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

FORM 10-K

(Mark One)

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

For the fiscal year ended
December 31, 2021

or

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

Commission file number 1-9576

Graphic

O-I GLASS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**22-2781933** (IRS Employer Identification No.)
One Michael Owens Way, Perrysburg, Ohio (Address of principal executive offices)	**43551** (Zip Code)

Registrant's telephone number, including area code: **(567) 336-5000**

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $.01 par value	OI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value (based on the consolidated tape closing price on June 30, 2021) of the voting and non-voting common equity held by non-affiliates of the Company was approximately $1,501,931,000. For the sole purpose of making this calculation, the term "non-affiliate" has been interpreted to exclude directors and executive officers of the Company. Such interpretation is not intended to be, and should not be construed to be, an admission by the Company or such directors or executive officers of the Company that such directors and executive officers of the Company are "affiliates," as that term is defined under the Securities Act of 1934.

The number of shares of common stock, $.01 par value of O-I Glass, Inc. outstanding as of January 31, 2022 was 155,621,522.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the O-I Glass, Inc. Proxy Statement for the Annual Meeting of Share Owners to be held Tuesday, May 10, 2022 (“2022 Proxy Statement”) are incorporated by reference into Part III hereof.

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PART I

ITEM 1. BUSINESS

General Development of Business

O-I Glass, Inc., a Delaware corporation (the "Company"), through its subsidiaries, is the successor to a business established in 1903. The Company is one of the leading manufacturers of glass containers in the world with 70 glass manufacturing plants in 19 countries. It competes in the glass container segment of the rigid packaging market and is the leading glass container manufacturer in most of the countries where it has manufacturing facilities.

The term "Company," as used herein and unless otherwise stated or indicated by context, refers to Owens-Illinois, Inc. and its affiliates ("O-I") prior to the Corporate Modernization (as defined below) and to O-I Glass, Inc. and its affiliates ("O-I Glass") after the Corporate Modernization.

Corporate Modernization and Paddock's Chapter 11 Filing

On December 26 and 27, 2019, the Company implemented the Corporate Modernization pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of December 26, 2019, among O-I, O-I Glass and Paddock Enterprises, LLC ("Paddock").

The Corporate Modernization was conducted pursuant to Section 251(g) of the General Corporation Law of the State of Delaware, which permits the creation of a holding company through a merger with a direct or indirect wholly owned subsidiary of the constituent corporation without stockholder approval. The Corporate Modernization involved a series of transactions (together with certain related transactions, the "Corporate Modernization") pursuant to which (1) O-I formed a new holding company, O-I Glass, as a direct wholly owned subsidiary of O-I and a sister company to Owens-Illinois Group, Inc. ("O-I Group"), (2) O-I Glass formed a new Delaware limited liability company, Paddock, as a direct wholly owned subsidiary of O-I Glass, (3) O-I merged with and into Paddock, with Paddock continuing as the surviving entity and as a direct wholly owned subsidiary of O-I Glass (the "Merger") and (4) Paddock distributed 100% of the capital stock of O-I Group to O-I Glass, as a result of which O-I Group is a direct wholly owned subsidiary of O-I Glass and sister company to Paddock.

Upon the effectiveness of the Merger, each share of O-I stock held immediately prior to the Merger automatically converted into a right to receive an equivalent corresponding share of O-I Glass stock, having the same designations, rights, powers and preferences and the qualifications, limitations, and restrictions as the corresponding share of O-I stock being converted. Immediately after the Corporate Modernization, O-I Glass had, on a consolidated basis, the same assets, businesses and operations as O-I had immediately prior to the Corporate Modernization. After the Corporate Modernization, O-I's share owners became share owners of O-I Glass. The Merger is intended to qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, and as a result, the stockholders of O-I do not recognize gain or loss for U.S. federal income tax purposes upon the conversion of their O-I shares.

On January 6, 2020, Paddock voluntarily filed for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") to equitably and finally resolve all of its current and future Asbestos Claims (as defined herein). O-I Glass and O-I Group were not included in the Chapter 11 filing. Paddock's ultimate goal in its Chapter 11 case is to confirm a plan of reorganization under Section 524(g) of the Bankruptcy Code and utilize this specialized provision to establish a trust that will address all current and future Asbestos Claims. Paddock now operates in the ordinary course under court protection from Asbestos Claims by operation of the automatic stay in Paddock's Chapter 11 filing, which stays ongoing litigation and submission of claims to Paddock, defers payment of outstanding obligations on account of settled or otherwise determined lawsuits and claims, and will provide a centralized forum to resolve presently pending and anticipated future lawsuits and claims associated with asbestos.

For a discussion of the effects of the Corporate Modernization and Paddock's Chapter 11 proceedings on the Company's financial statements, see Item 1A, "Risk Factors – Risks Related to the Corporate Modernization," Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 15 to the Company's Consolidated Financial Statements.

Company Strategy

The Company's vision is to be the most innovative, sustainable, and chosen supplier of brand-building packaging solutions. Its goal is to grow the business and create value for employees, customers, share owners and the community. The Company will realize its vision and goal by achieving its five strategic ambitions including:

- **To profitably grow the top line through effective innovation, marketing, and commercialization and excel at serving current customers** by significantly improving the customer experience; aligning its activity with customers' needs and market dynamics; improving quality and flexibility; elevating innovation and new product development; improving its environmental profile; advocating and marketing glass; advancing end-to-end supply chain capabilities, processes, and talent; and enabling profitable growth;

- **To be cost competitive by elevating year-over-year productivity across the business** by ensuring asset stability and total systems cost management; elevating factory performance, efficiency, and profitability; leveraging automation and improving quality; cultivating concepts that extend current or create new competitive advantages; and focusing on continuous improvement across all aspects of the business;

- **To disrupt current industry dynamics by creating a new paradigm with MAGMA** by leveraging innovation and developing breakthrough technology; commercializing MAGMA; and enabling the full value chain for glass;

- **To become the most sustainable rigid packaging producer** by repositioning its Environmental, Social and Governance (ESG) profile, improving its environmental performance; increasing recycling; and actively communicating and advocating for glass packaging;

- **To be a simple, agile, diverse, inclusive, and performance-based organization energized by engaged employees** by elevating organizational focus; driving performance, culture, and engagement of its people; developing talent; strengthening diversity and inclusion in the work place; and embedding flexibility to follow market needs and changes.

Reportable Segments

Historically, the Company had three reportable segments based on its geographic locations: Americas, Europe and Asia Pacific. These three reportable segments are aligned with the Company's internal approach to managing, reporting, and evaluating performance of its global glass operations.

On July 31, 2020, the Company completed the sale of its Australia and New Zealand ("ANZ") businesses, which comprised the majority of its businesses in the Asia Pacific region (approximately 85% of net sales in that region for the full year 2019), to Visy Industries Holdings Pty Ltd. ("Visy"). After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. Thus, after 2020, the Company no longer reports results for the Asia Pacific reportable segment. For the years ended December 31, 2020 and 2019, the results for the Asia Pacific reportable segment reflect only the results of the ANZ businesses. The sales and operating results of the other businesses that historically comprised the Asia Pacific segment, and that have been retained by the Company, have been reclassified to Other sales and Retained corporate costs and other, respectively.

Products and Services

The Company produces glass containers for alcoholic beverages, including beer, flavored malt beverages, spirits and wine. The Company also produces glass packaging for a variety of food items, soft drinks, teas, juices and pharmaceuticals. The Company manufactures glass containers in a wide range of sizes, shapes and colors and is active in new product development and glass container innovation.

Customers

In most of the countries where the Company competes, it has the leading position in the glass container segment of the rigid packaging market based on sales revenue. The Company's largest customers consist mainly of the leading global food and beverage manufacturers, including (in alphabetical order) Anheuser-Busch InBev, Brown-Forman, Carlsberg, Coca-Cola, Constellation, Diageo, Heineken, Molson Coors, Nestle, PepsiCo and Pernod Ricard.

The Company sells most of its glass container products directly to customers under annual or multi-year supply agreements. Multi-year contracts typically provide for price adjustments based on cost changes. The Company also sells some of its products through distributors. Many customers provide the Company with regular estimates of their product needs, which enables the Company to schedule glass container production to maintain reasonable levels of inventory. Glass container manufacturing facilities are generally located in close proximity to customers.

Sales and Markets

The Company's principal markets for glass container products are in the Americas and Europe with select operations remaining in the Asia Pacific region after the sale of its ANZ businesses.

Americas. The Company has 34 glass container manufacturing plants in the Americas region located in Brazil, Canada, Colombia, Ecuador, Mexico, Peru and the U.S. and interests in three joint ventures that manufacture glass containers. Also, the Company has a distribution facility in the U.S. used to import glass containers from its business in Mexico. The Company has the leading share of the glass container segment of the U.S. rigid packaging market, based on sales revenue by domestic producers. In South America and Mexico, the Company maintains a diversified portfolio serving several markets, including alcoholic beverages (beer, wine and spirits), non-alcoholic beverages and food, as well as a large infrastructure for returnable/refillable glass containers.

The principal glass container competitors in the U.S. are the Ardagh Group and Anchor Glass Container. Imports from China, Mexico, Taiwan and other countries also compete in U.S. glass container segments. Additionally, there are several major consumer packaged goods companies that self-manufacture glass containers. The Company competes directly with Verallia in Brazil, and does not believe that it competes with any other large, multinational glass container manufacturers in the rest of the region.

Europe. The Company is one of the leaders in the glass container segment of the rigid packaging market in the European countries in which it operates, with 34 glass container manufacturing plants located in the Czech Republic, Estonia, France, Germany, Hungary, Italy, the Netherlands, Poland, Spain and the United Kingdom. These plants primarily produce glass containers for the alcoholic beverages (beer, wine and spirits), non-alcoholic beverages and food markets in these countries. The Company also has interests in two joint ventures that manufacture glass containers in Italy. Throughout Europe, the Company competes directly with a variety of glass container manufacturers including Verallia, Ardagh Group, Vetropack, Vidrala and BA Vidro.

Asia Pacific. After 2020, the Company no longer reports results for the Asia Pacific reportable segment due to the sale of most of this segment. On July 31, 2020, the Company completed the sale of its ANZ businesses, which comprised the majority of its businesses in the Asia Pacific region (approximately 85% of net sales in that region for the full year 2019), to Visy. After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region, which consist of two plants and a joint venture, do not meet the criteria of an individually reportable segment.

In addition to competing with other large and well-established manufacturers in the glass container segment, the Company competes in all regions with manufacturers of other forms of rigid packaging, principally aluminum cans and plastic containers. Competition is based on quality, price, service, innovation and the marketing attributes of the container. The principal competitors producing metal containers include Ardagh Group, Ball Corporation, Crown Holdings, Inc., CANPACK and Silgan Holdings Inc. The principal competitors producing plastic containers include Amcor, Consolidated Container Holdings, LLC, Reynolds Group Holdings Limited, Plastipak Packaging, Inc. and Silgan Holdings Inc. The Company also competes with manufacturers of non-rigid packaging alternatives, including flexible pouches, aseptic cartons and bag-in-box containers.

The Company seeks to provide products and services to customers ranging from large multinationals to small local breweries and wineries in a way that creates a competitive advantage for the Company. The Company believes that it is often the glass container partner of choice because of its innovation and branding capabilities, its global footprint and its expertise in manufacturing know-how and process technology.

Seasonality

Sales of many glass container products such as beer, beverages and food are seasonal. Shipments in North America and Europe are typically greater in the second and third quarters of the year, while shipments in Latin America are typically greater in the third and fourth quarters of the year.

Manufacturing

The Company has 70 glass manufacturing plants. It constantly seeks to improve the productivity of these operations through the systematic upgrading of production capabilities, sharing of best practices among plants and effective training of employees.

The Company also provides engineering support for its glass manufacturing operations through facilities located in the U.S., Poland and Peru.

Suppliers and Raw Materials

The primary raw materials used in the Company's glass container operations are sand, soda ash, limestone and recycled glass. Each of these materials, as well as the other raw materials used to manufacture glass containers, have historically been available in adequate supply from multiple sources.

Energy

The Company's glass container operations require a continuous supply of significant amounts of energy, principally natural gas, fuel oil and electrical power. Adequate supplies of energy are generally available at all of the Company's manufacturing locations. Energy costs typically account for 10% to 20% of the Company's total manufacturing costs, depending on the cost of energy, the type of energy available, the factory location and the particular energy requirements. The percentage of total cost related to energy can vary significantly because of volatility in market prices, particularly for natural gas and fuel oil in volatile markets such as North America and Europe.

In the Americas' businesses in the U.S. and Canada, more than 90% of the sales volume is represented by customer contracts that contain provisions that pass the commodity price of natural gas to the customer, effectively reducing the region's exposure to changing natural gas market prices. In the Americas' businesses in South America and Mexico, there is a combination of fixed price contracts, as well as energy pricing linked to variable commodities pricing. Also, in these countries, customer contracts generally allow for annual price adjustments for inflation, variability in energy costs, and foreign currency variation.

In Europe, the Company enters into long-term contracts for a significant amount of its energy requirements. These contracts have terms that range from one to five years.

Research, Development and Engineering

Research, development and engineering constitute important parts of the Company's technical and sustainability activities. The Company's research and development activities are conducted principally at its corporate facilities in Perrysburg, Ohio. The Company primarily focuses on advancements in the areas of product innovation, manufacturing process control, melting technology, automatic inspection, light-weighting and further automation of manufacturing activities.

The Company has increased its focus on advancing melting technology with investments in modular glass melting furnaces. The Company's investments in this new technology, known as the MAGMA program, seek to reduce the amount of capital required to install, rebuild and operate its furnaces. This new melting technology is also focused on the ability of these assets to be more easily turned on and off or adjusted based on seasonality, address sustainability issues and transition opportunities for lower-carbon intensity of manufacturing processes, and meet customer demands.

Beginning in 2022, the Company intends to increase its capital expenditures for property, plant and equipment to expand the business, including to begin deploying its new MAGMA technology. The Company is implementing its MAGMA program using a multi-generation development roadmap. Generation 1 ("Gen 1") is primarily focused on a novel and improved way to melt glass. Gen 1 was successfully piloted in 2018 in Streator, Illinois, and the Company started the first full-scale manufacturing line during the first half of 2021 in Holzminden, Germany. The Company's Gen 1 solution has achieved its expectations. Generation 2 ("Gen 2") will add new production capabilities, such as a flexible batch system, improved forming technology, and modular inspection and packaging equipment, representing a complete end-to-end integrated production system. The piloting of key components is already in progress and the Company expects Gen 2 to be ready for deployment in 2023. Generation 3 ("Gen 3") is the ultimate evolution of MAGMA that combines a modular, end-to-end system with optimized processes and capabilities. It is expected to include light-weighting technology along with other advancements in sustainability – for example, the utilization of renewable energy sources and a broader range of recycled glass materials to enable increased recycled content rates. Overall, the Company is pleased with its progress on Gen 3 as many of the key elements are in place and the invention of other capabilities is going well. The Company expects Gen 3 will be available for deployment in 2025.

The Company holds a large number of patents related to a wide variety of products and processes and has a substantial number of patent applications pending.

Sustainability/ESG and Workplace Safety

The Company is committed to sustainability and ESG issues, including striving to reduce the impact its products and operations have on the environment and increase positive impacts. As part of this commitment, the Company has expanded its sustainability initiatives and set additional sustainability targets, including targets for increasing the use of recycled glass in its manufacturing process, decreasing water consumption and waste, reducing energy consumption and carbon dioxide equivalent ("CO_2") emissions, increasing the use of renewable energy, and supporting community needs. The Company has aligned its sustainability ambitions with certain United Nations Sustainable Development Goals.

Some specific examples of steps taken by the Company to advance sustainability and ESG issues include: assigning responsibility for ESG and sustainability oversight to the Nominating/Corporate Governance Committee of the Company's Board of Directors, appointing a Chief Sustainability Officer who reports to the Chief Executive Officer, establishing a global sustainability leadership network, obtaining an approved science-based emissions reduction target, increasing the use of renewable energy, lowering emissions, investing in sustainable manufacturing technology and container design, using green bond financing and working with governments and other organizations to establish and financially support recycling initiatives.

The Company's worldwide operations, in addition to other companies within the industry, are subject to extensive laws, ordinances, regulations and other legal requirements relating to environmental protection, including legal requirements governing investigation and clean-up of contaminated properties, as well as water discharges, air emissions, waste management and workplace health and safety. The Company strives to abide by and uphold such laws and regulations.

Glass Recycling, Deposit Return Systems, and Extended Producer Responsibility

The Company is an important contributor to recycling efforts worldwide and is among the largest users of recycled glass. If sufficient high-quality recycled glass were available on a consistent basis, the Company has the technology to make glass containers containing a high proportion of recycled glass. Using recycled glass in the manufacturing process reduces CO_2 emissions, reduces energy consumption and cost, and positively impacts the operating life and efficiency of the glass melting furnaces. The Company actively partners with other entities throughout the value chain to improve the effectiveness of recycling efforts and the availability of recycled glass.

In the U.S., Canada, Europe and elsewhere, government authorities have adopted or are considering legal requirements, including Extended Producer Responsibility ("EPR") frameworks. EPR and other packaging recycling regulations may impose fees, mandate certain recycling rates, require minimum use of recycled materials, or result in limitations on or preferences for certain types of packaging. The Company believes that governments worldwide will continue to develop and enact legal requirements guiding customer and end-consumer packaging choices.

Sales of beverage containers are affected by governmental regulation of packaging, including deposit-return system ("DRS") laws and EPR regulations. As of December 31, 2021, there were a number of U.S. states, Canadian provinces and territories and European countries with some form of legal regulation that imposes fees on producers or consumers of various packaging, including glass containers. The structure and enforcement of such laws and regulations can impact the sales of the Company's products in a given jurisdiction. Such laws and regulations also impact the availability of post-consumer recycled glass for the Company to use in container production.

Countries, states, and localities in all geographies in which the Company operates have recently considered or are now considering new EPR regulations, various laws and regulations to change curbside recycling, modify or create DRS laws, and create alternatives to traditional recycling systems. Although there is no clear trend, the Company believes these legal and regulatory activities have the potential to materially impact the price and supply of recycled glass. As a large user of recycled glass for making new glass containers, the Company has an interest in laws and regulations impacting the supply of such material in its markets.

Climate Change and Air Emissions

A number of governments globally are increasingly considering a variety of mandatory regulatory and legal requirements or voluntary initiatives (e.g. Paris Climate Accord) in relation to climate-change or environmental issues. The Company is unable to predict what climate-change or environmental legal requirements may be adopted in the future, although is aware that the trend is for more restrictive environmental and climate-related legislation to be introduced. The Company continually monitors its operations in relation to material climate-change risks and environmental impact, has set environmental and climate-related goals and invests in environmentally friendly and emissions-reducing projects. As such, the Company has made significant expenditures for environmental improvements at certain of its facilities over the last several years; however, these expenditures did not have a material adverse effect on the Company's results of operations or cash flows. The Company is unable to predict the impact of future environmental legal requirements on its results of operations or cash flows.

In Europe, the European Union Emissions Trading Scheme is a regulatory regime that facilitates emissions reductions in the EU. The Company's manufacturing facilities that operate in EU countries that are subject to the EU Emissions Trading Scheme must surrender an amount of emissions allowances equal to the volume of their CO2 emissions and if emissions exceed permitted volumes and allowances, purchase allowances in the market. Should the regulators significantly restrict the total number of emissions allowances available in the market, or significantly reduce the number of allowances freely allocated to the Company's EU plants, it could have a material effect on the Company's results.

In the Americas, the U.S. and Canada have engaged in significant legislative, regulatory and enforcement activities relating to greenhouse gas ("GHG") emissions for years at the federal, state and provincial levels of government. In the U.S., the Environmental Protection Agency (the "EPA") regulates emissions of GHG air pollutants under the Clean Air Act, which grants the EPA authority to establish limits for certain air pollutants and to require compliance, levy penalties and bring civil judicial action against violators. The EPA's GHG regulations continue to evolve, as the structure and scope of the regulations are often the subject of litigation and federal legislative activity. New GHG regulations in any country or state in the U.S. where the Company operates could have a significant long-term material impact on the Company's operations that are affected by such regulations. The state of California in the U.S., the Canadian federal government and the province of Quebec have adopted cap-and-trade legislation aimed at reducing GHG emissions, and other U.S. jurisdictions have elected to participate in this and other cap-and-trade programs. In Mexico and other South American countries, national and local governments are also considering potential regulations to reduce GHG emissions.

For a further discussion of the effects of sustainability, climate-change and ESG on the Company's business, see Item 1A, "Risk Factors – Risks Related to Legal and Regulatory Matters, Sustainability and Climate Change" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Workplace Safety

In the U.S., the Company is subject to various state and federal regulatory agencies, such as the Occupational Safety and Health Administration (OSHA), that assure safe and healthy working conditions by setting and enforcing standards and by providing training, outreach, education and assistance. Similar regulatory agencies focused on employee safety exist in other countries in which the Company operates around the world.

The Company is committed to ensuring the health and safety of its employees, as well as contractors and visitors in all of the Company's facilities. Hazards in the workplace are actively identified, and management tracks incidents so that remedial actions can be taken to improve workplace safety. In response to the COVID-19 pandemic, the Company has taken actions aligned with the World Health Organization and the Centers for Disease Control and Prevention to protect its workforce so they can more safely and effectively perform their work.

The Company is unable to predict what workplace safety legal requirements may be adopted in the future. However, the Company continually monitors its operations in relation to workplace safety and invests in projects to enhance employee safety. As such, the Company has made significant expenditures on workplace safety improvements at certain of its facilities over the last several years; however, these expenditures did not have a material adverse effect on the Company's results of operations or cash flows. The Company expects to see continued improvement in health and safety as a result of these projects. The Company is unable to predict the impact of future health and safety legal requirements on its results of operations or cash flows.

Human Capital Resources

The Company's success and performance are directly related to the collective success and performance of every employee. The skills, experience and industry knowledge of its employees significantly benefit the Company's operations and performance. The Company has approximately 24,000 employees and 70 plants spread across 19 countries.

The Company's core values of safety, diversity, accountability, integrity, teamwork, passion, and excellence drive its behaviors. Led by its people's knowledge and ambition, the Company is innovating to meet its customers' ever-evolving needs to help build their brands and become valued partners. To facilitate talent attraction and retention, the Company seeks to provide a safe, inclusive, diverse, motivating and collaborative work environment with opportunities for its employees to grow and develop in their careers, supports employees through strong compensation, benefits and health and wellness programs, and identifies programs that strive to build connections between its employees and their communities.

The Company is committed to a culture of respect and integrity and believes it is better when its workforce reflects the diversity of the world it serves, leading to a broader range of perspectives that may yield superior decisions and outcomes. As part of the Company's journey, one of its goals is to create an environment where employees can bring their whole selves to work, to share new ideas and innovate, and in turn, enhance their overall experience and overall well-being and the performance of the Company.

The Company seeks to make strategic investments into developing employees and the talent pipeline. To assess and improve employee retention and engagement, the Company surveys employees with the assistance of third-party consultants, and seeks to identify relevant actions to address any areas of employee concern.

A significant portion of the Company's employees in the Americas are hourly workers covered by collective bargaining agreements. In Europe, a large number of the Company's employees are employed in countries in which employment laws provide greater bargaining or other rights to employees than the laws of the U.S. Such employment rights require the Company to work collaboratively with the legal representatives of the employees to effect any changes to labor arrangements. The Company considers its employee relations to be good and does not anticipate any material work stoppages in the near term.

The Company operates as one enterprise, and believes that it prioritizes boundaryless leadership and sound decision making, and that it operates with one plan, delivering customer-centric results. These efforts, combined with its values and behaviors, advances the Company's ambition to be a simple, agile, and performance-based organization energized by diverse, engaged employees.

Available Information

The Company's website is www.o-i.com. The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), can be obtained from this site at no cost. The Securities and Exchange Commission ("SEC") maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

The Company's Corporate Governance Guidelines, Global Code of Business Conduct and Ethics and the charters of the Audit, Compensation and Talent Development, Nominating/Corporate Governance and Risk Oversight Committees are also available on the "Investors" section of the Company's website. Copies of these documents are available in print to share owners upon request, addressed to the Corporate Secretary at the address above. The information on the Company's website is not part of this or any other report that the Company files with, or furnishes to, the SEC.

Information About our Executive Officers

In the following table, the Company sets forth certain information regarding those persons currently serving as executive officers of O-I Glass, Inc. as of February 9, 2022.

Name and Age	Position
Andres A. Lopez (59)	Chief Executive Officer since January 2016; President, Glass Containers and Chief Operating Officer 2015; Vice President and President of O-I Americas 2014–2015; Vice President and President of O-I South America 2009–2014; Vice President of Global Manufacturing and Engineering 2006 – 2009.
Darrow A. Abrahams (48)	Senior Vice President, General Counsel and Corporate Secretary since September 2020; Deputy General Counsel April 2020 – August 2020; Associate General Counsel, Dispute Resolution 2017 – 2020; Assistant General Counsel, Litigation 2015 – 2017; Senior Litigator 2012 – 2015.
Arnaud Aujouannet (52)	Senior Vice President and Chief Sales and Marketing Officer since October 2017; Vice President of Sales and Marketing, Europe 2015 – 2017. Previously Commercial Associate Director, Oral Care Europe for Procter & Gamble, a multi-national consumer goods company 2012 – 2015; Global Sales & Marketing Chief Sales & Marketing Officer, Swiss Precision Diagnostic/Clearblue (a Procter & Gamble Joint Venture) 2009 – 2012.
John A. Haudrich (54)	Senior Vice President and Chief Financial Officer since April 2019; Senior Vice President and Chief Strategy and Integration Officer 2015 – 2019; Vice President and Acting Chief Financial Officer 2015; Vice President Finance and Corporate Controller 2011 – 2015; Vice President of Investor Relations 2009 – 2011.
Vitaliano Torno (63)	President, Business Operations and O-I Europe since July 2020; President, O-I Europe 2016–2020; Managing Director, O-I Europe 2015; Vice President, European countries 2013 – 2015; Vice President, Marketing and sales, Europe 2010 – 2013.

ITEM 1A. RISK FACTORS

Risks Related to the Company’s Business and Industry

COVID-19—The COVID-19 pandemic has resulted, and may likely continue to result in material adverse effects on the Company's business, financial position, liquidity, results of operations and cash flows.

The COVID-19 pandemic, and the various governmental, industry and consumer actions related thereto, have had, and may likely continue to have, negative impacts on the Company's business. These impacts include, without limitation, significant volatility or decreases in the demand for the Company's products, changes in customer and consumer behavior and preferences, disruptions in or closures of the Company's manufacturing operations or those of its customers and suppliers, disruptions within the Company's supply chain, limitations on the Company's employees' ability to work and travel, potential financial difficulties of customers and suppliers, significant changes in economic or political conditions, and related financial and commodity volatility, including volatility in raw material and other input costs.

In addition, future changes in the Company's cost of capital, expected cash flows, or other factors as a result of the above may cause the Company's long-lived assets, including goodwill, to be impaired, resulting in a non-cash charge against results of operations to write-down long-lived assets including goodwill for the amount of the impairment.

The COVID-19 pandemic may also have the effect of heightening many of the other risks described in this Annual Report on Form 10-K, such as those relating to the Company's ability to service its indebtedness; the restrictions placed on the Company under its existing indebtedness; fluctuations in foreign exchange rates; international operations; changes in consumer demand; the global economic environment; operational disruptions; the availability and cost of raw materials; joint ventures; cybersecurity and data privacy; and goodwill; among others.

The degree to which the COVID-19 pandemic and related actions will ultimately impact the Company's business, financial position, liquidity, results of operations and cash flows will depend on factors that are beyond its control, highly uncertain and cannot be predicted, including, but not limited to, the continued spread, duration and severity of the COVID-19 pandemic; the occurrence, spread, duration and severity of any subsequent wave or waves of outbreaks after the initial outbreak has subsided; the actions taken by the U.S. and foreign governments to contain the COVID-19 pandemic, address its impact or respond to the reduction in global and local economic activity; the occurrence, duration and severity of a global, regional or national recession, depression or other sustained adverse market event; the impact of the developments described above on the Company’s customers and suppliers; and how quickly and to what extent normal economic and operating conditions can resume.

Competition—The Company faces intense competition from other glass container producers, as well as from makers of alternative forms of packaging. Competitive pressures could adversely affect the Company’s financial health.

The Company is subject to significant competition from other glass container producers, as well as from makers of alternative forms of packaging, such as aluminum cans and plastic containers. The Company also competes with manufacturers of non-rigid packaging alternatives, including flexible pouches and aseptic cartons, in serving the packaging needs of certain end-use markets, including juice customers. The Company competes with each rigid packaging competitor on the basis of price, quality, service and the marketing and functional attributes of the container. Advantages or disadvantages in any of these competitive factors may be sufficient to cause the customer to consider changing suppliers and/or using an alternative form of packaging. The adverse effects of consumer purchasing decisions may be more significant in periods of economic downturn and may lead to longer-term reductions in consumer spending on glass packaged products.

Pressures from competitors and producers of alternative forms of packaging have resulted in excess capacity in certain countries in the past and have led to capacity adjustments and significant pricing pressures in the rigid packaging market. These pressures could have a material adverse effect on the Company's operations.

Lower Demand Levels—Changes in consumer preferences may have a material adverse effect on the Company's financial results.

Changes in consumer preferences for the food and beverages they consume can reduce demand for the Company's products. Because many of the Company's products are used to package consumer goods, the Company's sales and profitability could be negatively impacted by changes in consumer preferences for those products. Examples of changes in consumer preferences include, but are not limited to, lower sales of major domestic beer brands and shifts from beer to wine or spirits that results in the use of fewer glass containers. In periods of lower demand, the Company's sales and production levels may decrease causing a material adverse effect on the Company's profitability.

Customer Consolidation—The continuing consolidation of the Company's customer base may intensify pricing pressures and have a material adverse effect on operations.

Many of the Company's largest customers have acquired companies with similar or complementary product lines. This consolidation has increased the concentration of the Company's business with its largest customers. In many cases, such consolidation has been accompanied by pressure from customers for lower prices, reflecting the increase in the total volume of products purchased or the elimination of a price differential between the acquiring customer and the company acquired. Increased pricing pressures from the Company's customers may have a material adverse effect on operations.

New Glass Melting Technologies—The Company's inability to develop or apply new glass melting technology may affect its ability to transition to lower-carbon processes and competitiveness.

The Company's success depends partially on its ability to improve its glass melting technology and introduce processes that emit less carbon. One of these new technologies, known as the MAGMA program, seeks to reduce the amount of capital required to install, rebuild and operate the Company's furnaces. It also is focused on the ability of these assets to be more easily turned on and off or adjusted based on seasonality and customer demand, utilize more recycled glass, produce lighter containers and use lower-carbon fuels. The Company is implementing its MAGMA program using a multi-generation development roadmap, which will include various deployment risks and will require the discovery of additional inventions through 2025. If the Company is unable to continue to improve this glass melting technology through research and development or licensing of new technology, the Company may not be able to remain competitive with other packaging manufacturers. As a result, its business, financial condition, results of operations or ability to transition to lower carbon operations could be adversely affected.

Energy Costs or Availability—Higher energy costs worldwide and interrupted power supplies may have a material adverse effect on operations.

Electrical power, natural gas, and fuel oil are vital to the Company's operations as it relies on a continuous energy supply to conduct its business. Depending on the location and mix of energy sources, energy accounts for 10% to 20% of total manufacturing costs. Substantial increases and volatility in energy costs, including those resulting from extreme weather events that affect the Company's facilities directly or its energy suppliers, could cause the Company to experience a significant increase in operating costs, which may have a material adverse effect on its assets or results of operations.

Operational Disruptions—Profitability could be affected by unanticipated operational disruptions.

The Company's glass container manufacturing process is asset intensive and includes the use of large furnaces and machines. The Company periodically experiences unanticipated disruptions to its assets, and these events can have an adverse effect on its business operations and profitability. The impacts of these operational disruptions include, but are not limited to, higher maintenance, production changeover and shipping costs, higher capital spending, as well as lower absorption of fixed costs during periods of extended downtime. The Company maintains insurance policies in amounts and with coverage and deductibles that are reasonable and in line with industry standards; however, this insurance coverage may not be adequate to protect the Company from all liabilities and expenses that may arise.

Raw Materials—Profitability could be affected by the availability and cost of raw materials.

The raw materials that the Company uses have historically been available in adequate supply from multiple sources. For certain raw materials, however, there may be temporary shortages due to weather or other factors, including disruptions in supply caused by transportation or production delays. These shortages, as well as material volatility in the cost of any of the principal raw materials that the Company uses, may have a material adverse effect on operations. In addition, the Company purchases its soda ash raw materials in U.S. dollars in South America and Mexico. Given fluctuations in foreign currency exchange rates, this may cause these regions to experience inflationary or deflationary impacts to their raw material costs.

Seasonality—Profitability could be affected by varied seasonal demands.

Due principally to the seasonal nature of the consumption of beer and other beverages, for which demand is stronger during the summer months, sales of the Company's products have varied and are expected to vary by quarter. Shipments in North America and Europe are typically greater in the second and third quarters of the year, while shipments in South America are typically greater in the third and fourth quarters of the year. Unseasonably cool weather during peak demand periods can reduce demand for certain beverages packaged in the Company's containers.

Joint Ventures—Failure by joint venture partners to observe their obligations could have a material adverse effect on operations.

A portion of the Company's operations is conducted through joint ventures, including joint ventures in the Americas and Europe segments and one joint venture in the Asia Pacific region that is included in Retained corporate costs and other. If the Company's joint venture partners do not observe their obligations or are unable to commit additional capital to the joint ventures, it is possible that the affected joint venture would not be able to operate in accordance with its business plans, which could have a material adverse effect on the Company's financial condition and results of operations.

Labor —Some of the Company's employees are unionized or represented by workers' councils, and its business could be affected by labor shortages and labor cost increases.

The Company is party to a number of collective bargaining agreements with labor unions, which at December 31, 2021, covered approximately 75% of the Company's employees directly associated with its operations in the U.S. and Canada. The principal collective bargaining agreement, which at December 31, 2021 covered approximately 73% of the Company's union-affiliated employees in U.S. and Canada, will expire on March 31, 2022. Approximately 81% of employees in South America and Mexico are covered by collective bargaining agreements. The collective bargaining agreements in South America and Mexico have varying terms and expiration dates. Upon the expiration of any collective bargaining agreement, if the Company is unable to negotiate acceptable contracts with labor unions, it could result in strikes by the affected workers and increased operating costs as a result of higher wages or benefits paid to union members. In Europe, a large number of the Company’s employees are employed in countries in which employment laws provide greater bargaining or other rights to employees than the laws of the U.S. Such employment rights require the Company to work collaboratively with the legal representatives of the employees to effect any changes to labor arrangements. For example, most of the Company's employees in Europe are represented by workers' councils that must approve any changes in conditions of employment, including salaries and benefits and staff changes, and may impede efforts to restructure the Company's workforce.

In addition, an increase in labor costs, strikes or other work stoppages, disruptions at the Company's facilities or other labor disruptions could adversely affect its operations and increase expenses. The COVID-19 pandemic has caused an overall tightened and increasingly competitive labor market. A number of factors may adversely affect the labor force available to the Company, including unemployment subsidies, the need for enhanced health and safety protocols and government regulations in the jurisdictions in which it operates. Increased competition for qualified labor could result in higher compensation costs for the Company, and a continuation of labor shortages, a lack of qualified labor or increased turnover could result in a significant disruption of its operations and/or higher ongoing labor costs, which may have a material adverse effect on operations.

Global Economic Environment—The global credit, financial and economic environment could have a material adverse effect on operations and financial condition.

The global credit, financial and economic environment could have a material adverse effect on operations, including the following:

- Downturns in the business or financial condition of any of the Company's customers or suppliers could result in a loss of revenues or a disruption in the supply of raw materials;

- Tightening of credit in financial markets could reduce the Company's ability, as well as the ability of the Company's customers and suppliers, to obtain future financing;

- Volatile market performance could affect the fair value of the Company's pension assets and liabilities, potentially requiring the Company to make significant additional contributions to its pension plans to maintain prescribed funding levels;

- The deterioration of any of the lending parties under the Company's revolving credit facility or the creditworthiness of the counterparties to the Company's derivative transactions could result in such parties' failure to satisfy their obligations under their arrangements with the Company; and

- A significant weakening of the Company's financial position or results of operations could result in noncompliance with the covenants under the Company's indebtedness.

Business Integration Risks—The Company may not be able to effectively integrate additional businesses it acquires in the future.

The Company may consider strategic transactions, including acquisitions that will complement, strengthen and enhance growth in its worldwide glass operations. The Company evaluates opportunities on a preliminary basis from time-to-time, but these transactions may not advance beyond the preliminary stages or be completed. Such acquisitions are subject to various risks and uncertainties, including: the inability to integrate effectively the operations, products, technologies and personnel of the acquired companies (some of which may be located in diverse geographic regions) and achieve expected synergies; the potential disruption of existing business and diversion of management's attention from day-to-day operations; the inability to maintain uniform standards, controls, procedures and policies; the need or obligation to divest portions of the acquired companies; the potential impairment of relationships with customers; the potential failure to identify material problems and liabilities during due diligence review of acquisition targets; the potential failure to obtain sufficient indemnification rights to fully offset possible liabilities associated with acquired businesses; and the challenges associated with operating in new geographic regions. In addition, the Company cannot make assurances that the integration and consolidation of newly acquired businesses will achieve any anticipated cost savings and operating synergies.

Goodwill—A significant write-down of goodwill would have a material adverse effect on the Company's reported results of operations and net worth.

Goodwill at December 31, 2021 totaled $1.84 billion, representing approximately 21% of total assets. The Company evaluates goodwill annually (or more frequently if impairment indicators arise) for impairment using the required business valuation methods. These methods include the use of a weighted average cost of capital to calculate the present value of the expected future cash flows of the Company's reporting units. Future changes in the cost of capital, expected cash flows, or other factors may cause the Company's goodwill to be impaired, resulting in a non-cash charge against results of operations to write-down goodwill for the amount of the impairment. If a significant write down is required, the charge would have a material adverse effect on the Company's reported results of operations and net worth. For example, the Company recorded a non-cash impairment charge of $595 million in the third quarter of 2019, which was equal to the excess of the North American reporting unit's carrying value over its fair value. The goodwill related to the North America reporting unit remains the reporting unit that has the greatest risk of future impairment charges given the difference (28%) between the business enterprise value and carrying value of this reporting unit as of October 1, 2021.

Pension Funding—An increase in the underfunded status of the Company's pension plans could adversely impact the Company's operations, financial condition and liquidity.

The Company contributed $84 million, $103 million and $33 million to its defined benefit pension plans in 2021, 2020 and 2019, respectively. The amount the Company is required to contribute to these plans is determined by the laws and regulations governing each plan, and is generally related to the funded status of the plans. A deterioration in the value of the plans' investments or a decrease in the discount rate used to calculate plan liabilities generally would increase the underfunded status of the plans. An increase in the underfunded status of the plans could result in an increase in the Company's obligation to make contributions to the plans, thereby reducing the cash available for working capital and other corporate uses, and may have an adverse impact on the Company's operations, financial condition and liquidity.

Risks Related to the Corporate Modernization

Plan of Reorganization—The resolution of asbestos claims pursuant to Paddock's previously announced agreement-in-principle is subject to a number of risks and uncertainties that may prevent or delay implementation of the resolution of these claims on the terms set forth in such agreement-in-principle.

On April 26, 2021, the Company announced that its subsidiary, Paddock Enterprises LLC ("Paddock") reached an agreement in principle to accept the terms of a mediator's proposal regarding a consensual plan of reorganization under the Bankruptcy Code. The agreement in principle provides for total consideration of $610 million to fund a trust on the effective date of a plan of reorganization, subject to definitive documentation and satisfaction of certain conditions. The agreement in principle was reached with both the Future Claimants' Representative and the Asbestos Claimants Committee, who agreed to support a plan of reorganization for Paddock that incorporates the settlement. On January 12, 2022, Paddock, O-I Glass, the Future Claimants' Representative and the Asbestos Claimants' Committee (collectively, the "Plan Proponents") jointly proposed the Plan of Reorganization for Paddock Enterprises, LLC Under Chapter 11 of the Bankruptcy Code, dated January 12, 2022 (including any supplements and exhibits thereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, the “Plan”). In connection with the Plan, the Plan Proponents also filed in Paddock’s Chapter 11 case the Disclosure Statement Plan of Reorganization for Paddock Enterprises, LLC Under Chapter 11 of the Bankruptcy Code, dated January 12, 2022 (including any supplements and exhibits thereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, the "Disclosure Statement"). The Bankruptcy Court has scheduled a hearing to consider approval of the Disclosure Statement for February 16, 2022.

The Plan will require the approval by at least 75% of asbestos claimants voting on the Plan and be subject to approval by the Bankruptcy Court and the District Court. If approved and consummated, the Plan would permanently resolve all current and future Asbestos Claims against Paddock, and would protect all of O-I Glass and its subsidiaries from those claims, under Section 524(g) of the U.S. Bankruptcy Code. In connection with the agreement in principle, the Company recorded a charge of $154 million related to its potential liability under the Paddock support agreement for the quarter ended March 31, 2021, primarily related to an increase to Paddock's asbestos reserve estimate in consideration for the channeling injunction to be included in the Plan protecting Company Protected Parties from Asbestos Claims, as well as certain other adjustments to Paddock's assets and liabilities, including estimated professional fees and expenses to be incurred in confirming and implementing the Plan.

The confirmation and consummation of the Plan, and accordingly the final resolution of Asbestos Claims against Paddock in accordance with the Plan, are subject to a number of risks and uncertainties, which could have the effect of delaying or preventing the confirmation and consummation of the Plan, increasing the Company's costs in connection with effecting the settlement and the consummation of the Plan or reducing the benefit related to the consummation of the Plan. In light of these risks and uncertainties, the Company cannot provide assurance that the Plan, as contemplated by the agreement in principle or as filed, will be consummated on the time schedule that the Company anticipates or at all, or if consummated that the Company will recognize all benefits from the consummation of the Plan that the Company anticipates. These risks and uncertainties include:

- the risk that the parties to the settlement are unable to agree upon the final documents implementing the Plan;
- the risk that the Plan is not approved by a favorable vote of 75% of the holders of asbestos claims voting on the Plan;
- the risk that the Plan is not approved by the Bankruptcy Court or the District Court and that orders so approving the Plan and issuing the protective injunctions do not become final; and
- risks and uncertainties if any interested parties object to the Plan or appeal any order issued by the Bankruptcy Court or District Court approving the Plan, which objections and appeals, even if favorably resolved, may delay the consummation of the Plan and increase the Company's costs in connection with the agreement-in-principle, Plan and related proceedings.

Corporate Modernization—The Company may not obtain the anticipated benefits of the Corporate Modernization.

The Company implemented the Corporate Modernization on December 26 and 27, 2019. On December 27, 2019, the Company announced the adoption of a new holding company structure whereby O-I Glass became the new parent entity with O-I Group and Paddock as direct, wholly owned subsidiaries. The Company's legacy asbestos-related liabilities and certain other liabilities remained within Paddock, while the Company's glass-making operations remained under O-I Group. The Company believes that the Corporate Modernization improves the Company's operating efficiency and cost structure, while ensuring the Company remains well-positioned to address its legacy liabilities. The anticipated benefits of the Corporate Modernization may not be obtained if circumstances prevent the Company from taking advantage of the strategic and business opportunities that the Company expects from the Corporate Modernization transactions. As a result, the Company may incur the costs of a corporate reorganization without realizing the anticipated benefits, which could adversely affect the Company's reputation, financial condition, and operating results. The Company's management has dedicated, and will continue to dedicate, significant effort to implementing the Corporate Modernization. These efforts may divert management's focus and resources from the Company's business, corporate initiatives, or strategic opportunities, which could have an adverse effect on the Company's businesses, results of operations, financial condition, or prospects.

As a result of the Corporate Modernization, the name of the Company's parent holding company changed from Owens-Illinois, Inc. to O-I Glass, Inc. The reorganization efforts related to the Corporate Modernization could confuse and distract the Company's customers, suppliers and employees. In addition, these reorganization efforts could adversely affect or delay the Company's development and introduction of new products and technologies, result in the loss of management, technical, or other key personnel, disrupt the Company's supplier or customer relationships, jeopardize its supplier or sales channels and the Company's branding and marketing efforts, and increase administrative expense, all of which could affect the Company's profitability.

For a discussion of the effects of the Corporate Modernization on the Company's financial statements, see Item 1, "Corporate Modernization and Paddock's Chapter 11 Filing" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Subsidiary Bankruptcy—The Company's subsidiary, Paddock, has filed a petition to resolve asbestos litigation and asbestos-related claims under Chapter 11 of the Bankruptcy Code. Risks and uncertainties related to this filing could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

On January 6, 2020 (the "Petition Date"), Paddock voluntarily filed for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware to equitably and finally resolve all of its current and future Asbestos Claims (as defined herein). O-I Glass and O-I Group were not included in the Chapter 11 filing. Paddock's ultimate goal in its Chapter 11 case is to confirm a plan of reorganization under Section 524(g) of the Bankruptcy Code and utilize this specialized provision to establish a trust that will address all current and future Asbestos Claims. Paddock has been deconsolidated from the Company's financial statements since the Petition Date.

The amount that will be necessary to fully and finally resolve all of Paddock's current and future asbestos-related claims is uncertain. Several risks and uncertainties related to Paddock's Chapter 11 case could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows, including the value of Paddock, as deconsolidated, reflected in the Company's financial statements, the ultimate amounts necessary to fund any trust established pursuant to Section 524(g) of the Bankruptcy Code, the potential for the Company's asbestos-related exposure to extend beyond Paddock arising from corporate veil piercing efforts or other claims by asbestos plaintiffs, the costs of the Chapter 11 proceedings and the length of time necessary to resolve the case, either through settlement or as a result of litigation arising in connection with the Chapter 11 proceeding, and the possibility that Paddock will be unsuccessful in achieving the results it is seeking through its Chapter 11 case.

As part of the Corporate Modernization transactions, O-I Glass entered into a support agreement with Paddock that requires O-I Glass to provide funding to Paddock for all permitted uses, subject to the terms of the support agreement, and that is designed to ensure that Paddock remains solvent. The key objective of the support agreement is to ensure that Paddock has the same ability to fund the costs related to Asbestos Claims (as defined herein) as O-I, which funded asbestos-related liabilities out of cash funded from its subsidiaries.

Paddock also has legacy environmental liabilities, related to, among other things, O-I's prior operation of certain facilities, including, but not limited to, in Ohio, Kentucky, Connecticut, New Jersey, and Georgia. Paddock's liabilities with respect to these facilities relate to penalties for site closures, remediation expenses, exposure for cleanup of contamination, and alleged noncompliance with regulations. Paddock also has liabilities associated with O-I's involvement in a number of other administrative and legal proceedings regarding the responsibility for the cleanup of hazardous waste or damages claimed to be associated with it and with O-I's involvement in some minor claims for environmental remediation of properties sold to third parties. Paddock also has other contested prepetition liabilities arising from pending non-asbestos-related litigation.

For a further discussion of the Chapter 11 proceedings and Paddock's legacy liabilities, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 15 to the Consolidated Financial Statements, included in this report.

Asbestos-Related Liability—The Company has made substantial payments to resolve claims of persons alleging exposure to asbestos-containing products and the Company has obligations to make further payments to resolve such claims under the terms of the support agreement. These substantial payments and obligations have affected and may continue to affect the Company's cost of borrowing, its ability to pursue global or domestic acquisitions, its ability to reinvest in its operations, and its ability to pay dividends.

From 1948 to 1958, one of the Company's former business units commercially produced and sold approximately $40 million of a high-temperature, calcium silicate based pipe and block insulation material containing asbestos. The Company exited the insulation business in April 1958. Historically, the Company received claims from individuals alleging bodily injury and death as a result of exposure to asbestos from this product ("Asbestos Claims"). Some Asbestos Claims were brought as personal injury lawsuits that typically allege various theories of liability, including negligence, gross negligence and strict liability and seek compensatory and, in some cases, punitive damages. Predominantly, however, Asbestos Claims were presented to O-I under administrative claims-handling agreements, which O-I had in place with many plaintiffs' counsel throughout the country.

Beginning with the initial liability of $975 million established in 1993, O-I had accrued a total of approximately $5.0 billion through 2019, before insurance recoveries, for its asbestos-related liability. O-I's ability to estimate its liability had been significantly affected by, among other factors, the volatility of asbestos-related litigation in the United States, the significant number of co-defendants that have filed for bankruptcy, the inherent uncertainty of future disease incidence, the claiming patterns against O-I, the significant expansion of the types of defendants that are sued in the litigation, and the continuing changes in the way in which these defendants participated in the resolution of the cases in which O-I was also a defendant.

For many years, O-I conducted an annual comprehensive legal review of its asbestos-related liabilities and costs in connection with finalizing its annual results of operations. In May 2016, O-I revised its method for estimating its asbestos-related liabilities in connection with finalizing and reporting its restated results of operations for the three years ended December 31, 2015. The revised method estimated the total future costs for O-I's asbestos-related liability. Under this method, O-I provided historical Asbestos Claims' data to a third party with expertise in determining the impact of disease incidence and mortality on future filing trends to develop information to assist O-I in estimating the total number of future Asbestos Claims likely to be asserted against O-I. O-I used this estimate, along with an estimation of disposition costs and related legal costs, as inputs to develop its best estimate of its total probable liability. The revised methodology led O-I to conclude that an asbestos-related liability of $486 million was required as of December 31, 2019.

Following the Corporate Modernization transactions, asbestos-related liabilities that were previously paid by O-I now reside at Paddock. The Company undertook the Corporate Modernization transactions, which resulted in the legacy liabilities of O-I residing within Paddock, separate from the active operations of the Company's subsidiaries, while fully maintaining Paddock's ability to access the value of those operations to support its legacy liabilities through the support agreement. The Corporate Modernization transactions also helped ensure that Paddock has the same ability to fund the costs of defending and resolving present and future Asbestos Claims as O-I previously did, through Paddock's retention of its own assets to satisfy these claims and through its access to additional funds from the Company through the support agreement. The Company anticipates that, as a result of Paddock's Chapter 11 filing, Paddock's asbestos-related liabilities will be assessed and ultimately paid out in connection with a confirmed Chapter 11 plan of reorganization, which remains subject to the risks and uncertainties discussed in the other risk factors included in this "Risks Related to the Corporate Modernization" section. See "Critical Accounting Estimates" and Note 15 to the Consolidated Financial Statements for additional information about the Company's asbestos-related liability.

The Company's funding of substantial payments to resolve asbestos-related claims and the obligation to fund asbestos-related payments ultimately paid out in connection with the confirmation of a Chapter 11 plan of reorganization has affected and may continue to affect the Company's cost of borrowing, its ability to pursue global or domestic acquisitions, its ability to reinvest in its operations, and its ability to pay dividends.

Risks Related to Information Technology, Cybersecurity and Data Privacy

Information Technology—Failure or disruption of the Company's information technology, or those of third parties, could have a material adverse effect on its business and the results of operations.

The Company employs information technology ("IT") systems and networks to support the business and relies on them to operate its plants, to communicate with its employees, customers and suppliers, to store sensitive business information and intellectual property, and to report financial and operating results. As with any IT system, the Company's IT system, or any third-party system on which the Company relies, could fail on its own accord or may be vulnerable to a variety of interruptions due to events, including, but not limited to, natural disasters, terrorist attacks, power outages, fire, sabotage, equipment failures, cybersecurity vulnerabilities, and cyber-related attacks or computer crimes (e.g., ransomware or distributed denial-of-service attacks). In addition, the Company's business continuity or disaster recovery plans may not effectively and timely resolve issues resulting from a cyberattack or other disruption. As a result of any of the foregoing types of events, the Company may suffer material adverse effects on its reputation, financial condition, results of operations and cash flows.

Cybersecurity and Data Privacy—Security breaches affecting the Company or its third-party service providers could disrupt the Company's business operations, result in the loss of critical and confidential information, and have a material adverse effect on its business, reputation and results of operations.

The Company has been subject to cyberattacks in the past, including, but not limited to, phishing and malware incidents, and the Company expects cyberattacks to increase in number, frequency and sophistication going forward. Although prior cyberattacks have not been material, future attacks may have a material adverse effect on the Company's business operations, reputation and financial results. As the prevalence of cyberattacks continues to increase, the Company's systems, and those of third parties, including service providers, may be subject to increased security threats, and the Company may incur additional costs to upgrade and maintain its security measures in place to prevent and detect such threats. The Company's security measures may be unable to anticipate, identify, detect or prevent certain cyberattacks or security breaches, including due to the increasing use by attackers of tools and techniques that obfuscate or remove forensic evidence and that evade counter-measures, and any such incidents could result in transactional errors, business disruptions, loss of or damage to intellectual property, loss of customers and business opportunities, unauthorized access to or disclosure of confidential or personal information (which could cause a breach of applicable data protection legislation), litigation or regulatory investigations and fines, penalties or intervention, reputational damage, reimbursement or other compensatory costs, and additional compliance costs, any of which could have a material adverse effect on the Company's financial condition, results of operations and cash flows. Any resulting costs or losses may not be covered by, or may exceed the coverage limits of, the Company's cyber insurance.

The Company is increasingly reliant on third parties to provide software, support and management and a host of related and other services across an array of business and operational functions, such as human resources, sales, electronic communications, data storage, finance, risk management and compliance, among others. The security and privacy measures these third parties implement may not be sufficient to anticipate, identify, detect or prevent cyberattacks or security breaches that could have a material adverse effect on the Company's financial condition, results of operations and cash flows. While the Company's agreements with third-party service providers typically contain provisions that seek to eliminate or limit the Company's exposure to liability for damages from a cyberattack, there can be no assurance of compliance with such provisions or that such provisions will withstand legal challenges or cover all or any such damages.

In addition, new global privacy rules are being enacted and existing ones are being updated and strengthened. These laws impose obligations on companies regarding the handling of personal data and provide certain individual privacy rights to persons whose data is stored or processed. Any failure to comply with these laws and regulatory standards could subject us to legal and reputational risk. For example, in May 2018, the European Union (EU) implemented the General Data Protection Regulation (GDPR) that stipulates data protection and privacy regulations for all individuals within the EU and the European Economic Area (EEA). The Company has significant operations in the EEA and is subject to the GDPR. The GDPR imposes several stringent requirements for controllers and processors of personal data and could make it more difficult and/or more costly for the Company to use and share personal data, including placing obstacles on the transfer of personal data from Europe to the United States. In addition, the California Consumer Privacy Act (the "CCPA"), which became effective on January 1, 2020, is similar in many respects to the GDPR but also includes a private right of action and potential statutory damages exposure for certain types of data breaches. Other states in the U.S. have also been proposing and enacting laws similar to the CCPA. Although the Company takes reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that the Company will not be subject to regulatory action, including fines, litigation, in the event of a statutory violation or security incident. To comply with the rules imposed by the GDPR, CCPA and other applicable data protection legislation, the Company may be required to put in place additional mechanisms which could adversely affect its financial condition, results of operations and cash flows.

Risks Related to the Company's Indebtedness

Substantial Leverage—The Company's indebtedness could adversely affect the Company's financial health.

The Company has a significant amount of debt. As of December 31, 2021 and December 31, 2020, the Company had approximately $4.8 billion and $5.1 billion of total debt outstanding, respectively.

The Company's indebtedness could:

- Increase vulnerability to general adverse economic and industry conditions;
- Increase vulnerability to interest rate increases for the portion of the debt under the secured credit agreement;
- Require the Company to dedicate a substantial portion of cash flow from operations to payments on indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions, share repurchases, development efforts and other general corporate endeavors;
- Limit flexibility in planning for, or reacting to, changes in the Company's business and the rigid packaging market;
- Place the Company at a competitive disadvantage relative to its competitors that have less debt; and
- Limit the Company's ability to borrow additional funds.

Ability to Service Debt—To service its indebtedness, the Company will require a significant amount of cash. The Company's ability to generate cash and refinance certain indebtedness depends on many factors beyond its control.

The Company’s ability to make payments on, to refinance its indebtedness and to fund working capital, capital expenditures, acquisitions, development efforts and other general corporate endeavors depends on its ability to generate cash in the future. The Company makes no assurance that it will generate sufficient cash flow from operations, or that future borrowings will be available under the secured credit agreement, in an amount sufficient to enable the Company to pay its indebtedness, or to fund other liquidity needs. If short-term interest rates increase, the Company's debt service cost will increase because some of its debt is subject to short-term variable interest rates. At December 31, 2021, the Company's debt, including interest rate swaps, that is subject to variable interest rates represented approximately 29% of total debt.

Further, the Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR beginning in 2022 and ceasing all such rates by mid-2023. The Alternative Reference Rates Committee ("ARRC") has proposed that the Secured Overnight Financing Rate ("SOFR") is the rate that represents best practice as the alternative to USD-LIBOR for use in debt instruments, derivatives and other financial contracts that are currently indexed to USD-LIBOR. ARRC has proposed a paced market transition plan to SOFR from USD-LIBOR, and organizations are currently working on industry wide and company specific transition plans as they relate to derivatives, debt and cash markets exposed to USD-LIBOR. Approximately 11% of the Company's long-term indebtedness is indexed to USD-LIBOR, and it is monitoring this activity and evaluating the related risks. Although an alternative to LIBOR has been contemplated in the Company's bank credit agreement, it is unclear as to the new method of calculating LIBOR that may evolve, and this new method could adversely affect the Company's interest rates on its indebtedness.

The Company may need to refinance all or a portion of its indebtedness on or before maturity. If the Company is unable to generate sufficient cash flow and is unable to refinance or extend outstanding borrowings on commercially reasonable terms or at all, it may have to reduce or delay capital expenditures planned for replacements, improvements and expansions, sell assets, restructure debt; and/or obtain additional debt or equity financing. The Company can provide no assurance that it could effect or implement any of these alternatives on satisfactory terms, if at all.

Debt Restrictions—The Company may not be able to finance future needs or adapt its business plans to changes because of restrictions placed on it by the secured credit agreement and the indentures and instruments governing other indebtedness.

The secured credit agreement, the indentures governing the senior notes, and certain of the agreements governing other indebtedness contain affirmative and negative covenants that limit the ability of the Company to take certain actions. For example, certain of the indentures restrict, among other things, the ability of the Company and its restricted subsidiaries to borrow money, pay dividends on, or redeem or repurchase its stock, make certain investments, create liens, enter into certain transactions with affiliates and sell certain assets or merge with or into other companies. These restrictions could adversely affect the Company's ability to operate its businesses and may limit its ability to take advantage of potential business opportunities as they arise.

Failure to comply with these or other covenants and restrictions contained in the secured credit agreement, the indentures or agreements governing other indebtedness could result in a default under those agreements, and the debt under those agreements, together with accrued interest, could then be declared immediately due and payable. If a default occurs under the secured credit agreement, the Company could no longer request borrowings under the secured credit agreement, and the lenders could cause all of the outstanding debt obligations under such secured credit agreement to become due and payable, which would result in a default under the indentures governing the Company's other outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. A default under the secured credit agreement, indentures or agreements governing other indebtedness could also lead to an acceleration of debt under other debt instruments that contain cross-acceleration or cross-default provisions.

Risks Related to the Company's International Operations

International Operations—The Company is subject to risks associated with operating in foreign countries.

The Company operates manufacturing and other facilities throughout the world. Net sales from non-U.S. operations totaled approximately $4.6 billion, representing approximately 72% of the Company's net sales for the year ended December 31, 2021. Operations outside the U.S. that accounted for 10% or more of consolidated net sales from continuing operations in 2021 were in France, Italy and Mexico. In addition, the Company is a 50% partner in a joint venture in Mexico.

As a result of its non-U.S. operations, the Company is subject to risks associated with operating in foreign countries, including: political, social and economic instability; war, civil disturbance or acts of terrorism; outbreaks of pandemic disease, such as COVID-19; taking of property by nationalization or expropriation without fair compensation; changes in governmental policies and regulations; devaluations and fluctuations in currency exchange rates; imposition of limitations on conversions of foreign currencies into dollars or remittance of dividends and other payments by foreign subsidiaries; imposition or increases of withholding and other taxes on remittances and other payments by foreign subsidiaries; hyperinflation in certain foreign countries; impositions or increase of investment and other restrictions or requirements by foreign governments; loss or non-renewal of treaties or other agreements with foreign tax authorities; changes in tax laws, or the interpretation thereof, including those affecting foreign tax credits or tax deductions relating to the Company's non-U.S. earnings or operations; and complying with the U.S. Foreign Corrupt Practices Act that prohibits companies and their intermediaries from engaging in bribery or other prohibited payments to foreign officials for the purposes of obtaining or retaining business or gaining an unfair business advantage and requires companies to maintain accurate books and records and effective internal controls. The risks associated with operating in foreign countries may have a material adverse effect on operations.

Foreign Currency Exchange Rates—The Company is subject to the effects of fluctuations in foreign currency exchange rates, which could adversely impact the Company's financial results.

The Company's reporting currency is the U.S. dollar. A significant portion of the Company's net sales, costs, assets and liabilities is denominated in currencies other than the U.S. dollar, primarily the Euro, Brazilian real, Colombian peso and Mexican peso. In its consolidated financial statements, the Company remeasures transactions denominated in a currency other than the functional currency of the reporting entity (e.g., soda ash purchases) and translates local currency financial results into U.S. dollars based on the exchange rates prevailing during the reporting period. During times of a strengthening U.S. dollar, the reported revenues and earnings of the Company's international operations will be reduced because the local currencies will translate into fewer U.S. dollars. This could have a material adverse effect on the Company's financial condition, results of operations and cash flows.

Risks Related to Legal and Regulatory Matters, Sustainability and Climate Change

Taxes—Potential tax law and U.S. trade policy changes could adversely affect net income and cash flow.

The Company is subject to income tax in the numerous jurisdictions in which it operates. Increases in income tax rates or other tax law changes, as well as ongoing audits by domestic and international authorities, could reduce the Company's net income and cash flow from affected jurisdictions. In particular, the U.S. government has proposed significant changes to the taxation of corporations, which may include the following: an increase in the corporate income tax rate, the imposition of minimum taxes or surtaxes on certain types of income, significant changes to the taxation of income derived from international business activities, and the addition of further limitations on interest deductions. While various proposals are under active consideration, it is unclear at this time what, if any, changes will be enacted and the impact and timing thereof. If these proposals are ultimately enacted into legislation, they could materially impact the Company's tax provision, cash tax liability and effective tax rate. Further, it is reasonable to expect that global taxing authorities will be reviewing current legislation for potential modifications in reaction to the implementation of the U.S. legislation. The proposed changes to U.S. tax laws, along with the potential for additional global tax legislation changes, such as restrictions on interest deductibility, deductibility of cross-jurisdictional payments, and limitations on the utilization of tax attributes could have a material adverse impact on net income and cash flow by impacting significant deductions or income inclusions. In addition, the Company's products are subject to import and excise duties and/or sales or value-added taxes in many jurisdictions in which it operates. Increases in these indirect taxes could affect the affordability of the Company's products and, therefore, reduce demand.

In addition, existing free trade laws and regulations provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, tariffs or taxes on imports from countries where the Company manufactures products, such as Mexico, could have a material adverse effect on its business and financial results. Also, a government's adoption of "buy national" policies or retaliation by another government against such policies may affect the prices of and demand for the Company's products and could have a negative impact on the Company's results of operations.

Many international legislative and regulatory bodies have proposed legislation and begun investigations of the tax practices of multinational companies and, in the European Union, the tax policies of certain EU member states. One of these efforts has been led by the OECD, an international association of more than 35 countries including the United States. One area of focus is base erosion and profit shifting, including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. The OECD has defined Global Anti-Base Erosion Rules to ensure large multinational companies pay a minimum level of tax of 15% on the income arising in each of the jurisdictions where they operate, although jurisdictions are not required to adopt the global minimum tax rules. Since 2013, the European Commission (EC) has been investigating tax rulings granted by tax authorities in a number of EU member states with respect to specific multinational corporations to determine whether such rulings comply with EU rules on state aid, as well as more recent investigations of the tax regimes of certain EU member states. If the EC determines that a tax ruling or tax regime violates the state aid restrictions, the tax authorities of the affected EU member state may be required to collect back taxes for the period of time covered by the ruling. Due to the large scale of the Company's U.S. and international business activities, many of these proposed changes to the taxation of the Company's activities, if enacted, could increase the Company's worldwide effective tax rate and harm results of operations.

Corporate tax reform, anti-base-erosion rules and tax transparency continue to be high priorities in many jurisdictions. As a result, policies regarding corporate income and other taxes in numerous jurisdictions are under heightened scrutiny and tax reform legislation has been, and will likely continue to be, proposed or enacted in a number of jurisdictions in which the Company operates. Further, many jurisdictions have passed legislation, and may pass additional legislation, intended to address the economic burdens of COVID-19 and to fund economic recovery and growth. This could include opportunities to increase tax revenues collected from local corporations through legislation or more aggressive tax audit enforcement. Any substantial changes in domestic or international corporate tax policies, regulations or guidance, enforcement activities or legislative initiatives may materially adversely affect the Company.

Environmental Risks—The Company is subject to various environmental legal requirements and may be subject to new legal requirements in the future. These requirements may have a material adverse effect on operations.

The Company's operations and properties are subject to extensive laws, ordinances, regulations and other legal requirements relating to environmental protection, including legal requirements governing investigation and clean up of contaminated properties as well as water discharges, air emissions, waste management and workplace health and safety. Such legal requirements frequently change and vary among jurisdictions. The Company's operations and properties must comply with these legal requirements. These requirements may have a material adverse effect on operations.

The Company has incurred, and expects to incur, costs for its operations to comply with environmental legal requirements, and these costs could increase in the future. Many environmental legal requirements provide for substantial fines, orders (including orders to cease operations), and criminal sanctions for violations. These legal requirements may apply to conditions at properties that the Company presently or formerly owned or operated, as well as at other properties for which the Company may be responsible, including those at which wastes attributable to the Company were disposed. A significant order or judgment against the Company, the loss of a significant permit or license or the imposition of a significant fine may have a material adverse effect on operations or to the Company's reputation as it focuses on its sustainability initiatives and targets.

Glass Recycling, Deposit Return Systems, Extended Producer Responsibility and Recycled Content Requirements—The Company's business and its ability to meet climate-change goals may be impacted by recycling and recycled-content laws and regulations.

In the U.S., Canada, Europe and elsewhere, government authorities have adopted, modified, or are considering recycling and recycled-content laws and regulations, including Extended Producer Responsibility ("EPR") and deposit-return system ("DRS") frameworks. EPR, DRS, and other packaging recycling regulations may impose fees, mandate certain recycling rates, require a minimum use of recycled materials, or result in limitations on or preferences for certain types of packaging. The Company believes that governments worldwide will continue to develop and enact such legal requirements, which have the potential to influence customer and end-consumer packaging choices. As of December 31, 2021, there were a number of U.S. states, Canadian provinces and territories and European countries with some form of legal regulation that imposes fees on producers or consumers or requirements for certain levels of recycled content affecting various types of packaging, including glass containers.

Countries, states, and localities in all geographies in which the Company operates have recently considered or are now considering new or modified EPR, DRS, and recycled-content regulations, including various laws and regulations to change curbside recycling, or create alternatives to traditional recycling systems. Although there is no clear trend in the direction of these various activities, the Company believes these legal and regulatory activities have the potential to materially impact the price and supply of recycled glass. The structure and enforcement of such laws and regulations may impact the sales of glass containers in a given jurisdiction. Such laws and regulations also impact the availability of post-consumer recycled glass for the Company to use in container production. As a large user of recycled glass for making new glass containers, developments regarding recycling and recycled-content laws and regulations could have a significant long-term impact on the Company's operations that are affected by such regulations and could have a material adverse effect on the Company's financial condition, results of operations, cash flows, and the ability to meet climate-change-related targets or goals.

Climate-Change and Air Emissions—The Company's business, ability to meet climate-change goals, and transition to lower-carbon processes may be impacted by new, changed, or increased regulations or requirements relating to air emissions and the use of fossil fuels, or by the physical impacts of climate change.

A number of governments globally are increasingly considering a variety of mandatory legal or regulatory requirements or voluntary initiatives in relation to climate-change or environmental issues. Additionally, entities across many sectors in private industry are considering and introducing climate change and environmental criteria as a factor or commercial term in decisions relating to activities, including lending, insurance, investing, and purchasing. The Company is unable to predict what climate-change or environmental criteria or requirements may be adopted or supported by governments and private sector entities in the future, or the impacts of such initiatives on its financial condition, results of operations, access to and cost of capital and cash flows, which may be materially adverse.

In Europe, the European Union Emissions Trading Scheme ("EUETS") is a regulatory regime that facilitates emissions reductions in the EU. The Company's manufacturing facilities that operate in EU countries must surrender an amount of emissions allowances equal to the volume of their CO2 emissions. The Company's manufacturing facilities currently receive a certain amount of allowances for free from national regulators, and, if the actual level of emissions for any facility exceeds its allocated allowance, additional allowances can be bought to cover deficits. Conversely, if the actual level of emissions for any facility is less than its allocation, the excess allowances can be sold. The Company annually purchases additional allowances under the EUETS. Should the regulators significantly restrict the number of emissions allowances allocated for free to the Company's plants, or change the availability of such allowances, or if the price of such allowances increases significantly, these events could have a significant long-term impact on the Company's operations that are affected by such regulations and could have a material adverse effect on the Company's financial condition, results of operations and cash flows. It is currently proposed that allocation of allowances will be phased out after 2026.

In the Americas, the U.S., Mexico, and Canada have engaged in significant legislative, regulatory, and enforcement activities relating to greenhouse gas ("GHG") emissions for years at the federal, state and provincial levels of government. In the U.S., the Environmental Protection Agency (the "EPA") regulates emissions of GHG air pollutants under the Clean Air Act, which grants the EPA authority to establish limits for certain air pollutants and to require compliance, levy penalties and bring civil judicial action against violators. The EPA's GHG regulations continue to evolve, as the structure and scope of the regulations are often the subject of litigation and federal legislative activity. The state of California in the U.S., Mexico, the Canadian federal government, and the province of Quebec have adopted cap-and-trade legislation aimed at reducing GHG emissions, and other U.S. jurisdictions have elected to participate in this and other cap-and-trade programs. Additionally, smaller municipalities in the U.S. have engaged in legislative and regulatory activity to price carbon and other emissions. New GHG regulations or significant fluctuations in the values within a carbon-trading or carbon-tax framework in any country, state/province, or municipality where the Company operates could have a significant long-term impact on the Company's operations that are affected by such regulations and could have a material adverse effect on the Company's financial condition, results of operations and cash flows.

The Company experiences a variety of impacts due to weather-related events, including severe weather and events related to climate change, which may include extreme storms, flooding and wildfires, across its 70 manufacturing facilities in 19 different countries. The frequency and severity of severe weather conditions which impact the Company's business activities may be impacted by the effects of climate change in future years, although it is currently impossible to predict with accuracy the scale of such impact. These resulting impacts could have a material adverse effect on the Company's business, results of operations, and financial condition.

ESG Scrutiny—Increased environmental, social and governance (ESG) scrutiny and changing expectations from stakeholders may impose additional costs or additional risks.

In recent years, increasing attention has been given to corporate activities related to ESG matters. A number of advocacy groups, both domestically and internationally, have campaigned for governmental and private-sector action to promote change at public companies related to ESG matters, including increasing attention on and demands for action related to climate change, as well as social and political matters. Companies that do not adapt to or comply with expectations and standards on ESG matters as they continue to evolve, or that are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition or stock price of such a company could be materially and adversely affected. There is an increase in the issuance of public and private frameworks under which organizations are urged or compelled to disclose ESG-related information. These frameworks use different assumptions and require differing levels of information. Similarly, there is an increase in for-profit and non-profit organizations that issue evaluations, ratings, or grades on an organization's ESG performance. The assumptions and criteria used by these organization vary and change and produce differing results. The Company's operations, projects and growth opportunities require it to have strong relationships with various key stakeholders, including its shareowners, employees, suppliers, customers, local communities and others. The Company may face pressures from shareowners, many of whom are increasingly focused on climate change, to prioritize sustainable practices, reduce its carbon footprint and promote ESG matters, while at the same time remaining a successfully operating public company. If the Company does not successfully manage expectations across these varied stakeholder interests, it could erode its stakeholder trust and thereby affect its brand and reputation, which could have a material adverse effect on its business, results of operations, and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

The principal manufacturing facilities and other material important physical properties of the Company at December 31, 2021 are listed below. All properties are glass container plants and are owned in fee, except where otherwise noted.

Americas Operations		
Brazil		
	Recife	Sao Paulo
	Rio de Janeiro	Vitoria de Santo Antao
Canada		
	Brampton, Ontario	Montreal, Quebec
Colombia		
	Buga (tableware)	Zipaquira
	Soacha	
Ecuador		
	Guayaquil	
Mexico		
	Guadalajara	Tlanepantla Estado de Mexico
	Monterrey	Toluca
	Queretaro	Tultitlan Estado de Mexico
Peru		
	Callao	Lurin
United States		
	Auburn, NY	Portland, OR
	Brockway, PA	Streator, IL
	Crenshaw, PA	Toano, VA
	Danville, VA	Tracy, CA
	Kalama, WA(1)	Waco, TX
	Lapel, IN	Windsor, CO
	Los Angeles, CA	Winston-Salem, NC
	Muskogee, OK	Zanesville, OH
European Operations		
Czech Republic		
	Dubi	Nove Sedlo
Estonia		
	Jarvakandi	
France		
	Beziers	Vayres
	Gironcourt	Veauche
	Labegude	Vergeze
	Puy-Guillaume	Wingles
	Reims	
Germany		
	Bernsdorf	Rinteln
	Holzminden	

Hungary	
Oroshaza	
Italy	
Aprilia	Origgio
Asti	Ottaviano
Bari	San Gemini
Marsala	San Polo
Mezzocorona	Villotta
The Netherlands	
Leerdam	Maastricht
Poland	
Jaroslaw	Poznan
Spain	
Barcelona(1)	Sevilla
United Kingdom	
Alloa	Harlow
Other Operations	
Engineering Support Centers	
Brockway, Pennsylvania	Jaroslaw, Poland
Lurin, Peru	Perrysburg, Ohio
Shared Service Centers	
Medellin, Colombia	Poznan, Poland(1)
Perrysburg, Ohio	
Distribution Center	
Laredo, TX(1)	
China	
Zhaoqing	
Indonesia	
Jakarta	
Corporate Facilities	
Perrysburg, Ohio	Vufflens-la-Ville, Switzerland(1)

(1) This facility is leased in whole or in part.

The Company believes that its facilities are well maintained and currently adequate for its planned production requirements over the next three to five years.

ITEM 3. LEGAL PROCEEDINGS

SEC regulations require the Company to disclose certain information about environmental proceedings if the Company reasonably believes that such proceedings may result in monetary sanctions above a stated threshold. The Company uses a threshold of $1 million for purposes of determining whether disclosure of any such proceedings is required. No such environmental proceedings were pending or contemplated as of December 31, 2021.

For further information on legal proceedings, see Note 15 to the Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHARE OWNER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

On December 26 and 27, 2019, the Company implemented the Corporate Modernization. The Corporate Modernization involved a series of transactions, including the Merger. Upon the effectiveness of the Merger, each share of O-I stock held immediately prior to the Merger automatically converted into a right to receive an equivalent corresponding share of O-I Glass stock, par value $.01 per share ("O-I Glass Common Stock"), having the same designations, rights, powers and preferences, qualifications, limitations, and restrictions as the corresponding share of O-I stock being converted.

Following the implementation of the Corporate Modernization, the Company's common stock continues to be listed on the New York Stock Exchange on an uninterrupted basis with the symbol OI. The number of share owners of record on December 31, 2021 was 844. Approximately 99% of the outstanding shares were registered in the name of Depository Trust Company, or CEDE & Co., which held such shares on behalf of a number of brokerage firms, banks, and other financial institutions.

In response to the COVID-19 pandemic, the Company has suspended its dividend. However, the payment and amount of future dividends remain within the discretion of the Company's Board of Directors and will depend upon the Company's future earnings, financial condition, capital requirements, and other factors.

Information with respect to securities authorized for issuance under equity compensation plans is included herein under Item 12.

The Company regularly purchases shares pursuant to a $150 million anti-dilutive share repurchase plan authorized by the Board of Directors that is intended to offset stock-based compensation provided to the Company's directors, officers, and employees. The following table provides information about the Company's purchases of its common stock during the three months ended December 31, 2021:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (in thousands)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (in thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in millions)
October 1 - October 31, 2021	680	$14.68	680	110
November 1 - November 30, 2021				110
December 1 - December 31, 2021				110

Graphic

	Years Ending December 31,					
	2016	2017	2018	2019	2020	2021
O-I Glass, Inc.	$100.00	$127.34	$ 99.02	$ 69.61	$ 69.74	$ 70.51
S&P 500	100.00	121.83	116.49	153.17	181.35	233.41
Packaging Group	100.00	109.98	103.58	136.38	171.41	189.88

The graph above compares the performance of the Company's Common Stock with that of a broad market index (the S&P 500 Composite Index) and a packaging group consisting of companies with lines of business or product end uses comparable to those of the Company for which market quotations are available.

The packaging group consists of: AptarGroup, Inc., Ardagh Group S.A., Ball Corp., Crown Holdings, Inc., O-I Glass, Inc., Sealed Air Corp., Silgan Holdings Inc., and Sonoco Products Co. The comparison of total return on investment for each period is based on the investment of $100 on December 31, 2016 and the change in market value of the stock, including additional shares assumed purchased through reinvestment of dividends, if any.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's measure of profit for its reportable segments is segment operating profit, which consists of consolidated earnings from continuing operations before interest income, interest expense, and provision for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations and other adjustments as well as certain retained corporate costs. The segment data presented below is prepared in accordance with general accounting principles for segment reporting. The lines titled "reportable segment totals" in both net sales and segment operating profit, however, are non-GAAP measures when presented outside of the financial statement footnotes. Management has included reportable segment totals below to facilitate the discussion and analysis of financial condition and results of operations and believes this information allows the Board of Directors, management, investors and analysts to better understand the Company's financial performance. The Company's management uses segment operating profit, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources. Segment operating profit is not, however, intended as an alternative measure of operating results as determined in accordance with U.S. GAAP and is not necessarily comparable to similarly titled measures used by other companies.

In March 2020, the World Health Organization categorized COVID-19 as a pandemic, and it continues to spread throughout the United States and other countries across the world. To limit the spread of COVID-19, governments have taken various actions, including the issuance of stay-at-home orders and social distancing guidelines. As a result, many businesses have adjusted, reduced or suspended operating activities, either due to requirements under government orders or as a result of a reduction in demand for many products from direct or ultimate customers. Fortunately, the manufacture of glass containers has been largely viewed as essential to the important food and beverage value chain in the countries in which the Company operates. However, the Company is still impacted by broader supply chain issues and, in some cases, certain end use categories that it serves are not deemed essential. While the Company's plants continued to operate as essential businesses, some plants suspended operations or cut back on shifts for a portion of 2020 due to government actions to address COVID-19. Additional suspensions and cutbacks may occur as the impacts from COVID-19 and related responses continue to develop.

The following discussion describes the Company's consolidated results of operations for the year ended December 31, 2021. The COVID-19 pandemic impacted the Company's shipment and production levels in 2020 and, to a lesser extent, 2021. The Company is actively monitoring the continued impact of the pandemic, which could negatively impact its business, results of operations, cash flows and financial position beyond 2021.

On July 31, 2020, the Company completed the sale of its Australia and New Zealand ("ANZ") businesses, which comprised the majority of the Asia Pacific region (approximately 85% of net sales for the full year 2019), to Visy. After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. For the 2020 results presented below, the results for the Asia Pacific reportable segment reflect only the results of the ANZ businesses. The sales and operating results of the other businesses that historically comprised the Asia Pacific segment, and that have been retained by the Company, have been reclassified to Other sales and Retained corporate costs and other, respectively.

For discussion related to changes in financial condition and the results of operations for 2020 compared to 2019, refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on February 16, 2021.

Financial information regarding the Company's reportable segments is as follows (dollars in millions):

	2021	2020
Net sales:		
Americas	$ 3,557	$ 3,322
Europe	2,687	2,364
Asia Pacific		281
Reportable segment totals	6,244	5,967
Other	113	124
Net sales	$ 6,357	$ 6,091

	2021	2020
Segment operating profit:		
Americas	$ 456	$ 395
Europe	371	264
Asia Pacific		19
Reportable segment totals	827	678
Items excluded from segment operating profit:		
Retained corporate costs and other	(171)	(145)
Gain on sale of miscellaneous assets	84	
Gain on sale of ANZ businesses		275
Brazil indirect tax credit	71	
Pension settlement charges	(74)	(26)
Restructuring, asset impairment and other charges	(35)	(142)
Strategic transaction and corp. modernization costs		(8)
Charge related to Paddock support agreement liability	(154)	
Charge for deconsolidation of Paddock		(14)
Interest expense, net	(216)	(265)
Earnings from continuing operations before income taxes	332	353
Provision for income taxes	(167)	(89)
Earnings from continuing operations	165	264
Gain from discontinued operations	7	
Net earnings	172	264
Net earnings attributable to noncontrolling interests	(23)	(15)
Net earnings attributable to the Company	$ 149	$ 249
Net earnings from continuing operations attributable to the Company	$ 142	$ 249

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

Executive Overview—Comparison of 2021 with 2020

Net sales in 2021 were $266 million, or approximately 4%, higher than in 2020 primarily due to stronger shipments than the prior year period, which was more significantly impacted by COVID-19. Net sales were negatively impacted by the sale of the Company's ANZ businesses in 2020, the sale of the Company's plant in Argentina in January 2021 and the impact of severe weather in the southern United States in February 2021. Net sales were positively impacted by the favorable effects of changes in foreign currency exchange rates and higher prices.

Earnings from continuing operations before income taxes were $21 million lower in 2021 compared to the

prior year. This decrease was primarily due to the non-recurrence of the gain on the sale of the ANZ businesses in 2020, a higher Paddock-related charge in 2021 and higher retained corporate costs and other in 2021, partially offset by higher segment operating profit, higher gains on the sale of miscellaneous assets in 2021, a gain recorded on a Brazilian indirect tax credit in 2021, lower restructuring charges and lower interest expense than in 2020. Segment operating profit for reportable segments for 2021 was $149 million higher than in the prior year, primarily due to higher sales and production levels, as well as strong operating performance and the benefit of margin expansion initiatives.

On April 26, 2021, the Company announced that its subsidiary, Paddock, had reached an agreement in principle to accept the terms of a mediator's proposal regarding a consensual plan of reorganization in Paddock's Chapter 11 bankruptcy case. The agreement in principle provides for total consideration of $610 million to fund a trust established under section 524(g) of the Bankruptcy Code on the effective date of a plan of reorganization, which is subject to definitive documentation and satisfaction of certain conditions. The Company recorded a charge of $154 million related to its potential liability under the Paddock support agreement during the first fiscal quarter of 2021 primarily related to an increase to Paddock's asbestos reserve estimate in consideration for the channeling injunction to be included in the Plan protecting O-I Glass and its affiliates from Asbestos Claims.

Net interest expense in 2021 decreased $49 million compared to 2020, primarily due to lower refinancing fees and charges and lower debt levels in 2021.

In 2021, the Company recorded net earnings from continuing operations attributable to the Company of $142 million, or $0.88 per share (diluted), compared to $249 million, or $1.57 per share (diluted), in 2020. As discussed below, earnings in both periods included items that management considers not representative of ongoing operations and other adjustments. These items decreased earnings from continuing operations attributable to the Company by $152 million, or $0.95 per share, in 2021 and increased earnings from continuing operations attributable to the Company by $55 million, or $0.35 per share, in 2020.

Results of Operations—Comparison of 2021 with 2020

Net Sales

The Company's net sales in 2021 were $6,357 million compared with $6,091 million in 2020, an increase of $266 million, or approximately 4%. Total glass container shipments, in tons, were up less than 1% in 2021 compared to the prior year and were impacted by the sale of the Company's ANZ businesses on July 31, 2020 and the sale of the Company's plant in Argentina in January 2021. The non-recurrence of the shipments related to these divestitures reduced net sales by approximately $305 million in 2021. Excluding the divested businesses, glass container shipments increased approximately 5%, increasing net sales by approximately $304 million, in 2021 compared to 2020, which was more significantly impacted by COVID-19. Higher selling prices increased net sales by $179 million in 2021. Favorable foreign currency exchange rates increased net sales by $99 million in 2021 compared to the prior year, primarily driven by the strengthening of the Euro and the Mexican peso compared to the U.S. dollar. Other sales were approximately $11 million lower in 2021 than in the prior year driven by lower machine parts sales to third parties.

The change in net sales of reportable segments can be summarized as follows (dollars in millions):

Net sales— 2020		$ 5,967
Price	$ 179	
Sales volume and mix	304	
Effects of changing foreign currency rates	99	

Divestitures	(305)	
Total effect on net sales		277
Net sales— 2021		$ 6,244

Americas: Net sales in the Americas in 2021 were $3,557 million compared to $3,322 million in 2020, an increase of $235 million, or approximately 7%. Higher selling prices in the region increased net sales by $160 million in 2021, driven by higher cost inflation especially in the second half of the year. Total glass container shipments in the region were up approximately 1% in 2021 compared to the prior year, which was more significantly impacted from COVID-19. Higher organic shipments (excluding the impacts from divestitures) increased net sales by approximately $77 million in 2021 and more than offset the impact of severe weather that affected the southern United States in February 2021, choppy demand patterns and mix management from lower margin categories given tight inventory conditions and ongoing supply chain challenges, which are expected to continue into 2022. The divestiture of a plant in Argentina reduced net sales by approximately $24 million in 2021. Excluding the divestiture, glass container shipments were up approximately 2% in 2021.

The favorable effects of foreign currency exchange rate changes increased net sales by $22 million in 2021 compared to 2020 as the Mexican peso strengthened in relation to the U.S. dollar.

Europe: Net sales in Europe in 2021 were $2,687 million compared to $2,364 million in 2020, an increase of $323 million, or approximately 14%. Glass container shipments in 2021 were up approximately 9%, increasing net sales by approximately $227 million, compared to 2020, driven by stronger shipments to wine and beer customers. Favorable foreign currency exchange rates increased the region's net sales by approximately $77 million in 2021 as the Euro strengthened in relation to the U.S. dollar. Higher selling prices in Europe increased net sales by $19 million in 2021.

Asia Pacific: Net sales in Asia Pacific in 2021 were $0 compared to $281 million in 2020, a decrease of $281 million, due to the sale of the ANZ businesses in the third quarter of 2020.

Earnings from Continuing Operations before Income Taxes and Segment Operating Profit

Earnings from continuing operations before income taxes were $332 million in 2021 compared to $353 million in 2020, a decrease of $21 million, or approximately 6%. This decrease was primarily due to the non-recurrence of the gain on the sale of the ANZ businesses in 2020, a higher Paddock-related charge in 2021 and higher retained corporate costs and other in 2021, partially offset by higher segment operating profit, higher gains on the sale of miscellaneous assets in 2021, a gain recorded on a Brazilian indirect tax credit in 2021, lower restructuring charges and lower interest expense than in 2020.

Segment operating profit of the reportable segments includes an allocation of some corporate expenses based on a percentage of sales and direct billings based on the costs of specific services provided. Unallocated corporate expenses and certain other expenses not directly related to the reportable segments' operations are included in Retained corporate costs and other. For further information, see Segment Information included in Note 2 to the Consolidated Financial Statements.

Segment operating profit of reportable segments in 2021 was $827 million, compared to $678 million in 2020, an increase of $149 million, or approximately 22%. This increase was primarily due to higher sales and production levels, strong operating performance and benefits from the Company's margin expansion initiatives in 2021.

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

Segment operating profit - 2020		$ 678
Net price (net of cost inflation)	$ (49)	
Sales volume	72	
Operating costs	134	
Effects of changing foreign currency exchange rates	8	
Divestitures	(16)	
Total net effect on segment operating profit		149
Segment operating profit - 2021		$ 827

Americas: Segment operating profit in the Americas in 2021 was $456 million compared to $395 million in 2020, an increase of $61 million, or 15%. The impact of higher organic sales discussed above increased segment operating profit by $21 million. Selling prices exceeded cost inflation resulting in a net $4 million increase to segment operating profit in 2021.

Operating costs in 2021 were $32 million lower than in the prior year, which improved segment operating profit. Included within these operating costs were benefits from the region's margin expansion initiatives and higher production volumes. The effects of foreign currency exchange rates increased segment operating profit by $1 million in the current year period. The divestiture of the region's plant in Argentina improved segment operating profit by approximately $3 million in 2021. Also, the region's closure of a plant in the second quarter of 2020 did not have a material impact on its profitability in 2021, and significant savings are not expected in future periods, but the closure is expected to avoid anticipated losses from this plant in the future. The outcome of this plant closure is in-line with management's expectations.

Included in the above discussion of the factors affecting the region's results, the Company estimates that segment operating profit in 2021 was negatively impacted by approximately $38 million from the severe weather that occurred in February of 2021, which includes surcharges for usage or excess usage of electricity and natural gas during the period of severe weather, as well as the estimated impacts of lost production downtime, lost sales and the cost of incremental repairs.

In December 2021, the Company entered into an agreement to sell its glass tableware business in Colombia. This agreement is expected to close during the first half of 2022, subject to customary regulatory approvals and other closing conditions. This divestiture is part of the Company's portfolio optimization program to divest non-core assets and decapitalize the business through several sale-leaseback transactions and redeploy the proceeds to help fund attractive growth opportunities, which primarily include capital expenditures related to expansion projects and investments in the Company's MAGMA innovation, as well as to reduce debt. Once completed, this divestiture is expected to reduce annual net sales in the Americas by approximately $65 million and reduce annual segment operating profit by approximately $17 million, both on a full year basis. The Company expects incremental net sales and segment operating profit to be generated by the expansion projects and MAGMA investments starting in 2023.

Europe: Segment operating profit in Europe in 2021 was $371 million compared to $264 million in 2020, an increase of $107 million, or 41%. The impact of higher shipments discussed above increased segment operating profit by $51 million. Higher production volumes and benefits from margin expansion initiatives and cost control measures reduced the region's operating costs and increased segment operating profit by approximately $102 million in 2021 compared to the prior year. Cost inflation exceeded selling prices and decreased segment operating profit by $53 million in 2021 compared to 2020. The effects of foreign currency exchange rates increased segment operating profit by $7 million in the current year period.

Asia Pacific: Segment operating profit in Asia Pacific in 2021 was $0 compared to $19 million in 2020, a decrease of $19 million, due to the sale of the ANZ businesses in the third quarter of 2020.

Interest Expense, Net

Net interest expense in 2021 was $216 million compared to $265 million in 2020. This decrease was primarily due to lower refinancing fees and charges and lower debt levels in 2021. Net interest expense in 2021 and 2020 included $13 million and $44 million, respectively, for note repurchase premiums, third-party fees and the write-off of deferred finance fees that related to debt that was repaid prior to its maturity.

Provision for Income Taxes

The Company's effective tax rate from operations for 2021 was 50.3% compared to 25.2% for 2020. The effective tax rate for 2021 differed from 2020 due to the charge related to the Paddock support agreement liability recorded without a tax benefit in 2021, the net increase of uncertain tax position reserves in 2021 and the non-recurrence of the gain on the sale of ANZ, which was recorded as non-taxable in 2020, as well as to a change in the mix of geographic earnings.

Net Earnings from Continuing Operations Attributable to the Company

For 2021, the Company recorded earnings from continuing operations attributable to the Company of $142 million, or $0.88 per share (diluted), compared to $249 million, or $1.57 per share (diluted), in 2020. Earnings in 2021 and 2020 included items that management considered not representative of ongoing operations and other adjustments as set forth in the following table (dollars in millions):

	Net Earnings Increase (Decrease)	
Description	**2021**	**2020**
Gain on sale of miscellaneous assets	$ 84	$
Brazil indirect tax credit	71	
Gain on sale of ANZ business		275
Restructuring, asset impairment and other charges	(35)	(142)
Charge related to Paddock support agreement liability	(154)	
Charge for deconsolidation of Paddock		(14)
Pension settlement charges	(74)	(26)
Strategic transaction costs		(8)
Note repurchase premiums, the write-off of unamortized finance fees and third-party fees	(13)	(44)
Net benefit (provision) for income tax on items above	(27)	13
Other tax charges	(5)	
Net impact of noncontrolling interests on items above	1	1
Total	$ (152)	$ 55

Foreign Currency Exchange Rates

Given the global nature of its operations, the Company is subject to fluctuations in foreign currency exchange rates. As described above, the Company's reported revenues and segment operating profit in 2021 were increased due to foreign currency effects compared to 2020.

This trend may not continue into 2022. During times of a strengthening U.S. dollar, the reported revenues and segment operating profit of the Company's international operations will be reduced because the local currencies will translate into fewer U.S. dollars. The Company uses certain derivative instruments to mitigate a portion of the risk associated with changing foreign currency exchange rates.

Forward Looking Operational and Financial Information

- The Company expects that full year 2022 sales shipment growth (in tons) to increase up to 1% compared to 2021. Likewise, the Company expects continued benefits from its initiatives to expand margins and higher selling prices that are expected to more than offset cost inflation.

- The Company will continue to focus on long-term value creation, including advancing the MAGMA deployment. Also, the Company expects to complete its strategic and tactical divestiture program with proceeds used to fund higher spending on capital expenditures and to reduce debt. Finally, the Company expects to complete the Paddock Chapter 11 reorganization and fund $610 million to the related 524(g) trust in 2022.

- Cash provided by continuing operating activities is expected to be at least $725 million in 2022. Capital expenditures in 2022 are expected to be approximately $600 million.

- The Company will continue to actively monitor the impact of the COVID-19 pandemic. The extent to which the Company's operations will be impacted by the pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact, among other things.

Operational and Financial Impacts due to Environmental Issues

Regulatory Impacts on the Business

As discussed in Item 1, Business, and Item 1A, Risk Factors, above, governments globally are increasingly implementing legislation, regulations and international accords regarding climate change. These include mandatory regulatory and legal requirements and voluntary initiatives in relation to climate change or other environmental matters with the intent to provide regulatory approaches to reducing greenhouse gas emissions. The Company's results of operations have been impacted by various regulatory approaches as described below.

For the year ending December 31, 2021, the European segment recognized approximately $22 million of expense related to emissions allowances to comply with the European Union Emissions Trading Scheme. In the Americas, the state of California in the U.S., the Canadian federal government and the province of Quebec have adopted cap-and-trade legislation aimed at reducing GHG emissions. As a result, the Americas segment recognized approximately $2 million of expense related to emissions credits to comply with various country, state/province, or municipality laws or regulations. New laws or regulations, significant changes in the amount of emissions allowances granted to the Company or the Company's manufacturing plants or significant fluctuations in the price or availability of these emissions credits could have a significant long-term impact on the Company's operations that are affected by such regulations and could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company has also been impacted by various fines or penalties as a result of noncompliance with various federal or local environmental statutes, including impacts to the Company's reputation as it focuses on its sustainability initiatives and targets. For example, in June 2021, the Oregon Department of Environmental Quality alleged that the Company's manufacturing facility in Portland, Oregon exceeded certain permitted air emission limits. To resolve this matter, in August 2021, the Company entered into an Order with Oregon DEQ and agreed to pay a civil penalty of less than $1 million. In addition, by June 30, 2022, the Company must either submit a permit application to install pollution control equipment, or cease operations, at the facility. The

estimated cost of the required pollution control equipment could be up to $10 million. The closure of this facility would likely result in a material charge for restructuring and asset impairments.

The Company has an approved emissions reduction target from Science Based Targets Initiative (SBTi), which provides an emissions-reduction pathway that aligns with certain carbon-reduction scenarios. The assumptions and estimates used to support the target and pathway are based on existing SBTi frameworks and assumptions, which likely will evolve and change, and on assumptions about the existing and future state of marketplaces and technology, which likely will evolve and change. Also, the Company monitors its operations in relation to climate-change risks and environmental impacts and has made, and may continue to make, significant expenditures for environmental improvements at certain of its facilities in recent years and in the future. The Company also generally seeks to invest in environmentally friendly and emissions-reducing projects, none of which have materially impacted the Company's results of operations or cash flows. However, the Company is unable to predict what private or governmental climate-change or environmental criteria or legal requirements may be adopted in the future, how public perception in relation to climate change and other ESG-related issues may change, or the impacts of those changes on its results of operations, access to and cost of capital or cash flows. Significant changes in regulations, criteria, public perception or legal requirements related to emissions reduction or fossil-fuel use could have a material impact on the Company's results.

Physical Effects and other Consequences of Climate-Change

The Company experiences a variety of impacts due to weather-related events, including severe weather, and events related to climate change, which may include extreme storms, flooding and wildfires, across its 70 manufacturing facilities in 19 different countries. For example, in February 2021, severe weather conditions swept across the southern United States, curtailing access to natural gas and electricity for several of the Company's facilities. While the situation was most acute in Texas, access to natural gas in Mexico was also significantly impacted as Texas supplies natural gas to the country. The Company estimates that segment operating profit in 2021 in the Americas was negatively impacted by approximately $38 million from the severe weather that occurred in February of 2021, which includes surcharges for usage or excess usage of electricity and natural gas during the period of severe weather, as well as the estimated impacts of higher energy costs, lost production downtime, lost sales, and the cost of incremental repairs. As of December 31, 2021, the Company is pursuing insurance reimbursement related to this event but cannot determine the amount, if any, that will be reimbursed.

In addition, there are indirect consequences of climate-related regulation or business trends that affect the Company's business. For example, a contributor to the Company's future success is likely to be its ability to improve its glass melting technology and introduce processes that emit less carbon. One of these new technologies, known as the MAGMA program, seeks to reduce the amount of capital required to install, rebuild and operate the Company's furnaces. It also is focused on the ability of these assets to be more easily turned on and off or adjusted based on seasonality and customer demand, utilize more recycled glass, produce lighter containers and use lower-carbon fuels. The Company is implementing its MAGMA program using a multi-generation development roadmap, which will include various deployment risks and will require the discovery of additional inventions through 2025. If the Company is unable to continue to improve its glass melting technology through research and development or licensing of new technology, including but not limited to MAGMA, the Company may not be able to remain competitive with other packaging manufacturers.

Items Excluded from Reportable Segment Totals

Retained Corporate Costs and Other

After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. Starting on August 1, 2020 and for the historical periods, the operating results of the other businesses that were historically included in the Asia Pacific segment and that have been retained by the Company have been reclassified to Retained corporate costs and other. The results of these entities were not significant for the years ending December 31, 2021 and 2020.

Retained corporate costs and other for 2021 were $171 million compared to $145 million in 2020. These costs were higher in 2021 primarily due to additional research and development expenses related to MAGMA, higher marketing expense for the Company's glass advocacy campaign and higher management incentive expense.

Gain on Sale of Miscellaneous Assets

In December 2021, the Company completed the sale of its Le Parfait brand in Europe and a previously closed plant in the Americas. As a result, the Company recorded pretax gains (including costs directly attributable to the sales) of approximately $84 million in 2021. These pretax gains were recorded to Other income (expense), net on the Consolidated Results of Operations.

Gain on Sale of the ANZ Businesses

On July 31, 2020, the Company completed the sale of its ANZ businesses, which comprised the majority of its businesses in the Asia Pacific region (approximately 85% of net sales in that region for the full year 2019), to Visy. As a result, the Company recorded a net gain (including costs directly attributable to the sale of ANZ) of approximately $275 million in 2020. This gain was recorded to Other income (expense), net on the Consolidated Results of Operations.

Brazil Indirect Tax Credit

In 2021, the Company recorded a $71 million gain based on a favorable court ruling in Brazil that will allow the Company to recover indirect taxes paid in previous years. This gain was recorded to Other income (expense), net on the Consolidated Results of Operations.

Pension Settlement Charges

In 2021, the Company settled a portion of its pension obligations and recorded approximately $74 million of pension settlement charges, in the United States, Canada and Mexico. In 2020, the Company settled a portion of its pension obligations and recorded approximately $26 million of pension settlement charges, primarily in Canada, Mexico and the United States.

Restructuring, Asset Impairment and Other Charges

During 2021, the Company implemented several discrete restructuring initiatives and recorded restructuring and other charges of $35 million. These charges reflect $28 million of employee costs, such as severance and benefit-related costs and other exit costs (including related consulting costs attributed to restructuring of managed services activities) at a number of the Company's businesses in the Americas and Europe. The Company expects that the majority of the remaining cash expenditures related to the accrued employee and other exit costs will be paid out over the next several years. These charges also reflect approximately $7 million of other charges.

During 2020, the Company recorded charges totaling $142 million for restructuring, asset impairment and other charges. These charges reflect $96 million of employee costs, such as severance, benefit-related costs, asset impairment and other exit costs primarily related to a reduction-in-force program for certain salaried employees and a plant closure in the Americas. The Company expects that the majority of the remaining cash expenditures related to the accrued employee and other exit costs will be paid out over the next several years. These charges also reflect approximately $46 million of other charges, which included approximately $36 million of non-cash impairment charges related to an equity investment (Retained corporate costs and other).

See Notes 6 and 10 to the Consolidated Financial Statements for further information.

Strategic Transaction Costs

During 2020, the Company recorded charges totaling $8 million for strategic transaction costs, which relate to activities that are aimed at exploring options to maximize investor value, focused on aligning the Company's business with demand trends, improving the Company's operating efficiency, cost structure and working capital management. These activities are ongoing and may result in tactical divestitures, corporate transactions or similar actions, and could cause the Company to incur restructuring, impairment, disposal or other related charges in future periods.

Charge for Paddock Support Agreement Liability

On April 26, 2021, the Company announced that its subsidiary, Paddock, had reached an agreement in principle to accept the terms of a mediator's proposal regarding a consensual plan of reorganization in Paddock's Chapter 11 bankruptcy case. The agreement in principle provides for total consideration of $610 million to fund a trust under section 524(g) of the Bankruptcy Code on the effective date of a plan of reorganization, which is subject to final definitive documentation and satisfaction of certain conditions. The Plan (as defined herein) was filed on January 12, 2022, and related proceedings remain ongoing. The Company has recorded a charge of $154 million related to its potential liability under the Paddock support agreement during the first quarter of 2021, primarily related to an increase to Paddock's asbestos reserve estimate in consideration for the channeling injunction to be included in the Plan protecting O-I Glass and its affiliates from Asbestos Claims.

See Note 15 to the Consolidated Financial Statements for further information.

Charge for Deconsolidation of Paddock

Following its Chapter 11 filing in January 2020, the activities of Paddock are now subject to review and oversight by the Bankruptcy Court. As a result, the Company no longer has exclusive control over Paddock's activities during the bankruptcy proceedings. Therefore, Paddock was deconsolidated as of the Petition Date, and its assets and liabilities, which primarily included $47 million of cash, the legacy asbestos-related liabilities, as well as certain other assets and liabilities, were derecognized from the Company's consolidated financial statements. Simultaneously, the Company recognized a liability related to the support agreement of $471 million, based on the accrual required under applicable accounting standards. Taken together, these transactions resulted in a loss of approximately $14 million, which was recorded as a charge in the first quarter of 2020.

See Note 15 to the Consolidated Financial Statements for further information.

Capital Resources and Liquidity

On June 25, 2019, certain of the Company's subsidiaries entered into a Senior Secured Credit Facility Agreement (as amended by that certain Amendment No. 1 to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement dated as of December 13, 2019, and as further amended by that certain Amendment No. 2 to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement dated as of December 19, 2019, the "Agreement"), which amended and restated the previous credit agreement (the "Previous Agreement"). The proceeds from the Agreement were used to repay all outstanding amounts under the Previous Agreement.

The Agreement provides for up to $3.0 billion of borrowings pursuant to term loans and revolving credit facilities. The term loans mature, and the revolving credit facilities terminate, in June 2024. At December 31, 2021, the Agreement includes a $300 million revolving credit facility, a $1.2 billion multicurrency revolving credit facility, and a $1.5 billion term loan A facility ($923 million outstanding balance at December 31, 2021, net of debt issuance costs). At December 31, 2021, the Company had unused credit of $1,490 million available under the Agreement. The weighted average interest rate on borrowings outstanding under the Agreement at December 31, 2021 was 1.61%.

The Agreement contains various covenants that restrict, among other things and subject to certain exceptions, the ability of the Company to incur certain indebtedness and liens, make certain investments, become liable under contingent obligations in certain defined instances only, make restricted payments, make certain asset sales within guidelines and limits, engage in certain affiliate transactions, participate in sale and leaseback financing arrangements, alter its fundamental business, and amend certain subordinated debt obligations.

The Agreement also contains one financial maintenance covenant, a Total Leverage Ratio (the "Leverage Ratio"), that requires the Company not to exceed a ratio of 4.5x calculated by dividing consolidated total debt, less cash and cash equivalents, by Consolidated EBITDA, as defined and described in the Agreement. The maximum Leverage Ratio is subject to an increase of 0.5x for (i) any fiscal quarter during which certain qualifying acquisitions (as specified in the Agreement) are consummated and (ii) the following three fiscal quarters, provided that the Leverage Ratio shall not exceed 5.0x. The Leverage Ratio could restrict the ability of the Company to undertake additional financing or acquisitions to the extent that such financing or acquisitions would cause the Leverage Ratio to exceed the specified maximum.

Failure to comply with these covenants and other customary restrictions could result in an event of default under the Agreement. In such an event, the Company could not request borrowings under the revolving facilities, and all amounts outstanding under the Agreement, together with accrued interest, could then be declared immediately due and payable. Upon the occurrence and for the duration of a payment event of default, an additional default interest rate equal to 2.0% per annum will apply to all overdue obligations under the Agreement. If an event of default occurs under the Agreement and the lenders cause all of the outstanding debt obligations under the Agreement to become due and payable, this would result in a default under the indentures governing the Company's outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. As of December 31, 2021, the Company was in compliance with all covenants and restrictions in the Agreement. In addition, the Company believes that it will remain in compliance and that its ability to borrow funds under the Agreement will not be adversely affected by the covenants and restrictions.

The Leverage Ratio also determines pricing under the Agreement. The interest rate on borrowings under the Agreement is, at the Company's option, the Base Rate or the Eurocurrency Rate, as defined in the Agreement, plus an applicable margin. The applicable margin is linked to the Leverage Ratio. The margins range from 1.00% to 1.50% for Eurocurrency Loans and from 0.00% to 0.50% for Base Rate Loans. In addition, a commitment fee is payable on the unused revolving credit facility commitments ranging from 0.20% to 0.30% per annum linked to the Leverage Ratio.

Obligations under the Agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company's domestic subsidiaries and certain foreign subsidiaries. Such obligations are also secured by a pledge of intercompany debt and equity investments in certain of the Company's domestic subsidiaries and, in the case of foreign obligations, of stock of certain foreign subsidiaries. All obligations under the Agreement are guaranteed by certain domestic subsidiaries of the Company, and certain foreign obligations under the Agreement are guaranteed by certain foreign subsidiaries of the Company.

In May 2020, the Company issued $700 million aggregate principal amount of senior notes. The senior notes bear interest at a rate of 6.625% per annum and mature on May 13, 2027. The senior notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $690 million and were used to redeem the remaining $130 million aggregate principal amount of the Company's outstanding 4.875% senior notes due 2021, approximately $419 million aggregate principal amount of the Company's outstanding 5.00% senior notes due 2022 and approximately $105 million of other secured borrowings. The Company recorded approximately $38 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to these redemptions.

In August 2020, the Company redeemed the remaining $81 million aggregate principal amount of the Company’s outstanding 5.00% senior notes due 2022. The Company recorded approximately $6 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to this redemption.

In November 2021, the Company issued $400 million aggregate principal amount of senior notes. The senior notes bear interest at a rate of 4.75% per annum and mature on February 15, 2030. The senior notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $395 million and, together with cash on hand, were used to redeem the $310 million aggregate principal amount of the Company's outstanding 4.00% senior notes due 2023 and approximately $128 million of term loan A borrowings under the Agreement. The Company recorded approximately $13 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to these redemptions.

In order to maintain a capital structure containing appropriate amounts of fixed and floating-rate debt, the Company has entered into a series of interest rate swap agreements. These interest rate swap agreements were accounted for as either fair value hedges or cash flow hedges (see Note 9 to the Consolidated Financial Statements for more information).

The Company assesses its capital raising and refinancing needs on an ongoing basis and may enter into additional credit facilities and seek to issue equity and/or debt securities in the domestic and international capital markets if market conditions are favorable. Also, depending on market conditions, the Company may elect to repurchase portions of its debt securities in the open market.

Material Cash Requirements

The Company's material cash requirements include the following:

- Cash payments for debt repayments totaling $4,791 million (including finance leases) and ranging from $14 million to $1,710 million on an annual basis over the next five years (see Note 14 to the Consolidated Financial Statements). Assuming interest rates as of December 31, 2021, interest payments to service outstanding debt totaling $753 million and ranging from $60 million to $187 million on an annual basis over the next five years.

- Cash payments totaling $610 million related to the Paddock support agreement liability funding requirements that are expected to be paid in the first half of 2022 (see Note 15 to the Consolidated Financial Statements). The Company intends to fund payment of the Paddock support agreement liability with long-term debt.

- Capital expenditures totaling $1,950 million over the next three years, including approximately $600 million in 2022, for property, plant and equipment as described below;

- Cash contributions to its pension plans totaling between $65 million and $100 million over the next three years, and cash contributions for other post retirement benefits totaling $50 million (see Note 11 to the Consolidated Financial Statements);

- Cash payments for operating leases totaling $128 million (including imputed interest) and ranging from $7 million to $42 million on an annual basis over the next five years (see Note 12 to the Consolidated Financial Statements);

- Cash payments toward restructuring activities (described below and see Note 10 to the Consolidated Financial Statements);

- Cash payments for purchases obligations that consist primarily of contracted amounts for energy and molds totaling approximately $2,341 million and ranging from $176 million to $599 million on an annual basis over the next five years. In cases where variable prices are involved, current market prices have been used to estimate these future purchases. The above amount does not include ordinary course of business purchase orders because the majority of such purchase orders may be canceled. The Company does not believe such purchase orders will adversely affect its liquidity position.

Cash Flows

Operating activities: Cash provided by continuing operating activities was $680 million for 2021, compared to $457 million for 2020. The increase in cash provided by operating activities in 2021 was primarily due to a lower use of cash from working capital and higher non-cash charges, which more than offset lower net earnings than in 2020. For 2021, the Company paid approximately $30 million toward restructuring activities compared to $37 million in the prior year. In both 2021 and 2020, all asbestos-related payments were stayed as a result of Paddock's Chapter 11 filing in early January 2020. See Note 15 to the Consolidated Financial Statements for additional information on Paddock.

During 2021, the Company contributed approximately $84 million to its defined benefit pension plans, compared with $103 million in 2020. As part of these contributions, the Company elected to make $43 million and $50 million in 2021 and 2020, respectively, in discretionary contributions. The Company expects to contribute between $65 million and $100 million to its pension plans from 2022 through 2024.

Working capital was a use of cash of $13 million in 2021, compared to a use of cash of $181 million in 2020. The use of cash from working capital was lower in 2021, primarily due to higher accounts payable and partially offset by higher accounts receivable. For 2021 and 2020, the Company's use of its accounts receivable factoring programs resulted in an increase of $45 million to cash from operating activities and a $103 million decrease to cash from operating activities, respectively. Excluding the impact of accounts receivable factoring, the Company's days sales outstanding as of December 31, 2021 were comparable to December 31, 2020.

Investing activities: Cash utilized in investing activities was $220 million for 2021, compared to $93 million of cash provided for 2020. Capital spending for property, plant and equipment increased to $398 million during 2021, compared to $311 million in 2020, which was lower due to the Company limiting capital expenditures in response to the COVID-19 pandemic. To accommodate expected future sales growth, the Company intends to increase its capital expenditures for property, plant and equipment to a total of approximately $1.95 billion during the three-year period beginning January 1, 2022 and ending December 31, 2024. This spending includes maintenance-related capital expenditures as well as approximately $680 million in capital expenditures to increase capacity in supply-constrained geographies and categories, including using the Company's MAGMA technology. Based on the Company's current investment plan, capital expenditures are expected to increase in 2022 to approximately $600 million.

In 2021, the Company received approximately $122 million from the sale of miscellaneous assets, which included the sale of its Le Parfait French jar brand, a previously closed plant in the Americas and its plant in Argentina. The Company intends to complete approximately $500 million of additional divestitures of non-core assets and several sale leaseback transactions in 2022. This will complete the Company's divestitures associated with its portfolio optimization program. The Company plans to use these proceeds to fund its increased capital expenditures and to reduce debt. On July 31, 2020, the Company completed the sale of its ANZ businesses to Visy. Cash proceeds, net of costs directly attributable to the sale of ANZ, of approximately $441 million were received in 2020 and the remaining balance of $58 million was received by the Company in the first quarter of 2021. In addition and as discussed below, the Company received proceeds in 2020 for a sale leaseback transaction executed in conjunction with the ANZ sale.

Following Paddock's Chapter 11 filing in January 2020, the activities of Paddock are now subject to review and oversight by the bankruptcy court. As a result, the Company no longer has exclusive control over Paddock's activities during the bankruptcy proceedings. Therefore, Paddock was deconsolidated, and its assets and liabilities were derecognized from the Company's financial statements, which resulted in an investing outflow of $47 million in 2020. See Note 15 to the Consolidated Financial Statements for more information.

Financing activities: Cash utilized in financing activities was $273 million for 2021, compared to $557 million of cash utilized in financing activities for 2020. Financing activities in 2021 included additions to long-term debt of $1,021 million, which included the issuance of $400 million of senior notes. Financing activities in 2021 also included the repayment of long-term debt of $1,188 million, which included the redemption of $310 million aggregate principal amount of the Company's outstanding 4.00% senior notes due 2023 and the repayment of approximately $145 million of term loan A borrowings under the Agreement. Financing activities in 2020 included additions to long-term debt of $1,845 million, which included the issuance of $700 million of senior notes. Financing activities in 2020 also included the repayment of long-term debt of $2,460 million, which included the paydown of approximately $410 million of the Term Loan A facility, the repurchase of the remaining €118 million aggregate principal amount of the Company's outstanding 4.875% senior notes due 2021, approximately $500 million aggregate principal amount of the Company's 5.00% senior notes due 2022 and approximately $230 million of other secured borrowings.

Borrowings under short-term loans decreased $17 million in 2021. As a result of financing activities, the Company paid finance fees and premiums of $16 million and $51 million for 2021 and 2020, respectively. Also, the Company paid approximately $15 million and $8 million related to hedging activity in 2021 and 2020, respectively.

In 2020, the Company received approximately $155 million in proceeds for a sale leaseback transaction that was executed in conjunction with the ANZ sale.

In February 2021, the Company's Board of Directors authorized a $150 million anti-dilutive share repurchase program for the Company's common stock that the Company intends to use to offset stock-based compensation provided to the Company's directors, officers, and employees. This authorization supersedes and replaces any prior repurchase authorizations. In 2021, the Company repurchased $40 million of shares of the Company's common stock under this program. No share repurchases were made during 2020. The Company intends to repurchase approximately $40 million of shares of the Company's common stock in 2022. The Company paid $8 million in dividends in 2020 and did not pay any dividends in 2021. In response to the COVID-19 pandemic, the Company suspended its dividend after the first quarter of 2020 and has no plans to reinstate it at this time.

The Company anticipates that cash flows from its operations and from utilization of credit available under the Agreement will be sufficient to fund its operating and seasonal working capital needs, debt service and other obligations on a short-term (12 months) and long-term basis. However, as the Company cannot predict the duration or scope of the COVID-19 pandemic and its impact on its customers and suppliers, the negative financial impact to the Company's results cannot be reasonably estimated, but could be material. The Company is actively managing its business to maintain cash flow, and it has significant liquidity. The Company believes that these factors will allow it to meet its anticipated funding requirements. On April 26, 2021, O-I announced that its subsidiary Paddock Enterprises, LLC had reached an agreement in principle to accept the terms of a mediator's proposal regarding a consensual plan of reorganization under the Bankruptcy Code. The agreement provides for total consideration of $610 million to fund a trust on the effective date of a plan of reorganization, which the Company expects to occur in the first half of 2022 (subject to definitive documentation and satisfaction of certain conditions). See Note 15 to the Consolidated Financial Statements for further information.

Critical Accounting Estimates

The Company’s analysis and discussion of its financial condition and results of operations are based upon its consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The Company evaluates these estimates and assumptions on an ongoing basis. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances at the time the financial statements are issued. The results of these estimates may form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources. Actual results, under conditions and circumstances different from those assumed, may differ from estimates.

The impact of, and any associated risks related to, estimates and assumptions are discussed within Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as in the Notes to the Consolidated Financial Statements, if applicable, where estimates and assumptions affect the Company's reported and expected financial results.

The Company believes that accounting for the impairment of long-lived assets, pension benefit plans, contingencies and litigation related to asbestos-related liability, and income taxes involves the more significant judgments and estimates used in the preparation of its consolidated financial statements.

Impairment of Long-Lived Assets

Property, Plant and Equipment (PP&E) - The Company tests for impairment of PP&E whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. PP&E held for use in the Company's business is grouped for impairment testing at the lowest level for which cash flows can reasonably be identified, typically a segment or a component of a segment. If an impairment indicator exists, the Company first evaluates the recoverability of PP&E based on undiscounted projected cash flows, excluding interest and taxes. If an asset group is considered impaired, the impairment loss to be recognized is measured as the amount by which the asset group's carrying amount exceeds its fair value. Historically, most of the Company's PP&E impairments have been due to restructuring activities that result in the closure of plant sites. In these cases, the asset group's carrying values are reduced to their fair values, which is their expected sale values of the real property less costs to sell.

Impairment testing on asset groups that are held for use requires estimation of projected future cash flows generated by the asset group. The assumptions underlying cash flow projections represent management's best estimates at the time of the impairment review. Factors that management must estimate include, among other things: industry and market conditions, sales volume and prices, production costs and inflation. Changes in key assumptions or actual conditions which differ from estimates could result in an impairment charge. The Company uses reasonable and supportable assumptions when performing impairment reviews and cannot predict the occurrence of future events and circumstances that could result in impairment charges.

Goodwill – Goodwill is tested for impairment annually as of October 1 (or more frequently if impairment indicators arise). When performing a quantitative test for goodwill impairment, the Company compares the business enterprise value ("BEV") of each reporting unit with its carrying value. The BEV is computed based on estimated future cash flows, discounted at the weighted average cost of capital of a hypothetical third-party buyer. If the BEV is less than the carrying value for any reporting unit, then any excess of the carrying value over the BEV is recorded as an impairment loss. The calculations of the BEV are based on internal and external inputs, such as projected future cash flows of the reporting units, discount rates, terminal business value, among other assumptions. The valuation approach utilized by management represents a Level 3 fair value measurement measured on a non-recurring basis in the fair value hierarchy due to the Company's use of unobservable inputs. The Company's projected future cash flows incorporate management's best estimates of the expected future results including, but not limited to, price trends, customer demand, material costs, asset replacement costs and any other known factors.

Goodwill is tested for impairment at the reporting unit level, which is the operating segment or one level below the operating segment, also known as a component. Two or more components of an operating segment shall be aggregated into a single reporting unit based on an assessment of various factors. The aggregation of the components of the Company's reporting units was based on their economic similarity as determined by the Company using a number of quantitative and qualitative factors, including gross margins, the manner in which the Company operates the business, the consistent nature of products, services, production processes, customers and methods of distribution, as well as the level of shared resources and assets between the components. The Americas reportable segment is comprised of two reporting units – North America and Latin America. The Company has determined that the Europe segment is also a reporting unit. Prior to 2020, the Company aggregated the components of the Asia Pacific segment, which had no goodwill, into a single reporting unit equal to the reportable segment. On July 31, 2020, the Company completed the sale of its ANZ businesses, which comprised the majority of its businesses in the Asia Pacific region (approximately 85% of net sales in that region for the full year 2019). After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment.

As part of its on going assessment of goodwill in 2019, the Company determined that indicators of impairment had occurred during the third quarter of 2019. The triggering events were management's update to its long-range plan, which indicated lower projected future cash flows for its North American reporting unit (in the Americas segment) as compared to the projections used in the most recent goodwill impairment test performed as of October 1, 2018, and a significant reduction in the Company's share price. As a result, the Company recorded a non-cash impairment charge of $595 million in the third quarter of 2019, which was equal to the excess of the North American reporting unit's carrying value over its fair value. Goodwill related to the Company's other reporting units was determined to not be impaired as a result of the 2019 interim impairment analysis.

The COVID-19 pandemic had an adverse impact on the Company's business during the second quarter of 2020, resulting in a significant decline in revenue and earnings, along with a decline in the Company's stock price and associated market capitalization. The Company determined that the impact of COVID-19 was a triggering event that required the Company to perform a quantitative interim goodwill impairment test in the second quarter of 2020. This interim test indicated that the BEV of each of the Company's reporting units exceeded its respective carrying amount in the second quarter of 2020; therefore, no goodwill impairment existed.

During the fourth quarter of 2021, the Company completed its annual impairment testing and determined that no impairment of goodwill existed. Goodwill at December 31, 2021 totaled approximately $1.84 billion, representing 21% of total assets. As of December 31, 2021, the Company has three reporting units and includes $865 million of recorded goodwill to the Company's Europe reporting unit, $446 million of recorded goodwill to the Company's North America reporting unit and $529 million of recorded goodwill to the Company's Latin America reporting unit. There can be no assurance that anticipated financial results will be achieved, and the goodwill balances remain susceptible to future impairment charges. The goodwill related to the North America reporting unit remains the reporting unit that has the greatest risk of future impairment charges given the difference (28%) between the BEV and carrying value of this reporting unit as of October 1, 2021. Future changes in the Company's cost of capital or expected cash flows may cause the Company's goodwill to become impaired, resulting in a non-cash charge against the Company's results of operations. For example, if the Company's assumed perpetuity growth rate, which would impact projected future cash flows, were one percentage point lower and the Company's assumed weighted average cost of capital were one percentage point higher, the testing performed as of October 1, 2021, would have indicated that the BEV of the Company's North American reporting unit would have exceeded its carrying value by less than 3%. The BEVs of the Company's Europe and Latin America reporting units more substantially exceeded their carrying values. Any impairment charges that the Company may take in the future could be material to its consolidated results of operations and financial condition.

During the time subsequent to the annual evaluation, and at December 31, 2021, the Company considered whether any events and/or changes in circumstances had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired and has determined that no such events have occurred. The Company will monitor conditions throughout 2022 that might significantly affect the projections and variables used in the impairment test to determine if a review prior to October 1 may be appropriate. If the results of impairment testing confirm that a write-down of goodwill is necessary, then the Company will record a charge at that time. In the event the Company would be required to record a significant write-down of goodwill, the charge would have a material adverse effect on reported results of operations and net worth.

Other Long-Lived Assets – Equity Investments - Equity method investments are reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, the Company evaluates the fair value compared to its cost basis in the investment. Management's assessment of fair value is based on projected future discounted cash flows. The assumptions underlying cash flow projections represent management's best estimates at the time of the impairment review. Factors that management must estimate for each equity investment include, among other things: industry and market conditions, sales volume and prices, production costs and inflation. Changes in key estimates or actual conditions that differ from estimates could result in an impairment charge. The Company uses reasonable and supportable assumptions when performing impairment reviews and cannot predict the occurrence of future events and circumstances that could result in impairment charges.

In the event the fair value of an investment declines below its cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. For example, in 2020 the Company evaluated the future estimated earnings and cash flow of one of its Non-U.S. equity investments (a glass container manufacturer reported in the Retained corporate costs and other category) and determined that it was other-than-temporarily impaired. As such, the Company recorded an impairment charge of approximately $36 million to the equity earnings line in its Consolidated Results of Operations to reduce its carrying value down to its estimated fair value. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than its cost basis; the financial condition and near-term prospects of the investment; and the Company's intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Other Long-Lived Assets - Intangibles – Other long-lived assets consist primarily of purchased customer relationships intangibles and are amortized using the accelerated amortization method over their estimated useful lives. The Company reviews these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In the event that a decline in fair value of an asset occurs, and the decline in value is considered to be other than temporary, an impairment loss is recognized. The test for impairment would require the Company to make estimates about fair value, which may be determined based on discounted cash flows, third-party appraisals or other methods that provide appropriate estimates of value. The Company continually monitors the carrying value of its assets.

Pension Benefit Plans

Estimates - The determination of pension obligations and the related pension expense or credits to operations involves certain estimations. The most critical estimates are the discount rate used to calculate the actuarial present value of benefit obligations and the expected long-term rate of return on plan assets. The Company uses discount rates based on yields of high quality fixed rate debt securities at the end of the year. At December 31, 2021, the weighted average discount rate was 2.86% and 2.53% for U.S. and non-U.S. plans, respectively. The Company uses an expected long-term rate of return on assets that is based on both past performance of the various plans' assets and estimated future performance of the assets. Due to the nature of the plans' assets and the volatility of debt and equity markets, actual returns may vary significantly from year to year. The Company refers to average historical returns over longer periods (up to 10 years) in determining its expected rates of return because short-term fluctuations in market values do not reflect the rates of return the Company expects to achieve based upon its long-term investing strategy. For purposes of determining pension charges and credits in 2021, the Company's estimated weighted average expected long-term rate of return on plan assets is 6.85% for U.S. plans and 5.46% for non-U.S. plans compared to 7.15% for U.S. plans and 5.23% for non-U.S. plans in 2020. The Company recorded pension expense from continuing operations (exclusive of settlement charges) of $32 million,

$32 million, and $25 million for the U.S. plans in 2021, 2020, and 2019, respectively, and less than $1 million, $6 million, and $7 million for the non-U.S. plans in 2021, 2020, and 2019, respectively. Depending on currency translation rates, the Company expects to record approximately $33 million of total pension expense for the full year of 2022. The 2022 pension expense will reflect a 5.75% and 4.21% expected long-term rate of return for the U.S. assets and non-U.S. assets, respectively.

Future effects on reported results of operations depend on economic conditions and investment performance. For example, a one-half percentage point change in the actuarial assumption regarding discount rates used to calculate plan liabilities or in the expected rate of return on plan assets would result in a change of approximately $6 million and $10 million, respectively, in the pretax pension expense for the full year of 2022.

Recognition of Funded Status - The Company recognizes the funded status of each pension benefit plan on the balance sheet. The funded status of each plan is measured as the difference between the fair value of plan assets and actuarially calculated benefit obligations as of the balance sheet date. Actuarial gains and losses are accumulated in Other Comprehensive Income, and the portion of each plan that exceeds 10% of the greater of that plan's assets or projected benefit obligation is amortized to income on a straight-line basis over the average remaining service period of employees still accruing benefits or the expected life of participants not accruing benefits if all, or almost all, of the plan's participants are no longer accruing benefits.

Contingencies and Litigation Related to Asbestos Liability

For many years, the Company has conducted an annual comprehensive legal review of its asbestos-related liabilities and costs in connection with finalizing and reporting its annual results of operations, unless significant changes in trends or new developments warrant an earlier review. As part of its annual comprehensive legal review for the year ended December 31, 2019, the Company provided historical claims filing data to a third-party consultant with expertise in predicting future claims filings based on actuarial inputs such as disease incidence and mortality. The Company used those estimates of total future claims, along with its legal judgment regarding an estimation of future disposition costs and related legal costs, as inputs to develop a reasonable estimate of probable liability.

Following the Corporate Modernization transactions, asbestos-related liabilities that were previously paid by O-I now reside at Paddock. On January 6, 2020, Paddock voluntarily filed for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware, to equitably and finally resolve all of its current and future Asbestos Claims (as defined herein). O-I Glass and O-I Group were not included in the Chapter 11 filing. Paddock's ultimate goal in its Chapter 11 case is to confirm a plan of reorganization under Section 524(g) of the Bankruptcy Code and utilize this specialized provision to establish a trust that will address all current and future Asbestos Claims. Although the Chapter 11 proceedings are progressing and Paddock, together with the other Plan Proponents (as defined herein) has now proposed the Plan, it is not possible to predict with certainty the final form of any ultimate resolution or when an ultimate resolution might occur at this time. The Company undertook the Corporate Modernization transactions to improve the Company's operating efficiency and cost structure, which resulted in the legacy liabilities of O-I residing within Paddock, separate from the active operations of the Company's subsidiaries, while fully maintaining Paddock's ability to access the value of those operations to support its legacy liabilities through the support agreement. The Corporate Modernization transactions also helped ensure that Paddock has the same ability to fund the costs of defending and resolving present and future Asbestos Claims as O-I previously did, through Paddock's retention of its own assets to satisfy these claims and through its access to additional funds from the Company through the support agreement. Although the Company has reached an agreement in principle as to the amount it will be required to fund on account of Asbestos Claims, and has now filed a consensual Plan reflecting that amount, due to the conditions that remain to be satisfied to consummate the Plan, the ultimate amount that the Company may be required to fund on account of such asbestos-related liabilities paid out in connection with a confirmed Chapter 11 plan of reorganization cannot be estimated with certainty at this time.

Income Taxes

The Company accounts for income taxes as required by general accounting principles under which management judgment is required in determining income tax expense/(benefit) and the related balance sheet amounts. This judgment includes estimating and analyzing historical and projected future operating results, the reversal of taxable and tax deductible temporary differences, tax planning strategies, and the ultimate outcome of uncertain income tax positions. Actual income taxes paid may vary from estimates, depending upon changes in income tax laws, actual results of operations, and the effective settlement of uncertain tax positions. The Company has received tax assessments in excess of established reserves for uncertain tax positions. The Company is contesting these tax assessments, and will continue to do so, including pursuing all available remedies such as appeals and litigation, if necessary.

The Company believes that adequate provisions for all income tax uncertainties have been made. However, if tax assessments are settled against the Company at amounts in excess of established reserves, it could have a material impact to the Company's results of operations, financial position or cash flows. Changes in the estimates and assumptions used for calculating income tax expense and potential differences in actual results from estimates could have a material impact on the Company's results of operations and financial condition.

Deferred tax assets and liabilities are recognized for the tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities measured using enacted tax rates and for tax attributes such as operating losses and tax credit carryforwards. Deferred tax assets and liabilities are determined separately for each tax jurisdiction on a separate or on a consolidated tax filing basis, as applicable, in which the Company conducts its operations or otherwise incurs taxable income or losses. A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets depends on the ability to generate sufficient taxable income of the appropriate character within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The Company considers the following possible sources of taxable income when assessing the realization of deferred tax assets:

- taxable income in prior carryback years;
- future reversals of existing taxable temporary differences;
- future taxable income exclusive of reversing temporary differences and carryforwards; and
- prudent and feasible tax planning strategies that the Company would be willing to undertake to prevent a deferred tax asset from otherwise expiring.

The assessment regarding whether a valuation allowance is required or whether a change in judgment regarding the valuation allowance has occurred also considers all available positive and negative evidence, including, but not limited to:

- nature, frequency, and severity of cumulative losses in recent years;
- duration of statutory carryforward and carryback periods;
- statutory limitations against utilization of tax attribute carryforwards against taxable income;
- historical experience with tax attributes expiring unused; and
- near- and medium-term financial outlook.

The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. Accordingly, it is generally difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. The Company uses the actual results for the last two years and current year results as the primary measure of cumulative losses in recent years.

The evaluation of deferred tax assets requires judgment in assessing the likely future tax consequences of events recognized in the financial statements or tax returns and future profitability. The recognition of deferred tax assets represents the Company's best estimate of those future events. Changes in the current estimates, due to unanticipated events or otherwise, could have a material effect on the Company's results of operations and financial condition.

In certain tax jurisdictions, the Company's analysis indicates that it has cumulative losses in recent years. This is considered significant negative evidence which is objective and verifiable and, therefore, difficult to overcome. However, the cumulative loss position is not solely determinative, and, accordingly, the Company considers all other available positive and negative evidence in its analysis. Based on its analysis, the Company has recorded a valuation allowance for the portion of deferred tax assets where based on the weight of available evidence it is unlikely to realize those deferred tax assets.

Based on the evidence available, including a lack of sustainable earnings, the Company in its judgment previously recorded a valuation allowance against substantially all of its net deferred tax assets in the United States. If a change in judgment regarding this valuation allowance were to occur in the future, the Company will record a potentially material deferred tax benefit, which could result in a favorable impact on the effective tax rate in that period. The utilization of tax attributes to offset taxable income reduces the amount of deferred tax assets subject to a valuation allowance.

The Company treats Global Intangible Low Taxed Income ("GILTI") as a period cost.

Corporate tax reform, anti-base-erosion rules and tax transparency continue to be high priorities in many jurisdictions. The potential for additional global tax legislation changes, such as restrictions on interest deductibility, deductibility of cross-jurisdictional payments, and limitations on the utilization of tax attributes could have a material adverse impact on net income and cash flow by impacting significant deductions or income inclusions.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to the Company's operations result primarily from fluctuations in foreign currency exchange rates, and changes in interest rates. To mitigate some of the near term volatility in the Company's earnings and cash flows, the Company manages certain of its exposures through the use of derivative instruments. These instruments carry varying degrees of counterparty credit risk. To mitigate this risk, the Company has defined a financial counterparty policy that established criteria to select qualified counterparties based on credit ratings and credit default spreads. The policy also limits the exposure with individual counterparties. The Company monitors these exposures quarterly. The Company does not enter into derivative financial instruments for trading purposes. A discussion of the Company's accounting policies for derivative financial instruments, as well as the Company's exposure to market risk, is included in Notes 1 and 9 to the Consolidated Financial Statements.

For purposes of disclosing the market risk inherent in its derivative financial instruments, the Company utilizes sensitivity analyses which assume no changes to factors other than foreign currency exchange rates and interest rates. The analyses do not reflect the complex market reactions that normally would arise from the market shifts modeled.

Foreign Currency Exchange Rate Risk

A substantial portion of the Company's operations are conducted by subsidiaries outside the U.S. The primary international markets served by the Company's subsidiaries are in Canada, China, Latin America (principally Brazil, Colombia, and Mexico), and Europe (principally France, Germany, Italy, the Netherlands, Poland, Spain, and the United Kingdom). In general, revenues earned and costs incurred by the Company's major international operations are denominated in their respective local currencies. Consequently, the Company's reported financial results have foreign currency exchange risk as a result of translation exposure. When the U.S. dollar strengthens against foreign currencies, the reported U.S. dollar value of local currency earnings generally decreases; when the U.S. dollar weakens against foreign currencies, the reported U.S. dollar value of local currency earnings generally increases. The Company has hedged a portion of the net investment in international subsidiaries against fluctuations in the European Euro through derivative financial instruments. The net fair value of these instruments was a net liability of approximately $14 million at December 31, 2021 and net liability of approximately $51 million at December 31, 2020.

In addition, because the Company's subsidiaries operate within their local economic environment, the Company believes it is appropriate to finance those operations with borrowings denominated in the local currency to the extent practicable where debt financing is desirable or necessary. This strategy mitigates the risk of reported losses or gains in the event the foreign currency strengthens or weakens against the U.S. dollar. Considerations which influence the amount of such borrowings include long- and short-term business plans, tax implications, and the availability of borrowings with acceptable interest rates and terms. However, the Company has certain variable-interest rate borrowings denominated in currencies other than the functional currency of the borrowing subsidiaries. As a result, the Company is exposed to fluctuations in the currency of the borrowing against the subsidiaries' functional currency. The Company uses derivatives to manage these exposures and designates these derivatives as cash flow hedges of foreign exchange risk. At December 31, 2021 and 2020, the net fair value of such swap contracts was a net liability of approximately $12 million and a net liability of approximately $109 million, respectively.

As of December 31, 2021, the potential change in fair value for such financial instruments from a change of 10% in the quoted foreign exchange rates would be approximately $95 million.

Interest Rate Risk

The Company's interest expense is most sensitive to changes in the general level of interest rates applicable to the term loans under its Agreement (see Note 14 to the Consolidated Financial

Statements for further information). The Company's interest rate risk management objective is to limit the impact of interest rate changes on net income and cash flow, while minimizing interest payments and expense. To achieve this objective, the Company regularly evaluates its mix of fixed and floating-rate debt and, from time-to-time, may enter into interest rate swap agreements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from (or payment of variable amounts to) a counterparty in exchange for the Company making (or receiving) fixed-rate payments. In 2020 and 2021, the Company has used interest rate swap agreements to effectively convert fixed-rate debt to variable-rate debt. At December 31, 2021 and 2020, the net fair value of such swap contracts was a net asset of approximately $2 million and approximately $17 million, respectively. As of December 31, 2021, based on the outstanding balances on the Company's variable-rate debt (including the effect of the swap contracts), a one percentage point change in interest rates would change the Company's annual net interest expense by $14 million.

The following table provides information about the Company's interest rate sensitivity related to its significant debt obligations, including interest rate swap agreements, at December 31, 2021. The table presents principal cash flows and related weighted-average interest rates by expected maturity date.

(Dollars in millions)	2022	2023	2024	2025	2026	Thereafter	Total	Fair Value at 12/31/2021
Long-term debt at variable rate:								
Principal by expected maturity	$ 9	$ 18	$1,330	$ 10	$ 10	$ 24	$1,401	$ 1,421
Avg. principal outstanding	$1,396	$1,382	$ 709	$ 39	$ 29	$ 24		
Avg. interest rate	2.36 %	2.38 %	2.38 %	1.71 %	1.84 %	1.70 %		
Long-term debt at fixed rate:								
Principal by expected maturity	$ 29	$ 723	$ 380	$1,160	$ 4	$ 1,094	$3,390	$ 3,544
Avg. principal outstanding	$3,375	$2,999	$2,447	$1,678	$1,095	$ 1,093		
Avg. interest rate	4.56 %	5.12 %	4.49 %	5.55 %	5.41 %	4.75 %		

The Company believes the near-term exposure to interest rate risk of its debt obligations has not changed materially since December 31, 2021.

Forward-Looking Statements

This document contains "forward-looking" statements related to the Company within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements reflect the Company's current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward-looking statements.

It is possible that the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to the following: (1) the risk that the Plan may not be approved by the bankruptcy court or that other conditions necessary to implement the agreement in principle may not be satisfied, (2) the actions and decisions of participants in the bankruptcy proceeding, and the actions and decisions of third parties, including regulators, that may have an interest in the bankruptcy proceedings, (3) the terms and conditions of any reorganization plan that may ultimately be approved by the bankruptcy court, (4) delays in the confirmation or consummation of a plan of reorganization, including the Plan, due to factors beyond the Company's and Paddock's control, (5) risks with respect to the receipt of the consents necessary to effect the reorganization, (6) risks inherent in, and potentially adverse developments related to, the bankruptcy proceeding, that could adversely affect the company and the company's liquidity or results of operations, (7) the impact of the COVID-19 pandemic and the various governmental, industry and consumer actions related thereto, (8) the Company's ability to obtain the benefits it anticipates from the Corporate Modernization, (9) the Company's ability to manage its cost structure, including its success in implementing restructuring or other plans aimed at improving the Company's operating efficiency and working capital management, achieving cost savings, and remaining well-positioned to address Paddock's legacy liabilities, (10) the Company's ability to acquire or divest businesses, acquire and expand plants, integrate operations of acquired businesses and achieve expected benefits from acquisitions, divestitures or expansions, (11) the Company's ability to achieve its strategic plan, (12) the Company's ability to improve its glass melting technology, known as the MAGMA program, (13) foreign currency fluctuations relative to the U.S. dollar, (14) changes in capital availability or cost, including interest rate fluctuations and the ability of the Company to refinance debt on favorable terms, (15) the general political, economic and competitive conditions in markets and countries where the Company has operations, including uncertainties related to economic and social conditions, disruptions in the supply chain, competitive pricing pressures, inflation or deflation, changes in tax rates and laws, natural disasters, and weather, (16) the Company's ability to generate sufficient future cash flows to ensure the Company's goodwill is not impaired, (17) consumer preferences for alternative forms of packaging, (18) cost and availability of raw materials, labor, energy and transportation, (19) consolidation among competitors and customers, (20) unanticipated expenditures with respect to data privacy, environmental, safety and health laws, (21) unanticipated operational disruptions, including higher capital spending, (22) the Company's ability to further develop its sales, marketing and product development capabilities, (23) the failure of the Company's joint venture partners to meet their obligations or commit additional capital to the joint venture, (24) the ability of the Company and the third parties on which it relies for information technology system support to prevent and detect security breaches related to cybersecurity and data privacy, (25) changes in U.S. trade policies, (26) risks related to recycling and recycled content laws and regulations, (27) risks related to climate-change and air emissions, including related laws or regulations and the other risk factors discussed in this this Annual Report.

It is not possible to foresee or identify all such factors. Any forward-looking statements in this document are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward-looking statements are not a guarantee of future performance and actual results, or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results or operations and financial condition, the Company does not assume any obligation to update or supplement any particular forward-looking statements contained in this document.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Share Owners and the Board of Directors of O-I Glass, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of O-I Glass, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of results of operations, comprehensive income (loss), share owners' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 9, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Valuation of Goodwill – North America Reporting Unit

Description of the Matter	As of December 31, 2021, the Company's goodwill balance associated with the North America reporting unit was $446 million. As discussed in Note 7 to the consolidated financial statements, goodwill is tested for impairment at least annually, or more frequently if impairment indicators arise. The outcome of the Company's annual goodwill impairment test indicated that no impairment existed. However, the goodwill related to the North America reporting unit was determined to be at risk for future impairment charges given the difference (28%) between the business enterprise value ("BEV") and the carrying value of this reporting unit. Auditing management's goodwill impairment test was complex and judgmental due to the significant estimation required to determine the BEV of the North America reporting unit. In particular, the BEV was sensitive to assumptions, such as estimated future cash flows of the reporting unit and changes in the weighted average cost of capital, which are affected by expectations about future market or economic conditions and the impact of planned business and operating strategies.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment review process, including controls over management's review of the assumptions and methodologies used in the calculation of the BEV of the North America reporting unit, as well as the Company's review of the completeness and accuracy of the data used in the Company's analysis. To test the estimated BEV of the Company's North America reporting unit, we performed audit procedures that included, among others, testing the underlying assumptions used in the Company's analysis, testing the completeness and accuracy of the underlying estimated future cash flows used by management and testing of the calculation of the BEV of the reporting unit. We compared the assumptions used by management to historical results. We assessed the historical accuracy of management's estimates and performed sensitivity analyses over certain assumptions used by management to evaluate the changes in the BEV of the North America reporting unit that would result from changes in those assumptions. In addition, we involved our valuation specialists to assist with our evaluation of the methodologies applied and assumptions used by management.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1987.

Toledo, Ohio
February 9, 2022

O-I Glass, Inc.

CONSOLIDATED RESULTS OF OPERATIONS

Dollars in millions, except per share amounts

Years ended December 31,	2021	2020	2019
Net sales	$ 6,357	$ 6,091	$ 6,691
Cost of goods sold	(5,266)	(5,119)	(5,483)
Gross profit	1,091	972	1,208
Selling and administrative expense	(433)	(403)	(439)
Research, development and engineering expense	(82)	(75)	(68)
Interest expense, net	(216)	(265)	(311)
Equity earnings	90	37	78
Other income (expense), net (incl. goodwill impairment)	(118)	87	(729)
Earnings (loss) from continuing operations before income taxes	332	353	(261)
Provision for income taxes	(167)	(89)	(118)
Earnings (loss) from continuing operations	165	264	(379)
Gain (loss) from discontinued operations	7		(3)
Net earnings (loss)	172	264	(382)
Net earnings attributable to noncontrolling interests	(23)	(15)	(18)
Net earnings (loss) attributable to the Company	$ 149	$ 249	$ (400)
Amounts attributable to the Company:			
Earnings (loss) from continuing operations	$ 142	$ 249	$ (397)
Gain (loss) from discontinued operations	7	—	(3)
Net earnings (loss)	$ 149	$ 249	$ (400)
Basic earnings per share:			
Earnings (loss) from continuing operations	$ 0.90	$ 1.59	$ (2.56)
Gain (loss) from discontinued operations	0.05	—	(0.02)
Net earnings (loss)	$ 0.95	$ 1.59	$ (2.58)
Diluted earnings per share:			
Earnings (loss) from continuing operations	$ 0.88	$ 1.57	$ (2.56)
Gain (loss) from discontinued operations	0.05	—	(0.02)
Net earnings (loss)	$ 0.93	$ 1.57	$ (2.58)
Dividends declared per common share	$ —	$ 0.05	$ 0.15

See accompanying Notes to the Consolidated Financial Statements.

O-I Glass, Inc.

CONSOLIDATED COMPREHENSIVE INCOME (LOSS)

Dollars in millions

Years ended December 31,	2021	2020	2019
Net earnings (loss)	$ 172	$ 264	$ (382)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(66)	(416)	58
Pension and other postretirement benefit adjustments, net of tax	322	33	45
Change in fair value of derivative instruments, net of tax	39	(46)	4
Other comprehensive income (loss)	295	(429)	107
Total comprehensive income (loss)	467	(165)	(275)
Comprehensive income attributable to noncontrolling interests	(18)	(15)	
Comprehensive income (loss) attributable to the Company	$ 449	$ (180)	$ (275)

See accompanying Notes to the Consolidated Financial Statements.

O-I Glass, Inc.

CONSOLIDATED BALANCE SHEETS

Dollars in millions

December 31,	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 725	$ 563
Trade receivables, net of allowances of $28 million and $33 million at December 31, 2021 and 2020, respectively	692	623
Inventories	816	841
Prepaid expenses and other current assets	237	270
Assets held for sale	49	
Total current assets	2,519	2,297
Other assets:		
Equity investments	643	673
Pension assets	150	67
Other assets	577	662
Intangibles, net	286	325
Goodwill	1,840	1,951
Total other assets	3,496	3,678
Property, plant and equipment:		
Land, at cost	237	248
Buildings and equipment, at cost:		
Buildings and building equipment	1,134	1,197
Factory machinery and equipment	5,112	5,285
Transportation, office and miscellaneous equipment	72	79
Construction in progress	300	211
	6,855	7,020
Less accumulated depreciation	4,038	4,113
Net property, plant and equipment	2,817	2,907
Total assets	$ 8,832	$ 8,882

See accompanying Notes to the Consolidated Financial Statements.

O-I Glass, Inc.

CONSOLIDATED BALANCE SHEETS (Continued)

Dollars in millions, except per share amounts

December 31,	2021	2020
Liabilities and Share Owners' Equity		
Current liabilities:		
Accounts payable	$ 1,210	$ 1,126
Salaries and wages	165	145
U.S. and foreign income taxes	41	22
Other accrued liabilities	345	408
Short-term loans	34	55
Long-term debt due within one year	38	142
Liabilities held for sale	13	
Total current liabilities	1,846	1,898
Long-term debt	4,753	4,945
Deferred taxes	102	109
Pension benefits	284	521
Nonpension postretirement benefits	106	113
Other liabilities	289	424
Paddock Support Agreement	625	471
Share owners' equity:		
Share owners' equity of the Company:		
Common stock, par value $.01 per share, 250,000,000 shares authorized, 187,752,045 and 189,305,018 shares issued (including treasury shares), respectively	2	2
Capital in excess of par value	3,090	3,129
Treasury stock, at cost, 31,396,951 and 31,911,047 shares, respectively	(701)	(714)
Retained earnings	301	152
Accumulated other comprehensive loss	(1,972)	(2,272)
Total share owners' equity of the Company	720	297
Noncontrolling interests	107	104
Total share owners' equity	827	401
Total liabilities and share owners' equity	$ 8,832	$ 8,882

See accompanying Notes to the Consolidated Financial Statements.

O-I Glass, Inc.

CONSOLIDATED SHARE OWNERS' EQUITY

Dollars in millions

	Share Owners' Equity of the Company						
	Common Stock	**Capital in Excess of Par Value**	**Treasury Stock**	**Retained Earnings (accumulated deficit)**	**Accumulated Other Comprehensive Loss**	**Non-Controlling Interests**	**Total Share Owners' Equity**
Balance on January 1, 2019	$ 2	3,124	(705)	333	(1,968)	114	900
Issuance of common stock (0.1 million shares)		2					2
Reissuance of common stock (0.4 million shares)		(6)	15				9
Treasury shares purchased (2.1 million shares)			(38)				(38)
Stock compensation (1.7 million shares)		10					10
Dividends declared (a)				(22)			(22)
Net earnings (loss)				(400)		18	(382)
Other comprehensive income (loss)					125	(18)	107
Distributions to noncontrolling interests						(17)	(17)
Other			(5)				(5)
Balance on December 31, 2019	2	3,130	(733)	(89)	(1,843)	97	564
Reissuance of common stock (0.9 million shares)		(12)	21				9
Stock compensation (0.9 million shares)		11					11
Dividends declared (b)				(8)			(8)
Net earnings				249		15	264
Other comprehensive loss					(429)		(429)
Distributions to noncontrolling interests						(8)	(8)
Other			(2)				(2)
Balance on December 31, 2020	2	3,129	(714)	152	(2,272)	104	401
Issuance of common stock (0.05 million shares)		1					1
Reissuance of common stock (0.7 million shares)		(6)	15				9
Shares repurchased (2.3 million shares)		(40)					(40)
Stock compensation (0.6 million shares)		8					8
Net earnings				149		23	172
Other comprehensive income (loss)					300	(5)	295
Distributions to noncontrolling interests						(16)	(16)
Other		(2)	(2)			1	(3)
Balance on December 31, 2021	$ 2	$ 3,090	$ (701)	$ 301	$ (1,972)	$ 107	$ 827

(a) The Company's Board of Directors declared a quarterly cash dividend of five cents per share of common stock in the second, third and fourth quarters of 2019.

(b) The Company's Board of Directors declared a quarterly cash dividend of five cents per share of common stock in the first quarter of 2020.

See accompanying Notes to the Consolidated Financial Statements.

O-I Glass, Inc.

CONSOLIDATED CASH FLOWS

Dollars in millions

Years ended December 31,	2021	2020	2019
Operating activities:			
Net earnings (loss)	$ 172	$ 264	$ (382)
Loss (gain) from discontinued operations	(7)		3
Non-cash charges (credits):			
Depreciation	356	369	390
Amortization of intangibles and other deferred items	93	99	109
Amortization of finance fees and debt discount	14	14	10
Deferred tax provision (benefit)	5	(5)	7
Pension expense	32	38	32
Restructuring, asset impairment and related charges	28	96	69
Charges for asbestos-related cost			35
Pension settlement charges	74	26	26
Goodwill impairment charge			595
Gain on sale of equity investment			(107)
Gain on sale of ANZ businesses		(275)	
Charge related to Paddock support agreement liability	154		
Brazil indirect tax credit	(71)		
Other asset impairments		36	22
Gain on sale of miscellaneous assets	(84)		
Pension contributions	(84)	(103)	(33)
Asbestos-related payments			(151)
Cash paid for restructuring activities	(30)	(37)	(54)
Change in components of working capital	(13)	(181)	(176)
Other, net	41	116	13
Cash provided by continuing operating activities	680	457	408
Cash provided by (utilized in) discontinued operating activities	7		(3)
Total cash provided by operating activities	687	457	405
Investing activities:			
Cash payments for property, plant and equipment	(398)	(311)	(426)
Acquisitions, net of cash acquired			(190)
Contributions and advances to joint ventures			(22)
Net cash proceeds on disposal of assets	122	10	197
Net cash proceeds on sale of ANZ businesses, net of transaction costs	58	441	
Deconsolidation of Paddock		(47)	
Other, net	(2)		4
Cash provided by (utilized in) investing activities	(220)	93	(437)
Financing activities:			
Additions to long-term debt	1,021	1,845	4,265
Repayments of long-term debt	(1,188)	(2,460)	(4,099)
Increase (decrease) in short-term loans	(17)	(15)	49
Payment of finance fees	(16)	(51)	(85)
Dividends paid		(8)	(31)
Net cash proceeds (payments) for hedging activity	(15)	(8)	28
Distributions paid to noncontrolling interests	(16)	(12)	(17)
Shares repurchased	(40)		(38)
Sale leaseback proceeds in conjunction with ANZ sale		155	
Issuance of common stock and other	(2)	(3)	(4)
Cash provided by (utilized in) financing activities	(273)	(557)	68
Effect of exchange rate fluctuations on cash	(29)	19	3
Increase in cash including cash classified within current assets held for sale	165	12	39
Less: decrease in cash classified within current assets held for sale	(3)		
Cash and cash equivalents at beginning of period	563	551	512
Cash and cash equivalents at end of period	$ 725	$ 563	$ 551

See accompanying Notes to the Consolidated Financial Statements.

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tabular data dollars in millions

1. Significant Accounting Policies

Basis of Consolidated Statements The consolidated financial statements of the Company (as defined below) include the accounts of its subsidiaries. Newly acquired subsidiaries have been included in the consolidated financial statements from dates of acquisition.

The Company uses the equity method of accounting for investments in which it has a significant influence and generally an ownership interest of 20% to 50%. The Company monitors other than temporary declines in fair value and records reductions in carrying values when appropriate.

Nature of Operations The Company is a leading manufacturer of glass container products. The Company's principal product lines are glass containers for the food and beverage industries. The Company has glass container operations located in 19 countries. The principal markets and operations for the Company's products are in the Americas and Europe.

The term "Company," as used herein and unless otherwise stated or indicated by context, refers to Owens-Illinois, Inc. ("O-I") prior to the Corporate Modernization (as defined below) and to O-I Glass, Inc. ("O-I Glass") after the Corporate Modernization.

On December 26 and 27, 2019, the Company implemented the Corporate Modernization pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of December 26, 2019, among O-I, O-I Glass and Paddock Enterprises, LLC ("Paddock").

The Corporate Modernization was conducted pursuant to Section 251(g) of the General Corporation Law of the State of Delaware, which permits the creation of a holding company through a merger with a direct or indirect wholly owned subsidiary of the constituent corporation without stockholder approval. The Corporate Modernization involved a series of transactions (together with certain related transactions, the "Corporate Modernization") pursuant to which (1) O-I formed a new holding company, O-I Glass, as a direct wholly owned subsidiary of O-I and a sister company to Owens-Illinois Group, Inc. ("O-I Group"), (2) O-I Glass formed a new Delaware limited liability company, Paddock, as a direct wholly owned subsidiary of O-I Glass, (3) O-I merged with and into Paddock, with Paddock continuing as the surviving entity and as a direct wholly owned subsidiary of O-I Glass (the "Merger") and (4) Paddock distributed 100% of the capital stock of O-I Group to O-I Glass, as a result of which O-I Group is a direct, wholly owned subsidiary of O-I Glass and sister company to Paddock.

Upon the effectiveness of the Merger, each share of O-I stock held immediately prior to the Merger automatically converted into a right to receive an equivalent corresponding share of O-I Glass stock, having the same designations, rights, powers and preferences, qualifications, limitations, and restrictions as the corresponding share of O-I stock being converted. Immediately after the Corporate Modernization, O-I Glass had, on a consolidated basis, the same assets, businesses and operations as O-I had immediately prior to the Corporate Modernization. After the Corporate Modernization, O-I's stockholders became stockholders of O-I Glass. The implementation of the Corporate Modernization was accounted for as a merger under common control.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of the Company to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, at which time the Company would revise its estimates accordingly.

Foreign Currency Translation The assets and liabilities of non-U.S. subsidiaries are translated into U.S. dollars at year-end exchange rates and their results of operations are converted on an ongoing basis at the

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

monthly average rate. Any related translation adjustments are recorded in accumulated other comprehensive income in share owners' equity.

Revenue Recognition Revenue is recognized at the point in time when obligations under the terms of the Company's contracts and related purchase orders with its customers are satisfied, which primarily takes place when products are shipped from the Company's manufacturing or warehousing facilities to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods, which includes estimated provisions for rebates, discounts, returns and allowances. Sales, value-added, and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

Shipping and Handling Costs Shipping and handling costs are included with cost of goods sold in the Consolidated Results of Operations.

Stock-Based Compensation The Company has various stock-based compensation plans consisting of performance and restricted share awards. Costs resulting from all share-based compensation plans are required to be recognized in the financial statements. A public entity is required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the required service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the required service.

Cash The Company defines "cash" as cash and time deposits with maturities of three months or less when purchased. Outstanding checks in excess of funds on deposit are included in accounts payable.

Accounts Receivable Receivables are stated at amounts estimated by management to be the net realizable value. The Company charges off accounts receivable when it becomes apparent based upon age or customer circumstances that amounts will not be collected.

Allowance for Doubtful Accounts The allowance for doubtful accounts is established through charges to the provision for bad debts. The Company evaluates the adequacy of the allowance for doubtful accounts on a periodic basis. The evaluation includes historical trends in collections and write-offs, information on current economic conditions and future forecasts and management's evaluation of business risk.

Inventory Valuation Inventories are valued at the lower of average costs or market.

Goodwill Goodwill represents the excess of cost over fair value of net assets of businesses acquired. Goodwill is evaluated annually, as of October 1, for impairment or more frequently if an impairment indicator exists, by comparing the estimated fair value of each reporting unit to its carrying value. If the carrying value exceeds the fair value, an impairment charge is recorded in the period of the evaluation based on that difference.

Intangible Assets and Other Long-Lived Assets Intangible assets are amortized over the expected useful life of the asset. Amortization expense directly attributed to the manufacturing of the Company's products is included in cost of goods sold. Amortization expense related to non-manufacturing activities is included in Selling and administrative expense and Other expense, net. The Company evaluates the recoverability of intangible assets and other long-lived assets based on undiscounted projected cash flows, excluding interest and taxes, when factors indicate that impairment may exist. If impairment exists, the asset is written down to fair value.

Property, Plant and Equipment Property, plant and equipment ("PP&E") is carried at cost and includes expenditures for new facilities and equipment and those costs which substantially increase the useful lives or capacity of existing PP&E. In general, depreciation is computed using the straight-line method and recorded over the estimated useful life of the asset. Factory machinery and equipment is depreciated over periods ranging from 5 to 25 years with the majority of such assets (principally glass-melting furnaces and forming machines) depreciated over 7 to 15 years. Buildings and building equipment are depreciated over periods ranging from 10 to 50 years. Depreciation expense directly attributed to the manufacturing of the Company's products is included in cost of goods sold. Depreciation expense related to non-manufacturing activities is included in Selling and administrative. Depreciation expense includes the amortization of assets recorded under financing leases. Maintenance and repairs are expensed as incurred. Costs assigned to PP&E of acquired businesses are based on estimated fair values at the date of acquisition. The Company evaluates the recoverability of PP&E based on undiscounted projected cash flows, excluding interest and taxes, when factors indicate that impairment may exist. If impairment exists, the asset is written down to fair value.

Derivative Instruments   The Company uses derivative instruments to manage risks generally associated with foreign exchange rate and interest rate volatility. Derivative financial instruments are included on the balance sheet at fair value. Changes in the fair value of derivative assets or liabilities (i.e., gains or losses) are recognized depending upon the type of hedging relationship and whether a hedge has been designated. For those derivative instruments that qualify for hedge accounting, the Company designates the hedging instrument, based upon the exposure being hedged, as a cash flow hedge, fair value hedge, or a hedge of a net investment in a foreign operation. For a derivative instrument designated as a fair value hedge, the gain or loss on the derivative is recognized in earnings immediately with the offsetting gain or loss on the hedged item. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of Accumulated other comprehensive loss and is subsequently recognized in earnings when the hedged exposure affects earnings. If there is an ineffective portion of the change in fair value of the derivative it is recognized directly in earnings. For a derivative instrument designated as a hedge of a net investment in a foreign operation, the effective portion of the derivative's gain or loss is reported in Accumulated other comprehensive loss as part of the cumulative translation adjustment, and amounts are reclassified out of accumulated other comprehensive loss into earnings when the hedged net investment is either sold or substantially liquidated. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognized immediately in current net earnings. The Company does not enter into derivative financial instruments for trading purposes and is not a party to leveraged derivatives. In the consolidated statement of cash flows, the settlement of derivative instruments designated as hedges is typically recorded in the category that is consistent with the nature of the underlying item being hedged. See Note 9 to the Consolidated Financial Statements for additional information about hedges and derivative financial instruments.

Fair Value Measurements Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Generally accepted accounting principles defines a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs for which there is little or no market data, which requires the Company to develop assumptions.

The carrying amounts reported for cash and short-term loans approximate fair value. In addition, carrying amounts approximate fair value for certain long-term debt obligations subject to frequently redetermined interest rates. Fair values for the Company's significant fixed rate debt obligations are generally based on published market quotations.

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

New Accounting Standards

Effects of Reference Rate Reform on Financial Reporting - In March 2020, the FASB issued ASU No. 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting,” which allows for elective contract modification guidance for contracts or other transactions that reference LIBOR or a reference rate that is expected to be discontinued as a result of reference rate reform. The Company adopted ASU No. 2020-04 effective July 1, 2020. The adoption of this ASU had no impact on the Company’s consolidated balance sheet, consolidated results of operations or consolidated cash flows. As of December 31, 2021, the only material portion of the Company’s debt that references LIBOR is its Senior Secured Credit Facility Agreement (see Note 14 for more information). The Agreement provides for a mechanism for the Company to transition to a new reference rate.

2. Segment Information

Historically, the Company had three reportable segments and three operating segments based on its geographic locations: the Americas, Europe and Asia Pacific. These three segments are aligned with the Company’s internal approach to managing, reporting, and evaluating performance of its global glass operations. On July 31, 2020, the Company completed the sale of its Australia and New Zealand (“ANZ”) businesses, which comprised the majority of its businesses in the Asia Pacific region (approximately 85% of net sales in that region for the full year 2019), to Visy Industries Holdings Pty Ltd. (“Visy”). After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. For the year ended December 31, 2020, the results for the Asia Pacific reportable segment reflect only seven months of the results of the ANZ businesses. For the year ended December 31, 2019, the results of the Asia Pacific segment have been recast to reflect only the results of its ANZ businesses. For all historical periods discussed in this report, the sales and operating results of the other businesses that historically comprised the Asia Pacific segment, and that have been retained by the Company, have been reclassified to Other sales and Retained corporate costs and other, respectively. For asset reporting purposes, only the assets related to the ANZ businesses have been reported in the Asia Pacific segment, while the other businesses that historically comprised this segment, and that have been retained by the Company, have been reclassified to the Retained corporate costs and other assets line for all periods presented.

Certain assets and activities not directly related to one of the regions or to glass manufacturing are reported with Retained corporate costs and other. These include licensing, equipment manufacturing, global engineering, certain equity investments and the remaining businesses in the Asia Pacific region that do not meet the criteria of an individually reportable segment after the sale of the ANZ businesses. Retained corporate costs and other also includes certain headquarters administrative and facilities costs and certain incentive compensation and other benefit plan costs that are global in nature and are not allocable to the reportable segments.

The Company’s measure of profit for its reportable segments is segment operating profit, which is a non-GAAP financial measure that consists of consolidated earnings from continuing operations before interest income, interest expense, and provision for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations and other adjustments, as well as certain retained corporate costs. The Company’s management uses segment operating profit, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources. Segment operating profit for reportable segments includes an allocation of some corporate expenses based on both a percentage of sales and direct billings based on the costs of specific services provided.

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

Financial information regarding the Company's reportable segments is as follows:

	2021	2020	2019
Net sales:			
Americas	$ 3,557	$ 3,322	$ 3,622
Europe	2,687	2,364	2,387
Asia Pacific		281	534
Reportable segment totals	6,244	5,967	6,543
Other	113	124	148
Net sales	$ 6,357	$ 6,091	$ 6,691

	2021	2020	2019
Segment operating profit:			
Americas	$ 456	$ 395	$ 495
Europe	371	264	317
Asia Pacific		19	44
Reportable segment totals	827	678	856
Items excluded from segment operating profit:			
Retained corporate costs and other charges	(171)	(145)	(112)
Gain on sale of miscellaneous assets	84		
Brazil indirect tax credit	71		
Gain on sale of ANZ businesses		275	
Charge for goodwill impairment			(595)
Charge for asbestos-related costs			(35)
Pension settlement charges	(74)	(26)	(26)
Restructuring, asset impairment and other	(35)	(142)	(114)
Charge for deconsolidation of Paddock		(14)	
Charge related to Paddock support agreement liability	(154)		
Strategic transaction and corp. modernization costs		(8)	(31)
Gain on sale of equity investment			107
Interest expense, net	(216)	(265)	(311)
Earnings (loss) from continuing operations before income taxes	$ 332	$ 353	$ (261)

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

	Americas	Europe	Asia Pacific	Reportable Segment Totals	Retained Corp Costs and Other	Consoli-dated Totals
Total assets:						
2021	$ 4,853	$ 3,513	$ —	$ 8,366	$ 466	$ 8,832
2020	4,927	3,507		8,434	448	8,882
2019	5,264	3,127	694	9,085	525	9,610
Equity investments:						
2021	$ 458	$ 121	$ —	$ 579	$ 64	$ 643
2020	492	120		612	61	673
2019	491	101		592	102	694
Equity earnings (losses):						
2021	$ 58	$ 28	$ —	$ 86	$ 4	$ 90
2020	51	23		74	(37)	37
2019	38	18		56	22	78
Capital expenditures:						
2021	$ 211	$ 180	$ —	$ 391	$ 7	$ 398
2020	146	138	20	304	7	311
2019	178	177	39	394	32	426
Depreciation and amortization expense:						
2021	$ 269	$ 154	$ —	$ 423	$ 26	$ 449
2020	270	146	28	444	24	468
2019	292	136	45	473	26	499

The Company’s tangible long-lived assets, including property, plant and equipment and operating lease right-of-use assets, by geographic region are as follows:

	U.S.	Non-U.S.	Total
2021	$ 740	$ 2,193	$ 2,933
2020	751	2,294	3,045
2019	778	2,698	3,476

The Company’s net sales by geographic region are as follows:

	U.S.	Non-U.S.	Total
2021	$ 1,806	$ 4,551	$ 6,357
2020	1,791	4,300	6,091
2019	1,914	4,777	6,691

Operations outside the U.S. that accounted for 10% or more of consolidated net sales from continuing operations were in France (2021-12%, 2020- 11%), Italy (2021-12%, 2020- 11%), and Mexico (2021-12%, 2020- 11%).

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

3. Revenue

Revenue is recognized at a point in time when obligations under the terms of the Company's contracts and related purchase orders with its customers are satisfied. This occurs with the transfer of control of glass containers, which primarily takes place when products are shipped from the Company's manufacturing or warehousing facilities to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods, which includes estimated provisions for rebates, discounts, returns and allowances. Sales, value-added, and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. The Company's payment terms are based on customary business practices and can vary by customer type. The term between invoicing and when payment is due is not significant. Also, the Company elected to account for shipping and handling costs as a fulfillment cost at the time of shipment.

For the years ended December 31, 2021 and 2020, the Company had no material bad debt expense and there were no material contract assets, contract liabilities or deferred contract costs recorded on the Consolidated Balance Sheet. For the years ended December 31, 2021, 2020 and 2019, revenue recognized from prior periods (for example, due to changes in transaction price) was not material.

Consistent with the disclosures in Note 2 related to the ANZ sale, Asia Pacific revenue for the year ended December 31, 2020 reflects only seven months of revenue from the ANZ businesses. For the year ended December 31, 2019, revenue of the Asia Pacific segment has been recast to reflect only the revenue of the ANZ businesses. The other businesses that comprised the Asia Pacific segment and that have been retained by the Company have been reclassified to the Other sales line.

The following table for the year ended December 31, 2021 disaggregates the Company's revenue by customer end use:

	Americas	Europe	Total
Alcoholic beverages (beer, wine, spirits)	$ 2,165	$ 1,976	$ 4,141
Food and other	830	487	1,317
Non-alcoholic beverages	562	224	786
Reportable segment totals	$ 3,557	$ 2,687	$ 6,244
Other			113
Net sales			$ 6,357

The following table for the year ended December 31, 2020 disaggregates the Company's revenue by customer end use:

	Americas	Europe	Asia Pacific	Total
Alcoholic beverages (beer, wine, spirits)	$ 2,008	$ 1,681	$ 217	$ 3,906
Food and other	823	481	38	1,342
Non-alcoholic beverages	491	202	26	719
Reportable segment totals	$ 3,322	$ 2,364	$ 281	$ 5,967
Other				124
Net sales				$ 6,091

Tabular data dollars in millions

The following table for the year ended December 31, 2019 disaggregates the Company's revenue by customer end use:

	Americas	Europe	Asia Pacific	Total
Alcoholic beverages (beer, wine, spirits)	$ 2,301	$ 1,715	$ 412	$ 4,428
Food and other	760	433	71	1,264
Non-alcoholic beverages	561	239	51	851
Reportable segment totals	$ 3,622	$ 2,387	$ 534	$ 6,543
Other				148
Net sales				$ 6,691

4. Credit Losses

The Company is exposed to credit losses primarily through its sales of glass containers to customers. The Company's trade receivables from customers are due within one year or less. The Company assesses each customer's ability to pay for the glass containers it sells to them by conducting a credit review. The credit review considers the expected billing exposure and timing for payment and the customer's established credit rating or the Company's assessment of the customer's creditworthiness, based on an analysis of their financial statements when a credit rating is not available. The Company also considers contract terms and conditions, country and political risk, and business strategy in its evaluation. A credit limit is established for each customer based on the outcome of this review. The Company may require collateralized asset support or a prepayment to mitigate credit risk. The Company monitors its ongoing credit exposure through the active review of customer balances against contract terms and due dates, including timely account reconciliation, dispute resolution and payment confirmation. The Company may employ collection agencies and legal counsel to pursue the recovery of defaulted receivables.

At December 31, 2021 and 2020, the Company reported $692 million and $623 million of accounts receivable, respectively, net of allowances of $28 million and $33 million, respectively. Changes in the allowance were not material for the years ended December 31, 2021 or 2020.

5. Inventories

Major classes of inventory are as follows:

	2021	2020
Finished goods	$ 659	$ 675
Raw materials	119	129
Operating supplies	38	37
	$ 816	$ 841

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

6. Equity Investments

At December 31, 2021, the Company's ownership percentage in affiliates include:

Affiliates	O-I Ownership Percentage	Business Type
Empresas Comegua S.A.	49.7 %	Glass container manufacturer
BJC O-I Glass Pte. Ltd.	50 %	Glass container manufacturer
CO Vidrieria SARL ("COV")	50 %	Glass container manufacturer
Rocky Mountain Bottle Company	50 %	Glass container manufacturer
Vetrerie Meridionali SpA ("VeMe")	50 %	Glass container manufacturer
Vetri Speciali SpA	50 %	Specialty glass manufacturer

Summarized information pertaining to the Company's equity affiliates follows:

	2021	2020	2019
Equity in earnings:			
Non-U.S.	$ 83	$ 29	$ 58
U.S.	7	8	20
Total	$ 90	$ 37	$ 78
Dividends received	$ 103	$ 58	$ 42

In 2020, the Company evaluated the future estimated earnings and cash flow of one of its Non-U.S. equity investments (a glass container manufacturer reported in the Retained corporate costs and other category) and determined that it was other-than-temporarily impaired. As such, the Company recorded an impairment charge of approximately $36 million to the equity earnings line in its Consolidated Results of Operations to reduce its carrying value down to its estimated fair value. Subsequent to the impairment charge, the remaining carrying value of this equity investment was $0. The Company classified the significant assumptions that were utilized in a discounted cash flow model to determine the fair value of the impaired assets as Level 3 in the fair value hierarchy as set forth in the general accounting principles for fair value measurements.

Summarized combined financial information for equity affiliates is as follows (unaudited):

	2021	2020
At end of year:		
Current assets	$ 557	$ 476
Non-current assets	1,317	1,317
Total assets	1,874	1,793
Current liabilities	386	330
Other liabilities and deferred items	195	183
Total liabilities and deferred items	581	513
Net assets	$ 1,293	$ 1,280

For the year:	2021	2020	2019
Net sales	$ 1,185	$ 927	$ 908
Gross profit	$ 305	$ 256	$ 232
Net earnings	$ 169	$ 141	$ 114

In December 2019, the Company sold its 25% equity interest in Tata Chemicals (Soda Ash) Partners.

O-I Glass, Inc.

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Tabular data dollars in millions

Based on an evaluation of each of the Company's equity investments for the three years ending December 31, 2021, no investments exceeded the significant subsidiary thresholds per Rule 3-09 of Regulation S-X. As such, separate financial statements for the Company's equity investments are not required to be filed with the Securities and Exchange Commission.

The Company made purchases of approximately $117 million and $111 million from equity affiliates in 2021 and 2020, respectively, and owed approximately $68 million and $82 million to equity affiliates as of December 31, 2021 and 2020, respectively.

7. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2021, 2020, and 2019 are as follows:

	Europe	Americas	Other	Total
Balance as of January 1, 2019	$ 874	$ 1,634	$ 5	$ 2,513
Acquisition (divestiture) related adjustments		21	(5)	16
Impairment		(595)		(595)
Translation effects	(15)	15		—
Balance as of December 31, 2019	859	1,075	—	1,934
Translation effects	74	(57)		17
Balance as of December 31, 2020	933	1,018		1,951
Divestiture related adjustments		(3)		(3)
Reclassified as held for sale		(18)		(18)
Translation effects	(67)	(23)		(90)
Balance as of December 31, 2021	$ 866	$ 974	$ —	$ 1,840

Goodwill is tested for impairment annually as of October 1 (or more frequently if impairment indicators arise) by comparing the business enterprise value ("BEV") of each reporting unit with its carrying value. The BEV is computed based on estimated future cash flows, discounted at the weighted average cost of capital of a hypothetical third-party buyer. If the BEV is less than the carrying value for any reporting unit, then any excess of the carrying value over the BEV will be recorded as an impairment loss. The calculations of the BEV of the Company's reporting units were determined based on valuation techniques using the best available information of significant unobservable inputs, primarily future cash flows of the reporting units, discount rates, terminal business values, and are classified as Level 3 in the fair value hierarchy.

During the fourth quarter of 2021, the Company completed its annual impairment testing and determined that no impairment existed.

There can be no assurance that anticipated financial results will be achieved and the goodwill balances remain susceptible to future impairment charges. The goodwill related to the North America reporting unit, which was $446 million and is included in the Americas segment above, was determined to have the greatest risk of future impairment charges given the difference (28%) between the BEV and carrying value of this reporting unit as of October 1, 2021. The BEVs of the Company's Europe and Latin America reporting units more substantially exceeded their carrying values as of October 1, 2021. If the Company's projected future cash flows were lower, or if the assumed weighted average cost of capital were higher, the testing performed in the fourth quarter of

2021 may have indicated an impairment of the goodwill related to one or more of the Company's reporting units.

Any impairment charges that the Company may take in the future could be material to its consolidated results of operations and financial condition.

During the time subsequent to the annual evaluation, and at December 31, 2021, the Company considered whether any events and/or changes in circumstances had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired and has determined that no such events have occurred.

During the third quarter of 2019, the Company determined that indicators of impairment had occurred which required the Company to perform a quantitative interim goodwill impairment test. The triggering events were management's update to its long-range plan, which indicated lower projected future cash flows for its North American reporting unit (in the Americas segment) and a significant reduction in the Company's share price. During 2019, the Company's business in North America experienced declining shipments to its alcoholic beverage customers, primarily in the beer category. As a result of the goodwill impairment test, the Company recorded a non-cash impairment charge of $595 million in the third quarter of 2019, which was equal to the excess of the North American reporting unit's carrying value over its fair value (BEV). Goodwill related to the Company's other reporting units was determined to not be impaired as a result of the interim impairment analysis in the third quarter of 2019. During the fourth quarter of 2019, the Company completed its annual impairment testing and determined that no impairment existed.

The acquisition-related adjustment in the Americas segment (Latin America reporting unit) in 2019 relates to the Nueva Fanal acquisition that the Company completed on June 28, 2019. See Note 21 for additional details.

Goodwill for the Americas segment is net of accumulated impairment losses of $595 million as of December 31, 2021 and 2020.

Intangible Assets

Customer list intangible assets are amortized using the accelerated amortization method over their 20 year lives. Net intangible asset values were $286 million and $325 million, which included accumulated amortization of $251 million and $216 million, for the years ended December 31, 2021 and 2020, respectively. Amortization expense for intangible assets was $34 million, $33 million and $41 million for the years ended December 31, 2021, 2020, and 2019, respectively. Estimated amortization related to intangible assets through 2026 is as follows: 2022, $30 million; 2023, $26 million; 2024, $25 million; 2025, $23 million; and 2026, $22 million. No impairment existed on these assets at December 31, 2021.

The Company has determined that the fair value measurements related to the customer list intangible assets are based on significant unobservable inputs and are classified as Level 3 in the fair value hierarchy.

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

8. Other Assets

Other assets (noncurrent) consist of the following at December 31, 2021 and 2020:

	2021	2020
Right of use lease assets	$ 116	$ 138
Deferred tax assets	152	178
Deferred returnable packaging costs	80	82
Repair part inventories	117	112
Capitalized software	49	59
Value added taxes	10	19
Other	53	74
	$ 577	$ 662

Capitalized software includes costs related to the acquisition and development of internal-use software. These costs are amortized over the estimated useful life of the software. Amortization expense for capitalized software was $11 million, $12 million and $13 million for 2021, 2020, and 2019, respectively. Estimated amortization related to capitalized software through 2026 is as follows: 2022, $9 million; 2023, $8 million; 2024, $8 million; 2025, $7 million; and 2026, $7 million.

9. Derivative Instruments

The Company has certain derivative assets and liabilities which consist of foreign exchange option and forward contracts, interest rate swaps and cross currency swaps. The valuation of these instruments is determined primarily using the income approach, including discounted cash flow analysis on the expected cash flows of each derivative. Foreign exchange rates and interest rates are the significant inputs into the valuation models. The Company also evaluates counterparty risk in determining fair values. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. These inputs are observable in active markets over the terms of the instruments the Company holds, and accordingly, the Company classifies its derivative assets and liabilities as Level 2 in the hierarchy.

Cash Flow Hedges of Foreign Exchange Risk

The Company has variable-interest rate borrowings denominated in currencies other than the functional currency of the borrowing subsidiaries. As a result, the Company is exposed to fluctuations in the currency of the borrowing against the subsidiaries' functional currency. The Company uses derivatives to manage these exposures and designates these derivatives as cash flow hedges of foreign exchange risk.

The Company terminated a portion of its cross-currency swaps, which resulted in net cash outflows of $15 million and $3 million for 2021 and 2020, respectively, as disclosed in the cash flows from financing activities section of the Consolidated Cash Flows. In 2019, the Company terminated a portion of its cross-currency swaps, which resulted in a $15 million cash inflow recognized in the cash flows from financing activities section of the Consolidated Cash Flows.

O-I Glass, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Tabular data dollars in millions

An unrecognized gain of $6 million and $9 million at December 31, 2021 and December 31, 2020, respectively, related to these cross-currency swaps, was included in Accumulated OCI, and will be reclassified into earnings within the next twelve months.

Fair Value Hedges of Foreign Exchange Risk

The Company has fixed interest rate borrowings denominated in currencies other than the functional currency of the borrowing subsidiaries. As a result, the Company is exposed to fluctuations in the currency of the borrowing against the subsidiaries' functional currency. The Company uses derivatives to manage these exposures and designates these derivatives as fair value hedges of foreign exchange risk. Approximately $4 million of the components were excluded from the assessment of effectiveness and are included in Accumulated OCI at December 31, 2021.

Interest Rate Swaps Designated as Fair Value Hedges

The Company enters into interest rate swaps in order to maintain a capital structure containing targeted amounts of fixed and floating-rate debt and manage interest rate risk. The Company's fixed-to-variable interest rate swaps are accounted for as fair value hedges. The relevant terms of the swap agreements match the corresponding terms of the notes and therefore there is no hedge ineffectiveness. The Company recorded the net of the fair market values of the swaps as a long-term liability and short-term asset along with a corresponding net decrease in the carrying value of the hedged debt.

During the second quarter of 2019, the Company terminated a portion of its interest rate swaps, which resulted in a $13 million cash inflow recognized in the Cash flows from financing activities section of the Consolidated Cash Flows.

Net Investment Hedges

The Company is exposed to fluctuations in foreign exchange rates on investments it holds in non-U.S. subsidiaries and uses cross currency swaps to partially hedge this exposure.

During the third quarter of 2020, the Company terminated a portion of its cross-currency swaps designated as net investment hedges, which resulted in a $5 million outflow recognized in the Cash flows from financing section of the Consolidated Cash Flows.

Foreign Exchange Derivative Contracts Not Designated as Hedging Instruments

The Company uses short-term forward exchange or option agreements to purchase foreign currencies at set rates in the future. These agreements are used to limit exposure to fluctuations in foreign currency exchange rates for significant planned purchases of fixed assets or commodities that are denominated in currencies other than the subsidiaries' functional currency. The Company also uses foreign exchange agreements to offset the foreign currency exchange rate risk for receivables and payables, including intercompany receivables, payables, and loans, not denominated in, or indexed to, their functional currencies.

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

Balance Sheet Classification

The following table shows the amount and classification (as noted above) of the Company's derivatives at December 31, 2021 and 2020:

	Fair Value of			
	Hedge Assets		Hedge Liabilities	
	2021	2020	2021	2020
Derivatives designated as hedging instruments:				
Interest rate swaps - fair value hedges (a)	$ 4	$ 17	$ 2	$ —
Cash flow hedges of foreign exchange risk (b)	2	6	23	115
Fair value hedges of foreign exchange risk (c)	9			
Net investment hedges (d)	3	1	17	52
Total derivatives accounted for as hedges	$ 18	$ 24	$ 42	$ 167
Derivatives not designated as hedges:				
Foreign exchange derivative contracts (e)	1	1	2	3
Total derivatives	$ 19	$ 25	$ 44	$ 170
Current	$ 14	$ 13	$ 2	$ 15
Noncurrent	5	12	42	155
Total derivatives	$ 19	$ 25	$ 44	$ 170

(a) The notional amounts of the interest rate swaps designated as fair value hedges were €725 million at December 31, 2021 and December 31, 2020. The maximum maturity dates were in 2024 at December 31, 2021 and December 31, 2020.

(b) The notional amounts of the cash flow hedges of foreign exchange risk were $422 million and $978 million at December 31, 2021 and December 31, 2020, respectively. The maximum maturity dates were in 2023 at December 31, 2021 and December 31, 2020.

(c) The notional amounts of the fair value hedges of foreign exchange risk were $400 million at December 31, 2021. The maximum maturity date was 2030 at December 31, 2021.

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

(e) The notional amounts of the foreign exchange derivative contracts were $202 million and $247 million and maximum maturity dates were 2022 and 2021 at December 31, 2021 and December 31, 2020, respectively.

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Tabular data dollars in millions

The effects of derivative instruments on the Company's Consolidated Statements of Results of Operations and Comprehensive Income (Loss) for OCI for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Gain (Loss) Recognized in OCI (Effective Portion)			Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) (1)		
Derivatives designated as hedging instruments:	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**
Cash Flow Hedges						
Cash flow hedges of foreign exchange risk (a)	$ 75	$ (99)	$ 28	$ 77	$ (115)	$ (30)
Cash flow hedges of interest rate risk (b)			(1)		(1)	
Net Investment Hedges						
Net Investment Hedges	40	(54)	10	3	4	(7)
	$ 115	$ (153)	$ 37	$ 80	$ (112)	$ (37)

	Amount of Gain (Loss) Recognized in Other income (expense), net		
Derivatives not designated as hedges:	**2021**	**2020**	**2019**
Foreign exchange derivative contracts	$ 4	$ 9	$ 10

(1) Gains and losses reclassified from accumulated OCI and recognized in income are recorded to (a) other expense, net or (b) interest expense, net.

10. Restructuring

The Company continually reviews its manufacturing footprint and operating cost structure and may decide to close operations or reduce headcount to gain efficiencies, integrate acquired operations, reduce future expenses and address other market factors. The Company incurs costs associated with these actions including employee severance and benefits, other exit costs such as those related to contract terminations, and asset impairment charges. The Company also may incur other costs related to closed facilities including environmental remediation, clean-up, dismantling and preparation for sale or other disposition.

The Company accounts for restructuring and other costs under applicable provisions of generally accepted accounting principles. Charges for employee severance and related benefits are generally accrued based on contractual arrangements with employees or their representatives. Other exit costs are accrued based on the estimated cost to settle related contractual arrangements. Estimated environmental remediation costs are accrued when specific claims have been received or are probable of being received.

The Company's decisions to curtail selected production capacity have resulted in write-downs of certain long-lived assets to the extent their carrying amounts exceeded fair value or fair value less cost to sell. The Company classified the significant assumptions used to determine the fair value of the impaired assets in the period that the measurement was taken as Level 3 (third-party appraisal) in the fair value hierarchy as set forth in the general accounting principles for fair value measurements. For the asset impairments recorded through December 31, 2021 and December 31, 2020, the remaining carrying value of the impaired assets was approximately $5 million and $1 million, respectively.

When a decision is made to take restructuring actions, the Company manages and accounts for them programmatically apart from the ongoing operations of the business. Information related to major programs is presented separately while minor initiatives are presented on a combined basis. As of December 31, 2021 and 2020, no major restructuring programs were in effect.

Tabular data dollars in millions

In 2021, the Company implemented several discrete restructuring initiatives and recorded restructuring and other charges of $28 million. These charges consisted of employee costs, such as severance and benefit-related costs, write-down of assets and other exit costs (including related consulting costs attributed to restructuring of managed services activities) at a number of the Company's businesses in the Americas and Europe. These restructuring charges were discrete actions and are expected to approximate the total cumulative costs for those actions as no significant additional costs are expected to be incurred. These charges were recorded to Other income (expense), net on the Consolidated Results of Operations. The Company expects that the majority of the remaining cash expenditures related to the accrued employee costs will be paid out over the next several years.

In 2020, the Company implemented several discrete restructuring initiatives and recorded restructuring and other charges of $96 million. These charges consisted of employee costs such as severance and benefit-related costs, write-down of assets and other exit costs primarily related to plant and furnace closures in the Americas and in Retained corporate costs and other, as well as a reduction-in-force program as part of its selling, general and administrative expense reduction initiative to help simplify the organization and improve decision making and execution. These restructuring charges were discrete actions and are expected to approximate the total cumulative costs for those actions as no significant additional costs are expected to be incurred. These charges were recorded to Other income (expense), net on the Consolidated Results of Operations.

The following table presents information related to restructuring, asset impairment and other costs related to closed facilities from January 1, 2020 through December 31, 2021:

	Employee Costs	Asset Impairment	Other Exit Costs	Total Restructuring
Balance at January 1, 2020	$ 32	$ —	$ 13	$ 45
Charges	40	46	10	96
Write-down of assets to net realizable value		(46)		(46)
Net cash paid, principally severance and related benefits	(34)		(3)	(37)
Other, including foreign exchange translation			(13)	(13)
Balance at December 31, 2020	$ 38	$ —	$ 7	$ 45
Charges	3	6	19	28
Write-down of assets to net realizable value		(6)		(6)
Net cash paid, principally severance and related benefits	(15)		(15)	(30)
Other, including foreign exchange translation	(6)			(6)
Balance at December 31, 2021	$ 20	$ —	$ 11	$ 31

11. Pension Benefit Plans and Other Postretirement Benefits

Pension Benefit Plans

The Company has defined benefit pension plans covering a substantial number of employees located in the United States and several other non-U.S. jurisdictions. Benefits generally are based on compensation for salaried employees and on length of service for hourly employees. The Company's policy is to fund pension plans such that sufficient assets will be available to meet future benefit requirements. The Company's defined benefit pension plans use a December 31 measurement date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

The changes in the pension benefit obligations for the year are as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Obligations at beginning of year	$ 1,590	$ 1,505	$ 1,127	$ 1,150
Change in benefit obligations:				
Service cost	13	11	12	13
Interest cost	40	50	21	26
Actuarial (gain) loss	(73)	134	(82)	67
Settlements	(252)	(24)	(8)	(63)
Acquisitions (Divestiture)				(56)
Participant contributions				1
Benefit payments	(76)	(86)	(53)	(51)
Other			1	6
Foreign currency translation			(28)	34
Net change in benefit obligations	(348)	85	(137)	(23)
Obligations at end of year	$ 1,242	$ 1,590	$ 990	$ 1,127

The actuarial (gain) loss for the Company's pension benefit obligations in 2021 and 2020 was primarily related to changes in market performance and changes in discount rates.

The changes in the fair value of the pension plans' assets for the year are as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Fair value at beginning of year	$ 1,324	$ 1,215	$ 929	$ 947
Change in fair value:				
Actual gain on plan assets	145	161	7	99
Benefit payments	(76)	(86)	(53)	(51)
Employer contributions	27	58	57	45
Participant contributions			1	1
Settlements	(252)	(24)	(8)	(63)
Acquisitions (Divestitures)				(71)
Foreign currency translation			(11)	23
Other			1	(1)
Net change in fair value of assets	(156)	109	(6)	(18)
Fair value at end of year	$ 1,168	$ 1,324	$ 923	$ 929

The Company recognizes the funded status of each pension benefit plan on the Consolidated Balance Sheet. The funded status of each plan is measured as the difference between the fair value of plan assets and actuarially calculated benefit obligations as of the balance sheet date. Actuarial gains and losses are accumulated in Accumulated Other Comprehensive Loss and the portion of each plan that exceeds 10% of the greater of that plan's assets or projected benefit obligation is amortized to income on a straight-line basis over the average remaining service period of employees still accruing benefits or the expected life of participants not accruing benefits if all, or almost all, of the plan's participants are no longer accruing benefits.

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The funded status of the pension plans at year end is as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Plan assets at fair value	$ 1,168	$ 1,324	$ 923	$ 929
Projected benefit obligations	1,242	1,590	990	1,127
Plan assets less than projected benefit obligations	(74)	(266)	(67)	(198)
Items not yet recognized in pension expense:				
Actuarial loss	437	708	259	323
Prior service cost			10	11
	437	708	269	334
Net amount recognized	$ 363	$ 442	$ 202	$ 136

The net amount recognized is included in the Consolidated Balance Sheets at December 31, 2021 and 2020 as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Pension assets	$ —	$ —	$ 150	$ 67
Current pension liability, included with other accrued liabilities	(1)	(2)	(6)	(8)
Pension benefits	(73)	(264)	(211)	(257)
Accumulated other comprehensive loss	437	708	269	334
Net amount recognized	$ 363	$ 442	$ 202	$ 136

The following changes in plan assets and benefit obligations were recognized in Accumulated Other Comprehensive Loss at December 31, 2021 and 2020 as follows (amounts are pretax):

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Current year actuarial (gain) loss	$ (136)	$ 57	$ (13)	$ 12
Amortization of actuarial loss	(62)	(56)	(43)	(12)
Settlement	(73)	(14)	(1)	(12)
Other			(1)	2
	(271)	(13)	(58)	(10)
Translation			(7)	12
Change in accumulated other comprehensive loss	$ (271)	$ (13)	$ (65)	$ 2

The accumulated benefit obligation for all defined benefit pension plans was $2,210 million and $2,692 million at December 31, 2021 and 2020, respectively.

Tabular data dollars in millions

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The components of the net pension expense for the year are as follows:

	U.S.			Non-U.S.		
	2021	2020	2019	2021	2020	2019
Service cost	$ 13	$ 11	$ 12	$ 12	$ 13	$ 12
Interest cost	40	50	58	21	26	33
Expected asset return	(82)	(85)	(86)	(46)	(45)	(48)
Amortization:						
Actuarial loss	61	56	41	13	12	10
Net expense	$ 32	$ 32	$ 25	$ —	$ 6	$ 7

In 2021, the Company settled a portion of its pension obligations in the U.S., Canada and Mexico, resulting in settlement charges of approximately $74 million. A retiree annuity contract purchase transaction with an issuer in the U.S. amounted to approximately $239 million and gave rise to the majority of the settlement transaction, with lump-sum payments directly to plan participants comprising the remainder. In 2020, the Company settled a portion of its pension obligations in the U.S., Canada and Mexico, resulting in settlement charges of $26 million. A retiree annuity contract purchase transaction with an insurer in Canada amounted to approximately $31 million and gave rise to the majority of the settlement transaction, with lump-sum payments directly to plan participants comprising the remainder. In 2019, the Company settled a portion of its pension obligations in the U.S., the United Kingdom and Mexico, resulting in settlement charges of $26 million.

The components of pension expense, other than the service cost component, as well as pension settlement charges are included in Other income (expense), net on the Consolidated Results of Operations.

The following information is for plans with projected and accumulated benefit obligations in excess of the fair value of plan assets at year end:

	Projected Benefit Obligation Exceeds the Fair Value of Plan Assets				Accumulated Benefit Obligation Exceeds the Fair Value of Plan Assets			
	U.S.		Non-U.S.		U.S.		Non-U.S.	
	2021	2020	2021	2020	2021	2020	2021	2020
Projected benefit obligations	$ 1,242	$ 1,590	$ 258	$ 331	$ 1,242	$ 1,590	$ 258	$ 331
Accumulated benefit obligation	1,242	1,590	240	309	1,242	1,590	240	309
Fair value of plan assets	1,168	1,324	42	67	1,168	1,324	42	67

The weighted average assumptions used to determine benefit obligations are as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Discount rate	2.86 %	2.61 %	2.53 %	1.92 %
Rate of compensation increase	N/A	N/A	3.18 %	2.80 %

The weighted average assumptions used to determine net periodic pension costs are as follows:

	U.S.			Non-U.S.		
	2021	2020	2019	2021	2020	2019
Discount rate	2.61 %	3.39 %	4.36 %	1.92 %	2.53 %	3.01 %
Rate of compensation increase	N/A	N/A	N/A %	2.80 %	2.86 %	2.76 %
Expected long-term rate of return on assets	6.85 %	7.15 %	7.25 %	5.46 %	5.23 %	5.50 %

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Future benefits are assumed to increase in a manner consistent with past experience of the plans, which, to the extent benefits are based on compensation, includes assumed salary increases as presented above.

For 2021, the Company's weighted average expected long-term rate of return on assets was 6.85% for the U.S. plans and 5.46% for the non-U.S. plans. In developing this assumption, the Company considered its historical 10-year average return (through December 31, 2021) and evaluated input from its third-party pension plan asset consultants, including their review of asset class return expectations.

It is the Company's policy to invest pension plan assets in a diversified portfolio consisting of an array of asset classes within established target asset allocation ranges. The investment risk of the assets is limited by appropriate diversification both within and between asset classes. Plan assets are primarily invested in a broad mix of domestic and international equities, domestic and international bonds, and real estate, subject to target asset allocation ranges, which may differ by individual plan. The assets are managed with a view to ensuring that sufficient liquidity will be available to meet expected cash flow requirements.

The investment valuation policy of the Company is to value investments at fair value. Equity securities for which market quotations are readily available are valued at the last reported sales price on their principal exchange on valuation date or official close for certain markets. Fixed income investments are valued by an independent pricing service. Investments in registered investment companies or collective pooled funds are valued at their respective net asset values. Short-term investments are stated at amortized cost, which approximates fair value. The fair value of real estate is determined by periodic appraisals.

The assets of the U.S. plans are maintained in a group trust. The U.S. plans hold no individual assets other than the investment in the group trust. The Company's U.S. pension plan assets held in the group trust are measured at net asset value in the fair value hierarchy. The total U.S. plan assets amounted to $1,168 million and $1,324 million as of December 31, 2021 and 2020, respectively. In 2021, the group trust assets consisted of approximately 37% equity securities, 60% debt securities, and 3% real estate and other.

In 2021, the non-U.S. plan assets consisted of approximately 5% equity securities, 68% debt securities, and 27% real estate and other. The following table sets forth by level, within the fair value hierarchy, the Company's non-U.S. pension plan assets at fair value as of December 31, 2021 and 2020:

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 43	$ —	$ —	$ 43	$ 31	$ —	$ —	$ 31
Equity securities				—				—
Debt securities	35	14		49	36	2		38
Other		24		24		26		26
Total	$ 78	$ 38	$ —		$ 67	$ 28	$ —	
Investments measured at net asset value				$807				$834
Total non-U.S. assets at fair value				$923				$929

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In order to maintain minimum funding requirements, the Company is required to make contributions to its defined benefit pension plans of approximately $25 million in 2022.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year(s)	U.S.	Non-U.S.
2022	$ 80	$ 42
2023	77	43
2024	75	44
2025	75	45
2026	74	47
2027-2031	355	255

The Company also sponsors several defined contribution plans for all salaried and hourly U.S. employees, and employees in Canada, the United Kingdom, and the Netherlands. Participants' contributions are based on their compensation. The Company matches contributions of participants, up to various limits, in substantially all plans. Company contributions to these plans amounted to $30 million in 2021, $34 million in 2020, and $33 million in 2019.

Postretirement Benefits Other Than Pensions

The Company provides retiree health care and life insurance benefits covering certain U.S. salaried and hourly employees, and substantially all employees in Canada. Benefits provided by the Company for hourly retirees are determined by collective bargaining. Employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service. The Company uses a December 31 measurement date to measure its postretirement benefit obligations.

The changes in the postretirement benefit obligations for the year are as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Obligations at beginning of year	$ 38	$ 72	$ 80	$ 71
Change in benefit obligations:				
Service cost			2	2
Interest cost	2	2	2	2
Actuarial (gain) loss	(4)	14	(6)	5
Benefit payments	(2)	(11)	(2)	(2)
Foreign currency translation				2
Other		(39)		
Net change in benefit obligations	(4)	(34)	(4)	9
Obligations at end of year	$ 34	$ 38	$ 76	$ 80

The actuarial (gain) loss for the Company's postretirement benefit obligations in 2021 and 2020 was primarily related to changes in discount rates.

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During 2020, the Company remeasured a portion of its post-retirement benefit obligation in the U.S. due to plan changes, which resulted in a reduction in the post-retirement benefit obligation of approximately $39 million.

The funded status of the postretirement benefit plans at year end is as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Postretirement benefit obligations	$ (34)	$ (38)	$ (76)	$ (80)
Items not yet recognized in net postretirement benefit cost:				
Actuarial gain (loss)	8	20		(7)
Prior service credit	(26)	(35)	(13)	
	(18)	(15)	(13)	(7)
Net amount recognized	$ (52)	$ (53)	$ (89)	$ (87)

The net amount recognized is included in the Consolidated Balance Sheets at December 31, 2021 and 2020 as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Current nonpension postretirement benefit, included with Other accrued liabilities	$ (2)	$ (2)	$ (2)	$ (3)
Nonpension postretirement benefits	(32)	(36)	(74)	(77)
Accumulated other comprehensive loss	(18)	(15)	(13)	(7)
Net amount recognized	$ (52)	$ (53)	$ (89)	$ (87)

The following changes in benefit obligations were recognized in Accumulated Other Comprehensive Loss at December 31, 2021 and 2020 as follows (amounts are pretax):

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Current year actuarial (gain) loss	$ (4)	$ 14	$ (6)	$ 5
Amortization of actuarial loss	(9)	(5)		
Amortization of prior service credit	9	12		
Other adjustments		(39)		
	$ (4)	$ (18)	$ (6)	$ 5

The components of the net postretirement benefit cost for the year are as follows:

	U.S.			Non-U.S.		
	2021	2020	2019	2021	2020	2019
Service cost	$ —	$ —	$ —	$ 2	$ 2	$ 1
Interest cost	2	2	4	2	2	3
Amortization:						
Actuarial (gain) loss	(9)	(11)	1			
Prior service credit	9	5	(8)		(1)	
Net amortization	—	(6)	(7)	—	(1)	—
Net postretirement benefit (income) cost	$ 2	$ (4)	$ (3)	$ 4	$ 3	$ 4

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Tabular data dollars in millions

Amortization included in net postretirement benefit cost is based on the average remaining service of employees. The weighted average discount rates used to determine the accumulated postretirement benefit obligation and net postretirement benefit cost are as follows:

	U.S.			Non-U.S.		
	2021	2020	2019	2021	2020	2019
Accumulated postretirement benefit obligation	2.76 %	2.48 %	3.31 %	2.95 %	2.55 %	3.00 %
Net postretirement benefit cost	2.48 %	3.31 %	4.30 %	2.55 %	3.00 %	3.60 %

The weighted average assumed health care cost trend rates at December 31 are as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Health care cost trend rate assumed for next year	6.40 %	6.60 %	5.00 %	5.00 %
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.00 %	5.00 %	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2029	2029	N/A	N/A

Amortization included in net postretirement benefit cost is based on the average remaining service of employees.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year(s)	U.S.	Non-U.S.
2022	$ 2	$ 3
2023	2	3
2024	2	3
2025	2	3
2026	2	3
2027 - 2031	9	16

Other U.S. hourly retirees receive health and life insurance benefits from a multi-employer trust established by collective bargaining. Payments to the trust as required by the bargaining agreements are based upon specified amounts per hour worked and were $5 million in 2021, $5 million in 2020 and $5 million in 2019. Postretirement health and life benefits for retirees of foreign subsidiaries are generally provided through the national health care programs of the countries in which the subsidiaries are located.

12. Leases

In the first quarter of 2019, the Company adopted ASC 842, Leases, and selected the modified retrospective transition as of the effective date of January 1, 2019 (the effective date method). Under the effective date method, financial results reported in periods prior to 2019 are unchanged.

The Company determines if an arrangement is a lease at inception. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are

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recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Company uses an estimated incremental borrowing rate at the lease commencement date to determine the present value of lease payments when the implicit rate is not readily determinable in the lease. The Company's incremental borrowing rate reflects a fully secured rate based on recent debt issuances, the credit rating of the Company, changes in currency and repayment timing of the lease, as well as publicly available data for instruments with similar characteristics when calculating incremental borrowing rates.

Certain lease agreements include terms with options to extend the lease, however none of these have been recognized in the Company's right-of-use assets or lease liabilities since those options were not reasonably certain to be exercised. Leases with a term of 12 months or less are not recorded on the balance sheet and lease expense for these leases is recognized on a straight-line basis over the lease term. The Company's lease agreements include lease payments that are largely fixed and do not contain material residual value guarantees or variable lease payments and no lease transactions with related parties. For the years ended December 31, 2021 and 2020, the Company's lease costs associated with leases with terms less than 12 months or variable lease costs were immaterial. Certain leases include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Company's leases do not contain restrictions or covenants that restrict the Company from incurring other financial obligations.

The Company leases warehouses, office buildings and equipment under both operating and finance lease arrangements. Information related to these leases is as follows:

	Year ended December 31, 2021	2020
Lease cost		
Finance lease cost:		
Amortization of right-of-use assets (included in Cost of goods sold and Selling and administrative expense)	$ 16	$ 7
Interest on lease liabilities (included in Interest expense, net)	3	2
Operating lease cost (included in Cost of goods sold and Selling and administrative expense)	52	75
Total lease cost	$ 71	$ 84

	Year ended December 31, 2021	2020
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 52	$ 75
Operating cash flows from finance leases	3	2
Financing cash flows from finance leases	16	7
Right-of-use assets obtained in exchange for new operating lease liabilities	33	42

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	December 31, 2021	December 31, 2020
Supplemental balance sheet information		
Operating leases:		
Operating lease right-of-use assets (included in Other assets)	$ 116	$ 138
Current operating lease liabilities (included in Other current liabilities)	38	45
Noncurrent operating lease liabilities (included in Other long-term liabilities)	78	93
Total operating lease liabilities	$ 116	$ 138
Finance leases:		
Property, plant and equipment	$ 155	$ 154
Accumulated amortization	(51)	(42)
Property, plant and equipment, net	104	112
Current finance lease liabilities (included in Long-term debt due within one year)	14	16
Noncurrent finance lease liabilities (included in Long-term debt)	84	92
Total finance lease liabilities	$ 98	$ 108
Weighted-average remaining lease term (in years):		
Operating leases	5.1	4.8
Finance leases	6.2	6.9
Weighted-average discount rate:		
Operating leases	3.61%	3.69%
Finance leases	2.58%	2.73%

Maturity of lease liabilities	**Operating leases**	**Finance leases**
2022	$ 42	$ 17
2023	29	17
2024	21	15
2025	12	15
2026	7	15
2027 and thereafter	17	28
Total lease payments	128	107
Less: imputed interest	(12)	(9)
Total lease obligations	$ 116	$ 98
Minimum payments related to leases not yet commenced as of December 31, 2021	$ —	$ 12

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

13. Income Taxes

The provision for income taxes was calculated based on the following components of earnings (loss) before income taxes:

Continuing operations	2021	2020	2019
U.S.	$ (295)	$ (85)	$ (535)
Non-U.S.	627	438	274
	$ 332	$ 353	$ (261)

Discontinued operations	2021	2020	2019
U.S.	$ —	$ —	$ —
Non-U.S.	7	—	(3)
	$ 7	$ —	$ (3)

The provision for income taxes consists of the following:

	2021	2020	2019
Current:			
U.S.	$ 12	$ 8	$ 12
Non-U.S.	150	86	99
	162	94	111
Deferred:			
U.S.	(1)	1	—
Non-U.S.	6	(6)	7
	5	(5)	7
Total:			
U.S.	11	9	12
Non-U.S.	156	80	106
Total for continuing operations	167	89	118
Total for discontinued operations	—	—	—
	$ 167	$ 89	$ 118

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A reconciliation of the provision for income taxes based on the statutory U.S. Federal tax rate of 21% to the provision for income taxes is as follows:

	2021	2020	2019
Tax provision on pretax earnings from continuing operations at statutory U.S. Federal tax rate	$ 70	$ 74	$ (55)
Increase (decrease) in provision for income taxes due to:			
Non-U.S. tax rates	31	34	14
Global intangible low taxed income and Foreign-derived intangible income, net of applicable GILTI credits	6	7	28
Goodwill and equity investment impairments		6	125
Tax impact of sale of ANZ business		(87)	
Tax law changes	(6)	(10)	
Tax impact of Brazil indirect tax ruling	(7)		
Change in valuation allowance	93	59	(31)
Tax attribute expiration	8	6	11
Withholding tax	12	12	16
Non-deductible expenses and taxable gains	24	14	8
Tax credits and incentives	(67)	(11)	(18)
Changes in tax reserves and audit settlements	10	2	20
Mexico inflationary adjustments	(6)		4
Equity earnings	(16)	(14)	(14)
Intercompany financing	10	12	(4)
Other taxes based on income	5	2	3
Other items		(17)	11
Provision for income taxes	$ 167	$ 89	$ 118

Deferred income taxes reflect: (1) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their relevant tax basis; and (2) carryovers and credits for income tax purposes.

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Significant components of the Company's deferred tax assets and liabilities at December 31, 2021 and 2020 are as follows:

	2021	2020
Deferred tax assets:		
Accrued postretirement benefits	$ 34	$ 35
Paddock-related liabilities	137	107
Foreign tax credit carryovers	161	130
Operating, capital loss and interest carryovers	255	276
Other credit carryovers	20	19
Accrued liabilities	54	55
Pension liabilities	19	85
Operating lease liabilities	28	33
Other	68	46
Total deferred tax assets	776	786
Deferred tax liabilities:		
Property, plant and equipment	114	112
Intangibles and deferred software	72	79
Operating lease right-of-use assets	28	33
Total deferred tax liabilities	214	224
Valuation allowance	(512)	(493)
Net deferred taxes	$ 50	$ 69

Deferred taxes are included in the Consolidated Balance Sheets at December 31, 2021 and 2020 as follows:

	2021	2020
Other assets	$ 152	$ 178
Deferred taxes	(102)	(109)
Net deferred taxes	$ 50	$ 69

The deferred tax expense associated with the increase in the valuation allowance of $19 million was primarily allocated $86 million to income from continuing operations due to the primacy of continuing operations, changes in tax law and movements in non-U.S. currencies, and ($67) million to other comprehensive income.

Deferred tax assets and liabilities are determined separately for each tax jurisdiction on a separate or on a consolidated tax filing basis, as applicable, in which the Company conducts its operations or otherwise incurs taxable income or losses. A valuation allowance is recorded when it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. The realization of deferred tax assets depends on the ability to generate sufficient taxable income of the appropriate character within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The Company considers the following possible sources of taxable income when assessing the realization of deferred tax assets:

- taxable income in prior carryback years;
- future reversals of existing taxable temporary differences;
- future taxable income exclusive of reversing temporary differences and carryforwards; and

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- prudent and feasible tax planning strategies that the Company would be willing to undertake to prevent a deferred tax asset from otherwise expiring.

The assessment regarding whether a valuation allowance is required or whether a change in judgment regarding the valuation allowance has occurred also considers all available positive and negative evidence, including but not limited to:

- nature, frequency, and severity of cumulative losses in recent years;
- duration of statutory carryforward and carryback periods;
- statutory limitations against utilization of tax attribute carryforwards against taxable income;
- historical experience with tax attributes expiring unused; and
- near- and medium-term financial outlook.

The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. Accordingly, it is generally difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. The Company uses the actual results for the last two years and current year results as the primary measure of cumulative losses in recent years.

The evaluation of deferred tax assets requires judgment in assessing the likely future tax consequences of events recognized in the financial statements or tax returns and future profitability. The recognition of deferred tax assets represents the Company's best estimate of those future events. Changes in the current estimates, due to unanticipated events or otherwise, could have a material effect on the Company's results of operations and financial condition.

In certain tax jurisdictions, the Company's analysis indicates that it has cumulative losses in recent years. This is considered significant negative evidence which is objective and verifiable and, therefore, difficult to overcome. However, the cumulative loss position is not solely determinative and, accordingly, the Company considers all other available positive and negative evidence in its analysis. Based on its analysis, the Company has recorded a valuation allowance for the portion of deferred tax assets where based on the weight of available evidence it is unlikely to realize those deferred tax assets.

Based on the evidence available including a lack of sustainable earnings, the Company in its judgment previously recorded a valuation allowance against substantially all of its net deferred tax assets in the United States. If a change in judgment regarding this valuation allowance were to occur in the future, the Company will record a potentially material deferred tax benefit, which could result in a favorable impact on the effective tax rate in that period. In addition, based on available evidence and the weighting of factors discussed above, the Company has valuation allowances on certain deferred tax assets in certain international tax jurisdictions.

At December 31, 2021, before valuation allowance, the Company had unused foreign tax credits of $161 million including $85 million expiring in 2022 through 2031 and $76 million that can be carried over indefinitely. Approximately $157 million of the deferred tax assets related to operating, capital loss and interest carryforwards can be carried over indefinitely. The remaining operating, capital loss and interest carryforwards of $98 million

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Tabular data dollars in millions

expire between 2022 and 2041. Other credit carryforwards include approximately $19 million of research tax credits expiring from 2022 to 2040.

Since a majority of the pre-2018 non-U.S. earnings (net of losses) were substantially taxed under the U.S. Tax Cuts and Jobs Act, distributions of those net earnings no longer attract significant U.S. income taxes except for any associated currency gains. Therefore, the Company does not assert that these net earnings (to the extent of foreign distributable reserves) and any associated gross book-tax basis differences, if any, are indefinitely reinvested. For all remaining gross book-tax basis differences in its non-U.S. consolidated subsidiaries, the Company maintains its assertion that it intends these to be indefinitely reinvested. The Company also records deferred foreign taxes on gross book-tax basis differences to the extent of foreign distributable reserves for certain foreign subsidiaries. Determining the amount of unrecognized deferred tax liability related to any remaining undistributed foreign earnings is not practicable.

The Company records a liability for unrecognized tax benefits related to uncertain tax positions. The Company accrues interest and penalties associated with unrecognized tax benefits as a component of its income tax expense.

The following is a reconciliation of the Company's total gross unrecognized tax benefits for the years ended December 31, 2021, 2020, and 2019:

	2021	2020	2019
Balance at January 1	$ 93	$ 99	$ 87
Additions and reductions for tax positions of prior years	3	(20)	16
Additions based on tax positions related to the current year	3	11	12
Reductions due to the lapse of the applicable statute of limitations			
Reductions due to settlements			(16)
Foreign currency translation	(4)	3	
Balance at December 31	$ 95	$ 93	$ 99
Unrecognized tax benefits, which if recognized, would impact the Company's effective income tax rate	$ 75	$ 80	$ 86
Accrued interest and penalties at December 31	$ 16	$ 14	$ 11
Interest and penalties included in tax expense for the years ended December 31	$ 2	$ 3	$ 1

Based upon the outcome of tax examinations, judicial proceedings, or expiration of statute of limitations, it is reasonably possible that the ultimate resolution of these unrecognized tax benefits may result in a payment that is materially different from the current estimate of the tax liabilities. The Company believes that it is reasonably possible that the estimated liability could decrease up to approximately $70 million within the next 12 months. This is primarily the result of anticipated audit settlements or statute expirations in several taxing jurisdictions.

The Company is currently under income tax examination in various tax jurisdictions in which it operates, including Brazil, Canada, Colombia, France, Indonesia, Mexico and Peru. The years under examination range from 2004 through 2020. The Company has received tax assessments in excess of established reserves. The Company is contesting these tax assessments, and will continue to do so, including pursuing all available remedies such as appeals and litigation, if necessary.

The Company believes that adequate provisions for all income tax uncertainties have been made. However, if tax assessments are settled against the Company at amounts in excess of established reserves, it could have a material impact to the Company's consolidated results of operations, financial position or cash flows. During 2021, the Company concluded income tax audits in several jurisdictions, including Bolivia, Germany, Indonesia, and Italy.

Tabular data dollars in millions

14. Debt

The following table summarizes the long-term debt of the Company at December 31, 2021 and 2020:

	2021	2020
Secured Credit Agreement:		
Revolving Credit Facility:		
Revolving Loans	$ —	$ —
Term Loans:		
Term Loan A	923	1,067
Other secured debt		99
Senior Notes:		
4.00%, due 2023		307
5.875%, due 2023	695	692
3.125%, due 2024 (€725 million)	826	914
6.375%, due 2025	297	296
5.375%, due 2025	298	298
2.875%, due 2025 (€500 million)	561	607
6.625%, due 2027	693	692
4.75% due 2030	395	
Finance leases	98	108
Other	5	7
Total long-term debt	4,791	5,087
Less amounts due within one year	38	142
Long-term debt	$ 4,753	$ 4,945

The Company presents debt issuance costs in the Consolidated Balance Sheet as a deduction of the carrying amount of the related debt liability.

On June 25, 2019, certain of the Company's subsidiaries entered into a Senior Secured Credit Facility Agreement (as amended by that certain Amendment No. 1 to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement dated as of December 13, 2019, and as further amended by that certain Amendment No. 2 to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement dated as of December 19, 2019, the "Agreement"), which amended and restated the previous credit agreement (the "Previous Agreement"). The proceeds from the Agreement were used to repay all outstanding amounts under the Previous Agreement.

The Agreement provides for up to $3.0 billion of borrowings pursuant to term loans and revolving credit facilities. The term loans mature, and the revolving credit facilities terminate, in June 2024. At December 31, 2021, the Agreement includes a $300 million revolving credit facility, a $1.2 billion multicurrency revolving credit facility, and a $1.5 billion term loan A facility ($923 million outstanding balance at December 31, 2021, net of debt issuance costs). At December 31, 2021, the Company had unused credit of $1,490 million available under the Agreement. The weighted average interest rate on borrowings outstanding under the Agreement at December 31, 2021 was 1.61%.

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The Agreement contains various covenants that restrict, among other things and subject to certain exceptions, the ability of the Company to incur certain indebtedness and liens, make certain investments, become liable under contingent obligations in certain defined instances only, make restricted payments, make certain asset sales within guidelines and limits, engage in certain affiliate transactions, participate in sale and leaseback financing arrangements, alter its fundamental business, and amend certain subordinated debt obligations.

The Agreement also contains one financial maintenance covenant, a Total Leverage Ratio (the “Leverage Ratio”), that requires the Company not to exceed a ratio of 4.5x calculated by dividing consolidated total debt, less cash and cash equivalents, by Consolidated EBITDA, as defined and described in the Agreement. The maximum Leverage Ratio is subject to an increase of 0.5x for (i) any fiscal quarter during which certain qualifying acquisitions (as specified in the Agreement) are consummated and (ii) the following three fiscal quarters, provided that the Leverage Ratio shall not exceed 5.0x. The Leverage Ratio could restrict the ability of the Company to undertake additional financing or acquisitions to the extent that such financing or acquisitions would cause the Leverage Ratio to exceed the specified maximum.

Failure to comply with these covenants and other customary restrictions could result in an event of default under the Agreement. In such an event, the Company could not request borrowings under the revolving facilities, and all amounts outstanding under the Agreement, together with accrued interest, could then be declared immediately due and payable. Upon the occurrence and for the duration of a payment event of default, an additional default interest rate equal to 2.0% per annum will apply to all overdue obligations under the Agreement. If an event of default occurs under the Agreement and the lenders cause all of the outstanding debt obligations under the Agreement to become due and payable, this would result in a default under the indentures governing the Company’s outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. As of December 31, 2021, the Company was in compliance with all covenants and restrictions in the Agreement. In addition, the Company believes that it will remain in compliance and that its ability to borrow funds under the Agreement will not be adversely affected by the covenants and restrictions.

The Leverage Ratio also determines pricing under the Agreement. The interest rate on borrowings under the Agreement is, at the Company’s option, the Base Rate or the Eurocurrency Rate, as defined in the Agreement, plus an applicable margin. The applicable margin is linked to the Leverage Ratio. The margins range from 1.00% to 1.50% for Eurocurrency Loans and from 0.00% to 0.50% for Base Rate Loans. In addition, a commitment fee is payable on the unused revolving credit facility commitments ranging from 0.20% to 0.30% per annum linked to the Leverage Ratio.

Obligations under the Agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company’s domestic subsidiaries and certain foreign subsidiaries. Such obligations are also secured by a pledge of intercompany debt and equity investments in certain of the Company’s domestic subsidiaries and, in the case of foreign obligations, of stock of certain foreign subsidiaries. All obligations under the Agreement are guaranteed by certain domestic subsidiaries of the Company, and certain foreign obligations under the Agreement are guaranteed by certain foreign subsidiaries of the Company.

In May 2020, the Company issued $700 million aggregate principal amount of senior notes. The senior notes bear interest at a rate of 6.625% per annum and mature on May 13, 2027. The senior notes were issued via a private placement and are guaranteed by certain of the Company’s domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $690 million and were used to redeem the remaining $130 million aggregate principal amount of the

Company’s outstanding 4.875% senior notes due 2021, approximately $419 million aggregate principal amount of the Company’s outstanding 5.00% senior notes due 2022 and approximately $105 million of other secured borrowings. The Company recorded approximately $38 million of

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additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to these redemptions.

In August 2020, the Company redeemed the remaining $81 million aggregate principal amount of the Company's outstanding 5.00% senior notes due 2022. The Company recorded approximately $6 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to this redemption.

In November 2021, the Company issued $400 million aggregate principal amount of senior notes. The senior notes bear interest at a rate of 4.75% per annum and mature on February 15, 2030. The senior notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $395 million and, together with cash on hand, were used to redeem the $310 million aggregate principal amount of the Company's outstanding 4.00% senior notes due 2023 and approximately $128 million of term loan A borrowings under the Agreement. The Company recorded approximately $13 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to these redemptions.

In order to maintain a capital structure containing appropriate amounts of fixed and floating-rate debt, the Company has entered into a series of interest rate swap agreements. These interest rate swap agreements were accounted for as either fair value hedges or cash flow hedges (see Note 9 for more information).

The Company assesses its capital raising and refinancing needs on an ongoing basis and may enter into additional credit facilities and seek to issue equity and/or debt securities in the domestic and international capital markets if market conditions are favorable. Also, depending on market conditions, the Company may elect to repurchase portions of its debt securities in the open market.

Annual maturities for all of the Company's long-term debt through 2027 and thereafter are as follows: 2022, $38 million; 2023, $741 million; 2024, $1,710 million; 2025, $1,170 million; 2026, $14 million; and 2027 and thereafter, $1,118 million.

The carrying amounts reported for certain long-term debt obligations subject to frequently redetermined interest rates approximate fair value. Fair values for the Company's significant fixed rate debt obligations are based on published market quotations and are classified as Level 1 in the fair value hierarchy. Fair values at December 31, 2021, of the Company's significant fixed rate debt obligations are as follows:

	Principal Amount	Indicated Market Price	Fair Value
Senior Notes:			
5.875%, due 2023	$ 700	$ 104.99	$ 735
3.125%, due 2024 (€725 million)	821	102.97	845
6.375%, due 2025	300	108.07	324
5.375%, due 2025	300	104.39	313
2.875%, due 2025 (€500 million)	566	101.11	572
6.625%, due 2027	700	105.97	742
4.750% due 2030	400	101.53	406

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15. Contingencies

Asbestos

From 1948 to 1958, one of the Company's former business units commercially produced and sold approximately $40 million of a high-temperature, calcium-silicate based pipe and block insulation material containing asbestos. The Company sold its insulation business unit in April 1958. The Company historically received claims from individuals alleging bodily injury and death as a result of exposure to asbestos from this product ("Asbestos Claims"). Some Asbestos Claims were brought as personal injury lawsuits that typically allege various theories of liability, including negligence, gross negligence and strict liability and seek compensatory and, in some cases, punitive damages.

Predominantly, however, Asbestos Claims were historically presented to the Company under administrative claims-handling agreements, which the Company had in place with many plaintiffs' counsel throughout the country ("Administrative Claims"). Administrative Claims required evaluation and negotiation regarding whether particular claimants qualify under the criteria established by the related claims-handling agreements. The criteria for Administrative Claims included verification of a compensable illness and a reasonable probability of exposure to a product manufactured by the Company's former business unit during its manufacturing period ending in 1958. Plaintiffs' counsel presented, and the Company negotiated, Administrative Claims under these various agreements in differing quantities, at different times, and under a variety of conditions.

On December 26 and 27, 2019, the Company implemented the Corporate Modernization, whereby O-I Glass became the new parent entity with Owens-Illinois Group, Inc. ("O-I Group") and Paddock Enterprises LLC ("Paddock") as direct, wholly owned subsidiaries, with Paddock as the successor-by-merger to O-I. The Company's legacy asbestos-related liabilities remained within Paddock, with the Company's glass-making operations remaining under O-I Group. As part of the Corporate Modernization transactions, O-I Glass entered into a support agreement with Paddock that requires O-I Glass to provide funding to Paddock for all permitted uses, subject to the terms of the support agreement. The key objectives of the Paddock support agreement are to ensure that Paddock has the ability to fund the costs and expenses of managing the Chapter 11 process, and ultimately settle Asbestos Claims through the establishment of a trust as described below and fund certain other liabilities.

On January 6, 2020 (the "Petition Date"), Paddock voluntarily filed for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") to equitably and finally resolve all of its current and future Asbestos Claims (as defined herein). O-I Glass and O-I Group were not included in the Chapter 11 filing. As a result of the initiation of the Chapter 11 proceeding, Paddock continues to operate in the ordinary course and with court protection from Asbestos Claims by operation of the automatic stay in Paddock's Chapter 11 filing, which stays ongoing litigation and submission of claims against Paddock outside the Bankruptcy Court as of the Petition Date and defers the payment of Paddock's outstanding obligations on account of settled or otherwise determined lawsuits and claims. The bankruptcy process is expected to provide a centralized forum to resolve presently pending and anticipated future lawsuits and claims associated with asbestos. Paddock's ultimate goal in its Chapter 11 case is to confirm a plan of reorganization under section 524(g) of the Bankruptcy Code and utilize this specialized provision to establish a trust that will address all current and future Asbestos Claims and that, in exchange for funding of the trust by the Company and/or its subsidiaries, will provide permanent injunctive relief, protecting the Company, each of its current and former affiliates and certain other related parties (the “Company Protected Parties”) from any Asbestos Claims based on products manufactured, sold, used, and/or distributed by Owens-Illinois, Inc.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Following the Petition Date, the activities of Paddock became subject to review and oversight by the bankruptcy court. As a result, the Company no longer has exclusive control over Paddock's activities during the Chapter 11 proceedings. Therefore, Paddock was deconsolidated as of the Petition Date, and its assets and liabilities, which primarily included $47 million of cash, the legacy asbestos-related liabilities, as well as certain other assets and liabilities as of the Petition Date, were derecognized from the Company's consolidated financial statements on a prospective basis. Simultaneously, the Company recognized a liability related to the Paddock support agreement, as described above, of $471 million as required under applicable accounting standards. The deconsolidation and Paddock support agreement resulted in a loss of approximately $14 million, which was reflected as a charge in the Company's first quarter 2020 operating results. Additionally, the deconsolidation resulted in an investing outflow of $47 million in the Company's first quarter 2020 consolidated cash flows.

On February 23, 2021, Paddock and O-I Glass commenced a court-approved mediation process regarding the terms of a potential consensual plan of reorganization pursuant to section 524(g) of the Bankruptcy Code with the Official Committee of Asbestos Personal Injury Claimants (the "ACC" or "Asbestos Claimants Committee") appointed in the Paddock Chapter 11 case as the representative of current Paddock asbestos claimants, and the Legal Representative of Future Asbestos Claimants (the "FCR" or "Future Claimants' Representative") appointed in the Paddock Chapter 11 case as the representative of future Paddock asbestos claimants. On April 26, 2021, the Company announced that Paddock, the ACC and the FCR reached an agreement in principle, supported by O-I Glass, by accepting a proposal from the mediators setting forth total consideration to fund a trust created under section 524(g) of the Bankruptcy Code upon the effective date of a consensual plan of reorganization for Paddock.

This agreement in principle, which is subject to definitive documentation and satisfaction of certain conditions, will resolve the potential liability of Paddock and the Company Protected Parties for pending and future personal injury claims related to exposure to asbestos-containing products that were allegedly manufactured, distributed, used and/or sold by Owens-Illinois, Inc. Under the Plan (as defined herein), which will implement the agreement in principle, an asbestos settlement trust (the "Paddock Trust") created pursuant to the provisions of section 524(g) of the U.S. Bankruptcy Code will be established and, on the effective date of the Chapter 11 plan, will be funded with $610 million in total consideration ("Settlement Consideration"). In exchange for the Settlement Consideration, each of the Company Protected Parties is expected to receive the benefit of a release from Paddock, and Paddock and the Company Protected Parties will receive the benefit of an injunction under Section 524(g) of the Bankruptcy Code channeling Asbestos Claims to the Paddock Trust and permanently enjoining the assertion of Asbestos Claims against Paddock and the Company Protected Parties.

The agreement in principle is subject to, among other things, finalization of certain documentation necessary to implement the Plan, acceptance of the Plan by at least 75% of Paddock's current asbestos claimants voting on such Plan, and confirmation of the Plan by the Bankruptcy Court and approval of the injunction in favor of Paddock and the Company Protected Parties by the United States District Court for the District of Delaware ("District Court"). On the effective date of the Plan, the Settlement Consideration will be provided and Asbestos Claims against Paddock and the Company Protected Parties will be permanently enjoined.

In connection with the agreement in principle, the Company recorded a charge of $154 million related to its potential liability under the Paddock support agreement as a recognizable subsequent event in the Company's consolidated results of operations for the quarter ended March 31, 2021, primarily related to an increase to Paddock's asbestos reserve estimate in consideration for the channeling injunction to be included in the Plan protecting Company Protected Parties from Asbestos Claims, as well as certain other adjustments to Paddock's assets and liabilities, including estimated professional fees and expenses to be incurred in confirming and implementing the Plan. This charge was recorded to Other income (expense), net on the Consolidated Results of Operations.

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On January 12, 2022, Paddock, O-I Glass, the Future Claimants' Representative and the Asbestos Claimants' Committee (collectively, the "Plan Proponents") jointly proposed the Plan of Reorganization for Paddock Enterprises, LLC Under Chapter 11 of the Bankruptcy Code, dated January 12, 2022 (including any supplements and exhibits thereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, the "Plan"). In connection with the Plan, the Plan Proponents also filed in Paddock's Chapter 11 case the Disclosure Statement Plan of Reorganization for Paddock Enterprises, LLC Under Chapter 11 of the Bankruptcy Code, dated January 12, 2022 (including any supplements and exhibits thereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, the "Disclosure Statement"). The Bankruptcy Court has scheduled a hearing to consider approval of the Disclosure Statement for February 16, 2022.

Several risks and uncertainties remain related to Paddock's Chapter 11 case that could have a material adverse effect on the Company's business, consolidated financial condition, results of operations and cash flows, including the total costs of the Chapter 11 proceeding, and the length of time necessary to confirm the Plan, and the possibility that Paddock will be unsuccessful in confirming such Plan or that such Plan does not ultimately become effective. The Paddock support agreement liability of $625 million recorded on the Company's December 31, 2021 Consolidated Balance Sheet as required under applicable accounting standards is the Company's best estimate based on the facts and circumstances that exist at the filing date of this Annual Report on Form 10-K. These risk factors are discussed further in Part II, Item 1A–"Risk Factors."

Prior to the Petition Date, the Company knew of approximately 850-900 asbestos personal injury lawsuits pending. This figure does not include an estimate of potential Administrative Claims that could have been presented under a claims-handling agreement due to the uncertainties around presentation timing, quantities, or qualification rates. The Company historically considered Administrative Claims to be filed and disposed of when they were accepted for payment.

The lack of uniform rules in lawsuit pleading practice, technical pleading requirements in some jurisdictions, local rules, and other factors caused considerable variation in the specific amounts of monetary damages asserted in lawsuits brought prior to the Petition Date. In the Company's experience, the monetary relief alleged in a lawsuit bore little relationship to an Asbestos Claim's merits or its disposition value. Rather, several variables, including, but not limited to, the type and severity of the asbestos disease, medical history, and exposure to other disease-causing agents; the product identification evidence against the Company and other co-defendants; the defenses available to the Company and other co-defendants; the specific jurisdiction in which the claim was made; the applicable law; and the law firm representing the claimant, affected the value.

The Company was also a defendant in other Asbestos Claims involving maritime workers, medical monitoring, co-defendants' third-party actions, and property damage allegations. Based upon its experience, the Company assessed that these categories of Asbestos Claims would not involve any material liability. Therefore, they were not included in the description of pending or disposed matters.

From receipt of its first Asbestos Claim to the Petition Date, the Company in the aggregate disposed of approximately 401,200 Asbestos Claims at an average indemnity payment of approximately $10,200 per claim. The Company's asbestos indemnity payments varied on a per-claim basis. Asbestos-related cash payments for 2019 were $151 million and the Company's cash payments per claim disposed (inclusive of legal costs) were approximately $129,000 for the year ended December 31, 2019.

Prior to the Petition Date, the Company's objective was historically to achieve, where possible, resolution of Asbestos Claims pursuant to claims-handling agreements. Failure of claimants to meet certain medical and product exposure criteria in claims-handling agreements generally reduced the number of claims that would

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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otherwise have been received by the Company in the tort system. In addition, changes in jurisdictional dynamics, legislative acts, asbestos docket management and procedures, the substantive law, the co-defendant pool, and other external factors affected lawsuit volume, claim volume, qualification rates, claim values, and related matters. Collectively, these variables generally had the effect of increasing the Company's per-claim average indemnity payment over time.

Beginning with the initial liability of $975 million established in 1993, the Company has accrued a total of approximately $5.0 billion through just prior to the Petition Date, before insurance recoveries, for its asbestos-related liability. The Company's estimates of its liability were significantly affected by, among other factors, the volatility of asbestos-related litigation in the United States, the significant number of co-defendants that filed for bankruptcy, changes in mortality rates, the inherent uncertainty of future disease incidence and claiming patterns against the Company, the significant expansion of the types of defendants sued in this litigation, and changes in the extent to which such defendants participated in the resolution of cases in which the Company was also a defendant.

Prior to the Petition Date, the Company continually monitored trends that could affect its ultimate liability and analyzed the developments and variables likely to affect the resolution of Asbestos Claims. The material components of the Company's total accrued liability were determined by the Company in connection with its annual comprehensive legal review and consisted of the following estimates, to the extent it was probable that such liabilities had been incurred and could be reasonably estimated: (i) the liability for Asbestos Claims already asserted against the Company; (ii) the liability for Asbestos Claims not yet asserted against the Company; and (iii) the legal defense costs estimated to be incurred in connection with the Asbestos Claims already asserted and those Asbestos Claims the Company believed would be asserted.

Through December 31, 2019, the Company historically conducted an annual comprehensive legal review of its asbestos-related liabilities and costs in connection with finalizing and reporting its annual consolidated results of operations, unless significant changes in trends or new developments warranted an earlier review. As part of its annual comprehensive legal review, the Company provided historical Asbestos Claims data to a third party with expertise in determining the impact of disease incidence and mortality on future filing trends to develop information to assist the Company in estimating the total number of future Asbestos Claims likely to be asserted against the Company. The Company used this estimate, along with an estimation of disposition costs and related legal costs, as inputs to develop its best estimate of its total probable liability. If the results of the annual comprehensive legal review indicated that the existing amount of the accrued liability was lower (higher) than its reasonably estimable asbestos-related costs, then the Company recorded an appropriate charge (credit) to the Company's results of operations to increase (decrease) the accrued liability.

The significant assumptions underlying the material components of the Company's accrual historically were:

a) settlements would continue to be limited almost exclusively to claimants who were exposed to the Company's asbestos containing insulation prior to its exit from that business in 1958;

b) Asbestos Claims would continue to be resolved primarily under the Company's administrative claims-handling agreements or on terms comparable to those set forth in those agreements;

c) the incidence of serious asbestos-related disease cases and claiming patterns against the Company for such cases would not change materially, including claiming pattern changes driven by changes in the law, procedure, or expansion of judicial resources in jurisdictions where the Company settled Asbestos Claims;

d) the Company would be substantially able to defend itself successfully at trial and on appeal;

e) the number and timing of additional co-defendant bankruptcies would not change significantly the assets available to participate in the resolution of cases in which the Company is a defendant; and

f) co-defendants with substantial resources and assets would continue to participate significantly in the resolution of future Asbestos Claims.

For the year ended December 31, 2019, the Company concluded that an accrual in the amount of $486 million was required under applicable accounting standards. This amount was not discounted for the time value of money. The Company's comprehensive legal review resulted in a charge of $35 million for the year ended December 31, 2019. As previously disclosed, the Company anticipated that adjustments to its asbestos-related accruals were possible given the inherent uncertainties involved in asbestos litigation. In the fourth quarter of 2019, this charge was primarily due to an increase in the estimated average disposition cost per claim (including related legal costs), driven primarily by a changing litigation environment more favorable to plaintiffs, and a decrease in the estimated number of claims likely to be asserted against the Company in the future that was less than the decrease expected by the Company.

Other Matters

In 2021, the Company recorded a $71 million gain based on a favorable court ruling in Brazil, which will allow the Company to recover indirect taxes paid in previous years. This gain was recorded to Other income (expense), net on the Consolidated Results of Operations, as well as $21 million of income tax expense.

Other litigation is pending against the Company, in some cases involving ordinary and routine claims incidental to the business of the Company and in others presenting allegations that are non-routine and involve compensatory, punitive or treble damage claims as well as other types of relief. The Company records a liability for such matters when it is both probable that the liability has been incurred and the amount of the liability can be reasonably estimated. Recorded amounts are reviewed and adjusted to reflect changes in the factors upon which the estimates are based, including additional information, negotiations, settlements and other events.

For a discussion of the effects of the Corporate Modernization and Paddock's Chapter 11 proceedings on the Company's financial statements, see Item 1A, Risk Factors – "Corporate Modernization," "Subsidiary Bankruptcy" and "Asbestos-Related Liability," and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

16. Accumulated Other Comprehensive Income (Loss)

The components of comprehensive income are: (a) net earnings; (b) change in fair value of certain derivative instruments; (c) pension and other postretirement benefit adjustments; and (d) foreign currency translation adjustments. The net effect of exchange rate fluctuations generally reflects changes in the relative strength of the U.S. dollar against major foreign currencies between the beginning and end of the year.

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The following table lists the beginning balance, annual activity and ending balance of each component of accumulated other comprehensive income (loss):

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Income (Loss)
Balance on January 1, 2020	$ (813)	$ (14)	$ (1,016)	$ (1,843)
Change before reclassifications	(267)	(156)	(32)	(455)
Amounts reclassified from accumulated other comprehensive income		112 (a)	68 (b)	180
Amounts reclassified from accumulated other comprehensive income (loss) related to the ANZ sale	(149)	1	4	(144)
Translation effect		(2)	(9)	(11)
Tax effect		(1)	2	1
Other comprehensive income (loss) attributable to the Company	(416)	(46)	33	(429)
Balance on December 31, 2020	(1,229)	(60)	(983)	(2,272)
Change before reclassifications	(61)	119	165	223
Amounts reclassified from accumulated other comprehensive income		(80)(a)	148 (b)	68
Translation effect		1	9	10
Tax effect		(1)		(1)
Other comprehensive income (loss) attributable to the Company	(61)	39	322	300
Balance on December 31, 2021	$ (1,290)	$ (21)	$ (661)	$ (1,972)

(a) Amount is recorded to other income (expense), net and interest expense, net on the Consolidated Results of Operations (see Note 9 for additional information).

(b) Amount is included in the computation of net periodic pension cost and net postretirement benefit cost (see Note 11 for additional information).

17. Stock Based Compensation

The Company has various nonqualified plans approved by share owners under which it has granted stock options, restricted shares and performance vested restricted share units. Starting with the 2017 equity awards, the Company has allocated these awards solely in the form of restricted shares and performance vested restricted share units. As such, the Company's annual compensation expense related to stock option awards is immaterial. At December 31, 2021, there were 7,810,039 shares available for grants under these plans. Total compensation cost for all grants of shares and units under these plans was $8 million, $11 million and $10 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Restricted Shares and Restricted Share Units

Restricted share units granted to employees vest 25% per year beginning on the first anniversary. Granted but unvested restricted share units are forfeited upon termination, unless certain retirement criteria are met.

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Tabular data dollars in millions

Holders of vested restricted share units receive one share of the Company's common stock for each unit as units vest. Restricted share units granted to directors vest after one year.

The fair value of the restricted shares and restricted share units is equal to the market price of the Company's common stock on the date of the grant. The fair value of restricted shares and restricted share units, is amortized over the vesting periods which range from one to four years.

The activity of restricted shares and restricted share units is as follows:

	Number of Restricted Shares (thousands)	Weighted Average Grant-Date Fair Value (per share)
Nonvested at January 1, 2021	1,722	$ 12.54
Granted	857	13.17
Vested	(741)	12.55
Forfeited	(41)	12.43
Nonvested at December 31, 2021	1,797	12.83
Awards granted during 2020		$ 12.54
Awards granted during 2019		$ 19.69

	2021	2020	2019
Total fair value of shares vested	$ 9	$ 9	$ 8

Performance Vested Restricted Share Units

Performance vested restricted share units vest on January 1 of the third year following the year in which they are granted. Holders of vested units may receive up to two shares of the Company's common stock for each unit, depending upon the attainment of consolidated performance goals established by the Compensation and Talent Development Committee of the Company's Board of Directors. If minimum goals are not met, no shares will be issued. Granted but unvested restricted share units are forfeited upon termination of employment, unless certain retirement criteria are met.

The fair value of each performance vested restricted share unit is equal to the product of the fair value of the Company's common stock on the date of grant and the estimated number of shares into which the performance vested restricted share unit will be converted. The fair value of performance vested restricted share units is amortized ratably over the vesting period. Should the estimated number of shares into which the performance vested restricted share unit will be converted change, an adjustment will be recorded to recognize the accumulated difference in amortization between the revised and previous estimates.

O-I Glass, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Tabular data dollars in millions

Performance vested restricted share unit activity is as follows:

	Number of Performance Vested Restricted Shares Units (thousands)	Weighted Average Grant-Date Fair Value (per unit)
Nonvested at January 1, 2021	2,291	$ 14.63
Granted	1,091	12.07
Vested	—	—
Forfeited/Cancelled	(447)	21.06
Nonvested at December 31, 2021	2,935	12.70
Awards granted during 2020		$ 14.63
Awards granted during 2019		$ 20.20

No shares were issued in 2021 related to performance vested restricted share units.

As of December 31, 2021, there was $18 million of total unrecognized compensation cost related to all unvested stock options, restricted shares, restricted share units and performance vested restricted share units. That cost is expected to be recognized over a weighted average period of approximately two years.

18. Other Income (Expense), net

Other income (expense), net for the years ended December 31, 2021, 2020, and 2019 included the following:

	2021	2020	2019
Charge related to Paddock support agreement liability (see Note 15)	$ (154)	$	$
Pension settlement charges (see Note 11)	(74)	(26)	(26)
Restructuring, asset impairment and other charges (see Note 10)	(35)	(106)	(89)
Gain on sale of miscellaneous assets (see Note 23)	84		
Brazil indirect tax credit (see Note 15)	71		
Gain on sale of ANZ businesses (see Note 23)		275	
Charge for asbestos-related costs (see Note 15)			(35)
Charge for other asset impairments			(22)
Intangible amortization expense	(34)	(33)	(41)
Strategic transaction and corporate modernization costs		(8)	(31)
Gain on sale of equity investment			107
Charge for deconsolidation of Paddock (see Note 15)		(14)	
Impairment of goodwill (see Note 7)			(595)
Royalty income	24	12	12
Foreign currency exchange loss	(3)	(4)	(5)
Other income (expense), net	3	(9)	(4)
	$ (118)	$ 87	$ (729)

In 2019, the Company recorded charges of approximately $22 million for asset impairments related to the Company's operations in Argentina and China, due primarily to macroeconomic conditions in those countries. The Company wrote down the value of these assets to the extent their carrying amounts exceeded fair value. The fair value of the assets was computed based on estimated future cash flows. The Company classified the significant assumptions used to determine the fair value of the impaired assets, which was not material, as Level 3 (third-party appraisal) in the fair value hierarchy. The remaining carrying value of the impaired assets was approximately $5 million.

19. Earnings Per Share

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

	2021	2020	2019
Numerator:			
Net earnings (loss) attributable to the Company	$ 149	$ 249	$ (400)
Denominator (in thousands):			
Denominator for basic earnings per share-weighted average shares outstanding	157,150	156,806	155,250
Effect of dilutive securities:			
Stock options and other	3,159	1,979	
Denominator for diluted earnings per share-adjusted weighted average shares outstanding	160,309	158,785	155,250
Basic earnings per share:			
Earnings (loss) from continuing operations	$ 0.90	$ 1.59	$ (2.56)
Gain (loss) from discontinued operations	0.05		(0.02)
Net earnings (loss)	$ 0.95	$ 1.59	$ (2.58)
Diluted earnings per share:			
Earnings (loss) from continuing operations	$ 0.88	$ 1.57	$ (2.56)
Gain (loss) from discontinued operations	0.05		(0.02)
Net earnings (loss)	$ 0.93	$ 1.57	$ (2.58)

Options to purchase 1,199,000, 2,333,339 and 2,086,004 weighted average shares of common stock which were outstanding during 2021, 2020, and 2019, respectively, were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares. For the year ended December 31, 2019, diluted earnings per share of common stock was equal to basic earnings per share of common stock due to the loss from continuing operations.

On December 26 and 27, 2019, the Company implemented the Corporate Modernization, which involved a series of transactions, including the Merger. Upon the effectiveness of the Merger, each share of O-I stock held immediately prior to the Merger automatically converted into a right to receive an equivalent corresponding share of O-I Glass Common Stock, having the same designations, rights, powers and preferences and the qualifications, limitations, and restrictions as the corresponding share of O-I stock being converted.

In connection with the Merger and pursuant to the Merger Agreement, each option to purchase a share of O-I common stock, each award of restricted shares of O-I common stock, each award of time-based restricted stock units covering shares of O-I common stock, each award of performance-based restricted stock units covering shares of O-I common stock and each dividend equivalent covering one share of O-I common stock, in each case, that was outstanding immediately prior to the effective time of the Merger (collectively, the "Company Equity Awards") was converted into an O-I Glass Equity Award. Each O-I Glass Equity Award continues to be subject to the same terms and conditions (including vesting schedule and performance, forfeiture and termination conditions) that applied to the corresponding Company Equity Award immediately prior to the effective time of the Merger.

O-I Glass, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Tabular data dollars in millions

20. Supplemental Cash Flow Information

Changes in the components of working capital related to operations (net of the effects related to acquisitions and divestitures) were as follows:

	2021	2020	2019
Decrease (increase) in current assets:			
Receivables - change in factoring	$ 45	$ (103)	$ (61)
Receivables - all other changes	(191)	(29)	13
Inventories	(32)	75	(26)
Prepaid expenses and other	(15)	(30)	13
Increase (decrease) in current liabilities:			
Accounts payable	161	(67)	(62)
Accrued liabilities	(30)	(43)	(30)
Salaries and wages	30	24	(25)
U.S. and foreign income taxes	19	(8)	2
	$ (13)	$ (181)	$ (176)

The Company uses various factoring programs to sell certain trade receivables to financial institutions as part of managing its cash flows. At December 31, 2021, December 31, 2020 and December 31, 2019, the total amount of trade receivables sold by the Company was $481 million, $436 million and $539 million, respectively. These amounts included $180 million, $176 million and $133 million at December 31, 2021, December 31, 2020 and December 31, 2019, respectively, for trade receivable amounts factored under supply-chain financing programs linked to commercial arrangements with key customers. For the years ended December 31, 2021, 2020 and 2019, the Company recorded expenses related to these factoring programs of $6 million, $6 million and $5 million, respectively, as interest expense.

Income taxes paid in cash were as follows:

	2021	2020	2019
U.S.	$ 9	$ 1	$ 2
Non-U.S.	102	90	101
Total income taxes paid in cash	$ 111	$ 91	$ 103

Interest paid in cash, including note repurchase premiums, for the years ended December 31, 2021, 2020 and 2019 was $209 million, $252 million and $303 million, respectively. Cash interest for the years ended December 31, 2021, 2020 and 2019 included $11 million, $41 million and $54 million of note repurchase premiums, respectively.

21. Business Combinations

On June 28, 2019, the Company completed the acquisition of Nueva Fábrica Nacional de Vidrio, S. de R.L. de C.V. (“Nueva Fanal”) from Grupo Modelo, an affiliate of Anheuser-Busch InBev SA/NV for a total purchase price of approximately $188 million. The Company financed this acquisition with debt. The Nueva Fanal facility is located near Mexico City, Mexico. Currently, this plant has three furnaces to produce and supply approximately 240,000 tons of glass containers annually for Grupo Modelo brands, such as Corona, for local and

Tabular data dollars in millions

global export markets. This acquisition increases the Company's presence in the Mexican glass packaging market.

Nueva Fanal's operating results are included in the Company's Consolidated Financial Statements from the acquisition date as part of the Americas segment. The acquisition qualifies as a business combination and was accounted for using the acquisition method of accounting.

The total purchase price was allocated to the tangible and identifiable intangible assets and liabilities based upon their respective fair values and was completed during the second quarter of 2020. This resulted in the recognition of approximately $21 million of goodwill that is not deductible for tax purposes and approximately $3 million of other intangible assets. The following table summarizes the final estimates of fair value of the assets acquired and liabilities assumed on June 28, 2019 and subsequent adjustments identified through the purchase price allocation process and recorded through the measurement period:

	June 28, 2019	Measurement Period Adjustments	June 30, 2020
Accounts receivable	$ 42	$ (1)	$ 41
Inventory	17	0	17
Goodwill	0	21	21
Intangibles	35	(32)	3
Net property, plant and equipment	129	32	161
Total assets acquired	223	20	243
Accounts payable	25	3	28
Accrued liabilities	3	(1)	2
Deferred tax liabilities	0	25	25
Net assets acquired	$ 195	$ (7)	$ 188

This acquisition did not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

22. COVID-19 Impacts

On March 11, 2020, the World Health Organization characterized COVID-19 as a global pandemic and recommended containment and mitigation measures. The Company is actively monitoring the impact of the COVID-19 pandemic, which negatively impacted its business in 2020 and, to a lesser extent, in 2021 and may negatively impact its business and results of operations in the future.

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates particularly as it relates to estimates reliant on forecasts and other assumptions reasonably available to the Company and the uncertain future impacts of the COVID-19 pandemic and related economic disruptions. The extent to which the COVID-19 pandemic and related economic disruptions impact the Company's business and financial results will depend on future developments including, but not limited to, the continued spread, duration and severity of the COVID-19 pandemic; the occurrence, spread, duration and severity of any subsequent wave or waves of outbreaks after the initial outbreak has subsided; the actions taken by the U.S. and foreign governments to contain the COVID-19 pandemic, address its impact or respond to the reduction in global and local economic activity; the occurrence, duration and severity of a global, regional or national recession, depression or other sustained adverse market event; the impact of the developments described above on its customers and suppliers; and how quickly and to what extent normal economic and operating conditions can resume. The accounting matters assessed included, but were not limited to:

- allowance for doubtful accounts and credit losses;
- carrying value of inventory; and
- the carrying value of goodwill and other long-lived assets.

There was no material impact to the above estimates in the Company's Consolidated Financial Statements for the year ended December 31, 2021. The Company's future assessment of the magnitude and duration of the COVID-19 pandemic, as well as other factors, could result in material changes to the estimates and material impacts to the Company's Consolidated Financial Statements in future reporting periods.

23. Divestitures

In December 2021, the Company completed the sale of its Le Parfait brand in Europe and a previously closed plant in the Americas. Gross proceeds on these divestitures were approximately $113 million and the related pretax gains (including costs directly attributable to the sale) were approximately $84 million ($70 million after tax) in 2021. The pretax gains were recorded to Other income (expense), net on the Consolidated Results of Operations.

In January 2021, the Company completed the sale of its plant in Argentina. Gross proceeds were approximately $10 million and the gain on the sale was not material.

On July 31, 2020, the Company completed the sale of its ANZ businesses to Visy, an unaffiliated company. Gross proceeds approximated AUD $947 million (including a related sale-leaseback agreement which approximated AUD $214 million) or approximately USD $677 million. Approximately 95% of those proceeds were received at the time of closing, and the remaining balance of approximately $58 million was received in the first quarter of 2021. In 2020, the Company recognized a net gain (including costs directly attributable to the sale of ANZ and subject to post-closing adjustments) on the divestiture of approximately $275 million, which was reported on the Other income (expense), net line in the Consolidated Results of Operations. In addition, at closing, certain subsidiaries of the Company entered into certain ancillary agreements with Visy and the ANZ businesses in respect of the provision of certain transitional and technical services to the ANZ businesses.

24. Assets Held for Sale

In December 2021, the Company entered into a definitive agreement to sell Cristar TableTop S.A.S. ("Cristar") to Vidros Colombia S.A.S, an affiliate of Nadir Figueiredo S.A., a glass tableware producer based in Brazil. The sale would generate gross proceeds of approximately $95 million and is expected to close during the first half of 2022, subject to customary regulatory approvals and other closing conditions. Cristar owns a dedicated tableware manufacturing plant in Buga, Colombia, that exports tableware to approximately 40 countries around the world.

O-I Glass, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

The business and its associated assets and liabilities met the criteria for presentation as held for sale and as such the assets and liabilities associated with the transaction are separately classified as held for sale in the Consolidated Balance Sheet as of December 31, 2021 and depreciation of long-lived assets ceased. The planned divestiture did not meet the criteria for presentation as a discontinued operation.

The major classes of assets and liabilities held for sale were as follows:

	December 31, 2021
Cash	$ 3
Accounts receivable, net	13
Inventories	7
Property, plant and equipment, net	8
Goodwill	18
Total assets held for sale	$ 49
Accounts payable	$ 10
Other accrued liabilities	3
Total liabilities related to assets held for sale	$ 13

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investments in certain unconsolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those maintained with respect to its consolidated subsidiaries.

As required by Rule 13a-15(b) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2021.

Management's Report on Internal Control over Financial Reporting

The management of O-I Glass, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed 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 in the United States. However, all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and reporting.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment management used the criteria for effective internal control over financial reporting as described in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO framework) in 2013.

Based on this assessment, using the criteria above, management concluded that the Company's system of internal control over financial reporting was effective as of December 31, 2021.

The Company's independent registered public accounting firm, Ernst & Young LLP, that audited the Company's consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Company's internal control over financial reporting which is included below.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of any change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Share Owners and the Board of Directors of O-I Glass, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited O-I Glass, Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, O-I Glass, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of O-I Glass, Inc. as of December 31, 2021 and 2020, the related consolidated statements of results of operations, comprehensive income (loss), share owners' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15 and our report dated February 9, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Toledo, Ohio
February 9, 2022

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to non-officer directors and corporate governance is included in the 2022 Proxy Statement in the sections entitled “Election of Directors” and, if applicable, “Delinquent Section 16(a) Reports” and such information is incorporated herein by reference.

Information with respect to executive officers is included herein in Item 1.

Code of Business Conduct and Ethics

The Company’s Global Code of Business Conduct and Ethics, which is applicable to all directors, officers and employees of the Company, including the principal executive officer, the principal financial officer and the principal accounting officer, is available on the Investor Relations section of the Company’s website (www.o-i.com). A copy of the Code is also available in print to share owners upon request, addressed to the Corporate Secretary at O-I Glass, Inc., One Michael Owens Way, Perrysburg, Ohio 43551. The Company intends to post amendments to or waivers from its Code of Business Conduct and Ethics (to the extent applicable to the Company’s directors, executive officers or principal financial officers) at this location on its website.

ITEM 11. EXECUTIVE COMPENSATION

The sections entitled “Executive Compensation” and “Compensation and Talent Development Committee Interlocks and Insider Participation,” which are included in the 2022 Proxy Statement, are incorporated herein by reference.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The section entitled "Security Ownership of Certain Beneficial Owners and Management" which is included in the 2022 Proxy Statement is incorporated herein by reference.

The following table summarizes securities authorized for issuance under equity compensation plans as of December 31, 2021.

	Equity Compensation Plan Information		
	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1) (thousands)	Weighted-average exercise price of outstanding options, warrants and rights (1)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (thousands)
Equity compensation plans approved by security holders	5,893	$ 14.27	7,810
Equity compensation plans not approved by security holders			
Total	5,893	$ 14.27	7,810

(1) Represents 1,161,196 options to purchase shares of the Company's common stock and 4,731,537 restricted share units, which do not provide for an exercise price and have been excluded from the weighted average exercise price in column (b). There are no outstanding warrants.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The sections entitled "Related Person Transactions" and "Board Independence," which are included in the 2022 Proxy Statement, are incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information with respect to principal accountant fees and services is included in the 2022 Proxy Statement in the section entitled "Independent Registered Public Accounting Firm" and such information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

Index of Financial Statements and Financial Statement Schedules Covered by Report of Independent Auditors.

(a) DOCUMENTS FILED AS PART OF THIS REPORT

1. See Index to Consolidated Financial Statements on page 54 hereof.

2. Financial Statement Schedule:

	10-K Page
For the years ended December 31, 2021, 2020, and 2019:	
II—Valuation and Qualifying Accounts (Consolidated)	S-1
All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule.	

3. See Exhibit Index beginning on page 116 hereof.

EXHIBIT INDEX

Exhibit No.		Document
2.1	—	Agreement and Plan of Merger (filed as Exhibit 2.1 to O-I Glass, Inc.'s, Paddock Enterprises, LLC's and Owens-Illinois Group, Inc.'s Form 8-K12B dated December 25, 2019, File Nos. 1-9576 and 1-10956, and incorporated herein by reference).
3.1	—	Amended and Restated Certificate of Incorporation of O-I Glass, Inc. (filed as Exhibit 3.2 to O-I Glass, Inc.'s, Paddock Enterprises, LLC's and Owens-Illinois Group, Inc.'s Form 8-K12B dated December 25, 2019, File Nos. 1-9576 and 1-10956, and incorporated herein by reference).
3.2	—	Amended and Restated By-Laws of O-I Glass, Inc., (filed as Exhibit 3.3 to O-I Glass, Inc.'s, Paddock Enterprises, LLC's and Owens-Illinois Group, Inc.'s Form 8-K12B dated December 25, 2019, File Nos. 1-9576 and 1-10956, and incorporated herein by reference).
4.1	—	Indenture dated as of December 3, 2014, by and among Owens-Brockway Glass Container Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of 2022 Senior Notes and the form of 2025 Senior Notes (filed as Exhibit 4.1 to Owens-Illinois Group, Inc.'s Form 8-K dated December 3, 2014, File No. 33-13061, and incorporated herein by reference).
4.2	—	Indenture dated as of August 24, 2015, by and among Owens-Brockway Glass Container Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of 2023 Senior Notes and the form of 2025 Senior Notes (filed as Exhibit 4.1 to Owens-Illinois Group, Inc.'s Form 8-K dated August 24, 2015, File No. 33-13061, and incorporated herein by reference).
4.3	—	Indenture, dated as of November 3, 2016, by and among OI European Group B.V., the guarantors party thereto, Deutsche Trustee Company Limited, as trustee, Deutsche Bank AG, London Branch, as principal paying agent and transfer agent, and Deutsche Bank Luxembourg S. A., as Luxembourg transfer agent and registrar, including the form of Notes (filed as Exhibit 4.1 to Owens-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated November 3, 2016, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.4	—	Third Amended and Restated Credit Agreement and Syndicated Facility Agreement, dated June 25, 2019, by and among the Borrowers named therein, Owen-Illinois General Inc., as Borrowers' Agent, Deutsche Bank AG New York Branch, as Administrative Agent, and the other Agents, Arrangers and Lenders named therein (filed as Exhibit 4.1 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated June 25, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.5	—	Fourth Amended and Restated Intercreditor Agreement, dated as of June 27, 2018, by and among Deutsche Bank AG New York Branch, as Administrative Agent and Collateral Agent for the lenders party to the Credit Agreement (as defined therein) and any other parties thereto (filed as Exhibit 4.2 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated June 27, 2018, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.6	—	Fourth Amended and Restated Pledge Agreement, dated as of April 22, 2015, between Owens-Illinois Group, Inc., Owens-Brockway Packaging, Inc., and Deutsche Bank AG, New York Branch, as Collateral Agent (as defined therein) and any other parties thereto (filed as Exhibit 4.2 to Owens-Illinois Group, Inc.'s Form 8-K dated April 22, 2015, File No. 33-13061, and incorporated herein by reference).

Exhibit No.		Document
4.7	—	Amended and Restated Security Agreement, dated as of April 22, 2015, between Owens-Illinois Group, Inc., each of the direct and indirect subsidiaries of Owens-Illinois Group, Inc. signatory thereto, and Deutsche Bank AG, New York Branch, as Collateral Agent (as defined therein) (filed as Exhibit 4.3 to Owens-Illinois Group, Inc.'s Form 8-K dated April 22, 2015, File No. 33-13061, and incorporated herein by reference).
4.8	—	Indenture, dated as of December 12, 2017, by and among OI European Group B.V., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as Trustee (filed as Exhibit 4.1 to Owens-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated December 12, 2017, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.9	—	Domestic Guarantor Consent and Reaffirmation, dated as of June 25, 2019, by and among Owens-Illinois Group, Inc., the Subsidiary Grantors (as defined therein) and Deutsche Bank AG New York Branch, as the Collateral Agent (filed as Exhibit 4.3 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated June 26, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.10	—	First Amendment to the Fourth Amended and Restated Intercreditor Agreement, dated as of June 25, 2019, by and among Deutsche Bank AG New York Branch, as Administrative Agent and Collateral Agent for the lenders party to the Credit Agreement (as defined therein) and any other parties thereto (filed as Exhibit 4.2 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated June 25, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.11	—	Indenture, dated as of November 12, 2019, by and among OI European Group B.V., the guarantors party thereto, Deutsche Trustee Company Limited, as trustee, Deutsche Bank AG, London Branch, as principal paying agent and transfer agent, and Deutsche Bank Luxembourg S.A., as Luxembourg transfer agent and registrar, including the form of 2025 Senior Notes (filed as Exhibit 4.1 to Owens-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated November 12, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.12	—	Second supplemental indenture, dated as of December 11, 2019, by and among Owens-Brockway Glass Container Inc., as issuer, and U.S. Bank National Association, as trustee, to the indenture, dated as of December 3, 2014, by and among Owens-Brockway Glass Container Inc., as issuer, the guarantors party thereto and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated December 11, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.13	—	Second supplemental indenture, dated as of December 11, 2019, by and among Owens-Brockway Glass Container Inc., as issuer, and U.S. Bank National Association, as trustee, to the indenture, dated as of August 24, 2015, by and among Owens-Brockway Glass Container Inc., as issuer, the guarantors party thereto and U.S. Bank National Association, as trustee (filed as Exhibit 4.2 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated December 11, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).

Exhibit No.		Document
4.14	—	First supplemental indenture, dated as of December 11, 2019, by and among OI European Group B.V., as issuer, and Deutsche Trustee Company Limited, as trustee, to the indenture, dated as of November 3, 2016, by and among the OI European Group B.V., as issuer, the guarantors party thereto, Deutsche Trustee Company Limited, as trustee, Deutsche Bank AG, London Branch, as principal paying agent and transfer agent, and Deutsche Bank Luxembourg S.A., as Luxembourg transfer agent and registrar (filed as Exhibit 4.4 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated December 11, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.15	—	First supplemental indenture, dated as of December 11, 2019, by and among OI European Group B.V., as issuer, and Deutsche Bank Trust Company Americas, as trustee, to the indenture, dated as of December 12, 2017, by and among the OI European Group B.V., as issuer, the guarantors party thereto, Deutsche Bank Trust Company Americas, as trustee (filed as Exhibit 4.5 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated December 11, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.16	—	Indenture, dated as of May 13, 2020, by and among Owens-Brockway Glass Container Inc., the guarantors party thereto and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to O-I Glass, Inc.'s Form 8-K dated May 13, 2020, File No. 1-9576, and incorporated herein by reference).
4.17	—	Amendment No. 1, dated December 13, 2019, to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement, dated June 25, 2019, by and among the Borrowers named therein, Owens-Illinois General Inc., as Borrowers' Agent, Deutsche Bank AG New York Branch, as Administrative Agent, and the other Agents, Arrangers and Lenders named therein (filed as Exhibit 10.1 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated December 13, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.18	—	Amendment No. 2, dated December 13, 2019, to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement, dated June 25, 2019, by and among the Borrowers named therein, Owens-Illinois General Inc., as Borrowers' Agent, Deutsche Bank AG New York Branch, as Administrative Agent, and the other Agents, Arrangers and Lenders named therein (filed as Exhibit 10.2 to Owen-Illinois, Inc.'s and Owens-Illinois Group, Inc.'s combined Form 8-K dated December 13, 2019, File Nos. 1-9576 and 33-13061, and incorporated herein by reference).
4.19	—	Indenture, dated as of November 16, 2021, by and among OI European Group B.V., the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, including the form of 2030 Senior Notes (filed as Exhibit 4.1 to O-I Glass, Inc.'s Form 8-K dated November 17, 2021, File No. 1-9576, and incorporated herein by reference).
4.20	—	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (filed as Exhibit 4.19 to O-I Glass, Inc.'s Form 10-K for the year ended December 31, 2019, File No. 1-9576, and incorporated herein by reference).
10.1*	—	Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 1998, File No. 1-9576, and incorporated herein by reference).
10.2*	—	First Amendment to Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan (filed as Exhibit 10.3 to Owens-Illinois, Inc.'s Form 10-

K for the year ended December 31, 2000, File No. 1-9576, and incorporated herein by reference).

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Exhibit No.		Document
10.3*	—	Second Amendment to Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 2002, File No. 1-9576, and incorporated herein by reference).
10.4*	—	Third Amendment to Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 2003, File No. 1-9576, and incorporated herein by reference).
10.5*	—	Owens-Illinois, Inc. Directors Deferred Compensation Plan (filed as Exhibit 10.26 to Owens-Illinois, Inc.'s Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).
10.6*	—	First Amendment to Owens-Illinois, Inc. Directors Deferred Compensation Plan (filed as Exhibit 10.27 to Owens-Illinois, Inc.'s Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).
10.7*	—	Second Amendment to Owens-Illinois, Inc. Directors Deferred Compensation Plan (filed as Exhibit 10.2 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 1997, File No. 1-9576, and incorporated herein by reference).
10.8*	—	Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc. (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 1999, File No. 1-9576, and incorporated herein by reference).
10.9*	—	First Amendment to Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc. (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 2002, File No. 1-9576, and incorporated herein by reference).
10.10*	—	Owens-Illinois, Inc. Executive Deferred Savings Plan (filed as Exhibit 10.10 to Owens-Illinois, Inc.'s Form 10-K for the year ended December 31, 2016, File No. 1-9576, and incorporated herein by reference).
10.11*	—	Owens-Illinois 2004 Executive Life Insurance Plan (filed as Exhibit 10.32 to Owens-Illinois, Inc.'s Form 10-K for the year ended December 31, 2004, File No. 1-9576, and incorporated herein by reference).
10.12*	—	Owens-Illinois 2004 Executive Life Insurance Plan for Non-U.S. Employees (filed as Exhibit 10.33 to Owens-Illinois, Inc.'s Form 10-K for the year ended December 31, 2004, File No. 1-9576, and incorporated herein by reference).
10.13*	—	Amended and Restated Owens-Illinois, Inc. 2005 Incentive Award Plan dated as of April 24, 2009 (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 2009, File No. 1-9576, and incorporated herein by reference).
10.14*	—	Form of Non-Qualified Stock Option Agreement for use under the Owens-Illinois, Inc. 2005 Incentive Award Plan (filed as Exhibit 10.25 to Owens-Illinois, Inc.'s Form 10-K for the year ended December 31, 2011, File No. 1-9576, and incorporated herein by reference).
10.15*	—	Form of Restricted Stock Unit Agreement for use under the Owens-Illinois, Inc. 2005 Incentive Award Plan (filed as Exhibit 10.28 to Owens-Illinois, Inc.'s Form 10-K for the year ended December 31, 2011, File No. 1-9576, and incorporated herein by reference).
10.16*	—	Form of Performance Share Unit Agreement for use under the Owens-Illinois, Inc. 2005 Incentive Award Plan (filed as Exhibit 10.29 to Owens-Illinois, Inc.'s Form 10-K for the year ended December 31, 2011, File No. 1-9576, and incorporated herein by reference).
10.17*	—	Second Amended and Restated Owens-Illinois, Inc. 2005 Incentive Award Plan (filed as Appendix B to Owens-Illinois, Inc.'s Definitive Proxy Statement on

		Schedule 14A filed March 31, 2014, File No. 1-9576, and incorporated herein by reference).
10.18*	—	Form of Non-Qualified Stock Option Agreement for use under Owens-Illinois, Inc.'s Second Amended and Restated 2005 Incentive Award Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 8-K dated March 7, 2015, File No. 1-9576, and incorporated herein by reference).

Exhibit No.		Document
10.19*	—	Form of Restricted Stock Unit Agreement for use under Owens-Illinois, Inc.'s Second Amended and Restated 2005 Incentive Award Plan (filed as Exhibit 10.2 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 2017, File No. 1-9576, and incorporated herein by reference).
10.20*	—	Form of Performance Stock Unit Agreement for use under Owens-Illinois, Inc.'s Second Amended and Restated 2005 Incentive Award Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 2017, File No. 1-9576, and incorporated herein by reference).
10.21*	—	Owens-Illinois, Inc. 2017 Incentive Award Plan (filed as Appendix B to Owens-Illinois, Inc.'s Definitive Proxy Statement on Schedule 14A filed March 30, 2017, File No. 1-9576, and incorporated herein by reference).
10.22*	—	O-I Glass, Inc. Amended and Restated Executive Severance Policy (filed herewith).
10.23*	—	Form of Employee Restricted Stock Unit Agreement for use under the Owens-Illinois, Inc. 2017 Incentive Award Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 2019, File No. 1-9576, and incorporated herein by reference).
10.24*	—	Form of Employee Performance Stock Unit Agreement for use under the Owens-Illinois, Inc. 2017 Incentive Award Plan (filed as Exhibit 10.2 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 2019, File No. 1-9576, and incorporated herein by reference.
10.25*	—	Owens-Illinois, Inc. Amended and Restated 2017 Incentive Award Plan (filed as Appendix B to Owens-Illinois, Inc.'s Definitive Proxy Statement on Schedule 14A filed April 2, 2019, File No. 1-9576, and incorporated herein by reference).
10.26*	—	Form of Employee Restricted Stock Unit Agreement for use under the Owens-Illinois, Inc. Amended and Restated 2017 Incentive Award Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 2019, File No. 1-9576, and incorporated herein by reference).
10.27*	—	Form of Employee Restricted Stock Unit Agreement for use under the Owens-Illinois, Inc. Amended and Restated 2017 Incentive Award Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended March 31, 2021, File No. 1-9576, and incorporated herein by reference).
10.28*	—	Form of Employee Performance Stock Unit Agreement for use under the Owens-Illinois, Inc. Amended and Restated 2017 Incentive Award Plan (filed as Exhibit 10.2 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 2019, File No. 1-9576, and incorporated herein by reference).
10.29*	—	Form of Employee Amended and Restated Performance Stock Unit Agreement for use under the Owens-Illinois, Inc. Amended and Restated 2017 Incentive Award Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended September 30, 2021, File No. 1-9576, and incorporated herein by reference).
10.30*	—	Form of Director Restricted Stock Unit Agreement for use under the Owens-Illinois, Inc. Amended and Restated 2017 Incentive Award Plan (filed as Exhibit 10.3 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 2019, File No. 1-9576, and incorporated herein by reference).
10.31*	—	O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan (filed as Appendix B to O-I Glass, Inc.'s Definitive Proxy Statement on Schedule 14A filed March 31, 2021, File No. 1-9576, and incorporated herein by reference)
10.32*	—	Form of 2021 Employee Restricted Stock Unit Agreement for use under the O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan (filed as Exhibit 10.1 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 2021, File No. 1-9576, and incorporated herein by reference).

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Exhibit No.		Document
10.33*	—	Form of 2021 Employee Performance Stock Unit Agreement for use under the O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan (filed as Exhibit 10.2 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 2021, File No. 1-9576, and incorporated herein by reference).
10.34*	—	Form of Director Restricted Stock Unit Agreement for use under the O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan (filed as Exhibit 10.3 to Owens-Illinois, Inc.'s Form 10-Q for the quarter ended June 30, 2021, File No. 1-9576, and incorporated herein by reference).
10.35*	—	Notice to Participants in Equity Incentive Plans of O-I Glass, Inc. Regarding Amendment to Restrictive Covenants (filed herewith).
10.36*	—	Form of Employee Restricted Stock Unit Agreement for use under the O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan (filed herewith).
10.37*	—	Form of Employee Performance Stock Unit Agreement for use under the O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan (filed herewith).
10.38	—	Assignment and Assumption Agreement (filed as Exhibit 10.1 to O-I Glass, Inc.'s, Paddock Enterprises, LLC's and Owens-Illinois Group, Inc.'s Form 8-K12B dated December 25, 2019, File Nos. 1-9576 and 1-10956, and incorporated herein by reference)
10.39	—	Share Sale Deed, dated July 16, 2020, by and among, Owens-Illinois Holding (Australia) Pty Ltd., O-I Glass, Inc., Visy Glass (Australasia) Pty Ltd. and Visy Industries Holdings Pty Ltd. (filed as Exhibit 10.1 to O-I Glass, Inc.'s Form 8-K dated July 15, 2020, File No. 1-9576, and incorporated herein by reference).
10.40*	—	Assignment Agreement, dated June 9, 2021, by and among, O-I Glass, Inc. and Giancarlo Currarino (filed as Exhibit 10.1 to O-I Glass, Inc.'s Form 8-K dated June 11, 2021, File No. 1-9576, and incorporated herein by reference).
21	—	Subsidiaries of O-I Glass, Inc. (filed herewith).
23	—	Consent of Independent Registered Public Accounting Firm (filed herewith).
24	—	O-I Glass, Inc. Power of Attorney (filed herewith).
31.1	—	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	—	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1**	—	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).
32.2**	—	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).
101	—	Financial statements from the Annual Report on Form 10-K of O-I Glass, Inc. for the year ended December 31, 2021, formatted in Inline XBRL: (i) the Consolidated Results of Operations, (ii) the Consolidated Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Share Owners' Equity, (v) the Consolidated Cash Flows and (vi) the Notes to Consolidated Financial Statements.
104	—	Cover Page Interactive data File (formatted as iXBRL and contained in Exhibit 101).

* Indicates a management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

** This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

O-I GLASS, INC.
(Registrant)

By: /s/ DARROW A. ABRAHAMS
Darrow A. Abrahams
Attorney-in-fact

Date: February 9, 2022

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title
Andres A. Lopez	President and Chief Executive Officer (Principal Executive Officer) and Director
John A. Haudrich	Senior Vice President and Chief Financial Officer (Principal Financial Officer; Principal Accounting Officer)
John H. Walker	Chairman of the Board
Samuel R. Chapin	Director
Gordon J. Hardie	Director
Peter S. Hellman	Director
John Humphrey	Director
Anastasia D. Kelly	Director
Alan J. Murray	Director
Hari N. Nair	Director
Joseph D. Rupp	Director
Catherine I. Slater	Director
Carol A. Williams	Director

By: /s/ DARROW A. ABRAHAMS
Darrow A. Abrahams
Attorney-in-fact

Date: February 9, 2022

INDEX TO FINANCIAL STATEMENT SCHEDULE

Financial Statement Schedule of O-I Glass, Inc. and Subsidiaries:

For the years ended December 31, 2021, 2020, and 2019:

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O-I GLASS, INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS (CONSOLIDATED)

Years ended December 31, 2021, 2020, and 2019

(Millions of Dollars)

Reserves deducted from assets in the balance sheets:

Allowances for losses and discounts on receivables

	Balance at beginning of period	Additions: Charged to costs and expenses	Additions: Other	Deductions (Note 1)	Balance at end of period
2021	$ 33	$ 6	$ (2)	$ (9)	$ 28
2020	$ 32	$ 6	$ (2)	$ (3)	$ 33
2019	$ 35	$ 15	$ (2)	$ (16)	$ 32

(1) Deductions from allowances for losses and discounts on receivables represent uncollectible notes and accounts written off.

Valuation allowance on net deferred tax assets

	Balance at beginning of period	Charged to income	Charged to other comprehensive income	Foreign currency translation	Other	Balance at end of period
2021	$ 493	$ 93	$ (67)	$ (4)	$ (3)	$ 512
2020	$ 462	$ 59	$ 3	$ 7	$(38)	$ 493
2019	$ 495	$ (31)	$ (14)	$ (1)	$ 13	$ 462