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 September 30, 2022

☐ **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	**98-1538656**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

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

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

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

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

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

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

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

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

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

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

The registrant had 177,803,062 shares of common stock, $0.001 par value per share, outstanding as of November 2, 2022.

Table of Contents

		Page
PART I.	**FINANCIAL INFORMATION**	
Item 1.	Financial Statements (Unaudited)	3
	Condensed Consolidated Statements of Income (Loss)	3
	Condensed Consolidated Statements of Comprehensive Income	4
	Condensed Consolidated Balance Sheets	5
	Condensed Consolidated Statements of Equity	6
	Condensed Consolidated Statements of Cash Flows	7
	Notes to the Condensed Consolidated Financial Statements	9
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	27
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	38
Item 4.	Controls and Procedures	38
PART II.	**OTHER INFORMATION**	39
Item 1.	Legal Proceedings	39
Item 1A.	Risk Factors	39
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	39
Item 3.	Defaults Upon Senior Securities	39
Item 4.	Mine Safety Disclosures	39
Item 5.	Other Information	39
Item 6.	Exhibits	40
	Signatures	41

FORWARD-LOOKING STATEMENTS

This report contains certain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies, anticipated trends in our business and anticipated growth in the markets served by our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the caption entitled “Risk Factors” section in our Annual Report on Form 10-K for the year ended December 31, 2021. You should specifically consider these numerous risks. These risks include, among others, those related to:

- fluctuations, including increases, in raw material, energy and freight costs;
- labor shortages and increased labor costs;
- the current macroeconomic environment with high levels of inflation, high interest rates and global supply chain challenges;
- our ability to meet demand for our products;
- the uncertain economic, operational and financial impacts of the coronavirus pandemic;
- failure to maintain satisfactory relationships with our major customers;
- our dependence on suppliers of raw materials and any interruption to our supply of raw materials;
- the impact of natural disasters, public health crises and catastrophic events outside of our control;
- our ability to realize the benefits of our capital investment, acquisitions, restructuring and other cost savings programs;
- our safety performance;
- uncertain global economic conditions;
- competition in the markets in which we operate;
- changes in consumer lifestyle, eating habits, nutritional preferences and health-related, environmental and sustainability concerns;
- the impact of our significant debt on our financial condition and ability to operate our business;
- changes in market interest rates, or a phase-out or replacement of LIBOR as an interest rate benchmark;
- compliance with, and liabilities related to, applicable laws and regulations;
- the ownership of a majority of the voting power of our common stock by our parent company Packaging Finance Limited, which we refer to as PFL, an entity owned by Mr. Graeme Hart; and
- our ability to establish independent financial, administrative and other support functions.

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Pactiv Evergreen Inc.

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

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Net revenues	$ 1,609	$ 1,394	$ 4,744	$ 3,910
Cost of sales	(1,377)	(1,291)	(3,972)	(3,549)
Gross profit	**232**	**103**	**772**	**361**
Selling, general and administrative expenses	(145)	(104)	(435)	(345)
Restructuring, asset impairment and other related charges	(57)	—	(58)	(8)
Other income, net	239	7	279	18
Operating income from continuing operations	**269**	**6**	**558**	**26**
Non-operating income, net	44	40	52	88
Interest expense, net	(59)	(57)	(158)	(141)
Income (loss) from continuing operations before tax	**254**	**(11)**	**452**	**(27)**
Income tax (expense) benefit	(79)	13	(160)	26
Income (loss) from continuing operations	**175**	**2**	**292**	**(1)**
Income (loss) from discontinued operations, net of income taxes	1	(2)	1	(6)
Net income (loss)	**176**	**—**	**293**	**(7)**
Income attributable to non-controlling interests	—	—	(1)	(1)
Net income (loss) attributable to Pactiv Evergreen Inc. common shareholders	**$ 176**	**$ —**	**$ 292**	**$ (8)**
Earnings (loss) per share attributable to Pactiv Evergreen Inc. common shareholders				
From continuing operations				
Basic	$ 0.98	$ 0.01	$ 1.63	$ (0.01)
Diluted	$ 0.98	$ 0.01	$ 1.63	$ (0.01)
From discontinued operations				
Basic	$ 0.01	$ (0.01)	$ 0.01	$ (0.03)
Diluted	$ —	$ (0.01)	$ —	$ (0.03)
Total				
Basic	$ 0.99	$ —	$ 1.64	$ (0.04)
Diluted	$ 0.98	$ —	$ 1.63	$ (0.04)

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	$ 176	$ —	$ 293	$ (7)
Other comprehensive income (loss), net of income taxes:				
Currency translation adjustments	(6)	(7)	(12)	(20)
Defined benefit plans	41	211	(62)	211
Other comprehensive income (loss)	35	204	(74)	191
Comprehensive income	**211**	**204**	**219**	**184**
Comprehensive income attributable to non-controlling interests	—	—	(1)	(1)
Comprehensive income attributable to Pactiv Evergreen Inc. common shareholders	**$ 211**	**$ 204**	**$ 218**	**$ 183**

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

Condensed Consolidated Balance Sheets
(In millions, except share amounts)
(Unaudited)

	As of September 30, 2022	As of December 31, 2021
Assets		
Cash and cash equivalents	$ 559	$ 197
Accounts receivable, net of allowances for doubtful accounts of $3 and $3	523	474
Related party receivables	46	48
Inventories	1,123	854
Other current assets	117	127
Assets held for sale	—	162
Total current assets	**2,368**	**1,862**
Property, plant and equipment, net	1,735	1,786
Operating lease right-of-use assets, net	275	278
Goodwill	1,815	1,812
Intangible assets, net	1,079	1,127
Deferred income taxes	6	7
Other noncurrent assets	147	149
Total assets	**$ 7,425**	**$ 7,021**
Liabilities		
Accounts payable	$ 411	$ 364
Related party payables	10	10
Current portion of long-term debt	31	30
Current portion of operating lease liabilities	64	61
Income taxes payable	5	8
Accrued and other current liabilities	437	315
Liabilities held for sale	24	31
Total current liabilities	**982**	**819**
Long-term debt	4,202	4,220
Long-term operating lease liabilities	222	229
Deferred income taxes	318	246
Long-term employee benefit obligations	97	79
Other noncurrent liabilities	137	140
Total liabilities	**$ 5,958**	**$ 5,733**
Commitments and contingencies (Note 12)		
Equity		
Common stock, $0.001 par value; 2,000,000,000 shares authorized; 177,800,391 and 177,250,974 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	$ —	$ —
Preferred stock, $0.001 par value; 200,000,000 shares authorized; no shares issued or outstanding	—	—
Additional paid in capital	639	625
Accumulated other comprehensive loss	(173)	(99)
Retained earnings	996	758
Total equity attributable to Pactiv Evergreen Inc. common shareholders	**1,462**	**1,284**
Non-controlling interests	5	4
Total equity	**1,467**	**1,288**
Total liabilities and equity	**$ 7,425**	**$ 7,021**

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						
	Shares	Amount	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-Controlling Interests	Total Equity
For the Three Months Ended September 30, 2021							
Balance as of June 30, 2021	177.2	$ —	$ 620	$ (362)	$ 763	$ 4	$ 1,025
Net income	—	—	—	—	—	—	—
Other comprehensive income, net of income taxes	—	—	—	204	—	—	204
Equity based compensation	—	—	3	—	—	—	3
Vesting of restricted stock units, net of tax withholdings	0.1	—	—	—	—	—	—
Dividends declared - common shareholders ($0.10 per share)	—	—	—	—	(18)	—	(18)
Balance as of September 30, 2021	**177.3**	**$ —**	**$ 623**	**$ (158)**	**$ 745**	**$ 4**	**$ 1,214**
For the Three Months Ended September 30, 2022							
Balance as of June 30, 2022	177.7	$ —	$ 634	$ (208)	$ 838	$ 5	$ 1,269
Net income	—	—	—	—	176	—	176
Other comprehensive income, net of income taxes	—	—	—	35	—	—	35
Equity based compensation	—	—	6	—	—	—	6
Vesting of restricted stock units, net of tax withholdings	0.1	—	(1)	—	—	—	(1)
Dividends declared - common shareholders ($0.10 per share)	—	—	—	—	(18)	—	(18)
Balance as of September 30, 2022	**177.8**	**$ —**	**$ 639**	**$ (173)**	**$ 996**	**$ 5**	**$ 1,467**
For the Nine Months Ended September 30, 2021							
Balance as of December 31, 2020	177.2	$ —	$ 614	$ (349)	$ 806	$ 3	$ 1,074
Net (loss) income	—	—	—	—	(8)	1	(7)
Other comprehensive income, net of income taxes	—	—	—	191	—	—	191
Equity based compensation	—	—	9	—	—	—	9
Vesting of restricted stock units, net of tax withholdings	0.1	—	—	—	—	—	—
Dividends declared - common shareholders ($0.30 per share)	—	—	—	—	(53)	—	(53)
Balance as of September 30, 2021	**177.3**	**$ —**	**$ 623**	**$ (158)**	**$ 745**	**$ 4**	**$ 1,214**
For the Nine Months Ended September 30, 2022							
Balance as of December 31, 2021	177.3	$ —	$ 625	$ (99)	$ 758	$ 4	$ 1,288
Net income	—	—	—	—	292	1	293
Other comprehensive loss, net of income taxes	—	—	—	(74)	—	—	(74)
Equity based compensation	—	—	16	—	—	—	16
Vesting of restricted stock units, net of tax withholdings	0.5	—	(2)	—	—	—	(2)
Dividends declared - common shareholders ($0.30 per share)	—	—	—	—	(54)	—	(54)
Balance as of September 30, 2022	**177.8**	**$ —**	**$ 639**	**$ (173)**	**$ 996**	**$ 5**	**$ 1,467**

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.

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

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Operating Activities:		
Net income (loss)	$ 293	$ (7)
Adjustments to reconcile net income (loss) to operating cash flows:		
Depreciation and amortization	255	253
Deferred income taxes	95	(48)
Unrealized loss on derivatives	4	5
Asset impairment charges	56	—
Gain on sale of businesses and noncurrent assets	(266)	—
Non-cash portion of employee benefit obligations	(51)	(83)
Non-cash portion of operating lease expense	62	57
Amortization of OID and DIC	4	4
Loss on extinguishment of debt	—	2
Equity based compensation	16	9
Other non-cash items, net	14	(1)
Change in assets and liabilities:		
Accounts receivable, net	(50)	(98)
Inventories	(304)	(20)
Other current assets	(5)	2
Accounts payable	61	87
Operating lease payments	(61)	(57)
Income taxes payable/receivable	(1)	49
Accrued and other current liabilities	125	34
Employee benefit obligation contributions	(4)	(3)
Other assets and liabilities	(2)	5
Net cash provided by operating activities	**241**	**190**
Investing Activities:		
Acquisition of property, plant and equipment	(169)	(199)
Disposal of businesses and joint venture equity interests, net of cash disposed	364	(6)
Other investing activities	1	4
Net cash provided by (used in) investing activities	**196**	**(201)**
Financing Activities:		
Long-term debt proceeds	—	1,510
Long-term debt repayments	(17)	(1,275)
Long-term debt issuance costs	—	(5)
Premium on redemption of long-term debt	—	(1)
Dividends paid to common shareholders	(54)	(53)
Other financing activities	(8)	(3)
Net cash (used in) provided by financing activities	**(79)**	**173**
Effect of exchange rate changes on cash and cash equivalents	(6)	(3)
Increase in cash and cash equivalents	352	159
Cash and cash equivalents, including amounts classified as held for sale, as of beginning of the period	214	468
Cash and cash equivalents as of end of the period	**$ 566**	**$ 627**
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	$ 559	$ 627
Cash and cash equivalents classified as assets held for sale	7	—
Cash and cash equivalents as of end of the period	**$ 566**	**$ 627**
Cash paid (received):		
Interest	$ 132	$ 99
Income taxes paid (refunded), net	64	(25)

Significant non-cash investing and financing activities

During the nine months ended September 30, 2022 and 2021, we recognized operating lease right-of-use assets and lease liabilities of $49 million and $41 million, respectively, and finance lease right-of-use assets and lease liabilities of $3 million and $34 million, respectively.

See accompanying notes to the condensed consolidated financial statements.

Note 1. Nature of Operations and Basis of Presentation

The accompanying condensed consolidated financial statements comprise the accounts of Pactiv Evergreen Inc. ("PTVE") and its subsidiaries ("we", "us", "our" or the "Company") and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated interim financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair 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, 2021 filed with the SEC on February 24, 2022. Operating results for interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022. All intercompany transactions and balances have been eliminated in consolidation.

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

The worldwide COVID-19 pandemic has had, and may 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 economic and operating conditions evolve.

Accounting Guidance Issued but Not Yet Adopted as of September 30, 2022

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with Accounting Standards Codification Topic 606: Revenue from Contracts with Customers ("ASC 606"). Under current GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at fair value on the acquisition date. This ASU will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC 606. This ASU is effective for annual and interim periods beginning after December 15, 2022. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. This ASU should be applied prospectively to business combinations occurring on or after the effective date of the amendments. While the impact of this ASU is dependent on the nature of any future transactions, we currently do not expect this ASU to have a significant impact on our condensed consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform - Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848). This ASU provides temporary optional expedients and exceptions to the guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. This ASU is effective upon issuance and generally can be applied through the end of calendar year 2022. While we currently do not expect this new guidance to have a significant impact on our condensed consolidated financial statements or related disclosures, we continue to evaluate our contracts and the optional expedients and exceptions provided under the new standard.

(In millions, except per share data and unless otherwise indicated)

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. Acquisitions and Dispositions

Acquisitions

On October 1, 2021, we acquired 100% of the outstanding ownership interests of Fabri-Kal LLC, Monarch Mill Pond LLC and Pure Pulp Products LLC (collectively, "Fabri-Kal") for a purchase price of $378 million, including final adjustments for cash, indebtedness and working capital of $2 million which was paid during the nine months ended September 30, 2022. Fabri-Kal is a U.S. manufacturer of thermoformed plastic packaging products. Its products include portion cups, lids, clamshells, drink cups and yogurt containers for the institutional foodservice and consumer packaged goods markets. The acquisition includes four manufacturing facilities in the U.S. The acquisition broadened our portfolio of sustainable packaging products and expanded our manufacturing capacity to better serve our customers. The acquisition was funded with our existing cash resources and a portion of the U.S. term loans Tranche B-3 incurred in September 2021.

The Fabri-Kal acquisition was accounted for under the acquisition method of accounting and the results of operations were included in our condensed consolidated financial statements from the date of acquisition. Included in our condensed consolidated statements of income (loss) are Fabri-Kal's net revenues of $114 million and $337 million for the three and nine months ended September 30, 2022, respectively.

The following table summarizes the final purchase price allocation of the fair value of net tangible and intangible assets acquired and liabilities assumed:

	As of October 1, 2021	
Cash and cash equivalents	$	3
Accounts receivable		46
Inventories		84
Other current assets		2
Property, plant and equipment		122
Operating lease right-of-use assets		31
Goodwill		69
Customer relationships		56
Trademarks		34
Deferred income taxes		10
Assets acquired	**$**	**457**
Accounts payable	$	17
Current portion of long-term debt		1
Current portion of operating lease liabilities		3
Accrued and other current liabilities		25
Long-term debt		1
Long-term operating lease liabilities		25
Long-term employee benefit obligations		6
Other noncurrent liabilities		1
Liabilities assumed	$	79
Total purchase price	**$**	**378**

We allocated finite-lived intangible assets acquired to the Foodservice segment which included $56 million of customer relationships with an estimated life of eight years and $34 million of trademarks with an estimated life of ten years. We increased the cost of acquired inventories by $12 million, all of which was expensed as a component of cost of sales during the year ended December 31, 2021. We allocated $69 million of goodwill to the Foodservice segment, of which $41 million is expected to be tax deductible. Goodwill arises principally as a result of expansion opportunities provided by Fabri-Kal's manufacturing capacity to better serve our customers, in addition to plant operational synergies. The purchase price allocation in the table above is based on our final valuation analysis and reflects measurement period adjustments we recorded during the nine months ended September 30, 2022 which increased goodwill by $3 million. These adjustments related to reductions in inventories, property, plant and equipment and accrued and other current liabilities, and the related deferred tax effects. None of these adjustments were individually significant.

(In millions, except per share data and unless otherwise indicated)

Real property and personal property fair values were determined using the cost approach. The fair values for customer relationships at the acquisition date were determined using the multi-period excess earnings method under the income approach. Significant assumptions used in assessing the fair value of the customer relationships intangible asset were forecasted Adjusted EBITDA margins and contributory asset charges. Trademark fair values were determined using the relief from royalty method. The fair value measurements of intangible assets are based on significant unobservable inputs and thus represent Level 3 inputs.

Dispositions

Beverage Merchandising Asia

During the fourth quarter of 2021, we committed to a plan to sell our carton packaging and filling machinery businesses in China, Korea and Taiwan ("Beverage Merchandising Asia") included in the Beverage Merchandising segment. As a result, we classified the assets and liabilities of Beverage Merchandising Asia as held for sale as of December 31, 2021. The operations of Beverage Merchandising Asia did not meet the criteria to be presented as discontinued operations.

On January 4, 2022, we entered into a definitive agreement with SIG Schweizerische Industrie-Gesellschaft GmbH to sell Beverage Merchandising Asia. The transaction closed on August 2, 2022, and we received preliminary proceeds of $336 million, which are subject to adjustments for cash, indebtedness and working capital as of the date of completion. We recognized a preliminary gain on sale of $239 million during the three months ended September 30, 2022, which was reflected in other income, net.

The carrying amounts of the major classes of Beverage Merchandising Asia's assets and liabilities as of December 31, 2021 comprised the following:

	As of December 31, 2021
Cash and cash equivalents	$ 17
Current assets	53
Noncurrent assets	69
Total current assets held for sale	**$ 139**
Current liabilities	$ 28
Noncurrent liabilities	3
Total current liabilities held for sale	**$ 31**

Income from operations before income taxes for Beverage Merchandising Asia for the three and nine months ended September 30, 2022 and 2021 was $2 million, $13 million, $4 million and $15 million, respectively.

Closures Businesses

During the third quarter of 2022, we committed to a plan to sell our remaining closures businesses included in the Other operating segment. As a result, we classified the assets and liabilities of these businesses as held for sale and recognized an impairment charge of $56 million within restructuring, asset impairment and other related charges during the quarter to reduce the carrying value of the disposal group to its fair value less costs to sell. This impairment charge includes $26 million of cumulative currency translation adjustment losses. The operations of the remaining closures businesses did not meet the criteria to be presented as discontinued operations and are expected to be sold within the next twelve months.

(In millions, except per share data and unless otherwise indicated)

The carrying amounts of the major classes of the remaining closures businesses' assets and liabilities as of September 30, 2022 comprised the following:

	As of September 30, 2022
Cash and cash equivalents	$ 7
Current assets	38
Noncurrent assets	11
Held for sale valuation allowance	(56)
Total current assets held for sale	**$ —**
Current liabilities	$ 20
Noncurrent liabilities	4
Total current liabilities held for sale	**$ 24**

The remaining closures businesses' income from operations before income taxes for the nine months ended September 30, 2022 and 2021 was insignificant.

Naturepak Beverage

On October 12, 2021, we entered into a definitive agreement for the sale of our equity interests in Naturepak Beverage Packaging Co. Ltd. ("Naturepak Beverage"), our 50% joint venture with Naturepak Limited, to affiliates of Elopak ASA. As a result, we reclassified the carrying value of our interests in Naturepak Beverage to assets held for sale as of December 31, 2021. The transaction closed on March 29, 2022, and we received preliminary proceeds of $47 million, which are subject to adjustments for cash, indebtedness and working capital as of the date of completion. The transaction resulted in a preliminary gain on the sale of our equity interests of $27 million during the nine months ended September 30, 2022 which was reflected in other income, net. Our interests in Naturepak Beverage did not meet the criteria to be presented as discontinued operations. The income from operations before income taxes from our equity interests in Naturepak Beverage for the nine months ended September 30, 2022, and 2021 was insignificant.

Note 3. Restructuring, Asset Impairment and Other Related Charges

Restructuring, asset impairment and other related charges consisted of the following:

	Employee Terminations	Asset Impairment	Other Related Charges	Total
For the Three Months Ended September 30, 2022				
Beverage Merchandising	$ 1	$ —	$ —	**$ 1**
Other	—	56	—	**56**
Total	**$ 1**	**$ 56**	**$ —**	**$ 57**
For the Nine Months Ended September 30, 2022				
Beverage Merchandising	$ 1	$ —	$ 1	**$ 2**
Other	—	56	—	**56**
Total	**$ 1**	**$ 56**	**$ 1**	**$ 58**
For the Nine Months Ended September 30, 2021[(1)]				
Beverage Merchandising	$ 8	$ —	$ —	**$ 8**
Total	**$ 8**	**$ —**	**$ —**	**$ 8**

(1) There were no restructuring, asset impairment and other related charges during the three months ended September 30, 2021.

During the three months ended September 30, 2022, we recorded a non-cash impairment charge of $56 million related to our remaining closures businesses, which is reported within the Other operating segment. Accordingly, the carrying value of the remaining closures businesses was reduced to fair value, as presented in Note 2, *Acquisitions and Dispositions*. The impairment arose as a result of our decision to sell the remaining closures businesses.

(In millions, except per share data and unless otherwise indicated)

During the three months ended September 30, 2022, we internally announced the decision to close our El Salvador operations in the Beverage Merchandising segment, which is expected to be completed by December 31, 2022. As a result, we recognized $1 million for contractual termination benefits.

On July 28, 2021, we announced the decision to close our coated groundwood paper production line located in our Pine Bluff, Arkansas mill. On October 31, 2021, we ceased manufacturing coated groundwood paper. As a result of the closure, we recognized $8 million for contractual termination benefits in the nine months ended September 30, 2021. We also recognized $1 million for disassembly costs in the nine months ended September 30, 2022, which is incremental to the restructuring, asset impairment and other charges recognized for the three months ended September 30, 2022.

Note 4. Inventories

The components of inventories consisted of the following:

	As of September 30, 2022	As of December 31, 2021
Raw materials	$ 297	$ 226
Work in progress	119	102
Finished goods	605	427
Spare parts	102	99
Inventories	**$ 1,123**	**$ 854**

Note 5. Property, Plant and Equipment, Net

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

	As of September 30, 2022	As of December 31, 2021
Land and land improvements	$ 72	$ 72
Buildings and building improvements	649	638
Machinery and equipment	3,426	3,383
Construction in progress	176	170
Property, plant and equipment, at cost	4,323	4,263
Less: accumulated depreciation	(2,588)	(2,477)
Property, plant and equipment, net	**$ 1,735**	**$ 1,786**

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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of sales	$ 63	$ 85	$ 191	$ 197
Selling, general and administrative expenses	6	5	18	17
Total depreciation expense	**$ 69**	**$ 90**	**$ 209**	**$ 214**

Note 6. Goodwill and Intangible Assets

Goodwill by reportable segment was as follows:

	Foodservice	Food Merchandising	Beverage Merchandising	Total
As of December 31, 2021	$ 990	$ 770	$ 52	$ 1,812
Measurement period adjustments	3	—	—	3
As of September 30, 2022	**$ 993**	**$ 770**	**$ 52**	**$ 1,815**

(In millions, except per share data and unless otherwise indicated)

Intangible assets, net consisted of the following:

	As of September 30, 2022			As of December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Finite-lived intangible assets						
Customer relationships	$ 1,059	$ (624)	$ 435	$ 1,075	$ (594)	$ 481
Trademarks	42	(11)	31	42	(9)	33
Other	7	(7)	—	12	(12)	—
Total finite-lived intangible assets	**$ 1,108**	**$ (642)**	**$ 466**	**$ 1,129**	**$ (615)**	**$ 514**
Indefinite-lived intangible assets						
Trademarks	$ 554	$ —	$ 554	$ 554	$ —	$ 554
Other	59	—	59	59	—	59
Total indefinite-lived intangible assets	**$ 613**	**$ —**	**$ 613**	**$ 613**	**$ —**	**$ 613**
Total intangible assets	**$ 1,721**	**$ (642)**	**$ 1,079**	**$ 1,742**	**$ (615)**	**$ 1,127**

Amortization expense for intangible assets of $16 million, $46 million, $13 million and $39 million for the three and nine months ended September 30, 2022 and 2021, respectively, was recognized in selling, general and administrative expenses.

Note 7. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	As of September 30, 2022	As of December 31, 2021
Personnel costs	$ 150	$ 86
Rebates and credits	95	87
Interest	43	19
Other[1]	149	123
Accrued and other current liabilities	**$ 437**	**$ 315**

[1] Other includes items such as freight, utilities and property and other non-income related taxes.

Note 8. Debt

Debt consisted of the following:

	As of September 30, 2022	As of December 31, 2021
Credit Agreement	$ 2,233	$ 2,250
Notes:		
4.000% Senior Secured Notes due 2027	1,000	1,000
4.375% Senior Secured Notes due 2028	500	500
Pactiv Debentures:		
7.950% Debentures due 2025	276	276
8.375% Debentures due 2027	200	200
Other	49	53
Total principal amount of borrowings	**4,258**	**4,279**
Deferred debt issuance costs (“DIC”)	(15)	(17)
Original issue discounts, net of premiums (“OID”)	(10)	(12)
	4,233	**4,250**
Less: current portion	(31)	(30)
Long-term debt	**$ 4,202**	**$ 4,220**

(In millions, except per share data and unless otherwise indicated)

We were in compliance with all debt covenants during the nine months ended September 30, 2022 and the year ended December 31, 2021.

On September 24, 2021, we incurred $1,015 million of term loans ("U.S. term loans tranche B-3") and issued $500 million aggregate principal amount of 4.375% Senior Secured Notes due 2028 ("4.375% Notes"). A portion of the net proceeds from the U.S. term loans Tranche B-3, along with the net proceeds from the 4.375% Notes, was used to repay in full the $1,207 million of existing U.S. term loans Tranche B-1 maturing in February 2023, including accrued interest. The balance of the net proceeds from the U.S. term loans Tranche B-3 was used to partially fund the acquisition of Fabri-Kal. During the nine months ended September 30, 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.

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 September 30, 2022	Applicable Interest Rate as of September 30, 2022
Term Tranches				
U.S. term loans Tranche B-2	February 5, 2026	$	1,228	LIBOR (floor of 0.000%) + 3.250%
U.S. term loans Tranche B-3	September 24, 2028	$	1,005	LIBOR (floor of 0.500%) + 3.500%
Revolving Tranche[(1)]				
U.S. Revolving Loans	August 5, 2024	$	50	—

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

The weighted average contractual interest rates related to our U.S. term loans Tranche B-2 and Tranche B-3 for the nine months ended September 30, 2022 were 4.47% and 4.79%, respectively. The weighted average contractual interest rates related to our U.S. term loans Tranche B-1, B-2 and B-3 for the nine months ended September 30, 2021 were 2.86%, 3.36% and 4.00%, respectively. 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. 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 2021 or are due in 2022 for the year ended December 31, 2021.

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

Notes

As of September 30, 2022, our outstanding Notes were as follows:

	Maturity Date	Interest Payment Dates
4.000% Senior Secured Notes due 2027	October 15, 2027	April 15 and October 15
4.375% Senior Secured Notes due 2028	October 15, 2028	April 15 and October 15 commencing April 15, 2022

(In millions, except per share data and unless otherwise indicated)

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

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

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

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

Pactiv Debentures

As of September 30, 2022, our outstanding debentures (together, the “Pactiv Debentures”) were as follows:

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

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

The Pactiv Debentures are not guaranteed and are unsecured.

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

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

Other borrowings

Other borrowings represented finance lease obligations of $49 million and $53 million as of September 30, 2022 and December 31, 2021, respectively.

Scheduled maturities

Below is a schedule of required future repayments on our debt outstanding as of September 30, 2022:

2022	$	8
2023		30
2024		30
2025		304
2026		1,203
Thereafter		2,683
Total principal amount of borrowings	**$**	**4,258**

(In millions, except per share data and unless otherwise indicated)

Fair value of our long-term debt

The fair value of our long-term debt as of September 30, 2022 and December 31, 2021 is a Level 2 fair value measurement. Below is a schedule of carrying values and fair values of our debt outstanding:

	As of September 30, 2022		As of December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Agreement	$ 2,223	$ 2,151	$ 2,239	$ 2,243
Notes:				
4.000% Senior Secured Notes due 2027	993	841	991	975
4.375% Senior Secured Notes due 2028	495	415	495	497
Pactiv Debentures:				
7.950% Debentures due 2025	274	257	273	305
8.375% Debentures due 2027	199	181	199	222
Other	49	49	53	53
Total	**$ 4,233**	**$ 3,894**	**$ 4,250**	**$ 4,295**

Interest expense, net

Interest expense, net consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Interest expense:				
Credit Agreement	$ 32	$ 19	$ 76	$ 58
Notes	15	11	46	31
Pactiv Debentures	11	11	30	30
Interest income	(1)	(1)	(2)	(2)
Amortization:				
DIC	1	—	2	2
OID	1	1	2	2
Net foreign currency exchange losses	—	—	1	—
Loss on extinguishment of debt	—	1	—	2
Other[(1)]	—	15	3	18
Interest expense, net	**$ 59**	**$ 57**	**$ 158**	**$ 141**

(1) Includes $5 million of fees incurred during the three and nine months ended September 30, 2021 in relation to entering into a commitment letter with certain financial institutions for a senior secured incremental term loan facility in an aggregate principal amount of up to $300 million. The commitment letter terminated on September 24, 2021. Also includes $9 million of third party costs incurred during the three and nine months ended September 30, 2021 in relation to the incurrence of U.S. term loans Tranche B-3.

Note 9. Financial Instruments

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

	As of September 30, 2022		As of December 31, 2021	
	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
Commodity swap contracts	$ 2	$ (6)	$ 1	$ (1)
Total fair value	**$ 2**	**$ (6)**	**$ 1**	**$ (1)**
Classification:				
Other current assets	$ 1	$ —	$ 1	$ —
Other noncurrent assets	1	—	—	—
Accrued and other current liabilities	—	(5)	—	(1)
Other noncurrent liabilities	—	(1)	—	—
Total fair value	**$ 2**	**$ (6)**	**$ 1**	**$ (1)**

(In millions, except per share data and unless otherwise indicated)

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 credit risk in connection with our derivatives by limiting the amount of exposure with each counterparty and monitoring the financial condition of our counterparties.

During the three and nine months ended September 30, 2022 and 2021, we recognized unrealized losses of $10 million, $4 million, $1 million and $5 million, respectively, in cost of sales.

The following table provides the detail of outstanding commodity derivative contracts as of September 30, 2022:

Type	Unit of Measure	Contracted Volume	Contracted Price Range	Contracted Date of Maturity
Benzene swaps	U.S. liquid gallon	5,435,377	$3.17 - $4.82	Nov 2022 - Jun 2023
Natural gas swaps	Million BTU	5,205,000	$4.63 - $7.01	Nov 2022 - Dec 2025

Note 10. Employee Benefits

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Service cost	$ —	$ (2)	$ (1)	$ (5)
Interest cost	(17)	(25)	(54)	(80)
Expected return on plan assets	14	43	49	146
Ongoing net periodic benefit (expense) income	(3)	16	(6)	61
Income due to settlements[1]	47	22	57	22
Total net periodic benefit income	**$ 44**	**$ 38**	**$ 51**	**$ 83**

(1) Refer to the *Pension Partial Settlement Transactions* section below for additional details.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of sales	$ —	$ (2)	$ (1)	$ (5)
Non-operating income, net	44	40	52	88
Total net periodic benefit income	**$ 44**	**$ 38**	**$ 51**	**$ 83**

No contributions to the Pactiv Evergreen Pension Plan ("PEPP") are expected to be made in 2022.

Pension Partial Settlement Transactions

On September 20, 2022, February 24, 2022 and July 21, 2021, using PEPP assets, we purchased non-participating group annuity contracts from insurance companies and transferred $656 million, $1,257 million and $959 million, respectively, of the PEPP's projected benefit obligations. In each instance, the respective insurance companies have assumed responsibility for pension benefits and annuity administration. These transactions have resulted in the recognition of non-cash, pre-tax settlement gains. Immediately following the pension partial settlement transaction completed on September 20, 2022, the PEPP's gross projected benefit obligations and gross pension plan assets were $935 million and $915 million, respectively.

(In millions, except per share data and unless otherwise indicated)

Note 11. Other Income, Net

Other income, net consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Gain on sale of businesses and noncurrent assets	$ 239	$ —	$ 266	$ —
Gain on legal settlement[(1)]	—	—	15	—
Foreign exchange losses on cash[(2)]	—	—	(2)	(1)
Transition service agreement income[(3)]	—	3	1	10
Other	—	4	(1)	9
Other income, net	**$ 239**	**$ 7**	**$ 279**	**$ 18**

(1) Reflects a gain, net of costs, arising from the settlement of a historical legal action.

(2) Primarily arose from holding U.S. dollars in non-U.S. dollar functional currency entities.

(3) The transition services agreement income is primarily attributable to services provided to our former segments, Reynolds Consumer Products Inc. (“RCPI”) and Graham Packaging Company Inc. (“GPCI”), and our former closures businesses. Refer to Note 15, *Related Party Transactions,* for additional details.

Note 12. Commitments and Contingencies

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

Legal Proceedings

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 sought to collect approximately $50 million from Pactiv that MP2 claimed that Pactiv owed MP2 under an energy management services agreement (“EMSA”). Pactiv disputed any liability to MP2 and maintained 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 and Transaction Confirmation No. 4 or to reimburse MP2 for its cost in contracting for any shortfall in the contract quantity.

On July 20, 2022, the parties entered into a settlement agreement pursuant to which, among others, MP2 dismissed its claims with prejudice, Pactiv paid MP2 an insignificant cash payment and the parties entered into new commercial arrangements.

Indemnities

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

(In millions, except per share data and unless otherwise indicated)

Note 13. 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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Currency translation adjustments:				
Balance as of beginning of period	$ (213)	$ (202)	$ (207)	$ (189)
Currency translation adjustments	(6)	(7)	(12)	(9)
Amounts reclassified from AOCL[1]	—	—	—	(11)
Other comprehensive loss	(6)	(7)	(12)	(20)
Balance as of end of period	**$ (219)**	**$ (209)**	**$ (219)**	**$ (209)**
Defined benefit plans:				
Balance as of beginning of period	$ 5	$ (160)	$ 108	$ (160)
Net actuarial gain (loss) arising during year[2]	101	302	(25)	302
Deferred tax (expense) benefit on net actuarial gain (loss)	(25)	(74)	6	(74)
Loss (gain) reclassified from AOCL				
Reclassification upon sale of businesses[3]	1	—	1	—
Defined benefit plan settlement gain	(47)	(22)	(57)	(22)
Deferred tax expense on reclassification	11	5	13	5
Other comprehensive income (loss)	41	211	(62)	211
Balance as of end of period	**$ 46**	**$ 51**	**$ 46**	**$ 51**
AOCL				
Balance as of beginning of period	$ (208)	$ (362)	$ (99)	$ (349)
Other comprehensive income (loss)	35	204	(74)	191
Balance as of end of period	**$ (173)**	**$ (158)**	**$ (173)**	**$ (158)**

(1) The reclassification of currency translation adjustment amounts to earnings during the nine months ended September 30, 2021 relates to the sale of the South American closures businesses on March 31, 2021.

(2) Net actuarial gain (loss) relates to the interim remeasurements of the PEPP due to the pension partial settlement transactions completed in September 2022, February 2022 and July 2021. Net actuarial gain arising during the three months ended September 30, 2022 was primarily due to an increase in the discount rate utilized in measuring plan obligations, reflecting changes in market rates, partially offset by asset returns. Net actuarial loss arising during the nine months ended September 30, 2022 was primarily due to asset returns, partially offset by an increase in the discount rate utilized in measuring plan obligations, reflecting changes in market rates. Net actuarial gain arising during 2021 was primarily due to asset returns and an increase in the discount rate utilized in measuring plan obligations, reflecting changes in market rates. Refer to Note 10, *Employee Benefits*, for additional details.

(3) Reclassifications upon sale of businesses are recorded in other income, net.

Note 14. Income Taxes

The effective tax rates for the three and nine months ended September 30, 2022 and 2021 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 September 30, 2022, we recognized a tax expense of $79 million on income from continuing operations before tax of $254 million. The effective tax rate is primarily due to the tax impacts from the sales of our businesses. During the nine months ended September 30, 2022, we recognized a tax expense of $160 million on income from continuing operations before tax of $452 million. The effective tax rate is primarily due to the inability to recognize a tax benefit on all interest expense and the tax impacts from the sales of our businesses.

During the three months ended September 30, 2021, we recognized a tax benefit of $13 million on a loss from continuing operations before tax of $11 million. The effective tax rate was driven primarily by a $9 million discrete benefit from the partial release of our valuation allowance for deferred interest deductions that was attributable to the remeasurement of the PEPP as a result of the partial settlement transaction. During the nine months ended September 30, 2021, we recognized a tax benefit of

(In millions, except per share data and unless otherwise indicated)

$26 million on a loss from continuing operations before tax of $27 million. The effective tax rate was driven primarily by $19 million of discrete benefit adjustments for the partial release of our valuation allowance for deferred interest deductions, which was partially offset by certain nondeductible expenses and the mix of income and losses taxed at varying rates among the jurisdictions in which we operate.

We are under audit by the Internal Revenue Service (“IRS”) and other taxing authorities. The IRS is currently auditing our U.S. income tax returns for 2016-2017. As of September 30, 2022, 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 15. Related Party Transactions

As of September 30, 2022, approximately 78% of our shares were owned by PFL.

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

	Income (expense) for the Three Months Ended September 30,		Income (expense) for the Nine Months Ended September 30,		Balance Outstanding as of	
	2022	2021	2022	2021	September 30, 2022	December 31, 2021
Joint ventures						
Included in other current assets					$ 3	$ 9
Sale of goods and services[1]	$ 2	$ 5	$ 12	$ 21		
Other common controlled entities						
Related party receivables[2]					46	48
Sale of goods and services[2]	107	90	313	261		
Transition services agreements and rental income[2]	—	3	1	10		
Charges[3]	1	1	4	8		
Related party payables[2]					(10)	(10)
Purchase of goods[2]	(29)	(28)	(77)	(79)		
Charges[3]	(3)	(1)	(9)	(7)		

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

(2) We sell and purchase various goods and services with RCPI under contractual arrangements that expire over a variety of periods through December 31, 2024. We also entered into two lease arrangements and a transition services agreement with RCPI. We do not trade with GPCI on an ongoing basis. We entered into a transition services agreement and a tax matters agreement with GPCI. As of September 30, 2022, there were no amounts outstanding under the tax matters agreement with GPCI.

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

Note 16. Equity Based Compensation

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 available for issuance under our Equity Incentive Plan is 9,079,395 shares.

Equity-based compensation expense of $6 million, $16 million, $3 million and $9 million for the three and nine months ended September 30, 2022 and 2021, respectively, was recognized in selling, general and administrative expenses.

Restricted Stock Units

During the nine months ended September 30, 2022, we granted 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 one to three years beginning on the first anniversary of the grant date. During the vesting period, the RSUs carry dividend-equivalent rights, but the RSUs do not have voting rights. The RSUs and any related dividend-equivalent rights are forfeited in the event the holder is no longer an employee on the vesting date, unless the holder satisfies certain retirement-eligibility criteria. The following table summarizes RSU activity during 2022:

(In thousands, except per share amounts)	Number of Stock Units	Weighted Average Grant Date Fair Value
Non-vested, at January 1	1,491	$ 14.67
Granted[1]	1,281	9.25
Forfeited	(114)	12.90
Vested	(491)	15.04
Non-vested, at September 30	2,167	$ 11.47

(1) Includes 32 thousand shares reserved for issuance upon the settlement of dividend-equivalent rights carried by the reported RSUs concurrently with the settlement of such RSUs for shares.

Unrecognized compensation cost related to unvested RSUs as of September 30, 2022 was $11 million, which is expected to be recognized over a weighted average period of 2.2 years. The total vest date fair value of shares that vested during the nine months ended September 30, 2022 was $5 million.

Performance Share Units

During the nine months ended September 30, 2022, we granted performance share units ("PSUs") to certain members of management which vest on the third anniversary of the grant date. Based on the achievement of a company performance target during a performance period set by our Compensation Committee, upon vesting, the PSUs are exchanged for a number of shares of common stock equal to the number of PSUs multiplied by a factor between 0% and 200%. We use our stock price on the grant date to estimate the fair value of our PSUs. We adjust the expense based on the likelihood of future achievement of performance metrics. If any of the performance targets are not achieved, the awards are forfeited. During the vesting period, the PSUs carry dividend-equivalent rights, but the PSUs do not have voting rights. The PSUs and any related dividend-equivalent rights are forfeited in the event the holder is no longer an employee on the vesting date, unless the holder satisfies certain retirement-eligibility criteria. The following table summarizes PSU activity during 2022:

(In thousands, except per share amounts)	Number of Stock Units	Weighted Average Grant Date Fair Value
Non-vested, at January 1	—	$ —
Granted[1]	1,170	9.22
Forfeited	(56)	9.18
Non-vested, at September 30	1,114	$ 9.23

(1) Includes 31 thousand shares reserved for issuance upon the settlement of dividend-equivalent rights carried by the reported PSUs concurrently with the settlement of such PSUs for shares.

Unrecognized compensation cost related to unvested PSUs as of September 30, 2022 was $6 million, which is expected to be recognized over a weighted average period of 2.5 years.

(In millions, except per share data and unless otherwise indicated)

Note 17. Earnings Per Share

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator				
Net earnings (loss) attributable to common shareholders - continuing operations	$ 175	$ 2	$ 291	$ (2)
Less: dividend-equivalents declared for equity based awards	—	—	(1)	—
Net earnings (loss) available to common shareholders - continuing operations	175	2	290	(2)
Net earnings (loss) attributable to common shareholders - discontinued operations	1	(2)	1	(6)
Total net earnings (loss) available to common shareholders	$ 176	$ —	$ 291	$ (8)
Denominator				
Weighted average number of shares outstanding - basic	177.9	177.5	177.7	177.4
Effect of dilutive securities	0.8	0.3	0.6	—
Weighted average number of shares outstanding - diluted	178.7	177.8	178.3	177.4
Earnings (loss) per share attributable to Pactiv Evergreen Inc. common shareholders				
From continuing operations				
Basic	$ 0.98	$ 0.01	$ 1.63	$ (0.01)
Diluted	$ 0.98	$ 0.01	$ 1.63	$ (0.01)
From discontinued operations				
Basic	$ 0.01	$ (0.01)	$ 0.01	$ (0.03)
Diluted	$ —	$ (0.01)	$ —	$ (0.03)
Total				
Basic	$ 0.99	$ —	$ 1.64	$ (0.04)
Diluted	$ 0.98	$ —	$ 1.63	$ (0.04)

The weighted average number of anti-dilutive potential common shares excluded from the calculation above was 0.2 million shares and 0.7 million shares for the three and nine months ended September 30, 2022, respectively. There were no anti-dilutive potential common shares excluded from the calculation above for the three months ended September 30, 2021. The weighted average number of anti-dilutive potential common shares excluded from the calculation above was 0.2 million shares for the nine months ended September 30, 2021.

On November 3, 2022, our Board of Directors declared a dividend of $0.10 per share to be paid on December 15, 2022 to shareholders of record as of November 30, 2022.

Note 18. Segment Information

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"), who is our President and Chief Executive Officer, assesses information for decision-making purposes.

The key factors used to identify these reportable segments are the organization of our internal operations and the nature of our products. This reflects how our CODM monitors performance, allocates capital and makes strategic and operational decisions. Our reportable segments are described as follows:

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

(In millions, except per share data and unless otherwise indicated)

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 egg 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”. As of September 30, 2022, we expect to dispose of all of the remaining components of our former closures business within the next twelve months. Unallocated includes corporate costs, primarily relating to general and administrative 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 as this is the financial measure by which management allocates resources and analyzes the performance of our reportable segments.

A segment’s Adjusted EBITDA represents its earnings before interest, tax, depreciation and amortization and is further adjusted to exclude certain items, including but not limited to, restructuring, asset impairment and other related charges, gains or losses on the sale of businesses and noncurrent assets, non-cash pension income or expense, operational process engineering-related consultancy costs, business acquisition and integration costs and purchase accounting adjustments, unrealized gains or losses on derivatives, foreign exchange gains or losses on cash, executive transition charges and gains or losses on certain legal settlements.

	Foodservice	Food Merchandising	Beverage Merchandising	Reportable Segment Total
For the Three Months Ended September 30, 2022				
Net revenues	$ 756	$ 455	$ 372	**$ 1,583**
Intersegment revenues	—	—	50	**50**
Total reportable segment net revenues	$ 756	$ 455	$ 422	**$ 1,633**
Adjusted EBITDA	$ 113	$ 70	$ 26	**$ 209**
For the Three Months Ended September 30, 2021				
Net revenues	$ 594	$ 391	$ 381	**$ 1,366**
Intersegment revenues	—	—	22	**22**
Total reportable segment net revenues	$ 594	$ 391	$ 403	**$ 1,388**
Adjusted EBITDA	$ 64	$ 49	$ 16	**$ 129**
For the Nine Months Ended September 30, 2022				
Net revenues	$ 2,244	$ 1,303	$ 1,122	**$ 4,669**
Intersegment revenues	—	—	123	**123**
Total reportable segment net revenues	$ 2,244	$ 1,303	$ 1,245	**$ 4,792**
Adjusted EBITDA	$ 394	$ 208	$ 79	**$ 681**
For the Nine Months Ended September 30, 2021				
Net revenues	$ 1,619	$ 1,121	$ 1,089	**$ 3,829**
Intersegment revenues	—	—	58	**58**
Total reportable segment net revenues	$ 1,619	$ 1,121	$ 1,147	**$ 3,887**
Adjusted EBITDA	$ 187	$ 163	$ (1)	**$ 349**

(In millions, except per share data and unless otherwise indicated)

Reportable segment assets consisted of the following:

	Foodservice	Food Merchandising	Beverage Merchandising	Reportable Segment Total
As of September 30, 2022	$ 1,517	$ 810	$ 1,044	**$ 3,371**
As of December 31, 2021	1,380	737	951	**3,068**

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Reportable segment Adjusted EBITDA	$ 209	$ 129	$ 681	$ 349
Other	1	3	3	6
Unallocated	(23)	(13)	(66)	(29)
	187	119	618	326
Adjustments to reconcile to income (loss) from continuing operations before income taxes				
Interest expense, net	(59)	(57)	(158)	(141)
Depreciation and amortization	(85)	(103)	(255)	(253)
Restructuring, asset impairment and other related charges	(57)	—	(58)	(8)
Gain on sale of businesses and noncurrent assets	239	—	266	—
Non-cash pension income	44	40	52	88
Operational process engineering-related consultancy costs	(3)	(6)	(7)	(16)
Business acquisition and integration costs and purchase accounting adjustments	—	(2)	(6)	(2)
Unrealized losses on derivatives	(10)	(1)	(4)	(5)
Foreign exchange losses on cash	—	—	(2)	(1)
Executive transition charges	—	—	(2)	(10)
Gain on legal settlement	—	—	15	—
Costs associated with legacy facility	—	—	(6)	—
Other	(2)	(1)	(1)	(5)
Income (loss) from continuing operations before tax	**$ 254**	**$ (11)**	**$ 452**	**$ (27)**

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

	As of September 30, 2022	As of December 31, 2021
Reportable segment assets[(1)]	$ 3,371	$ 3,068
Other	—	37
Unallocated[(2)]	4,054	3,916
Total assets	**$ 7,425**	**$ 7,021**

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

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

(In millions, except per share data and unless otherwise indicated)

Information in Relation to Products

Net revenues by product line are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Foodservice				
Drinkware	$ 325	$ 240	$ 945	638
Containers	296	232	916	679
Tableware	76	65	214	154
Serviceware and other	59	57	169	148
Food Merchandising				
Tableware	112	100	325	281
Bakery/snack/produce/fruit containers	105	83	307	239
Meat trays	103	92	278	272
Prepared food trays	42	41	124	113
Egg cartons	30	20	87	67
Other	63	55	182	149
Beverage Merchandising				
Cartons for fresh beverage products	197	211	644	611
Liquid packaging board	152	101	388	288
Paper products	73	91	213	248
Reportable segment net revenues	**1,633**	**1,388**	**4,792**	**3,887**
Other / Unallocated				
Other	26	28	75	81
Intersegment eliminations	(50)	(22)	(123)	(58)
Net revenues	**$ 1,609**	**$ 1,394**	**$ 4,744**	**$ 3,910**

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

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

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

Our Company

We are a leading manufacturer and distributor of fresh foodservice and food merchandising products and fresh beverage cartons in North America. We produce a broad range of on-trend and feature-rich products that protect, package and display food and beverages for today's consumers. Our products include containers, drinkware (such as hot and cold cups and lids), cartons for fresh refrigerated beverage products, tableware, meat and poultry trays, paper products, liquid packaging board, serviceware, prepared food trays and egg cartons. Our products, many of which are made with recycled, recyclable or renewable materials, are sold to a diversified mix of customers, including restaurants, foodservice distributors, retailers, food and beverage producers, packers and processors. We report our business in three reportable segments: Foodservice, Food Merchandising and Beverage Merchandising. Refer to Note 18, *Segment Information*, for additional details.

Business Environment

During 2022, we experienced meaningful input cost inflation, including higher raw material and labor costs. Our pricing strategy across all of our segments, including contractual pass-through mechanisms and other pricing actions, has mitigated certain of these inflationary pressures. These pressures may also impact our customers' purchasing decisions and order patterns throughout the remainder of 2022 and into 2023, as well as consumer mobility and discretionary spending. Additionally, while labor availability has improved during the year, a tight labor market has continued to challenge our business and our operations. Despite these headwinds, we have seen strong customer retention while renewing our focus on manufacturing productivity across all of our segments.

While strong demand for labor domestically continues to support consumer spending in the face of inflationary pressures, rising interest rates and the resulting volatility within the capital markets have created additional uncertainty with respect to the economic outlook. If economic conditions were to deteriorate, a decline in consumer spending may result, which could lead to a meaningful decline in demand for our products into 2023 and beyond.

Recent Developments and Items Impacting Comparability

Pension Partial Settlement Transactions

On September 20, 2022, February 24, 2022, and July 21, 2021, using PEPP assets, we purchased non-participating group annuity contracts from insurance companies and transferred portions of the PEPP's projected benefit obligations. In each instance, the respective insurance companies have assumed responsibility for pension benefits and annuity administration. The following table provides details regarding each transaction:

		(In millions)			
Transaction Date	**Reporting Period**	**Assets Transferred**	**Projected Benefit Obligations Transferred**	**Settlement Gain Recognized**	**Number of Participants Impacted**
September 20, 2022	Q3 2022	$ 629	$ 656	$ 47	10,200
February 24, 2022	Q1 2022	1,260	1,257	10	13,300
July 21, 2021	Q3 2021	941	959	22	16,300

Fabri-Kal Acquisition

On October 1, 2021, we acquired 100% of the outstanding ownership interests of Fabri-Kal for a purchase price of $378 million, including final adjustments for cash, indebtedness and working capital of $2 million paid during the nine months ended September 30, 2022. Fabri-Kal is a U.S. manufacturer of thermoformed plastic packaging products. Its products include portion cups, lids, clamshells, drink cups and yogurt containers for the institutional foodservice and consumer packaged goods markets. The acquisition includes four manufacturing facilities in the U.S. The acquisition broadened our portfolio of sustainable packaging products and expanded our manufacturing capacity to better serve our customers. The acquisition was funded with our existing cash resources and a portion of the U.S. term loans Tranche B-3 incurred in September 2021.

Dispositions and Exit Activities

Over recent periods, we made strategic decisions to focus on our core, business-to-business North American foodservice, food merchandising and beverage merchandising operations. Accordingly, we divested or exited certain of our non-core businesses which enables us to focus on our strategic core competencies.

On January 4, 2022, we entered into a definitive agreement with SIG Schweizerische Industrie-Gesellschaft GmbH to sell Beverage Merchandising Asia. The transaction closed on August 2, 2022, and we received preliminary proceeds of $336 million, which are subject to adjustments for cash, indebtedness and working capital as of the date of completion. We recognized a preliminary gain on sale of $239 million during the three months ended September 30, 2022. Sales of liquid packaging board to our former Beverage Merchandising Asia operations, which were previously eliminated in consolidation, are recorded as external net revenues subsequent to the transaction's completion.

In September 2022, we committed to a plan to sell our remaining closures businesses. As a result, we classified the assets and liabilities of these businesses as held for sale and recognized a pre-tax charge to earnings of $56 million within restructuring, asset impairment and other related charges during the three months ended September 30, 2022.

On October 12, 2021, we entered into a definitive agreement for the sale of our equity interests in Naturepak Beverage, our 50% joint venture with Naturepak Limited, to affiliates of Elopak ASA. The transaction closed on March 29, 2022, and we received preliminary proceeds of $47 million, which are subject to adjustments for cash, indebtedness and working capital as of the date of completion. We recognized a preliminary gain on the sale of our equity interests of $27 million during the nine months ended September 30, 2022.

On July 28, 2021, we announced the decision to close our coated groundwood paper production line located in our Pine Bluff, Arkansas mill. On October 31, 2021, we ceased manufacturing coated groundwood paper, and we substantially completed our exit from this business during the fourth quarter of 2021. As a result of the closure, we recognized $1 million for disassembly costs during the nine months ended September 30, 2022 and $8 million for contractual termination benefits during the nine months ended September 30, 2021.

None of these dispositions qualify for presentation as discontinued operations.

Winter Storm Uri and Tropical Storm Fred

In 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 first half of 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 total incremental costs of $37 million incurred by our paper mill in Pine Bluff, Arkansas.

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

In August 2021, the Southeastern portion of the U.S. was impacted by Tropical Storm Fred which brought severe flooding. As a result of the storm, our paper mill in Canton, North Carolina experienced a flood which resulted in the damage of certain property, plant and equipment. The mill subsequently experienced an explosion and resulting fire. Due to the extent of damage sustained from the flood, fire and related events, we were unable to fully operate our paper mill in Canton, North Carolina for several days during the third quarter of 2021. Accordingly, our Beverage Merchandising segment incurred $7 million of incremental costs, including costs related to the shut-down of the mill and to repair damaged property, plant and equipment, during the three months ended September 30, 2021.

COVID-19

We have been actively responding to the COVID-19 pandemic and its impact. During the early part of 2021, we experienced lower demand for our products and, as a result, a decline in revenues. Commencing in the second quarter of 2021 and continuing throughout 2021, volumes improved in our business, most significantly in our Foodservice segment. To date, we have not experienced significant issues across our supply chain due to the COVID-19 pandemic, including the sourcing of materials and logistics service providers. As the general effects of the COVID-19 pandemic continue to change and remain unpredictable, the COVID-19 pandemic may continue to impact our results of operations in future periods as the macroeconomic environment and consumer behavior continue to evolve.

Non-GAAP Measures – Adjusted EBITDA from Continuing Operations

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 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, including but not limited to restructuring, asset impairment and other related charges, gains or losses on the sale of businesses and noncurrent assets, non-cash pension income or expense, operational process engineering-related consultancy costs, business acquisition and integration costs and purchase accounting adjustments, unrealized gains or losses on derivatives, foreign exchange gains or losses on cash, executive transition charges and gains or losses on certain legal settlements.

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, make strategic decisions and incentivize and reward our employees. 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. We also believe that using Adjusted EBITDA from continuing operations facilitates operating performance comparisons on a period-to-period basis because it excludes variations primarily caused by changes in the items noted above. In addition, our chief operating decision maker, who is our President and Chief Executive Officer, uses Adjusted EBITDA of each reportable segment to evaluate the operating performance of such segments.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	2022	2021	2022	2021
Net income (loss) from continuing operations (GAAP)	**$ 175**	**$ 2**	**$ 292**	**$ (1)**
Income tax expense (benefit)	79	(13)	160	(26)
Interest expense, net	59	57	158	141
Depreciation and amortization	85	103	255	253
Restructuring, asset impairment and other related charges(1)	57	—	58	8
Gain on sale of businesses and noncurrent assets(2)	(239)	—	(266)	—
Non-cash pension income(3)	(44)	(40)	(52)	(88)
Operational process engineering-related consultancy costs(4)	3	6	7	16
Business acquisition and integration costs and purchase accounting adjustments(5)	—	2	6	2
Unrealized losses on derivatives	10	1	4	5
Foreign exchange losses on cash	—	—	2	1
Executive transition charges(6)	—	—	2	10
Gain on legal settlement(7)	—	—	(15)	—
Costs associated with legacy facility(8)	—	—	6	—
Other	2	1	1	5
Adjusted EBITDA from continuing operations (Non-GAAP)	**$ 187**	**$ 119**	**$ 618**	**$ 326**

(1) Reflects restructuring, asset impairment and other related charges (net of reversals) primarily associated with the decision to exit our remaining closures businesses for the three and nine months ended September 30, 2022 and our closure of Beverage Merchandising's coated groundwood operations for the nine months ended September 30, 2021. Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

(2) Reflects the gain from the sale of businesses and noncurrent assets, primarily related to the sale of Beverage Merchandising Asia and the sale of our equity interests in Naturepak Beverage. Refer to Note 2, *Acquisitions and Dispositions*, for additional details.

(3) Reflects the non-cash pension income related to our employee benefit plans, including the pension settlement gains of $47 million and $57 million recognized during the three and nine months ended September 30, 2022, respectively, and the pension settlement gain of $22 million recognized during the three and nine months ended September 31, 2021. Refer to Note 10, *Employee Benefits*, for additional details.

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

(5) Reflects acquisition and integration costs related to Fabri-Kal. Refer to Note 2, *Acquisitions and Dispositions*, for additional details.

(6) Reflects charges relating to key executive retirement and separation agreements in the first half of 2021 and in the second quarter of 2022.

(7) Reflects the gain, net of costs, arising from the settlement of a historical legal action.

(8) Reflects costs related to a closed facility that was sold prior to our acquisition of the entity.

Results of Operations

Three Months Ended September 30, 2022 and 2021

Consolidated Results

(In millions, except for %)	For the Three Months Ended September 30, 2022	% of Revenue	2021	% of Revenue	Change	% Change
Net revenues	$ 1,609	100 %	$ 1,394	100 %	$ 215	15 %
Cost of sales	(1,377)	(86)%	(1,291)	(93)%	(86)	(7)%
Gross profit	**232**	**14 %**	**103**	**7 %**	**129**	**125 %**
Selling, general and administrative expenses	(145)	(9)%	(104)	(7)%	(41)	(39)%
Restructuring, asset impairment and other related charges	(57)	(4)%	—	— %	(57)	NM
Other income, net	239	15 %	7	— %	232	NM
Operating income from continuing operations	**269**	**17 %**	**6**	**— %**	**263**	**NM**
Non-operating income, net	44	3 %	40	3 %	4	10 %
Interest expense, net	(59)	(4)%	(57)	(4)%	(2)	(4)%
Income (loss) from continuing operations before tax	**254**	**16 %**	**(11)**	**(1)%**	**265**	**NM**
Income tax (expense) benefit	(79)	(5)%	13	1 %	(92)	NM
Income from continuing operations	**175**	**11 %**	**2**	**— %**	**173**	**NM**
Income (loss) from discontinued operations, net of income taxes	1		(2)		3	
Net income	**$ 176**		**$ —**		**$ 176**	
Adjusted EBITDA from continuing operations[(1)]	**$ 187**	**12 %**	**$ 119**	**9 %**	**$ 68**	**57 %**

(1) Adjusted EBITDA from continuing operations is a non-GAAP measure. For details, refer to *Non-GAAP Measures - 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

	Price/Mix	Volume	Acquisitions	Dispositions	Total
Net revenues	17 %	(8)%	8 %	(2)%	15 %
By reportable segment:					
Foodservice	16 %	(8)%	19 %	— %	27 %
Food Merchandising	20 %	(4)%	— %	— %	16 %
Beverage Merchandising	16 %	(5)%	— %	(6)%	5 %

Net Revenues. Net revenues for the three months ended September 30, 2022 increased by $215 million, or 15%, to $1,609 million compared to the prior year period. The increase was primarily due to favorable pricing, due to the contractual pass-through of higher material costs and pricing actions across all of our segments. In addition, the Foodservice segment's acquisition of Fabri-Kal on October 1, 2021 contributed $114 million of incremental sales for the three months ended September 30, 2022 as compared to the prior year period. These increases were partially offset by lower sales volume, primarily due to strong sales volume in the prior year period as businesses and restaurants re-opened post-COVID-19 lockdowns in our Foodservice segment, the market softening amid inflationary pressures in our Food Merchandising segment and our strategic exit from the coated groundwood business in our Beverage Merchandising segment in December 2021, and the impact from the disposition of Beverage Merchandising Asia on August 2, 2022.

Cost of Sales. Cost of sales for the three months ended September 30, 2022 increased by $86 million, or 7%, to $1,377 million compared to the prior year period. The increase was primarily due to the Foodservice segment's acquisition of Fabri-Kal and higher material and manufacturing costs across all of our segments. These increases were partially offset by lower sales volume.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three months ended September 30, 2022 increased by $41 million, or 39%, to $145 million compared to the prior year period. The increase was primarily due to higher employee-related costs and higher costs related to the Foodservice segment's acquisition of Fabri-Kal.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the three months ended September 30, 2022 included a $56 million impairment charge related to the decision to exit our remaining closures businesses. Refer to Note 3, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Other Income, Net. Other income, net for the three months ended September 30, 2022 increased by $232 million to $239 million compared to the prior year period. The increase was primarily attributable to the $239 million preliminary gain on the sale of Beverage Merchandising Asia, which was completed during the three months ended September 30, 2022.

Non-operating Income, Net. Non-operating income, net, for the three months ended September 30, 2022 increased by $4 million, or 10%, to $44 million compared to the prior year period. The increase was primarily due to a $47 million pension settlement gain recognized in the current year period compared to a $22 million pension settlement gain recognized in the prior year period, partially offset by lower ongoing net periodic benefit income. Refer to Note 10, *Employee Benefits*, for additional details.

Interest Expense, Net. Interest expense, net, for the three months ended September 30, 2022 increased by $2 million, or 4%, to $59 million, compared to the prior year period. The increase was primarily due to an increase in the interest rate on our floating rate term loans and an increase in principal amounts outstanding under our senior secured notes. These increases were partially offset by $14 million of fees and third party costs incurred in the prior year period that did not recur. Refer to Note 8*, Debt,* for additional details.

Income Tax Expense. During the three months ended September 30, 2022, we recognized a tax expense of $79 million on income from continuing operations before tax of $254 million, compared to tax benefit of $13 million on a loss from continuing operations before tax of $11 million for the prior year period. The effective tax rate is primarily due to the tax impacts from the sale of our businesses. The effective tax rate during the prior year period was primarily attributable to our overall projected earnings subject to taxation at varying rates in the jurisdictions in which we operate.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the three months ended September 30, 2022 increased by $68 million, or 57%, to $187 million compared to the prior year period. The increase reflects favorable pricing, net of material costs passed through, and the impact from the acquisition of Fabri-Kal, partially offset by higher manufacturing and employee-related costs and lower sales volume.

Segment Information

Foodservice

	For the Three Months Ended September 30,			
(In millions, except for %)	**2022**	**2021**	**Change**	**% Change**
Total segment net revenues	$ 756	$ 594	$ 162	27%
Segment Adjusted EBITDA	$ 113	$ 64	$ 49	77%
Segment Adjusted EBITDA margin	15%	11%		

Total Segment Net Revenues. Foodservice total segment net revenues for the three months ended September 30, 2022 increased by $162 million, or 27%, to $756 million compared to the prior year period. The increase was primarily due to the acquisition of Fabri-Kal on October 1, 2021, which contributed $114 million of incremental sales for the three months ended September 30, 2022 as compared to the prior year period, and favorable pricing, due to the contractual pass-through of higher material costs and pricing actions taken to offset higher input costs. These increases were partially offset by lower sales volume, primarily due to strong sales volume in the prior year period as businesses and restaurants re-opened post-COVID-19 lockdowns.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the three months ended September 30, 2022 increased by $49 million, or 77%, to $113 million compared to the prior year period. The increase was primarily due to favorable pricing, net of material costs passed through, and the impact from the acquisition of Fabri-Kal, partially offset by higher manufacturing costs, lower sales volume and higher employee-related costs.

Food Merchandising

	For the Three Months Ended September 30,			
(In millions, except for %)	2022	2021	Change	% Change
Total segment net revenues	$ 455	$ 391	$ 64	16 %
Segment Adjusted EBITDA	$ 70	$ 49	$ 21	43 %
Segment Adjusted EBITDA margin	15 %	13 %		

Total Segment Net Revenues. Food Merchandising total segment net revenues for the three months ended September 30, 2022 increased by $64 million, or 16%, to $455 million compared to the prior year period. The increase was primarily due to favorable pricing, due to pricing actions taken to offset higher input costs and the contractual pass-through of higher material costs, partially offset by lower sales volume, primarily due to the market softening amid inflationary pressures.

Adjusted EBITDA. Food Merchandising Adjusted EBITDA for the three months ended September 30, 2022 increased by $21 million, or 43%, to $70 million compared to the prior year period. The increase was primarily due to favorable pricing, net of material costs passed through, partially offset by higher manufacturing and employee-related costs and lower sales volume.

Beverage Merchandising

	For the Three Months Ended September 30,			
(In millions, except for %)	2022	2021	Change	% Change
Total segment net revenues	$ 422	$ 403	$ 19	5 %
Segment Adjusted EBITDA	$ 26	$ 16	$ 10	63 %
Segment Adjusted EBITDA margin	6 %	4 %		

Total Segment Net Revenues. Beverage Merchandising total segment net revenues for the three months ended September 30, 2022 increased by $19 million, or 5%, to $422 million compared to the prior year period. The increase was primarily due to favorable pricing, due to pricing actions taken to offset higher input costs and the contractual pass-through of higher material costs. The increase was partially offset by the impact from the disposition of Beverage Merchandising Asia on August 2, 2022 and lower sales volume, primarily due to our strategic exit from the coated groundwood business in December 2021.

Adjusted EBITDA. Beverage Merchandising Adjusted EBITDA for the three months ended September 30, 2022 increased by $10 million, or 63%, to $26 million compared to the prior year period. The increase was primarily due to favorable pricing, net of material costs passed through, and the benefit related to prior year period costs of $7 million from Tropical Storm Fred. These items were partially offset by higher manufacturing costs, including $8 million due to a scheduled cold mill outage, and higher employee-related costs.

Nine Months Ended September 30, 2022 and 2021

Consolidated Results

(In millions, except for %)	For the Nine Months Ended September 30, 2022	% of Revenue	2021	% of Revenue	Change	% Change
Net revenues	$ 4,744	100 %	$ 3,910	100 %	$ 834	21 %
Cost of sales	(3,972)	(84)%	(3,549)	(91)%	(423)	(12)%
Gross profit	**772**	**16 %**	**361**	**9 %**	**411**	114 %
Selling, general and administrative expenses	(435)	(9)%	(345)	(9)%	(90)	(26)%
Restructuring, asset impairment and other related charges	(58)	(1)%	(8)	— %	(50)	NM
Other income, net	279	6 %	18	— %	261	NM
Operating income from continuing operations	**558**	**12 %**	**26**	**1 %**	**532**	**NM**
Non-operating income, net	52	1 %	88	2 %	(36)	(41)%
Interest expense, net	(158)	(3)%	(141)	(4)%	(17)	(12)%
Income (loss) from continuing operations before tax	**452**	**10 %**	**(27)**	**(1)%**	**479**	**NM**
Income tax (expense) benefit	(160)	(3)%	26	1 %	(186)	NM
Income (loss) from continuing operations	**292**	**6 %**	**(1)**	**— %**	**293**	**NM**
Income (loss) from discontinued operations, net of income taxes	1		(6)		7	
Net income (loss)	**$ 293**		**$ (7)**		**$ 300**	
Adjusted EBITDA from continuing operations[(1)]	**$ 618**	**13 %**	**$ 326**	**8 %**	**$ 292**	**90 %**

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

Components of Change in Reportable Segment Net Revenues

	Price/Mix	Volume	Acquisitions	Dispositions	FX	Total
Net revenues	22 %	(8)%	9 %	(1)%	(1)%	21 %
By reportable segment:						
Foodservice	25 %	(7)%	21 %	— %	— %	39 %
Food Merchandising	21 %	(5)%	— %	— %	— %	16 %
Beverage Merchandising	18 %	(7)%	— %	(2)%	— %	9 %

Net Revenues. Net revenues for the nine months ended September 30, 2022 increased by $834 million, or 21%, to $4,744 million compared to the prior year period. The increase was primarily due to favorable pricing, due to the contractual pass-through of higher material costs and pricing actions across all of our segments. In addition, the Foodservice segment's acquisition of Fabri-Kal on October 1, 2021 contributed $337 million of incremental sales for the nine months ended September 30, 2022 as compared to the prior year period. These increases were partially offset by lower sales volume, primarily due to strong sales volume in the prior year period as businesses and restaurants re-opened post-COVID-19 lockdowns in our Foodservice segment, labor and related impacts in our Food Merchandising segment and our strategic exit from the coated groundwood business in our Beverage Merchandising segment in December 2021.

Cost of Sales. Cost of sales for the nine months ended September 30, 2022 increased by $423 million, or 12%, to $3,972 million compared to the prior year period. The increase was primarily due to higher material and manufacturing costs across all of our segments, as well as the Foodservice segment's acquisition of Fabri-Kal. These increases were partially offset by lower sales volume and the benefit related to prior year period costs of $50 million from Winter Storm Uri.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the nine months ended September 30, 2022 increased by $90 million, or 26%, to $435 million compared to the prior year period. The increase was primarily due to higher employee-related costs and higher costs related to the Foodservice segment's acquisition of Fabri-Kal.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the nine months ended September 30, 2022 increased by $50 million to $58 million. The increase was primarily attributable to a $56 million impairment charge related to the decision to exit our remaining closures businesses. Refer to Note 3*, Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Other Income, Net. Other income, net for the nine months ended September 30, 2022 increased by $261 million to $279 million compared to the prior year period. The increase was primarily attributable to the $239 million gain on the sale of Beverage

Merchandising Asia, the $27 million gain on the sale of our equity interests in Naturepak Beverage and the $15 million gain, net of costs, arising from the settlement of a historical legal action, partially offset by lower transition service agreement income.

Non-operating Income, Net. Non-operating income, net, for the nine months ended September 30, 2022 decreased by $36 million, or 41%, to $52 million compared to the prior year period. The decrease was primarily due to lower ongoing net periodic benefit income, partially offset by $57 million of pension settlement gains recognized in the current year period compared to a $22 million pension settlement gain recognized in the prior year period. Refer to Note 10, *Employee Benefits*, for additional details.

Interest Expense, Net. Interest expense, net, for the nine months ended September 30, 2022 increased by $17 million, or 12%, to $158 million, compared to the prior year period, primarily due to an increase in the interest rate on our floating rate term loans and a net increase in principal amounts outstanding under our senior secured notes. These increases were partially offset by $14 million of fees and third party costs incurred in the prior year period that did not recur. Refer to Note 8*, Debt,* for additional details.

Income Tax (Expense) Benefit. During the nine months ended September 30, 2022, we recognized a tax expense of $160 million on income from continuing operations before tax of $452 million, compared to tax benefit of $26 million on a loss from continuing operations before tax of $27 million for the prior year period. The effective tax rate is primarily due to the inability to recognize a tax benefit on all interest expense and the tax impacts from the sales of our businesses. The effective tax rate during the prior year period 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.

Adjusted EBITDA from Continuing Operations. Adjusted EBITDA from continuing operations for the nine months ended September 30, 2022 increased by $292 million, or 90%, to $618 million compared to the prior year period. The increase reflects favorable pricing, net of material costs passed through, and the impact from the acquisition of Fabri-Kal, partially offset by higher manufacturing and employee-related costs, lower sales volume and higher logistics costs. The increase in Adjusted EBITDA also included the benefit related to prior year period costs of $50 million from Winter Storm Uri.

Segment Information

Foodservice

	For the Nine Months Ended September 30,			
(In millions, except for %)	**2022**	**2021**	**Change**	**% Change**
Total segment net revenues	$ 2,244	$ 1,619	$ 625	39 %
Segment Adjusted EBITDA	$ 394	$ 187	$ 207	111 %
Segment Adjusted EBITDA margin	18 %	12 %		

Total Segment Net Revenues. Foodservice total segment net revenues for the nine months ended September 30, 2022 increased by $625 million, or 39%, to $2,244 million compared to the prior year period. The increase was primarily due to favorable pricing, due to the contractual pass-through of higher material costs and pricing actions taken to offset higher input costs. In addition, the acquisition of Fabri-Kal on October 1, 2021 contributed $337 million of incremental sales for the nine months ended September 30, 2022 as compared to the prior year period. These increases were partially offset by lower sales volume, primarily due to strong sales volume in the prior year period as businesses and restaurants re-opened post-COVID-19 lockdowns.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the nine months ended September 30, 2022 increased by $207 million, or 111%, to $394 million compared to the period year period. The increase was primarily due to favorable pricing, net of material costs passed through, and the impact from the acquisition of Fabri-Kal, partially offset by higher manufacturing costs, lower sales volume and higher employee-related costs.

Food Merchandising

	For the Nine Months Ended September 30,			
(In millions, except for %)	**2022**	**2021**	**Change**	**% Change**
Total segment net revenues	$ 1,303	$ 1,121	$ 182	16 %
Segment Adjusted EBITDA	$ 208	$ 163	$ 45	28 %
Segment Adjusted EBITDA margin	16 %	15 %		

Total Segment Net Revenues. Food Merchandising total segment net revenues for the nine months ended September 30, 2022 increased by $182 million, or 16%, to $1,303 million compared to the prior year period. The increase was primarily due to favorable pricing, due to the contractual pass-through of higher material costs and pricing actions taken to offset higher input costs, partially offset by lower sales volume, primarily due to labor and related impacts.

Adjusted EBITDA. Food Merchandising Adjusted EBITDA for the nine months ended September 30, 2022 increased by $45 million, or 28%, to $208 million compared to the prior year period. The increase was primarily due to favorable pricing, net of material costs passed through, partially offset by higher manufacturing costs, lower sales volume and higher employee-related and logistics costs.

Beverage Merchandising

(In millions, except for %)	**For the Nine Months Ended September 30, 2022**	**2021**	**Change**	**% Change**
Total segment net revenues	$ 1,245	$ 1,147	$ 98	9%
Segment Adjusted EBITDA	$ 79	$ (1)	$ 80	NM
Segment Adjusted EBITDA margin	6%	—%		

Total Segment Net Revenues. Beverage Merchandising total segment net revenues for the nine months ended September 30, 2022 increased by $98 million, or 9%, to $1,245 million compared to the nine months ended September 30, 2021. The increase was primarily due to favorable pricing, due to pricing actions taken to offset higher input costs and the contractual pass-through of higher material costs, and favorable product mix. These increases were partially offset by lower sales volume, primarily due to our strategic exit from the coated groundwood business in December 2021, and the impact from the disposition of Beverage Merchandising Asia on August 2, 2022.

Adjusted EBITDA. Beverage Merchandising Adjusted EBITDA for the nine months ended September 30, 2022 increased by $80 million to $79 million compared to the prior year period. The increase reflected favorable pricing, net of material costs passed through, and the benefit related to prior year period costs of $37 million from Winter Storm Uri and $7 million from Tropical Storm Fred. These items were partially offset by higher manufacturing and employee-related costs and lower sales volume.

Liquidity and Capital Resources

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

Cash flows

Our cash flows for the nine months ended September 30, 2022 and 2021 were as follows:

(In millions)	**For the Nine Months Ended September 30, 2022**	**2021**
Net cash provided by operating activities	$ 241	$ 190
Net cash provided by (used in) investing activities	196	(201)
Net cash (used in) provided by financing activities	(79)	173
Effect of exchange rate on cash and cash equivalents	(6)	(3)
Net increase in cash and cash equivalents	**$ 352**	**$ 159**

Net cash flows increased $193 million, or 121%, compared to the prior year period primarily due to proceeds from the disposition of Beverage Merchandising Asia and our equity interests in Naturepak Beverage, and higher net cash provided by operating activities. These items were partially offset by net cash provided by various debt financing transactions undertaken during the prior year period. Net cash provided by operating activities increased as compared to the prior year period primarily due to favorable pricing, net of material costs passed through, the impact from the acquisition of Fabri-Kal and prior year period costs from Winter Storm Uri, partially offset by a strategic inventory build during the current year period and higher cash tax and interest payments.

During the nine months ended September 30, 2022, our primary sources of cash were $364 million in combined proceeds related to the sale of Beverage Merchandising Asia and our equity interests in Naturepak Beverage, and $241 million of net cash provided by operating activities. The net cash provided by operating activities reflects income from operations, partially offset by $132 million of cash interest payments and $64 million of cash taxes. Our primary uses of cash for the same period were $169 million in capital expenditures and $54 million of dividends paid.

During the nine months ended September 30, 2021, our primary sources of cash were $1,015 million of proceeds from debt issued under the U.S. term loans Tranche B-3, $500 million of proceeds from the issuance of our 4.375% Notes and $190 million of net cash provided by operating activities. The net cash provided by operating activities reflects income from operations and a net tax refund of $25 million, partially offset by $99 million of cash interest payments. Our primary uses of cash for the same period were the repayment of $1,207 million of U.S. term loans Tranche B-1, $199 million in capital expenditures, repayment of the remaining $59 million aggregate principal amount of the 5.125% senior secured notes at a price of 101.281% and $53 million of dividends paid.

Dividends

We paid cash dividends of $54 million and $53 million during the nine months ended September 30, 2022 and 2021, respectively. On November 3, 2022, our Board of Directors declared a dividend of $0.10 per share to be paid on December 15, 2022 to shareholders of record as of November 30, 2022.

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.

Financing and capital resources

As of September 30, 2022, we had $4,258 million of total principal amount of borrowings. Refer to Note 8, *Debt*, for additional details. As of September 30, 2022, the underlying one month LIBO rate for amounts borrowed under our Credit Agreement was 3.12%. Based on this rate, our 2022 annual cash interest obligations on our borrowings are expected to be approximately $215 million. Of our total debt, $2,233 million is subject to variable interest rates, representing borrowings drawn under our Credit Agreement. Based on our outstanding debt commitments as of September 30, 2022 and all other variables remaining constant, a 100 basis point increase (decrease) in interest rates would result in a $22 million per annum increase (decrease) in interest expense on the term loans under our Credit Agreement.

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

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

We are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were made in 2021 or will be due in 2022 for the year ended December 31, 2021.

Liquidity and working capital

Our liquidity position is summarized in the table below:

(In millions, except for current ratio)	**As of September 30, 2022**	**As of December 31, 2021**
Cash and cash equivalents[(1)]	$ 559	$ 197
Availability under revolving credit facility	200	206
	$ 759	**$ 403**
Working capital[(2)]	1,386	1,043
Current ratio	2.4	2.3

(1) Excludes $7 million and $17 million of cash classified as held for sale as of September 30, 2022 and December 31, 2021, respectively.

(2) Includes $162 million of assets classified as held for sale as of December 31, 2021 and $24 million and $31 million of liabilities classified as held for sale as of September 30, 2022 and December 31, 2021, respectively.

As of September 30, 2022, we had $559 million of cash and cash equivalents on-hand, with a further $7 million of cash and cash equivalents classified within current assets held for sale. We also had $200 million available for drawing under our revolving credit facility, net of $50 million utilized in the form of letters of credit under the facility. Our next debt maturity is $276 million of Pactiv Debentures due in December 2025, excluding amortization payments related to our U.S. term loans tranche B-2 and B-3 under our Credit Agreement.

We believe that we have sufficient liquidity to support our ongoing operations in the next 12 months and to invest in future growth to create further value for our shareholders. Our primary drivers of increased liquidity for the nine months ended September 30, 2022 were $364 million in proceeds from the sale of Beverage Merchandising Asia and our equity interests in Naturepak Beverage, and net operating cash flows of $241 million. These sources of additional liquidity were partially offset by capital expenditures of $169 million during the year. We currently anticipate incurring a total of approximately $260 million in capital expenditures during fiscal year 2022.

During 2022, our working capital increased $343 million, or 33%, primarily due to cash proceeds from our recent divestitures and our strategic inventory build during the year. Our working capital position provides us the flexibility for further consideration of strategic initiatives, including reinvestment in our business and deleveraging of our balance sheet. As a result, we may utilize portions of our excess cash to repurchase certain amounts of our long-term debt prior to maturity depending on market conditions, among other factors.

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

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

Critical Accounting Policies, Estimates and Assumptions

The most critical accounting policies and estimates are those that are most important to the portrayal of our financial condition and results of operations and require us to make the most difficult and subjective judgments, often estimating the outcome of future events that are inherently uncertain. Our significant accounting policies are described in Note 2, *Summary of Significant Accounting Policies,* to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021. 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, 2021.

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no material changes to our market risk during the nine months ended September 30, 2022. For additional information, refer to Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 4. Controls and Procedures.

a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. In connection with the preparation of this report, management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2022, our disclosure controls and procedures were effective.

b) Changes in Internal Control over Financial Reporting

During the third quarter of 2022, we completed the integration of Fabri-Kal's internal control environment into Pactiv Evergreen's internal control environment. As a part of this integration, we migrated Fabri-Kal's legacy enterprise resource planning ("ERP") system onto Pactiv Evergreen's primary ERP system.

Other than as described in the preceding paragraph, there were no material changes in our internal control over financial reporting that occurred during the three months ended September 30, 2022 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 12, *Commitments and Contingencies*, to the interim Condensed Consolidated Financial Statements included in Part I, Item 1.

Item 1A. Risk Factors.

There have been no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2021.

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.

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

			Incorporated by Reference		
Exhibit	Exhibit Title	Filed Here-With?	Form	Exhibit No.	Date Filed
10.1#	Group Annuity Contract Offer and Acceptance Agreement by and among Pactiv LLC, Pactiv North America Pension Plans Investment Committee, Athene Annuity and Life Company and Athene Annuity & Life Assurance Company of New York, dated as of September 13, 2022.	X			
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema 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)				

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

SIGNATURES

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

PACTIV EVERGREEN INC.
(Registrant)

By: /s/ Jonathan H. Baksht

Jonathan H. Baksht
Chief Financial Officer (principal financial officer and principal accounting officer)
November 8, 2022

***** Text omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because it is not material and is of the type that the registrant treats as private or confidential.s**

COMMITMENT AGREEMENT

September 13, 2022 (the "<u>Commitment Agreement Date</u>")

Athene Annuity and Life Company ("<u>AAIA</u>") is pleased to provide, on the following terms, a non-participating single premium group annuity contract, supported by a [***] account (the "<u>AAIA Contract</u>") for the Pactiv Evergreen Pension Plan (the "<u>Plan</u>") and Athene Annuity & Life Assurance Company of New York ("<u>AANY</u>" and together with AAIA, the "<u>Insurers</u>") is pleased to provide, on the following terms, a non-participating single premium group annuity contract, supported by a [***] account (the "<u>AANY Contract</u>" and together with the AAIA Contract, the "<u>Contracts</u>") for the Plan in consideration of the mutual promises made and representations, warranties and covenants contained in this Commitment Agreement (this "<u>Commitment Agreement</u>"). For purposes of this Commitment Agreement, capitalized terms will have the meaning set forth in paragraph 8. By signing this Commitment Agreement, the Insurers, Pactiv LLC (the "<u>Company</u>") as Plan sponsor, and Pactiv Evergreen Inc. Pension Plans Investment Committee ("Committee"), as Plan administrator acting solely in its capacity as named fiduciary for the Plan, agree as provided below. For the avoidance of doubt, the parties hereby agree that if the Committee fails to perform any of its obligations set forth in this Commitment Agreement, the Company shall perform such obligations in the same manner and timing required of the Committee.

1. **<u>GAC Issuance and GAC Issuance True-Up Premium</u>**. Each Insurer agrees to issue the applicable Contract as follows:

    a. <u>Specimen GAC Form Issuance</u>. On the Scheduled GAC Issuance Date, subject to such Insurer's receipt of the applicable Premium Due Date Transfers and any applicable GAC Issuance True-Up Premium, plus interest thereon, due to such Insurer and subject to the terms of paragraphs 1.b., 1.c., 1.d. and 3, such Insurer irrevocably agrees to issue the applicable Contract with an effective date that is the Premium Due Date and in accordance with this Commitment Agreement and such Contract, irrevocably commits to make payments owed to the applicable Payees under such Contract on and after the Annuity Start Date; provided that if the Committee and such Insurer are unable to complete the takeover of administration services regarding payments under such Contract pursuant to paragraph 6 prior to the Annuity Start Date, such Insurer shall make a bulk payment to the Plan Trust (or in such other manner as such Insurer and the Committee agree) equal to the Aggregate Monthly Payment (as defined in such Contract) for each month until administration with respect to such Contract is transferred to such Insurer pursuant to paragraph 6. The applicable Contract will be in substantially the form of the specimen group annuity contract (the "<u>Specimen GAC Form</u>") attached hereto as Schedule 1 with such updates agreed upon pursuant to and in accordance with paragraph 2.

    b. <u>Form of Annuities and Payments under a Contract</u>. The type, description and forms of annuities (e.g., single life annuity, joint and survivor annuity), payments under the applicable Contract and other terms of such Contract will be consistent with the terms of the Insurers' proposal dated September 6, 2022 as updated to reflect (i) any modifications contemplated in the Insurers' final annuity quote reply sheet dated September 13, 2022 and (ii) any modifications mutually agreed to between the Company, Committee and such Insurer after the Commitment Agreement Date and before the [***] Business Day prior to the Scheduled GAC Issuance Date. Subject to such Insurer's receipt of the applicable Premium Due Date Transfers, such Insurer will make payments to the applicable Payees commencing on the Annuity Start Date (A) until the applicable Contract has been issued, in accordance with the terms and conditions of this Commitment Agreement and (B) after the applicable Contract has been issued, in accordance with the terms and conditions of the applicable Contract. For the avoidance of doubt, each Insurer will make such payments even if the applicable Contract has not been issued by such Insurer as of the Annuity Start Date. The original annuity exhibits to the applicable Contract will be consistent with the applicable Payees (including the applicable annuitants, contingent annuitants and beneficiaries) on the Tab titled "Data (include)" of the Base File.

c. Necessary Data. As a condition to such Insurer issuing the applicable Contract, the Committee will deliver or cause to be delivered to such Insurer the data necessary for such Insurer to prepare the annuity exhibits and the information necessary for such Insurer to draft provisions of such Contract and administer the payments thereunder, including but not limited to, information such as factor tables, supporting documents such as Qualified Domestic Relations Orders, and sample calculations. If there are any delays in the delivery of the foregoing information based on the delivery dates set forth in Schedule 5 or such other delivery dates as may be designated by such Insurer, such Insurer may refer any Payee who contacts such Insurer to the Company Contact for assistance and such Insurer may, in its sole discretion, delay the mailing of the applicable Welcome Kits and annuity certificates that are to be issued by such Insurer in connection with the applicable Contract. Such Insurer may exclude from the annuity exhibits any applicable Payee for which such Insurer has not been provided each of the following: [***].

d. GAC Issuance True-Up Premium. Schedule 6 provides a description of the methodologies and procedures by which such Insurer will calculate the applicable GAC Issuance True-Up Premium. The Committee and Insurer may mutually agree in writing to timing with respect to any deliverable that differs from that set forth in this paragraph 1.d. The Committee and Insurer each acknowledge and agree that it shall cooperate in good faith prior to the GAC Issuance Data Notice Date in the drafting and/or review, as applicable, of preliminary drafts of the deliverables described in this paragraph 1.d. Such Insurer and the Committee will cooperate in good faith so that such Insurer can calculate the applicable GAC Issuance True-Up Premium, subject to the following acknowledgements, limitations and conditions:

i. GAC Issuance Data. To the extent that the Committee discovers or has any Data Corrections with respect to the applicable Contract after the Commitment Agreement Date and prior to the date that is [***] Business Days prior to the Scheduled GAC Issuance Date (the "GAC Issuance Data Notice Date"), the Committee will provide written notice of such Data Correction as promptly as reasonably practicable to such Insurer. Such Insurer will only be responsible for incorporating into the calculation of the applicable GAC Issuance True-Up Premium those Data Corrections with respect to the applicable Contract that have been notified to such Insurer by the Committee on or prior to the GAC Issuance Data Notice Date together with any other Data Corrections identified by such Insurer (with respect to the AAIA Contract, the "AAIA GAC Issuance Data" and, with respect to the AANY Contract, the "AANY GAC Issuance Data"). Such incorporation is subject to such Insurer's agreement with such Data Corrections and any limitations on incorporating such Data Corrections into the applicable GAC Issuance True-Up Premium set forth in Schedule 6.

ii. GAC Issuance Annuity Exhibits. [***] Business Days prior to the Scheduled GAC Issuance Date, such Insurer will deliver to the Committee proposed annuity exhibits utilizing and consistent with the Base File and the applicable GAC Issuance Data. [***] Business Days prior to the Scheduled GAC Issuance Date, the Committee will respond to such Insurer with any questions on the annuity exhibits. Such Insurer and the Committee will cooperate in good faith to resolve any discrepancies on or prior to the [***] Business Day prior to the Scheduled GAC Issuance Date. [***] Business Days prior to the Scheduled GAC Issuance Date, such Insurer will send revised annuity exhibits to the Committee for review, which will reflect any changes agreed upon by the parties. Such Insurer may exclude from the annuity exhibits any applicable Payee for which such Insurer has not been provided each of the following: [***].

iii. GAC Issuance True-Up Premium. [***] Business Days prior to the Scheduled GAC Issuance Date, such Insurer will send the calculation of the applicable GAC Issuance True-Up Premium to the Committee for review. [***] Business Days prior to the Scheduled GAC Issuance Date, the Committee will respond to such Insurer with any questions on the applicable GAC Issuance True-Up Premium. [***] Business Days prior to the Scheduled GAC Issuance Date, such Insurer will send the updated calculation of the applicable GAC Issuance True-Up Premium to the Committee for review. Such Insurer and the Committee will cooperate in good faith to resolve any discrepancies on or prior to the [***] Business Day prior to the Scheduled GAC Issuance Date. If the Committee and such Insurer cannot resolve any discrepancies with respect to such GAC Issuance True-Up Premium on or prior to the date that is [***] Business Days prior to the Scheduled GAC Issuance Date, such Insurer's reasonable determination will control for purposes of such GAC Issuance True-Up Premium.

iv. GAC Issuance True-Up Premium Payment. The applicable GAC Issuance True-Up Premium will be paid on the Scheduled GAC Issuance Date as follows: (A) if such GAC Issuance True-Up Premium is a positive number, then the Company will, or the Committee will irrevocably direct the Plan Trustee to, pay to such Insurer an amount, in Cash, equal to such GAC Issuance True-Up Premium, plus interest calculated in accordance with Schedule 6, and such Insurer will deposit the Cash into the [***] account that supports the applicable Contract; or (B) if such GAC Issuance True-Up Premium is a negative number, then such Insurer will pay to the Plan Trust an amount, in Cash, equal to the absolute value of such GAC Issuance True-Up Premium plus interest calculated in accordance with Schedule 6.

2. **Negotiation of Modified GAC Form.** After the Commitment Agreement Date, each Insurer and the Committee will each use [***] efforts to revise the Specimen GAC Form to reflect such revisions that were mutually agreed to by such Insurer and the Committee prior to the Commitment Agreement Date and will use [***] efforts to negotiate any additional revisions to the Specimen GAC Form (with respect to the AAIA Contract, the "AAIA Modified GAC Form" and, with respect to the AANY Contract, the "AANY Modified GAC Form") and related forms of annuity certificates, subject to the following acknowledgements, limitations and conditions:

a. Regulatory Approvals. Such Insurer will use [***] efforts to obtain regulatory approvals, to the extent required by applicable law, of the applicable Modified GAC Form prior to the Scheduled GAC Issuance Date, and in the event that any approval, to the extent required by applicable law, is not granted, or if the applicable Contract is disapproved, such Insurer and the Committee will cooperate in good faith to mutually agree on modifications to such Contract to address any requests of, with respect to the AAIA Contract, the Illinois Department of Insurance, or, with respect to the AANY Contract, the NYSDFS, and, to the extent possible, to preserve the provisions included in the applicable Modified GAC Form. If the parties are unable to come to an agreement after good faith discussions, Insurer may in its sole reasonable discretion finalize the Contract to comply with the requests of the applicable regulatory authority. Such Insurer will use [***] efforts to obtain regulatory approvals, to the extent required by applicable law, of customized annuity certificates to be issued by such Insurer in connection with the applicable Contract prior to the annuity certificate mailing date set forth in paragraph 5.b.

b. Contract Issuance. Following the negotiation of the applicable Modified GAC Form and the receipt of any related regulatory approvals for all negotiated changes to the Specimen GAC Form in accordance with paragraph 2.a., subject to such Insurer's receipt of the applicable Premium Due Date Transfers and any applicable GAC Issuance True-Up Premium, plus interest thereon, due to such Insurer, such Insurer will issue the applicable Contract on the Scheduled GAC Issuance Date using the applicable Modified GAC Form, subject to and in accordance with paragraphs 1.a., 1.b. and 1.c.. Such Contract will have an effective date that is the Premium Due Date.

3. **Premium Due Date Transfers.** The Committee will irrevocably direct the Plan Trustee to pay AAIA, per the wire and asset transfer instructions to be delivered to the Committee by the Insurers no later than one Business Day after the Commitment Agreement Date (the "Transfer Instructions"), $[***] (the "AAIA Premium Amount") on the Premium Due Date, by:

(x) assigning, transferring and delivering to AAIA, by the Cut-Off Time, all rights, title and interests in and to each applicable Eligible Asset, and
(y) paying to AAIA an amount in Cash equal to the excess, if any, of the AAIA Premium Amount over the applicable Transferred Asset Valuation.

The Committee will irrevocably direct the Plan Trustee to pay AANY, per the Transfer Instructions, $[***] (the "AANY Premium Amount") on the Premium Due Date, by:

(x) assigning, transferring and delivering to AANY, by the Cut-Off Time, all rights, title and interests in and to each applicable Eligible Asset, and
(y) paying to AANY an amount in Cash equal to the excess, if any, of the AANY Premium Amount over the applicable Transferred Asset Valuation.

In addition, on the Premium Due Date, the Committee will irrevocably direct the Plan Trustee to pay or cause to be paid to each Insurer the applicable Interim Asset Cash Flows (such payment, together with the payment of the applicable Premium Amount, with respect to AAIA, the "AAIA Premium Due Date Transfers" and, with respect to AANY, the "AANY Premium Due Date Transfers"). If on or following the Premium Due Date, the Plan, the Plan Trust or the Company receives any payments with respect to any Transferred Asset that were due and payable prior to the Commitment Agreement Date and are not reflected in the Transferred Asset Valuation used to determine either Premium Amount, then the Plan, the Plan Trust or the Company, as applicable, shall retain such payment; otherwise, the Committee will irrevocably direct the Plan Trustee to promptly pay to the applicable Insurer an amount in Cash equal to such payment. Each Insurer will deposit the applicable Premium Due Date Transfers into the applicable [***] account that supports the applicable Contract.

[***]

a. Schedule 2 Updates. On the second Business Day after the Commitment Agreement Date, the Insurers will deliver to the Committee an updated Schedule 2 that reflects the Asset Market Value of each Schedule 2 Asset by providing [***]. The Committee and the Insurers shall use [***] efforts to resolve any dispute with respect to any such information on or prior to the Premium Due Date. On the Premium Due Date, the Insurers will, if needed, update Schedule 2 to reflect the removal of any asset that is not received by either Insurer prior to the Cut-Off Time. Each Insurer will, if needed, further update Schedule 2 to reflect the removal and return, if applicable, of any asset that is determined to be an Ineligible Asset or a Misstated Asset pursuant to paragraph 3.c. or 3.d.

b. Asset Portfolio Activity. On and as of the Business Day prior to the Premium Due Date, the Insurers will provide to the Committee asset portfolio activity information in the form of Schedule 3 (or in such other manner as agreed to by the parties) with respect to each Schedule 2 Asset and reflecting all Interim Asset Cash Flows. Prior to the Premium Due Date, the Committee will confirm to the Insurers in writing that such information is accurate and complete or will provide any additions, deletions or corrections to such information. The Committee and the Insurers shall use [***] efforts to resolve any dispute with respect to any such information on or prior to the Business Day prior to the Premium Due Date. If the Committee and such Insurer, despite using [***] efforts, cannot resolve such dispute on or prior to the Business Day prior to the Premium Due Date, then such Insurer's asset portfolio activity information will control for purposes of the Premium Due Date Transfers.

c. Ineligible Assets. By written notice to the other party on or before the [***] Business Day following the Premium Due Date, the Committee or an Insurer may identify as an Ineligible Asset any asset that was transferred to such Insurer as part of the applicable Premium Due Date Transfers and such parties will work in good faith for [***] Business Days following the receipt of such notice to agree on which, if any, assets constituting part of such Premium Due Date Transfers are Ineligible Assets. If the Committee and an Insurer agree that an asset is an Ineligible Asset within such [***] Business Days following the receipt of such notice, then, on or before the date that is [***] Business Days following such agreement, the Committee will irrevocably direct the Plan Trustee to promptly pay or cause to be paid to such Insurer an amount, in Cash, per the Transfer Instructions, equal to [***], and, simultaneously with receipt of such payment, such Insurer will return each such asset to the Plan Trust together with any Interim Asset Cash Flows associated with such asset. The Committee and such Insurer will reflect in the applicable Contract the removal of any Ineligible Asset from the "Cash and Transferred Assets Exhibit" to such Contract. The Committee and the applicable Insurer will use [***] efforts to resolve any dispute with respect to any Ineligible Asset.

d. Misstated Assets. By written notice to the other party on or before the [***] Business Day following the Premium Due Date, the Committee or an Insurer may identify any asset that was included on Schedule 2 and treated as if it were a Transferred Asset for purposes of determining the applicable Premium Amount but was not received by such Insurer (a "Misstated Asset"), and such parties will work in good faith for [***] Business Days following the receipt of such notice to agree on which, if any, applicable assets included on Schedule 2 are Misstated Assets. If the Committee and an Insurer agree that an asset is a Misstated Asset within such [***] Business Days following the receipt of such notice, then, on or before the date that is [***] Business Days following such agreement, the Committee will irrevocably direct the Plan Trustee to promptly pay or cause to be paid to such Insurer an amount, in Cash, per the Transfer Instructions, calculated in accordance with paragraph 3.g. The Committee and such Insurer will reflect in the applicable Contract the removal of any Misstated Asset from the "Cash and Transferred Assets Exhibit" to such Contract. The Committee and the applicable Insurer will use [***] efforts to resolve any dispute with respect to any Misstated Asset.

e. Interest Payments. Any payment made to an Insurer pursuant to paragraph 3.c or 3.d shall also include an amount, in Cash, equal to the interest on such payment calculated at an annual rate equal to [***], from the Premium Due Date through but excluding the date of such payment.

f. Additional Actions with respect to Assets. The Committee will, or will irrevocably direct the Plan Trustee to, promptly give or cause to be given all notices that are required, under applicable law and the terms of each Eligible Asset, in connection with the sale, assignment, transfer and delivery of the Eligible Assets on the Premium Due Date. The Committee will, or will irrevocably direct the Plan Trustee to, and the Insurers will promptly execute, deliver, record or file or cause to be executed, delivered, recorded or filed, any and all releases, affidavits, waivers, notices or other documents that the Committee or the Insurers may reasonably request in order to implement the transfer of the Eligible Assets, as applicable, to the Insurers. [***].

g. Failure to Deliver an Eligible Asset. In the event an Eligible Asset is not transferred to either Insurer on the Premium Due Date, including in connection with any corporate action pursuant to paragraph 3.f. above, the Committee will irrevocably direct the Plan Trustee to pay to such Insurer an amount in Cash equal to [***].

h. Risk of Loss on Transferred Assets; Gains on Transferred Assets. Each Insurer acknowledges and agrees that, if the applicable Premium Due Date Transfers occur, then, from and after the Commitment Agreement Date, such Insurer bears any and all risks associated with each applicable Transferred Asset.

i. Available Assets. The Company will cause the Plan Trust to have sufficient Cash or other assets (whether by means of a Cash contribution or otherwise) to enable the Plan Trustee to pay all amounts that it is directed to pay to each Insurer by the Committee pursuant to this Commitment Agreement.

4. **Public Announcements.**

a. Press Releases. The Company and the Insurers have the right to issue a transaction announcement or press release regarding the transactions contemplated by this Commitment Agreement, a copy of which will be provided to the other party (or, as applicable, the other parties) for review no less than two Business Days prior to the issuance thereof, and the party or parties, as applicable, issuing the transaction announcement or press release will consider in good faith any comments made by any other party (or, as applicable, the other parties); provided, however, that, if the Company has not issued a transaction announcement or press release, the Insurers will not issue a transaction announcement or press release without the prior written consent of the Company; provided, further, that nothing contained in this paragraph 4.a. will prevent an Insurer from (i) communicating with the applicable Payees, including through communications posted to the Insurers' website or (ii) discussing or disclosing the transactions contemplated by this Commitment Agreement so long as such disclosure does not reference the Plan or the Company's name, industry, workforce, or other information that could reasonably allow a third party to identify the Company and/or the Plan.

b. SEC Filings. If the Company concludes that disclosure of this Commitment Agreement and/or either or both of the Contracts is required by the rules of the Securities and Exchange Commission ("SEC"), (i) the Company will cooperate with the Insurers to make a request to the SEC for confidential treatment of information relating to the pricing of the Contracts and such other information as the Company and the Insurers mutually conclude is competitively sensitive from the perspective of the Company or the Insurers or otherwise merits confidential treatment and (ii) the Company will provide the Insurers with a copy of any material correspondence (written or oral) with the SEC regarding any such application for confidential treatment, and the Company and the Insurers will otherwise reasonably cooperate in connection with such request, including by the Company proposing to redact confidential portions of documents as to which the SEC staff seeks disclosure.

c. No Insurer Communications. Except to the extent the Company or Committee has provided prior written consent, from the Commitment Agreement Date until the issuance of any annuity certificate by an Insurer to an annuitant, other than as provided for in this Commitment Agreement, (i) such Insurer will cause the employees of its retirement services business unit not to initiate any contact or communication with any participant or beneficiary of the Plan in connection with any transactions other than those transactions contemplated by this Commitment Agreement and (ii) such Insurer will not, and will cause all of its affiliates not to, provide any of its respective insurance agents, wholesalers, retailers or other representatives with any contact information of such participants and beneficiaries of the Plan obtained from the Committee, the Company or any of their representatives in connection with the transactions contemplated by this Commitment Agreement, except for those representatives of such Insurer or any of its affiliates who need to know such information for purposes of the transactions contemplated by this Commitment Agreement and agree to comply with the requirements of this Commitment Agreement. However, this paragraph 4.c. will not restrict employees of either Insurer's retirement services business unit from contacting any participant or beneficiary of the Plan in connection with, or to facilitate, the Insurers' performance of their obligations under the Contracts, the annuity certificates or this Commitment Agreement, in each case, as applicable. Until the mailing of the applicable Welcome Kit by an Insurer to the applicable annuitants, other than as provided for in this Commitment Agreement, if any participant or beneficiary of the Plan who is covered by the applicable Contract contacts an employee of either Insurer's retirement services business unit, such Insurer and the Committee will cooperate to coordinate on a response to such participant or beneficiary of the Plan.

5. **Welcome Kits and Annuity Certificates**.

a. Welcome Kits. On or before [***] (or such other date agreed to by the parties) (the "Welcome Kit Mailing Date"), each Insurer will mail a welcome kit to each annuitant under the applicable Contract (each, a "Welcome Kit"). Each Insurer will send a preliminary draft of the applicable Welcome Kit to the Committee no later than [***] (or such other date agreed to by such Insurer and the Committee) and such Insurer will consider in good faith any comments made by the Committee on the Welcome Kit on or before [***] (or such other date agreed to by such Insurer and the Committee). Each Insurer and the Committee shall cooperate in good faith to finalize the applicable Welcome Kit on or before [***] (or such other date agreed to by such Insurer and the Committee).

b. Annuity Certificates. Each Insurer will mail an annuity certificate to each applicable Payee on or before the later of (i) [***] and (ii) [***], in each case, subject to receiving regulatory approvals for any such annuity certificate, if needed (or such other date agreed to by such Insurer and the Committee). To the extent that any changes are made to the forms of the applicable annuity certificates or the related benefit terms with respect to a Contract after the Committee and the applicable Insurer have agreed on the forms of the applicable annuity certificates to be filed and the related benefit terms, the mailing of an annuity certificate to each applicable Payee shall be extended by the number of days elapsed since the Committee and such Insurer had first agreed on the forms of such annuity certificates and the related benefit terms. Each annuity certificate will include a statement informing a Payee of his or her right to obtain a copy of the applicable Contract (redacted to exclude [***]) and how to obtain such copy of such Contract. The rights of a Payee are not conditioned on the issuance of the applicable annuity certificates, and any delay in issuing a certificate shall not have any effect on the date as of which the Payee has enforceable rights against the applicable Insurer.

6. **Administration and Transfer.**

a. Administrative Transition. The Committee will provide or cause to be provided to each Insurer the information needed by such Insurer to administer the payments under the applicable Contract and will complete or cause to be completed all processes set forth in Schedule 5. The Committee and each Insurer will use [***] efforts to take or cause to be taken all actions and do or cause to be done all things necessary to coordinate the takeover by such Insurer of all administration responsibilities necessary to effectively provide recordkeeping and administration services regarding direct payments to the applicable Payees under the applicable Contract commencing on the Annuity Start Date. The Committee will provide the Insurers with final census data in good order on or before the Premium Due Date in order for each Insurer to provide recordkeeping and administration services regarding payments to the applicable Payees under the applicable Contract commencing on the Annuity Start Date. The Committee agrees to cooperate with each Insurer in the takeover of such applicable recordkeeping and administration services, including ensuring that any third-party service provider provides such Insurer with any information or records relating to the Plan benefits and the applicable Payees in its possession. The Committee will make subject matter experts available to promptly address any questions the Insurers may have regarding the benefit provisions, including but not limited to forms of annuity, eligibility conditions, administrative practices and calculation methodology. Each Insurer shall perform all of its obligations contemplated under this Commitment Agreement in material compliance with all applicable laws.

b. Call Center and Company Contact. Each Insurer will maintain, at its cost and expense, a toll-free phone number and/or a website (each, a "Call Center") which will be available starting from the Welcome Kit Mailing Date for the applicable Payees to contact such Insurer with questions related to the applicable Contract and the annuity certificates issued thereunder. For a period of five years following the Premium Due Date, the Company or Committee will maintain, at its cost and expense, a point of contact (the "Company Contact") to which either Insurer may refer Payees who pose questions related to their Plan benefits or other Company benefits. In the event that a Payee contacts the Company with questions related to a Contract and/or annuity certificates issued thereunder, the Company may refer the Payee to the applicable Call Center. In the event that a Payee contacts an Insurer with questions related to their Plan benefits, such Insurer may refer the Payee to the Company Contact.

7. **Representations and Warranties.**

a. Insurers Representations and Warranties. Each Insurer hereby represents and warrants to the Company and Committee as of the Commitment Agreement Date and (unless otherwise stated herein) as of the Premium Due Date, severally as to itself and not jointly, that:

i. Due Organization, Good Standing and Corporate Power. Such Insurer is a life insurance company, duly organized, validly existing and in good standing under the laws of the State of Iowa (in the case of AAIA) and the State of New York (in the case of AANY). Such Insurer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which its performance of its obligations in this Commitment Agreement and the applicable Contract makes such qualification or licensing necessary, except in such jurisdictions where the failure to be in good standing or so qualified or licensed would not be material. Such Insurer has all requisite corporate power and legal authority to enter into and carry out its obligations under this Commitment Agreement and the applicable Contract and to consummate the transactions contemplated to be undertaken by Insurer in this Commitment Agreement and the applicable Contract.

ii. Authorization of Commitment Agreement and Enforceability. Such Insurer has received all necessary corporate approvals and no other action on the part of such Insurer is necessary to authorize the execution, delivery and performance of this Commitment Agreement and the applicable

Contract, and the consummation of the transactions contemplated to be undertaken by such Insurer in this Commitment Agreement and the applicable Contract. This Commitment Agreement has been duly executed and delivered by such Insurer, and is a valid and binding obligation of such Insurer, enforceable against such Insurer in accordance with its terms, subject to the applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles ("Enforceability Exceptions").

iii. No Conflict. The execution, delivery and performance of this Commitment Agreement and the applicable Contract by such Insurer, and the consummation by such Insurer of the transactions contemplated to be undertaken by such Insurer in this Commitment Agreement do not (A) violate or conflict with any provision of its certificates or articles of incorporation, bylaws, code of regulations or the comparable governing documents, (B) except for the filings and approvals of state insurance governmental authorities in the applicable states listed on Schedule 7, violate or conflict with any law or order of any governmental authority applicable to such Insurer, (C) require any governmental or governmental agency approval other than any filing made or approval received as of the Commitment Agreement Date and filings with and approvals of state insurance governmental authorities in the applicable states listed on Schedule 7 or (D) require any consent of or other action by any person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of any contract to which such Insurer is a party, except where the occurrence of any of the foregoing would not have a material adverse effect on such Insurer's ability to consummate the transactions and perform its obligations contemplated by this Commitment Agreement. No filing or approval is required to issue the annuity certificates in accordance with the applicable Contract, other than any filing made or approval received as of the Commitment Agreement Date and filings with and approvals of state insurance governmental authorities in the applicable states listed on Schedule 7.

iv. Compliance with Laws. [***], as of the Commitment Agreement Date, the business of insurance conducted by such Insurer [***] is being conducted in material compliance with applicable laws, and none of the licenses, permits or governmental approvals required for the continued conduct of the business of such Insurer as such business is currently being conducted will lapse, terminate, expire or otherwise be impaired as a result of the consummation of the transactions contemplated to be undertaken by such Insurer in this Commitment Agreement, except as, in either case, would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of such Insurer to perform its obligations under this Commitment Agreement.

v. Accuracy of Information. To such Insurer's Knowledge, as of the Commitment Agreement Date, (A) all material information provided by such Insurer to the Company and Committee (other than any component incorporated into the calculation of the applicable Premium Amount or the applicable GAC Issuance True-Up Premium not calculated, determined or provided by such Insurer, including, as applicable, the Base File, and any information provided by such Insurer based on any such component) in connection with the transactions contemplated by this Commitment Agreement was, as of the date indicated on such information, true and correct in all material respects and (B) no change has occurred since the date indicated on such information that either Insurer or any of its affiliates has not publicly disclosed or disclosed to the recipient of such information that would cause such information, taken as a whole, to be materially false or misleading.

vi. Relationship to the Plan. Such Insurer is not (A) a trustee of the Plan, (B) a plan administrator (within the meaning of ERISA § 3(16)(A) and the Code § 414(g) with respect to the Plan) or (C) an employer any of whose employees are covered by the Plan. Schedule 4 sets forth a true and complete list of (1) such Insurer and such Insurer's affiliates that are investment managers within the meaning of ERISA § 3(38)(B) and (2) without duplication of clause (1), such Insurer and such Insurer's affiliates that are registered as investment advisers under the Investment Advisers Act of 1940; provided, however, that solely with respect to the representation and warranty as to Schedule 4 to be made by such Insurer on and as of the Premium Due Date, the Insurers may update Schedule 4 through the Premium Due Date by providing a written update to the Committee so that the information included therein is current on and as of the Premium Due Date.

vii. No Post-Closing Liability. Following receipt by such Insurer of the applicable Premium Due Date Transfers, the Plan, the Company, the Committee and their respective affiliates will not have any liability to pay any annuity payment under the applicable Contract.

viii. The Applicable Contract. The applicable Contract, when executed, will be duly executed and delivered by such Insurer and will be a valid and binding obligation of such Insurer and enforceable against such Insurer by the Company and each applicable Payee in accordance with its terms, subject to the Enforceability Exceptions. At all times, the right to a benefit and all other provisions under a Contract, in accordance with such Contract's terms, will be enforceable at the sole choice of the applicable Payee to whom the benefit is owed under such Contract, subject to the Enforceability Exceptions. In the event that the Company, as the contract holder, ceases to exist, notifies such Insurer that it will cease to perform its obligations under the applicable Contract, or no longer has obligations under such Contract, such Contract will remain a valid and binding obligation of such Insurer, irrevocable and in full force and effect, and enforceable against such Insurer by each applicable Payee in accordance with its terms, subject to the Enforceability Exceptions.

ix. Litigation. As of the Commitment Agreement Date, there is no action pending or, to such Insurer's Knowledge, threatened against such Insurer that in any manner challenges or seeks to prevent, enjoin or materially alter or delay the transactions contemplated by this Commitment Agreement or that could reasonably be expected to materially impair or restrict such Insurer's ability to consummate the transactions contemplated by this Commitment Agreement and to perform its obligations hereunder.

x. No Commissions. No fees, commissions or payments are or will be owed by such Insurer to any individual or entity in connection with the transactions contemplated in this Commitment Agreement and the applicable Contract for which any other party, or its respective affiliates or representatives, could be liable.

xi. RBC Ratio. As of the Commitment Agreement Date, to such Insurer's Knowledge, no event (including a change to financial market metrics) has occurred that would reasonably be expected to result in a material adverse change to such Insurer's risk-based capital levels as most recently filed or reported with state insurance regulators.

b. Company Representations and Warranties. The Company hereby represents and warrants to each Insurer as of the Commitment Agreement Date and (unless otherwise stated herein) as of the Premium Due Date that:

i. Due Organization, Good Standing and Corporate Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company is duly qualified or licensed to do business and is in good standing in each jurisdiction in which its performance of its obligations in this Commitment Agreement and the Contracts makes such qualification or licensing necessary, except in such jurisdictions where the failure to be in good standing or so qualified or licensed would not be material. The Company has all requisite power and legal authority to enter into and carry out its obligations under this Commitment Agreement and each Contract and to consummate the transactions contemplated to be undertaken by the Company in this Commitment Agreement and each Contract.

ii. Authorization of Commitment Agreement and Enforceability. The Company has received all necessary approvals and no other action on the part of the Company is necessary to authorize the execution, delivery and performance of this Commitment Agreement and each Contract, and the consummation of the transactions contemplated to be undertaken by the Company in this Commitment Agreement and each Contract. This Commitment Agreement and the Contracts have been (or will be) duly executed and delivered by the Company, and each Contract is (or when executed will be) a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions.

iii No Conflict. The execution, delivery and performance of this Commitment Agreement and each Contract by the Company, and the consummation by the Company of the transactions contemplated to be undertaken by the Company in this Commitment Agreement do not (A) violate or conflict with any provision of the Plan and any documents and instruments governing the Plan as contemplated under ERISA § 404(a)(1)(D) (the "Plan Governing Documents"), the certificates or articles of incorporation, bylaws, code of regulations or the comparable governing documents of the Company, (B) violate or conflict with any law or order of any governmental authority applicable to the Company or the Plan Governing Documents, (C) require any governmental or governmental agency approval or (D) require any consent of or other action by any person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of any contract to which the Company is a party, except where the occurrence of any of the foregoing would not have a material adverse effect on the Company's ability to consummate the transactions and perform its obligations contemplated by this Commitment Agreement.

iv. Fiduciary. The Committee has been duly appointed as fiduciary of the Plan with respect to the purchase of one or more group annuity contracts to (A) be the sole fiduciary responsible for selecting one or more insurers to provide annuities in accordance and compliance with the ERISA Requirements, (B) determine whether the transactions contemplated by this Commitment Agreement and the Contracts satisfy the ERISA Requirements, (C) represent the interests of the Plan and its participants and beneficiaries in connection with the negotiation of a commitment agreement and the terms of any other agreements with Insurer, including the Contracts and the annuity certificates, (D) direct the Plan Trustee on behalf of the Plan to transfer the applicable Premium Due Date Transfers in connection with the consummation of the transactions contemplated by this Commitment Agreement and any amounts required pursuant to paragraph 1.d.iv. and (E) take all other actions on behalf of the Plan necessary to effectuate the foregoing.

v. Litigation. There is no action pending or, to the Company's Knowledge, threatened against the Company or the Plan that in any manner challenges or seeks to prevent, enjoin or materially alter or delay the transactions contemplated by this Commitment Agreement or that could reasonably be expected to materially impair or restrict such party's ability to consummate the transactions contemplated by this Commitment Agreement and to perform its obligations hereunder.

vi. No Commissions. No fees, commissions or payments are or will be owed by the Company to any individual or entity in connection with the transactions contemplated in this Commitment Agreement and each Contract for which any other party, or its respective affiliates or representatives, could be liable.

c. Committee Representations and Warranties. The Committee hereby represents and warrants to each Insurer and the Company as of the Commitment Agreement Date and (unless otherwise stated herein) as of the Premium Due Date that:

i. Authorization of Commitment Agreement and Enforceability. The Committee has received all necessary internal approvals and no other action on the part of Committee is necessary to authorize the execution, delivery and performance of this Commitment Agreement, and the consummation of the transactions contemplated to be undertaken by Committee in this Commitment Agreement. This Commitment Agreement has been duly executed and delivered by Committee and is a valid and binding obligation of the Committee, enforceable against the Committee in accordance with its terms, subject to the Enforceability Exceptions.

ii. No Conflict. The execution, delivery and performance of this Commitment Agreement by Committee and the consummation by the Committee of the transactions contemplated to be undertaken by the Committee in this Commitment Agreement do not (A) violate or conflict with any provision of the Plan and any Plan Governing Documents, (B) violate or conflict with any law or order of any governmental authority applicable to Committee or the Plan Governing Documents, (C) require any governmental or governmental agency approval or (D) require any consent of or other action by any person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of any contract to which the Committee is a party, except where the occurrence of any of the foregoing would not have a material adverse effect on the Committee's ability to consummate the transactions and perform its obligations contemplated by this Commitment Agreement.

iii. Accuracy of Information. To the Committee's Knowledge, (A) the mortality experience data file(s) provided by or on behalf of the Company to the Insurers identified on Schedule 8 did not contain any misstatements or omissions that were, in the aggregate, material and (B) the data in respect of benefit amounts, forms of annuities, date of birth, date of death, state of residence, gender, plan indicator, lump-sum indicator, hourly/salaried indicator, status (e.g. in-pay, deferred, beneficiary, etc.), years of service and any other relevant information, in each case, with respect to the Payees that was furnished by or on behalf of the Company to the Insurers, was not generated using any materially incorrect systematic assumptions or material omissions.

iv. Compliance with ERISA. The Plan and the Plan Trust are maintained under and subject to ERISA and, to the Committee's Knowledge, are in compliance with ERISA in all material respects. To the Committee's Knowledge, no event has occurred that is reasonably likely to result in the Plan losing its status as qualified by the Code for preferential tax treatment under Code §§ 401(a) and 501(a). All Plan amendments necessary to effect the transactions contemplated by this Commitment Agreement and each Contract have been duly executed and, to the extent that they require authorization by the Committee or the Company, have been, or will be by the Premium Due Date, duly authorized and made by the Committee or the Company, as applicable.

v. Plan Investments. To the Committee's Knowledge, neither Insurer nor any of the Insurers' affiliates is a fiduciary of the Plan who either (A) has or exercises any discretionary authority or control with respect to the investment of Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or either Contract or (B) renders investment advice (within the meaning of ERISA § 3(21)(A)(ii) or Code § 4975(e)(3)(B)) with respect to such assets. There are no commingled investment vehicles that hold Plan Assets, the units of which are or will be Plan Assets involved in the transactions contemplated by this Commitment Agreement or either Contract. No Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or either Contract are or will be managed by any investment manager listed on Schedule 4, and no investment advisor listed on Schedule 4 renders or will render investment advice (within the meaning of ERISA § 3(21)(A)(ii)) with respect to those assets. The Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or either Contract will, immediately prior to the Commitment Agreement Date, be exclusively managed by Rank Treasury Limited. Rank Treasury Limited has not engaged and will not engage any sub-managers or advisors with respect to its management of the Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or either Contract. Investment advice (within the meaning of ERISA § 3(21)(A)(ii)) with respect to the Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or either Contract is and will be exclusively rendered by Rank Treasury Limited.

vi. Plan Trustee is Directed Trustee. The Plan Trustee has been duly appointed as the directed trustee of the Plan Trust and is obligated to follow the Committee's direction to effectuate and consummate the transactions contemplated by this Commitment Agreement.

vii Tax Status. The Plan is intended to be qualified under Code § 401(a). To the Committee's Knowledge, no event has occurred that is reasonably likely to result in the Plan losing its status as qualified by the Code for preferential tax treatment under Code §§ 401(a) and 501(a).

viii. ERISA Related Determinations.

A. The Committee has selected each Insurer to issue the applicable Contract as set forth in this Commitment Agreement and such selection, the transactions contemplated by this Commitment Agreement, the purchase of the Contracts and the Plan's use of assets for the purchase of the Contracts as contemplated by this Commitment Agreement and each Contract (including its terms) each satisfies the ERISA Requirements.

B. The transactions contemplated by this Commitment Agreement and the purchase of the Contracts do not result in a Non-Exempt Prohibited Transaction, provided that the representations in paragraphs 7.a.vi and 7.b.vi are true and correct in all material respects as of the Premium Due Date.

C. The Plan Trust will pay no more than "adequate consideration" for the Contracts within the meaning of "adequate consideration" under ERISA § 408(b)(17)(B) and Code § 4975(f)(10).

ix. Litigation. There is no action pending or, to Committee's Knowledge, threatened against the Committee or the Plan that in any manner challenges or seeks to prevent, enjoin or materially alter or delay the transactions contemplated by this Commitment Agreement or that could reasonably be expected to materially impair or restrict such party's ability to consummate the transactions contemplated by this Commitment Agreement and to perform its obligations hereunder.

x. No Commissions. No fees, commissions or payments are or will be owed by the Committee to any individual or entity in connection with the transactions contemplated in this Commitment Agreement and the Contracts for which any other party, or its respective affiliates or representatives could be liable.

8. **Definitions**. For purposes of this Commitment Agreement, the following defined terms will have the following meanings:

a. "AAIA" is defined in the preamble.
b. "AAIA Contract" is defined in the preamble.
c. "AAIA GAC Issuance Data" is defined in paragraph 1.d.i.
d. "AAIA Modified GAC Form" is defined in paragraph 2.
e. "AAIA Premium Amount" is defined in paragraph 3.
f. "AAIA Premium Due Date Transfers" is defined in paragraph 3.
g. "AANY" is defined in the preamble.
h. "AANY Contract" is defined in the preamble.
i. "AANY GAC Issuance Data" is defined in paragraph 1.d.i.
j. "AANY Modified GAC Form" is defined in paragraph 2.
k. "AANY Premium Amount" is defined in paragraph 3.
l. "AANY Premium Due Date Transfers" is defined in paragraph 3.
m. [***].
n. "Annuity Start Date" means January 1, 2023.
o. "Asset Market Value" means (i) the close-of-market Fair Market Value of a Schedule 2 Asset as of the close of business on the Business Day prior to the Commitment Agreement Date, *plus* (ii) accrued interest on such Schedule 2 Asset as of the close of business on the Business Day prior to the Commitment Agreement Date. For purposes of paragraph 3.c, which relates to "Ineligible Assets" instead of "Schedule 2 Assets," the reference in this definition to "Schedule 2 Asset" shall instead refer to "Ineligible Asset." For purposes of paragraph 3.d, which relates to "Misstated Assets" instead of "Schedule 2 Assets," the reference in this definition to "Schedule 2 Asset" shall instead refer to "Misstated Asset."
p. "Authorized Persons" is defined in paragraph 10.d.
q. "Base File" means the data file titled "20220817_Project Nightfall_Annuity Purchase Data (for Insurers).xlsx", provided on behalf of the Company to the Insurers via email with a link to a secure website at 7:07 a.m. eastern time on August 17, 2022.
r. "Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in New York, New York are authorized or required by law to close.
s. "Call Center" is defined in paragraph 6.b.

t. “Cash” means a wire transfer, through the Federal Reserve System, of currency of the United States of America.

u. [***].

v. “Code” means the Internal Revenue Code of 1986 and the applicable Treasury Regulations issued thereunder.

w. “Committee” is defined in the preamble.

x. “Commitment Agreement” is defined in the preamble.

y. “Commitment Agreement Date” is defined in the preamble.

z. “Company” is defined in the preamble.

aa. “Company Contact” is defined in paragraph 6.b.

bb. “Contracts” is defined in the preamble.

cc. “Cut-Off Time” means 1:00 p.m. eastern time on the Premium Due Date.

dd. “Data Breach” is defined in paragraph 10.d.

ee. “Data Correction(s)” is defined in Schedule 6.

ff. “Eligible Asset” means, with respect to any Insurer, a Schedule 2 Asset (i) [***], and (ii) to which the Plan Trust has valid title, free and clear of all Liens, other than Permitted Liens on the Premium Due Date at the time of transfer.

gg. “Enforceability Exceptions” is defined in paragraph 7.a.ii.

hh. “ERISA” means Employee Retirement Income Security Act of 1974, as amended, and any federal agency regulations promulgated thereunder that are currently in effect and applicable.

ii. “ERISA Requirements” means all of the applicable requirements of ERISA and applicable guidance promulgated thereunder, including Interpretive Bulletin 95-1.

jj. “Fair Market Value” means the fair market value as of the applicable date for a Schedule 2 Asset in an amount equal to the fair market value as of such date for such Schedule 2 Asset as indicated (i) by the primary pricing source set forth in the table below that corresponds to the applicable asset class of such Schedule 2 Asset, (ii) if such primary pricing source is not available or no fair market value is indicated by such primary pricing source for such Schedule 2 Asset, by the secondary pricing source set forth in the table below that corresponds to the applicable asset class of such Schedule 2 Asset, or (iii) if neither such primary nor secondary pricing source is available or no fair market value is indicated by either such source for such Schedule 2 Asset, by the tertiary pricing source, if any, set forth in the table below that corresponds to the applicable asset class of such Schedule 2 Asset. For any applicable pricing source, the Mid Price as of 3 p.m. eastern time will be used.

Asset Class	Primary Pricing Source	Secondary Pricing Source	Tertiary Pricing Source
Treasuries	ICE	[***]	[***]
Agencies	ICE	[***]	[***]
IG Corp	ICE	[***]	[***]
Emerging	ICE	[***]	[***]
HY	ICE	[***]	[***]

kk. [***].

ll. “GAC Issuance Data” means, with respect to AAIA, the AAIA GAC Issuance Data and, with respect to AANY, the AANY GAC Issuance Data.

mm. “GAC Issuance Data Notice Date” is defined in paragraph 1.d.i.

nn. “GAC Issuance True-Up Premium” is defined in Schedule 6.

oo. “ICE” means the Intercontinental Exchange.

pp. “Indemnified Party” is defined in paragraph 9.

qq. [***].

rr. “Insurers” is defined in the preamble.

ss. “Interim Asset Cash Flows” means, with respect to the Transferred Assets, the aggregate amount paid by the issuer of each asset to the record owner as of any day during the period from and including the Commitment Agreement Date and to but excluding the date that the Premium Due Date Transfers occur, (i) with respect to any coupon, *plus* (ii) with respect to cash flows received on such assets, including but not limited to principal payments, principal redemptions and tender offers but not including coupons described in clause (i). Interim Asset Cash Flows will not include any payments made with respect to any Transferred Assets that were due prior to the Commitment Agreement Date and any other cash flows not principal- or interest-related (such as class action payment receipt and litigation payment) relevant to events occurring prior to the Commitment Agreement Date. For purposes of paragraph 3.b, which relates to “Schedule 2 Assets” instead of “Transferred Assets,” the reference in this definition to “Transferred Assets” shall instead refer to “Schedule 2 Assets”. For purposes of paragraph 3.c, which relates to “Ineligible Assets” instead of “Transferred Assets,” the reference in this definition to “Transferred Assets” shall instead refer to “Ineligible Assets”.

tt. “Knowledge” means actual knowledge after making appropriate inquiry.

uu. “Lien” means any lien, mortgage, security interest, pledge, deposit, encumbrance, restrictive covenant or other similar restriction.

vv. “Mid Price” means, for any applicable pricing source set forth in the definition of Fair Market Value, the mid price as provided by the pricing source.

ww. “Misstated Asset” is defined in paragraph 3.d.

xx. “Modified GAC Form” means, with respect to AAIA, the AAIA Modified GAC Form and, with respect to AANY, the AANY Modified GAC Form.

yy. "NDA” is defined in paragraph 10.b.

zz. “Non-Exempt Prohibited Transaction” means a transaction prohibited by ERISA § 406 or Code § 4975, for which no statutory exemption or U.S. Department of Labor class exemption is available.

aaa. “NYSDFS” means the New York State Department of Financial Services.

bbb. “Payee” means, with respect to any Contract, any payee under such Contract, including annuitants, contingent annuitants, alternate payees and beneficiaries, as applicable.

ccc. “Permitted Liens” means:

i. any Liens created by operation of law in respect of restrictions on transfer of securities (other than restrictions relating to the transfer of a Transferred Asset on the Premium Due Date in violation of applicable law); or

ii. with respect to any Transferred Asset, any transfer restrictions or other limitations on assignment, transfer or the alienability of rights under any indenture, debenture or other similar governing agreement to which such assets are subject (other than restrictions relating to the transfer of such an asset on the Premium Due Date in violation of any such restriction).

ddd. "Plan" is defined in the preamble.

eee. "Plan Asset" means an asset of the Plan within the meaning of ERISA.

fff. "Plan Governing Documents" is defined in paragraph 7.b.iii.

ggg. "Plan Trust" means the Pactiv General Employee Benefit Trust.

hhh. "Plan Trustee" means Northern Trust Company in its capacity as trustee for the Plan Trust.

iii. [***].

jjj. "Premium Amount" means, with respect to AAIA, the AAIA Premium Amount and, with respect to AANY, the AANY Premium Amount.

kkk. "Premium Due Date" means September 20, 2022.

lll. "Premium Due Date Transfers" means, with respect to AAIA, the AAIA Premium Due Date Transfers and, with respect to AANY, the AANY Premium Due Date Transfers.

mmm. "Schedule 2 Asset" means each asset listed from time to time on Schedule 2, including any updated Schedule 2 pursuant to paragraph 3.a.

nnn. "Scheduled GAC Issuance Date" means, with respect to any Contract, [***], or such other date agreed upon by the Company and the applicable Insurer.

ooo. "SEC" is defined in paragraph 4.b.

ppp. "Specimen GAC Form" is defined in paragraph 1.a.

qqq. [***].

rrr. "Transfer Instructions" is defined in paragraph 3.

sss. "Transferred Asset" means, with respect to any Insurer, each Eligible Asset transferred to and received by such Insurer by the Cut-Off Time on the applicable Premium Due Date. Until valid title to an Eligible Asset has transferred to an Insurer, such asset is not a Transferred Asset.

ttt. "Transferred Asset Market Value" means (i) the close of market Fair Market Value of a Transferred Asset as of the close of business on the Business Day prior to the Commitment Agreement Date, plus (ii) accrued interest on such Transferred Asset as of the close of business on the Business Day prior to the Commitment Agreement Date.

uuu. "Transferred Asset Valuation" means, with respect to any Insurer, the sum of the Transferred Asset Market Value for each applicable Transferred Asset.

vvv. [***].

www. [***].

xxx. "Welcome Kit" is defined in paragraph 5.a.

yyy. "Welcome Kit Mailing Date" is defined in paragraph 5.a.

9. **Indemnification by the Insurers**.

From and after the Premium Due Date, each Insurer agrees, severally as to itself and not jointly, to indemnify, defend and hold the Company, the Plan, the Committee and their respective affiliates, officers, directors, employees, Plan fiduciaries, agents and other representatives (each, an "Indemnified Party") harmless from and against any and all actual, but not potential or contingent, losses, damages, costs and expenses (in each case, including reasonable out of pocket expenses and reasonable fees and expenses of counsel) to the extent arising out of or relating to the portion of any action, lawsuit, proceeding, investigation, demand or other claim against such Indemnified Party by a third party that is threatened or brought against or that involves an Indemnified Party and that arises out of or relates to (a) any breach by such Insurer of a representation, warranty or covenant under this Commitment Agreement or the applicable Contract or (b) any failure by such Insurer to make, or cause to be made, any payments required to be made by such Insurer pursuant to the applicable Contract or the annuity certificates issued thereunder.

10. **Miscellaneous**.

a. This Commitment Agreement, together with the Schedules to this Commitment Agreement, which are incorporated by reference and made a part of this Commitment Agreement as if fully set forth herein, and the NDA together constitute the sole and entire agreement of the parties to this Commitment Agreement with respect to the subject matter contained herein and therein. Upon issuance of the Contracts, in the event of a conflict between this Commitment Agreement and the applicable Contract, the terms of the applicable Contract shall prevail. The parties each hereby acknowledge that they jointly and equally participated in the drafting of this Commitment Agreement and all other agreements contemplated hereby, and no presumption will be made that any provision of this Commitment Agreement will be construed against any party by reason of such role in the drafting of this Commitment Agreement or any other agreement contemplated hereby. No amendment of any of the provisions hereof shall be effective unless set forth in writing and signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Commitment Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. Except to the extent expressly provided in this Commitment Agreement, nothing in this Commitment Agreement shall confer any rights or remedies upon any person other than the parties hereto.

b. Notwithstanding anything to the contrary in the Mutual Non-Disclosure Agreement, dated as of [***], between the Company and [***] (the “NDA”), (i) nothing in this Commitment Agreement or the NDA shall be construed to prohibit the Insurers, the Company, the Committee or the Plan from [***], and (ii) neither Insurer will be required to return or destroy any Confidential Information (as defined in the NDA) and neither Insurer will be restricted in its use or disclosure of any Confidential Information related to Payees, annuity payments under the applicable Contract or the pricing or underwriting of the applicable Contract, received from another party, provided, that each Insurer will use such confidential information only in compliance with all applicable laws relating to privacy of personally identifying information and only for purposes of performing such Insurer’s obligations under this Commitment Agreement and the applicable Contract.

c. This Commitment Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction). Any legal suit, action, or proceeding arising out of or relating to this Commitment Agreement or the transactions contemplated hereby may be instituted in the courts of the State of New York in each case located in the city of New York and County of New York, and each party hereby irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action, or proceeding. The parties agree that irreparable damage may occur if any provisions of this Commitment Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to seek equitable relief, including injunctive relief or specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity. To the fullest extent permitted by law, none of the parties will be liable to any other party for any punitive or exemplary damages of any nature in respect of matters arising out of this Commitment Agreement.

d. Each Insurer will comply, and will use [***] efforts to ensure that all of its affiliates, agents, and subcontractors comply, with all applicable state and federal laws governing the confidential information of all applicable Payees, including those laws relating to privacy, data security and protection and the safeguarding of such information, and its maintenance, disclosure and use. Each Insurer will maintain [***] administrative, technical and physical safeguards to protect the privacy and security of the confidential information related to the applicable Payees in its custody or under its control. Each Insurer has established and will maintain [***] internal written policies relating to the confidential information of any applicable Payee in its custody or under its control. Each Insurer will comply in all material respects with any internal written policies relating to the confidential information of any applicable Payee in its custody or under its control as in effect from time to time. Each Insurer acknowledges that it is responsible from and after the Commitment Agreement Date for any Data Breach with respect to the applicable Payee data. For purposes of this paragraph 10.d., "Data Breach" with respect to an Insurer means any act or omission by such Insurer or its agents, subcontractors or service providers ("Authorized Persons") that compromises either the security, confidentiality or integrity of any applicable Payee data in its custody or under its control or the physical, technical, administrative or organizational safeguards put in place by such Insurer (or any Authorized Persons) that relate to the protection of the security, confidentiality or integrity of any personally identifying information of any applicable Payee that is in its custody or under its control.

e. Neither of the Insurers nor the Company shall assign or transfer this Commitment Agreement or any of its rights or obligations hereunder without the prior written consent of the other parties. Any assignment or transfer in violation of this paragraph 10.e. will be null and void from the outset, without any effect whatsoever.

f. This Commitment Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the Company, Committee and the Insurers have executed this Commitment Agreement as of the date first written above.

Athene Annuity and Life Company	***Pactiv LLC***
By: _____/s/ [**]____________________________	By: ___/s/ Chandra Mitchell__________________
Print Name: __[**]__________________________	Print Name: __Chandra J. Mitchell____________
Title: _______[**]___________________________	Title: ___VP, General Counsel & Secretary________

Athene Annuity & Life Assurance Company of New York	***Pactiv Evergreen Inc. Pension Plans Investment Committee***
By: _____/s/ [**]____________________________	By: ___/s/ Chandra Mitchell__________________
Print Name: __[**]__________________________	Print Name: __Chandra J. Mitchell____________
Title: _______[**]___________________________	Title: ___Authorized Signatory________________

** Redacted pursuant to Item 601(a)(6) of Regulation S-K.

Pursuant to Item 601(a)(5) of Regulation S-K, the Schedules to this Agreement listed below have not been filed:

Schedule 1	Specimen GAC Form
Schedule 2	List of Schedule 2 Assets
Schedule 3	Interim Asset Cash Flows
Schedule 4	Investment Managers and Investment Advisers
Schedule 5	Administration and Transfer
Schedule 6	GAC Issuance True-Up Premium
Schedule 7	State Insurance Governmental Authorities
Schedule 8	Historical Mortality Data
Schedule 9	Disclosure Schedule

Exhibit 31.1

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. 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: November 8, 2022	By:	/s/ Michael J. King
		Michael J. King
		President and Chief Executive Officer

Exhibit 31.2

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, Jonathan H. Baksht, 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: November 8, 2022

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

Exhibit 32.1

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 September 30, 2022 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: November 8, 2022

By: /s/ Michael J. King
Michael J. King
President and Chief Executive Officer

Exhibit 32.2

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 September 30, 2022 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: November 8, 2022

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