

OWENS ILLINOIS INC /DE/
Form DEF 14A
March 30, 2012

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

OWENS-ILLINOIS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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 - (1) Title of each class of securities to which transaction applies:
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OWENS-ILLINOIS, INC.

NOTICE AND PROXY STATEMENT

For

The Annual Meeting of Share Owners

To Be Held

Thursday, May 10, 2012

YOUR VOTE IS IMPORTANT

**Whether or not you plan to attend the meeting,
please submit your proxy or voting instructions as soon as possible.**

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OWENS-ILLINOIS, INC.

**One Michael Owens Way
Perrysburg, Ohio 43551**

NOTICE OF ANNUAL MEETING OF SHARE OWNERS

Dear Owens-Illinois Share Owner:

You are cordially invited to attend the Annual Meeting of Owens-Illinois' share owners to be held on Thursday, May 10, 2012, at 9:00 a.m. in Plaza 2, at the O-I World Headquarters, Perrysburg, Ohio for the purpose of considering and voting upon the following matters:

1. The election of three directors, each to serve for a term of three years;
2. The ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012;
3. An advisory vote to approve the compensation of the Company's named executive officers;
4. The adoption of the amendments to the Company's Second Restated Certificate of Incorporation to provide for the annual election of all directors; and
5. Such other business as may properly be presented for action at the meeting or any postponement(s) or adjournment(s) thereof.

Enclosed is a Proxy Statement which provides information concerning the Company and the Board of Directors' nominees for election as directors, the selection of Ernst & Young LLP as the Company's independent registered public accounting firm, the advisory vote on the approval of the compensation of the Company's named executive officers, and proposed amendments to the Company's Second Restated Certificate of Incorporation to provide for the annual election of all directors. The Company intends to commence distribution of this notice and the accompanying Proxy Statement and proxy card on or about March 30, 2012.

The Board of Directors fixed the close of business on March 12, 2012, as the record date for the determination of share owners owning the Company's Common Stock, par value \$.01 per share, entitled to notice of, and to vote at, the Annual Meeting.

Enclosed is a proxy card which provides you with a convenient means of voting on the matters to be considered at the meeting, whether or not you attend the meeting in person. All you need do is mark the proxy card to indicate your vote, sign and date the card, then return it in the enclosed envelope as soon as conveniently possible. If the shares are held of record in more than one name, all holders of record should sign the proxy card. If you are a share owner of record and you submit a proxy, but you do not provide voting instructions, your shares will be voted:

FOR all of the Board of Directors' nominees for election to the Board of Directors;

FOR the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012;

FOR the advisory approval of the compensation of the Company's named executive officers;

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FOR the adoption of the amendments to the Company's Second Restated Certificate of Incorporation to provide for the annual election of all directors; and

In the discretion of the named proxies regarding any other matters properly presented for a vote at the Annual Meeting.

If you wish to have your shares voted for all of the Board of Directors' nominees, for the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012, for the advisory vote to approve the Company's compensation to its named executive officers and for the adoption of the amendments to the Company's Second Restated Certificate of Incorporation to provide for the annual election of all directors, you need not mark your votes on the proxy card, but need only sign and date it and return it in the enclosed envelope. As an alternative to returning the proxy card, you may choose to make use of the Internet or telephone to submit your proxy as described in the enclosed Proxy Statement and on the proxy card.

We sincerely appreciate your support, and we hope to see you at the Annual Meeting.

By order of the Board of Directors,

ALBERT P. L. STROUCKEN
Chairman of the Board

JOSEPH J. O'HARA, JR.
Secretary

March 30, 2012
Perrysburg, Ohio

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**OWENS-ILLINOIS, INC.
One Michael Owens Way
Perrysburg, Ohio 43551**

**PROXY STATEMENT FOR THE ANNUAL MEETING OF SHARE OWNERS
To Be Held May 10, 2012**

The Annual Meeting of the share owners of Owens-Illinois, Inc. (herein called the "Company") will be held on Thursday, May 10, 2012, at 9:00 a.m. in Plaza 2, at the O-I World Headquarters, Perrysburg, Ohio. At the Annual Meeting, share owners will: (1) vote to elect three directors, each to serve a term of three years; (2) consider the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012; (3) participate in an advisory vote to approve the compensation of the Company's named executive officers; and (4) consider the adoption of the proposed amendments to the Company's Second Restated Certificate of Incorporation to provide for the annual election of all directors.

This Proxy Statement has been prepared in connection with the solicitation by the Company's Board of Directors (the "Board") of proxies for the Annual Meeting and provides information concerning the persons nominated by the Board of Directors for election as directors, and other information relevant to the Annual Meeting. The Company intends to commence distribution of this Proxy Statement and the accompanying proxy card on or about March 30, 2012.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF
SHARE OWNERS TO BE HELD ON MAY 10, 2012**

The Securities and Exchange Commission has adopted a "Notice and Access" rule that allows companies to deliver a Notice of Internet Availability of Proxy Materials ("Notice of Internet Availability") to share owners in lieu of a paper copy of the proxy statement and related materials and the Company's 2011 Annual Report and Form 10-K. The Notice of Internet Availability provides instructions as to how share owners can access the proxy materials online, contains a listing of matters to be considered at the meeting, and sets forth instructions as to how shares can be voted. Shares must be voted either by telephone, on the Internet or by completing and returning a proxy card. Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability. Any Notices of Internet Availability that are returned will not be counted as votes. Instructions for requesting a paper copy of the proxy materials are set forth on the Notice of Internet Availability.

The Notice and Proxy Statement, the Company's 2011 Annual Report, Stakeholder Letter and Form 10-K are available at www.proxyvote.com. You will need your assigned control number to vote your shares. Your control number can be found on your proxy card.

Who May Vote

You will be entitled to vote at the Annual Meeting if you are a share owner of record as of the close of business on March 12, 2012 (the "record date"). At the close of business on the record date, 164,878,818 shares of the Company's common stock, par value \$.01 per share ("Common Stock"), were outstanding. Each share of Common Stock entitles the holder of record to one vote on all matters to be voted upon at

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the Annual Meeting. Shares of Common Stock held by the trustee under the Company's 401(k) plans must be voted by the trustee in accordance with written instructions from participants in such plan or, as to those shares for which no instructions are received, in a uniform manner as a single block in accordance with the instructions received with respect to the majority of shares for which instructions were received from participants. No other securities are entitled to be voted at the Annual Meeting.

How to Vote

Shares of Common Stock can be voted at the Annual Meeting only if the share owner is present in person or represented by proxy. If shares are owned of record in the share owner's name, the share owner may cause its shares to be voted at the Annual Meeting in one of four ways:

Vote by Internet

A share owner can choose to submit a proxy over the Internet at www.proxyvote.com. The deadline for submitting a proxy over the Internet is 11:59 p.m., Eastern Time, on May 9, 2012. In order to vote by Internet, the share owner should make sure it has the control number found on the proxy card, follow the voting instructions with respect to its shares and confirm that the instructions have been accurately recorded. If a proxy is submitted over the Internet, the share owner does not need to return the proxy card.

Vote by Telephone

A share owner can also submit its proxy by telephone by calling the toll-free number (for residents of the U.S. and Canada) listed on the proxy card. The deadline for submitting a proxy by telephone is 11:59 p.m., Eastern Time, on May 9, 2012. To submit its proxy, the share owner must enter the control number listed on the proxy card and follow the recorded instructions. If a proxy is submitted by telephone, the share owner does not need to return the proxy card.

Vote by Mail

If the share owner chooses to submit its proxy by mail, the share owner is required to complete, date and sign the accompanying proxy card and return it promptly in the enclosed envelope or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Vote in Person

A share owner can choose to vote in person at the Annual Meeting by ballot. At the meeting, the share owner will need to request a ballot to vote these shares.

The telephonic and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. The procedures, which the Company believes comply with Delaware law, allow share owners to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded.

Share owners who hold their shares beneficially in street name through a nominee (such as a bank or broker) may be able to submit their proxy by telephone or the Internet as well as by mail. The share owner should follow the instructions received from the nominee to vote these shares.

The proxy card lists each person nominated by the Board of Directors for election as a director. Proxies duly executed and received in time for the meeting will be voted in accordance with share owners'

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instructions. If no instructions are given, proxies will be voted (a) to elect the three nominated directors of the Company for a term of three years to expire at the Annual Meeting in 2015, (b) to ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012, (c) to approve the compensation of the Company's named executive officers, (d) to adopt the proposed amendments to the Company's Second Restated Certificate of Incorporation to provide for the annual election of all directors, and (e) in the discretion of the proxy holders as to any other business which may properly come before the meeting.

Revocability of Proxies

Any proxy solicited hereby may be revoked by the person or persons giving it at any time before it has been exercised at the Annual Meeting by (i) giving notice of revocation to the Company in writing or at the 2012 Annual Meeting, (ii) submitting a later dated proxy, or (iii) attending the meeting in person and voting at the meeting.

Vote Required to Approve Matters

A quorum is the presence at the meeting of a number of shares, which are either present or represented by proxy, constituting a majority of the outstanding shares entitled to vote at the meeting. There must be a quorum for the transaction of business at the meeting. If you submit a properly executed proxy card or a telephonic or Internet proxy, or you are present at the meeting in person, even if you abstain from voting, your shares will be considered part of the quorum. Broker non-votes (shares held by a broker or nominee that are represented at the meeting, but with respect to which the broker or nominee is not empowered to vote on a proposal) are included in determining the presence of a quorum.

Proposal One. The By-Laws of the Company provide that all elections shall be had and all questions decided by a plurality vote; provided, however, that directors shall be elected in the following manner. Each director to be elected by the share owners of the Company shall be elected by the affirmative vote of a majority of the votes cast with respect to such director by the shares represented and entitled to vote therefor at a meeting of the share owners for the election of directors at which a quorum is present (an "Election Meeting"); provided, however, that if the Board determines that the number of nominees exceeds the number of directors to be elected at such meeting (a "Contested Election"), whether or not the election becomes an uncontested election after such determination, each of the directors to be elected at the Election Meeting shall be elected by the affirmative vote of a plurality of the votes cast by the shares represented and entitled to vote at such meeting with respect to the election of such director. For purposes of electing directors, a "majority of the votes cast" means that the number of votes cast "for" a candidate for director exceeds the number of votes cast "against" that director (with "abstentions" and "broker non-votes" not counted as votes cast as either "for" or "against" such director's election). In an election other than a Contested Election, share owners will be given the choice to cast votes "for" or "against" the election of directors or to "abstain" from such vote and shall not have the ability to cast any other vote with respect to such election of directors. In a Contested Election, share owners will be given the choice to cast "for" or "withhold" votes for the election of directors and shall not have the ability to cast any other vote with respect to such election of directors. In the event an Election Meeting involves the election of directors by separate votes by class or classes or series, the determination as to whether an election constitutes a Contested Election shall be made on a class by class or series by series basis, as applicable. The Board has established procedures under which any director who is not elected shall offer to tender his or her resignation to the Board.

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Proposal Two. The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote thereon is required to ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012. Abstentions will have the same effect as votes "against" this proposal and "broker non-votes" will not be counted in determining whether this proposal has been approved.

Proposal Three. The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote thereon is required for the advisory vote to approve the compensation of the Company's named executive officers. Abstentions will have the same effect as votes "against" this proposal and "broker non-votes" will not be counted in determining whether this proposal has been approved.

Proposal Four. The affirmative vote of holders of not less than 80% of the outstanding shares of capital stock of the Company is required in order to amend the provisions of Article X of the Company's Second Restated Certificate of Incorporation. Since the proposed amendments to the Company's Second Restated Certificate of Incorporation are to Article X, the affirmative vote of holders of 80% of the outstanding shares of capital stock of the Company will be required to adopt the amendments to the Company's Second Restated Certificate of Incorporation. Abstentions and broker non-votes will therefore have the effect of a vote against the adoption of the proposed amendments.

Other Matters

Management of the Company does not know of any matter that will be presented for action at the 2012 Annual Meeting other than as described in this Proxy Statement. However, if any other matter should be properly brought to a vote at the meeting, or any adjournment or postponement thereof, all shares covered by proxies solicited hereby will be voted with respect to such matter in accordance with the proxy holders' discretion.

**PROPOSAL 1:
ELECTION OF DIRECTORS**

General

The Company's Second Restated Certificate of Incorporation provides for a classified Board of Directors consisting of three classes as nearly equal in size as practicable. Each class holds office until the third Annual Meeting for election of directors following the election of such class. The Board currently consists of twelve members, four of whom are Class III directors whose terms expire at this year's Annual Meeting, four of whom are Class I directors whose terms expire at the 2013 Annual Meeting, and four of whom are Class II directors whose terms expire at the 2014 Annual Meeting. All of the directors listed herein have served as directors since the last Annual Meeting.

On March 6, 2012, David H. Y. Ho, currently a Class III director, notified the Board of his decision not to stand for re-election at the 2012 Annual Meeting. As a result of Mr. Ho's decision, the Board, in accordance with the Company's By-Laws, acted by resolution to reduce the number of directors from 12 to 11, effective upon the expiration of Mr. Ho's term at the 2012 Annual Meeting. Consequently, the number of Class III directors will be reduced from four to three.

Table of Contents**Information on Nominees and Continuing Directors**

The Board, on the recommendation of the Nominating/Corporate Governance Committee, has nominated three persons for election as Class III directors to serve for a three-year term expiring at the Annual Meeting of share owners to be held in 2015 and until their successors have been elected and qualified. The three nominees of the Board are Gary F. Colter, Corbin A. McNeill, Jr. and Helge H. Wehmeier, each of whom is currently serving as a director of the Company. Each nominee has consented to being named in this Proxy Statement and has agreed to serve if elected. If for any reason any nominee should be unavailable to serve, proxies solicited hereby may be voted for a substitute as well as for the other Board nominees. The Board, however, expects all of its nominees to be available to serve.

Following is information on the persons nominated for election to the Board at the 2012 Annual Meeting and the continuing directors:

Nominees To be elected for terms expiring at Annual Meeting in 2015

Gary F. Colter, Age 66 Director since 2002
Mr. Colter has been the President of CRS Inc., a corporate restructuring and strategy management consulting company, since 2002. Prior thereto, Mr. Colter had over 34 years of executive experience (27 years as a partner) at KPMG Canada, during which he developed valuable financial and accounting expertise while overseeing Canadian and global financial advisory services practices of KPMG. He served as the Vice Chair of KPMG Canada from 2000 to 2002, the Global Managing Partner, Financial Advisory Services, of KPMG International from 1998 to 2000 and the Vice Chairman of KPMG Canada from 1989 to 1998. During his long career in advisory services, Mr. Colter has led the restructurings of many major North American companies. In addition, Mr. Colter has extensive experience as a director on the boards of both private and public companies and regularly attends external continuing education offerings, and as a result has acquired substantial training in corporate governance. He is a director of CIBC (since 2003), Core-Mark Holding Company, Inc. (since 2004) and Revera Inc. (since 2006) and currently serves on the corporate governance committees of each of those boards. Previously, he was a director of Saskatchewan Wheat Pool (2003 2006). Mr. Colter received a bachelor of arts in business administration from the Richard Ivey School of Business, and is a Fellow Chartered Accountant. Mr. Colter's extensive business, financial and accounting experience and education, experience with a broad range of North America markets, financial reporting expertise, extensive director experience and corporate governance training qualify him to serve on the Company's Board of Directors.

Corbin A. McNeill, Jr., Age 72 Director since 2005
Mr. McNeill is the retired Chairman and Co-Chief Executive Officer (2000 2002) of Exelon Corporation, a natural gas and electric utility company that was formed in October 2000 by the merger of Peco Energy Company and Unicom Corporation. Prior to the merger, Mr. McNeill held numerous management positions with Peco Energy. He was the Chairman, President and Chief Executive Officer from 1997 to 2000, a Director and the President and Chief Operating Officer from 1990 to 1997 and Executive Vice President Nuclear from 1988 to 1990. Through his significant management experience, Mr. McNeill obtained experience with strategic planning and performance management and government and regulatory relations. Mr. McNeill has varied experience as a director of public and private companies, and through his extensive board experience, he has obtained substantial training in corporate governance and board management and efficiency. Currently, he is a director of Ontario Power Generation (since 2004), Associated Electric & Gas Insurance Services Ltd. (since 2000), Silver Spring Network (since 2005), and is

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Non-Executive Chairman of the Board of Directors of Portland General Electric (since 2005). Mr. McNeill also served as a director of Enron Corporation post-bankruptcy (2002-2005) and Northwestern Corp. (2005-2006). Mr. McNeill received a bachelor of science degree from the U.S. Naval Academy. He has completed post-graduate business administration courses at the University of California (Berkeley) and Syracuse University. Mr. McNeill has also completed the Executive Program at Stanford University. He has an honorary Ph.D. from Drexel University. He has been recognized by the World Nuclear Association and American Society of Mechanical Engineers for excellence in nuclear power strategy and management. Mr. McNeill's business management experience and skills, insight into government and regulatory relations, extensive director experience and corporate governance training qualify him to serve on the Company's Board of Directors. Mr. McNeill also serves as the Company's Lead Director.

Helge H. Wehmeier, Age 69 Director since 2005
Mr. Wehmeier is now retired, but was an executive with Bayer Corporation for almost 20 years. He served as the Vice-Chairman of Bayer from 2002 to 2004, and prior thereto, President and Chief Executive Officer from 1991 to 2002. While with Bayer, Mr. Wehmeier obtained substantial merger and acquisition transactional and operation experience, as he oversaw the merger of three large companies in various industries into a single operating company. In addition, during his tenure Mr. Wehmeier maximized long-term value of Bayer and led the company to grow revenues from \$5.5 billion to \$11 billion. Prior to joining Bayer, Mr. Wehmeier was a member of the board of management of AGFA-Gevaert from 1987 to 1991, where he obtained experience running a worldwide business in a highly competitive consumer related business. Mr. Wehmeier has extensive experience as a director, and has served on the board of public companies since 1992. He is currently a director of PNC Financial Services Group, Inc. (since 1992) and was a member of the board of Terex Corporation (2002-2010). Through his board membership and executive experience, Mr. Wehmeier has acquired substantial training in corporate governance. Mr. Wehmeier was educated in Europe and is an alumnus of IMEDE Business School (Lausanne, Switzerland) and INSEAD Business School (Fontainebleau, France). Mr. Wehmeier's extensive experience as an executive of a public company, knowledge of and familiarity with international business markets, expertise in mergers and acquisitions, history of board membership and corporate governance training qualify him to serve on the Company's Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE THREE NOMINEES IDENTIFIED ABOVE.

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Jay L. Geldmacher, Age 56 Director since 2009
 Mr. Geldmacher has been an executive of Emerson Electric Company, a publicly traded diversified global manufacturing and technology company, since 1996. In 2007, Mr. Geldmacher was appointed the Executive Vice President and President, Network Power and Embedded Computing and Power Group. In that position, Mr. Geldmacher has full profit and loss responsibility for a group of Emerson's subsidiaries with a global presence. From 2006 to 2007, Mr. Geldmacher served as Group Vice President and President, Network Power Embedded Computing and Power Group. Prior to that, Mr. Geldmacher was President, Astec Power Solutions (1998-2006), and President, Astec Standard Power Worldwide (1996-1998). Mr. Geldmacher received a bachelor of science in marketing from the University of Arizona and an executive master of business administration degree from the University of Chicago. He has served on the board of the University of Arizona Business School since 2002. Mr. Geldmacher's executive management experience, relevant experience with a public company specializing in manufacturing, familiarity with global distribution strategies and knowledge of accounting issues and financial reporting qualify him to serve on the Company's Board of Directors.

Albert P. L. Stroucken, Age 64 Director since 2005
 Mr. Stroucken has been the President, Chairman of the Board and Chief Executive Officer of Owens-Illinois since December 2006. Mr. Stroucken became a member of the Owens-Illinois Board of Directors in August 2005. Prior to joining Owens-Illinois, Mr. Stroucken was with H.B. Fuller Company, a \$1.5 billion manufacturer of adhesives, sealants, coatings, paints and other specialty chemical products. He was the President and Chief Executive Officer of H.B. Fuller from 1998 to 2006, and Chairman of the Board from 1999 to 2006. Prior to his work at H.B. Fuller, Mr. Stroucken was with Bayer Corporation as General Manager, Inorganics Division of Bayer AG from 1997 to 1998 and Executive Vice President and President of the Industrial Chemicals Division of Bayer Corporation from 1992 to 1997. Mr. Stroucken has held directorships at publicly traded companies for over 10 years and is currently a director of Baxter International, Inc. (since 2004). Through his extensive board and management service, Mr. Stroucken has obtained substantial business and financial expertise leading and operating large, complex corporations. Mr. Stroucken's long experience in manufacturing, his executive and board experience, his executive compensation and corporate governance training, and his leadership of Owens-Illinois over the past five years, qualify him to serve on the Company's Board of Directors.

Dennis K. Williams, Age 66 Director since 2005
 Mr. Williams is retired since 2006, but has extensive executive experience prior to retirement. Previously, Mr. Williams was with IDEX Corporation, a publicly traded corporation that manufactures and markets proprietary engineered industrial products, as the Chairman of the Board from 2000 to 2006 and as President and Chief Executive Officer from 2000 to 2005. During his tenure with IDEX, Mr. Williams significantly upgraded the company's business processes and significantly increased shareholder value, resulting in the value of the stock tripling in six years. Prior to joining IDEX, Mr. Williams had over ten years of executive experience with GE and its subsidiaries. During his time with GE, Mr. Williams held multiple executive leadership positions with subsidiaries in Italy, Canada and the United States. His last position with GE was as the President and Chief Executive Officer of GE Power Systems Industrial Products from 1998 to 2000, and in that role Mr. Williams was responsible for a \$4 billion global manufacturing and service business based in Florence, Italy. In addition, Mr. Williams has held directorships at publicly traded companies for over nine years and has been a director of AMETEK, Inc. (since 2006) and Actuant Corporation (since 2006). From 2001 to 2007, Mr. Williams was a director of the Washington Group International, where he obtained valuable knowledge regarding restructuring

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and capital markets transactions by helping to guide Washington's emergence from bankruptcy and subsequent sale. Through his board membership and various executive positions, Mr. Williams has acquired substantial training in corporate governance and developed valuable financial reporting expertise. Mr. Williams received a bachelor of science in aeronautical engineering from the Georgia Institute of Technology and attended the Program for Management Development at Harvard Business School. Mr. Williams' extensive experience in leading businesses in international markets, executive leadership skills, significant public company board experience, financial reporting expertise and corporate governance training qualify him to serve on the Company's Board of Directors.

Thomas L. Young, Age 68

Director since 1998

Mr. Young is currently the President of Titus Holdings Ltd., a private investment company, which he joined in 2005. Prior to 2005, Mr. Young held various executive positions at Owens-Illinois, including Executive Vice President and Chief Financial Officer (2003-2004), Co-Chief Executive Officer (2004) and Executive Vice President, Administration and General Counsel (1998-2004). Mr. Young has obtained significant financial reporting expertise through his experience in corporate finance. Mr. Young also has extensive experience as a director on the boards of both private and public companies. Currently, Mr. Young is a director of Franklin Electric Co., Inc. (since 2005), HCR ManorCare Inc. (since 2008), SealPak Innovations, Inc. (since 2005) and The Windmill Trust and its affiliate Robeco General Partners Fund III Program LLC (since 2009). Previously, he has been a director of ManorCare, Inc. (1991-2007), Coherix, Inc. (2005-2008) and InvestLinc Group, LLC (2006-2007). Mr. Young has substantial training in corporate governance through his board memberships and received a Certificate of Director Education from the National Association of Corporate Directors. In addition, he has completed the Advanced Management Program at Harvard Business School and the Public Company Director Education and Certification Program at UCLA Anderson School of Management. Mr. Young received a bachelor of arts degree from St. John's College and a juris doctorate with honors from Notre Dame Law School; he is a member of the Ohio Bar. Mr. Young's business leadership skills, financial reporting expertise, executive and director experience, knowledge of corporate and securities laws and his extensive training, background and experience in board and corporate governance matters qualify him to serve on the Company's Board of Directors.

Continuing Directors terms expire at Annual Meeting in 2014

Peter S. Hellman, Age 62

Director since 2007

Mr. Hellman retired in 2008 after a long career with large, multinational companies in both financial and operating executive positions. Mr. Hellman has over 38 years of financial analysis experience and has been involved with investor relations for over 30 years. Mr. Hellman was an executive with Nordson Corporation from 2000 to 2008, where he served as President and Chief Financial and Administrative Officer from 2004 to 2008 and Executive Vice President and Chief Financial and Administrative Officer from 2000 to 2004. Mr. Hellman also served as a director of Nordson from 2001 to 2008. Nordson is a global leader in providing capital equipment to the packaging industry. Prior thereto, Mr. Hellman was with TRW Inc. for 10 years and held various positions, the most recent of which was President and Chief Operating Officer. During his tenure as a financial executive, Mr. Hellman obtained significant reporting expertise and valuable expertise in corporate transactions. Mr. Hellman has extensive experience as a director of both public and private companies, and has been serving on public company boards for over 16 years. He is currently a director of Baxter International, Inc. (since 2005) and The Goodyear Tire and Rubber Company (since 2010). Mr. Hellman also serves on the board of the Holden Arboretum, LifeBanc and Western Reserve Academy. Through his significant board and management experience, Mr. Hellman

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has obtained extensive training in executive compensation matters and corporate governance practices. Mr. Hellman received a bachelor of arts degree from Hobart College and a master of business administration in finance from Case Western Reserve University. Mr. Hellman's long career and financial and operating experience, business leadership skills, extensive board experience and knowledge of executive compensation and corporate governance matters qualify him to serve on the Company's Board of Directors.

Anastasia D. Kelly, Age 62 Director since 2002
 Ms. Kelly is a partner in the law firm of DLA Piper (since 2010). Prior to joining DLA Piper, she was the Vice Chairman Legal, Human Resources, Corporate Communication and Corporate Affairs of American International Group, Inc. from 2006 to 2010, and through that senior management position she obtained experience handling corporate issues across the enterprise. Prior to joining AIG, Ms. Kelly was an executive and general counsel of several large, publicly traded companies, including MCI, where she was the Executive Vice President and General Counsel from 2003 to 2006, Sears, Roebuck and Co., where she was the Senior Vice President and General Counsel from 1999 to 2003 and Fannie Mae, a financial services company where she was the Senior Vice President from 1996 to 1999 and General Counsel and Secretary from 1995 to 1999. Ms. Kelly was a director of Saxon Capital from 2004 to 2008, is currently a director of Huntington Ingalls Industries, Inc. (since 2011) and sits on the board of numerous philanthropic organizations. Ms. Kelly received a bachelor of arts, cum laude, from Trinity University and a juris doctorate, magna cum laude, from George Washington Law School. Ms. Kelly's broad legal expertise and knowledge, extensive understanding of regulatory, compliance and securities issues involving public companies and financial institutions, significant experience in corporate governance issues and substantial business management skills qualify her to serve on the Company's Board of Directors.

John J. McMackin, Jr., Age 60 Director since 1994
 Mr. McMackin is a principal and member of the executive committee of Williams & Jensen, PLLC, one of the nation's leading, independently owned government affairs law firms. During his long legal career spanning over 30 years, Mr. McMackin has had varied experience in many areas of corporate law, corporate governance, financial regulation, environmental regulation, complex litigation and other areas of law and regulation. He has been a director of the Judicial Evaluation Institute since 1990. Mr. McMackin received a bachelor of arts degree, summa cum laude, from the University of Notre Dame and a juris doctorate from Yale Law School. He is a member of the District of Columbia Bar. Mr. McMackin's legal expertise, knowledge of government and regulation and long experience in the glass container industry qualify him to serve on the Company's Board of Directors.

Hugh H. Roberts, Age 60 Director since 2007
 Mr. Roberts is retired as of 2007. Prior to retiring, he was with Kraft Foods, Inc. for over 30 years, where he obtained profit and loss management and analysis experience and global experiences in sales, marketing and strategic planning. He was the President of Kraft Foods International Commercial from 2004 to 2007, President, Kraft Foods International Asia Pacific from 2001 to 2003 and, prior thereto, President, KFI Central & Eastern Europe Middle East & Africa Region from 1996 to 2001. While with Kraft, Mr. Roberts completed numerous training programs for executives and obtained substantial training in marketing, strategic analysis, corporate governance and executive compensation. Mr. Roberts received a bachelor of arts, magna cum laude, from Harvard College and a master of business administration from Harvard Business School. Mr. Robert's extensive business leadership skills, his management experience overseas in emerging markets and his substantial education in management and corporate governance issues qualify him to serve on the Company's Board of Directors.

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Board Leadership Structure and Role in Risk Oversight

The Company has no fixed policy on whether the roles of Chairman of the Board and Chief Executive Officer should be separate or combined. Currently, these roles are combined with Mr. Stroucken serving as both the Chairman of the Board and the Chief Executive Officer. Mr. Stroucken possesses the detailed knowledge of the issues, opportunities and challenges facing the Company and that makes him the Board's choice to be the Chief Executive Officer and to lead the day-to-day operation of the Company. The Board also believes that Mr. Stroucken is best positioned to be Chairman of the Board and to ensure that the Board's time and attention are focused on the most critical matters and to assist the Board in its role to oversee the execution of the Company's strategic plans.

The Company's Corporate Governance Guidelines provide that the Chair of the Nominating/Corporate Governance Committee, who is an independent member of the Board, serve as Lead Director. The Lead Director acts as a key liaison with the Chief Executive Officer, assists the Chairman of the Board in setting the board agenda, chairs executive sessions of the Board, and communicates board member feedback to the Chief Executive Officer. The current Chair of the Nominating/Corporate Governance Committee, Mr. Corbin A. McNeill, Jr., was appointed Lead Director effective December 8, 2006.

In addition, the Company's non-management directors meet in regularly scheduled executive sessions, both with the Chief Executive Officer and also without any members of management present. The purpose of these executive sessions is to promote open and candid discussion between the Board and the Chief Executive Officer and separately among the non-management directors of the Board. The Board believes this approach effectively complements the Company's Board leadership structure. The non-management directors met six times in executive session in 2011 without management present. In addition, the independent directors met once in executive session in 2011. The Lead Director or his designee presides at these executive sessions.

The Board recognizes that an important part of its responsibilities is to evaluate the Company's exposure to risk and to monitor the steps management has taken to assess and control risk. The Board primarily oversees risks through committees of the Board, particularly through the Risk Oversight Committee and the Audit Committee, as discussed in the descriptions of the committees below. The committees report to the Board and matters of particular importance or concern, including any significant areas of risk faced by the Company, are discussed by the entire Board. In addition, the Board annually meets with the Company's regional presidents to review risk exposure with respect to the Company's strategic plans and objectives in order to improve long-term organizational performance.

Board Responsibilities

The Board has the ultimate authority for overseeing the management of the Company's business. The Board also identifies and evaluates candidates for, and ultimately selects, the Company's executive officers, delegates responsibilities for the conduct of the Company's operations to those officers, and monitors their and the Company's performance. Certain important functions of the Board are performed by committees comprised of members of the Board, as provided below.

Board Independence

The vast majority of the members of the Board are "independent" in accordance with the New York Stock Exchange listing standards. The Board has affirmatively determined that each of the following directors is an independent director of the Company under the listing standards of the New York Stock

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Exchange: Gary F. Colter, Jay L. Geldmacher, Peter S. Hellman, David H. Y. Ho, Anastasia D. Kelly, Corbin A. McNeill, Jr., Hugh H. Roberts, Helge H. Wehmeier, Dennis K. Williams and Thomas L. Young. In making this determination, the Board has determined that none of these directors has any material relationships with the Company other than their roles as directors.

Board Member Stock Ownership

In 2005, the Board established stock ownership guidelines for its members. Each member of the Board is required to own shares of the Company's Common Stock having a value equal to five times the director's annual cash retainer. The directors have four years from the effective date of the policy or the date of joining the Board, if later, to attain the required stock ownership. Until the stock ownership guidelines are met, directors are required to retain 100% of the "net profit shares" acquired from grants of restricted stock or exercises of stock options. Net profit shares are those shares remaining after payment of tax obligations.

Board Size

Under the Company's Second Restated Certificate of Incorporation, the maximum size of the Board is 12 members. The Board currently consists of 12 members. In accordance with the Company's By-Laws, the Board acted by resolution to reduce the number of directors to 11 effective upon the expiration of Mr. Ho's term at the 2012 Annual Meeting.

Board Meeting Attendance

In 2011, the full Board met nine times. Each member of the Board attended 75% or more of the aggregate number of meetings of the Board and of committees of the Board of which such director was a member. Attendance at Board and committee meetings during 2011 averaged over 99% for directors as a group.

The Company does not have a policy with regard to Board members' attendance at Annual Meetings, although members of the Board are encouraged to attend. All of the members of the Board attended the 2011 Annual Meeting.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines, a copy of which is available on the Investor Relations section of the Company's website (www.o-i.com). A copy is also available in print to share owners upon request, addressed to the "Secretary" at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999. The address of the Company's website provided above or elsewhere in the Proxy Statement is not intended to function as a hyperlink, and the contents of the Company's website are neither a part of this Proxy Statement nor incorporated by reference.

Board Nominees

The Nominating/Corporate Governance Committee (the "Committee") is responsible for identifying individuals qualified to become members of the Board and recommending that the Board select the candidates for all directorships to be filled by the Board or by the share owners. The Committee is governed in this regard by its Policy Regarding Qualifications of Directors (the "Policy") and its Procedures for Identifying and Evaluating Candidates for Directors, (the "Procedures"), copies of which

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are available upon request to the "Secretary" at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999.

Candidates for the Board must demonstrate strong leadership in their particular field, and have broad business experience and the ability to exercise sound business judgment. In addition, candidates must possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the share owners. Candidates must also be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and be committed to serve on the Board for an extended period of time.

The Committee will consider potential candidates for director who have been recommended by the Company's directors, the Chief Executive Officer, other members of senior management, and share owners. Outside consultants may also be employed to help identify potential candidates. Pursuant to its Policy and Procedures, the Committee conducts all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates and considers questions of independence and possible conflicts of interest. Members of the Committee discuss and evaluate possible candidates in detail, and determine which individuals to consider in more depth. Once a candidate is identified whom the Committee wants to move toward nomination, one or more members of the Committee will enter into discussions with the candidate. The procedures for the nomination of director candidates by share owners are described below under the heading "2013 Annual Meeting of Share Owners."

The performance of incumbent members of the Board is evaluated annually by the Committee. Incumbent directors who continue to satisfy the Committee's criteria for Board membership and whom the Committee believes continue to make important contributions to the Board generally will be renominated by the Board at the end of their term. In that case, the Committee does not consider a vacancy to exist.

Code of Business Conduct and Ethics

The Company has a Code of Business Conduct and Ethics (the "Code") that is applicable to all directors, officers and employees of the Company, including the Chief Executive Officer and Chief Financial Officer. The Code is available on the Investor Relations section of the Company's website (www.o-i.com) and in print, free of charge, to share owners upon request, addressed to the "Secretary" at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999.

Communicating with the Board

Share owners and other interested parties may contact any member (or all members) of the Board (including, without limitation, the non-management directors as a group), the Lead Director, any Board committee or any chair of any such committee. To communicate with the Board, the Lead Director, any individual directors or any group or committee of directors, correspondence should be addressed to the "Board of Directors" or any such individual directors or group or committee of directors by either name or title. All such correspondence should be addressed to the "Secretary" at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999. All communications so received will be opened by the Secretary for the sole purpose of determining whether the contents represent a message to the directors. Any contents that are not in the nature of advertising, promotions of a product or service or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group or committee of directors, the Secretary will distribute the contents to each director who is a member of the group or committee to which the contents are addressed.

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Subject to applicable provisions of the Company's By-Laws, the Board appoints the members of each committee. The Board may, at any time, change the authority or responsibility delegated to any committee. There are four standing committees of the Board: the Audit Committee, the Compensation Committee, the Nominating/Corporate Governance Committee and the Risk Oversight Committee.

Committee Membership

Directors serving on committees of the Board and the number of meetings held in 2011 by the committees are identified below.

Name	Audit	Compensation	Nominating/ Corporate Governance	Risk Oversight(1)
<i>Independent Directors:</i>				
Gary F. Colter	X		X	
Jay L. Geldmacher	X			
Peter S. Hellman	Chair	X		
David H. Y. Ho			X	X
Anastasia D. Kelly		X		Chair
Corbin A. McNeill, Jr.		X	Chair	
Hugh H. Roberts		Chair		
Helge H. Wehmeier			X	X
Dennis K. Williams	X	X		
Thomas L. Young				X
<i>Non-Independent Director:</i>				
John J. McMackin, Jr.				X
<i>Management Director:</i>				
Albert P. L. Stroucken				X
Number of Meetings in 2011				