

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

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

OWENS-ILLINOIS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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 - (1) Title of each class of securities to which transaction applies:
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(3) Filing Party:

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OWENS-ILLINOIS, INC.

NOTICE AND PROXY STATEMENT

For

The Annual Meeting of Share Owners

To Be Held

Thursday, May 10, 2012

YOUR VOTE IS IMPORTANT

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

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OWENS-ILLINOIS, INC.

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

NOTICE OF ANNUAL MEETING OF SHARE OWNERS

Dear Owens-Illinois Share Owner:

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

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

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

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

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

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

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

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

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

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

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

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

By order of the Board of Directors,

ALBERT P. L. STROUCKEN
Chairman of the Board

JOSEPH J. O'HARA, JR.
Secretary

March 30, 2012
Perrysburg, Ohio

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

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

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

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

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

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

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

Who May Vote

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

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

How to Vote

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

Vote by Internet

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

Vote by Telephone

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

Vote by Mail

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

Vote in Person

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

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

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

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

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

Revocability of Proxies

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

Vote Required to Approve Matters

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

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

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

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

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

Other Matters

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

**PROPOSAL 1:
ELECTION OF DIRECTORS**

General

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thomas L. Young, Age 68

Director since 1998

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

Continuing Directors terms expire at Annual Meeting in 2014

Peter S. Hellman, Age 62

Director since 2007

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

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

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

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

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

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Board Leadership Structure and Role in Risk Oversight

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

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

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

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

Board Responsibilities

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

Board Independence

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

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

Board Member Stock Ownership

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

Board Size

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

Board Meeting Attendance

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

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

Corporate Governance Guidelines

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

Board Nominees

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

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

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

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

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

Code of Business Conduct and Ethics

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

Communicating with the Board

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

Table of Contents**Board Committees**

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

Committee Membership

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

Name	Audit	Compensation	Nominating/ Corporate Governance	Risk Oversight(1)
<i>Independent Directors:</i>				
Gary F. Colter	X		X	
Jay L. Geldmacher	X			
Peter S. Hellman	Chair	X		
David H. Y. Ho			X	X
Anastasia D. Kelly		X		Chair
Corbin A. McNeill, Jr.		X	Chair	
Hugh H. Roberts		Chair		
Helge H. Wehmeier			X	X
Dennis K. Williams	X	X		
Thomas L. Young				X
<i>Non-Independent Director:</i>				
John J. McMackin, Jr.				X
<i>Management Director:</i>				
Albert P. L. Stroucken				X
Number of Meetings in 2011	10	6	5	4

(1)

Mr. Young served as the chair of the Risk Oversight Committee for 2011. Effective for 2012, Ms. Kelly now serves as the chair 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, which sets forth the specific responsibilities of the Audit Committee. A copy of the Audit Committee Charter is available on the Investor Relations section of the Company's website (www.o-i.com) and in print, free of charge, to any share owner upon request

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addressed to the "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. Colter 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 executive officers and directors. In carrying out such responsibilities, the Compensation Committee administers the Amended and Restated Stock Option Plan, the Amended and Restated 1997 Equity Participation Plan, the 2005 Incentive Award Plan, the 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.

The Compensation Committee operates under a written charter adopted by the Board, which sets forth the specific responsibilities of the Compensation Committee. A copy of the Compensation Committee Charter is available on the Investor Relations section of the Company's website (www.o-i.com) and in print, free of charge, to any share owner upon request addressed to the "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 individuals qualified to become directors and recommending that the Board select the candidates for all directorships to be filled by share owners or the Board; (b) developing and recommending to the Board a set of corporate governance principles applicable to the Company contained in the Company's Corporate Governance Guidelines and Code of Business Conduct and Ethics; (c) overseeing the evaluation of the Board and management of the Company; (d) taking a leadership role in shaping the corporate governance of the Company; (e) overseeing management succession planning and development; and (f) overseeing the Company's Ethics and Compliance function, in conjunction with other committees requested to address issues arising in this area.

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

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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 below under the heading "2013 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 critical enterprise risks, including the major strategic, operational, regulatory, compliance, 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; 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 which sets forth the specific responsibilities of the Risk Oversight Committee. A copy of the Risk Oversight Committee Charter is available on the Investor Relations section of the Company's website (www.o-i.com) and in print, free of charge, to share owners upon request to the "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 (i) reviews and submits for Board approval the Company's Risk Management Philosophy, Risk Management Policy and Statement of Risk Appetite, as developed by management; (ii) reviews management's processes designed to identify, assess, manage, monitor and report the Company's significant Enterprise Risks; (iii) 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; (iv) reviews the Company's disclosure of Enterprise Risks in all filings with the SEC (including the Annual Report on Form 10-K); and (v) together with the Audit Committee, reviews, assesses and discusses with the general counsel, the Chief Financial Officer and the independent registered public accounting firm (A) any significant risks or exposures; (B) the steps management has taken to minimize such risks or exposures; and (C) the Company's underlying policies with respect to risk assessment and risk management.

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DIRECTOR COMPENSATION AND OTHER INFORMATION

Director Compensation

Each non-management director of the Company receives an annual retainer of \$60,000, payable quarterly. Each non-management director also receives \$2,000 for each Board meeting in which such director participates. The Chair of the Audit Committee receives an additional annual retainer of \$20,000, the Chair of the Compensation Committee receives an additional retainer of \$15,000, and each non-management director who serves as a chair of any other committee receives an additional annual retainer of \$10,000. The Lead Director receives an annual retainer of \$20,000 in addition to the annual retainer for service as chair of a committee. Each non-management director who serves as a member of a committee of the Board (including as chair) receives \$2,000 for each committee meeting in which such director participates. In addition, each non-management director will receive each year 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 \$85,000, 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 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. Each director is reimbursed for expenses associated with meetings of the Board or its committees.

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

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The total compensation paid to non-management directors in 2011 is reflected in the following table.

DIRECTOR COMPENSATION IN 2011

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(3)	All Other Compensation (\$)	Total (\$)
Gary F. Colter	\$ 108,000	\$ 85,004	\$ 0	\$ 0	\$ 193,004
Jay L. Geldmacher	98,000	85,004	0	0	183,004
Peter S. Hellman	130,000	85,004	0	0	215,004
David H. Y. Ho	94,000	85,004	0	0	179,004
Anastasia D. Kelly	94,000	85,004	0	0	179,004
John J. McMackin, Jr.	86,000	85,004	0	0	171,004
Corbin A. McNeill, Jr.	130,000	85,004	0	0	215,004
Hugh H. Roberts	105,000	85,004	0	0	190,004
Helge H. Wehmeier	96,000	85,004	0	0	181,004
Dennis K. Williams	110,000	85,004	0	0	195,004
Thomas L. Young	96,000	85,004	0	0	181,004

(1)

The cash amounts paid to each director are made up of the following amounts:

Name	Annual Retainer	Annual Committee Chair Retainer	Board Meeting Fees	Committee Meeting Fees	Total
Gary F. Colter	\$ 60,000	\$ 0	\$ 18,000	\$ 30,000	\$ 108,000
Jay L. Geldmacher	60,000	0	18,000	20,000	98,000
Peter S. Hellman	60,000	20,000	18,000	32,000	130,000
David H. Y. Ho	60,000	0	18,000	16,000	94,000
Anastasia D. Kelly	60,000	0	16,000	18,000	94,000
John J. McMackin, Jr.	60,000	0	18,000	8,000	86,000
Corbin A. McNeill, Jr.	60,000	30,000	18,000	22,000	130,000
Hugh H. Roberts	60,000	15,000	18,000	12,000	105,000
Helge H. Wehmeier	60,000	0	18,000	18,000	96,000
Dennis K. Williams	60,000	0	18,000	32,000	110,000
Thomas L. Young	60,000	10,000(a)	18,000	8,000	96,000

(a)

Mr. Young served as the chair of the Risk Oversight Committee for 2011. Effective for 2012, Ms. Kelly now serves as the chair of the Risk Oversight Committee.

(2)

Amounts reflect the aggregate grant date fair value computed in accordance with Financial Accounting Standard Board ("FASB") ASC 718. Each non-management director held 2,721 restricted stock units as of December 31, 2011.

(3)

As of December 31, 2011, Mr. McMackin and Ms. Kelly each held 10,000 fully vested and exercisable options.

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Related Person Transactions

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 this review to the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee has no written policy or procedures regarding such a review, but considers all material terms of any such related person transactions and ratifies such transactions when the terms are fair and the Company receives a benefit.

During 2011, the law firm of Williams & Jensen, PLLC, of which Mr. McMackin is a principal, received fees from the Company of approximately \$930,000 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. It is anticipated that the Company will continue to utilize their services.

Compensation Committee Interlocks and Insider Participation

During 2011, the following directors served on the Compensation Committee of the Board: Peter S. Hellman, Anastasia D. Kelly, Corbin A. McNeill, Jr., Hugh H. Roberts (Chair) and Dennis K. Williams. No member of the Committee has any relationship with the Company requiring disclosure under Item 404 or Item 407(e)(4)(iii) of SEC Regulation S-K. 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 2011.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

Following its annual review of pay and performance for senior management, and taking into account the Company's 2011 performance, the Compensation Committee of the Board (the "Committee") has taken these actions:

1. Paid no 2011 annual incentive to the CEO and the other Named Executive Officers ("NEOs"). This action had been recommended by management.
2. Paid 48% of the 2009-2011 long-term incentive target, based on the Company achieving its target return on invested capital for the period, but not the threshold earnings per share.
3. Approved CEO and other NEO base salary increases of 2.3 percent. These increases, which took effect in April 2011, were based on competitive market data, as well as each executive's role and performance.
4. Revised the 2011 annual incentive performance measures for the CEO and other NEOs to substitute free cash flow for working capital. This action increased the Company's focus on capital spending and had been recommended by management.

As in past years, the Committee used the following principles and practices in reaching these decisions:

Ensure that a major portion of target compensation for the CEO and other NEOs is "at risk";

Target total direct compensation at market median for the CEO and other NEOs;

Conduct annual formal reviews of market and proxy data for comparator group companies;

Analyze annually the relationship between executive pay and Company performance to ensure alignment over time; and,

Complete regular risk assessments to evaluate the Company's overall executive compensation practices and processes.

In 2011, the Committee's review showed that there is alignment of pay and performance for the CEO, but that the long-term incentive opportunity is below market median. Pay lagged performance for the other NEOs, also primarily due to lower than market long-term incentive opportunities. The Committee also reviewed retirement benefits in 2011 to ensure they were in line with market practices.

In their 2011 Say on Pay vote, the Company's share owners approved its executive compensation program with a 94% approval rating. The Committee believes that the results of this vote thereby affirmed share owner support of the Company's approach to executive compensation, and therefore did not change its approach in 2011.

The Committee continues to believe that, overall, the Company's compensation programs are well aligned with both share owner interests and the competitive market, and are designed to reward overall Company and individual performance. The Committee will regularly review compensation programs to ensure such alignment continues.

Table of Contents**Compensation Benchmarking**

In determining total compensation levels for the NEOs, the Committee reviews competitive market remuneration. For comparisons of compensation opportunities with the market, the Committee examines two sources of market data – data from a group of comparator companies and data from published surveys.

The comparator group of companies is a selected mix of companies in the packaging and manufacturing sectors with an emphasis on companies with characteristics similar to the Company such as size, global presence, asset intensity, and other relevant factors. The Committee's executive compensation consultant reviews available data from public companies and, based on its knowledge of the industry and the Committee's perspective, recommends companies for possible inclusion in the comparator group. The Committee determines the list of companies to be included and reviews the list annually. The intent is to maintain stability in the comparator group over time, although changes may be made based on comparator company performance, mergers / acquisitions, and other relevant factors.

During 2011, the Committee, with input from its executive compensation consultant, removed one company from the comparator group, reducing the number of comparators from 19 to 18. Pactiv Corp was removed from the comparator group because it was acquired in 2010. The Committee has determined that the comparator group, which has an effective representation of packaging industry companies, is well matched to the Company in terms of revenue and market capitalization.

Comparator Group Companies

Ball Corp.	Owens Corning
Bemis Co. Inc.	Parker-Hannifin Corp.
Crown Holdings Inc.	PPG Industries, Inc.
Cummins Inc.	Praxair Inc.
Dana Holding Corporation	Sealed Air Corp.
Eaton Corp.	Silgan Holdings Inc.
Illinois Tool Works	Sonoco Products Co.
Ingersoll-Rand Co. Ltd.	Temple-Inland Inc.
Meadwestvaco Corp.	TRW Automotive Holdings Corp.

Comparison of the Company Revenue and Market Capitalization and Comparator Group

	Low	Median	High	O-I
Revenue (\$B)*	\$ 3.1	\$ 8.6	\$ 18.0	\$ 7.4
Market Capitalization (\$B)**	\$ 1.8	\$ 5.1	\$ 32.0	\$ 3.2

* FY 2011 data where available. FY 2010 data for six companies which have not yet reported 2011 results.

** as of 12/31/11.

In addition to examining the compensation data published by these companies in their proxies, the Committee considers general industry and durable goods manufacturing data published in executive compensation surveys. Although there is a priority placed on proxy data from the comparator group companies, data from surveys of durable goods manufacturing companies allow for a wider comparison. All survey data have been adjusted to reflect total company or applicable business unit revenues.

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For 2011, the following survey sources were used:

Towers-Watson, *Survey Report on Top Management Compensation, 2010/2011*

Mercer, *Mercer Benchmark Database, 2011*

Data on base pay, annual incentives and long-term incentives for the Company's NEOs are viewed individually and in the aggregate when reviewing total compensation levels.

Compensation Program Overview

Total Direct Compensation

Total direct compensation is the combination of base pay, annual incentive and long-term incentives. The Company's compensation strategy is to position target compensation levels (i.e., base salaries, target annual incentive and target long-term incentive) at or near the 50th percentile of the market. An executive officer's total direct compensation opportunity may be higher or lower than the market 50th percentile based on individual performance, experience, past leadership roles, and Company performance. In making compensation decisions, the Committee considers each of these factors and the executive officer's total direct compensation to assure 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 CEO and the other NEOs be "at risk" compensation pay that is linked to the Company performance and/or the price of the Company's stock. The CEO had approximately 85% of his target total direct compensation "at risk" in 2011. The other NEOs had approximately 64% of their target total direct compensation "at risk" in 2011.

Compensation Mix: CEO

Compensation Mix: NEO's

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Base Pay

The base pay program is designed to ensure the Company's ability to attract and retain key executives. The Committee reviews executive officer salaries at least once per year, and may adjust salaries according to current market conditions, Company performance, individual performance, and the results of benchmarking against market data.

In 2011, the Committee approved base pay increases, effective April 1, 2011, of 2.3% for the CEO and the other NEOs. Base pay increases were in line with the market and what was provided to other Company employees. The intent was to ensure that the NEOs' base pay did not fall below the market, while also recognizing the need to control costs. No exceptional salary adjustment was deemed necessary since all the NEOs largely maintained their primary roles and responsibilities.

Annual Incentive

The annual incentive is designed to assure the achievement of overall financial results and to motivate individual performance.

In 2011, for the CEO and the other NEOs, the Senior Management Incentive Plan ("SMIP") continued to measure EBIT margin(1) and sales revenue(2) as it did in 2010. However, the Committee substituted a free cash flow measure(3) for working capital as a percent of sales(4), which was used in 2010. The Committee revised this measure because free cash flow is seen as a more holistic means of balancing profits and managing receivables, payables and inventories, while adding a focus on capital expenditures. EBIT margin measures the quantitative and qualitative profitability of the Company. Inclusion of the sales revenue measure ensures a focus on top line growth of the Company.

In calculating the results against each performance measure under the annual incentive plan, the impact of an acquisition is excluded from the results for the year in which the acquisition occurs. Also, all foreign currency amounts used in determining performance results are translated at predetermined rates to avoid unanticipated effects of exchange rate fluctuations.

The incentive pool is created by exceeding performance thresholds against established targets for EBIT margin, free cash flow and sales revenue. Each measure stands alone and may result in incentive pool funding. For the incentive pool for the CEO and his direct reports, the weighting for 2011 was EBIT margin at 50%, free cash flow at 30%, and sales revenue at 20%.

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- (1) EBIT margin is based on the Company's Segment Operating Profit, which consists of consolidated earnings from continuing operations before interest income, interest expense and provision for income taxes and excludes charges for asbestos-related costs, restructuring, asset impairment and other items that management considers not representative of ongoing operations, as well as certain retained corporate costs.
- (2) Sales revenue is defined as third party net sales as reported annually in the Company's Consolidated Results of Operations.
- (3) Free cash flow is defined as cash provided by continuing operating activities less additions to property, plant and equipment from continuing operations.
- (4) Working capital is defined as accounts receivable, inventory and repair parts, less accounts payable.

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Once the pool is created, 80% of the individual award is based strictly on overall financial results, with the remaining 20% being linked to the participant's achievement of personal objectives. The awards for the NEOs for 2011 were determined by the financial results of the Company as a whole.

The Committee reviews and approves the measures and financial targets set for each plan year. In this process, it considers the overall Company budget (as approved by the Board of Directors), the state of the industry and other external economic factors.

Over the past five years, payouts ranging from zero to 200% of target have been earned at the Company level, which is indicative of the variability of bonus payouts in years when financial performance is lower or higher.

For 2011, the performance of the Company as a whole was as follows:

	Weight	Threshold	Target	Maximum	Actual	Payout (as % of Target)
EBIT margin %	50%	13.0%	13.3%	13.8%	10.9%	0.0%
Free Cash Flow \$	30%	\$ 250	\$ 328	\$ 400	\$ 220	0.0%
Sales Revenue \$	20%	\$ 7,050	\$ 7,514	\$ 7,900	\$ 7,092	1.8%
Total Payout (as % of Target)						1.8%

Target awards are set for each executive, expressed as a percent of base pay. The Committee established individual performance goals that are specifically tailored for each NEO. These performance goals may include a qualitative assessment of leadership performance, contribution to the officer group, overall operational and customer performance, continuous operational improvements and other appropriate operating measures. Individual performance is evaluated after the end of the fiscal year by (1) comparing actual performance to daily job responsibilities and pre-established individual performance goals (if applicable), and (2) considering, on a qualitative basis, whether the individual's performance reflects the Company's corporate values and business philosophies. The Committee analyzes the total mix of available information in determining annual incentive awards on a qualitative, and not strictly quantitative, basis.

For 2011, the targets and payouts were:

Name	Target (% of base pay rate)	Actual Payout (% of base pay earned)
Albert P. L. Stroucken	150%	0.0%
Edward C. White	80%	0.0%
James W. Baehren	65%	0.0%
L. Richard Crawford	80%	0.0%

Due to the performance of the Company as a whole, the Committee decided to support management's recommendation to not provide a payout for the NEOs.

Long-Term Incentives

Long-term incentive ("LTI") compensation is delivered solely in the form of equity. Delivering this component of executive compensation as equity further aligns the executive officers' interests with share owner interests. This component of the executive compensation package rewards each executive officer's

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current contributions to the Company and provides motivation to achieve the Company goals, drives share owner value over time and is an important retention tool.

Each year, the Committee determines an overall equity award, expressed in dollar value and based on survey data targeted at median, for each of the NEOs. This amount is then allocated among three forms of equity as follows:

40% of the award value is made in non-qualified stock options

20% of the award value is made in restricted stock units

40% of the award value is made as performance share units

Stock options and performance share units, which together represent 80% of the value of the LTI award, have a strong pay for performance orientation. They are a large enough portion of total compensation to have a meaningful impact on the NEOs total compensation depending on Company performance and total share owner return. Restricted stock units, which comprise 20% of the overall equity award, 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 (40% of total long-term incentive value) focuses 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 guidelines (described below), promotes alignment with share owner interests.

Individual equity awards are determined based on a review of market competitive data, as well as published surveys. Individual awards may vary based on performance, leadership, potential and other relevant factors. When making grant decisions, the Committee focuses on the dollar value of the award for the individual officers, and also considers the overall dilutive impact of shares granted to the entire employee population. For 2011, the NEOs received equity grants with the following fair market values:

Name	Target
Albert P. L. Stroucken	\$ 4,252,995
Edward C. White	415,007
James W. Baehren	454,992
L. Richard Crawford	475,000

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 goals.

Stock Options

To determine the number of stock options awarded, 40% of the total long-term incentive award is divided by the Black-Scholes value of the option on the date of the grant. For example, assuming an overall long-term incentive award of \$100,000, Common Stock price of \$30.00, and Black-Scholes value of the option of \$14.00, the number of options granted would be calculated as follows:

$$\$100,000 \times 40\% = \$40,000 / \$14.00 = 2,857 \text{ options}$$

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

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Restricted Stock Units

To determine the number of restricted stock units awarded, 20% of the total long-term incentive award is divided by the Common Stock price on the date of grant. For example, assuming an overall total long-term incentive award of \$100,000 and Common Stock price of \$30.00, the number of restricted stock units granted would be calculated as follows:

$$\$100,000 \times 20\% = \$20,000 / \$30.00 = 667 \text{ restricted stock units}$$

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

Performance Share Units

Performance share units are meant to reward financial performance of the Company over a three-year cycle. Grants made in 2009 had a performance cycle of January 1, 2009 December 31, 2011; 2010 grants have a performance cycle of January 1, 2010 December 31, 2012; 2011 grants have a performance cycle of January 1, 2011 December 31, 2013.

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 2009, 2010 and 2011, measure the Company's performance over three-year periods based on return on invested capital ("ROIC", calculated as EBIT, times one minus the Company's tax rate, divided by the sum of total debt and total share owners' equity), and earnings per share ("EPS", calculated as diluted earnings per share from continuing operations before asbestos-related charges and other items that are not representative of ongoing operations). 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.

The ROIC and EPS measures are equally weighted. No award is earned if performance against both targets is below the threshold level relative to the targets established by the Committee for the three-year period. If performance against either or both of the targets meets or exceeds the threshold level, NEOs can earn from 0% to 150% of the award granted for the 2009 2011 and 2010 2012 grants. Beginning with the 2011 2013 grants, this range was expanded to 0% to 200% in order to align with the market. 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.

For purposes of determining the number of performance share units granted in 2010, the value of a performance share unit was set at 80% of the Common Stock price on the date of the grant. This was based on a review conducted by the Committee's compensation consultant in 2008. The review analyzed the degree of difficulty of the performance goals based on probability testing using historical financial results and predicted volatility. The analysis indicated that a 20% discount was an appropriate performance discount rate to determine the number of shares to deliver the targeted award value.

Beginning with the 2011 2013 grant, the value of a performance share unit was set at 100% of the Common Stock price on the date of the grant to align with the current competitive market practice. To determine the number of performance share units to grant, 40% of the total long-term incentive award is divided by the Common Stock price on the date of grant. For example, assuming an overall long-term

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incentive award of \$100,000 and Common Stock price of \$30.00, the number of performance share units granted would be calculated as follows:

$$\$100,000 \times 40\% = \$40,000 / \$30.00 = 1,333 \text{ performance share units}$$

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

The Committee has discretion to make changes in the performance goals based on certain one-time events, accounting / tax rule changes, changes to capital structure, and / or extraordinary items that do not accurately represent the Company's operating performance.

For the 2009 2011 performance cycle, performance was below the minimum payout threshold for EPS but approximately at target for ROIC. Total LTI payout was therefore 47.6%.

	Threshold	Target	Maximum	Actual	Payout %
ROIC	9.32%	11.32%	12.32%	11.22%	47.6%
EPS	\$ 3.35	\$ 3.88	\$ 4.22	\$ 2.37	0.0%

Assessment of Pay and Performance

To assess the alignment of pay and company performance in 2011 the Committee reviewed the competitiveness of the Company's senior executive compensation levels relative to the Company's comparator peer group of publicly-traded companies. Pay, calculated as actual and estimated payouts, and performance were evaluated for both one-year and three-year periods for the Company's CEO and other NEOs. The executive compensation consultant's conclusion was that the CEO's one-year and three-year compensation were largely aligned with the Company's performance. Pay and performance were somewhat less aligned for the other NEOs where moderately below-market LTI grants positioned pay somewhat below performance levels.

For this purpose, total direct compensation included all base salary, annual incentive payouts, and the estimated realized value (i.e., award level multiplied by the closing price of the Company stock on December 31, 2010) of all long-term incentive awards made to the NEOs during fiscal years 2008, 2009 and 2010. Historical company performance was evaluated on the key financial metrics that are included in the Company's SMIP and LTI programs, including: revenue growth, EBIT margin, free cash flow from operations, earnings per share growth, and return on invested capital. In addition, total share owner return performance was evaluated to assess pay alignment with share owner outcomes. These metrics were chosen as they strike a balance between growth and return measures, offer an external investor perspective (i.e., total shareholder return), and describe the Company's bottom-line business performance and capital efficiency.

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The study showed that the Company's performance relative to the comparator companies was near the 17th percentile for 2010 and near the 33rd percentile for the three-year period. Overall the study indicated that the compensation realized by the CEO and the other NEOs was aligned with the performance of the Company, in both the one-year and three-year periods.

Equity Granting 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 amount (dollar value) of equity available for awards during the upcoming year's grant cycle. In making a proposal to the Committee, the Company reviews prior year grants, current competitive market data, run rate and total potential dilution data, and each executive officer's overall compensation package in relation to the market. Once the overall amount of equity available is determined, the chief executive officer 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 chief executive officer 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 (or the last business day prior to the grant date if the grant date falls on a non-business day).

The Committee has adopted March 7 of each year as the date of grant for all annual equity awards. This date falls outside of the quarterly blackout periods prescribed under the Addendum to Insider Trading Policy applicable to all NEOs.

Stock Ownership and Share Retention Guidelines

The Company has stock ownership guidelines for all of the NEOs. The guidelines are as follows:

Chairman & Chief Executive Officer 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. In addition, the Committee has also implemented share

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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 of 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 2011, all of the NEOs exceeded their current ownership guidelines, as shown below:

	Expected Ownership Level June 30, 2011 (as a multiple of salary)	Actual Ownership Level June 30, 2011 (as a multiple of salary)
Albert P. L. Stroucken	5.0 × salary	19.3 × salary
Edward C. White	2.5 × salary	9.7 × salary
James W. Baehren	2.5 × salary	10.3 × salary
L. Richard Crawford	2.5 × salary	9.4 × salary

Tax Deductibility under 162(m)

Under U.S. federal income tax law, the Company cannot take a tax deduction for certain compensation paid in excess of \$1,000,000 to NEOs based in the U.S. However, performance-based compensation, as defined in the tax law, is fully deductible if the programs are approved by share owners and meet other requirements. The Company's policy is to qualify its incentive compensation programs for full corporate deductibility, to the extent feasible and consistent with its overall compensation goals. The Company has taken steps to qualify its annual incentives, as well as stock options and performance share awards under its equity plan, for full deductibility as "performance-based compensation". The Company may make payments that are not fully deductible if, in its judgment, such payments are necessary to achieve the Company's compensation objectives and to protect share owner interests.

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 life insurance benefits for its NEOs who were officers prior to 2006. Six months and one day after retirement, the paid-up policy is distributed to the executive officer. The retiring executive officer also receives a tax reimbursement for the value of the policy. In 2006, the Company closed this plan to new entrants. NEOs hired in the U.S. after December 31, 2005 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 U.S. 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. Benefits accrued at December 31, 2004 are eligible to be paid in a lump sum upon retirement at the

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option of the participant. Benefits accrued post-December 31, 2004, however, are only eligible to be paid on an annuity basis. As a qualified plan, benefits 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. As a non-qualified plan, all payments are made in a lump sum out of the general assets of the Company. Mr. Stroucken accrues a benefit under this plan pursuant to the terms of his employment agreement.

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 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. For participants hired after December 31, 2004, who are not eligible to participate in the U.S. Salary Retirement Plan, the Company also makes a base contribution 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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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 an automobile allowance, executive physicals, financial planning and tax preparation, and restricted personal use of the Company aircraft. Under Board policy, for security reasons, the Company's chief executive officer generally uses the Company aircraft for both business and personal travel. Per the terms of his employment agreement, Mr. Stroucken's personal use of the Company aircraft is limited to 50 hours per year, and he has agreed to reimburse the Company for any personal use of the Company's aircraft in excess of that 50 hours per year limit. Personal use of the Company aircraft by any other NEO requires the approval of the chief executive officer.

The Company also agreed to pay Mr. Stroucken's legal fees, up to \$25,000, in connection with the negotiation and entering into a new employment agreement in 2011.

Company Benefits & Perquisites	Value Provided by the Company	Eligible Executives			
		Stroucken	White	Baehren	Crawford
Health & Welfare US Executives					
Health, Dental, Vision, Short- & Long-Term Disability	Comprehensive coverage	X	X	X	X
Retiree Medical			X	X	X
Supplemental Whole Life (hired prior to 2006)	3x Base Salary		X	X	X
Supplemental Term Life (hired after 2006)	3x Base Salary	X			
Retirement Qualified					
Salary Retirement Plan (DB ¹) ³	1.212% × Pay ⁴ × Service		X	X	X
Stock Purchase & Savings Program (DC ²) ⁶	2% Base Salary	X			
Stock Purchase & Savings Program (DC ²)	50% up to first 8% Base Salary	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	X
Unfunded Executive Deferred Savings Plan (DC ²)	Defer up to 100% Base Salary with Interest ⁷	X	X	X	X
Perquisites					
Car Allowance	\$2,000 per month	X	X	X	X
Financial Planning & Tax Preparation	Up to \$15,000 per year	X	X	X	X
Physical Examination	Up to \$3,500 per year (single provider in Toledo)	X	X	X	X
Personal Aircraft Usage	Up to 50 hours per year	X			

1. DB = Defined Benefit (e.g., pension plan)

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 continue to accrue benefits

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. For participants hired after December 31, 2004

7. For deferrals prior to January 1, 2009, interest 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.

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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. Messrs. White, Baehren and Crawford are eligible for gross-ups on annual economic value of an executive life insurance benefit; Messrs. Crawford and Baehren are eligible for gross-ups on payments made into secular trust arrangements. 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. In addition, although Mr. Stroucken's employment agreement as in effect in 2011 provides for a gross-up on his executive life insurance coverage, Mr. Stroucken has waived his right to receive such a gross-up. Under his new employment agreement effective January 1, 2012, he no longer has the right to this gross-up.

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. See description of the Committee above under the heading "Board Committees."

Executive Compensation Consultant

To assist the Compensation Committee in carrying out its duties and responsibilities, the Committee engages the services of an executive compensation consultant. During 2011 the Committee engaged Mercer (US) Inc. ("Mercer") as its executive compensation consultant. Mercer 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 including 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.

During 2011 specifically, Mercer provided advice to the Committee on matters including: (i) providing competitive market data on compensation for executives; (ii) conducting the study on historical pay and performance versus the Company's comparator group; (iii) providing advice with respect to executive compensation matters, including annual and long-term incentive programs, share utilization and pay mix; and (iv) advising the Committee about regulatory and legislative updates. The fees paid to Mercer for providing such consulting services to the Compensation Committee in 2011 were \$350,475.

In its capacity as the executive compensation consultant to the Compensation Committee, Mercer 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.

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With the full knowledge of the Committee, the Company has engaged Mercer to provide other consulting services to the Company from time to time. Accordingly, the Committee and Mercer have agreed upon certain specific protocols, including reporting relationships, sharing of information and recommendations with management, and the role and responsibilities of the lead executive compensation consultant, to avoid the potential for conflicts of interest. The Committee annually receives information relating to all services that Mercer provides to the Company and fees that Mercer receives for such services. The aggregate fees for Mercer's consulting services to the Company (other than those for executive compensation consulting services to the Compensation Committee) for 2011 were \$279,224.

The Compensation Committee believes that Mercer provides candid, direct and objective advice that is independent of management, to the Compensation Committee, which is not influenced by any other economic relationship that Mercer has with the Company. To ensure ongoing independence and objectivity of advice, the executive compensation consultant:

is engaged by and reports directly to the Compensation Committee and its Chair

can only be terminated by the Compensation Committee or its Chair

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

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

is not the client relationship manager of his/her firm with regards to other business for the Company

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

In 2011, the Compensation Committee engaged Mercer to conduct a risk assessment of the Company's executive compensation practices and the relationship between its executive compensation program design and organizational risk. 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 a legal, human resources, auditing and risk management perspective and reviewed and discussed this assessment with the Compensation Committee. Based on both these assessments, the Company concluded that it does not have any compensation programs or practices that could reasonably likely have a future material adverse effect on the Company.

Chief Executive Officer

The Company's chief executive officer 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 chief executive officer 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 chief executive officer is excluded from executive sessions and from discussions involving his compensation.

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Senior Vice President, Chief Human Resources Officer

The senior vice president and chief human resources officer ("SVP CHRO") 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; working in concert with the Committee's executive compensation consultant; and preparing the appropriate materials for review by the Committee. The SVP CHRO 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 CHRO 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.

Involvement of 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.

Employment Agreements

The Company entered into an employment agreement with the CEO effective December 4, 2006, the terms of which were disclosed on Form 8-K/A dated November 28, 2006. This agreement was amended and restated effective January 1, 2012, the terms of which were disclosed on Form 8-K dated October 26, 2011. The Company has entered into severance agreements with certain officers, including the other NEOs listed in the Summary Compensation Table, that entitle the participants to receive their base salaries and to participate in designated benefit plans of the Company in the event of a not-for-cause termination of the participant. The agreements provide for termination of employment at any time, with or without cause, and further provide that the benefit plans designated therein and each employee's rights to receive salary and bonuses pursuant thereto are subject to modification by the Company in its sole discretion.

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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, 2011.

Hugh H. Roberts, Chair
Peter S. Hellman
Anastasia D. Kelly
Corbin A. McNeill, Jr.
Dennis K. Williams

Table of Contents**2011 SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Change in Pension Value and Non-Equity Non-Qualified Incentive Plan		All Other Compensation (\$)(4)	Total (\$)
						Compensation (\$)(3)	Deferred Earnings (\$)		
Albert P. L. Stroucken	2011	\$ 1,043,000	\$ 0	\$ 2,551,799(5)	\$ 1,701,196	\$ 0	\$ 869,772	\$ 139,962	\$ 6,305,729
Chairman, Chief Executive Officer, and President	2010	1,018,750	0	2,835,335(5)	1,619,996	1,278,811	917,990	120,639	7,791,522
	2009	1,000,000	0	2,800,986(5)	1,599,998	2,441,500	737,878	181,949	8,762,311
Edward C. White	2011	\$ 431,718	\$ 0	\$ 249,014(5)	\$ 165,994	\$ 0	\$ 540,755	\$ 71,240	\$ 1,458,721
Senior Vice President and Chief Financial Officer	2010	421,809	0	318,554(5)	181,994	255,498	728,576	73,318	1,979,749
	2009	414,046	0	315,114(5)	179,999	520,671	1,116,972	133,543	2,680,345
James W. Baehren	2011	\$ 400,676	\$ 0	\$ 272,985(5)	\$ 182,006	\$ 0	\$ 372,066	\$ 76,674	\$ 1,304,407
Senior Vice President, Strategic Planning and General Counsel	2010	391,480	0	318,554(5)	181,994	192,666	328,978	77,243	1,490,915
	2009	384,275	0	315,114(5)	179,999	356,934	398,764	127,280	1,762,366
L. Richard Crawford	2011	\$ 475,254	\$ 0	\$ 285,001(5)	\$ 189,999	\$ 0	\$ 483,492	\$ 69,390	\$ 1,503,136
Senior Vice President, Chief Technology & Operations Officer	2010	464,346	0	353,556(5)	202,002	281,264	493,290	84,857	1,879,315
	2009	455,800	0	350,123(5)	200,000	468,964	530,713	90,189	2,095,790

- (1) Amounts in this column reflect the grant date fair value of restricted stock units, restricted shares and performance share unit awards 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 1 to the Consolidated Financial Statements for 2011 contained in the Form 10-K filed with the SEC on February 9, 2012.
- (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 1 to the Consolidated Financial Statements for 2011 contained in the Form 10-K filed with the SEC on February 9, 2012.
- (3) Except as otherwise provided, the amounts disclosed in this column represent awards under the Owens-Illinois, Inc. Senior Management Incentive Plan for the year indicated.
- (4) All Other Compensation is summarized below:

	Year	Executive Life Insurance	Financial Planning(b)	Executive Physical	Automobile(c)	Personal Use of Company Aircraft(d)	Secular Trust Life Insurance	Other Miscellaneous Income(f)	Tax Payments(g)
		Premium(a)					Premium(e)		
Albert P. L. Stroucken	2011	\$ 24,338	\$ 7,029	\$ 3,197	\$ 24,000	\$ 81,398	\$ 0	\$ 0	\$ 0
Edward C. White	2011	11,803	7,800	2,472	24,000	0	0	17,269	7,896
James W. Baehren	2011	7,818	3,366	2,522	24,000	0	12,750	15,142	11,076
L. Richard Crawford	2011	3,441	3,500	0	24,000	0	11,125	19,010	8,314

- (a) Actual premium payments for executive life insurance policies with a face value equal to three times base annual salary for the named executive officer.
- (b) Named executive officers are eligible for reimbursement for professional advice related to tax, estate planning, and financial planning.
- (c)

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Messrs. Stroucken, White, Baehren and Crawford each received an automobile allowance of \$24,000 in 2011. The automobile allowance is a grandfathered benefit which will not be offered to named executive officers in the future.

(d)

The amounts shown in this column reflect the personal use of Company aircraft by the named executive officers. Under Board policy, for security reasons, the Company's CEO generally uses the Company aircraft for both business and personal travel. Personal travel by any other officers requires the approval of the Chief Executive Officer. The amounts shown for 2011 reflect the variable costs of personal flights taken by the respective officers. Variable costs were calculated based on a methodology that reflects average costs of operating each aircraft, such as fuel costs, trip-related maintenance, crew travel expenses, trip-related fees and storage costs, on-board catering and communications charges, and other miscellaneous variable costs. Since the aircraft are used primarily for business travel, fixed costs that do not change based on usage such as pilot compensation, the purchase or lease costs of the aircraft, and maintenance not related to travel are excluded.

(e)

Amount represents payment of a life insurance premium held in a secular trust in Messrs. Baehren's and Crawford's names. These policies were purchased under an agreement between Messrs. Baehren and Crawford and the Company to provide a secured executive retirement benefit as an offset to the Company's qualified and non-qualified pension plans.

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- (f) The amount shown in this column for Mr. White represents qualified defined contribution match of \$4,400 and non-qualified defined contribution match of \$12,869
- The amount shown in this column for Mr. Baehren represents qualified defined contribution match of \$9,800 and non-qualified defined contribution match of \$5,342
- The amount shown in this column for Mr. Crawford represents qualified defined contribution match of \$4,889 and non-qualified defined contribution match of \$14,121
- (g) With respect to Messrs. White, Baehren and Crawford, the amounts shown in this column include tax gross-ups for life insurance benefits and gross-up on matches made to a NQ defined contribution plan during 2011.
- For Mr. White, \$7,577 is attributable to premiums paid during 2011 by the Company in connection with life insurance policies issued pursuant to the Owens-Illinois Executive Life Insurance Plan and participation agreements entered into between the Company and Mr. White; and \$319 attributable to the non-qualified defined contribution match.
- For Mr. Baehren, \$10,963 is attributable to premiums paid during 2011 by the Company in connection with life insurance policies issued pursuant to the Owens-Illinois Executive Life Insurance Plan and participation agreements entered into between the Company and Mr. Baehren; and \$113 attributable to the non-qualified defined contribution match.
- For Mr. Crawford, \$8,015 is attributable to premiums paid during 2011 by the Company in connection with life insurance policies issued pursuant to the Owens-Illinois Executive Life Insurance Plan and participation agreements entered into between the Company and Mr. Crawford; and \$299 attributable to the non-qualified defined contribution match.
- (5) Column represents the total value of restricted stock units, restricted shares and performance share units at grant date fair market value. In the event the performance share units pay out at maximum value, the total potential values for all grants in 2011, 2010, and 2009 are:
- For Mr. Stroucken for 2011, \$4,252,988; 2010, \$3,847,999; 2009, \$3,801,480.
- For Mr. White for 2011, \$415,023; 2010, \$432,325; 2009, \$427,668.
- For Mr. Baehren for 2011, \$454,986; 2010, \$432,325; 2009, \$427,668.
- For Mr. Crawford for 2011 \$475,012; 2010, \$479,832; 2009, \$475,183.

Table of Contents**GRANTS OF PLAN-BASED AWARDS IN 2011**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number Of Shares or Units (#)(3)	All Other Option Awards: Number Of Securities Underlying Awards (#)(4)	Exercise or Base Price of Option (\$ Per Share)(5)	Grant Date Value of Stock and Option Awards (\$)(6)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Albert P. L. Stroucken	3/7/2011	\$ 0	\$ 1,564,500	\$ 3,129,000	0	56,915	113,830	28,458	123,454	\$ 29.89	\$ 4,252,995
Edward C. White	3/7/2011	0	345,374	690,748	0	5,554	11,108	2,777	12,046	29.89	415,007
James W. Baehren	3/7/2011	0	260,440	520,879	0	6,089	12,178	3,044	13,208	29.89	454,992
L. Richard Crawford	3/7/2011	0	380,203	760,406	0	6,357	12,714	3,178	13,788	29.89	475,000

- (1) These columns show the amounts representing the annual incentive opportunity available under the Senior Management Incentive Plan. See "Compensation Discussion and Analysis Annual Incentive" for further discussion. Amounts indicated are based on a percentage of the base salary earned in 2011. Actual payouts vary based on final performance results.
- (2) These columns show the performance shares granted in 2011 to each of the named executive officers under the Company's Equity Participation Plan. See "Compensation Discussion and Analysis Long-Term Incentives" for further discussion regarding the awards. Earned performance shares will be paid in shares of Common Stock in March 2014.
- (3) This column shows the number of shares of time-based restricted stock units granted in 2011 to each of the named executive officers under the Company's Equity Participation Plan. See "Compensation Discussion and Analysis Long-Term Incentives" for further discussion regarding the awards. The restrictions on these shares lapse in equal annual installments on each of the first four anniversaries of the grant date.
- (4) This column shows the number of stock options granted in 2011 to each of the named executive officers under the Company's Equity Participation 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.
- (5) This column shows the exercise price for the stock options granted in 2011 to each of the named executive officers, which was the closing price of the Company's Common Stock on the date the Compensation Committee granted the options.
- (6) The full grant date fair value was computed in accordance with FASB ASC 718 and the assumptions set forth in Note 1 to the audited financial statements included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 9, 2012. There can be no assurances that the amounts shown in the table will be realized by the named executive officer.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2011

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market Value or Payout Value of Unearned Shares, Units or Other Rights That Have Not
	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 (\$)(20)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(24)	
Albert P. L. Stroucken	2011	0(1)	123,454	\$ 29.89	3/7/2018	28,458(12)	\$ 551,516	56,915(21)	\$ 1,103,013
	2010	27,892(2)	83,678	31.03	3/7/2017	19,578(13)	379,422	65,270(22)	1,264,933
	2009	192,307(3)	192,308	10.13	3/7/2016	39,487(14)	765,258	197,531(23)	3,828,151
	2008	73,171(4)	24,390	53.00	3/7/2015	3,773(15)	73,121		
	2006	317,796(5)	0	19.58	12/4/2013				
	2006	340,051(6)	0	19.58	12/4/2013				
Edward C. White	2011	0(1)	12,046	29.89	3/7/2018	2,777(12)	53,818	5,554(21)	107,637
	2010	3,133(2)	9,401	31.03	3/7/2017	2,200(13)	42,636	7,333(22)	142,114
	2009	0(3)	21,635	10.13	3/7/2016	4,443(14)	86,105	22,222(23)	430,662
	2008	8,232(4)	2,744	53.00	3/7/2015	424(15)	8,217		
	2004					10,000(16)	193,800		
	2003					8,000(17)	155,040		
	2002					6,000(18)	116,280		
1999					3,000(19)	58,140			
James W. Baehren	2011	0(1)	13,208	29.89	3/7/2018	3,044(12)	58,993	6,089(21)	118,005
	2010	3,133(2)	9,401	31.03	3/7/2017	2,200(13)	42,636	7,333(22)	142,114
	2009	21,634(3)	21,635	10.13	3/7/2016	4,443(14)	86,105	22,222(23)	430,662
	2008	8,232(4)	2,744	53.00	3/7/2015	424(15)	8,217		
	2007	18,424(7)	0	23.96	3/7/2014				
	2006	20,761(8)	0	18.25	2/8/2013				
	2005	15,000(9)	0	24.17	3/31/2012				
	2004	15,000(10)	0	12.68	3/11/2014	15,000(16)	290,700		
	2003					12,000(17)	232,560		
	2002					10,000(18)	193,800		
1999					3,000(19)	58,140			
L. Richard Crawford	2011	0(1)	13,788	29.89	3/7/2018	3,178(12)	61,590	6,357(21)	123,199
	2010	3,478(2)	10,434	31.03	3/7/2017	2,442(13)	47,326	8,139(22)	157,734
	2009	24,038(3)	24,039	10.13	3/7/2016	4,936(14)	95,660	24,691(23)	478,512
	2008	9,146(4)	3,049	53.00	3/7/2015	471(15)	9,128		
	2007	18,424(7)	0	23.96	3/7/2014				
	2006	17,532(8)	0	18.25	2/8/2013				
	2005	9,500(9)	0	24.17	3/31/2012				
	2004	8,000(10)	0	12.68	3/11/2014	12,000(16)	232,560		
	2003	3,500(11)	0	9.93	2/18/2013	12,000(17)	232,560		
	2002					10,000(18)	193,800		
	1999					3,000(19)	58,140		

Table of Contents**OPTION AWARD VESTING SCHEDULE**

	Option Grant Date	Option Price	Exercisable Dates			
			25%	25%	25%	25%
(1)	March 7, 2011	\$ 29.89	3/7/12	3/7/13	3/7/14	3/7/15
(2)	March 7, 2010	31.03	3/7/11	3/7/12	3/7/13	3/7/14
(3)	March 7, 2009	10.13	3/7/10	3/7/11	3/7/12	3/7/13
(4)	March 7, 2008	53.00	3/7/09	3/7/10	3/7/11	3/7/12
(5)	December 4, 2006	19.58	12/4/06	12/4/06	12/4/06	12/4/06
(6)	December 4, 2006	19.58	12/4/07	12/4/08	12/4/09	12/4/10
(7)	March 7, 2007	23.96	3/7/08	3/7/09	3/7/10	3/7/11
(8)	February 8, 2006	18.25	2/8/07	2/8/08	2/8/09	2/8/10
(9)	March 31, 2005	24.17	3/31/06	3/31/07	3/31/08	3/31/09
(10)	March 10, 2004	12.68	3/10/05	3/10/05	3/10/05	8/11/05
(11)	February 18, 2003	9.93	3/16/04	4/29/04	11/4/04	12/6/04

RESTRICTED STOCK VESTING SCHEDULE

	Grant Date	Vesting Terms
(12)	March 7, 2011	The restriction on these shares lapse in equal annual installments on each of the first four anniversaries of the grant date.
(13)	March 7, 2010	The restriction on these shares lapse in equal annual installments on each of the first four anniversaries of the grant date.
(14)	March 7, 2009	The restriction on these shares lapse in equal annual installments on each of the first four anniversaries of the grant date.
(15)	March 7, 2008	The restriction on these shares lapse in equal annual installments on each of the first four anniversaries of the grant date.
(16)	March 10, 2004	The restrictions on these shares lapse upon the later to occur of (a) the third anniversary of the grant date, and (b) either (i) the grantee's retirement from the Company, or (ii) a termination of employment that is not initiated by, and not voluntary on the part of the grantee other than for cause.
(17)	February 17, 2003	The restrictions on these shares lapse upon the later to occur of (a) the third anniversary of the grant date, and (b) either (i) the grantee's retirement from the Company, or (ii) a termination of employment that is not initiated by, and not voluntary on the part of the grantee other than for cause.
(18)	February 2, 2002	The restrictions on these shares lapse upon the later to occur of (a) the third anniversary of the grant date, and (b) either (i) the grantee's retirement from the Company, or (ii) a termination of employment that is not initiated by, and not voluntary on the part of the grantee other than for cause.

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	Grant Date	Vesting Terms
(19)	May 17, 1999	The restrictions on these shares lapse upon the later to occur of (a) the third anniversary of the grant date, and (b) either (i) the grantee's retirement from the Company, or (ii) a termination of employment that is not initiated by, and not voluntary on the part of the grantee other than for cause.
(20)	Market value is computed based on the closing price of the Company's Common Stock on the New York Stock Exchange on December 30, 2011 (\$19.38), the last business day of the year.	

PERFORMANCE SHARE VESTING SCHEDULE

	Grant Date	Vesting Terms
(21)	March 7, 2011	Performance shares for the grant period of 2011-2013. The terms of these performance shares are described in the section entitled "Compensation Discussion and Analysis."
(22)	March 7, 2010	Performance shares for the grant period of 2010-2012. The terms of these performance shares are described in the section entitled "Compensation Discussion and Analysis."
(23)	March 7, 2009	Performance shares for the grant period of 2009-2011. The terms of these performance shares are described in the section entitled "Compensation Discussion and Analysis."
(24)	Market value is computed based on the closing price of the Company's Common Stock on the New York Stock Exchange on December 30, 2011 (\$19.38), the last business day of the year.	

OPTION EXERCISES AND STOCK VESTED IN 2011

Name	Option Awards		Stock Awards	
	Number Of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired On Vesting (#)	Value Realized on Vesting (\$)
Albert P. L. Stroucken	0	\$ 0	30,042	\$ 905,766
Edward C. White	60,336	714,642	4,317	130,158
James W. Baehren	0	0	4,317	130,158
L. Richard Crawford	4,000	34,203	4,692	141,464

Table of Contents**PENSION BENEFITS**

	Plan Name	Number of Years of Credited service (#)	2011 Values Present value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Albert P. L. Stroucken	Salary Pension Plan		\$ 0	\$ 0
	Supplemental Retirement Benefit Plan	6.5(1)	3,589,135	0
Edward C. White	Salary Pension Plan	36.67	1,904,329	0
	Supplemental Retirement Benefit Plan	36.67	3,322,182	0
James W. Baehren	Salary Pension Plan	19.67	1,332,423	0
	Supplemental Retirement Benefit Plan	19.67	814,898	0
L. Richard Crawford	Salary Pension Plan	28.42	1,332,599	0
	Supplemental Retirement Benefit Plan	28.42	1,008,261	0

(1)

Mr. Stroucken's service includes 1.5 years of additional service included in the Supplemental Retirement Benefit Plan (SRBP) benefit, per his employment agreement described under the heading "Employment Agreements" in the Compensation Discussion and Analysis. The incremental value due to the additional service granted to Mr. Stroucken equals \$828,262 for 2011.

Assumptions For Salary Pension Plan and Supplementary Benefit Plan:

Mortality:	No pre-retirement mortality is assumed. After retirement, mortality is RP 2000 projected to 2018 adjusted for white collar workforce. For the portion of the benefit assumed to be received as a lump sum, the applicable IRS lump sum mortality table is used.
Lump sum rate (Salary Retirement Plan):	4.59%
Lump sum rate (Supplemental Retirement Benefit Plan):	4.20%
Annuity Rate (Salary Retirement Plan):	4.59%
Annuity Rate (Supplemental Retirement Benefit Plan):	N/A

Actual 2011 pensionable earnings used (Pensionable Earnings = Base salary earned in 2011 + actual SMIP earned for 2011).

Salaried benefits accrued prior to December 31, 2004 and all SRBP benefits are assumed to be taken as a lump sum. Benefits accrued after December 31, 2004 are assumed to be taken as an annuity.

Table of Contents**NON-QUALIFIED DEFERRED COMPENSATION(1)**

	Executive Contributions in Last FY (\$)(2)	Registrant Contributions in Last FY (\$)(3)	2011 Values Aggregate Earnings in Last FY (\$)(4)	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last FYE (\$)(5)
Albert P. L. Stroucken	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Edward C. White	61,126	12,869	21,428	0	513,863
James W. Baehren	9,994	5,342	8,558	0	178,973
L. Richard Crawford	35,303	14,121	8,391	0	245,859

- (1) Participants may defer up to 100% of base salary into the Executive Deferred Savings Plan. Deferrals made prior to January 1, 2009, including the Company match on such deferrals, could be credited to a "cash deferral account" or a "stock deferral account" at the individual's election. Interest is credited in the "cash" account, compounded monthly, at a rate equal to the average annual yield on domestic corporate bonds of Moody's A-rated companies. The "stock" account is credited with a number of stock units equal in value to the amount specified to be credited to each respective account, and the value of such account is determined by reference to the closing price of the Company's stock on the principal exchange on which Company stock is traded on the day before the date on or as of which such value is being determined or, if no Company stock was traded on such day, then on the next preceding trading day on which Company stock was so traded. Deferrals after December 31, 2008, including the Company match on such deferrals, are credited to the same funds available under the Company's qualified 401(k) plan. Upon any termination of employment, the account balance is paid out in its entirety as soon as practical following such termination.
- (2) Amounts in this column are included in the named executive officer's base salary on the "Summary Compensation Table."
- (3) Amounts in this column are included in the "All Other Compensation" column on the "Summary Compensation Table."
- (4) Amounts in this column are not included in any of the amounts reported on the "Summary Compensation Table."
- (5) Of the total amounts listed in this column, the following amounts have been included in the "Salary" or "All Other Compensation" columns on the "Summary Compensation Table" since 2006: for Mr. White \$369,550; for Mr. Baehren \$94,674; and for Mr. Crawford \$204,558.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following tables show the amount of compensation that may be paid to each named executive officer upon voluntary termination, early retirement, normal retirement, involuntary termination not for cause, change in control, for cause termination, disability, or death. The amounts shown assume a termination date effective December 31, 2011, the last business day of the year. For payments made pursuant to stock options, restricted stock, or performance shares, the amount earned by each named executive officer upon retirement differs whether they are eligible for early or normal retirement. As a result, the table reflects only that amount they were eligible for at December 31, 2011.

Unless specifically noted, each of the payments described below are the same for any salaried employee of the Company.

Payments Made Upon Termination

Payments made upon termination for any reason include:

Amounts accrued and vested through the Salary Retirement Plan (SRP) and Supplemental Retirement Benefit Plan (SRBP).

Equity awards that become vested at the date of termination; stock option awards that were vested but unexercised as of December 31, 2011 were excluded from the values shown.

Payments Made Upon Retirement

In addition to the above, payments made upon retirement include:

In the event of normal retirement (age 65), stock options granted in 2004 and earlier are immediately vested and are exercisable for three months post-retirement. In the event of normal retirement (age 65) or early retirement post-age 60, options granted in 2005 and later continue normal vesting and are exercisable through their term.

In the event of normal retirement and early retirement post-age 55, restricted stock granted in 2004 and earlier vest at retirement. Unvested restricted stock granted from 2005 through 2010 are forfeited in the case of any retirement. Unvested restricted stock granted in 2011 and later continue normal vesting for awards granted at least one year prior to the retirement date; restricted stock granted less than one year prior to the retirement date are forfeited.

In the event of normal retirement or early retirement post-age 60, performance shares are immediately vested and any payout earned will be paid following the related three-year cycle.

In the event of any retirement, Mr. Baehren and Mr. White are currently eligible to participate in the Company's retiree medical plan for U.S. employees. This plan provides both pre- and post-age 65 coverage to employees and their spouse. The plan was closed to new entrants effective January 1, 2003; as a result, Mr. Stroucken is not eligible to participate in this plan. Mr. Crawford was not at the retirement age as of December 31, 2011, and therefore was not eligible for retirement benefits as of that date.

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Payments Made Upon Involuntary Termination Not For Cause or Change in Control

In addition to that noted under Payments Made Upon Termination, each named executive officer is eligible for the following:

In the event of Involuntary Termination Not For Cause, restricted stock granted in 2004 and earlier vest at termination. Any portion of restricted stock granted in 2005 and later that are unvested at the time of termination are forfeited.

In the event of Involuntary Termination Not For Cause, there is immediate vesting on a pro rata basis of performance shares, with any payout made after the applicable performance cycle.

In the event of a Change in Control, all previously unvested stock options, restricted stock and performance shares will immediately vest.

In the event of Involuntary Termination Not For Cause, Mr. Stroucken is eligible for severance in the amount of two times annual base salary plus target bonus, payable over 24 months and continued health care coverage for 24 months at the same rate as active employees unless enrolled for coverage in another employer's health plan. Such severance is subject to release and continued compliance with a two-year non-compete / non-solicitation and confidentiality requirements.

In the event of a termination without cause within one year after a Change in Control, Mr. Stroucken is eligible for those benefits noted above in the event of Involuntary Termination Not For Cause, with protection against negative excise tax. Mr. Stroucken had such excise tax protection through December 31, 2011, which is why it is included in the table below. However, commencing in 2012, under the terms of his new employment agreement, Mr. Stroucken no longer has excise tax gross-up protection.

In the event of Involuntary Termination Not For Cause, Messrs. Baehren, Crawford and White are eligible for severance in the amount of one times annual base salary, any annual incentive plan awards earned (based on actual business results and funding, not adjusted up or down for the 20% discretionary component) during the severance period, and 12 months of continued health and welfare coverage for themselves and their dependents at the same rate as active employees, per the terms of severance agreements entered into between the Company and each executive officer. Such severance is subject to release and continued compliance with a one-year non-compete / non-solicitation agreement.

Payments Made Upon Death or Disability

In the event of Disability, each named executive officer is eligible to participate in a Company's long-term disability plan for salaried employees. This plan pays participants 60% of their base salary plus target bonus for the duration of their disability, or until age 65.

In the event of Disability, each named executive officer receives continued coverage under the Company's health care plan for active employees for the duration of their coverage under the Company's long-term disability plan.

In the event of Death or Disability, all stock options, restricted stock and performance shares are immediately vested. Any payout of performance shares is made at the completion of the appropriate performance cycle.

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The named executive officers participate in a life insurance program that differs from that offered to most salaried employees of the Company. For U.S. named executive officers, the benefit payable to the beneficiary upon death is three times annual base salary.

The following tables represent potential payments to the NEOs under the various termination scenarios. The values assume termination on December 31, 2011.

Albert P. L. Stroucken

	Voluntary Termination	Early Retirement	Normal Retirement	Involuntary Termination Not For Cause	Change In Control	For Cause Termination	Disability	Death
Compensation								
Short-term (annual) Incentive								
Compensation (SMIP)	\$ 0	\$ 0	\$ 0	\$ 3,147,000	\$ 3,147,000	\$ 0	\$ 3,147,000	\$ 1,573,500
Stock Options	0	0	0	0	1,778,844	0	1,778,844	1,778,844
Performance Shares	0	0	0	4,963,761	6,196,096	0	6,196,096	6,196,096
Restricted Stock Awards	0	0	0	0	1,769,316	0	1,769,316	1,769,316
Benefits and Perquisites								
Retirement Plans	0	3,636,000	0	3,589,000	3,589,000	0	3,589,000	3,636,000
Health & Welfare Benefits	0	0	0	26,800	26,800	0	11,000	26,800
Disability Income	0	0	0	0	0	0	2,005,453	0
Life Insurance Benefits	0	0	0	0	0	0	0	3,147,000
Excise Tax & Gross-Up	0	0	0	0	0	0	0	0
Cash Severance	0	0	0	2,098,000	2,098,000	0	2,098,000	0
Total	\$ 0	\$ 3,636,000	\$ 0	\$ 13,824,561	\$ 18,605,056	\$ 0	\$ 20,594,709	\$ 18,127,556

Assumptions

No pre-retirement mortality is assumed. For the portion of the benefit assumed to be received as a lump sum, the applicable IRS lump sum mortality table is used.

SRBP benefits are assumed to be taken as a lump sum. The interest rate used for lump sums is 4.20%.

Because Mr. Stroucken was not retirement-eligible as of December 31, 2011, he would only have been eligible for payments of equity awards under involuntary termination not-for-cause, change in control termination, and disability and death scenarios.

Benefits Payable

Mr. Stroucken is not eligible for the Salary Retirement Plan.

Table of Contents**Edward C. White**

	Voluntary	Early	Normal	Involuntary	Change In	For Cause			
	Termination	Retirement	Retirement	Termination	Control	Termination	Disability	Death	
				Not For Cause					
Compensation									
Short-term (annual) Incentive Compensation (SMIP)	\$ 0	\$ 0	\$ 0	\$ 347,326	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Stock Options	200,119	200,119	0	200,119	200,119	200,119	200,119	200,119	200,119
Performance Shares	680,412	680,412	0	680,412	680,412	680,412	680,412	680,412	680,412
Restricted Stock Awards	523,260	523,260	0	523,260	714,037	523,260	714,037	714,037	714,037
Benefits and Perquisites									
Retirement Plans	5,226,000	5,326,000	0	5,226,000	5,226,000	5,226,000	5,226,000	5,339,000	5,339,000
Health & Welfare Benefits	0	624,000	0	13,400	13,400	0	617,000	11,000	11,000
Disability Income	0	0	0	0	0	0	662,173	0	0
Life Insurance Benefits	0	0	0	0	0	0	0	1,302,474	1,302,474
Excise Tax & Gross-Up	0	0	0	0	0	0	0	0	0
Cash Severance	0	0	0	434,158	0	0	0	0	0
Total	\$ 6,629,791	\$ 7,353,791	\$ 0	\$ 7,424,675	\$ 6,833,968	\$ 6,629,791	\$ 8,099,741	\$ 8,247,042	

Assumptions

No pre-retirement mortality is assumed. After retirement, for the portion of the benefit assumed to be received as an annuity, mortality is RP 2000 projected to 2019. For the portion of the benefit assumed to be received as a lump sum, the applicable IRS lump sum mortality table is used.

Salaried benefits accrued prior to 2005 and all SRBP benefits are assumed to be taken as a lump sum. Salaried Plan benefits accrued after 2004 are assumed to be taken as an annuity. The interest rate used for lump sums and annuities for the salary plan is 4.59% and the interest rate used for lump sums in the SRBP is 4.37%, since Mr. White has a 4.37% interest rate guarantee.

Because Mr. White was retirement-eligible as of December 31, 2011, he would have also been eligible for payments of equity awards under each of the termination scenarios.

Benefits Payable

Termination benefits represent the value of the pension benefits as if the participant terminates on December 31, 2011 and commences payment at normal retirement date. There are no provisions in the pension plans that are contingent on the type of termination. Since retiree health and welfare benefits must be elected immediately or forfeited, no retiree health and welfare benefits are shown.

Early retirement benefits represent the value of the pension benefits as if the participant retires on December 31, 2011 and commences payment as soon as possible. Since Mr. White is currently eligible to retire, this value represents commencement at December 31, 2011. The health and welfare benefits represent the value of the postretirement medical and executive retiree life insurance benefits as if the participant retires as of December 31, 2011 and immediately elects coverage.

Disability benefits represent the value of benefits as if the participant becomes disabled on December 31, 2011. Pension benefits reflect accrued benefits payable at age 65. Health and welfare benefits represent retiree medical and life insurance benefits commencing at age 65.

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Death benefits represent the value of benefits as if the participant became deceased on December 31, 2011. Pension benefits reflect an immediate lump sum payable to the spouse equal to the greater of the lump-sum value of the participant's immediate retirement benefit, or the lump sum value of 25% of the participant's earnings. Health and welfare benefits represent retiree medical benefits for the spouse if the participant became deceased on December 31, 2011.

James W. Baehren

	Voluntary	Early	Normal	Involuntary	Change In	For Cause			
	Termination	Retirement	Retirement	Termination	Control	Termination	Disability	Death	
Compensation									
Short-term (annual) Incentive									
Compensation (SMIP)	\$ 0	\$ 0	\$ 0	\$ 261,912	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Stock Options	200,119	200,119	0	200,119	200,119	200,119	200,119	200,119	200,119
Performance Shares	690,781	690,781	0	690,781	690,781	690,781	690,781	690,781	690,781
Restricted Stock Awards	775,200	775,200	0	775,200	971,151	775,200	971,151	971,151	971,151
Benefits and Perquisites									
Retirement Plans	2,147,000	2,486,000	0	2,147,000	2,147,000	2,147,000	2,147,000	2,494,000	
Health & Welfare Benefits	0	614,000	0	17,800	17,800	0	565,000	22,000	
Disability Income	0	0	0	0	0	0	1,627,135	0	
Life Insurance Benefits	0	0	0	0	0	0	0	1,208,823	
Excise Tax & Gross-Up	0	0	0	0	0	0	0	0	
Cash Severance	0	0	0	402,941	0	0	0	0	
Total	\$ 3,813,100	\$ 4,766,100	\$ 0	\$ 4,495,753	\$ 4,026,851	\$ 3,813,100	\$ 6,201,186	\$ 5,586,874	

Assumptions

No pre-retirement mortality is assumed. After retirement, for the portion of the benefit assumed to be received as an annuity, mortality is RP 2000 projected to 2019. For the portion of the benefit assumed to be received as a lump sum, the applicable IRS lump sum mortality table is used.

Salaried benefits accrued prior to 2005 and all SRBP benefits are assumed to be taken as a lump sum. Salaried Plan benefits accrued after 2004 are assumed to be taken as an annuity. The interest rate used for lump sums and annuities in the Salary Plan is 4.59% and the interest rate used for lump sums in the SRBP is 4.20%.

Because Mr. Baehren was retirement-eligible as of December 31, 2011, he would have also been eligible for payments of equity awards under each of the termination scenarios.

Benefits Payable

Termination benefits represent the value of the pension benefits as if the participant terminates on December 31, 2011 and commences payment at normal retirement date. There are no provisions in the pension plans that are contingent on the type of termination. Since retiree health and welfare benefits must be elected immediately or forfeited, no retiree health and welfare benefits are shown.

Early retirement benefits represent the value of the pension benefits as if the participant retires on December 31, 2011 and commences payment as soon as possible. Since Mr. Baehren is currently eligible to retire, this value represents commencement at December 31, 2011. The health and welfare benefits

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represent the value of the postretirement medical and executive retiree life insurance benefits as if the participant retires as of December 31, 2011 and immediately elects coverage.

Disability benefits represent the value of benefits as if the participant becomes disabled on December 31, 2011. Pension benefits reflect accrued benefits payable at age 65. Health and welfare benefits represent retiree medical and life insurance benefits commencing at age 65.

Death benefits represent the value of benefits as if the participant became deceased on December 31, 2011. Pension benefits reflect an immediate lump sum payable to the spouse equal to the greater of the lump-sum value of the participant's immediate retirement benefit, or the lump sum value of 25% of the participant's earnings. Health and welfare benefits represent retiree medical benefits for the spouse if the participant became deceased December 31, 2011.

L. Richard Crawford

	Voluntary Termination	Early Retirement	Normal Retirement	Involuntary Termination Not For Cause	Change In Control	For Cause Termination	Disability	Death
Compensation								
Short-term (annual) Incentive Compensation (SMIP)	\$ 0	\$ 0	\$ 0	\$ 382,352	\$ 0	\$ 0	\$ 0	\$ 0
Stock Options	0	0	0	0	222,356	0	222,356	222,356
Performance Shares	0	0	0	615,935	759,444	0	759,444	759,444
Restricted Stock Awards	0	0	0	717,060	930,763	0	930,763	930,763
Benefits and Perquisites								
Retirement Plans	2,341,000	2,341,000	0	2,341,000	2,341,000	2,341,000	2,341,000	1,746,000
Health & Welfare Benefits	0	0	0	17,800	17,800	0	104,700	17,800
Disability Income	0	0	0	0	0	0	5,851,661	0
Life Insurance Benefits	0	0	0	0	0	0	0	1,433,820
Excise Tax & Gross-Up	0	0	0	0	0	0	0	0
Cash Severance	0	0	0	477,940	0	0	0	0
Total	\$ 2,341,000	\$ 2,341,000	\$ 0	\$ 4,552,087	\$ 4,271,363	\$ 2,341,000	\$ 10,209,924	\$ 5,110,183

Assumptions

No pre-retirement mortality is assumed. After retirement, for the portion of the benefit assumed to be received as an annuity, mortality is RP 2000 projected to 2019. For the portion of the benefit assumed to be received as a lump sum, the applicable IRS lump sum mortality table is used.

Salaried benefits accrued prior to 2005 and all SRBP benefits are assumed to be taken as a lump sum. Salaried Plan benefits accrued after 2004 are assumed to be taken as an annuity. The interest rate used for lump sums and annuities in the Salary Plan is 4.59% and the interest rate used for lump sums in the SRBP is 4.20%.

Because Mr. Crawford was not retirement-eligible as of December 31, 2011, he would only have been eligible for payments of equity awards under involuntary termination not-for-cause, change in control termination, and disability and death scenarios.

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Benefits Payable

Termination benefits represent the value of the pension benefits as if the participant terminates on December 31, 2011 and commences payment at normal retirement date. There are no provisions in the pension plans that are contingent on the type of termination. Since retiree health and welfare benefits must be elected immediately or forfeited, no retiree health and welfare benefits are shown.

Early retirement benefits represent the value of the pension benefits as if the participant retires on December 31, 2011 and commences payment as soon as possible. Since Mr. Crawford is not currently eligible to retire, this value represents commencement at normal retirement. The health and welfare benefits represent the value of the postretirement medical and executive retiree life insurance benefits as if the participant retires as of December 31, 2011 and immediately elects coverage. Since Mr. Crawford is not eligible for retiree health and welfare benefits as of December 31, 2011, no values are shown.

Disability benefits represent the value of benefits as if the participant becomes disabled on December 31, 2011. Pension benefits reflect accrued benefits payable at age 65. Health and welfare benefits represent retiree medical and life insurance benefits commencing at age 65.

Death benefits represent the value of benefits as if the participant became deceased on December 31, 2011. Pension benefits reflect an immediate lump sum payable to the spouse equal to the greater of the lump sum value of the participant's immediate retirement benefit, or the lump sum value of 25% of the participant's earnings. Health and welfare benefits represent retiree medical benefits for the spouse if the participant became deceased on December 31, 2011.

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AUDIT COMMITTEE REPORT

As part of its ongoing activities, which are described under the heading "Proposal 1: Election of Directors Board Committees Audit Committee," the Audit Committee has:

discussed with the Company's director of internal audit and Ernst & Young LLP, the Company's independent registered public accounting firm, the overall scope and plans for their respective audits;

reviewed and discussed with management and the independent registered public accounting firm the Company's audited financial statements and the independent registered public accounting firm's evaluation of the Company's system of internal control over financial reporting contained in the 2011 Annual Report on Form 10-K;

discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended by Statement on Auditing Standards No. 90 (Audit Committee Communications), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and other professional standards;

received from the independent registered public accounting firm the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence;

discussed with the independent registered public accounting firm its independence from the Company and its management; and

met with the director of internal audit and the independent registered public accounting firm, with and without management present, to discuss the above matters and the overall quality of the Company's financial reporting.

On the basis of the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the period ended December 31, 2011, for filing with the Securities and Exchange Commission. Also, the Audit Committee has selected Ernst & Young LLP as the Company's independent registered public accounting firm for 2012.

The Audit Committee also concluded that the independent registered public accounting firm's provision of non-audit services, as described in the following section, to the Company and its affiliates is compatible with the independent registered public accounting firm's independence.

Peter S. Hellman, Chair
Gary F. Colter
Jay L. Geldmacher
Dennis K. Williams

Table of Contents**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

In accordance with the SEC's auditor independence rules, the Audit Committee has adopted procedures for pre-approving all non-audit services performed by Ernst & Young LLP. Those procedures are set forth below under the heading "Pre-Approval of Independent Registered Public Accounting Firm Services."

Fees Paid to Ernst & Young LLP

The aggregate fees for professional services provided by Ernst & Young LLP to the Company in 2011 and 2010 for these various services were:

Type of Fees	2011	2010
	(\$ in millions)	
Audit Fees	\$ 6.73	\$ 6.62
Audit-Related Fees	.65	.56
Tax Fees	.14	.26
Total	\$ 7.52	\$ 7.44

In the above table: (a) "audit fees" were for the audit and quarterly reviews of the consolidated accounts, attestation report on internal control required by Section 404 of the Sarbanes-Oxley Act of 2002, statutory audits of international subsidiaries, audits of subsidiaries whose securities are pledged as collateral and services related to SEC filings and non-SEC offerings; (b) "audit-related fees" were for audits of employee benefit plans, agreed-upon procedures for third parties, and other accounting consultations; and (c) "tax fees" were for tax return preparation, federal, state and local tax planning, and international tax planning and advice. All fees for professional services by Ernst & Young LLP were approved in advance under the Board's pre-approval policy.

Pre-Approval of Independent Registered Public Accounting Firm Services

No services will be provided to the Company that are specifically prohibited by the Sarbanes-Oxley Act of 2002. Permitted services will be pre-approved by the Audit Committee as follows:

Statement of Principles

The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm in order to assure that they do not impair the firm's independence from the Company. Unless a type of service has received pre-approval, it will require separate pre-approval by the Audit Committee if it is to be provided by the independent registered public accounting firm. Any proposed services exceeding pre-approved cost levels will also require separate pre-approval by the Audit Committee.

This Policy describes the Audit, Audit-Related, Tax, and All Other services that have the pre-approval of the Audit Committee. For non-audit services, Company management will submit to the Audit Committee for approval a list of non-audit services that it recommends the Audit Committee engage the independent registered public accounting firm to provide for the fiscal year. The term of any pre-approval is for 12 months, unless the Audit Committee considers a different period and states otherwise. The Audit Committee will from time to time review and, if necessary, revise the list of pre-approved services based on subsequent determinations.

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Delegation

The Audit Committee may delegate either type of pre-approval authority to one or more of its members. The member or members to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accounting firm to management.

Audit Services

The annual Audit services engagement terms and fees will be subject to separate pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other items.

In addition to the annual Audit services engagement approved by the Audit Committee, the Audit Committee may grant pre-approval for other Audit services, which are those services that only the independent registered public accounting firm reasonably can provide. Company management will submit to the Audit Committee for approval the list of Audit services that it recommends the Audit Committee engage the independent registered public accounting firm to provide for the fiscal year. All other Audit services not pre-approved must be separately pre-approved by the Audit Committee.

Audit-Related Services

Audit-Related services are assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements and that are traditionally performed by the independent registered public accounting firm. The Audit Committee believes that the provision of Audit-Related services does not impair the independence of the firm and is consistent with the SEC's rules on auditor independence.

Company management will submit to the Audit Committee for approval the list of Audit-Related services that it recommends the Audit Committee engage the independent registered public accounting firm to provide for the fiscal year. All other Audit-Related services not pre-approved must be separately pre-approved by the Audit Committee.

Tax Services

The Audit Committee believes that the independent registered public accounting firm can provide Tax services to the Company such as tax compliance, tax planning and tax advice without impairing the firm's independence.

Company management will submit to the Audit Committee for approval the list of Tax services that it recommends the Audit Committee engage the independent registered public accounting firm to provide for the fiscal year. All Tax services involving large and complex transactions not pre-approved must be separately pre-approved by the Audit Committee.

All Other Services

The Audit Committee will separately pre-approve those permissible non-audit services classified as All Other Services that it believes are routine and recurring services, and would not impair the independence of the firm.

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A list of the SEC's prohibited non-audit services is set forth below. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

Pre-Approval Fee Levels or Budgeted Amounts

Pre-approval fee levels or budgeted amounts for all services to be provided by the independent registered public accounting firm will be established periodically by the Audit Committee. Any proposed services exceeding these levels or amounts will require separate pre-approval by the Audit Committee.

Procedures

Requests or applications to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee by both the independent registered public accounting firm and the chief financial officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. The Committee will be informed routinely as to the non-audit services actually provided by the independent registered public accounting firm pursuant to this policy.

Supporting Documentation

With respect to each proposed pre-approval service, the independent registered public accounting firm will provide to the Audit Committee, as requested, detailed back-up documentation regarding the specific services to be provided.

Prohibited Non-Audit Services

Bookkeeping or other services related to the accounting records or financial statements of the audit client

Financial information systems design and implementation

Appraisal or valuation services, fairness opinions or contribution-in-kind reports

Actuarial services

Internal audit outsourcing services

Management functions

Human resources

Broker-dealer, investment adviser or investment banking services

Legal services

Expert services unrelated to the audit

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**PROPOSAL 2:
RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP has served as the Company's independent registered public accounting firm since 1987, and the Audit Committee has selected Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012.

Although the Board is not required to submit the Audit Committee's selection of Ernst & Young LLP as the Company's independent registered public accounting firm for share owner approval, the Board has elected to seek ratification by the share owners of the Audit Committee's selection of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012. In the event the Company's share owners do not ratify the selection of Ernst & Young LLP, the Audit Committee will reconsider its use of Ernst & Young LLP.

A representative of Ernst & Young LLP is expected to attend the Annual Meeting, and the representative will have an opportunity to make a statement if he or she so desires, and will also be available to respond to appropriate questions from share owners.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2012.

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**PROPOSAL 3:
ADVISORY VOTE TO APPROVE COMPENSATION OF NAMED EXECUTIVE OFFICERS**

The Company is asking its share owners to provide advisory approval of the compensation of its named executive officers, as described above under the heading "Executive Compensation." While this vote is advisory, and not binding on the Company, it will provide information to the Compensation Committee regarding investor sentiment about the Company's executive compensation philosophy, policies and practices, which the Compensation Committee will consider when determining executive compensation for the remainder of 2012 and beyond.

The Compensation Committee approves executive compensation programs which are designed to align executive pay with share owners' interests, as well as with the annual and longer-term performance of the Company. This alignment is evidenced by the executive officers receiving no payout under the 2011 annual incentive plan and a reduced payout under the 2009-2011 long-term incentive plan as a result of Company performance against the relevant targets.

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 rigor in the Company's management processes, as well as balance in rewards programs, are evidenced by the following:

A major portion of target compensation for each named executive officer is "at risk".

Formal reviews are conducted annually of market survey data and proxy data for comparator group companies, the results of which are used as input into named executive officer compensation decisions.

The relationship between executive pay and Company performance is analyzed annually to ensure alignment over time.

Regular "risk assessment" analyses are completed to evaluate the Company's overall executive compensation practices and processes.

Annual incentive funding is driven entirely through a balance of financial metrics that are aligned with share owner value creation. The annual Senior Management Incentive Plan measures sales revenues, EBIT margin, and free cash flow, while the long-term incentive programs place a significant emphasis on Company performance and share owner value creation through performance share units and stock options.

The Company develops challenging performance standards for the annual and long-term incentives. Payouts against performance standards are formulaic, and have resulted in no award when performance is not up to minimum thresholds, and larger awards when performance exceeds expectations.

Individual performance and rewards are differentiated based on business unit results and/or specific contributions by the executive.

The Company's senior executives have stock ownership and share retention guidelines that promote alignment with share owners.

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The Board strongly endorses the Company's executive compensation program and recommends that the share owners vote in favor of the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

Because the vote is advisory, it will not be binding on the Board or the Compensation Committee and neither the Board nor the Compensation Committee will be required to take any action as a result of the outcome of the vote on this proposal. However, the Compensation Committee will carefully consider the outcome of the vote when determining future executive compensation arrangements.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION.

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**PROPOSAL 4:
AMEND THE COMPANY'S SECOND RESTATED CERTIFICATE OF INCORPORATION TO PROVIDE FOR ANNUAL
ELECTION OF ALL DIRECTORS**

The Company's Second Restated Certificate of Incorporation (the "Certificate of Incorporation") provides that the Board is divided into three classes of directors, with each class elected every three years. On the recommendation of the directors and Nominating/Corporate Governance Committee, the Board has approved, and recommends that the share owners adopt, the amendments to the Certificate of Incorporation to eliminate the classification of the Board over a three-year period and provide for the annual election of all directors beginning at the 2015 Annual Meeting of share owners and make certain conforming changes to the Certificate of Incorporation.

If approved, this Proposal would become effective upon the filing of a certificate of amendment with the Secretary of State of the State of Delaware, which the Company intends to do promptly after share owner approval is obtained for this Proposal. Board declassification would be phased-in over a three-year period, beginning at the 2013 Annual Meeting of share owners as follows:

From the effective date of the certificate of amendment until the election of directors at the 2013 Annual Meeting, the Board shall be divided into three classes of directors, Class I, Class II and Class III, with the directors in Class I having a term expiring at the 2013 Annual Meeting, the directors in Class II having a term expiring at the 2014 Annual Meeting and the directors in Class III having a term expiring at the 2015 Annual Meeting.

Commencing with the election of directors at the 2013 Annual Meeting, the Board shall be divided into two classes of directors, Class I and Class II, with the directors in Class I having a term that expires at the 2014 Annual Meeting and the directors in Class II having a term that expires at the 2015 Annual Meeting. The successors of the directors who, immediately prior to the 2013 Annual Meeting, were members of Class I and whose terms expire at the 2013 Annual Meeting shall be elected to Class I; the directors who, immediately prior to the 2013 Annual Meeting, were members of Class II and whose terms were scheduled to expire at the 2014 Annual Meeting shall become members of Class I; and the directors who, immediately prior to the 2013 Annual Meeting, were members of Class III and whose terms were scheduled to expire at the 2015 Annual Meeting shall become members of Class II with a term expiring at the 2015 Annual Meeting.

Commencing with the election of directors at the 2014 Annual Meeting, there shall be a single class of directors, Class I, with all directors of such class having a term that expires at the 2015 Annual Meeting. The successors of the directors who, immediately prior to the 2014 Annual Meeting, were members of Class I and whose terms expire at the 2014 Annual Meeting shall be elected to Class I for a term that expires at the 2015 Annual Meeting, and the directors who, immediately prior to the 2014 Annual Meeting, were members of Class II and whose terms were scheduled to expire at the 2015 Annual Meeting shall become members of Class I with a term expiring at the 2015 Annual Meeting.

From and after the election of directors at the 2015 Annual Meeting, the Board shall cease to be classified, and the directors elected at the 2015 Annual Meeting (and each meeting thereafter) shall be elected for a term expiring at the next Annual Meeting.

Proposal 4 does not affect the election of the class of directors at the 2012 Annual Meeting and the directors elected this year will still serve a term of three years. If the share owners adopt Proposal 4, then,

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beginning with the 2015 Annual Meeting, all directors will stand for election at each Annual Meeting for one-year terms. Proposal 4 will not change the present number of directors or the Board's authority to change that number and to fill any vacancies or newly created directorships.

Delaware corporate law provides, unless otherwise provided in the certificate of incorporation, that members of a board that is classified may be removed only for cause. At present, because the Board is classified, the Certificate of Incorporation provides that directors are removable only for cause. If Proposal 4 is approved by share owners, Article X of the Certificate of Incorporation would be amended to provide that, once the Board has become declassified in 2015, directors may be removed with or without cause. In addition, the proposed amendments would eliminate the provision of the Certificate of Incorporation that provides for the removal of directors by a majority vote of the Board.

Background of Proposal

As part of its ongoing review of corporate governance matters, the Nominating/Corporate Governance Committee in 2011 reviewed benchmarking data and "best practices" regarding various board structures, including classified boards and boards using annual director elections. The Nominating/Corporate Governance Committee evaluated the advantages of continuing to have a classified Board, including particularly the continuity and stability provided by such a board structure. However, the Nominating/Corporate Governance Committee ultimately concluded that the benefit of increased accountability of directors to share owners justified recommending a change to annual election of all directors. The Board, based on the Nominating/Corporate Governance Committee's recommendation, decided to submit Proposal 4 to the Company's share owners for approval.

Text of Amendments

Article X of the Company's Certificate of Incorporation contains the provisions that will be affected if this Proposal is adopted. Article X, set forth in Appendix A to this Proxy Statement, shows the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining.

Vote Required

The affirmative vote of the holders of not less than 80 percent of the outstanding shares of capital stock of the Company is needed to approve this Proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ADOPTION OF THE AMENDMENTS TO THE COMPANY'S SECOND RESTATED CERTIFICATE OF INCORPORATION TO PROVIDE FOR ANNUAL ELECTION OF ALL DIRECTORS.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of February 20, 2012 (except as otherwise noted in the footnotes below) by each beneficial owner of more than five percent of the outstanding Common Stock known to the Company, each of the Company's directors, named executive officers and all directors and executive officers as a group.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage
Wellington Management Group, LLP(2) 280 Congress Street Boston, Massachusetts 02210	11,310,702	6.9
Farallon Capital Management, L.L.C.(3) One Maritime Plaza, Suite 2100 San Francisco, California 94111	10,094,900	6.1
The Vanguard Group, Inc.(4) 100 Vanguard Blvd Malvern, Pennsylvania 19355	8,735,878	5.3
Atlantic Investment Management, Inc.(5) 666 Fifth Avenue New York, New York 10103	8,400,000	5.1
James W. Baehren(1)	232,593 ⁽⁶⁾⁽⁷⁾	*
Gary F. Colter	19,867	*
L. Richard Crawford(1)	227,964 ⁽⁶⁾⁽⁷⁾	*
Jay L. Geldmacher	7,469	*
Peter S. Hellman	10,573	*
David H. Y. Ho	12,598	*
Anastasia D. Kelly(1)	29,867	*
John J. McMackin, Jr.(1)	38,495	*
Corbin A. McNeill, Jr.	16,421	*
Hugh H. Roberts	10,455	*
Albert P. L. Stroucken(1)	1,689,125 ⁽⁷⁾	1.0
Helge H. Wehmeier	41,013	*
Edward C. White(1)	146,628 ⁽⁶⁾⁽⁷⁾	*
Dennis K. Williams	13,414	*
Thomas L. Young	16,585	*

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<u>All directors and executive officers as a group (15 persons)(1)</u>	2,513,067 ⁽⁶⁾⁽⁷⁾	1.5
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*
Indicates less than one percent (1%) ownership.

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- (1) For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date if such person has the right to acquire such shares within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above on a given date, any security that such person or persons has the right to acquire within 60 days after such date is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The information includes: all currently exercisable options granted to Ms. Kelly and Messrs. Baehren, Crawford, McMackin, Stroucken, and White, and all directors and officers as a group. The number of shares beneficially owned includes the following shares subject to granted options:

Director/Officer	Options
James W. Baehren	122,180
L. Richard Crawford	115,611
Anastasia D. Kelly	10,000
John J. McMackin, Jr.	10,000
Albert P. L. Stroucken	1,130,516
Edward C. White	31,070
All directors and executive officers as a group	1,419,377

- (2) The Schedule 13G/A dated February 14, 2012 received by the Company from Wellington Management Company, LLP ("Wellington Management") indicated that Wellington Management, in its capacity as investment advisor, is the beneficial owner of 11,310,702 shares of the Common Stock, with shared power to vote or to direct the vote on 5,758,811 shares and the shared power to dispose or to direct the disposition of 11,310,702 shares. The shares are held of record by clients of Wellington Management.
- (3) The Schedule 13G/A dated February 14, 2012 received by the Company from Farallon Capital Management, L.L.C., directly and on behalf of certain affiliated entities, (collectively "Farallon") indicated that Farallon is the beneficial owner of 10,094,900 shares of the Common Stock, with the shared power to vote or to direct the vote on 10,094,900 shares and the shared power to dispose or to direct the disposition of 10,094,900 shares.
- (4) The Schedule 13G dated February 9, 2012 received by the Company from the Vanguard Group, Inc. ("Vanguard") indicated that Vanguard is the beneficial owner of 8,735,878 shares of the Common Stock, with the sole power to vote or to direct the vote on 227,544 shares, the sole power to dispose or to direct the disposition of 8,508,334 shares and the shared power to dispose or to direct the disposition of 227,544 shares.
- (5) The Schedule 13D dated October 12, 2011 received by the Company from Atlantic Investment Management, Inc. ("Atlantic") indicated that Atlantic is the beneficial owner of 8,400,000 shares of the Common Stock, with the sole power to vote or to direct the vote on 8,400,000 shares and the sole power to dispose or to direct the disposition of 8,400,000 shares.
- (6) The table includes the number of shares of Common Stock that Messrs. Baehren, Crawford and White, and all directors and executive officers as a group held in the Stock Purchase and Savings Program. No shares are held in such program for Mr. Stroucken.

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(7)

The number of shares shown as beneficially owned includes the following number of shares of unvested restricted stock over which the following persons or group had voting, but not investment, power, and unvested restricted stock units and performance share units that will vest within 60 days of February 20, 2012:

Officer	Restricted Stock	Restricted Stock Units and Performance Share Units
James W. Baehren	47,067	11,339
L. Richard Crawford	44,849	12,547
Albert P. L. Stroucken	62,838	101,139
Edward C. White	34,067	11,272
All directors and executive officers as a group	188,821	136,297

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors, certain officers and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership (Forms 3, 4 and 5) with the SEC with a copy to the New York Stock Exchange. These reporting persons are required by SEC regulation to furnish the Company with copies of all such forms which they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no reports were required, all of these reporting persons made all required filings on time during 2011.

2013 ANNUAL MEETING OF SHARE OWNERS

A share owner desiring to submit a proposal for inclusion in the Company's Proxy Statement for the 2013 Annual Meeting may do so by following the procedures prescribed in Rule 14a-8 of the Exchange Act. Any such proposal must be received by the Company no later than December 1, 2012. The Company requests that all such proposals be addressed to the "Secretary" at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999, and be mailed by certified mail, return receipt requested.

Share owners who submit to the Company evidence of their Common Stock ownership may recommend candidates for the Board. Recommendations of candidates for the Board submitted by share owners for consideration for the 2013 Annual Meeting will be considered by the Nominating/Corporate Governance Committee if the Company receives written notice of such recommendations no later than December 1, 2012. The Company requests that all such notices be addressed to the "Secretary" at Owens-Illinois, Inc., One Michael Owens Way, Perrysburg, Ohio 43551-2999. The notice must include certain information about that person being recommended, including (i) age, (ii) business and residence addresses, (iii) principal occupation, (iv) a description of any arrangements or understandings between the share owner and such nominee pursuant to which the nomination is to be made by the share owner, and (v) such other information as would be required to be included in a proxy statement soliciting proxies to elect that person as a director. The notice must also contain the consent of the nominee to serve as a director if so elected.

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Share owners wishing to submit proposals or director nominations that are not to be included in such proxy statement must give timely notice thereof in writing to the Secretary. To be timely, a share owner's proposal or nomination must be received by the Company no later than January 24, 2013, and must otherwise satisfy the requirements of the Company's By-Laws as then in effect. If the date of the 2013 Annual Meeting changes by more than thirty (30) days from the date of the 2012 Annual Meeting, a share owner's proposal or nomination must be received by the Company no later than ten (10) calendar days following the first public announcement of the revised date of the 2013 Annual Meeting.

FORWARD-LOOKING STATEMENTS

This Proxy Statement contains "forward-looking statements" (as defined in the Private Securities Litigation Reform Act of 1995). These statements are based on the Company's current expectations and involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding actions to be taken by the Company. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements should be evaluated together with the many uncertainties that affect the Company's business, particularly those mentioned in the risk factors in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2011 and in the Company's periodic reports on Form 10-Q and Form 8-K.

PROXY SOLICITATION

The Company will pay the cost of preparing and mailing this Proxy Statement and other costs of the proxy solicitation made by the Board. Certain of the Company's officers and employees may solicit the submission of proxies authorizing the voting of shares in accordance with the Board's recommendations, but no additional remuneration will be paid by the Company for the solicitation of those proxies. Such solicitations may be made by personal interview, telephone and telegram. Arrangements have also been made with brokerage firms and others for the forwarding of proxy solicitation materials to the beneficial owners of Common Stock, and the Company will reimburse them for reasonable out-of-pocket expenses incurred in connection therewith.

The Company has made this Proxy Statement, the Company's 2011 Annual Report, Stakeholder Letter and Form 10-K available to each share owner entitled to vote at the Annual Meeting. These materials may be accessed on the Internet at www.proxyvote.com. Included in the Form 10-K are the Company's consolidated financial statements for the year ended December 31, 2011.

A copy of the Company's Form 10-K, including the financial statement schedules, as filed with the SEC, may be obtained without charge by sending a written request therefor to Owens-Illinois, Inc., Investor Relations, One Michael Owens Way, Perrysburg, Ohio 43551-2999. The Form 10-K is also available without charge on the Company's website at www.o-i.com.

Perrysburg, Ohio

March 30, 2012

**SECOND RESTATED CERTIFICATE OF INCORPORATION
ARTICLE X**

Classified Board of Directors

A. Except as may otherwise be provided pursuant to Article IV hereof with respect to any rights of holders of Preferred Stock to elect additional directors, the number of directors of the Corporation shall be not less than one (1) nor more than twelve (12), with the then-authorized number of directors being fixed from time to time by or pursuant to a resolution passed by the Board of Directors of the Corporation.

B. ~~The directors of the Corporation (other than any directors who may be elected by holders of Preferred Stock as provided for pursuant to Article IV hereof) shall be and are divided into three classes: Class I, Class II and Class III. The number of directors in each class shall be as nearly equal as the then authorized number of directors constituting the Board of Directors permits. Each director shall serve for a term ending on the date of the third~~ Subject to the rights of the holders of Preferred Stock to elect directors;

1. From the effectiveness of this Article X filed with the Secretary of State of Delaware until the election of directors at the 2013 annual meeting of stockholders (an "Annual Meeting") following the Annual Meeting at which such director was elected; provided, however, that each initial director in Class I shall serve for a term ending on the date of the Annual Meeting held in 1992, each initial director in Class II shall serve for a term ending on the date of the Annual Meeting held in 1993, and each initial director in Class III shall serve for a term ending on the date of the Annual Meeting held in 1994. Any director who may be elected by holders of Preferred Stock as provided for pursuant to Article IV hereof shall serve for a term ending on the date of the next Annual Meeting following the Annual Meeting at which such director was elected each annual meeting of stockholders an "Annual Meeting", pursuant to Section 141(d) of the General Corporation Law of the State of Delaware, the Board shall be divided into three classes of directors, Class I, Class II and Class III (each class as nearly equal in number as possible), with the directors in Class I having a term expiring at the 2013 Annual Meeting, the directors in Class II having a term expiring at the 2014 Annual Meeting and the directors in Class III having a term expiring at the 2015 Annual Meeting.

2. Commencing with the election of directors at the 2013 Annual Meeting, pursuant to Section 141(d) of the General Corporation Law of the State of Delaware, the Board shall be divided into two classes of directors, Class I and Class II, with the directors in Class I having a term that expires at the 2014 Annual Meeting and the directors in Class II having a term that expires at the 2015 Annual Meeting. The successors of the directors who, immediately prior to the 2013 Annual Meeting, were members of Class I (and whose terms expire at the 2013 Annual Meeting) shall be elected to Class I; the directors who, immediately prior to the 2013 Annual Meeting, were members of Class II and whose terms were scheduled to expire at the 2014 Annual Meeting shall become members of Class I; and the directors who, immediately prior to the 2013 Annual Meeting, were members of

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Class III and whose terms were scheduled to expire at the 2015 Annual Meeting shall become members of Class II with a term expiring at the 2015 Annual Meeting.

3. Commencing with the election of directors at the 2014 Annual Meeting, pursuant to Section 141(d) of the General Corporation Law of the State of Delaware, there shall be a single class of directors, Class I, with all directors of such class having a term that expires at the 2015 Annual Meeting. The successors of the directors who, immediately prior to the 2014 Annual Meeting, were members of Class I (and whose terms expire at the 2014 Annual Meeting) shall be elected to Class I for a term that expires at the 2015 Annual Meeting, and the directors who, immediately prior to the 2014 Annual Meeting, were members of Class II and whose terms were scheduled to expire at the 2015 Annual Meeting shall become members of Class I with a term expiring at the 2015 Annual Meeting.

4. From and after the election of directors at the 2015 Annual Meeting, the Board shall cease to be classified as provided in Section 141(d) of the General Corporation Law of the State of Delaware, and the directors elected at the 2015 Annual Meeting (and each Annual Meeting thereafter) shall be elected for a term expiring at the next Annual Meeting.

C. In the event of any increase or decrease in the authorized number of directors at any time during which the Board of Directors is divided into a class or classes:

1. Each director then serving shall nevertheless continue as a director of the class of which he is a member until the expiration of his term or his prior death, retirement, resignation or removal; and

2. Except to the extent that an increase or decrease in the authorized number of directors occurs in connection with the rights of holders of Preferred Stock to elect additional directors, the newly created or eliminated directorships resulting from any increase or decrease shall be apportioned by the Board of Directors among the ~~three class or~~ classes so as to keep the number of directors in each class as nearly equal as possible.

D. Notwithstanding the provisions of Paragraphs B and C of this Article X, each director shall serve until his successor is elected and qualified or until his death, retirement, resignation or removal. Except as may otherwise be provided pursuant to Article IV hereof with respect to any rights of holders of Preferred Stock, a director may be removed without cause ~~either by (i) a majority vote of the directors then in office (including for purposes of calculating the number of directors then in office the director subject to such removal vote), or (ii) by the affirmative vote of the stockholders holding at least 80% of the capital stock entitled to vote for the election of directors.~~

E. Except as may otherwise be provided pursuant to Article IV hereof with respect to any rights of holders of Preferred Stock to elect additional directors, should a vacancy in the Board of Directors occur or be created (whether arising through death, retirement, resignation or removal or through an increase in the number of authorized directors), such vacancy shall be filled by the affirmative vote of a majority of the remaining directors, even though less than a quorum of the Board of Directors. ~~At any time during which the Board of Directors is divided into a class or classes, a~~ director so elected to fill a vacancy shall serve for the remainder of the term of the class to which he was elected. From and after the date upon which the Board of Directors shall cease to be classified into a class or classes, a

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director so elected to fill a vacancy shall serve for the remainder of the term expiring at the next Annual Meeting.

F. During any period when the holders of any series of Preferred Stock have the right to elect additional directors as provided for or fixed pursuant to the provisions of Article IV hereof, then upon commencement and for the duration of the period during which such right continues (i) the then otherwise total and authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his earlier death, disqualification, resignation or removal. Except as otherwise provided by the Board of Directors in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate and the total and authorized number of directors of the Corporation shall be reduced accordingly.

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