OWENS ILLINOIS INC /DE/
Form DEF 14A
March 30, 2017
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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 x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

Payment of Filing Fee (Check the appropriate box):

x	No fee required.		
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.		
		(1)	Title of each class of securities to which transaction applies:
		(2)	Aggregate number of securities to which transaction applies:
		(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
		(4)	Proposed maximum aggregate value of transaction:
		(5)	Total fee paid:
o	Fee paid previously with preliminary materials.		
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(4) Date Filed:

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OWENS-ILLINOIS, INC.

NOTICE AND PROXY STATEMENT

For

The Annual Meeting of Share Owners

To Be Held

Thursday, May 11, 2017

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, Inc. Share Owner:

You are cordially invited to attend the Annual Meeting of the share owners of Owens-Illinois, Inc. (the Company) to be held on Thursday, May 11, 2017, at 9:00 a.m. in Plaza 2 of the O-I World Headquarters, Perrysburg, Ohio for the purpose of considering and voting upon the following matters:

1. The election of 12 directors, each to serve for a term of one year;

2. The ratification of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for 2017;

3. An advisory vote to approve named executive officer compensation;

4. An advisory vote on the frequency of future advisory votes on the compensation of the named executive officers (Say on Pay Frequency);

5. The approval of the Owens-Illinois, Inc. 2017 Incentive Award Plan (the 2017 Plan); and

6. 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 that provides information concerning the Company and nominees for election to the Board of Directors (the Board), the selection of Ernst & Young LLP as the Company s independent registered public accounting firm, an advisory vote to approve named executive officer compensation, an advisory vote on the Say on Pay Frequency and the approval of the 2017 Plan. The Company intends to commence distribution of this notice and the accompanying Proxy Statement and proxy card on or about March 30, 2017.

The Board fixed the close of business on March 15, 2017, 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 that 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 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 2017;
- FOR the advisory vote to approve named executive officer compensation; and
- FOR one year as to the frequency for the Say on Pay Frequency;
- FOR the approval of the 2017 Plan;
- 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 nominees, for the ratification of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for 2017, for the advisory vote to approve named executive officer compensation, for the one year Say on Pay Frequency and for approval of the 2017 Plan, you need not mark your votes on the proxy card, but need only sign, date it, and return it in the enclosed envelope. As an alternative to returning the proxy card, you may use the Internet or telephone to submit your proxy as described in the enclosed Proxy Statement and on the proxy card.

We sincerely appreciate your interest in and support of Owens-Illinois, and we hope to see you at the Annual Meeting.

By order of the Board of Directors,

ANDRES A. LOPEZ
Chief Executive Officer

MARY BETH WILKINSON
Corporate Secretary

March 30, 2017

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 11, 2017

The Annual Meeting of the share owners of Owens-Illinois, Inc. (the Company) will be held on Thursday, May 11, 2017, at 9:00 a.m. in Plaza 2 of the O-I World Headquarters, Perrysburg, Ohio. At the Annual Meeting, share owners will: (1) vote to elect 12 directors, each to serve a term of one year; (2) consider the ratification of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for 2017; (3) participate in an advisory vote to approve named executive officer compensation; (4) participate in an advisory vote regarding Say On Pay Frequency; and (5) vote on adoption of the 2017 Plan.

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 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, 2017.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHARE OWNERS TO BE HELD ON MAY 11, 2017

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 2016 Annual Report to share owners. 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 of Annual Meeting and Proxy Statement, the Company s 2016 Annual Report to share owners and the Stakeholder Letter 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 15, 2017 (the record date). At the close of business on the record date, shares of the Company s common stock, par value $.01 per share (Common Stock), 162,708,630 shares 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 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 these 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 10, 2017. In order to vote by Internet, share owners should make sure to have the control number found on the proxy card, follow the voting instructions and confirm that their votes have been accurately recorded. If a proxy is submitted over the Internet, the share owner does not need to return the proxy card.

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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 10, 2017. To submit a 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. The deadline for Broadridge to receive and count a proxy by mail is 11:59 p.m., Eastern Time, on May 10, 2017.

Vote in Person

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

Further Instructions Regarding How to Vote

The telephonic and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. These procedures 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. Share Owners who hold their shares beneficially in street name can also choose to vote in person by ballot at the Annual Meeting, but must have a legal proxy with them executed by the nominee in order for their vote to count. At the meeting, the share owner will need to request a ballot 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 to (a) elect the 12 nominated directors of the Company for a term of one year to expire at the Annual Meeting in 2018; (b) ratify the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for 2017; (c) approve the compensation of the Company s named executive officers; (d) approve a Say On Pay Frequency of every one year; (e) approve the 2017 Plan; and (f) in the discretion of the proxy holders as to any other business that 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 (a) giving notice of revocation to the Company in writing or at the 2017 Annual Meeting; (b) submitting a later dated proxy; or (c) attending the Annual Meeting in person and voting at the meeting.

Vote Required to Approve Matters

There must be a quorum for the transaction of business at the meeting. A quorum is the presence at the meeting of a number of shares that are either present or represented by proxy, constituting a majority of the outstanding shares entitled to vote 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. 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 thereon 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

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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. The Board has established procedures under which any director who is not elected shall offer to tender his or her resignation to the Board.

Proposal Two. The affirmative vote of a majority of the stock having voting power 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 2017. 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 stock having voting power present in person or represented by proxy and entitled to vote thereon is required for the advisory vote to approve named executive officer compensation. 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. Stock having voting power present in person or represented by proxy and entitled to vote thereon will be counted with respect to the vote regarding the Say on Pay Frequency vote. Abstentions will not be included in the vote tally for any frequency option and will have no effect on the results of the vote. This proposal is a non-routine proposal on which a broker or other nominee does not have discretion to vote any uninstructed shares. Broker non-votes represent votes not entitled to be cast on the matter and thus will have no effect on the outcome of the advisory vote on the Say on Pay Frequency vote. With respect to this proposal, the frequency alternative (one year, two years or three years) that receives the highest number of votes will be considered the frequency that has been recommended by the Company s share owners. However, because this vote is advisory and not binding on us or the Company s Board of Directors in any way, the Company s Board of Directors may decide that it is in the Company s and the Company s share owners best interests to hold an advisory vote on executive compensation more or less frequently than the option recommended by the Company s share owners.

Proposal Five. The affirmative vote of a majority of the stock having voting power present in person or represented by proxy and entitled to vote thereon is required for the approval of the Owens-Illinois, Inc. 2017 Incentive Award Plan. 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.

Other Matters

Management of the Company does not know of any matter that will be presented for action at the 2017 Annual Meeting other than as described in this Proxy Statement. However, if any other matter should properly be 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 Board currently consists of 12 members whose terms expire at this year s Annual Meeting. Pursuant to the Nominating/Corporate Governance Committee s Policies and Procedures Regarding the Identification and Evaluation of Candidates for Director (the Policies and Procedures), the Committee reviewed the qualifications, performance and circumstances of each incumbent director. After completing its review, the Committee proposed all incumbent directors for re-election. The Board approved the Committee s recommendation regarding the incumbent directors.

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Information on Nominees

The Board, at the recommendation of the Nominating/Corporate Governance Committee, has nominated 12 persons for election as directors to serve for a one year term expiring at the 2018 Annual Meeting of share owners and until their successors have been elected. The nominees of the Board are Gary F. Colter, Joseph J. DeAngelo, Gordon J. Hardie, Peter S. Hellman, Anastasia D. Kelly, Andres A. Lopez, John J. McMackin, Jr., Alan J. Murray, Hari N. Nair, Hugh H. Roberts, Carol A. Williams and Dennis K. Williams. Each nominee is currently serving as a director of the Company and 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 2017 Annual meeting:

Nominees To be elected for terms expiring at the 2018 Annual Meeting

Gary F. Colter, Age 71 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 as 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, regularly attends external continuing education offerings and has substantial training and experience 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. Mr. Colter served as Chairman of the Board of Canadian Pacific Railway Limited from May 2014 to July 2015, where he had served as a director since 2012. 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.

Joseph J. DeAngelo, Age 55 Director since 2016

Mr. DeAngelo has been the Chairman of the Board, President and Chief Executive Officer of HD Supply Holdings Inc., one of the largest industrial distributors in North America, since March 2015. He served as President and Chief Executive Officer since January 2005. Previously, Mr. DeAngelo served as Executive Vice President and Chief Operating Officer of The Home Depot from January 2007 to August 2007. While at The Home Depot, Mr. DeAngelo also served as President and Chief Executive Officer of Home Depot Supply (2005-2007), Senior Vice President, Home Depot Supply (2005-2006), Senior Vice President, Home Depot Supply, Pro Business and Tool Rental (2005) and Senior Vice President, Pro Business and Tool Rental (2004-2005). Mr. DeAngelo previously served as Executive Vice President of The Stanley Works from March 2003 through April 2004. From 1986 until April 2003, Mr. DeAngelo held various positions with GE. His final position with GE was as President and Chief Executive Officer of General Electric TIP/Modular Space. Mr. DeAngelo currently serves as a board member of the HD Supply Holdings Inc. (since 2007). He is also on the board of trustees of the Shepherd Center Foundation and on the CEO Advisory Council of the Cristo Rey Atlanta Jesuit High School. Mr. DeAngelo holds a bachelor s degree in accounting and economics from the State University of New York at Albany. Mr. DeAngelo has over 32 years of global operating experience, including 17 years in various leadership roles, and that, along with his knowledge of strategic planning and global business experience, qualify him to serve on the Company s Board.

Gordon J. Hardie, Age 53 Director since 2015

Mr. Hardie currently serves as Managing Director, Bunge Food & Ingredients, a global company that operates in agribusiness, sugar and bioenergy, food and ingredients and fertilizer. Mr. Hardie has been Managing Director since 2011. At Bunge, Mr. Hardie currently serves as a member of the Executive Committee and has led the global Operational Excellence program for Bunge Ltd since 2013. Prior to joining Bunge, Mr. Hardie was a Managing Director at Morningside Partners, an M&A Advisory firm he established in 2009. Mr. Hardie previously held senior management positions at Goodman Fielder, including Managing Director (2004-2009), Sales and Marketing Director and Marketing Innovation Director (2002-2003).

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He was named Group General Manager, Marketing at SouthCorp Wines in 2000 and Vice President, Regional Markets, Asia Pacific at Foster s Brewing Group in 1999. Before immigrating to Australia in 1999, Mr. Hardie was Regional Director for the Americas and Asia Pacific Regions at Pernod Ricard Irish Distillers. Mr. Hardie holds a B.A. from the University College Cork and an M.B.A. from University College, Dublin Smurfit Graduate School of Business and has completed the Advanced Management Program and the AVIRA CEO Program at INSEAD. Mr. Hardie also serves on the North American Advisory Board of the Smurfit Graduate School of Business, University College Dublin. Mr. Hardie s extensive business leadership skills, his global business experience, and broad food and spirits industry knowledge qualify him to serve on the Company s Board.

Peter S. Hellman, Age 67 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 40 years of financial analysis experience and has been involved with investor relations for over 35 years. He 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. Nordson is a global leader in providing capital equipment to the packaging industry. Mr. Hellman also served as a director of Nordson from 2001 to 2008. 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 substantial experience in corporate transactions. Mr. Hellman also 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 Cleveland Museum of Natural History, The Holden Arboretum and LifeBanc. Through his significant board and management experience, Mr. Hellman 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.

Anastasia D. Kelly, Age 67 Director since 2002

Ms. Kelly is Co-Managing Partner (Americas) in the law firm of DLA Piper (Partner since 2010 and Co-Managing Partner since 2013). From 2006 to 2010, she was the Vice Chairman Legal, Human Resources, Corporate Communication and Corporate Affairs of American International Group, Inc. (AIG), 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, 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, and 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 DC 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.

Andres A. Lopez, Age 54 Director since 2016

Mr. Lopez has served as the President and Chief Executive Officer of Owens-Illinois since January 2016. He has been with the Company since 1986 and held several positions before becoming Chief Executive Officer, most recently serving as Chief Operating Officer (2015). He has also served as President of O-I Americas (2014-2015); President of O-I s Latin America operations (2009-2015); and Vice President of O-I s global manufacturing and engineering business unit (GMEC) (2006-2009). In 2004, he moved to the Company s headquarters in Ohio to serve as Vice President of Finance and Administration for the North America region, becoming Vice President of Manufacturing for North America in 2005. Mr. Lopez held a number of other manufacturing assignments before 2005. In 1996 he moved to Brazil, first serving as Plant Manager for the Rio de Janeiro plant, and then for the São Paulo plant. In 1999 he was named General Manager of O-I Peru. Mr. Lopez began his career at Owens-Illinois as an Engineer at one of the Columbian plants. Mr. Lopez currently serves as a board member of Avery Dennison (since 2017). He holds a Bachelor of Science in production engineering from EAFIT University in Medellin, Colombia, and has completed the Executive Program at Stanford University in California. He speaks English and Portuguese, in addition to his native Spanish. Mr. Lopez long experience in manufacturing, leadership skills and global business experience with the Company over the past 30 years qualify him to serve on the Company s Board.

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John J. McMackin, Jr., Age 65 Director since 1994

Mr. McMackin is a principal 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, environmental law, financial 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 juris doctorate from Yale Law School and he is a member of the District of Columbia Bar. Mr. McMackin s legal expertise, knowledge of government and regulation and long experience with the Company and the glass industry qualify him to serve on the Company s Board.

Alan J. Murray, Age 63 Director since 2015

Mr. Murray retired as an executive in 2008 after serving as Managing Board Member for North America for Heidelberg Cement AG, a German multinational building materials company. Mr. Murray took on this role after Heidelberg s 2007 acquisition of Hanson PLC, where Mr. Murray served as Chief Executive Officer. Previously, Mr. Murray served as Chief Executive Officer of Hanson Building Materials America, where he handled a business that was 50% of Hanson s overall operations. While at Hanson, Mr. Murray also served as Finance Director (1997-1998), Assistant Finance Director (1995-1997), Division Finance Director (1993-1995), and Divisional Financial Controller (1988-1993). Between 1978 and 1988, he held various financial roles at Chloride Group PLC and Burton Group PLC. Mr. Murray is a qualified Chartered Management Accountant and has a Bachelor s Degree in Economics and Marketing from Lancaster University in the United Kingdom. Mr. Murray currently serves on the public boards of Heidelberg Cement AG (since 2010) and Wolseley PLC (since 2013). Mr. Murray s extensive business leadership skills, executive and board experience, global business and financial reporting expertise qualify him to serve on the Company s Board.

Hari N. Nair, Age 57 Director since 2013

Mr. Nair serves as CEO of Anitar Investments LLC, a private investment company with holdings in the manufacturing and technology sectors and serves on the boards of Anitar owned private companies. Mr. Nair is also a consultant to NM Rothschild & Sons Ltd., for M&A projects and serves as an advisor to other global industrial companies in the areas of strategic planning and operations. Previously, Mr. Nair served as the Chief Operating Officer (COO) of Tenneco Inc., a Fortune 500 company with revenues of $8.5 billion, from 2010 until his retirement in early 2015. He also was a member of the Tenneco Board of Directors from 2009 until his retirement. Prior to being appointed COO, Mr. Nair was President of Tenneco s International Group, where he was responsible for managing business operations and capitalizing on growth opportunities in Europe, South America and the Asia-Pacific regions. Mr. Nair joined Tenneco in 1987 and assumed positions of increasing responsibility across various functions including strategic planning, business development, quality and operations. Mr. Nair s early career included financial and operations positions with General Motors Corporation and the American Water Company. Mr. Nair received a bachelor s degree in engineering from Bradley University, a master s in business administration from the University of Notre Dame and he completed the Advanced-Management Program at Harvard Business School. Mr. Nair s extensive manufacturing experience leading large business operations, global business experience, strategic planning and executive leadership skills and financial reporting expertise qualify him to serve on the Company s Board.

Hugh H. Roberts, Age 65 Director since 2007

Mr. Roberts retired in 2007 after working over 30 years with Kraft Foods, Inc. where he obtained profit and loss management and analysis experience and global experience 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 and experience in management and corporate governance issues qualify him to serve on the Company s Board.

Carol A. Williams, Age 59 | Director since 2014

Ms. Williams retired in early 2015 after serving as a special advisor to the Chief Executive Officer at Dow Chemical Company, a diversified chemical company. Prior to her special advisor role, she served as Dow s Executive Vice President of Manufacturing and Engineering, Supply Chain and Environmental, Health & Safety Operations. During Ms. Williams

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34 year history at Dow, she assumed increasingly more significant management positions in R&D before becoming operations leader and then Vice President for the chlor-alkali assets business. She was named Senior Vice President of Basic Chemicals in 2009 and President of Chemicals & Energy in 2010. Ms. Williams became a board member at Olin Corporation in November 2015. She previously served as a board member at Zep, Inc. from 2012 to 2015. She received a bachelor s degree in chemical engineering from Carnegie Mellon University in Pittsburgh, PA. In 2009, she was selected as an Alumnae of the year at Carnegie Mellon University. Ms. Williams received the 2010/2011 Woman of the Year Award from the National Association of Professional Women and in 2014, received the Junior Achievement Laureate award of Mid Michigan. Ms. Williams extensive management expertise from manufacturing to purchasing to supply chain as well as her substantial experience in research and development qualify her to serve on the Company s Board.

Dennis K. Williams, Age 71 Director since 2005

Mr. Williams retired in 2006 after long and extensive service as an executive. Before retiring, Mr. Williams was with IDEX Corporation, a publicly traded corporation that manufactures and markets proprietary engineered industrial products. He was Chairman of the Board at IDEX from 2000 to 2006 and President and Chief Executive Officer from 2000 to 2005. 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 also a director of the Washington Group International, where he obtained valuable knowledge regarding restructuring 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.

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

GOVERNANCE INFORMATION

Board Leadership Structure

The Board decided that the roles of the Board Chair and CEO would be separated as of January 1, 2016, with Mr. Stroucken maintaining his position of Board Chair until the Company s Annual Meeting in May 2016 at which time Mr. Stroucken retired from the Board and the Board selected an independent member of the Board elected at the Annual Meeting to become its Independent Board Chair (IBC). At the 2016 Annual Meeting, Carol A. Williams was appointed to be the new IBC position, and the Company eliminated the role of Lead Director.

The primary responsibility of the IBC is to make the Board as effective as possible in fulfilling its oversight responsibility for the Company and to ensure that the Company derives the most benefit from the experience, education and skills of individual Board members.

In fulfilling this primary responsibility, the IBC will be expected to be a leader of his/her peers by taking personal responsibility for delivering excellence in the boardroom. This will mean helping shape meeting agendas, ensuring open communication, meaningful participation and constructive debate and focusing on appropriate follow through regarding Board conclusions and recommendations.

The IBC will maintain regular communications with other Board members, with the frequency and depth of communications dependent on the issues that are the current focus of the Company. In addition, the IBC will act as a sounding board for the CEO, as well as other members of senior management. In separating the roles of CEO and IBC, the Board has expressly decided that it does not want the IBC to be perceived as managing the Company or as an executive chair in the eyes of management or the Company s investors.

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As the leader of the Board, the IBC is expected to take the lead in connection with the Board s self-assessment process and the follow through necessary to improve the Board s overall oversight of the Company. Moreover, the IBC will assume a leadership role in CEO succession planning.

Executive Sessions

The Company s non-management directors meet in regularly scheduled executive sessions, both with the CEO 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 CEO 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 2016 without management present, and the independent directors met once in executive session in 2016. As provided by the Guidelines, the IBC presided at these executive sessions.

Risk Oversight

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 meets with the Company s regional presidents on a rotating basis to review risk exposure with respect to the Company s strategic plans and objectives in order to improve long-term organizational performance.

General 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 appoints the Company s 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 Exchange: Gary F. Colter, Joseph J. DeAngelo, Gordon J. Hardie, Peter S. Hellman, Anastasia D. Kelly, Alan J. Murray, Hari N. Nair, Hugh H. Roberts, Carol A. Williams and Dennis K. Williams.

Board Member Stock Ownership

The Board has 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. New directors have four years from the date of joining the Board 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

The Board currently consists of 12 members. Under the Company s Third Restated Certificate of Incorporation, the maximum size of the Board is 12 members.

Board Meeting Attendance

In 2016, the full Board met ten times. Each member of the Board attended more than 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 2016 averaged over 98% for directors as a group.

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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 members of the then current Board attended the 2016 Annual Meeting.

Corporate Governance Guidelines

A copy of the Company s Corporate Governance Guidelines is available on the Investors 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 Corporate 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 Policies and Procedures Regarding the Identification and Evaluation of Candidates for Director (the Policies and Procedures), copies of which are available on the Investors section of the Company s website (www.o-i.com) and in print, free of charge, to share owners upon request to the Corporate Secretary at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999.

Pursuant to the Policies and Procedures, 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 carry out their duties and responsibilities effectively, and be committed to serve on the Board for an extended period of time.

The Policies and Procedures require the Committee to consider the contributions that a candidate can be expected to make to the collective functioning of the Board based on the totality of the candidate s background, skills, experience and expertise and the composition of the Board at the time. The Policies and Procedures also state the Committee s belief that diversity is an important attribute of a well-functioning Board and the Policies and Procedures, the Guidelines and the Committee s Charter each require the Committee to take into consideration the benefits of having Board members who reflect a diversity of age, gender, ethnicity and country of citizenship.

The Company maintains a skills matrix, and actively monitors the skills, experience and expertise of all its individual directors with an eye towards ensuring that the Board is balanced with respect to key skill sets. Given that the Company is a large global public manufacturing company, many of the Board s directors have skills and experience relating to similar organizations. The Board also has strong skills, experience and expertise in other areas, including finance and capital allocation, mergers and acquisitions, strategic planning and corporate governance. The Committee considers the skills, experience and expertise of Board members expected to retire or leave the Board in the near future when it identifies candidates for Board membership. The Committee also considers in its nomination processes the recommendations of current Board members regarding particular skills that could improve the ability of the Board to carry out its responsibilities.

The Committee will consider potential candidates for director who have been recommended by the Company s directors, the CEO, other members of senior management and share owners. Outside consultants may also be employed to help identify potential candidates. Pursuant to its Policies 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 under the heading 2018 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.

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Code of Business Conduct and Ethics

The Company has a Global 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 Investors 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 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 IBC, any Board committee or any Chair of any such committee. To communicate with the Board, the IBC, any individual directors or any group or committee of directors, correspondence should be addressed to the Board of Directors , the IBC or any such individual directors or group or committee of directors by either name or title. All such correspondence should be addressed to the Corporate Secretary at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999. All communications so received will be opened by the Corporate 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 addressees. In the case of communications to the Board, the IBC or any group or committee of directors, the Corporate Secretary will distribute the contents to each director who is a member of the group or committee to which the contents are addressed.

BOARD AND COMMITTEE MEMBERSHIP

There are four standing committees of the Board: the Audit Committee, the Compensation Committee, the Nominating/Corporate Governance Committee and the Risk Oversight Committee. Subject to applicable provisions of the Company s By-Laws and Corporate Governance Guidelines, the Board appoints the members of each committee and rotates members periodically consistent with the experience and expertise of individual directors.

Current Committee Membership

Directors currently serving on committees of the Board and the number of meetings held in 2016 by the committees are identified below.

Name	Audit	Compensation	Nominating/ Corporate Governance	Risk Oversight
Independent Directors:				
Gary F. Colter(1)		X	X	
Joseph J. DeAngelo(2)	X			X
Gordon J. Hardie(3)				Chair

Peter S. Hellman	Chair	X		
Anastasia D. Kelly(4)			Chair	X
Alan J. Murray	X			
Hari N. Nair	X	Chair		
Hugh H. Roberts		X	X	
Carol A. Williams(5)			X	
Dennis K. Williams		X	X	
Non-Independent Directors:				
Andres A. Lopez(6)				X
John J. McMackin, Jr.				X
Number of meetings in 2016	11	7	5	5

(1) On May 26, 2016, Mr. Colter resigned from his position as Chair of the Nominating/Corporate Governance Committee, but continued to serve as a member of the Committee.

(2) On May 26, 2016, Mr. DeAngelo began serving as a director of the Company. He also began serving as a member of the Audit and Risk Oversight Committees.

(3) Mr. Hardie began serving as the Chair of the Risk Oversight Committee on May 26, 2016, after Ms. Kelly resigned that position.

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(4) On May 26, 2016, Ms. Kelly resigned from her position as Chair of the Risk Oversight Committee, but continued to serve as a member of the Committee, and began serving as Chair of the Nominating/Corporate Governance Committee.

(5) On May 26, 2016, Ms. Williams began serving as the IBC and as a member of the Nominating/Corporate Governance Committee and rotated off the Risk Oversight and Compensation Committees.

(6) On May 26, 2016, Mr. Lopez began serving as a director of the Company. He also began serving as a member of the Risk Oversight Committee.

Audit Committee

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act). 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 that sets forth the specific responsibilities of the Audit Committee. A copy of the Audit Committee Charter is available on the Investors 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 Michael Owens Way, Perrysburg, Ohio 43551-2999.

All members of the Audit Committee meet the audit committee independence requirements of the New York Stock Exchange and also satisfy the independence standards applicable to audit committees pursuant to Rule 10A-3(b)(i) under the Exchange Act. The Board has determined that Mr. Hellman, the Chair of the Audit Committee and Mr. Murray are each qualified as an audit committee financial expert within the meaning of Securities and Exchange Commission (SEC) regulations and that all of the Audit 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 directors, officers and employees. In carrying out such responsibilities, the Compensation Committee administers the Amended and Restated 1997 Equity Participation Plan, the Second Amended and Restated 2005 Incentive Award Plan, the Amended and Restated 2004 Equity Incentive Plan for Directors of Owens-Illinois, Inc., the Company s annual bonus plans 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. In addition, the Committee oversees management succession planning and development.

The Compensation Committee operates under a written charter adopted by the Board that sets forth the specific responsibilities of the Compensation Committee. A copy of the Compensation Committee Charter is available on the Investors 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 Michael Owens Way, Perrysburg, Ohio 43551-2999.

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 by (a) identifying and evaluating individuals qualified to become directors; (b) selecting, or recommending that the Board select, the candidates for all directorships to be filled by the Board or by the share owners; (c) developing and recommending to the Board a set of corporate governance principles contained in the Company s Corporate Governance Guidelines and Global Code of Business Conduct and Ethics; (d) overseeing the evaluation of the Board and management of the Company; (e) taking a leadership role in shaping the corporate governance of the Company; (f) overseeing CEO succession planning and development; and (g) overseeing the Company s Ethics and Compliance function, in conjunction with other committees requested to address issues arising in this area.

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The Nominating/Corporate Governance Committee operates under a written charter adopted by the Board that sets forth the specific responsibilities of the Nominating/Corporate Governance Committee. A copy of the Nominating/Corporate Governance Committee Charter is available on the Investors 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 Michael Owens Way, Perrysburg, Ohio 43551-2999.

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 described under the heading 2018 Annual Meeting of Share Owners.

Risk Oversight Committee

The Risk Oversight Committee assists the Board in fulfilling its oversight responsibilities with respect to the Company s risk management processes. The Risk Oversight Committee: (a) provides oversight of management s policies and activities relating to the identification, evaluation, management and monitoring of the Company s significant enterprise risks, including the major strategic, operational, financial, regulatory, compliance, cyber security, reporting, reputational, governance and human resources and labor risks inherent in the business of the Company (the Enterprise Risks); (b) oversees compliance with legal and regulatory requirements with respect to the conduct of the Company s business, except for those specific compliance matters under the jurisdiction of other Committees of the Board, as determined by the Board; and (c) reports to the Board regarding the Enterprise Risks that have the potential to significantly impact the Company s ability to execute its strategic priorities and achieve its performance goals.

The Risk Oversight Committee operates under a written charter adopted by the Board that sets forth the specific responsibilities of the Risk Oversight Committee. A copy of the Risk Oversight Committee Charter is available on the Investors section of the Company s website (www.o-i.com) and in print, free of charge, to share owners upon request to the Corporate Secretary at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999.

Under the terms of the Risk Oversight Committee Charter, the Risk Oversight Committee (a) reviews and submits for Board approval the Company s Risk Management Philosophy, Risk Management Policy and Statement of Risk Appetite, as developed by management; (b) reviews management s processes designed to identify, assess, manage, monitor and report the Company s significant Enterprise Risks; (c) reviews, monitors and discusses with management the Company s significant Enterprise Risks and opportunities including steps management is taking to assess and manage such risks and opportunities; (d) reviews the Company s disclosure of Enterprise Risks in all filings with the SEC (including the Annual Report on Form 10-K); and (e) together with the Audit Committee, reviews, assesses and discusses with the general counsel, the Chief Financial Officer and the independent registered public accounting firm (i) any significant risks or exposures; (ii) the steps management has taken to minimize such risks or exposures; and (iii) the Company s underlying policies with respect to risk assessment and risk management.

DIRECTOR COMPENSATION AND OTHER INFORMATION

Director Compensation

Each non-management director of the Company receives an annual retainer of $67,500, payable quarterly. Each non-management director also received $2,000 for each Board meeting in which such director participated. The Chair of the Audit Committee receives an additional annual retainer of $20,000, the Chair of the Compensation Committee receives an additional annual retainer of $15,000, and the Chair of the Nominating/Corporate Governance and Risk Oversight Committees receives an additional annual retainer of $10,000. The IBC receives an additional annual retainer of $150,000. Annual retainers are paid on a quarterly basis. Each non-management director who served as a member of a committee of the Board (including as Chair) received $2,000 for each committee meeting in which such director participated.

Each non-management director also received on the date immediately following the date of the Annual Meeting of share owners, a grant of restricted stock units (RSUs) under the 2004 Equity Incentive Plan for Directors of Owens-Illinois, Inc. with respect to a number of shares of Common Stock having a fair market value on the date of grant equal to $100,000, rounded up or down to nearest whole share of Common Stock. RSUs will be 100% vested on the first anniversary of date of grant (Normal Vesting Date), or earlier upon a director s termination of membership by reason of the director s death, disability or retirement. In addition, upon a director s termination of membership for any reason other than

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death, disability, retirement or for cause, RSUs will vest pro rata on a daily basis based on number of days of service in the 12-month period from date of grant to normal vesting date. Any unvested RSUs are forfeited at termination of membership on the Board. Upon a director s termination of membership for cause all RSUs are immediately forfeited. Vested RSUs will be paid in shares of Common Stock, on a one for one basis, within 30 days after normal vesting date, or if earlier, within 30 days after termination of membership which constitutes a separation from service under Section 409A of the Internal Revenue Code. In October 2016, the Company s outside Executive Compensation Consultant reviewed the competiveness of the current compensation programs and found them to be below the market median in the value of its equity awards. Therefore, the Board approved an increase in the annual equity award from $100,000 to $110,000 effective in 2017. Each director is reimbursed for expenses associated with meetings of the Board or its committees.

In the event a new non-management director joins the Board on any date other than the date of the Annual Meeting of share owners, in addition to the RSU grant described in the previous paragraph, such new non-management director will also receive on the date immediately following the first Annual Meeting of share owners during such director s tenure on the Board an additional grant of RSUs with respect to a number of shares of Common Stock having a fair market value on the date of such grant equal to a pro rata allocation of the dollar amount of the prior year s RSU grant based on the number of days of service in the 12-month period from the commencement of such director s service on the Board to the date of such grant, rounded up or down to the nearest whole share of Common Stock.

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 bonds of Moody s A-rated companies, plus one percent. Distributions from the plan are made in cash.

The total compensation earned by non-management directors in 2016 is reflected in the following table:

DIRECTOR COMPENSATION IN 2016

Name	**Fees Earned (1)**	**Stock Awards (2)**	**Total**
Gary F. Colter	$ 115,538	$ 100,000	$ 215,538
Joseph J. DeAngelo(3)	68,426	100,000	168,426
Gordon J. Hardie	103,489	100,000	203,489
Peter S. Hellman	153,615	100,000	253,615
Anastasia D. Kelly	117,500	100,000	217,500
John J. McMackin, Jr.	97,500	100,000	197,500
Alan J. Murray	105,500	100,000	205,500
Hari N. Nair	138,500	100,000	238,500
Hugh H. Roberts	111,500	100,000	211,500
Carol A. Williams	191,335	100,000	291,335
Dennis K. Williams	111,500	100,000	211,500
Thomas L. Young(4)	51,260		51,260

(1) The cash amounts earned by each director are made up of the following amounts:

Name	Annual Retainer	Annual Committee Chair Retainer(5)	Board Meeting Fees	Committee Meeting Fees	Total
Gary F. Colter(6)	$ 67,500	$ 4,038	$ 20,000	$ 24,000	$ 115,538
Joseph J. DeAngelo	40,426	0	12,000	16,000	68,426
Gordon J. Hardie(7)	67,500	5,989	20,000	10,000	103,489
Peter S. Hellman	67,500	32,115	18,000	36,000	153,615
Anastasia D. Kelly(8)	67,500	10,000	20,000	20,000	117,500
John J. McMackin, Jr.	67,500	0	20,000	10,000	97,500
Alan J. Murray	67,500	0	16,000	22,000	105,500
Hari N. Nair	67,500	15,000	20,000	36,000	138,500
Hugh H. Roberts	67,500	0	20,000	24,000	111,500

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Name	Annual Retainer	Annual Committee Chair Retainer(5)	Board Meeting Fees	Committee Meeting Fees	Total
Carol A. Williams(9)	67,500	89,835	20,000	14,000	191,335
Dennis K. Williams	67,500	0	20,000	24,000	111,500
Thomas L. Young	27,260	0	8,000	16,000	51,260

(2) Amounts reflect the aggregate grant date fair value computed in accordance with Financial Accounting Standard Board (FASB) ASC 718. Each of the current non-management directors held 5,411 unvested restricted stock units as of December 31, 2016.

(3) Mr. DeAngelo became a Director on May 26, 2016.

(4) Mr. Young served as a Director from January 1 until his retirement on May 26, 2016.

(5) Includes the IBC Retainer.

(6) Mr. Colter served as Chair of the Nominating/Corporate Governance Committee from January 1 to May 26, 2016.

(7) Mr. Hardie began serving as Chair of the Risk Oversight Committee on May 26, 2016.

(8) Ms. Kelly began serving as the Chair of the Nominating/Corporate Governance Committee on May 26, 2016, after her resignation as Chair of the Risk Oversight Committee.

(9) Ms. Williams began serving as IBC on May 26, 2016.

Related Person Transactions

Pursuant to written policies and procedures set forth in the Company s Corporate Governance Guidelines, the Company reviews relationships and transactions in which the Company and its directors and executive officers, or their immediate family members, are participants. The Board has delegated initial review of such transactions to the Nominating/Corporate Governance Committee (the Committee). The Company s Corporate Governance Guidelines provide that the Committee will review and, if appropriate, recommend to the full Board the approval or ratification of related party transactions. Pursuant to the Guidelines, the Committee takes into account the following factors: the related person s connection to the Company and interest in the transaction, the approximate dollar value of the transaction, the importance of the transaction to the Company, whether the transaction would impair the judgment of the director or executive officer to act in the best interests of the Company, and any other appropriate information.

During 2016, the law firm of Williams & Jensen, PLLC, of which director McMackin is a principal, billed the Company approximately $833,000 for legal services in connection with various matters. Williams & Jensen, PLLC is an independently owned, Washington, D.C. law firm with particular expertise in the area of government affairs. Upon the review and recommendation of the Committee, the Board reviewed and approved the Company s 2016 engagement of Williams & Jensen, PLLC at the billing levels indicated above.

Compensation Committee Interlocks and Insider Participation

During 2016, the following directors served on the Compensation Committee of the Board: Gary F. Colter, Peter S. Hellman, Hari N. Nair (Chair), Hugh H. Roberts, Carol A. Williams and Dennis K. Williams. No member of the Compensation Committee has any relationship with the Company requiring disclosure under Item 404 or Item 407(e)(4)(iii) of SEC Regulation S-K. In addition, no executive officer of the Company served on any board of directors or compensation committee of any other board for which any of the Company s directors served as an executive officer at any time during 2016.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

During 2016, the Compensation Committee of the Board (the Committee) continued to emphasize the Company s commitment to aligning pay with performance and creating share owner value, while mitigating the Company s level of risk exposure. The Company believes that its executive compensation program strikes the appropriate balance between using responsible, measured pay practices and providing rewards that effectively attract and retain executives, while motivating them to create value for the share owners. The result of this philosophy is that the Company s pay for performance model and results are highly aligned with share owners interests.

The Company is in the midst of a strategic transformation that is already yielding benefits. The Committee believes that the Company s short and long-term incentives are creating the motivation and share owner alignment that the Company needs for this transformation. The Company grew its earnings per share (diluted) from continuing operations by 55% in 2016 from the prior year and exceeded its 2016 short term incentive (STI) goals at target for Free Cash Flow (FCF) and Earnings Before Interest and Taxes (EBIT), both defined on page 23, and three of five strategic performance measures, which yielded a 145% payout for the 2016 STI program. While the stock price remained relatively flat during 2016, the Company believes important operational changes were achieved during the year to establish a foundation for additional share owner value creation in the future. The Company missed its three-year targets on its long-term incentive (LTI) performance share plan (Earnings Per Share (EPS) and Return on Invested Capital (ROIC), both defined on pages 28-29, and the 2014-2016 payout was 29% of target. This payout was aligned with the Company s multi-year total shareholders return (TSR), which declined during the period, and was also consistent with the three-year realizable pay studies conducted by the Committee s independent compensation advisor. The Company remains focused on continuing to make significant progress on its priorities.

Business Strategy, Transformational Journey, and Incentive Plan Alignment

As the world s leading glass container producer, the Company benefits from its global manufacturing presence and world-class expertise. The Company is well positioned to gain from consumers preference for glass around the world and for pure, safe and sustainable glass packaging solutions. While the Company is affected by broader macroeconomic trends, including currency and interest rate shifts, management is squarely focused on select key value drivers and delivering steady and improving performance on those metrics. The Company bases its incentive programs and sets core operating goals on metrics the executive team can influence and thus create increased long-term share owner value. This design drives motivation and retention despite cost headwinds and other external challenges that may be out of the executive team s control.

One Team, One Enterprise, One Plan

For 2016, with Mr. Andres Lopez assuming the role of CEO, the Company looked at the challenges that the organization would face moving forward and determined there was a need for transformation. The Company needed to operate as One Team, leverage the scale of the entire enterprise, and effectively execute on One Plan, to deliver increasing share owner value. One Team, One Enterprise with One Plan is about flexibility and faster response to changing conditions in order to deliver on commitments.

The first phase of the transformation focused on stability. Consistently executing across geographies and establishing how to work as one enterprise have been crucial for stabilizing the business. Stability is the foundation for high performance. Stable revenue streams and manufacturing operations generate sustainable improvements in safety, efficiency, quality and inventory management. In order to support this effort, management and the Committee constructed an STI program that:

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- Introduced specific line-of-sight performance metrics including manufacturing metrics, a customer metric, a supply chain metric, and a safety metric, in addition to key financial metrics (EBIT and FCF). The Company needed to exceed the performance threshold for EBIT in order to receive a payout for these performance metrics.

- Brought all participants under a common design with aligned metrics and goals

- Rewarded the leadership team based on enterprise performance, which increases inter-regional collaboration

- Continued to address investor priorities

Strategic Initiatives Drove Results in 2016

Despite the global economic backdrop that presented numerous uncertainties and challenges throughout 2016, the Company remained focused on disciplined execution of elements it could control. In so doing, the Company made significant progress on its strategic, operational and financial priorities, delivering operational improvements throughout the organization that drove sustainable gains to the bottom line:

- Strategic initiatives added ~$55 million of segment operating profit in 2016

- Improved efficiencies at approximately 60% of plants

- Improved operational flexibility

- Enhanced asset stability through improved allocation of capex

- Changed mindsets and internal processes to improve quality across the enterprise

- Reduced days of inventory, particularly in Europe and North America

- Established a global supply chain team that is executing its action plan

- Launched and enhanced Key Account Management by using cross-functional teams and better alignment of internal processes to meet customer needs

- Realized strong performance from investments in Mexico

- Successful implementation of the Company s strategic initiatives drove EBIT higher than prior year levels and exceeded the performance target

- Improved EBIT generation resulted in FCF performance that exceeded the maximum performance target for 2016. Cash generation remains one of the Company s top priorities

Pay for Performance

During 2016, the Committee continued to emphasize the Company s commitment to aligning pay with performance and creating share owner value. This was accomplished by focusing incentive plan measures on those key strategic, operational, and financial priorities that align best with share owner value and over which management has the greatest influence. These commitments were demonstrated by the following balanced decisions:

- Modifying the STI program (for 2016 only) to support the first phase of the Company s transformation plan which was focused on stabilizing the business, consistently executing across geographies and establishing how to work as one enterprise, by introducing specific line-of-sight performance metrics including manufacturing metrics, a customer metric, a supply chain metric, and a safety metric, in addition to key financial metrics of EBIT and FCF. The Company had to exceed the performance threshold for EBIT in order to receive a payout for these other performance metrics;

- Further modifying the STI program by rewarding the leadership team, including Regional Presidents, based on enterprise performance, in an effort to encourage collaboration and decision-making for the good of the enterprise;

- Paying 145% of the 2016 annual incentive target for enterprise performance as the Company achieved above target levels for EBIT, FCF (which achieved above maximum level), Revenue from Strategic Customers, 16

Inventory Days of Sales, and Total Recordable Injury Rate (TRIR), and above threshold, but below target, for Pack-to-Pull and Product Loss & Customer Claims as % of Standard Cost of Production. Although the enterprise achieved well above target performance for TRIR, the Committee and management decided that the leadership team should forego the TRIR payout given the safety incidents that occurred at Company facilities in the United States and Mexico;

- Continuing to reward long-term performance via granting performance share units with key share owner metrics of EPS, ROIC, and Organic Revenue Growth under the performance share units;

- Awarding 2014-2016 performance share units at 29% of the target, as the Company achieved between the threshold and target levels for ROIC for 2016 (weighted at 50%), but did not meet the threshold level for EPS (also weighted at 50%). In addition, as the value of the shares received from vested performance share units is also tied to the Company s stock price, the value of the shares received was well below the target value;

- Reinforcing the performance orientation of the Company s incentive compensation programs by maintaining its practice of granting 50% of the LTI opportunity in the form of performance share units; and

- Emphasizing long-term equity-based incentives and requiring a substantial ongoing equity ownership position for executives to align their interests with those of the Company s share owners. In 2016, 65% of the CEO s target total direct pay opportunity was attributable to long-term equity-based incentives, 21% was attributable to annual cash incentives, and only 14% was attributable to base salary. In addition, although the CEO must accumulate and hold shares with a value equal to at least five times his base salary in accordance with the Company s stock ownership and retention guidelines, Mr. Lopez, in his first year as CEO, already held shares valued at over six times his base salary, clearly demonstrating his alignment with the interests of the Company s share owners.

The Company is very pleased with the results of the 2016 STI design, which served to introduce the idea of interdependencies and to generate stability for the Company. Further, the Committee believes this structure and these outcomes reflect the strong alignment of the Company s executive pay program and share owners interests.

Mitigation of Risk Exposure and Compensation Changes for 2016 and 2017

The Committee conducts an annual pay/risk assessment and took the following actions to further mitigate the Company s level of risk exposure with its compensation practices and processes:

- Developed a compensation package for the newly appointed CEO, Mr. Lopez, effective January 1, 2016, that has a fixed salary below the 25th percentile of his peers in the comparator group used to benchmark pay and is designed to better facilitate pay and performance alignment. The compensation package emphasizes variable compensation, with 65% of the target total direct pay opportunity attributable to long-term equity-based incentives, 21% attributable to annual cash incentives, and only 14% attributable to base salary. In addition, Mr. Lopez does not have an employment contract and does not receive a car allowance or additional service credits in determining retirement benefits; and

- Developed a new equity incentive plan (the 2017 Plan subject to share owner approval). The 2017 Plan, as more fully discussed below, combines the employee and director plans and contains other current best practices such as a one-year minimum vesting requirement (while permitting up to 5% of authorized shares to be exempt from this vesting requirement), prohibiting payment of dividends or dividend equivalents on any unvested awards, and contains a non-employee director award limit.

Compensation Principles

The Committee approves executive compensation programs that are designed to align executive pay with share owner interests and the annual and long-term performance of the Company. The Company believes that its executive compensation program strikes the appropriate balance between using responsible, measured pay practices and providing rewards that effectively attract and retain executives while motivating them to create value for the share owners. Key elements of this pay strategy include:

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- Targeting total direct compensation (overall and by element) for the Named Executive Officers (NEO) at market median pay levels, while also considering internal equity, and regularly evaluating pay versus market practices using comparator company and survey comparisons;

- Ensuring that a majority of target compensation for each NEO is in the form of annual and long-term incentives;

- Analyzing annually the relationship between executive pay and Company performance to ensure alignment; and

- Completing regular risk assessments, taking into consideration the Company s business model, incentive plan design (including mix of incentive vehicles, balance of performance measures, target setting methodology, caps on payouts, etc.) and policies designed to reduce risk (such as share ownership and retention guidelines, clawback policy, and anti-hedging policy), among other considerations, to evaluate if the Company s compensation program promotes excessive risk taking.

Say on Pay Vote and Share Owner Outreach

In their 2016 Say on Pay vote, the Company s share owners approved its executive compensation program with an 85% approval rating. The Committee continues to believe that, overall, the Company s compensation programs are well aligned with both share owners interests and the competitive market, and are designed to reward overall Company and individual performance. Nonetheless, the Committee and management regularly review compensation programs to ensure such alignment continues and make changes as appropriate or necessary.

As the Company believes that an annual Say on Pay vote encourages beneficial dialogue on compensation and provides the most consistent and clear communication channel for share owner concerns about executive compensation, the Company will again hold an annual advisory vote in 2017 to approve executive compensation. The Committee will continue to consider the results from this year s and future advisory votes on executive compensation. The Company continues to actively engage major share owners and proxy advisory firms, ISS and Glass Lewis, regarding executive pay and its alignment with share owner interests, as well as the preferred frequency in which to conduct the Say on Pay vote.

Compensation and Governance Practices

The Company s executive compensation programs are designed to reflect appropriate governance practices aligned with the needs of the business. Below is a summary of compensation practices the Company has adopted to drive performance and to align with share owner interests, followed by a list of practices the Company does not subscribe to because the Company does not believe they would serve their share owners long-term interests.

What the Company Does/Has	What the Company Does Not Do/Have
• Pay for Performance	• Excessive Perquisites or Tax Gross-ups for Perquisites: See Other Benefits for details.
• Compensation Recovery (Clawback Policy)	• Excise Tax Gross-Ups upon Change in Control
• Stock Ownership and Retention Guidelines	• Current Payment of Dividend Equivalents on Unvested LTI
• Anti-Hedging Policy, as well as a Pre-Clearance Policy regarding equity transactions (including pledging)	• Repricing of Underwater Stock Options
• Mitigation of Risk in Compensation Programs	• Single Trigger Change in Control Severance Payments (beginning with awards granted in 2015)
• Annual Risk Assessment of Compensation Programs	• Back-Dating of Stock Options
• Annual Review of Independence of Committee s Advisors	• Excessive Risk Taking
• Annual Say on Pay Vote	• Liberal Share Recycling
• Double Trigger (a change in control and an involuntary termination) requirement for equity awards to vest	• Multi-Year Employment Contracts

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(beginning with awards granted in 2015)

- Independent Compensation Committee

- Balanced Compensation Structure: fixed vs. variable; annual vs. long-term; cash vs. stock; service-based equity vs. performance-based awards; operating metrics vs. financial metrics and stock price

- Target Market Median Pay Levels and Consideration of Peer and Market Data in Setting Pay

- Alignment of Incentive Compensation with Strategic Objectives

- Significant Stock Ownership Levels among NEOs

- Common Annual Grant Date each Year to Minimize Perception of Market Timing

- Protective Noncompete, Nonsolicitation and Confidential Information Covenants Applicable to LTI Awards

This Compensation Discussion and Analysis describes the material elements of the compensation of the Company s NEOs, the objectives and principles underlying executive compensation programs, the Company s recent compensation decisions, and the factors considered in making those decisions. The Company s NEOs for 2016 were:

Name	**Position**
Andres A. Lopez (1)	President and Chief Executive Officer (CEO)
Jan A. Bertsch	Senior Vice President and Chief Financial Officer (CFO)

Miguel I. Alvarez	President, O-I Latin America
James W. Baehren	Senior Vice President and General Counsel
Vitaliano Torno	President, O-I Europe
Albert P. L. Stroucken (2)	Former Executive Chairman of the Board

(1) Mr. Lopez who previously held the role of President of Glass Containers and Chief Operating Officer, assumed the position of CEO effective January 1, 2016.

(2) In accordance with the CEO succession plan, Mr. Stroucken relinquished his role as CEO effective January 1, 2016, but retained his role as the Executive Chairman of the Board of Directors until the annual share owners meeting in May 2016. Mr. Stroucken ceased to be an employee on June 30, 2016 when his employment contract expired.

Assessment of Realizable Pay and Performance

The Committee annually compares the NEOs pay and the Company s performance to the pay and performance at the comparator companies in order to assess the alignment of the Company s historical pay and performance.

In assessing pay and performance, the Company s independent compensation advisors, Pay Governance, analyzed the Company s realizable pay and performance relative to comparator companies. Unlike the results reported in the Summary Compensation Table reported on page 39, realizable pay looks at the pay an executive earned or could have earned for a period based on the actual financial performance against the Company s incentive goals and the share price performance that drove those results. The Committee believes realizable pay is a better gauge for assessing pay and performance than the data found in the Summary Compensation Table, as the Summary Compensation Table definition of total pay includes a mix of some elements that are actual pay, such as salary and annual incentives, and other elements that are accounting estimates of future potential pay, such as performance shares, restricted stock units and options. Further, annual fluctuations in the

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discount rate for pension calculations are not part of the pay decisions made by the Committee and may significantly distort the Summary Compensation Table measure of total pay.

Realizable pay includes the actual rewards the Company s CEO and CFO earned from 2013 to 2015: base salaries received by the executive, annual bonuses earned, vesting date value (as opposed to grant date or accounting value used in the Summary Compensation Table) of time-based restricted awards granted during the period, any exercise gains realized on options granted during the period and the value of any long-term performance awards made and earned in the three-year period. In addition, realizable pay includes the value of any outstanding (unvested, unexercised or unearned) long-term incentives awarded during the three-year period based on the Company s stock price as of December 31, 2015. The same approach is used to calculate the realizable pay of the CEOs and CFOs at peer companies. This enables the Committee to compare the Company s realizable pay levels with those of peers. As a result, realizable pay relies on information reported in peer company proxies, the latest year for which pay is available being 2015.

In addition to assessing the Company s realizable pay levels relative to peers, the Committee also examined the Company s annual and long-term performance versus those companies. From a long-term performance perspective, the analysis focused on TSR relative to peers, which captures the principal goal of the Company s long-term incentive plans creating value for investors. As shown in the following two exhibits, the Company s pay program has produced realizable pay levels relative to peers that are directionally and reasonably aligned with the Company s TSR performance relative to those companies.

CEO ANNUALIZED REALIZABLE PAY & TSR ALIGNMENT (2013-15)

CFO ANNUALIZED REALIZABLE PAY & TSR ALIGNMENT (2013-15)

From an annual or short-term performance perspective, the Company s performance relative to peers based on several perspectives of EBIT and cash flow performance (growth, percent of revenue, percent of invested capital) was evaluated and compared to the relative actual annual cash compensation for the CEO and CFO. These performance results captured the key drivers of the Company s STI program for the applicable periods as well as other key factors supporting the Company s strategic objectives. The cash compensation earned by the Company s CEO and CFO on an annual basis was appropriately aligned with its annual performance rankings relative to peers.

From these perspectives, the Company believes the pay program produced acceptable outcomes with officers relative pay levels aligned with its relative annual and long-term performance levels, supportive of share owners interests.

Compensation Benchmarking

While realizable pay examines the pay and performance alignment of the Company s programs, the Committee annually reviews the competitiveness of the target pay opportunities provided to the Company s senior leadership team (including the CEO and his key direct reports). This review encompasses all elements of target direct compensation: base salary, annual incentives, cash compensation (base salary + annual incentives), long-term incentives (LTI) and direct compensation (base salary + annual incentives + LTI). In addition, the review examines the mix of total pay (fixed to variable pay, short to long-term compensation and cash to stock compensation) and LTI mix (options versus stock awards and service versus performance-based awards). The objectives of this review are to ensure the programs are aligned with the Company s pay philosophy, which targets market median and also considers internal equity between senior leadership team members.

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Market Data

In determining compensation levels for the senior leadership team, the Committee reviews competitive market remuneration data including:

- Proxies of companies in the comparator group used to benchmark pay (shown below). Proxy data is only considered for the Company s CEO and CFO.

- Surveys published by Aon Hewitt, Mercer and Willis Towers Watson, which provide data reflecting the incumbent s functional responsibilities and the appropriate revenue scope (corporate or region) of their operating unit, are used to assess the target compensation for other senior leaders.

Comparator Group Companies

While there is no other company of comparable size to O-I that also focuses purely on glass container production, the group of comparator companies used to benchmark executive pay practices and pay levels for select officers is selected primarily from companies in the packaging and manufacturing sectors, including a couple large, local manufacturers, that resemble the Company in size, business profile, global presence, asset intensity, and other relevant factors. After a review of the comparator group companies in 2016, the Committee elected not to make any changes to the comparator group.

		Dollars in Millions				% Revs.	
Company		**Revs.(1)**	**Total Assets(1)**	**Mkt. Cap(2)**	**Enter. Value(2)**	**Outside U.S.(3)**	**# of Emp.**
The Goodyear Tire & Rubber Company	Tires and Rubber	15,158	16,511	8,059	13,339	46%	66,000
WestRock Company	Paper Packaging	14,172	23,038	12,582	18,145	17%	39,000
Ingersoll-Rand Plc	Industrial Machinery	13,509	17,397	19,385	22,017	35%	45,000
Parker-Hannifin Corporation	Industrial Machinery	11,361	12,057	18,676	19,788	37%	48,950
Ball Corporation	Metal and Glass Containers	9,116	16,378	13,123	20,682	82%	18,450
Tenneco Inc.	Auto Parts and Equipment	8,599	4,342	3,438	4,623	51%	31,000
Crown Holdings Inc.	Metal and Glass Containers	8,284	9,599	7,349	12,400	59%	24,000
Sealed Air Corporation	Paper Packaging	6,778	7,389	8,765	13,093	58%	23,000
Terex Corporation(4),(5)	Construction Machinery and Heavy Trucks	6,157	5,569	3,339	4,790	60%	20,400
Avery Dennison Corporation(5)	Paper Packaging	6,087	4,396	6,249	7,342	76%	25,000
Dana Holding Corporation	Auto Parts and Equipment	5,826	4,860	2,730	3,639	54%	24,900
Packaging Corporation of America(5),(6)	Paper Packaging	5,779	3,424	7,921	10,315	3%	13,000
Owens Coming	Building Products	5,677	7,741	5,843	7,939	30%	16,000
Sonoco Products Co.(5)	Paper Packaging	4,783	3,923	5,262	6,217	54%	20,000
Graphic Packaging Holding Company	Paper Packaging	4,298	4,603	3,963	6,173	16%	13,000
Bemis Company, Inc.	Paper Packaging	4,004	3,716	4,481	5,905	34%	17,678
Silgan Holdings Inc.(5)	Metal and Glass Containers	3,613	3,149	2,817	4,543	20%	9,720
Greif, Inc.	Metal and Glass Containers	3,324	3,153	2,810	3,826	52%	12,370
75th Percentile		8,987	11,442	8,588	13,277	57%	29,500

50th Percentile		6,122	5,215	6,046	7,640	48%	21,700
25th Percentile		5,006	4,028	3,570	5,069	31%	16,420
Owens-Illinois, Inc.	Metal and Glass Containers	6,702	9,135	2,824	8,239	67%	27,000
O-I Percentile Rank		58%	69%	12%	54%	91%	73%

(1) Fiscal 2016 financial data

(2) Data as of 12/31/16

(3) Enterprise value defined as market capitalization plus total debt plus total preferred equity plus minority interest plus cash and short-term investments

(4) Select companies data represent revenues for sales outside North America

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Compensation Program Overview

Total Direct Compensation

Total direct compensation is the combination of base pay, annual incentive and long-term incentives. Although the Company s pay philosophy targets market median, while also considering internal equity, an NEO s total direct compensation opportunity may be higher or lower than the market 50th percentile based on individual performance, experience, past leadership roles, potential and Company performance. In making compensation decisions, the Committee considers each of these factors and the NEO s total direct compensation to ensure overall alignment with the Company s compensation philosophy and principles.

It is the Company s philosophy that a significant portion of the target compensation opportunity provided to the NEOs be variable or at risk based on Company performance and/or the price of the Company s stock. Based on compensation packages in effect on December 31, 2016, the CEO had 86% of his target total direct compensation at risk and the other NEOs had approximately 67% of their target total direct compensation at risk. The Company has no prescribed pay mix that drives compensation decisions. The resulting pay mix is based on the Company s pay philosophy, market pay data used to establish individual executive s compensation, and internal equity pay considerations.

The Committee strives to achieve alignment between executive pay and performance by establishing and adhering to a fair and performance-oriented rewards philosophy/strategy, setting appropriate performance objectives, and regularly testing the relationship between pay and performance.

Base Pay

The base pay program is designed to ensure the Company s ability to attract and retain key executives. The Committee reviews NEO salaries and pay positioning at least once per year, and may adjust salaries according to current market conditions, Company performance, individual performance, previous experience, potential and the results of benchmarking against market data. Merit pay budgets are set annually based on external labor market trends, business performance, inflation, and other pertinent factors. In 2016, the Company s merit budget was 3% for the United States and 0% for Switzerland. After considering the factors listed above, the Committee approved a base pay increase of 7% effective April 1, 2016 for Mr. Alvarez. Mr. Alvarez received an additional increase of 9% effective September 1, 2016 as recognition for assuming responsibility for managing operations in Mexico and to reflect his individual performance and development. The Committee elected to not provide an increase to Mr. Torno, who is based in Switzerland where merit increases were not provided. As Mr. Lopez and Ms. Bertsch had recently assumed new roles, January 1, 2016 and November 23, 2015, respectively, no further increase was provided. In addition, the Committee did not provide a base pay increase for neither Messrs. Baehren nor Stroucken as their base salaries were already market competitive.

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Short-Term Incentive

The annual incentive is designed to promote the achievement of short-term financial results and motivate individual performance.

Measures

The Committee reviews and approves the performance measures for the STI each year. For 2016, the Committee made the following changes:

- Reinstating FCF as a measure for the 2016 STI program. With the exception of the 2015 STI program, FCF has been an STI measure since 2011. FCF remains a key measure for the Company and its share owners, as cash is utilized to fund capital projects for future growth and pay down debt.

- Modifying the STI program (for 2016 only) to support the first phase of the Company s transformation plan focused on stabilizing the business, achieving consistent execution across geographies and establishing a one enterprise operating environment, by introducing specific line-of-sight metrics including manufacturing metrics, a customer metric, a supply chain metric, and a safety metric, in addition to key financial metrics of EBIT and FCF.

- Rewarding the senior leadership team, including Regional Presidents, based on Enterprise performance, in an effort to encourage the senior leadership team to leverage one region of the company to compensate for pressures in another region.

The Committee has and will continue to review incentive support for evolving corporate strategies and to ensure incentive plan measures reflect the needs of the business as well as the drivers of share owner value. Changes made to the program in 2016 were to align with the first phase of the transformational journey. For 2017, the Committee elected to return to financial measures (EBIT and FCF) as the only incentive measures for short term performance.

The measures used in the 2016 STI include:

Measure	Weight	Definition
Financial Measures:		
EBIT	40%	

		Consolidated earnings from continuing operations before net interest expense and provision for income taxes, excluding charges for asbestos-related costs, restructuring, asset impairment and other items that management considers not representative of ongoing operations, and adjusted for changes in foreign currency exchange rates and to exclude the impact of acquisitions and divestitures that occur during the performance period.
FCF	20%	Cash provided by continuing operating activities less additions to property, plant and equipment from continuing operations, adjusted for changes in foreign currency exchange rates and for payments made beyond the Company s annual statutory requirements for pensions that were not included in the Company s budget. Results were further adjusted to exclude the Value Added Tax (VAT) refund related to the Vitro Food and Beverage acquisition.
Performance Measures (Threshold EBIT performance had to be achieved for any payout under these Performance Measures):		
Revenue from Strategic Customers	10%	Revenue from strategic customers adjusted for changes in foreign currency exchange rates and variance from budgeted inflation.
Inventory Days of Sales (IDS)	10%	The total number of days a company takes to sell its inventory on hand.
Total Recordable Injury Rate (TRIR)	10%	The number of recordable incidents (lost time injuries and medical treatment injuries) multiplied by 200,000 hours and then divided by the actual number of person-hours worked during the year.
Pack to Pull (PTP)	5%	Production tonnes packed divided by tonnes pulled, a manufacturing productivity index.

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Product Loss and Customer Claims as % of Standard Cost of Production (PLCC%)	5%	A quality metric, post production calculated as (Total Customer Claims plus Finished goods inventory scrap)/Total Standard Cost of Production

The Committee believes these measures improved the balance between accounting (EBIT) vs. value-based metrics (cash flow), financial vs. operating measures and rewarding for results within management s control versus those outside their ability to influence. These metrics also aligned with the Company s strategic objectives for 2016 and supported both short and long-term share owner value creation based on discussions with its investors.

Determining Performance Targets and Measure Weights

The Committee reviews and approves the financial targets and measure weightings set for each plan year after considering the overall Company budget (as approved by the Board of Directors), the state of the industry, and other external economic factors for the Company overall, as well as for each business unit. Performance is based on absolute performance.

When setting the targets, the Company conducts an assessment of the difficulty of its financial goals from various perspectives, including the Company s historic payout results, as well as a comparison of proposed goals versus: previous goals, public guidance, analyst estimates for the Company and its peers, and historic performance of the Company and its peers. The assessment found the Company s goals for 2016 to be challenging, overall.

The Company must exceed the performance threshold for EBIT before the Performance Measures pay. Assuming threshold performance for EBIT is achieved, each measure stands alone for payment, up to the performance maximum established for each measure.

2016 Performance Results

For 2016, the STI awards for Messrs. Lopez, Alvarez, Baehren, Torno, and Stroucken and Ms. Bertsch were determined by the financial results of the enterprise. The performance targets, results, and payouts for the enterprise are as follows (dollars in millions):

		Performance Range					
Weight	**Measure**	**Threshold 30%**	**Target 100%**	**Maximum 200%**	**Adjusted Results**	**Payout (as % of Target Award)**	**Weighted Payout (as % of Target Award)**
40%	EBIT	$ 695	$ 777	$ 830	$ 798(1)	139.2%	**55.7%**
20%	FCF	$ 125	$ 142	$ 160	$ 205(2)	200.0%	**40.0%**
Performance Measures: **Payout contingent on achievement of EBIT threshold*							
10%	Revenue from Strategic Customers	$ 4,700	$ 5,223	$ 5,765	$ 5,288	112.1%	**11.2%**

10%	IDS	68.9	68.0	64.0	67.1	121.6%	**12.2%**
10%	TRIR	1.68	1.60	1.40	1.43	185.0%	**18.5%(3)**
5%	PTP	87.14%	88.02%	88.90%	87.60%	66.9%	**3.3%**
5%	PLCC%	1.90%	1.30%	1.20%	1.53%	72.9%	**3.6%**
						Total Payout:	**144.5%**
				Payout after Discretionary Reduction for TRIR:			**126.0%**

(1) See Appendix A for a reconciliation of this measure.

(2) Excludes Mexico Value Added Tax (VAT) recovery of $138 million (at constant currency). See Appendix A for a reconciliation of this measure.

(3) The Committee and Management decided that the leadership team should forego the TRIR payout due to the safety incidents that occurred at Company facilities in 2016.

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Individual Award Determination

Once the award pool is funded, 80% of each participant s award is determined based on financial results, while the Committee can adjust the remaining 20% based on the achievement of personal objectives. However, the total amount of the pool funded by the Company s financial and operating results cannot be exceeded. For the 2016 STI awards, the Committee, with input from the Board of Directors, increased the award for Mr. Lopez by an additional 10% based on his strong performance during his first year as CEO, including his achievement of personal objectives, with consideration given to his total cash compensation compared to his peers. The Committee, with Mr. Lopez s input, also increased the awards for Ms. Bertsch and Messrs. Alvarez and Torno by an additional 10% based on their contributions and achievement of personal objectives.

Individual Target Opportunities and 2016 STI Payouts

Target awards for each NEO are expressed as a percentage of annual earnings based on market competitiveness and considering the Company s overall median pay philosophy. Achievement of threshold financial performance would imply funding of 30% of the target opportunity, while maximum performance would yield a payout of 200% of the target.

Target bonuses are sufficient to produce median cash compensation (salary + annual incentives) if earned, with maximum bonuses capable of producing top quartile pay if maximum performance goals are achieved. If no bonus is paid, pay for the Company s NEOs would rank in the market s bottom quartile on a cash compensation basis.

For 2016, the individual target opportunities and payouts based on the 2016 performance were as follows:

Name	**Target (% of annual earnings)**	**Actual Payout (% of annual earnings)**	**Actual Payout (1) (% of target)**
Andres A. Lopez (2)	150%	207.9%	138.6%
Jan A. Bertsch (2)	80%	110.9%	138.6%
Miguel Alvarez (2)	65%	90.1%	138.6%
James W. Baehren	65%	81.9%	126.0%
Vitaliano Torno (2)	65%	90.1%	138.6%
Albert P. L. Stroucken (3)	150%	189.0%	126.0%

(1) The payouts reflect a reduction of 18.5 percentage points off of the earned award of 144.5%, as the Committee and management decided that the leadership team should forego the TRIR payout due to the safety incidents that occurred at Company facilities in 2016.

(2) The payouts for Ms. Bertsch and Messrs. Lopez, Alvarez and Torno reflect an additional 10% payout based on their personal performance and contributions as described above.

(3) The payout for Mr. Stroucken reflects his base earnings through the end of his contract on June 30, 2016.

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Payout History

The Company has a history of setting reasonably demanding goals. Over the past five years, STI payouts for the enterprise have ranged from 63% to 145% of target, based on the performance levels achieved, with an average payout of 101%. Furthermore, the pay and performance analyses of the actual cash compensation earned by the Company s CEO and CFO versus that of their peers has been aligned with the Company s annual financial performance.

Long-Term Incentives

Long-term incentive compensation is delivered solely in the form of equity. This component of the executive compensation package rewards each NEO s contributions to the Company, provides motivation to achieve the Company goals, builds stock ownership to strengthen the alignment with share owners interests, drives share owner value over time and is an important retention tool.

Equity Grant Practices

The Committee has established a formal process to govern equity grants. The same process is used for all employees receiving equity grants, including the NEOs. Each December, the Committee is asked to determine the overall pool (dollar value) of equity available for awards during the upcoming year s grant cycle. In making a proposal to the Committee, the Company reviews the prior year grants, current competitive market data, annual share usage and total potential dilution data, as well as each executive officer s overall compensation package in relation to the market.

Once the overall amount of equity available is determined, the CEO makes individual award recommendations for each senior executive. These recommendations are presented to the Committee for review and approval. The Committee works with the executive compensation consultant to determine the grant value for the CEO using the same general criteria.

The option strike price is determined on the date the awards are approved by the Committee and is set at the closing price of the Common Stock on the date of approval/grant (or the last business day prior to the grant date if the grant date falls on a non-business day).

The Committee has established a common grant date of March 7 of each year as the date of grant for annual equity awards. This date falls outside of the quarterly blackout periods prescribed under the Addendum to Insider Trading Policy applicable to all NEOs. In addition, a common grant date for annual grants minimizes the perception of market timing. The Committee retains the discretion to make equity grants off-cycle for situations such as promotions and market compensation.

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LTI Mix

The Company s LTI vehicle mix is balanced between performance and time-based vehicles and between full-value and appreciation vehicles. NEOs receive a combination of performance share units, stock options and restricted stock units, with 50% of the award delivered in the form of performance share units in order to further focus executives on achieving long-term financial goals, reducing potential dilution, and better managing the Company s share reserve. The remainder of the targeted LTI value is balanced between stock options and restricted stock units and is intended to balance incentive opportunities with share owner alignment and retention considerations. The Committee believes that delivering the award value via three forms of equity provides a balanced incentive program that also limits compensation plan risk. The allocation among the three forms of equity incentives is as follows:

Performance share units and stock options have a strong pay for performance orientation. They are a large enough portion of overall potential compensation to have a meaningful impact on the NEO s total realized compensation depending on Company performance and total share owner return. Restricted stock units are intended to foster long-term retention of the Company s NEOs, while still providing alignment of compensation with share owners. The use and overall weighting of performance share units focus executives on fundamental long-term financial goals in addition to stock price performance. This combination of long-term incentive awards, along with the Company stock ownership and retention guidelines (described below), promotes alignment with share owner interests.

Individual Award Opportunities

Each year, the Committee determines an overall equity award, expressed as a dollar amount, based on median market data for each NEO. Individual awards may vary based on performance, leadership, potential, time in the role, internal equity and other relevant factors. When making grant decisions, the Committee focuses on the dollar value of the award for each NEO, and also considers the overall dilutive impact of shares granted to the entire employee population.

Based on the market data, individual and Company performance (including relative share owner return and other relevant metrics) and executive retention concerns, the Committee approved the NEOs receiving equity grants with the following fair market values that approximate market median values and can produce target total direct compensation (salary + target annual incentives + target LTI award value) that also approximates market median:

Name	Target Award Value
Andres A. Lopez	$ 3,875,000
Jan A. Bertsch	1,300,000
Miguel Alvarez (1)	450,000
James W. Baehren	600,000
Vitaliano Torno	350,000
Albert P. L. Stroucken (2)	2,622,500

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(1) Mr. Alvarez received an annual grant with a target award value of $350,000. He then received a subsequent off-cycle special equity award with a target award value of $100,000 in September to recognize increased responsibility for managing O-I Mexico and to bring his annual grant value in line with the target value for the expanded role.

(2) Mr. Stroucken received a prorated annual grant with a target award value of $2,622,500, half of his prior year s target award value, to reflect his time worked in 2016.

The amount ultimately earned under this plan for stock options and restricted stock units will be a result of the performance of the Company s stock. The amount earned for performance share units will be a result of the performance of the Company s stock as well as the Company s performance against pre-established three-year financial goals.

Stock Options

To determine the number of stock options awarded, 25% of the total LTI award value is divided by the Black-Scholes value of the option on the date of the grant. For example, assuming an overall LTI award of $100,000, Common Stock price of $20.00, and Black-Scholes value of the option of $7.00, the number of options granted would be calculated as follows:

$100,000 X 25% = $25,000 / $7.00 = 3,571 options

Stock options granted under the LTI program vest 25% on each of the four anniversaries following the grant date. The options expire after a term of seven years.

Restricted Stock Units

To determine the number of restricted stock units awarded, 25% of the total LTI award value is divided by the Common Stock price on the date of grant. For example, assuming an overall total LTI award of $100,000 and Common Stock price of $20.00, the number of restricted stock units granted would be calculated as follows:

$100,000 X 25% = $25,000 / $20.00 = 1,250 restricted stock units

Restricted stock units vest 25% on each of the four anniversaries following the grant date.

Performance Share Units

Performance share units (PSUs) are meant to reward financial performance of the Company over a three-year cycle. The PSUs are entirely based on the financial performance of the Company as a whole (total or consolidated O-I results), as this increases the focus on long-term results that drive share owner value. Grants made in 2014 had a performance cycle of January 1, 2014 December 31, 2016; 2015 grants have a performance cycle of January 1, 2015 December 31, 2017; and 2016 grants have a performance cycle of January 1, 2016 December 31, 2018.

Aside from certain exceptions, performance share units do not vest until the end of the related performance period, subject to achievement of the pre-established goals. The performance criteria for each three-year performance cycle are approved by the Committee at the grant date. The performance share units granted in 2016 (as with those granted in 2015) measure the Company s performance over the three-year period based on the measures shown in the following table.

Measure	**Weight**	**Definition**
Return on Invested Capital (ROIC)	45%	EBIT (1), multiplied by one minus the Company s tax rate (excluding items that management considers not representative of ongoing operations), divided by the sum of total debt and total share owners equity. For the three-year performance period, the Committee elected to hold constant Accumulated Other Comprehensive Income (AOCI , which includes effects of currency and pension asset/liability changes).

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Adjusted Net Earnings per Share (EPS)	45%	Diluted earnings per share from continuing operations attributable to the Company before items that are not representative of ongoing operations also excluding the impact of acquisitions and divestitures, the impact of changes in foreign currency exchange rates and non-service pension costs.
Organic Revenue Growth	10%	Consolidated net sales adjusted to exclude the impact of acquisitions and divestitures as well as the impact of changes in foreign currency exchange rates.

(1) EBIT not adjusted for foreign exchange.

The performance share units granted in 2014 measure the Company s performance over the three-year period based on ROIC and EPS (weighted at 50% each).

The Committee excludes certain items from determining the Company s performance relative to its PSU metrics: changes in AOCI, non-service pension costs, impact of acquisition/divestitures and changes in foreign currency exchange rates for organic revenue growth only. The exclusion of these items provides a more reasonable assessment of the Company s performance and management s success in meeting the Committee s objectives.

For grants made in 2014, the threshold, target and maximum values for the performance criteria are determined considering the Company s true cost of capital and market expectations for earnings growth. For grants made in 2015 and 2016, the threshold, target and maximum values for the performance criteria are determined considering the Company s true cost of capital and historical performance. When setting the targets, the Committee s independent compensation advisor conducts a difficulty assessment from various perspectives, including the Company s historic payout results, as well as a comparison of proposed goals versus: previous goals, public guidance, analyst estimates, historic performance, peer historic performance, and analyst estimates for peers.

No award is earned if performance against each of the measures is below the threshold performance level relative to the targets established by the Committee for the three-year period. If performance for a given measure meets or exceeds the threshold level, NEOs can earn from 30% to 200% of target for the measure. Funding at threshold performance was increased from 0% to 30% for 2015 grants to bring it more in line with market practices. The Committee felt this change was warranted given the difficulty associated with the Company s annual incentive goals and the level of performance (relative to plan) required to achieve minimum results. Funding at maximum results (200% of target) was maintained as it continues to reflect market norms.

The Committee reviews audited financial results prior to determining the amount of any award earned under this plan, and there is no discretion applied to individual payout amounts.

To determine the number of performance share units to grant, 50% of the total LTI award value is divided by the Common Stock price on the date of grant. For example, assuming an overall LTI award with a value of $100,000 and Common Stock price of $20.00, the number of performance share units granted would be calculated as follows:

$100,000 X 50% = $50,000 / $20.00 = 2,500 performance share units

If the performance goals are met at the end of the performance period, performance share units are paid out in an equivalent number of shares of Common Stock.

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PSU 2014-16 cycle results

For the 2014-2016 performance cycle, performance was above the threshold payout level, but below target level, for ROIC and below the minimum payout threshold for EPS. The total LTI payout was 28.9%.

	Weight	Threshold	Target	Maximum	Actual	Payout (as % of Target Award)	Weighted Payout (as % of Target Award)
ROIC	50%	9.38%	11.38%	12.38%	10.54%(1)	57.8%	28.9%
EPS	50%	$ 3.25	$ 3.54	$ 3.85	$ 2.00(1)	0.0%	0.0%
Total Payout (as % of Target Award)							**28.9%**

(1) See Appendix A for a reconciliation of these measures.

PSU Payout History

Since the Company s PSUs are truly performance based, the target levels established at the beginning of each performance period represent goals that are challenging to achieve and incent improvement over prior years. For EPS and Revenue measures, threshold performance is set at or above prior period s actual performance level, so no payout is generated if performance declines. For ROIC, threshold performance is set at prior period s weighted average cost of capital (WACC), so no payout is generated unless the Company is creating value for share owners. Over the past five years, PSU payouts have ranged from 28% to 100% of target, based on the performance levels achieved. The payout average over the past five years was 52%.

Double Trigger Change in Control Vesting for Equity Awards

The Company eliminated single-trigger accelerated vesting upon a change in control and now requires a double-trigger, or both a change in control and an involuntary termination in order for the equity awards to vest under the Company s broad-based equity plan. This change was effective for awards granted in 2015 and going forward and was made to align with best practices and the long-term interests of the Company s share owners.

Stock Ownership and Share Retention Guidelines

The Company has stock ownership and retention guidelines for all of the NEOs, with the objective of better aligning executives interests with those of share owners.

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The guidelines are as follows:

- Chairman & CEO 5 times base salary
- Senior Business / Function Leaders 2.5 times base salary
- Other Key Leaders (as designated by CEO) 1.5 times base salary

The guidelines state that the targeted level of ownership must be achieved within five years of the time the individual becomes subject to the guidelines. Under these guidelines, shares owned outright, outstanding restricted stock/units, performance share awards (at target) and 401(k) holdings all count as shares owned. In addition, the Committee has share retention guidelines. These guidelines state that until the stock ownership guidelines are met, NEOs are required to retain 75% of the net profit shares acquired from option exercises, or vested restricted stock units or performance share units. Net profit shares are those shares remaining after payment of tax obligations and, if applicable, option exercise costs.

The Committee reviews ownership levels for executive officers on an annual basis. Failure to comply with the stock ownership and retention guidelines may result in delays in promotions and / or future compensation increases.

Ownership achievement against guidelines is measured at June 30 each calendar year, based on a 200-day moving average of the stock price. For the 2016 review, all of the NEOs significantly exceeded their ownership guidelines, or were well on the way to fulfilling their obligations within the five year timeframe, as shown below:

	Expected Ownership Level (as a multiple of salary)	**Actual Ownership Level June 30, 2016 (as a multiple of salary)**
Andres A. Lopez	5.0 × salary	6.4 × salary
Jan A. Bertsch	2.5 × salary	7.1 × salary
Miguel Alvarez (1)	2.5 × salary	1.5 × salary
James W. Baehren	2.5 × salary	5.7 × salary
Vitaliano Torno (1)	2.5 × salary	1.5 × salary

(1) Messrs. Alvarez and Torno were designated Senior Business / Function Leaders effective January 1, 2016 and have until January 1, 2021 to achieve an ownership level of 2.5 times base salary

Anti-Hedging and Pledging Policies

The Company s Addendum to Insider Trading Policy prohibits the Company s directors, executive officers and other covered personnel from hedging their ownership of Company stock, including trading in publicly-traded options, puts, calls, or other derivative instruments related to Company stock or debt or from pledging the Company s securities without first obtaining approval from the Company s General Counsel (with notification to the Committee).

Compensation Recovery (Clawback) Policy

In January 2014, the Company adopted a Compensation Recovery Policy to allow the Company to recoup cash and equity incentive compensation that was granted, received, vested or accrued during the prior three-year period and based on inaccurate financial performance resulting in a restatement of results, regardless of fault. This policy applies to any current or former officer of the Company or any of its subsidiaries who reports or reported to the CEO.

Risk Assessment

The Committee conducts an annual assessment of the Company s executive compensation practices and the relationship between its executive compensation program design and organizational risk. Relative to last year, the Company made a few changes to its executive pay program for 2016, which included the addition of five operating measures to the STI program in order to support the first phase of the company s transformation. Other aspects of O-I s program (e.g., performance ranges, incentive payout ranges, forms of LTI awarded, LTI mix and LTI performance metrics) remained the same. As a result, the Committee did not believe these changes would encourage excessive risk taking amongst its executives.

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This risk assessment concluded that the Company employed no executive compensation practices in relation to organizational risk that would cause significant share owner concern. In light of this study, the Company also conducted an enterprise risk assessment of its compensation programs and policies from legal, human resources, auditing and risk management perspectives, the results of which were reviewed and discussed with the Committee. Based on both of these assessments, the Company concluded that its compensation programs and practices are not reasonably likely to have a future material adverse effect on the Company.

In reaching this conclusion, the Company took into account that several items mitigate the Company s level of risk exposure, such as:

- The Company s business model and related incentive plans are generally consistent across all of its regions; none contributes more than half of the Company s revenues or operating profits;

- The Company has a balanced mix of LTI vehicles and its pay mix is generally consistent with peer practices;

- There is a direct cap on payouts (i.e. 200% of target for the STI and for performance share units) and the Committee has the ability to adjust performance goals and bonus payouts to help limit risk;

- The Company s incentive plans incorporate multiple performance measures that balance growth, profitability, cash generation, and capital efficiency;

- Target setting considers internal budgeting and external market factors;

- Multiple LTI equity vehicles, stock ownership guidelines and share retention requirements align the interests of NEOs and share owners;

- The compensation recovery (clawback) policy that allows the Company to recoup cash and equity incentive compensation that was earned based on inaccurate financial performance resulting in a restatement of results, regardless of fault;

- The Company has double trigger change in control vesting for equity awards, beginning with awards made in 2015;

- An anti-hedging policy, as well as a pre-clearance policy regarding equity transactions (including pledging), help prevent material adverse risk; and

- The Committee regularly reviews executive stock ownership, plane usage and other governance policies that promote share owner interests.

Regulatory Considerations

The Company s incentive compensation programs have been designed and administered in a manner generally intended to preserve federal income tax deductions. However, the Committee considers the tax and accounting consequences of utilizing various forms of compensation and retains the discretion to pay compensation that is not tax deductible or could have adverse accounting consequences for the Company.

Employment Agreements and Executive Severance Policy

Mr. Stroucken was the only named executive officer with an employment agreement that provides for severance. The terms of such agreement were previously disclosed on Form 8-K dated October 26, 2011. This agreement ended on June 30, 2016. All other named executive officers are eligible for severance under the Company s Executive Severance Policy in the event that the executive is terminated without cause at any time, or if during the twenty-four month period following a change in control (as determined under the Incentive Award Plan) he or she terminates for good reason (as defined in the Policy).

Upon a qualifying termination under the policy, an eligible executive will receive a lump sum severance benefit equal to two times his or her base salary and target bonus, plus continued health benefits at the active employee cost for twenty-four months. If the provision of health benefits, however, would cause a negative tax consequence for the Company

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under the Affordable Care Act, then the Company will pay the executive the value of the health benefits in cash. Executives will also be entitled to standard outplacement benefits offered by the Company from time to time.

If the severance benefits, along with any other payments occurring in connection with a change in control, were to cause the executive to be subject to the excise tax provisions of Sections 4999 of the Internal Revenue Code, then the amount of the severance benefits will either be reduced, such that the excise tax would not be applicable, or the executive will be entitled to retain his or her full severance benefits (with the executive responsible for paying any tax obligations), whichever results in the better after-tax position to the executive.

In exchange for being eligible for the severance benefits under the Policy, an executive must enter into a restrictive covenant agreeing not to compete with the Company or solicit the Company s employees for a period of three years following termination of employment for any reason, as well as, not to disclose confidential information or disparage the Company. An executive must sign a release of claims before receiving any severance under the Policy. If the executive is a party to an agreement providing severance benefits, he or she will receive benefits under either the Policy or such other agreement, whichever provides the greater benefit, but may not receive severance under both.

Health and Welfare and Retirement Benefits

The Company maintains a comprehensive health and welfare benefits plan for all its U.S.-based employees. The benefits offered to U.S. executive officers under this plan are essentially the same as those offered to all U.S.-based salaried employees of the Company.

The Company also maintains supplemental universal life insurance benefits for its designated executives prior to 2006, including Messrs. Lopez, Baehren and Torno. Six months and one day after retirement, the paid-up policy is distributed to the NEO. The retiring NEO also receives a tax reimbursement for the value of the policy. In 2006, the Company closed this plan to new entrants. Ms. Bertsch and Mr. Alvarez are covered by a term life policy. The term life policy may be converted, at the participant s expense, to an individual policy upon termination or retirement, subject to the terms and conditions of the insurance company.

The Owens-Illinois Salary Retirement Plan (a defined benefit pension plan) was closed to new entrants after December 31, 2004. Also effective December 31, 2004, the Company changed the way that benefits can be paid for active participants. Benefits accrued at December 31, 2004 are eligible to be paid in a lump sum upon retirement at the option of the participant. Benefits accrued post- December 31, 2004, however, are eligible to be paid only on an annuity basis. The Salary Retirement Plan was frozen as of December 31, 2015. Participants maintain benefits accrued as of the freeze date, but will not accrue additional benefits beyond the freeze date. Also effective December 31, 2015, the lump sum payment option will now apply to the total accrued benefit for active and deferred vested participants who commence their benefit January 1, 2016 or later.

As a qualified plan, benefits under the Owens-Illinois Salary Retirement Plan are limited by IRS regulations. For those U.S. employees who earn compensation in excess of IRS limits, the Company maintains an unfunded Supplemental Retirement Benefit Plan (SRBP). This plan allows for benefits in excess of the IRS limits to be accrued and paid to participants upon retirement. In this way, it enables participants to earn the same retirement benefits (as a percentage of income) as other associates who earn compensation below the IRS limits. As a non-qualified plan, all payments are made in a lump sum out of the general assets of the Company. Mr. Stroucken accrued a benefit under this plan through the end of his employment on June 30, 2016, pursuant to the terms of his employment agreement. Mr. Baehren s benefit is funded by a secular trust life insurance policy designed to provide a cash accumulation equal, on an after-tax basis, to 70% of the SRBP benefit at the later of three policy years or attainment of age 62. Mr. Torno is eligible for benefits under the Swiss Pension Plan.

The Stock Purchase and Savings Program (SPASP) is a defined contribution plan provided under Section 401(k) of the Internal Revenue Code. Contributions to the plan are subject to annual limits established by the IRS. While employees may direct their own contributions into a number of provided investments, the Company match of 50% of an eligible participant s contribution up to the first 10% of the participant s base salary plus annual incentive (up to the IRS maximum recognizable compensation level) is made in Common Stock. The match is immediately vested, and participants can move the match out of Common Stock, and into any of the other investments, at any time, subject to blackout periods and other trading window restrictions. The Company also makes a contribution of 3% of base salary to the SPASP each payroll period, which is invested in the same investment options selected by the participants for their own contributions.

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For those U.S. employees who are limited in the amount that they may defer to the qualified SPASP due to the IRS limits and who meet certain base pay requirements, the Company maintains an unfunded Executive Deferred Savings Plan (EDSP). This plan allows for deferrals on a pre-tax basis. The investment funds available are the same as those in the SPASP, with the exception of grandfathered deferrals into the cash account (for Mr. Baehren).

Other Benefits

The Company provides limited perquisites to the NEOs that the Committee has determined to be competitive with the practices of the comparator group companies. These perquisites include executive physicals, and financial planning and tax preparation. Mr. Lopez is also eligible for restricted personal use of the Company aircraft. Mr. Baehren received an automobile allowance under a grandfathered arrangement and Mr. Torno receives a leased vehicle as part of his Swiss compensation package. Mr. Stroucken, former CEO, received an automobile allowance and restricted personal use of the Company aircraft through the end of his employment on June 30, 2016.

The following tables show the benefits and perquisites available to each NEO in 2016:

Company Benefits & Perquisites U.S. Executives	Value Provided by the Company	Lopez	Bertsch	Alvarez	Baehren	Stroucken
Health & Welfare						
Health, Dental, Vision, Short- & Long-Term Disability	Comprehensive coverage	X	X	X	X	X
Retiree Medical		X				
Supplemental Universal Life (hired prior to 2006)	3x Base Salary	X			X	
Supplemental Term Life (hired after 2006)	3x Base Salary		X	X		X
Retirement Qualified						
Salary Retirement Plan (DB(1))(3)	1.212% × Pay(4) × Service + 0.176% × Pay(5) × Service	X			X	
Stock Purchase & Savings Program (DC(2))	3% Base Salary(6)	X	X	X	X	X
Stock Purchase & Savings Program (DC(2))	50% up to first 10% Base Salary + annual incentive(8)	X	X	X	X	X
Retirement Non-Qualified						
Supplemental Retirement Benefit Plan (DB(1))	1.212% × Pay(4) × Service + 0.176% × Pay(5) × Service	X			X	X
Unfunded Executive Deferred Savings Plan (DC(2))	Defer up to 100% Base Salary with Interest(7)	X	X	X	X	X
Unfunded Executive Deferred Savings Plan (DC(2))	3% Base Salary(6)	X	X	X	X	X
Unfunded Executive Deferred Savings Plan (DC(2))	50% up to first 10% Base Salary + annual incentive(8)	X	X	X	X	X
Perquisites						

Car Allowance	$2,000 per month				**X**	**X**
Financial Planning & Tax Preparation	Up to $15,000 per year	**X**	**X**	**X**	**X**	**X**
Physical Examination	Up to $3,500 per year	**X**	**X**	**X**	**X**	**X**
Personal Aircraft Usage	Up to 50 hours per year(9)	**X**				**X**

Company Benefits & Perquisites Swiss Executives	**Value Provided by the Company**	**Torno**
Health & Welfare		
Supplemental Universal Life (hired prior to 2006)	$200,000 death benefit	**X**
Retirement		
Swiss Pension Plan (DB(1))(10)		**X**
Perquisites		
Leased Automobile		**X**
Financial Planning & Tax Preparation	Up to $15,000 per year	**X**
Physical Examination	Up to $3,500 per year	**X**

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(1) DB = Defined Benefit (e.g., pension plan); Mr. Baehren has a secular trust arrangement for his Non-qualified Supplemental Retirement Benefit Plan (DB).

(2) DC = Defined Contribution (e.g., 401(k) plan)

(3) Defined benefit pension plan was closed to new entrants after December 31, 2004, but participants continued to accrue benefits through December 31, 2015. Mr. Lopez s Salary Retirement Plan benefit is based on his service from July 1, 2004 through July 1, 2009, which represents the time period that he was employed in the U.S. and covered under the qualified plan. Service for Mr. Lopez s International Plan benefit is from January 30, 1986 through December 31, 2015, which represents his original hire date with the Company.

(4) Pay = average annual earnings for high three years of salary plus annual incentive (if applicable)

(5) Pay = average annual earnings above the Social Security wage rate at retirement

(6) The Company contributes 3% of the participant s base salary plus annual incentive (up to the IRS maximum recognizable compensation level) to the qualified Stock Purchase & Savings Program. The Company contributes 3% of the participant s base salary plus annual incentive in excess of the IRS maximum recognizable compensation level to the non-qualified Executive Deferred Savings Plan.

(7) For deferrals prior to January 1, 2009, interest is compounded monthly with annual rate equal to average annual yield on domestic corporate bonds of Moody s A-rated companies. For deferrals after December 31, 2008, accounts are credited with performance equivalent to the performance of the funds available under the Company s qualified 401(k) plan based on individual investment elections.

(8) The Company matches 50% of the participant s contribution to the Stock Purchase & Savings Program up to the first 10% of the participant s base salary plus annual incentive (up to the IRS maximum recognizable compensation level). The Company matches 50% of the participant s contribution up to the first 10% of base salary plus annual incentive in excess of the IRS maximum recognizable compensation level to the non-qualified Executive Deferred Savings Plan.

(9) Pursuant to Board policy, for security reasons, the Company s CEO generally uses the Company aircraft for both business and personal travel. Personal use of the Company aircraft is limited to 50 hours per year.

(10) Cash balance occupational benefits plan as required per Swiss pension laws.

Due to existing contractual arrangements, gross-ups on payments made for executive life insurance and secular trust benefits have been continued only for those participants already covered by such benefits. Mr. Baehren is eligible for tax gross-up on the annual economic value of an executive life insurance benefit and on payments made into his secular trust arrangement. Mr. Lopez is eligible for tax gross-up on the annual economic value of an executive life insurance benefit. These benefits are not available to new entrants. The Committee had previously reviewed the existing arrangements and determined that it was not in the share owners best interest to incur the costs to eliminate these contractually based benefits for those who were eligible.

The Company previously eliminated all tax gross-ups on personal use of Company aircraft, financial planning and tax preparation.

Roles and Responsibilities

There are many inputs to the executive compensation process, as well as the appropriate governance and compliance mechanisms. In general, the Committee has primary responsibility for discharging the Board s responsibilities relating to compensation of the Company s executive officers. When appropriate, the Committee holds executive sessions without management present (including the CEO). See description of the Committee above under the heading Board and Committee Membership.

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Executive Compensation Consultant

To assist the Committee in carrying out its duties and responsibilities, the Committee engages the services of an executive compensation consultant. The consultant provides the Committee with competitive market compensation data for senior executives and information on current issues and trends on executive compensation program design and governance; advises the Committee on the overall design and implementation of the Company s executive compensation programs, and provides various analyses related to incentive plan structure and award levels; assists with proxy disclosure requirements; and provides ongoing advice to the Committee on regulatory and other technical developments that may affect the Company s executive compensation programs.

Since 2014, the Committee has engaged Pay Governance as its executive compensation consultant. The Company does not engage Pay Governance or any of its affiliates with respect to any other consulting services.

During 2016 specifically, the compensation consultant supported the Committee by: (i) reviewing the comparator group used by the Committee for benchmarking; (ii) providing competitive market data on compensation for executives; (iii) analyzing the historical alignment of the Company s pay and performance versus the comparator group; (iv) providing advice with respect to executive compensation matters, including annual and long-term incentive plan design, difficulty of the Company s incentive plan goals, share utilization and pay mix; (v) conducting a risk assessment of the Company s compensation practices, as discussed previously; (vi) assisting the Company in its proxy disclosure and Say-on-Pay proposal; (vi) advising the Committee about regulatory and legislative updates as well as market trends; and (vii) assessing the competitiveness of the Company s pay program for directors.

In its capacity as the executive compensation consultant to the Committee, the consultant reports directly to the Committee and the Committee retains sole authority to retain and terminate the consulting relationship. In carrying out its responsibilities, the executive compensation consultant will typically collaborate with management to obtain data, provide background on program history and operation, and clarify pertinent information. Working under the Committee s direction, both the Committee and management will review and discuss key issues and alternatives during the development of recommendations and prior to presentation for final approval.

The Committee also reviewed the nature of and extent of the relationship between the Committee, the Company and its compensation consultant and the individuals at the consulting firm providing advice to the Committee and the Company with respect to any potential conflicts of interest. The Committee considered the following six factors in its evaluation:

- provision of other services by the consulting firm;
- amount of fees paid by the Company to the consulting firm, and those fees as a percentage of total revenue paid to all affiliates;
- the policies and procedures that each consultant has in place to prevent conflicts of interest;

- any business or personal relationships of the consultant with any members of the Committee;

- any Company stock held by any of the individual consultants responsible for providing compensation advice to the Committee; and

- any business or personal relationships between Company executives and the compensation consulting firm.

Based on that review, the Committee believes that there are no conflicts of interest or potential conflicts of interest that would unduly influence Pay Governance s ability to provide the Committee candid, direct and objective advice that is independent of management, and that the advice received by the Committee is not influenced by any other economic relationship that either firm, or any of the individuals at either firm responsible for providing compensation advice to the Committee, has with the Company. To ensure ongoing independence and objectivity of advice, the executive compensation consultant:

- is engaged by and reports directly to the Committee and its Chair;

- can be terminated only by the Committee or its Chair;

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- meets as needed with the Committee in executive sessions that are not attended by any of the Company s officers;

- has direct access to all members of the Committee during and between meetings;

- does not permit the individuals responsible for providing compensation advice to the Committee to act as the client relationship manager of his/her firm with regards to other business for the Company; and

- cannot directly, or indirectly, through a member of the consulting team, participate in any activities related to other consulting services provided to the Company.

Outside Legal Counsel

When appropriate, the Committee engages the services of outside legal counsel for providing advice where regular internal Company counsel may have conflicts.

Chief Executive Officer

The Company s CEO attends Committee meetings and is responsible for providing relevant input on the compensation elements of the executive officers, including individual performance input, and making specific recommendations on base salaries, annual and long-term incentives and promotions.

The CEO is also responsible for discussing the key business drivers behind the executive compensation results, including the establishment of the plan metrics, and periodically discussing the results achieved against those metrics. The CEO is excluded from executive sessions and from discussions involving his compensation.

Senior Vice President, Chief Administrative Officer

The Senior Vice President and Chief Administrative Officer (SVP CAO) is responsible for coordinating Committee activities including: proposing meeting agendas based on the Committee s planning calendar and decision-making responsibility; arranging for meetings outside of the normal meeting cycle as appropriate; assisting with the coordination of the work done by the Committee s executive compensation consultant; and preparing appropriate materials for review by the Committee. The SVP CAO follows up on meeting action items and other assignments from the Committee and is available for consultation with the Committee as needed.

In this role, the SVP CAO normally consults with the Chief Executive Officer, Chief Financial Officer, General Counsel and the Corporate Secretary. Each may be asked to prepare information for Committee review, attend Committee meetings as appropriate, and provide relevant background information for inclusion in Committee materials.

Other Executive Officers

The Company s Chief Financial Officer prepares and provides all financial results to the Committee as necessary to determine achievement against goals in the various incentive compensation plans. At the Committee s request, the Chief Financial Officer provides commentary, discusses overall results providing appropriate information relative to achievement (or under or over achievement as may be the case), and plays an active role in development of the goals presented for approval in incentive compensation plan design.

The General Counsel participates in Committee meetings and is responsible for providing relevant legal advice to the Committee on its executive compensation plans, and ensuring compliance with all appropriate regulations, including SEC and IRS regulations, that impact executive compensation.

The Corporate Secretary also participates in Committee meetings, taking appropriate minutes to preserve a record of discussion and actions.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company s Annual Report on Form 10-K for the year ended December 31, 2016.

Hari N. Nair, Chair

Gary F. Colter

Peter S. Hellman

Hugh H. Roberts

Dennis K. Williams

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2016 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards(2)	Non-Equity Incentive Plan Compensation (3)	Change in Pension Value and Non-Qualified Deferred Comp Earnings ($)(4)	All Other Compensation (5)	Total
Andres A. Lopez	2016	$ 850,000	$	$ 2,906,260	$ 968,749	$ 1,767,150	$ 255,613	$ 190,734	$ 6,938,506
Chief Executive Officer									
(CEO)	2015	591,667	0	1,598,358	499,998	327,255	399,164	315,211	3,731,653
	2014	425,833	0	651,584	187,492	265,436	599,214	358,054	2,487,613
Jan A. Bertsch	2016	$ 650,000	$	$ 974,999	$ 325,000	$ 720,720	$	$ 64,216	$ 2,734,935
Senior Vice President and	2015	69,167	0	3,475,002	324,999	34,915	0	83,176	3,987,259
Chief Financial Officer (CFO)									
Miguel I. Alvarez	2016	$ 380,467	$	$ 337,498	$ 112,499	$ 342,762	$	$ 297,702	$ 1,470,928
President, O-I Latin America									
James W. Baehren	2016	$ 450,000	$	$ 450,010	$ 149,998	$ 368,550	$	$ 98,069	$ 1,516,627
Senior Vice President, and	2015	446,750	0	543,565	150,002	183,235	280,177	70,399	1,674,128
General Counsel	2014	434,000	0	545,820	150,002	275,048	541,469	67,989	2,014,328
Vitaliano Torno (6)	2016	$ 507,305	$	$ 258,439	$ 86,149	$ 457,031	$ 250,635	$ 37,699	$ 1,597,258
President, O-I Europe									
Albert P. L. Stroucken (7)	2016	$ 539,000	$	$ 1,748,328	$ 874,169	$ 1,018,710	$ 200,761	$ 80,226	$ 4,461,194
Former Executive Chairman	2015	1,078,000	0	3,933,736	1,311,251	1,020,327	647,758	123,540	8,114,612
of the Board	2014	1,070,750	0	4,485,109	1,311,245	1,252,777	779,064	143,657	9,042,602

(1) Amounts in this column reflect the grant date fair market value of restricted stock units and performance share units granted in the year indicated as computed in accordance with FASB ASC 718. For a discussion of the assumptions made in the valuation reflected in this column, See Note 14 to the Consolidated Financial Statements for 2016 contained in the Annual Report Form 10-K filed with the SEC on February 10, 2017.

In the event the performance share units pay out at maximum value, the total potential values for grants of restricted stock units and performance share units are:

For Mr. Lopez for 2016, $4,843,767; 2015, $2,598,357; 2014, $1,026,579.

For Ms. Bertsch for 2016, $1,624,994; 2015, $4,125,006.

For Mr. Alvarez for 2016, $562,497.

For Mr. Baehren for 2016, $750,017; 2015, $843,560; 2014, $845,812.

For Mr. Torno for 2016, $430,731.

For Mr. Stroucken for 2016, $3,496,657; 2015, $6,556,227; 2014, $7,107,604.

(2) Amounts in this column reflect the grant date fair market value of options granted in the year indicated as computed in accordance with FASB ASC 718. For a discussion of the assumptions made in the valuation reflected in this column, See Note 14 to the Consolidated Financial Statements for 2016 contained in the Annual Report Form 10-K filed with the SEC on February 10, 2017.

(3) Amounts in this column reflect STI awards made pursuant to the Second Amended and Restated Owens-Illinois, Inc. 2005 Incentive Award Plan for the year indicated.

(4) Amounts in this column reflect the increase in the present value of the accumulated benefits under the following: Mr. Lopez the Salary Retirement Plan, the Supplemental Retirement Benefit Plan, and the International Pension Plan; Mr. Baehren the Salary Retirement Plan and the Supplemental Retirement Benefit Plan; Mr. Torno the

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Swiss Pension Plan; and Mr. Stroucken the Supplemental Retirement Benefit Plan. The pension value actuarially decreased for Mr. Baehren, however is shown here as zero, consistent with reporting guidelines.

The Company closed participation to the Salary Retirement Plan and the Supplemental Retirement Benefit Plan effective December 31, 2004. As a result, Ms. Bertsch and Mr. Alvarez do not participate in these plans.

The Salary Retirement Plan was frozen as of December 31, 2015. Participants maintain benefits accrued as of the freeze date, but will not accrue additional benefits beyond the freeze date.

The Company s NEOs did not accrue any preferential or above market earnings on their non-qualified deferred compensation.

(5) All other compensation for 2016 is summarized below:

	Executive Life Insurance Premium (a)	Personal Use of Company Aircraft (b)	Company Contributions to Qualified Stock Purchase & Savings Program (c)	Company Contributions to Non- Qualified Executive Deferred Savings Program (d)	International Assignment / Relocation (e)	Payments in Regard to Termination of Employment (f)	Other Miscellaneous Income (g)	Tax Payments (h)	Total
Andres A. Lopez	$ 8,640	$ 23,681	$ 21,200	$ 0	$ 30,050	$ 0	$ 7,224	$ 99,939	$ 190,734
Jan A. Bertsch	4,225	0	18,500	35,246	0	0	6,245	0	$ 64,216
Miguel I. Alvarez	2,670	0	21,200	0	175,268	0	0	98,564	$ 297,702
James W. Baehren	16,305	0	19,875	16,125	0	0	32,515	13,249	$ 98,069
Vitaliano Torno	4,458	0	0	0	0	0	33,241	0	$ 37,699
Albert P. L. Stroucken	3,246	12,780	7,950	0	0	26,950	29,300	0	$ 80,226

(a) Actual premium payments for executive life insurance policies with a face value equal to three times base annual salary for the NEO plus $60,000 for accidental death and dismemberment coverage. For Mr. Torno this amount represents actual premium payments for executive life insurance policy with death benefits of $200,000.

(b) The amount shown in this column represents the variable costs for personal use of Company aircraft by the NEOs. Pursuant to Board policy, for security reasons the Company s CEO generally uses the Company aircraft for both business and personal travel. No other NEOs use the Company aircraft for personal use. 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.

(c) The amount shown in this column for Mr. Lopez represents the Company match of $13,250 plus the 3% Company base salary contribution of $7,950 to the qualified Stock Purchase & Savings Program.

The amount shown in this column for Ms. Bertsch represents the Company match of $12,000 plus the 3% Company base salary contribution of $6,500 to the qualified Stock Purchase & Savings Program.

The amount shown in this column for Mr. Alvarez represents the Company match of $13,250 plus the 3% Company base salary contribution of $7,950 to the qualified Stock Purchase & Savings Program.

The amount shown in this column for Mr. Baehren represents the Company match of $12,000 plus the 3% Company base salary contribution of $7,875 to the qualified Stock Purchase & Savings Program.

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The amount shown in this column for Mr. Stroucken represents the 3% Company base salary contribution of $7,950 to the qualified Stock Purchase & Savings Program.

(d) The amount shown in this column for Ms. Bertsch represents the Company match of $22,246 plus the 3% Company base salary contribution of $13,000 to the non-qualified Executive Deferred Savings Plan.

The amount shown in this column for Mr. Baehren represents the Company match of $10,500 plus the 3% Company base salary contribution of $5,625 to the non-qualified Executive Deferred Savings Plan.

(e) The amount shown in this column for Mr. Lopez represents amounts related to his relocation to Ohio (from Florida) upon his promotion to President O-I Americas and includes $17,629 for household goods storage costs, $10,776 for storage insurance and $1,645 for shipment of his automobile.

The amount shown in this column for Mr. Alvarez represents amounts related to his relocation to Florida (from Sao Paulo, Brazil) upon his promotion to President O-I Latin America and includes $174,000 for transition payment and $1,268 for language services.

(f) The amount shown in this column for Mr. Stroucken represents $26,950 for the payout of unused vacation time upon his termination of employment.

(g) The amount shown in this column for Mr. Lopez represents $1,500 for reimbursement of professional advice related to tax, estate planning and financial planning; $1,325 for the cost of an executive physical; and $4,399 for the personal use of a car service.

The amount shown in this column for Ms. Bertsch represents $6,245 for reimbursement of professional advice related to tax, estate planning and financial planning.

The amount shown in this column for Mr. Baehren represents $8,515 for reimbursement of professional advice related to tax, estate planning and financial planning and an automobile allowance of $24,000.

The amount shown in this column for Mr. Torno represents $29,228 for lease cost of automobile and $4,013 for reimbursement of professional advice related to tax, estate planning and financial planning.

The amount shown in this column for Mr. Stroucken represents $15,000 for reimbursement of professional advice related to tax, estate planning and financial planning; $2,300 for the cost of an executive physical; and an automobile allowance of $12,000.

(h) With respect to Messrs. Lopez and Baehren, the amounts shown in this column include $8,700 and $13,249 respectively, for tax gross ups on life insurance benefits. These amounts are attributable to premiums paid during 2016 by the Company in connection with life insurance policies issued pursuant to the Owens Illinois Executive Life Insurance Plan and participation agreements entered into with the Company.

For Mr. Lopez, the amount also includes $32,673 for tax equalization, $15,984 for tax gross up on tax equalization, $16,904 for gross up on storage of household goods, $10,333 gross up on storage insurance, and $15,345 gross up on taxes paid on Mr. Lopez s behalf.

For Mr. Alvarez, the amount also includes $19,418 for tax equalization, $7,310 for gross up on tax equalization, $916 for gross up on language services, and $70,920 for gross up on the transition payment.

(6) For Mr. Torno, amounts paid in Swiss Francs were translated to U.S. Dollars at the average of the exchange rates as published by Bloomberg on the last business day of each month during 2016.

(7) Effective January 1, 2016, in accordance with the CEO succession plan, Mr. Stroucken relinquished his role as CEO, but retained his role as the Executive Chairman of the Board of Directors until the annual shareholders meeting in May 2016. Mr. Stroucken retired on June 30, 2016 upon expiration of his employment contract.

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GRANTS OF PLAN-BASED AWARDS IN 2016

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) Threshold	Target	Maximum	Estimated Future Payouts Under Equity Incentive Plan Awards (2) Threshold	Target	Maximum	All Other Stock Awards: Number of Shares or Units	All Other Option Awards: Number of Securities Underlying Options (3)	Exercise or Base Price of Option Awards ($ Per Share)(4)	Grant Date Value of Stock and Option Awards (5)
Andres A. Lopez	3/7/2016	$ 382,500	$ 1,275,000	$ 2,550,000	38,621	128,738	257,476	64,369	194,528	$ 15.05	$ 3,875,010
Jan A. Bertsch	3/7/2016	$ 156,000	520,000	1,040,000	12,957	43,189	86,378	21,595	65,261	15.05	1,299,999
Miguel I. Alvarez	3/7/2016	$ 74,191	247,304	494,608	3,488	11,628	23,256	5,814	17,570	15.05	350,001
	9/1/2016(6)				844	2,812	5,624	1,406	4,417	17.78	99,996
James W. Baehren	3/7/2016	$ 87,750	292,500	585,000	5,980	19,934	39,868	9,967	30,120	15.05	600,008
Vitaliano Torno	3/7/2016	$ 98,925	329,748	659,496	3,434	11,448	22,896	5,724	17,299	15.05	344,588
Albert P. L. Stroucken	3/7/2016	$ 242,550	808,500	1,617,000	34,850	116,168	232,336	0	175,536	15.05	2,622,498

(1) These columns show the amounts representing the annual incentive opportunity available under the STI. See Compensation Discussion and Analysis Annual Incentive for further discussion. Amounts indicated are based on a percentage of the base salary earned in 2016. Actual payouts vary based on final performance results and range from 30% to 200% of target.

(2) These columns show the performance share units granted in 2016 to each of the NEOs under the Company s Incentive Award Plan. See Compensation Discussion and Analysis Long-Term Incentives for further discussion regarding the awards. Actual payouts vary based on final performance results and range from 30% to 200% of target. Earned performance share units will be paid in shares of Common Stock in March 2019.

(3) This column shows the number of stock options granted in 2016 to each of the NEOs under the Company s Incentive Award Plan. See Compensation Discussion and Analysis Long-Term Incentives for further discussion regarding the awards. The options vest and become exercisable in equal annual installments on each of the first four anniversaries of the grant date.

(4) This column shows the exercise price for the stock options granted in 2016 to each of the NEOs, which was the closing price of the Company s Common Stock on the date the Compensation Committee granted the options, or, in cases where the there is no closing price on the date of grant, the price on the last preceding date for which there is a closing price.

(5) The full grant date fair value was computed in accordance with FASB ASC 718 and the assumptions set forth in Note 14 to the Consolidated Financial Statements included in the Company s Annual Report on Form 10-K filed with the SEC on February 10, 2017. There can be no assurances that the amounts shown in the table will be realized by the NEO.

In the event the performance share units pay out at maximum value, the total grant date value of stock and option awards are:

For Mr. Lopez: $5,812,517.

For Ms. Bertsch: $1,949,993.

For Mr. Alvarez: $674,996.

For Mr. Baehren: $900,014.

For Mr. Torno: $516,880.

For Mr. Stroucken: $4,370,826.

(6) These values represent shares granted to Mr. Alvarez as recognition for assuming additional responsibilities, his exceptional performance, and potential for long-term contributions to the Company.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2016

		Option Awards				Stock Awards			
Name		Number of Securities Underlying Unexercised Options: Exercisable	Number of Securities Underlying Unexercised Options: Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Unit that Have Not Vested(26)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested(34)
Andres A. Lopez	2016	0(2)	194,528	$ 15.05	3/7/2023	64,369(13)	$ 1,120,664	128,738(28)	$ 2,241,329
	2015	15,743(5)	47,229	23.99	3/7/2022	15,631(17)	272,136	41,684(31)	725,718
	2015					2,050(18)	35,691		
	2014	3,651(6)	3,650	25.73	11/3/2021	1,214(19)	21,136	4,858(32)	84,578
	2014	4,689(7)	4,688	33.62	3/7/2021	1,858(20)	32,348	7,436(33)	129,461
	2013	7,573(8)	2,524	26.07	3/7/2020	1,198(21)	20,857		
	2012	8,162(9)	0	22.69	3/7/2019				
	2011	10,160(10)	0	29.89	3/7/2018				
	2010	6,887(11)	0	31.03	3/7/2017				
	2004					1,000(22)	17,410		
	1999					3,000(25)	52,230		
Jan A. Bertsch	2016	0(2)	65,261	15.05	3/7/2023	21,595(13)	375,969	43,189(28)	751,920
	2015	13,342(3)	40,024	19.19	11/23/2022	12,702(14)	221,142	33,872(29)	589,712
	2015					130,276(15)	2,268,105		
Miguel I. Alvarez	2016	0(1)	4,417	17.78	9/7/2023	1,406(12)	24,478	2,812(27)	48,957
	2016	0(2)	17,570	15.05	3/7/2023	5,814(13)	101,222	11,628(28)	202,443
	2015	1,968(5)	5,904	23.99	3/7/2022	1,953(17)	34,002	5,211(31)	90,724
	2014	844(7)	844	33.62	3/7/2021	334(20)	5,815	1,338(33)	23,295
	2013	1,363(8)	454	26.07	3/7/2020	215(21)	3,743		
	2012	1,632(9)	0	22.69	3/7/2019				
	2011	2,032(10)	0	29.89	3/7/2018				
James W. Baehren	2016	0(2)	30,120	15.05	3/7/2023	9,967(13)	173,525	19,934(28)	347,051
	2015	4,723(5)	14,169	23.99	3/7/2022	4,689(17)	81,635	12,505(31)	217,712
	2015					1,950(18)	33,950		
	2014	5,627(7)	5,626	33.62	3/7/2021	2,230(20)	38,824	8,923(33)	155,349
	2013	9,087(8)	3,029	26.07	3/7/2020	1,438(21)	25,036		
	2012	13,993(9)	0	22.69	3/7/2019				
	2011	13,208(10)	0	29.89	3/7/2018				
	2010	12,534(11)	0	31.03	3/7/2017				
	2004					15,000(22)	261,150		
	2003					12,000(23)	208,920		
	2002					10,000(24)	174,100		
	1999					3,000(25)	52,230		
Vitaliano Torno	2016	0(2)	17,299	15.05	3/7/2023	5,724(13)	99,655	11,448(28)	199,310
	2015	768(4)	2,303	24.92	5/4/2022	752(16)	13,092	2,006(30)	34,924
	2015	1,181(5)	3,542	23.99	3/7/2022	1,172(17)	20,405	3,126(31)	54,424
	2014	1,032(7)	1,031	33.62	3/7/2021	408(20)	7,103	1,636(33)	28,483
	2013	1,651(8)	550	26.07	3/7/2020	261(21)	4,544		
	2012	2,332(9)	0	22.69	3/7/2019				

	2011	2,903(10)	0	29.89	3/7/2018				
	2010	2,617(11)	0	31.03	3/7/2017				
	2004					2,000(22)	34,820		
	2003					1,000(23)	17,410		
	2002					1,000(24)	17,410		
	1999					3,000(25)	52,230		
Albert P. L. Stroucken	2016	0(2)	175,536	15.05	3/7/2023			116,168(28)	2,022,485
	2015	41,287(5)	123,858	23.99	3/7/2022	40,993(17)	$ 713,688	109,316(31)	1,903,192
	2014	49,184(7)	49,184	33.62	3/7/2021	19,500(20)	339,495	78,004(33)	1,358,050
	2013	79,438(8)	26,479	26.07	3/7/2020	12,574(21)	218,913		
	2012	104,944(9)	0	22.69	3/7/2019				
	2011	123,454(10)	0	29.89	3/7/2018				
	2010	111,570(11)	0	31.03	3/7/2017				

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OPTION AWARD VESTING SCHEDULE

	Option Grant Date		Option Price	Vesting Dates 25%	25%	25%	25%
(1)	September 1, 2016	$	17.78	9/1/17	9/1/18	9/1/19	9/1/20
(2)	March 7, 2016	$	15.05	3/7/17	3/7/18	3/7/19	3/7/20
(3)	November 23, 2015	$	19.19	11/23/16	11/23/17	11/23/18	11/23/19
(4)	May 4, 2015	$	24.92	5/4/16	5/4/17	5/4/18	5/4/19
(5)	March 7, 2015	$	23.99	3/7/16	3/7/17	3/7/18	3/7/19
(6)	November 3, 2014	$	25.73	11/3/15	11/3/16	11/3/17	11/3/18
(7)	March 7, 2014						