

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K/A

Amendment No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

November 8, 2006

Date of Report (Date of earliest event reported)

OWENS-ILLINOIS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

1-9576
(Commission
File Number)

22-2781933
(I.R.S. Employer
Identification Number)

One Michael Owens Way
Perrysburg, Ohio
(Address of principal executive offices)

43551-2999
(Zip Code)

(567) 336-5000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers.

On November 8, 2006, the Board of Directors of Owens-Illinois, Inc. (the "Board") announced that Steven R. McCracken has chosen to resign from his positions as Chairman of the Board and Chief Executive Officer of Owens-Illinois, Inc. (the "Company") effective November 30, 2006. The Board also announced that Albert P.L. Stroucken was appointed Chairman of the Board and Chief Executive Officer of the Company, effective December 4, 2006. The Company's press release announcing the resignation and appointment was furnished as Exhibit 99.1 to a Form 8-K filed on November 15, 2006.

Subsequent to filing the above referenced Form 8-K and in connection with his resignation, Mr. McCracken entered into a separation agreement with the Company dated as of November 21, 2006. Pursuant to the terms of the separation agreement, in exchange for a release of claims Mr. McCracken will receive, among other things:

- a lump sum cash payment equal to \$4,500,000;
- payment of benefits under the Company's Supplemental Retirement Benefit Plan in a lump sum equal to \$3,499,940;
- a lump sum payment equal to the greater of the full amount of bonus, if any, that Mr. McCracken would otherwise receive for 2006 based on the Company's performance or \$618,750 (which is 11/12ths of the minimum bonus payable under the Company's bonus plan);
- payment of his base salary through December 31, 2006; and

- full vesting in all options, restricted stock and restricted stock units which are unvested as of the effective date of the separation agreement. In addition, Mr. McCracken's options were amended to provide that they will remain exercisable pursuant to the terms of the option agreements and the plans pursuant to which they were granted through the original term of the option without regard to Mr. McCracken's separation from employment.

The separation agreement also contains noncompetition and confidentiality restrictions. The foregoing description of the separation agreement is not intended to be a complete description of the agreement and is qualified in its entirety by reference to such agreement, attached as Exhibit 10.1 hereto, which is hereby incorporated by reference.

Subsequent to filing the above referenced Form 8-K and in connection with his appointment, Mr. Stroucken entered into a letter agreement dated November 21, 2006 with the Company which, among other things, outlines the terms of his employment with the Company. Pursuant to the terms of the letter agreement, Mr. Stroucken will enter into an employment agreement with the Company and will be employed by the Company according to the following terms, among others:

- base salary of \$950,000;
- target bonus equal to 150% of base salary, with a guaranteed minimum bonus for 2007 equal to target;
- initial grant of options and restricted stock with a fair value of \$3 million, 50% of which will be in options and 50% of which is restricted stock; and
- in lieu of grants in 2007, a grant of options, restricted stock and restricted stock units with a fair value equal to \$3 million at the commencement of employment, 40% of which will be in the form of options, 20% in restricted stock and 40% in restricted stock units. Options and restricted stock will be granted at commencement of employment, and the restricted stock units will be granted in 2007 at the time the Compensation Committee of the Board makes its normal grants to other employees based on the performance targets set for other employees.

The letter agreement also provides that, upon his first day of employment, Mr. Stroucken will be granted stock and options with a value equal to the \$3.75 million in replacement of compensation, equity and benefits which he forfeited by reason of terminating his employment with his current employer.

The foregoing description of the letter agreement is not intended to be a complete description of the agreement and is qualified in its entirety by reference to such agreement, attached as Exhibit 10.2 hereto, which is hereby incorporated by reference.

Charges related to the actions noted above, net of amounts previously accrued, are expected to approximate \$15 million. Cash payments, principally in 2006, will be approximately \$10 million. The Company expects to record substantially all of the charges as operating expenses in the fourth quarter of 2006.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
10.1	Separation Agreement between the Company and Steven R. McCracken
10.2	Letter Agreement between the Company and Albert P.L. Stroucken

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OWENS-ILLINOIS, INC.

Date: November 28, 2006

By: /s/ EDWARD C. WHITE
Name: Edward C. White
Title: Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
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10.2	Letter Agreement between the Company and Albert P.L. Stroucken



SEPARATION AGREEMENT

AGREEMENT, dated as of November 21, 2006 (this "Agreement"), is entered into by and between Owens-Illinois, Inc. (the "Company") and Steven R. McCracken (the "Executive"). The Company and the Executive are sometimes referred to herein as the "Parties."

WHEREAS, the Executive is currently employed by the Company pursuant to the terms of a letter agreement dated March 31, 2004, as amended by letter agreements dated March 10, 2005 and August 3, 2006 (the "Employment Agreement"); and

WHEREAS, the Board of Directors of the Company (the "Board") and the Executive have agreed that Executive's employment will terminate and he will resign (i) as a director of the Company and (ii) from his positions as Chairman of the Board, and Chief Executive Officer of the Company all effective as of November 30, 2006 (the "Effective Date");

WHEREAS, the Parties now agree and intend that the terms and conditions set forth in this Agreement shall determine all matters regarding the Executive's separation of employment with the Company and the Parties' respective rights, duties, and obligations in connection therewith; and

WHEREAS, the Parties desire that the compensation payable to Executive upon his separation from the Company will comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, in consideration of the mutual promises and conditions set forth herein, the parties hereto agree as follows:

1. **Effective Date and Effectiveness of Agreement.** As of the Effective Date, Executive's employment with the Company will terminate and Executive hereby resigns: (i) as a director of the Company; (ii) from his positions as Chairman of the Board and Chief Executive Officer of the Company; and (iii) from all other offices and directorships he may hold with the Company and its subsidiaries. Upon the Effective Date, the Employment Agreement shall terminate and Executive shall be entitled only to the payments and benefits described in this Agreement

2. **Separation Benefits.** Subject to the effectiveness of a validly binding release of claims by the Executive in the form attached hereto as Exhibit A (the "Release"), Executive's compliance with Sections 3 and 4 hereof and in satisfaction of all obligations to Executive, the Company will provide the following payments and benefits to Executive following the Effective Date pursuant to the terms of this Agreement:

(a) A lump sum cash payment equal to \$4,500,000.

(b) A lump sum cash payment equal to \$3,499,940 which represents payment of Executive's benefits under the Company's Supplemental Retirement Benefit Plan.

(c) A lump sum cash payment equal to the greater of (i) \$618,750, or (ii) the full amount of the bonus, if any, that the Executive would otherwise receive for 2006 determined as if the entire amount of such bonus were calculated solely by reference to corporate performance. Such amount shall be paid as soon as practicable after the date such bonus has been determined but not later than March 15, 2007.

(d) Executive shall be fully vested in all previously granted options to purchase shares of the Company's common stock, all previously granted restricted stock and all previously granted restricted stock units (the "Equity Awards") which are unvested as of the Effective Date, notwithstanding anything in the Executive's grant agreements to the contrary. However, the number of shares payable under the restricted stock unit awards shall be determined according to the terms of the restricted stock unit agreements based on the performance of the Company and shall be delivered to the Executive in accordance with the terms of such agreements. In addition, (i) all of Executive's options are hereby amended to provide that they shall remain exercisable pursuant to the terms of the option agreements and the plans pursuant to which they were granted through the original term of the option without regard to Executive's separation from employment, and (ii) the Company shall cooperate with the Executive, or his designated representative, to permit him or such representative to make a timely election, on or prior to the latest date permitted by proposed or final regulations promulgated under Code Section 409A, of the year or years for exercise of such options, as necessary to avoid application of penalty taxes under such Section. The Company hereby consents to (x) the withholding of applicable taxes from the shares of stock deliverable upon vesting of the restricted stock and as payment for the restricted stock units and from the exercise proceeds upon exercise of options, as well as, (y) the payment of the exercise price of the options by sale of shares through whatever brokered exercise arrangements or other arrangements for the net exercise of options are then maintained by the Company.

(e) For a period of two years following the Effective Date, Executive shall be entitled to continue receiving the perquisites he received as an employee of the Company, including tax gross ups in accordance with past practices, except that he shall not be entitled to (i) a company provided automobile, or (ii) executive physicals. Executive's usage of the Company's aircraft for personal use shall be subject to availability and limited to thirty (30) hours each year. After the expiration of the two year period, the Company in its sole discretion may determine to extend the receipt of any or all of the perquisites for an additional year on a year to year basis.

(f) Executive and his spouse and dependents shall be entitled to continue coverage under the Company's group health plan for active employees for the period of time required by Section 4980B of the Internal Revenue Code ("COBRA") but not less than 24 months. Executive shall pay the full cost of COBRA coverage for the first six months of such coverage. On the date that is six (6) months and one (1) day following the Effective Date, the Company shall reimburse the Executive in an amount equal to the difference between the COBRA rate paid by the Executive for the first six (6) months of coverage and the rate that Executive would have paid if he had remained employed with the Company. Thereafter, the Executive shall pay the cost paid by active employees of the Company for such coverage.

(g) The Company shall continue in force and pay the premiums on the life insurance policy that the Company holds on Executive's life under the Company's Executive Life Insurance Plan ("ELIP") for a period of five years through 2011. The Company acknowledges that the premium for 2007 has already been paid. Upon the fifth anniversary of the Effective Date the Company shall transfer to the Executive such life insurance policy. In the event of Executive's death prior to the fifth anniversary of the Effective Date, Executive's designated beneficiary (as previously filed with the Company) shall be entitled to the Death Benefit under the terms of the ELIP.

(h) Executive shall be entitled to payment of his base salary for the month of December, 2006, for all unpaid salary and all accrued but unused vacation and other paid time off through the Effective Date; unreimbursed business expenses and amounts payable under any Company benefit plans in accordance with the terms of the Company's policies and plans.

(i) Executive shall be entitled to retain his computer, after all Company confidential information and proprietary programs have been removed.

(j) Executive may assume the lease on his Company provided automobile or may purchase such automobile from the Company at the cost to the Company to buy out the lease.

(k) Executive shall be provided with access to administrative staff for a period of two years.

Amounts payable under paragraphs (a) and (b) shall be paid on the eighth day following Executive's execution of the Release, provided Executive has not revoked the Release.

3. **Cooperation.** Executive agrees that he will, consistent with his health, provide reasonable cooperation to the Company, its subsidiaries, affiliates, officers, employees, directors, and their successors and assigns (the "Company Parties") at mutually agreeable times and places in response to requests made by the Company or their attorneys in matters relating to internal investigations, external investigations, and/or judicial or administrative proceedings arising out of or relating in any way to any facts known to Executive occurring prior to Effective Date, including but not limited to, reasonable cooperation with the Company's independent registered accounting firm in preparation of the Company's annual report on Form 10-K for 2006, as well as, reasonable participation in conferences and meetings, assisting counsel, making himself available for interviews and depositions, providing documents or information, aiding in the analysis of documents, testifying, or complying with any other reasonable requests by the Company Parties with respect to the investigation currently pending by the Securities and Exchange Commission. Executive agrees to maintain in confidence (except to the extent required by subpoena or court order) any confidential information regarding past, current or potential claims, governmental proceedings, investigations or administrative or judicial litigation relating to the Company Parties. Executive agrees to provide notice of any motion, subpoena, order or other correspondence relating to the Company Parties within a reasonable time after his receipt of same, by forwarding such document to the General Counsel of the Company; provided, however, that the foregoing shall not restrict or limit in any way the testimony of

Executive or a Company Party in connection with any judicial or administrative proceeding. This cooperation is an integral part of this Agreement, and Executive will not be compensated for such cooperation, other than reimbursement for any reasonable expenses Executive may incur in connection with such cooperation.

4. **Certain Covenants.**

(a) **Noncompetition.** For the one year period following the Effective Date Executive shall not have any ownership interest (of record or beneficial) in, or have any interest as an employee, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership, proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly (as determined by the Board) with the Company's business in such county, city or part thereof, so long as the Company, or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (x) is not a controlling person of, or a member of a group which controls, such entity; or (y) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) **Confidentiality.** Executive hereby agrees that he shall not, directly or indirectly, disclose or make available to any person, firm, corporation, association or other entity for any reason or purpose whatsoever, any Confidential Information (as defined below). Executive further agrees that as soon as practicable following the Effective Date all Confidential Information in his possession that is in written or other tangible form (together with all copies or duplicates thereof, including computer files) shall be returned to the Company and shall not be retained by Executive or furnished to any third party, in any form except as provided herein; provided, however, that, this Section 4(b) shall not apply to Confidential Information that (i) was publicly known at the time of disclosure to Executive, (ii) becomes publicly known or available thereafter other than by any means in violation of this Agreement or any other duty owed to the Company by Executive, (iii) is lawfully disclosed to Executive by a third party, (iv) is required to be disclosed by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with actual or apparent jurisdiction to order Executive to disclose or make accessible any information, or (v) is related to any litigation, arbitration or mediation between the parties, including, but not limited to, the enforcement of this Agreement. As used in this Agreement, the term "Confidential Information" means: confidential information disclosed to Executive or known by Executive as a consequence of or through Executive's relationship with the Company about the customers, employees, business methods, public relations methods, organization, procedures or finances, including, without limitation, information of or relating to customer lists, product lists, product road maps, technology specifications or other information related to the products and services of the Company and its affiliates. Nothing herein shall limit in any way any obligation Executive may have relating to Confidential Information under any other agreement with or promise to the Company.

5. **Restrictive Modification.** If any of the rights or restrictions contained herein shall be deemed to be unenforceable by reason of the duration or scope of such rights or

restrictions, the parties hereby agree that a court of competent jurisdiction shall reduce such duration or scope and enforce such right or restriction in its reduced form for all purposes in the manner contemplated hereby; provided that such duration and scope shall only be reduced to the extent necessary in order to make such right or restriction enforceable.

6. **Mitigation and Offset.** Executive shall not be required to mitigate the amount of any payment provided for in Section 2 of this Agreement by seeking employment or otherwise. Payment or benefit provided for in Section 2 of this Agreement shall not be reduced by any compensation earned by the Executive as a result of employment by another employer, or by retirement benefits.

7. **Miscellaneous.**

(a) **Survival.** The respective obligations of the Company and the Executive under this Agreement will survive the termination of this Agreement to the extent necessary to satisfy their obligations under this Agreement.

(b) **Entire Agreement.** Upon its effectiveness this Agreement will supersede any and all existing agreements between the Executive and the Company or any of its subsidiaries or affiliates relating to the terms of Executive's separation of employment with the Company, including but not limited to the Employment Agreement, which upon the Effective Date shall be terminated and cancelled. This Agreement does not supersede or in anyway affect the Executive's rights to be indemnified or the Company's obligations to indemnify the Executive by reason of his having been an officer and director of the Company, to the fullest extent permitted by law and in accordance with the Company's bylaws or articles of incorporation, and pursuant to any directors and officers liability insurance, nor shall it supersede or in any way affect any claim that Executive may now or hereafter have for indemnification, all of which shall survive this Agreement and continue on in full force and effect according to the terms and conditions of each such agreements.

(c) **Amendments and Waivers.** No provisions of this Agreement may be amended, modified, waived or discharged except as agreed to in writing by the Executive and the Company. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion will not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(d) **Successors.** The obligations of this Agreement may not be assigned by the Executive, but may be assigned by the Company to any successor in interest. The benefits of this Agreement may be assigned or encumbered by Executive. Any amounts payable under Section 2 which are unpaid at Executive's death shall be paid to Executive's beneficiary, heirs or estate. This Agreement shall be binding upon and inure to the benefit of the Executive, the Executive's heirs, the Company, and the Company's successors and assigns.

(e) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Ohio applicable to agreements made and/or to be performed in that State, without regard to any choice of law provisions thereof.

(f) **Withholdings.** The Company shall withhold from any benefit provided or payment due hereunder the usual and customary amount of withholding taxes due any federal, state, or local authority in respect of such benefit or payment and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such withholding taxes.

(g) **Severability.** If any provision of this Agreement is invalid or unenforceable, the balance of this Agreement will remain in effect, and if such provision is inapplicable to any person or circumstance, it will nevertheless remain applicable to all other persons and circumstances.

(h) **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive has hereto set his hand and the Company has caused these presents to be executed in their name on their behalf, all as of the day and year first above written.

/s/ Steven R. McCracken
 STEVEN R. MCCRACKEN

OWENS-ILLINOIS, INC.

By: /s/ James W. Baehren
 Name: James W. Baehren
 Title: Senior Vice President & General Counsel



Owens-Illinois, Inc.

November 21, 2006

Mr. Albert P.L. Stroucken
 12 Apple Orchard Court
 Dellwood, MN 55110

Re: Employment

Dear Al:

On behalf of the Board of Directors of Owens-Illinois, Inc. (the "Company"), I am pleased to offer you employment as Chairman of the Board and Chief Executive Officer of the Company according to the material terms set forth on the attached Term Sheet, which are to be incorporated into a formal written employment agreement.

In addition, the Company agrees to grant you on your first day of employment, stock and options ("additional equity") with a value equal to \$3.75 million which represents a portion of the compensation, benefits, and/or equity that you will forfeit by reason of terminating employment with your current employer prior to March 31, 2007, the expiration of your current employment agreement.

The additional equity shall be (a) 50% in the form of unrestricted common stock of the Company (the "Stock") and (b) 50% in the form of non-qualified stock options with an exercise price equal to the fair market value of the Company's common stock on the date of grant as determined under the Owens-Illinois 2005 Incentive Award Plan and having a life of seven years, all of which will be fully vested and exercisable on the date of the grant thereof (the "Options"). The value of the Stock will be the closing price of the Company's common stock on the trading date immediately prior to your first day of employment and the value of the Options will be the Black-Scholes value on the date of grant. Otherwise the Options shall have the same terms as the option grants noted on the attached term sheet.

Notwithstanding the foregoing, the Company may, at its sole option, replace the Stock with cash payable on your first day of employment, which after deducting taxes on the cash received; you will then invest in Stock purchased in the open market. This purchase will not count towards the requirement that you purchase \$1,000,000 of Company common stock.

As you are aware, the payment of the additional equity in stock and/or cash will be taxable compensation to you and will be subject to applicable tax withholding. These taxes will be paid by reducing the number of shares of stock you own to the extent the cash to be paid will not cover the withholding and will reduce the amount of cash you will have available to purchase Company stock in the open market.

We understand that you will be providing some transition services to your current employer through the end of 2006. To the extent that such services do not interfere with the performance of your duties to O-I, we confirm that such services will not be considered a violation of any of your agreements with O-I.

We are pleased that you have agreed to join the Company and look forward to working with you in your new capacity. Please acknowledge your acceptance of our offer by signing below and returning a copy of this letter to my attention.

Sincerely,

Anastasia D. Kelly
 Chair, Compensation Committee

Agreed to and Accepted:

/s/ Albert P. L. Stroucken
 Albert P.L. Stroucken

Date: November 21, 2006

1.	Position	CEO and Chairman of the Board
2.	Term of Agreement	December 1, 2006 or other agreed to date but not later than December 6, 2006 through-December 31, 2011 (the "Initial Term"); with 2 automatic 1 year renewals (the "Automatic Renewals") unless Company or AI gives 9 mos. advance notice of non-renewal. If Company does not renew after the Initial Term, for either of the two one-year periods after the Initial Term, such non-renewal by the Company will be treated as termination without cause. However, any non-renewal of the contract by AI or by Company after the two Automatic Renewals will not result in a termination without cause, but a retirement of AI.
3.	Base Annual Salary	\$950,000; plus increases as determined from time to time by the Compensation Committee of the Board
4.	Annual Bonus	According to Incentive Bonus Plan: Target: 150% of Base Salary; Maximum: 300% of Base Salary. Bonus for 2007 guaranteed at minimum of Target, but is eligible for bonus over target based on performance.
5.	Equity	<ol style="list-style-type: none"> 1. AI will purchase common shares with a value of \$1,000,000. 2. Grants of stock options, restricted shares and performance shares (restricted stock units) to be made under 2005 Incentive Award Plan (or possible inducement plan with same terms) and terms of form stock option, restricted share and restricted stock units agreements. <ul style="list-style-type: none"> · Initial sign-on grant with fair value equal to \$3M, 50% of which would take the form of options and 50% of restricted stock · Additional grant in lieu of 2007 grant based on fair value equal to \$3M at time of commencement of employment. 40% of which would be in the form of options, 20% in restricted stock and 40% in the form of performance shares. Options and restricted stock would be granted at the time of commencement of employment. The target number of performance shares would be determined at time of commencement of employment but would not be granted until normal 2007 cycle grant is made for other employees based on performance targets set for other employees. <p>For all such equity grants (a) the fair value would be determined using the same methodology used by the Company for expensing such instruments, (b) the terms of the grants (vesting periods, etc.) would be consistent with the terms used in the granting of such forms of equity to other employees of the Company, and the forms of the agreements under which the equity is granted would be consistent with those noted as S-K Item 601 Documents Nos. 10.29, 10.30 and 10.32 in the Company's Annual Report on Form 10-K for the year ended December 31, 2005.</p> 3. Participation in all equity and incentive plans in effect from time to time; plus additional equity at Board discretion.
6.	Retirement Benefits	<ul style="list-style-type: none"> · 401(k) plan with match · Executive Deferred Savings Plan—excess 401(k) plan · Provided he neither resigns nor is terminated for cause prior to the expiration of the Initial Term, the Executive would receive upon his retirement from the Company a lump sum non-qualified pension benefit based on the Executive's actual years of service with the Company, plus 1.5 years, and on the Executive's final average

earnings, as currently calculated under the Owens-Illinois Salary Retirement Plan and Supplemental Retirement Benefit Plan (the "Plans"). The lump-sum amount would be determined by calculating the actuarial equivalent of the 100% single life annuity amount on the date of retirement using (i) the applicable interest rate then in effect under the Plans and (ii) a remaining life expectancy at the time of retirement using the then applicable mortality table under the Plans.

7.	Employee Benefit Plans other than Perqs	Participation in O-I Employee benefit plans on same terms as other senior executives including:
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- Health (medical, dental, vision, RX);
- Life;
- STD;
- LTD.

8. Perqs

In accordance with O-I policy applicable to senior executives. Current perqs are:

- Car allowance of \$24,000 per year;
- Executive life—pay premium and gross up for taxes on term policy minimum of 3X Base Salary;
- Use of company aircraft for business use, as well as personal use up to 50 hours annually;
- Access to O-I drivers;
- Tax and Financial services up to \$15,000 per year, plus gross-up in accordance with O-I policy;
- Home security system;
- 5 weeks of vacation;
- Relocation costs for move from MN (including temporary living expenses, and brokerage commission for sale of home in MN);
- Physical Exam—full cost with tax gross-up.

In addition:

- Payment of reasonable professional costs (e.g., legal and consulting) associated with this contract, subject to a negotiated maximum.
- Upon termination at or anytime after the Initial Term, reimbursement for any loss on sale of home subject to a maximum reimbursement equal to 20% of the then appraised value of the home. (e.g., home appraised value is \$1.2 million. Reimbursement for loss will not exceed \$240,000, or 20% of the appraised value.) Loss on sale is difference between appraised value and actual sale price, after deducting brokerage commissions.

9. Termination without Cause/Severance

Payable only if terminated without cause during term of agreement: Accrued Rights:

- (A) Base Salary through date of termination;
- (B) Annual bonus earned but unpaid for previous fiscal year;
- (C) Employee Benefit entitlements.

Plus Severance Pay: Amount = 2 x Annual Base Salary plus Target Bonus, payable over 24 months

24 months continued health coverage at same rate as active employees unless enrolled for coverage in another employer's health plan

Severance subject to release and continued compliance with 2 year non-compete / 2 year nonsolicitation and confidentiality requirements

Payments to be made in compliance with Section 409A

10. Change of Control

If terminate employment without Cause within 1 year after Change of Control, or significantly reduce or alter responsibilities following a Change of Control; same as Termination without Cause with protection against negative excise tax.

Change of Control shall be defined as:

- (a) A transaction or series of transactions (other than an offering of Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board of Directors of the Company (the “Board”) together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in paragraphs (a) or (c)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) Which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided,

however, that no person or group shall be treated for purposes of this subparagraph (c) (ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in

the Company prior to the consummation of the transaction; or

(d) The Company’s stockholders approve a liquidation or dissolution of the Company.

11. Termination due to Death or Disability

Termination due to disability treated as a termination without Cause. Termination due to death or disability will also cause acceleration of vesting of any and all outstanding options, restricted stock and applicable LTIP and SERP.

Upon death, pay surviving spouse, or estate applicable Target Incentive Bonus earned and not paid and SERP.

12. Other Termination—Voluntary and Cause

Accrued Rights:

A. Base Salary through date of termination;

B. Employee Benefit entitlements;

C. Annual bonus earned but unpaid for previous fiscal year for voluntary termination only.

Definition for Cause:

(i) the commission of an act of fraud against the Company or any affiliate thereof or embezzlement, (ii) breach of one or more of the following duties to the Company: (A) the duty of loyalty, (B) the duty not to take willful actions which would reasonably be viewed by the Company as placing the Executive’s interest in a position adverse to the interest of the Company, (C) the duty not to engage in self-dealing with respect to the Company’s assets, properties or business opportunities, (D) the duty of honesty or (E) any other fiduciary duty which the Executive owes to the Company, (iii) a conviction of the Executive (or a plea of nolo contendere in lieu thereof) for (A) a felony or (B) a crime involving fraud, dishonesty or moral turpitude, (iv) intentional misconduct as an Executive of the Company, including, but not limited to, knowing and intentional violation by the Executive of material written policies of the Company or specific directions of the Board, which policies or directives are neither illegal (or do not involve illegal conduct) nor do they require the Executive to violate reasonable business ethical standards, or (v) the failure of the Executive to substantially perform his duties for the Company (other than as a result of total or partial incapacity due to physical or mental illness) for a period of 10 days following written notice by the Company of such failure.

13. Governing Law

OH; Arbitration of all contract disputes

14. Other Misc

Miscellaneous provisions to be agreed upon.

