

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2021**

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

For the transition period from _____ to _____

Commission File Number: **001-39528**

PACTIV EVERGREEN INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

98-1538656

(I.R.S. Employer
Identification Number)

1900 W. Field Court

Lake Forest, Illinois 60045

(Address of principal executive offices) (Zip Code)

Telephone: (847) 482-2000

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

The registrant had 177,157,710 shares of common stock, \$0.001 par value per share, outstanding as of July 30, 2021.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Pactiv Evergreen Inc.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net revenues	\$ 1,352	\$ 1,107	\$ 2,516	\$ 2,319
Cost of sales	(1,202)	(933)	(2,258)	(1,971)
Gross profit	150	174	258	348
Selling, general and administrative expenses	(115)	(119)	(241)	(242)
Restructuring, asset impairment and other related charges	(10)	(1)	(8)	(4)
Other income (expense), net	5	(46)	11	31
Operating income from continuing operations	30	8	20	133
Non-operating income, net	25	17	48	33
Interest expense, net	(42)	(86)	(84)	(188)
Income (loss) from continuing operations before tax	13	(61)	(16)	(22)
Income tax (expense) benefit	(5)	43	13	137
Income (loss) from continuing operations	8	(18)	(3)	115
Loss from discontinued operations, net of income taxes	(1)	(21)	(4)	(18)
Net income (loss)	7	(39)	(7)	97
Income attributable to non-controlling interests	—	(1)	(1)	(1)
Net income (loss) attributable to Pactiv Evergreen Inc. common shareholders	\$ 7	\$ (40)	\$ (8)	\$ 96
Earnings (loss) per share attributable to Pactiv Evergreen Inc. common shareholders				
From continuing operations				
Basic	\$ 0.05	\$ (0.14)	\$ (0.02)	\$ 0.85
Diluted	\$ 0.05	\$ (0.14)	\$ (0.02)	\$ 0.85
From discontinued operations				
Basic	\$ (0.01)	\$ (0.16)	\$ (0.02)	\$ (0.13)
Diluted	\$ (0.01)	\$ (0.16)	\$ (0.02)	\$ (0.13)
Total				
Basic	\$ 0.04	\$ (0.30)	\$ (0.04)	\$ 0.72
Diluted	\$ 0.04	\$ (0.30)	\$ (0.04)	\$ 0.72

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 7	\$ (39)	\$ (7)	\$ 97
Other comprehensive income (loss), net of income taxes:				
Currency translation adjustments	7	78	(13)	(95)
Other comprehensive income (loss)	7	78	(13)	(95)
Comprehensive income (loss)	14	39	(20)	2
Comprehensive income attributable to non-controlling interests	—	(1)	(1)	(1)
Comprehensive income (loss) attributable to Pactiv Evergreen Inc. common shareholders	\$ 14	\$ 38	\$ (21)	\$ 1

See accompanying notes to the condensed consolidated financial statements.

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

	As of June 30, 2021	As of December 31, 2020
Assets		
Cash and cash equivalents	\$ 350	\$ 458
Accounts receivable, net of allowances for doubtful accounts of \$3 and \$3	456	375
Related party receivables	53	55
Inventories	812	784
Other current assets	123	175
Assets held for sale	—	26
Total current assets	1,794	1,873
Property, plant and equipment, net	1,710	1,685
Operating lease right-of-use assets, net	268	260
Goodwill	1,760	1,760
Intangible assets, net	1,066	1,092
Deferred income taxes	10	7
Other noncurrent assets	173	166
Total assets	\$ 6,781	\$ 6,843
Liabilities		
Accounts payable	\$ 396	\$ 313
Related party payables	8	10
Current portion of long-term debt	17	15
Current portion of operating lease liabilities	57	57
Income taxes payable	10	10
Accrued and other current liabilities	335	322
Liabilities held for sale	—	12
Total current liabilities	823	739
Long-term debt	3,918	3,965
Long-term operating lease liabilities	226	217
Deferred income taxes	168	193
Long-term employee benefit obligations	472	519
Other noncurrent liabilities	149	136
Total liabilities	\$ 5,756	\$ 5,769
Commitments and contingencies (Note 13)		
Equity		
Common stock, \$0.001 par value; 2,000,000,000 shares authorized; 177,157,710 shares issued and outstanding as of June 30, 2021 and December 31, 2020	\$ —	\$ —
Preferred stock, \$0.001 par value; 200,000,000 shares authorized; no shares issued or outstanding	—	—
Additional paid in capital	620	614
Accumulated other comprehensive loss	(362)	(349)
Retained earnings	763	806
Total equity attributable to Pactiv Evergreen Inc. common shareholders	1,021	1,071
Non-controlling interests	4	3
Total equity	1,025	1,074
Total liabilities and equity	\$ 6,781	\$ 6,843

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

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

	Common Stock		Additional Paid In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non- controlling Interests	Total Equity
	Shares	Amount					
For the Three Months Ended June 30, 2020							
Balance as of March 31, 2020	134.4	\$ —	\$ 55	\$ (702)	\$ 2,643	\$ 2	\$ 1,998
Net (loss) income	—	—	—	—	(40)	1	(39)
Other comprehensive income, net of income taxes	—	—	—	78	—	—	78
Balance as of June 30, 2020	134.4	\$ —	\$ 55	\$ (624)	\$ 2,603	\$ 3	\$ 2,037
For the Three Months Ended June 30, 2021							
Balance as of March 31, 2021	177.2	\$ —	\$ 618	\$ (369)	\$ 773	\$ 4	\$ 1,026
Net income	—	—	—	—	7	—	7
Other comprehensive income, net of income taxes	—	—	—	7	—	—	7
Dividends paid to common shareholders (\$0.10 per share)	—	—	—	—	(17)	—	(17)
Equity based compensation	—	—	2	—	—	—	2
Balance as of June 30, 2021	177.2	\$ —	\$ 620	\$ (362)	\$ 763	\$ 4	\$ 1,025
For the Six Months Ended June 30, 2020							
Balance as of December 31, 2019	134.4	\$ —	\$ 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 Inc. ⁽¹⁾	—	—	(48)	(11)	13	—	(46)
Dividends paid to non-controlling interests	—	—	—	—	—	(1)	(1)
Balance as of June 30, 2020	134.4	\$ —	\$ 55	\$ (624)	\$ 2,603	\$ 3	\$ 2,037
For the Six Months Ended June 30, 2021							
Balance as of December 31, 2020	177.2	\$ —	\$ 614	\$ (349)	\$ 806	\$ 3	\$ 1,074
Net (loss) income	—	—	—	—	(8)	1	(7)
Other comprehensive loss, net of income taxes	—	—	—	(13)	—	—	(13)
Dividends paid to common shareholders (\$0.20 per share)	—	—	—	—	(35)	—	(35)
Equity based compensation	—	—	6	—	—	—	6
Balance as of June 30, 2021	177.2	\$ —	\$ 620	\$ (362)	\$ 763	\$ 4	\$ 1,025

(1) Refer to Note 1, *Nature of Operations and Basis of Presentation*, and Note 2, *Discontinued Operations*, for additional details.

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	For the Six Months Ended June 30,	
	2021	2020
Cash provided by operating activities		
Net (loss) income	\$ (7)	\$ 97
Adjustments to reconcile net (loss) income to operating cash flows:		
Depreciation and amortization	150	267
Deferred income taxes	(30)	5
Unrealized loss (gain) on derivatives	4	(1)
Other asset impairment charges	—	1
Gain on disposal of businesses and other assets	—	(13)
Non-cash portion of employee benefit obligations	(45)	(30)
Non-cash portion of operating lease expense	39	53
Amortization of OID and DIC	3	11
Loss on extinguishment of debt	1	5
Other non-cash items, net	9	(2)
Change in assets and liabilities:		
Accounts receivable, net	(84)	4
Inventories	(28)	(47)
Other current assets	(1)	13
Accounts payable	85	—
Operating lease payments	(39)	(50)
Income taxes payable/receivable	48	(74)
Accrued and other current liabilities	14	(124)
Employee benefit obligation contributions	(2)	(4)
Other assets and liabilities	5	56
Net cash provided by operating activities	122	167
Cash used in investing activities		
Acquisition of property, plant and equipment and intangible assets	(131)	(217)
Disposal of businesses, net of cash disposed	(6)	9
Net cash used in investing activities	(137)	(208)
Cash (used in) provided by financing activities		
Long-term debt proceeds	—	3,640
Long-term debt repayments	(65)	(3,215)
Deferred financing transaction costs on long-term debt	—	(24)
Premium on redemption of long-term debt	(1)	—
Dividends paid to common shareholders	(35)	—
Cash held by Reynolds Consumer Products at the time of distribution	—	(31)
Other financing activities	(1)	(2)
Net cash (used in) provided by financing activities	(102)	368
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1)	(7)
(Decrease) increase in cash, cash equivalents and restricted cash	(118)	320
Cash, cash equivalents and restricted cash as of beginning of the period	468	1,294
Cash, cash equivalents and restricted cash as of end of the period	\$ 350	\$ 1,614
Cash, cash equivalents and restricted cash are comprised of:		
Cash and cash equivalents	\$ 350	\$ 1,609
Restricted cash included within other current assets	—	5
Cash, cash equivalents and restricted cash as of end of the period	\$ 350	\$ 1,614
Cash paid (received):		
Interest	\$ 80	\$ 235
Income taxes (refunded) paid	(32)	16

See accompanying notes to the condensed consolidated financial statements.

Significant non-cash investing and financing activities

During the six months ended June 30, 2021 and 2020, we recognized operating lease right-of-use assets and lease liabilities of \$41 million and \$113 million, respectively. During the six months ended June 30, 2021, we recognized finance lease right-of-use assets and lease liabilities of \$19 million.

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 2, *Discontinued Operations*, for additional information. Refer to Note 16, *Related Party Transactions*, for details of significant non-cash investing and financing activities with related parties.

See accompanying notes to the condensed consolidated financial statements.

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

Note 1. Nature of Operations and Basis of Presentation

The accompanying condensed consolidated financial statements comprise the accounts of Pactiv Evergreen Inc. (“PTVE”) and its subsidiaries (“we”, “us”, “our” or the “Company”) and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the rules and regulations of the United States Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated interim financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods and should be read in conjunction with the consolidated financial statements and the related notes thereto included in our latest Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 25, 2021. Operating results for interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2021. All intercompany transactions and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Although our current estimates contemplate current conditions and how we expect them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in those estimates, which could materially affect our results of operations 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 all periods presented represent Level 3 measurements in the fair value hierarchy, which include inputs that are not based on observable market data.

The worldwide COVID-19 pandemic has had, and will continue to have, a significant impact on our results of operations, 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 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 progress of the pandemic, actions taken to contain the virus, the implementation and effectiveness of vaccinations and how quickly and to what extent normal economic and operating conditions can resume.

On February 4, 2020, we distributed our interest in the operations that represented our former Reynolds Consumer Products (“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 of shares of common stock of RCPI (“RCPI IPO”), 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. Upon the distribution of RCPI to PFL, we determined that our former RCP business met the criteria to be classified as a discontinued operation.

On September 16, 2020, we distributed our interest in the operations that represented our former Graham Packaging Company (“GPC”) business to our shareholder, PFL. The distribution was effected in a tax-free manner. The distribution occurred prior to and in preparation for our initial public offering (“IPO”), which was completed on September 21, 2020. To effect the distribution of GPC, we bought back 14,036,726 of our shares from PFL in consideration of us transferring all of our shares in Graham Packaging Company Inc. (“GPCI”) to PFL. Upon the distribution of GPCI to PFL, we determined that our former GPC business met the criteria to be classified as a discontinued operation.

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 as discontinued operations when the components either meet the criteria as held for sale, or are sold or distributed, and their expected or actual disposal represents a strategic shift that has, or will have, a major effect on our operations and financial results. As discussed in Note 2, *Discontinued Operations*, the assets, liabilities, results of operations and supplemental cash flow information of all of our former RCP segment, distributed in February 2020, and all of our former GPC segment, distributed in September 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 16, *Related Party Transactions*, for additional details.

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

Recently Adopted Accounting Guidance

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20) Disclosure - Framework - Changes to the Disclosure Requirements for Defined Benefit Plans. This ASU requires sponsors of defined benefit pension or other post-retirement 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 and must be applied on a retrospective basis to all years presented. The requirements of this guidance have an impact on our annual disclosures but have no impact on the measurement and recognition of amounts in our condensed consolidated financial statements.

Accounting Guidance Issued but Not Yet Adopted as of June 30, 2021

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.

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

Note 2. Discontinued Operations

Our discontinued operations for the six months ended June 30, 2020 was primarily comprised of our former RCP and GPC businesses.

Loss from discontinued operations, which includes the results of GPC through September 16, 2020 and the results of RCP through February 4, 2020, were as follows:

	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2020
Net revenues	\$ 462	\$ 1,114
Cost of sales	(384)	(903)
Gross profit	78	211
Selling, general and administrative expenses	(45)	(127)
Restructuring, asset impairment and other related charges	(4)	(9)
Interest expense, net ⁽¹⁾	(1)	(22)
Other expense, net	(3)	(3)
Income before income taxes from discontinued operations	25	50
Income tax expense	(60)	(82)
Net loss from discontinued operations, before gain on disposal	(35)	(32)
Gain on disposal, net of income taxes	14	14
Net loss from discontinued operations	\$ (21)	\$ (18)

(1) Includes interest expense, amortization of deferred transaction costs related to debt repaid in conjunction with the distribution of RCPI; also includes a \$5 million loss on extinguishment of debt from the repayment of corporate debt on February 4, 2020.

During the three and six months ended June 30, 2021, we recognized a charge of \$1 million and \$4 million, respectively, primarily related to certain historical tax agreements from previously divested businesses.

The loss from discontinued operations for the three and six months ended June 30, 2020 includes depreciation and amortization expenses of \$59 million and \$126 million, respectively.

The loss from discontinued operations includes asset impairment charges of \$1 million for the six months ended June 30, 2020, and there were no asset impairment charges for the three months ended June 30, 2020. The loss from discontinued operations for the three and six months ended June 30, 2020 also included restructuring and other related charges of \$4 million and \$8

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

million, respectively, arising from the ongoing rationalization of GPC's manufacturing footprint, which are included in restructuring, asset impairment and other related charges in the above table.

We have no significant continuing involvement in relation to GPCI.

Subsequent to February 4, 2020, we continue to trade with RCPI in the ordinary course of business. Refer to Note 16, *Related Party Transactions*, for additional details.

Cash flows from discontinued operations were as follows:

	For the Six Months Ended June 30, 2020	
Net cash provided by operating activities	\$	134
Net cash used in investing activities		(94)
Net cash provided by financing activities		478
Net cash flow from discontinued operations	\$	518

Note 3. Assets and Liabilities Held for Sale

On March 31, 2021, we completed the sale of the remaining South American closures businesses for an immaterial amount and recognized a partial reversal of the initial impairment charge of \$2 million during the six months ended June 30, 2021 which was reflected in restructuring, asset impairment and other related charges. This partial reversal was driven by a change in the carrying value of the assets held for sale as of the disposal date. The operations of the South American closures businesses did not meet the criteria to be presented as discontinued operations. During the three months ended June 30, 2021, we recognized an impairment charge of \$2 million related to the finalization of the sale, which was recognized in restructuring, asset impairment and other related charges.

The results of this business were reported within the Other operating segment. The South American closures businesses' income from operations before income taxes for the six months ended June 30, 2021 and the three and six months ended June 30, 2020 were insignificant.

Note 4. Impairment, Restructuring and Other Related Charges

During the three months ended June 30, 2021, we recorded the following impairment, restructuring and other related charges:

	Other asset impairment	Employee terminations	Total
Beverage Merchandising	\$ —	\$ 8	\$ 8
Other	2	—	2
Total	\$ 2	\$ 8	\$ 10

During the six months ended June 30, 2021, we recorded the following impairment, restructuring and other related charges:

	Employee terminations	Total
Beverage Merchandising	\$ 8	\$ 8
Other	—	—
Total	\$ 8	\$ 8

During the three months ended June 30, 2020, we recorded the following impairment, restructuring and other related charges:

	Employee terminations	Total
Other	\$ 1	\$ 1
Total	\$ 1	\$ 1

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

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
Foodservice	\$ 1	\$ —	\$ 1	\$ 2
Beverage Merchandising	—	1	—	1
Other	—	1	—	1
Total	\$ 1	\$ 2	\$ 1	\$ 4

On July 28, 2021, we announced the decision to close our coated groundwood paper production line located in our Pine Bluff, Arkansas mill. We expect that the closure of the production line will be completed by October 31, 2021.

As a result of the closure, we recognized a pre-tax charge of \$8 million for contractual termination benefits in the three months ended June 30, 2021. We also expect the closure to result in accelerated plant and equipment depreciation expense of approximately \$25 million, the majority of which will be incurred through October 31, 2021. We also expect disassembly costs and similar expenses of approximately \$2 million to \$4 million.

In addition, related to the sale of our South American closures businesses, we recorded a non-cash impairment charge of \$2 million during the three months ended June 30, 2021 which offset a previously recorded partial reversal of impairment charges. Refer to Note 3, *Assets and Liabilities Held for Sale*, for additional details.

For the six months ended June 30, 2020, we recorded non-cash impairment charges of \$1 million relating to obsolete property, plant and equipment, \$2 million for employee termination costs and \$1 million for other restructuring costs. The remaining aggregate carrying values of the assets impaired at Foodservice was less than \$1 million.

The following table summarizes the changes to our restructuring liability for the six months ended June 30, 2021:

	December 31, 2020	Charges to earnings	Cash paid	June 30, 2021
Employee termination costs	\$ 7	\$ 8	\$ (5)	\$ 10
Total	\$ 7	\$ 8	\$ (5)	\$ 10

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, 2021	As of December 31, 2020
Raw materials	\$ 212	\$ 180
Work in progress	109	108
Finished goods	400	410
Spare parts	91	86
Inventories	\$ 812	\$ 784

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

Note 6. Property, Plant and Equipment, Net

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

	As of June 30, 2021	As of December 31, 2020
Land and land improvements	\$ 86	\$ 87
Buildings and building improvements	565	532
Machinery and equipment	3,279	3,148
Construction in progress	165	191
Property, plant and equipment, at cost	4,095	3,958
Less: accumulated depreciation	(2,385)	(2,273)
Property, plant and equipment, net	\$ 1,710	\$ 1,685

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of sales	\$ 58	\$ 53	\$ 112	\$ 103
Selling, general and administrative expenses	6	6	12	10
Total depreciation expense	\$ 64	\$ 59	\$ 124	\$ 113

Note 7. Goodwill and Intangible Assets

Goodwill by reportable segment was as follows:

	Foodservice	Food Merchandising	Beverage Merchandising	Other (1) (2)	Total
Balance as of December 31, 2020	\$ 924	\$ 770	\$ 66	\$ —	\$ 1,760
Impairment charges	—	—	—	—	—
Balance as of June 30, 2021	\$ 924	\$ 770	\$ 66	\$ —	\$ 1,760
Accumulated impairment losses	\$ —	\$ —	\$ —	\$ 15	\$ 15

(1) Other includes operations that do not meet the quantitative threshold for reportable segments.

(2) During the six months ended June 30, 2021, we reduced the gross carrying amount of goodwill and accumulated impairment losses by \$7 million as a result of the sale of the remaining South American closures businesses within the Other operating segment. Refer to Note 3, *Assets and Liabilities Held for Sale*, for additional details.

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Intangible assets, net consisted of the following:

	As of June 30, 2021			As of December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Finite-lived intangible assets						
Customer relationships	\$ 1,021	\$ (568)	\$ 453	\$ 1,019	\$ (540)	\$ 479
Other	20	(20)	—	20	(20)	—
Total finite-lived intangible assets	\$ 1,041	\$ (588)	\$ 453	\$ 1,039	\$ (560)	\$ 479
Indefinite-lived intangible assets						
Trademarks	\$ 554	\$ —	\$ 554	\$ 554	\$ —	\$ 554
Other	59	—	59	59	—	59
Total indefinite-lived intangible assets	\$ 613	\$ —	\$ 613	\$ 613	\$ —	\$ 613
Total intangible assets	\$ 1,654	\$ (588)	\$ 1,066	\$ 1,652	\$ (560)	\$ 1,092

Amortization expense for intangible assets of \$13 million and \$13 million for the three months ended June 30, 2021 and 2020, respectively, and \$26 million and \$27 million for the six months ended June 30, 2021 and 2020, 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, 2021	As of December 31, 2020
Accrued personnel costs	\$ 98	\$ 117
Accrued rebates and credits	93	68
Accrued interest	13	16
Other ⁽¹⁾	131	121
Accrued and other current liabilities	\$ 335	\$ 322

(1) Other includes items such as accruals for freight, utilities and property and other non-income related taxes.

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Note 9. Debt

Debt consisted of the following:

	As of June 30, 2021	As of December 31, 2020
Credit Agreement	\$ 2,450	\$ 2,457
Notes:		
5.125% Senior Secured Notes due 2023	—	59
4.000% Senior Secured Notes due 2027	1,000	1,000
Pactiv Debentures:		
7.950% Debentures due 2025	276	276
8.375% Debentures due 2027	200	200
Other	30	12
Total principal amount of borrowings	<u>3,956</u>	<u>4,004</u>
Deferred financing transaction costs ("DIC")	(12)	(14)
Original issue discounts, net of premiums ("OID")	(9)	(10)
	<u>3,935</u>	<u>3,980</u>
Less: current portion	(17)	(15)
Long-term debt	<u>\$ 3,918</u>	<u>\$ 3,965</u>

We were in compliance with all debt covenants during the six months ended June 30, 2021 and the year ended December 31, 2020.

As detailed in our Annual Report on Form 10-K for the year ended December 31, 2020, during the year ended December 31, 2020, we repaid portions of term loans, the securitization facility and notes totaling \$8,944 million, for an aggregate price, including premiums, of \$8,978 million, prior to maturity. This included repayments of \$3,215 million of term loans, borrowings under the securitization facility and notes during the first six months of 2020. The repayment of these borrowings resulted in a \$5 million loss on extinguishment of debt reported within discontinued operations. Refer to Note 2, *Discontinued Operations*, for additional details.

Credit Agreement

PTVE and certain of its U.S. subsidiaries are parties to a senior secured credit agreement dated August 5, 2016 as amended (the "Credit Agreement"). The Credit Agreement comprises the following term and revolving tranches:

	Maturity Date	Value Drawn or Utilized as of June 30, 2021	Applicable Interest Rate as of June 30, 2021
Term Tranches			
U.S. term loans Tranche B-1	February 5, 2023	\$ 1,207	LIBOR (floor of 0.000%) + 2.750%
U.S. term loans Tranche B-2	February 5, 2026	\$ 1,243	LIBOR (floor of 0.000%) + 3.250%
Revolving Tranche⁽¹⁾			
U.S. Revolving Loans	August 5, 2024	\$ 43	—

(1) The Revolving Tranche represents a \$250 million facility. The amount utilized is in the form of letters of credit.

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The weighted average contractual interest rates related to our U.S. term loans Tranche B-1 for the six months ended June 30, 2021 and 2020 were 2.87% and 3.96%, respectively. The weighted average contractual interest rate related to our U.S. term loans Tranche B-2 for the six months ended June 30, 2021 was 3.37%. The effective interest rates of our debt obligations under the Credit Agreement are not materially different from the contractual interest rates.

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

Indebtedness under the Credit Agreement may be voluntarily repaid, in whole or in part, and must be mandatorily repaid in certain circumstances. We are required to make quarterly amortization payments of 0.25% of the principal amount of U.S. term loans Tranche B-2. Additionally, we are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were due in 2020 or are due in 2021 for the year ended December 31, 2020.

Notes

Outstanding Notes, as of June 30, 2021, are summarized below:

Description	Maturity date	Semi-annual interest payment dates
4.000% Senior Secured Notes due 2027	October 15, 2027	April 15 and October 15, commencing April 15, 2021

On February 16, 2021, we repaid the remaining \$59 million of the 5.125% senior secured notes at a price of 101.281%. The early repayment of these senior secured notes resulted in a loss on extinguishment of debt of \$1 million in respect of the premium on redemption, which was recognized in interest expense, net.

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

The indenture governing the Notes contains 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 indenture governing the Notes.

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

Pactiv Debentures

As of June 30, 2021, we had outstanding the following debentures (together, the "Pactiv Debentures"):

Description	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.

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The Pactiv Debentures are not guaranteed and are unsecured.

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

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

Other borrowings

Other borrowings include finance lease obligations of \$30 million and \$12 million as of June 30, 2021 and December 31, 2020, respectively.

Scheduled Maturities

Below is a schedule of required future repayments on our debt outstanding as of June 30, 2021:

2021	\$	8
2022		17
2023		1,223
2024		15
2025		291
Thereafter		2,402
Total principal amount of borrowings	\$	3,956

Fair value of our long-term debt

The fair value of our long-term debt as of June 30, 2021 and December 31, 2020 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, 2021		As of December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Agreement	\$ 2,442	\$ 2,441	\$ 2,447	\$ 2,443
Notes:				
5.125% Senior Secured Notes due 2023	—	—	59	60
4.000% Senior Secured Notes due 2027	991	994	991	1,024
Pactiv Debentures:				
7.950% Debentures due 2025	273	311	273	318
8.375% Debentures due 2027	199	232	198	235
Other	30	30	12	12
Total	\$ 3,935	\$ 4,008	\$ 3,980	\$ 4,092

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Interest expense, net

Interest expense, net consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Interest expense:				
Securitization Facility	\$ —	\$ 3	\$ —	\$ 6
Credit Agreement	20	28	39	66
Notes	10	44	20	87
Pactiv Debentures	9	9	19	19
Interest income, related party ⁽¹⁾	—	(2)	—	(6)
Interest income, other	—	(2)	(1)	(6)
Amortization:				
Deferred financing transaction costs	1	3	2	9
Original issue discounts	1	1	1	3
Derivative losses	—	2	—	14
Net foreign currency exchange losses (gains)	(1)	—	—	(6)
Loss on extinguishment of debt:				
Write-off of unamortized DIC and OID	—	—	—	—
Redemption premiums	—	—	1	—
Other	2	—	3	2
Interest expense, net⁽²⁾	\$ 42	\$ 86	\$ 84	\$ 188

(1) Refer to Note 16, *Related Party Transactions*, for additional details.

(2) Amounts presented in the above table exclude interest expense and amortization of deferred financing transaction costs in respect of our 5.750% Senior Secured Notes which were due 2020. Such amounts are presented within discontinued operations as these senior secured notes were required to be repaid in conjunction with the distribution of RCPI.

Note 10. Financial Instruments

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

	As of June 30, 2021		As of December 31, 2020	
	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
Commodity swap contracts	\$ 5	\$ (2)	\$ 9	\$ (2)
Total fair value	\$ 5	\$ (2)	\$ 9	\$ (2)
Recorded in:				
Other current assets	\$ 5	\$ —	\$ 9	\$ —
Accrued and other current liabilities	—	(2)	—	(2)
Total fair value	\$ 5	\$ (2)	\$ 9	\$ (2)

Our derivatives are comprised of commodity swaps. All derivatives represent Level 2 financial assets and liabilities. Our derivatives are valued using an income approach based on the observable market index prices less the contract rate multiplied by the notional amount or based on pricing models that rely on market observable inputs such as commodity prices. 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.

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During the three and six months ended June 30, 2021, we recognized an unrealized loss of \$3 million and \$4 million, respectively, compared to an unrealized gain of \$19 million and \$2 million for the three and six months ended June 30 2020, respectively, in cost of sales.

The following table provides the detail of outstanding commodity derivative contracts as of June 30, 2021:

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Natural gas swaps	Million BTU	1,496,591	\$2.47 - \$2.94	Aug 2021 - Sep 2022
Polymer-grade propylene swaps	Pound	1,104,946	\$0.52	Jul 2021 - Aug 2021
Benzene swaps	U.S. liquid gallon	6,843,431	\$1.78 - \$3.85	Aug 2021 - Mar 2022
Diesel swaps	U.S. liquid gallon	116,580	\$2.50	Jul 2021 - Dec 2021
Low-density polyethylene swaps	Pound	6,000,000	\$0.71	Jul 2021 - Dec 2021

Note 11. Employee Benefits

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Service cost	\$ (1)	\$ (1)	\$ (3)	\$ (3)
Interest cost	(28)	(35)	(55)	(70)
Expected return on plan assets	53	52	103	103
Total net periodic benefit income	\$ 24	\$ 16	\$ 45	\$ 30

Net periodic benefit income for defined benefit pension plans and other post-employment benefit plans has been recognized as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of sales	\$ (1)	\$ (1)	\$ (3)	\$ (3)
Non-operating income, net	25	17	48	33
Total net periodic benefit income	\$ 24	\$ 16	\$ 45	\$ 30

No contributions to the Pactiv Evergreen Pension Plan ("PEPP") are expected to be made in 2021.

On July 14, 2021, we entered into an agreement with an insurance company to purchase a non-participating group annuity contract and transfer approximately \$950 million of the PEPP's projected benefit obligations, subject to customary closing conditions. The transaction closed on July 21, 2021 and was funded with plan assets. Under the transaction, the insurance company will assume responsibility for pension benefits and annuity administration for approximately 16,300 retirees or their beneficiaries. As a result of this transaction, in the third quarter of 2021, we will remeasure the PEPP's projected benefit obligations and plan assets and we expect to recognize a non-cash pre-tax pension settlement gain of approximately \$22 million.

Note 12. Other Income (Expense), Net

Other income (expense), net consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Related party management fee ⁽¹⁾	\$ —	\$ —	\$ —	\$ (5)
Foreign exchange (losses) gains on cash ⁽²⁾	(1)	(56)	(1)	28
Transition service agreement income ⁽¹⁾	3	6	7	10
Other	3	4	5	(2)
Other income (expense), net	\$ 5	\$ (46)	\$ 11	\$ 31

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- (1) See Note 16, *Related Party Transactions*, for additional details. The transition services agreement income is primarily attributable to services provided to our former segments, RCP and GPC, and our former closures businesses.
- (2) Primarily arose from holding U.S. dollars in non-U.S. dollar functional currency entities.

Note 13. Commitments and Contingencies

We are from time to time party to litigation, legal proceedings and tax examinations arising from our operations. Most of these matters involve allegations of damages against us relating to employment matters, personal injury and commercial or contractual disputes. We 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.

On April 14, 2021, MP2 Energy LLC (“MP2”) filed a lawsuit against Pactiv LLC (“Pactiv”), one of our indirect subsidiaries, in state court in Montgomery County, Texas. In this lawsuit, MP2 seeks to collect approximately \$40 million from Pactiv that MP2 claims that Pactiv owes MP2 under an energy management services agreement (“EMSA”). Under the EMSA, Pactiv agreed, among other things, to sell MP2 a certain contract quantity of energy at a specified price. If this contract quantity of energy became unavailable for Pactiv to sell to MP2, the EMSA granted MP2 the right to contract for the purchase of the shortfall in the contract quantity, and to charge Pactiv for the cost incurred by MP2 in contracting for that shortfall, “unless due to an event of Force Majeure.” On February 15, 2021, Pactiv notified MP2 that Pactiv was excused by Force Majeure under the EMSA to the extent that the contract quantity of energy was not available for Pactiv to sell to MP2 because of the winter weather emergency caused by Winter Storm Uri. Even though MP2 does not dispute that Winter Storm Uri constituted an event of Force Majeure under the EMSA, MP2 nevertheless seeks to hold Pactiv responsible in this lawsuit for \$40 million in costs that MP2 claims it incurred in contracting for a shortfall in Pactiv’s contract quantity of energy during the event of Force Majeure. Pactiv disputes any liability to MP2 and maintains that Pactiv acted reasonably at all times and that the event of Force Majeure excused any obligation Pactiv had to supply the contract quantity under the EMSA or to reimburse MP2 for its cost in contracting for any shortfall in the contract quantity. Pactiv believes that MP2’s claim is without merit and that Pactiv has strong defenses against MP2’s claim, including, but not limited to, Force Majeure. Pactiv intends to vigorously defend itself against MP2’s claim in this lawsuit. Although we are confident of Pactiv’s legal position in this matter and do not consider it probable that this matter will result in a material loss, we can offer no assurance that Pactiv will in fact obtain a favorable outcome.

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, 2021, 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.

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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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Currency translation adjustments:				
Balance as of beginning of period	\$ (209)	\$ (525)	\$ (189)	\$ (354)
Currency translation adjustments	7	79	(2)	(95)
Amounts reclassified from AOCL ⁽¹⁾	—	(1)	(11)	—
Other comprehensive income (loss)	7	78	(13)	(95)
Distribution of RCPI ⁽²⁾⁽³⁾	—	—	—	2
Balance as of end of period	\$ (202)	\$ (447)	\$ (202)	\$ (447)
Defined benefit plans:				
Plans associated with continuing operations				
Balance as of beginning of period	\$ (160)	\$ (176)	\$ (160)	\$ (176)
Balance as of end of period	\$ (160)	\$ (176)	\$ (160)	\$ (176)
Plans held for sale or distribution				
Balance as of beginning of period	\$ —	\$ (1)	\$ —	\$ 12
Distribution of RCPI ⁽²⁾⁽³⁾	—	—	—	(13)
Balance as of end of period	\$ —	\$ (1)	\$ —	\$ (1)
AOCL				
Balance as of beginning of period	\$ (369)	\$ (702)	\$ (349)	\$ (518)
Other comprehensive income (loss)	7	78	(13)	(95)
Distribution of RCPI ⁽²⁾⁽³⁾	—	—	—	(11)
Balance as of end of period	\$ (362)	\$ (624)	\$ (362)	\$ (624)

- (1) The reclassification of currency translation adjustment amounts to earnings during the six months ended June 30, 2021 relates to the sale of the remaining South American closures businesses. See Note 3, *Assets and Liabilities Held for Sale*, for additional details.
- (2) Currency translation adjustment reclassifications associated with the distribution of RCPI are recorded directly to additional paid in capital. See Note 2, *Discontinued Operations*, for additional details.
- (3) Defined benefit plan reclassifications associated with the distribution of RCPI are recorded directly to retained earnings.

Note 15. Income Taxes

The effective tax rates for the three and six months ended June 30, 2021 and 2020 represent our estimate of the annual effective tax rates expected to be applicable for the respective full fiscal years, adjusted for any discrete events which are recorded in the period that they occur.

During the three months ended June 30, 2021, we recognized tax expense of \$5 million on income from continuing operations before tax of \$13 million. The effective tax rate was driven primarily by the mix of income and losses taxed at varying rates among the jurisdictions in which we operate. During the six months ended June 30, 2021, we recognized a tax benefit of \$13 million on a loss from continuing operations before tax of \$16 million. The effective tax rate was driven primarily by a \$10 million discrete benefit from the partial release of our valuation allowance for deferred interest deductions, which was partially offset by varying tax rates among the jurisdictions in which we operate.

During the three months ended June 30, 2020, we recognized a tax benefit of \$43 million on a loss from continuing operations before tax of \$61 million. The effective tax rate was primarily attributable to the enactment of the Coronavirus Aid, Relief and Economic Security (“CARES”) Act in March 2020 and the mix of income and losses taxed at varying rates among the jurisdictions in which we operate. During the six months ended June 30, 2020, we recognized a tax benefit of \$137 million on a loss from continuing operations before tax of \$22 million. The effective tax rate was primarily attributable to the enactment of the CARES Act that enabled us to recognize a discrete benefit of \$90 million from the partial release of our valuation allowance for deferred interest deductions. Retroactive provisions of the CARES Act enabled us to utilize additional deferred

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interest deductions, which lowered taxable income for both the year ended December 31, 2019 and the year ended December 31, 2020.

We are under audit by the Internal Revenue Service (“IRS”) and other taxing authorities. The IRS is currently auditing our U.S. income tax returns for 2016-2017. It is possible the audit will be completed in the next 12 months. As of June 30, 2021, we have not received any proposed adjustments from taxing authorities that would be material. Although the ultimate timing is uncertain, it is reasonably possible that a reduction of up to \$10 million of unrecognized tax benefits could occur within the next twelve months due to changes in audit status, settlements of tax assessments and other events.

Note 16. Related Party Transactions

As of June 30, 2021, 78% of our shares are owned by PFL or another entity of which Mr. Graeme Hart is the ultimate shareholder (together with PFL, the “Hart Stockholders”).

In addition to the distributions of RCPI and GPCI to PFL in 2020, as described further in Note 1, *Nature of Operations and Basis of Presentation*, 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 controlling shareholder, except for the joint ventures.

	Transaction Value for the Three Months Ended June 30,		Transaction Value for the Six Months Ended June 30,		Balance Outstanding as of	
	2021	2020	2021	2020	June 30, 2021	December 31, 2020
Balances and transactions with joint ventures						
Included in other current assets					\$ 10	\$ 7
Sale of goods and services ⁽¹⁾	\$ 6	\$ 7	\$ 16	\$ 18		
Balances and transactions with other entities controlled by Mr. Graeme Hart						
Current related party receivables					53	55
Sale of goods and services ⁽²⁾	93	83	171	170		
Transition services agreements and rental income ⁽²⁾	3	5	7	8		
Tax loss transfer ⁽³⁾	—	—	—	13		
Recharges ⁽⁴⁾	2	1	7	1		
Noncurrent related party receivables ⁽⁵⁾					—	—
Interest income	—	3	—	6		
Related party payables					(8)	(10)
Purchase of goods ⁽²⁾	(26)	(24)	(51)	(63)		
Recharges ⁽⁴⁾	—	(4)	(6)	(10)		
Management fee ⁽⁶⁾	—	(3)	—	(8)		
Tax loss transfer ⁽³⁾	—	—	—	(1)		

- (1) All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated based on market rates. All amounts are unsecured, non-interest bearing and repayable on demand.
- (2) Following the distribution of RCPI 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 December 31, 2024. Prior to February 4, 2020, our continuing operations recognized revenue and cost of sales in respect of sales to and purchases from RCPI. Refer to Note 2, *Discontinued Operations*. As part of the separation process, among other agreements, we have entered into two lease arrangements with RCPI and entered into a transition services agreement to provide ongoing agreed services to RCPI, as requested. We do not trade with GPCI on an ongoing basis. We have entered into a transition services agreement to provide ongoing agreed services to GPCI, as requested. We have also entered into a tax matters agreement with GPCI. We have recognized a receivable of \$12 million under the tax matters agreement in relation to GPCI’s estimated share of U.S. federal taxes in respect of the period from January 1, 2020 through to September 16, 2020.
- (3) Represents payments received or made for tax losses transferred between our entities and other entities controlled by Mr. Graeme Hart.
- (4) Represents certain costs paid on our behalf that were subsequently recharged to us or that we pay on behalf of a related party and subsequently recharge to them. 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. As part of our IPO, we have entered into a transition services agreement with Rank Group Limited (“Rank”), an entity controlled by Mr. Graeme Hart, under which Rank will, upon our request, continue to provide certain administrative and support services to us, and we will provide support services to Rank upon request. All services provided will be charged at an agreed hourly rate plus any third party costs.

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- (5) Our previous loan with 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%. During the three and six months ended June 30, 2020, interest was charged at 3.46% and 4.28% to 3.46%, respectively. In September 2020, in preparation for our IPO, the loan receivable was forgiven and was recognized as a reduction in retained earnings.
- (6) Our previous financing agreements permitted the payment of management fees to related parties for management, consulting, monitoring and advising services. The management fees were paid pursuant to a services agreement with Rank which was terminated upon our IPO. There were no management fees recorded in continuing operations during the three months ended June 30, 2020. During the six months ended June 30, 2020, management fees of \$5 million were recognized in Other income (expense), net, with the remainder in discontinued operations.

Note 17. Equity Based Compensation

In conjunction with our IPO, we established the Pactiv Evergreen Inc. Equity Incentive Plan (the “Equity Incentive Plan”) for purposes of granting stock or other equity based compensation awards to our employees (including our senior management), directors, consultants and advisors. The maximum number of shares of common stock initially available for issuance under our Equity Incentive Plan was 9,079,395 shares.

We recognized \$2 million and \$6 million of equity based compensation expense for the three and six months ended June 30, 2021, respectively, which is reflected in selling, general and administrative expenses. There was no equity based compensation expense recorded during the three and six months ended June 30, 2020.

Restricted Stock Units

During the six months ended June 30, 2021, we granted additional restricted stock units (“RSUs”) to certain members of management and certain members of our Board of Directors. These RSUs required future service to be provided and vest in annual installments over a period ranging from 1 to 4 years beginning on the first anniversary of the original grant date. The following table summarizes RSU activity during 2021:

<i>(in thousands, except per share amounts)</i>	Number of Stock Units	Weighted- Average Grant Date Fair Value
Non-vested, at January 1	297	\$ 14.00
Granted	862	\$ 15.26
Forfeitures	(75)	\$ 14.60
Non-vested, at June 30	<u>1,084</u>	<u>\$ 14.96</u>

Unrecognized compensation cost related to unvested RSUs as of June 30, 2021 was \$10 million, which is expected to be recognized over a weighted-average period of 2.5 years.

Performance Share Units

We may grant performance share units (“PSUs”) which vest based on the achievement of various company performance targets during a performance period set by our Compensation Committee. We use our stock price on the grant date to estimate the fair value of our PSUs. We adjust the expense based on the likelihood of future achievement of performance metrics. If any of the performance targets are not achieved, the awards are forfeited. Each PSU is equal to one common share once vested with varying maximum award value limitations. During the six months ended June 30, 2021, we granted PSUs to certain members of management which vest on the third anniversary of the original grant date. The following table summarizes PSU activity during 2021:

<i>(in thousands, except per share amounts)</i>	Number of Stock Units	Weighted- Average Grant Date Fair Value
Non-vested, at January 1	—	\$ —
Granted	298	\$ 15.05
Forfeitures	(66)	\$ 14.60
Non-vested, at June 30	<u>232</u>	<u>\$ 15.18</u>

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Unrecognized compensation cost related to unvested PSUs as of June 30, 2021 was \$3 million, which is expected to be recognized over a weighted-average period of 2.75 years.

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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss) attributable to Pactiv Evergreen Inc. common shareholders				
From continuing operations	\$ 8	\$ (19)	\$ (4)	\$ 114
From discontinued operations	(1)	(21)	(4)	(18)
Total	<u>\$ 7</u>	<u>\$ (40)</u>	<u>\$ (8)</u>	<u>\$ 96</u>
Weighted average number of shares outstanding				
Basic	177.4	134.4	177.3	134.4
Effect of dilutive securities	0.3	—	—	—
Diluted	<u>177.7</u>	<u>134.4</u>	<u>177.3</u>	<u>134.4</u>
Earnings (loss) per share attributable to Pactiv Evergreen Inc. common shareholders				
From continuing operations				
Basic	\$ 0.05	\$ (0.14)	\$ (0.02)	\$ 0.85
Diluted	\$ 0.05	\$ (0.14)	\$ (0.02)	\$ 0.85
From discontinued operations				
Basic	\$ (0.01)	\$ (0.16)	\$ (0.02)	\$ (0.13)
Diluted	\$ (0.01)	\$ (0.16)	\$ (0.02)	\$ (0.13)
Total				
Basic	\$ 0.04	\$ (0.30)	\$ (0.04)	\$ 0.72
Diluted	\$ 0.04	\$ (0.30)	\$ (0.04)	\$ 0.72

The weighted average number of shares outstanding prior to our IPO reflects our conversion to a Delaware incorporated entity and the subsequent stock split, as detailed in our Annual Report on Form 10-K for the year ended December 31, 2020. The stock split has been retroactively reflected, resulting in 134.4 million weighted average number of shares outstanding for the three and six months ended June 30, 2020.

There were no anti-dilutive potential common shares excluded from the calculation above for the three months ended June 30, 2021. The weighted average number of anti-dilutive potential common shares excluded from the calculation above was 0.2 million shares for the six months ended June 30, 2021.

Our Board of Directors approved a dividend of \$0.10 per share on August 3, 2021 to be paid on September 15, 2021 to shareholders of record as of September 1, 2021.

Note 19. 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, we have three reportable segments: Foodservice, Food Merchandising and Beverage Merchandising. These reportable segments reflect our operating structure and the manner in which our Chief Operating Decision Maker (“CODM”) assesses information for decision-making purposes.

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

Food 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 - 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.

Other/Unallocated - In addition to our reportable segments, we have other operating segments that 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 includes corporate costs, primarily relating to companywide functions such as finance, tax and legal and the effects of the PEPP and equity based compensation.

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, strategic review and transaction-related costs, and executive transition charges.

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

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	<u>Foodservice</u>	<u>Food Merchandising</u>	<u>Beverage Merchandising</u>	<u>Reportable Segment Total</u>
For the Three Months Ended June 30, 2021				
Net revenues	\$ 571	\$ 388	\$ 369	\$ 1,328
Intersegment revenues	—	—	18	18
Total reportable segment net revenues	<u>\$ 571</u>	<u>\$ 388</u>	<u>\$ 387</u>	<u>\$ 1,346</u>
Adjusted EBITDA	<u>\$ 62</u>	<u>\$ 59</u>	<u>\$ 15</u>	<u>\$ 136</u>

For the Three Months Ended June 30, 2020				
Net revenues	\$ 405	\$ 348	\$ 329	\$ 1,082
Intersegment revenues	—	—	19	19
Total reportable segment net revenues	<u>\$ 405</u>	<u>\$ 348</u>	<u>\$ 348</u>	<u>\$ 1,101</u>
Adjusted EBITDA	<u>\$ 33</u>	<u>\$ 61</u>	<u>\$ 38</u>	<u>\$ 132</u>

For the Six Months Ended June 30, 2021				
Net revenues	\$ 1,025	\$ 730	\$ 708	\$ 2,463
Intersegment revenues	—	—	36	36
Total reportable segment net revenues	<u>\$ 1,025</u>	<u>\$ 730</u>	<u>\$ 744</u>	<u>\$ 2,499</u>
Adjusted EBITDA	<u>\$ 123</u>	<u>\$ 114</u>	<u>\$ (17)</u>	<u>\$ 220</u>

For the Six Months Ended June 30, 2020				
Net revenues	\$ 878	\$ 692	\$ 692	\$ 2,262
Intersegment revenues	—	—	53	53
Total reportable segment net revenues	<u>\$ 878</u>	<u>\$ 692</u>	<u>\$ 745</u>	<u>\$ 2,315</u>
Adjusted EBITDA	<u>\$ 89</u>	<u>\$ 114</u>	<u>\$ 87</u>	<u>\$ 290</u>

Reportable segment assets consisted of the following:

	<u>Foodservice</u>	<u>Food Merchandising</u>	<u>Beverage Merchandising</u>	<u>Reportable Segment Total</u>
As of June 30, 2021	\$ 1,121	\$ 737	\$ 1,069	\$ 2,927
As of December 31, 2020	1,064	703	1,039	2,806

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The following table presents a reconciliation of reportable segment Adjusted EBITDA to consolidated U.S. GAAP income (loss) from continuing operations before income taxes:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Reportable segment Adjusted EBITDA	\$ 136	\$ 132	\$ 220	\$ 290
Other	2	2	3	4
Unallocated	(8)	(7)	(16)	(22)
	130	127	207	272
<i>Adjustments to reconcile to U.S. GAAP income (loss) from continuing operations before income taxes</i>				
Interest expense, net	(42)	(86)	(84)	(188)
Depreciation and amortization	(77)	(72)	(150)	(140)
Restructuring, asset impairment and other related charges	(10)	(1)	(8)	(4)
Non-cash pension income	25	19	48	37
Operational process engineering related consultancy costs	(7)	(1)	(10)	(9)
Related party management fee	—	—	—	(5)
Strategic review and transaction-related costs	—	(9)	—	(15)
Foreign exchange (losses) gains on cash	(1)	(56)	(1)	28
Unrealized (losses) gains on derivatives	(3)	19	(4)	2
Executive transition charges	—	—	(10)	—
Other	(2)	(1)	(4)	—
Income (loss) from continuing operations before tax	\$ 13	\$ (61)	\$ (16)	\$ (22)

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

	As of June 30, 2021	As of December 31, 2020
Reportable segment assets	\$ 2,927	\$ 2,806
Other	44	34
Unallocated ⁽¹⁾	3,810	4,003
Total assets	\$ 6,781	\$ 6,843

(1) Unallocated includes unallocated assets, which are comprised of cash and cash equivalents, other current assets, assets held for sale, entity-wide property, plant and equipment, operating lease right-of-use assets, goodwill, intangible assets, deferred income taxes, related party receivables and other noncurrent assets.

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Information in Relation to Products

Net revenues by product line are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Foodservice				
Drinkware ⁽¹⁾	\$ 233	\$ 143	\$ 398	\$ 325
Containers ⁽¹⁾	238	193	447	372
Tableware ⁽¹⁾	51	31	89	95
Serviceware and other ⁽¹⁾	49	38	91	86
Food Merchandising				
Meat trays	93	99	180	194
Bakery/snack/produce/fruit containers	87	79	156	143
Prepared food trays	38	28	72	62
Egg cartons	21	24	47	50
Tableware ⁽²⁾	99	82	181	169
Other	50	36	94	74
Beverage Merchandising				
Cartons for fresh beverage products	208	198	400	398
Liquid packaging board	96	89	187	204
Paper products	83	61	157	143
Reportable segment net revenues	1,346	1,101	2,499	2,315
Other / Unallocated				
Other	24	25	53	57
Inter-segment eliminations	(18)	(19)	(36)	(53)
Net revenues	\$ 1,352	\$ 1,107	\$ 2,516	\$ 2,319

(1) Certain product sales in the prior year periods have been re-categorized to conform with the current year presentation as the segment realigned its go-to-market product strategy.

(2) During the current year, Food Merchandising changed the name of its historical Dinnerware product line to Tableware.

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.

FORWARD-LOOKING STATEMENTS

This report contains certain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies, anticipated trends in our business and anticipated growth in the markets served by our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2020 and as updated in our Quarterly Reports on Form 10-Q. 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;
- our dependence on suppliers of raw materials and any interruption to our supply of raw materials;
- the uncertain economic, operational and financial impacts of the COVID-19 pandemic;
- our ability to realize the benefits of our capital investment, restructuring and other cost savings programs;
- seasonality and cyclicity;
- loss of key management or other personnel;
- uncertain global economic conditions;
- supply of faulty or contaminated products;
- 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 or similar laws;
- the ownership of a majority of the voting power of our common stock by the Hart Stockholders;
- our ability to establish independent financial, administrative, and other support functions; and
- our status as a "controlled company" within the meaning of the rules of Nasdaq.

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

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

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

Description of the Company and its Business Segments

We are a manufacturer and supplier of fresh food and beverage packaging products primarily in North America. We report our business in three reportable segments: Foodservice, Food Merchandising and Beverage Merchandising. 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.

Recent Developments and Items Impacting Comparability

Coated Groundwood Paper Business Exit

On July 28, 2021, we announced the decision to close our coated groundwood paper production line located in our Pine Bluff, Arkansas mill. With the decline in the coated groundwood market, our decision to exit this business enables us to re-invest resources into our strategic core competency of liquid packaging board, as well as other more profitable segments across the enterprise. We expect that the closure of the production line will be completed by October 31, 2021.

As a result of the closure, we recognized a pre-tax charge of \$8 million for contractual termination benefits in the quarter ended June 30, 2021. We also expect the closure to result in accelerated plant and equipment depreciation expense of approximately \$25 million, the majority of which will be incurred through October 31, 2021. We also expect disassembly costs and similar expenses of approximately \$2 million to \$4 million.

Pension Settlement Transaction

On July 14, 2021, we entered into an agreement with an insurance company to purchase a non-participating group annuity contract and transfer approximately \$950 million of the PEPP’s projected benefit obligations, subject to customary closing conditions. The transaction closed on July 21, 2021 and was funded with plan assets. Under the transaction, the insurance company will assume responsibility for pension benefits and annuity administration for approximately 16,300 retirees or their beneficiaries. As a result of this transaction, in the third quarter of 2021, we will remeasure the PEPP’s projected benefit obligations and plan assets and we expect to recognize a non-cash pre-tax pension settlement gain of approximately \$22 million.

Winter Storm Uri

During February 2021, the Southern portion of the U.S. was impacted by Winter Storm Uri which brought record low temperatures, snow and ice and resulted in power failures, hazardous road conditions, damage to property and death and injury to individuals in those states. During most of this weather event, we were unable to fully operate some of our mills, plants and warehouses in Texas and Arkansas. During the six months ended June 30, 2021, we incurred approximately \$50 million of incremental costs including energy costs, primarily related to natural gas, shut-down costs and some property damage during the storm. Our Beverage Merchandising segment was impacted to the greatest degree with incremental costs of \$37 million incurred by our paper mill in Pine Bluff, Arkansas. We do not expect to incur any further incremental costs related to Winter Storm Uri.

As a result of the storm, certain of our suppliers with locations in the impacted areas were also unable to operate which subsequently has resulted in their declaration of force majeure on meeting the supply quantities due to us. In particular, our supply of various resin types has been limited and we have been required to purchase from other suppliers, and at a higher price, in order to meet our production demands for March and April. As further discussed in our *Results of Operations*, our cost of sales was impacted for the three and six months ended June 30, 2021 as the products manufactured with this higher priced material were sold.

COVID-19

Our business and operating results for 2021 continue to be impacted by the COVID-19 pandemic. However, we have seen improvement in our business during the first half of 2021, which we expect to continue throughout 2021 as the economies in which we operate recover.

Our highest priorities continue to be the safety of our employees and working with our employees and network of suppliers and customers to help maintain the food supply chain as an essential business.

As we are a part of the global food supply chain, we have taken a number of actions to promote the health and safety of our employees and customers in order to maintain the availability of our products to meet the needs of our customers. To date, we have not experienced significant issues within our supply chain due to the COVID-19 pandemic, including the sourcing of materials and logistics service providers.

We expect that the COVID-19 pandemic will continue to impact our results of operations in future periods as the macroeconomic environment changes and consumer behavior continues to evolve or if additional lockdowns occur. However, while the general effects of the COVID-19 pandemic continue to change and remain unpredictable, we expect an improved second half of 2021 as compared to 2020 as the markets in which we operate see increased demand.

We continue to proactively manage our business in response to the evolving impacts of the pandemic, and we will continue to communicate with and support our employees and customers, to monitor and take steps to further safeguard our supply chain, operations and assets, to protect our liquidity and financial position, to work toward our strategic priorities and to monitor our financial performance as we seek to position ourselves to withstand the current uncertainty related to this pandemic.

How We Assess the Performance of Our Business and Use of Non-GAAP Measures

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

Adjusted EBITDA from continuing operations

Adjusted EBITDA from continuing operations is defined as 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 noncurrent assets, impairment charges, restructuring, asset impairment and other related charges, operational process engineering-related consultancy costs, non-cash pension income or expense, strategic review and transaction-related costs, and executive transition charges.

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 (loss) from continuing operations, the most directly comparable GAAP financial measure, to Adjusted EBITDA from continuing operations for each of the periods indicated:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss) from continuing operations (GAAP)	\$ 8	\$ (18)	\$ (3)	\$ 115
Income tax expense (benefit)	5	(43)	(13)	(137)
Interest expense, net	42	86	84	188
Depreciation and amortization	77	72	150	140
Restructuring, asset impairment and other related charges ⁽¹⁾	10	1	8	4
Non-cash pension income ⁽²⁾	(25)	(19)	(48)	(37)
Operational process engineering-related consultancy costs ⁽³⁾	7	1	10	9
Related party management fee ⁽⁴⁾	—	—	—	5
Strategic review and transaction-related costs ⁽⁵⁾	—	9	—	15
Foreign exchange losses (gains) on cash ⁽⁶⁾	1	56	1	(28)
Unrealized losses (gains) on derivatives ⁽⁷⁾	3	(19)	4	(2)
Executive transition charges ⁽⁸⁾	—	—	10	—
Other	2	1	4	—
Adjusted EBITDA from continuing operations (Non-GAAP)	\$ 130	\$ 127	\$ 207	\$ 272

- (1) Reflects asset impairment, restructuring and other related charges (net of reversals) primarily associated with the pending closure of Beverage Merchandising's coated groundwood operations. For further information, refer to Note 4, *Impairment, Restructuring and Other Related Charges*, for additional details.
- (2) Reflects the non-cash pension income related to our employee benefit plans.
- (3) Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.
- (4) Reflects the related party management fee charged by Rank to us. For further information, refer to Note 16, *Related Party Transactions*, for additional details. Following our IPO, we are no longer charged the related party management fee.
- (5) Reflects costs incurred for strategic reviews of our businesses, as well as costs related to our IPO that could not be offset against the proceeds of the IPO.
- (6) Reflects foreign exchange losses (gains) on cash, primarily on U.S. dollar amounts held in non-U.S. dollar functional currency entities.
- (7) Reflects the mark-to-market movements in our commodity derivatives. For further information, refer to Note 10, *Financial Instruments*, for additional details.
- (8) Reflects charges relating to key executive retirement and separation agreements in the first half of 2021.

Results of Operations

Three Months Ended June 30, 2021 compared with the Three Months Ended June 30, 2020

Reportable Segment Net Revenue and Adjusted EBITDA

(In millions, except for %)	Foodservice	Food Merchandising	Beverage Merchandising
Net revenues			
2021	\$ 571	\$ 388	\$ 387
2020	\$ 405	\$ 348	\$ 348
Change	\$ 166	\$ 40	\$ 39
% Change	41%	11%	11%
Adjusted EBITDA			
2021	\$ 62	\$ 59	\$ 15
2020	\$ 33	\$ 61	\$ 38
Change	\$ 29	\$ (2)	\$ (23)
% Change	88%	(3)%	(61)%

Consolidated Results

(In millions, except for %)	For the Three Months Ended June 30,					
	2021	% of revenue	2020	% of revenue	Change	% change
Net revenues	\$ 1,352	100%	\$ 1,107	100%	\$ 245	22%
Cost of sales	(1,202)	(89)%	(933)	(84)%	(269)	(29)%
Gross profit	150	11%	174	16%	(24)	(14)%
Selling, general and administrative expenses	(115)	(9)%	(119)	(11)%	4	3%
Restructuring, asset impairment and other related charges	(10)	(1)%	(1)	—%	(9)	NM
Other income (expense), net	5	—%	(46)	(4)%	51	NM
Operating income from continuing operations	30	2%	8	1%	22	NM
Non-operating income, net	25	2%	17	2%	8	47%
Interest expense, net	(42)	(3)%	(86)	(8)%	44	51%
Income (loss) from continuing operations before tax	13	1%	(61)	(6)%	74	NM
Income tax (expense) benefit	(5)	—%	43	4%	(48)	NM
Income (loss) from continuing operations	8	1%	(18)	(2)%	26	NM
Loss from discontinued operations, net of income taxes	(1)		(21)		20	
Net income (loss)	\$ 7		\$ (39)		\$ 46	
Adjusted EBITDA from continuing operations⁽¹⁾	\$ 130	10%	\$ 127	11%	\$ 3	2%

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

NM indicates that the calculation is “not meaningful”.

Components of Change in Reportable Segment Net Revenues for the Three Months Ended June 30, 2021 Compared with the Three Months Ended June 30, 2020

	Price/Mix	Volume	FX	Total
Net revenues	3%	18%	1%	22%
By reportable segment:				
Foodservice	7%	33%	1%	41%
Food Merchandising	6%	4%	1%	11%
Beverage Merchandising	(3)%	13%	1%	11%

Net Revenues. Net revenues for the three months ended June 30, 2021 increased by \$245 million, or 22%, to \$1,352 million compared to the three months ended June 30, 2020. The increase was primarily due to higher sales volume within our Foodservice and Beverage Merchandising segments, largely due to higher demand as the economy continues to recover from the COVID-19 pandemic, as well as favorable pricing, primarily due to higher material costs passed through to customers within our Foodservice and Food Merchandising segments.

Cost of Sales. Cost of sales for the three months ended June 30, 2021 increased by \$269 million, or 29%, to \$1,202 million compared to the three months ended June 30, 2020. The increase was primarily due to higher sales volume within our Foodservice and Beverage Merchandising segments, as well as higher material costs. In addition, the increase was driven by higher logistics costs and higher manufacturing costs in our Beverage Merchandising segment.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three months ended June 30, 2021 decreased by \$4 million, or 3%, to \$115 million compared to the three months ended June 30, 2020. The decrease was primarily due to lower strategic review and transaction related costs, mostly offset by higher operational consultancy costs.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the three months ended June 30, 2021 increased by \$9 million to \$10 million compared to the three months ended June 30, 2020. Refer to Note 4, *Impairment, Restructuring and Other Related Charges*, for additional details.

Other Income (Expense), Net. During the three months ended June 30, 2021, we recognized income of \$5 million compared to \$46 million of expense for the three months ended June 30, 2020. The change was primarily attributable to foreign exchange losses of \$56 million on cash in the prior year period on U.S. dollar cash balances held by foreign entities with a non-U.S. dollar functional currency which were redomiciled to the U.S. upon our initial public offering.

Non-operating Income, Net. Non-operating income, net, for the three months ended June 30, 2021 increased to \$25 million compared to \$17 million for the three months ended June 30, 2020. The increase was primarily due to a decrease in interest cost on benefit plans, largely as a result of a decrease in interest rates.

Interest Expense, Net. Interest expense, net, for the three months ended June 30, 2021 decreased by \$44 million, or 51%, to \$42 million, compared to the three months ended June 30, 2020. Interest expense, net decreased by \$42 million reflecting the reduction in principal amounts outstanding under our notes and term loans. Refer to Note 9, *Debt*, for additional details.

Income Tax (Expense) Benefit. During the three months ended June 30, 2021, we recognized tax expense of \$5 million on income from continuing operations before tax of \$13 million, compared to a tax benefit of \$43 million on a loss from continuing operations before tax of \$61 million for the three months ended June 30, 2020. The effective tax rate during the three months ended June 30, 2021 was primarily attributable to our overall projected earnings subject to taxation at varying rates in the jurisdictions in which we operate. The effective tax rate during the three months ended June 30, 2020 was primarily attributable to retroactive provisions in the CARES Act enacted in March 2020 and the mix of book income and losses among the jurisdictions in which we operate.

Income (Loss) from Discontinued Operations, Net of Income Taxes. Loss from discontinued operations, net of income taxes for the three months ended June 30, 2020 included three months of results of our former GPC segment. Refer to Note 2, *Discontinued Operations*, for additional details.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the three months ended June 30, 2021 increased by \$3 million, or 2%, to \$130 million compared to the three months ended June 30, 2020. The increase was primarily due to higher sales volume, due to the continued economic recovery from the COVID-19 pandemic, as well as favorable pricing, mostly offset by higher material costs, net of higher costs passed through to customers, higher logistics costs and higher manufacturing costs in Beverage Merchandising.

Segment Information

Foodservice

(In millions, except for %)	For the Three Months Ended June 30,			
	2021	2020	Change	% change
Total segment net revenues	\$ 571	\$ 405	\$ 166	41%
Segment Adjusted EBITDA	\$ 62	\$ 33	\$ 29	88%
Segment Adjusted EBITDA Margin	11%	8%		

Total Segment Net Revenues. Foodservice total segment net revenues for the three months ended June 30, 2021 increased by \$166 million, or 41%, to \$571 million compared to the three months ended June 30, 2020. The increase was primarily due to higher sales volume due to the market recovery from the COVID-19 pandemic, as well as favorable pricing, primarily due to higher material costs passed through to customers.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the three months ended June 30, 2021 increased by \$29 million, or 88%, to \$62 million compared to the three months ended June 30, 2020. The increase was primarily due to higher sales volume, partially offset by higher logistics costs and higher material costs, net of higher costs passed through to customers.

Food Merchandising

(In millions, except for %)	For the Three Months Ended June 30,			
	2021	2020	Change	% change
Total segment net revenues	\$ 388	\$ 348	\$ 40	11%
Segment Adjusted EBITDA	\$ 59	\$ 61	\$ (2)	(3)%
Segment Adjusted EBITDA Margin	15%	18%		

Total Segment Net Revenues. Food Merchandising total segment net revenues for the three months ended June 30, 2021 increased by \$40 million, or 11%, to \$388 million compared to the three months ended June 30, 2020. The increase was primarily due to favorable pricing and higher sales volume due to the market recovery from the COVID-19 pandemic.

Adjusted EBITDA. Food Merchandising Adjusted EBITDA for the three months ended June 30, 2021 decreased by \$2 million, or 3%, to \$59 million compared to the three months ended June 30, 2020. The decrease was primarily due to higher logistics costs and higher manufacturing costs, mostly offset by higher sales volume.

Beverage Merchandising

(In millions, except for %)	For the Three Months Ended June 30,			
	2021	2020	Change	% change
Total segment net revenues	\$ 387	\$ 348	\$ 39	11%
Segment Adjusted EBITDA	\$ 15	\$ 38	\$ (23)	(61)%
Segment Adjusted EBITDA Margin	4%	11%		

Total Segment Net Revenues. Beverage Merchandising total segment net revenues for the three months ended June 30, 2021 increased by \$39 million, or 11%, to \$387 million compared to the three months ended June 30, 2020. The increase was primarily due to higher sales volume due to the market recovery from the COVID-19 pandemic, partially offset by unfavorable pricing and customer mix.

Adjusted EBITDA. Beverage Merchandising Adjusted EBITDA for the three months ended June 30, 2021 decreased by \$23 million, or 61%, to \$15 million compared to the three months ended June 30, 2020. The decrease was primarily driven by higher manufacturing costs, higher material costs, higher logistics costs and unfavorable pricing and customer mix, partially offset by higher sales volume.

Six Months Ended June 30, 2021 Compared with the Six Months Ended June 30, 2020

Reportable Segment Net Revenue and Adjusted EBITDA

(In millions, except for %)	Foodservice			Food Merchandising		Beverage Merchandising	
Net revenues							
2021	\$	1,025	\$	730	\$	744	
2020	\$	878	\$	692	\$	745	
Change	\$	147	\$	38	\$	(1)	
% Change		17%		5%		—%	
Adjusted EBITDA							
2021	\$	123	\$	114	\$	(17)	
2020	\$	89	\$	114	\$	87	
Change	\$	34	\$	—	\$	(104)	
% Change		38%		—%		NM	

Consolidated Results

(In millions, except for %)	For the Six Months Ended June 30,					
	2021	% of revenue	2020	% of revenue	Change	% change
Net revenues	\$ 2,516	100%	\$ 2,319	100%	\$ 197	8%
Cost of sales	(2,258)	(90)%	(1,971)	(85)%	(287)	(15)%
Gross profit	258	10%	348	15%	(90)	(26)%
Selling, general and administrative expenses	(241)	(10)%	(242)	(10)%	1	—%
Restructuring, asset impairment and other related charges	(8)	—%	(4)	—%	(4)	NM
Other income, net	11	—%	31	1%	(20)	(65)%
Operating income from continuing operations	20	1%	133	6%	(113)	(85)%
Non-operating income, net	48	2%	33	1%	15	45%
Interest expense, net	(84)	(3)%	(188)	(8)%	104	55%
Loss from continuing operations before tax	(16)	(1)%	(22)	(1)%	6	(27)%
Income tax benefit	13	1%	137	6%	(124)	(91)%
(Loss) income from continuing operations	(3)	—%	115	5%	(118)	NM
Loss from discontinued operations, net of income taxes	(4)		(18)		14	
Net (loss) income	\$ (7)		\$ 97		\$ (104)	
Adjusted EBITDA from continuing operations⁽¹⁾	\$ 207	8%	\$ 272	12%	\$ (65)	(24)%

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

Components of Change in Reportable Segment Net Revenues for the Six Months Ended June 30, 2021 Compared with the Six Months Ended June 30, 2020

	Price/Mix	Volume	FX	Total
Net revenues	1%	6%	1%	8%
By reportable segment:				
Foodservice	3%	13%	1%	17%
Food Merchandising	4%	1%	—%	5%
Beverage Merchandising	(3)%	2%	1%	—%

Net Revenues. Net revenues for the six months ended June 30, 2021 increased by \$197 million, or 8%, to \$2,516 million compared to the six months ended June 30, 2020. The increase was primarily due to higher sales volume within our Foodservice segment, largely due to higher demand as markets continue to recover from the COVID-19 pandemic, as well as favorable pricing, primarily due to higher material costs passed through to customers within our Foodservice and Food Merchandising segments.

Cost of Sales. Cost of sales for the six months ended June 30, 2021 increased by \$287 million, or 15%, to \$2,258 million compared to the six months ended June 30, 2020. The increase was primarily due to higher sales volume, higher manufacturing costs driven by \$50 million of incremental costs incurred related to the impact of Winter Storm Uri, timing of a cold mill outage and production inefficiencies in Beverage Merchandising, higher material costs and higher logistics costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the six months ended June 30, 2021 decreased by \$1 million to \$241 million compared to the six months ended June 30, 2020. The decrease was primarily due to \$15 million of lower strategic review and transaction related costs, mostly offset by a \$10 million charge related to executive transition agreements and higher employee-related costs.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the six months ended June 30, 2021 increased by \$4 million to \$8 million compared to the six months ended June 30, 2020. Refer to Note 4, *Impairment, Restructuring and Other Related Charges*, for additional details.

Other Income, Net. Other income, net, for the six months ended June 30, 2021 decreased by \$20 million to \$11 million compared to \$31 million for the six months ended June 30, 2020. The decrease was primarily attributable to foreign exchange gains of \$28 million on cash in the prior year period, largely on U.S. dollar cash balances held by foreign entities with a non-U.S. dollar functional currency which were redomiciled to the U.S. upon our initial public offering.

Non-operating Income, Net. Non-operating income, net, for the six months ended June 30, 2021 increased to \$48 million compared to \$33 million for the six months ended June 30, 2020. The increase was primarily due to a decrease in interest cost on benefit plans, largely as a result of a decrease in interest rates.

Interest Expense, Net. Interest expense, net, for the six months ended June 30, 2021 decreased by \$104 million, or 55%, to \$84 million, compared to the six months ended June 30, 2020. Interest expense, net decreased by \$94 million reflecting the reduction in principal amounts outstanding under our notes and term loans. Interest expense, net for the six months ended June 30, 2020 was also impacted by \$14 million of expense from our interest rate swap which we subsequently terminated in August of 2020. These decreases were partially offset by an unfavorable change in foreign exchange rates. Refer to Note 9, *Debt*, for additional details.

Income Tax Benefit. During the six months ended June 30, 2021, we recognized a tax benefit of \$13 million on a loss from continuing operations before tax of \$16 million, compared to a tax benefit of \$137 million on a loss from continuing operations before tax of \$22 million for the six months ended June 30, 2020. The effective tax rate during the six months ended June 30, 2021 was primarily attributable to the partial release of our valuation allowance for deferred interest deductions, which was partially offset by varying tax rates among the jurisdictions in which we operate. The effective tax rate during the six months ended June 30, 2020 was primarily attributable to retroactive provisions in the CARES Act enacted in March 2020, mainly in relation to a discrete tax benefit from the deductibility of deferred interest deductions.

Loss from Discontinued Operations, Net of Income Taxes. Loss from discontinued operations, net of income taxes for the six months ended June 30, 2020 included only one month of results of our former RCP segment and six months of results of our former GPC segment. Refer to Note 2, *Discontinued Operations*, for additional details.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the six months ended June 30, 2021 decreased by \$65 million, or 24%, to \$207 million compared to the six months ended June 30, 2020. The decrease was primarily due to higher manufacturing costs in Beverage Merchandising driven by the impact of Winter Storm Uri along with the additional impact from a cold mill outage, as well higher material costs, net of higher costs passed through to customers. These decreases were partially offset by higher sales volume and favorable pricing. Adjusted EBITDA for the six months ended June 30, 2021 included \$50 million of additional costs incurred related to the impact of Winter Storm Uri.

Segment Information

Foodservice

(In millions, except for %)	For the Six Months Ended June 30,			
	2021	2020	Change	% change
Total segment net revenues	\$ 1,025	\$ 878	\$ 147	17%
Segment Adjusted EBITDA	\$ 123	\$ 89	\$ 34	38%
Segment Adjusted EBITDA Margin	12%	10%		

Total Segment Net Revenues. Foodservice total segment net revenues for the six months ended June 30, 2021 increased by \$147 million, or 17%, to \$1,025 million compared to the six months ended June 30, 2020. The increase was primarily due to higher sales volume due to markets reopening after the COVID-19 pandemic which significantly impacted the prior year period, as well as favorable pricing, primarily due to higher costs passed through to customers.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the six months ended June 30, 2021 increased by \$34 million, or 38%, to \$123 million compared to the six months ended June 30, 2020. The increase was primarily due to higher sales volume and favorable pricing, partially offset by higher material costs, net of higher costs passed through to customers, and higher manufacturing costs.

Food Merchandising

(In millions, except for %)	For the Six Months Ended June 30,			
	2021	2020	Change	% change
Total segment net revenues	\$ 730	\$ 692	\$ 38	5%
Segment Adjusted EBITDA	\$ 114	\$ 114	\$ —	—%
Segment Adjusted EBITDA Margin	16%	16%		

Total Segment Net Revenues. Food Merchandising total segment net revenues for the six months ended June 30, 2021 increased by \$38 million, or 5%, to \$730 million compared to the six months ended June 30, 2020. The increase was primarily due to favorable pricing, primarily due to higher costs passed through to customers, and higher sales volume as markets recover from the COVID-19 pandemic.

Adjusted EBITDA. Food Merchandising Adjusted EBITDA for the six months ended June 30, 2021 was flat compared to the six months ended June 30, 2020 as favorable pricing was completely offset by higher manufacturing costs and higher logistics costs.

Beverage Merchandising

(In millions, except for %)	For the Six Months Ended June 30,			
	2021	2020	Change	% change
Total segment net revenues	\$ 744	\$ 745	\$ (1)	—%
Segment Adjusted EBITDA	\$ (17)	\$ 87	\$ (104)	NM
Segment Adjusted EBITDA Margin	(2)%	12%		

Total Segment Net Revenues. Beverage Merchandising total segment net revenues for the six months ended June 30, 2021 decreased by \$1 million to \$744 million compared to the six months ended June 30, 2020. The decrease was primarily due to unfavorable pricing and customer mix, mostly offset by higher sales volume due to the market recovery from the COVID-19 pandemic.

Adjusted EBITDA. Beverage Merchandising Adjusted EBITDA for the six months ended June 30, 2021 decreased by \$104 million to a loss of \$17 million compared to the six months ended June 30, 2020. The decrease was primarily driven by the

additional costs of \$37 million incurred related to the impact of Winter Storm Uri and costs of \$16 million from a cold mill outage during the first quarter of 2021, production inefficiencies in the mills and higher material costs.

Liquidity and Capital Resources

We believe that we have sufficient liquidity to support our ongoing operations and to invest in future growth to create value for our shareholders. Our projected operating cash flows, existing cash balances and available capacity under our revolving credit facility are our primary sources of liquidity for the next 12 months and are expected to be used for, among other things, capital expenditures necessary to complete our Strategic Investment Program, payment of interest and principal on our long-term debt obligations, and distributions to shareholders that require approval by our Board of Directors. Additionally, we may continue to utilize long-term debt issuances for our funding requirements. While we may need additional financing to support our business and pursue our growth strategy, we currently do not expect any negative effects to our funding sources that would have a material effect on our liquidity.

Cash provided by operating activities

Net cash provided by operating activities decreased by \$45 million to \$122 million for the six months ended June 30, 2021 compared to \$167 million for the six months ended June 30, 2020. Cash provided by operating activities for the six months ended June 30, 2020 included \$134 million related to discontinued operations. The change related to our continuing operations was primarily driven by lower cash outflows related to interest payments and higher cash inflows related to tax refunds, partially offset by lower cash earnings.

Cash used in investing activities

Net cash used in investing activities decreased by \$71 million to \$137 million for the six months ended June 30, 2021, compared to \$208 million for the six months ended June 30, 2020. The change related to our continuing operations was primarily attributable to higher capital expenditures due to the timing of spend. Cash used in investing activities for the six months ended June 30, 2020 included \$94 million related to discontinued operations.

During the six months ended June 30, 2021 and 2020, we invested \$37 million and \$59 million, respectively, on our Strategic Investment Program.

Cash (used in) provided by financing activities

Net cash related to financing activities changed by \$470 million to \$102 million of cash used in financing activities for the six months ended June 30, 2021 compared to net cash provided by financing activities of \$368 million for the six months ended June 30, 2020. During the six months ended June 30, 2021, cash used in financing activities primarily consisted of the \$59 million redemption of the remaining portion of our 5.125% Notes and the payment of \$35 million of dividends to our shareholders. During the six months ended June 30, 2020, cash provided by financing activities was primarily attributable to the incurrence of \$3,616 million of debt, net of transaction costs, by RCPI 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 RCPI at the time of its distribution.

Dividends

We paid cash dividends of \$35 million during the six months ended June 30, 2021 and there were no dividends paid during the six months ended June 30, 2020. Our Board of Directors approved a dividend of \$0.10 per share on August 3, 2021 to be paid on September 15, 2021 to shareholders of record as of September 1, 2021.

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

Debt and Liquidity

As of June 30, 2021, we had \$3,956 million of total principal amount of borrowings. Refer to Note 9, *Debt*, for additional details. The nature and amount of our long-term debt and the proportionate amount of each varies as a result of current and expected business requirements, market conditions and other factors.

During the six months ended June 30, 2021, we repaid the remaining \$59 million aggregate principal amount of the 5.125% senior secured notes at a price of 101.281%.

Our 2021 annual cash interest obligations on our borrowings, including borrowings that have been repaid, are expected to be approximately \$155 million. As of June 30, 2021, the underlying one month LIBO rate for amounts borrowed under our Credit Agreement was 0.10%.

As of June 30, 2021, we had \$350 million of cash and cash equivalents on hand and \$207 million available for drawing under our revolving credit facility. We believe that our existing cash balances, projected operating cash flows together with our available capacity 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 12 months. Our next significant near term maturity of borrowings is \$1,207 million of U.S. term loans due in February 2023. We currently anticipate incurring approximately \$305 million of capital expenditures during fiscal year 2021. We do not currently anticipate that the COVID-19 pandemic will materially impact our liquidity over the next 12 months.

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 indenture governing the Notes generally allow our subsidiaries to transfer funds in the form of cash dividends, loans or advances within the Company.

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

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

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.

Critical Accounting Policies, Estimates and Assumptions

The most critical accounting policies and estimates are those that are most important to the portrayal of our financial condition and results of operations and require us to make the most difficult and subjective judgments, often estimating the outcome of future events that are inherently uncertain. Our significant accounting policies are described in Note 1, *Nature of Operations and Basis of Presentation*, to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020. Our critical accounting estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2020.

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 1, *Nature of Operations and Basis of Presentation*.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Interest Rate Risk

We had significant debt commitments outstanding as of June 30, 2021. 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 Credit Agreement. The Credit Agreement includes interest rate floors of 0.0% per annum on the term loans and the revolving loan.

The underlying rates for our Credit Agreement are the one-month LIBOR, and as of June 30, 2021 the applicable rates, including the relevant margins, were 2.85% for U.S. term loans Tranche B-1 and 3.35% for U.S. term loans Tranche B-2. Based on our outstanding debt commitments as of June 30, 2021, a one-year timeframe and all other variables remaining constant, a 100 basis point increase in interest rates would result in a \$25 million increase in interest expense on the term loans under our

Credit Agreement. A 100 basis point decrease in interest rates would result in a \$3 million decrease in interest expense on the term loans under our Credit Agreement.

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*, in our Annual Report on Form 10-K for the year ended December 31, 2020.

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 June 30, 2021.

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. See Note 10, *Financial Instruments*, for the details of our commodity derivative contracts as of June 30, 2021.

A 10% upward (downward) movement in the price curve used to value the commodity derivative contracts, applied as of June 30, 2021, would have resulted in a change of less than \$1 million in the unrealized loss recognized in the condensed consolidated statement of income (loss), assuming all other variables remain constant.

Item 4. Controls and Procedures.

a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. In connection with the preparation of this report, management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2021. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2021, our disclosure controls and procedures were effective.

b) Changes in Internal Control over Financial Reporting

There were no material changes in our internal control over financial reporting that occurred during the three months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The information required to be set forth under this heading is incorporated by reference from Note 13, *Commitments and Contingencies*, to the interim Condensed Consolidated Financial Statements included in Part I, Item 1.

Item 1A. Risk Factors

Other than as set forth below, there have been no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2020.

As disclosed in our risk factors in our Annual Report on Form 10-K for the year ended December 31, 2020, in August 2020 we identified practices in our Evergreen Packaging Shanghai business, which is part of our Beverage Merchandising segment, which involve acts potentially in violation of the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"). In September 2020 we made a voluntary self-disclosure to the U.S. Department of Justice ("DOJ") and Securities and Exchange Commission ("SEC") about these items and our investigation being conducted by external counsel, accountants and other advisors. Our investigation identified the occasional giving of gift cards representing relatively minor monetary values to government regulators and employees of state-owned enterprise customers in the People's Republic of China ("PRC"), over the course of several years. The amounts involved were immaterial, individually and in the aggregate, and these appear to have been provided at the times of PRC holidays for generalized goodwill purposes only. We have initiated procedures to remediate such practices, including discontinuing the giving of gift cards. We also identified certain other gift, travel and entertainment practices that do not comply with Company policy and expectations. These findings provided an opportunity for targeted, enhanced controls and additional training in these areas. We presented our investigation findings to the DOJ and SEC in February 2021. In response to and based on our investigation findings, the DOJ has decided to close its file on this matter without any action against the Company. The SEC staff has indicated its intention to close this matter without any action against the Company, and we intend to fully cooperate with the SEC, with the assistance of legal counsel, to conclude this matter.

Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may materially adversely affect our business, results of operations, financial condition or future results.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description of Exhibit
10.1*	Employment Agreement, dated as of July 8, 2019, by Pactiv LLC and Eric Wulf.
10.2*	Employment Agreement, dated as of July 31, 2019, by Pactiv LLC and Tim Levenda.
10.3*	Restricted Stock Compensation Agreement, dated as of July 8, 2019, by Pactiv LLC and Eric Wulf.
10.4*	Restricted Stock Compensation Agreement, dated as of July 8, 2019, by Pactiv LLC and Tim Levenda.
21.1*	List of Subsidiaries of Pactiv Evergreen Inc.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Furnished herewith

SIGNATURES

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

PACTIV EVERGREEN INC.
(Registrant)

By: /s/ MICHAEL J. RAGEN
Michael J. Ragen
Chief Financial Officer/Chief Operating Officer
August 5, 2021

EMPLOYMENT AGREEMENT

Employment Agreement ("Agreement") dated as of July 8, 2019, between Pactiv LLC (the "Company") and Eric Wulf ("Employee").

PRELIMINARY STATEMENT

A. Employee is currently employed by the Company without a written employment agreement.

B. The Company and Employee desire to enter into this Agreement to set forth their agreements regarding certain terms and conditions of Employee's employment.

NOW, THEREFORE, the Company and Employee agree as follows:

AGREEMENT

I. **Term.** The term of Employee's employment pursuant to this Agreement shall commence on the date hereof and shall continue until terminated in accordance with the terms hereof (the "**Term**"). However, Employee's employment with the Company commenced on the date Employee was first employed by the Company and is not affected by the parties entering into this Agreement.

2. **Position, Duties and Location.** Employee shall serve in the position(s) set forth on Schedule A attached hereto. Employee shall devote substantially all of Employee's working time and efforts to the business and affairs of the Company and shall not engage in any other business activity without prior written approval from the Company's CEO. Employee shall perform the services required by this Agreement at the location(s) indicated on Schedule A except for customary business travel to other locations as may be necessary to fulfill Employee's duties and responsibilities hereunder.

3. **Compensation and Related Matters.** During the Term:

(a) **Base Salary.** Employee's annual base salary (the "**Base Salary**") shall be as set forth on Schedule A. The Base Salary shall be payable in periodic installments in accordance with the usual practice of the Company for its senior employees. Employee's Base Salary will be reviewed but not necessarily increased annually as part of the Company's merit review process.

(b) **Annual Bonus.** Employee shall be eligible to receive an annual bonus (the "**Annual Bonus**") as set forth on Schedule A. The Annual Bonus shall be determined by the Company in its sole discretion, and there is no assurance that any Annual Bonus will be earned. The Annual Bonus, if any, earned by Employee in respect of any year shall be paid to Employee at the time that the Company pays its annual bonuses to its employees generally (usually around March 15 of the following year).

(c) **Other Compensation Programs.** Employee shall be eligible to participate in such other compensation programs as set forth on Schedule A.

(d) **Expenses.** Employee shall be entitled to receive reimbursement for all reasonable expenses incurred by Employee in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its senior officers.

(e) **Employee Benefit Programs.** Employee shall be entitled to participate in the Company's employee health and welfare plans, policies, programs and arrangements as they may be amended from time to time, to the extent Employee meets the eligibility requirements for any such plan, policy, program or arrangement.

(f) **Vacation.** Employee shall be entitled to paid vacation, as well as holidays and other paid absences, in accordance with the Company's policies and procedures for similarly situated employees of the Company, to the extent Employee meets the eligibility requirements for any such policy and procedures.

4. **Termination.** Employee's employment hereunder may be terminated as set forth in this Section 4. Upon any termination of Employee's employment, the Term shall automatically end.

(a) **Death.** Employee's employment hereunder shall automatically terminate upon Employee's death.

(b) **Discharge by the Company for Cause.** The Company may terminate Employee's employment hereunder for Cause at any time. For purposes of this Agreement, "**Cause**" shall mean in the good faith determination of the Company's CEO that Employee has engaged in conduct consisting of (i) dishonesty or other serious misconduct related to Employee's duties as an employee of the Company, or (ii) willful and continual failure (unless due to incapacity resulting from physical or mental illness) to perform the duties of Employee's employment after written demand for substantial performance is delivered to Employee by the Company specifically identifying the manner in which Employee has not substantially performed such duties, and Employee shall have 30 days to cure such performance.

(c) **Termination Without Cause.** The Company may terminate Employee's employment hereunder at any time without Cause upon 30 days' written notice to Employee. Any termination by the Company of Employee's employment under this Agreement other than pursuant to Section 4(a) or Section 4(b) shall be deemed a termination without Cause.

(d) **Termination by Employee.** Employee may terminate Employee's employment hereunder upon 60 days' written notice to the Company.

(e) **Notice of Termination.** Except for termination as specified in Section 4(a), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written to the other party hereto, specifying the applicable termination provision of this Agreement (a "**Notice of Termination**"). The "**Date of Termination**" shall mean: (i) if Employee's employment is terminated by death, the date of death; or (ii) the date specified in the applicable Notice of Termination. Notwithstanding the foregoing, if Employee gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

5. Compensation Upon Termination.

(a) **Termination Generally.** If Employee's employment with the Company is terminated for any reason, Employee (or Employee's authorized representative or estate) shall, through the Date of Termination, be paid or provided with (i) any earned but unpaid Base Salary, (ii) unpaid expense reimbursements, and (iii) any vested benefits Employee may have under any employee benefit plan of the Company (the "**Accrued Obligations**"). The Accrued Obligations shall be paid at the time(s) specified under any applicable employee benefit plan, or, if there is no applicable employee benefit plan, within 30 days after Employee's Date of Termination.

(b) **Termination by the Company Without Cause.** If Employee's employment is terminated by the Company without Cause as provided in Section 4(c), then employee shall be paid or provided with the Accrued Obligations through the Date of Termination and, subject to Section 5(c), Employee shall also be paid or provided with the following:

(i) **Severance.** A severance payment (the "**Severance Amount**") in the Amount set forth on Schedule A. Subject to Section 5(c) and Section 6, the Severance Amount shall be paid to Employee in equal installments in accordance with the Company's normal payroll practices over a period set forth on Schedule A (the "**Severance Period**"); provided that no amount of the severance shall be payable until the revocation period for the Release described in Section 5(c) shall have expired (and Employee shall not have revoked Employee's agreements in the Release), and any amount that would have been paid to Employee but for this proviso shall be accrued and paid to Employee on the first payroll date immediately following the expiration of such revocation period. Notwithstanding the foregoing, and in addition to any other rights or remedies the Company may have at law or in equity, if Employee breaches any of the provisions of the Restrictive Covenant Agreement, Employee's right to receive further payments of the Severance Amount shall be terminated. Severance provided pursuant to this Agreement is in lieu of: and not in addition to, any severance that might be available to Employee by law, contract, policy, or otherwise, all of which are hereby waived by Employee. If Employee receives any other severance, the Severance Amount shall be reduced by the amount of such other severance.

(ii) **Health Care Continuation.** In addition, Employee and Employee's eligible dependents, if any, shall continue to be covered by the Company's health plan (the "**Health Plan**"), as in effect from time to time, and subject to the rules thereof (including any requirement to make contributions or pay premiums, except that Employee shall contribute or pay on an after-tax basis) for the Severance Period. If the provision to Employee of the insurance coverage described in this Section would either: (A) violate the terms of the Health Plan (or any related insurance policies), or (B) violate any of the nondiscrimination requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), applicable to the health insurance coverage, then the Company, in its sole discretion, may elect to pay Employee, in lieu of the health insurance coverage described under this Section 5(b)(ii), a lump-sum cash payment equal to the total monthly premiums (or in the case of a self-funded plan, the cost of COBRA continuation

coverage) that would have been paid by the Company for Employee under the Health Plan.

(c) **Release.** Any payment that may become due under Section 5(b) shall be subject to Employee signing a general release of claims in favor of the Company and related persons and entities in a form and manner reasonably satisfactory to the Company, and which shall contain a corresponding mutual release from the Company in favor of Employee (the "**Release**") within the 21-day (or, if required by law, 45-day) period following the Date of Termination and the expiration of the seven-day revocation period for the Release. In the event Employee fails to sign such Release within the 21-day (or 45-day) period following the Date of Termination or revokes the Release prior to the expiration of these seven-day revocation period for the Release, Employee shall reimburse the Company for any payment made to Employee under Section 5(b) prior to the expiration of such seven-day revocation period for the Release. In addition, notwithstanding anything else herein to the contrary, Employee's entitlement to the payments and benefits described in Section 5(b) shall be contingent upon Employee abiding by and not breaching any of the covenants set forth in the Release and in the Restrictive Covenant Agreement.

6. Section 409A.

(a) Notwithstanding anything in this Agreement to the contrary, to the extent that any payment or benefit described in this Agreement would be considered deferred compensation subject to Section 409A(a) of the Code, and to the extent that such payment or benefit is payable upon Employee's termination of employment or within a certain time following the "Date of Termination," then such payments or benefits shall be payable only upon Employee's "separation from service" within the meaning of Section 409A of the Code and the "Date of Termination" shall be the date on which Employee experiences such "separation from service." The determination of whether and when a "separation from service" has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1 (h). If this Agreement provides for a payment to be made within a period of time, the date within such period on which such payment shall be made shall be determined by the Company in its sole discretion and, for the avoidance of doubt, the Company will pay the Severance Amount after the 45th day following the Date of Termination.

(b) Notwithstanding anything in this Agreement to the contrary, if at the time of Employee's "separation from service", Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then, to the extent any payment or benefit that Employee becomes entitled to under this Agreement on account of Employee's "separation from service" would be considered deferred compensation subject to Section 409A(a) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after Employee's "separation from service", or (B) Employee's death.

(c) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by Employee during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of

the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(d) the Company makes no representation or warranty and shall have no liability to Employee or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. **Restrictive Covenant Agreement.** The Company's obligations under this Agreement, including the Company's agreement to provide severance and to allow Employee to participate in the other compensation programs as provided on Schedule A, is conditioned on Employee signing a Restrictive Covenant Agreement in the form of Schedule B (the "**Restrictive Covenant Agreement**").

8. **Arbitration of Disputes.** Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of Employee's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("**AAA**") in Chicago, IL in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person or entity other than Employee or the Company may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 8 shall be specifically enforceable. Notwithstanding the foregoing, this Section 8 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate (including, without limitation, the Company's enforcement of the Restrictive Covenant Agreement); provided, however, that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 8. Further notwithstanding the foregoing, this Section 8 shall not limit the Company's ability to terminate Employee's employment at any time.

9. **Integration.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, including, but not limited to, any prior Agreement and/or compensation plan to which Employee and the Company or any of its affiliates are parties.

10. **Withholding.** All payments made by the Company to Employee under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law.

11. **Enforceability.** If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

12. **Survival.** The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of Employee's employment to the extent necessary to effectuate the terms contained herein. This agreement shall be binding upon, and the rights and obligations hereunder shall inure to the benefit of, any successors and assigns of the Company.

13. **Waiver.** No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

14. **Notices.** Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to Employee at the last address Employee has filed in writing with the Company or, in the case of the Company, at its main offices, attention of John McGrath.

15. **Amendment.** This Agreement may be amended or modified only by a written instrument signed by Employee and by a duly authorized representative of the Company (other than Employee).

16. **Governing Law.** This Agreement shall be construed under and be governed in all respects by the laws of the State of Illinois without giving effect to the conflict of laws principles of such State.

17. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties *have* executed this Agreement effective as of the date set forth above.

COMPANY

By: /S/ John McGrath
Name: John McGrath
Title Chief Executive Officer

Schedule AKey Terms of Employment

1. Position: Vice-President, Pactiv Food Packaging & Retail
2. Primary Location(s): Lake Forest, IL
3. Base Salary: \$463,500
4. Annual Bonus Target: 60% of Base Salary
5. Long Term Incentive Target: 75% of Base Salary
6. Severance Amount/Period: Annual Base Salary, paid in equal installments over 12 months following the Date of Termination except that if (i) a Sale of Business (as defined below) occurs and (ii) within 12 months following the closing of such Sale of Business either (A) Employee is terminated without Cause, or (B) Employee's position is materially reduced in remuneration or scope of duties and Employee terminates Employee's employment, then the Severance Amount shall be (i) two times Employee's Base Salary plus (ii) Annual Bonus at Target prorated through Date of Termination and will be paid over a period of 24 months following the Date of Termination. All other terms of Section S(b)(i) of the Agreement will apply. For purposes of this provision a "**Sale of Business**" shall mean the sale or other disposition of (x) more than 50% of the shares or other equity interests of the Company or the Company's direct or indirect parent to a non-affiliated party, or (y) more than 50% of the businesses or assets that, as of the most recent year end, generated more than 50% of the Company's EBITDA (as determined in good faith by RGHL's CEO, based on the Company's regularly prepared financial statements), provided that a disposition as a result of lender foreclosure on assets or pursuant to a bankruptcy or judicially administered reorganization shall not constitute a Sale of Business. Employee's position shall not be materially reduced by reason of the Company being smaller or having less operations as a result of the Sale of Business so long as Employee's duties and responsibilities are generally consistent with Employee's duties and responsibilities prior to the Sale of Business.

EMPLOYEE

By: /S/ Eric Wulf
Name: Eric Wulf

Restrictive Covenant Agreement

Restrictive Covenant Agreement dated July 8, 2019, between Pactiv LLC (the "**Company**") and Eric Wulf ("**Employee**").

Preliminary Statement

A. The Company and Employee have entered into an Employment Agreement of even date here with. The execution of this Restrictive Covenant Agreement is a condition to the Company ' s obligations under the Employment Agreement.

B. In addition, the Company is providing Employee other consideration for Employee' s execution of this Agreement, as provided in a separate letter of even date herewith.

NOW, THEREFORE, the Company and Employee agree as follows:

Agreement

1. **Definitions.** As used in this Agreement:

(a) "**Company Product**" means any product developed, manufactured, produced or distributed by the Company during the 24 month period immediately preceding the termination of Employee' s employment with the Company provided that (i) Employee had access to Proprietary Information related to the product or (ii) Employee marketed or interacted with Customers or Prospective Customers regarding the product during the 12-month period immediately preceding the termination of Employee' s employment with the Company.

(b) "**Competitive Activity**" means the marketing, distribution, promotion, sales, development, delivery, or servicing of any product that competes with any Company Product.

(c) "**Competitor**" means (i) those entities listed on Attachment A plus (ii) such other entities that the Company reasonably determines are engaged in a Competitive Activity, in each case plus any direct or indirect parent or subsidiary of such entity, minus (iii) such entities on Attachment A that the Company reasonably determines are no longer engaged in a Competitive Activity. Company shall notify Employee in writing of any additions to or deletions from Attachment A.

(d) "**Customer**" means any customer, including distributors, with whom the Company transacted business during the 24-month period immediately preceding the termination of Employee' s employment with the Company provided that (i) Employee had Material Contact with, or (ii) knew Proprietary Information of or about, the Customer during the 24-month period immediately preceding the termination of Employee' s employment with the Company.

(e) "**Material Contact**" means any contact between Employee and any Customer or Prospective Customer:

(1) with whom or with which Employee dealt on behalf of the Company;

- (2) whose dealings with the Company were coordinated or supervised by Employee; or
- (3) that resulted in Employee obtaining Proprietary Information about a Customer or Prospective Customer.

(f) "**Proprietary Information**" means confidential or proprietary information or trade secrets of the Company or its affiliates, including, but not limited to, materials and information, whether written, electronic, or otherwise: a) disclosed to Employee or known by Employee as a result of his or her employment with the Company, b) which is not generally known, and c) which relate s to or concerns the Company' s or its affiliates ' : innovations; ideas; plans; processes; structures ; systems; know-how; algorithms; compute r programs; software; code; publications; designs; methods; techniques; drawing s; apparatuses: government filings; patents; patent applications; material s; devices; research activities; reports and plans; specifications; promotional methods; financial information; forecasts; sales, profit and loss figures; personal identifying information of employees; marketing and sales methods and strategies; plans and systems; customer protocols and training programs; customer, prospective customer, vendor, licensee and client lists; information about customers , prospective customers , vendors, licensees and clients; information about relationships between the Company or its affiliates and their business partners, acquisition prospects, vendors, suppliers, prospective customers, customers, employees, owners, licensees and clients; information about deals and prospective deals; information about products, including but not limited strengths, weaknesses and vulnerabilities of existing products, as well as product strategies and roadmaps for future products and releases; and information about pricing including but not limited to license types, models, implementation costs, discounts and tolerance for discounts. Proprietary Information shall also include all information and matters specifically designated as proprietary and/or confidential by the Company or its affiliates or their customers or other business partners. The following information will not be considered Proprietary Information under this Agreement: a) information that has become generally available to the public through no wrongful act of Employee; b) infom1ation that Employee identified prior to Employee's employment with the Company; c) information that is disclosed to the public pursuant to the binding order of a government agency or court; and d) information that is acquired through general skill and experience during Employee's employment with the Company which Employee could reasonably have been expected to acquire in similar employment for another company provided Employee has no reason to believe that the Company would consider such information Proprietary Information as defined above.

(g) "**Prospective Customer**" means any person with whom the Company was attempting to transact business within the six month period immediately preceding the termination of Employee' s employment with the Company provided that (i) Employee had Material Contact with, or (ii) knew Proprietary Information of or about, the Prospective Customer during the six-month period immediately preceding the termination of Employee ' s employment.

2. **Legitimate Interest.** Due to the nature of the Company' s business, certain the Company employees, including Employee, have access to Proprietary Information. Likewise, via their employment, certain the Company employees, including Employee, receive specialized

training and/or shall be introduced to, given the opportunity to develop personal contacts with, and actually develop an advantageous familiarity as to the Company's Customers and Prospective Customers. If the confidential or "trade secret" information, specialized training, or contacts and familiarity were made available to the Company competitors or other individuals outside the Company, or otherwise used against the Company interests, it would undoubtedly result in a loss of business or competitive position for the Company and/or harm the Company's goodwill and investment in developing and maintaining its business relationships. Employee also agrees he/she holds a position uniquely essential to the management, organization, and/or service of the Company and the Company's business is inherently national in character.

3. **Disclosure of Existing Obligations.** Except as disclosed in writing on Attachment B, Employee certifies the following:

(a) Employee is not bound by any written agreement or other obligation that directly or indirectly (i) restricts Employee from using or disclosing any confidential or proprietary information of any person or entity, (ii) restricts Employee from competing with, or soliciting actual or potential customers or business from, any person or entity, (iii) restricts Employee from soliciting any current or former employees of any person or entity, or (iv) limits Employee's ability to perform any assigned duties for the Company.

(b) Employee does not have in Employee's possession any confidential or proprietary information or documents belonging to others (except as disclosed in Attachment B), and will not use, disclose to, or induce the Company to use any such information or documents. To the extent Employee possesses any confidential information or documents from a former employer or other party, Employee agrees to immediately return any such confidential information or documents to the owner unless Employee has express written authorization to retain it or them or destroy such information or documents.

(c) Employee understands that the Company expects Employee to fulfill any contractual and fiduciary obligations Employee may owe to any former employer or other party, and Employee agrees to do so. Prior to execution of this Agreement, Employee certifies that Employee tendered to the Company all agreements and understandings described by this Section 3.

4. **Work Made for Hire-Assignment of Inventions.**

(a) Employee understands and agrees all "Work" (defined to mean all concepts, data, databases, inventions, formulas, discoveries, improvements, trade secrets, original works of authorship, know-how, algorithms, computer programs, software, code, publications, websites, designs, proposals, strategies, processes, methodologies and techniques, and any and all other information, materials and intellectual property, in any medium) that Employee, alone or jointly, creates, conceives, develops, or reduces to practice or causes another to create, conceive, develop, or reduce to practice, shall be a "work made for hire" within the meaning of that term, under United States Copyright Act, 17 U.S.C. §§101 et seq. Employee agrees to promptly disclose to the Company, or any persons designated by it, all Work.

Employee agrees to and hereby assigns and transfers to the Company, effective as of the date of its creation, any and all rights, title and interest Employee may have or may acquire in any Work

(including any Work not deemed, for whatever reason, to have been created as a work made for hire), effective as of the date of its creation, including any and all intellectual property rights in the Work, and the right to prosecute and recover damages for all infringements or other violations of the Work.

(b) Employee hereby gives the Company the unrestricted right to use, display, distribute, modify, combine with other information or materials, create derivative works based on, sell, or otherwise exploit for any purpose, the Work and any portion thereof, in any manner and medium throughout the world. Employee irrevocably waives and assigns to the Company any and all so-called moral rights Employee may have in or with respect to any Work. Upon the Company's request, Employee shall promptly execute and deliver to the Company any and all further assignments, patent applications, or such other documents as the Company may deem necessary to effectuate the purposes of this Agreement. Employee hereby irrevocably designates and appoints the Company and its officers and agents as Employee's agent and attorney-in-fact, with full powers of substitution, to act for and on Employee's behalf to execute, verify and file any such documents and to do all other lawfully permitted acts as permitted in the preceding paragraph with the same legal effect as if executed by Employee. The foregoing agency and power shall only be used by the Company if Employee fails to execute within five business days after the Company's request related to any document or instrument described above. Employee hereby waives and quitclaims to the Company all claims of any nature which Employee now has or may later obtain for infringement of any intellectual property rights assigned under this Agreement or otherwise to the Company.

(c) Employee has identified on Attachment C inventions or improvements relevant to the subject matter of Employee's engagement with the Company that Employee desires to remove from the operation of this Agreement, and Employee's post-employment restrictions. If there is no such list on Attachment C, Employee represents that Employee has made no such inventions and improvements at the time of signing this Agreement.

(d) The provisions of this Agreement requiring the assignment to the Company of Employee's rights to certain inventions do not apply to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on the Employee's own time, unless (i) the invention relates a) directly to the business of the Company, or b) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by the Employee for the Company.

5. Restrictive Covenants.

(a) **Non-Solicitation of Customers.** Employee agrees that, during Employee's employment with the Company and for a period of 12 months following the termination of Employee's employment, Employee shall not, on behalf of any entity or person other than the Company, directly or indirectly, contact or solicit any Customer for the purpose of delivering, selling, or otherwise offering a product that is the same or similar to that of a Company Product.

(b) **Non-Solicitation of Prospective Customers.** Employee agrees that, during Employee's employment with the Company and for a period of 12 months following the termination of Employee' s employment, Employee shall not, on behalf of any entity or person other than the Company, directly or indirectly, contact or solicit any Prospective Customer for the purpose of delivering, selling, or otherwise offering a product that is the same or similar to that of a Company Product.

(c) **Non-Solicitation of Employees.** Employee agrees that, during Employee's employment with the Company and for a period of 12-months following the termination of Employee' s employment, Employee shall not, directly or indirectly: a) induce or attempt to induce any employee of the Company or any of its affiliates with whom Employee had a working relationship in the 24 months prior to the termination of Employee ' s employment to terminate his or her employment with the Company; b) hire or employ, or attempt to hire or employ, an y employee of the Company or any of its affiliates with whom Employee had a working relationship in the 24 months prior to the termination of Employee ' s employment; o r c) assist any other person or entity in doing any of the foregoing.

(d) **Limited Non-Competition.** Employee agrees that during Employee' s employment with the Company and for a period of 12 months following the termination of Employee' s employment, Employee shall not, anywhere in North America (United States, Mexico or Canada) act in any capacity, whether or not for consideration, on behalf of any Competitor. Given the national nature of the Company's business, the extent to which Employee has been (or will be) exposed to the Company' s Proprietary information, and the ability of Employee to carry out Employee' s work remotely, regardless of physical location, Employee acknowledges the geographic scope of the post-employment restriction in this Section 5(d) is reasonable and appropriate.

(e) **Confidentiality Covenant.** During Employee ' s employment with the Company and following the termination of Employee's employment:

(i) Employee will not disclose or transfer, directly or indirectly, any Proprietary Information to any person or entity other than as authorized by the Company. Employee understands and agrees that disclosures authorized by the Company for the benefit of the Company must be made in accordance with the Company's policies and practices designed to maintain the confidentiality of Proprietary Information, for example providing information after obtaining signed non-disclosure or confidentiality agreements;

(ii) Employee will not use, directly or indirectly, any Proprietary Information for the benefit or profit of any person or organization, including Employee, other than the Company;

(iii) Employee will not remove or transfer from any of the Company's offices or premises any materials or property of the Company (including, without limitation, materials and property containing Proprietary Information), except as is strictly necessary in the performance of Employee's assigned duties as an employee;

(iv) Employee will not copy any Proprietary Information except as needed in furtherance of and for use in the Company's business. Employee agrees that copies of Proprietary Information must be treated with the same degree of confidentiality as the original information and are subject to the same restrictions contained in this Agreement;

(v) Employee will promptly upon the Company's request, and in any event promptly upon the termination of Employee's employment with the Company, return to the Company all materials and property removed from or belonging to the Company and Employee will not retain copies of any of such materials and property;

(vi) Employee agrees to take all reasonable steps to preserve the confidential and proprietary nature of Proprietary Information and to prevent the inadvertent or accidental disclosure of Proprietary Information; and

(vii) Employee will not use or rely on the confidential or proprietary information or trade secrets of a third party in the performance of Employee's work for the Company except when obtained through lawful means such as contractual teaming agreements, purchase of copyrights, or other written permission for use of such information.

(f) **Scope of Covenants.** The parties desire for the restrictive covenants, including any time period and geographic scope, to be construed as broadly as permitted by applicable law. It is the parties' intent, and a critical inducement to the Company entering into this Agreement, to protect and preserve the Company's legitimate interests, and thus the parties agree that the time period and the geographic coverage and scope of the post-employment restrictions herein are reasonable and necessary. However, if a court of competent jurisdiction finds that the time period of any of the foregoing post-employment restrictions is too lengthy, the geographic scope is too broad, or the agreement overreaches in any way, the parties authorize and respectfully ask the court to modify or, if modification is not possible, strike the offending portion, but only that portion, and grant the relief reasonably necessary to protect the Company's interests so as to achieve the original intent of the parties.

(g) **Remedies.** Employee agrees that a threatened or existing violation of any of the post-employment restrictions contained in this Agreement would cause the Company irreparable injury for which it would have no adequate remedy at law and agrees that the Company will be entitled to obtain injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it at law or in equity. The real or perceived existence of any claim or cause of action against the Company, whether predicated on this Agreement or some other basis, will not alleviate Employee of Employee's obligations under this Agreement and will not constitute a defense to the enforcement by the Company of post-employment restrictions contained herein.

(h) **Tolling of Time Periods.** Employee agrees that in the event Employee violates any subsection of Section 5 of this Agreement as to which there is a specific time period during which Employee is prohibited from certain actions and activities, such violation shall toll the running of such time period from the date of such violation until the date the violation ceases.

(i) **Inevitable Use of Proprietary Information.** Employee acknowledges and agrees that, after Employee's separation of employment, Employee will possess the Company's Proprietary Information which Employee would inevitably use if Employee were to engage in the conduct prohibited by Section 5 (including each of its sub-sections), that such use would be unfair and extremely detrimental to the Company and, in view of the benefits provided to Employee in this Agreement, that such conduct on his or her part would be inequitable. Accordingly, Employee separately and severally agrees for the benefit of the Company to be bound by each of the covenants described above.

6. **Reasonable Restrictions.** Employee acknowledges that it is necessary and appropriate for the Company to protect its legitimate business interests by restricting Employee's ability to engage in certain competitive activities and any violation of such post-employment restrictions would result in irreparable injury to the Company's legitimate business interests. The parties agree that the post-employment restrictions contained in this Agreement are drafted narrowly to safeguard the Company's legitimate business interests while not unreasonably interfering with Employee's ability to obtain other employment.

7. **Entire Agreement.** No representation, promise, understanding, or warranty not set forth herein has been made or relied upon by either party in making this Agreement. No modification, amendment or addition will be valid, unless set forth in writing and signed by the party against whom enforcement of any such modification, amendment or addition is sought. Notwithstanding, this Agreement supersedes any prior confidentiality agreements or restrictive covenants between the Company and Employee provided however that if a court of competent jurisdiction refuses to enforce this Agreement, then the parties agree that the terms of any prior confidentiality or restrictive covenants shall govern.

8. **At Will Employment.** Nothing in this Agreement shall be deemed to constitute a contract of employment for any given duration. The relationship between the Company and Employee shall be employment-at-will and either the Company or Employee may terminate it at any time for any reason without liability.

9. **Subsequent Employment.** In order to protect the Company's rights under this Agreement, Employee agrees that:

(a) For a period of 12 months following the termination of Employee's employment with the Company, Employee shall advise the Company with respect to any new employment by Employee's. Employee is aware that the Company may contact Employee's prospective or subsequent employers and inform them of this Agreement or any other policy or employment agreement between Employee and the Company that may be in effect on Employee's last day of employment. Employee understands that Employee has a duty to contact the Company if Employee has any questions regarding whether or not conduct by Employee would be restricted by this Agreement.

(b) Employee shall make the terms and conditions of the post-employment restrictions in this Agreement known to any business, entity or persons engaged in activities competitive with the Company's business with which Employee becomes associated during

Employee's employment with the Company and in the 12 month period after the termination of Employee's employment.

10. **Assignment of Agreement.** The Company may assign this Agreement, its rights, interests and remedies under this Agreement, and its obligations under this Agreement, to any successor or purchaser of the Company or any division or business of the Company in the discretion of the Company and without notice to Employee. The validity of this Agreement will not be affected by the sale (whether via a stock or asset sale), merger, or any other change in ownership of the Company. Employee understands that Employee's obligations under this Agreement are personal, and that Employee may not assign this Agreement, or any of Employee's rights, interests, or obligations under this Agreement.

11. **Non-Waiver.** No failure or delay by any party to this Agreement in exercising any right, power or privilege hereunder, will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein will be cumulative and in addition to any rights or remedies provided by law or equity.

12. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Illinois without giving effect to any conflict of law principles.

13. **Consent To Jurisdiction.** The parties expressly consent to the exclusive jurisdiction of the state or federal courts of Illinois to resolve any and all disputes arising under the post-employment restrictions contained in Section 5 of this Agreement and hereby waive any right that they might have to object to jurisdiction or venue within such court or any defense based on the doctrine of *forum non conveniens*. The parties also agree that any and all disputes arising under the post-employment restrictions contained in Section 5 of this Agreement may be resolved in a state or federal court and shall not be subject to arbitration irrespective of any other agreement.

14. **Counterparts & Signatures.** This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. Facsimile, electronic (PDF, etc.) and other copies or duplicates of this Agreement are valid and enforceable as originals. Similarly, Agreements signed by hand, electronically (DocuSign or similar service), or, on behalf of the Company, by signature stamp, are valid and enforceable as original signatures.

15. **Notice of Immunity.** Employee understands that nothing in this Agreement is intended to prohibit Employee from disclosing information, including Proprietary Information, which is permitted to be disclosed by the Federal Defend Trade Secrets Act, which provides that an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret (a) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, Employee understands that if Employee files a lawsuit against the Company for retaliation based on the reporting of a

suspected violation of law, Employee may disclose a trade secret to Employee's attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order. To the extent Employee suspects a violation of the law, Employee should report their suspicion to an officer of the Company or in accordance with relevant the Company policies.

16. **Return of the Company Property.** At the request of the Company (or, without any request, upon termination of my employment with the Company), Employee will immediately deliver to the Company (a) all the Company property that is then in Employee's possession, custody or control, including, without limitation, all keys, access cards, cell phones, tablets, computer hardware including but not limited to any hard drives, external storage devices, diskettes, fobs, laptops, tablets, computers and personal data assistants (and the contents thereof), internet connectivity devices, computer software and programs, data, materials, papers, books, files, documents, records; (b) any and all documents or other items containing, summarizing, or describing any Proprietary Information, including all originals and copies in whatever form; (c) any personal device that Employee synced with or used to access any the Company system for purpose of inspection and copying; and (d) a list of passwords or codes needed to operate or access any of the items referenced in this Section 16.

17. **Promotional Materials.** Employee authorizes and consents to, during the term of Employee's employment with the Company, the creation and/or use of Employee's likeness as well as Employee's name by the Company, and persons or organizations authorized by it, without reservation or limitation and without further consideration. Pursuant to this authorization and consent, the Company may, for example, use Employee's likeness on its website, and publish and distribute advertising, sales, or other promotional literature containing a likeness of Employee in the course of performing Employee's job duties. Employee also waives any cause of action for personal injury and/or property damage by virtue of the creation and use of such a likeness. Property rights to any likeness of Employee produced or prepared by the Company, or any person or organization authorized by it, shall vest in and remain with the Company. As used herein, "likeness" shall include a photograph, photographic reproduction, audio transmission, audio recording, video transmission and/or video recording, as well as any other similar medium.

18. **Fair Meaning.** The language of this Agreement shall be construed as a whole, according to its fair meaning, and not strictly for or against any party.

19. **Additional Consideration.** Employee understands that the Company's obligations under the Employment Agreement, as well as the provision of the additional consideration identified in the Preliminary Statement, are conditioned upon Employee signing this Agreement. Further, as a result of Employee's employment, Employee shall be (or has been) given access to the Company's Proprietary Information, provision of confidential information, opportunities for advancement, and opportunities to participate in confidential meetings and specialized training, which shall constitute independent consideration for the post-employment restrictions contained in this Agreement and would not be (or would not have been) given to Employee without Employee's agreement to abide by the terms and conditions of this Agreement, including without limitation the ancillary obligations of confidentiality and non-disclosure.

By initialing below, Employee specifically acknowledges that Employee has read, understands and agrees to Section 19.

EW
Employee initials

By executing this Agreement below, the parties confirm they have read, understood, and voluntarily agreed to be bound by the entire Agreement.

Employee

Printed: Eric Wulf

Signed: /S/ Eric Wulf

Dated: 8/1/2019

Company

Printed: John McGrath

Signed: /S/ John McGrath

Dated: 9/17/2019

Attachment A

- Anchor
- Berry Plastics
- Cascade
- CKF
- Cool-Pak
- D&W Fine Pak
- Dart Container Corporation
- Direct Pack
- Daleo
- Dyne-a-Pak
- Fabri-Kal
- Genpak
- Georgia Pacific
- Grupo Convem1ex
- Hartmann
- Huhtamaki
- Inline Plastics
- International Paper/IP Foodservice
- LBP
- Peninsula Packaging
- Sabert
- Sealed Air
- Seda
- Solo Cup Company
- The Waddington Group.

Pactiv Competitors

Attachment B

List of Confidential or Proprietary Information Belonging to Others

None

Attachment C

List of Prior Inventions or Improvements

None

EMPLOYMENT AGREEMENT

Employment Agreement ("**Agreement**") dated as of July 31, 2019, between Pactiv LLC (the "**Company**") and Tim Levenda ("**Employee**").

PRELIMINARY STATEMENT

A. Employee is currently employed by the Company without a written employment agreement.

B. The Company and Employee desire to enter into this Agreement to set forth their agreements regarding certain terms and conditions of Employee's employment.

NOW, THEREFORE, the Company and Employee agree as follows:

AGREEMENT

1. **Term.** The term of Employee's employment pursuant to this Agreement shall commence on the date hereof and shall continue until terminated in accordance with the terms hereof (the "**Term**"). However, Employee's employment with the Company commenced on the date Employee was first employed by the Company and is not affected by the parties entering into this Agreement.

2. **Position, Duties and Location.** Employee shall serve in the position(s) set forth on Schedule A attached hereto. Employee shall devote substantially all of Employee's working time and efforts to the business and affairs of the Company and shall not engage in any other business activity without prior written approval from the Company's CEO. Employee shall perform the services required by this Agreement at the location(s) indicated on Schedule A except for customary business travel to other locations as may be necessary to fulfill Employee's duties and responsibilities hereunder.

3. **Compensation and Related Matters.** During the Term:

(a) **Base Salary.** Employee's annual base salary (the "**Base Salary**") shall be as set forth on Schedule A. The Base Salary shall be payable in periodic installments in accordance with the usual practice of the Company for its senior employees. Employee's Base Salary will be reviewed but not necessarily increased annually as part of the Company's merit review process.

(b) **Annual Bonus.** Employee shall be eligible to receive an annual bonus (the "**Annual Bonus**") as set forth on Schedule A. The Annual Bonus shall be determined by the Company in its sole discretion, and there is no assurance that any Annual Bonus will be earned. The Annual Bonus, if any, earned by Employee in respect of any year shall be paid to Employee at the time that the Company pays its annual bonuses to its employees generally (usually around March 15 of the following year).

(c) **Other Compensation Programs.** Employee shall be eligible to participate in such other compensation programs as set forth on Schedule A.

(d) **Expenses.** Employee shall be entitled to receive reimbursement for all reasonable expenses incurred by Employee in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its senior officers.

(e) **Employee Benefit Programs.** Employee shall be entitled to participate in the Company's employee health and welfare plans, policies, programs and arrangements as they may be amended from time to time, to the extent Employee meets the eligibility requirements for any such plan, policy, program or arrangement.

(f) **Vacation.** Employee shall be entitled to paid vacation, as well as holidays and other paid absences, in accordance with the Company's policies and procedures for similarly situated employees of the Company, to the extent Employee meets the eligibility requirements for any such policy and procedures.

4. **Termination.** Employee's employment hereunder may be terminated as set forth in this Section 4. Upon any termination of Employee's employment, the Term shall automatically end.

(a) **Death.** Employee's employment hereunder shall automatically terminate upon Employee's death.

(b) **Discharge by the Company for Cause.** The Company may terminate Employee's employment hereunder for Cause at any time. For purposes of this Agreement, "**Cause**" shall mean in the good faith determination of the Company's CEO that Employee has engaged in conduct consisting of (i) dishonesty or other serious misconduct related to Employee's duties as an employee of the Company, or (ii) willful and continual failure (unless due to incapacity resulting from physical or mental illness) to perform the duties of Employee's employment after written demand for substantial performance is delivered to Employee by the Company specifically identifying the manner in which Employee has not substantially performed such duties.

(c) **Termination Without Cause.** The Company may terminate Employee's employment hereunder at any time without Cause upon 30 days' written notice to Employee. Any termination by the Company of Employee's employment under this Agreement other than pursuant to Section 4(a) or Section 4(b) shall be deemed a termination without Cause.

(d) **Termination by Employee.** Employee may terminate Employee's employment hereunder upon 60 days' written notice to the Company.

(e) **Notice of Termination.** Except for termination as specified in Section 4(a), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written to the other party hereto, specifying the applicable termination provision of this Agreement (a "**Notice of Termination**"). The "**Date of Termination**" shall mean: (i) if Employee's employment is terminated by death, the date of death; or (ii) the date specified in the applicable Notice of Termination. Notwithstanding the foregoing, if Employee gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

5. Compensation Upon Termination.

(a) **Termination Generally.** If Employee's employment with the Company is terminated for any reason, Employee (or Employee's authorized representative or estate) shall, through the Date of Termination, be paid or provided with (i) any earned but unpaid Base Salary, (ii) unpaid expense reimbursements, and (iii) any vested benefits Employee may have under any employee benefit plan of the Company (the "**Accrued Obligations**"). The Accrued Obligations shall be paid at the time(s) specified under any applicable employee benefit plan, or, if there is no applicable employee benefit plan, within 30 days after Employee's Date of Termination.

(b) **Termination by the Company Without Cause.** If Employee's employment is terminated by the Company without Cause as provided in Section 4(c), then Employee shall be paid or provided with the Accrued Obligations through the Date of Termination and, subject to Section 5(c), Employee shall also be paid or provided with the following:

(i) **Severance.** A severance payment (the "**Severance Amount**") in the Amount set forth on Schedule A. Subject to Section 5(c) and Section 6, the Severance Amount shall be paid to Employee in equal installments in accordance with the Company's normal payroll practices over a period set forth on Schedule A (the "**Severance Period**"); provided that no amount of the severance shall be payable until the revocation period for the Release described in Section 5(c) shall have expired (and Employee shall not have revoked Employee's agreements in the Release), and any amount that would have been paid to Employee but for this proviso shall be accrued and paid to Employee on the first payroll date immediately following the expiration of such revocation period. Notwithstanding the foregoing, and in addition to any other rights or remedies the Company may have at law or in equity, if Employee breaches any of the provisions of the Restrictive Covenant Agreement, Employee's right to receive further payments of the Severance Amount shall be terminated. Severance provided pursuant to this Agreement is in lieu of, and not in addition to, any severance that might be available to Employee by law, contract, policy, or otherwise, all of which are hereby waived by Employee. If Employee receives any other severance, the Severance Amount shall be reduced by the amount of such other severance.

(ii) **Health Care Continuation.** In addition, Employee and Employee's eligible dependents, if any, shall continue to be covered by the Company's health plan (the "**Health Plan**"), as in effect from time to time, and subject to the rules thereof (including any requirement to make contributions or pay premiums, except that Employee shall contribute or pay on an after-tax basis) for the Severance Period. If the provision to Employee of the insurance coverage described in this Section would either:

(A) violate the terms of the Health Plan (or any related insurance policies), or (B) violate any of the nondiscrimination requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), applicable to the health insurance coverage, then the Company, in its sole discretion, may elect to pay Employee, in lieu of the health insurance coverage described under this Section 5(b)(ii), a lump-sum cash payment equal to the total monthly premiums (or in the case of a self-funded plan, the cost of COBRA continuation

coverage) that would have been paid by the Company for Employee under the Health Plan.

(c) **Release.** Any payment that may become due under Section 5(b) shall be subject to Employee signing a general release of claims in favor of the Company and related persons and entities in a form and manner satisfactory to the Company (the "**Release**") within the 21-day (or, if required by law, 45-day) period following the Date of Termination and the expiration of the seven-day revocation period for the Release. In the event Employee fails to sign such Release within the 21-day (or 45-day) period following the Date of Termination or revokes the Release prior to the expiration of the seven-day revocation period for the Release, Employee shall reimburse the Company for any payment made to Employee under Section 5(b) prior to the expiration of such seven-day revocation period for the Release. In addition, notwithstanding anything else herein to the contrary, Employee's entitlement to the payments and benefits described in Section 5(b) shall be contingent upon Employee abiding by and not breaching any of the covenants set forth in the Release and in the Restrictive Covenant Agreement.

6. Section 409A.

(a) Notwithstanding anything in this Agreement to the contrary, to the extent that any payment or benefit described in this Agreement would be considered deferred compensation subject to Section 409A(a) of the Code, and to the extent that such payment or benefit is payable upon Employee's termination of employment or within a certain time following the "Date of Termination," then such payments or benefits shall be payable only upon Employee's "separation from service" within the meaning of Section 409A of the Code and the "Date of Termination" shall be the date on which Employee experiences such "separation from service." The determination of whether and when a "separation from service" has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h). If this Agreement provides for a payment to be made within a period of time, the date within such period on which such payment shall be made shall be determined by the Company in its sole discretion and, for the avoidance of doubt, the Company will pay the Severance Amount after the 45th day following the Date of Termination.

(b) Notwithstanding anything in this Agreement to the contrary, if at the time of Employee's "separation from service", Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then, to the extent any payment or benefit that Employee becomes entitled to under this Agreement on account of Employee's "separation from service" would be considered deferred compensation subject to Section 409A(a) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after Employee's "separation from service", or (B) Employee's death.

(c) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by Employee during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of

in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(d) the Company makes no representation or warranty and shall have no liability to Employee or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. **Restrictive Covenant Agreement.** The Company's obligations under this Agreement, including the Company's agreement to provide severance and to allow Employee to participate in the other compensation programs as provided on Schedule A, is conditioned on Employee signing a Restrictive Covenant Agreement in the form of Schedule B (the "**Restrictive Covenant Agreement**").

8. **Arbitration of Disputes.** Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of Employee's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("**AAA**") in Chicago, IL in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person or entity other than Employee or the Company may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 8 shall be specifically enforceable. Notwithstanding the foregoing, this Section 8 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate (including, without limitation, the Company's enforcement of the Restrictive Covenant Agreement); provided, however, that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 8. Further notwithstanding the foregoing, this Section 8 shall not limit the Company's ability to terminate Employee's employment at anytime.

9. **Integration.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, including, but not limited to, any prior Agreement and/or compensation plan to which Employee and the Company or any of its affiliates are parties.

10. **Withholding.** All payments made by the Company to Employee under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law.

11. **Enforceability.** If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be

declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

12. **Survival.** The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of Employee's employment to the extent necessary to effectuate the terms contained herein.

13. **Waiver.** No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

14. **Notices.** Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to Employee at the last address Employee has filed in writing with the Company or, in the case of the Company, at its main offices, attention of John McGrath.

15. **Amendment.** This Agreement may be amended or modified only by a written instrument signed by Employee and by a duly authorized representative of the Company (other than Employee).

16. **Governing Law.** This Agreement shall be construed under and be governed in all respects by the laws of the State of Illinois without giving effect to the conflict of laws principles of such State.

17. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date set forth above.

COMPANY

By: /S/ John McGrath
Name: John McGrath
Title Chief Executive Officer

EMPLOYEE

By: /S/ Tim Levenda
Name: Tim Levenda
Date: 8/5/2019

Schedule A

Key Terms of Employment

1. Position: President, Pactiv Food Service
 2. Primary Location(s): Lake Forest, IL
 3. Base Salary: \$800,000
 4. Annual Bonus Target: 70% of Base Salary
 5. Long Term Incentive Target: 100% of Base Salary
 6. Severance Amount/Period: (i) Base Salary plus (ii) Annual Bonus at Target prorated through Date of Termination, paid in equal installments over 12 months following the Date of Termination except that if (i) a Sale of Business (as defined below) occurs and
(ii) within 12 months following the closing of such Sale of Business either (A) Employee is terminated without Cause, or (B) Employee's position is materially reduced in remuneration or scope of duties and Employee terminates Employee's employment, then the Severance Amount shall be (i) two times Employee's Base Salary plus (ii) Annual Bonus at Target and will be paid over a period of 24 months following the Date of Termination. All other terms of Section 5(b)(i) of the Agreement will apply. For purposes of this provision a "**Sale of Business**" shall mean the sale or other disposition of
(x) more than 50% of the shares or other equity interests of the Company or the Company's direct or indirect parent to a non-affiliated party, or (y) more than 50% of the businesses or assets that, as of the most recent year end, generated more than 50% of the Company's EBITDA (as determined in good faith by RGHL's CEO, based on the Company's regularly prepared financial statements), provided that a disposition as a result of lender foreclosure on assets or pursuant to a bankruptcy or judicially administered reorganization shall not constitute a Sale of Business. Employee's position shall not be materially reduced by reason of the Company being smaller or having less operations as a result of the Sale of Business so long as Employee's duties and responsibilities are generally consistent with Employee's duties and responsibilities prior to the Sale of Business.
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Schedule A

Key Terms of Employment

1. **Position:** President, Pactiv Food Service
2. **Primary Location(s):** Lake Forest, IL
3. **Base Salary:** \$800,000
4. **Annual Bonus Target:** 70% of Base Salary
5. **Long Term Incentive Target:** 100% of Base Salary
6. **Severance Amount/Period:** (i) Base Salary plus (ii) Annual Bonus at Target prorated through Date of Termination, paid in equal installments over 12 months following the Date of Termination except that if (i) a Sale of Business (as defined below) occurs and (ii) within 12 months following the closing of such Sale of Business either (A) Employee is terminated without Cause, or (B) Employee's position is materially reduced in remuneration or scope of duties and Employee terminates Employee's employment, then the Severance Amount shall be (i) two times Employee's Base Salary plus (ii) Annual Bonus at Target and will be paid over a period of 24 months following the Date of Termination. All other terms of Section 5(b)(i) of the Agreement will apply. For purposes of this provision a "**Sale of Business**" shall mean the sale or other disposition of (x) more than 50% of the shares or other equity interests of the Company or the Company's direct or indirect parent to a non-affiliated party, or (y) more than 50% of the businesses or assets that, as of the most recent year end, generated more than 50% of the Company's EBITDA (as determined in good faith by RGHL's CEO, based on the Company's regularly prepared financial statements), provided that a disposition as a result of lender foreclosure on assets or pursuant to a bankruptcy or judicially administered reorganization shall not constitute a Sale of Business. Employee's position shall not be materially reduced by reason of the Company being smaller or having less operations as a result of the Sale of Business so long as Employee's duties and responsibilities are generally consistent with Employee's duties and responsibilities prior to the Sale of Business.

Restrictive Covenant Agreement

Restrictive Covenant Agreement dated July 31, 2019, between Pactiv LLC (the "**Company**") and Timothy Levenda ("**Employee**").

Preliminary Statement

A. The Company and Employee have entered into an Employment Agreement of even date herewith. The execution of this Restrictive Covenant Agreement is a condition to the Company's obligations under the Employment Agreement.

B. In addition, the Company is providing Employee other consideration for Employee's execution of this Agreement, as provided in a separate letter of even date herewith.

NOW, THEREFORE, the Company and Employee agree as follows:

Agreement

I. **Definitions.** As used in this Agreement:

(a) "**Company Product**" means any product developed, manufactured, produced or distributed by the Company during the 24 month period immediately preceding the termination of Employee's employment with the Company provided that (i) Employee had access to Proprietary Information related to the product or (ii) Employee marketed or interacted with Customers or Prospective Customers regarding the product during the 12-month period immediately preceding the termination of Employee's employment with the Company.

(b) "**Competitive Activity**" means the marketing, distribution, promotion, sales, development, delivery, or servicing of any product that competes with any Company Product.

(c) "**Competitor**" means (i) those entities listed on Attachment A plus (ii) such other entities that the Company reasonably determines are engaged in a Competitive Activity, in each case plus any direct or indirect parent or subsidiary of such entity, minus (iii) such entities on Attachment A that the Company reasonably determines are no longer engaged in a Competitive Activity. Company shall notify Employee in writing of any additions to or deletions from Attachment A.

(d) "**Customer**" means any customer, including distributors, with whom the Company transacted business during the 24-month period immediately preceding the termination of Employee's employment with the Company provided that (i) Employee had Material Contact with, or (ii) knew Proprietary Information of or about, the Customer during the 24-month period immediately preceding the termination of Employee's employment with the Company.

(e) "**Material Contact**" means any contact between Employee and any Customer or Prospective Customer:

(I) with whom or with which Employee dealt on behalf of the Company;

(2) Employee; or whose dealings with the Company were coordinated or supervised by

(3) Customer or Prospective Customer. that resulted in Employee obtaining Proprietary Information about a

(f) "**Proprietary Information**" means confidential or proprietary information or trade secrets of the Company or its affiliates, including, but not limited to, materials and information, whether written, electronic, or otherwise: a) disclosed to Employee or known by Employee as a result of his or her employment with the Company, b) which is not generally known, and c) which relates to or concerns the Company's or its affiliates': innovations; ideas; plans; processes; structures; systems; know-how; algorithms; computer programs; software; code; publications; designs; methods; techniques; drawings; apparatuses; government filings; patents; patent applications; materials; devices; research activities; reports and plans; specifications; promotional methods; financial information; forecasts; sales, profit and loss figures; personal identifying information of employees; marketing and sales methods and strategies; plans and systems; customer protocols and training programs; customer, prospective customer, vendor, licensee and client lists; information about customers, prospective customers, vendors, licensees and clients; information about relationships between the Company or its affiliates and their business partners, acquisition prospects, vendors, suppliers, prospective customers, customers, employees, owners, licensees and clients; information about deals and prospective deals; information about products, including but not limited strengths, weaknesses and vulnerabilities of existing products, as well as product strategies and roadmaps for future products and releases; and information about pricing including but not limited to license types, models, implementation costs, discounts and tolerance for discounts. Proprietary Information shall also include all information and matters specifically designated as proprietary and/or confidential by the Company or its affiliates or their customers or other business partners. The following information will not be considered Proprietary Information under this Agreement: a) information that has become generally available to the public through no wrongful act of Employee; b) information that Employee identified prior to Employee's employment with the Company; c) information that is disclosed to the public pursuant to the binding order of a government agency or court; and d) information that is acquired through general skill and experience during Employee's employment with the Company which Employee could reasonably have been expected to acquire in similar employment for another company provided Employee has no reason to believe that the Company would consider such information Proprietary Information as defined above.

(g) "**Prospective Customer**" means any person with whom the Company was attempting to transact business within the six month period immediately preceding the termination of Employee's employment with the Company provided that (i) Employee had Material Contact with, or (ii) knew Proprietary Information of or about, the Prospective Customer during the six-month period immediately preceding the termination of Employee's employment.

2. **Legitimate Interest.** Due to the nature of the Company's business, certain the Company employees, including Employee, have access to Proprietary Information. Likewise, via their employment, certain the Company employees, including Employee, receive specialized

training and/or shall be introduced to, given the opportunity to develop personal contacts with, and actually develop an advantageous familiarity as to the Company's Customers and Prospective Customers. If the confidential or "trade secret" information, specialized training, or contacts and familiarity were made available to the Company competitors or other individuals outside the Company, or otherwise used against the Company interests, it would undoubtedly result in a loss of business or competitive position for the Company and/or harm the Company's goodwill and investment in developing and maintaining its business relationships. Employee also agrees he/she holds a position uniquely essential to the management, organization, and/or service of the Company and the Company's business is inherently national in character.

3. **Disclosure of Existing Obligations.** Except as disclosed in writing on Attachment B, Employee certifies the following:

(a) Employee is not bound by any written agreement or other obligation that directly or indirectly (i) restricts Employee from using or disclosing any confidential or proprietary information of any person or entity, (ii) restricts Employee from competing with, or soliciting actual or potential customers or business from, any person or entity, (iii) restricts Employee from soliciting any current or former employees of any person or entity, or (iv) limits Employee's ability to perform any assigned duties for the Company.

(b) Employee does not have in Employee's possession any confidential or proprietary information or documents belonging to others (except as disclosed in Attachment B), and will not use, disclose to, or induce the Company to use any such information or documents. To the extent Employee possesses any confidential information or documents from a former employer or other party, Employee agrees to immediately return any such confidential information or documents to the owner unless Employee has express written authorization to retain it or them or destroy such information or documents.

(c) Employee understands that the Company expects Employee to fulfill any contractual and fiduciary obligations Employee may owe to any former employer or other party, and Employee agrees to do so. Prior to execution of this Agreement, Employee certifies that Employee tendered to the Company all agreements and understandings described by this Section 3.

4. **Work Made for Hire -Assignment of Inventions.**

(a) Employee understands and agrees all "Work" (defined to mean all concepts, data, databases, inventions, formulas, discoveries, improvements, trade secrets, original works of authorship, know-how, algorithms, computer programs, software, code, publications, websites, designs, proposals, strategies, processes, methodologies and techniques, and any and all other information, materials and intellectual property, in any medium) that Employee, alone or jointly, creates, conceives, develops, or reduces to practice or causes another to create, conceive, develop, or reduce to practice, shall be a "work made for hire" within the meaning of that term under United States Copyright Act, 17 U.S.C. §§101 et seq. Employee agrees to promptly disclose to the Company, or any persons designated by it, all Work. Employee agrees to and hereby assigns and transfers to the Company, effective as of the date of its creation, any and all rights, title and interest Employee may have or may acquire in any Work

(including any Work not deemed, for whatever reason, to have been created as a work made for hire), effective as of the date of its creation, including any and all intellectual property rights in the Work, and the right to prosecute and recover damages for all infringements or other violations of the Work.

(b) Employee hereby gives the Company the unrestricted right to use, display, distribute, modify, combine with other information or materials, create derivative works based on, sell, or otherwise exploit for any purpose, the Work and any portion thereof, in any manner and medium throughout the world. Employee irrevocably waives and assigns to the Company any and all so-called moral rights Employee may have in or with respect to any Work. Upon the Company's request, Employee shall promptly execute and deliver to the Company any and all further assignments, patent applications, or such other documents as the Company may deem necessary to effectuate the purposes of this Agreement. Employee hereby irrevocably designates and appoints the Company and its officers and agents as Employee's agent and attorney-in-fact, with full powers of substitution, to act for and on Employee's behalf to execute, verify and file any such documents and to do all other lawfully permitted acts as permitted in the preceding paragraph with the same legal effect as if executed by Employee. The foregoing agency and power shall only be used by the Company if Employee fails to execute within five business days after the Company's request related to any document or instrument described above. Employee hereby waives and quitclaims to the Company all claims of any nature which Employee now has or may later obtain for infringement of any intellectual property rights assigned under this Agreement or otherwise to the Company.

(c) Employee has identified on Attachment Call inventions or improvements relevant to the subject matter of Employee's engagement with the Company that Employee desires to remove from the operation of this Agreement, and Employee's post-employment restrictions. If there is no such list on Attachment C, Employee represents that Employee has made no such inventions and improvements at the time of signing this Agreement.

(d) The provisions of this Agreement requiring the assignment to the Company of Employee's rights to certain inventions do not apply to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on the Employee's own time, unless (i) the invention relates a) directly to the business of the Company, or b) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by the Employee for the Company.

5. Restrictive Covenants.

(a) **Non-Solicitation of Customers.** Employee agrees that, during Employee's employment with the Company and for a period of 12 months following the termination of Employee's employment, Employee shall not, on behalf of any entity or person other than the Company, directly or indirectly, contact or solicit any Customer for the purpose of delivering, selling, or otherwise offering a product that is the same or similar to that of a Company Product.

(b) **Non-Solicitation of Prospective Customers.** Employee agrees that, during Employee's employment with the Company and for a period of 12 months following the termination of Employee's employment, Employee shall not, on behalf of any entity or person other than the Company, directly or indirectly, contact or solicit any Prospective Customer for the purpose of delivering, selling, or otherwise offering a product that is the same or similar to that of a Company Product.

(c) **Non-Solicitation of Employees.** Employee agrees that, during Employee's employment with the Company and for a period of 12 months following the termination of Employee's employment, Employee shall not, directly or indirectly: a) induce or attempt to induce any employee of the Company or any of its affiliates with whom Employee had a working relationship in the 24 months prior to the termination of Employee's employment to terminate his or her employment with the Company; b) hire or employ, or attempt to hire or employ, any employee of the Company or any of its affiliates with whom Employee had a working relationship in the 24 months prior to the termination of Employee's employment; or c) assist any other person or entity in doing any of the foregoing.

(d) **Limited Non-Competition.** Employee agrees that during Employee's employment with the Company and for a period of 12 months following the termination of Employee's employment, Employee shall not, anywhere in North America (United States, Mexico or Canada) act in any capacity, whether or not for consideration, on behalf of any Competitor. Given the national nature of the Company's business, the extent to which Employee has been (or will be) exposed to the Company's Proprietary information, and the ability of Employee to carry out Employee's work remotely, regardless of physical location, Employee acknowledges the geographic scope of the post-employment restriction in this Section 5(d) is reasonable and appropriate.

(e) **Confidentiality Covenant.** During Employee's employment with the Company and following the termination of Employee's employment:

(i) Employee will not disclose or transfer, directly or indirectly, any Proprietary Information to any person or entity other than as authorized by the Company. Employee understands and agrees that disclosures authorized by the Company for the benefit of the Company must be made in accordance with the Company's policies and practices designed to maintain the confidentiality of Proprietary Information, for example providing information after obtaining signed non-disclosure or confidentiality agreements;

(ii) Employee will not use, directly or indirectly, any Proprietary Information for the benefit or profit of any person or organization, including Employee, other than the Company;

(iii) Employee will not remove or transfer from any of the Company's offices or premises any materials or property of the Company (including, without limitation, materials and property containing Proprietary Information), except as is strictly necessary in the performance of Employee's assigned duties as an employee;

(iv) Employee will not copy any Proprietary Information except as needed in furtherance of and for use in the Company's business. Employee agrees that copies of Proprietary Information must be treated with the same degree of confidentiality as the original information and are subject to the same restrictions contained in this Agreement;

(v) Employee will promptly upon the Company's request, and in any event promptly upon the termination of Employee's employment with the Company, return to the Company all materials and property removed from or belonging to the Company and Employee will not retain copies of any of such materials and property;

(vi) Employee agrees to take all reasonable steps to preserve the confidential and proprietary nature of Proprietary Information and to prevent the inadvertent or accidental disclosure of Proprietary Information; and

(vii) Employee will not use or rely on the confidential or proprietary information or trade secrets of a third party in the performance of Employee's work for the Company except when obtained through lawful means such as contractual teaming agreements, purchase of copyrights, or other written permission for use of such information.

(f) **Scope of Covenants.** The parties desire for the restrictive covenants, including any time period and geographic scope, to be construed as broadly as permitted by applicable law. It is the parties' intent, and a critical inducement to the Company entering into this Agreement, to protect and preserve the Company's legitimate interests, and thus the parties agree that the time period and the geographic coverage and scope of the post-employment restrictions herein are reasonable and necessary. However, if a court of competent jurisdiction finds that the time period of any of the foregoing post-employment restrictions is too lengthy, the geographic scope is too broad, or the agreement overreaches in any way, the parties authorize and respectfully ask the court to modify or, if modification is not possible, strike the offending portion, but only that portion, and grant the relief reasonably necessary to protect the Company's interests so as to achieve the original intent of the parties.

(g) **Remedies.** Employee agrees that a threatened or existing violation of any of the post-employment restrictions contained in this Agreement would cause the Company irreparable injury for which it would have no adequate remedy at law and agrees that the Company will be entitled to obtain injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it at law or in equity. The real or perceived existence of any claim or cause of action against the Company, whether predicated on this Agreement or some other basis, will not alleviate Employee of Employee's obligations under this Agreement and will not constitute a defense to the enforcement by the Company of post-employment restrictions contained herein.

(h) **Tolling of Time Periods.** Employee agrees that in the event Employee violates any subsection of Section 5 of this Agreement as to which there is a specific time period during which Employee is prohibited from certain actions and activities, such violation shall toll the running of such time period from the date of such violation until the date the violation ceases.

(i) **Inevitable Use of Proprietary Information.** Employee acknowledges and agrees that, after Employee's separation of employment, Employee will possess the Company's Proprietary Information which Employee would inevitably use if Employee were to engage in the conduct prohibited by Section 5 (including each of its sub-sections), that such use would be unfair and extremely detrimental to the Company and, in view of the benefits provided to Employee in this Agreement, that such conduct on his or her part would be inequitable. Accordingly, Employee separately and severally agrees for the benefit of the Company to be bound by each of the covenants described above.

6. **Reasonable Restrictions.** Employee acknowledges that it is necessary and appropriate for the Company to protect its legitimate business interests by restricting Employee's ability to engage in certain competitive activities and any violation of such post-employment restrictions would result in irreparable injury to the Company's legitimate business interests. The parties agree that the post-employment restrictions contained in this Agreement are drafted narrowly to safeguard the Company's legitimate business interests while not unreasonably interfering with Employee's ability to obtain other employment.

7. **Entire Agreement.** No representation, promise, understanding, or warranty not set forth herein has been made or relied upon by either party in making this Agreement. No modification, amendment or addition will be valid, unless set forth in writing and signed by the party against whom enforcement of any such modification, amendment or addition is sought. Notwithstanding, this Agreement supersedes any prior confidentiality agreements or restrictive covenants between the Company and Employee provided however that if a court of competent jurisdiction refuses to enforce this Agreement, then the parties agree that the term of any prior confidentiality or restrictive covenants shall govern.

8. **At Will Employment.** Nothing in this Agreement shall be deemed to constitute a contract of employment for any given duration. The relationship between the Company and Employee shall be employment-at-will and either the Company or Employee may terminate it at any time for any reason without liability.

9. **Subsequent Employment.** In order to protect the Company's rights under this Agreement, Employee agrees that:

(a) For a period of 12 months following the termination of Employee's employment with the Company, Employee shall advise the Company with respect to any new employment by Employee's. Employee is aware that the Company may contact Employee's prospective or subsequent employers and inform them of this Agreement or any other policy or employment agreement between Employee and the Company that may be in effect on Employee's last day of employment. Employee understands that Employee has a duty to contact the Company if Employee has any questions regarding whether or not conduct by Employee would be restricted by this Agreement.

(b) Employee shall make the terms and conditions of the post-employment restrictions in this Agreement known to any business, entity or persons engaged in activities competitive with the Company's business with which Employee becomes associated during

Employee's employment with the Company and in the 12 month period after the termination of Employee ' s employment.

10. **Assignment of Agreement.** The Company may assign this Agreement, its rights, interests and remedies under this Agreement, and its obligations under this Agreement, to any successor or purchaser of the Company or any division or business of the Company in the discretion of the Company and without notice to Employee. The validity of this Agreement will not be affected by the sale (whether via a stock or asset sale), merger, or any other change in ownership of the Company. Employee understands that Employee's obligations under this Agreement are personal, and that Employee may not assign this Agreement, or any of Employee's rights, interests, or obligations under this Agreement.

11. **Non-Waiver.** No failure or delay by any party to this Agreement in exercising any right, power or privilege hereunder, will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein will be cumulative and in addition to any rights or remedies provided by law or equity.

12. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Illinois without giving effect to any conflict of law principles.

13. **Consent To Jurisdiction.** The parties expressly consent to the exclusive jurisdiction of the state or federal courts of Illinois to resolve any and all disputes arising under the post-employment restrictions contained in Section 5 of this Agreement and hereby waive any right that they might have to object to jurisdiction or venue within such court or any defense based on the doctrine of *forum non conveniens*. The parties also agree that any and all disputes arising under the post-employment restrictions contained in Section 5 of this Agreement may be resolved in a state or federal court and shall not be subject to arbitration irrespective of any other agreement.

14. **Counterparts & Signatures.** This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. Facsimile, electronic (PDF, etc.) and other copies or duplicates of this Agreement are valid and enforceable as originals. Similarly, Agreements signed by hand, electronically (DocuSign or similar service), or, on behalf of the Company, by signature stamp, are valid and enforceable as original signatures.

15. **Notice of Immunity.** Employee understands that nothing in this Agreement is intended to prohibit Employee from disclosing information, including Proprietary Information, which is permitted to be disclosed by the Federal Defend Trade Secrets Act, which provides that an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret (a) made in confidence to a government official, either directly or indirectly , or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, Employee understands that if Employee files a lawsuit against the Company for retaliation based on the reporting of a

suspected violation of law, Employee may disclose a trade secret to Employee's attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order. To the extent Employee suspects a violation of the law, Employee should report their suspicion to an officer of the Company or in accordance with relevant the Company policies.

16. **Return of the Company Property.** At the request of the Company (or, without any request, upon termination of my employment with the Company), Employee will immediately deliver to the Company (a) all the Company property that is then in Employee's possession, custody or control, including, without limit action, all keys, access cards, cell phones, tablets, computer hardware including but not limited to any hard drives, external storage devices, diskettes, fobs, laptops, tablets, computers and personal data assistants (and the contents thereof), internet connectivity devices, computer software and programs, data, materials, papers, books, files , documents, records; (b) any and all documents or other items containing, summarizing, or describing any Proprietary Information, including all originals and copies in whatever form; (c) any personal device that Employee synced with or used to access any the Company system for purpose of inspection and copying; and (d) a list of passwords or codes needed to operate or access any of the items referenced in this Section 16.

17. **Promotional Materials.** Employee authorizes and consents to, during the term of Employee's employment with the Company, the creation and/or use of Employee's likeness as well as Employee' s name by the Company, and persons or organizations authorized by it, without reservation or limitation and without further consideration. Pursuant to this authorization and consent, the Company may, for example, use Employee's likeness on its website, and publish and distribute advertising, sales, or other promotional literature containing a liken ess of Employee in the course of performing Employee's job duties. Employee also waives any cause of action for personal injury and/or property damage by virtue of the creation and use of such a likeness. Property rights to any likeness of Employee produced or prepared by the Company, or any person or organization authorized by it, shall vest in and remain with the Company. As used herein, " likeness" shall include a photograph, photographic reproduction, audio transmission, audio recording, video transmission and/or video recording, as well as any other similar medium.

18. **Fair Meaning.** The language of this Agreement shall be construed as a whole, according to its fair meaning, and not strictly for or against any party.

19. **Additional Consideration.** Employee understands that the Company's obligations under the Employment Agreement, as well as the provision of the additional consideration identified in the Preliminary Statement, are conditioned upon Employee signing this Agreement. Further*, as a result of Employee's employment, Employee shall be (01• has been) given access to the Company's Proprietary Information, provision of confidential information, opportunities for advancement, and opportunities to participate in confidential meetings and specialized training, which shall constitute independent consideration for the post-employment restrictions contained in this Agreement and would not be (or would not have been) given to Employee without Employee's agreement to abide by the terms and conditions of this Agreement, including without limitation the ancillary obligations of confidentiality and non-disclosure.

By initialing below, Employee specifically acknowledges that Employee has read, understands and agrees to Section 19.

TL

Employee initials

By executing this Agreement below, the parties confirm they have read, understood, and voluntarily agreed to be bound by the entire Agreement.

Employee

Printed: Timothy A. Levenda

Signed: /S/ Timothy A. Levenda

Dated: 8/5/2019

Company

Printed: John McGrath

Signed: /S/ John McGrath

Dated: 7/31/2019

Attachment A

- Anchor
- Berry Plastics
- Cascade
- CKF
- Cool-Pak
- D&W Fine Pak
- Datt Container Corporation
- Direct Pack
- Dolce
- Dyne-a-Pak
- Fabri-Kal
- Genpak
- Georgia Pacific
- Grupo Convermex
- Hartmann
- 1-Iuhtamaki
- Inline Plastics
- International Paper/IP Foodservice
- LBP
- Peninsula Packaging
- Sabert
- Sealed Air
- Seda
- Solo Cup Company
- The Waddington Group.

Pactiv Competitors

Attachment B

List of Confidential or Proprietary Information Belonging to Others

Attachment C

List of Prior Inventions or Improvements



TO: ERIC WULF
FROM: STEVE ESTES /S/ STEVE ESTES
DATE: JULY 8, 2019
SUBJECT: PLANNED ISSUANCE OF RESTRICTED STOCK

As we have discussed, a critical component of our ongoing business strategy for Pactiv LLC will be to explore opportunities for the business that could lead to an Initial Public Offering (IPO) of the business, either as a stand-alone business or as part of a combined entity with other RGHL businesses, or potentially a divestiture of the associated business entities. Your assistance is needed by Pactiv as we work through this process to help prepare the business for a successful transaction.

If the IPO is successful, the company whose shares are registered in the IPO will issue you Restricted Stock at the completion of the IPO. The number of shares in this grant equals \$231,750 divided by the IPO price as of the date of the grant, rounded to the nearest whole share. Vesting for the restricted stock will occur over a 3-year period with 1/3 vesting after 12-months from the successful IPO; 1/3 vesting after 24-months from the successful IPO; and, 1/3 vesting after 36-months from the successful IPO. You must be an employee of the Company or one of its affiliates on the applicable vesting date to receive such shares.

Should there be a business sale instead of an IPO, you will receive \$231,750 in cash in lieu of Restricted Stock. For purposes hereof, a business sale means a sale of all or substantially all of the assets of the Company (or, if the Company has been combined with another RGHL entity, of that combined entity) or a sale of more than 50% of the equity of the Company or such entity. This cash payment will be made in the following manner:

½ Payable 30-days post-closing of the sale

½ Payable 180-days post-closing of the sale

This memo does not change your status as an "at-will" employee and does not guarantee your employment for any specific period of time. The Company reserves the right to terminate you at any time and for any or no reason. Any Restricted Stock issued or cash payment made pursuant to this memo shall be subject to regular tax withholdings and other authorized deductions and will not be treated as compensation for any purpose under any benefit plans or programs, unless statutorily required.

This memo is provided to summarize the agreement that has been reached in this regard between the Company and the employee. Should an IPO be completed, a formal grant letter for the Restricted Stock will be provided to the employee that documents all terms and conditions related to the grant.



TO: TIM LEVENDA
FROM: STEVE ESTES /S/ STEVE ESTES
DATE: JULY 8, 2019
SUBJECT: PLANNED ISSUANCE OF RESTRICTED STOCK

As we have discussed, a critical component of our ongoing business strategy for Pactiv LLC will be to explore opportunities for the business that could lead to an Initial Public Offering (IPO) of the business, either as a stand-alone business or as part of a combined entity with other RGHL businesses, or potentially a divestiture of the associated business entities. Your assistance is needed by Pactiv as we work through this process to help prepare the business for a successful transaction.

If the IPO is successful, the company whose shares are registered in the IPO will issue you Restricted Stock at the completion of the IPO. The number of shares in this grant equals \$400,000 divided by the IPO price as of the date of the grant, rounded to the nearest whole share. Vesting for the restricted stock will occur over a 3-year period with 1/3 vesting after 12-months from the successful IPO; 1/3 vesting after 24-months from the successful IPO; and, 1/3 vesting after 36-months from the successful IPO. You must be an employee of the Company or one of its affiliates on the applicable vesting date to receive such shares.

Should there be a business sale instead of an IPO, you will receive \$400,000 in cash in lieu of Restricted Stock. For purposes hereof, a business sale means a sale of all or substantially all of the assets of the Company (or, if the Company has been combined with another RGHL entity, of that combined entity) or a sale of more than 50% of the equity of the Company or such entity. This cash payment will be made in the following manner:

½ Payable 30-days post-closing of the sale

½ Payable 180-days post-closing of the sale

This memo does not change your status as an "at-will" employee and does not guarantee your employment for any specific period of time. The Company reserves the right to terminate you at any time and for any or no reason. Any Restricted Stock issued or cash payment made pursuant to this memo shall be subject to regular tax withholdings and other authorized deductions and will not be treated as compensation for any purpose under any benefit plans or programs, unless statutorily required.

This memo is provided to summarize the agreement that has been reached in this regard between the Company and the employee. Should an IPO be completed, a formal grant letter for the Restricted Stock will be provided to the employee that documents all terms and conditions related to the grant.

4/25/2021

Subsidiaries of Pactiv Evergreen Inc.

Legal Name of Subsidiary	Jurisdiction of Organization
Alusud Argentina S.R.L.	Argentina
Gulf Closures W.L.L.	Bahrain
Evergreen Packaging Canada Limited	Canada
Pactiv Canada Inc.	Canada
Alusud Embalajes Chile Ltda.	Chile
Evergreen Packaging (Shanghai) Co., Ltd.	China
Closure Systems International (Egypt) LLC	Egypt
Evergreen Packaging de El Salvador, S.A. de C.V.	El Salvador
Pactiv Deutschland Holdinggesellschaft mbH	Germany
CSI Hungary Manufacturing and Trading Limited Liability Company	Hungary
Ducart Evergreen Packaging Ltd.	Israel
Evergreen Packaging Korea Limited	Korea
Grupo Corporativo Jaguar, S.A. de C.V.	Mexico
Pactiv Foodservice Mexico, S. de R.L. de C.V.	Mexico
Pactiv Mexico, S. de R.L. de C.V.	Mexico
Servicios Industriales Jaguar, S.A. de C.V.	Mexico
Servicios Integrales de Operacion, S.A. de C.V.	Mexico
Naturepak Beverage Packaging Africa SAS	Morocco
PEI Holdings Company LLC	Delaware
Naturepak Beverage Packaging Co. Ltd	Saudi Arabia
Closure Systems International España, S.L.U.	Spain
Evergreen Packaging (Taiwan) Co., Ltd.	Taiwan
Blue Ridge Holding LLC	Delaware
Blue Ridge Paper Products LLC	Delaware
BRPP, LLC	North Carolina
Closure Solutions EMEA Holdings LLC	Delaware
Closure Solutions Holdings LLC	Delaware
Coast-Packaging Company	California
Evergreen Packaging International LLC	Delaware
Evergreen Packaging LLC	Delaware
GEC Packaging Technologies LLC	Delaware
Pactiv Europe Services LLC	Delaware
Pactiv Evergreen Group Holdings Inc.	Delaware
Pactiv Evergreen Group Issuer Inc.	Delaware
Pactiv Evergreen Group Issuer LLC	Delaware
Pactiv Evergreen Services Inc.	Delaware
Pactiv LLC	Delaware
Pactiv Management Company LLC	Delaware
Pactiv Packaging Inc.	Delaware
PCA West Inc.	Delaware
PEI Holdings Company LLC	Delaware
Reynolds Packaging International LLC	Delaware

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael King, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pactiv Evergreen Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: August 5, 2021

By: _____
Michael King
Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael J. Ragen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pactiv Evergreen Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
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Date: August 5, 2021

By: _____ /s/ Michael J. Ragen
Michael J. Ragen
Chief Financial Officer / Chief Operating Officer

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

In connection with the Quarterly Report of Pactiv Evergreen Inc (the "Company") on Form 10-Q for the period ending June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 5, 2021

By: _____ /s/ Michael King
Michael King
Chief Executive Officer

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

In connection with the Quarterly Report of Pactiv Evergreen Inc (the "Company") on Form 10-Q for the period ending June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 5, 2021

By: _____ /s/ Michael J. Ragen
Michael J. Ragen
Chief Financial Officer / Chief Operating Officer