

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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

Delaware
(State or other jurisdiction of incorporation or organization)

22-2781933
(I.R.S. Employer Identification No.)

One SeaGate
Toledo, Ohio
(Address of principal executive offices)

43666
(Zip Code)

1997 EQUITY PARTICIPATION PLAN

THOMAS L. YOUNG, ESQ.
Executive Vice President -
Administration,
General Counsel and Secretary
Owens-Illinois, Inc.
One SeaGate
Toledo, Ohio 43666
(419) 247-5000

(Name, address, including zip code,
and telephone number, including area
code, of agent for service)

Copy to:
Robert A. Koenig
Latham & Watkins
633 West Fifth Street
Suite 4000
Los Angeles, California 90071
(213) 485-1234

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount of Shares to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$.01 per share (1)	10,000,000	\$41.1373	\$411,372,533	\$121,254.90

(continued on next page)

(continuation of cover page)

- (1) The 1997 Equity Participation Plan of Owens-Illinois, Inc. (the "Plan") authorizes the issuance of a maximum of 10,000,000 shares. Of such shares, 1,141,350 are subject to presently outstanding options granted under the Plan and 33,142 are subject to restricted stock agreements in connection with deferred compensation plans.
- (2) For purposes of computing the registration fee only. Pursuant to Rule 457(c), the Proposed Maximum Offering Price Per Share is based upon (1) the exercise price per share of \$31.625 of outstanding options for 1,140,150 shares, (2) the exercise price per share of \$34.875 of outstanding options for 1,200 shares, (3) the fair value per share of \$39.00 for 33,142 shares subject to restricted stock agreements, and (4) for the remaining 8,825,508 shares, the average of the high and low prices reported on the New York Stock Exchange for the Company's Common Stock on March 3, 1998, which was \$42.375.

PART I

Item 1. Plan Information

Not required to be filed with this Registration Statement.

Item 2. Registrant Information and Employee Plan Annual Information

Not required to be filed with this Registration Statement.

PART II

Item 3. Incorporation of Documents by Reference

The following documents filed with the Securities and Exchange Commission (the "Commission") by Owens-Illinois, Inc, a Delaware corporation (the "Company" or the "Registrant"), are incorporated as of their respective dates in this Registration Statement by reference:

- A. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996;
- B. All other reports filed by the Company pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 since December 31, 1996; and
- C. Description of the Company's Common Stock contained in the Company's Registration on Form 8-A filed with the Commission on December 3, 1991.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, are incorporated by reference in this Registration Statement and are a part hereof from the date of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities

See item 3.C. above

Item 5. Interests of Named Experts and Counsel

Not applicable.

Item 6. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation shall have the power, and in some cases is required, to indemnify an agent, including an officer or director, who was or is a party or is threatened to be made a party to any proceedings, against certain expenses, judgments, fines, settlements and other amounts under certain circumstances. Article III, Section 13 of the Registrant's Bylaws provides for indemnification of the Registrant's officers and directors to the extent permitted by the Delaware General Corporation Law, and the Registrant maintains insurance covering certain liabilities of the directors and officers of the Registrant and its subsidiaries.

Item 7. Exemption from Registration Claimed

Not applicable.

Item 8. Exhibits

- 3.1 Restated Certificate of Incorporation of Owens-Illinois, Inc. Incorporated by reference to Exhibit 3.1 to Registrant's Registration Statement File No. 33-43224.
- 3.2 Bylaws of Owens-Illinois, Inc. Incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement File No. 33-43224.
- 4.1 1997 Equity Participation Plan of Owens-Illinois, Inc (the "Plan"). Incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, File No. 1-9576.
- *4.2 First Amendment to 1997 Equity Participation Plan of Owens-Illinois, Inc.
- *4.3 Form of Non-Qualified Stock Option Agreement for use under the Plan.
- *4.4 Form of Restricted Stock Agreement for use under the Plan.
- *5.1 Opinion of Latham & Watkins regarding the legality of the Common Stock being registered.
- *23.1 Consent of Ernst & Young LLP.
- *23.2 Consent of KPMG S.p.A.
- *23.3 Consent of Arthur Andersen S.p.A.
- *23.4 Consent of AUDIHISPANA.
- 23.5 Consent of Latham & Watkins (included in Exhibit 5.1).

*23.6 Consent of McCarter & English.

24 Power of Attorney (included on page 4).

*Filed herewith

Item 9. Undertakings

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) shall not apply to information contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Toledo, State of Ohio, on this 10th day of March, 1998.

OWENS-ILLINOIS, INC

By: /s/ Thomas L. Young

Thomas L. Young
Executive Vice President-
Administration,
Secretary and General Counsel

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated. Each person whose signature appears below hereby authorizes Thomas L. Young and Lee A. Wesselmann, and each of them, as attorney-in-fact, with full power of substitution, to sign on his behalf, individually and in such capacity stated below, and to file any amendments, including post-effective amendments or supplements, to this Registration Statement.

Signature -----	Title -----	Date -----
/s/ Joseph H. Lemieux ----- Joseph H. Lemieux	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	March 10, 1998
/s/ Lee A. Wesselmann ----- Lee A. Wesselmann	Senior Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 10, 1998
/s/ Henry R. Kravis ----- Henry R. Kravis	Director	March 10, 1998
/s/ Michael W. Michelson ----- Michael W. Michelson	Director	March 10, 1998
/s/ James H. Greene, Jr. ----- James H. Greene, Jr.	Director	March 10, 1998

/s/ George R. Roberts ----- George R. Roberts	Director	March 10, 1998
/s/ Robert J. Dineen ----- Robert J. Dineen	Director	March 10, 1998
/s/ Edward A. Gilhuly ----- Edward A. Gilhuly	Director	March 10, 1998
/s/ Robert J. Lanigan ----- Robert J. Lanigan	Director	March 10, 1998
/s/ Robert I. MacDonnell ----- Robert I. MacDonnell	Director	March 10, 1998
/s/ John J. McMackin, Jr. ----- John J. McMackin, Jr.	Director	March 10, 1998

INDEX TO EXHIBITS

EXHIBIT

- 3.1 Restated Certificate of Incorporation of Owens-Illinois, Inc. Incorporated by reference to Exhibit 3.1 to Registrant's Registration Statement File No. 33-43224.
- 3.2 Bylaws of Owens-Illinois, Inc. Incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement File No. 33-43224.
- 4.1 1997 Equity Participation Plan of Owens-Illinois, Inc., (the "Plan"). Incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, File No. 1-9576.
- *4.2 First Amendment to 1997 Equity Participation Plan of Owens-Illinois, Inc.
- *4.3 Form of Non-Qualified Stock Option Agreement for use under the Plan.
- *4.4 Form of Restricted Stock Agreement for use under the Plan.
- *5.1 Opinion of Latham & Watkins regarding the legality of the Common Stock being registered.
- *23.1 Consent of Ernst & Young LLP.
- *23.2 Consent of KPMG S.p.A.
- *23.3 Consent of Arthur Andersen S.p.A.
- *23.4 Consent of AUDIHISPANA.
- 23.5 Consent of Latham & Watkins (included in Exhibit 5.1).
- *23.6 Consent of McCarter & English.
- 24 Power of Attorney.

*Filed herewith

FIRST AMENDMENT TO 1997 EQUITY PARTICIPATION PLAN OF OWENS-ILLINOIS, INC.

FIRST AMENDMENT
TO
1997 EQUITY PARTICIPATION PLAN
OF OWENS-ILLINOIS, INC.

Pursuant to the authority reserved to the Compensation Committee (the "Committee") of the Board of Directors of Owens-Illinois, Inc. (the "Company") under Section 9.2 of the 1997 Equity Participation Plan of Owens-Illinois, Inc. (the "Plan"), the Committee hereby amends the Plan as follows:

1. Section 7.1(a) of the Plan is amended to read, in its entirety, as follows:

Section 7.1 - Award of Restricted Stock

(a) The Committee may from time to time, in its absolute discretion:

(i) Select from among the key Employees (including Employees who have previously received Options under this Plan) such of them as in its opinion should be awarded Restricted Stock;

(ii) Determine the term of the restrictions placed on the Restricted Stock, provided, the term of such restrictions shall not be less than three (3) years, subject to the right of the Committee to grant Restricted Stock with a restriction period of less than three (3) years, but not less than one (1) year, if (A) the grant of the Restricted Stock is performance based, or (B) the total number of shares of non-performance based Restricted Stock granted under the Plan with a restriction period of less than three (3) years does not exceed five percent (5%) of the aggregate number of shares which may be issued under the Plan; and

(iii) Determine the purchase price, if any, and other terms and conditions applicable to such Restricted Stock, consistent with this Plan.

2. Section 7.4 of the Plan is amended to read, in its entirety, as follows:

Section 7.4 - Restrictions

All shares of Restricted Stock issued under this Plan (including any shares received by holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any

other form of recapitalization) shall, in the terms of each individual Restricted Stock Agreement, be subject to such restrictions as the Committee shall provide, which restrictions may include, without limitation, restrictions concerning voting rights and transferability and restrictions based on duration of employment with the Company, Company performance and individual performance. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire. Unless provided otherwise by the Committee, if no consideration was paid by the holder of Restricted Stock upon issuance, a holder of Restricted Stock's rights in unvested Restricted Stock shall lapse upon Termination of Employment.

3. Section 7.6 of the Plan is amended to read, in its entirety, as follows:

Section 7.6 - Repurchase of Restricted Stock

The Committee may provide in the terms of each individual Restricted Stock Agreement that the Company shall have the right to repurchase from the holder of Restricted Stock the Restricted Stock then subject to restrictions under the Restricted Stock Agreement immediately upon a Termination of Employment between the holder of Restricted Stock and the Company, at a cash price per share equal to the price paid by the holder of Restricted Stock for such Restricted Stock; provided, however, that provision may be made that no such right of repurchase shall exist in the event of a Termination of Employment without cause, or following a change in control of the Company or because of the holder of the Restricted Stock's retirement, death or disability, or otherwise, and provided further that provisions may be made that the right of repurchase may be exercised at a price less than the price paid by the holder of Restricted Stock in the event of termination for cause, voluntary termination or otherwise.

4. This First Amendment shall be effective as of December 19, 1997. In all other respects the Plan shall remain in full force and effect as originally adopted.

IN WITNESS WHEREOF, the Committee has caused this First Amendment to be executed by a duly authorized officer of the Company as of the 19th day of December, 1997.

OWENS-ILLINOIS, INC.

By: /s/ Thomas L. Young

Executive Vice President

Attest:

/s/ James W. Baehren

Assistant Secretary

FORM OF NON-QUALIFIED STOCK OPTION AGREEMENT FOR USE UNDER THE PLAN

1997 EQUITY PARTICIPATION PLAN

OF

OWENS-ILLINOIS, INC.

NON-QUALIFIED STOCK OPTION AGREEMENT

THIS AGREEMENT, dated _____, 19__, is made by and between Owens-Illinois, Inc., a Delaware corporation hereinafter referred to as "Company," and _____, an employee of the Company or a Subsidiary of the Company, hereinafter referred to as "Optionee":

WHEREAS, the Company wishes to afford the Optionee the opportunity to purchase shares of its \$.01 par value Common Stock (as defined hereunder); and

WHEREAS, the Company wishes to carry out the 1997 Equity Participation Plan of Owens-Illinois, Inc. (the terms of which are hereby incorporated by reference and made a part of this Agreement); and

WHEREAS, the Compensation Committee of the Company's Board of Directors (hereinafter referred to as the "Committee"), appointed to administer said Plan, has determined that it would be to the advantage and best interest of the Company and its stockholders to grant the Non-Qualified Option provided for herein to the Optionee as an inducement to remain in the service of the Company, its Parent Corporations or its Subsidiaries (each as defined hereunder) and as an incentive for increased efforts during such service, and has advised the Company thereof and instructed the undersigned Officers (as defined hereunder) to issue said Option;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.1 - Additional Option

"Additional Option" means an Option granted to an Optionee to purchase a number of shares of Common Stock equal to the number of shares of Common Stock tendered or relinquished by the Optionee in payment of the exercise price upon exercise of the Option and/or the number of shares of Common Stock tendered or relinquished in payment of the amount required to be withheld under applicable federal, state and local income tax laws in connection with the exercise of the Option as described in Article V.

Section 1.2 - Board

"Board" shall mean the Board of Directors of the Company.

Section 1.3 - Code

"Code" shall mean the Internal Revenue Code of 1986, as amended.

Section 1.4 - Common Stock

"Common Stock" shall mean the Company's common stock, \$.01 par value.

Section 1.5 - Company

"Company" shall mean Owens-Illinois, Inc. In addition, "Company" shall mean any corporation assuming, or issuing new employee stock options in substitution for, the Option and Incentive Stock Options (as defined in Section 1.14 of the Plan), outstanding under the Plan, in a transaction to which Section 424(a) of the Code applies.

Section 1.6 - Exchange Act

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

Section 1.7 - Fair Market Value

"Fair Market Value" of a share of the Company's stock as of a given date shall be: (i) the closing price of a share of the Company's stock on the principal exchange on which shares of the Company's stock are then trading, if any, on the day previous to such date, or, if shares were not traded on the day previous to such date, then on the next preceding trading day during which a sale occurred; or (ii) if such stock is not traded on an exchange but is quoted on NASDAQ or a successor quotation system, (1) the last sales price (if the stock is then listed as a National Market Issue under the NASD National Market System) or (2) the mean between the closing representative bid and asked prices (in all other cases) for the stock on the day previous to such date as reported by NASDAQ or such successor quotation system; or (iii) if such stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the stock, on the day previous to such date, as

determined in good faith by the Committee; or (iv) if the Company's stock is not publicly traded, the fair market value established by the Committee acting in good faith.

Section 1.8 - Officer

"Officer" shall mean an officer of the Company, as defined in Rule 16a-1(f) under the Exchange Act, as such Rule may be amended in the future.

Section 1.9 - Option

"Option" shall mean the Non-Qualified Option (as defined in Section 1.15 of the Plan) to purchase Common Stock of the Company under this Agreement. This Option is a Transferable Option (as defined in Section 1.29 of the Plan).

Section 1.10 - Parent Corporation

"Parent Corporation" shall mean any corporation in an unbroken chain of corporations ending with the Company if each of the corporations other than the Company then owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Section 1.11 - Plan

"Plan" shall mean the 1997 Equity Participation Plan of Owens-Illinois, Inc.

Section 1.12 - Rule 16b-3

"Rule 16b-3" shall mean that certain Rule 16b-3 under the Exchange Act, as such rule may be amended in the future.

Section 1.13 - Secretary

"Secretary" shall mean the Secretary of the Company.

Section 1.14 - Securities Act

"Securities Act" shall mean the Securities Act of 1933, as amended.

Section 1.15 - Subsidiary

"Subsidiary" shall mean any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. "Subsidiary" shall also mean any partnership in which the Company and/or any Subsidiary owns more than 50% of the capital or profits interests.

Section 1.16 - Termination of Employment

"Termination of Employment" shall mean the time when the employee-employer relationship between the Optionee and the Company, a Parent Corporation or a Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, total disability or retirement, but excluding (i) any termination where there is a simultaneous reemployment by the Company, a Parent Corporation or a Subsidiary or (ii) any termination where the Optionee continues a relationship (e.g., as a director or as a consultant) with the Company, a Parent Corporation or a Subsidiary. The Committee, in its absolute discretion, shall determine the effect of all other matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for good cause, and all questions of whether particular leaves of absence constitute Terminations of Employment. Notwithstanding any other provision of this Agreement, the Company or any of its subsidiaries has an absolute and unrestricted right to terminate the Optionee's employment at any time for any reason whatsoever, with or without cause.

Section 1.17 - Transferee

"Transferee" shall mean any person or entity to whom or to which the Optionee has transferred all or any part of the Option in accordance with Section 6.2.

ARTICLE II

GRANT OF OPTION

Section 2.1 - Grant of Option

In consideration of the Optionee's agreement to remain in the employ of the Company, its Parent Corporations or its Subsidiaries and for other good and valuable consideration, on the date hereof the Company irrevocably grants to the Optionee the option to purchase any part or all of an aggregate of _____ shares of its \$.01 par value Common Stock upon the terms and conditions set forth in this Agreement.

Section 2.2 - Purchase Price

The purchase price of the shares of stock covered by the Option shall be \$_____ per share without commission or other charge.

Section 2.3 - Consideration to Company

In consideration of the granting of this Option by the Company, the Optionee agrees to render faithful and efficient services to the Company, a Parent Corporation or a Subsidiary, with such duties and responsibilities as

the Company shall from time to time prescribe, for a period of at least one year from the date this Option is granted. Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ of the Company, any Parent Corporation or any Subsidiary or shall interfere with or restrict in any way the rights of the Company, any Parent Corporation and any Subsidiary, which are hereby expressly reserved, to discharge the Optionee at any time for any reason whatsoever, with or without cause.

Section 2.4 - Adjustments in Option

In the event that the outstanding shares of Common Stock subject to the Option are changed into or exchanged for a different number or kind of shares of the Company or other securities of the Company by reason of merger, consolidation, recapitalization, reclassification, or the number of shares is increased or decreased by reason of a stock split up, stock dividend, combination of shares or any other increase or decrease in the number of such shares of Common Stock effected without receipt of consideration by the Company (provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration") the Committee shall make appropriate adjustments in the number and kind of shares as to which the Option, or portions thereof then unexercised, shall be exercisable, to the end that after such event the Optionee's proportionate interest shall be maintained as before the occurrence of such event. Such adjustment in the Option shall be made without change in the total price applicable to the unexercised portion of the Option (except for any change in the aggregate price resulting from rounding-off of share quantities or prices) and with any necessary corresponding adjustment in the Option price per share. Any such adjustment made by the Committee shall be final and binding upon the Optionee, the Company and all other interested persons.

ARTICLE III

PERIOD OF EXERCISABILITY

Section 3.1 - Commencement of Exercisability

(a) Except as provided in Section 3.4, no Option may be exercised in whole or in part during the first year after such Option is granted.

(b) Except to the extent that such Option becomes exercisable sooner pursuant to Section 3.1(c), the Option shall become exercisable as to 50% of the shares covered by the Option on the fifth anniversary of the date the Option is granted and as to the remaining 50% of the shares covered by the Option on the sixth anniversary of the date the Option is granted. Such installments shall be cumulative.

(c) The Option shall become exercisable after the first anniversary of the date the Option is granted at the time when the average Fair Market Value per share of Common Stock for any period of 20 consecutive

trading days (commencing after such first anniversary) is at least equal to the product of the Fair Market Value per share on the date the Option is granted times the amount shown below under "Stock Price Multiple" as to the percentage of the shares of Common Stock initially subject to the Option shown below under "Exercisable Percentage."

Stock Price Multiple	Exercisable Percentage
120%	25%
144%	50%
172%	75%
206%	100%

For example, a 1,000 share Option exercisable at \$15.00 per share (100% of Fair Market Value at the date of Option grant) would become exercisable as to 250 shares when a 20 consecutive trading day period average price of \$18.00 is achieved (\$18.00 is 120% of \$15.00). Further vesting would occur if and when the next percentage multiple or multiples are achieved.

(d) Except as provided in Section 3.4, no portion of the Option which is unexercisable at Termination of Employment shall thereafter become exercisable.

Section 3.2 - Duration of Exercisability

The installments provided for in Section 3.1 are cumulative. Each such installment which becomes exercisable pursuant to Section 3.1 shall remain exercisable until it becomes unexercisable under Section 3.3.

Section 3.3 - Expiration of Option

The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration of ten years and one day from the date the Option was granted; or

(b) Except as provided in clauses (c) through (h) below, the date of the Optionee's Termination of Employment; or

(c) In the case of an Optionee who retires after reaching the Company's normal retirement age or who takes early retirement, the expiration of three months from the date of Optionee's Termination of Employment by reason of such retirement, or in the case of any such retiring Optionee whose right to exercise his or her Option is extended by the Committee, which extension shall not exceed three years from the date of Optionee's Termination of Employment, the date upon which such extension expires; or

(d) In the case of an Optionee who is discharged not for good cause, the expiration of three months from the Optionee's Termination of Employment unless the Optionee dies within said three-month period; or

(e) In the case of any Optionee whose right to exercise his or her Option is extended by the Committee, which extension shall not exceed three years from the date of Optionee's Termination of Employment, the date upon which such extension expires; or

(f) In the case of an Optionee who is totally disabled, the expiration of one year from the date of the Optionee's Termination of Employment by reason of his or her disability unless the Optionee dies within said one-year period; or

(g) The expiration of one year from the date of the Optionee's death; or

(h) The effective date of either the merger or consolidation of the Company with or into another corporation, or the acquisition by another corporation or person (excluding any employee benefit plan of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company) of all or substantially all of the Company's assets or 51% or more of the Company's then outstanding voting stock, or the liquidation or dissolution of the Company, unless the Committee waives this provision in connection with such transaction. At least ten days prior to the effective date of such merger, consolidation, acquisition, liquidation or dissolution, the Committee shall give the Optionee notice of such event if the Option has then neither been fully exercised nor become unexercisable under this Section 3.3.

Section 3.4 - Acceleration of Exercisability

(a) In the event of a Termination of Employment resulting from an Optionee's normal retirement or total disability (each as determined by the Committee in accordance with Company policies), early retirement with the consent of the Committee or death, the Option shall be exercisable as to all shares covered hereby, notwithstanding that this Option may not have become fully exercisable under Section 3.1; or

(b) In the event of the merger or consolidation of the Company with or into another corporation, or the acquisition by another corporation or person (excluding any employee benefit plan of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company) of all or substantially all of the Company's assets or 51% or more of the Company's then outstanding voting stock, or the liquidation or dissolution of the Company, the Committee shall then provide by resolution, adopted prior to such event and incorporated in the notice referred to in Section 3.3(h), that at some time prior to the effective date of such event this Option shall be exercisable as to all the shares covered hereby, notwithstanding that this Option may not yet have become fully exercisable under Section 3.1; provided, however, that this acceleration of exercisability shall not take place if:

(i) This Option becomes unexercisable under Section 3.3 prior to said effective date; or

(ii) In connection with such an event, provision is made

for an assumption of this Option or a substitution therefor of a new option by an employer corporation or a parent or subsidiary of such corporation.

The Committee may make such determinations and adopt such rules and conditions as it, in its absolute discretion, deems appropriate in connection with such acceleration of exercisability, including, but not by way of limitation, provisions to ensure that any such acceleration and resulting exercise shall be conditioned upon the consummation of the contemplated corporate transaction.

ARTICLE IV

EXERCISE OF OPTION

Section 4.1 - Person Eligible to Exercise

During the lifetime of the Optionee, only he or his Transferee, if any, may exercise the Option or any portion thereof. After the death of the Optionee, any exercisable portion of the Option may, prior to the time when such portion becomes unexercisable under Section 3.3, be exercised by his Transferee, if any, or by his personal representative or any other person empowered to do so under the Optionee's will or under the then applicable laws of descent and distribution. All of the terms and conditions of this Option in the hands of the Optionee during his lifetime shall be and remain fully applicable and binding on his Transferee, if any, and on any other person who may become eligible to exercise this Option.

Section 4.2 - Partial Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3; provided, however, that each partial exercise shall be for not less than one hundred (100) shares (or the minimum installment set forth in Section 3.1, if a smaller number of shares) and shall be for whole shares only.

Section 4.3 - Manner of Exercise

The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary or his office of all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.3:

(a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion, stating that the Option or portion is thereby exercised, such notice complying with all applicable rules established by the Committee; and

(b) (i) Full payment (in cash or by check) for the shares with respect to which such Option or portion is exercised; or

(ii) With the consent of the Committee, (A) shares of the Company's Common Stock owned by the Optionee duly endorsed for transfer to the Company, or (B) shares of the Company's Common Stock issuable to the Optionee upon exercise of the Option, with a Fair Market Value on the date of option exercise equal to the aggregate purchase price of the shares with respect to which such Option or portion is exercised; or

(iii) With the consent of the Committee, a full recourse promissory note bearing interest (at least such rate as shall then preclude the imputation of interest under the Code or successor provision) and payable upon such terms as may be prescribed by the Committee. The Committee may also prescribe the form of such note and the security to be given for such note. The Option may not be exercised, however, by delivery of a promissory note or by a loan from the Company when or where such loan or other extension of credit is prohibited by law; or;

(iv) With the consent of the Committee, any combination of the consideration provided in the foregoing subparagraphs (i), (ii) and (iii); and

(c) A bona fide written representation and agreement, in a form satisfactory to the Committee, signed by the Optionee or other person then entitled to exercise such Option or portion, stating that the shares of stock are being acquired for his own account, for investment and without any present intention of distributing or reselling said shares or any of them except as may be permitted under the Securities Act and then applicable rules and regulations thereunder, and that the Optionee or other person then entitled to exercise such Option or portion will indemnify the Company against and hold it free and harmless from any loss, damage, expense or liability resulting to the Company if any sale or distribution of the shares by such person is contrary to the representation and agreement referred to above. The Committee may, in its absolute discretion, take whatever additional actions it deems appropriate to insure the observance and performance of such representation and agreement and to effect compliance with the Securities Act and any other federal or state securities laws or regulations. Without limiting the generality of the foregoing, the Committee may require an opinion of counsel acceptable to it to the effect that any subsequent transfer of shares acquired on an Option exercise does not violate the Securities Act, and may issue stop-transfer orders covering such shares. Share certificates evidencing stock issued on exercise of this Option shall bear an appropriate legend referring to the provisions of this subsection (c) and the agreements herein. The written representation and agreement referred to in the first sentence of this subsection (c) shall, however, not be required if the shares to be issued pursuant to such exercise have been registered under the Securities Act, and such registration is then effective in respect of such shares; and

(d) Full payment to the Company (or other employer corporation) of all amounts which, under federal, state or local tax law, it is required to withhold upon exercise of the Option; with the consent of the Committee, (i) shares of the Company's Common Stock owned by the Optionee duly endorsed for transfer, or, (ii) shares of the Company's Common Stock issuable to the Optionee upon exercise of the Option, valued at Fair Market Value as of the date of Option exercise, may be used to make all or part of such payment; and

(e) In the event the Option or portion shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

Section 4.4 - Conditions to Issuance of Stock Certificates

The shares of stock deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. Such shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificate or certificates for shares of stock purchased upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such shares to listing on all stock exchanges on which such class of stock is then listed; and

(b) The completion of any registration or other qualification of such shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Committee shall, in its absolute discretion, deem necessary or advisable; and

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and

(d) The payment to the Company (or other employer corporation) of all amounts, if any, which, under federal, state or local tax law, it is required to withhold upon exercise of the Option; and

(e) The lapse of such reasonable period of time following the exercise of the Option as the Committee may from time to time establish for reasons of administrative convenience.

Section 4.5 - Rights as Stockholder

The holder of the Option shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect to any shares purchasable upon the exercise of any part of the Option unless and until certificates representing such shares shall have been issued by the Company to such holder.

ARTICLE V

ADDITIONAL OPTIONS

Section 5.1 - Additional Options

(a) If, with the consent of the Committee pursuant to Section 4.3(b)(ii), an Optionee exercises the Option by tendering or relinquishing shares of Common Stock and/or when shares of Common Stock are tendered or relinquished in payment for the amount to be withheld under applicable federal, state and local income tax laws (at withholding rates not to exceed the Optionee's applicable marginal tax rates) in connection with the exercise of the Option, the Optionee shall automatically be granted an Additional Option. The Additional Option shall be subject to the following provisions:

(i) The Additional Option shall cover the number of shares of Common Stock equal to the sum of (A) the number of shares of Common Stock tendered or relinquished as consideration upon the exercise of the Option and (B) the number of shares of Common Stock tendered or relinquished in payment of the amount required to be withheld under applicable federal, state and local income tax laws in connection with the exercise of the Option;

(ii) The Additional Option will not have an Additional Option Feature (as defined in the Plan) unless the Committee directs otherwise;

(iii) The Additional Option exercise price shall be 100% of the Fair Market Value per share on the date the employee tenders or relinquishes shares of Common Stock to exercise the Option and/or tenders or relinquishes shares of Common Stock in payment of income tax withholding on the exercise of the Option; and

(iv) The Additional Option shall have the same termination date and other termination provisions as the Option.

ARTICLE VI

OTHER PROVISIONS

Section 6.1 - Administration

The Committee shall have the power to interpret the Plan, this Agreement and all other documents relating to the Option and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Option and all members of the Committee shall be fully protected by the Company in respect to any such action, determination or interpretation. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement except with respect to matters which under Rule 16b-3 or Section 162(m) of the Code, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee.

Section 6.2 - Option Not Transferable

Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent:

(a) any transfer by gift, without the receipt of any consideration, of the Option or any part thereof by the Optionee, in writing and with written notice thereof to the Committee, (i) to the Optionee's spouse; (ii) to any child or more remote lineal descendant of the Optionee or to the spouse of any such child or more remote lineal descendant; or (iii) to any trust, custodianship, or other similar fiduciary relationship maintained for the benefit of any one or more of such persons; or

(b) any transfer by will or by the applicable laws of descent and distribution.

Section 6.3 - Shares to Be Reserved

The Company shall at all times during the term of the Option reserve and keep available such number of shares of stock as will be

sufficient to satisfy the requirements of this Agreement.

Section 6.4 - Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Optionee shall be addressed to him at the address given beneath his signature hereto. By a notice given pursuant to this Section 6.4, either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to the Optionee shall, if the Optionee is then deceased, be given to the Optionee's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 6.4. Any notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

Section 6.5 - Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 6.6 - Rule 16b-3

The Company shall take such actions with respect to the Plan as may be necessary to satisfy the requirements of Rule 16b-3.

Section 6.7 - Conformity to Securities Laws

This Agreement is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, including without limitation Rule 16b-3. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Option shall be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Option granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 6.8 - Amendment

This Agreement may be amended only by a writing executed by the parties hereto which specifically states that it is amending this Agreement.

Section 6.9 - Governing Law

The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

IN WITNESS HEREOF, this Agreement has been executed and delivered by the parties hereto.

OWENS-ILLINOIS, INC.

By _____

Its _____

Optionee

Address

Optionee's Social Security Number:

FORM OF RESTRICTED STOCK AGREEMENT FOR USE UNDER THE PLAN

OWENS-ILLINOIS, INC.

1997 EQUITY PARTICIPATION PLAN

FORM OF RESTRICTED STOCK AGREEMENT

THIS RESTRICTED STOCK AGREEMENT, dated as of _____, 199_ (the "Award Date"), is made by and between OWENS-ILLINOIS, INC., a Delaware corporation (the "Company"), and _____, an employee of the Company or a Parent Corporation or a Subsidiary (the "Employee"):

WHEREAS, the Company has established the 1997 Equity Participation Plan (the "Plan"); and

WHEREAS, the Company wishes to carry out the Plan (the terms of which are hereby incorporated by reference and made a part of this Agreement);

WHEREAS, the Plan provides for the issuance of shares of the Company's Common Stock (as defined hereunder), subject to certain restrictions thereon (hereinafter referred to as "Restricted Stock");

WHEREAS, participants in the Company's Amended and Restated Senior Management Plan dated as of January 1, 1993, as amended (the "SMIP Plan"), and the Amended and Restated Performance Award Plan dated as of January 1, 1993, as amended (the "PAP Plan"), may elect prior to (i) their receipt of their cash bonus under the SMIP Plan or PAP Plan and (ii) the Company's award of Restricted Stock under the Plan, to receive their cash bonus in the form of Restricted Stock;

WHEREAS, the Compensation Committee of the Company's Board of Directors (the "Committee"), appointed to administer the Plan, has determined that it would be to the advantage and best interest of the Company and its stockholders to issue the shares of Restricted Stock provided for herein to the Employee in partial consideration of past services to the Company and/or its subsidiaries, and has advised the Company thereof and instructed the undersigned Officers (as defined hereunder) to issue said Restricted Stock.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Whenever the following terms are used below in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.1 - Common Stock

"Common Stock" shall mean the Company's common stock, \$.01 par value.

Section 1.2 - Exchange Act

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

Section 1.3 - Fair Market Value

"Fair Market Value" of a share of the Company's stock as of a given date shall be: (i) the closing price of a share of the Company's stock on the principal exchange on which shares of the Company's stock are then trading, if any, on the day previous to such date, or, if shares were not traded on the day previous to such date, then on the next preceding trading day during which a sale occurred; or (ii) if such stock is not traded on an exchange but is quoted on NASDAQ or a successor quotation system, (1) the last sales price (if the stock is then listed as a National Market Issue under the NASD National Market System) or (2) the mean between the closing representative bid and asked prices (in all other cases) for the stock on the day previous to such date as reported by NASDAQ or such successor quotation system; or (iii) if such stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the stock, on the day previous to such date, as determined in good faith by the Committee; or (iv) if the Company's stock is not publicly traded, the fair market value established by the Committee acting in good faith.

Section 1.4 - Involuntary Termination

"Involuntary Termination" shall mean the time when the employee-employer relationship between the Employee and the Company, a Parent Corporation or a Subsidiary is terminated for any reason except for a Voluntary/Cause Termination, but excluding terminations where there is a simultaneous reemployment by the Company, a Parent Corporation or a Subsidiary.

Section 1.5 - Parent Corporation

"Parent Corporation" shall mean any corporation in an unbroken chain of corporations ending with the Company if each of the corporations other than the Company then owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Section 1.6 - Plan

"Plan" shall mean the Company's 1997 Equity Participation Plan.

Section 1.7 - Restricted Stock

"Restricted Stock" shall mean Common Stock of the Company issued under this Agreement and subject to the Restrictions imposed hereunder.

Section 1.8 - Restrictions

"Restrictions" shall mean the reacquisition and transferability restrictions imposed upon Restricted Stock under this Agreement.

Section 1.9 - Rule 16b-3

"Rule 16b-3" shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended in the future.

Section 1.10 - Secretary

"Secretary" shall mean the Secretary of the Company.

Section 1.11 - Securities Act

"Securities Act" shall mean the Securities Act of 1933, as amended.

Section 1.12 - Subsidiary

"Subsidiary" shall mean any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. "Subsidiary" shall also mean any partnership in which the Company and/or any Subsidiary owns more than 50% of the capital or profits interests.

Section 1.13 - Voluntary/Cause Termination

"Voluntary/Cause Termination" shall mean the time when the employee-employer relationship between the Employee and the Company, a Parent Corporation or a Subsidiary is terminated with cause or upon the Employee's voluntary termination of employment (other than by retirement) with the

Company, a Parent Corporation or a Subsidiary, but excluding terminations where there is a simultaneous reemployment by the Company, a Parent Corporation or a Subsidiary.

ARTICLE II

ISSUANCE OF RESTRICTED STOCK

Section 2.1 - Issuance of Restricted Stock

In consideration of past services rendered to the Company and for other good and valuable consideration which the Committee has determined to be equal to the par value of its Common Stock, on the date hereof the Company issues to the Employee _____ shares of its Common Stock upon the terms and conditions set forth in this Agreement.

Section 2.2 - No Right to Continued Employment

Nothing in this Agreement or in the Plan shall confer upon the Employee any right to continue in the employ of the Company, any Parent Corporation or any Subsidiary or shall interfere with or restrict in any way the rights of the Company, any Parent Corporation or any Subsidiary, which are hereby expressly reserved, to discharge the Employee at any time for any reason whatsoever, with or without cause.

ARTICLE III

RESTRICTIONS

Section 3.1 - Reacquisition of Restricted Stock

(a) All shares of Restricted Stock issued to the Employee pursuant to Section 2.1 are initially subject to reacquisition by the Company immediately upon an Involuntary Termination; provided, however, that no such reacquisition shall occur in the event of an Involuntary Termination because of the Restricted Stockholder's retirement or total disability (each as determined by the Committee in accordance with Company policies) or death, in which event all shares of Restricted Stock shall immediately fully vest and all Restrictions with respect to such shares of Restricted Stock shall immediately expire. Following such a reacquisition by the Company, the Company shall promptly pay to the Employee an amount equal to the product of .83 times the Fair Market Value on the Award Date of the Restricted Stock which is reacquired. The restriction that such shares of Restricted Stock be subject to reacquisition by the Company shall not apply to any "Vested Shares" held by the Employee.

(b) All shares of Restricted Stock issued to the Employee pursuant to Section 2.1 are initially subject to reacquisition by the Company

immediately upon a Voluntary/Cause Termination; provided, however, that no such reacquisition shall occur in the event of a Voluntary/Cause Termination because of the Restricted Stockholder's total disability (as determined by the Committee in accordance with Company policies), retirement or death, in which event all shares of Restricted Stock shall immediately fully vest and all Restrictions with respect to such shares of Restricted Stock shall immediately expire. Following such a reacquisition by the Company, the Company shall promptly pay to the Employee an amount equal to the product of \$.01 times the number of shares of Restricted Stock reacquired. The restriction that such shares of Restricted Stock be subject to reacquisition by the Company shall not apply to any "Vested Shares" held by the Employee.

(c) "Vested Shares" shall prior to the third anniversary of the Award Date equal zero percent of the total number of shares of Restricted Stock acquired by the Employee pursuant to Section 2.1, and on and after the third anniversary of the Award Date shall equal 100 percent of the total number of shares of Restricted Stock acquired by the Employee pursuant to Section 2.1.

(d) In the event of a dispute, the Committee, in its absolute discretion, shall determine the effect of all other matters and questions relating to Involuntary Termination or Voluntary/Cause Termination, including, but not by way of limitation, the question of whether an Involuntary Termination or Voluntary/Cause Termination resulted from a discharge for good cause, and all questions of whether particular leaves of absence constitute Involuntary Termination or Voluntary/Cause Termination. Notwithstanding any other provision of the Plan or this Agreement, the Company or any of its Subsidiaries has an absolute and unrestricted right to terminate the Employee's employment at any time for any reason whatsoever, with or without cause.

Section 3.2 - Legend

Certificates representing shares of Restricted Stock issued pursuant to this Agreement shall, until all restrictions lapse and new certificates are issued pursuant to Section 3.3, bear the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN VESTING REQUIREMENTS AND MAY BE SUBJECT TO REACQUISITION BY THE COMPANY UNDER THE TERMS OF THAT CERTAIN RESTRICTED STOCK AGREEMENT BY AND BETWEEN OWENS-ILLINOIS, INC. (THE "COMPANY") AND THE HOLDER OF THE SECURITIES. PRIOR TO VESTING OF OWNERSHIP IN THE SECURITIES, THEY MAY NOT BE, DIRECTLY OR INDIRECTLY, OFFERED, TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNDER ANY CIRCUMSTANCES. COPIES OF THE ABOVE REFERENCED AGREEMENT ARE ON FILE AT THE OFFICES OF THE COMPANY AT ONE SEAGATE, TOLEDO, OHIO 43666."

Section 3.3 - Lapse of Restrictions

Upon the vesting of the shares of Restricted Stock as provided in Section 3.1 and subject to Section 4.3, the Company shall cause new

certificates to be issued with respect to such Vested Shares and delivered to the Employee or his legal representative, free from the legend provided for in Section 3.2(a) and any of the other Restrictions. Such Vested Shares shall cease to be considered Restricted Stock subject to the terms and conditions of this Agreement.

Section 3.4 - Changes in the Company's Shares

In the event that the outstanding shares of Common Stock of the Company are hereafter changed into or exchanged for a different number or kind of shares or other securities of the Company, or of another corporation, by reason of reorganization, merger, consolidation, recapitalization, reclassification, or the number of shares is increased or decreased by reason of a stock split-up, stock dividend, combination of shares or any other increase or decrease in the number of such shares of Common Stock effected without receipt of consideration by the Company (provided, however, that conversion or exchange of any convertible or exchangeable securities of the Company shall not be deemed to have been "effected without receipt of consideration"), the Committee shall make appropriate adjustments in the number and kind of shares which may be granted as Restricted Stock.

ARTICLE IV

MISCELLANEOUS

Section 4.1 - Administration

It shall be the duty of the Committee to conduct the general administration of the Plan and this Agreement in accordance with their provisions. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement, and all members of the Committee shall be fully protected by the Company in respect to any such action, determination or interpretation. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan or this Agreement except with respect to matters which under Rule 16b-3 or Section 162(m) of the Code, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee.

Section 4.2 - Restricted Stock Not Transferable

No Restricted Stock or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Employee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by

operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 4.2 shall not prevent transfers by will or by applicable laws of descent and distribution.

Section 4.3 - Conditions to Issuance of Stock Certificates

The Company shall not be required to issue or deliver any certificate or certificates for shares of stock pursuant to this Agreement prior to fulfillment of all of the following conditions:

(a) The admission of such shares to listing on all stock exchanges on which such class of stock is then listed; and

(b) The completion of any registration or other qualification of such shares under any state or Federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Committee shall, in its absolute discretion, deem necessary or advisable; and

(c) The obtaining of any approval or other clearance from any state or Federal governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and

(d) Subject to the provisions of Section 4.10, the payment by the Employee of all amounts required to be withheld, under federal, state and local tax laws, with respect to the issuance of Restricted Stock and/or the lapse or removal of any of the Restrictions; and

(e) The lapse of such reasonable period of time as the Committee may from time to time establish for reasons of administrative convenience.

Section 4.4 - Escrow

The Secretary or such other escrow holder as the Committee may appoint shall retain physical custody of the certificates representing Restricted Stock, including shares of Restricted Stock issued pursuant to Section 3.4, until all of the Restrictions expire or shall have been removed; provided, however, that in no event shall the Employee retain physical custody of any certificates representing Restricted Stock issued to him.

Section 4.5 - Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Employee shall be addressed to him at the address given beneath his signature hereto. By a notice given pursuant to this

Section 4.5, either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to the Employee shall, if the Employee is then deceased, be given to the Employee's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 4.5. Any notice shall have been deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

Section 4.6 - Rights as Stockholder

Upon delivery of the shares of Restricted Stock to the escrow holder pursuant to Section 4.4, the Employee shall have all the rights of a stockholder with respect to said shares, subject to the restrictions herein (including the provisions of Section 4.10), including the right to vote the shares and to receive all dividends or other distributions paid or made with respect to the shares.

Section 4.7 - Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 4.8 - Conformity to Securities Laws

This Agreement is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, including without limitation Rule 16b-3. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the Restricted Stock shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the Restricted Stock issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 4.9 - Amendment

This Agreement may be amended only by a writing executed by the parties hereto which specifically states that it is amending this Agreement.

Section 4.10 - Tax Withholding

The Company's obligation (i) to issue or deliver to the Employee any certificate or certificates for unrestricted shares of stock or (ii) to pay to the Employee any dividends or make any distributions with respect to the Restricted Stock, is expressly conditioned upon receipt from the Employee, on or prior to the date the same is required to be withheld, of:

- (a) Full payment (in cash or by check) of any amount that must be withheld by the Company for federal, state and/or local tax purposes;
- or

(b) Subject to the Committee's consent and Section 4.10(c), full payment by delivery to the Company of unrestricted shares of the Company's Common Stock previously owned by the Employee duly endorsed for transfer to the Company by the Employee with an aggregate Fair Market Value (determined, as applicable, as of the date of the lapse of the restrictions or vesting, or as of the date of the distribution) equal to the amount that must be withheld by the Company for federal, state and/or local tax purposes; or

(c) With respect to the withholding obligation for shares of Restricted Stock that become unrestricted shares of stock as of a certain date (the "Vesting Date"), subject to the Committee's consent, full payment by retention by the Company of a portion of such shares of Restricted Stock which become unrestricted or vested with an aggregate Fair Market Value (determined as of the Vesting Date) equal to the amount that must be withheld by the Company for federal, state and/or local tax purposes; or

(d) Subject to the Committee's consent, any combination of payments provided for in the foregoing subsections (a), (b) or (c).

Section 4.11 - Governing Law

The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

IN WITNESS HEREOF, this Agreement has been executed and delivered by the parties hereto.

OWENS-ILLINOIS, INC.

By _____
Its _____

Employee

Address

Employee's Social Security Number

OPINION OF LATHAM & WATKINS

March 10, 1998

Owens-Illinois, Inc.
One SeaGate
Toledo, Ohio 43666

Re: Owens-Illinois, Inc.
S-8 Registration Statement

Ladies and Gentlemen:

At your request, we have examined the Registration Statement on Form S-8 (the "Registration Statement"), which you intend to file with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1933, as amended, of 10,000,000 shares of Common Stock, par value \$0.01 per share (the "Shares"), issuable as restricted stock or upon the exercise of options granted by Owens-Illinois, Inc. (the "Company") under the 1997 Equity Participation Plan of Owens-Illinois, Inc. (the "Plan"). We are familiar with the proceedings undertaken in connection with the authorization, issuance and sale of the Shares. Additionally, we have examined such questions of law and fact as we have considered necessary or appropriate for purposes of this opinion.

We are opining herein as to the effect on the subject transaction only of the General Corporation Law of the State of Delaware, and we express no opinion with respect to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction or, in the case of Delaware, any other laws, or as to any matters of municipal law or the laws of any other local agencies within any state. Based upon the foregoing, we are of the opinion that the Shares have been duly authorized, and upon the issuance of Shares under the terms of the Plan and, subject to the Company completing all actions and proceedings required on its part to be taken prior to the issuance of such Shares pursuant to the terms of the Plan, including the delivery and payment therefor of legal consideration in excess of the aggregate par value of the Shares issued, such Shares will be validly issued, fully paid and nonassessable.

We consent to your filing this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Latham & Watkins

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement on Form S-8 relating to the 1997 Equity Participation Plan of Owens-Illinois, Inc. of our report dated February 4, 1997, with respect to the consolidated financial statements and schedule of Owens-Illinois, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1996, filed with the Securities and Exchange Commission.

Ernst & Young LLP

Toledo, Ohio
March 6, 1998

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Avirunion, a.s.:

We consent to the incorporation by reference in the Registration Statement on Form S-8 pertaining to the 1997 Equity Participation Plan of Owens-Illinois, Inc. of our report dated February 17, 1997, with respect to the financial statements of Avirunion, a.s. as of and for the year ended December 31, 1996, which report appears in the Form 8-K/A of Owens-Illinois, Inc. dated May 9, 1997.

KPMG Ceska republika Audit, spol.
S.r.o.

Prague, Czech Republic
March 6, 1998

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in the registration statement on Form S-8 pertaining to the 1997 Equity Participation Plan of Owens-Illinois, Inc. of our report dated March 28, 1997, with respect to the consolidated financial statements of AVIR S.p.A. as of and for the year ended December 31, 1996, which report appears in the Form 8-K/A of Owens-Illinois, Inc. dated May 9, 1997.

Arthur Andersen S.p.A.

Milan, Italy
March 6, 1998

CONSENT OF AUDIHISPANA

We consent to the incorporation by reference in the registration statement on Form S-8 pertaining to the 1997 Equity Participation Plan of Owens-Illinois, Inc. of our report dated 5 February, 1997, with respect to the consolidated financial statements of Vidrieria Rovira, S.A. as of and for the year ended 28 December, 1996, which report appears in the Form 8-K/A of Owens-Illinois, Inc. dated May 9, 1997.

AUDIHISPANA

/s/ Alberto Ribas

Alberto Ribas
Partner

Barcelona
6 March, 1998

CONSENT OF MCCARTER & ENGLISH

March 6, 1998

Ladies and Gentlemen:

We consent to the reference to our firm contained under the caption "Contingencies" in the Annual Report on Form 10-K of Owens-Illinois, Inc. for the year ended December 31, 1996 being incorporated by reference in the Registration Statement on Form S-8 relating to the 1997 Equity Participation Plan of Owens-Illinois, Inc.

Very truly yours,

/s/ McCarter & English