



Credit Suisse Annual Global Paper & Packaging Conference

February 22, 2012



www.o-i.com

Owens-Illinois, Inc.





Management introduction

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Regulation G

The information included in this presentation regarding adjusted net earnings relates to net earnings attributable to the Company exclusive of items management considers not representative of ongoing operations does not conform to U.S. generally accepted accounting principles (GAAP). It should not be construed as an alternative to the reported results determined in accordance with GAAP. Management has included this non-GAAP information to assist in understanding the comparability of results of ongoing operations. Management uses this non-GAAP information principally for internal reporting, forecasting, budgeting and calculating bonus payments. Further, the information in this presentation regarding free cash flow and underlying free cash flow does not conform to GAAP. Management defines free cash flow as cash provided by continuing operating activities less capital spending from continuing operations (both as determined in accordance with GAAP) and has included this non-GAAP information to assist in understanding the comparability of cash flows. Management defines underlying free cash flow as cash provided by continuing operating activities less capital spending from continuing operations (both as determined in accordance with GAAP), plus the addback of capital spending in China for replacement capacity lost due to the closure and potential sale of certain Chinese facilities. Management expects that the proceeds from the sale of these certain facilities should offset most or all of the replacement capacity capital spending in China and has included this non-GAAP information to assist in understanding the comparability of cash flows. Management uses this non-GAAP information principally for internal reporting, forecasting and budgeting. Management believes that the non-GAAP presentation allows the board of directors, management, investors and analysts to better understand the Company's financial performance in relationship to core operating results and the business outlook.

Forward Looking Statements

This presentation contains "forward looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Forward looking statements reflect the Company's current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward looking statements. It is possible the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to the following: (1) foreign currency fluctuations relative to the U.S. dollar, specifically the Euro, Brazilian real and Australian dollar, (2) changes in capital availability or cost, including interest rate fluctuations, (3) the general political, economic and competitive conditions in markets and countries where the Company has operations, including uncertainties related to the economic conditions in Europe and Australia, the expropriation of the Company's operations in Venezuela, disruptions in capital markets, disruptions in the supply chain, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws, (4) consumer preferences for alternative forms of packaging, (5) fluctuations in raw material and labor costs, (6) availability of raw materials, (7) costs and availability of energy, including natural gas prices, (8) transportation costs, (9) the ability of the Company to raise selling prices commensurate with energy and other cost increases, (10) consolidation among competitors and customers, (11) the ability of the Company to acquire businesses and expand plants, integrate operations of acquired businesses and achieve expected synergies, (12) unanticipated expenditures with respect to environmental, safety and health laws, (13) the performance by customers of their obligations under purchase agreements, (14) the Company's ability to further develop its sales, marketing and product development capabilities, (15) the Company's ability to resolve its production and supply chain issues in North America, (16) the Company's success in implementing necessary restructuring plans, and the impact of such restructuring plans on the carrying value of recorded goodwill, (17) the Company's ability to successfully navigate the structural changes in Australia, (18) the proceeds from the land sales in China do not occur in the time schedule or amount that the Company expects, and (19) the timing and occurrence of events which are beyond the control of the Company, including any expropriation of the Company's operations, floods and other natural disasters, and events related to asbestos-related claims. It is not possible to foresee or identify all such factors. Any forward looking statements in this document are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not assume any obligation to update or supplement any particular forward looking statements contained in this presentation.

Presentation Note

Unless otherwise noted, the information presented in this presentation reflects continuing operations only.

Owens-Illinois, Inc. (NYSE: OI)

The global leader in glass containers



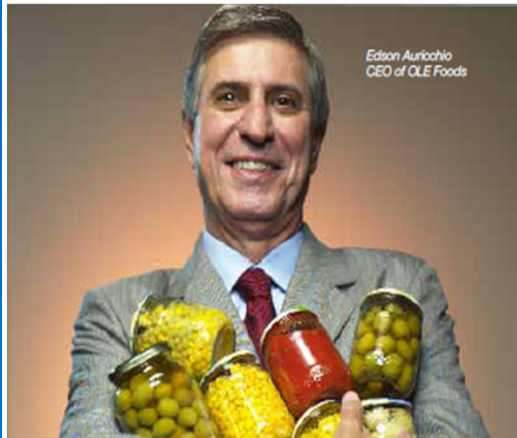
- \$7.4 billion Net Sales in 2011
- Broad geographic footprint
 - 81 glass plants
 - 159 furnaces
 - 444 glass forming machines
- Global enterprise
 - Operating in 21 Countries
 - Based in U.S. but ~ 70% of sales international
- Competitive advantages
 - Scale of operations, low cost producer
 - Manufacturing and design expertise
 - Financial flexibility



Glass is Life™



Showcases the unique and unmatched qualities of glass packaging



GLASS IS LIFE





Global leader in glass packaging

Market position to serve the diverse global glass customer base

- Largest glass container producer in the world
- Leading position in all regions
- Leading position in 16 of the 21 countries of operations
- Sole manufacturer in 7 of these countries

O-I North America

- Regional position #1
- \$1.9B net sales
- \$222M segment profit
- 19 plants

O-I Europe

- Regional position #1
- \$3.1B net sales
- \$345M segment profit
- 37 plants

O-I South America

- Regional position #1
- \$1.2B net sales
- \$250M segment profit
- 13 plants

O-I Asia Pacific

- Regional position #1
- \$1.1B net sales
- \$83M segment profit
- 12 plants

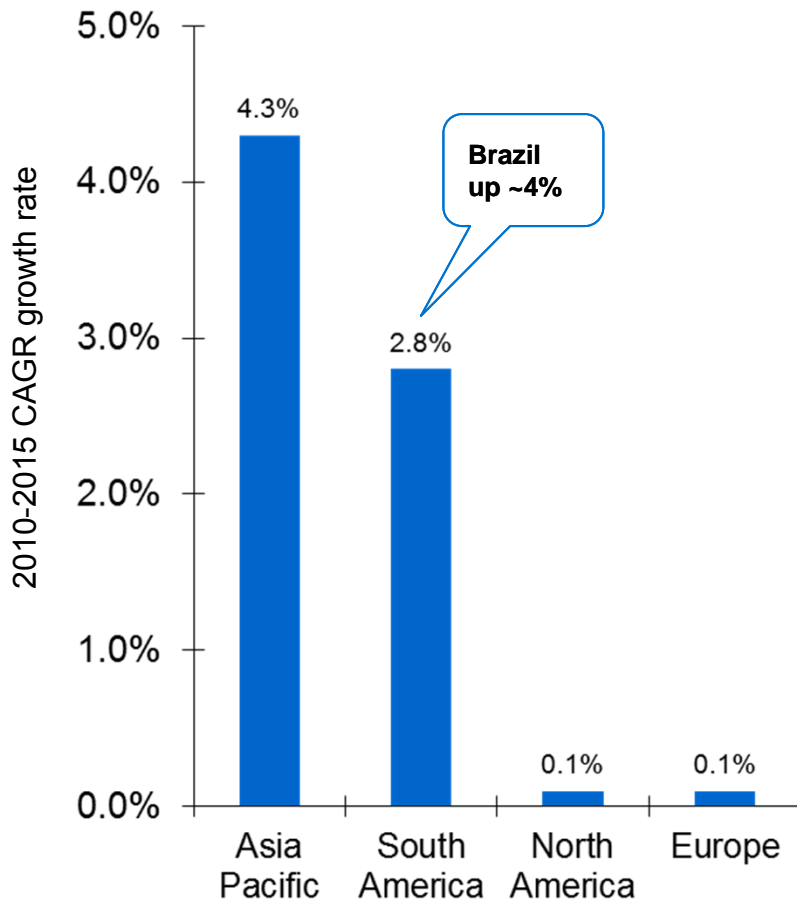
Note: Above information for year ending December 31, 2011, including retrospective adjustments for North America and Europe as described on chart #19.

Glass – A growing global industry

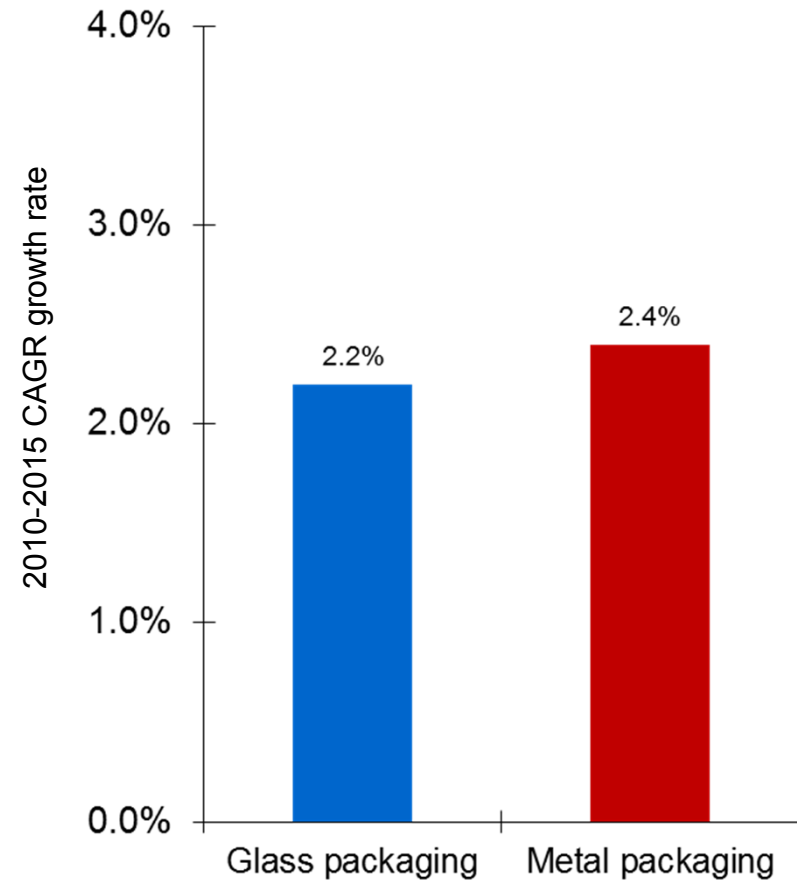
Glass expected to grow ~ 2.2%/yr globally led by emerging regions



Expected glass packaging growth rates:
2010- 2015



Expected global growth rates: 2010- 2015





Strategic Priorities

OPTIMIZE SHAREHOLDER RETURN

STRATEGIC & PROFITABLE GROWTH



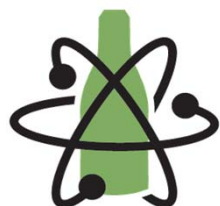
- Growth through acquisitions and joint ventures in targeted markets
- Build plants in rapidly growing markets

MARKETING GLASS



- Drive growth with total packaging solutions and conversions to glass
- Partner with new and existing customers
- Promote glass benefits to customers, retailers and others

INNOVATION & TECHNOLOGY



- Research and development focused on melting, forming and glass properties
- New products, new features or new processes

OPERATIONAL EXCELLENCE



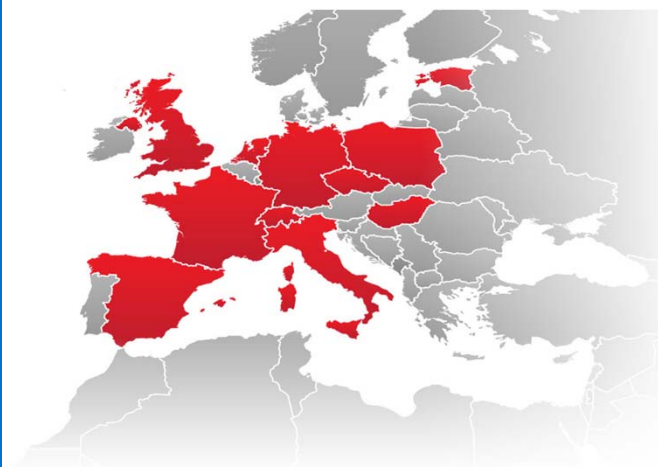
- Safety first
- Quality leadership
- Productivity, supply chain and process excellence
- Employee development

**COMMITMENT
TO SUSTAINABILITY**

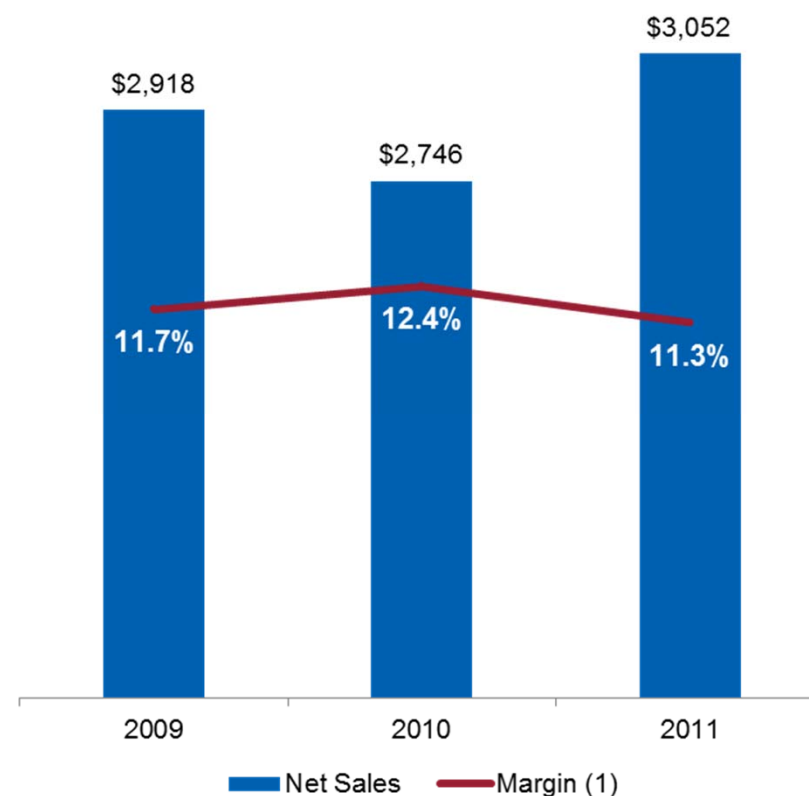


Global leader in glass packaging

Europe



Net Sales & Segment Operating Profit Margin



Trends & Outlook

- Higher pricing to offset unrecovered 2011 inflation and a portion of current year inflation
- Cautious volume outlook given macroeconomic uncertainties
- Further capacity management may be required based on evolving business conditions

(1) Margin is defined as segment operating profit divided by segment sales. 2009 – 2011 margins include retrospective adjustments as described on chart #19.



Global leader in glass packaging

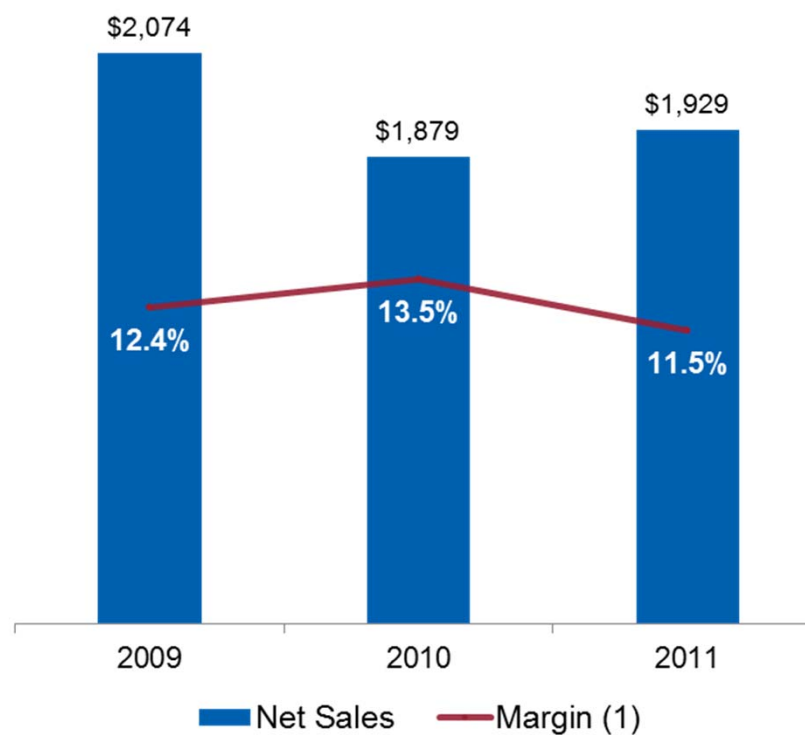
North America



Trends & Outlook

- Higher pricing via inflation pass throughs
- Volume consistent with 2011 levels
- Improved supply chain efficiencies

Net Sales & Segment Operating Profit Margin



(1) Margin is defined as segment operating profit divided by segment sales. 2009 – 2011 margins include retrospective adjustments as described on chart #19.

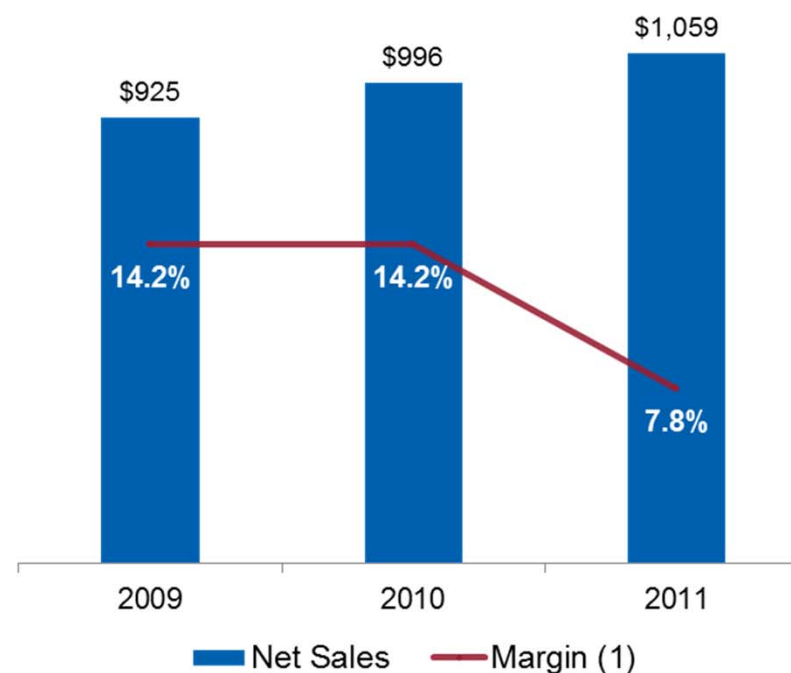


Global leader in glass packaging

Asia Pacific



Net Sales & Segment Operating Profit Margin



Trends & Outlook

- Sales volumes stabilizing in Australia as growth continues in China
- Restructuring in Australia to reduce costs and match supply with lower demand
- China priorities:
 - Finalize integration efforts
 - Sale of certain facilities; rebuild replacement capacity

(1) Margin is defined as segment operating profit divided by segment sales



Global leader in glass packaging

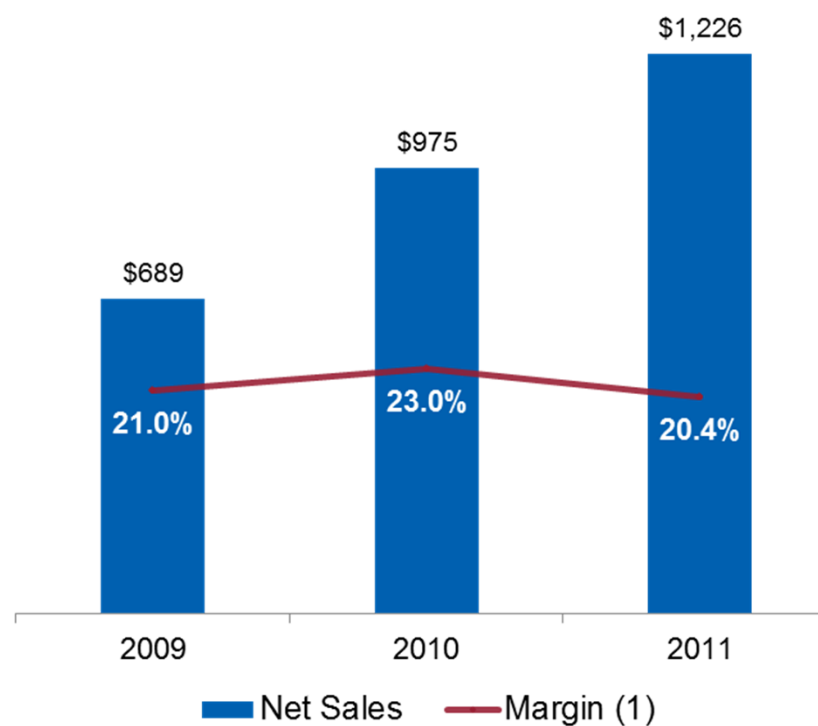
South America



Trends & Outlook

- Volume growth in-line with GDP
- Higher prices to cover inflation
- Brazil furnace expansion to reduce logistics costs beginning 4Q12

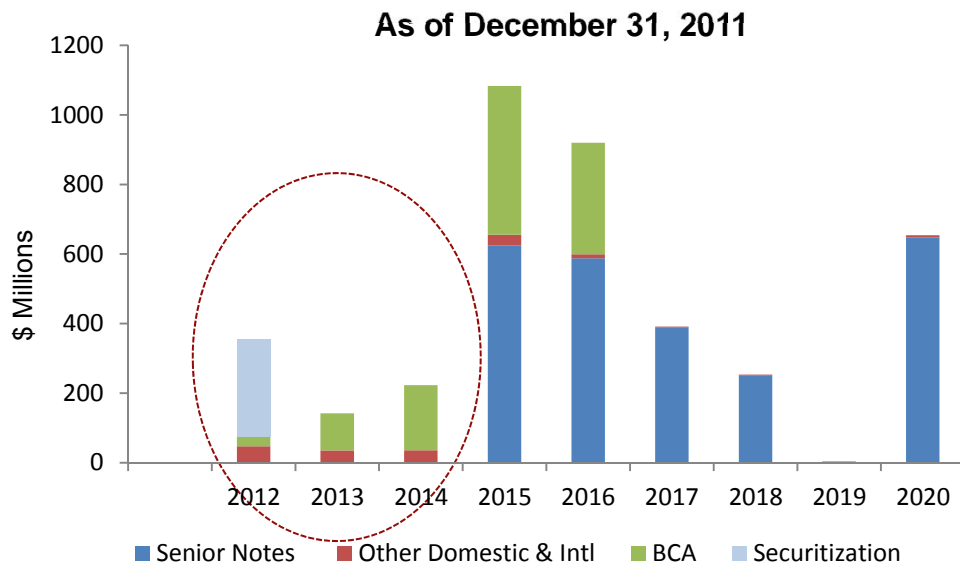
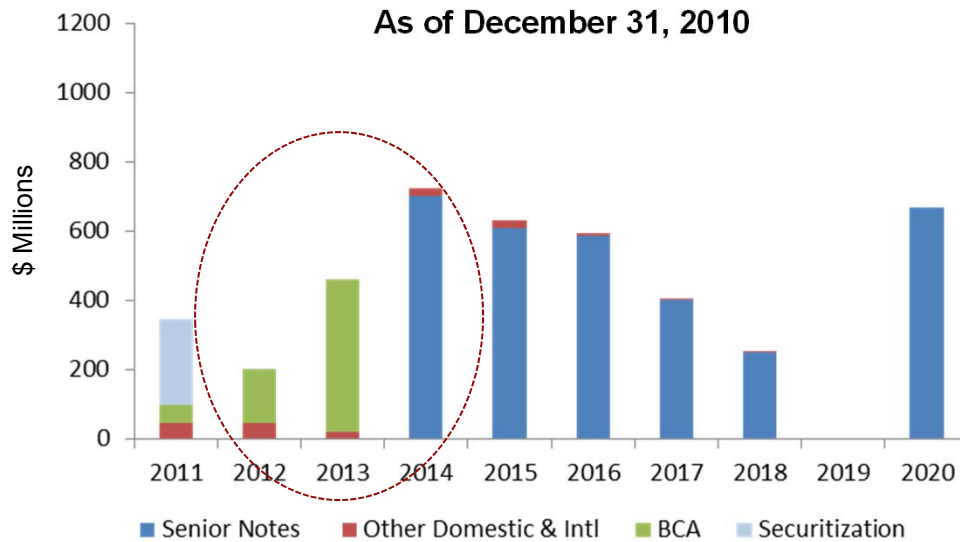
Net Sales & Segment Operating Profit Margin



(1) Margin is defined as segment operating profit divided by segment sales

Strong financial flexibility

2011 refinancing activities extends debt maturity



2011 Refinancing Activities

New \$2 billion Credit Agreement

- \$1.1 billion – bank term loans
- \$900 million – revolver
- 5 yr. term; LIBOR +175 bps
- Increased covenant flexibility

Higher-Cost Debt Redeemed

- Retired \$700M bonds (6.75%)

Next Senior Note Maturity

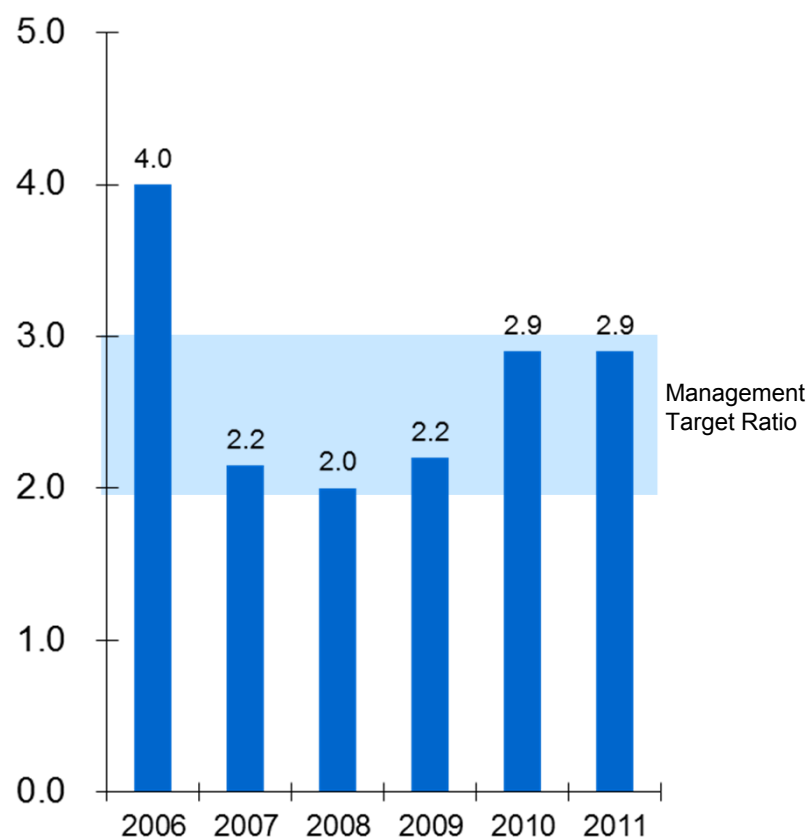
- 2015 - \$690M (3.00%)



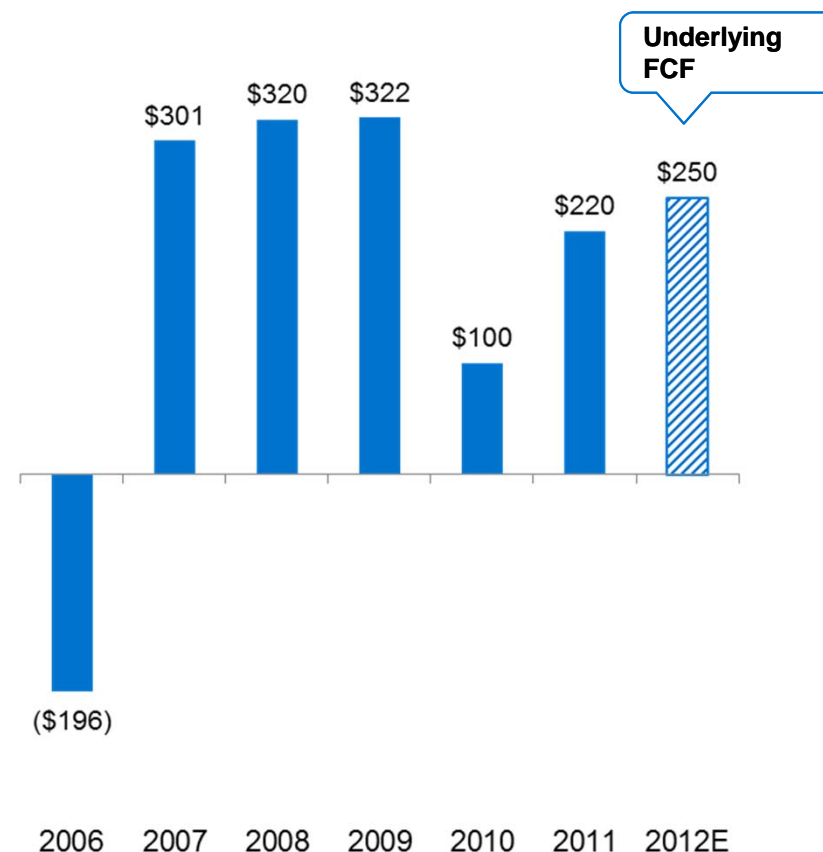
Strong financial flexibility

Focused on net debt reduction

Historical Net Debt/EBITDA ratio



Free Cash Flow ⁽¹⁾



⁽¹⁾ Management defines free cash flow as cash provided by continuing operating activities less capital spending from continuing operations. Starting in 2012, management introduced an expanded metric known as underlying free cash flow, which is defined as cash provided by continuing operating activities less capital spending from continuing operations, plus the addback of capital spending in China for replacement capacity lost due to the closure and potential sale of certain Chinese facilities. Management expects that the proceeds from the sale of these certain facilities should offset most or all of the replacement capacity capital spending in China.

Concluding Comments

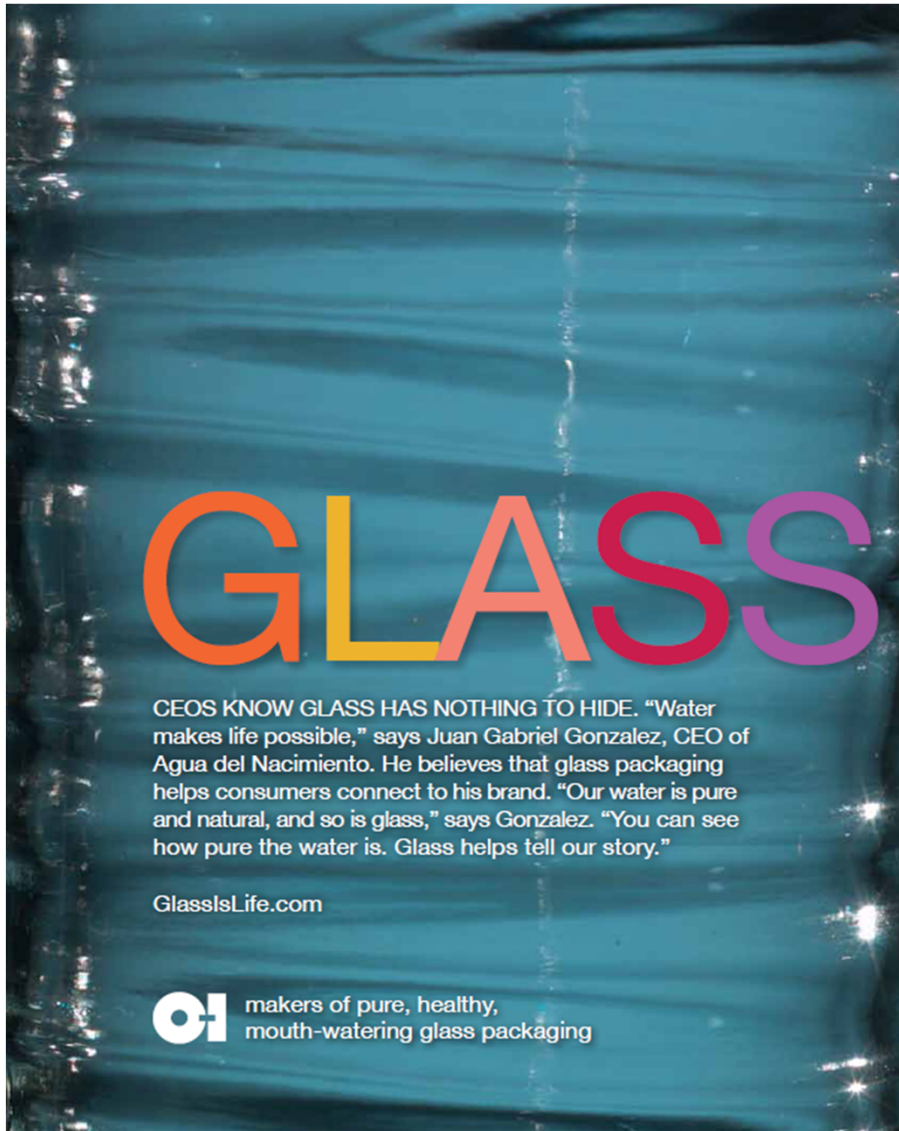


Priorities

Execute against our Strategic Priorities

Strong Financial Flexibility


Global Leader in the Growing Glass Container Industry

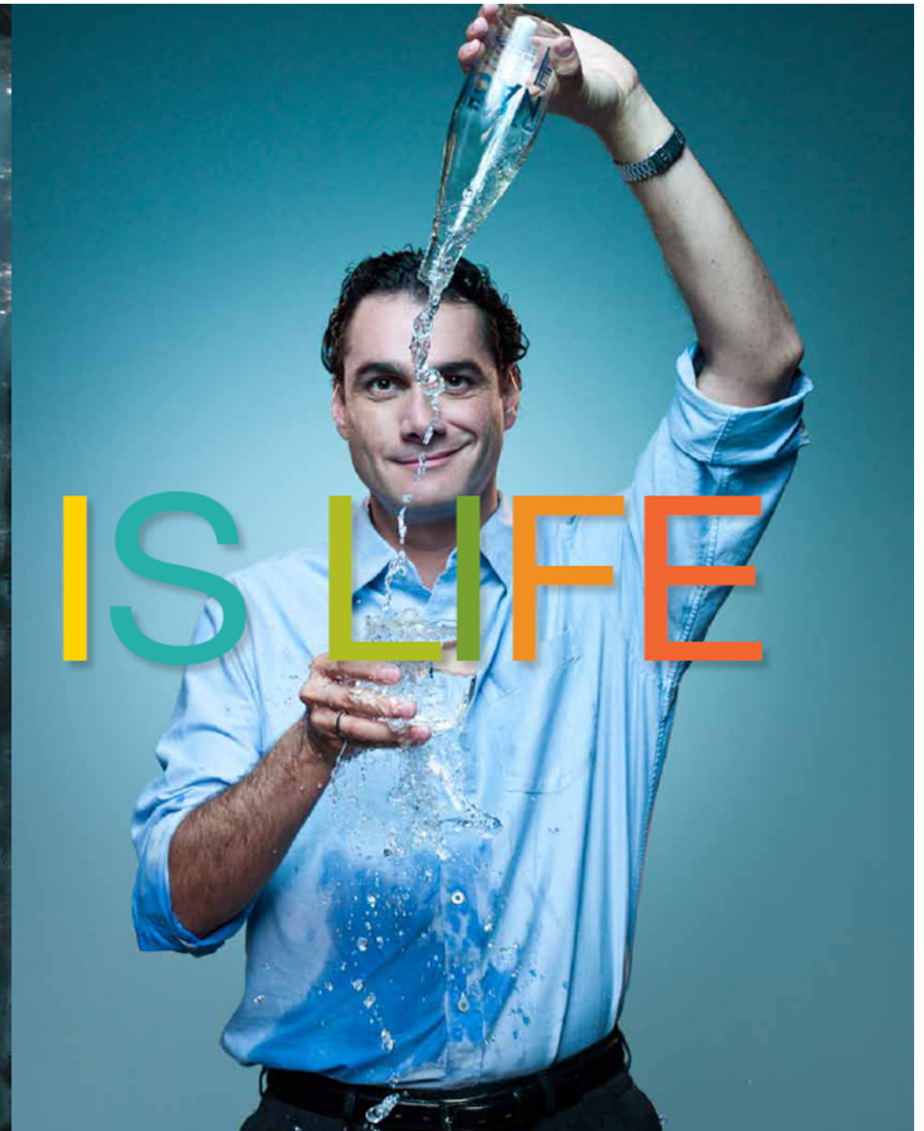


GLASS

CEOS KNOW GLASS HAS NOTHING TO HIDE. "Water makes life possible," says Juan Gabriel Gonzalez, CEO of Agua del Nacimiento. He believes that glass packaging helps consumers connect to his brand. "Our water is pure and natural, and so is glass," says Gonzalez. "You can see how pure the water is. Glass helps tell our story."

GlassIsLife.com

 makers of pure, healthy,
mouth-watering glass packaging



IS LIFE



Appendix



Regional Customer Contract Models

	Europe	North America	South America	Asia-Pacific
General Term of Customer Agreements	<ul style="list-style-type: none">• ~80% annually negotiated• ~20% multi-year agreements	<ul style="list-style-type: none">• ~90% multi-year agreements• ~10% annual agreements with various effective dates	<ul style="list-style-type: none">• Few contracts; nearly all annual agreements	<ul style="list-style-type: none">• AU/NZ – most business under multi-year agreements• China – few contracts; spot market pricing
Cost Pass-Through Mechanism	<p>All costs (energy, raw materials, labor, etc.)</p> <ul style="list-style-type: none">• ~80% negotiated annually• ~20% multi-year accounts have annual pass-through provisions (1 year lag)	<ul style="list-style-type: none">• Energy – multi-year agreements include mo/qtly pass-through provisions for natural gas and outbound diesel• Other costs (raw materials, labor, etc.) – annual pass-through provisions (1 year lag)	<p>All costs (energy, raw materials, labor, etc.)</p> <ul style="list-style-type: none">• Dynamic pricing environment with multiple price changes annually to keep up with higher inflation	<p>All costs (energy, raw materials, labor, etc.)</p> <ul style="list-style-type: none">• AU/NZ – annual pass-through provisions (1 year lag)• China – spot pricing environment

Retrospective change to adjusted net earnings per share

Reflecting change of U.S. inventory accounting method



Adjusted Net Earnings per Share

	Year Ended	
	2011	2010
As Reported *	\$2.37	\$2.60
Inventory acctg change (U.S.)	0.06	0.01
Revised	\$2.43	\$2.61

* Reconciliation of earnings attributable to the Company to adjusted net earnings

\$ Millions, except per share amts	Twelve months ended December 31			
	2011		2010	
	Earnings	EPS	Earnings	EPS
Earnings (loss) from continuing operations attributable to the Company	\$ (511)	\$ (3.12)	\$ 258	\$ 1.55
<i>Items that management considers not representative of ongoing operations consistent with Segment Operating Profit</i>				
• Charge to adjust the carrying value of the Asia Pacific region's goodwill	640	3.86		
• Charges for asbestos related costs	165	1.00	170	1.02
• Acquisition-related fair value inventory adjustments and restructuring, transaction and financing costs			27	0.16
• Charges for restructuring and asset impairment	91	0.54	11	0.07
• Net benefit related to changes in deferred tax valuation allowance and other tax-related items	(15)	(0.09)	(24)	(0.15)
• Non-cash tax benefit transferred from other comprehensive income (equity)			(8)	(0.05)
• Charges for note repurchase premiums and write-off of finance fees	24	0.15		
• Reconciling item for dilution effect		0.03		
Adjusted net earnings	\$ 394	\$ 2.37	\$ 434	\$ 2.60
Diluted shares outstanding (millions)	166.0		167.1	



Retrospective change to segment earnings (annual)

Combined change to pension reporting and U.S. inventory acctg method

Segment Operating Profit Dollars in millions	Year Ended December 31, 2011				Year Ended December 31, 2010			
	As Reported	Pension change (a)	Inventory acctg change	Adjusted	As Reported	Pension change (a)	Inventory acctg change	Adjusted
Europe	\$ 325	\$ 20		\$ 345	\$ 324	\$ 16		\$ 340
North America	236	(24)	10	222	275	(24)	2	253
South America	250			250	224			224
Asia Pacific	83			83	141	3		144
Reportable segment totals	894	(4)	10	900	964	(5)	2	961
Items excluded from Segment Operating Profit:								
Retained corporate costs and other	(79)	4		(75)	(89)	5		(84)
Restructuring and asset impairment	(112)			(112)	(13)			(13)
Acquisition related items	-			-	(32)			(32)
Asbestos	(165)			(165)	(170)			(170)
Goodwill	(641)			(641)	-			-
Interest income	11			11	13			13
Interest expense	(314)			(314)	(249)			(249)
Earnings from continuing operations before income taxes	\$ (406)	\$ -	\$ 10	\$ (396)	\$ 424	\$ -	\$ 2	\$ 426

(a) As previously discussed on the 4Q11 earnings conference call

Retrospective change to segment earnings (quarterly)

Change to pension reporting and U.S. inventory accounting method



Segment Operating Profit Dollars in millions

	Three months ended December 31, 2011				Three months ended September 30, 2011			
	As Reported	Pension change (a)	Inventory acctg change	Adjusted	As Reported	Pension change (a)	Inventory acctg change	Adjusted
Europe	\$ 41	5		\$ 46	\$ 106	5		\$ 111
North America	48	(6)	0	42	73	(6)	0	67
South America	85			85	67			67
Asia Pacific	27			27	23			23
Reportable segment totals	201	(1)	0	200	269	(1)	0	268
Items excluded from Segment Operating Profit:								
Retained corporate costs and other	(28)	1		(27)	(24)	1		(23)
Restructuring and asset impairment	(71)			(71)	(29)			(29)
Charge for asbestos related costs	(165)			(165)				
Charge for goodwill impairment	(641)			(641)				
Interest income	3			3	2			2
Interest expense	(68)			(68)	(70)			(70)
Earnings from continuing operations before income taxes	\$ (769)	\$0	\$0	\$ (769)	\$ 148	\$0	\$0	\$ 148

Segment Operating Profit Dollars in millions

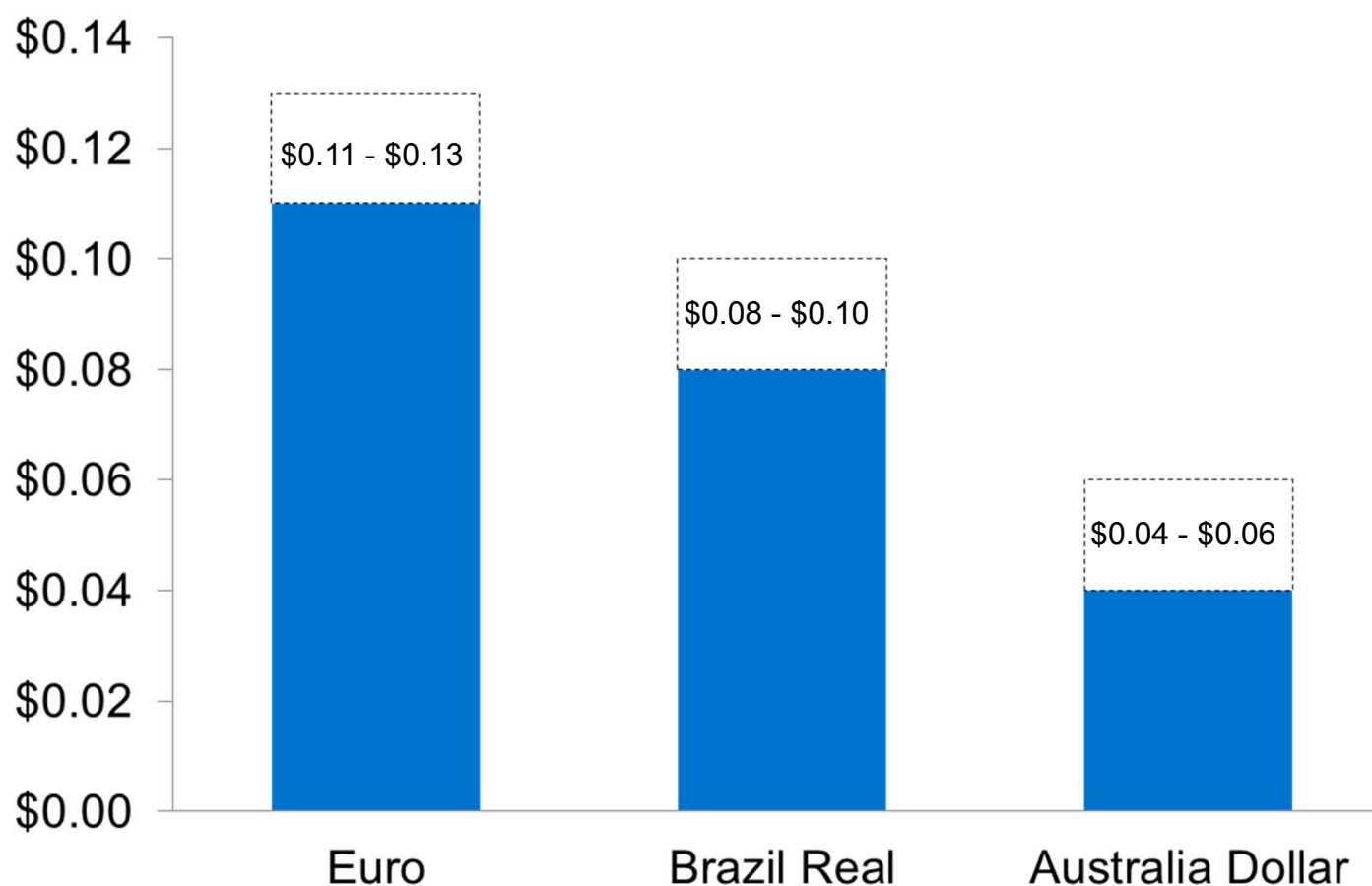
	Three months ended June 30, 2011				Three months ended March 31, 2011			
	As Reported	Pension change (a)	Inventory acctg change	Adjusted	As Reported	Pension change (a)	Inventory acctg change	Adjusted
Europe	\$ 107	5		\$ 112	\$ 71	5		\$ 76
North America	56	(6)	0	50	59	(6)	10	63
South America	53			53	45			45
Asia Pacific	9			9	24			24
Reportable segment totals	225	(1)	0	224	199	(1)	10	208
Items excluded from Segment Operating Profit:								
Retained corporate costs and other	(14)	1		(13)	(13)	1		(12)
Restructuring and asset impairment	(4)			(4)	(8)			(8)
Interest income	3			3	3			3
Interest expense	(100)			(100)	(76)			(76)
Earnings from continuing operations before income taxes	\$ 110	\$0	\$0	\$ 110	\$ 105	\$0	\$10	\$ 115

(a) As previously discussed on the 4Q11 earnings conference call



Foreign currency exchange rate trends

Annual estimated EPS sensitivity to a 10% change in exchange rate with U.S. \$ ⁽¹⁾



⁽¹⁾ Estimated based on 2012 net earnings mix, which includes segment profit, net interest, and tax expense recorded in each currency.

Reconciliation of Credit Agreement EBITDA to Net Earnings (Loss)



\$ Millions	Years ended December 31,					
	2011	2010	2009	2008	2007	2006
Net earnings (loss)	\$ (490)	\$ (5)	\$ 198	\$ 328	\$ 1,401	\$ 16
Add (deduct):						
Net loss (earnings) of discontinued operations	(1)	300		(7)	(1,042)	24
Gain on sale of discontinued operations						
Provision for income taxes	85	129	128	237	148	125
Interest expense	314	249	222	253	349	349
Amortization of intangibles	17	22	21	29	29	22
Depreciation	405	369	375	431	423	428
<i>Adjustments in accordance with the Company's bank credit agreement:</i>						
Asia Pacific goodwill adjustment	641					
Charges for asbestos-related costs	170	79	87	97	108	120
Restructuring and asset impairment	112	13	214	133	100	30
Pro forma EBITDA for acquisitions		46				
Adjustment for discontinued amounts						162
Other		32	17			14
Credit Agreement EBITDA	\$ 1,253	\$ 1,234	\$ 1,262	\$ 1,501	\$ 1,516	\$ 1,290
Total debt at December 31	\$ 4,033	\$ 4,278	\$ 3,608	\$ 3,334	\$ 3,714	\$ 5,457
Less cash	400	640	812	380	388	223
Net debt	\$ 3,633	\$ 3,638	\$ 2,796	\$ 2,954	\$ 3,326	\$ 5,234
Net debt divided by Credit Agreement EBITDA	2.9	2.9	2.2	2.0	2.2	4.0



Free Cash Flow

\$ Millions

Years ended December 31,

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash provided by continuing operating activities	\$ 505	\$ 600	\$ 729	\$ 660	\$ 574	\$ 65
Additions to property, plant and equipment - continuing	(285)	(500)	(407)	(340)	(273)	(261)
Free cash flow	<u>\$ 220</u>	<u>\$ 100</u>	<u>\$ 322</u>	<u>\$ 320</u>	<u>\$ 301</u>	<u>\$ (196)</u>