

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 March 31, 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

(State or other jurisdiction of incorporation or organization)

34-1559357

(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:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$.01 par value	LBY(1)	NYSE American(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 will be 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 June 12, 2020

EXPLANATORY NOTE

Libbey Inc. is filing this quarterly report on Form 10-Q after the May 15, 2020 (the “Original Due Date”) deadline applicable to it for the filing of a Form 10-Q for the quarter ended March 31, 2020 (the “Quarterly Report”) in reliance on the 45-day extension provided by an order issued by the SEC under Section 36 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), dated March 4, 2020 (Release No. 34-88318), as modified and superseded by a new SEC order issued on March 25, 2020 (Release No. 34-88465) (collectively, the “Order”).

On May 1, 2020, Libbey Inc. filed a Current Report on Form 8-K to indicate its intention to rely on the Order for such extension. Consistent with its statements made in the Form 8-K, Libbey Inc. was unable to file the Quarterly Report by the Original Due Date, and therefore relied on the Order. The Quarterly Report is hereby filed before the extended due date permitted under the Order, i.e., 45 days after the Original Due Date, or June 29, 2020.

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PART I — FINANCIAL INFORMATION**Item 1. Financial Statements**

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

	Three months ended March 31,	
	2020	2019
Net sales	\$ 150,521	\$ 174,966
Freight billed to customers	643	683
Total revenues	151,164	175,649
Cost of sales	128,241	141,691
Gross profit	22,923	33,958
Selling, general and administrative expenses	26,514	32,580
Asset impairments	38,535	—
Income (loss) from operations	(42,126)	1,378
Other income (expense)	(10,652)	(1,584)
Loss before interest and income taxes	(52,778)	(206)
Interest expense	5,591	5,632
Loss before income taxes	(58,369)	(5,838)
Provision (benefit) for income taxes	20,379	(1,296)
Net loss	\$ (78,748)	\$ (4,542)
Net loss per share:		
Basic	\$ (3.45)	\$ (0.20)
Diluted	\$ (3.45)	\$ (0.20)
Dividends declared per share	\$ —	\$ —

See accompanying notes

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

	Three months ended March 31,	
	2020	2019
Net loss	\$ (78,748)	\$ (4,542)
Other comprehensive income (loss):		
Pension and other post-retirement benefit adjustments, net of tax	4,850	777
Derivative instruments adjustments, net of tax	10,997	(3,054)
Foreign currency translation adjustments, net of tax	(1,637)	(26)
Other comprehensive income (loss), net of tax	14,210	(2,303)
Comprehensive income (loss)	<u>\$ (64,538)</u>	<u>\$ (6,845)</u>

See accompanying notes

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<u>(unaudited)</u>	
ASSETS		
Cash and cash equivalents	\$ 66,062	\$ 48,918
Accounts receivable — net	61,919	81,307
Inventories — net	189,490	174,797
Prepaid and other current assets	18,008	17,683
Total current assets	<u>335,479</u>	<u>322,705</u>
Pension Asset	6,312	5,712
Purchased intangible assets — net	11,702	11,875
Goodwill	—	38,431
Deferred income taxes	—	24,747
Other assets	14,487	14,608
Operating lease right-of-use assets	69,761	54,686
Property, plant and equipment — net	229,645	233,923
Total assets	<u>\$ 667,386</u>	<u>\$ 706,687</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Accounts payable	\$ 74,723	\$ 79,262
Salaries and wages	18,444	30,188
Accrued liabilities	38,545	50,657
Accrued income taxes	338	382
Pension liability (current portion)	2,072	2,543
Non-pension post-retirement benefits (current portion)	3,808	3,817
Operating lease liabilities (current portion)	11,585	12,769
Long-term debt due within one year	18,124	16,124
Total current liabilities	<u>167,639</u>	<u>195,742</u>
Long-term debt	425,544	375,716
Pension liability	38,308	46,619
Non-pension post-retirement benefits	45,270	45,507
Noncurrent operating lease liabilities	64,520	48,323
Deferred income taxes	2,104	2,104
Other long-term liabilities	13,930	18,463
Total liabilities	<u>757,315</u>	<u>732,474</u>
Contingencies (Note 16)		
Shareholders' deficit:		
Common stock, par value \$.01 per share, 50,000,000 shares authorized, 22,604,579 shares issued in 2020 (22,360,125 shares issued in 2019)	226	224
Capital in excess of par value	338,789	338,395
Retained deficit	(319,208)	(240,460)
Accumulated other comprehensive loss	(109,736)	(123,946)
Total shareholders' deficit	<u>(89,929)</u>	<u>(25,787)</u>
Total liabilities and shareholders' deficit	<u>\$ 667,386</u>	<u>\$ 706,687</u>

See accompanying notes

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

Three months ended March 31, 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	<u>22,604,579</u>	<u>\$ 226</u>	<u>\$ 338,789</u>	<u>\$ (319,208)</u>	<u>\$ (109,736)</u>	<u>\$ (89,929)</u>

Three months ended March 31, 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	<u>22,273,568</u>	<u>\$ 223</u>	<u>\$ 336,129</u>	<u>\$ (175,983)</u>	<u>\$ (116,708)</u>	<u>\$ 43,661</u>

See accompanying notes

Libbey Inc.
Condensed Consolidated Statements of Cash Flows
(dollars in thousands)
(unaudited)

	Three months ended March 31,	
	2020	2019
Operating activities:		
Net loss	\$ (78,748)	\$ (4,542)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,845	9,931
Asset impairments	38,535	—
Loss on derivatives de-designated as hedging instruments	12,923	—
Change in accounts receivable	15,815	1,784
Change in inventories	(16,740)	(18,075)
Change in accounts payable	359	2,644
Accrued interest and amortization of discounts and finance fees	432	285
Pension & non-pension post-retirement benefits, net	367	(977)
Accrued liabilities & prepaid expenses	(24,308)	(12,054)
Income taxes	19,382	(3,516)
Cloud computing costs, net	(147)	(246)
Share-based compensation expense	534	942
Other operating activities	(3,145)	(81)
Net cash used in operating activities	(25,896)	(23,905)
Investing activities:		
Cash paid for property, plant and equipment	(6,408)	(10,361)
Net cash used in investing activities	(6,408)	(10,361)
Financing activities:		
Borrowings on Prepetition ABL Credit Facility	53,000	42,300
Repayments on Prepetition ABL Credit Facility	(2,000)	(16,800)
Other borrowings	2,000	—
Repayments on Prepetition Term Loan B	(1,100)	(1,100)
Taxes paid on distribution of equity awards	(173)	(317)
Debt refinancing costs	(1,350)	—
Net cash provided by financing activities	50,377	24,083
Effect of exchange rate fluctuations on cash	(929)	82
Increase (decrease) in cash	17,144	(10,101)
Cash & cash equivalents at beginning of period	48,918	25,066
Cash & cash equivalents at end of period	<u>\$ 66,062</u>	<u>\$ 14,965</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest, net of capitalized interest	\$ 5,073	\$ 5,147
Cash paid during the period for income taxes, net of refunds	\$ 922	\$ 1,151

See accompanying notes

Libbey Inc.
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 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 period ended March 31, 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.

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. On June 1, 2020 (the "Petition Date"), the Company 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") (see further description in [note 2](#), Subsequent Event). 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 COVID-19 (as defined below) 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. Subsequent Event - Chapter 11 Bankruptcy Filing

Chapter 11 Proceedings

On June 1, 2020, the Company and certain of its direct and indirect subsidiaries (collectively with the Company, 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. Further, the Debtors filed a variety of “first day” motions with the Bankruptcy Court requesting permission to continue the Debtor’s business activities in the ordinary course. The Bankruptcy Court entered an order approving the Debtors’ “first day” motions on June 2, 2020, on an interim basis.

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 at the first-day hearings of the Chapter 11 Cases, 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. In addition, during the first-day hearings, the Bankruptcy Court set July 2, 2020 as the date for the second-day hearings in the Chapter 11 Cases. We expect that at the second-day hearings the Bankruptcy Court will consider issuing final orders related to the matters approved in the interim orders as well as certain other related matters. 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 will be 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.

3. Significant Accounting Policies

Cloud Computing Arrangements

At March 31, 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 \$7.1 million and \$6.5 million, respectively, in other assets on the Condensed Consolidated Balance Sheets. Amortization expense for the three-month periods ended March 31, 2020 and 2019 was immaterial.

Stock-Based Compensation Expense

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

(dollars in thousands)	Three months ended March 31,	
	2020	2019
Stock-based compensation expense	\$ 534	\$ 942

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)	March 31, 2020	December 31, 2019
Accounts receivable:		
Trade receivables	\$ 60,892	\$ 79,829
Other receivables	1,027	1,478
Total accounts receivable, less allowances of \$7,961 and \$10,803	\$ 61,919	\$ 81,307
Inventories:		
Finished goods	\$ 172,097	\$ 157,348
Work in process	1,465	1,183
Raw materials	4,081	4,008
Repair parts	9,996	10,254
Operating supplies	1,851	2,004
Total inventories, less loss provisions of \$7,693 and \$7,750	\$ 189,490	\$ 174,797
Accrued liabilities:		
Accrued incentives	\$ 12,052	\$ 24,337
Other accrued liabilities	26,493	26,320
Total accrued liabilities	\$ 38,545	\$ 50,657

5. Borrowings

Prepetition Debt

Prepetition borrowings consist of the following:

(dollars in thousands)	Interest Rate	Maturity Date (1)	March 31, 2020	December 31, 2019
Prepetition ABL Credit Facility	floating (2)	December 7, 2022	\$ 68,052	\$ 17,386
Prepetition Term Loan B	floating (3)	April 9, 2021	374,700	375,800
Mexico working capital line of credit	LIBOR + 3.2% (4)	December 14, 2020	2,000	—
Total borrowings			444,752	393,186
Less — unamortized discount and finance fees			1,084	1,346
Total borrowings — net			443,668	391,840
Less — long term debt due within one year			18,124	16,124
Total long-term portion of borrowings — net			\$ 425,544	\$ 375,716

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

The Mexico working capital line of credit was fully repaid and terminated on June 2, 2020.

(2) The interest rate for the Prepetition ABL Credit Facility is comprised of several different borrowings at various rates. The weighted average rate of all Prepetition ABL Credit Facility borrowings was 2.37 percent at March 31, 2020.

(3) We have entered into interest rate swaps that effectively fix a series of our future interest payments on a portion of the Prepetition Term Loan B debt. See interest rate swaps in [note 9](#) for additional details. The Prepetition Term Loan B floating interest rate was 4.01 percent at March 31, 2020.

(4) The interest rate at March 31, 2020 was 4.27 percent.

The Prepetition ABL Credit Facility also provides for the issuance of up to \$15.0 million of letters of credit that, when outstanding, are applied against the \$100.0 million limit. At March 31, 2020, \$15.0 million in letters of credit and other reserves were outstanding. Remaining unused availability under the Prepetition ABL Credit Facility was \$5.4 million at March 31, 2020, compared to \$68.2 million at December 31, 2019.

Subsequent Event - Debtor-in-Possession Financing

Debtor-in-Possession Credit Facilities

The Company has obtained 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, collectively, the (“DIP Facilities”).

The DIP Facilities are subject to final approval by the Bankruptcy Court and are subject to customary conditions precedent.

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.

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.

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 (2) 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.

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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). Letters of Credit and other reserves are applied against the \$100.0 million borrowing limit. 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.

The DIP ABL Credit Facility has:

- 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 amount to become available upon entry of a final order by the Bankruptcy Court (the “Final Order”).

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 paid-in-kind (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 has:

- 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 globally 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.

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 (34.9) percent for the three months ended March 31, 2020, compared to 22.2 percent for the three months ended March 31, 2019. Our effective tax rate for the three months ended March 31, 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 March 31, (dollars in thousands)	U.S. Plans		Non-U.S. Plans		Total	
	2020	2019	2020	2019	2020	2019
Service cost	\$ 858	\$ 783	\$ 372	\$ 259	\$ 1,230	\$ 1,042
Interest cost	2,952	3,382	841	769	3,793	4,151
Expected return on plan assets	(5,164)	(5,193)	—	—	(5,164)	(5,193)
Amortization of unrecognized:						
Prior service cost (credit)	—	—	(49)	(50)	(49)	(50)
Actuarial loss	1,857	1,087	228	103	2,085	1,190
Pension expense	\$ 503	\$ 59	\$ 1,392	\$ 1,081	\$ 1,895	\$ 1,140

We have contributed \$1.0 million of cash to our pension plans for the three months ended March 31, 2020. Pension contributions for the remainder of 2020 are estimated to be \$1.6 million.

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

Three months ended March 31, (dollars in thousands)	U.S. Plans		Non-U.S. Plans		Total	
	2020	2019	2020	2019	2020	2019
Service cost	\$ 110	\$ 110	\$ —	\$ —	\$ 110	\$ 110
Interest cost	396	469	7	9	403	478
Amortization of unrecognized:						
Prior service (credit)	(71)	(70)	—	—	(71)	(70)
Actuarial (gain)	(62)	(82)	(19)	(18)	(81)	(100)
Non-pension post-retirement benefit expense	\$ 373	\$ 427	\$ (12)	\$ (9)	\$ 361	\$ 418

Our 2020 estimate of non-pension cash payments is \$3.9 million, of which we have paid \$0.8 million for the three months ended March 31, 2020.

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 March 31,	
	2020	2019
Numerator for earnings per share:		
Net loss that is available to common shareholders	\$ (78,748)	\$ (4,542)
Denominator for basic earnings per share:		
Weighted average shares outstanding	22,820,119	22,262,565
Denominator for diluted earnings per share:		
Effect of stock options and restricted stock units	—	—
Adjusted weighted average shares and assumed conversions	22,820,119	22,262,565
Basic loss per share	<u>\$ (3.45)</u>	<u>\$ (0.20)</u>
Diluted loss per share	<u>\$ (3.45)</u>	<u>\$ (0.20)</u>
Anti-dilutive shares excluded from computation of diluted loss per share	1,771,269	1,483,470

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

We utilize 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.

The counterparties for the derivative agreements are rated BBB+ or better as of March 31, 2020, by Standard & Poor's.

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 Assets	
		March 31, 2020	December 31, 2019
Derivatives not designated as hedging instruments:			
Natural gas contracts	Other assets	\$ 47	—
Total undesignated derivative assets		<u>\$ 47</u>	<u>\$ —</u>
Fair Value of Derivative Liabilities			
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 designated derivative liabilities		<u>\$ —</u>	<u>\$ 15,402</u>
Derivatives not designated as hedging instruments:			
Interest rate contract	Accrued liabilities	4,446	—
Interest rate contract	Other long-term liabilities	8,056	—
Natural gas contracts	Accrued liabilities	468	—
Total undesignated derivative liabilities		<u>12,970</u>	<u>—</u>
Total derivative liabilities		<u>\$ 12,970</u>	<u>\$ 15,402</u>

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

(dollars in thousands)	Three months ended March 31,	
	2020	2019
Natural gas contracts	\$ (617)	\$ 128

Interest rate swaps		(529)	344
Total	\$	<u>(1,146)</u>	<u>\$ 472</u>

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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):

(dollars in thousands)	Location	Three months ended March 31,	
		2020	2019
<i>Derivative gain (loss) recognized into OCI:</i>			
Natural gas contracts	OCI	\$ (199)	\$ (37)
Interest rate swaps	OCI	1,273	(3,478)
Total		\$ 1,074	\$ (3,515)
<i>Derivative gain (loss) reclassified from accumulated OCI to current earnings:</i>			
Natural gas contracts	Cost of Sales	\$ (617)	\$ 128
Interest rate swaps	Interest expense	(788)	355
Total		\$ (1,405)	\$ 483
<i>Derivatives de-designated as hedging instruments:</i>			
<i>Derivative gain (loss) recognized in current earnings:</i>			
Interest rate swaps	Other income (expense)	\$ (12,502)	\$ —
Natural gas contracts	Other income (expense)	(421)	—
Total		\$ (12,923)	\$ —

Natural Gas Contracts

We use natural gas swap contracts related to forecasted future North American natural gas requirements. The objective of these commodity contracts is to limit the fluctuations in prices paid due to price movements in the underlying commodity. We consider our forecasted natural gas requirements in determining the quantity of natural gas to hedge. We combine 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 are determined from market quotes.

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

Derivative Types	Unit of Measure	Notional Amounts	
		March 31, 2020	December 31, 2019
Natural gas contracts	Millions of British Thermal Units (MMBTUs)	3,060,000	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). See [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.

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	\$200.0 million	6.19% (1)

(1) Includes a LIBOR portion that is fixed at 3.19 percent plus the credit spread.

Our interest rate swaps are 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 are 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). See [note 15](#), Other Income (Expense).

10. Accumulated Other Comprehensive Income (Loss)

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

	Foreign Currency Translation	Derivative Instruments	Pension and Other Post- retirement Benefits	Accumulated Other Comprehensive Loss
Three months ended March 31, 2020 (dollars in thousands)				
Balance on December 31, 2019	\$ (25,147)	\$ (11,432)	\$ (87,367)	\$ (123,946)
Amounts recognized into AOCI	(1,637)	1,074	—	(563)
Currency impact	—	—	2,253	2,253
Amounts reclassified from AOCI	—	1,405 (1)	1,884 (2)	3,289
Amounts reclassified from AOCI for derivatives de-designated	—	12,923 (3)	—	12,923
Tax effect	—	(4,405)	713	(3,692)
Other comprehensive income (loss), net of tax	(1,637)	10,997	4,850	14,210
Balance on March 31, 2020	\$ (26,784)	\$ (435)	\$ (82,517)	\$ (109,736)

	Foreign Currency Translation	Derivative Instruments	Pension and Other Post- retirement Benefits	Accumulated Other Comprehensive Loss
Three months ended March 31, 2019 (dollars in thousands)				
Balance on December 31, 2018	\$ (23,240)	\$ (2,866)	\$ (88,299)	\$ (114,405)
Amounts recognized into AOCI	244	(3,515)	—	(3,271)
Currency impact	—	—	34	34
Amounts reclassified from AOCI	—	(483) (1)	970 (2)	487
Tax effect	(270)	944	(227)	447
Other comprehensive income (loss), net of tax	(26)	(3,054)	777	(2,303)
Balance on March 31, 2019	\$ (23,266)	\$ (5,920)	\$ (87,522)	\$ (116,708)

(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.

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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.

(dollars in thousands)	Three months ended March 31,	
	2020	2019
Net Sales:		
U.S. & Canada	\$ 95,876	\$ 109,906
Latin America	26,643	30,401
EMEA	25,280	28,042
Other	2,722	6,617
Consolidated	\$ 150,521	\$ 174,966
Segment EBIT:		
U.S. & Canada	\$ 6,898	\$ 9,797
Latin America	4,521	649
EMEA	(1,610)	(50)
Other	(1,372)	(1,152)
Total Segment EBIT	\$ 8,437	\$ 9,244
Reconciliation of Segment EBIT to Net Loss:		
Segment EBIT	\$ 8,437	\$ 9,244
Retained corporate costs	(7,198)	(9,450)
Asset impairments (note 17)	(38,535)	—
Fees associated with strategic initiative	(406)	—
Debt refinancing & prepetition reorganization charges (note 15)	(3,356)	—
Workforce reduction	(517)	—
Loss on derivatives de-designated as hedging instruments	(12,923)	—
Employee benefit liability adjustment ⁽¹⁾ (note 15)	1,720	—
Interest expense	(5,591)	(5,632)
(Provision) benefit for income taxes	(20,379)	1,296
Net loss	\$ (78,748)	\$ (4,542)
Depreciation & Amortization:		
U.S. & Canada	\$ 2,963	\$ 3,133
Latin America	3,368	3,780
EMEA	1,314	1,699
Other	823	882
Corporate	377	437
Consolidated	\$ 8,845	\$ 9,931
Capital Expenditures:		
U.S. & Canada	\$ 4,287	\$ 3,384
Latin America	904	4,191
EMEA	1,190	2,346
Other	24	259
Corporate	3	181
Consolidated	\$ 6,408	\$ 10,361

(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 ended March 31, 2020 and 2019. There were no material contract assets, contract liabilities or deferred contract costs recorded on the Condensed Consolidated Balance Sheets as of March 31, 2020 and December 31, 2019.

Disaggregation of Revenue:

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

(dollars in thousands)	Three months ended March 31,	
	2020	2019
Foodservice	\$ 55,326	\$ 70,817
Retail	50,651	55,573
Business-to-business	44,544	48,576
Consolidated	\$ 150,521	\$ 174,966

Each operating segment has revenues across all our business channels. Each channel has a different marketing strategy, customer base and product composition. For all 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; 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 March 31, 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	\$ —	\$ —	\$ (421)	\$ (421)	\$ —	\$ (839)	\$ —	\$ (839)
Interest rate swaps	—	—	(12,502)	(12,502)	—	(14,563)	—	(14,563)
Net derivative asset (liability)	\$ —	\$ —	\$ (12,923)	\$ (12,923)	\$ —	\$ (15,402)	\$ —	\$ (15,402)

The fair values of our commodity futures natural gas contracts are determined using observable market inputs and credit risk of both the counterparties and the Company. The fair value of our interest rate swaps is 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 are based on an expectation of future interest rates derived from observed market interest rate forward curves. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with the Company's derivatives utilize Level 3 inputs, such as trading levels of our currently traded outstanding debt, credit ratings and collateral values, to evaluate the likelihood of default by the Company and the counterparties. As of March 31, 2020, we determined that the effect of credit valuation adjustments on the valuation of our derivative positions was significant to the overall valuation. We recorded a credit value adjustment of \$9.7 million to the overall valuation of the Company's interest rate swaps and natural gas contracts. As a result, we concluded our derivative valuations would be classified in Level 3 of the fair value hierarchy at March 31, 2020.

On January 1, 2020, we had no derivatives positions for which the Company utilized significant Level 3 inputs to determine fair value. During the three months ended March 31, 2020, we concluded our derivative positions previously categorized as Level 2 now meet the criteria for a Level 3 classification transfer. The Company recognizes transfers into and out of the levels indicated above at the end of a reporting period. There were no other Level 3 activities to reconcile during the period. At March 31, 2020, the ending balance in the Level 3 fair value hierarchy was a \$12.9 million net derivative liability.

The commodity futures natural gas contracts and interest rate swaps are hedges of either recorded assets or liabilities or anticipated transactions. Changes in values of the underlying hedged assets and liabilities or anticipated transactions are not reflected in the above table.

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	March 31, 2020		December 31, 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Prepetition Term Loan B	Level 2	\$ 374,700	\$ 168,615	\$ 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 the fair value of our

Prepetition ABL Credit Facility and Mexico working capital line of credit 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)	March 31, 2020	December 31, 2019
2020 (remainder of year as of March 31, 2020)	\$ 11,027	\$ 14,970
2021	13,401	11,255
2022	12,380	9,987
2023	11,731	9,283
2024	10,332	8,005
2025 and thereafter	29,797	15,768
Total minimum lease payments	88,668	69,268
Less: interest	(12,563)	(8,176)
Present value of future minimum lease payments	76,105	61,092
Less: lease liabilities (current portion)	(11,585)	(12,769)
Noncurrent lease liabilities	\$ 64,520	\$ 48,323

15. Other Income (Expense)

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

(dollars in thousands)	Three months ended March 31,	
	2020	2019
Gain (loss) on currency transactions	\$ 4,779	\$ (1,163)
Pension and non-pension benefits, excluding service cost	(916)	(406)
Loss on derivatives de-designated as hedging instruments (note 9)	(12,923)	—
Debt refinancing fees	(2,088)	—
Prepetition reorganization charges	(1,268)	—
Employee benefit liability adjustment	1,720	—
Other non-operating income (expense)	44	(15)
Other income (expense)	\$ (10,652)	\$ (1,584)

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](#), Subsequent Event).

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)	Three months ended March 31, 2020
Beginning balance December 31, 2019	\$ 11,875
Amortization	(38)
Impairment (see below)	(104)
Foreign currency impact	(31)
Ending balance March 31, 2020	\$ 11,702

Purchased intangible assets are composed of the following:

(dollars in thousands)	March 31, 2020	December 31, 2019
Indefinite life intangible assets	\$ 10,983	\$ 11,104
Definite life intangible assets, net of accumulated amortization of \$20,486 and \$20,507	719	771
Total	\$ 11,702	\$ 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 March 31, 2020 consists of customer relationships that is amortized over a period of 20 years with a remaining life of 4.8 years. The future annual amortization expense remains unchanged from what was disclosed in the 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 March 31, 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 is 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.

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 filed with the Securities and Exchange Commission. 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 2019 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 its business plan 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.primerclerk.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](#), Subsequent Event - Chapter 11 Bankruptcy Filing, and [note 5](#), Borrowings, in the Condensed Consolidated Financial Statements.

Results of Consolidated Operations

Overview

The first half of 2020 has been challenging for a majority of businesses throughout the world, including Libbey. The coronavirus 2019 (COVID-19) pandemic began in late 2019 and has since resulted in a global health crisis that has negatively impacted businesses, economies and financial markets worldwide. Global economies are facing record-high unemployment levels, collapsing business and consumer confidence, and historic recession levels driven by quarantines and lockdowns instituted throughout the world. The United States has entered into a recession as a result of COVID-19, with consumer spending expected to remain low as social distancing and high unemployment continue. China's outlook continues to decline as a result of economic uncertainties, trade disputes with the United States and lower consumer confidence as consumers are concerned with a second wave of COVID-19 infections. Europe's and Mexico's economies have also declined as COVID-19 has negatively hit their tourist sectors, as well as severely impacted supply chains and reduced both domestic and external demand. Management expects these trends, and the challenging environment experienced to date, to continue through the second half of 2020 and likely beyond.

As a result of the volatile conditions we experienced in the first quarter of 2020, our net sales were \$150.5 million, 14.0 percent lower than the prior-year quarter, or 13.2 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 \$78.7 million for the three months ended March 31, 2020, compared to a net loss of \$4.5 million in the prior-year quarter. The \$74.2 million increase in net loss for the current quarter was primarily driven by a \$38.4 million non-cash goodwill impairment charge in our U.S. and Canada segment, an additional \$21.7 million of income tax expense primarily due to recording valuation allowances against net deferred tax assets in all jurisdictions, and \$12.9 million of loss on derivatives de-designated as hedging instruments. In addition, we experienced 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.

As a result of the effect of COVID-19 on our expected future operating cash flows, we drew \$40.0 million on our Prepetition ABL Credit Facility, 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 have temporarily reduced or suspended our manufacturing and distribution operations at several of our facilities in North America & 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.

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. The CARES Act did not have a material impact on the Company's condensed consolidated financial statements as of March 31, 2020.

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 ended March 31, 2020 and 2019:

(dollars in thousands, except percentages and per-share amounts)	Three months ended March 31,	
	2020	2019
Net sales	\$ 150,521	\$ 174,966
Gross profit	\$ 22,923	\$ 33,958
<i>Gross profit margin</i>	15.2%	19.4%
Income (loss) from operations (IFO)	\$ (42,126)	\$ 1,378
<i>IFO margin</i>	(28.0)%	0.8%
Net loss	\$ (78,748)	\$ (4,542)
<i>Net loss margin</i>	(52.3)%	(2.6)%
Diluted net loss per share	\$ (3.45)	\$ (0.20)
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) ⁽¹⁾ (non-GAAP)	\$ 10,084	\$ 9,725
<i>Adjusted EBITDA margin ⁽¹⁾ (non-GAAP)</i>	6.7%	5.6%

(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 First Quarter 2020 Compared to First Quarter 2019.

Discussion of First Quarter 2020 Compared to First Quarter 2019

Net Sales

The following table summarizes net sales by operating segment:

Three months ended March 31, (dollars in thousands)	2020	2019	Increase/(Decrease)		Currency Effects	Constant Currency Sales Growth (Decline) ⁽¹⁾
			\$ Change	% Change		
U.S. & Canada	\$ 95,876	\$ 109,906	\$ (14,030)	(12.8)%	\$ (6)	(12.8)%
Latin America	26,643	30,401	(3,758)	(12.4)%	(474)	(10.8)%
EMEA	25,280	28,042	(2,762)	(9.8)%	(748)	(7.2)%
Other	2,722	6,617	(3,895)	(58.9)%	(83)	(57.6)%
Consolidated	\$ 150,521	\$ 174,966	\$ (24,445)	(14.0)%	\$ (1,311)	(13.2)%

(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 first quarter of 2020 were \$95.9 million, compared to \$109.9 million in the first quarter of 2019, a decrease of 12.8 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. Net sales in all three channels decreased in the first quarter of 2020 compared to prior year, 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. Knapp-Track and Blackbox (third-party research firms) reported approximately 30 percent declines in foodservice traffic in the month of March, and as a result, our foodservice channel net sales decreased \$9.9 million versus the prior-year quarter. Our business-to-business and retail channel net sales also declined \$3.7 million and \$0.4 million, respectively.

Net Sales — Latin America

Net sales in Latin America in the first quarter of 2020 were \$26.6 million, compared to \$30.4 million in the first quarter of 2019, a decrease of 12.4 percent (a decrease of 10.8 percent excluding currency fluctuation). The decrease in net sales is primarily attributable to lower volumes as a result of COVID-19, partially offset by favorable price and mix of product sold. Net sales decreased across all three channels in the first quarter of 2020 compared to the prior-year quarter, as retail channel net sales decreased \$2.3 million, foodservice channel net sales decreased \$0.9 million and business-to-business channel net sales decreased \$0.5 million.

Net Sales — EMEA

Net sales in EMEA in the first quarter of 2020 were \$25.3 million, compared to \$28.0 million in the first quarter of 2019, a decrease of 9.8 percent (a decrease of 7.2 percent excluding currency fluctuation). The net sales decrease is primarily attributable to lower volumes and an unfavorable currency impact of \$0.7 million, partially offset by favorable price and mix of product sold. Net sales in the retail channel decreased \$1.9 million, and net sales in foodservice decreased \$1.4 million, both attributable to lower volumes as a result of COVID-19. The business-to-business channel experienced higher sales volumes, driving a net sales increase of \$0.6 million versus the prior-year quarter.

Gross Profit

Gross profit decreased to \$22.9 million in the first quarter of 2020, compared to \$34.0 million in the prior-year quarter. The primary drivers of the \$11.0 million reduction were an unfavorable net sales impact of \$6.1 million, and unfavorable manufacturing activity of \$4.8 million (primarily related to furnace rebuilds in both Toledo and Holland, as well as discretionary downtime taken to control inventories). Manufacturing activity includes the impact of fluctuating production activities from all facilities globally (including downtime, efficiency and utilization) and repairs and maintenance. The net sales impact equals net sales less the associated inventory at standard cost rates.

Income (Loss) From Operations

Income (loss) from operations for the quarter ended March 31, 2020, decreased \$43.5 million to (\$42.1) million, compared to \$1.4 million in the prior-year quarter. The unfavorable change in income (loss) from operations was primarily driven by the \$38.4 million non-cash goodwill impairment charge in the U.S. and Canada segment, as well as the \$11.0 million reduction in gross profit (discussed above), partially offset by reduced selling, general and administrative expenses of \$6.1 million. The favorable change in selling, general and administrative expenses was driven by reduced spend in the following areas: marketing expense of \$2.0 million, incentive and equity-based compensation of \$1.7 million, salaries of \$0.9 million and research and development expenses of \$0.6 million.

Net Loss and Diluted Net Loss Per Share

We recorded a net loss of (\$78.7) million, or (\$3.45) per diluted share, in the first quarter of 2020, compared to a net loss of (\$4.5) million, or (\$0.20) per diluted share, in the prior-year quarter. The unfavorable change in net loss and diluted net loss per share is due to the factors discussed in Income (Loss) From Operations above, as well as, additional income tax expenses of \$21.7 million, \$12.9 million of loss on derivatives de-designated as hedging instruments and \$3.4 million of debt refinancing and prepetition reorganization charges. Partially offsetting this was a favorable change of \$5.9 million in other income (expense) attributable to foreign currency impacts. The Company's effective tax rate was (34.9) percent for the first quarter of 2020, compared to 22.2 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.

Segment Earnings Before Interest and Income Taxes (Segment EBIT)

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

Three months ended March 31, (dollars in thousands)				Segment EBIT Margin	
	2020	2019	\$ Change	2020	2019
U.S. & Canada	\$ 6,898	\$ 9,797	\$ (2,899)	7.2%	8.9%
Latin America	\$ 4,521	\$ 649	\$ 3,872	17.0%	2.1%
EMEA	\$ (1,610)	\$ (50)	\$ (1,560)	(6.4%)	(0.2%)

(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 March 31, 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, and (\$1.7) million employee benefit liability adjustment; Latin America - \$0.2 million of loss on derivatives de-designated as hedging instruments; and EMEA - \$0.1 million non-cash asset impairment charge.

Segment EBIT — U.S. & Canada

Segment EBIT was \$6.9 million in the first quarter of 2020, compared to \$9.8 million in the first quarter of 2019. Segment EBIT as a percentage of net sales decreased to 7.2 percent for 2020, compared to 8.9 percent in 2019. The \$2.9 million decrease in Segment EBIT was driven primarily by an unfavorable sales impact of \$3.6 million, largely attributed to the impact of the COVID-19 pandemic, and unfavorable manufacturing activity of \$2.7 million (including downtime of \$4.1 million primarily related to a furnace rebuild in Toledo), partially offset by reduced selling, general and administration expense of \$2.6 million (including \$1.1 million of less marketing expense) and \$1.3 million less in warehousing and other distribution costs.

Segment EBIT — Latin America

Segment EBIT increased to \$4.5 million in the first quarter of 2020, from \$0.6 million in the first quarter of 2019. Segment EBIT as a percentage of net sales increased to 17.0 percent for 2020, compared to 2.1 percent in 2019. The primary drivers of the \$3.9 million increase were favorable impacts of \$4.4 million from currency and \$0.4 million from utilities, partially offset by \$1.1 million unfavorable sales impact.

Segment EBIT — EMEA

Segment EBIT decreased to (\$1.6) million in the first quarter of 2020, compared to (\$0.1) million in the first quarter of 2019. Segment EBIT as a percentage of net sales decreased to (6.4) percent for 2020, from (0.2) percent in 2019. The majority of the \$1.6 million decrease in Segment EBIT was driven by unfavorable manufacturing activity of \$2.1 million (primarily due to a furnace rebuild in Holland), partially offset by reduced selling, general and administrative expense of \$0.7 million.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased by \$0.4 million to \$10.1 million in the first quarter of 2020, compared to \$9.7 million in the first quarter of 2019. As a percentage of net sales, our Adjusted EBITDA margin was 6.7 percent for the first quarter of 2020, compared to 5.6 percent in the year-ago quarter. The key contributors to the increase in Adjusted EBITDA were reduced selling, general and administrative spend of \$6.1 million (including \$2.0 million less of marketing expense, \$1.7 million of less incentive and equity-based compensation, and \$0.9 million less of labor costs), a favorable currency impact of \$5.2 million and less warehousing and distribution costs of \$1.4 million. Partially offsetting the favorable items are an unfavorable sales impact of \$6.1 million and \$5.6 million of unfavorable manufacturing activity (primarily related to furnace rebuilds). 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 March 31,	
	2020	2019
Net loss (U.S. GAAP)	\$ (78,748)	\$ (4,542)
Add:		
Interest expense	5,591	5,632
Provision (benefit) for income taxes	20,379	(1,296)
Depreciation and amortization	8,845	9,931
Add: Special items before interest and taxes:		
Fees associated with strategic initiative	406	—
Asset impairments (see note 17)	38,535	—
Workforce reduction	517	—
Debt refinancing & prepetition reorganization charges	3,356	—
Loss on derivatives de-designated as hedging instruments	12,923	—
Employee benefit liability adjustment	(1,720)	—
Adjusted EBITDA (non-GAAP)	\$ 10,084	\$ 9,725
Net sales	\$ 150,521	\$ 174,966
Net loss margin (U.S. GAAP)	(52.3)%	(2.6)%
Adjusted EBITDA margin (non-GAAP)	6.7%	5.6%

Non-GAAP Measures

We sometimes refer to amounts, associated margins and other data derived from condensed consolidated financial information but not required by 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 GAAP. Our currency market risks include currency fluctuations relative to the U.S. dollar, Canadian dollar, Mexican peso, euro and Chinese renminbi.

Capital Resources and Liquidity

Prepetition Overview

Historically, cash flows generated from operations, cash on hand and our borrowing capacity under our Prepetition ABL Credit Facility have enabled us to meet our cash requirements, including capital expenditures and working capital requirements. Under the Prepetition ABL Credit Facility at March 31, 2020, we had \$68.1 million of outstanding borrowings, including \$40.0 million of borrowings on March 19, 2020, and \$15.0 million outstanding in letters of credit and other reserves, resulting in \$5.4 million of unused availability. The Mexico working capital line of credit had borrowings of \$2.0 million at March 31, 2020 and was subsequently repaid and terminated on June 2, 2020. In addition, we had \$66.1 million of cash on hand at March 31, 2020, compared to \$48.9 million of cash on hand at December 31, 2019. Of our total cash on hand at March 31, 2020, and December 31, 2019, \$31.5 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 \$17.4 million as of March 31, 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 2019 Annual Report on Form 10-K for the year ended December 31, 2019.

Postpetition Overview

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.

The Bankruptcy Court approved interim orders on June 2, 2020 authorizing us to access interim relief in connection with the DIP Financing and to pay certain fees in connection with the DIP Financing, as described in more detail in [note 5](#) to our Condensed Consolidated Financial Statements entitled “Borrowings.” The DIP Financing provides for \$160.0 million in senior secured, super-priority financing, exclusive of a portion of prepetition term loans to be rolled up in accordance with the terms of the DIP Term Loan. We cannot be certain that the Bankruptcy Court will approve final orders authorizing entry into future DIP financing arrangements.

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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 March 31, 2020, the Company recognized \$1.3 million in prepetition restructuring expenses related to 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 - June 30, 2020, can be 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.

Trade Working Capital

The following table summarizes our Trade Working Capital⁽¹⁾:

(dollars in thousands)	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivable — net	\$ 61,919	\$ 81,307	\$ 81,917
Inventories — net	189,490	174,797	209,868
Less: Accounts payable	74,723	79,262	75,366
Trade Working Capital ⁽¹⁾ (non-GAAP)	<u>\$ 176,686</u>	<u>\$ 176,842</u>	<u>\$ 216,419</u>

⁽¹⁾ Trade Working Capital is defined as net accounts receivable plus net inventories less accounts payable.

We believe that Trade Working Capital is important supplemental information for investors in evaluating liquidity in that it provides insight into the availability of net current resources to fund our ongoing operations. Trade Working Capital is a measure used by management in internal evaluations of cash availability and operational performance.

Trade Working Capital is used in conjunction with and in addition to results presented in accordance with U.S. GAAP. Trade Working Capital is neither intended to represent nor be an alternative to any measure of liquidity and operational performance recorded under U.S. GAAP. Trade Working Capital may not be comparable to similarly titled measures reported by other companies.

Trade Working Capital (as defined above) was \$176.7 million at March 31, 2020, a decrease of \$0.2 million from December 31, 2019. Inventories increased \$14.7 million during the first quarter of 2020 driven by the normal seasonality of our business and by softer sales experienced during the month of March as a result of the COVID-19 pandemic. In addition, accounts receivable was also affected by softer sales in the latter half of the quarter, decreasing \$19.4 million. Accounts payable was \$74.7 million at March 31, 2020, or a decrease of \$4.5 million. In addition, the impact of currency (primarily driven by the peso) has decreased total Trade Working Capital by \$1.9 million at March 31, 2020 in comparison to December 31, 2019.

Trade Working Capital was \$39.7 million lower than the March 31, 2019 balance of \$216.4 million and was driven by lower inventories and accounts receivable. Inventories were \$20.4 million lower year-over-year driven by the dedicated efforts to reduce our inventory levels during 2019 by taking discretionary production downtime. In addition, accounts receivable was reduced by \$20.0 million driven by softer sales demand in 2020 primarily attributable to the COVID-19 pandemic.

Borrowings

Prepetition Debt

We had total borrowings of \$444.8 million and \$393.2 million at March 31, 2020, and December 31, 2019, respectively. Contributing to the \$51.6 million increase in borrowings were a \$50.7 million increase in borrowings under our Prepetition ABL Credit Facility and \$2.0 million in borrowings under the Mexico working capital line of credit, partially offset by \$1.1 million in a quarterly amortization payment under our Prepetition Term Loan B.

During the quarter ended March 31, 2020, there were no significant events that occurred with respect to our debt structure. 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 "Subsequent Event - Bankruptcy Filing" and [note 5](#) entitled "Borrowings" for further details regarding our prepetition debt.

The following table presents our total prepetition borrowings:

(dollars in thousands)	Interest Rate	Maturity Date ⁽¹⁾	March 31, 2020	December 31, 2019
Prepetition ABL Credit Facility	floating ⁽²⁾	December 7, 2022	\$ 68,052	\$ 17,386
Prepetition Term Loan B	floating ⁽³⁾	April 9, 2021	374,700	375,800
Mexico working capital line of credit	LIBOR + 3.2% ⁽⁴⁾	December 14, 2020	2,000	—
Total borrowings			444,752	393,186
Less — unamortized discount and finance fees			1,084	1,346
Total borrowings — net ⁽⁵⁾			\$ 443,668	\$ 391,840

(1) *The filing of our Bankruptcy Petitions constituted an event of default with respect to our Prepetition Term Loan B and Prepetition ABL Credit Facility. See "Subsequent Event - Debtor-in-Possession Financing" in [note 5](#) to the Condensed Consolidated Financial Statements. The Mexico working capital line of credit was fully repaid and terminated on June 2, 2020.*

(2) *The interest rate for the Prepetition ABL Credit Facility is comprised of several different borrowings at various rates. The weighted average rate of all Prepetition ABL Credit Facility borrowings was 2.37 percent at March 31, 2020.*

(3) *See "Derivatives" below and [note 9](#) to the Condensed Consolidated Financial Statements.*

(4) *The interest rate at March 31, 2020 was 4.27 percent.*

(5) *Total borrowings — net includes long-term debt due within one year and long-term debt as stated in our Condensed Consolidated Balance Sheets.*

Of our total borrowings, \$244.8 million, or approximately 55.0 percent, were subject to variable interest rates at March 31, 2020, as a result of converting \$200.0 million of Prepetition Term Loan B debt to a fixed rate using interest rate swaps. The swaps became effective in January 2020 and maintain a 6.19 percent fixed interest rate. The swaps were terminated as part of the Chapter 11 Cases. For further discussion on our interest rate swaps, see [note 9](#) to the Condensed Consolidated Financial Statements. A change of one percentage point in such rates would result in a change in interest expense of approximately \$2.4 million on an annual basis.

Cash Flow

(dollars in thousands)	Three months ended March 31,	
	2020	2019
Net cash used in operating activities	\$ (25,896)	\$ (23,905)
Net cash used in investing activities	\$ (6,408)	\$ (10,361)
Net cash provided by financing activities	\$ 50,377	\$ 24,083

Our net cash used in operating activities was (\$25.9) million in the first three months of 2020, compared to (\$23.9) million in the first three months of 2019, an unfavorable cash flow impact of \$2.0 million. Contributing to the reduction in cash flow from operations were an unfavorable change in operating earnings and higher incentive compensation and customer incentive payments, partially offset by a favorable impact of \$13.1 million related to Trade Working Capital (accounts receivable, inventories and accounts payable).

Our net cash used in investing activities was \$6.4 million and \$10.4 million in the first three months of 2020 and 2019, respectively, in each case representing capital expenditures.

Net cash provided by financing activities was \$50.4 million in the first three months of 2020, compared to \$24.1 million in the year-ago quarter. The primary driver of the \$26.3 million change was the increase in the net proceeds drawn on the Prepetition ABL Credit Facility of \$25.5 million in the first three months of 2020, including \$40.0 million drawn in response to the effect of COVID-19 on our expected future operating cash flows.

Free Cash Flow

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

(dollars in thousands)	Three months ended March 31,	
	2020	2019
Net cash used in operating activities	\$ (25,896)	\$ (23,905)
Net cash used in investing activities	(6,408)	(10,361)
Free Cash Flow ⁽¹⁾ (non-GAAP)	\$ (32,304)	\$ (34,266)

(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 (\$32.3) million during the first three months of 2020, compared to (\$34.3) million in the first three months of 2019, a favorable change of \$2.0 million. The primary contributors to this change are the same 1:1 relationship as the comparable cash flow impact from operating activities and the favorable change of \$4.0 million in investing activities, as discussed above.

Derivatives

We use natural gas swap contracts related to forecasted future North American natural gas requirements. The objective of these commodity contracts is to limit the fluctuations in prices paid due to price movements in the underlying commodity. We consider our forecasted natural gas requirements in determining the quantity of natural gas to hedge. We combine 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 are determined from market quotes, and credit risk of both the counterparties and the Company. At March 31, 2020, we had commodity contracts for 3,060,000 MMBTUs of natural gas with a fair market value of a \$0.4 million liability. We have hedged a portion of our forecasted transactions through December 2021. 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. The counterparties for these derivatives are well established financial institutions rated BBB+ or better as of March 31, 2020, by Standard & Poor's.

We have 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, have a term of January 2020 to January 2025, and carry a fixed interest rate of 6.19 percent, including credit spread. At March 31, 2020, the Prepetition Term Loan B debt held a floating interest rate of 4.01 percent. The counterparties held a Standard & Poor's rating of BBB+ or better as of March 31, 2020.

The fair market value of our interest rate swaps is 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 \$12.5 million liability at March 31, 2020, and 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 quarter 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 quarter 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 I, 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 coronavirus disease 2019 (“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.

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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 in-line 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, 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.

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Our common stock is being 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 will be 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. 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 June 1, 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)
January 1 to January 31, 2020	—	\$ —	—	941,250
February 1 to February 29, 2020	—	\$ —	—	941,250
March 1 to March 31, 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

Milestone Extensions

On June 15, 2020, pursuant to the terms of the DIP Credit Agreements, the Required Lenders (as defined in the DIP Term Loan Credit Agreement) and the Administrative Agent (as defined in the DIP ABL Credit Agreement) agreed to extend the date by which certain milestones regarding the filing of the Plan and the Disclosure Statement are required to be satisfied under the DIP Term Loan Credit Agreement and the DIP ABL Credit Agreement, respectively, to June 19, 2020.

Employee Furloughs

In response to the COVID-19 pandemic and its effect on market conditions, the previously disclosed temporary furloughs of certain salaried associates in the United States and Canada will be extended through July. The Company will continue to evaluate the operating environment and will make additional adjustments as business conditions warrant.

Item 6. Exhibits

Exhibits: The exhibits listed in the below “Exhibit Index” are filed as part of this report.

EXHIBIT INDEX

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 herein).
4.2	Amendment No. 2 to the Senior Secured Term Loan B Credit Facility, dated as of April 30, 2020 (filed herein).
4.3	Amendment No. 3 to the Senior Secured Term Loan B Credit Facility, dated as of May 7, 2020 (filed herein).
4.4	Amendment No. 4 to the Senior Secured Term Loan B Credit Facility, dated as of May 15, 2020 (filed herein).
4.5	Amendment No. 5 to the Senior Secured Term Loan B Credit Facility, dated as of May 25, 2020 (filed herein).
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).
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 herein) (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 Amezcuita, 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: June 19, 2020

by: /s/ Juan Amezcuita
Juan Amezcuita
Senior Vice President, Chief Financial Officer

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT NO. 1 TO CREDIT AGREEMENT, dated as of April 9, 2020 (this "Agreement"), by and among LIBBEY INC., a Delaware corporation ("Holdings"), LIBBEY GLASS INC., a Delaware corporation (the "Borrower"), each of the other Loan Parties (as defined in the Credit Agreement referred to below) and the Lenders (as defined below) party hereto. Unless otherwise indicated, all capitalized terms used herein but not otherwise defined shall have the respective meanings provided to such terms in the Credit Agreement.

WITNESSETH:

WHEREAS, Holdings, the Borrower, each lender from time to time party thereto (the "Lenders"), Citibank, N.A., as administrative agent (in such capacity, the "Administrative Agent") and the other agents party thereto have entered into that certain Senior Secured Credit Agreement, dated as of April 9, 2014 (as amended, restated, amended and restated, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, Section 2.05(b)(i) of the Credit Agreement requires the Borrower to prepay the Loans from Excess Cash Flow for each fiscal year of the Borrower in the amount set forth in Section 2.05(b)(i) of the Credit Agreement within ten (10) Business Days after the financial statements for such fiscal year have been delivered pursuant to Section 6.01(i) of the Credit Agreement and the Compliance Certificate related to such financial statements has been delivered pursuant to Section 6.02(i) of the Credit Agreement (the "ECF Prepayment Deadline"); and

WHEREAS, pursuant to Section 10.01(iii) of the Credit Agreement, the Borrower has requested that the Lenders consent to modify the ECF Prepayment Deadline for the fiscal year ended December 31, 2019 to be the 2019 ECF Prepayment Extension Date (as defined below), and the Lenders party hereto (constituting the Required Lenders) are willing to so consent to such amendment 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. Amendment to Credit Agreement. Effective as of the Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following defined terms in their appropriate alphabetical order:

"2019 ECF Prepayment Extension Date" means the earliest to occur of the following:

(i) the occurrence of any Default or Event of Default;

(ii) the failure of the Borrower to have delivered to Ankura as soon as available and in any event within 3 Business Days after the end of each week, (A) the Loan Parties' cash flow forecast for the forthcoming thirteen week period (including assumptions that are reasonably satisfactory to Ankura), together with (x) a comparison of the actual cash flow results for the most recently completed week to the projected cash flow for such week as set forth in the most recent cash flow forecast furnished to Ankura that contained projected cash flows for such completed week and (y) a written explanation of any material variance in the actual cash flow results for the most recently completed week to the projected cash flow for such week as set forth in the most recent cash flow forecast furnished to Ankura that contained projected cash flows for such completed week and (B) a written explanation of any substantive changes in the cash flow projected in the newly delivered forecast from the cash flow projected in the immediately preceding forecast, in the case of each of clauses (A) and (B), in form, detail and substance reasonably satisfactory to Ankura (it being agreed that, if any of the deliverables provided under this clause (ii) are deficient in any manner or otherwise fail to satisfy any of the requirements set forth herein, the Borrower shall have two Business Days after receiving written notice thereof from a Lender Advisor to cure such deficiency or failure) and which, in the case of the items described in clauses (A) and (B) that are delivered on and after April 15, 2020, shall be prepared by the Borrower in consultation with its financial advisors;

(iii) the failure of the Borrower to have delivered to Ankura (A) as soon as available and in any event no later than April 15, 2020, a forecasted consolidated and consolidating (based on geographic region) income statement of the Borrower and its Subsidiaries for each fiscal month of the Borrower ending on or prior to December 31, 2020, together with an explanation of the assumptions on which such forecasted income statements are based, all in form and substance reasonably satisfactory to Ankura and (B) as soon as available and in any event no later than April 17, 2020, a business plan and financial forecast of the Borrower and its Subsidiaries for each fiscal month of the Borrower ending on or prior to December 31, 2020, including a forecasted consolidated and consolidating (based on geographic region) balance sheet and forecasted consolidated and consolidating (based on geographic region) statements of cash flows of the Borrower and its Subsidiaries for each such fiscal month and regional and channel detail reasonably acceptable to Ankura for each such fiscal month, together with an explanation of the assumptions on which such forecasts are based, all in form and substance reasonably satisfactory to Ankura (it being agreed that, if any of the deliverables provided under this clause (iii) are deficient in any manner or otherwise fail to satisfy any of the requirements set forth herein, the Borrower shall have two Business Days after receiving written notice thereof from a Lender Advisor to cure such deficiency or failure);

(iv) the failure of the Borrower to have (A) hosted a conference call with the Lender Group at a time mutually agreeable to the Borrower and the Lender Group (but in any event, no later than April 10, 2020) in which (x) management of the Borrower will discuss its views on whether any transaction that was proposed to the Borrower prior to the conference call and that would combine the Borrower with one or more potential third parties should be pursued including, without limitation, an analysis of the benefits and drawbacks of such a transaction as compared to a stand-alone plan of reorganization of the Loan Parties and (y) Lazard will discuss potential consolidation opportunities, if any, for the Borrower within the industry in which the Borrower operates or (B) disclosed to Ankura promptly (and in any event within three (3) Business Days after receipt thereof), for professional eyes only in accordance with the confidentiality agreement between the Borrower and Ankura, the details (or if written materials have been provided to the Borrower or any its Subsidiaries, copies of such written materials) in respect of any potential acquisition, merger, consolidation or similar transaction proposed to or received by the Borrower from or on behalf of any potential acquirer or other potential party to such a transaction since January 1, 2020;

(v) the failure of the Loan Parties to have Liquidity at any time of at least \$20,000,000;

(vi) the failure of the Borrower to have delivered to Ankura (A) as soon as available and in any event within 3 Business Days after the end of each week, an officer's certificate reporting Liquidity as of the last day of such week and (B) if requested by Ankura, promptly (and in any event within 2 Business Days after such request), daily Qualified Cash balances and other evidence in reasonable detail supporting the calculation of Liquidity;

(vii) upon advance written request of the Lender Advisors, the failure of the Borrower, at its own expense, to facilitate and hold calls between the Lender Advisors, on the one hand, and members of the Borrower's executive management team and their advisors, on the other hand, not less than once every week, which calls may also be attended by any Lenders party to the First Amendment who are not Public Lenders;

(viii) the failure of the Borrower to have (A) provided to the Lender Advisors as soon as reasonably practicable (but in any event no later than April 22, 2020), an analysis of the tax consequences that would result if each Loan Party were to grant to the Collateral Agent, for the benefit of the Senior Credit Parties, a security interest in all of the Equity Interests owned by such Loan Party (to the extent not already constituting Collateral), including without limitation, all Equity Interests owned by such Loan Party in a Foreign Subsidiary that is not currently Collateral (all such Equity Interests being referred to herein as the "Unencumbered Foreign Equity"), (B) caused each Loan Party, on or prior to the date that is two (2) Business Days after the date the analysis referred to in the immediately preceding clause (A) is provided to the Lender Advisors (or, if earlier, April 24, 2020), to (in consideration of the extension of the ECF Prepayment Deadline granted by the Required Lenders in the First Amendment) pledge, collaterally assign and grant to the Collateral Agent, for the benefit of the Senior Credit Parties, a security interest in all of its right, title and interest in, to and under all Unencumbered Foreign Equity, pursuant to documentation that is in form and substance reasonably satisfactory to the Lender Advisors, unless the Borrower reasonably determines in good faith and in consultation with its legal advisors and the Lender Advisors, that such pledge, collateral assignment and security interest grant will have materially adverse tax consequences to the Loan Parties and (C) caused each Loan Party to, substantially contemporaneously with the security interest (if any) granted to the Collateral Agent in the Unencumbered Foreign Equity pursuant to the immediately preceding clause (B), grant a Lien to the ABL Administrative Agent on the same Unencumbered Foreign Equity to secure the ABL Obligations in accordance with the Intercreditor Agreement, pursuant to documentation that is in form and substance reasonably satisfactory to the Lender Advisors;

(ix) the failure of the Loan Parties or their Subsidiaries to (i) cooperate fully with the Lender Advisors and provide the Lender Advisors during normal business hours with reasonable access to their facilities, books and records, employees and consultants and any information reasonably requested by the Lender Advisors in connection with such Lender Advisors' representation of the Lender Group, (ii) promptly comply with any reasonable request by the Lender Advisors to provide information with respect to their assets and property or (iii) take all steps in furtherance of the pledge and perfection of any Liens granted or required to be granted in favor of the Collateral Agent for the benefit of the Senior Credit Parties pursuant to the Loan Documents, as reasonably requested by the Administrative Agent or any Lender Advisor;

(x) the Borrower or any of its Subsidiaries (A) creates or incurs any Indebtedness after the First Amendment Effective Date, except (i) as expressly permitted under clauses (b)(1), (b)(2) (but, in the case of such clause (b)(2), solely to the extent such Indebtedness is incurred under the ABL Facility and to the extent, immediately after giving effect to the incurrence thereof, the aggregate amount of Indebtedness outstanding under the ABL Facility (including, without limitation, undrawn letters of credit) does not exceed the greater of \$100 million and the Borrowing Base (as defined in the ABL Facility)), (b)(3) (but, in the case of subclause (x) of such clause (b)(3), solely to the extent such guarantee is in respect of Indebtedness incurred by a Loan Party), (b)(4) (but, in the case of such clause (b)(4), solely to the extent the only obligors and obligees on such Indebtedness are Loan Parties), (b)(8) or (b)(11) of Section 7.03 and (ii) (1) Indebtedness incurred by Crisa Libbey Mexico S. de R.L. de C.V. under the working capital line of credit between Crisa Libbey Mexico S. de R.L. de C.V. and Banco Santander Mexico dated as of June 17, 2019 so long as, immediately after giving effect to the incurrence thereof, the aggregate amount of Indebtedness outstanding under the working capital line of credit does not exceed \$3,000,000 and (2) any refinancings of the working capital line of credit referred to in the immediately preceding clause (1) that does not result in an increase in the aggregate outstanding principal amount thereof; provided, that in the case of clauses (1) and (2), there is no guarantee or credit support for such Indebtedness provided by any Loan Party, (B) creates or incurs any Liens after the First Amendment Effective Date, except as expressly permitted under clauses (1) (but, in the case of such clause (1), solely to the extent securing Indebtedness that is incurred under the ABL Facility, the aggregate amount of Indebtedness secured thereby under the ABL Facility (including, without limitation, undrawn letters of credit) does not exceed the greater of \$100 million and the Borrowing Base (as defined in the ABL Facility) and such Liens are subject to the Intercreditor Agreement), (2), (3), (4), (5), (6), (9), (11) or (12) of the definition of Permitted Liens, (C) purchases, makes, owns or otherwise acquires any investments or loans (including, without limitation, any loans, investments, purchases of assets or any other payments or transfers made by a Loan Party to a Subsidiary of the Borrower that is not a Loan Party) after the First Amendment Effective Date, except (x) as expressly permitted under clauses (3), (4), (5), (7), (14), (17) (but, in the case of such clause (17), solely to the extent such guarantee is in respect of obligations incurred by a Loan Party) or (18) of the definition of Permitted Investments, (y) investments or loans made solely between Loan Parties, and investments or loans made solely between Subsidiaries of the Borrower that are not Loan Parties and (z) payments made by a Loan Party to a Foreign Subsidiary for goods or services provided by such Foreign Subsidiary to such Loan Party so long as any such transactions between such Foreign Subsidiary and such Loan Party are entered into in the ordinary course of business consistent with past practice on a cost plus basis subject to periodic true-up (but, in any event, on pricing terms that are not greater than those in existence on the First Amendment Effective Date); provided, that on and after the First Amendment Effective Date, no transfer pricing true-up payments are made by a Loan Party to a Foreign Subsidiary other than up to \$4,900,000 of transfer pricing true-up payments paid to Crisa Libbey Mexico S. de R.L. de C.V., (D) makes any dividends or other distributions, except as expressly permitted under clauses (a)(I)(B) and (b)(9) of Section 7.06 of the Credit Agreement, or (E) sells, transfers or otherwise disposes of any assets to a Person that is not a Loan Party, other than investments permitted under clause (C) above and dispositions of assets in the ordinary course of business consistent with past practice;

(xi) the Borrower or any of its Subsidiaries makes, enters into or implements any amendment, waiver, supplement or other modification to any employment agreement or employee compensation plan, in each case to increase the benefits thereunder and solely to the extent such agreement or compensation plan relates to any director, officer or other management personnel of any Loan Party or Subsidiary, or the payment of any amount contemplated by such agreements or plans before the date on which such amount becomes due and payable pursuant to the terms of such agreements or plans, as applicable, or the payment of any bonus, incentive, retention, severance, change of control or termination payments pursuant to the terms of such agreements or plans, as applicable, or the entry into any new employment agreement or employee compensation plan with any such director, officer or other management personnel of any Loan Party or Subsidiary, in each case other than in the ordinary course of business;

(xii) the failure of the Borrower to have delivered to Ankura as soon as available, and in any event within 3 Business Days after the end of each week, a weekly sales flash report that includes sales detail by channel and geography, in form and substance reasonably acceptable to Ankura (it being agreed that, if any weekly sales flash provided under this clause (xii) is deficient in any manner or otherwise fail to satisfy any of the requirements set forth herein, the Borrower shall have two Business Days after receiving written notice thereof from a Lender Advisor to cure such deficiency or failure); and

(xiii) April 30, 2020.

“Ankura” means Ankura Consulting Group, LLC.

“First Amendment” means Amendment No. 1 to the Credit Agreement, dated as of April 9, 2020, among the Loan Parties and the Lenders party thereto.

“First Amendment Effective Date” means the Effective Date (as defined in the First Amendment).

“Lender Advisors” means Arnold & Porter Kaye Scholer LLP and Ankura, as advisors to the Lender Group.

“Lender Group” means the ad hoc group of Lenders represented by Arnold & Porter Kaye Scholer LLP.

“Liquidity” means, at any time, the sum of (i) the balance of all Qualified Cash at such time and (ii) Availability (as defined in the ABL Facility) at such time.

“Qualified Cash” means, as of any date of determination, the amount of unrestricted (other than restrictions imposed pursuant to the Loan Documents) cash and Cash Equivalents of the Borrower and the other Loan Parties that is in a deposit account or in a securities account, or any combination thereof, and which deposit account and securities account and all cash and Cash Equivalents therein are (i) subject to a second priority security interest in favor of the Administrative Agent and (ii) located within the United States.

(b) Section 2.05(b) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Within ten (10) Business Days after financial statements have been delivered pursuant to Section 6.01(i) (commencing with the fiscal year ending December 31, 2015) and the related Compliance Certificate has been delivered pursuant to Section 6.02(i) (or, in the case of the fiscal year ending December 31, 2019, on the 2019 ECF Prepayment Extension Date), the Borrower shall cause to be offered to be prepaid in accordance with clause (ix) below, an aggregate principal amount of Loans in an amount equal to (A) the Applicable ECF Percentage of Excess Cash Flow, if any, for the fiscal year covered by such financial statements minus (B) the sum of (1) all voluntary prepayments of Loans made during such fiscal year or after year-end and prior to when such Excess Cash Flow prepayment is due (including the purchase price of Loans prepaid pursuant to Section 2.05(a)(v) during such time) and (2) all voluntary prepayments of loans under the ABL Facility during such fiscal year or after year-end and prior to when such Excess Cash Flow prepayment is due to the extent the commitments under the ABL Facility are permanently reduced by the amount of such payments, in the case of each of the immediately preceding clauses (1) and (2), to the extent such prepayments are funded with the internally generated cash (or, in the case of clause (1) above, borrowings under the ABL Facility).”

SECTION 2. Condition of Effectiveness. This Agreement shall become effective as of the first date on which each of the following conditions is satisfied (such date being referred to as the “Effective Date”):

(a) The Lender Advisors and the Borrower shall have received executed counterparts (which may include a facsimile or other electronic transmission) to this Agreement from each of the Loan Parties and Lenders constituting the Required Lenders.

(b) The representations and warranties of each Loan Party contained in Section 3 hereof shall be true and correct in all material respects.

(c) The Loan Parties shall have paid all reasonable fees, costs and expenses of the Lender Group, including (i) the reasonable fees and expenses of Arnold & Porter Kaye Scholer and (ii) all accrued and unpaid fees of Ankura, in each case invoiced at least one Business Day prior to the Effective Date.

(d) The Administrative Agent shall have received, for the ratable account of each Lender that has executed and delivered a signature page to this Agreement on or prior to the Effective Date, an amendment fee (the “First Amendment Fee”) in an amount equal to one percent (1.00%) of the aggregate outstanding principal amount of the Loans held by such Lender on the Effective Date (as of immediately prior to giving effect to this Agreement). The parties hereto acknowledge that, in lieu of cash payment, the Borrower shall pay the First Amendment Fee by capitalizing such fee and adding it to the aggregate principal amount of the Loans held by the Lenders party hereto.

SECTION 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows (which representations and warranties are continuing and shall survive the execution and delivery hereof):

(a) the execution, delivery and performance of this Agreement by each of the Loan Parties has been duly authorized by all necessary corporate or other organizational action, and do not (i) contravene the terms of the organizational documents of such Loan Party; (ii) conflict with or result in any breach or contravention of, or require any payment to be made under (1) any material contractual obligation to which such Loan Party is a party or affecting such Loan Party or its properties or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; (iii) violate any law to which such Loan Party or its property is subject; or (iv) result in the creation of any Lien on any property of such Loan Party;

(b) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Loan Party of this Agreement, other than those obtained prior to the Effective Date or being obtained in connection herewith;

(c) no Default or Event of Default has occurred and is continuing; and

(d) there has been no change since the Closing Date (i) in any Loan Party’s legal name or (ii) in the location of any Loan Party’s chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any of its offices or facilities at which Collateral owned by it is located (including the establishment of any such new office or facility), in each instance other than changes which have previously been disclosed in writing to the Administrative Agent.

SECTION 4. Reaffirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents represent the valid, enforceable and collectible obligations of the Loan Parties, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Agreement in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by each Loan Party in all respects. This Agreement shall not constitute a novation of the Credit Agreement or any other Loan Document

SECTION 5. Release.

(a) In consideration of the agreements of the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower and each other Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agents and the Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (each Agent, each Lender and all such other Persons being hereinafter referred to collectively as the “Releasees”), of and from all demands, actions, causes of action, suits, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any such Loan Party or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever in relation to, or in any way in connection with any of the Credit Agreement or any of the other Loan Documents or transactions thereunder or related thereto which arises at any time on or prior to the day and date of this Agreement.

(b) The Borrower and each other Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) The Borrower and each other Loan Party agrees that no fact, event, circumstance, evidence or transaction existing or arising on or prior to the date hereof which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

SECTION 6. Reference to and Effect on the Credit Agreement and the other Loan Documents.

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

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this Agreement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) 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 Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents. On and after the Effective Date, this Agreement shall for all purposes constitute a Loan Document.

SECTION 7. Costs and Expenses. Each of Holdings and the Borrower hereby agree to pay and reimburse the Lender Group for all reasonable costs and expenses incurred on or prior to the date hereof reasonably promptly after the invoicing thereof.

SECTION 8. 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.

SECTION 9. 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 10. 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 10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE AGREEMENT OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 11. Headings. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

SECTION 12. Notice of 2019 ECF Prepayment Extension Date. The Borrower hereby agrees that, if any of the events specified in clauses (i) through (xii) of the definition of 2019 ECF Prepayment Extension Date occurs prior to April 30, 2020, it shall promptly notify the Administrative Agent in writing of the occurrence thereof.

[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

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

LG AU CORP.

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

[•], as a Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO AMENDMENT NO. 1]

AMENDMENT NO. 2 TO CREDIT AGREEMENT

AMENDMENT NO. 2 TO CREDIT AGREEMENT, dated as of April 30, 2020 (this "Agreement"), by and among LIBBEY INC., a Delaware corporation ("Holdings"), LIBBEY GLASS INC., a Delaware corporation (the "Borrower"), each of the other Loan Parties (as defined in the Credit Agreement referred to below) and the Lenders (as defined below) party hereto. Unless otherwise indicated, all capitalized terms used herein but not otherwise defined shall have the respective meanings provided to such terms in the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, Holdings, the Borrower, each lender from time to time party thereto (the "Lenders"), CORTLAND CAPITAL MARKET SERVICES LLC, as administrative agent (as successor to Citibank N.A., as administrative agent) (in such capacity, the "Administrative Agent") and the other agents party thereto have entered into that certain Senior Secured Credit Agreement, dated as of April 9, 2014 (as amended, restated, amended and restated, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, Section 2.05(b)(i) of the Credit Agreement requires the Borrower to prepay the Loans from Excess Cash Flow for the fiscal year of the Borrower ending December 31, 2019 in the amount set forth in Section 2.05(b)(i) of the Credit Agreement on the 2019 ECF Prepayment Extension Date; and

WHEREAS, pursuant to Section 10.01(iii) of the Credit Agreement, the Borrower has requested that the Lenders consent to modify the 2019 ECF Prepayment Extension Date as set forth in this Agreement, and the Lenders party hereto (constituting the Required Lenders) are willing to so consent to such amendment 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. Amendments to Credit Agreement. Effective as of the Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) The definition of "2019 ECF Prepayment Extension Date" set forth in Section 1.01 of the Credit Agreement is hereby amended by (i) amending and restating clause (v) thereof in its entirety to read as follows:

"(v) the failure of the Loan Parties to have Liquidity at any time of at least \$15,000,000;" and (ii) amending and restating clause (xiii) thereof in its entirety to read as follows: "(xiii) May 7, 2020."

SECTION 2. Conditions of Effectiveness. This Agreement shall become effective as of the first date on which each of the following conditions is satisfied (such date being referred to as the "Effective Date");

(a) The Lender Advisors and the Borrower shall have received executed counterparts (which may include a facsimile or other electronic transmission) to this Agreement from each of the Loan Parties and Lenders constituting the Required Lenders.

(b) The representations and warranties of each Loan Party contained in Section 3 hereof shall be true and correct in all material respects.

(c) The Loan Parties shall have paid all reasonable fees, costs and expenses of the Lender Group, including (i) the reasonable fees and expenses of Arnold & Porter Kaye Scholer LLP and (ii) all accrued and unpaid fees of Ankura, in each case invoiced at least one Business Day prior to the Effective Date.

SECTION 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows (which representations and warranties are continuing and shall survive the execution and delivery hereof):

(a) the execution, delivery and performance of this Agreement by each of the Loan Parties has been duly authorized by all necessary corporate or other organizational action, and do not (i) contravene the terms of the organizational documents of such Loan Party; (ii) conflict with or result in any breach or contravention of, or require any payment to be made under (1) any material contractual obligation to which such Loan Party is a party or affecting such Loan Party or its properties or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; (iii) violate any law to which such Loan Party or its property is subject; or (iv) result in the creation of any Lien on any property of such Loan Party;

(b) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Loan Party of this Agreement, other than those obtained prior to the Effective Date or being obtained in connection herewith;

(c) no Default or Event of Default has occurred and is continuing; and

(d) there has been no change since the Closing Date (i) in any Loan Party's legal name or (ii) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any of its offices or facilities at which Collateral owned by it is located (including the establishment of any such new office or facility), in each instance other than changes which have previously been disclosed in writing to the Administrative Agent.

SECTION 4. Reaffirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents represent the valid, enforceable and collectible obligations of the Loan Parties, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Agreement in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by each Loan Party in all respects. This Agreement shall not constitute a novation of the Credit Agreement or any other Loan Document.

SECTION 5. Release.

(a) In consideration of the agreements of the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower and each other Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agents and the Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (each Agent, each Lender and all such other Persons being hereinafter referred to collectively as the “Releasees”), of and from all demands, actions, causes of action, suits, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any such Loan Party or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever in relation to, or in any way in connection with any of the Credit Agreement or any of the other Loan Documents or transactions thereunder or related thereto which arises at any time on or prior to the Effective Date.

(b) The Borrower and each other Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) The Borrower and each other Loan Party agrees that no fact, event, circumstance, evidence or transaction existing or arising on or prior to the date hereof which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

SECTION 6. Reference to and Effect on the Credit Agreement and the other Loan Documents.

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

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this Agreement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) 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 Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents. On and after the Effective Date, this Agreement shall for all purposes constitute a Loan Document.

SECTION 7. Costs and Expenses. Each of Holdings and the Borrower hereby agree to pay and reimburse the Lender Group for all reasonable costs and expenses incurred on or prior to the date hereof reasonably promptly after the invoicing thereof.

SECTION 8. 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.

SECTION 9. 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 10. 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 10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE AGREEMENT OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 11. Headings. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

SECTION 12. Notice of 2019 ECF Prepayment Extension Date. The Borrower hereby agrees that, if any of the events specified in clauses (i) through (xii) of the definition of 2019 ECF Prepayment Extension Date occurs prior to May 7, 2020, it shall promptly notify the Administrative Agent in writing of the occurrence thereof.

[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

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

LG AU CORP.

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

[•], as a Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO AMENDMENT NO. 2]

AMENDMENT NO. 3 TO CREDIT AGREEMENT

AMENDMENT NO. 3 TO CREDIT AGREEMENT, dated as of May 7, 2020 (this “Agreement”), by and among LIBBEY INC., a Delaware corporation (“Holdings”), LIBBEY GLASS INC., a Delaware corporation (the “Borrower”), each of the other Loan Parties (as defined in the Credit Agreement referred to below) and the Lenders (as defined below) party hereto. Unless otherwise indicated, all capitalized terms used herein but not otherwise defined shall have the respective meanings provided to such terms in the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, Holdings, the Borrower, each lender from time to time party thereto (the “Lenders”), Cortland Capital Market Services LLC, as administrative agent (as successor to Citibank, N.A., as administrative agent) (in such capacity, the “Administrative Agent”) and the other agents party thereto have entered into that certain Senior Secured Credit Agreement, dated as of April 9, 2014 (as amended, restated, amended and restated, modified or supplemented from time to time, the “Credit Agreement”);

WHEREAS, Section 2.05(b)(i) of the Credit Agreement requires the Borrower to prepay the Loans from Excess Cash Flow for the fiscal year of the Borrower ending December 31, 2019 in the amount set forth in Section 2.05(b)(i) of the Credit Agreement on the 2019 ECF Prepayment Extension Date;

WHEREAS, pursuant to Section 10.01 of the Credit Agreement, including clause (iii) thereof, (i) the Borrower has requested that the Lenders consent to modify the 2019 ECF Prepayment Extension Date as set forth in this Agreement and (ii) the parties to this Agreement have agreed to amend certain provisions of the Credit Agreement as set forth in this Agreement, and the Lenders party hereto (constituting the Required Lenders) are willing to so consent to such amendments 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. Amendments to Credit Agreement. Effective as of the Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) The definition of “2019 ECF Prepayment Extension Date” set forth in Section 1.01 of the Credit Agreement is hereby amended by (i) amending and restating clause (ii) thereof in its entirety to read as follows:

“(ii) (A) the failure of the Borrower to have delivered to Ankura as soon as available and in any event within 3 Business Days after the end of each week, the Loan Parties’ cash flow forecast for the forthcoming thirteen week period (including assumptions that are reasonably satisfactory to Ankura) together with (x) a comparison of the actual cash flow results for the most recently completed week to the projected cash flow for such week as set forth in the most recent cash flow forecast furnished to Ankura that contained projected cash flows for such completed week, (y) a written explanation of any material variance in the actual cash flow results for the most recently completed week to the projected cash flow for such week as set forth in the most recent cash flow forecast furnished to Ankura that contained projected cash flows for such completed week and (z) a written explanation of any substantive changes in the cash flow projected in the newly delivered forecast from the cash flow projected in the immediately preceding forecast, (B) the failure of the Borrower to have delivered to Ankura as soon as available and in any event within 6 calendar days after the Saturday ending each week (the Saturday on which each prior week ends shall be referred to as the “Prior Week End”), a cash flow forecast for the forthcoming thirteen week period (including assumptions that are reasonably satisfactory to Ankura) with respect to each of the Borrower’s Subsidiaries organized under the laws of the Netherlands and Portugal, which shall include the actual cash balance as of the Prior Week End with respect to each of the Borrower’s Subsidiaries organized under the laws of the Netherlands and Portugal, (C) the failure of the Borrower to have delivered to Ankura as soon as available and in any event by 11:59 p.m. on the second Friday of each month, a cash flow forecast for the forthcoming thirteen week period (including assumptions that are reasonably satisfactory to Ankura) with respect to each of the Borrower’s Subsidiaries organized under the laws of Mexico, which shall include the actual cash balance as of the last day of the most recently ended calendar month and (D) the failure of the Borrower to have delivered to Ankura as soon as available and in any event within 6 calendar days after the end of each week, the actual cash balance as of the Prior Week End with respect to each of the Borrower’s Subsidiaries organized under the laws of Mexico, and in the case of each of clauses (A) through (D), in form, detail and substance reasonably satisfactory to Ankura (it being agreed that, if any of the deliverables provided under this clause (ii) are deficient in any manner or otherwise fail to satisfy any of the requirements set forth herein, the Borrower shall have two Business Days after receiving written notice thereof from a Lender Advisor to cure such deficiency or failure) and which shall be prepared by the Borrower in consultation with its financial advisors;”

(ii) amending and restating clause (xiii) thereof in its entirety to read as follows:

“(xiii) (A) the failure of the Borrower to have delivered to Ankura as soon as available, and in any event by 11:59 p.m. New York City time on each Business Day, a daily gross sales flash report with respect to the Business Day ended two Business Days prior to such delivery date (as of close of business on such day) for the Loan Parties organized under the laws of the United States or any state or territory thereof and (B) the failure of the Borrower to have delivered to Ankura as soon as available, and in any event by 11:59 p.m. New York City time on each Business Day, a liquidity report showing Liquidity as of close of business on the prior Business Day, and in the case of each of clauses (A) and (B) of this clause (xiii), in form, detail and substance reasonably acceptable to Ankura (it being agreed that, if any of the deliverables provided under this clause (xiii) are deficient in any manner or otherwise fail to satisfy any of the requirements set forth herein, the Borrower shall have two Business Days after receiving written notice thereof from a Lender Advisor to cure such deficiency or failure);”

(iii) adding a new clause (xiv) to the end of such definition, to read as follows:

“(xiv) the failure of the Board of Directors of Holdings to, by no later than May 12, 2020, (i) increase the authorized number of directors from eight (8) to ten (10) directors and (ii) appoint two (2) independent directors acceptable to the Lender Group to fill the newly created vacancies.”

and (iv) adding a new clause (xv) to the end of such definition, to read as follows:

“(xv) May 17, 2020.”

SECTION 2. Conditions of Effectiveness. This Agreement shall become effective as of the first date on which each of the following conditions is satisfied (such date being referred to as the “Effective Date”):

(a) The Lender Advisors and the Borrower shall have received executed counterparts (which may include a facsimile or other electronic transmission) to this Agreement from each of the Loan Parties and Lenders constituting the Required Lenders.

(b) The representations and warranties of each Loan Party contained in Section 3 hereof shall be true and correct in all material respects.

(c) The Loan Parties shall have paid all reasonable fees, costs and expenses of the Lender Group, including (i) the reasonable fees and expenses of Arnold & Porter Kaye Scholer LLP and (ii) all accrued and unpaid fees of Ankura, in each case invoiced at least one Business Day prior to the Effective Date.

SECTION 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows (which representations and warranties are continuing and shall survive the execution and delivery hereof):

(a) the execution, delivery and performance of this Agreement by each of the Loan Parties has been duly authorized by all necessary corporate or other organizational action, and do not (i) contravene the terms of the organizational documents of such Loan Party; (ii) conflict with or result in any breach or contravention of, or require any payment to be made under (1) any material contractual obligation to which such Loan Party is a party or affecting such Loan Party or its properties or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; (iii) violate any law to which such Loan Party or its property is subject; or (iv) result in the creation of any Lien on any property of such Loan Party;

(b) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Loan Party of this Agreement, other than those obtained prior to the Effective Date or being obtained in connection herewith;

(c) no Default or Event of Default has occurred and is continuing; and

(d) there has been no change since the Closing Date (i) in any Loan Party's legal name or (ii) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any of its offices or facilities at which Collateral owned by it is located (including the establishment of any such new office or facility), in each instance other than changes which have previously been disclosed in writing to the Administrative Agent.

SECTION 4. Reaffirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents represent the valid, enforceable and collectible obligations of the Loan Parties, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Agreement in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by each Loan Party in all respects. This Agreement shall not constitute a novation of the Credit Agreement or any other Loan Document.

SECTION 5. Release.

(a) In consideration of the agreements of the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower and each other Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agents and the Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (each Agent, each Lender and all such other Persons being hereinafter referred to collectively as the “Releasees”), of and from all demands, actions, causes of action, suits, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any such Loan Party or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever in relation to, or in any way in connection with any of the Credit Agreement or any of the other Loan Documents or transactions thereunder or related thereto which arises at any time on or prior to the Effective Date.

(b) The Borrower and each other Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) The Borrower and each other Loan Party agrees that no fact, event, circumstance, evidence or transaction existing or arising on or prior to the date hereof which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

SECTION 6. Reference to and Effect on the Credit Agreement and the other Loan Documents.

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

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this Agreement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) 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 Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents. On and after the Effective Date, this Agreement shall for all purposes constitute a Loan Document.

SECTION 7. Costs and Expenses. Each of Holdings and the Borrower hereby agree to pay and reimburse the Lender Group for all reasonable costs and expenses incurred on or prior to the date hereof reasonably promptly after the invoicing thereof.

SECTION 8. 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.

SECTION 9. 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 10. 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 10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE AGREEMENT OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 11. Headings. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

SECTION 12. Notice of 2019 ECF Prepayment Extension Date. The Borrower hereby agrees that, if any of the events specified in clauses (i) through (xii) of the definition of 2019 ECF Prepayment Extension Date occurs prior to May 17, 2020, it shall promptly notify the Administrative Agent in writing of the occurrence thereof.

[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

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

LG AU CORP.

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

[•], as a Lender

By: _____

Name:

Title:

[SIGNATURE PAGE TO AMENDMENT NO. 3]

AMENDMENT NO. 4 TO CREDIT AGREEMENT

AMENDMENT NO. 4 TO CREDIT AGREEMENT, dated as of May 15, 2020 (this "Agreement"), by and among LIBBEY INC., a Delaware corporation ("Holdings"), LIBBEY GLASS INC., a Delaware corporation (the "Borrower"), each of the other Loan Parties (as defined in the Credit Agreement referred to below) and the Lenders (as defined below) party hereto. Unless otherwise indicated, all capitalized terms used herein but not otherwise defined shall have the respective meanings provided to such terms in the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, Holdings, the Borrower, each lender from time to time party thereto (the "Lenders"), Cortland Capital Market Services LLC, as administrative agent (as successor to Citibank, N.A., as administrative agent) (in such capacity, the "Administrative Agent") and the other agents party thereto have entered into that certain Senior Secured Credit Agreement, dated as of April 9, 2014 (as amended, restated, amended and restated, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, Section 2.05(b)(i) of the Credit Agreement requires the Borrower to prepay the Loans from Excess Cash Flow for the fiscal year of the Borrower ending December 31, 2019 in the amount set forth in Section 2.05(b)(i) of the Credit Agreement on the 2019 ECF Prepayment Extension Date;

WHEREAS, pursuant to Section 10.01 of the Credit Agreement, including clause (iii) thereof, the Borrower has requested that the Lenders consent to modify the 2019 ECF Prepayment Extension Date as set forth in this Agreement, and the Lenders party hereto (constituting the Required Lenders) are willing to so consent to such amendments 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. Amendment to Credit Agreement. Effective as of the Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) The definition of "2019 ECF Prepayment Extension Date" set forth in Section 1.01 of the Credit Agreement is hereby amended by amending and restating clause (xv) thereof in its entirety to read as follows:

"(xv) May 25, 2020."

SECTION 2. Conditions of Effectiveness. This Agreement shall become effective as of the first date on which each of the following conditions is satisfied (such date being referred to as the "Effective Date"):

(a) The Lender Advisors and the Borrower shall have received executed counterparts (which may include a facsimile or other electronic transmission) to this Agreement from each of the Loan Parties and Lenders constituting the Required Lenders.

(b) The representations and warranties of each Loan Party contained in Section 3 hereof shall be true and correct in all material respects.

(c) The Loan Parties shall have paid all reasonable fees, costs and expenses of the Lender Group, including (i) the reasonable fees and expenses of Arnold & Porter Kaye Scholer LLP and (ii) all accrued and unpaid fees of Ankura, in each case invoiced at least one Business Day prior to the Effective Date.

SECTION 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows (which representations and warranties are continuing and shall survive the execution and delivery hereof):

(a) the execution, delivery and performance of this Agreement by each of the Loan Parties has been duly authorized by all necessary corporate or other organizational action, and do not (i) contravene the terms of the organizational documents of such Loan Party; (ii) conflict with or result in any breach or contravention of, or require any payment to be made under (1) any material contractual obligation to which such Loan Party is a party or affecting such Loan Party or its properties or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; (iii) violate any law to which such Loan Party or its property is subject; or (iv) result in the creation of any Lien on any property of such Loan Party;

(b) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Loan Party of this Agreement, other than those obtained prior to the Effective Date or being obtained in connection herewith;

(c) no Default or Event of Default has occurred and is continuing; and

(d) there has been no change since the Closing Date (i) in any Loan Party's legal name or (ii) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any of its offices or facilities at which Collateral owned by it is located (including the establishment of any such new office or facility), in each instance other than changes which have previously been disclosed in writing to the Administrative Agent.

SECTION 4. Reaffirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents represent the valid, enforceable and collectible obligations of the Loan Parties, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Agreement in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by each Loan Party in all respects. This Agreement shall not constitute a novation of the Credit Agreement or any other Loan Document.

SECTION 5. Release.

(a) In consideration of the agreements of the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower and each other Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agents and the Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (each Agent, each Lender and all such other Persons being hereinafter referred to collectively as the "Releasees"), of and from all demands, actions, causes of action, suits, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any such Loan Party or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever in relation to, or in any way in connection with any of the Credit Agreement or any of the other Loan Documents or transactions thereunder or related thereto which arises at any time on or prior to the Effective Date.

(b) The Borrower and each other Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) The Borrower and each other Loan Party agrees that no fact, event, circumstance, evidence or transaction existing or arising on or prior to the date hereof which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

SECTION 6. Reference to and Effect on the Credit Agreement and the other Loan Documents.

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

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this Agreement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) 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 Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents. On and after the Effective Date, this Agreement shall for all purposes constitute a Loan Document.

SECTION 7. Costs and Expenses. Each of Holdings and the Borrower hereby agree to pay and reimburse the Lender Group for all reasonable costs and expenses incurred on or prior to the date hereof reasonably promptly after the invoicing thereof.

SECTION 8. 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.

SECTION 9. 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 10. 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 10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE AGREEMENT OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 11. Headings. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

SECTION 12. Notice of 2019 ECF Prepayment Extension Date. The Borrower hereby agrees that, if any of the events specified in clauses (i) through (xii) of the definition of 2019 ECF Prepayment Extension Date occurs prior to May 25, 2020, it shall promptly notify the Administrative Agent in writing of the occurrence thereof.

[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

THE DRUMMOND GLASS COMPANY

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

LGC CORP

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Name: Michael P. Bauer
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LIBBEY.COM LLC

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

LG AU CORP.

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

[•], as a Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO AMENDMENT NO. 4]

AMENDMENT NO. 5 TO CREDIT AGREEMENT

AMENDMENT NO. 5 TO CREDIT AGREEMENT, dated as of May 25, 2020 (this "Agreement"), by and among LIBBEY INC., a Delaware corporation ("Holdings"), LIBBEY GLASS INC., a Delaware corporation (the "Borrower"), each of the other Loan Parties (as defined in the Credit Agreement referred to below) and the Lenders (as defined below) party hereto. Unless otherwise indicated, all capitalized terms used herein but not otherwise defined shall have the respective meanings provided to such terms in the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, Holdings, the Borrower, each lender from time to time party thereto (the "Lenders"), Cortland Capital Market Services LLC, as administrative agent (as successor to Citibank, N.A., as administrative agent) (in such capacity, the "Administrative Agent") and the other agents party thereto have entered into that certain Senior Secured Credit Agreement, dated as of April 9, 2014 (as amended, restated, amended and restated, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, Section 2.05(b)(i) of the Credit Agreement requires the Borrower to prepay the Loans from Excess Cash Flow for the fiscal year of the Borrower ending December 31, 2019 in the amount set forth in Section 2.05(b)(i) of the Credit Agreement on the 2019 ECF Prepayment Extension Date;

WHEREAS, pursuant to Section 10.01 of the Credit Agreement, including clause (iii) thereof, the Borrower has requested that the Lenders consent to modify the 2019 ECF Prepayment Extension Date as set forth in this Agreement, and the Lenders party hereto (constituting the Required Lenders) are willing to so consent to such amendments 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. Amendment to Credit Agreement. Effective as of the Effective Date (as defined below), the definition of "2019 ECF Prepayment Extension Date" set forth in Section 1.01 of the Credit Agreement is hereby amended as follows:

(a) amending and restating clause (i) thereof in its entirety to read as follows:

"(i) the occurrence of any Default or Event of Default, other than any Default or Event of Default arising as a result of a failure to deliver (A) quarterly financial statements for the fiscal quarter ended March 31, 2020 in accordance with the deadline set forth in Section 6.01(ii) of this Agreement, (B) a Compliance Certificate signed by a Responsible Officer of Borrower for the fiscal quarter ended March 31, 2020 in accordance with the deadline set forth in Section 6.02(i) of this Agreement, (C) any other document or deliverable required to be delivered in connection or substantially simultaneously with the delivery of the quarterly financial statements for the fiscal quarter ended March 31, 2020 under this Agreement or any other Loan Document and (D) written notice of the occurrence of any Default under Section 6.03(i) of this Agreement in connection any Default set forth in this clause (i)(A) through (i)(C);"

(b) amending and restating clause (v) thereof in its entirety to read as follows:

"(v) the failure of the Loan Parties to have Liquidity at any time of at least \$5,000,000;

(c) amending and restating clause (xv) thereof in its entirety to read as follows:

"(xv) May 31, 2020."

SECTION 2. Conditions of Effectiveness. This Agreement shall become effective as of the first date on which each of the following conditions is satisfied (such date being referred to as the "Effective Date"):

(a) The Lender Advisors and the Borrower shall have received executed counterparts (which may include a facsimile or other electronic transmission) to this Agreement from each of the Loan Parties and Lenders constituting the Required Lenders.

(b) The representations and warranties of each Loan Party contained in Section 3 hereof shall be true and correct in all material respects.

(c) The Loan Parties shall have paid all reasonable fees, costs and expenses of the Lender Group, including (i) the reasonable fees and expenses of Arnold & Porter Kaye Scholer LLP and (ii) all accrued and unpaid fees of Ankura, in each case invoiced at least one Business Day prior to the Effective Date.

SECTION 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows (which representations and warranties are continuing and shall survive the execution and delivery hereof):

(a) the execution, delivery and performance of this Agreement by each of the Loan Parties has been duly authorized by all necessary corporate or other organizational action, and do not (i) contravene the terms of the organizational documents of such Loan Party; (ii) conflict with or result in any breach or contravention of, or require any payment to be made under (1) any material contractual obligation to which such Loan Party is a party or affecting such Loan Party or its properties or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; (iii) violate any law to which such Loan Party or its property is subject; or (iv) result in the creation of any Lien on any property of such Loan Party;

(b) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Loan Party of this Agreement, other than those obtained prior to the Effective Date or being obtained in connection herewith;

(c) no Default or Event of Default has occurred and is continuing; and

(d) there has been no change since the Closing Date (i) in any Loan Party's legal name or (ii) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any of its offices or facilities at which Collateral owned by it is located (including the establishment of any such new office or facility), in each instance other than changes which have previously been disclosed in writing to the Administrative Agent.

SECTION 4. Reaffirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents represent the valid, enforceable and collectible obligations of the Loan Parties, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Agreement in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by each Loan Party in all respects. This Agreement shall not constitute a novation of the Credit Agreement or any other Loan Document.

SECTION 5. Release.

(a) In consideration of the agreements of the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower and each other Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agents and the Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (each Agent, each Lender and all such other Persons being hereinafter referred to collectively as the "Releasees"), of and from all demands, actions, causes of action, suits, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any such Loan Party or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever in relation to, or in any way in connection with any of the Credit Agreement or any of the other Loan Documents or transactions thereunder or related thereto which arises at any time on or prior to the Effective Date.

(b) The Borrower and each other Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) The Borrower and each other Loan Party agrees that no fact, event, circumstance, evidence or transaction existing or arising on or prior to the date hereof which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

SECTION 6. Reference to and Effect on the Credit Agreement and the other Loan Documents.

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

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this Agreement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) 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 Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents. On and after the Effective Date, this Agreement shall for all purposes constitute a Loan Document.

SECTION 7. Costs and Expenses. Each of Holdings and the Borrower hereby agree to pay and reimburse the Lender Group for all reasonable costs and expenses incurred on or prior to the date hereof reasonably promptly after the invoicing thereof.

SECTION 8. 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.

SECTION 9. 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 10. 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 10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE AGREEMENT OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 11. Headings. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

SECTION 12. Notice of 2019 ECF Prepayment Extension Date. The Borrower hereby agrees that, if any of the events specified in clauses (i) through (xii) of the definition of 2019 ECF Prepayment Extension Date occurs prior to May 31, 2020, it shall promptly notify the Administrative Agent in writing of the occurrence thereof.

[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

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

LG AU CORP.

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

[•], as a Lender

By: _____
Name:
Title:

[SIGNATURE PAGE TO AMENDMENT NO. 5]

INDEPENDENT DIRECTOR AGREEMENT

THIS INDEPENDENT DIRECTOR AGREEMENT (the "Agreement") is made as of May 12, 2020, by and between Libbey Inc., a Delaware corporation (the "Company"), and [NAME] ("Director").

BACKGROUND

WHEREAS, the Company desires and has requested that Director serve as an independent Director of the Company.

WHEREAS, the Company and Director are entering into this Agreement to induce the Director to serve in the capacity set forth above and to set forth certain understandings between the parties.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements and promises contained herein, and other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, Company and Director hereby agree as follows:

1. DUTIES. Director agrees to serve as an independent Director of the Company in Class [I/II] and to be available to perform the duties consistent with such position pursuant to the Certificate of Incorporation, Bylaws, Code of Business Ethics and Conduct and Corporate Governance Guidelines of the Company (collectively, the "Governance Documents") and the laws of the state of Delaware. The Company acknowledges that Director currently holds other positions ("Other Employment") and agrees that Director may maintain such positions, *provided* that such Other Employment shall not materially interfere with Director's obligations under this Agreement. Director confirms that he expects he will be able to devote sufficient time and attention to the Company as is necessary to fulfill his responsibilities as a Director of the Company and that he expects the Other Employment will not in any way impact Director's independence, and if he determines that is no longer the case, he will promptly notify the Company. Such time and attention shall include, without limitation, participation in telephonic and/or in-person meetings of the Company's board of directors; provided, that he is given reasonable advance notice of such meetings and they are scheduled at times when he is available. Director also represents that the Other Employment shall not materially and unreasonably interfere with Director's obligations under this Agreement. Without limiting the generality of the foregoing, Director confirms that he is independent (as such term has been construed under Delaware law with respect to directors of Delaware corporations and the New York Stock Exchange). Director also confirms that, to his knowledge, (a) he does not possess material business, close personal relationships or other affiliations, or any history of any such material business, close personal relationships or other affiliations, with the Company's significant equity or debt holders or any of their respective corporate affiliates that would cause Director to be unable to (i) exercise independent judgment based on the best interests of the Company or (ii) make decisions and carry out his responsibilities as a Director of the Company, in each case in accordance with the terms of the Governance Documents and applicable law, and (b) he has no existing relationship or affiliation of any kind with any entity he knows to be a competitor of the Company. By execution of this Agreement, Director accepts his appointment or election as an independent Director of the Company, and agrees to serve in such capacity, subject to the terms of this Agreement, until his successor is duly elected and qualified or until Director's earlier death, resignation or removal. The parties hereto acknowledge and agree that Director is being engaged to serve as an independent Director of the Company only and is not being engaged to serve, and shall not serve, the Company in any other capacity.

2. **TERM.** The term of this Agreement shall continue until the earliest of (a) such time as Director resigns or is removed in accordance with the Governance Documents, (b) the date of the next annual stockholders meeting at which Directors in Class [I/II] are elected and (c) the death of the Director.

3. **COMPENSATION.** For all services to be rendered by Director hereunder, and so long as Director remains a Director of the Company, the Company agrees to pay Director a monthly fee of \$50,000.00, with the first monthly fee due upon execution of this Agreement (which first payment will be prorated for only that portion of the month remaining after the date hereof) and thereafter payable in advance on the first of each calendar month; *provided, that* the Company agrees that the compensation payable to the Director shall be no less than \$300,000.00 in the aggregate. Any portion of the \$300,000 that theretofore has not been paid shall be payable to Director promptly upon conclusion of his service as a Director. Additionally, the Company agrees to pay Director a daily fee of \$5,000.00 for each day that the Director is being deposed, testifying in court and/or spending more than five hours on such day preparing for a deposition or a court appearance. For the avoidance of doubt, other than as set in this Section 3 and Section 4 below, Director shall be entitled to no other compensation or fees from the Company.

4. **EXPENSES.** In addition to the compensation provided in Section 3 hereof, the Company will reimburse Director for reasonable business related expenses incurred in good faith in the performance of Director's duties for the Company. Such payments shall be made by the Company upon submission by Director of a written statement (in a form satisfactory to the Company) itemizing the expenses incurred. Such statement shall be accompanied by sufficient documentary matter to support the expenditures.

5. **CONFIDENTIALITY.** The Company and Director each acknowledge that for Director to perform his duties as an independent Director of the Company, Director shall necessarily be obtaining access to certain confidential information concerning the Company and its affiliates (the "Company Group"), including, but not limited to, the geological, geophysical, economic, financial or management aspects of the business, operations, properties or prospects of the Company Group, whether oral or in written form ("Confidential Information"). Director covenants that he shall not, either directly or indirectly, in any manner, utilize (other than to discharge his duties as a director of the Company) or disclose to any person, firm, corporation, association or other entity any Confidential Information, except: (a) to the members of the Company Group and their respective officers, directors, employees, stockholders, agents, attorneys, advisors and representatives, in each case to the extent reasonably necessary for Director to discharge his duties hereunder and, for the avoidance of doubt, in accordance with the Governance Documents; provided that, the Director shall not disclose any information marked "Not for Distribution – For Board Eyes Only" to any third party without the prior written consent of the Company; (b) as required by law or to voluntarily report a potential violation of law or regulation; (c) pursuant to a subpoena or order issued by a court, governmental body, agency or official; or (d) to the extent such information (i) is generally known to the public, (ii) was known to Director prior to its disclosure to Director by the Company, (iii) was obtained by Director from a third party which, to Director's knowledge, was not prohibited from disclosing such information to Director pursuant to any contractual, legal or fiduciary obligation, (iv) was independently derived by Director without any use of Confidential Information or (v) with respect to sharing information with the Company's lenders and their attorneys and advisors only, is known or has been previously provided to the Company's lenders by the Company's management, attorneys or advisors (without breach of this Agreement by the Director). This Section 5 shall continue in effect after Director has ceased acting as an independent Director of the Company.

6. MISCELLANEOUS. Director confirms that the execution and performance of this Agreement shall not be in violation of any agreement or obligation (whether or not written) that Director may have with or to any person or entity. In the event Director knows or has reason to know that any of the statements made herein is not true or will not be true in the future, Director shall immediately report such finding to the Company. Director hereby acknowledges and agrees that this Agreement shall be an obligation solely of the Company, and Director shall have no recourse whatsoever against the Company's equity holders or any of their respective affiliates with regard to this Agreement. Director confirms completion and execution of the Company's Outside Director Questionnaire and that such Outside Director Questionnaire remains true and accurate as of the date hereof.

7. INFORMATION. The Company shall provide Director with quarterly financial information, and shall make its management available to discuss the business and operations of the Company upon Director's reasonable request.

8. EFFECT OF WAIVER. The waiver by either party of the breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

9. GOVERNING LAW. This Agreement shall be interpreted in accordance with, and the rights of the parties hereto shall be determined by, the laws of the state of Delaware without reference to its conflicts of laws principles.

10. ASSIGNMENT. The rights and benefits of the Company under this Agreement shall not be transferable except by operation of law without Director's consent, and all the covenants and agreements hereunder shall inure to the benefit of, and be enforceable by or against, its successors and assigns. The duties and obligations of Director under this Agreement are personal and therefore Director may not assign any right or duty under this Agreement without the prior written consent of the Company.

11. BINDING EFFECT; SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of and be enforceable by each of the parties hereto and their respective successors, assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), heirs and personal legal representatives. The Company shall require and cause any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business or assets of the Company, by written agreement in form and substance reasonably satisfactory to Director, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

12. SEVERABILITY; HEADINGS. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid as applied to any fact or circumstance, it shall be modified by the minimum amount necessary to render it valid, and any such invalidity shall not affect any other provision, or the same provision as applied to any other fact or circumstance. The headings used in this Agreement are for convenience only and shall not be construed to limit or define the scope of any Section or provision.

13. COUNTERPARTS; AMENDMENT. This Agreement may be executed in one or more counterparts, each of which shall be considered one and the same agreement. No amendment to this Agreement shall be effective unless in writing signed by each of the parties hereto.

[Signature Page Follows]

The parties hereto have caused this Agreement to be executed on the date first above written.

LIBBEY INC.

By: _____
Name: _____
Title: _____

[Signature Page to Independent Director Agreement]

DIRECTOR

[]

[Signature Page to Independent Director Agreement]

**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: June 19, 2020

By: /s/ Michael P. Bauer

Michael P. Bauer
Chief Executive Officer

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

I, Juan Amezcuita, 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: June 19, 2020

By: /s/ Juan Amezcuita

Juan Amezcuita
Senior Vice President, Chief Financial Officer

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 March 31, 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: June 19, 2020

By: /s/ Michael P. Bauer

Michael P. Bauer
Chief Executive Officer

/s/ Juan Amezcuita

Juan Amezcuita
Senior Vice President, Chief Financial Officer
