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

# FORM 8-K

## CURRENT REPORT

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

**April 23, 2013**
Date of Report (Date of earliest event reported)

# OWENS-ILLINOIS, INC.
(Exact name of registrant as specified in its charter)

| Delaware | 1-9576 | 22-2781933 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| One Michael Owens Way Perrysburg, Ohio | 43551-2999 |
|---|---|
| (Address of principal executive offices) | (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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

On April 23, 2013, Owens-Illinois, Inc. issued a press release announcing its results of operations for the quarter ended March 31, 2013. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. Additional financial information, posted to the Company's web site, is attached hereto as Exhibit 99.2.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**

**(d) Exhibits.**

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release dated April 23, 2013, announcing results of operations for the quarter ended March 31, 2013 |
| 99.2 | Additional financial information — quarter ended March 31, 2013 |

## SIGNATURES

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

OWENS-ILLINOIS, INC.

Date: April 23, 2013

By: /s/ Stephen P. Bramlage, Jr.
Name: Stephen P. Bramlage, Jr.
Title: Senior Vice President and Chief Financial Officer



## EXHIBIT INDEX

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release dated April 23, 2013, announcing results of operations for the quarter ended March 31, 2013 |
| 99.2 | Additional financial information — quarter ended March 31, 2013 |

**Exhibit 99.1**

**FOR IMMEDIATE RELEASE**

**O-I REPORTS FIRST QUARTER 2013 RESULTS**

*Price gains and structural cost reductions partially offset*
*lower shipments, particularly in Europe*

**PERRYSBURG, Ohio (April 23, 2013) —** Owens-Illinois, Inc. (NYSE: OI) today reported financial results for the first quarter ending March 31, 2013.

**Highlights**

· **First quarter 2013 earnings** from continuing operations attributable to the Company were $0.48 per share (diluted), compared with $0.73 per share in the same period of 2012. Excluding certain items management considers not representative of ongoing operations, adjusted earnings(1) were $0.60 per share, compared with $0.73 per share in the prior year.

· **Higher operating profits in South America and Asia Pacific** were more than offset by lower results in Europe. South America benefited from volume growth and logistics savings from a new furnace brought online in Brazil in late 2012. As expected, European operating profit was adversely impacted by lower demand and efforts to normalize production levels over the course of 2013.

· **Price and product mix increased 2 percent** year on year, with gains reported in all regions. Price increases covered cost inflation.

Commenting on the Company's first quarter results, Chairman and Chief Executive Officer Al Stroucken said, "We are pleased with our performance overall. Our price increases continue to cover cost inflation. We are clearly seeing the financial benefits of our global structural cost reductions, as well as the impact of our growth strategy on South America's rising profitability. Yet we faced lower demand, as expected, particularly in economically troubled Europe. Our initiative to mitigate production volatility over the course of the year was a planned headwind in the first quarter, but will benefit us in the second half of the year."

**Operational highlights**

Net sales in the first quarter of 2013 were $1.64 billion, down from $1.74 billion in the prior year first quarter. Currency translation adversely impacted sales by 2 percent. Volume, in terms of tonnes shipped, decreased by 5 percent year-over-year. The decline in volume was most pronounced in Europe, due to difficult macroeconomic conditions, the absence of major sporting events that occurred in the prior year and the share shift to smaller competitors in response to the Company's pricing strategy in 2012. South America reported modest volume growth, driven by food packaging. Sales prices globally were up 2 percent, with successful price initiatives reported in all regions.

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(1) Adjusted earnings refers to earnings from continuing operations attributable to the Company, excluding items management does not consider representative of ongoing operations, as cited in Note 1 in this release.

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In the first quarter of 2013, segment operating profit was $226 million, down from $260 million in the prior year. The Company curtailed production, particularly in Europe, as part of an initiative to reduce production volatility over the course of the year. This led to lower absorption of fixed costs, and therefore lower profitability, relative to the comparable period in the prior year. The Company expects improved profitability from this initiative in the latter half of the year. Structural cost reductions partially compensated for the adverse impact of lower production and sales volume.

**Financial highlights**

Net interest expense(2) was $4 million lower than the prior year, primarily due to debt reduction and lower interest rates. In the quarter, the Company completed a Euro debt refinancing transaction that reduces ongoing interest expense and extends our maturity horizon.

The Company's leverage ratio (net debt to EBITDA) was 2.9 at the end of the first quarter of 2013, compared with 3.0 times EBITDA in the previous year quarter. The Company expects further improvement in its leverage ratio during 2013.

In the first quarter of 2013, the Company recorded two charges to reported results that are presented in Note 1 below. Management considers these charges not representative of ongoing operations.

**Outlook**

Commenting on the Company's outlook for the second quarter of 2013, Stroucken said, "We expect continued volume growth in our emerging regions and stable market conditions in North America. While persistent macroeconomic challenges in Europe limit our visibility, we expect flat year-on-year shipments there. We are focused on structural cost reduction initiatives and our European asset optimization program, which are key drivers within our control that will grow free cash flow and earnings."

Management reaffirms expectations for 2013 free cash flow (at least $300 million) and adjusted earnings ($2.60 to $3.00 per share).

**Note 1**

The table below describes the items that management considers not representative of ongoing operations.

**Three months ended March 31**

| $ Millions, except per-share amounts | 2013 Earnings | 2013 EPS | 2012 Earnings | 2012 EPS |
|---|---|---|---|---|
| **Earnings from Continuing Operations Attributable to the Company** | $ 79 | $ 0.48 | $ 122 | $ 0.73 |
| *Items that management considers not representative of ongoing operations consistent with Segment Operating Profit* | | | | |
| Restructuring, asset impairment and related charges | 9 | 0.05 | | |
| Charges for note repurchase premiums and write-off of finance fees | 11 | 0.07 | | |
| **Adjusted Net Earnings** | $ 99 | $ 0.60 | $ 122 | $ 0.73 |

(2) Excluding charges of $11 million during the first quarter of 2013 for note repurchase premiums and the write-off of finance fees related to debt that was repaid prior to its maturity.

**About O-I**

Owens-Illinois, Inc. (NYSE: OI) is the world's largest glass container manufacturer and preferred partner for many of the world's leading food and beverage brands. With revenues of $7.0 billion in 2012, the Company is headquartered in Perrysburg, Ohio, USA, and employs approximately 22,500 people at 79 plants in 21 countries. O-I delivers safe, sustainable, pure, iconic, brand-building glass packaging to a growing global marketplace. O-I's Glass Is Life™ movement promotes the widespread benefits of glass packaging in key markets around the globe. For more information, visit www.o-i.com or www.glassislife.com.

**Regulation G**

The information presented above regarding adjusted net earnings relates to net earnings attributable to the Company exclusive of items management considers not representative of ongoing operations and does not conform to U.S. generally accepted accounting principles (GAAP). It should not be construed as an alternative to the reported results determined in accordance with GAAP. Management has included this non-GAAP information to assist in understanding the comparability of results of ongoing operations. Management uses this non-GAAP information principally for internal reporting, forecasting, budgeting and calculating compensation payments. Further, the information presented above regarding free cash flow does not conform to GAAP. Management defines free cash flow as cash provided by continuing operating activities less capital spending (both as determined in accordance with GAAP) and has included this non-GAAP information to assist in understanding the comparability of cash flows. Management uses this non-GAAP information principally for internal reporting, forecasting and budgeting. Management believes that the non-GAAP presentation allows the board of directors, management, investors and analysts to better understand the Company's financial performance in relationship to core operating results and the business outlook.

The Company routinely posts important information on its website — www.o-i.com/investors.

**Forward looking statements**

This document contains "forward looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Forward looking statements reflect the Company's current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward looking statements. It is possible the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to the following: (1) foreign currency fluctuations relative to the U.S. dollar, specifically the Euro, Brazilian real and Australian dollar, (2) changes in capital availability or cost, including interest rate fluctuations and the ability of the Company to refinance debt at favorable terms, (3) the general political, economic and competitive conditions in markets and countries where the Company has operations, including uncertainties related to the economic conditions in Europe and Australia, disruptions in capital markets, disruptions in the supply chain, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws, (4) consumer preferences for alternative forms of packaging, (5) cost and availability of raw materials, labor, energy and transportation, (6) the Company's ability to manage its cost structure, including its success in implementing restructuring plans and achieving cost savings, (7) consolidation among competitors and customers, (8) the ability of the Company to acquire businesses and expand plants, integrate operations of acquired businesses and achieve expected synergies, (9) unanticipated expenditures with respect to environmental, safety and health laws, (10) the Company's ability to further develop its sales, marketing and product development capabilities,

and (11) the timing and occurrence of events which are beyond the control of the Company, including any expropriation of the Company's operations, floods and other natural disasters, events related to asbestos-related claims, and the other risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 and any subsequently filed Quarterly Report on Form 10-Q. It is not possible to foresee or identify all such factors. Any forward looking statements in this document are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not assume any obligation to update or supplement any particular forward looking statements contained in this document.

**Conference call scheduled for April 24, 2013**

O-I CEO Al Stroucken and CFO Steve Bramlage will conduct a conference call to discuss the Company's latest results on Wednesday, April 24, 2013, at 8:00 a.m., Eastern Time. A live webcast of the conference call, including presentation materials, will be available on the O-I website, www.o-i.com/investors, in the Presentations & Webcast section.

The conference call also may be accessed by dialing 888-733-1701 (U.S. and Canada) or 706-634-4943 (international) by 7:50 a.m., Eastern Time, on April 24. Ask for the O-I conference call. A replay of the call will be available on the O-I website, www.o-i.com/investors, for 90 days following the call.

Contact: Erin Crandall, 567-336-2355 — O-I Investor Relations
Lisa Babington, 567-336-1445 — O-I Corporate Communications

O-I news releases are available on the O-I website at www.o-i.com.

O-I's second quarter 2013 earnings conference call is currently scheduled for Thursday, July 25, 2013, at 8:00 a.m., Eastern Time.

OWENS-ILLINOIS, INC.
Condensed Consolidated Results of Operations
(Dollars in millions, except per share amounts)

| | Three months ended March 31, 2013 | Three months ended March 31, 2012 |
|---|---|---|
| Net sales | $ 1,641 | $ 1,739 |
| Manufacturing, shipping and delivery expense | (1,322) | (1,361) |
| Gross profit | 319 | 378 |
| Selling and administrative expense | (129) | (140) |
| Research, development and engineering expense | (15) | (15) |
| Interest expense (a) | (71) | (64) |
| Interest income | 3 | 3 |
| Equity earnings | 17 | 13 |
| Royalties and net technical assistance | 4 | 4 |
| Other income | 3 | 2 |
| Other expense (b) | (14) | (11) |
| Earnings from continuing operations before income taxes | 117 | 170 |
| Provision for income taxes | (33) | (44) |
| Earnings from continuing operations | 84 | 126 |
| Loss from discontinued operations | (10) | (1) |
| Net earnings | 74 | 125 |
| Net earnings attributable to noncontrolling interests | (5) | (4) |
| Net earnings attributable to the Company | $ 69 | $ 121 |
| Amounts attributable to the Company: | | |
| Earnings from continuing operations | $ 79 | $ 122 |
| Loss from discontinued operations | (10) | (1) |
| Net earnings | $ 69 | $ 121 |
| Basic earnings per share: | | |
| Earnings from continuing operations | $ 0.48 | $ 0.74 |
| Loss from discontinued operations | (0.06) | (0.01) |
| Net earnings | $ 0.42 | $ 0.73 |
| Weighted average shares outstanding (000s) | 164,069 | 164,241 |
| Diluted earnings per share: | | |
| Earnings from continuing operations | $ 0.48 | $ 0.73 |
| Loss from discontinued operations | (0.06) | (0.01) |
| Net earnings | $ 0.42 | $ 0.72 |
| Diluted average shares (000s) | 165,501 | 166,206 |

(a) Amount for the three months ended March 31, 2013 includes charges of $11 million (before and after tax amount attributable to the Company) for note repurchase premiums and the write-off of finance fees related to debt that was repaid prior to its maturity. The effect of this charge is a reduction in earnings per share of $0.07.

(b) Amount for the three months ended March 31, 2013 includes charges of $10 million ($9 million after tax amount attributable to the Company) for restructuring, asset impairment and related charges. The effect of this charge is a reduction in earnings per share of $0.05.

OWENS-ILLINOIS, INC.
Condensed Consolidated Balance Sheets
(Dollars in millions)

| | March 31, 2013 | December 31, 2012 | March 31, 2012 |
|---|---|---|---|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 359 | $ 431 | $ 299 |
| Receivables, less allowances for losses and discounts | 1,047 | 968 | 1,199 |
| Inventories | 1,178 | 1,139 | 1,237 |
| Prepaid expenses | 99 | 110 | 130 |
| Total current assets | 2,683 | 2,648 | 2,865 |
| Investments and other assets: | | | |
| Equity investments | 293 | 294 | 316 |
| Repair parts inventories | 137 | 133 | 153 |
| Pension assets | | | 121 |
| Deposits, receivables and other assets | 676 | 675 | 695 |
| Goodwill | 2,048 | 2,079 | 2,127 |
| Total other assets | 3,154 | 3,181 | 3,412 |
| Property, plant and equipment, at cost | 6,509 | 6,667 | 7,049 |
| Less accumulated depreciation | 3,829 | 3,898 | 4,165 |
| Net property, plant and equipment | 2,680 | 2,769 | 2,884 |
| Total assets | $ 8,517 | $ 8,598 | $ 9,161 |
| Liabilities and Share Owners' Equity | | | |
| Current liabilities: | | | |
| Short-term loans and long-term debt due within one year | $ 347 | $ 319 | $ 406 |
| Current portion of asbestos-related liabilities | 155 | 155 | 165 |
| Accounts payable | 904 | 1,032 | 943 |
| Other liabilities | 523 | 656 | 602 |
| Total current liabilities | 1,929 | 2,162 | 2,116 |
| Long-term debt | 3,550 | 3,454 | 3,724 |
| Deferred taxes | 184 | 182 | 214 |
| Pension benefits | 825 | 846 | 856 |
| Nonpension postretirement benefits | 262 | 264 | 270 |
| Other liabilities | 323 | 329 | 410 |
| Asbestos-related liabilities | 289 | 306 | 276 |
| Share owners' equity: | | | |
| The Company's share owners' equity: | | | |
| Common stock | 2 | 2 | 2 |
| Capital in excess of par value | 3,013 | 3,005 | 2,996 |
| Treasury stock, at cost | (424) | (425) | (404) |
| Retained earnings (loss) | (126) | (195) | (258) |
| Accumulated other comprehensive loss | (1,485) | (1,506) | (1,205) |
| Total share owners' equity of the Company | 980 | 881 | 1,131 |
| Noncontrolling interests | 175 | 174 | 164 |
| Total share owners' equity | 1,155 | 1,055 | 1,295 |
| Total liabilities and share owners' equity | $ 8,517 | $ 8,598 | $ 9,161 |

OWENS-ILLINOIS, INC.
Condensed Consolidated Cash Flows
(Dollars in millions)

| | Three months ended March 31, 2013 | Three months ended March 31, 2012 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net earnings | $ 74 | $ 125 |
| Loss from discontinued operations | 10 | 1 |
| Non-cash charges: | | |
| Depreciation | 90 | 97 |

| | | |
|---|---|---|
| Amortization of intangibles and other deferred items | 9 | 8 |
| Amortization of finance fees and debt discount | 8 | 8 |
| Pension expense | 26 | 22 |
| Restructuring, asset impairment and related charges | 10 | |
| Other | 31 | 10 |
| Pension contributions | (7) | (17) |
| Asbestos-related payments | (17) | (30) |
| Cash paid for restructuring activities | (34) | (30) |
| Other changes in non-current assets and liabilities | (33) | (13) |
| Change in components of working capital | (301) | (275) |
| Cash utilized in continuing operating activities | (134) | (94) |
| Cash utilized in discontinued operating activities | (2) | (1) |
| Total cash utilized in operating activities | (136) | (95) |
| Cash flows from investing activities: | | |
| Additions to property, plant and equipment | (94) | (73) |
| Acquisitions, net of cash acquired | | (5) |
| Net cash proceeds related to sale of assets and other | | 11 |
| Cash utilized in investing activities | (94) | (67) |
| Cash flows from financing activities: | | |
| Additions to long-term debt | 639 | 119 |
| Repayments of long-term debt | (483) | (62) |
| Increase (decrease) in short-term loans | 4 | (20) |
| Net receipts (payments) for hedging activity | | 8 |
| Payment of finance fees | (5) | |
| Issuance of common stock and other | 4 | |
| Cash provided by financing activities | 159 | 45 |
| Effect of exchange rate fluctuations on cash | (1) | 16 |
| Decrease in cash | (72) | (101) |
| Cash at beginning of period | 431 | 400 |
| Cash at end of period | $ 359 | $ 299 |

OWENS-ILLINOIS, INC.
Consolidated Supplemental Financial Data
(Dollars in millions)

| | Three months ended March 31, | |
|---|---|---|
| | 2013 | 2012 |
| Net sales: | | |
| Europe | $ 650 | $ 705 |
| North America | 469 | 482 |
| South America | 269 | 277 |
| Asia Pacific | 247 | 257 |
| Reportable segment totals | 1,635 | 1,721 |
| Other | 6 | 18 |
| Net sales | $ 1,641 | $ 1,739 |
| Segment operating profit (a): | | |
| Europe | $ 59 | $ 108 |
| North America | 74 | 78 |
| South America | 53 | 38 |
| Asia Pacific | 40 | 36 |
| Reportable segment totals | 226 | 260 |
| Items excluded from segment operating profit: | | |
| Retained corporate costs and other | (31) | (29) |
| Restructuring, asset impairment and related charges | (10) | |
| Interest income | 3 | 3 |
| Interest expense | (71) | (64) |
| Earnings from continuing operations before income taxes | $ 117 | $ 170 |

The following notes relate to segment operating profit:

(a) Segment operating profit consists of consolidated earnings before interest income, interest expense, and provision for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations as well as certain retained corporate costs.

The Company presents information on segment operating profit because management believes that it provides investors with a measure of operating performance separate from the level of indebtedness or other related costs of capital.  The most directly comparable GAAP financial measure to segment operating profit is earnings from continuing operations before income taxes.  The Company presents segment operating profit because management uses the measure, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources.

A reconciliation from segment operating profit to earnings from continuing operations before income taxes is included in the tables above.

# O-I First Quarter 2013 Earnings Presentation

April 24, 2013

# Safe Harbor Comments

**Regulation G**

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**Presentation Note**

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

# First Quarter 2013 Summary

- Adjusted EPS of $0.60
- Price increased 2%
  - Covered cost inflation
- Shipments down 5%, driven by Europe and fewer shipping days in the quarter
- Initiatives to mitigate production volatility reduced fixed cost absorption in 1Q13
- Rising profitability in South America
  - Volume growth
  - Logistics savings from new furnace in Brazil brought online in 4Q12
- Continue to enhance financial flexibility
  - Debt refinancing transaction in Europe

# P&L Review

| | Reportable Segments | | |
|---|---|---|---|
| | Sales (1) | Operating Profit | Adjusted Net Income |
| | ($ Millions) | ($ Millions) | (Non-GAAP EPS) |
| 1Q12 | $1,721 | $260 | $0.73 |
| Price | 37 | 37 | 0.16 |
| Cost Inflation | | (34) | (0.15) |
| Spread | | 3 | 0.01 |
| Sales volume | (86) | (19) | (0.08) |
| Manufacturing and delivery (2) | | (29) | (0.14) |
| Operating and other costs | | 12 | 0.05 |
| Currency translation | (37) | (1) | - |
| Operational | (86) | (34) | (0.16) |
| Retained corporate costs | | | - |
| Net interest expense | | | 0.02 |
| Noncontrolling interests | | | - |
| Effective tax rate | | | 0.01 |
| Non-operational | - | - | 0.03 |
| Total reconciling items | (86) | (34) | (0.13) |
| 1Q13 | $1,635 | $226 | $0.60 |

## 1Q13 Recap

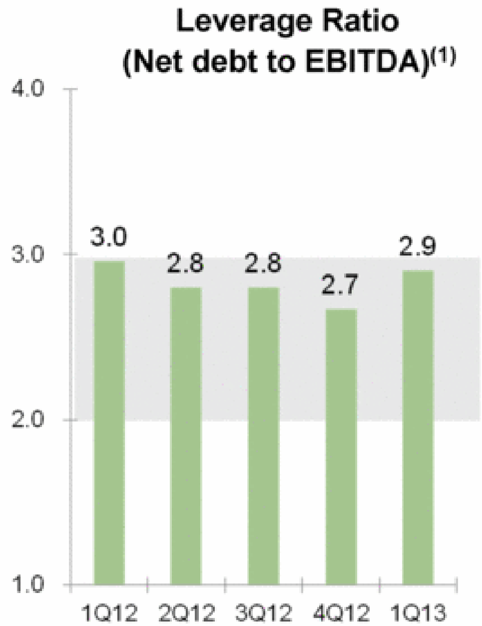
- Price covered inflation
- Volume decline in line with expectations
- Initial benefits from global cost reduction initiatives outweighed by lower fixed cost absorption

[1] Reportable segment sales exclude the Company's global equipment business.
[2] Primarily relates to unabsorbed fixed costs resulting from the Company's actions to even out production in Europe and North America.



# Balance Sheet & Cash Flow

| | 1Q13 | 1Q12 | Δ YoY |
|---|---|---|---|
| Cash | $359 | $299 | $60 |
| Debt | $3,897 | $4,130 | ($233) |
| Net debt | $3,538 | $3,831 | ($293) |
| Net debt to EBITDA (1) | 2.9x | 3.0x | (0.1x) |
| Free Cash Flow (2) | ($228) | ($167) | ($61) |
| Capital expenditures | ($94) | ($73) | ($21) |
| Working capital use | ($301) | ($275) | ($26) |




- Successful debt exchange in Europe enhances financial flexibility
  - Lowers ongoing interest expense
  - Extends debt maturity horizon

[1] Total debt less cash divided by bank credit agreement EBITDA. See appendix for EBITDA reconciliations. Current bank covenants allow for a maximum ratio of 4.0x.
[2] Free cash flow is defined as cash provided by continuing operating activities less additions to property, plant, and equipment.

# Regional Performance

### Europe

| ($ Millions, except margin) | 1Q 2013 | 1Q 2012 |
|---|---|---|
| Net Sales | $650 | $705 |
| Segment Operating Profit | $59 | $108 |
| Segment Margin | 9.1% | 15.3% |

- Volume in tonnes down ~8%, primarily driven by beer
- Price kept pace with cost inflation
- Lower production in the quarter vs. overproduction in 1Q12 dampens profitability

### North America

| ($ Millions, except margin) | 1Q 2013 | 1Q 2012 |
|---|---|---|
| Net Sales | $469 | $482 |
| Segment Operating Profit | $74 | $78 |
| Segment Margin | 15.8% | 16.2% |

- Shipments down ~4% due to less favorable weather
- Increase in 1Q furnace rebuilds
- Structural cost reductions partially mitigate headwinds



# Regional Performance

### South America

| ($ Millions, except margin) | 1Q 2013 | 1Q 2012 |
|---|---|---|
| Net Sales<br>*- Fx neutral[1]* | $269<br>*$290* | $277 |
| Segment Operating Profit | $53 | $38 |
| Segment Margin | 19.7% | 13.7% |

- Shipments up ~4%, broad-based gains in most countries
- Logistics savings from new furnace in Brazil in 4Q12
- Fewer furnace rebuilds

### Asia Pacific

| ($ Millions, except margin) | 1Q 2013 | 1Q 2012 |
|---|---|---|
| Net Sales | $247 | $257 |
| Segment Operating Profit | $40 | $36 |
| Segment Margin | 16.2% | 14.0% |

- Volume in tonnes down ~5%
- Plant shutdown in northern China in 4Q12
- Price kept pace with cost inflation
- Benefits of restructuring improve operating profit

[1] Using 2012 currency exchange rates

# 2Q13 Business Outlook

| | 2Q13 vs 2Q12 | Comments |
|---|---|---|
| **Operational** | | |
| Europe | ↔ | ▪ Flat volume as wine gains offset by macro softness<br>▪ Cost inflation offset by price<br>▪ Moderate headwind from overproduction in prior year |
| North America | ↔ | ▪ Stable shipment levels<br>▪ Production similar to prior year |
| Asia Pacific | ↑ | ▪ Volume up low single digits<br>▪ Reduction in fixed costs from capacity alignment |
| South America | ↔ | ▪ Volume up low single digits, sourced from buffer strategy<br>▪ Higher level of furnace rebuild activity |
| **Non-Operational** | | |
| Corporate and Other Costs | ↓ | ▪ Corporate costs: ~$35M, driven by higher pension expense<br>▪ Lower net interest expense |
| **Net Income** | | |
| Adjusted Earnings | ↔ | ▪ Tailwinds: slight volume gains<br>▪ Headwinds: lower fixed cost absorption in Europe, higher corporate costs |

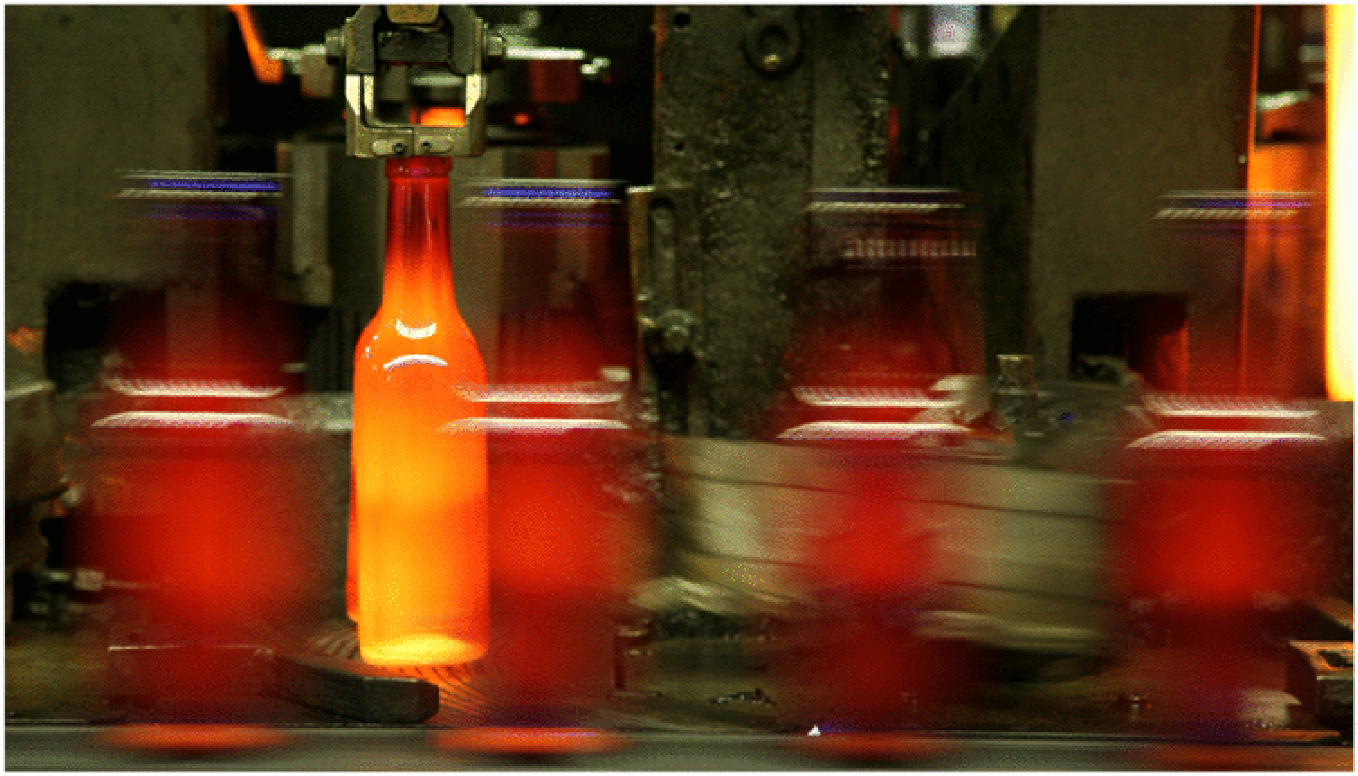
# Management Priorities

| | |
|---|---|
| Operational | ▪ Reduce structural costs<br>▪ Better manage seasonality of the business<br>▪ Disciplined price – volume management |
| Financial | ▪ Deliver earnings and cash flow targets<br>▪ Strengthen financial flexibility<br>▪ Disciplined capital allocation, with focus on deleveraging |
| Strategic | ▪ Execute European asset optimization program<br>▪ Capture emerging market growth, aided by product innovation<br>▪ R&D investments focused on manufacturing efficiencies |



# Q&A

# Appendix





# Reconciliation of GAAP to Non-GAAP Items

| $ Millions, except per-share amts | Three months ended March 31 | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | Earnings | EPS | Earnings | EPS |
| Earnings from continuing operations attributable to the Company | $ 79 | $ 0.48 | $ 122 | $ 0.73 |
| *Items that management considers not representative of ongoing operations consistent with Segment Operating Profit* | | | | |
| • Restructuring, asset impairment and related charges | 9 | 0.05 | | |
| • Charges for note repurchase premiums and write-off of finance fees | 11 | 0.07 | | |
| Adjusted net earnings | $ 99 | $ 0.60 | $ 122 | $ 0.73 |
| Diluted shares outstanding (millions) | 165.5 | | 166.2 | |

# Segment Operating Margin

| **$ Millions** (except profit margin) | Three months ended March 31, | |
|---|---|---|
| Net Sales: | 2013 | 2012 |
| Europe | $ 650 | $ 705 |
| North America | 469 | 482 |
| South America | 269 | 277 |
| Asia Pacific | 247 | 257 |
| | | |
| Segment Operating Profit: | | |
| Europe | $ 59 | $ 108 |
| North America | 74 | 78 |
| South America | 53 | 38 |
| Asia Pacific | 40 | 36 |
| | | |
| Segment Operating Profit Margin [1] | | |
| Europe | 9.1% | 15.3% |
| North America | 15.8% | 16.2% |
| South America | 19.7% | 13.7% |
| Asia Pacific | 16.2% | 14.0% |



[1] Segment operating profit margin is segment operating profit divided by segment net sales

# Free Cash Flow

| $ Millions | Three months ended March 31 2013 | Three months ended March 31 2012 |
|---|---|---|
| Net earnings | $ 74 | $ 125 |
| Plus: Loss from discontinued ops | 10 | 1 |
| Earnings from continuing operations | 84 | 126 |
| Non-cash charges: | | |
| Depreciation and amortization | 107 | 113 |
| Restructuring, asset impairment and related charges | 10 | - |
| Pension expense | 26 | 22 |
| All other non-cash charges | 31 | 10 |
| Payments and other reconciling items: | | |
| Asbestos-related payments | (17) | (30) |
| Cash paid for restructuring activities | (34) | (30) |
| Pension contributions | (7) | (17) |
| Change in components of working capital | (301) | (275) |
| Change in non-current assets and liabilities | (33) | (13) |
| Cash utilized in continuing operating activities | (134) | (94) |
| Additions to PP&E for continuing operations | (94) | (73) |
| Free Cash Flow [(1)] | $ (228) | $ (167) |



(1) Free Cash Flow equals cash provided by continuing operating activities less additions to property, plant and equipment.

# Reconciliation of Credit Agreement EBITDA

| $ Millions | Last 12 months ended 3/31/2013 | 12/31/2012 | 9/30/2012 | 6/30/2012 | 3/31/2012 |
|---|---|---|---|---|---|
| Earnings (loss) from continuing operations | $ 178 | $ 220 | $ (406) | $ (382) | $ (442) |
| Interest expense | 255 | 248 | 255 | 264 | 302 |
| Provision for income taxes | 97 | 108 | 113 | 110 | 101 |
| Depreciation | 371 | 378 | 384 | 388 | 401 |
| Amortization of intangibles | 35 | 34 | 29 | 24 | 20 |
| EBITDA | 936 | 988 | 375 | 404 | 382 |
| Adjustments in accordance with the Company's bank credit agreement: | | | | | |
| Asia Pacific goodwill adjustment | - | - | 641 | 641 | 641 |
| Charges for asbestos-related costs | 155 | 155 | 150 | 170 | 165 |
| Restructuring and asset impairment | 178 | 168 | 104 | 100 | 104 |
| Gain on China land compensation | (61) | (61) | - | - | - |
| Credit Agreement EBITDA | $ 1,208 | $ 1,250 | $ 1,270 | $ 1,315 | $ 1,292 |
| Total debt | 3,897 | 3,773 | 3,893 | 4,019 | 4,130 |
| Less cash | 359 | 431 | 336 | 336 | 299 |
| Net debt | 3,538 | 3,342 | 3,557 | 3,683 | 3,831 |
| Net debt divided by Credit Agreement EBITDA | 2.9 | 2.7 | 2.8 | 2.8 | 3.0 |