	Jan 2020 - Dec 2020
High-density polyethylene swaps	pound	8,250,000	$0.79 - $0.79	Jan 2020 - Nov 2020

Note 12—Employee Benefits

Our employee benefits comprise defined benefit pension plans, OPEB plans, defined contribution plans and multi-employer plans.

Defined Benefit Pension and OPEB Plans

We make contributions to defined benefit pension plans which define the level of pension benefit an employee will receive on retirement. The majority of our net pension plan liabilities are in the United States and subject to governmental regulations relating to the funding of retirement plans.

Our largest pension plan is the Reynolds Group Pension Plan (“RGPP”), which was assumed in a 2010 acquisition. This plan covers certain of our employees. It also covers former employees and employees of employers formerly related to the entity that we acquired in 2010. As a result, while persons who were not our employees do not accrue benefits under the plan, the total number of individuals/beneficiaries covered by this plan is much larger than if only our employees were participants. The RGPP comprises 99% and 97% of our present value of pension plan obligations and 100% and 98% of the fair value of plan assets as of December 31, 2019 and 2018, respectively. Accordingly, we have provided aggregated disclosures in respect of our plans on the basis that the plans are not exposed to materially different risks.

We generally fund our retirement plans equal to the annual minimum funding requirements specified by government regulations covering each plan. During the years ended December 31, 2019 and 2018, we made pension plan contributions of $5 million and $24 million, respectively. We expect to make a $121 million contribution to the RGPP during the year ending December 31, 2020. Expected contributions during the year ending December 31, 2020 for all other defined benefit pension plans are estimated to be $5 million. Expected contributions during the year ending December 31, 2020 for OPEB plans are estimated to be $3 million. Future contributions will be dependent on future plan asset returns and interest rates and are highly sensitive to changes.

Obligations, assets and funded status

The following table sets forth changes in benefit obligations and the fair value of plan assets for our defined benefit pension and OPEB plans:

	Pension Benefits		OPEB	
	As of December 31,			
	2019	2018	2019	2018
	(in millions)			
Change in benefit obligations:				
Projected benefit obligations of January 1	$4,347	$4,815	$ 47	$ 54
Service cost	7	8	—	—
Interest cost	175	168	2	2
Benefits paid	(297)	(294)	(1)	(3)
Settlements	(197)	(5)	—	—
Divestitures	(5)	(42)	—	—
Actuarial losses (gains)	457	(302)	3	(6)
Other(1)	36	(1)	—	—
Projected benefit obligation as of December 31	**$4,523**	**$4,347**	**$ 51**	**$ 47**
Change in plan assets:				
Fair value of plan assets as of January 1	$3,500	$3,981	$ —	$ —
Actual return on plan assets	789	(176)	—	—
Employer contributions	5	24	—	—
Benefits paid	(297)	(294)	—	—
Settlements	(197)	(5)	—	—
Divestitures	—	(29)	—	—
Other(1)	30	(1)	—	—
Fair value of plan assets as of December 31	**$3,830**	**$3,500**	**$ —**	**$ —**
Funded status as of December 31	**$ (693)**	**$ (847)**	**$ (51)**	**$ (47)**

(1) Includes $28 million for the assumption of a plan from a former related party which was merged into our RGPP plan.

Our defined benefit pension and OPEB obligations were included in our consolidated balance sheets as follows:

	Pension Benefits		OPEB	
	As of December 31,			
	2019	2018	2019	2018
	(in millions)			
Accrued and other current liabilities	$ (4)	$ (4)	$ (3)	$ (3)
Long-term employee benefit obligations	(689)	(843)	(48)	(44)
	$(693)	**$(847)**	**$ (51)**	**$ (47)**

Portions of our defined benefit pension and OPEB obligations have been recorded in accumulated other comprehensive loss ("AOCL") as follows:

	Pension Benefits		OPEB	
	As of December 31,			
	2019	2018	2019	2018
	(in millions)			
Net actuarial losses (gains)	$ 240	$ 409	$ (8)	$ (12)
Deferred income tax (benefit) expense	(58)	(142)	3	4
	$ 182	$ 267	$ (5)	$ (8)

The funded status of our defined benefit pension and OPEB plans with accumulated benefit obligation in excess of plan assets was as follows:

	Pension Benefits		OPEB	
	As of December 31,			
	2019	2018	2019	2018
	(in millions)			
Plan assets	$3,820	$3,500	$ —	$ —
Projected benefit obligation	4,513	4,347	51	47
Accumulated benefit obligation	4,507	4,331	51	47
(Under) Funded Status				
Projected benefit obligation	$ (693)	$ (847)	$ (51)	$ (47)
Accumulated benefit obligation	(687)	(831)	(51)	(47)

Net periodic defined benefit pension and OPEB costs consisted of the following:

	Pension Benefits			OPEB		
	For the Years Ended December 31,					
	2019	2018	2017	2019	2018	2017
	(in millions)					
Service cost	$ 7	$ 8	$ 8	$ —	$ —	$ 1
Interest cost	175	168	195	2	2	2
Expected return on plan assets(1)	(182)	(214)	(222)	—	—	—
Amortization of actuarial (gains) losses(2)	1	1	2	(1)	—	—
Ongoing net periodic benefit cost (income)	1	(37)	(17)	1	2	3
One-time expense due to settlements(3)	18	2	34	—	—	(1)
Total net periodic benefit cost (income)	**$ 19**	**$ (35)**	**$ 17**	**$ 1**	**$ 2**	**$ 2**

(1) We have elected to use the actual fair value of plan assets as the market-related value in the determination of the expected return on plan assets.

(2) Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are amortized over the estimated expected service period for active plans. For inactive plans, such as the RGPP, they are amortized over the estimated life expectancy of the plan participants. Expected amortization over the next fiscal year is less than $1 million.

(3) One-time expense due to settlements primarily resulted from RGPP's lump-sum buyouts of certain plan participants in 2019 and 2017.

All of the amounts in the table above, other than service cost, were recorded in non-operating expense, net in our consolidated statements of income.

Net periodic defined benefit cost (income) for pension benefits and OPEB costs have been recognized in our consolidated statements of income as follows:

	Pension Benefits			OPEB		
	For the Years Ended December 31,					
	2019	2018	2017	2019	2018	2017
	(in millions)					
Cost of sales	$ 4	$ 5	$ 5	$ —	$ —	$ —
Selling, general and administrative expenses	3	3	3	—	—	1
Non-operating expense, net	12	(43)	9	1	2	1
Total net periodic benefit cost (income)	**$ 19**	**$ (35)**	**$ 17**	**$ 1**	**$ 2**	**$ 2**

Amounts recognized in other comprehensive income in relation to our continuing operations were as follows:

	Pension Benefits			OPEB		
	For the Years Ended December 31,					
	2019	2018	2017	2019	2018	2017
	(in millions)					
Net actuarial (gains) losses arising during the year(1)(2)	$(150)	$ 77	$ (83)	$ 3	$ (6)	$ 1
Recognized net actuarial gains (losses)(3)	(19)	(3)	(36)	1	—	1
Deferred income tax expense (benefit)(4)	84	(16)	42	(1)	2	—
Total recognized in other comprehensive income, net of tax	**$ (85)**	**$ 58**	**$ (77)**	**$ 3**	**$ (4)**	**$ 2**

(1) Net of AOCL reclassified upon sale of business. Refer to Note 15—Accumulated Other Comprehensive Loss for further details.
(2) The net actuarial gains of $150 million on our pension plans during the year ended December 31, 2019 were primarily attributable to asset returns, partially offset by a decrease in the discount rate. The net actuarial losses of $77 million on our pension plans during the year ended December 31, 2018 were primarily attributable to lower asset returns, partially offset by an increase in the discount rate. The net actuarial gains of $83 million on our pension plans during the year ended December 31, 2017 were primarily attributable to asset returns, partially offset by a decrease in the discount rate.
(3) Comprises amortization of actuarial gains (losses) and one-time expense due to settlements.
(4) Includes the cumulative impact of adopting ASU 2018-02 on January 1, 2019.

We used the following weighted-average assumptions to determine our RGPP defined benefit pension and our OPEB obligations:

	RGPP Pension Benefits		OPEB	
	As of December 31,			
	2019	2018	2019	2018
Discount rate	3.17%	4.31%	3.22%	4.35%
Rate of compensation increase	3.00%	3.00%	N/A	N/A

We used the following weighted-average assumptions to determine our RGPP net defined benefit pension and our OPEB costs:

	RGPP Pension Benefits			OPEB		
	For the Years Ended December 31,					
	2019	2018	2017	2019	2018	2017
Discount rate	4.31%	3.64%	4.12%	4.35%	3.66%	3.66%
Rate of compensation increase	3.00%	3.00%	3.00%	N/A	N/A	N/A
Expected long-term rate of return on plan assets	5.35%	5.62%	5.74%	N/A	N/A	N/A
Healthcare cost trend rate	N/A	N/A	N/A	7.20%	8.19%	7.19%

The discount rate used reflects the expected future cash flows based on plan provisions and participant data as of the beginning of the plan year. The expected future cash flows for our U.S. pension plan are discounted by the Aon Hewitt above median yield curve for the years ended December 31, 2019 and 2018. The yield curve is a hypothetical AA yield curve comprised of a series of annualized individual discount rates. The expected long-term return on our U.S. pension plan assets was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, expected economic growth outlook and market yield analysis.

Our estimated future benefit payments for our defined benefit pension and OPEB plans were as follows:

	As of December 31,	
	Pension Benefits	OPEB
	(in millions)	
2020	$ 316	$ 3
2021	315	3
2022	312	3
2023	308	3
2024	300	3
2025-2029	1,400	16

Plan assets

Our investment strategy for the plan assets is to manage the assets in relation to the liabilities in order to pay retirement benefits to plan participants over the life of the plan. This is accomplished by identifying and managing the exposure to various market risks, diversifying investments across various asset classes and earning an acceptable long-term rate of return consistent with an acceptable amount of risk while considering the liquidity needs of the plan.

The target asset allocation for the RGPP is 60% equities, 30% fixed income and 10% alternative investments, which includes real estate. The following table presents summarized details of plan assets. Further details regarding the fair value hierarchy of these assets are presented below.

	As of December 31,	
	2019	2018
	(in millions)	
Equity securities	$2,422	$2,146
Corporate bonds	866	654
Property	439	429
Other	103	271
Total pension plan assets	**$3,830**	**$3,500**

The accounting guidance on fair value measurements specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. The following is a description of the valuation methods and assumptions we use to estimate the fair value of investments.

- *Common Stocks, and Exchange Traded and Mutual Funds*—The fair values of common stocks and exchange traded and mutual funds are determined by obtaining quoted prices on nationally and internationally recognized securities exchanges (Level 1 inputs).
- *Fixed Income Securities*—Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings (Level 2 inputs). When quoted prices are not available for identical or similar bonds, the bond is valued using matrix pricing, a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).
- *Collective Trusts and Pooled Separate Account*—The fair value of participation units owned by the RGPP in collective trusts and pooled separate account are based on the net asset values per unit as reported by the fund managers as of the plan's financial statement dates and recent transaction prices.
- *Limited Partnerships*—The fair value is calculated based on the fair value of underlying securities, which include investments in equity of privately held companies as well as publicly traded companies. In general, fair values of publicly traded companies are based on the closing price quoted on a public exchange as of the last day of the reporting period. Fair values of privately held companies are based on reviewing the price of recent transactions or by calculating the fair value using a variety of industry-accepted techniques.

We had the following allocation of defined benefit pension plan assets:

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Measured at Net Asset Value(1)		Total	
	As of December 31,									
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in millions)									
RGPP										
Common stocks	$1,079	$750	$—	$—	$—	$—	$ —	$ —	$1,079	$ 750
Corporate bonds	—	—	772	515	—	—	—	—	772	515
Collective trusts—equities	—	—	—	—	—	—	1,337	1,359	1,337	1,359
Collective trusts/pooled separate account—real estate	—	—	—	—	—	—	358	339	358	339
Collective trusts—money market	—	—	—	—	—	—	100	257	100	257
Other(2)	88	126	—	—	—	6	81	87	169	219
Total RGPP	**1,167**	**876**	**772**	**515**	**—**	**6**	**1,876**	**2,042**	**3,815**	**3,439**
Other plans	11	59	2	2	—	—	2	—	15	61
Total pension plan assets	**$1,178**	**$935**	**$774**	**$517**	**$—**	**$ 6**	**$1,878**	**$2,042**	**$3,830**	**$3,500**

(1) Per ASU 2015-07, certain investments that are measured at fair value using the net asset value per share practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total value of the plan assets.

(2) Consisted primarily of exchange traded and mutual funds and limited partnerships.

Defined Contribution Plans

We sponsor various defined contribution plans. Our expense relating to defined contribution plans was $47 million, $45 million and $46 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Multi-employer plans—withdrawal liabilities

As of December 31, 2019 and 2018, we have recognized a liability of $49 million and $52 million, respectively, in respect of our future obligations arising from the withdrawal from multi-employer pension plans. We expect to make payments of approximately $4 million annually over the next 16 years in respect of these obligations.

Note 13—Other Expense, Net

Other expense, net consisted of the following:

	For the Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Related party Management Fee(1)	$ 16	$ 16	$ 17
Loss on sale of businesses and noncurrent assets(2)	21	31	22
Other	(3)	(14)	(1)
Other expense, net	**$ 34**	**$ 33**	**$ 38**

(1) See Note 18—Related Party Transactions for additional information.

(2) During the years ended December 31, 2019, 2018 and 2017, we have sold and closed various businesses that were primarily included in our Other segment and do not meet the criteria for discontinued operations. As part of these transactions we have reclassified amounts from accumulated other comprehensive loss and recognized these as part of the loss on sale. Refer to Note 15—Accumulated Other Comprehensive Loss for further details. These transactions included the sale during the year ended December 31, 2018 of certain closures operations combined with a Graham Packaging operation in the Asia Pacific region, for total consideration of $114 million. The carrying value of this disposal group was written down to its recoverable amount during the year ended December 31, 2017. Refer to Note 4—Impairment, Restructuring and Other Related Charges for further details.

Note 14—Commitments and Contingencies

Management fee

Our financing agreements permit the payment of a Management Fee to related parties for management, consulting, monitoring and advisory services of up to 1.5% of the Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year. The Credit Agreement permits us to pay an additional Management Fee of up to $22 million in respect of the 2009 and 2010 financial years. No amount has been accrued in respect of the remaining 2009 and 2010 permitted Management Fee of up to $22 million.

Other matters

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 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.

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. As of December 31, 2019, we are not aware of any material claims under these agreements that would give rise to an additional liability. However, if such claims arise in the future, they could have a material effect on our balance sheet, results of operations and cash flows.

Note 15—Accumulated Other Comprehensive Loss

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

	For the Years Ended December 31,		
	2019	2018	2017
		(in millions)	
Currency translation adjustments:			
Balance as of beginning of year	$ (442)	$ (402)	$ (505)
Currency translation adjustments	14	(63)	78
Amounts reclassified from AOCL(1)	74	23	25
Other comprehensive income (loss)	88	(40)	103
Balance as of end of year	**$ (354)**	**$ (442)**	**$ (402)**
Defined benefit plans:			
Plans associated with continuing operations			
Balance as of beginning of year	$ (259)	$ (205)	$ (280)
Net actuarial gain (loss) arising during year	146	(83)	79
Deferred tax (expense) benefit on net actuarial gain (loss)	(34)	18	(29)
(Gains) and losses reclassified from AOCL:			
Amortization of experience loss	—	1	2
Defined benefit plan settlement losses	18	2	33
Reclassification upon sale of business(2)	1	12	3
Deferred tax (expense) benefit on reclassifications(3)	(5)	(4)	(13)
Other comprehensive income (loss)	126	(54)	75
Cumulative impact of adopting ASU 2018-02	(44)	—	—
Balance as of end of year	**$ (177)**	**$ (259)**	**$ (205)**
Plans held for sale or distribution			
Balance as of beginning of year	$ 12	$ 10	$ 10
Net actuarial gain (loss) arising during year	(5)	5	1
Deferred tax (expense) benefit on net actuarial gain (loss)	1	(1)	—
(Gains) and losses reclassified from AOCL:			
Amortization of actuarial gain(4)	(2)	(2)	(2)
Reclassification upon sale of business(4)	5	—	—
Deferred tax (expense) benefit on reclassifications(3)	(1)	—	1
Other comprehensive income (loss)	(2)	2	—
Cumulative impact of adopting ASU 2018-02	3	—	—
Balance as of end of year	**$ 13**	**$ 12**	**$ 10**
AOCL			
Balance as of beginning of year	$ (689)	$ (597)	$ (775)
Other comprehensive income (loss)	212	(92)	178
Cumulative impact of adopting ASU 2018-02	(41)	—	—
Balance as of end of year	**$ (518)**	**$ (689)**	**$ (597)**

(1) In the year ended December 31, 2019, $56 million of this amount relates to the release of currency translation adjustments upon the sale of our North American and Japanese closures businesses and is

recorded in income from discontinued operations. The remaining amounts are recorded within other expense, net in our consolidated statements of income.

(2) Reclassifications upon sale of businesses within continuing operations are recorded in other expense, net.

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

(4) Reclassifications associated with plans held for sale or distribution are recorded in income (loss) from discontinued operations.

Note 16—Income Taxes

The components of income (loss) from continuing operations before income tax were as follows:

	For the Years Ended December 31, 2019	2018	2017
		(in millions)	
(Loss) income from continuing operations before income taxes:			
New Zealand	$ 12	$ 100	$ (10)
United States	(87)	(155)	112
Other	(39)	8	19
Total (loss) income from continuing operations before income taxes	**$ (114)**	**$ (47)**	**$ 121**

Significant components of income tax (expense) benefit from continuing operations were as follows:

	For the Years Ended December 31, 2019	2018	2017
		(in millions)	
Current			
New Zealand	$ (8)	$ (11)	$ (4)
United States	63	18	(76)
Other	(21)	(21)	(30)
Total current income tax benefit (expense)	**34**	**(14)**	**(110)**
Deferred			
New Zealand	(4)	1	24
United States	(91)	27	292
Other	7	2	12
Total deferred income tax (expense) benefit	**(88)**	**30**	**328**
Total income tax (expense) benefit	**$ (54)**	**$ 16**	**$ 218**

A reconciliation of income taxes computed at the New Zealand statutory income tax rate of 28% to our income tax (expense) benefit was as follows:

	For the Years Ended December 31,		
	2019	2018	2017
		(in millions)	
Income tax benefit (expense) using the New Zealand tax rate of 28%	$ 32	$ 13	$ (34)
Effect of tax rates in foreign jurisdictions	(34)	(12)	(14)
Non-deductible expenses and permanent differences	(3)	(25)	(37)
Tax exempt income and income at a reduced tax rate	3	5	7
Goodwill impairment	(1)	(20)	—
Currency translation adjustment	(2)	(1)	25
Domestic manufacturing deduction	—	—	5
Withholding tax	(6)	(9)	(6)
Deemed mandatory repatriation	—	—	(5)
Tax rate modifications	(1)	46	356
Change in valuation allowance	(100)	(17)	(80)
Tax on unremitted earnings	1	(4)	6
Tax uncertainties	(2)	27	(4)
Over (under) provided in prior periods	(2)	16	(3)
Foreign tax credit	57	—	—
Other	4	(3)	2
Total income tax (expense) benefit	**$ (54)**	**$ 16**	**$ 218**

During the year ended December 31, 2019, we amended prior years' federal income tax returns to claim a foreign tax credit in lieu of a foreign tax deduction. A current tax benefit of $57 million has been recognized for the resulting refund claim. The related receivable has been recorded in other noncurrent assets.

In December 2017, the Tax Cuts and Jobs Act (the "Act") went into effect. For the year ended December 31, 2017, we recorded the following adjustments on a provisional basis, reflecting the estimated impact of the Act.

The reduction in the U.S. federal tax rate from 35% to 21% resulted in a tax benefit of $356 million related to the remeasurement of net deferred tax liabilities that is recognized in the consolidated statements of income for the year ended December 31, 2017. In addition, we recognized tax expense of $5 million for the liability arising from the deemed mandatory repatriation of earnings associated with the introduction of a participation exemption tax system. During the year ended December 31, 2018, we finalized these provisionally determined amounts. There were no significant changes to any previously determined provisional amounts.

Our foreign earnings in the United States and certain other jurisdictions are considered permanently reinvested and therefore we do not accrue income taxes on these earnings. We have not provided income taxes on approximately $368 million of earnings that are considered permanently reinvested.

Deferred Tax Assets and Liabilities

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes as well as tax attributes such as tax loss and tax credit carryforwards. The components of our net deferred income tax liability were as follows:

	As of December 31, 2019	As of December 31, 2018
	(in millions)	
Deferred tax assets		
Employee benefits	$ 183	$ 247
Operating lease liabilities	76	—
Inventory	16	14
Reserves	18	20
Tax losses	327	350
Tax credits	75	20
Interest	392	367
Other	12	8
Total deferred tax assets	1,099	1,026
Valuation allowance	(530)	(421)
Total deferred tax assets net of valuation allowance	569	605
Deferred tax liabilities		
Intangible assets	(731)	(751)
Property, plant and equipment	(298)	(281)
Operating lease right-of-use assets	(72)	—
Other	—	(11)
Total deferred tax liabilities	(1,101)	(1,043)
Net deferred tax liabilities	**$ (532)**	**$ (438)**

Tax loss and tax credit carryforwards, presented on a gross basis, were as follows:

	As of December 31, 2019	As of December 31, 2018
	(in millions)	
Tax loss carryforwards		
Expires within 5 years	$ 291	$ 252
Expires after 5 years or indefinite expiration	1,557	1,696
Total tax loss carryforwards	**$ 1,848**	**$ 1,948**
Tax credit carryforwards		
Expires within 5 years	$ 65	$ 10
Expires after 5 years or indefinite expiration	10	10
Total tax credit carryforwards	**$ 75**	**$ 20**

Deferred tax assets related to interest, tax loss carryovers, and tax credit carryovers are available to offset future taxable earnings. We have provided a valuation allowance to reduce the carrying value of certain of these deferred tax assets, as we have concluded that, based on the available evidence, it is more likely than not that the deferred tax assets will not be fully realized. Valuation allowances were $530 million and $421 million as of December 31, 2019 and 2018, respectively.

The following table reflects changes in valuation allowance for the respective periods:

	For the Years Ended December 31, 2019	2018	2017
		(in millions)	
Balance at the beginning of the year	$ 421	$ 429	$ 528
Expense (benefit)	100	17	80
Expiration of tax losses	—	—	(191)
Transfers to held for sale or distribution	(49)	1	—
Foreign tax rate movements	55	—	—
Currency translation adjustments and other	3	(26)	12
Balance at end of the year	**$ 530**	**$ 421**	**$ 429**

The changes in our valuation allowance during the years ended December 31, 2019 and 2017 are primarily attributable to changes in our assessment of recoverability in relation to deferred interest deductions. The additional valuation allowance during the year ended December 31, 2017 arose from legislative changes restricting our ability to utilize the interest deductions. The additional valuation allowance during the year ended December 31, 2019 arose from changes in expected future taxable income as a result of the tax-free distribution of Reynolds Consumer Products on February 4, 2020. See Note 3—Discontinued Operations.

Uncertain Tax Positions

ASC 740 prescribes a recognition threshold of more-likely-than not to be sustained upon examination as it relates to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. Our policy is to include interest and penalties related to gross unrecognized tax benefits in income tax expense.

The following table summarizes the activity related to our gross unrecognized tax benefits:

	For the Years Ended December 31, 2019	2018	2017
		(in millions)	
Balance at beginning of the year	$ 18	$ 48	$ 34
Increase associated with tax positions taken during the current year	5	1	—
Increase (decrease) associated with positions taken during a prior year	(1)	(31)	16
Lapse of statute of limitations	(1)	—	(2)
Ending unrecognized tax benefits	**$ 21**	**$ 18**	**$ 48**

Accrued interest and penalties related to unrecognized tax benefits have been recorded in income tax expense. Interest expense accrued (reversed) for the years ended December 31, 2019, 2018 and 2017 was $1 million, ($2) million, and $2 million, respectively.

Each year we file income tax returns in the various national, state and local income taxing jurisdictions in which we operate. In each jurisdiction our income tax returns are subject to examination and possible challenge by the tax authorities. Although ultimate timing is uncertain, the net amount of tax liability for unrecognized tax benefits may change within the next twelve months due to changes in audit status, settlements of tax assessments and other events.

Tax years 2015 and forward remain subject to audit by Inland Revenue in New Zealand, and tax years 2016 and forward remain subject to examination in the U.S. by the IRS. Currently, our 2016 and 2017 U.S. federal income tax returns are being audited by the IRS. In addition, we are currently subject to routine tax examinations in other jurisdictions.

Note 17—Segment Information

ASC 280 *Segment Reporting* establishes the standards for reporting information about segments in financial statements. In applying the criteria set forth in ASC 280 and in conjunction with the distribution of our former Reynolds Consumer Products segment, as of March 31, 2020, we have realigned our reportable segments. As a result of this, we have determined that we have four reportable segments: Foodservice, Food Merchandising, Beverage Merchandising and Graham Packaging. These reportable segments reflect the change in our operating structure and the manner in which our Chief Operating Decision Maker ("CODM") assesses information for decision-making purposes.

The key factors used to identify these reportable segments are the organization and alignment 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

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, hot and cold cups and lids, tableware items and other products which make eating on-the-go more enjoyable and easy to do.

Food Merchandising

Food Merchandising manufactures products that protect and attractively display food while preserving freshness. Food Merchandising products include clear rigid-display containers, containers for prepared and ready-to-eat food, trays for meat and poultry and molded fiber cartons.

Beverage Merchandising

Beverage Merchandising manufactures cartons for fresh refrigerated beverage products, primarily serving dairy (including plant-based, organic and specialties), juice and other specialty beverage end-markets. Beverage Merchandising manufactures and supplies integrated fresh carton systems, which include printed cartons, spouts and filling machinery. It also produces fiber-based liquid packaging board for its internal requirements and to sell to other fresh beverage carton manufacturers, as well as a range of paper-based products which it sells to paper and packaging converters.

Graham Packaging

Graham Packaging is a designer and manufacturer of value-added, custom blow-molded plastic containers for consumer products.

Other

In addition to our reportable segments, we have other operating segments which do not meet the threshold for presentation as a reportable segment. These operating segments include the remaining components of our former closures business, which generate revenue from the sale of caps and closures, and are presented as Other in the reconciliation between total reportable segment amounts and the equivalent consolidated measure.

Unallocated

Unallocated includes corporate costs, primarily relating to group wide functions such as finance, tax and legal and the effects of the RGPP.

Information by Segment

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

Adjusted EBITDA represents each segment's earnings before interest, tax, depreciation and amortization and is further adjusted to exclude certain items of a significant or unusual nature, including but not limited to, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of businesses and noncurrent assets, impairment charges, restructuring, asset impairment and other related charges, operational process engineering-related consultancy costs, non-cash pension income or expense and strategic review and transaction-related costs.

Segment assets represent trade receivables, inventory and property, plant and equipment.

The accounting policies applied by each segment are the same as those described in Note 2—Summary of Significant Accounting Policies.

	Foodservice	Food Merchandising	Beverage Merchandising	Graham Packaging	Reportable segment total
			(in millions)		
2019					
Net revenues	$ 2,160	$ 1,388	$ 1,483	$ 1,924	**$ 6,955**
Intersegment revenues	—	—	123	—	**123**
Total reportable segment net revenues	2,160	1,388	1,606	1,924	**7,078**
Adjusted EBITDA	336	223	196	339	**1,094**
Depreciation and amortization	112	90	61	243	**506**
Capital expenditures	138	55	80	172	**445**
Total assets	1,090	727	972	1,133	**3,922**

	Foodservice	Food Merchandising	Beverage Merchandising	Graham Packaging	Reportable segment total
			(in millions)		
2018					
Net revenues	$ 2,137	$ 1,419	$ 1,504	$ 2,087	**$ 7,147**
Intersegment revenues	—	—	99	—	**99**
Total reportable segment net revenues	2,137	1,419	1,603	2,087	**7,246**
Adjusted EBITDA	318	231	231	350	**1,130**
Depreciation and amortization	109	88	62	252	**511**
Capital expenditures	157	75	73	135	**440**
Total assets	1,017	701	910	1,206	**3,834**

	Foodservice	Food Merchandising	Beverage Merchandising	Graham Packaging	Reportable segment total
			(in millions)		
2017					
Net revenues	$ 2,056	$ 1,398	$ 1,448	$ 2,147	**$ 7,049**
Intersegment revenues	—	—	114	—	**114**
Total reportable segment net revenues	2,056	1,398	1,562	2,147	**7,163**
Adjusted EBITDA	377	280	259	397	**1,313**
Depreciation and amortization	105	92	57	257	**511**
Capital expenditures	50	55	67	140	**312**

The following table presents a reconciliation of reportable segment Adjusted EBITDA to consolidated U.S. GAAP income from continuing operations before income taxes:

	For the Years Ended December 31, 2019	2018	2017
		(in millions)	
Reportable segment Adjusted EBITDA	$ 1,094	$ 1,130	$ 1,313
Other	11	17	37
Unallocated	(67)	(56)	(56)
	1,038	1,091	1,294
Adjustments to reconcile to U.S. GAAP (loss) income from continuing operations before income taxes			
Depreciation and amortization	(516)	(523)	(534)
Interest expense, net	(432)	(412)	(484)
Goodwill impairment charges	(16)	(138)	—
Restructuring, asset impairment and other related charges	(96)	(53)	(101)
Loss on sale of businesses and noncurrent assets	(21)	(31)	(22)
Non-cash pension (expense) income	(6)	51	(1)
Operational process engineering-related consultancy costs	(27)	(14)	(12)
Related party Management Fee	(16)	(16)	(17)
Strategic review and transaction-related costs	(7)	—	—
Unrealized gains (losses) on derivatives	4	(8)	(3)
Other	(19)	6	1
(Loss) income from continuing operations before tax	**$ (114)**	**$ (47)**	**$ 121**

The following table presents a reconciliation of reportable segment depreciation and amortization to consolidated depreciation and amortization from continuing operations:

	For the Years Ended December 31, 2019	2018	2017
		(in millions)	
Reportable segment depreciation and amortization	$ 506	$ 511	$ 511
Other	10	12	23
Depreciation and amortization from continuing operations	**$ 516**	**$ 523**	**$ 534**

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

	For the Years Ended December 31,		
	2019	2018	2017
		(in millions)	
Reportable segment capital expenditures	$ 445	$ 440	$ 312
Other	6	6	10
Unallocated	6	8	3
Discontinued operations	172	138	88
Capital expenditures	**$ 629**	**$ 592**	**$ 413**

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

	As of December 31,	
	2019	2018
	(in millions)	
Reportable segment assets	$ 3,922	$ 3,834
Other	65	132
Unallocated(1)	12,188	12,203
Total assets	**$ 16,175**	**$ 16,169**

(1) Unallocated includes unallocated assets, which are comprised of cash and cash equivalents, other current assets, assets held for sale or distribution, entity-wide property, plant and equipment, operating lease ROU assets, goodwill, intangible assets, deferred income taxes, related party receivables and other noncurrent assets.

Information in Relation to Products

Net revenues by product line are as follows:

	For the Years Ended December 31, 2019	2018	2017
		(in millions)	
Foodservice			
Cups and lids	$ 906	$ 844	$ 814
Containers	792	805	779
Dinnerware	207	209	198
Other	255	279	265
Food Merchandising			
Meat trays	353	355	346
Bakery/snack/produce/fruit containers	311	308	309
Prepared food trays	174	168	160
Egg cartons	98	97	100
Dinnerware	307	339	326
Other	145	152	157
Beverage Merchandising			
Cartons for fresh beverage products	812	799	774
Liquid packaging board	446	438	453
Paper products	348	366	335
Graham Packaging			
Food and beverage plastic containers	1,356	1,443	1,487
All other plastic containers	568	644	660
Reportable segment net revenues	**7,078**	**7,246**	**7,163**
Other / Unallocated			
Other	160	248	390
Inter-segment eliminations	(123)	(99)	(114)
Net revenues	**$ 7,115**	**$ 7,395**	**$ 7,439**

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.

Geographic Data

Geographic data for net revenues (recognized based on location of our business operations) and long-lived assets (representing property, plant and equipment) are as follows:

	For the Years Ended December 31, 2019	2018	2017
		(in millions)	
Net revenues:			
United States	$ 6,148	$ 6,291	$ 6,159
Rest of North America	478	493	495
Other	489	611	785
Net revenues	**$ 7,115**	**$ 7,395**	**$ 7,439**

	As of December 31, 2019	As of December 31, 2018
	(in millions)	
Long-lived assets		
United States	$2,202	$ 2,111
Rest of North America	84	83
Other	189	228
Long-lived assets	**$2,475**	**$ 2,422**

Note 18—Related Party Transactions

Our parent is PFL, the ultimate parent is Packaging Holdings Limited and the ultimate shareholder is Mr. Graeme Hart.

The related party entities and types of transactions we entered into with them are detailed below. All related parties detailed below have a common ultimate shareholder, except for the joint ventures.

	Transaction value for the year ended December 31,			Balance outstanding as of December 31,	
	2019	2018	2017	2019	2018
	(in millions)				
Balances and transactions with joint ventures					
Included in other current assets				$ 8	$ 12
Sale of goods and services(a)	$ 26	$ 28	$ 22		
Balances and transactions with other entities controlled by Mr. Graeme Hart					
Included in other current assets				—	1
Recharges	4	7	6		
Included in related party receivables(b)				339	328
Interest income	15	17	17		
Included in related party payables				(30)	(33)
Recharges(c)	(24)	(18)	(21)		
Management Fee(d)	(29)	(28)	(31)		
Tax loss transfer	(2)	(3)	(1)		
Transactions with discontinued operations					
Sale of goods(e)	280	316	302		
Purchase of goods(e)	(149)	(161)	(148)		

(a) All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) This loan accrues interest, if we demand it, at a rate based on the average 90-day New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. During the year ended December 31, 2019, interest was charged at 4.40% to 5.15% (2018: 5.16% to 5.26%; 2017: 5.16% to 5.25%). Interest is payable annually and is recognized in income as accrued. The loan is unsecured and repayable on demand. In 2017, $24 million of the related party loan receivable was settled, and by way of a payment direction, we repaid $23 million of outstanding related party trade payables and $1 million of outstanding related party borrowings.

(c) Represents certain costs paid on our behalf that were subsequently recharged to us. These charges are for various costs incurred including services provided, financing and other activities. All amounts are unsecured, non-interest bearing and settled on normal trade terms.

(d) Our financing agreements permit the payment of a Management Fee to related parties for management, consulting, monitoring and advising services of up to 1.5% of our Adjusted EBITDA (as defined in the financing agreements) for the previous year. Of these amounts, $16 million, $16 million and $17 million in the years ended December 31, 2019, 2018 and 2017, respectively, has been recorded in other expense, net, and the remaining balance has been presented in discontinued operations.

(e) Represents revenues and cost of sales recognized by our continuing operations in respect of sales to and purchases from Reynolds Consumer Products. Refer to Note 3—Discontinued Operations.

Note 19—Earnings per Share

A reconciliation of the number of shares used for our earnings (loss) per share calculation was as follows:

	For the Years Ended December 31,		
	2019	2018	2017
	(in millions, except share and per share amounts)		
Net income (loss) attributable to Reynolds Group Holdings Limited common stockholder			
From continuing operations	$ (167)	$ (33)	$ 337
From discontinued operations	258	312	257
Total	91	279	594
Weighted average number of shares outstanding—basic and diluted(1)	35,708,019	35,708,019	35,708,019
Earnings (loss) per share attributable to Reynolds Group Holdings Limited common stockholder			
From continuing operations—basic and diluted	$ (4.68)	$ (0.92)	$ 9.44
From discontinued operations—basic and diluted	7.23	8.74	7.20
Total—basic and diluted	2.55	7.82	16.64

(1) The weighted average number of shares outstanding reflects 71,500,004 shares outstanding as of December 31, 2019, 2018 and 2017, adjusted for the buy back and cancellation of 35,791,985 shares, which occurred in conjunction with the distribution of RCPI on February 4, 2020 and has been retroactively reflected as a reverse stock split for all periods presented.

Note 20—Subsequent Events

Except as described below, there have been no events subsequent to December 31, 2019 which would require accrual or disclosure in these consolidated financial statements. Subsequent events have been evaluated through June 2, 2020, the date these consolidated financial statements were available to be issued.

COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which recommended containment and mitigation measures worldwide.

The outbreak and the response of governmental and public health organizations in dealing with the pandemic is restricting general activity levels within the community, the economy and certain operations of our business. While we continue to operate, the scale and duration of these developments remain uncertain as of the date of this report. Our results of operations and financial condition are likely to be impacted through the duration of the pandemic. However, estimating the impact on our manufacturing facilities and employees, supply chain and customer demand is subject to significant uncertainty associated with both the duration and the spread of the pandemic. As such, there could be material impacts on our financial condition and results of operations in future periods.

The financial statements have been prepared based upon conditions existing at December 31, 2019 and considering those events occurring subsequent to that date that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after December 31, 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to the financial statements as of December 31, 2019 for the impacts of COVID-19.

CARES Act

The Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted in March 2020. Retroactive provisions of the CARES Act entitle us to utilize additional deferred interest deductions, which lower our taxable income for the year ended December 31, 2019. The CARES Act also increases the allowable interest deductions for the year ending December 31, 2020. As a result of the CARES Act, subsequent to December 31, 2019 we recognized a tax benefit in the quarter ended March 31, 2020 of $81 million in respect of adjusting our taxable income for the year ended December 31, 2019.

Reynolds Group Holdings Limited

Condensed Consolidated Statements of Income
(in millions, except per share amounts)
(unaudited)

	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
Net revenues (includes related party net revenues of $171 and $141. Refer to Note 17)	$ 3,259	$ 3,594
Cost of sales	(2,755)	(3,019)
Gross profit	**504**	**575**
Selling, general and administrative expenses	(330)	(324)
Restructuring, asset impairment and other related charges	(13)	(24)
Other income (expense), net	27	(7)
Operating income from continuing operations	**188**	**220**
Non-operating income (expense), net	33	(2)
Interest expense, net	(187)	(228)
Income (loss) from continuing operations before tax	**34**	**(10)**
Income tax benefit (expense)	59	(14)
Net income (loss) from continuing operations	**93**	**(24)**
Income from discontinued operations, net of income taxes	4	138
Net income	**97**	**114**
Net income attributable to non-controlling interests	(1)	(1)
Net income attributable to Reynolds Group Holdings Limited common stockholder	**$ 96**	**$ 113**
Earnings (loss) per share attributable to Reynolds Group Holdings Limited common stockholder:		
From continuing operations—basic and diluted	$ 2.58	$ (0.70)
From discontinued operations—basic and diluted	0.11	3.86
Total—basic and diluted	2.69	3.16

See accompanying notes to the condensed consolidated financial statements.

Reynolds Group Holdings Limited

Condensed Consolidated Statements of Comprehensive Income
(in millions)
(unaudited)

	For the Six Months Ended June 30, 2020	2019
Net income	$ 97	$ 114
Other comprehensive income (loss), net of income taxes:		
Currency translation adjustments	(95)	17
Defined benefit plans	—	(1)
Other comprehensive (loss) income	(95)	16
Comprehensive income	**2**	**130**
Comprehensive loss (income) attributable to non-controlling interests	—	—
Comprehensive income attributable to Reynolds Group Holdings Limited common stockholder	**$ 2**	**$ 130**

See accompanying notes to the condensed consolidated financial statements.

Reynolds Group Holdings Limited

Condensed Consolidated Balance Sheets
(in millions, except share amounts)
(unaudited)

	As of June 30, 2020	As of December 31, 2019
Assets		
Cash and cash equivalents	$ 1,609	$ 1,189
Accounts receivable, less allowances for doubtful accounts of $6 and $4	691	666
Inventories	903	894
Related party receivables	63	—
Other current assets	173	147
Assets held for sale or distribution	—	808
Total current assets	**3,439**	**3,704**
Property, plant and equipment, net	2,443	2,475
Operating lease right-of-use assets, net	359	300
Goodwill	3,025	3,026
Intangible assets, net	2,404	2,493
Deferred income taxes	10	23
Related party receivables	330	339
Other noncurrent assets	198	181
Noncurrent assets held for sale or distribution	52	3,634
Total assets	**$12,260**	**$ 16,175**
Liabilities		
Accounts payable	$ 391	$ 425
Related party payables	48	30
Current portion of long-term debt	417	3,587
Current portion of operating lease liabilities	83	71
Income taxes payable	17	16
Accrued and other current liabilities	451	509
Liabilities held for sale or distribution	—	259
Total current liabilities	**1,407**	**4,897**
Long-term debt	7,018	7,043
Long-term operating lease liabilities	298	247
Deferred income taxes	600	555
Long-term employee benefit obligations	701	737
Other noncurrent liabilities	199	183
Noncurrent liabilities held for sale or distribution	—	431
Total liabilities	**$10,223**	**$ 14,093**
Commitments and contingencies (Note 13)		
Equity		
Common stock (35,708,019 issued and outstanding shares with no par value. Refer to Note 18)	—	—
Additional paid in capital	55	103
Accumulated other comprehensive loss	(624)	(518)
Retained earnings	2,603	2,494
Total equity attributable to Reynolds Group Holdings Limited common stockholder	**2,034**	**2,079**
Non-controlling interests	3	3
Total equity	2,037	2,082
Total liabilities and equity	**$12,260**	**$ 16,175**

See accompanying notes to the condensed consolidated financial statements.

Reynolds Group Holdings Limited

Condensed Consolidated Statements of Equity
(in millions)
(unaudited)

	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interests	Total Equity
For the Six Months Ended June 30, 2019						
Balance as of December 31, 2018	**$ —**	**$ 103**	**$ (689)**	**$ 2,362**	**$ 9**	**$1,785**
Cumulative impact of adopting ASU 2018-02	—	—	(41)	41	—	—
Net income	—	—	—	113	1	**114**
Other comprehensive income, net of income taxes	—	—	16	—	—	**16**
Disposition of non-controlling interest	—	—	—	—	(4)	**(4)**
Dividends paid to non-controlling interests	—	—	—	—	(1)	**(1)**
Balance as of June 30, 2019	**$ —**	**$ 103**	**$ (714)**	**$ 2,516**	**$ 5**	**$1,910**
For the Six Months Ended June 30, 2020						
Balance as of December 31, 2019	**$ —**	**$ 103**	**$ (518)**	**$ 2,494**	**$ 3**	**$2,082**
Net income	—	—	—	96	1	**97**
Other comprehensive loss, net of income taxes	—	—	(95)	—	—	**(95)**
Distribution of Reynolds Consumer Products (1)	—	(48)	(11)	13	—	**(46)**
Dividends paid to non-controlling interests	—	—	—	—	(1)	**(1)**
Balance as of June 30, 2020	**$ —**	**$ 55**	**$ (624)**	**$ 2,603**	**$ 3**	**$2,037**

(1) Refer to Note 3—Discontinued Operations.

See accompanying notes to the condensed consolidated financial statements.

Reynolds Group Holdings Limited

Condensed Consolidated Statements of Cash Flows
(in millions)
(unaudited)

	For the Six Months Ended June 30,	
	2020	**2019**
Cash provided by (used in) operating activities		
Net income	$ 97	$ 114
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	267	322
Deferred income taxes	5	19
Unrealized gains on derivatives	(1)	(14)
Other asset impairment charges	1	18
(Gain) loss on disposal of businesses and other assets	(13)	6
Non-cash portion of employee benefit obligations	(30)	6
Non-cash portion of operating lease expense	53	54
Other non-cash items, net	(2)	(2)
Change in assets and liabilities:		
Accounts receivable, net	4	(158)
Inventories	(47)	(106)
Other current assets	13	28
Accounts payable	—	24
Operating lease payments	(50)	(51)
Income taxes payable	(74)	(2)
Accrued and other current liabilities	(124)	(9)
Other assets and liabilities	68	(9)
Net cash provided by operating activities	**167**	**240**
Cash provided by (used in) investing activities		
Acquisition of property, plant and equipment and intangible assets	(217)	(291)
Proceeds from sale of property, plant and equipment	—	13
Disposal of businesses, net of cash disposed	9	(2)
Other investing activities	—	5
Net cash used in investing activities	**(208)**	**(275)**
Cash provided by (used in) financing activities		
Proceeds from Reynolds Consumer Products borrowings	3,640	—
Long-term debt repayments	(3,215)	(18)
Payment of Reynolds Consumer Products deferred financing transaction costs	(24)	—
Cash held by Reynolds Consumer Products at the time of distribution	(31)	—
Other financing activities	(2)	(2)
Net cash provided by (used in) financing activities	**368**	**(20)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7)	1
Increase (decrease) in cash, cash equivalents and restricted cash	320	(54)
Cash, cash equivalents and restricted cash as of beginning of the period	1,294	786
Cash, cash equivalents and restricted cash as of end of the period	**$ 1,614**	**$ 732**
Cash, cash equivalents and restricted cash are comprised of:		
Cash and cash equivalents	$ 1,609	$ 665
Cash and cash equivalents classified as assets held for sale or distribution	—	63
Restricted cash included within other current assets	5	4
Cash, cash equivalents and restricted cash as of June 30	**$ 1,614**	**$ 732**
Cash paid:		
Interest	$ 235	$ 309
Income taxes	16	49

See accompanying notes to the condensed consolidated financial statements.

Reynolds Group Holdings Limited

Condensed Consolidated Statements of Cash Flows
(in millions)
(unaudited)

Significant non-cash investing and financing activities

During the six months ended June 30, 2020, we repurchased and canceled 35,791,985 shares from Packaging Finance Limited ("PFL") in exchange for transferring 100% of the shares in Reynolds Consumer Products Inc. ("RCPI") to PFL. Refer to Note 3—Discontinued Operations. Refer to Note 17—Related Party Transactions for details of significant non-cash investing and financing activities with related parties.

During the six months ended June 30, 2019, we recognized operating lease right-of-use assets of $359 million and operating lease liabilities of $370 million upon the adoption of the new lease accounting requirements on January 1, 2019. In addition, $113 million and $41 million of right-of-use assets and lease liabilities were recorded during the six months ended June 30, 2020 and 2019, respectively.

See accompanying notes to the condensed consolidated financial statements.

Note 1—Nature of Operations and Basis of Presentation

The accompanying condensed consolidated financial statements comprise the accounts of Reynolds Group Holdings Limited ("RGHL") and its subsidiaries ("we", "us", "our" or the "Group").

We are a manufacturer and supplier of consumer food and beverage packaging products, primarily in North America. We report our business in four reportable segments: Foodservice, Food Merchandising, Beverage Merchandising and Graham Packaging. Our Foodservice segment manufactures a broad range of products that enable consumers to eat and drink where they want and when they want with convenience. Our Food Merchandising segment manufactures products that protect and attractively display food while preserving freshness. Our Beverage Merchandising segment manufactures cartons for fresh refrigerated beverage products, primarily serving dairy (including plant-based, organic and specialties), juice and other specialty beverage end-markets. Our Graham Packaging segment is a designer and manufacturer of value-added, custom blow molded plastic containers for consumer products.

These condensed consolidated financial statements are unaudited and presented in U.S. dollars. They have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Our condensed consolidated balance sheet as of December 31, 2019 has been derived from our audited consolidated financial statements as of that date. Our condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2019, which include a complete set of footnote disclosures, including our significant accounting policies. In our opinion, these condensed consolidated financial statements include all normal and recurring adjustments considered necessary for a fair statement of our results of operations, financial position and cash flows for the periods presented. However, our results of operations for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year or for any other future period. All intercompany accounts and transactions have been eliminated in consolidation.

Unless otherwise indicated, information in these notes to the condensed consolidated financial statements relates to our continuing operations. Certain of our operations have been presented as discontinued. We present businesses that represent components as discontinued operations when the components either meet the criteria as held for sale or are sold or distributed and their disposal represents a strategic shift that has, or will have, a major effect on our operations and financial results. As discussed in Note 3—Discontinued Operations, the assets, liabilities, results of operations and supplemental cash flow information of substantially all of our Closures business, sold in December 2019, and all of our former Reynolds Consumer Products ("RCP") segment, distributed in February 2020, are presented as discontinued operations for all periods presented. Sales from our continuing operations to our discontinued operations previously eliminated in consolidation have been recast as external revenues and are included in net revenues within operating income from continuing operations. Refer to Note 17—Related Party Transactions for further information.

Note 2—Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 and balance sheet. 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 recognized in both periods presented represents a Level 3 measurement in the fair value hierarchy, which includes inputs that are not based on observable market data.

During the year ended December 31, 2018, we recognized an impairment expense in respect of goodwill at Graham Packaging. Based on our assessment of goodwill recoverability for the year ended December 31, 2019, no further impairment of goodwill at Graham Packaging was identified. However, the estimated recoverable amount of Graham Packaging exceeds the carrying value of this business by only a limited amount. While no triggering events for a further impairment were identified during the six months ended June 30, 2020, a reasonably possible unexpected deterioration in financial performance or adverse change in the earnings multiple may result in a further impairment in a future period.

Although our current estimates contemplate current conditions, including the impact of the novel coronavirus (COVID-19) pandemic, 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 and financial condition. On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which recommended containment and mitigation measures worldwide. The outbreak and the response of governmental and public health organizations in dealing with the pandemic included restricting general activity levels within communities, the economy and operations of our customers. We have experienced a significant impact to our results of operations as a result of the COVID-19 pandemic, and it may also have additional far-reaching impacts on many aspects of our operations including the impact on customer behaviors, business and manufacturing operations, our employees, and the market in general. The extent to which the COVID-19 pandemic ultimately impacts our business, financial condition, results of operations, cash flows and liquidity may differ from management’s current estimates due to inherent uncertainties regarding the duration and further spread of the outbreak, actions taken to contain the virus, as well as, how quickly and to what extent normal economic and operating conditions can resume.

Share Repurchases

When accounting for a share repurchase and retirement of shares, including in connection with transactions that are deemed to be a reverse stock split, we record the repurchase as a reduction of common stock and additional paid in capital. The reduction in common stock represents the par value of the canceled shares, and the reduction in additional paid in capital is the lower of the excess of the repurchase amount over the par value of the repurchased shares or the pro rata portion of additional paid in capital, based on the number of shares retired as a percentage of total shares outstanding prior to the repurchase. Any residual excess of the repurchase amount over the reduction in additional paid in capital is presented as a reduction to retained earnings.

Variable Interest Entities

We have a variable interest in one variable interest entity (“VIE”) related to our non-recourse factoring arrangements in which receivables are sold from certain of our operations to a special purpose trust (“SPE”) in exchange for cash. We are the sole beneficiary of the SPE. The SPE is considered to be a VIE and we are its primary beneficiary as we have the power to direct its activities and the right to receive its benefits. We have consolidated the results, assets and liabilities of this SPE for all periods presented in these condensed consolidated financial statements. As a result of consolidating the SPE, we continue to recognize the trade receivables and external borrowings of this entity with carrying values of $608 million and $380 million, respectively, as of June 30, 2020 and $789 million (including $264 million presented within assets held for sale or distribution) and $420 million, respectively, as of December 31, 2019. The obligations of the SPE are non-recourse to us and only the assets of the SPE can be used to settle those obligations.

Recently Adopted Accounting Guidance

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and subsequent amendments to the initial guidance: ASU 2019-04, *Financial Instruments-Credit Losses (Topic 326)*, *Derivatives and Hedging (Topic 815)*, *and Financial Instruments—Codification Improvements (Topic 825)*, ASU 2019-05, *Financial Instruments—Credit Losses—Targeted Transition Relief (Topic 326),* ASU 2019-11, *Codification Improvements, Financial Instruments—Credit Losses (Topic 326)* and ASU 2020-03, *Codification Improvements to Financial Instruments*. These ASUs modify the impairment model to use an expected loss methodology in place of the currently used incurred loss methodology, which may result in earlier recognition of losses related to financial instruments. These ASUs are effective for fiscal years beginning after December 15, 2019, with early adoption permitted, and require a cumulative effect adjustment to the balance sheet upon adoption. We adopted these standards on January 1, 2020 and they had no material impact on our condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Change to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying and adding certain disclosures. This ASU is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. We adopted this guidance on January 1, 2020 and it had no material impact on our condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract,* which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs for internal-use software. This ASU is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. We adopted this standard on January 1, 2020 and it had no material impact on our condensed consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. This ASU removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. We early adopted this guidance on January 1, 2020. Certain components of this guidance were adopted on a prospective basis. The remaining components were adopted on a modified retrospective basis and had no material impact on our condensed consolidated financial statements and related disclosures.

Accounting Guidance Issued But Not Yet Adopted

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20) Disclosure - Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. The ASU requires sponsors of defined benefit pension or other postretirement plans to provide additional disclosures, including a narrative description of reasons for any significant gains or losses impacting the benefit obligation for the period. It also eliminates certain previous disclosure requirements. This ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted, and must be applied on a retrospective basis to all periods presented. The requirements of this guidance are expected to impact our disclosures but have no impact on the measurement and recognition of amounts in our condensed consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform—Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848).* This ASU provides temporary optional expedients and exceptions to the guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. This ASU is effective upon issuance and generally can be applied through the end of calendar year 2022. We are currently evaluating the impact and whether we plan to adopt the optional expedients and exceptions provided under this new standard.

Note 3—Discontinued Operations

Our discontinued operations comprise substantially all of our Closures business and all of our former RCP business.

On September 30, 2019, we determined that our North American and Japanese closures businesses met the criteria to be classified as a discontinued operation and, as a result, their historical financial results have been reflected in our condensed consolidated financial statements as a discontinued operation. We ceased recording depreciation and amortization on these assets from September 30, 2019. We did not allocate any general corporate overhead to this discontinued operation. On December 20, 2019, we completed the sale of our North American and Japanese closures businesses to a third party. These operations represented substantially all of our Closures business. We received preliminary cash proceeds of $611 million. These proceeds were subject to further adjustment associated with differences between estimated and final amounts as of completion, in respect of balances such as cash, indebtedness and working capital, each as defined in the sale agreement. In June 2020, these adjustments were finalized and we received additional cash sale proceeds of $8 million.

On February 4, 2020, we distributed our interest in the operations that represented our former RCP business to our shareholder, PFL. The distribution was effected in a tax-free manner. The distribution occurred prior to and in preparation for the initial public offering ("IPO") of shares of common stock of RCPI, which was completed on February 4, 2020. To effect the distribution of RCP, we bought back 35,791,985 of our shares from PFL, in consideration of us transferring all of our shares in RCPI to PFL. On February 4, 2020, we determined that our former RCP business met the criteria to be classified as a discontinued operation and, as a result, its historical financial results have been reflected in our condensed consolidated financial statements as a discontinued operation and its assets and liabilities have been classified as assets and liabilities held for distribution as of December 31, 2019. We did not allocate any general corporate overhead to this discontinued operation.

The following is a summary of the assets and liabilities distributed on February 4, 2020:

	As of February 4, 2020
	(in millions)
Assets	
Cash and cash equivalents	$ 31
Current assets	699
Noncurrent assets	3,630
	4,360
Liabilities	
Current liabilities	1,467
Noncurrent liabilities	2,847
	4,314
Net assets distributed	**$ 46**

Immediately prior to its distribution and the IPO, RCP incurred $2,475 million of term loan borrowings under its new post-IPO credit facilities and $1,168 million of borrowings under an IPO settlement facility, which was subsequently repaid with the net proceeds from the IPO on February 4, 2020. We have not provided any guarantees or security in relation to RCP's external borrowings. The cash proceeds from these new credit facilities, net of transaction costs and original issue discount, along with cash on-hand, were used to settle various intercompany balances between RCP and us.

Income from discontinued operations includes the results of RCP through to February 4, 2020 and the results of both RCP and Closures for the six months ended June 30, 2019 and was as follows:

	For the Six Months Ended June 30,	
	2020	2019
	(in millions)	
Net revenues	$ 174	$ 1,527
Cost of sales	(119)	(1,061)
Gross profit	**55**	**466**
Selling, general and administrative expenses	(38)	(176)
Restructuring, asset impairment and other related charges	—	(2)
Interest expense, net (1)	(23)	(95)
Other income (expense), net	1	(4)
(Loss) income before income taxes from discontinued operations	**(5)**	**189**
Income tax expense	(5)	(51)
Net (loss) income from discontinued operations, before gain on disposal	**(10)**	**138**
Gain on disposal, net of income taxes	14	—
Net income from discontinued operations	**$ 4**	**$ 138**

(1) This balance is primarily attributable to interest expense and amortization of deferred transaction costs in respect of our 5.750% Senior Secured Notes due 2020, and the $5 million loss on extinguishment of debt from the repayment of the notes on February 4, 2020, in conjunction with the distribution of RCP.

The income from discontinued operations includes depreciation and amortization expenses of $8 million and $69 million for the six months ended June 30, 2020 and 2019, respectively.

We have no significant continuing involvement in relation to the sold North American and Japanese closures businesses.

Subsequent to February 4, 2020, we continue to trade with RCP in the ordinary course of business. These transactions arise under agreements that expire on December 31, 2024, but may be renewed between the parties at this time. Refer to Note 17—Related Party Transactions.

Assets and liabilities held for sale or distribution in relation to our discontinued operations were as follows:

	As of December 31, 2019 (in millions)
Cash and cash equivalents	$ 102
Accounts receivable, net	269
Inventories	418
Other current assets	19
Total current assets held for sale or distribution	**$ 808**
Property, plant and equipment, net	$ 537
Operating lease right-of-use assets, net	42
Goodwill	1,913
Intangible assets, net	1,123
Other noncurrent assets	8
Total noncurrent assets held for sale or distribution	**$ 3,623**
Accounts payable	$ 134
Accrued and other current liabilities	125
Total current liabilities held for sale or distribution	**$ 259**
Long-term operating lease liabilities	$ 35
Deferred income taxes	326
Long-term employee benefit obligations	51
Other noncurrent liabilities	19
Total noncurrent liabilities held for sale or distribution	**$ 431**

Noncurrent assets held for sale or distribution as of both June 30, 2020 and December 31, 2019 also included $11 million related to our Graham Packaging segment. In addition, noncurrent assets held for sale or distribution as of June 30, 2020 included $41 million which was not part of any of our reportable segments.

Cash flows from discontinued operations were as follows:

	For the Six Months Ended June 30, 2020	2019
	(in millions)	
Net cash (used in) provided by operating activities	$ (14)	$ 92
Net cash used in investing activities	(5)	(60)
Net cash provided by (used in) financing activities	478	(2)
Net cash from discontinued operations	**$459**	**$ 30**

Note 4—Impairment, Restructuring and Other Related Charges

During the six months ended June 30, 2020, we recorded the following impairment, restructuring and other related charges:

	Other asset impairment	Employee terminations	Other restructuring charges	Total
		(in millions)		
Foodservice	$ 1	$ —	$ 1	$ 2
Beverage Merchandising	—	1	—	1
Graham Packaging	1	3	5	9
Other	—	1	—	1
Total	**$ 2**	**$ 5**	**$ 6**	**$ 13**

For the six months ended June 30, 2020, we recorded non-cash impairment charges of $2 million relating to obsolete property, plant and equipment and $5 million for employee termination costs. Of these costs, $4 million are related to the rationalization of our manufacturing footprint in Graham Packaging. In addition, Graham Packaging incurred $5 million of implementation costs primarily associated with exiting existing facilities and reinstalling certain plant and equipment at other facilities. Following these impairments, the remaining carrying values of the assets impaired were less than $1 million.

The restructuring associated with the Graham Packaging footprint optimization initiative is ongoing. As of June 30, 2020, the cumulative amount of restructuring and related expenses associated with this initiative was $41 million. No further employee termination costs are expected in relation to the previously announced termination plans. We are continuing to evaluate additional opportunities in relation to this initiative, which may trigger additional impairments, employee terminations and other restructuring changes.

During the six months ended June 30, 2019, we recorded the following impairment, restructuring and other related charges:

	Other asset impairment	Employee terminations	Other restructuring charges	Total
		(in millions)		
Food Merchandising	$ 4	$ —	$ —	$ 4
Graham Packaging	16	1	1	18
Other	—	2	—	2
Total	**$ 20**	**$ 3**	**$ 1**	**$ 24**

For the six months ended June 30, 2019, we recorded non-cash impairment charges of $20 million, comprising $16 million relating to obsolete property, plant and equipment and operating lease right-of-use assets arising from the rationalization of our manufacturing footprint in Graham Packaging and $4 million relating to obsolete property, plant and equipment in Food Merchandising. Following these impairments, the remaining carrying values of the assets impaired were $4 million for Graham Packaging and less than $1 million for Food Merchandising. We also recorded facility exit costs of $1 million in Graham Packaging.

The following tables summarize the changes to our restructuring liability for the six months ended June 30, 2020:

	December 31, 2019	Charges to earnings	Cash paid	June 30, 2020
		(in millions)		
Employee termination costs	$ 3	$ 5	$ (4)	$ 4
Total	**$ 3**	**$ 5**	**$ (4)**	**$ 4**

We expect to settle our restructuring liability within twelve months.

Note 5—Inventories

The components of inventories consisted of the following:

	As of June 30, 2020	As of December 31, 2019
	(in millions)	
Raw materials	$ 189	$ 213
Work in progress	120	131
Finished goods	507	468
Spare parts	87	82
Inventories	**$ 903**	**$ 894**

Note 6—Property, Plant and Equipment, Net

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

	As of June 30, 2020	As of December 31, 2019
	(in millions)	
Land and land improvements	$ 108	$ 115
Buildings and building improvements	722	751
Machinery and equipment	4,665	4,538
Construction in progress	330	351
Property, plant and equipment, at cost	5,825	5,755
Less: accumulated depreciation	(3,382)	(3,280)
Property, plant and equipment, net	**$ 2,443**	**$ 2,475**

Depreciation expense was $175 million and $169 million for the six months ended June 30, 2020 and 2019, respectively, of which $163 million and $162 million was recognized in cost of sales and $12 million and $7 million was recognized in selling, general and administrative expenses, respectively.

Note 7—Goodwill and Intangible Assets

Goodwill by reportable segment was as follows:

	Foodservice (1)	Food Merchandising (1)	Beverage Merchandising	Graham Packaging	Other	Total
			(in millions)			
Balance as of December 31, 2019	$ 924	$ 770	$ 66	$ 1,260	$ 6	$3,026
Foreign exchange	—	—	—	(1)	—	(1)
Balance as of June 30, 2020	**$ 924**	**$ 770**	**$ 66**	**$ 1,259**	**$ 6**	**$3,025**
Accumulated impairment losses	**$ —**	**$ —**	**$ —**	**$ 138**	**$ 16**	**$ 154**

(1) The information presented above reflects the retrospective application of the March 2020 change in segments. See Note 16—Segment Information for further details.

Other includes operations which do not meet the quantitative threshold for reportable segments.

Intangible assets, net consisted of the following:

	As of June 30, 2020			As of December 31, 2019		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
	(in millions)					
Finite-lived intangible assets						
Customer relationships	$ 2,490	$ (1,122)	$1,368	$ 2,508	$ (1,071)	$1,437
Technology	529	(359)	170	529	(339)	190
Other	34	(24)	10	34	(24)	10
Total finite-lived intangible assets	3,053	(1,505)	1,548	3,071	(1,434)	1,637
Indefinite-lived intangible assets						
Trademarks	798	—	798	798	—	798
Other	58	—	58	58	—	58
Total indefinite-lived intangible assets	856	—	856	856	—	856
Total intangible assets	**$ 3,909**	**$ (1,505)**	**$2,404**	**$ 3,927**	**$ (1,434)**	**$2,493**

Amortization expense for intangible assets was $84 million and $84 million for the six months ended June 30, 2020 and 2019, respectively, of which $21 million and $20 million, respectively, was recognized in cost of sales and $63 million and $64 million, respectively, was recognized in selling, general and administrative expenses.

Note 8—Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	As of June 30, 2020	As of December 31, 2019
	(in millions)	
Accrued personnel costs	$ 139	$ 146
Accrued interest	76	115
Other(1)	236	248
Accrued and other current liabilities	**$ 451**	**$ 509**

(1) Other includes items such as accruals for customer rebates and allowances, freight and utilities.

Note 9—Debt

As of June 30, 2020, we were in compliance with all of our covenants.

Debt consisted of the following:

	As of June 30, 2020	As of December 31, 2019
	(in millions)	
Securitization Facility	$ 380	$ 420
Credit Agreement	3,452	3,487
Notes:		
5.750% Senior Secured Notes due 2020	—	3,137
Floating Rate Senior Secured Notes due 2021	749	750
5.125% Senior Secured Notes due 2023	1,599	1,600
7.000% Senior Notes due 2024	800	800
Pactiv Debentures:		
7.950% Debentures due 2025	276	276
8.375% Debentures due 2027	200	200
Other	16	15
Total principal amount of borrowings	**7,472**	**10,685**
Deferred financing transaction costs	(31)	(46)
Original issue discounts, net of premiums	(6)	(9)
	7,435	**10,630**
Less: current portion	(417)	(3,587)
Long-term debt	**$ 7,018**	**$ 7,043**

Refer to Note 19 - Subsequent Events for details of debt transactions subsequent to June 30, 2020.

Securitization Facility

The $450 million securitization facility (the “Securitization Facility”) matures on March 22, 2022. The amount that can be borrowed is calculated by reference to a funding base determined by the amount of eligible trade receivables. Prior to its distribution, RCP ceased to participate in our Securitization Facility, and consequently in January 2020, the size of this facility was reduced from $600 million to $450 million and the outstanding borrowings were reduced to $397 million. The Securitization Facility is secured by all of the assets of the borrower, which are primarily the eligible trade receivables and cash. The terms of the arrangement do not result in the derecognition of the trade receivables. The Securitization Facility has an interest rate equal to one-month LIBOR with a 0.0% floor, plus a margin of 1.75% per annum.

Credit Agreement

Certain members of our Group are parties to a senior secured credit agreement dated August 5, 2016 as amended (the "Credit Agreement"). The Credit Agreement comprises the following term and revolving tranches:

	Currency	Maturity date	Value drawn or utilized as of June 30, 2020 (in millions)	Applicable interest rate as of June 30, 2020
Term Tranches				
U.S. term loans	$	February 5, 2023	3,187	LIBOR (floor of 0.000%) + 2.750%
European term loans	€	February 5, 2023	236	EURIBOR (floor of 0.000%) + 3.250%
Revolving Tranche(1)				
U.S. Revolving Loans	$	August 5, 2021	47	—

(1) The Revolving Tranche represents a $302 million facility. The amount utilized is in the form of bank guarantees and letters of credit.

The weighted average contractual interest rates related to our U.S. term loans as of June 30, 2020 and 2019, were 3.96% and 5.24%, respectively. The weighted average contractual interest rates related to our European term loans as of June 30, 2020 and 2019, were 3.25% and 3.25%, respectively. The effective interest rates of our debt obligations under the Credit Agreement are not materially different from the contractual interest rates.

Certain members of our Group have guaranteed on a senior basis the obligations under the Credit Agreement and related documents to the extent permitted by law. 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 note holders under the Senior Secured Notes.

Indebtedness under the Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments of 0.25% of the principal amount of the term loans outstanding on February 7, 2017. The borrowers 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 in 2019 for the year ended December 31, 2018 or are due in 2020 for the year ended December 31, 2019.

In connection with the distribution of RCP on February 4, 2020, the relevant legal entities within RCP were released as borrowers under the Credit Agreement and released as guarantors of the Credit Agreement. In connection with such releases, the security granted by such entities was also released. Other than these releases, the guarantee and security arrangements and covenants under the Credit Agreement are unchanged from December 31, 2019.

In January 2020, we repaid $18 million of borrowings under the Credit Agreement with the net proceeds from the sale of our North American and Japanese closures businesses.

Notes

Outstanding Notes, as of June 30, 2020, are summarized below:

	Maturity date	Interest payment dates
Floating Rate Senior Secured Notes due 2021(1)	July 15, 2021	January 15, April 15, July 15 and October 15
5.125% Senior Secured Notes due 2023(2)	July 15, 2023	January 15 and July 15
7.000% Senior Notes due 2024	July 15, 2024	January 15 and July 15

(1) The Floating Rate Senior Secured Notes due 2021 were issued at an issue price of 99.000% and have an interest rate equal to three-month U.S. LIBOR plus 3.500% reset quarterly. In July 2016, we entered into an interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While we have elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is 4.670% from October 15, 2016.

(2) $250 million aggregate principal amount of 5.125% Senior Secured Notes due 2023 were issued at an issue price of 103.500%.

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

In January 2020, we repaid (i) $18 million aggregate principal amount of 5.750% Senior Secured Notes due 2020; (ii) $1 million aggregate principal amount of Floating Rate Senior Secured Notes due 2021; and (iii) $1 million aggregate principal amount of 5.125% Senior Secured Notes due 2023, at face value plus accrued and unpaid interest, with the net proceeds from the sale of our North American and Japanese closures businesses.

On February 4, 2020, we repaid in full all of the $3.1 billion aggregate principal amount outstanding of our 5.750% Senior Secured Notes due 2020 at face value plus accrued and unpaid interest. The repayment of these borrowings resulted in a $5 million loss on extinguishment of debt. Refer to Note 3—Discontinued Operations.

Assets pledged as security for borrowings

The shares in Beverage Packaging Holdings I (“BP I”) (a wholly owned subsidiary of RGHL) have been pledged as collateral to support the obligations under the Credit Agreement and the Senior Secured Notes. In addition, RGHL, BP I and certain subsidiaries of BP I have pledged substantially all of their assets as collateral to support the obligations under the Credit Agreement and the Senior Secured Notes.

Guarantee and security arrangements

All of the guarantors of the Credit Agreement have guaranteed the obligations under the Notes to the extent permitted by law.

The guarantors have granted security over substantially all of their assets to support the obligations under the Senior Secured Notes. This security is expected to be shared on a first priority basis with the creditors under the Credit Agreement.

Additional information regarding the Notes

As a result of the distribution of RCP on February 4, 2020, the relevant legal entities within RCP were released as guarantors of the Notes. In connection with such releases, the security granted by such entities was also released. Other than these releases, the guarantee and security arrangements, indenture restrictions, early redemption options and change in control provisions for the Notes are unchanged from December 31, 2019.

Pactiv Debentures

As of June 30, 2020, we had outstanding the following debentures (together, the "Pactiv Debentures"):

	Maturity date	Semi-annual 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

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

Other borrowings

As of June 30, 2020, in addition to the Securitization Facility, the Credit Agreement, the Notes and the Pactiv Debentures, we had a number of unsecured working capital facilities extended to certain of our operating companies. These facilities bear interest at floating or fixed rates.

As of June 30, 2020, we had local working capital facilities in a number of jurisdictions which are secured by the collateral under the Credit Agreement and the Senior Secured Notes and by certain other assets. These facilities rank *pari passu* with the obligations under the Credit Agreement and under the Senior Secured Notes.

Other borrowings include finance lease obligations of $14 million and $15 million as of June 30, 2020 and December 31, 2019, respectively.

Scheduled maturities

Below is a schedule of required future repayments on our debt outstanding as of June 30, 2020:

	(in millions)
2020	$ 400
2021	789
2022	39
2023	4,962
2024	801
Thereafter	481
Total principal amount of borrowings	**$ 7,472**

Fair value of our long-term debt

The fair value of our long-term debt as of June 30, 2020 and December 31, 2019 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, 2020 and December 31, 2019:

	June 30, 2020		December 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
	(in millions)			
Securitization Facility	$ 378	$ 380	$ 418	$ 420
Credit Agreement	3,443	3,452	3,476	3,487
Notes:				
5.750% Senior Secured Notes due 2020	—	—	3,130	3,144
Floating Rate Senior Secured Notes due 2021	745	743	739	753
5.125% Senior Secured Notes due 2023	1,591	1,610	1,591	1,641
7.000% Senior Notes due 2024	792	812	791	828
Pactiv Debentures:				
7.950% Debentures due 2025	272	301	272	311
8.375% Debentures due 2027	198	218	198	220
Other	16	16	15	15
Total	**$ 7,435**	**$ 7,532**	**$ 10,630**	**$ 10,819**

Interest expense, net

Interest expense, net consisted of the following:

	For the Six Months Ended June 30,	
	2020	2019
	(in millions)	
Interest expense:		
Securitization Facility	$ 6	$ 9
Credit Agreement	66	90
Notes	87	99
Pactiv Debentures	19	19
Interest income, related party (1)	(7)	(8)
Interest income, other	(5)	(6)
Amortization of deferred transaction costs (2)	9	6
Derivative losses	14	17
Net foreign currency exchange gains	(7)	(1)
Other	5	3
Interest expense, net (3)	**$ 187**	**$ 228**

(1) Refer to Note 17 - Related Party Transactions for additional information.
(2) The 2020 amount includes an adjustment of $5 million related to prior periods.
(3) Amounts presented in the above table exclude interest expense and amortization of deferred transaction costs in respect of our 5.750% Senior Secured Notes due 2020 and the $5 million loss on extinguishment of debt from the repayment of the notes. Such amounts are presented within discontinued operations as these notes were required to be repaid in conjunction with the distribution of RCP.

Note 10—Financial Instruments

Fair Value of Derivative Instruments

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

	As of June 30, 2020		As of December 31, 2019	
	Asset derivatives	Liability derivatives	Asset derivatives	Liability derivatives
	(in millions)			
Interest rate swap derivatives	$ —	$ (7)	$ 7	$ —
Commodity swap contracts	2	(4)	1	(5)
Total fair value	**$ 2**	**$ (11)**	**$ 8**	**$ (5)**
Recorded in:				
Other current assets	$ 2	$ —	$ 6	$ —
Other noncurrent assets	—	—	2	—
Accrued and other current liabilities	—	(9)	—	(5)
Other noncurrent liabilities	—	(2)	—	—
Total fair value	**$ 2**	**$ (11)**	**$ 8**	**$ (5)**

Our derivatives comprise interest rate and commodity swaps and are all 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. 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 six months ended June 30, 2020 and 2019, unrealized gains of $2 million and $7 million, respectively, were recognized in cost of sales.

The following table provides the detail of outstanding commodity derivative contracts as of June 30, 2020:

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Natural gas swaps	million BTU	2,635,505	$2.33 - $2.77	Aug 2020 - Nov 2021
Polymer-grade propylene swaps	pound	49,659,218	$0.29 - $0.36	Jul 2020 - Dec 2020
Benzene swaps	U.S. liquid gallon	3,977,432	$1.08 - $2.61	Aug 2020 - Apr 2021
Diesel swaps	U.S. liquid gallon	1,913,206	$2.41 - $3.26	Jul 2020 - May 2021
Low-density polyethylene swaps	pound	6,000,000	$0.52	Jul 2020 - Dec 2020
High-density polyethylene swaps	pound	3,750,000	$0.45	Jul 2020 - Nov 2020
Ethylene swaps	pound	2,915,000	$0.26	Jul 2020 - Apr 2021

Note 11—Employee Benefits

Net periodic benefit income (cost) for defined benefit pension plans and other post-employment benefit plans consisted of the following:

	For the Six Months Ended June 30, 2020	2019
	(in millions)	
Service cost	$ (3)	$ (4)
Interest cost	(70)	(91)
Expected return on plan assets	103	89
Total net periodic benefit income (cost)	**$ 30**	**$ (6)**

Net periodic benefit income (cost) for defined benefit pension plans and other post-employment benefit plans has been recognized in our condensed consolidated statements of income as follows:

	For the Six Months Ended June 30, 2020	2019
	(in millions)	
Cost of sales	$ —	$ (2)
Selling, general and administrative expenses	(3)	(2)
Non-operating income (expense), net	33	(2)
Total net periodic benefit income (cost)	**$ 30**	**$ (6)**

Note 12—Other Income (Expense), Net

Other income (expense), net consisted of the following:

	For the Six Months Ended June 30, 2020	2019
	(in millions)	
Related party Management Fee(1)	$ (8)	$ (8)
Loss on sale of businesses and noncurrent assets	(1)	(6)
Foreign exchange gains (losses) on cash(2)	28	—
Transition service agreement income(1)	10	1
Other	(2)	6
Other income (expense), net	**$ 27**	**$ (7)**

(1) See Note 17 - Related Party Transactions for additional information.

(2) Primarily arose from holding U.S. dollars in non-U.S. dollar functional currency entities.

Note 13—Commitments and Contingencies

Management fee

Our financing agreements permit the payment of a Management Fee to related parties for management, consulting, monitoring and advisory services of up to 1.5% of the Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year. The Credit Agreement permits us to pay an additional Management Fee of up to $22 million in respect of the 2009 and 2010 financial years. No amount has been accrued in respect of the remaining 2009 and 2010 permitted Management Fee of up to $22 million.

Other matters

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 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.

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. As of June 30, 2020, we are not aware of any material claims under these agreements that would give rise to an additional liability. However, if such claims arise in the future, they could have a material effect on our balance sheet, results of operations and cash flows.

Note 14—Accumulated Other Comprehensive Loss

The following table summarizes the changes in our balances of each component of accumulated other comprehensive loss ("AOCL"):

	For the Six Months Ended June 30, 2020	2019
	(in millions)	
Currency translation adjustments:		
Balance as of beginning of period	$ (354)	$ (442)
Currency translation adjustments	(95)	10
Amounts reclassified from AOCL	—	7
Other comprehensive (loss) income	(95)	17
Distribution of RCP(1)	2	—
Balance as of end of period	**$ (447)**	**$ (425)**
Defined benefit plans:		
Plans associated with continuing operations		
Balance as of beginning of period	$ (177)	$ (259)
Cumulative impact of adopting ASU 2018-02	—	(44)
Balance as of end of period	**$ (177)**	**$ (303)**
Plans held for sale or distribution		
Balance as of beginning of period	$ 13	$ 12
(Gains) and losses reclassified from AOCL:		
Amortization of actuarial gain(2)	—	(1)
Other comprehensive loss	—	(1)
Cumulative impact of adopting ASU 2018-02	—	3
Distribution of RCP(3)	(13)	—
Balance as of end of period	**$ —**	**$ 14**
AOCL		
Balance as of beginning of period	$ (518)	$ (689)
Other comprehensive (loss) income	(95)	16
Cumulative impact of adopting ASU 2018-02	—	(41)
Distribution of RCP(1)(3)	(11)	—
Balance as of end of period	**$ (624)**	**$ (714)**

(1) Currency translation adjustment reclassifications associated with the distribution of RCP are recorded directly to additional paid in capital.
(2) Reclassifications associated with plans held for sale or distribution are recorded in income from discontinued operations.
(3) Defined benefit plan reclassifications associated with the distribution of RCP are recorded directly to retained earnings.

Note 15—Income Taxes

The effective tax rates for the six months ended June 30, 2020 and 2019 represent our estimate of the effective 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 six months ended June 30, 2020, we recognized a tax benefit of $59 million on income from continuing operations before tax of $34 million. The resulting effective tax rate is primarily attributable to the enactment of the Coronavirus Aid, Relief and Economic Security ("CARES") Act in March 2020, which entitled us to utilize additional deferred interest deductions. Retroactive provisions of the CARES Act enable us to utilize additional allowable interest deductions, which lowers taxable income for both the year ended December 31, 2019 and the year ending December 31, 2020. We have recognized in the six months ended June 30, 2020 a tax benefit of $90 million in respect of our taxable income for the year ended December 31, 2019.

During the six months ended June 30, 2019, we recognized tax expense of $14 million on a loss from continuing operations before tax of $10 million. The resulting effective tax rate reflects the combination of additional valuation allowances, primarily in relation to the deductibility of interest expense, and the mix of book income and losses among the various jurisdictions in which we operate.

Note 16—Segment Information

ASC 280 *Segment Reporting* establishes the standards for reporting information about segments in financial statements. In applying the criteria set forth in ASC 280 and in conjunction with the distribution of our former RCP segment, as of March 31, 2020, we have realigned our reportable segments. As a result of this, we have determined that we have four reportable segments: Foodservice, Food Merchandising, Beverage Merchandising and Graham Packaging. These reportable segments reflect the change in our operating structure and the manner in which our Chief Operating Decision Maker ("CODM") assesses information for decision-making purposes.

The key factors used to identify these reportable segments are the organization and alignment 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

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, hot and cold cups and lids, tableware items and other products which make eating on-the-go more enjoyable and easy to do.

Food Merchandising

Food Merchandising manufactures products that protect and attractively display food while preserving freshness. Food Merchandising products include clear rigid-display containers, containers for prepared and ready-to-eat food, trays for meat and poultry and molded fiber cartons.

Beverage Merchandising

Beverage Merchandising manufactures cartons for fresh refrigerated beverage products, primarily serving dairy (including plant-based, organic and specialties), juice and other specialty beverage end-markets. Beverage

Merchandising manufactures and supplies integrated fresh carton systems, which include printed cartons, spouts and filling machinery. It also produces fiber-based liquid packaging board for its internal requirements and to sell to other fresh beverage carton manufacturers, as well as a range of paper-based products which it sells to paper and packaging converters.

Graham Packaging

Graham Packaging is a designer and manufacturer of value-added, custom blow-molded plastic containers for consumer products.

Other

In addition to our reportable segments, we have other operating segments which do not meet the threshold for presentation as a reportable segment. These operating segments include the remaining components of our former closures business, which generate revenue from the sale of caps and closures, and are presented as Other in the reconciliation between total reportable segment amounts and the equivalent consolidated measure.

Unallocated

Unallocated includes corporate costs, primarily relating to group wide functions such as finance, tax and legal and the effects of the Reynolds Group Pension Plan.

Information by Segment

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

Adjusted EBITDA represents each segment's earnings before interest, tax, depreciation and amortization and is further adjusted to exclude certain items of a significant or unusual nature, including but not limited to, foreign exchange gains or losses on cash, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of businesses and noncurrent assets, impairment charges, restructuring, asset impairment and other related charges, operational process engineering-related consultancy costs, non-cash pension income or expense and strategic review and transaction-related costs.

Segment assets represent trade receivables, inventory and property, plant and equipment.

Six Months Ended June 30, 2020	Foodservice	Food Merchandising	Beverage Merchandising	Graham Packaging	Reportable segment total
			(in millions)		
Net revenues	$ 878	$ 692	$ 692	$ 940	**$ 3,202**
Intersegment revenues	—	—	53	—	**53**
Total reportable segment net revenues	878	692	745	940	**3,255**
Adjusted EBITDA	89	114	87	187	**477**

Six Months Ended June 30, 2019	Foodservice	Food Merchandising	Beverage Merchandising	Graham Packaging	Reportable segment total
			(in millions)		
Net revenues	$ 1,084	$ 686	$ 722	$ 1,012	**$ 3,504**
Intersegment revenues	—	—	65	—	**65**
Total reportable segment net revenues	1,084	686	787	1,012	**3,569**
Adjusted EBITDA	173	105	97	173	**548**

Reportable segment assets consisted of the following:

	Foodservice	Food Merchandising	Beverage Merchandising	Graham Packaging	Reportable segment total
			(in millions)		
As of June 30, 2020	$ 1,062	$ 725	$ 1,002	$ 1,180	**$ 3,969**
As of December 31, 2019	1,090	727	972	1,133	**3,922**

The following table presents a reconciliation of reportable segment Adjusted EBITDA to consolidated U.S. GAAP income from continuing operations before income taxes:

	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
	(in millions)	
Reportable segment Adjusted EBITDA	$ 477	$ 548
Other	4	6
Unallocated	(18)	(36)
	463	**518**
Adjustments to reconcile to U.S. GAAP income (loss) from continuing operations before income taxes		
Depreciation and amortization	(259)	(253)
Interest expense, net	(187)	(228)
Foreign exchange gains on cash	28	—
Restructuring, asset impairment and other related charges	(13)	(24)
Loss on sale of businesses and noncurrent assets	(1)	(6)
Non-cash pension income	37	2
Operational process engineering-related consultancy costs	(9)	(13)
Related party Management Fee	(8)	(8)
Strategic review and transaction-related costs	(19)	(1)
Unrealized gains on derivatives	2	7
Other	—	(4)
Income (loss) from continuing operations before tax	**$ 34**	**$ (10)**

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

	As of June 30, 2020	As of December 31, 2019
	(in millions)	
Reportable segment assets	$ 3,969	$ 3,922
Other	61	65
Unallocated(1)	8,230	12,188
Total assets	**$12,260**	**$ 16,175**

(1) Unallocated includes unallocated assets, which are comprised of cash and cash equivalents, other current assets, assets held for sale or distribution, entity-wide property, plant and equipment, operating lease right-of-use assets, goodwill, intangible assets, deferred income taxes, related party receivables and other noncurrent assets.

Information in Relation to Products

Net revenues by product line are as follows:

	For the Six Months Ended June 30, 2020	2019
	(in millions)	
Foodservice		
Cups and lids	$ 362	$ 449
Containers	362	391
Dinnerware	74	105
Other	80	139
Food Merchandising		
Meat trays	194	171
Dinnerware	169	152
Bakery/snack/produce/fruit containers	143	158
Prepared food trays	62	82
Egg cartons	50	49
Other	74	74
Beverage Merchandising		
Cartons for fresh beverage products	398	388
Liquid packaging board	204	226
Paper products	143	173
Graham Packaging		
Food and beverage plastic containers	692	710
All other plastic containers	248	302
Reportable segment net revenues	**3,255**	**3,569**
Other / Unallocated		
Other	57	90
Inter-segment eliminations	(53)	(65)
Net revenues	**$3,259**	**$3,594**

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.

Note 17—Related Party Transactions

Our parent is PFL, the ultimate parent is Packaging Holdings Limited and the ultimate shareholder is Mr. Graeme Hart.

In addition to the distribution of RCPI to PFL, as described further in Note 3 - Discontinued Operations, the related party entities and types of transactions we entered into with them are detailed below. All related parties detailed below have a common ultimate shareholder, except for the joint ventures.

	Transaction value for the Six Months Ended June 30,		Balance outstanding as of	
	2020	2019	June 30, 2020	December 31, 2019
	(in millions)			
Balances and transactions with joint ventures				
Included in other current assets			$ 11	$ 8
Sale of goods and services(a)	$ 18	$ 16		
Balances and transactions with other entities controlled by Mr. Graeme Hart				
Included in current related party receivables			63	—
Sale of goods and services(b)	171	141		
Transition services agreement and rental income(b)	8	—		
Tax loss transfer(c)	13	—		
Recharges(e)	1	4		
Included in noncurrent related party receivables(d)			330	339
Interest income	6	8		
Included in related party payables			(48)	(30)
Purchase of goods(b)	(63)	(78)		
Recharges(e)	(10)	(10)		
Management Fee(f)	(8)	(13)		
Tax loss transfer(c)	(1)	(2)		

(a) All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) Following the distribution of RCP on February 4, 2020, we continue to trade with them, selling and purchasing various goods and services under contractual arrangements that expire over a variety of periods through to 2024. Prior to February 4, 2020, our continuing operations recognized revenue and cost of sales in respect of sales to and purchases from RCP. Refer to Note 3—Discontinued Operations. As part of the separation process, we have entered into two lease arrangements with RCP and entered into a transition services agreement to provide ongoing agreed services to RCP, as requested.

(c) Represents payments received or made for tax losses transferred between our entities and other entities controlled by Mr. Graeme Hart.

(d) This loan accrues interest, if we demand it, at a rate based on the average 90-day New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. During the six months ended June 30, 2020 and 2019, interest was charged at 3.458% to 4.275% and 4.962% to 5.149%, respectively. Interest is payable annually and is recognized in income as accrued. The loan is unsecured and repayable on demand.

(e) Represents certain costs paid on our behalf that were subsequently recharged to us. These charges are for various costs incurred including services provided, financing and other activities. All amounts are unsecured, non-interest bearing and settled on normal trade terms.

(f) Our financing agreements permit the payment of a Management Fee to related parties for management, consulting, monitoring and advising services of up to 1.5% of our Adjusted EBITDA (as defined in the financing agreements) for the previous year. Of these amounts, $8 million and $8 million in the six months ended June 30, 2020 and 2019, respectively, have been recorded in other income (expense), net, and the remaining balance has been presented in discontinued operations.

Note 18—Earnings per Share

A reconciliation of the number of shares used for our earnings (loss) per share calculation was as follows:

	For the Six Months Ended June 30, 2020	2019
	(in millions, except share and per share amounts)	
Net income (loss) attributable to Reynolds Group Holdings Limited common stockholder		
From continuing operations	$ 92	$ (25)
From discontinued operations	4	138
Total	96	113
Weighted average number of shares outstanding - basic and diluted(1)	35,708,019	35,708,019
Earnings (loss) per share attributable to Reynolds Group Holdings Limited common stockholder		
From continuing operations - basic and diluted	$ 2.58	$ (0.70)
From discontinued operations - basic and diluted	0.11	3.86
Total - basic and diluted	2.69	3.16

(1) The weighted average number of shares outstanding reflects 71,500,004 shares outstanding for the six months ended June 30, 2019, adjusted for the buy back and cancellation of 35,791,985 shares, which occurred in conjunction with the distribution of RCP on February 4, 2020 and has been retroactively reflected as a reverse stock split.

Note 19—Subsequent Events

Separate financing of Graham Packaging

On August 4, 2020, the legal entities that comprise the Graham Packaging segment (“GPC”) were designated as unrestricted subsidiaries under the Credit Agreement and the Notes and the relevant GPC entities were unconditionally released as a borrower under, and guarantors of, the Credit Agreement and unconditionally released as guarantors of the Notes. The security granted by such entities was also unconditionally released.

On August 4, 2020 GPC entered into a credit agreement (the “GPC Credit Agreement”), which provides for a $1,475 million senior secured term loan facility maturing in August 2027 and a $100 million revolving facility maturing in August 2025. The loans were fully drawn on August 4, 2020 and bear interest at LIBOR, subject to a 0.75% floor, plus a margin of 3.75%. The revolving facility has been utilized in the amount of approximately $4 million for letters of credit.

The obligations under the GPC Credit Agreement are guaranteed by certain subsidiaries in GPC and are secured by substantially all the assets of the borrower and the guarantors.

On August 4, 2020, GPC also issued $510 million of 7.125% senior notes maturing in August 2028 (together with the GPC term loans under the GPC Credit Agreement, the "GPC Borrowings"). The senior notes are guaranteed by the same entities that guarantee the obligations under the GPC Credit Agreement.

The terms of the GPC Borrowings restrict distributions of cash or assets from GPC to the rest of the Group. No entities outside of GPC have provided any guarantees or security in relation to the GPC Borrowings.

The net proceeds from the GPC Borrowings were distributed to certain of our non-GPC subsidiaries and were partially used to repay certain of the borrowings described below.

Repayment of borrowings

Subsequent to June 30, 2020, we repaid an aggregate of $2,094 million principal amount of borrowings, and we issued a conditional notice of redemption to redeem an additional $150 million of senior notes as described below.

On July 31, 2020, we repaid the $380 million of principal outstanding under the Securitization Facility and terminated this facility. The early repayment of these borrowings resulted in a loss on extinguishment of debt of $2 million in respect of the write-off of unamortized deferred financing transaction costs.

On August 4, 2020, we satisfied and discharged the $749 million aggregate principal amount outstanding under the Floating Rate Senior Secured Notes due 2021 at par. The early repayment of these notes resulted in a loss on extinguishment of debt of $4 million in respect of the write-off of unamortized deferred financing transaction costs and original issue discount. On August 7, 2020, we terminated and settled the outstanding interest rate swap related to the Floating Rate Senior Secured Notes Due 2021, resulting in the payment of $7 million to settle the liability.

On August 4, 2020, we repaid in full the €236 million ($265 million) of borrowings under the European Term Loan and all obligations under this tranche terminated. The early repayment of these borrowings resulted in a loss on extinguishment of debt of less than $1 million in respect of the write-off of unamortized deferred financing transaction costs.

On August 4, 2020, we repaid $700 million of borrowings under the U.S. Term Loans. The early repayment of these borrowings resulted in a loss on extinguishment of debt of $2 million in respect of the write-off of unamortized deferred financing transaction costs and original issue discount.

On July 30, 2020, we issued a conditional redemption notice to redeem $150 million aggregate principal amount of the 7.000% Senior Notes due 2024 at a price of 101.750%. The conditions for the redemption were satisfied on August 4, 2020 with the redemption scheduled to occur on August 29, 2020.

Other

On August 4, 2020, we announced that we have confidentially submitted a draft registration statement on Form S-1 to the SEC relating to our proposed IPO of our common stock. The number of shares to be offered and the price range for the proposed offering have not yet been determined. The IPO is expected to commence after the SEC completes its review process, subject to market and other conditions. If the IPO proceeds, our present intention is to convert into a Delaware corporation with the name Pactiv Evergreen Inc. Furthermore, immediately prior to such IPO, we will distribute to our shareholder, PFL, our Graham Packaging business. There is no assurance that the IPO will be completed.

Except as described above, there have been no events subsequent to June 30, 2020 which would require accrual or disclosure in these condensed consolidated financial statements. Subsequent events have been evaluated through August 20, 2020, the date these condensed consolidated financial statements were available to be issued.

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Through and including October 11, 2020 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.