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

FORM 10-Q

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

For the quarterly period ended June 30, 2020

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

Commission file number 1-12084

Libbey Inc.

(Exact name of registrant as specified in its charter)

Delaware	34-1559357
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

300 Madison Avenue, Toledo, Ohio
43604
(Address of principal executive offices) (Zip Code)

419-325-2100
(Registrant's telephone number, including area code)

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	LBYYQ	None(1)

(1) On June 1, 2020, the staff of NYSE Regulation, Inc. ("NYSE Regulation") notified Libbey Inc. (the "Company") that it would apply to the Securities and Exchange Commission (the "SEC") to delist the Company's common stock upon completion of all applicable procedures. Such application was filed on Form 25 by NYSE Regulation on June 10, 2020, and the delisting was effective 10 days thereafter. The deregistration of the common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") will be effective 90 days, or such shorter period as the SEC may determine, after filing of the Form 25. Upon deregistration of the common stock under Section 12(b) of the Exchange Act, the common stock will remain registered under Section 12(g) of the Exchange Act. Trading of the Company's common stock now occurs on the OTC Pink marketplace under the symbol "LBYYQ."

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.01 par value 22,667,869 shares at July 31, 2020

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited Debtor-In-Possession)

Libbey Inc.
(Debtor-In-Possession)
Condensed Consolidated Statements of Operations
(dollars in thousands, except per share amounts)
(unaudited)

	Three months ended June 30, 2020	Three months ended June 30, 2019
Net sales	$ 77,532	$ 206,158
Freight billed to customers	295	811
Total revenues	77,827	206,969
Cost of sales	97,879	160,244
Gross profit (loss)	(20,052)	46,725
Selling, general and administrative expenses	18,735	30,813
Asset impairments	—	46,881
Loss from operations	(38,787)	(30,969)
Other income (expense)	(1,200)	(620)
Loss before interest, reorganization items and income taxes	(39,987)	(31,589)
Interest expense	3,837	5,879
Reorganization items, net	39,527	—
Loss before income taxes	(83,351)	(37,468)
Provision for income taxes	443	6,299
Net loss	$ (83,794)	$ (43,767)
Net loss per share:		
Basic	$ (3.64)	$ (1.95)
Diluted	$ (3.64)	$ (1.95)
Dividends declared per share	$ —	$ —

See accompanying notes

Libbey Inc.
(Debtor-In-Possession)
Condensed Consolidated Statements of Operations
(dollars in thousands, except per share amounts)
(unaudited)

	Six months ended June 30,	
	2020	**2019**
Net sales	$ 228,053	$ 381,124
Freight billed to customers	938	1,494
Total revenues	228,991	382,618
Cost of sales	226,120	301,935
Gross profit	2,871	80,683
Selling, general and administrative expenses	45,249	63,393
Asset impairments	38,535	46,881
Loss from operations	(80,913)	(29,591)
Other income (expense)	(11,852)	(2,204)
Loss before interest, reorganization items and income taxes	(92,765)	(31,795)
Interest expense	9,428	11,511
Reorganization items, net	39,527	—
Loss before income taxes	(141,720)	(43,306)
Provision for income taxes	20,822	5,003
Net loss	$ (162,542)	$ (48,309)
Net loss per share:		
Basic	$ (7.10)	$ (2.16)
Diluted	$ (7.10)	$ (2.16)
Dividends declared per share	$ —	$ —

See accompanying notes

Libbey Inc.
(Debtor-In-Possession)
Condensed Consolidated Statements of Comprehensive Income (Loss)
(dollars in thousands)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Net loss	$ (83,794)	$ (43,767)	$ (162,542)	$ (48,309)
Other comprehensive income (loss):				
Pension and other post-retirement benefit adjustments, net of tax	248	1,510	5,098	2,287
Derivative instruments adjustments, net of tax	119	(4,830)	11,116	(7,884)
Foreign currency translation adjustments, net of tax	716	(271)	(921)	(297)
Other comprehensive income (loss), net of tax	1,083	(3,591)	15,293	(5,894)
Comprehensive income (loss)	$ (82,711)	$ (47,358)	$ (147,249)	$ (54,203)

See accompanying notes

Libbey Inc.
(Debtor-In-Possession)
Condensed Consolidated Balance Sheets
(dollars in thousands, except share amounts)

	June 30, 2020 (unaudited)	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 45,781	$ 48,918
Accounts receivable — net	53,069	81,307
Inventories — net	164,926	174,797
Prepaid and other current assets	17,768	17,683
Total current assets	281,544	322,705
Pension Asset	6,927	5,712
Purchased intangible assets — net	11,694	11,875
Goodwill	—	38,431
Deferred income taxes	—	24,747
Other assets	15,700	14,608
Operating lease right-of-use assets	67,941	54,686
Property, plant and equipment — net	222,871	233,923
Total assets	$ 606,677	$ 706,687
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Accounts payable	$ 45,503	$ 79,262
Salaries and wages	21,552	30,188
Accrued liabilities	29,158	50,657
Accrued income taxes	1,118	382
Pension liability (current portion)	1,956	2,543
Non-pension post-retirement benefits (current portion)	3,812	3,817
Operating lease liabilities (current portion)	11,369	12,769
Short-term debt and long-term debt due within one year	161,404	16,124
Total current liabilities	275,872	195,742
Long-term debt	—	375,716
Pension liability	38,864	46,619
Non-pension post-retirement benefits	44,873	45,507
Noncurrent operating lease liabilities	62,654	48,323
Deferred income taxes	2,101	2,104
Other long-term liabilities	5,303	18,463
Total liabilities not subject to compromise	429,667	732,474
Liabilities subject to compromise	349,497	—
Total liabilities	779,164	732,474
Contingencies (note 16)		
Shareholders' deficit:		
Common stock, par value $.01 per share, 50,000,000 shares authorized, 22,667,869 shares issued in 2020 (22,360,125 shares issued in 2019)	227	224
Capital in excess of par value	338,941	338,395
Retained deficit	(403,002)	(240,460)
Accumulated other comprehensive loss	(108,653)	(123,946)
Total shareholders' deficit	(172,487)	(25,787)
Total liabilities and shareholders' deficit	$ 606,677	$ 706,687

See accompanying notes

Libbey Inc.
(Debtor-In-Possession)
Condensed Consolidated Statements of Shareholders' Equity (Deficit)
(dollars in thousands, except share amounts)
(unaudited)

Six months ended June 30, 2020	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance December 31, 2019	22,360,125	$ 224	$ 338,395	$ (240,460)	$ (123,946)	$ (25,787)
Net loss				(78,748)		(78,748)
Other comprehensive income (loss)					14,210	14,210
Stock compensation expense			569			569
Stock withheld for employee taxes			(173)			(173)
Stock issued	244,454	2	(2)			—
Balance March 31, 2020	22,604,579	226	338,789	(319,208)	(109,736)	(89,929)
Net loss				(83,794)		(83,794)
Other comprehensive income (loss)					1,083	1,083
Stock compensation expense			161			161
Stock withheld for employee taxes			(8)			(8)
Stock issued	63,290	1	(1)			—
Balance June 30, 2020	22,667,869	$ 227	$ 338,941	$ (403,002)	$ (108,653)	$ (172,487)

Six months ended June 30, 2019	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance December 31, 2018	22,157,220	$ 222	$ 335,517	$ (171,441)	$ (114,405)	$ 49,893
Net loss				(4,542)		(4,542)
Other comprehensive income (loss)					(2,303)	(2,303)
Stock compensation expense			937			937
Stock withheld for employee taxes			(317)			(317)
Stock issued	116,348	1	(8)			(7)
Balance March 31, 2019	22,273,568	223	336,129	(175,983)	(116,708)	43,661
Net loss				(43,767)		(43,767)
Other comprehensive income (loss)					(3,591)	(3,591)
Stock compensation expense			1,117			1,117
Stock withheld for employee taxes			(92)			(92)
Stock issued	73,518	—	1			1
Balance June 30, 2019	22,347,086	$ 223	$ 337,155	$ (219,750)	$ (120,299)	$ (2,671)

See accompanying notes

Libbey Inc.
(Debtor-In-Possession)
Condensed Consolidated Statements of Cash Flows
(dollars in thousands)
(unaudited)

	Six months ended June 30, 2020	Six months ended June 30, 2019
Operating activities:		
Net loss	$ (162,542)	$ (48,309)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	17,534	19,922
Asset impairments	38,535	46,881
Loss on derivatives de-designated as hedging instruments	13,850	—
Reorganization items	21,648	—
Change in accounts receivable	25,028	(9,060)
Change in inventories	8,673	(10,593)
Change in accounts payable	(8,128)	6,743
Accrued interest and amortization of discounts and finance fees	723	557
Pension & non-pension post-retirement benefits, net	1,069	(1,165)
Accrued liabilities & prepaid expenses	(23,145)	(2,768)
Income taxes	18,776	(2,483)
Cloud computing costs, net	(558)	(1,707)
Share-based compensation expense	696	1,935
Other operating activities	(2,274)	799
Net cash provided by (used in) operating activities	(50,115)	752
Investing activities:		
Cash paid for property, plant and equipment	(8,474)	(18,300)
Net cash used in investing activities	(8,474)	(18,300)
Financing activities:		
Borrowings on Prepetition ABL Credit Facility	53,000	73,871
Repayments on Prepetition ABL Credit Facility	(21,500)	(46,300)
Other borrowings	3,000	—
Other repayments	(3,000)	—
Repayments on Term Loan B	(1,100)	(2,200)
DIP Term Loan borrowings - New Money	30,000	—
DIP debt financing costs	(3,962)	—
Taxes paid on distribution of equity awards	(181)	(409)
Debt refinancing costs	(1,350)	—
Other financing activities	1,313	—
Net cash provided by financing activities	56,220	24,962
Effect of exchange rate fluctuations on cash	(768)	(182)
Increase (decrease) in cash	(3,137)	7,232
Cash & cash equivalents at beginning of period	48,918	25,066
Cash & cash equivalents at end of period	$ 45,781	$ 32,298
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest, net of capitalized interest	$ 9,141	$ 10,602
Cash paid during the period for income taxes, net of refunds	$ 923	$ 5,206

See note 5 for additional non-cash activities related to DIP financing.

See accompanying notes

Libbey Inc.
(Debtor-In-Possession)
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Description of the Business and Basis of Presentation

Libbey is a leading global manufacturer and marketer of glass tableware products. We produce glass tableware in five countries and sell to customers in over 100 countries. We design and market, under our Libbey®, Libbey Signature®, Master's Reserve®, Crisa®, Royal Leerdam®, World® Tableware, Syracuse® China and Crisal Glass® brand names (among others), an extensive line of high-quality glass tableware, ceramic dinnerware and metal flatware for sale primarily in the foodservice, retail and business-to-business channels of distribution. Our salesforce presents our tabletop products to the global marketplace in a coordinated fashion. We own and operate two glass tableware manufacturing plants in the United States as well as glass tableware manufacturing plants in Mexico (Libbey Mexico), the Netherlands (Libbey Holland), Portugal (Libbey Portugal) and China (Libbey China). In addition, we import tabletop products from overseas in order to complement our line of manufactured items. The combination of manufacturing and procurement allows us to compete in the global tabletop market by offering an extensive product line at competitive prices.

Our website can be found at www.libbey.com. We make available, free of charge, at this website all of our reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, including our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, as well as amendments to those reports. These reports are made available on our website as soon as reasonably practicable after their filing with, or furnishing to, the U.S. Securities and Exchange Commission (the "SEC") and can also be found at www.sec.gov.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Libbey Inc. and its majority-owned subsidiaries (collectively, "Libbey" or the "Company") have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Item 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month and six month periods ended June 30, 2020, are not necessarily indicative of the results that may be expected for the year ending December 31, 2020.

The balance sheet at December 31, 2019, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The financial information included herein should be read in conjunction with our Consolidated Financial Statements in Item 8 of our Form 10-K for the year ended December 31, 2019.

As discussed further in note 2, Bankruptcy Filing, on June 1, 2020 (the “Petition Date”), the Company and certain of its direct and indirect subsidiaries (collectively with the Company, the “Debtors”) filed a petition for reorganization in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Ability to Continue as a Going Concern

The Company’s financial statements have been prepared under the assumption that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The Condensed Consolidated Financial Statements do not reflect any adjustments that might result from the outcome of our Chapter 11 proceedings. The risks and uncertainties surrounding the Chapter 11 Cases (as defined below), the events of default under our credit agreements, and the results of operations due to the spread of the coronavirus 2019 ("COVID-19") pandemic impacting the Company’s business raise substantial doubt as to the Company’s ability to continue as a going concern. Our ability to continue as a going concern is dependent upon, among other things, our ability to become profitable, maintain profitability and successfully implement our Chapter 11 plan of reorganization. As the progress of these plans and transactions is subject to approval of the Bankruptcy Court and, therefore, not within our control, successful reorganization and emergence from bankruptcy cannot be considered probable and such plans do not alleviate substantial doubt about our ability to continue as a going concern.

2. Bankruptcy Filing

Chapter 11 Proceedings

On June 1, 2020, the Debtors filed voluntary petitions (“Bankruptcy Petitions”) for relief under Chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”) with the Bankruptcy Court. The Debtors’ Chapter 11 Cases are being jointly administered under the caption *In re Libbey Glass Inc., et al.*, Case No. 20-11439 (LSS). Documents filed on the docket of, and other information related to, the Chapter 11 Cases are available free of charge online at https://cases.primeclerk.com/libbey.

The Debtors' filing of the Chapter 11 Cases constituted an event of default that accelerated the Debtor's obligations under the following debt instruments:

- Amended and Restated Credit Agreement, dated as of February 8, 2010 (as amended, amended and restated or otherwise modified), among Libbey Glass, Libbey Europe B.V., a Netherlands corporation, the Company, the other subsidiaries of the Company party thereto, JPMorgan Chase Bank, N.A., as administrative agent with respect to the U.S. loans, J.P. Morgan Europe Limited, as administrative agent with respect to the Netherlands loans, the other titled agents party thereto and the lenders party thereto from time to time (the “Prepetition ABL Lenders”) (the “Prepetition ABL Credit Agreement”);

- Credit Agreement, dated as of April 9, 2014 (as amended, amended and restated or otherwise modified), among Libbey Glass, the Company, the other subsidiaries of the Company party thereto, Cortland Capital Market Services LLC, as administrative agent (as successor to Citibank, N.A., in its capacities as administrative agent and collateral agent), and the lenders party thereto from time to time (the “Prepetition Term Loan B Credit Agreement”).

Due to the Chapter 11 Cases, the lenders’ ability to exercise certain remedies against the Debtors under their respective credit agreements was automatically stayed as of the Petition Date. Contemporaneous with the filing of the Chapter 11 Cases on the Petition Date, the Prepetition ABL Lenders agreed to forbear from exercising their rights and remedies under the Prepetition ABL Credit Agreement against the subsidiaries of the Company organized in the Netherlands party thereto.

Operation and Implications of the Chapter 11 Cases

The Debtors are authorized to continue to operate their businesses as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. As debtors-in-possession under the Bankruptcy Code, the Debtors may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.

The Company’s financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. Our ability to continue as a going concern is contingent upon our ability to comply with the financial and other covenants contained in the debtor-in-possession financing (the “DIP Financing”) described in note 5, the development of, and the Bankruptcy Court's approval of, a Chapter 11 plan of reorganization and our ability to successfully implement a restructuring transaction and Chapter 11 plan of reorganization and obtain new financing, among other factors. Such conditions raise substantial doubt as to the Company’s ability to continue as a going concern.

The Company cannot predict the ultimate outcome of the Chapter 11 Cases. As a result of the Chapter 11 Cases, the realization of assets and the satisfaction of liabilities are subject to uncertainty. While operating as debtors-in-possession under Chapter 11, the Debtors may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the Bankruptcy Court or as otherwise permitted in the ordinary course of business (and subject to restrictions contained in the DIP Financing and applicable orders of the Bankruptcy Court), for amounts other than those reflected in the Company’s financial statements. Further, any restructuring plan may impact the amounts and classifications of assets and liabilities reported in our Condensed Consolidated Financial Statements.

Financing during the Chapter 11 Cases

For details on financing during the Chapter 11 Cases, see note 5, Borrowings, for discussion of the DIP Financing, which provides up to $160 million, exclusive of a portion of prepetition term loans to be rolled up in accordance with the terms of the DIP Term Loan (as defined below), in senior secured, super-priority financing, subject to the terms, conditions, and priorities set forth in the applicable definitive documentation and orders of the Bankruptcy Court.

Significant Bankruptcy Court Actions

On June 2, 2020 and July 2, 2020, the Bankruptcy Court held first and second day hearings of the Chapter 11 Cases, and the Bankruptcy Court issued certain interim and final orders related to the Debtors' business. These orders authorized the Debtors to, among other things, enter into the DIP Financing (described in note 5), pay certain prepetition employee and retiree expenses and benefits, use their existing cash management system, maintain and administer certain customer programs, pay certain critical and foreign vendors and pay certain prepetition taxes and related fees. These orders are significant because they allow us to operate our businesses in the normal course.

NYSE American Listing Status

The Company's common stock (the "Common Stock") was previously traded on the NYSE American LLC (the "NYSE American") exchange under the symbol "LBY." On June 1, 2020, the staff of NYSE Regulation, Inc. ("NYSE Regulation") suspended trading of the Common Stock on the NYSE American and notified the Company that NYSE Regulation would file a delisting application with the SEC to delist the Common Stock from the NYSE American. NYSE Regulation filed such delisting application on Form 25 on June 10, 2020, and the delisting was effective 10 days thereafter. Our Common Stock began trading on the OTC Pink marketplace under the symbol "LBYYQ" on June 2, 2020. The Company can provide no assurance that the Common Stock will continue to trade on this market, whether broker-dealers will continue to provide public quotes of the Common Stock on this market, whether the trading volume of the Common Stock will be sufficient to provide for an efficient trading market or whether quotes for the Common Stock will continue on this market in the future. The transition to over-the-counter markets will not affect the Company's business operations or its SEC reporting requirements and does not conflict with or cause an event of default under any of the Company's material debt or other agreements. Trading prices for the Company's securities may bear little or no relationship to the actual recovery, if any, by the holders of the Company's equity securities as a result of the Chapter 11 Cases. The Company expects that its equity holders will experience a complete loss on their investment, depending on the outcome of the Chapter 11 Cases.

Financial Reporting in Reorganization

Effective on June 1, 2020, the Company began to apply ASC, No. 852, "Reorganizations," which is applicable to companies under Chapter 11 bankruptcy protection. It requires the financial statements for periods subsequent to the Chapter 11 filing to distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Expenses, realized gains and losses, and provisions for losses that are directly associated with reorganization proceedings must be reported separately as reorganization items, net in the Condensed Consolidated Statements of Operations. In addition, the balance sheet must distinguish Debtor prepetition liabilities subject to compromise ("LSTC") from liabilities of non-Debtor entities, prepetition liabilities that are not subject to compromise and from post-petition liabilities in the accompanying Condensed Consolidated Balance Sheet. LSTC are prepetition obligations that are not fully secured and have at least a possibility of not being repaid at the full claim amount. Where there is uncertainty about whether a secured claim will be paid or impaired pursuant to the Chapter 11 Cases, the Company has classified the entire amount of the claim as a LSTC.

Liabilities Subject to Compromise

As a result of filing the Bankruptcy Petitions, the payment of prepetition liabilities is generally subject to compromise pursuant to a plan of reorganization. Generally, actions to enforce or otherwise effect payment of pre-bankruptcy filing liabilities are stayed. Although payment of prepetition claims generally is not permitted, the Bankruptcy Court granted the Debtors authority to pay certain prepetition claims in designated categories and subject to certain terms and conditions. This relief generally was designed to preserve the value of the Debtors' business and assets. Among other things, the Bankruptcy Court authorized, but did not require, the Debtors to pay certain prepetition claims relating to employee wages and benefits, taxes, critical vendors and debt.

Prepetition liabilities that are subject to compromise are required to be reported at the amounts expected to be allowed by the Bankruptcy Court, even if they may be settled for different amounts. The amounts classified as LSTC may be subject to future adjustments depending on Bankruptcy Court actions, further developments with respect to disputed claims, determination of secured status of certain claims, the determination as to the value of any collateral securing claims, proof of claims or other events. The following table presents LSTC as reported in the Condensed Consolidated Balance Sheet at June 30, 2020:

(dollars in thousands)	June 30, 2020
Debt	$ 317,931
Accounts payable	27,973
Pension liabilities	164
Accrued liabilities (1)	2,283
Other long-term liabilities	1,146
Liabilities subject to compromise	$ 349,497

(1) Includes $0.8 million of Prepetition Term Loan B accrued interest.

Reorganization Items, net

Reorganization items, net represent amounts incurred as a direct result of the Bankruptcy and are comprised of the following for the quarter ended June 30, 2020:

(dollars in thousands)	Three months ended June 30, 2020
Legal & professional fees	$ 20,369
Termination of derivatives	9,374
Write-off prepetition debt finance fees, discounts and PIK fees	4,675
DIP financing fees	3,962
Other	1,147
Total	$ 39,527

Cash paid for reorganization items during the three months ended June 30, 2020 was $18.0 million.

3. Significant Accounting Policies

Cloud Computing Arrangements

At June 30, 2020 and December 31, 2019, the net book value of our implementation costs for hosted cloud computing arrangements included $0.3 million in prepaid and other current assets for both periods, as well as $7.3 million and $6.5 million, respectively, in other assets on the Condensed Consolidated Balance Sheets. Amortization expense for the three and six-month periods ended June 30, 2020 and 2019 was immaterial.

Stock-Based Compensation Expense

Stock-based compensation expense charged to the Condensed Consolidated Statements of Operations is as follows:

	Three months ended June 30,		Six months ended June 30,	
(dollars in thousands)	**2020**	**2019**	**2020**	**2019**
Stock-based compensation expense	$ 162	$ 993	$ 696	$ 1,935

New Accounting Standards

Each change to U.S. GAAP is established by the Financial Accounting Standards Board ("FASB") in the form of an Accounting Standards Update ("ASU") to the FASB's Accounting Standards Codification ("ASC"). We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and either were determined to be not applicable or are expected to have minimal impact on the Company's Condensed Consolidated Financial Statements.

New Accounting Standards - Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. This standard introduces a new approach to estimating credit losses on certain types of financial instruments, including trade receivables, and modifies the impairment model for available-for-sale debt securities. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early application permitted. In October of 2019, the FASB approved a delayed effective date for Smaller Reporting Company filers; thus, our effective date is now for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Although we are still evaluating the impact of this standard, we believe it will not have a material impact on our Condensed Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740): *Simplifying the Accounting for Income Taxes*. This standard simplifies the accounting for income taxes by removing certain exceptions in Topic 740 and simplifying other areas. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. If early adoption is elected, all amendments must be adopted in the same period. We are currently assessing the impact that this standard will have on our Condensed Consolidated Financial Statements.

4. Balance Sheet Details

The following table provides detail of selected balance sheet items:

(dollars in thousands)	June 30, 2020	December 31, 2019
Accounts receivable:		
Trade receivables	$ 51,941	$ 79,829
Other receivables	1,128	1,478
Total accounts receivable, less allowances of $7,176 and $10,803	$ 53,069	$ 81,307
Inventories:		
Finished goods	$ 147,474	$ 157,348
Work in process	1,483	1,183
Raw materials	3,875	4,008
Repair parts	10,143	10,254
Operating supplies	1,951	2,004
Total inventories, less loss provisions of $8,432 and $7,750	$ 164,926	$ 174,797
Accrued liabilities:		
Accrued incentives	$ 11,753	$ 24,337
Other accrued liabilities	17,405	26,320
Total accrued liabilities	$ 29,158	$ 50,657

During the second quarter of 2020, Libbey Mexico entered into an agreement with a financial institution whereby certain accounts payable, originally due between April 1 and June 30, 2020, were extended 120 days. As of June 30, 2020, $7.0 million was extended for an upfront interest fee (totaling $0.2 million during the second quarter 2020). The $7.0 million is included in accounts payable on the Condensed Consolidated Balance Sheet at June 30, 2020.

5. Borrowings

Debt

Borrowings consist of the following:

(dollars in thousands)	Interest Rate (1)	Maturity Date (2)	June 30, 2020	December 31, 2019
Prepetition ABL Credit Facility	LIBOR + 3.5%	January 9, 2021	$ 39,352	$ 17,386
DIP ABL Credit Facility	LIBOR + 3.5%	November 28, 2020	9,554	—
DIP Term Loan - new money	LIBOR + 11.0%	November 28, 2020	30,000	—
Roll-up Term Loan B	LIBOR + 1.0% + 2.0% PIK	November 28, 2020	60,093	—
Prepetition Term Loan B (3)	LIBOR + 3.0%	April 9, 2021	317,931	375,800
Terminated Swap Obligations	LIBOR + 4.5%	November 28, 2020	22,405	—
Total borrowings			479,335	393,186
Less — unamortized discount and finance fees			—	1,346
Total borrowings — net			479,335	391,840
Less amounts included in liabilities subject to compromise			317,931	—
Total borrowings not subject to compromise			161,404	391,840
Less — short-term debt and long-term debt due within one year			161,404	16,124
Total long-term portion of borrowings — net			$ —	$ 375,716

(1) All LIBOR borrowings have a 1.0 percent floor.
(2) The filing of our Bankruptcy Petitions constituted an event of default with respect to our Prepetition Term Loan B and Prepetition ABL Credit Facility.
(3) Reclassified to liabilities subject to compromise at June 30, 2020.

Non-cash financing activities

During June 2020, the following non-cash financing activities occurred:

- DIP ABL Credit Facility borrowings of $9.6 million reduced the Prepetition ABL Credit Facility by $9.6 million.
- The Terminated Swap Obligations of $22.4 million were reclassed from accrued liabilities and other long-term liabilities on the Condensed Consolidated Balance Sheet.
- Roll-up Term Loan B borrowings of $60.0 million reduced the Prepetition Term Loan B by $60.0 million.

Debtor-in-Possession Credit Facilities

On June 2, 2020 and July 2, 2020, the Bankruptcy Court approved first-day and final orders authorizing new debtor-in-possession financing consisting of a senior secured asset based revolving credit facility (the "DIP ABL Credit Facility") and a senior secured super-priority multi-draw term loan facility (the "DIP Term Loan") and, together with the DIP ABL Credit Facility, (the "DIP Facilities").

The DIP ABL Credit Facility

On June 3, 2020, Libbey Glass Inc. and Libbey Europe B.V., as borrowers (the "ABL Borrowers"), entered into the Debtor-In-Possession Credit Agreement (the "DIP ABL Credit Agreement") with the guarantors party thereto, the lenders party thereto from time to time, and JPMorgan Chase Bank, N.A., as administrative agent. The lenders under the DIP ABL Credit Agreement are the same as the existing lenders under the Prepetition ABL Credit Agreement.

The DIP ABL Credit Facility provides for a secured debtor-in-possession revolving credit facility in an aggregate principal amount of up to $100.0 million, subject to a borrowing base comprised of certain inventory and accounts receivables, largely consistent with the borrowing base under the Prepetition ABL Credit Facility. The DIP ABL Credit Facility also provides for the issuance of up to $15.0 million of letters of credit that, when outstanding, along with other reserves are applied against the borrowing limit.

At June 30, 2020, we had $39.4 million of outstanding borrowings under the Prepetition ABL Credit Facility, $9.6 million outstanding under the DIP ABL Credit Facility, $9.7 million of outstanding letters of credit and $22.8 million of reserves. Remaining unused availability under the DIP ABL Credit Facility was a deficit of $0.3 million at June 30, 2020, however, prior to submission of the monthly compliance certificate on July 20, 2020, a $0.4 million repayment was made, bringing the compliance certificate unused availability to $0.1 million, compared to $68.2 million, under the Prepetition ABL Credit Facility, at December 31, 2019.

As a result of the filing of the Chapter 11 Cases, all derivative contracts were terminated. Those Terminated Swap Obligations (as defined in the DIP ABL Credit Agreement) remain outstanding; however, such amounts do not reduce the borrowing capacity of the DIP ABL Credit Facility.

Certain advances under the DIP ABL Credit Facility include the repayment (or deemed repayment) of certain Prepetition ABL Credit Facility obligations with a corresponding dollar-for-dollar increase in the DIP ABL Credit Facility and the assumption or deemed re-issuance of Letters of Credit, Banking Services Obligations and Swap Obligations (as each term is defined in the Prepetition ABL Credit Agreement). The DIP ABL Credit Agreement requires that all other proceeds or advances under the DIP ABL Credit Facility be used only for ordinary course general corporate and working capital purposes, costs of administration of the Chapter 11 Cases, certain professional fees and fees and expenses relating to the DIP Facilities, in each case, in accordance with a cash flow budget that will be updated periodically, subject to certain permitted variances.

As of June 30, 2020, $9.6 million had been deemed repaid on the Prepetition ABL Credit Facility and re-borrowed under the DIP ABL Credit Facility. Upon approval of the final orders, the remainder of the outstanding Prepetition ABL Credit Facility was deemed fully repaid and was re-borrowed under the DIP ABL Credit Facility.

Loans under the DIP ABL Credit Facility bear interest, at the option of the ABL Borrowers, of either (1) the Adjusted LIBO Rate (as defined in the DIP ABL Credit Agreement), subject to a 1.00 percent floor, plus 3.50 percent per annum or (2) the CB Floating Rate (as defined in the DIP ABL Credit Agreement) plus 2.50 percent per annum. Terminated Swap Obligations (as defined in the DIP ABL Credit Agreement) bear interest, at the option of the ABL Borrowers of either (i) the Adjusted LIBO Rate, subject to a 1.00 percent floor, plus 4.50 percent per annum or (ii) the CB Floating Rate plus 3.50 percent per annum. The DIP ABL Credit Facility matures on the earliest of (a) the date that is one hundred eighty (180) days after the Petition Date, (b) the consummation of a sale of all or substantially all of the Debtors' assets, (c) if the Final Financing Order (as defined in the DIP ABL Credit Agreement) has not been entered, the date that is thirty-five (35) days after the Petition Date (or such later date to which the deadline for the entry of the Final Financing Order may be extended), (d) the effective date of a reorganization plan, (e) the maturity date (as defined in the DIP Term Loan Agreement) or (f) any earlier date on which the borrowings are permanently reduced to zero or otherwise terminated pursuant to the terms of the DIP ABL Credit Agreement.

The DIP ABL Credit Facility is secured by:

- a senior lien on Prepetition ABL Priority Collateral (as defined in the Interim Order);
- a priority lien on 100 percent of the equity of the foreign subsidiaries;
- a priority lien on certain foreign collateral; and
- a junior lien on Prepetition Term Loan Priority Collateral (as defined in the Interim Order).

DIP Term Loan

On June 3, 2020, the Company, Libbey Glass Inc., as borrower, the other Debtors, the other guarantors party thereto, Cortland Capital Market Services LLC, as administrative agent and collateral agent, and the lenders party thereto from time to time entered into the Superpriority Secured Debtor-In-Possession Credit Agreement (the “DIP Term Loan Credit Agreement” and, together with the DIP ABL Credit Agreement, the “DIP Credit Agreements”). The lenders under the DIP Term Loan Credit Agreement are certain lenders under the Prepetition Term Loan B Credit Agreement.

The DIP Term Loan is a multi-draw senior secured debtor-in-possession facility comprised of $60.0 million in new money term loans and a “roll-up” of outstanding prepetition term loan obligations of an aggregate amount of $60.0 million. A draw in the principal amount of $30.0 million was made available upon entry of the interim order by the Bankruptcy Court (the “Interim Order”) on June 3, 2020, with the remaining $30 million made available upon entry of a final order by the Bankruptcy Court (the “Final Order”) on July 2, 2020.

Borrowings under the DIP Term Loan were used to pay a portion of the Prepetition ABL Credit Facility, accrued interest and fees and other general operating expenses, as approved by the Bankruptcy Court. $3.6 million related to debt issuance costs and fees was expensed in reorganization items, net.

At June 30, 2020, we had $30.0 million of incremental borrowings outstanding and $60.1 million outstanding related to the Roll-up Term Loan B which includes $0.1 million of paid-in-kind ("PIK") interest.

The DIP Term Loan bears interest at a percentage per annum equal to: (i) for Eurocurrency Rate Loans, the Eurocurrency Rate (as defined in the DIP Term Loan Credit Agreement), subject to a 1.00 percent floor, plus 11.00 percent and (ii) for Base Rate Loans, the Base Rate (as defined in the DIP Term Loan Credit Agreement), subject to a 2.00 percent floor, plus 10.00 percent. The Roll-Up Loans (as defined in the DIP Term Loan Credit Agreement) bear interest at a percentage per annum equal to: (i) for Eurocurrency Rate Loans, (A) the Eurocurrency Rate, subject to a 1.00 percent floor, plus 1.00 percent payable in cash plus (B) 2.00 percent PIK and (ii) for Base Rate Loans, (A) the Base Rate, subject to a 2.00 percent floor, plus 0.00 percent payable in cash plus (B) 2.00 percent PIK.

The DIP Term Loan matures on the earliest of (i) thirty-five (35) days following the Petition Date, or such later date as agreed to by the Required Lenders (as defined in the DIP Term Loan Credit Agreement) if the Final Order shall not have been entered by such date, (ii) the effective date of any Chapter 11 reorganization plan of any Debtor, (iii) the date on which all or substantially all of the assets of the Debtors are sold in a sale under a Chapter 11 plan or pursuant to Section 363 of the Bankruptcy Code, (iv) one hundred eighty (180) days following the Petition Date, and (v) the date that all loans shall become due and payable in full in accordance with the terms of the DIP Term Loan Credit Agreement.

The DIP Term Loan is secured by:

- a senior lien on the Prepetition Term Loan B Priority Collateral (as defined in the Interim Order);
- a junior lien on 100 percent of the equity in the foreign subsidiaries;
- a junior lien on certain foreign collateral; and
- a junior lien on the Prepetition ABL Priority Collateral (as defined in the Interim Order).

The DIP Facilities

The DIP Facilities contain customary representations, warranties and covenants that are typical and customary for debtor-in-possession facilities of this type, including, but not limited to specified restrictions on indebtedness, liens, guarantee obligations, mergers, acquisitions, consolidations, liquidations and dissolutions, sales of assets, leases, payment of dividends and other restricted payments, voluntary payments of other indebtedness, investments, loans and advances, transactions with affiliates, and compliance with case milestones. The DIP Credit Agreements also contain customary events of default, including as a result of certain events occurring in the Chapter 11 Cases.

On June 3, 2020, the Bankruptcy Court approved an Interim Order authorizing the Debtors to pay certain fees related to the DIP Facilities in accordance with the applicable commitment and fee letters.

These DIP Facilities, coupled with our normal operating cash flows, are providing liquidity to support operations and our continued service of customers and end users during the court-supervised process.

The foregoing summaries of the DIP Facilities do not purport to be complete descriptions and are qualified in their entirety by reference to the complete text of both the DIP Term Loan Credit Agreement and the DIP ABL Credit Agreement, which were filed with a Current Report on Form 8-K on June 9, 2020, as Exhibit 4.1 and Exhibit 4.2, respectively, and incorporated herein by reference.

Prepetition Term Loan B

As of June 30, 2020, the outstanding balance of the Prepetition Term Loan B was $317.9 million, excluding the $60.0 million Roll-up Term Loan B. The Prepetition Term Loan B is classified as liabilities subject to compromise at June 30, 2020. For the period ended June 30, 2020, contractual post-petition related interest expense of $1.0 million related to the Prepetition Term Loan B has not been recorded in the financial statements.

Terminated Swap Obligations

The filing of the Chapter 11 Cases resulted in the termination of all our derivative contracts. As a result, the outstanding amounts to our counterparties were included in the DIP Facilities, accruing interest at LIBOR plus 4.50 percent. The Terminated Swap Obligations are fully secured and subject to the same terms and maturity as the DIP Facilities.

Libbey Mexico Line of Credit

On June 17, 2019, Crisa Libbey Mexico S. de R.L. de C.V. entered into a $3.0 million working capital line of credit with Banco Santander Mexico to cover seasonal working capital needs, guaranteed by its parent company, Libbey Mexico, S. de R.L. de C.V. The line of credit had a floating interest rate of LIBOR plus 3.20 percent and was repaid and terminated on June 2, 2020.

6. Income Taxes

For interim tax reporting, we estimate our annual effective tax rate and apply it to our year-to-date ordinary income. Tax jurisdictions with a projected or year-to-date loss for which a tax benefit cannot be realized are excluded from the annualized effective tax rate. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur.

Our effective tax rate was (14.7) percent for the six months ended June 30, 2020, compared to (11.6) percent for the six months ended June 30, 2019. Our effective tax rate for the six months ended June 30, 2020, was negative because the Company recorded positive tax expense despite incurring an overall pretax loss. This occurred because the Company recorded valuation allowances against the deferred tax assets in all of the jurisdictions in which it operates. These valuation allowances resulted from management's conclusion that the Company is not more likely than not to realize future tax benefits from deferred tax assets due to management's opinion that there is substantial doubt that the Company will be able to continue as a going concern within one year of the date of the financial statements.

The Company and its subsidiaries are subject to examination by various countries' tax authorities. These examinations may lead to proposed or assessed adjustments to our taxes. We believe that our tax reserves related to uncertain tax positions are adequate at this time.

7. Pension and Non-pension Post-retirement Benefits

The components of our net pension expense, including the SERP (supplemental employee retirement plan), are as follows:

Three months ended June 30,	**U.S. Plans**		**Non-U.S. Plans**		**Total**	
(dollars in thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Service cost	$ 859	$ 783	$ 314	$ 260	$ 1,173	$ 1,043
Interest cost	2,953	3,382	712	772	3,665	4,154
Expected return on plan assets	(5,165)	(5,193)	—	—	(5,165)	(5,193)
Amortization of unrecognized:						
Prior service (credit)	—	—	(41)	(51)	(41)	(51)
Actuarial loss	1,856	1,088	194	105	2,050	1,193
Pension expense	$ 503	$ 60	$ 1,179	$ 1,086	$ 1,682	$ 1,146

Six months ended June 30,	**U.S. Plans**		**Non-U.S. Plans**		**Total**	
(dollars in thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Service cost	$ 1,717	$ 1,566	$ 686	$ 519	$ 2,403	$ 2,085
Interest cost	5,905	6,764	1,553	1,541	7,458	8,305
Expected return on plan assets	(10,329)	(10,386)	—	—	(10,329)	(10,386)
Amortization of unrecognized:						
Prior service (credit)	—	—	(90)	(101)	(90)	(101)
Actuarial loss	3,713	2,175	422	208	4,135	2,383
Pension expense	$ 1,006	$ 119	$ 2,571	$ 2,167	$ 3,577	$ 2,286

We have contributed $0.5 million and $1.5 million of cash to our pension plans for the three months and six months ended June 30, 2020, respectively. Pension contributions for the remainder of 2020 are estimated to be $1.2 million.

The provision for our non-pension, post-retirement, benefit expense consists of the following:

Three months ended June 30,	**U.S. Plans**		**Non-U.S. Plans**		**Total**	
(dollars in thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Service cost	$ 110	$ 112	$ —	$ —	$ 110	$ 112
Interest cost	395	449	7	9	402	458
Amortization of unrecognized:						
Prior service (credit)	(70)	(71)	—	—	(70)	(71)
Actuarial (gain)	(61)	(106)	(18)	(19)	(79)	(125)
Non-pension post-retirement benefit expense	$ 374	$ 384	$ (11)	$ (10)	$ 363	$ 374

Six months ended June 30,	**U.S. Plans**		**Non-U.S. Plans**		**Total**	
(dollars in thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Service cost	$ 220	$ 222	$ —	$ —	$ 220	$ 222
Interest cost	791	918	14	18	805	936
Amortization of unrecognized:						
Prior service (credit)	(141)	(141)	—	—	(141)	(141)
Actuarial (gain)	(123)	(188)	(37)	(37)	(160)	(225)
Non-pension post-retirement benefit expense	$ 747	$ 811	$ (23)	$ (19)	$ 724	$ 792

Our 2020 estimate of non-pension cash payments is $3.9 million, of which we have paid $1.1 million and $1.9 million for the three months and six months ended June 30, 2020, respectively.

8. Net Loss per Share of Common Stock

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

(dollars in thousands, except earnings per share)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Numerator for earnings per share:				
Net loss that is available to common shareholders	$ (83,794)	$ (43,767)	$ (162,542)	$ (48,309)
Denominator for basic earnings per share:				
Weighted average shares outstanding	22,995,463	22,400,246	22,907,791	22,331,786
Denominator for diluted earnings per share:				
Effect of stock options and restricted stock units	—	—	—	—
Adjusted weighted average shares and assumed conversions	22,995,463	22,400,246	22,907,791	22,331,786
Basic loss per share	$ (3.64)	$ (1.95)	$ (7.10)	$ (2.16)
Diluted loss per share	$ (3.64)	$ (1.95)	$ (7.10)	$ (2.16)
Anti-dilutive shares excluded from computation of diluted loss per share	2,323,370	1,939,290	2,047,320	1,700,192

When applicable, diluted shares outstanding is calculated using the weighted-average number of common shares outstanding plus the dilutive effects of equity-based compensation outstanding during the period using the treasury stock method.

9. Derivatives

Prior to filing the Chapter 11 Cases, we utilized derivative financial instruments to hedge certain interest rate risks associated with our long-term debt and commodity price risks associated with forecasted future natural gas requirements. Prior to March 31, 2020, these derivatives qualified for hedge accounting since the hedges were highly effective, and we designated and documented contemporaneously the hedging relationships involving these derivative instruments. Due to the Company's credit risk profile and changes in the probability of the forecasted transactions being hedged, we concluded we no longer met the criteria for the application of hedge accounting as of March 31, 2020. As a result, amounts related to the hedging relationship previously recorded in AOCI were reclassified to earnings. In addition, the filing of the Chapter 11 Cases resulted in the termination of all our derivative contracts.

Fair Values

The following table provides the fair values of our derivative financial instruments for the periods presented:

(dollars in thousands)	Balance Sheet Location	Fair Value of Derivative Liabilities: June 30, 2020	Fair Value of Derivative Liabilities: December 31, 2019
Derivatives designated as hedging instruments:			
Interest rate swaps	Accrued liabilities	$ —	$ 2,931
Interest rate swaps	Other long-term liabilities	—	11,632
Natural gas contracts	Accrued liabilities	—	836
Natural gas contracts	Other long-term liabilities	—	3
Total derivative liabilities		$ —	$ 15,402

The following table presents cash settlements (paid) received related to the below derivatives:

(dollars in thousands)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Natural gas contracts	$ (298)	$ (65)	$ (915)	$ 63
Interest rate swaps	(790)	347	(1,319)	691
Total	$ (1,088)	$ 282	$ (2,234)	$ 754

The following table provides a summary of the impacts of derivative gain (loss) on the Condensed Consolidated Statements of Operations and other comprehensive income (OCI):

		Three months ended June 30,		Six months ended June 30,	
(dollars in thousands)	**Location**	**2020**	**2019**	**2020**	**2019**
Derivative gain (loss) recognized into OCI:					
Natural gas contracts	OCI	$ —	$ (1,106)	$ (199)	$ (1,143)
Interest rate swaps	OCI	—	(4,987)	1,273	(8,465)
Total		$ —	$ (6,093)	$ 1,074	$ (9,608)
Derivative gain (loss) reclassified from accumulated OCI to current earnings:					
Natural gas contracts	Cost of Sales	$ —	$ (65)	$ (617)	$ 63
Interest rate swaps	Interest expense	—	335	(788)	690
Total		$ —	$ 270	$ (1,405)	$ 753
Derivatives de-designated as hedging instruments:					
Gain (loss) recognized in current earnings					
Interest rate swaps	Other Income (expense)	$ (836)	$ —	$ (13,338)	$ —
Natural gas contracts	Other Income (expense)	(91)	—	(512)	—
Interest rate swaps	Reorganization items, net	(9,115)	—	(9,115)	—
Natural gas contracts	Reorganization items, net	(259)	—	(259)	—
Total		$ (10,301)	$ —	$ (23,224)	$ —

Natural Gas Contracts

Prior to the Chapter 11 Cases, which resulted in the termination of all our derivative contracts, we used natural gas swap contracts related to forecasted future North American natural gas requirements. The objective of these commodity contracts was to limit the fluctuations in prices paid due to price movements in the underlying commodity. We considered our forecasted natural gas requirements in determining the quantity of natural gas to hedge. We combined the forecasts with historical observations to establish the percentage of forecast eligible to be hedged, typically ranging from 40 percent to 70 percent of our anticipated requirements, 18 months in the future, or more, depending on market conditions. The fair values of these instruments were determined from market quotes.

The following table presents the notional amount of our natural gas derivatives on the Condensed Consolidated Balance Sheets:

		Notional Amounts	
Derivative Types	**Unit of Measure**	**June 30, 2020**	**December 31, 2019**
Natural gas contracts	Millions of British Thermal Units (MMBTUs)	0	2,460,000

Hedge accounting is applied only when the derivative is deemed to be highly effective at offsetting changes in fair values or anticipated cash flows of the hedged item or transaction. For hedged forecasted transactions, hedge accounting is discontinued if the forecasted transaction is no longer probable to occur, and any previously deferred gains or losses would be recorded to earnings immediately. At March 31, 2020, we evaluated our natural gas hedging relationships and, based on the Company's credit risk, concluded that it was no longer probable that we had an effective hedging relationship. As a result, amounts previously deferred in AOCI were reclassified to earnings, resulting in $0.4 million of expense recognized in other income (expense) at March 31, 2020. Just prior to the reclass out of AOCI on March 31, 2020, we recorded a credit valuation adjustment of $0.5 million which reduced the derivative liability for the natural gas contracts. With the Chapter 11 Cases and termination of derivative contracts on June 1, 2020, the derivative liability associated with our gas contracts required a $0.3 million adjustment to increase the derivative liability to the termination value as it became fully secured in the Bankruptcy Petitions. This expense was recorded in reorganization items, net on the Condensed Consolidated Statements of Operations. See note 2, Bankruptcy Filing, and note 15, Other Income (Expense).

Interest Rate Swaps

The table below lists the interest rate swaps we executed as part of our risk management strategy to mitigate the risks associated with the fluctuating interest rates under our Prepetition Term Loan B. Prior to March 31, 2020, the interest rate swaps effectively converted a portion of our Prepetition Term Loan B debt from a variable interest rate to a fixed interest rate, thus reducing the impact of interest rate changes on future income. The filing of the Chapter 11 Cases resulted in the termination of all our derivative contracts.

Swap execution date	Effective date	Expiration date	Notional amount	Fixed swap rate
April 1, 2015	January 11, 2016	January 9, 2020	$220.0 million	4.85%
September 24, 2018	January 9, 2020	January 9, 2025 (2)	$200.0 million	6.19% (1)

(1) Includes a LIBOR portion that was fixed at 3.19 percent plus the credit spread.
(2) Terminated on June 1, 2020 upon the filing of the Chapter 11 Cases.

Our interest rate swaps were valued using the market standard methodology of netting discounted expected future variable cash receipts, the discounted future fixed cash payments, and credit risk of both the counterparties and the Company. The variable cash receipts were based on an expectation of future interest rates derived from observed market interest rate forward curves.

At March 31, 2020, our remaining interest rate swaps no longer qualified to be designated as a cash flow hedge under FASB ASC 815, “Derivatives and Hedging.” Hedge accounting is applied only when the derivative is deemed to be highly effective at offsetting changes in fair values or anticipated cash flows of the hedged item or transaction. For hedged forecasted transactions, hedge accounting is discontinued if the forecasted transaction is no longer probable to occur, and any previously deferred gains or losses are recorded to earnings immediately. Due to the Company's credit risk profile and changes in the probability of the forecasted transactions no longer occurring, we concluded we no longer met the criteria for the application of hedge accounting as of March 31, 2020. As a result, amounts previously deferred in AOCI were reclassified to earnings, resulting in $12.5 million of expense recognized in other income (expense) at March 31, 2020. Just prior to the reclass out of AOCI on March 31, 2020, we recorded a credit valuation adjustment of $9.2 million which reduced the derivative liability for the interest rate swaps. With the Chapter 11 Cases and termination of derivative contracts on June 1, 2020, the derivative liability associated with our swaps required a $9.1 million adjustment to increase the derivative liability to the termination value as it became fully secured in the Bankruptcy Petitions. This expense was recorded in reorganization items, net on the Condensed Consolidated Statements of Operations. See note 2, Bankruptcy Filing, and note 15, Other Income (Expense).

10. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) (AOCI), net of tax, is as follows:

Three months ended June 30, 2020 (dollars in thousands)	Foreign Currency Translation	Derivative Instruments	Pension and Other Post-retirement Benefits	Accumulated Other Comprehensive Loss
Balance on March 31, 2020	$ (26,784)	$ (435)	$ (82,517)	$ (109,736)
Amounts recognized into AOCI	716	—	—	716
Currency impact	—	—	454	454
Amounts reclassified from AOCI	—	—	1,860 (2)	1,860
Tax effect	—	119	(2,066)	(1,947)
Other comprehensive income (loss), net of tax	716	119	248	1,083
Balance on June 30, 2020	$ (26,068)	$ (316)	$ (82,269)	$ (108,653)

Six months ended June 30, 2020 (dollars in thousands)	Foreign Currency Translation	Derivative Instruments	Pension and Other Post-retirement Benefits	Accumulated Other Comprehensive Loss
Balance on December 31, 2019	$ (25,147)	$ (11,432)	$ (87,367)	$ (123,946)
Amounts recognized into AOCI	(921)	1,074	—	153
Currency impact	—	—	2,707	2,707
Amounts reclassified from AOCI	—	1,405 (1)	3,744 (2)	5,149
Amounts reclassified from AOCI for derivatives de-designated	—	12,923 (3)	—	12,923
Tax effect	—	(4,286)	(1,353)	(5,639)
Other comprehensive income (loss), net of tax	(921)	11,116	5,098	15,293
Balance on June 30, 2020	$ (26,068)	$ (316)	$ (82,269)	$ (108,653)

Three months ended June 30, 2019 (dollars in thousands)	Foreign Currency Translation	Derivative Instruments	Pension and Other Post-retirement Benefits	Accumulated Other Comprehensive Loss
Balance on March 31, 2019	$ (23,266)	$ (5,920)	$ (87,522)	$ (116,708)
Amounts recognized into AOCI	(533)	(6,093)	1,148	(5,478)
Currency impact	—	—	(84)	(84)
Amounts reclassified from AOCI	—	(270) (1)	945 (2)	675
Tax effect	262	1,533	(499)	1,296
Other comprehensive income (loss), net of tax	(271)	(4,830)	1,510	(3,591)
Balance on June 30, 2019	$ (23,537)	$ (10,750)	$ (86,012)	$ (120,299)

Six months ended June 30, 2019 (dollars in thousands)	Foreign Currency Translation	Derivative Instruments	Pension and Other Post-retirement Benefits	Accumulated Other Comprehensive Loss
Balance on December 31, 2018	$ (23,240)	$ (2,866)	$ (88,299)	$ (114,405)
Amounts recognized into AOCI	(289)	(9,608)	1,148	(8,749)
Currency impact	—	—	(50)	(50)
Amounts reclassified from AOCI	—	(753) (1)	1,915 (2)	1,162
Tax effect	(8)	2,477	(726)	1,743
Other comprehensive income (loss), net of tax	(297)	(7,884)	2,287	(5,894)
Balance on June 30, 2019	$ (23,537)	$ (10,750)	$ (86,012)	$ (120,299)

(1) We reclassified natural gas contracts through cost of sales and the interest rate swaps through interest expense on the Condensed Consolidated Statements of Operations. See note 9 for additional information.

(2) We reclassified the net pension and non-pension post-retirement benefits amortization and settlement charges through other income (expense) on the Condensed Consolidated Statements of Operations. See note 7 for additional information.

(3) Libbey de-designated the interest rate swaps and natural gas swaps as of March 31, 2020, as the transactions were no longer probable of occurring. Amounts were reclassified to other income (expense). See note 9 for additional information.

11. Segments

Our segments are U.S. and Canada; Latin America; Europe, the Middle East and Africa ("EMEA"); and Other. Segment results are based primarily on the geographical destination of the sale. Our three reportable segments are defined below. Our operating segment that does not meet the criteria to be a reportable segment is disclosed as Other.

U.S. & Canada—includes sales of manufactured glassware products and sourced tableware having an end-market destination in the U.S and Canada, excluding glass products for Original Equipment Manufacturers ("OEM"), which remain in the Latin America segment.

Latin America—includes primarily sales of manufactured and sourced glass tableware having an end-market destination in Latin America, as well as glass products for OEMs regardless of end–market destination.

EMEA—includes primarily sales of manufactured and sourced glass tableware having an end-market destination in Europe, the Middle East and Africa.

Other—includes primarily sales of manufactured and sourced glass tableware having an end-market destination in Asia Pacific.

Our measure of profit for our reportable segments is Segment Earnings Before Interest and Taxes ("Segment EBIT") and excludes amounts related to certain items we consider not representative of ongoing operations as well as certain retained corporate costs and other allocations that are not considered by management when evaluating performance. Segment EBIT also includes an allocation of manufacturing costs for inventory produced at a Libbey facility that is located in a region other than the end market in which the inventory is sold. This allocation can fluctuate from year to year based on the relative demands for products produced in regions other than the end markets in which they are sold. We use Segment EBIT, along with net sales and selected cash flow information, to evaluate performance and to allocate resources. Segment EBIT for reportable segments includes an allocation of some corporate expenses based on the costs of services performed.

Certain activities not related to any particular reportable segment are reported within retained corporate costs. These costs include certain headquarter, administrative and facility costs, and other costs that are global in nature and are not allocable to the reporting segments.

The accounting policies of the reportable segments are the same as those for the Company. We do not have any customers who represent 10 percent or more of total sales. Inter-segment sales are consummated at arm's length and are reflected at end-market reporting below.

	Three months ended June 30,		Six months ended June 30,	
(dollars in thousands)	**2020**	**2019**	**2020**	**2019**
Net Sales:				
U.S. & Canada	$ 42,688	$ 128,897	$ 138,564	$ 238,803
Latin America	19,841	38,208	46,484	68,609
EMEA	12,096	32,678	37,376	60,720
Other	2,907	6,375	5,629	12,992
Consolidated	$ 77,532	$ 206,158	$ 228,053	$ 381,124
Segment EBIT:				
U.S. & Canada	$ (20,586)	$ 17,267	$ (13,688)	$ 27,064
Latin America	(7,309)	3,187	(2,788)	3,836
EMEA	(4,762)	2,763	(6,372)	2,713
Other	(1,952)	(1,169)	(3,324)	(2,321)
Total Segment EBIT	$ (34,609)	$ 22,048	$ (26,172)	$ 31,292
Reconciliation of Segment EBIT to Net Loss:				
Segment EBIT	$ (34,609)	$ 22,048	$ (26,172)	$ 31,292
Retained corporate costs	(5,451)	(6,756)	(12,649)	(16,206)
Asset impairments (note 17)	—	(46,881)	(38,535)	(46,881)
Fees associated with strategic initiative	—	—	(406)	—
Debt refinancing & prepetition reorganization charges (note 15)	—	—	(3,356)	—
Workforce reduction	—	—	(517)	—
Reorganization items, net (note 2)	(39,527)	—	(39,527)	—
Grant recognition	1,000	—	1,000	—
Loss on derivatives de-designated as hedging instruments	(927)	—	(13,850)	—
Employee benefit liability adjustment (1) (note 15)	—	—	1,720	—
Interest expense	(3,837)	(5,879)	(9,428)	(11,511)
Provision for income taxes	(443)	(6,299)	(20,822)	(5,003)
Net loss	$ (83,794)	$ (43,767)	$ (162,542)	$ (48,309)
Depreciation & Amortization:				
U.S. & Canada	$ 2,945	$ 3,214	$ 5,908	$ 6,347
Latin America	3,329	3,837	6,697	7,617
EMEA	1,242	1,706	2,556	3,405
Other	811	893	1,634	1,775
Corporate	362	341	739	778
Consolidated	$ 8,689	$ 9,991	$ 17,534	$ 19,922
Capital Expenditures:				
U.S. & Canada	$ 710	$ 2,540	$ 4,997	$ 5,924
Latin America	276	3,531	1,180	7,722
EMEA	900	1,392	2,090	3,738
Other	5	41	29	300
Corporate	175	435	178	616
Consolidated	$ 2,066	$ 7,939	$ 8,474	$ 18,300

(1) Relates to a post-employment benefit liability adjustment within the U.S. & Canada segment that was not related to current period operations and, therefore, excluded from Segment EBIT.

12. Revenue

Our primary source of revenue is the sale of glass tableware products manufactured within a Libbey facility as well as globally sourced tabletop products, including glassware, ceramicware, metalware and others. Adjustments related to revenue recognized in prior periods was not material for the three months and six months ended June 30, 2020 and 2019. There were no material contract assets, contract liabilities or deferred contract costs recorded on the Condensed Consolidated Balance Sheets as of June 30, 2020 and December 31, 2019.

Disaggregation of Revenue:

The following table presents our net sales disaggregated by business channel:

	Three months ended June 30,		Six months ended June 30,	
(dollars in thousands)	**2020**	**2019**	**2020**	**2019**
Foodservice	$ 9,482	$ 86,999	$ 64,808	$ 157,816
Retail	35,942	60,222	86,593	115,795
Business-to-business	32,108	58,937	76,652	107,513
Consolidated	$ 77,532	$ 206,158	$ 228,053	$ 381,124

Each operating segment has revenues across all our business channels. Each channel has a different marketing strategy, customer base and product composition. For the periods presented, over 75 percent of each segment's revenue is derived from the following business channels: U.S. and Canada from foodservice and retail, except in the second quarter of 2020 it was retail and business-to-business; Latin America from retail and business-to-business; and EMEA from business-to-business and retail.

13. Fair Value

Fair value is the price 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 at the measurement date. The fair value hierarchy prioritizes the inputs used in measuring fair value into three broad levels as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities;
- Level 2 — Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 — Unobservable inputs based on our own assumptions.

The fair value of our derivative financial instruments by level is as follows:

Asset / (Liability) (dollars in thousands)	Fair Value at June 30, 2020				Fair Value at December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Commodity futures natural gas contracts	$ —	$ —	$ —	$ —	$ —	$ (839)	$ —	$ (839)
Interest rate swaps	—	—	—	—	—	(14,563)	—	(14,563)
Net derivative asset (liability)	$ —	$ —	$ —	$ —	$ —	$ (15,402)	$ —	$ (15,402)

As a result of the Chapter 11 Cases, all derivative contracts were terminated. Prior to the Chapter 11 Cases, the fair values of our commodity futures natural gas contracts were determined using observable market inputs and credit risk of both the counterparties and the Company. The fair value of our interest rate swaps was based on the market standard methodology of netting discounted expected future variable cash receipts, the discounted future fixed cash payments, and credit risk of both the counterparties and the Company. The variable cash receipts were based on an expectation of future interest rates derived from observed market interest rate forward curves. As of December 31, 2019, these inputs were observable in active markets over the terms that the instruments were held, and as such were classified as Level 2 in the hierarchy.

Financial instruments carried at cost on the Condensed Consolidated Balance Sheets, as well as the related fair values, are as follows:

(dollars in thousands)	Fair Value Hierarchy Level	June 30, 2020		December 31, 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Prepetition Term Loan B	Level 2	$ 317,931	$ 55,638	$ 375,800	$ 304,398

The fair value of our Prepetition Term Loan B has been calculated based on quoted market prices for the same or similar issues and was classified as liabilities subject to compromise as of June 30, 2020. The fair value of our Prepetition ABL Credit Facility, DIP ABL Credit Facility, DIP Term Loan and Roll-up Term Loan B approximate carrying value due to variable rates. The fair value of our cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value due to their short-term nature.

14. Leases

Globally, we lease certain warehouses, office space, showrooms, manufacturing and office equipment, automobiles and outlet stores. Many of the real estate leases contain one or more options to renew, with renewal options that can extend the lease term from one to 20 years or more. The exercise of lease renewal options is at our discretion and is not reasonably certain at lease commencement. During the first quarter of 2020, we signed an amendment to a lease that, among other things, extended the term of a real estate lease ten years.

The following table reconciles the undiscounted cash flows to the operating lease liabilities recorded on the balance sheet:

(dollars in thousands)	**June 30, 2020**	**December 31, 2019**
2020 (remainder of year)	$ 7,205	$ 14,970
2021	13,578	11,255
2022	12,555	9,987
2023	11,898	9,283
2024	10,478	8,005
2025 and thereafter	30,242	15,768
Total minimum lease payments	85,956	69,268
Less: interest	(11,933)	(8,176)
Present value of future minimum lease payments	74,023	61,092
Less: lease liabilities (current portion)	(11,369)	(12,769)
Noncurrent lease liabilities	$ 62,654	$ 48,323

15. Other Income (Expense)

Items included in other income (expense) in the Condensed Consolidated Statements of Operations are as follows:

	Three months ended June 30,		Six months ended June 30,	
(dollars in thousands)	**2020**	**2019**	**2020**	**2019**
Gain (loss) on currency transactions	$ (522)	$ (186)	$ 4,257	$ (1,349)
Pension and non-pension benefits, excluding service cost	(762)	(365)	(1,678)	(771)
Loss on derivatives de-designated as hedging instruments (note 9)	(927)	—	(13,850)	—
Debt refinancing fees	—	—	(2,088)	—
Prepetition reorganization charges	—	—	(1,268)	—
Employee benefit liability adjustment	—	—	1,720	—
Other non-operating income (expense)	1,011	(69)	1,055	(84)
Other income (expense)	$ (1,200)	$ (620)	$ (11,852)	$ (2,204)

16. Contingencies

Legal Proceedings

From time to time we are identified as a "potentially responsible party" (PRP) under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) and/or similar state laws that impose liability without regard to fault for costs and damages relating to the investigation and cleanup of contamination resulting from releases or threatened releases of hazardous substances. We are also subject to similar laws in some of the countries where our facilities are located. Our environmental, health and safety department monitors compliance with applicable laws on a global basis.

Although we cannot predict the ultimate outcome of these proceedings, we believe that these environmental proceedings will not have a material adverse impact on our financial condition, results of operations or liquidity. There were no significant changes to our environmental legal proceedings since December 31, 2019. Please refer to Part II, Item 8. "Financial Statements and Supplementary Data," note 17, Contingencies, included in our 2019 Annual Report on Form 10-K for a more complete discussion.

On June 1, 2020, the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. As a result of such bankruptcy filings, substantially all proceedings pending against the Debtors have been stayed by operation of Section 362(a) of the Bankruptcy Code (see further description in note 2, Bankruptcy Filing).

Income Taxes

The Company and its subsidiaries are subject to examination by various countries' tax authorities. These examinations may lead to proposed or assessed adjustments to our taxes.

17. Purchased Intangible Assets and Goodwill

Purchased Intangibles

Changes in purchased intangibles balances are as follows:

(dollars in thousands)	Six months ended June 30, 2020
Beginning balance December 31, 2019	$ 11,875
Amortization	(76)
Impairment *(see below)*	(104)
Foreign currency impact	(1)
Ending balance June 30, 2020	$ 11,694

Purchased intangible assets are composed of the following:

(dollars in thousands)	June 30, 2020	December 31, 2019
Indefinite life intangible assets	$ 10,999	$ 11,104
Definite life intangible assets, net of accumulated amortization of $20,588 and $20,507	695	771
Total	$ 11,694	$ 11,875

Indefinite life intangible assets are composed of trade names and trademarks that have an indefinite life and are therefore individually tested for impairment on an annual basis, or more frequently in certain circumstances where impairment indicators arise, in accordance with FASB ASC 350. As of March 31, 2020, we tested Libbey Holland's indefinite life intangible asset (Royal Leerdam® trade name) for impairment using a relief from royalty method to determine the fair market value that was then compared to the carrying value of the asset. The sales forecast for Royal Leerdam® branded product was lowered due to declining demand as a result of COVID-19 and macroeconomic uncertainty in the near-term. As a result, the estimated fair value was determined to be lower than the carrying value, and we recorded a non-cash impairment charge of $0.1 million during the first quarter of 2020 in our EMEA reporting segment. The inputs used for this analysis are considered Level 3 inputs in the fair value hierarchy (see note 13). With the Royal Leerdam® trade name fair value equaling its carrying value at March 31, 2020, there is potential of future impairment for the remaining intangible asset balance of $0.8 million if the demand does not recover in future periods as expected.

The remaining definite life intangible asset at June 30, 2020 consists of customer relationships and is amortized over a period of 20 years with a remaining life of 4.5 years. The future annual amortization expense remains unchanged from what was disclosed in the Annual Report on Form 10-K for the year ended December 31, 2019.

Goodwill

Changes in goodwill balances are as follows:

(dollars in thousands)	**U.S. & Canada**	**Latin America**	**Total**
Beginning balance December 31, 2019:			
Goodwill	$ 43,872	$ 125,681	$ 169,553
Accumulated impairment losses	(5,441)	(125,681)	(131,122)
Net beginning balance	38,431	—	38,431
Impairment *(see below)*	(38,431)	—	(38,431)
Ending balance June 30, 2020:			
Goodwill	43,872	125,681	169,553
Accumulated impairment losses	(43,872)	(125,681)	(169,553)
Net ending balance	$ —	$ —	$ —

Goodwill impairment tests are completed for each reporting unit on an annual basis, or more frequently in certain circumstances where impairment indicators arise. The inputs used for this analysis are considered Level 2 and Level 3 inputs in the fair value hierarchy. See note 13 for further discussion of the fair value hierarchy.

As part of our on-going assessment of goodwill at March 31, 2020, we determined that a triggering event occurred due to a significant reduction in demand during the quarter and the high level of macroeconomic uncertainty in the near-term. Additionally, the Company's low share price and lower trading value of the Prepetition Term Loan B caused valuation limitations; thus, an interim impairment test was performed as of March 31, 2020. As the impairment testing indicated that the carrying value of the U.S. & Canada reporting unit exceeded its fair value, we recorded a non-cash impairment charge of $38.4 million during the first quarter of 2020. After recording the impairment charge, there was no longer any goodwill on the balance sheet.

When performing our test for impairment, we measured each reporting unit's fair value using a combination of “income” and “market” approaches on a shipping point basis. The income approach calculates the fair value of the reporting unit based on a discounted cash flow analysis, incorporating the weighted average cost of capital of a hypothetical third-party buyer. Significant estimates in the income approach include the following: discount rate; expected financial outlook and profitability of the reporting unit's business; and foreign currency impacts (Level 3 inputs). Discount rates use the weighted average cost of capital for companies within our peer group, adjusted for specific company risk premium factors. The market approach uses the “Guideline Company” method, which calculates the fair value of the reporting unit based on a comparison of the reporting unit to comparable publicly traded companies. Significant estimates in the market approach model include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment, assessing comparable multiples, as well as consideration of control premiums (Level 2 inputs). The blended approach assigns a 70 percent weighting to the income approach and 30 percent to the market approach (Level 3 input). The higher weighting is given to the income approach due to some limitations of publicly available peer information used in the market approach. The blended fair value of both approaches is then compared to the carrying value, and to the extent that fair value exceeds the carrying value, no impairment exists. However, to the extent the carrying value exceeds the fair value, an impairment is recorded.

As a result of the factors noted above, we also evaluated the fair value of the long-lived assets for each of our asset groups noting there were no indications of impairment as of March 31, 2020.

18. Debtor-in-Possession Financial Information

In accordance with ASC 852, aggregate financial information of the Debtors is presented below as of June 30, 2020 for the Condensed Combined Balance Sheet and the six months ended June 30, 2020 for the Condensed Combined Statement of Operations and Condensed Combined Statement of Cash Flows. Intercompany transactions among the Debtors have been eliminated in the financial statements contained herein. Intercompany transactions between the Debtors and Non-Filing Entities have not been eliminated in the Debtors’ financial statements.

Debtors' Condensed Combined Statement of Operations
(unaudited)

(dollars in thousands)	Six months ended June 30, 2020
Net sales	$ 141,597
Freight billed to customers	509
Total revenues	142,106
Cost of sales	135,769
Gross profit	6,337
Selling, general and administrative expenses	30,184
Asset impairments	38,431
Loss from operations	(62,278)
Other income (expense)	(14,219)
Loss before interest, reorganization items and income taxes	(76,497)
Interest expense	9,016
Reorganization items, net	39,308
Loss before income taxes	(124,821)
Provision for income taxes	16,433
Net loss	$ (141,254)

Debtors' Condensed Combined Balance Sheet
(unaudited)

(dollars in thousands)	June 30, 2020
ASSETS	
Cash and cash equivalents	$ 14,657
Accounts receivable	27,082
Non-Debtor affiliate receivables	19,334
Inventories — net	91,903
Prepaid and other current assets	7,478
Total current assets	160,454
Pension asset	6,927
Purchased intangible assets — net	1,340
Other assets	11,048
Investments in subsidiaries	197,097
Operating lease right-of-use assets	28,911
Property, plant and equipment — net	90,131
Total assets	$ 495,908
LIABILITIES AND SHAREHOLDERS' DEFICIT	
Accounts payable	$ 11,723
Non-Debtor affiliate payables	4,896
Salaries and wages	8,533
Accrued liabilities	21,494
Accrued income taxes	165
Non-pension post-retirement benefits (current portion)	3,705
Operating lease liabilities (current portion)	6,043
Short-term debt and long-term debt due within one year	141,698
Total current liabilities	198,257
Pension liability	6,211
Non-pension post-retirement benefits	44,000
Noncurrent operating lease liabilities	24,995
Other long-term liabilities	2,365
Total liabilities not subject to compromise	275,828
Liabilities subject to compromise	365,100
Total liabilities	640,928
Total shareholders' deficit	(145,020)
Total liabilities & shareholders' deficit	$ 495,908

Debtors' Condensed Combined Statement of Cash Flows
(unaudited)

(dollars in thousands)	Six months ended June 30, 2020
Operating activities:	
Net loss	$ (141,254)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	6,647
Asset impairments	38,431
Loss on derivatives de-designated as hedging instruments	13,494
Reorganization items	21,537
Change in accounts receivable	13,301
Change in inventories	2,215
Change in accounts payable	2,458
Accrued interest and amortization of discounts and finance fees	723
Pension & non-pension post-retirement benefits, net	26
Accrued liabilities & prepaid expenses	(24,164)
Income taxes	22,107
Other operating activities	(1,951)
Net cash used in operating activities	(46,430)
Investing activities:	
Cash paid for property, plant and equipment	(5,175)
Net cash used in investing activities	(5,175)
Financing activities:	
Borrowings on Prepetition ABL Credit Facility	53,000
Repayments on Prepetition ABL Credit Facility	(21,500)
Repayments on Term Loan B	(1,100)
DIP Term Loan borrowings - New Money	30,000
DIP debt financing costs	(3,962)
Taxes paid on distribution of equity awards	(181)
Debt refinancing costs	(1,350)
Net cash provided by financing activities	54,907
Increase in cash	3,302
Cash & cash equivalents at beginning of period	11,355
Cash & cash equivalents at end of period	$ 14,657

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes thereto appearing elsewhere in this report and in our Annual Report on Form 10-K filed with the SEC. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ from those anticipated in these forward-looking statements as a result of many factors. Our risk factors are set forth in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 and supplemented in Part II, Item 1A. "Risk Factors" of this report.

Voluntary Reorganization under Chapter 11

On the Petition Date, the Debtors filed Bankruptcy Petitions with the Bankruptcy Court for reorganization under Chapter 11 of the Bankruptcy Code.

We are currently operating our business as debtors-in-possession in accordance with the applicable provisions of the Bankruptcy Code and pursuant to orders of the Bankruptcy Court. After we filed our Chapter 11 petitions, the Bankruptcy Court granted certain relief requested by the Debtors enabling us to conduct our business activities in the ordinary course, including, among other things and subject to the terms and conditions of such orders of the Bankruptcy Court, authorizing us to pay employee wages and benefits, to pay taxes and certain governmental fees and charges, to continue to operate our cash management system in the ordinary course, and to pay the prepetition claims of certain of our vendors. For goods and services provided following the Petition Date, we intend to pay vendors in full under normal terms.

Subject to certain exceptions, under the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically enjoined or stayed the continuation of most judicial or administrative proceedings or filing of other actions against the Debtors or their property to recover, collect or secure a claim arising prior to the Petition Date. Accordingly, although the filing of the Bankruptcy Petitions triggered defaults under the Debtors' funded debt obligations, creditors are stayed from taking any actions against the Debtors as a result of such defaults, subject to certain limited exceptions permitted by the Bankruptcy Code.

For the duration of the Debtors' Chapter 11 Cases, the Debtors' operations and ability to develop and execute their business plans are subject to the risks and uncertainties associated with the Chapter 11 process, as described in Part II, Item 1A. "Risk Factors." As a result of these risks and uncertainties, the amount and composition of the Company's assets, liabilities, officers and/or directors could be significantly different following the outcome of the Chapter 11 Cases, and the description of the Company's operations, assets, and liquidity and capital resources included in this quarterly report may not accurately reflect its operations, assets, and liquidity and capital resources following the Chapter 11 process.

The Debtors' Chapter 11 Cases are being jointly administered under the caption *In re Libbey Glass Inc., et al.*, Case No. 20-11439 (LSS). Documents filed on the docket of and other information related to the Chapter 11 Cases are available free of charge online at https://cases.primeclerk.com/libbey.

Exclusivity; Plan of Reorganization

Under the Bankruptcy Code, we currently have the exclusive right to file a plan of reorganization under Chapter 11 through and including 120 days after the Petition Date, and to solicit acceptances of such plan through and including 180 days after the Petition Date. These deadlines may be extended with the approval of the Bankruptcy Court.

We plan to emerge from our Chapter 11 Cases after we obtain approval from the Bankruptcy Court for a Chapter 11 plan of reorganization. Among other things, a Chapter 11 plan of reorganization will determine the rights and satisfy the claims of our creditors and security holders. The terms and conditions of a Chapter 11 plan of reorganization will be determined through negotiations with our creditors and, possibly, decisions by the Bankruptcy Court.

Under the absolute priority scheme established by the Bankruptcy Code, unless our creditors agree otherwise, all of our prepetition liabilities and postpetition liabilities must be satisfied in full before the holders of our existing common stock can receive any distribution or retain any property under a plan of reorganization. The ultimate recovery to creditors and/or shareholders, if any, will not be determined until confirmation and implementation of a plan or plans of reorganization. We can give no assurance that any recovery or distribution of any amount will be made to any of our creditors or shareholders. The Company expects that the existing common stock of the Company will be extinguished upon the Company’s emergence from Chapter 11 and that existing equity holders will not receive consideration in respect of their equity interests. Moreover, under the Bankruptcy Code, a plan of reorganization can be confirmed by the Bankruptcy Court even if the holders of our common stock vote against the plan of reorganization and even if the plan of reorganization provides that the holders of our common stock receive no distribution on account of their equity interests.

For more information on the Chapter 11 Cases and related matters, refer to note 2, Bankruptcy Filing, and note 5, Borrowings, in the Condensed Consolidated Financial Statements.

Ability to Continue as a Going Concern

The Company’s financial statements have been prepared under the assumption that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The Condensed Consolidated Financial Statements do not reflect any adjustments that might result from the outcome of our Chapter 11 proceedings. The risks and uncertainties surrounding the Chapter 11 Cases, the events of default under our credit agreements, and the results of operations due to the spread of the COVID-19 pandemic impacting the Company’s business raise substantial doubt as to the Company’s ability to continue as a going concern. Our ability to continue as a going concern is dependent upon, among other things, our ability to become profitable, maintain profitability and successfully implement our Chapter 11 plan of reorganization. As the progress of these plans and transactions is subject to approval of the Bankruptcy Court and, therefore, not within our control, successful reorganization and emergence from bankruptcy cannot be considered probable and such plans do not alleviate substantial doubt about our ability to continue as a going concern.

Results of Consolidated Operations

Overview

The COVID-19 pandemic continues to negatively impact businesses, economies and financial markets worldwide. A resurgence of COVID-19 cases has emerged as economies have begun to re-open from the recent lockdowns that were instituted to combat the pandemic, which will likely result in a much slower recovery for the remainder of 2020 than previously expected. The United States' economic outlook continues to remain highly uncertain as unemployment claims continue to remain high, and many states have reinforced restrictions and continue stay-at-home activity. In addition, restaurant traffic has declined considerably and continues to remain significantly below the prior year, which has adversely impacted our revenues. Europe's and Mexico's economies also remain highly uncertain as COVID-19 has negatively impacted tourist sectors, as well as severely impacted supply chains and reduced both domestic and external demand. China's economy has shown signs of recovery, however there still remains a level of uncertainty as trade disputes continue with the United States and consumer confidence remains low due to concerns of a second wave of COVID-19 infections. Management expects these trends, and the challenging environment experienced to date, to continue for the remainder of 2020 and likely beyond.

As a result of the volatile conditions we continued to experience through the second quarter of 2020, our net sales were $77.5 million, 62.4 percent lower than the prior-year quarter, or 61.0 percent lower on a constant currency basis. The reduction in net sales was driven by lower volume, and unfavorable impacts from channel mix and currency, partially offset by favorable price and mix of product sold. We recorded a net loss of $83.8 million for the three months ended June 30, 2020, compared to a net loss of $43.8 million in the prior-year quarter. The $40.0 million increase in net loss for the current quarter was primarily driven by $39.5 million of reorganization related charges due to our Chapter 11 Cases. In addition, we continued to experience reduced profitability throughout the Company as a result of COVID-19 related closures of our manufacturing and distribution operations and demand reductions; the negative impacts on our sales margins and manufacturing activity were partially offset by lower selling, general and administrative spend as a result of controlled spending.

Due to the expected impact of COVID-19 on our operating cash flows, we drew $40.0 million on our Prepetition ABL Credit Facility in March, furloughed certain employees, implemented temporary salary reductions for non-furloughed employees, and adjusted our capital spending to align with the needs of the business, including the delaying of some work on our enterprise resource planning implementation, to address liquidity concerns. In addition, we temporarily reduced or suspended our manufacturing and distribution operations at several of our facilities in North America and elsewhere to comply with government orders and to protect the safety of our employees. Given the dynamic nature of the COVID-19 pandemic and related market conditions, the Company cannot reasonably estimate the period of time that these events will persist or the full extent of the impact they will have on the business. The Company continues to take actions, subject to approval of the Bankruptcy Court, designed to mitigate the adverse effects of this rapidly changing market environment, including the tentative plan announced on July 8, 2020, to close the manufacturing facility in Shreveport, Louisiana. Whether and the extent to which the tentative plan is finalized and implemented will depend on the outcome of negotiations with the unions representing the impacted employees. Separate from the tentative plan to close our manufacturing facility in Shreveport, Louisiana, on July 24, 2020, we announced additional actions to further control costs and align our resources to current and expected demand for our products. Effective August 1, 2020, we reduced the size of our U.S. salaried workforce. The reductions affect primarily the U.S. Headquarters and the Commercial organization, which is collectively being reduced by more than 15 percent. We do not expect to incur material charges in connection with the reduction in force. We will continue to evaluate the operating environment and will make additional adjustments as business conditions warrant.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. The Company's payment of employer payroll taxes after enactment, otherwise due in 2020, will be delayed, with 50 percent due by December 31, 2021, and the remaining 50 percent by December 31, 2022. The Company continues to evaluate the potential applicability and related impact of the CARES Act. In addition, as of June 30, 2020, the Company recognized $3.3 million in government grants as contra-expense for COVID-19 support in our Holland and Portugal facilities.

See note 11, Segments, for details on how we report and define our segments.

Results of Operations

The following table presents key results of our operations for the three months and six months ended June 30, 2020 and 2019:

	Three months ended June 30,		Six months ended June 30,	
(dollars in thousands, except percentages and per-share amounts)	**2020**	**2019**	**2020**	**2019**
Net sales	$ 77,532	$ 206,158	$ 228,053	$ 381,124
Gross profit	$ (20,052)	$ 46,725	$ 2,871	$ 80,683
Gross profit margin	*(25.9)%*	*22.7%*	*1.3%*	*21.2%*
Loss from operations (IFO)	$ (38,787)	$ (30,969)	$ (80,913)	$ (29,591)
IFO margin	*(50.0)%*	*(15.0)%*	*(35.5)%*	*(7.8)%*
Net loss	$ (83,794)	$ (43,767)	$ (162,542)	$ (48,309)
Net loss margin	*(108.1)%*	*(21.2)%*	*(71.3)%*	*(12.7)%*
Diluted net loss per share	$ (3.64)	$ (1.95)	$ (7.10)	$ (2.16)
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) (1) (non-GAAP)	$ (31,371)	$ 25,283	$ (21,287)	$ 35,008
Adjusted EBITDA margin (1) (non-GAAP)	*(40.5)%*	*12.3%*	*(9.3)%*	*9.2%*

(1) We believe that Adjusted EBITDA and the associated margin, non-GAAP financial measures, are useful metrics for evaluating our financial performance, as they are measures that we use internally to assess our performance. For a reconciliation from net loss to Adjusted EBITDA, certain limitations and reasons we believe these non-GAAP measures are useful, see the "Reconciliation of Net Loss to Adjusted EBITDA" and "Non-GAAP Measures" sections below in the Discussion of Second Quarter 2020 Compared to Second Quarter 2019.

Discussion of Second Quarter 2020 Compared to Second Quarter 2019

Net Sales

The following table summarizes net sales by operating segment:

Three months ended June 30,			**Increase/(Decrease)**			**Constant Currency Sales**
(dollars in thousands)	**2020**	**2019**	**$ Change**	**% Change**	**Currency Effects**	**Growth (Decline) (1)**
U.S. & Canada	$ 42,688	$ 128,897	$ (86,209)	(66.9)%	$ -	(66.9)%
Latin America	19,841	38,208	(18,367)	(48.1)%	(2,622)	(41.2)%
EMEA	12,096	32,678	(20,582)	(63.0)%	(205)	(62.4)%
Other	2,907	6,375	(3,468)	(54.4)%	(87)	(53.0)%
Consolidated	$ 77,532	$ 206,158	$ (128,626)	(62.4)%	$ (2,914)	(61.0)%

(1) We believe constant currency sales growth (decline), a non-GAAP measure, is a useful metric for evaluating our financial performance. See the "Non-GAAP Measures" section below for the reasons we believe this non-GAAP metric is useful and how it is derived.

Net Sales — U.S. & Canada

Net sales in U.S. & Canada in the second quarter of 2020 were $42.7 million, compared to $128.9 million in the second quarter of 2019, a decrease of 66.9 percent. The decrease in net sales was driven by lower volume and unfavorable channel mix, partially offset by favorable price and mix of product sold versus the prior-year quarter. The COVID-19 pandemic continued to negatively impact our net sales across all three channels as restaurants and retail stores continued to remain closed for much of the second quarter of 2020. A third-party research firm, Blackbox, reported approximately 40 percent declines in foodservice traffic (includes both dine-in and carryout) for the second quarter of 2020. Part of the 40 percent decline in foodservice traffic includes a large increase in full-service off-premise sales for the same quarter (approximately 119 percent growth in June and 181 percent in May compared to prior-year periods). As a result of the traffic decline, our foodservice channel net sales decreased $64.9 million versus the prior-year quarter. Our business-to-business and retail channel net sales also declined $14.8 million and $6.5 million, respectively.

Net Sales — Latin America

Net sales in Latin America in the second quarter of 2020 were $19.8 million, compared to $38.2 million in the second quarter of 2019, a decrease of 48.1 percent (a decrease of 41.2 percent excluding currency fluctuation). The decrease in net sales is primarily attributable to lower volumes as a result of COVID-19 and an unfavorable currency impact of $2.6 million, partially offset by favorable price and mix of product sold. Net sales decreased across all three channels in the second quarter of 2020 compared to the prior-year quarter, as retail channel net sales decreased $10.5 million, business-to-business channel net sales decreased $4.8 million and foodservice channel net sales decreased $3.2 million.

Net Sales — EMEA

Net sales in EMEA in the second quarter of 2020 were $12.1 million, compared to $32.7 million in the second quarter of 2019, a decrease of 63.0 percent (a decrease of 62.4 percent excluding currency fluctuation). Net sales in the retail channel decreased $7.2 million, business-to-business channel net sales decreased $7.0 million and net sales in foodservice decreased $6.4 million, all attributable to lower volumes as a result of COVID-19.

Gross Profit

Gross profit decreased to ($20.1) million in the second quarter of 2020, compared to $46.7 million in the prior-year quarter. The drivers of the $66.8 million reduction were an unfavorable net sales impact of $50.0 million, unfavorable manufacturing activity of $23.4 million (primarily related to additional downtime taken due to plant closures, partially offset by reduced production labor costs and lower repairs and maintenance) and an unfavorable currency impact of $1.3 million. Partially offsetting the unfavorable items is $7.9 million of less warehousing and distribution costs as warehouses and distribution centers were operating at a reduced capacity during the second quarter of 2020 due to COVID-19. The net sales impact equals net sales less the associated inventory at standard cost rates. Manufacturing activity includes the impact of fluctuating production activities from all facilities globally (including labor and benefit costs, downtime, efficiency, utilization and utilities), depreciation and repairs and maintenance. Warehousing and other distribution costs include freight, warehousing expenses and associated labor and benefit costs.

Loss From Operations

Loss from operations for the quarter ended June 30, 2020, decreased $7.8 million to ($38.8) million, compared to ($31.0) million in the prior-year quarter. The unfavorable change in loss from operations was primarily driven by the $66.8 million reduction in gross profit (discussed above), partially offset by the $46.9 million non-repeating, non-cash impairment charge from 2019, as well as, reduced selling, general and administrative expenses of $12.1 million. The favorable change in selling, general and administrative expenses was primarily driven by reduced spend in the following areas: salaries of $3.6 million, marketing expenses of $3.1 million and incentive and equity-based compensation of $2.0 million.

Net Loss and Diluted Net Loss Per Share

We recorded a net loss of ($83.8) million, or ($3.64) per diluted share, in the second quarter of 2020, compared to a net loss of ($43.8) million, or ($1.95) per diluted share, in the prior-year quarter. The unfavorable change in net loss and diluted net loss per share is primarily due to the factors discussed in Loss From Operations above and $39.5 million of reorganization charges from our Chapter 11 filing, partially offset by less income tax expense of $5.9 million and lower interest expense of $2.0 million. The Company's effective tax rate was (0.5) percent for the second quarter of 2020, compared to (16.8) percent in the prior-year quarter. The key driver of the change in the effective tax rate was the establishment of valuation allowances against all net deferred tax asset balances in all jurisdictions during the first quarter of 2020. Management determined that there is substantial doubt that Libbey will continue as a going concern within one year of the financial statement date which led to a judgement that the Company is not more likely than not to realize tax benefits from these deferred tax assets. Also, as a consequence of the valuation allowances, we did not record a tax benefit related to losses generated during the second quarter of 2020, resulting in a near-zero effective tax rate for the second quarter.

Segment Earnings Before Interest and Income Taxes (Segment EBIT)

The following table summarizes Segment EBIT(1) by operating segments:

Three months ended June 30, (dollars in thousands)	2020	2019	$ Change	Segment EBIT Margin 2020	Segment EBIT Margin 2019
U.S. & Canada	$ (20,586)	$ 17,267	$ (37,853)	(48.2)%	13.4%
Latin America	$ (7,309)	$ 3,187	$ (10,496)	(36.8)%	8.3%
EMEA	$ (4,762)	$ 2,763	$ (7,525)	(39.4)%	8.5%

(1) Segment EBIT represents earnings before interest and taxes and excludes amounts related to certain items we consider not representative of ongoing operations as well as certain retained corporate costs and other allocations that are not considered by management when evaluating performance. Segment EBIT also includes an allocation of manufacturing costs for inventory produced at a Libbey facility that is located in a region other than the end market in which the inventory is sold. This allocation can fluctuate from year to year based on the relative demands for products produced in regions other than the end markets in which they are sold. See note 11 to the Condensed Consolidated Financial Statements for a reconciliation of Segment EBIT to net loss.

For the three months ended June 30, 2020, Segment EBIT excludes the following: U.S. & Canada - $0.1 million of Chapter 11 reorganization charges and 1.0 million of grant income recognition; Latin America - $0.2 million of Chapter 11 reorganization charges and $0.1 million of loss on derivatives de-designated as hedging instruments. For the three month period ended June 30, 2019, Segment EBIT excludes $46.9 million of non-cash impairment charges ($46.0 million for goodwill in our Latin America segment and $0.9 million for a trade name in our EMEA segment).

Segment EBIT — U.S. & Canada

Segment EBIT was ($20.6) million in the second quarter of 2020, compared to $17.3 million in the second quarter of 2019. Segment EBIT as a percentage of net sales decreased to (48.2) percent for 2020, compared to 13.4 percent in 2019. The $37.9 million decrease in Segment EBIT was driven primarily by an unfavorable sales impact of $37.9 million, and unfavorable manufacturing activity of $12.6 million (primarily related to additional downtime of $22.2 million due to plant closures, partially offset by $7.5 million of reduced production labor costs). Offsetting some of the unfavorability are less selling, general and administration expense of $7.4 million (including $2.8 million of less marketing expenses and $1.7 million of reduced salaries) and $5.0 million of lower warehousing and other distribution costs.

Segment EBIT — Latin America

Segment EBIT decreased to ($7.3) million in the second quarter of 2020, from $3.2 million in the second quarter of 2019. Segment EBIT as a percentage of net sales decreased to (36.8) percent for 2020, compared to 8.3 percent in 2019. The primary drivers of the $10.5 million reduction were unfavorable manufacturing activity of $5.8 million (including additional downtime of $11.1 million, partially offset by $1.3 million of lower repairs and maintenance), and an unfavorable sales impact of $5.4 million.

Segment EBIT — EMEA

Segment EBIT decreased to ($4.8) million in the second quarter of 2020, compared to $2.8 million in the second quarter of 2019. Segment EBIT as a percentage of net sales decreased to (39.4) percent for 2020, from 8.5 percent in 2019. The majority of the $7.5 million decrease in Segment EBIT was driven by unfavorable manufacturing activity of $8.0 million (primarily composed of $8.3 million of additional downtime due to lack of business) and an unfavorable sales impact of $5.3 million. Partially offsetting the unfavorable items are $3.3 million of government support for COVID-19 aid recognized as a contra-expense, reduced warehousing and other distribution costs of $1.3 million and $1.1 million of less selling, general and administrative expense.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased by $56.7 million to ($31.4) million in the second quarter of 2020, compared to $25.4 million in the second quarter of 2019. The key contributors to the decrease in Adjusted EBITDA were an unfavorable sales impact of $50.0 million and unfavorable manufacturing activity of $24.6 million (primarily related to additional downtime taken, partially offset by reduced production labor costs and lower repairs and maintenance). Partially offsetting the unfavorable items are reduced selling, general and administrative spend of $11.4 million (including reduced salaries of $3.6 million, $3.1 million less of marketing expenses and $2.0 million of less incentive and equity-based compensation) and lower warehousing and other distribution costs of $8.0 million. Adjusted EBITDA excludes special items that Libbey believes are not reflective of our core operating performance as noted below in the “Reconciliation of Net Loss to Adjusted EBITDA.”

Reconciliation of Net Loss to Adjusted EBITDA

(dollars in thousands)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Net loss (U.S. GAAP)	$ (83,794)	$ (43,767)	$ (162,542)	$ (48,309)
Add:				
Interest expense	3,837	5,879	9,428	11,511
Provision for income taxes	443	6,299	20,822	5,003
Depreciation and amortization	8,689	9,991	17,534	19,922
Add: Special items before interest and taxes:				
Fees associated with strategic initiative	—	—	406	—
Asset impairments (see note 17)	—	46,881	38,535	46,881
Workforce reduction	—	—	517	—
Debt refinancing & prepetition reorganization charges	—	—	3,356	—
Loss on derivatives de-designated as hedging instruments	927	—	13,850	—
Employee benefit liability adjustment	—	—	(1,720)	—
Reorganization items, net	39,527	—	39,527	—
Grant recognition	(1,000)	—	(1,000)	—
Adjusted EBITDA (non-GAAP)	$ (31,371)	$ 25,283	$ (21,287)	$ 35,008
Net sales	$ 77,532	$ 206,158	$ 228,053	$ 381,124
Net loss margin (U.S. GAAP)	(108.1)%	(21.2)%	(71.3)%	(12.7)%
Adjusted EBITDA margin (non-GAAP)	(40.5)%	12.3%	(9.3)%	9.2%

Non-GAAP Measures

We sometimes refer to amounts, associated margins and other data derived from condensed consolidated financial information but not required by U.S. GAAP to be presented in financial statements. Certain of these data are considered “non-GAAP financial measures” under SEC Regulation G. Our non-GAAP measures are used by analysts, investors and other interested parties to compare our performance with the performance of other companies that report similar non-GAAP measures. Libbey believes these non-GAAP measures provide meaningful supplemental information regarding financial performance by excluding certain expenses and benefits that may not be indicative of core business operating results. We believe the non-GAAP measures, when viewed in conjunction with U.S. GAAP results and the accompanying reconciliations, enhance the comparability of results against prior periods and allow for greater transparency of financial results and business outlook. In addition, we use non-GAAP data internally to assess performance and facilitate management's internal comparison of our financial performance to that of prior periods, as well as trend analysis for budgeting and planning purposes. The presentation of our non-GAAP measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. Furthermore, our non-GAAP measures may not be comparable to similarly titled measures reported by other companies and may have limitations as an analytical tool.

We define Adjusted EBITDA as net income (loss) plus interest expense, provision for income taxes, depreciation and amortization, and special items that Libbey believes are not reflective of our core operating performance. The most directly comparable U.S. GAAP financial measure is net income (loss).

We present Adjusted EBITDA because we believe it is used by analysts, investors and other interested parties in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core business operating results. Adjusted EBITDA also allows for a measure of comparability to other companies with different capital and legal structures, which accordingly may be subject to different interest rates and effective tax rates, and to companies that may incur different depreciation and amortization expenses or impairment charges. In addition, we use Adjusted EBITDA internally to measure profitability.

Adjusted EBITDA has limitations as an analytical tool. Some of these limitations are:

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements of capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with U.S. GAAP.

Constant Currency

We translate revenue and expense accounts in our non-U.S. operations at current average exchange rates during the year. References to “constant currency,” “excluding currency impact” and “adjusted for currency” are considered non-GAAP measures. Constant currency references regarding net sales reflect a simple mathematical translation of local currency results using the comparable prior period’s currency conversion rate. Constant currency references regarding Segment EBIT and Adjusted EBITDA comprise a simple mathematical translation of local currency results using the comparable prior period's currency conversion rate plus the transactional impact of changes in exchange rates from revenues, expenses and assets and liabilities that are denominated in a currency other than the functional currency. We believe this non-GAAP constant currency information provides valuable supplemental information regarding our core operating results, better identifies operating trends that may otherwise be masked or distorted by exchange rate changes and provides a higher degree of transparency of information used by management in its evaluation of our ongoing operations. These non-GAAP measures should be viewed in addition to, and not as an alternative to, the reported results prepared in accordance with U.S. GAAP. Our currency market risks include currency fluctuations relative to the U.S. dollar, Canadian dollar, Mexican peso, euro and Chinese renminbi.

Discussion of First Six Months 2020 Compared to First Six Months 2019

Net Sales

The following table summarizes net sales by operating segment:

Six months ended June 30,			Increase/(Decrease)			Constant Currency Sales
(dollars in thousands)	2020	2019	$ Change	% Change	Currency Effects	Growth (Decline) (1)
U.S. & Canada	$ 138,564	$ 238,803	$ (100,239)	(42.0)%	$ (6)	(42.0)%
Latin America	46,484	68,609	(22,125)	(32.2)%	(3,703)	(26.9)%
EMEA	37,376	60,720	(23,344)	(38.4)%	(861)	(37.0)%
Other	5,629	12,992	(7,363)	(56.7)%	(175)	(55.3)%
Consolidated	$ 228,053	$ 381,124	$ (153,071)	(40.2)%	$ (4,745)	(38.9)%

(1) We believe constant currency sales growth (decline), a non-GAAP measure, is a useful metric for evaluating our financial performance. See the "Non-GAAP Measures" section above for the reasons we believe this non-GAAP metric is useful and how it is derived.

Net Sales — U.S. & Canada

Net sales in U.S. & Canada in the first six months of 2020 were $138.6 million, compared to $238.8 million in the first six months of 2019, a decrease of 42.0 percent. The decrease in net sales was driven by lower volume and unfavorable channel mix, partially offset by favorable price and mix of product sold versus the prior-year period. Net sales in all three channels decreased in the first six months of 2020 compared to the prior-year period, as impacts from the COVID-19 pandemic resulted in the closure of many retail stores and restaurants by the middle of March, resulting in many customers delaying or cancelling purchases. We continue to see declines in foodservice traffic, as reported by third-party research firm Blackbox. Net sales in our foodservice channel have decreased $74.8 million primarily due to lower volume compared to the prior-year period. Our business-to-business and retail channel net sales also declined $18.5 million and $7.0 million, respectively.

Net Sales — Latin America

Net sales in Latin America in the first six months of 2020 were $46.5 million, compared to $68.6 million in the first six months of 2019, a decrease of 32.2 percent (a decrease of 26.9 percent excluding currency fluctuation). The decrease in net sales is primarily attributable to lower volumes due to the impacts of COVID-19 and an unfavorable currency impact, partially offset by favorable price and mix of product sold. Net sales decreased across all three channels in the first six months of 2020 compared to the prior-year period, as retail channel net sales decreased $12.8 million, business-to-business channel net sales decreased $5.3 million and foodservice channel net sales decreased $4.1 million.

Net Sales — EMEA

Net sales in EMEA in the first six months of 2020 were $37.4 million, compared to $60.7 million in the first six months of 2019, a decrease of 38.4 percent (a decrease of 37.0 percent excluding currency fluctuation). The net sales decrease is primarily attributable to lower volumes and an unfavorable currency impact of $0.9 million, partially offset by favorable price and mix of product sold. Net sales in the retail channel decreased $9.1 million, net sales in the foodservice channel decreased $7.9 million, and net sales in the business-to-business channel decreased $6.4 million, all attributable to lower volumes as a result of COVID-19.

Gross Profit

Gross profit decreased to $2.9 million in the first six months of 2020, compared to $80.7 million in the prior-year period. The primary drivers of the $77.8 million reduction were an unfavorable net sales impact of $56.2 million, unfavorable manufacturing activity of $26.7 million (primarily related to additional downtime taken for furnace rebuilds and plant closures, partially offset by reduced production labor costs, lower repairs and maintenance and lower depreciation) and an unfavorable currency impact of $3.5 million. These unfavorable items were partially offset by less spend on our warehousing and other distribution costs of $9.0 million as our warehouses and distribution centers were operating at a reduced capacity during the first six months of 2020 due to COVID-19.

Loss From Operations

Loss from operations for the six months ended June 30, 2020, decreased $51.3 million to ($80.9) million, compared to ($29.6) million in the prior-year period. The unfavorable change in loss from operations was primarily driven by the $77.8 million reduction in gross profit (discussed above), as well as the $38.4 million non-cash goodwill impairment charge in the U.S. and Canada segment, partially offset by the non-repeating, non-cash impairment charges from the prior-year period of $46.9 million and $18.1 million of reduced selling, general and administrative expenses. The favorable change in selling, general and administrative expenses was driven by reduced spend in the following areas: marketing expense of $5.1 million, salaries of $4.4 million, incentive and equity-based compensation of $3.7 million, travel and entertainment expenses of $1.4 million, and research and development expenses of $1.2 million.

Net Loss and Diluted Net Loss Per Share

We recorded a net loss of ($162.5) million, or ($7.10) per diluted share, in the first six months of 2020, compared to a net loss of ($48.3) million, or ($2.16) per diluted share, in the prior-year period. The unfavorable change in net loss and diluted net loss per share is due to the factors discussed in Loss From Operations above, as well as, $39.5 million reorganization charges related to the Chapter 11 filing, additional income tax expenses of $15.8 million, $13.9 million of loss on derivatives de-designated as hedging instruments and $3.4 million of debt refinancing and prepetition reorganization charges. Partially offsetting these were a favorable change of $5.6 million in other income (expense) attributable to foreign currency impacts, less interest expense of $2.1 million, and a $1.7 million employee benefit liability adjustment. The Company's effective tax rate was (14.7) percent for the first six months of 2020, compared to (11.6) percent in the prior-year period. The key driver of the current year effective tax rate was the establishment of valuation allowances against all net deferred tax asset balances in all jurisdictions during the first quarter of 2020. Management determined that there is substantial doubt that Libbey will continue as a going concern within one year of the financial statement date which led to a judgment that the Company is not more likely than not to realize tax benefits from these deferred tax assets.

Segment Earnings Before Interest and Income Taxes (Segment EBIT)

The following table summarizes Segment EBIT*(1)* by operating segments:

Six months ended June 30, 2020				Segment EBIT Margin	
(dollars in thousands)	**2020**	**2019**	**$ Change**	**2020**	**2019**
U.S. & Canada	$ (13,688)	$ 27,064	$ (40,752)	(9.9)%	11.3%
Latin America	$ (2,788)	$ 3,836	$ (6,624)	(6.0)%	5.6%
EMEA	$ (6,372)	$ 2,713	$ (9,085)	(17.0)%	4.5%

(1) *Segment EBIT represents earnings before interest and taxes and excludes amounts related to certain items we consider not representative of ongoing operations as well as certain retained corporate costs and other allocations that are not considered by management when evaluating performance. Segment EBIT also includes an allocation of manufacturing costs for inventory produced at a Libbey facility that is located in a region other than the end market in which the inventory is sold. This allocation can fluctuate from year to year based on the relative demands for products produced in regions other than the end markets in which they are sold. See note 11 to the Condensed Consolidated Financial Statements for a reconciliation of Segment EBIT to net loss.*

For the six months ended June 30, 2020, Segment EBIT excludes the following: U.S. & Canada - $38.4 million non-cash goodwill impairment charge, $0.2 million of loss on derivatives de-designated as hedging instruments, $0.1 million of Chapter 11 reorganization charges, ($1.0) million of grant income recognition and ($1.7) million employee benefit liability adjustment; Latin America - $0.3 million of loss on derivatives de-designated as hedging instruments and $0.2 million of Chapter 11 reorganization charges; and EMEA - $0.1 million non-cash asset impairment charge. For the six month period ended June 30, 2019, Segment EBIT excludes $46.9 million of non-cash impairment charges ($46.0 million for goodwill in our Latin America segment and $0.9 million for a trade name in our EMEA segment).

Segment EBIT — U.S. & Canada

Segment EBIT was ($13.7) million in the first six months of 2020, compared to $27.1 million in the first six months of 2019. Segment EBIT as a percentage of net sales decreased to (9.9) percent for 2020, compared to 11.3 percent in 2019. The $40.8 million decrease in Segment EBIT was driven primarily by an unfavorable sales impact of $41.5 million, largely attributed to the impact of the COVID-19 pandemic, and unfavorable manufacturing activity of $15.2 million (including additional downtime due to furnace rebuilds and plant closures, as well as production labor efficiencies and less repairs and maintenance expenses), partially offset by reduced selling, general and administration expense of $10.0 million (including $3.9 million of less marketing expense and $1.8 million less in salaries) and $6.3 million less in warehousing and other distribution costs.

Segment EBIT — Latin America

Segment EBIT decreased to ($2.8) million in the first six months of 2020, from $3.8 million in the first six months of 2019. Segment EBIT as a percentage of net sales decreased to (6.0) percent for 2020, compared to 5.6 percent in 2019. The primary drivers of the $6.6 million decrease were an unfavorable sales impact of $6.5 million and $4.2 million of unfavorable manufacturing activity, partially offset by a favorable impact of $1.8 million from currency and $1.7 million in reduced selling, general and administrative expense.

Segment EBIT — EMEA

Segment EBIT decreased to ($6.4) million in the first six months of 2020, compared to $2.7 million in the first six months of 2019. Segment EBIT as a percentage of net sales decreased to (17.0) percent for 2020, from 4.5 percent in 2019. The majority of the $9.1 million decrease in Segment EBIT was driven by unfavorable manufacturing activity of $10.1 million (primarily due to a furnace rebuild in Holland and lack of business) and an unfavorable sales impact of $5.5 million, partially offset by $3.3 million of government support for COVID-19 aid recognized as a contra-expense, reduced selling, general and administrative expense of $1.7 million and lower warehousing and distribution costs of $1.7 million.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased by $56.3 million to ($21.3) million in the first six months of 2020, compared to $35.0 million in the first six months of 2019. As a percentage of net sales, our Adjusted EBITDA margin was (9.3) percent for the second quarter of 2020, compared to 9.2 percent in the year-ago period. The key contributors to the decrease in Adjusted EBITDA were an unfavorable sales impact of $56.2 million and unfavorable manufacturing activity of $28.7 million (primarily related to the additional downtime for furnace rebuilds and plant closures, partially offset by production labor efficiencies and reduced repairs and maintenance costs). Offsetting some of the unfavorable items are reduced selling, general and administrative spend of $17.5 million (including $5.1 million less of marketing expense, $4.4 million of reduced salaries and $3.7 million of less incentive and equity-based compensation), less warehousing and distribution costs of $9.2 million and a favorable currency impact of $2.7 million. Adjusted EBITDA excludes special items that Libbey believes are not reflective of our core operating performance as noted above in the “Reconciliation of Net Loss to Adjusted EBITDA” included in the “Discussion of Second Quarter 2020 Compared to Second Quarter 2019” section of this Quarterly Report, which is incorporated herein by reference.

Capital Resources and Liquidity

Overview

Cash flows generated from operations, cash on hand and our borrowing capacity under our DIP Facilities have enabled us to meet our cash requirements during the second quarter. Proceeds from the DIP Facilities were used to roll-up obligations and replace commitments under the Prepetition Term Loan B and Prepetition ABL Credit Facility, and to pay fees, costs and expenses incurred in connection with the DIP Facilities. The proceeds of the DIP Facilities are also being used for working capital and general corporate purposes and to fund certain fees payable to professional service providers in connection with the Chapter 11 Cases.

In addition, we had $45.8 million of cash on hand at June 30, 2020, compared to $48.9 million of cash on hand at December 31, 2019. Of our total cash on hand at June 30, 2020, and December 31, 2019, $30.9 million and $37.3 million, respectively, were held in foreign subsidiaries. We plan to indefinitely reinvest the excess of the amount for financial reporting over the tax basis of investments in our European and Mexican operations to support ongoing operations, capital expenditures and debt service. All other earnings may be distributed to the extent allowable under local laws. Our Chinese subsidiaries' cash and cash equivalents balance was $16.7 million as of June 30, 2020. Local People's Republic of China ("PRC") law currently limits distribution of this cash as a dividend; however, additional amounts may become distributable based on future income. For further information regarding potential dividends from our non-U.S. subsidiaries, see note 7, Income Taxes, in our Annual Report on Form 10-K for the year ended December 31, 2019.

As a result of the commencement of the Chapter 11 Cases on June 1, 2020, we are operating as debtors-in-possession pursuant to orders issued by the Bankruptcy Court and under Chapter 11 of the Bankruptcy Code. Pursuant to the Chapter 11 filings, we intend to de-lever our balance sheet and reduce overall indebtedness upon completion of that process. Additionally, as debtors-in-possession, certain of our activities are subject to review and approval by the Bankruptcy Court, including, among other things, the incurrence of secured indebtedness, material asset dispositions, and other transactions outside the ordinary course of business. There can be no guarantee we will successfully agree upon a viable plan of reorganization with our various stakeholders or reach any such agreement in the time frame that is acceptable to the Bankruptcy Court. See note 2 for additional information.

The filing of the Bankruptcy Petitions constituted an event of default with respect to our existing debt obligations. However, subject to certain exceptions under the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically enjoined or stayed the continuation of any judicial or administrative proceedings or other actions against the Debtors or their property to recover, collect or secure a claim arising prior to the filing of the Bankruptcy Petitions. Thus, for example, most creditor actions to obtain possession of property from the Debtors, or to create, perfect or enforce any lien against the Debtors' property, or to collect on monies owed or otherwise exercise rights or remedies with respect to a prepetition claim are enjoined unless and until the Bankruptcy Court lifts the automatic stay. Contemporaneous with the filing of the Chapter 11 Cases on the Petition Date, the Prepetition ABL Lenders agreed to forbear from exercising their rights and remedies under the Prepetition ABL Credit Agreement against the subsidiaries of the Company organized in the Netherlands party thereto.

The Bankruptcy Court has approved payment of certain prepetition obligations, including payments for employee wages, salaries and certain other benefits, customer programs, taxes, utilities, insurance, as well as payments to certain vendors. Despite the liquidity provided by our existing cash on hand, our ability to maintain normal credit terms with our suppliers may become impaired. We may be required to pay cash in advance to certain vendors and may experience restrictions on the availability of trade credit, which would further reduce our liquidity. If liquidity problems persist, our suppliers could refuse to provide key products and services in the future. In addition, due to the public perception of our financial condition and results of operations, in particular with regard to our potential failure to meet our debt obligations, some vendors could be reluctant to enter into long-term agreements with us.

In addition to the cash requirements necessary to fund ongoing operations, we have incurred professional fees and other costs in connection with our Chapter 11 proceedings. During the quarter ended June 30, 2020, the Company recognized $39.5 million in reorganization related charges as a result of the Chapter 11 Cases.

We are unable to predict when we will emerge from Chapter 11 because it is contingent upon numerous factors, many of which are out of our control. Major factors include obtaining the Bankruptcy Court's approval of a Chapter 11 plan of reorganization, which will enable us to transition from Chapter 11 into ordinary course operations outside of bankruptcy. We also may need to obtain a new credit facility, or "exit financing." Our ability to obtain such approval and financing will depend on, among other things, the timing and outcome of various ongoing matters related to the Chapter 11 Cases as well as the general global economic downturn due to the recent outbreak of COVID-19. The Chapter 11 plan of reorganization will determine the rights and satisfaction of claims of various creditors and security holders, and is subject to the ultimate outcome of negotiations and Bankruptcy Court decisions ongoing through the date on which such plan is confirmed.

Our primary sources of liquidity are cash flows generated from operations and availability under our DIP Facilities. Subsequent to and during pendency of the Chapter 11 Cases, we expect that our primary liquidity requirements will be to fund operations and make required payments under our DIP Facilities. Our ability to meet the requirements of our DIP Credit Agreements will be dependent on our ability to generate sufficient cash flows from operations.

Our sales and operating results tend to be stronger in the last three quarters of each year and weaker in the first quarter of each year, primarily due to the impact of consumer buying patterns and production activity. This seasonal pattern causes cash provided by operating activities to be higher in the second half of the year and lower during the first half of the year. Based on current financial projections, we expect to be able to continue to generate cash flows from operations in amounts sufficient to fund our operations, satisfy our interest and principal payment obligations on our DIP Facilities and pay administrative expenses, including professional fees while under Chapter 11. However, should the Chapter 11 Cases take longer than anticipated or should our financial results be materially and negatively impacted by the COVID-19 pandemic, we may be required to seek additional sources of liquidity. There can be no assurance that we will be able to obtain such liquidity on terms favorable to us, if at all. Our ability to obtain liquidity may also be impacted by our obligation to comply with certain covenants under the DIP Facilities, including restrictions on incurring additional indebtedness.

Supply Chain Financing

Libbey Mexico has an agreement with a third-party administrator to allow participating suppliers that voluntarily decide to sell receivables due from us to participating financial institutions at the sole discretion of both the suppliers and the financial institutions. We have no economic interest in the sale of these receivables and no direct relationship with financial institutions regarding this service. Our obligations to suppliers, including amounts due and scheduled payment terms, are not impacted. All outstanding balances under the program are recorded in accounts payable on our condensed consolidated balance sheets.

In April 2020, Libbey Mexico entered into an additional agreement with the financial institution whereby certain accounts payable recorded under the program, originally due between April 1 and June 30, 2020, were extended an additional 120 days for an upfront fee.

Balance Sheet and Cash Flows

Cash and Equivalents

See the cash flow section below for a discussion of our cash balance.

Borrowings

We had total borrowings of $479.3 million and $393.2 million at June 30, 2020, and December 31, 2019, respectively. Contributing to the $86.1 million increase in borrowings were a $31.5 million increase in borrowings under our ABL Credit Facilities, $30.0 million funding of the new DIP Term Loan, and the $22.4 million conversion of terminated swap obligations to borrowings.

The filing of the Bankruptcy Petitions constituted an event of default with respect to our existing debt obligations. However, subject to certain exceptions under the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically enjoined or stayed the continuation of any judicial or administrative proceedings or other actions against the Debtors or their property to recover, collect or secure a claim arising prior to the filing of the Bankruptcy Petitions. Thus, for example, most creditor actions to obtain possession of property from the Debtors, or to create, perfect or enforce any lien against the Debtors' property, or to collect on monies owed or otherwise exercise rights or remedies with respect to a prepetition claim are enjoined unless and until the Bankruptcy Court lifts the automatic stay. Refer to note 2 in our Condensed Consolidated Financial Statements entitled "Bankruptcy Filing" and note 5 entitled "Borrowings" for further details regarding our debt.

The following table presents our total borrowings:

(dollars in thousands)	Interest Rate (1)	Maturity Date (2)	June 30, 2020	December 31, 2019
Prepetition ABL Credit Facility	LIBOR + 3.5%	January 9, 2021	$ 39,352	$ 17,386
DIP ABL Credit Facility	LIBOR + 3.5%	November 28, 2020	9,554	—
DIP Term Loan - new money	LIBOR + 11.0%	November 28, 2020	30,000	—
Roll-up Term Loan B	LIBOR + 1.0% + 2.0% PIK	November 28, 2020	60,093	—
Prepetition Term Loan B (3)	LIBOR + 3.0%	April 9, 2021	317,931	375,800
Terminated Swap Obligations	LIBOR + 4.5%	November 28, 2020	22,405	—
Total borrowings			479,335	393,186
Less — unamortized discount and finance fees			—	1,346
Total borrowings — net			479,335	391,840
Less amounts included in liabilities subject to compromise			317,931	—
Total borrowings not subject to compromise			$ 161,404	$ 391,840

(1) *All LIBOR borrowings have a 1.0 percent floor.*

(2) *The filing of our Bankruptcy Petitions constituted an event of default with respect to our Prepetition Term Loan B and Prepetition ABL Credit Facility.*

(3) *Reclassified to liabilities subject to compromise at June 30, 2020.*

All of our borrowings were subject to variable interest rates at June 30, 2020. A change of one percentage point in such rates would result in a change in interest expense of approximately $1.6 million on an annual basis on borrowings not subject to compromise. Interest does not accrue on liabilities subject to compromise.

The Terminated Swap Obligations of $22.4 million were reclassed from accrued liabilities and other long-term liabilities on the Condensed Consolidated Balance Sheet in June 2020. For further discussion on our derivatives, see note 9 to the Condensed Consolidated Financial Statements.

Cash Flow

	Six months ended June 30,	
(dollars in thousands)	2020	2019
Net cash provided by (used in) operating activities	$ (50,115)	$ 752
Net cash used in investing activities	$ (8,474)	$ (18,300)
Net cash provided by financing activities	$ 56,220	$ 24,962

Our net cash provided by (used in) operating activities was ($50.1) million in the first six months of 2020, compared to $0.8 million in the first six months of 2019, an unfavorable cash flow impact of $50.9 million. Contributing to the reduction in cash flow from operations were an unfavorable change in operating earnings and higher incentive compensation payments in 2020, partially offset by a favorable impact of $38.5 million related to Trade Working Capital (accounts receivable, inventories and accounts payable), $4.3 million of reduced income tax payments and higher value-added-tax collections in Mexico. In addition, we received approximately $3.3 million in government support in response to COVID-19 in EMEA. Trade Working Capital has been largely impacted by COVID-19 resulting in lower sales/accounts receivable and lower inventory due to plant shutdowns, partially offset by lower accounts payable due to less activity and delayed capital expenditures.

Our net cash used in investing activities was $8.5 million and $18.3 million in the first six months of 2020 and 2019, respectively, in each case representing capital expenditures.

Net cash provided by financing activities was $56.2 million in the first six months of 2020, compared to $25.0 million in the first six months of 2019. The primary driver of the $31.3 million change was the new DIP Term Loan borrowings of $30.0 million in the first six months of 2020.

Free Cash Flow

The following table presents key drivers to our non-GAAP Free Cash Flow for the periods presented:

(dollars in thousands)	Six months ended June 30, 2020	2019
Net cash provided by (used in) operating activities	$ (50,115)	$ 752
Net cash used in investing activities	(8,474)	(18,300)
Free Cash Flow (1) (non-GAAP)	$ (58,589)	$ (17,548)

(1) *We define Free Cash Flow as the sum of net cash provided by (used in) operating activities and net cash used in investing activities. The most directly comparable U.S. GAAP financial measure is net cash provided by (used in) operating activities.*

We believe that Free Cash Flow is important supplemental information for investors in evaluating cash flow performance in that it provides insight into the cash flow available to fund such things as debt service, acquisitions and other strategic investment opportunities. It is a measure we use to internally evaluate the overall liquidity of the business. Free Cash Flow does not represent residual cash flows available for discretionary expenditures due to our mandatory debt service requirements.

Free Cash Flow is used in conjunction with, and in addition to, results presented in accordance with U.S. GAAP. Free Cash Flow is neither intended to represent nor be an alternative to the measure of net cash provided by (used in) operating activities recorded under U.S. GAAP. Free Cash Flow may not be comparable to similarly titled measures reported by other companies.

Our Free Cash Flow was ($58.6) million during the first six months of 2020, compared to ($17.5) million in the first six months of 2019, an unfavorable change of $41.0 million. The primary contributors to this change are the same 1:1 relationship as the $50.9 million unfavorable cash flow impact from operating activities and the favorable change of $9.8 million in investing activities, as discussed above.

Derivatives

As a result of filing Chapter 11, all derivative contracts were terminated on June 1, 2020. Prior to filing Chapter 11, we used natural gas swap contracts related to forecasted future North American natural gas requirements. The objective of these commodity contracts was to limit the fluctuations in prices paid due to price movements in the underlying commodity. We considered our forecasted natural gas requirements in determining the quantity of natural gas to hedge. We combined the forecasts with historical observations to establish the percentage of forecast eligible to be hedged, typically ranging from 40 percent to 70 percent of our anticipated requirements, 18 months in the future, or more, depending on market conditions. The fair values of these instruments were determined from market quotes, and credit risk of both the counterparties and the Company. At June 30, 2020, we had no commodity contracts. At December 31, 2019, we had commodity forward contracts for 2,460,000 MMBTUs of natural gas with a fair market value of a $0.8 million liability.

Prior to filing Chapter 11, we had interest rate swap agreements in place to fix certain interest payments of our current and future floating rate Prepetition Term Loan B debt. The first interest rate swap maintained a fixed interest rate of 4.85 percent, including the credit spread, on $220.0 million of our current Prepetition Term Loan B debt and matured on January 9, 2020. Two additional interest rate swaps, with a combined notional amount of $200.0 million, became effective in January 2020, when the first swap matured. These two new swaps in essence extended the first swap, had a term of January 2020 to January 2025, and carried a fixed interest rate of 6.19 percent, including credit spread.

The fair market value of our interest rate swaps was based on the market standard methodology of netting the discounted expected future variable cash receipts, the discounted future fixed cash payments, and credit risk of both the counterparties and the Company. The variable cash receipts are based on an expectation of future interest rates derived from observed market interest rate forward curves. The fair market value of the interest rate swap agreements was a $14.6 million liability at December 31, 2019.

Due to the Company's credit risk profile and changes in the probability of the forecasted transactions being hedged, we concluded we no longer met the criteria for the application of hedge accounting as of March 31, 2020. As a result, amounts related to the hedging relationship previously recorded in AOCI were reclassified to earnings. All derivative contracts were terminated due to our Chapter 11 filing.

Fixed Assets

We assess our property, plant and equipment for possible impairment in accordance with FASB ASC Topic 360, “Property Plant and Equipment” (“FASB ASC 360”), whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable or a revision of remaining useful lives is necessary. Such indicators may include economic and competitive conditions, changes in our business plans or management’s intentions regarding future utilization of the assets or changes in our commodity prices. An asset impairment would be indicated if the sum of the expected future net pretax cash flows from the use of an asset (undiscounted and without interest charges) is less than the carrying amount of the asset. An impairment loss would be measured based on the difference between the fair value of the asset and its carrying value. The determination of fair value is based on an expected present value technique in which multiple cash flow scenarios that reflect a range of possible outcomes and a risk-free rate of interest are used to estimate fair value or on a market appraisal. Projections used in the fair value determination are based on internal estimates for sales and production levels, capital expenditures necessary to maintain the projected production levels, and remaining useful life of the assets. These projections are prepared at the lowest level at which we have access to cash flow information and complete financial data for our operations, which is generally at the plant level.

Determination as to whether and how much an asset is impaired involves significant management judgment involving highly uncertain matters, including estimating the future success of product lines, future sales volumes, future selling prices and costs, alternative uses for the assets, remaining useful lives of assets and estimated proceeds from disposal of the assets. However, the impairment reviews and calculations are based on estimates and assumptions that take into account our business plans and long-term investment decisions.

During the first quarter of 2020, management decided to perform an impairment assessment for each asset group of Libbey due to the decrease in demand over the course of the quarter and resulting lowering of the 2020 forecast in each business unit primarily due to the market disruptions caused by COVID-19. The resulting assessments did not indicate any asset group was impaired.

On February 18, 2019, the Board of Directors of Libbey approved a plan to pursue strategic alternatives with respect to our business in the PRC, including the sale or closure of our manufacturing and distribution facility located in Langfang, PRC. The Board’s decision supports our ongoing efforts to optimize our manufacturing and supply network to deliver customer value and achieve our strategic objectives, including deployment of our capital to better drive shareholder value. This decision by the Board of Directors may result in changes in our business plans or management’s intentions regarding future utilization of the related assets. We continue to monitor the alternatives being considered by management as changes in strategy or alternatives available may result in future impairment charges.

We also tested the Libbey Holland reporting unit's fixed assets under FASB ASC 360, as of March 31, 2020, as this reporting unit has a history of operating losses and our long-term plan indicates this trend will continue in the near term before turning positive. While the current long-term forecast does not indicate an impairment, the forecast is dependent on specific management actions. We continue to monitor this reporting unit. Should management decide not to take these actions, or the returns derived from such actions be less favorable than forecasted, there could be an impairment trigger which may result in an impairment charge.

Goodwill & Other Purchased Intangible Assets

In the first quarter of 2020, the Company performed its ongoing assessment to consider whether events or circumstances had occurred that could more likely than not reduce the fair value of a reporting unit below its carrying value. The significant reduction in demand during the quarter and the high level of near-term macroeconomic uncertainty in addition to the valuation limitations from the Company's low share price and lower trading value of the Prepetition Term Loan B caused the Company to perform an interim goodwill impairment test as of March 31, 2020.

When performing our test for impairment, we measure each reporting unit's fair value using a combination of "income" and "market" approaches on a shipping point basis. The income approach calculates the estimated fair value of the reporting unit based on a discounted cash flow analysis, incorporating the weighted average cost of capital of a hypothetical third-party buyer, adjusted for specific company risk premium factors. Significant estimates in the income approach include the following: discount rate; expected financial outlook and profitability of the reporting unit's business; and foreign currency impacts. For our interim test, the cash flow forecasts of the reporting unit were based upon management's near-term and long-term views of our markets and represent the forecasts used by senior management and the Board of Directors to operate the business during the COVID-19 pandemic and evaluate operating performance. The terminal business value is determined by applying the long-term growth rate to the latest year for which a forecast exists.

The market approach uses the "Guideline Company" method, which calculates the fair value of the reporting unit based on a comparison of the reporting unit to comparable publicly traded companies. Significant estimates in the market approach model include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment, assessing comparable multiples, as well as consideration of control premiums. The blended approach assigns a 70 percent weighting to the income approach and 30 percent to the market approach. The higher weighting is given to the income approach due to some limitations of publicly available peer information used in the market approach. The blended fair value of both approaches is then compared to the carrying value, and to the extent that estimated fair value exceeds the carrying value, no impairment exists. However, to the extent the carrying value exceeds the estimated fair value, an impairment is recorded.

As a result, the impairment testing indicated that the carrying value of the U.S. & Canada reporting unit exceeded its estimated fair value, and we recorded a non-cash impairment charge of $38.4 million during the first quarter of 2020. After recording the impairment charge, there is no longer any goodwill on the balance sheet.

In conjunction with the goodwill impairment testing as of March 31, 2020, we also tested our indefinite life intangible assets for impairment. We used a relief from royalty method to determine the fair market value that was then compared to the carrying value of the indefinite life intangible asset. The estimated fair value of Libbey Holland's Royal Leerdam® trade name was determined to be lower than the carrying value, and we recorded a non-cash impairment charge of $0.1 million during the first quarter of 2020 in our EMEA reporting segment.

With the Royal Leerdam® trade name fair value equaling its carrying value at March 31, 2020, there is a potential of future impairment for the remaining intangible asset balance of $0.8 million if there is further degradation in the estimated value of the brand.

No impairments were indicated for the other indefinite lived trade names recorded on the balance sheet as of March 31, 2020.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful receivables for estimated losses resulting from the inability of our customers to make required payments. We provide an allowance for specific customer accounts where collection is doubtful and also provide an allowance for customer deductions based on historical collection and write-off experience. Additional allowances would be required if the financial conditions of our customers deteriorated. This evaluation is inherently subjective, as it requires estimates that are susceptible to revision as more information becomes available. The potential for bad debt write-offs has increased in the current economic environment due to the negative impacts of the COVID-19 pandemic. While no significant increases to the allowance for doubtful accounts were made in the first half of 2020, we continue to monitor the collection of customer receivables and the potential need for additional reserves and write-offs.

Inventory Valuation

We establish inventory reserves for excess and obsolete inventory. We regularly review inventory to evaluate continued demand and identify any obsolete or excess quantities of inventory. We record a provision for the difference between excess and obsolete inventory and its estimated net realizable value. This evaluation is inherently subjective, as it requires estimates that are susceptible to revision as more information becomes available. The potential for excess inventory provisions have increased in the current economic environment due to the negative impacts of the COVID-19 pandemic. While no significant excess or obsolete inventory provisions were recorded in the first half of 2020, as inventory levels are being actively managed to levels currently deemed appropriate, we continue to monitor the reasonableness of the reserve levels.

Income Taxes

The Company and its subsidiaries are subject to examination by various countries' tax authorities. These examinations may lead to proposed or assessed adjustments to our taxes. See note 6, Income Taxes, to the Condensed Consolidated Financial Statements for a detailed discussion on tax contingencies.

New Accounting Standards

See note 3 of the Condensed Consolidated Financial Statements for a summary of the new accounting standards.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for 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.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Although most of our salaried employees began working remotely in mid-March 2020 due to the COVID-19 pandemic, we have not experienced any material impact to our internal controls over financial reporting. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact to their design and operating effectiveness.

PART II — OTHER INFORMATION

This document and supporting schedules contain statements that are not historical facts and constitute projections, forecasts or forward-looking statements. These forward-looking statements reflect only our best assessment at this time, and may be identified by the use of words or phrases such as “anticipate,” “target,” “believe,” “expect,” “intend,” “may,” “planned,” “potential,” “should,” “will,” “would” or similar phrases. Such forward-looking statements involve risks and uncertainty; actual results may differ materially from such statements, and undue reliance should not be placed on such statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

Item 1. Legal Proceedings

Information concerning litigation and other contingencies is described in note 16, Contingencies, to the Condensed Consolidated Financial Statements included in Part 1, Item 1 of this Quarterly Report, which is incorporated herein by reference. The Company and its subsidiaries are subject to examination by various countries' tax authorities. These examinations may lead to proposed or assessed adjustments to our taxes. Please refer to Part II, Item 8. “Financial Statements and Supplementary Data,” note 7, Income Taxes, included in our 2019 Annual Report on Form 10-K for a more complete discussion.

Item 1A. Risk Factors

Our risk factors are set forth in Part I, Item 1A. “Risk Factors” in our 2019 Annual Report on Form 10-K.

We are supplementing our Risk Factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 with the following risk factors:

The COVID-19 pandemic has materially adversely affected, and will continue to materially adversely affect, our business, financial condition, liquidity and results of operations.

The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected businesses, economies and financial markets worldwide and has caused significant volatility in U.S. and international debt and equity markets and has adversely affected our access to and cost of financing.

Our business, financial condition, liquidity and operating results have been, and will continue to be, adversely affected by the COVID-19 pandemic. For example, the COVID-19 pandemic has caused a widespread increase in unemployment and is expected to result in reduced consumer spending and economic slowdown or recession. Substantially all our revenue is generated from sales of our products into the foodservice, hospitality and retail industries, and our business, as well as that of our customers, is negatively affected during times of lower consumer discretionary spending and high unemployment.

COVID-19, and measures taken by governments and organizations to contain its effects, have already caused, and will likely continue to cause, disruption to our operations, supply chain and the business and operations of the industries we serve. Such disruption may continue or increase in the future, and limits the ability of our manufacturing facilities, distribution facilities, partners, vendors and customers to operate efficiently or at all and could result in further reduced sales and profitability.

Our customers are vulnerable to reduced foodservice and hospitality industry patronage as well as periods of economic slowdown or recession and increased unemployment. Furthermore, many restaurants, hotels and other hospitality providers have temporarily or permanently closed and more may close in the near future in light of the COVID-19 pandemic.

In response to the COVID-19 pandemic, we temporarily reduced or suspended our manufacturing and distribution operations at several of our facilities in North America and elsewhere to comply with governmental orders related to the COVID-19 pandemic and to protect the safety of our employees and align with the lower demand profile for our products. We also borrowed additional funds under our Prepetition ABL Credit Facility, extended certain repayment obligations under our senior secured credit agreement, furloughed certain employees, implemented temporary salary reductions for non-furloughed employees to address liquidity concerns, proposed a plan to permanently close our manufacturing facility in Shreveport, Louisiana, and commenced the Chapter 11 Cases. If the COVID-19 pandemic and government measures intended to slow the spread of COVID-19 continue to result in long-term continued disruptions to our operations and the operations of the foodservice and hospitality industries, our business, financial condition, liquidity and results of operations will be further significantly negatively affected, which may impact our ability to comply with the terms and conditions of the DIP Credit Agreements, our ability to develop, confirm and consummate a Chapter 11 plan or other alternative restructuring transaction, and the cost, duration and outcome of the Chapter 11 Cases.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2019, and the other risks described below, among other risks. The full extent to which the COVID-19 pandemic will impact our results is unknown and evolving, and will depend on future developments, which are highly uncertain and cannot be predicted. These include the severity, duration and spread of COVID-19, the success of actions taken by governments and health organizations to combat the disease and treat its effects, and the extent to which, and the timing of, general economic and operating conditions recover.

The Chapter 11 Cases may have a material adverse impact on our business, financial condition, results of operations, and cash flows.

We engaged financial and legal advisors to assist us in, among other things, analyzing various potential alternatives to address our liquidity and capital structure. These efforts led to the commencement of the Chapter 11 Cases in the Bankruptcy Court on the Petition Date.

The Chapter 11 Cases could have a material adverse effect on our business, financial condition, results of operations and liquidity. So long as the Chapter 11 Cases continue, our management may be required to spend a significant amount of time and effort managing the bankruptcy process instead of focusing exclusively on our business operations. Bankruptcy protection and operating as debtors-in-possession also may make it more difficult to retain management and the key personnel necessary to the success and growth of our business. In addition, during the pendency of the Chapter 11 Cases, our customers and suppliers might lose confidence in our ability to reorganize our business successfully and may seek to establish alternative commercial relationships, which may cause, among other things, our suppliers, vendors, counterparties and service providers to renegotiate the terms of our agreements, attempt to terminate their relationship with us or require financial assurances from us. Although we remain committed to providing safe, reliable operations and we believe that we have sufficient resources to do so, customers may lose confidence in our ability to provide them the level of service they expect, resulting in a significant decline in our revenues, profitability and cash flow.

We are subject to the risks and uncertainties associated with the Chapter 11 Cases.

Throughout the duration of the Chapter 11 Cases, our operations and our ability to develop and execute our business plan, as well as our continuation as a going concern, will be subject to the risks and uncertainties associated with bankruptcy proceedings. These risks include the following:

- our ability to continue as a going concern;
- our ability to develop, confirm and consummate a Chapter 11 plan of reorganization;
- our ability to obtain court approval with respect to motions filed in the Chapter 11 Cases from time to time;
- our ability to maintain our relationships with our suppliers, service providers, customers, employees and other third parties;
- our ability to maintain contracts that are critical to our operations;
- our ability to develop and execute our business plan;
- our ability to attract, motivate and retain key employees;
- our ability to operate within the restrictions and the liquidity limitations of the DIP Credit Agreements and any related orders entered by the Bankruptcy Court in connection with the Chapter 11 Cases;
- our ability to maintain strategic control as debtors-in-possession during the pendency of the Chapter 11 Cases;
- the cancellation of our existing equity, including our outstanding shares of common stock, in the Chapter 11 Cases;
- the ability of third parties to seek and obtain court approval to terminate contracts and other agreements with us;
- the ability of third parties to seek and obtain the Bankruptcy Court’s approval to terminate or shorten the exclusivity period for us to propose and confirm a Chapter 11 plan of reorganization, to appoint a Chapter 11 trustee, or to convert the Chapter 11 Cases to proceedings under Chapter 7 of the Bankruptcy Code; and
- the actions and decisions of our creditors and other third parties who have interests in our Chapter 11 Cases that may be inconsistent with our plans.

Because of the risks and uncertainties associated with the Chapter 11 Cases, we cannot accurately predict or quantify the ultimate impact of events that will occur during the Chapter 11 Cases.

Our common stock was delisted from the NYSE American. Trading in our securities during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks. We expect that the existing common stock of the Company will be extinguished and existing equity holders will not receive consideration in respect of their equity interests.

As a consequence of the Chapter 11 Cases, on June 1, 2020, the NYSE American suspended trading in our common stock and notified us of their intent to file an application with the SEC to delist our common stock from the NYSE American. Such application on Form 25 was filed on June 10, 2020 and the delisting was effective ten days thereafter. Since June 2, 2020, our common stock has been quoted on the OTC Pink marketplace maintained by the OTC Markets Group, Inc. under the symbol "LBYYQ." We can provide no assurance that our common stock will continue to trade on this market, whether broker-dealers will continue to provide public quotes of our common stock on this market, whether the trading volume of our common stock will be sufficient to provide for an efficient trading market or whether quotes for our common stock will continue on this market in the future. We expect that the existing common stock of the Company will be extinguished upon the Company's emergence from Chapter 11 and that existing equity holders will not receive consideration in respect of their equity interests. These recent developments could result in significantly lower trading volumes and reduced liquidity for investors seeking to buy or sell shares of our common stock. Accordingly, any trading in our common stock during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks to purchasers of our common stock.

We may not be able to obtain confirmation of a Chapter 11 plan of reorganization.

To emerge successfully from Bankruptcy Court protection as a viable entity, we must meet certain statutory requirements regarding adequacy of disclosure with respect to a plan of reorganization, solicit and obtain the requisite acceptances of such a plan and fulfill other statutory conditions for confirmation of such a plan. The confirmation process is subject to numerous, unanticipated potential delays, including a delay in the Bankruptcy Court's commencement of the confirmation hearing regarding a plan of reorganization.

We may not receive the requisite acceptances of constituencies in the Chapter 11 Cases to confirm a plan of reorganization. Even if the requisite acceptances are received, the Bankruptcy Court may not confirm such a plan. The precise requirements and evidentiary showing for confirming a plan, notwithstanding its rejection by one or more impaired classes of claims or equity interests, depends upon a number of factors including, without limitation, the status and seniority of the claims or equity interests in the rejecting class (i.e., secured claims or unsecured claims or subordinated or senior claims). If a plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether we would be able to reorganize our business and what, if anything, holders of claims against us would ultimately receive with respect to their claims.

We could be negatively affected if we fail to maintain satisfactory labor relations.

In connection with the Chapter 11 Cases, we are seeking to renegotiate the terms of our collective bargaining agreements with our unionized employees in Toledo, Ohio and in Shreveport, Louisiana, as well as certain postretirement benefits, as a condition of our DIP Credit Agreements. We are also currently engaged in labor negotiations in connection with our tentative plan to close our manufacturing facility in Shreveport, Louisiana. The outcome of these negotiations is subject to many uncertainties. Additionally, if a consensual resolution is not reached with the relevant labor unions, we may need to avail ourselves of certain rights and remedies under the Bankruptcy Code with respect to our collective bargaining obligations or postretirement benefits (under or outside of the collective bargaining agreements). There can be no assurance that we will succeed in renegotiating our collective bargaining agreements or postretirement benefits or that work stoppages or labor disturbances will not occur as a result of such negotiations. Our failure to successfully renegotiate our collective bargaining agreements or to receive approval from the Bankruptcy Court of our requested modifications to such collective bargaining agreements or postretirement benefits could result in an event of default under the DIP Credit Agreements.

Any plan of reorganization that we may implement will be based in large part upon assumptions and analyses developed by us. If these assumptions and analyses prove to be incorrect, or adverse market conditions persist or worsen, our plan may be unsuccessful in its execution.

Any plan of reorganization that we may implement will affect both our capital structure and the ownership, structure and operation of our businesses and will reflect assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we consider appropriate under the circumstances. Whether actual future results and developments will be consistent with our expectations and assumptions depends on a number of factors, including but not limited to (i) our ability to substantially change our capital structure; (ii) our ability to obtain adequate liquidity and financing sources; (iii) the immediate and long-term impact of the COVID-19 pandemic; (iv) our ability to maintain customers' confidence in our viability as a continuing entity and to attract and retain sufficient business from them; (v) our ability to retain key employees; and (vi) the overall strength of the U.S. and global economies and the stability of global financial markets and the foodservice, hospitality and retail industries. The failure of any of these factors could materially adversely affect the successful reorganization of our businesses.

In addition, any plan of reorganization will rely upon financial projections, including with respect to revenues, gross profit, Adjusted EBITDA, working capital, capital expenditures and cash flow. Financial forecasts are necessarily speculative, and it is possible that one or more of the assumptions and estimates that are the basis of these financial forecasts will not be accurate. Accordingly, it is possible that our actual financial condition and results of operations will differ, perhaps materially, from what we have anticipated. Consequently, there can be no assurance that the results or developments contemplated by any plan of reorganization we may implement will occur or, even if they do occur, that they will have the anticipated effects on us and our subsidiaries or our businesses or operations.

As a result of the Chapter 11 Cases, our historical financial information may not be indicative of our future performance, which may be volatile.

During the Chapter 11 Cases, we expect our financial results to continue to be volatile as restructuring activities and expenses, contract terminations and rejections, and claims assessments significantly impact our consolidated financial statements. As a result, our historical financial performance is likely not indicative of our financial performance after the date of the filing of the Chapter 11 Cases. In addition, if we emerge from Chapter 11, the amounts reported in subsequent consolidated financial statements may materially change relative to our historical consolidated financial statements. We also may be required to adopt fresh start accounting, in which case our assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on our consolidated balance sheets. Our financial results after the application of fresh start accounting may be different from historical trends.

We may be unable to comply with restrictions imposed by the DIP Credit Agreements.

The DIP Credit Agreements impose a number of restrictions on us and certain of our subsidiaries. Specifically, the terms of the DIP Credit Agreements impose certain obligations including, among other things, affirmative covenants requiring us to provide financial information, budgets and other information to the agents under the DIP Credit Agreements and comply with certain milestones related to the Chapter 11 Cases, and negative covenants restricting our ability to incur additional indebtedness, make additional investments, grant liens, dispose of assets, pay dividends, undertake transactions with affiliates or take certain other actions, in each case except as permitted by the terms and conditions of the DIP Credit Agreements. Our ability to borrow under the DIP Facilities is subject to the satisfaction of certain customary conditions precedent set forth therein.

Our ability to comply with these provisions may be affected by events beyond our control and our failure to comply, or obtain a waiver in the event we cannot comply with a covenant or achieve a milestone, could result in an event of default under the DIP Credit Agreements.

Our long-term liquidity requirements and the adequacy of our capital resources are difficult to predict at this time.

We face uncertainty regarding the adequacy of our liquidity and capital resources and have limited access to additional financing. In addition to the cash requirements necessary to fund ongoing operations, we have incurred significant professional fees and other costs in connection with preparation for the Chapter 11 Cases and expect that we will continue to incur significant professional fees and costs throughout the Chapter 11 Cases. In addition, we must comply with the covenants under the DIP Credit Agreements in order to continue to access our borrowings thereunder. We cannot assure you that we will be able to comply with the covenants under the DIP Credit Agreements or that cash on hand and cash flow from operations will be sufficient to continue to fund our operations and allow us to satisfy our obligations related to the Chapter 11 Cases.

Our liquidity, including our ability to meet our ongoing operational obligations, is dependent upon, among other things: (i) our ability to comply with the terms and conditions of the DIP Credit Agreements, (ii) our ability to comply with the terms and conditions of any cash collateral order that may be entered by the Bankruptcy Court in connection with the Chapter 11 Cases, (iii) our ability to maintain adequate cash on hand, (iv) our ability to generate cash flow from operations, (v) our ability to develop, confirm and consummate a Chapter 11 plan or other alternative restructuring transaction, and (vi) the cost, duration and outcome of the Chapter 11 Cases.

In certain instances, a Chapter 11 case may be converted to a case under Chapter 7 of the Bankruptcy Code.

In order to successfully emerge from Chapter 11 bankruptcy protection, we must develop and obtain confirmation of a Chapter 11 plan of reorganization by the Bankruptcy Court. If confirmation by the Bankruptcy Court does not occur, we could be forced to liquidate under Chapter 7 of the Bankruptcy Code.

Upon a showing of cause, the Bankruptcy Court may convert the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code. In such event, a Chapter 7 trustee would be appointed or elected to liquidate our assets for distribution in accordance with the priorities established by the Bankruptcy Code. We believe that liquidation under Chapter 7 would result in significantly smaller distributions being made to our creditors than those provided for in a Chapter 11 plan of reorganization because of (i) the likelihood that the assets would have to be sold or otherwise disposed of in a distressed fashion over a short period of time rather than in a controlled manner and as a going concern, (ii) additional administrative expenses involved in the appointment of a Chapter 7 trustee, and (iii) additional expenses and claims, some of which would be entitled to priority, that would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of operations.

The Chapter 11 Cases limit the flexibility of our management team in running our business.

While we operate our businesses as debtors-in-possession under supervision by the Bankruptcy Court, we are required to obtain the approval of the Bankruptcy Court and, in some cases, certain lenders, prior to engaging in activities or transactions outside the ordinary course of business. Bankruptcy Court approval of non-ordinary course activities entails preparation and filing of appropriate motions with the Bankruptcy Court, negotiation with a committee of unsecured creditors and other parties-in-interest and one or more hearings. A creditors' committee and other parties-in-interest may be heard at any Bankruptcy Court hearing and may raise objections with respect to these motions. This process may delay major transactions and limit our ability to respond quickly to opportunities and events in the marketplace. Furthermore, in the event the Bankruptcy Court does not approve a proposed activity or transaction, we would be prevented from engaging in activities and transactions that we believe are beneficial to us.

We may be subject to claims that will not be discharged in the Chapter 11 Cases, which could have a material adverse effect on our financial condition and results of operations.

The Bankruptcy Court provides that the confirmation of a Chapter 11 plan of reorganization discharges a debtor from, among other things, substantially all debts arising prior to consummation of a Chapter 11 plan of reorganization. With few exceptions, all claims that arose prior to June 1, 2020, or before consummation of a Chapter 11 plan of reorganization (i) would be subject to compromise and/or treatment under the Chapter 11 plan of reorganization and/or (ii) would be discharged in accordance with the Bankruptcy Code and the terms of the Chapter 11 plan of reorganization. Subject to the terms of a Chapter 11 plan of reorganization and orders of the Bankruptcy Court, any claims not ultimately discharged pursuant to a Chapter 11 plan of reorganization could be asserted against the reorganized entities and may have an adverse effect on our financial condition and results of operations on a post-reorganization basis.

The pursuit of the Chapter 11 Cases has consumed, and will continue to consume, a substantial portion of the time and attention of our management, which may have an adverse effect on our business and results of operations, and we may face increased levels of employee attrition.

The requirements of the Chapter 11 Cases have consumed and will continue to consume a substantial portion of our management's time and attention and leave them with less time to devote to the operations of our business. This diversion of management's attention may have a material adverse effect on the conduct of our business, and, as a result, on our financial condition and results of operations, particularly if the Chapter 11 Cases are protracted.

As a result of the Chapter 11 Cases, we may experience employee attrition, and our employees may face considerable distraction and uncertainty. A loss of key personnel or material erosion of employee morale could adversely affect our business and results of operations. Our ability to engage, motivate and retain key employees or take other measures intended to motivate and incentivize key employees to remain with us through the pendency of the Chapter 11 Cases is limited by restrictions on implementation of incentive programs under the Bankruptcy Code. The loss of services of members of our management team could impair our ability to execute our strategy and implement operational initiatives, which would be likely to have a material adverse effect on our financial condition, liquidity and results of operations.

Even if a Chapter 11 plan of reorganization is consummated, we may not be able to achieve our stated goals and there is substantial doubt regarding our ability to continue as a going concern.

Even if a Chapter 11 plan of reorganization is consummated, we may continue to face a number of risks, such as the impact of the COVID-19 pandemic, changes in economic conditions, changes in our industry, changes in demand for our products and increasing expenses. Some of these risks become more acute when cases under the Bankruptcy Code continue for a protracted period without indication of how or when the cases may be completed. As a result of these risks and others, we cannot guarantee that any Chapter 11 plan of reorganization will achieve our stated goals.

Furthermore, even if our debts are reduced or discharged through a plan of reorganization, we may need to raise additional funds through public or private debt or equity financing or other various means to fund our business after the completion of the Chapter 11 Cases. Our access to additional financing may be limited, and the terms of any such financing may be unfavorable, if it is available at all. Therefore, adequate funds may not be available when needed or may not be available on favorable terms, or at all.

As a result of the Chapter 11 Cases, there is substantial doubt regarding our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to raise additional capital. As a result, we cannot give any assurance of our ability to continue as a going concern, even if a plan of reorganization is confirmed.

Transfers of our equity, or issuances of equity before or in connection with the Chapter 11 Cases, may impair our ability to utilize our tax attributes to offset future taxable income.

In general, if a corporation undergoes an “ownership change,” Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”), imposes an annual limitation on the corporation’s ability to use certain tax attributes, such as net operating losses (“NOLs”) and disallowed business interest expense under Section 163(j) of the Code (“Excess Interest Expense”), to offset future taxable income. Under Section 382 of the Code, an ownership change occurs when the percentage (by value) of a corporation’s equity held by one or more “5-percent shareholders” (as such term is defined in Section 382 of the Code) increases by more than 50 percentage points over the lowest percentage of stock owned by such shareholders at any time during the preceding three-year rolling testing period or since the last ownership change, as applicable. Similar provisions of state tax law may also apply to limit the use of certain tax attributes.

If we experience an ownership change prior to our emergence from the Chapter 11 Cases, our ability to use our tax attributes may be substantially limited, which would cap our ability to offset taxable income arising upon emergence from the Chapter 11 Cases or in future tax years. As a result, we requested, and on July 12, 2020, the Bankruptcy Court approved, procedures designed to reduce the possibility of a pre-emergence ownership change and preserve our ability to rely on certain favorable tax rules. In particular, certain trading and worthless stock deductions with respect to our common stock are currently subject to procedures requiring (among other things) prior notification and advance approval from us.

We anticipate that we will undergo an ownership change upon our emergence from the Chapter 11 Cases. Depending on the transactions implementing a plan of reorganization and absent an applicable exception, our ability to use our Excess Interest Expense may be substantially limited under Section 382 of the Code, and our NOLs and other tax attributes, including our tax basis in our assets, may be significantly reduced by the amount of discharge of indebtedness income arising in the Chapter 11 Cases under Section 108 of the Code. Such limitations and reductions may cause us to recognize taxable income and pay cash taxes in future years.

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

Issuer's Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
April 1 to April 30, 2020	—	$ —	—	941,250
May 1 to May 31, 2020	—	$ —	—	941,250
June 1 to June 30, 2020	—	$ —	—	941,250
Total	—	$ —	—	941,250

(1) *We announced on December 10, 2002 that our Board of Directors authorized the purchase of up to 2,500,000 shares of our common stock in the open market and negotiated purchases. In January 2015, our Board of Directors increased the current stock repurchase authorization by an additional 500,000 shares, for a total of 3,000,000 shares authorized. There is no expiration date for this authorization. No shares have been repurchased since April 2016.*

Information concerning limitations on the payment of dividends and other restrictions under the DIP Facilities is described in note 5, Borrowings, to the Condensed Consolidated Financial Statements included in Part 1, Item 1 of this Quarterly Report, which is incorporated herein by reference.

Item 5. Other Information

On August 6, 2020, the Company entered into Amendment No. 2 to the DIP Term Loan Credit Agreement (the "Amendment"). The Amendment extends the dates by which certain milestones are required to be satisfied under the DIP Term Loan Credit Agreement:

- The date by which the Bankruptcy Court shall enter an order approving the solicitation of a Plan of Reorganization (as defined in the DIP Credit Agreements) is extended to August 24, 2020;
- The date by which the Debtors shall commence solicitation of a Plan of Reorganization is extended to August 26, 2020;
- The date by which the Bankruptcy Court shall enter an order confirming a Plan of Reorganization is extended to October 1, 2020; and
- The date by which a Plan of Reorganization must be consummated is extended to October 5, 2020.

The foregoing description of the Amendment does not purport to be a complete description and is qualified in its entirety by reference to the full text of the Amendment, a copy of which will be filed with the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2020.

Also on August 6, 2020, pursuant to the terms of the DIP ABL Credit Agreement, the Administrative Agent (as defined in the DIP ABL Credit Agreement) agreed to corresponding extensions of the milestone dates under the DIP ABL Credit Agreement.

Item 6. Exhibits

Exhibits: The exhibits listed in the below "Exhibit Index" are filed as part of this Quarterly Report.

EXHIBIT INDEX

Reg. S-K Item 601 No.	Document
3.1	Restated Certificate of Incorporation of Libbey Inc. (filed as Exhibit 3.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
3.2	Amended and Restated By-Laws of Libbey Inc. (filed as Exhibit 3.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 and incorporated herein by reference).
3.3	Certificate of Incorporation of Libbey Glass Inc. (filed as Exhibit 3.3 to Libbey Glass Inc.'s Form S-4 (Reg No. 333-139358) filed December 14, 2006, and incorporated herein by reference).
3.4	Amended and Restated By-Laws of Libbey Glass Inc. (filed as Exhibit 3.4 to Libbey Glass Inc.'s Form S-4 (Reg No. 333-139358) filed December 14, 2006, and incorporated herein by reference).
4.1	Amendment No. 1 to the Senior Secured Term Loan B Credit Facility, dated as of April 9, 2020 (filed as Exhibit 4.1 to Libbey's Quarterly Report on Form 10-Q filed on June 19, 2020, and incorporated herein by reference).
4.2	Amendment No. 2 to the Senior Secured Term Loan B Credit Facility, dated as of April 30, 2020 (filed as Exhibit 4.2 to Libbey's Quarterly Report on Form 10-Q filed on June 19, 2020, and incorporated herein by reference).
4.3	Amendment No. 3 to the Senior Secured Term Loan B Credit Facility, dated as of May 7, 2020 (filed as Exhibit 4.3 to Libbey's Quarterly Report on Form 10-Q filed on June 19, 2020, and incorporated herein by reference).
4.4	Amendment No. 4 to the Senior Secured Term Loan B Credit Facility, dated as of May 15, 2020 (filed as Exhibit 4.4 to Libbey's Quarterly Report on Form 10-Q filed on June 19, 2020, and incorporated herein by reference).
4.5	Amendment No. 5 to the Senior Secured Term Loan B Credit Facility, dated as of May 25, 2020 (filed as Exhibit 4.5 to Libbey's Quarterly Report on Form 10-Q filed on June 19, 2020, and incorporated herein by reference).
4.6	Superpriority Secured Debtor-In-Possession Credit Agreement dated as of June 3, 2020 (filed as Exhibit 4.1 to Libbey's Current Report on Form 8-K filed on June 9, 2020 and incorporated herein by reference).
4.7	Debtor-In-Possession Credit Agreement dated as of June 3, 2020 (filed as Exhibit 4.2 to Libbey's Current Report on Form 8-K filed on June 9, 2020 and incorporated herein by reference).
4.8	Amended and Restated Intercreditor Agreement dated as of June 3, 2020 (filed as Exhibit 4.3 to Libbey's Current Report on Form 8-K filed on June 9, 2020 and incorporated herein by reference).
4.9	Amendment No. 1 to the Debtor-In-Possession Credit Agreement, dated as of June 24, 2020 (filed herein).
4.10	Amendment No. 1 and Joinder to the Amended and Restated Intercreditor Agreement, dated as of June 24, 2020 (filed herein).
10.1	Form of Indemnity Agreement date as of February 23, 2020 (filed as Exhibit 10.23 to Libbey Inc.'s Annual Report on Form 10-K filed on February 27, 2020 and incorporated herein by reference) (as to Patrick Bartels, Jr. and Timothy Pohl).
10.2	Independent Director Agreement dated as of May 12, 2020 (filed as Exhibit 10.2 to Libbey's Quarterly Report on Form 10-Q filed on June 19, 2020, and incorporated herein by reference) (as to Patrick Bartels Jr. and Timothy Pohl).
10.3	Form of Retention Bonus Agreement dated as of May 19, 2020 (filed as Exhibit 10.1 to Libbey Inc.'s Current Report on Form 8-K filed on May 26, 2020 and incorporated herein by reference) (as to Michael Bauer, Juan Amezquita, James Burmeister and Sarah Zibbel).
10.4	Amended and Restated Retention Bonus Agreement dated as of May 31, 2020 (filed as Exhibit 10.1 to Libbey Inc.'s Current Report on Form 8-K filed on June 1, 2020 and incorporated herein by reference) (as to Michael Bauer).
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) (filed herein).
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) (filed herein).
32.1	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act of 2002 (filed herein).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

		Libbey Inc.	
Date:	August 10, 2020	by:	/s/ Juan Amezquita
			Juan Amezquita
			Senior Vice President, Chief Financial Officer

AMENDMENT NO. 1 TO
DEBTOR-IN-POSSESSION CREDIT AGREEMENT

This amendment NO. 1 TO DEBTOR-IN-POSSESION CREDIT AGREEMENT (this "Amendment") is dated as of June 24, 2020 and is entered into by and among LIBBEY GLASS INC., a Delaware corporation ("US Borrower"), LIBBEY EUROPE B.V., a limited liability company incorporated in The Netherlands ("Netherlands Borrower"; together with US Borrower, each a "Borrower" and collectively the "Borrowers"), Libbey Inc., a Delaware corporation, as Loan Guarantor, the other Loan Parties party hereto, JPMORGAN CHASE BANK, N.A., as the Administrative Agent for the Lenders (as defined below), the Lenders party hereto and the other Persons party hereto.

W I T N E S S E T H:

WHEREAS, Borrowers, the other Loan Parties party thereto, the lenders from time to time party thereto (the "Lenders"), and the Administrative Agent are parties to that certain Debtor-In-Possession DIP Credit Agreement dated as of June 3, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "DIP Credit Agreement"; capitalized terms not otherwise defined herein have the definitions provided therefore in the DIP Credit Agreement);

WHEREAS, the Loan Parties, Agent, and the Lenders have agreed to amend the DIP Credit Agreement;

NOW THEREFORE, in consideration of the mutual conditions and agreements set forth in the DIP Credit Agreement and this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendments. Subject to the satisfaction of the conditions set forth in Section 2 below, and in reliance on the representations set forth in Section 3 below, the DIP Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is amended by inserting a new defined term "Specified Portugal Collateral Agent" therein in its appropriate alphabetical order as follows:

"Specified Portugal Collateral Agent" has the meaning ascribed thereto in the Intercreditor Agreement.

(b) Section 1.01 of the Credit Agreement is amended by amending and restating the following terms set forth therein in their entirety as follows:

> "Administrative Agent" means JPMorgan Chase Bank, N.A, in its capacity as administrative and collateral agent for the Lenders hereunder, or, as applicable, such branches or affiliates of JPMorgan Chase Bank, N.A. as it shall from time to time designate for the purpose of performing its obligations hereunder in such capacity. References to the "Administrative Agent" shall include any other branch or affiliate of JPMorgan Chase Bank, N.A. designated by JPMorgan Chase Bank, N.A. for the purpose of performing such obligations in such capacity (including, with respect to acting as collateral agent under the Portugal Collateral Documents and the Netherlands Collateral Documents, J.P. Morgan Europe Limited) and the Specified Portugal Collateral Agent exclusively with respect to acting as collateral agent under the Portugal Collateral Documents (as applicable).

"Intercreditor Agreement" means the Amended and Restated Intercreditor Agreement, dated as of the date hereof among the US Borrower, Holdings, the other Loan Parties party thereto, Administrative Agent, the Existing Administrative Agents, Term Loan Agent and Existing Term Loan Agent, and the other parties thereto from time to time, as the same has been and may further be amended, restated or otherwise modified from time to time (including, without limitation, by that certain Amendment No. 1 to Amended and Restated Intercreditor Agreement dated as of June 24 2020), which amends and restates in its entirety the Existing Intercreditor Agreement.

"Portugal Security Agreement" means the Portugal Security Agreement to be entered into following the Effective Date pursuant to Section 5.23 between European Collateral Agent and the Specified Portugal Collateral Agent (each acting as administrative agent for itself and on behalf of and for the benefit of the Secured Parties (as such term is defined in the Portugal Security Agreement), as applicable) and Crisal – Cristalaria Automática, S.A. and the Netherlands Borrower and such other Loan Parties (if any) party thereto from time to time (as Security Providers (as such term is defined in the Portugal Security Agreement)), in form and substance satisfactory to the Administrative Agent, and given as security for the Secured Obligations (as such term is defined in the Portugal Security Agreement), as amended, restated, supplemented or otherwise modified from time to time.

(c) Article VIII of the Credit Agreement is hereby amended by deleting the final seven paragraphs set forth therein (such seven paragraphs beginning with a reference to "For purposes of the Portugal Collateral Documents" and ending with a reference to "as principal and as joint and several creditor", and inserting in their place the following eight paragraphs:

For the purposes of the Portugal Collateral Documents, each Lender (and each Existing Lender and each Existing Administrative Agent by executing this Agreement) hereby appoints European Collateral Agent and the Specified Portugal Collateral Agent (the latter, exclusively for the purposes of any promissory mortgage and of any mortgage deed to be executed pursuant to or in connection with the Portugal Security Agreement, its respective enforcement, relevant undertakings, representations and warranties and common terms of the Portugal Security Agreement) to act on their behalf and for their benefit in connection with the execution of the Portugal Collateral Documents. European Collateral Agent is hereby expressly authorized to execute the Portugal Collateral Documents acting for itself and on behalf of and for the benefit of each Lender (and each Existing Lender). The Specified Portugal Collateral Agent is hereby expressly authorized to execute the Portugal Collateral Documents acting for itself and on behalf of and for the benefit of each Lender (and each Existing Lender).

Furthermore, each Lender (and each Existing Lender and each Existing Administrative Agent by executing this Agreement) appoints European Collateral Agent and the Specified Portugal Collateral Agent severally each to be its attorney (with full power of substitution), on its behalf and in its name or otherwise (as a *mandatário com poderes de representação* in accordance and for the purposes of Article 1178 of the Portuguese Civil Code), at such time and in such manner as the attorney thinks fit, to:

(a) exercise any of the rights expressed in the Portugal Collateral Documents to be conferred on European Collateral Agent and on the Specified Portugal Collateral Agent (as applicable); and

(b) execute any notarial deed or any other document considered as necessary for the creation or perfection of any security promised or granted under the Portugal Collateral Documents (as applicable).

Each Lender (and each Existing Lender and each Existing Administrative Agent) ratifies and confirms and agrees to ratify and confirm whatever European Collateral Agent and the Specified Portugal Collateral Agent (the latter, acting lawfully) each as attorney does in the exercise or purported exercise of the power of attorney granted by it.

Should the Lenders (and the Existing Lenders and the Existing Administrative Agents) be unable to validly make the appointment and grant the powers foreseen under this Clause by executing or acceding as a party to the Loan Documents (as such term is defined in the Portugal Security Agreement), the Lenders shall, on the date of execution of, or accession to, the relevant Loan Documents (as such term is defined in the Portugal Security Agreement) and to the Portugal Security Agreement (as applicable), execute such documents as may be required for the purpose of making an appointment of, and granting powers to, European Collateral Agent and Specified Portugal Collateral Agent (as applicable), to act on their behalf and in their name or otherwise (as a *mandatário com poderes de representação* in accordance and for the purposes of Article 1178 of the Portugal Civil Code).

For the purposes of the above, European Collateral Agent and the Specified Portugal Collateral Agent in the exercise of the rights, powers and authority conferred and vested in it under this Agreement, any other Loan Document (as such term is defined in the Portugal Security Agreement) and the Portugal Collateral Documents for the benefit the Lenders for whom they act;

(a) will exercise their respective powers, rights, duties and authority under the Portugal Collateral Documents in the manner provided for in this Agreement and in other Loan Documents (as such term is defined in the Portugal Security Agreement) and, in so acting, each shall have the protections, immunities, limitations of liability, rights, powers, authorizations, indemnities and benefits conferred on it under and by this Agreement and any other Loan Documents (as such term is defined in the Portugal Security Agreement);

(b) shall not owe any trustee or fiduciary duties to any party to this Agreement and of any other Loan Document (as such term is defined in the Portugal Security Agreement) or any of their directors, employees, agents or affiliates; and

(c) at any time after a security granted or to be granted under the Portugal Collateral Documents has become enforceable, to the fullest extent permitted by law, any rights conferred by the Portugal Collateral Documents, this Agreement or by law upon it and/or each Lender may be exercised by European Collateral Agent and by the Specified Portugal Collateral Agent (each on its own behalf and/ or as attorney for the Lenders, the Existing Lenders and/or the Existing Administrative Agents (as applicable)).

European Collateral Agent may delegate in any manner to any person any rights exercisable by it under the Portugal Collateral Documents. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as European Collateral Agent deems fit.

European Collateral Agent is a joint and several creditor of the Secured Obligations (as such term is defined in the Portugal Security Agreement) with the Lenders (and the Existing Lenders and each Existing Administrative Agent) and may demand performance of the Secured Obligations (as such term is defined in the Portugal Security Agreement) as principal and as joint and several creditor.

Specified Portugal Collateral Agent is (subject to this paragraph and the terms of the Portugal Security Agreement) a joint and several creditor of the Secured Obligations (as such term is defined in the Portugal Security Agreement) with the European Collateral Agent and the Lenders (and the Existing Lenders and each Existing Administrative Agent), but solely for the purposes of executing the Portugal Security Agreement and any mortgage deed to be entered into in connection with the same and with respect to the ability of Specified Portugal Collateral Agent's ability to recover payments in respect thereof under the Portugal Collateral Documents (concerning only the security granted in favor of the Specified Portugal Collateral Agent) for the benefit of the European Collateral Agent and the Lenders upon and subject to written instructions provided to Specified Portugal Collateral Agent by European Collateral Agent or Administrative Agent, and upon Specified Portugal Collateral Agent's receipt of any such amounts, Specified Portugal Collateral Agent shall be required to immediately turn over to European Collateral Agent or Administrative Agent (as determined between European Collateral Agent and Administrative Agent) for application to the Secured Obligations and the Existing Secured Obligations in accordance with the terms hereof, and may (in each case solely upon its receipt of written direction or consent of European Collateral Agent or Administrative Agent to take such action) demand performance of the Secured Obligations (as such term is defined in the Portugal Security Agreement) as principal and as joint and several creditor, and may further become a creditor in respect of the Secured Obligations (as defined in the Portugal Security Agreement) to the extent applicable under any assignment of credits that may be made for purposes of enforcement or collection at any time to the extent elected in writing by Administrative Agent or European Collateral Agent (it being understood that in such case, Specified Portugal Collateral Agent's rights in respect of any such assignment of credits would be to recover proceeds pursuant to the Portugal Security Agreement and to turn such proceeds over to European Collateral Agent or Administrative Agent for application to the applicable Lenders (or Existing Lenders and each Existing Administrative Agent) in accordance with the terms of this Agreement).

2. Conditions to Effectiveness. The effectiveness of this Amendment is subject to the following conditions precedent (unless specifically waived in writing by the Administrative Agent), each to be in form and substance reasonably satisfactory to the Administrative Agent:

(a) the Administrative Agent shall have received a fully executed copy of this Amendment executed by each of the Lenders, the Borrowers, the other Loan Parties and the other Persons party hereto; and

(b) the Administrative Agent shall have received a fully executed copy of an Amendment No. 1 to Intercreditor Agreement dated as of even date herewith by and among the parties to the Intercreditor Agreement (and each Lender hereby authorizes the execution and delivery of such Amendment No. 1 to Intercreditor Agreement by the parties thereto).

3. Representations and Warranties. To induce the Administrative Agent and Lenders to enter into this Amendment, each Borrower represents and warrants to the Administrative Agent and Lenders that:

(a) the execution, delivery and performance of this Amendment has been duly authorized by all requisite corporate action on the part of each Borrower and that this Amendment has been duly executed and delivered by each Borrower; and

(b) this Amendment constitutes the legal, valid and binding obligation of each Borrower and is enforceable against each Borrower in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally and to general principles of equity.

4. Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

5. References; Loan Document. Any reference to the DIP Credit Agreement contained in any Loan Document or any other document, instrument or agreement executed in connection with the DIP Credit Agreement shall be deemed to be a reference to the DIP Credit Agreement as modified by this Amendment. It is acknowledged and agreed that this Amendment constitutes a Loan Document.

6. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which taken together shall be one and the same instrument. Delivery by telecopy or electronic portable document format (i.e., "pdf") transmission of executed signature pages hereof from one party hereto to another party hereto shall be deemed to constitute due execution and delivery by such party.

7. Ratification. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions of the DIP Credit Agreement and shall not be deemed to be a consent to the modification or waiver of any other term or condition of the DIP Credit Agreement. Except as expressly modified and superseded by this Amendment, the terms and provisions of the DIP Credit Agreement and each of the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Each Loan Party hereby acknowledges and agrees that, unless otherwise expressly agreed to in writing by the Administrative Agent, all Liens on the Collateral created under Loan Documents in favor of the Administrative Agent shall continue in full force and effect after giving effect to this Amendment.

8. Confirmation by each pledgor and mortgagor under the Netherlands Security Agreements. Each pledgor and mortgagor under each Netherlands Security Agreement hereby confirms that (a) all obligations of such pledgor or mortgagor under the DIP Credit Agreement after giving effect to this Amendment shall continue to constitute (i) Netherlands Secured Obligations, Existing Netherlands Secured Obligations, US Secured Obligations or Existing US Secured Obligations, as applicable, and (ii) the applicable Parallel Debt of such pledgor or mortgagor under the applicable Netherlands Security Agreement, (b) nothing contained in this Amendment shall affect any security right under any Netherlands Security Agreement and, after giving effect to this Amendment, all of such security rights shall continue in full force and effect, and (c) each Netherlands Security Agreement shall continue to secure the relevant Existing Secured Obligations and/or Secured Obligations included in each Netherlands Security Agreement as such Existing Secured Obligations and/or Secured Obligations may have been or may be amended, restated, supplemented, increased, varied or otherwise altered, under this Amendment.

9. Governing Law. This Amendment shall be a contract made under and governed by the laws of the State of New York, but giving effect to federal laws applicable to national banks, and, to the extent applicable, the Bankruptcy Code. Notwithstanding any other provision of this Section 9, the Bankruptcy Court shall have exclusive jurisdiction over any action or dispute involving, relating to or arising out of this Amendment. Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal and delivered by their respective duly authorized officers on the date first written above.

BORROWERS:

LIBBEY GLASS INC.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LIBBEY EUROPE B.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Authorized Signatory

OTHER LOAN PARTIES:

LIBBEY INC.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGA3 CORP.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

THE DRUMMOND GLASS COMPANY

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGA4 CORP.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

SYRACUSE CHINA COMPANY

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGFS INC.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

WORLD TABLEWARE INC.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGC CORP.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGAC LLC

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LIBBEY.COM LLC

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGAU CORP.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LIBBEY INTERNATIONAL C.V.
represented by its general partner Libbey Glass Inc.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Senior Vice President, General Counsel and Secretary

B.V. KONINKLIJKE NEDERLANDSCHE GLASFABRIEK LEERDAM

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Authorized Signatory

LIBBEY EUROPE FINANCE COMPANY B.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Authorized Signatory

LIBBEY MEXICO HOLDINGS B.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Authorized Signatory

LIBBEY MÉXICO, S. DE R.L. DE C.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Attorney-In-Fact

CRISA LIBBEY MÉXICO, S. DE R.L. DE C.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Attorney-In-Fact

CRISAL-CRISTALARIA AUTOMÁTICA, SA

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Chairman of the Board of Directors with delegated powers

JPMORGAN CHASE BANK, N.A., individually, as Administrative Agent, Lender, Issuing Bank, Swingline Lender, Existing US Administrative Agent and an Existing Lender

By: /s/ Donna DiForio
Name: Donna DiForio
Title: Authorized Signatory

J.P. MORGAN EUROPE LIMITED, in its capacity as an affiliate of JPMorgan Chase Bank, N.A. designated as Administrative Agent for purposes of the Portugal Collateral Documents and Netherlands Collateral Documents and as Existing Netherlands Administrative Agent with respect to Section 9.23

By: /s/ Matthew Sparkes
Name: Matthew Sparkes
Title: Authorized Signatory

BARCLAYS BANK PLC,
as a Lender and Existing Lender

By: /s/ Komal Ramkirath
Name: Komal Ramkirath
Title: Assistant Vice President

CITIBANK, N.A.,
as a Lender and Existing Lender

By: /s/ Christopher Marino
Name: Christopher Marino
Title: Director & Vice President

FIFTH THIRD BANK, NATIONAL ASSOCIATION
as a Lender and Existing Lender

By: /s/ Donald K. Mitchell
Name: Donald K. Mitchell
Title: Vice President

Exhibit 4.10

**AMENDMENT NO. 1 AND JOINDER TO
AMENDED AND RESTATED INTERCREDITOR AGREEMENT**

AMENDMENT NO. 1 AND JOINDER TO AMENDED AND RESTATED INTERCREDITOR AGREEMENT (this "Agreement"), dated as of June 24, 2020 (the "Effective Date"), by and among LIBBEY INC., a Delaware corporation ("Holdings"), LIBBEY GLASS INC., a Delaware corporation (the "Company"), each of the Company Subsidiaries listed on the signature pages hereof, J.P. Morgan Europe Limited, in its capacity as administrative agent with respect to the Netherlands Revolving Loans under the Existing ABL Loan Agreement (in such capacity, including its successors and assigns from time to time, "Existing Netherlands ABL Agent") and in its capacity as a designated collateral agent for purposes of holding certain Collateral in connection with the DIP ABL Loan Agreement (in such capacity, together with its successors and assigns from time to time, "DIP ABL Sub-Agent"), JPMorgan Chase Bank, N.A., in its capacity as administrative agent under the DIP ABL Loan Agreement, including its successors and assigns from time to time (together with DIP ABL Sub-Agent, the "DIP ABL Agent") and in its capacity as administrative agent under the Existing ABL Loan Agreement, including its successors and assigns from time to time (together with Existing Netherlands ABL Agent, the "Existing ABL Agent"), Cortland Capital Market Services LLC, in its capacity as collateral agent under the DIP Term Loan Agreement, including its successors and assigns from time to time in such capacity (in such capacity, the "DIP Term Agent") and in its capacity as collateral agent under the Existing Term Loan Agreement, including its successors and assigns from time to time in such capacity (in such capacity, the "Existing Term Agent"), Cortland Capital Market Services LLC, in its capacity as Specified Mexico Collateral Agent for the Specified Mexico Collateral Claimholders, and Cortland Capital Market Services LLC, in its capacity as Specified Portugal Collateral Agent for the Specified Portugal Collateral Claimholders. Unless otherwise indicated, all capitalized terms used herein but not otherwise defined shall have the respective meanings provided to such terms in the Intercreditor Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, Holdings, the Company, each Company Subsidiary, the DIP ABL Agent, the Existing ABL Agent, the DIP Term Agent, the Existing Term Agent and the Specified Mexico Collateral Agent have entered into that certain Amended and Restated Intercreditor Agreement, dated as of June 3, 2020 (as amended, restated, amended and restated, modified or supplemented from time to time through the date hereof, the "Intercreditor Agreement");

WHEREAS, Cortland Capital Market Services LLC ("Cortland") intends to join the Intercreditor Agreement as the Specified Portugal Collateral Agent; and

WHEREAS, the parties hereto desire to amend the Intercreditor Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Joinder. The parties hereto hereby agree that Cortland, by its signature below, becomes the "Specified Portugal Collateral Agent" and a "Collateral Agent" under the Intercreditor Agreement with the same force and effect as if originally named therein and Cortland, in its capacity as "Specified Portugal Collateral Agent", hereby agrees to all of the terms and provisions of the Intercreditor Agreement applicable to it as the "Specified Portugal Collateral Agent" and a "Collateral Agent" thereunder. Each reference to a "Collateral Agent" in the Intercreditor Agreement shall be deemed to include Cortland, in its capacity as Specified Portugal Collateral Agent.

SECTION 2. Amendments to Intercreditor Agreement. The Intercreditor Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: <~~stricken text~~>) and to add the underlined text (indicated textually in the same manner as the following example: underlined text) as reflected in the modifications identified in the document attached hereto as Exhibit A.

SECTION 3. Condition of Effectiveness. This Agreement shall become effective when executed and delivered by the parties hereto.

SECTION 4. Reference to and Effect on the Intercreditor Agreement.

(a) On and after the Effective Date, each reference in the Intercreditor Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Intercreditor Agreement shall mean and be a reference to the Intercreditor Agreement, as amended by this Agreement.

(b) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Claimholder, any Agent or any Collateral Agent under the Intercreditor Agreement, nor constitute a waiver of any provision of the Intercreditor Agreement.

SECTION 5. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement. The words "execution," "signed," "signature," and words of like import in this Agreement shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 6. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the conflicts of laws principles thereof, but including Section 5-1401 of the New York General Obligations Law.

SECTION 7. Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT, OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 8 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE AGREEMENT OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 8. Headings. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

LIBBEY INC.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LIBBEY GLASS INC.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

SYRACUSE CHINA COMPANY

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

WORLD TABLEWARE INC.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGA4 CORP.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGA3 CORP.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

[SIGNATURE PAGE TO AMENDMENT NO. 1 AND JOINDER TO AMENDED AND RESTATED INTERCREDITOR AGREEMENT]

THE DRUMMOND GLASS COMPANY

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGC CORP.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LIBBEY.COM LLC

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGFS INC.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGAC LLC

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LGAU CORP.

By: /s/ Michael P. Bauer
Name: Michael P. Bauer
Title: Chief Executive Officer

LIBBEY EUROPE B.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Authorized Signatory

LIBBEY INTERNATIONAL C.V., represented by its general partner **LIBBEY GLASS INC.**

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Senior Vice President, General Counsel and Secretary

B.V. KONINKLIJKE NEDERLANDSCHE GLASFABRIEK LEERDAM

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Authorized Signatory

LIBBEY EUROPE FINANCE COMPANY B.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Authorized Signatory

LIBBEY MEXICO HOLDINGS B.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Authorized Signatory

LIBBEY MÉXICO, S. DE R.L. DE C.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Attorney-In-Fact

CRISA LIBBEY MÉXICO, S. DE R.L. DE C.V.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Attorney-In-Fact

CRISAL - CRISTALARIA AUTOMÁTICA S.A.

By: /s/ Jennifer Michele Jaffee
Name: Jennifer Michele Jaffee
Title: Chairman of the Board of Directors with delegated powers

ABL Agent:

JPMORGAN CHASE BANK, N.A., as Existing ABL Agent and DIP ABL Agent and not in its individual capacity

By: /s/ Donna DiForio
Name: Donna DiForio
Title: Authorized Signatory

J.P. MORGAN EUROPE LIMITED, as Existing Netherlands ABL Agent and DIP ABL Sub-Agent and not in its individual capacity

By: /s/ Matthew Sparkes
Name: Matthew Sparkes
Title: Authorized Signatory

Term Agent:

CORTLAND CAPITAL MARKET SERVICES LLC, as Existing Term Agent and DIP Term Agent and not in its individual capacity

By: /s/ Winnalynn N. Kantaris
Name: Winnalynn N. Kantaris
Title: Associate General Counsel

Specified Mexico Collateral Agent:

CORTLAND CAPITAL MARKET SERVICES LLC, as Specified Mexico Collateral Agent and not in its individual capacity

By: /s/ Winnalynn N. Kantaris
Name: Winnalynn N. Kantaris
Title: Associate General Counsel

Specified Portugal Collateral Agent:

CORTLAND CAPITAL MARKET SERVICES LLC, as Specified Portugal Collateral Agent and not in its individual capacity

By: /s/ Winnalynn N. Kantaris
Name: Winnalynn N. Kantaris
Title: Associate General Counsel

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael P. Bauer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Libbey Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

By: /s/ Michael P. Bauer
Michael P. Bauer
Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Juan Amezquita, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Libbey Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

By: /s/ Juan Amezquita
Juan Amezquita
Senior Vice President, Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Libbey Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2020

By: /s/ Michael P. Bauer
Michael P. Bauer
Chief Executive Officer

/s/ Juan Amezquita
Juan Amezquita
Senior Vice President, Chief Financial Officer