OWENS ILLINOIS INC /DE/
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SCHEDULE 14A INFORMATION

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

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Check the appropriate box:

/ / Preliminary Proxy Statement

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OWENS-ILLINOIS, INC.

(Name of Registrant as Specified In Its Charter)

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Payment of Filing Fee (Check the appropriate box):

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OWENS-ILLINOIS, INC.

NOTICE AND PROXY STATEMENT

For

The Annual Meeting of Share Owners

To Be Held

Wednesday, May 3, 2006

YOUR VOTE IS IMPORTANT

Please mark, date and sign the enclosed proxy card and promptly return it in the enclosed envelope.

OWENS-ILLINOIS, INC.

One SeaGate
Toledo, Ohio 43666

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 Wednesday, May 3, 2006, at 9:00 a.m. in the auditorium of the Owens-Illinois World Headquarters Building, One SeaGate, Toledo, Ohio 43666 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 2006; and

3. Such other business as may properly be presented for action at the meeting or any postponement or adjournment thereof.

Enclosed is a Proxy Statement, which provides information concerning the Company and the Board of Directors' nominees for election as directors and information concerning the selection of Ernst & Young LLP as the Company's independent registered public accounting firm.

The Board of Directors fixed the close of business on March 6, 2006, 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 in more than one name, all holders of record should sign the proxy card. If you desire to vote for all of the Board of Directors' nominees for election to the Board of Directors and in favor of the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2006, 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 voting options described in the enclosed Proxy Statement and on the proxy card.

Management sincerely appreciates your support. We hope to see you at the Annual Meeting.

By order of the Board of Directors,

Steven R. McCracken
Chairman of the Board

James W. Baehren
Secretary

April 5, 2006
Toledo, Ohio

TABLE OF CONTENTS

PROXY STATEMENT FOR THE ANNUAL MEETING OF SHARE OWNERS	1
Who May Vote	1
How to Vote	1
Revocability of Proxies	2
Vote Required to Approve Matters	2
Other Matters	3
PROPOSAL 1: ELECTION OF DIRECTORS	4
General	4
Information on Nominees and Continuing Directors	4
Board Recommendation	6
Information Concerning the Board	6
Committees of the Board of Directors	9
Code of Business Conduct and Ethics	11
DIRECTOR AND EXECUTIVE OFFICER COMPENSATION AND OTHER INFORMATION	12
Director Compensation	12
Summary Compensation Table	13
Option/SAR Grants in Last Fiscal Year	16
Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values	17
Long-Term Incentive Plans Awards in Last Fiscal Year	17
Pension Plans	19
Certain Transactions	22
Compensation Committee Interlocks and Insider Participation	22
Board Compensation Committee Report on Executive Compensation	23
AUDIT COMMITTEE REPORT	28
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	29
Fees Paid to Ernst & Young LLP	29
Pre-Approval of Independent Registered Public Accounting Firm Services	29
PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	32
PERFORMANCE GRAPH	33
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	34
Section 16(a) Beneficial Ownership Reporting Compliance	37
2007 ANNUAL MEETING OF SHARE OWNERS	37
PROXY SOLICITATION	37

OWENS-ILLINOIS, INC.

One SeaGate
Toledo, Ohio 43666

PROXY STATEMENT FOR THE ANNUAL MEETING OF SHARE OWNERS
To Be Held May 3, 2006

The Annual Meeting of the share owners of Owens-Illinois, Inc. (herein called the "Company") will be held on Wednesday, May 3, 2006, at 9:00 a.m. in the auditorium of the Owens-Illinois World Headquarters Building, One SeaGate, Toledo, Ohio 43666. At the Annual Meeting, share owners will vote to elect three directors, each to serve a term of three years, and consider the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2006, as more fully described below.

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 April 5, 2006.

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 6, 2006 (the "record date"). At the close of business on the record date, 153,031,134 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 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 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 cast a vote in one of four ways:

Vote by Internet

A share owner can choose to vote shares at any time over the Internet site listed on the accompanying proxy card. The Internet site will give share owners the opportunity to provide voting instructions with respect to their shares and confirm that the instructions have been accurately recorded. If a vote is cast over the Internet site, the share owner does not need to return the proxy card.

Vote by Telephone

A share owner can also vote by telephone at any time by calling the toll-free number (for residents of the U.S. and Canada) listed on the proxy card. To vote, the share owner must enter the control number listed on the proxy card and follow the recorded instructions. If a vote is cast by telephone, the share owner does not need to return the proxy card.

Vote by Mail

If the share owner chooses to vote by mail, the share owner is required to complete, date and sign the accompanying proxy card and return it promptly in the enclosed envelope.

Vote in Person

A share owner can choose to vote in person at the Annual Meeting by ballot.

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 vote 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 for election as a director. Proxies duly executed and received in time for the meeting will be voted in accordance with share owners' instructions. If no instructions are given, proxies will be voted (a) to elect Gary F. Colter, Corbin A. McNeill, Jr. and Helge H. Wehmeier as directors of the Company for a term of three years to expire at the annual meeting of share owners in 2009, (b) for ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2006, and (c) 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 giving notice of revocation to the Company in writing or at the 2006 Annual 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.

Directors are elected by a plurality of the shares cast at the meeting. If you do not vote for a particular nominee, or you indicate "withhold authority to vote" for a particular nominee on your proxy, your vote will not count either "for" or "against" the nominee. A "broker non-vote" will also have no effect on the outcome. Under the Company's *Corporate Governance Guidelines*, any nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall tender his or her resignation for consideration by the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee shall recommend to the Board the actions to be taken with respect to such offer of resignation.

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 2006. Abstentions will have the same effect as votes "against" these proposals and "broker non-votes" will not be counted in determining whether the proposals have been approved.

Other Matters

Management of the Company does not know of any matter that will be presented for action at the 2006 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 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 selection of directors following the election of such class. The Board currently consists of ten members, three 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 2007 Annual Meeting, and three of whom are Class II directors whose terms expire at the 2008 Annual Meeting. With the exception of Mr. McNeill, who was appointed to fill a vacancy created by an expansion of the size of the Board of Directors as a Class III director, effective April 19, 2005, Mr. Stroucken, who was appointed to fill a vacancy created by the early retirement of James H. Greene, Jr. as a Class I director effective August 19, 2005, and Mr. Williams, who was appointed to fill a vacancy created by an expansion of the size of the Board of Directors as a Class I director, effective October 18, 2005, all of the directors listed herein, including the other nominees, have served as directors since the last Annual Meeting.

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 2009 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.

The following table provides information on the persons nominated for election to the Board and the continuing directors:

Name, Principal Occupation and Other Directorships	Age	Term Expires at Annual Meeting in	Year Service Commenced
NOMINEES:			
Gary F. Colter	60	2006	2002
President of CRS Inc., a corporate restructuring management consulting company, since 2002, and, prior thereto, Vice Chairman of KPMG Canada (2000-2002), Global Managing Partner, Financial Advisory Services, of KPMG International (1998-2000) and Vice Chairman of KPMG Canada (1989-1998). Mr. Colter is a director of CIBC and Core-Mark Holding Company, Inc. and is a trustee of Retirement Residences Real Estate Investment Trust.			

Corbin A. McNeill, Jr.	66	2006	2005
Retired Chairman and Co-Chief Executive Officer (2000-2002) of Exelon Corporation, a natural gas and electric utility company (formed in the October 2000 merger of Peco Energy Company and Unicom Corporation), prior thereto Chairman, President and Chief Executive Officer (1997-1999), Director, President and Chief Executive Officer (1990-1995) and Executive Vice President Nuclear (1988-1990) of Peco Energy Company. Mr. McNeill is a director of Ontario Power Generation, Associated Electric & Gas Insurance Services Ltd., and as Non-Executive Chairman of the Board of Directors of Portland General Electric.			
Helge H. Wehmeier	63	2006	2005
Retired Vice-Chairman of Bayer Corporation (2002 to 2004), and, prior thereto, President and Chief Executive Officer of Bayer Corporation (1991-2002). Mr. Wehmeier is a director of PNC Financial Services Group, Inc. and Terex Corporation.			
CONTINUING DIRECTORS:			
Robert J. Dineen	76	2007	1994
Retired Chairman of the Board of Directors of Layne Christensen Company (1992 to 2005), and, prior thereto, President and Chief Executive Officer of The Marley Company for more than five years. Mr. Dineen is a director of Layne Christensen Company. Mr. Dineen serves as the Company's lead director.			
Albert P.L. Stroucken	58	2007	2005
Chairman of the Board of H.B. Fuller Company since 1999 and President and Chief Executive Officer of H.B. Fuller since 1998, and prior thereto, General Manager, Inorganics Division of Bayer AG (1997-1998), Executive Vice President and President of Industrial Chemicals Division, Bayer Corporation (1992-1997). Mr. Stroucken is a director of H.B. Fuller Company and Baxter International, Inc.			
Dennis K. Williams	60	2007	2005
Retired as Chairman of the Board of IDEX Corporation, a position he held since 2000, where he previously also served as President and Chief Executive Officer (2000-2005), prior thereto, President and Chief Executive Officer of GE Power Systems Industrial Products (1998-2000). Mr. Williams is a director of Washington Group International, Inc.			

Thomas L. Young	62	2007	1998
President, Titus Holdings Ltd., a private investment company, and prior thereto, Executive Vice President and Chief Financial Officer of the Company, positions he held since 2004 and 2003, respectively, Co-Chief Executive Officer (2004) and Executive Vice President, Administration and General Counsel (1998-2004). Mr. Young is a director of Franklin Electric Co., Inc. and Manor Care Inc.			
Anastasia D. Kelly	56	2008	2002
Retired as Executive Vice President and General Counsel of MCI in 2006, positions she held since 2003, prior thereto, Senior Vice President and General Counsel of Sears, Roebuck and Co. (1999-2003) and as Senior Vice President (1996-1999) and General Counsel and Secretary (1995-1999) of Fannie Mae, a financial services company.			
Steven R. McCracken	52	2008	2004
President and Chief Executive Officer of the Company since April 1, 2004 and Chairman of the Board of Directors since May 12, 2004, and, prior thereto, President of Invista, the global fibers and related intermediates business subsidiary of E. I. DuPont de Nemours and Company ("DuPont") (2003-2004), DuPont Group Vice President (2000-2003) and Vice President and General Manager of DuPont Lycra® (1997-2000). Mr. McCracken is a director of NiSource Inc.			
John J. McMackin, Jr.	54	2008	1994
Member of the law firm of Williams & Jensen for more than five years.			

Board Recommendation

The Board recommends that you vote **FOR** the three nominees identified above.

Information Concerning the Board

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

Independence

A 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 Exchange: Gary F. Colter, Robert J. Dineen, Anastasia D. Kelly, Corbin A. McNeill, Jr., Albert P.L. Stroucken, Helge H. Wehmeier and Dennis K. Williams. In making this determination, the Board has determined that none of these directors has any relationships with the Company other then their roles as directors.

Attendance at Meetings by Directors

In 2005, the Board met five times. In connection with the meetings of the Board, the non-management directors met five times in executive session in 2005 and the independent directors met once.

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 2005 averaged 100% for directors as a group.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines. A copy of the Guidelines is available on the Investor Relations section of the Company's website (www.o-i.com). A copy of the Guidelines is also available in print to share owners upon request, addressed to the Corporate Secretary at Owens-Illinois, Inc., One SeaGate, Toledo, Ohio 43666. 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 not a part of this Proxy Statement or incorporated by reference. The Company does not have a policy with regard to board members' attendance at Annual Meetings, although members of the Board are now encouraged to attend. In 2006, a meeting of the Board has been scheduled on the date of the Annual Meeting. Two members of the board attended the 2005 Annual Meeting.

Non-Management Directors

The non-management directors meet at regularly scheduled Board meetings in executive session without management and hold such additional executive sessions as they determine necessary or appropriate. The non-management directors met five times in executive session in 2005. In addition, the independent directors met once in executive session in 2005. Mr. Dineen, as lead independent director, or his designee presides at these executive sessions.

Lead Director

As Chair of the Nominating/Corporate Governance Committee, Mr. Dineen serves as the 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.

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 four 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 guideline. Until the stock ownership guidelines are met, directors are required to retain 100% of the "net profit shares" acquired from restricted stock. Net profit shares are those shares remaining after payment of tax obligations.

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 by mail. 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 sent "c/o General Counsel/Corporate Secretary" at Owens-Illinois, Inc., One SeaGate, Toledo, Ohio 43666. All communications so received will be opened by the office of the Company's general counsel 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 general counsel's office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope is addressed.

Process for Selecting Nominees for the Board

The Nominating/Corporate Governance Committee of the Board is responsible for identifying individuals qualified to become members of the Board and selecting, or recommending that the Board select, the candidates for all directorships to be filled by the Board or by the share owners at an annual or special meeting of share owners. In identifying candidates for membership on the Board, the Committee will take into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity and the extent to which the candidate would fill a present need on the Board. The Committee will conduct all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates and shall consider questions of independence and possible conflicts of interest of members of the Board of Directors and executive officers.

The Board currently consists of 10 members. Under the Company's Certificate of Incorporation, the maximum size of the Board is 11 members. That provision cannot be repealed or amended unless approved by the affirmative vote of holders of not less than 80% of all outstanding shares of Common Stock.

The Nominating/Corporate Governance Committee will consider potential candidates for director that have been recommended by the Company's directors, the chief executive officer, other members of senior management, and share owners. The procedures for the nomination of director candidates by share owners is described below under the heading "2007 Annual Meeting of Share Owners." Outside consultants may also be employed to help in identifying potential candidates.

Members of the Nominating/Corporate Governance Committee discuss and evaluate possible candidates in detail, and determine which individuals to explore in more depth. Once a candidate is identified whom the Nominating/Corporate Governance Committee wants to seriously consider and move toward nomination, one or more members of the Nominating/Corporate Governance Committee will enter into discussions with the candidate. The performance of incumbent members of the Board is evaluated annually by the Nominating/Corporate Governance Committee. Incumbent directors whose performance is satisfactory generally will be renominated by the Board at the end of their term. In that case, the Nominating/Corporate Governance Committee does not consider a vacancy to exist.

Qualifications of Director Nominees

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

Committees of the Board of Directors

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 Management Committee.

Committee Membership

The members of the Board serving on committees of the Board and the number of meetings held in 2005 by the committees are identified below.

Name	Audit	Compensation	Nominating/ Corporate Governance	Risk Management
Independent Directors:				
Gary F. Colter	Chair		×	
Robert J. Dineen		×	Chair	
Anastasia D. Kelly	×	Chair		
Corbin A. McNeill, Jr.		×		Chair
Albert P.L. Stroucken		×	×	
Helge H. Wehmeier	×		×	
Dennis K. Williams	×			
Non-Independent Directors:				
John J. McMackin, Jr.				×
Thomas L. Young				×
Employee Director:				
Steven R. McCracken				×
Number of Meetings in 2005	9	3	2	1

Audit Committee

The Audit Committee represents and assists the Board with the oversight of: (a) the integrity of the Company's financial statements and internal controls; (b) the Company's compliance with legal and regulatory requirements; (c) the independent registered public accounting firm's qualifications and independence; and (d) the performance of the Company's internal audit function and of the independent registered public accounting firm. The Audit Committee operates under a written charter adopted by the Board (the "Audit Committee Charter"), which sets forth the specific responsibilities of the Audit

Committee. A copy of the Audit Committee Charter is available on the Investor Relations section of the Company's website (www.o-i.com) and in print, free of charge, to any share owner upon request addressed to the Corporate Secretary at Owens-Illinois, Inc., One SeaGate, Toledo, Ohio 43666.

All members of the Audit Committee meet the audit committee independence requirements of the New York Stock Exchange and also satisfy the enhanced independence standards applicable to audit committees pursuant to Rule 10A-3(b)(i) under the Securities Exchange Act of 1934, as amended. The Board has determined that Mr. Colter, the chair of the Committee, is qualified as an "audit committee financial expert" within the meaning of Securities and Exchange Commission ("SEC") regulations and that all of the Committee members meet the financial literacy requirements of the New York Stock Exchange. No member of the Audit Committee serves on the audit committee of more than three public companies.

Compensation Committee

The Compensation Committee assists the Board with respect to compensation of the Company's executive officers and directors. In carrying out such responsibilities, the Compensation Committee administers the Amended and Restated Stock Option Plan, the Amended and Restated 1997 Equity Participation Plan, the 2005 Incentive Award Plan, the Incentive Bonus Plan and certain other benefit plans of the Company and makes recommendations to the Board with respect to the compensation to be paid and benefits to be provided to directors, officers and employees of the Company.

The Compensation Committee operates under a written charter adopted by the Board (the "Compensation Committee Charter"), which sets out the specific responsibilities of the Compensation Committee. A copy of the Compensation Committee Charter is available on the Investor Relations section of the Company's website (www.o-i.com) and in print, free of charge, to any share owner upon request addressed to the Corporate Secretary at Owens-Illinois, Inc., One SeaGate, Toledo, Ohio 43666.

Each member of the Compensation Committee is an "independent director" under the New York Stock Exchange listing standards.

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee assists the Board (a) in identifying individuals qualified to become directors, consistent with criteria approved by the Board, and recommending that the Board select, the candidates for all directorships to be filled by share owners or the Board; (b) by developing and recommending to the Board a set of corporate governance principles applicable to the Company; (c) by overseeing the evaluation of the Board; and (d) by taking a leadership role in shaping the corporate governance of the Company.

The Nominating/Corporate Governance Committee operates under a written charter adopted by the Board (the "Nominating/Corporate Governance Committee Charter"), which sets out the specific responsibilities of the Committee. A copy of the Nominating/Corporate Governance Charter 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 Corporate Secretary at Owens-Illinois, Inc., One SeaGate, Toledo, Ohio 43666.

Each member of the Nominating/Corporate Governance Committee is an "independent director" under the New York Stock Exchange listing standards.

The Nominating/Corporate Governance Committee will accept recommendations from share owners for nominees for the Board. The procedures for submitting share owner recommendations are explained below under the heading "2007 Annual Meeting of Share Owners."

Risk Management Committee

The Risk Management Committee assists the Board in fulfilling its responsibility to share owners, potential share owners and the investment community by (a) assessing, and providing oversight to management relating to the identification and evaluation of major strategic, operational, regulatory, information and external risks inherent in the business of the Company (the "Risks") and the control processes with respect to such risks; (b) overseeing the risk management, compliance and control activities of the Company; (c) overseeing the integrity of the Company's systems of operational controls regarding legal and regulatory compliance; and (d) overseeing compliance with legal and regulatory requirements, including, without limitation, with respect to the conduct of the Company's business. The Risk Management Committee does not have responsibility for matters subject to the jurisdiction of another committee of the Board pursuant to that committee's charter. Under the terms of its charter, the Risk Management Committee (i) reviews and evaluates management's identification of all major Risks to the business and their relative weight; (ii) assesses the adequacy of management's risk assessment, its plans for risk control or mitigation, and disclosure; (iii) reviews the Company's disclosure of Risks in all filings with the Securities and Exchange Commission (including the Annual Report on Form 10-K); and (iv) together with the Audit Committee, reviews, assesses and discusses with the General Counsel, the Chief Financial Officer and the independent registered public accounting firm (A) any significant risks or exposures; (B) the steps management has taken to minimize such risks or exposures; and (C) the Company's underlying policies with respect to risk assessment and risk management.

Code of Business Conduct and Ethics

The Company has a Code of Business Conduct and Ethics, which is applicable to all directors, officers and employees of the Company, including the principal executive officer, the principal financial officer and the principal accounting officer. The Code of Business Conduct and Ethics 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 Corporate Secretary at Owens-Illinois, Inc., One SeaGate, Toledo, Ohio 43666. The Company intends to post amendments to, or waivers from, its Code of Business Conduct and Ethics (to the extent applicable to the Company's directors, executive officers, principal financial officer or principal accounting officer) at this location on its website.

DIRECTOR AND EXECUTIVE OFFICER COMPENSATION AND OTHER INFORMATION

Director Compensation

Each non-management director of the Company receives an annual retainer of $50,000, payable quarterly. Each non-management director also receives $2,000 for each Board meeting in which such director participates. The Chair of the Audit Committee receives an additional annual retainer of $20,000, and each non-management director who serves as a chair of any other Committee receives an additional annual retainer of $10,000. The lead director receives an annual retainer of $10,000 in addition to the annual retainer for service as chair of a Committee. Each non-management director who serves as a member of a committee of the Board (including as chair) receives $2,000 for each committee meeting in which such director participates. In addition, each non-management director will receive a grant under the 2004 Equity Incentive Plan for Directors of Owens-Illinois, Inc. of restricted stock of the Company on the day following the Annual Meeting of share owners with a value of approximately $50,000 on the date of the grant. This stock cannot be sold by any director until the later to occur of (a) three years after the date of grant, and (b) the end of the director's then current Board term. Each director is reimbursed for expenses associated with meetings of the Company's Board or its committees.

The Deferred Compensation Plan for Directors of Owens-Illinois, Inc. provides an opportunity for non-management directors to defer payment of their directors' fees. Under the plan, a non-management director may defer receipt of all or any portion of the cash portion of the compensation described above. Deferrals may be credited into a cash account or into a Company stock unit account. Funds held in a cash account accrue interest at a rate equal from time to time to the average annual yield on domestic corporate bond of Moody's A-rated companies, plus one percent. Distributions from the plan are made in cash.

The total compensation paid to non-management directors is 2005 is reflected in the following table.

Name	Annual Retainer	Annual Committee Chair Retainer	Board Meeting Fees	Committee Meeting Fees	Restricted Stock Award(1)	Total
Gary F. Colter	$ 50,000	$ 20,000	$ 10,000	$ 22,000	$ 50,000	$ 152,000
Robert J. Dineen	50,000	16,500	10,000	24,000	50,000	150,500
Anastasia D. Kelly	50,000	3,668	10,000	22,000	50,000	135,668
John J. McMackin, Jr.	50,000	0	10,000	2,000	50,000	112,000
Corbin A. McNeill, Jr.	37,500	7,500	10,000	4,000	50,000	107,000
Albert P.L. Stroucken	18,342	0	4,000	4,000	0	26,342
Helge H. Wehmeier	50,000	0	10,000	22,000	50,000	132,000
Dennis K. Williams	10,190	0	4,000	2,000	0	16,190
Thomas L. Young (2)	0	0	0	0	50,000	50,000

(1) The amounts shown represent 2,007 shares of restricted stock of the Company valued at the closing price on the New York Stock Exchange ($24.91) on the day immediately preceding the grant date of May 12, 2005.

(2) Mr. Young is a party to a consulting agreement with the Company, as described under the heading "Certain Transactions" below. Mr. Young has chosen to forego receipt of cash board fees to the extent the amounts paid to him under the consulting agreement exceed the board fees to which he would otherwise be entitled.

Summary Compensation Table

The following table shows, for the years ended December 31, 2003, 2004 and 2005, the cash compensation paid by the Company and its subsidiaries, as well as certain other compensation paid or accrued for those years, to the Company's chief executive officer in 2004 and 2005, its chief financial officer and the four other most highly compensated executive officers of the Company (the "named executive officers") in all capacities in which they served.

		Annual Compensation			Long Term Compensation: Awards		Long Term Compensation: Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Other Annual Compensation ($)(2)	Restricted Stock Award(s) ($)(3)	Securities Underlying Options/SAR's (#)(4)	Long-term Incentive Payouts ($)(5)	All Other Compensation ($)(6)
Steven R. McCracken(7) Chief Executive Officer and Chairman	2005	$ 800,000	$ 1,261,200	$ 199,423	$ 520,775	67,042	$ 0	$ 144,958
	2004	525,000	1,434,038	25,549	2,173,100	335,000	0	153,662
	2003							
Edward C. White Senior V.P. and Chief Financial Officer	2005	332,083	175,915	63,752	113,130	15,000	35,667	69,618
	2004	251,333	233,415	29,627	126,800	10,000	42,531	46,447
	2003	195,333	75,000	33,335	79,440	4,000	46,728	7,813
James W. Baehren Senior V.P., Chief Administrative Officer and General Counsel	2005	325,883	188,348	42,842	113,130	15,000	46,510	53,835
	2004	290,000	258,764	42,454	190,200	15,000	77,644	52,297
	2003	251,667	90,000	48,179	119,160	7,000	65,313	10,067
Philip McWeeny Vice President and General Counsel-Corporate	2005	320,000	234,976(8)	94,561	75,420	10,000	49,709	131,409
	2004	300,000	270,000	47,049	126,800	10,000	82,983	129,837
	2003	265,333	88,000	65,140	79,440	7,000	93,791	10,614
Gilberto E. Restrepo Senior V.P., President of O-I Europe	2005	352,500	153,983	283,579	125,700	17,500	48,351	0
	2004	276,750	252,728	38,900	190,200	15,000	80,717	40,634
	2003	265,333	120,000	63,487	119,160	14,000	76,519	25,000
Peter J. Robinson(9) Senior V.P., President of O-I Asia Pacific	2005	898,106(10)	538,001(11)	97,418	125,700	22,000	88,310	30,954
	2004	895,718	779,851	110,800	228,240	25,000	145,323	30,318
	2003	622,024	584,003	115,634	178,740	30,000	74,860	7,087

(1) Except as otherwise provided in footnotes 8 and 11 below, the amounts disclosed in this column represent awards under the Owens-Illinois, Inc. Senior Management Incentive Plan for the year indicated or, in the case of Mr. McCracken, under the Company's Incentive Bonus Plan. Amounts, if any, deferred at the election of a named executive officer are included in the year earned.

(2) Other Annual Compensation is summarized below:

Name	Year	Financial Planning(a)	Executive Physical	Leased Automobile	Personel Use of Aircraft(b)	Other Misc. Income(c)	Tax Payments(d)
Steven R. McCracken	2005	14,961	3,468	13,612	102,416	0	64,966
	2004	$ 0	$ 0	$ 9,264	$ 5,354	$ 0	$ 11,071
	2003						
Edward C. White	2005	5,500	396	13,612	0	26,500	17,743
	2004	600	0	15,881	0	0	13,146
	2003	600	1,407	16,250	0	0	15,078
James W. Baehren	2005	1,866	3,495	13,612	0	0	23,869
	2004	2,531	0	15,881	0	0	24,042
	2003	2,505	0	16,250	0	0	29,424
Philip McWeeny	2005	10,428	0	13,612	36,871	0	33,650
	2004	5,000	0	15,881	5,078	0	21,090
	2003	3,303	0	28,626	1,323	0	31,888
Gilberto E. Restrepo	2005	0	0	0	0	155,680	127,899
	2004	0	0	22,789	0	16,111	0
	2003	0	0	20,885	0	42,602	0
Peter J. Robinson	2005	0	1,002	47,085	0	2,084	47,247
	2004	0	841	50,358	0	9,997	50,418
	2003	0	1,593	43,430	0	13,758	56,853

(a) Named executive officers are eligible for reimbursement for professional advice related to tax, estate planning, and financial planning.

(b) The amounts shown in this column reflect the personal use of Company aircraft by the named executive officers. Under board policy, for security reasons Mr. McCracken must generally use the Company aircraft for both business and personal travel. Personal travel by any other officers requires the approval of the CEO. The amounts shown for 2005 reflect the variable costs of personal flights taken by the respective officers. Variable costs were calculated based on a methodology that reflects average costs of operating each aircraft, such as fuel costs, trip-related maintenance, crew travel expenses, trip-related fees and storage costs, on-board catering and communications charges, and other miscellaneous variable costs. Since the aircraft are used primarily for business travel, fixed costs that do not change based on usage such as pilot compensation, the purchase or lease costs of the aircraft, and maintenance not related to travel are excluded. The amounts shown in this column for 2003 and 2004 are based on the Company's historical approach of reporting the income imputed to the named executive officer for personal use of Company aircraft based on the Standard Industry Fare Level ("SIFL") rates, as allowed by the Internal Revenue Code. It was not administratively feasible to recalculate the 2003 and 2004 amounts using the variable cost method described above.

(c) The amounts shown in this column include the following:
For Mr. White, expatriate allowances of $26,500 in connection with his expatriate assignment. Mr. White, who was on expatriate assignment in Europe, received such allowances under the Company's international assignment policy, which is applicable to all employees serving on international assignment under the policy and is designed to minimize any financial detriment or gain to the employee from the international assignment.
For Mr. Restrepo, expatriate allowances of $155,680, including the following items: cost of living allowance of $33,880, utilities allowance of $1,971, housing allowance of $51,414, furnishing allowance of $6,082, one-time relocation allowance of $28,333, and one time foreign service allowance of $34,000, all in connection with his expatriate assignment. Mr. Restrepo, who is on expatriate assignment in Europe, receives such allowances under the Company's international assignment policy, which is applicable to all employees serving on international assignment under the policy and is designed to minimize any financial detriment or gain to the employee from the international assignment. Also included is $13,634 and $40,475 for 2004 and 2003, respectively, as a housing allowance during Mr. Restrepo's assignment in Colombia.

(d) The amounts shown in this column include tax gross-ups, tax payments and tax reimbursements for financial planning and other miscellaneous perquisites and other benefit amounts, and, with respect to each named executive officer, the following items for 2005:
For Mr. McCracken, $10,180 attributable to his personal use of an automobile provided by the Company, $38,486 attributable to personal use of Company aircraft, $11,189 attributable to tax preparation and financial planning, and $4,855 attributable to premiums paid during 2005 by the Company in connection with life insurance policies issued pursuant to the Owens-Illinois Executive Life Insurance Plan and Participation Agreements entered into between the Company and Mr. McCracken.
For Mr. White, $10,180 attributable to his personal use of an automobile provided by the Company, $4,113 attributable to tax preparation and financial planning, and $3,450 attributable to premiums paid during 2005 by

the Company in connection with life insurance policies issued pursuant to the Owens-Illinois Executive Life Insurance Plan and Participation Agreements entered into between the Company and Mr. White.

For Mr. Baehren, $10,180 attributable to his personal use of an automobile provided by the Company, $1,395 attributable to tax preparation and financial planning, $2,708 attributable to premiums paid during 2005 by the Company in connection with life insurance policies issued pursuant to the Owens-Illinois Executive Life Insurance Plan and Participation Agreements entered into between the Company and Mr. Baehren, and $9,535 attributable to contributions by the Company to the Secular Trust Plan on behalf of Mr. Baehren.