

**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**

March 7, 2015

Date of Report (Date of earliest event reported)



OWENS-ILLINOIS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1-9576

(Commission
File Number)

22-2781933

(IRS Employer
Identification No.)

**One Michael Owens Way
Perrysburg, Ohio**

(Address of principal executive offices)

43551-2999

(Zip Code)

(567) 336-5000

(Registrant's telephone number, including area code)

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

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

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

ITEM 5.02. COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

Option, Restricted Stock Unit and Performance Stock Unit Agreements

On March 7, 2015, the Compensation Committee of the Board of Directors of Owens-Illinois, Inc. ("O-I") approved new non-qualified stock option, restricted stock unit, and performance stock unit agreement forms to evidence awards under the Second Amended and Restated 2005 Incentive Award Plan (the "Incentive Award Plan") in the form attached hereto as exhibits 10.1, 10.2 and 10.3, respectively. The new award agreements provide for "double-trigger" vesting, if the executive is terminated without cause or terminates for good reason within twenty-four months following a change in control if such awards are assumed in a change in control.

On the same day, the Compensation Committee granted each named executive officer the following amounts of options, restricted stock units and performance stock units pursuant to such award agreements, except as otherwise noted below:

	Title	Options	Restricted Stock Units	Performance Stock Units
Albert P.L. Stroucken	Board Chair and CEO	165,145	54,658	109,316
Stephen P. Bramlage, Jr.	Senior Vice President and CFO	37,783	142,807	25,010
James W. Baehren	Senior Vice President and General Counsel	18,892	10,153	12,505

Note: 125,052 restricted stock units granted to Mr. Bramlage vest solely if he is employed on March 7, 2018 or dies or becomes disabled before then. This grant does not contain a double trigger change in control provision. This grant was made under a separate agreement entered into with Mr. Bramlage.

Executive Severance Policy

On March 7, 2015 the Compensation Committee established the Executive Severance Policy (the "Policy"), which provides severance to executive officers of O-I in the event that the executive is terminated without cause at any time, or if during the twenty-four month period following a change in control (as determined under the Incentive Award Plan) he or she terminates for "good reason" (as defined in the Policy) (each a "Qualifying Termination"). Messrs. Lopez, Bramlage and Baehren are eligible to receive benefits under the Policy. Mr. Stroucken is not a participant in the Policy as he is entitled to severance benefits under the terms of his employment agreement.

Upon a Qualifying Termination an eligible executive will receive a lump sum severance benefit equal to two times his or her base salary and target bonus, plus continued health benefits at the active employee cost for twenty-four months. If the provision of health benefits, however, would cause a negative tax consequence for O-I under the Affordable Care Act, then the Company will pay the executive the value of the health benefits in cash. Executives will also be entitled to standard outplacement benefits offered by O-I from time to time.

Pursuant to a separate letter agreement, attached hereto as exhibit 10.5, if Mr. Bramlage's employment is terminated between March 7, 2017 and March 7, 2018 he will be entitled to additional severance under the Policy equal to his salary and target bonus prorated based on the number of days worked in that period.

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

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

The foregoing description of the Policy is qualified in its entirety by reference to its terms, which is filed herewith as Exhibit 10.4 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Non-Qualified Stock Option Agreement - Form
10.2	Restricted Stock Unit Agreement - Form
10.3	Performance Stock Unit Agreement - Form
10.4	Executive Severance Policy
10.5	Bramlage Letter Agreement

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: March 12, 2015

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

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EXHIBIT INDEX

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**SECOND AMENDED AND RESTATED
2005 INCENTIVE AWARD PLAN
OF
OWENS-ILLINOIS, INC.**

NON-QUALIFIED STOCK OPTION AGREEMENT

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (“Agreement”), dated [·] (the “Grant Date”), is made by and between Owens-Illinois, Inc., a Delaware corporation (the “Company”) and the person whose account for which this grant is being accepted, an employee or consultant of the Company, a Parent Corporation or a Subsidiary (the “Participant”):

WHEREAS, the Company has established the Second Amended and Restated 2005 Incentive Award Plan (the “Plan”) (the terms of which are hereby incorporated by reference and made a part of this Agreement);

WHEREAS, the Company wishes to afford Participant the opportunity to purchase shares of its \$.01 par value common stock (“Stock”); and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the “Committee”) has determined it would be to the advantage and best interest of the Company and its stockholders to issue the Option provided for herein to the Participant in partial consideration of services rendered, or to be rendered, to the Company, a Parent Corporation or a Subsidiary.

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. 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 and plural, where the context so indicates.

Section 1.1 - Cause

“Cause” shall mean dishonesty, disloyalty, misconduct, insubordination, failure to reasonably devote working time to assigned duties, failure or refusal to comply with any reasonable rule, regulation, standard or policy which from time to time may be established by the Company, including, without limitation, those policies set forth in the Owens-Illinois Policy Manual in effect from time to time, or failure to fully cooperate with any investigation of an alleged violation of any such rule, regulation, standard or policy.

Section 1.2 Competing Business

“Competing Business” shall mean any person, corporation or other entity engaged in the United States of America or in any other country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, in the manufacture or sale of glass containers, or any other products manufactured or sold by the Company, any Parent Corporation or any Subsidiary within the last three (3) years prior to the Participant’s Termination of Employment or Retirement.

Section 1.3 — Good Reason

“Good Reason” means the occurrence of any of the following without the prior written consent of the Participant:

- (i) a material diminution in base compensation;
- (ii) a material diminution in authority, duties or responsibilities (including, if Participant is then serving as the Chief Executive Officer or the Chief Financial Officer of the Company, any changes which result from Participant not being employed by a public company following a Change in Control);
- (iii) a material change in the geographic location at which the Participant must perform services; or
- (iv) any other action or inaction that constitutes a material breach by the Company of the terms of Participant’s employment as in effect immediately prior to a Change in Control.

Notwithstanding the foregoing, (a) Good Reason shall not be deemed to exist unless notice of termination on account thereof (specifying a termination date no later than thirty (30) days from the date of such notice) is given no later than thirty (30) days after the time at which the Participant becomes aware of the occurrence of the event or condition purportedly giving rise to Good Reason and (b) if there exists (without regard to this clause (b)) an event or condition that constitutes Good Reason, the Company shall have thirty (30) days from the date notice of such a termination is given to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

Section 1.4 - Option

“Option” shall mean the Non-Qualified Stock Option (as defined in Article 2.22 of the Plan) to purchase Stock of the Company under this Agreement.

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

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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 - Retirement

“Retirement” solely for purposes of this Agreement shall mean “separation from service” (within the meaning of Section 409A of the Code) of an Employee from the Company, a Parent Corporation or a Subsidiary after reaching the age of 60 and having 10 years of employment, or after reaching the age of 65.

Section 1.7 - 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 fifty percent (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 fifty percent (50%) of the capital or profits interests.

Section 1.8 - Termination of Employment

“Termination of Employment” shall mean the time when the employee-employer relationship between Participant 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, 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 Participant 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 a Termination of Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for Cause, and all questions of whether a particular leave of absence constitutes a Termination of Employment. Notwithstanding any other provision of this Agreement, the Company, any Parent Corporation or any Subsidiary has an absolute and unrestricted right to terminate Participant’s employment at any time for any reason whatsoever, with or without Cause.

Section 1.9 - Transferee

“Transferee” shall mean any person or entity to whom or to which Participant has transferred all or any part of the Option in accordance with Section 6.1.

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ARTICLE II

GRANT OF OPTION

Section 2.1 - Grant of Option

In consideration of Participant’s agreement to remain in the employ of the Company, a Parent Corporation or a Subsidiary and for other good and valuable consideration, on the date hereof the Company irrevocably grants to Participant the option to purchase any part or all of an aggregate of the number of shares of its Stock listed for this grant in the Solium Shareworks Account accessible by the Participant.

Section 2.2 - Purchase Price

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

Section 2.3 - Consideration to Company

In consideration of the granting of this Option by the Company, Participant 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 Grant Date.

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 twelve months following the Grant Date.

(b) Except to the extent that such Option becomes exercisable sooner pursuant to Section 3.4, the Option shall become exercisable [INSERT VESTING SCHEDULE].

(c) Except as provided in Section 3.4, no portion of the Option which is unexercisable at Termination of Employment, other than a Termination of Employment due to Retirement, shall thereafter become exercisable. Following a Termination of Employment due to Retirement, Options shall continue to vest and become exercisable as provided in Section 3.1(b).

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 seventh (7th) anniversary of the Grant Date; or

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- (b) Except as provided in clauses (c) through (f) below, the date of Participant's Termination of Employment, other than due to Retirement; or

(c) If Participant is discharged (i) without Cause, (ii) qualifies for Disability, or (iii) retires after reaching the age of fifty-five (55) and having ten (10) years of employment with the Company, a Parent Corporation or any Subsidiary (other than a Retirement), the expiration of the earlier of: (i) one (1) year from Participant's Termination of Employment or (ii) the seventh (7th) anniversary of the Grant Date, unless Participant dies within said period; or

(d) In the case of Participant's death, including during an extended exercise period provided in subsection (c) of this Section 3.3, the expiration of the earlier of: (i) one (1) year from the date of Participant's death or (ii) the seventh (7th) anniversary of the Grant Date; or

- (e) In the case of the Participant's Retirement, the seventh (7th) anniversary of the Grant Date; or

(f) If the Option is not continued, assumed or a substituted option provided therefore as provided under Section 11.1(b)(ii) of the Plan, the effective date of a Change in Control.

Section 3.4 - Acceleration of Exercisability

(a) In the event the Participant dies, or experiences a Disability, in either case, prior to the Participant's Termination of Employment, the Option shall become immediately exercisable as to all shares covered hereby, notwithstanding that this Option may not have become fully exercisable under Section 3.1; or

- (b) [Notwithstanding that this Option may not have become fully exercisable under Section 3.1, in the event of a Change in Control if:

- (i) This Option is not continued, assumed or a new option substituted therefore by a successor, or any parent or subsidiary thereof, under Section 11.1(b)(ii) of the Plan, then at least ten (10) days prior to the effective date of a Change in Control, the Committee shall give Participant notice of such event and the Participant will have the opportunity to exercise the Option for all shares of Stock covered hereby, subject to and conditioned upon the Change in Control; or

- (ii) This Option is continued, assumed or a new option is substituted therefore by a successor, or any parent or subsidiary thereof, under Section 11.1(b)(ii) of the Plan, then such continued, assumed or new option shall become exercisable for all shares of stock covered hereby upon Participant's Termination of Employment without Cause or by the Participant for Good Reason prior to the second (2nd) anniversary of the Change in Control.](1)

(1) Insert in applicable award agreements.

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ARTICLE IV

EXERCISE OF OPTION

Section 4.1 - Person Eligible to Exercise

During the lifetime of Participant, only he or his Transferee, if any, may exercise the Option or any portion thereof. After the death of Participant, 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 Participant'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 Participant 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 of Stock (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 by delivery to the Company, of all the following prior to the time when the Option or such portion becomes unexercisable under Section 3.3:

- (a) Notice in electronic form approved by the Committee or, if no such form has been approved by the Committee, in writing signed by Participant or the other person then entitled to exercise the Option or portion, stating that the Option or portion is thereby exercised, such electronic form or notice complying with all applicable rules established by the Committee; and
- (b)
 - (i) Full payment (in cash or by check) for the shares of Stock with respect to which such Option or portion is exercised; or
 - (ii) With the consent of the Committee, (A) shares of the Company's Stock owned by Participant duly endorsed for transfer to the Company, or (B) shares of Stock issuable to Participant 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

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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) Full payment (in cash or check) to the Company, a Parent Corporation or Subsidiary 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 Stock owned by Participant duly endorsed for transfer, or, (ii) shares of Stock issuable to Participant 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; provided that notwithstanding anything herein to the contrary, the number of shares of Stock which may be withheld with respect to the satisfaction of any such taxes shall be limited to the number of shares of Stock which have a Fair Market Value on the date of withholding equal to the aggregate amount of such withholding obligations based on the minimum applicable statutory withholding rates for federal, state and/or local income and payroll tax purposes; and

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

Section 4.4 - Conditions to Issuance of Stock Certificates

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, a Parent Corporation or a Subsidiary 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.

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Section 4.5 - Rights as Stockholder

Participant shall not, by virtue of the Option, be entitled to vote in any Company election, receive any dividend in respect of the shares of Stock subject to the Option or exercise any other rights of a stockholder of the Company. This Option shall not confer upon the Participant any rights of a stockholder of the Company in respect to any shares of Stock purchasable upon the exercise of any part of the Option unless and until the Option has vested, been exercised in accordance with the terms of this Agreement and certificates representing such shares of Stock shall have been issued by the Company.

ARTICLE V

NON-COMPETITION/NON-SOLICITATION

Section 5.1 - Covenant Not to Compete

Participant covenants and agrees that prior to Participant's Termination of Employment and for a period of three (3) years following the Participant's Termination of Employment, including without limitation termination for Cause or without Cause, Participant shall not, in any country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, engage, directly or indirectly, whether as principal or as agent, officer, director, employee, consultant, shareholder or otherwise, alone or in association with any other person, corporation or other entity, in any Competing Business.

Section 5.2 - Non-Solicitation of Employees

Participant agrees that prior to his Termination of Employment and for three (3) years following Participant's Termination of Employment, including without limitation termination for Cause or without Cause, Participant shall not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any Employee of the Company, any Parent Corporation or any Subsidiary to leave the employment of the Company, any Parent Corporation or any Subsidiary for any reason whatsoever, or hire any Employee of the Company, any Parent Corporation or any Subsidiary except into the employment of the Company, a Parent Corporation or a Subsidiary.

Section 5.3 - Equitable Relief

Participant agrees that it is impossible to measure in money the damages that will accrue to the Company in the event that Participant breaches any of the restrictive covenants provided in Sections 5.1 or 5.2 hereof. Accordingly, in the event that Participant breaches any such restrictive covenant, the Company shall be entitled to an injunction restraining Participant from further violating such restrictive covenant. If the Company shall institute any action or proceeding to enforce any such restrictive covenant, Participant hereby waives the claim or defense that the Company has an adequate remedy at law and agrees not to assert such claim or defense. The foregoing shall not prejudice the Company's right to require Participant to account for and pay over to the Company, and Participant hereby agrees to account for and pay over, any compensation, profits, monies, accruals or other benefits derived or received by Participant as a

result of any transaction constituting a breach of any of the restrictive covenants provided in Sections 5.1 or 5.2 hereof.

ARTICLE VI

OTHER PROVISIONS

Section 6.1 - 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 Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, 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 6.1 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 6.2 - No Right to Continued Employment

Nothing in this Agreement or in the Plan shall confer upon the Participant 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 Participant at any time for any reasons whatsoever, with or without Cause.

Section 6.3 - Notices

Any notice to be delivered to the Company under this Agreement shall be delivered to such individual and in such form as the Committee shall specify from time to time and communicate to the Participant. Any notice to be delivered to the Participant shall be addressed to the Participant at the Participant's last address reflected in the Company's records. Notices may, as approved by the Committee be given electronically (or by facsimile), and if so approved will be deemed given when sent. Otherwise, notices shall be sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

Section 6.4 - Titles

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

Section 6.5 - Conformity to Securities Laws

The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of applicable law, including without limitation the 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 of the Exchange Act. 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 6.6 - Amendment

This Agreement and the Plan may be amended without the consent of the Participant provided that such amendment would not impair any rights of the Participant under this Agreement. No amendment of this Agreement shall, without the written consent of the Participant, impair any rights of the Participant under this Agreement.

Section 6.7 - Clawback

Notwithstanding anything contained in the Agreement to the contrary, all Options awarded under this Agreement, and any shares of Stock issued upon settlement hereunder shall be subject to forfeiture, or repayment pursuant to the terms of any policy that the Company may implement in compliance with the requirements of applicable law, including without limitation the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

Section 6.8 - 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: Paul A. Jarrell
Its: SVP & Chief HR Officer

**SECOND AMENDED AND RESTATED
2005 INCENTIVE AWARD PLAN
OF
OWENS-ILLINOIS, INC.**

RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT (“Agreement”), dated [·] (the “Grant Date”) is made by and between Owens-Illinois, Inc., a Delaware corporation (the “Company”) and the person whose account for which this grant is being accepted, an employee or consultant of the Company, a Parent Corporation or a Subsidiary (the “Participant”):

WHEREAS, the Company has established the Second Amended and Restated 2005 Incentive Award Plan (the “Plan”) (the terms of which are hereby incorporated by reference and made a part of this Agreement); and

WHEREAS, the Plan provides for the issuance of Restricted Stock Units (“RSUs”), subject to certain vesting conditions thereon and to other conditions stated herein; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the “Committee”) has determined it would be to the advantage and best interest of the Company and its stockholders to issue the RSUs provided for herein to the Participant in partial consideration of services rendered, or to be rendered, to the Company, a Parent Corporation or a Subsidiary.

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. 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 and plural, where the context so indicates.

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“Cause” shall mean dishonesty, disloyalty, misconduct, insubordination, failure to reasonably devote working time to assigned duties, failure or refusal to comply with any reasonable rule, regulation, standard or policy which from time to time may be established by the Company, including, without limitation, those policies set forth in the Owens-Illinois Policy Manual in effect from time to time, or failure to fully cooperate with any investigation of an alleged violation of any such rule, regulation, standard or policy.

Section 1.2 - Competing Business

“Competing Business” shall mean any person, corporation or other entity engaged in the United States of America or in any other country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, in the manufacture or sale of glass containers, or any other products manufactured or sold by the Company, any Parent Corporation or any Subsidiary within the last three (3) years prior to the Participant’s Termination of Employment or Retirement.

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“Good Reason” means the occurrence of any of the following without the prior written consent of the Participant:

- (i) a material diminution in base compensation;
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- (iii) a material change in the geographic location at which the Participant must perform services; or
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Notwithstanding the foregoing, (a) Good Reason shall not be deemed to exist unless notice of termination on account thereof (specifying a termination date no later than thirty (30) days from the date of such notice) is given no later than thirty (30) days after the time at which the Participant becomes aware of the occurrence of the event or condition purportedly giving rise to Good Reason and (b) if there exists (without regard to this clause (b)) an event or condition that constitutes Good Reason, the Company shall have thirty (30) days from the date notice of such a termination is given to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

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“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

Section 1.5 - Retirement

“**Retirement**” solely for purposes of this Agreement shall mean “separation from service” (within the meaning of Section 409A of the Code) of an Employee from the Company, a Parent Corporation or a Subsidiary after reaching the age of 60 and having 10 years of employment, or after reaching the age of 65.

Section 1.6 - Restricted Stock Unit

“**Restricted Stock Unit**” or “**RSUs**” shall mean the right to receive one share of Stock for each Restricted Stock Unit granted.

Section 1.7 - 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 fifty percent (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 fifty percent (50%) of the capital or profits interests.

Section 1.8 - Termination of Employment

“**Termination of Employment**” shall mean the time when the employee-employer relationship between Participant 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 or discharge, but excluding (i) any termination where there is a simultaneous reemployment by the Company, a Parent Corporation or a Subsidiary, (ii) any termination where Participant continues a relationship (e.g., as a director or as a consultant) with the Company, a Parent Corporation or a Subsidiary, or (iii) a termination resulting from the Retirement, death or Disability of the Participant. The Committee, in its absolute discretion, shall determine the effect of all other matters and questions relating to a Termination of Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for Cause, and all questions of whether a particular leave of absence constitutes a Termination of Employment. Notwithstanding any other provision of this Agreement, the Company, any Parent Corporation or any Subsidiary has an absolute and unrestricted right to terminate Participant’s employment at any time for any reason whatsoever, with or without Cause.

ARTICLE II.**ISSUANCE OF RSUs**

In consideration of the services rendered or to be rendered to the Company, a Parent Corporation or a Subsidiary and for other good and valuable consideration which the Committee has determined to be equal to the par value of its Stock, on the date hereof the Company awards to the Participant the number of RSUs specified for this grant in the Solium Shareworks Account accessible by the Participant.

ARTICLE III.**VESTING; PAYMENT****Section 3.1 - Vesting of RSUs**

Except as otherwise provided in Section 3.1 or 3.2, the RSUs shall vest [INSERT VESTING SCHEDULE]; provided that the Participant has not experienced a Termination of Employment prior to each such date.

Section 3.2 Effect of a Change in Control

Notwithstanding Section 3.1, in the event of a Change in Control, if:

- (a) The RSUs are not continued, assumed or new RSUs substituted therefore by a successor, or any parent or subsidiary thereof, under 11.1(b) (ii) of the Plan, then immediately prior to the Change in Control the RSUs shall become fully vested subject to and effective on the Change in Control; or
- (b) The RSUs are continued, assumed or new RSUs are substituted therefore by a successor, or any parent or subsidiary thereof, under 11.1(b) (ii) of the Plan, then such continued, assumed or new restricted stock units shall become fully vested upon the Participant’s Termination of Employment without Cause or by the Participant for Good Reason prior to the second (2nd) anniversary of the Change in Control.](1)

Section 3.3 - Termination of RSUs

Until vested pursuant to Section 3.1 or 3.2, all RSUs issued to the Participant pursuant to this Agreement shall terminate immediately upon the Participant’s Termination of Employment. For the avoidance of doubt, if the Participant experiences a Termination of Employment prior to a vesting date for any reason not described in Section 3.1 or 3.2(b), all RSUs issued to the Participant pursuant to this Agreement shall immediately terminate.

Section 3.4 - Payment of RSUs

RSUs shall become payable as follows: [INSERT PAYMENT SCHEDULE].

ARTICLE IV.

NON-COMPETITION/NON-SOLICITATION

Section 4.1 - Covenant Not to Compete

Participant covenants and agrees that prior to Participant's Termination of Employment or Retirement and for a period of three (3) years following the Participant's Termination of Employment or Retirement, including without limitation termination for Cause or without Cause, Participant shall not, in any country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, engage, directly or indirectly, whether as principal

(1) Insert in applicable award agreements.

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or as agent, officer, director, employee, consultant, shareholder or otherwise, alone or in association with any other person, corporation or other entity, in any Competing Business.

Section 4.2 - Non-Solicitation of Employees

Participant agrees that prior to his Termination of Employment or Retirement and for three (3) years following Participant's Termination of Employment or Retirement, including without limitation termination for Cause or without Cause, Participant shall not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any Employee of the Company, any Parent Corporation or any Subsidiary to leave the employment of the Company, any Parent Corporation or any Subsidiary for any reason whatsoever, or hire any Employee of the Company, any Parent Corporation or any Subsidiary except into the employment of the Company, a Parent Corporation or a Subsidiary.

Section 4.3 - Equitable Relief

Participant agrees that it is impossible to measure in money the damages that will accrue to the Company in the event that Participant breaches any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof. Accordingly, in the event that Participant breaches any such restrictive covenant, the Company shall be entitled to an injunction restraining Participant from further violating such restrictive covenant. If the Company shall institute any action or proceeding to enforce any such restrictive covenant, Participant hereby waives the claim or defense that the Company has an adequate remedy at law and agrees not to assert such claim or defense. The foregoing shall not prejudice the Company's right to require Participant to account for and pay over to the Company, and Participant hereby agrees to account for and pay over, any compensation, profits, monies, accruals or other benefits derived or received by Participant as a result of any transaction constituting a breach of any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof.

ARTICLE V.

OTHER PROVISIONS

Section 5.1 - RSUs Not Transferable

Neither the RSUs nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, 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 5.1 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 5.2 - No Right to Continued Employment

Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employ of the Company, any Parent Corporation or any Subsidiary or shall

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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 Participant at any time for any reasons whatsoever, with or without Cause.

Section 5.3 - 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 sole 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 sole discretion, determine to be necessary or advisable; and

(d) Subject to Section 5.10, the payment by the Participant of all amounts which, under federal, state or local tax law, the Company, a Parent Corporation or a Subsidiary is required to withhold upon vesting or payment of a RSU; 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 5.4 - Notices

Any notice to be delivered to the Company under this Agreement shall be delivered to such individual and in such form as the Committee shall specify from time to time and communicate to the Participant. Any notice to be delivered to the Participant shall be addressed to the Participant at the Participant's last address reflected in the Company's records. Notices may, as approved by the Committee be given electronically (or by facsimile), and if so approved will be deemed given when sent. Otherwise, notices shall be sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

Section 5.5 - Rights as Stockholder

Participant shall not, by virtue of the RSUs, be entitled to vote in any Company election, receive any dividend in respect of shares of Stock subject to the RSUs or exercise any other rights of a stockholder of the Company. The RSUs shall not confer upon the Participant any rights of a stockholder of the Company unless and until the RSUs have vested and certificates representing the shares of Stock subject to the RSUs shall have been issued by the Company pursuant to the terms of this Agreement.

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Section 5.6 - Titles

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

Section 5.7 - Conformity to Securities Laws

The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of applicable law, including without limitation the 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 of the Exchange Act. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the RSUs shall be granted, 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 RSUs granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 5.8 - Section 409A

Section 409A of the Internal Revenue Code provides that "nonqualified deferred compensation" that does not meet the requirements specified in Section 409A may become subject to penalty taxes. Currently, the Company does not believe that RSUs constitute nonqualified deferred compensation within the meaning of Section 409A; however, if, in the future, the RSUs are or may become subject to Section 409A, the Committee may make such modifications to the Plan and this Agreement as may become necessary or advisable, in the Committee's sole discretion, to either comply with Section 409A or to avoid its application to the RSUs.

Section 5.9 - Amendment

This Agreement and the Plan may be amended without the consent of the Participant provided that such amendment would not impair any rights of the Participant under this Agreement. No amendment of this Agreement shall, without the written consent of the Participant, impair any rights of the Participant under this Agreement.

Section 5.10 - Tax Withholding

The Company's obligation to issue or deliver to the Participant any certificate or certificates for shares of Stock is expressly conditioned upon receipt from the Participant, on or prior to the date reasonably specified by the Company of:

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

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

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(c) With respect to the withholding obligation for RSUs that become vested, subject to the Committee's consent, full payment by retention by the Company of a portion of the shares deliverable in respect of such vested RSUs with an aggregated Fair Market Value (determined on the payment date) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for federal, state and/or local tax purposes; or

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

Notwithstanding anything herein to the contrary, the number of shares of Stock which may be withheld with respect to the payment of any RSUs in order to satisfy the Company's federal, state and/or local tax withholding obligations with respect to the payment of the RSUs shall be limited to the number of shares of Stock which have a Fair Market Value on the date of withholding equal to the aggregate amount of such withholding obligations based on the minimum applicable statutory withholding rates for federal, state and/or local income and payroll tax purposes.

Section 5.11 - Clawback

Notwithstanding anything contained in the Agreement to the contrary, all RSUs awarded under this Agreement, and any shares of Stock issued upon settlement hereunder shall be subject to forfeiture, or repayment pursuant to the terms of any policy that the Company may implement in compliance with the requirements of applicable law, including without limitation the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

Section 5.12 - 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: Paul A. Jarrell
Its: SVP & Chief HR Officer

**SECOND AMENDED AND RESTATED
2005 INCENTIVE AWARD PLAN
OF
OWENS-ILLINOIS, INC.**

PERFORMANCE STOCK UNIT AGREEMENT

THIS PERFORMANCE STOCK UNIT AGREEMENT (“Agreement”), dated [·] is made by and between Owens-Illinois, Inc., a Delaware corporation (the “Company”) and the person whose account for which this grant is being accepted, an employee or consultant of the Company, a Parent Corporation or a Subsidiary (the “Participant”):

WHEREAS, the Company has established the Second Amended and Restated 2005 Incentive Award Plan (the “Plan”) (the terms of which are hereby incorporated by reference and made a part of this Agreement); and

WHEREAS, the Plan provides for the issuance of Performance Stock Units (“PSUs”), subject to vesting based on performance conditions and to other conditions stated herein; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the “Committee”) has determined it would be to the advantage and best interest of the Company and its stockholders to issue the PSUs provided for herein to the Participant in partial consideration of services rendered, or to be rendered, to the Company, a Parent Corporation or a Subsidiary.

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. 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 and plural, where the context so indicates.

Section 1.1 - Cause

“Cause” shall mean dishonesty, disloyalty, misconduct, insubordination, failure to reasonably devote working time to assigned duties, failure or refusal to comply with any reasonable rule, regulation, standard or policy which from time to time may be established by the Company, including, without limitation, those policies set forth in the Owens-Illinois Policy Manual in effect from time to time, or failure to fully cooperate with any investigation of an alleged violation of any such rule, regulation, standard or policy.

Section 1.2 - Competing Business

“Competing Business” shall mean any person, corporation or other entity engaged in the United States of America or in any other country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, in the manufacture or sale of glass containers, or any other products manufactured or sold by the Company, any Parent Corporation or any Subsidiary within the last three (3) years prior to the Participant’s Termination of Employment or Retirement.

Section 1.3 - Good Reason

“Good Reason” means the occurrence of any of the following without the prior written consent of the Participant:

- (i) a material diminution in base compensation;
- (ii) a material diminution in authority, duties or responsibilities (including, if Participant is then serving as the Chief Executive Officer or the Chief Financial Officer of the Company, any changes which result from Participant not being employed by a public company following a Change in Control);
- (iii) a material change in the geographic location at which the Participant must perform services; or
- (iv) any other action or inaction that constitutes a material breach by the Company of the terms of Participant’s employment as in effect immediately prior to a Change in Control.

Notwithstanding the foregoing, (a) Good Reason shall not be deemed to exist unless notice of termination on account thereof (specifying a termination date no later than thirty (30) days from the date of such notice) is given no later than thirty (30) days after the time at which the Participant becomes aware of the occurrence of the event or condition purportedly giving rise to Good Reason and (b) if there exists (without regard to this clause (b)) an event or condition that constitutes Good Reason, the Company shall have thirty (30) days from the date notice of such a termination is given to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

Section 1.4 - 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

Section 1.5 Performance Period

“Performance Period” shall mean [INSERT PERFORMANCE PERIOD].

Section 1.6- Retirement

“Retirement” solely for purposes of this Agreement shall mean “separation from service” (within the meaning of Section 409A of the Code) of an Employee from the Company, a Parent Corporation or a Subsidiary after reaching the age of 60 and having 10 years of employment, or after reaching the age of 65.

Section 1.7 - 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 fifty percent (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 fifty percent (50%) of the capital or profits interests.

Section 1.8 - Termination of Employment

“Termination of Employment” shall mean the time when the employee-employer relationship between the Participant 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, 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 Participant 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 a Termination of Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for Cause, and all questions of whether a particular leave of absence constitutes a Termination of Employment. Notwithstanding any other provision of this Agreement, the Company, any Parent Corporation or any Subsidiary has an absolute and unrestricted right to terminate Participant’s employment at any time for any reason whatsoever, with or without Cause.

Section 1.9- Vesting Date

“Vesting Date” shall mean the date on which the PSU is vested under Section 3.1 or 3.2 of this Agreement.

ARTICLE II.**ISSUANCE OF PSUS**

In consideration of the services rendered or to be rendered to the Company, a Parent Corporation or a Subsidiary and for other good and valuable consideration which the Committee has determined to be equal to the par value of its Stock, on the date hereof the Company awards

to the Participant the number of PSUs specified for this grant in the Solium Shareworks Account accessible by the Participant.

ARTICLE III.**VESTING; PAYMENT****Section 3.1 - Vesting of PSUs**

(a) Except as otherwise provided in Section 3.1 and 3.2, the PSUs shall vest in their entirety on [INSERT THE FIRST DAY OF THE CALENDAR YEAR IMMEDIATELY FOLLOWING THE LAST DAY OF THE PERFORMANCE PERIOD]; *provided, however*, that notwithstanding the foregoing the PSUs shall be fully vested on the date the Participant (i) dies, (ii) satisfies the requirements for Retirement or (iii) experiences a Disability.

(b) If the Participant experiences a Termination of Employment resulting from the Company’s discharge of the Participant without Cause, such Participant shall immediately vest in that number of PSU’s, equal to the number of PSU’s in which such Participant would have vested on [INSERT THE FIRST DAY OF THE CALENDAR YEAR IMMEDIATELY FOLLOWING THE LAST DAY OF THE PERFORMANCE PERIOD], but for such Termination of Employment, multiplied by a fraction, the numerator of which is the number of days from the date hereof to the date of Participant’s Termination of Employment and the denominator of which is the number of days from the date hereof to [INSERT THE FIRST DAY OF THE CALENDAR YEAR IMMEDIATELY FOLLOWING THE LAST DAY OF THE PERFORMANCE PERIOD].

Section 3.2 — [Effect of a Change in Control]

Notwithstanding Section 3.1, if:

(a) The PSUs are not continued, assumed or new PSUs substituted therefore by a successor, or any parent or subsidiary thereof, under Section 11.1(b)(ii) of the Plan, then immediately prior to the Change in Control the PSUs shall become fully vested and payable at target levels subject to an effective on the Change in Control; or

(b) The PSUs are continued, assumed or new PSUs are substituted therefore by a successor, or any parent or subsidiary thereof, under 11.1(b)(ii) of the Plan, then such continued, assumed or new performance stock units shall become fully vested upon the Participant's Termination of Employment without Cause or by the Participant for Good Reason prior to the second (2nd) anniversary of the Change in Control.](1)

(1) Insert in applicable award agreements.

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Section 3.3 - Termination of PSUs

Until vested pursuant to Section 3.1 or 3.2, all PSUs issued to the Participant pursuant to this Agreement shall terminate immediately upon the Participant's Termination of Employment. For the avoidance of doubt, if the Participant experiences a Termination of Employment prior to a Vesting Date for any reason not described in Section 3.1 or 3.2(b), all PSUs issued to the Participant pursuant to this Agreement shall immediately terminate.

Section 3.4 - Payment of PSUs

Except as provided under Section 3.2(a) vested PSUs shall become payable, to the extent any amount becomes payable in respect of a vested PSU, as soon as practicable after [INSERT THE FIRST DAY OF THE CALENDAR YEAR IMMEDIATELY FOLLOWING THE LAST DAY OF THE PERFORMANCE PERIOD]; provided, however, if the Participant has not satisfied the requirements for Retirement or has not died or incurred a Disability, such payment shall be made by the March 15 immediately following the end of the Performance Period, and if the Participant has a Termination of Employment due to death, Retirement or Disability prior to [INSERT THE FIRST DAY OF THE CALENDAR YEAR IMMEDIATELY FOLLOWING THE LAST DAY OF THE PERFORMANCE PERIOD], such vested PSUs shall become payable as soon as practicable after the Company determines the extent, if any, to which the performance criteria below have been satisfied, but in any event during [INSERT CALENDAR YEAR FOLLOWING THE END OF THE PERFORMANCE PERIOD]. Each vested PSU shall entitle the Participant to receive a number of shares of Stock, if any, determined by reference to [INSERT PERFORMANCE TARGETS AND WEIGHTINGS].

ARTICLE IV.

NON-COMPETITION/NON-SOLICITATION

Section 4.1 - Covenant Not to Compete

Participant covenants and agrees that prior to Participant's Termination of Employment and for a period of three (3) years following the Participant's Termination of Employment, including without limitation termination for Cause or without Cause, Participant shall not, in any country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, engage, directly or indirectly, whether as principal or as agent, officer, director, employee, consultant, shareholder or otherwise, alone or in association with any other person, corporation or other entity, in any Competing Business.

Section 4.2 - Non-Solicitation of Employees

Participant agrees that prior to his Termination of Employment and for three (3) years following Participant's Termination of Employment, including without limitation termination for Cause or without Cause, Participant shall not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any Employee of the Company, any Parent Corporation or any Subsidiary to leave the employment of the Company, any Parent Corporation or any Subsidiary for any reason whatsoever, or hire any Employee of the Company, any Parent Corporation or any Subsidiary except into the employment of the Company, a Parent Corporation or a Subsidiary.

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Section 4.3 - Equitable Relief

Participant agrees that it is impossible to measure in money the damages that will accrue to the Company in the event that Participant breaches any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof. Accordingly, in the event that Participant breaches any such restrictive covenant, the Company shall be entitled to an injunction restraining Participant from further violating such restrictive covenant. If the Company shall institute any action or proceeding to enforce any such restrictive covenant, Participant hereby waives the claim or defense that the Company has an adequate remedy at law and agrees not to assert such claim or defense. The foregoing shall not prejudice the Company's right to require Participant to account for and pay over to the Company, and Participant hereby agrees to account for and pay over, any compensation, profits, monies, accruals or other benefits derived or received by Participant as a result of any transaction constituting a breach of any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof.

ARTICLE V.

OTHER PROVISIONS

Section 5.1 - PSUs Not Transferable

Neither the PSUs nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, 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 5.1 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 5.2 - No Right to Continued Employment

Nothing in this Agreement or in the Plan shall confer upon the Participant 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 Participant at any time for any reasons whatsoever, with or without Cause.

Section 5.3 - 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

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(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 sole 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 sole discretion, determine to be necessary or advisable; and

(d) Subject to Section 5.10, the payment by the Participant of all amounts which, under federal, state or local tax law, the Company, a Parent Corporation or a Subsidiary is required to withhold upon vesting or payment of a PSU; 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 5.4 - Notices

Any notice to be delivered to the Company under this Agreement shall be delivered to such individual and in such form as the Committee shall specify from time to time and communicate to the Participant. Any notice to be delivered to the Participant shall be addressed to the Participant at the Participant's last address reflected in the Company's records. Notices may, as approved by the Committee be given electronically (or by facsimile), and if so approved will be deemed given when sent. Otherwise, notices shall be sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

Section 5.5 - Rights as Stockholder

Participant shall not, by virtue of the PSUs, be entitled to vote in any Company election, receive any dividend in respect of shares of Stock subject to the PSUs or exercise any other rights of a stockholder of the Company. The PSUs shall not confer upon the Participant any rights of a stockholder of the Company unless and until the PSUs have vested and certificates representing the shares of Stock subject to the PSUs shall have been issued by the Company pursuant to the terms of this Agreement.

Section 5.6 - Titles

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

Section 5.7 - Conformity to Laws

The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of applicable law, including without limitation the 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 of the Exchange Act. Notwithstanding anything herein to the contrary, this

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Agreement shall be administered, and the PSUs shall be granted, 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 PSUs granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 5.8 - Section 409A

Section 409A of the Internal Revenue Code provides that "nonqualified deferred compensation" that does not meet the requirements specified in Section 409A may become subject to penalty taxes. Currently, the Company does not believe that PSUs constitute nonqualified deferred compensation within the meaning of Section 409A; however, if, in the future, the PSUs are or may become subject to Section 409A, the Committee may make such modifications to the Plan and this Agreement as may become necessary or advisable, in the Committee's sole discretion, to either comply with Section 409A or to avoid its application to the PSUs.

Section 5.9 - Amendment

This Agreement and the Plan may be amended without the consent of the Participant provided that such amendment would not impair any rights of the Participant under this Agreement. No amendment of this Agreement shall, without the written consent of the Participant, impair any rights of the Participant under this Agreement.

Section 5.10 - Tax Withholding

The Company's obligation to issue or deliver to the Participant any certificate or certificates for shares of Stock is expressly conditioned upon receipt from the Participant, on or prior to the date reasonably specified by the Company of:

- (a) Full payment (in cash or by check) of any amount that must be withheld by the Company, a Parent Corporation or Subsidiary for federal, state and/or local tax purposes; or
- (b) Subject to the Committee's consent, full payment by delivery to the Company of unrestricted shares of Stock previously owned by the Participant, duly endorsed for transfer to the Company by the Participant with an aggregate Fair Market Value (determined, as applicable, as of the date of vesting or as of the date of the distribution) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for federal, state and/or local tax purposes; or
- (c) With respect to the withholding obligation for RSUs that become vested, subject to the Committee's consent, full payment by retention by the Company of a portion of the shares deliverable in respect of such vested RSUs with an aggregated Fair Market Value (determined on the payment date) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for federal, state and/or local tax purposes; or
- (d) Subject to the Committee's consent, a combination of payments provided for in the foregoing subsections (a), (b) and (c).

Notwithstanding anything herein to the contrary, the number of shares of Stock which may be withheld with respect to the payment of any PSUs in order to satisfy the Company's federal, state and/or local tax withholding obligations with respect to the payment of the PSUs shall be limited to the number of shares of Stock which have a Fair Market Value on the date of withholding equal to the aggregate amount of such withholding obligations based on the minimum applicable statutory withholding rates for federal, state and/or local income and payroll tax purposes.

Section 5.11 - Clawback

Notwithstanding anything contained in the Agreement to the contrary, all PSUs awarded under this Agreement, and any shares of Stock issued upon settlement hereunder shall be subject to forfeiture, or repayment pursuant to the terms of any policy that the Company may implement in compliance with the requirements of applicable law, including without limitation the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

Section 5.12 - 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 WHEREOF, this Agreement has been executed and delivered by the parties hereto.

OWENS-ILLINOIS, INC.



By: Paul A. Jarrell
Its: SVP & Chief Administrative Officer

Owens-Illinois Executive Severance Policy**I. Background and Purpose**

Effective March 7, 2015, Owens-Illinois (the “Company”) hereby establishes an Executive Severance Policy (the “Policy”) in order to provide severance benefits to certain eligible employees.

II. Scope and Eligibility

This Policy applies to all employees of the Company and its subsidiaries who are senior leaders and are designated by the Compensation Committee of the Board of Directors of the Company (the “Committee”) to be a participant in the Policy.

III. Definitions

Administrator: The Committee shall be the Administrator, or following a Change in Control the successor to the Committee.

Base Pay: The straight annual salary paid to an Eligible Employee, excluding bonuses and sales or other types of commissions. For purposes of calculating the Severance Pay, the Eligible Employee’s Base Pay shall be the greater of (i) the Base Pay as in effect immediately prior to the Termination Date, or (ii) the Base Pay as in effect prior to any reduction in Base Pay constituting Good Reason.

Benefits: The medical, dental, prescription drug and life insurance coverage provided to active employees of the Company as in effect on the Termination Date, at the active employee rate.

Cash Compensation: The total annual cash compensation which an Eligible Employee is eligible to earn, including but not limited to Base Pay and Target Bonus.

Cause: Cause shall mean the Eligible Employee’s dishonesty, disloyalty, misconduct, insubordination, failure to reasonably devote working time to assigned duties, failure or refusal to fully comply with any reasonable rule or regulation, standard or policy which, from time to time, may be established by the Company, including without limitation, those policies set forth in the Company Policy Manual, and failure to cooperate with any investigation of an alleged violation of any such rule, regulation, standard or policy.

Change in Control: A “Change in Control” has the meaning set forth in Second Amended and Restated Owens-Illinois, Inc. 2005 Incentive Award Plan, or any successor equity incentive plan adopted by the Company and approved by shareholders.

Eligible Employees: Employees who meet the eligibility requirements of this Policy.

Good Reason: The occurrence of any of the following events arising within 24 months following a Change in Control and without the Eligible Employee’s prior written consent (i) a material

diminution of an Eligible Employee’s Base Pay, (ii) a material diminution in authority, duties or responsibilities (including, if the Eligible Employee is the Chief Executive Officer or Chief Financial Officer of the Company, any material changes which result from not being employed by a public company following the Change in Control) from those in effect immediately prior to the date of the Change in Control, (iii) a material change in the geographic location where the Eligible Employee is required to perform services, or (iv) any other action or inaction that constitutes a material breach by the Company of the terms of the Eligible Employee’s employment as in effect immediately prior to the Change in Control. The Eligible Employee must provide notice to the Company of the existence of one or more of the conditions listed above, within a period not to exceed 30 days of the initial existence of such condition, and the Company shall have a period of 30 days to remedy the condition. If the Company is unable to remedy such condition within the 30 day cure period, the Eligible Employee may terminate his employment for Good Reason (which termination shall occur no later than 180 days following the initial existence of the applicable Good Reason condition).

Qualified Termination: An Eligible Employee’s termination of employment by the Company or any subsidiary (or any successor thereto, including any Successor Employer) without Cause at any time, or following a Change in Control for Good Reason; but in no event will a Qualifying Termination occur if the Eligible Employee is offered employment with any Successor Employer at the same level of Base Salary and Cash Compensation.

Release: The general release/waiver of claims which will be supplied by the Company as soon as practicable but not later than 5 business days following the Termination Date.

Severance Pay: Means the product of two times the sum of the Executive’s (i) Base Pay and (ii) Target Bonus.

Severance Period: Means the 24 months following the Termination Date.

Successor Employer: Means any entity that acquires or assumes assets of the Company in a Change in Control.

Target Bonus: An Eligible Employee’s Base Pay multiplied by the greater of the Eligible Employee’s (i) target bonus percentage under the Company’s annual incentive plan as in effect immediately prior to the Termination Date, or (ii) target bonus percentage as in effect prior to any reduction in target bonus percentage constituting Good Reason.

Termination Date: The date of an Eligible Employee’s termination of employment in connection with a Qualified Termination.

IV. Conditions Under Which Severance Pay is Available to Eligible Employees

An employee has **not** experienced a Qualified Termination and is not eligible for Severance Pay under this Policy if the Eligible Employee:

- Voluntarily resigns employment (other than for Good Reason);
- Dies or becomes disabled;
- Is terminated for Cause; or
- Is offered employment with any Successor Employer at the same level of Base Salary and Cash Compensation.

As a further condition to an Eligible Employee's receipt of benefits under this Policy, such employee must first:

- sign the agreement regarding confidentiality, non-competition, non-solicitation and non-disparagement attached as Exhibit A (the "Non-Compete Agreement"); and
- sign and not revoke (during any period permitted under applicable law) the Release within 50 days following the Termination Date.

V. Severance Pay

Amount of Payment

Eligible Employees who experience a Qualified Termination, and meet the conditions for payment under the terms of this Policy will receive the Severance Pay. Except as specifically provided in "Severance Benefits Required by Law or Other Agreement" below, pay during the period between the date notice of a Qualifying Termination is given and the Termination Date will not offset any Severance Pay.

Subject to the tax provisions described below, the Severance Pay shall be paid in a lump sum, on the 8th day following the effective day of the Release. If the Severance Pay would be payable in one tax year or another depending upon when the Eligible Employee returns the Release, the Severance Pay will not be paid until the first business day of the later tax year, regardless of when the Release is signed and effective.

Severance Benefits Required by Law or Other Agreement

Any notice, pay in lieu of notice, severance benefits or other benefits that are required by any federal, state or local law relating to severance, plant closures, terminations, reductions-in-force, or plant relocations will reduce the Severance Pay provided by this Policy.

In the event that an Eligible Employee is entitled to receive Severance Pay under this Policy and any other plan, program, arrangement or individual agreement, the Eligible Employee shall be entitled to receive the greater of the Severance Pay under this Policy or the amount which the Eligible Employee would receive under such other plan, program, arrangement or individual agreement. In no event shall an Eligible Employee receive severance pay under both this Policy and any other plan, program, arrangement or individual agreement.

Benefits

An Eligible Employee's Benefits will remain in effect through the last day of the month in which the Severance Period ends. If at any time the Company determines in its sole discretion that it cannot provide the Benefits without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall, in lieu of such Benefits, provide to the Eligible Employee a taxable cash payment in an amount equal to the difference between the applicable monthly premium the Eligible Employee is required to pay for such coverage under COBRA and the amount such Eligible Employee would pay as an active employee, multiplied by the number of calendar months (including partial months) remaining until the expiration of the Severance Period, which amount shall be paid within thirty (30) days following the date of the Company's determination.

Outplacement Provisions

Eligible Employees who have a Qualified Termination will receive outplacement assistance during the Severance Period applicable to senior executive from time to time as determined by the Company.

VI. Benefits

Payment of Severance Pay does not affect the Company's established procedures with respect to payment for accrued but unused vacation, or the methods established for concluding or continuing participation in any benefit program maintained by the Company. The provisions of all the Company's benefit plans, including equity compensation plans, control in the event of a conflict with any provision herein to the extent that such provisions provide for greater benefits to an Eligible Employee than those provided hereunder.

VII. Modifications and Termination

The Company reserves the right to modify and/or terminate this Policy at any time and in any manner prior to a Change in Control. Following a Change in Control, this Policy may not be modified, amended or terminated in any manner which would adversely impact any Eligible Employee with respect to participation in the Policy, eligibility for the Severance Pay, amount of Severance Pay or in any other manner during the 24 months following such a Change in Control. This Policy shall be binding upon and shall automatically be assigned to each successor of the Company, including any Successor Employer with respect to each Eligible Employee who is employed by the Successor Employer following a Change in Control.

VIII. Parachute Payments

In the event that the severance and other benefits provided for in this Policy or otherwise payable to an Eligible Employee (i) constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code, then the Eligible Employee’s Severance Benefits under this Policy shall be payable either (A) in full, or (B) as to

such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by an Eligible Employee on an after-tax basis, of the greatest amount of severance benefits under this Policy, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. All determinations required under this paragraph shall be made in writing by the Company’s independent public accountants, whose determination shall be conclusive and binding upon all Eligible Employees and the Company for all purposes. For purposes of making the calculations required by this paragraph, the accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The accountants shall provide detailed supporting calculations both to the Company and the Eligible Employee within 15 business days of the receipt of notice from that there has been a parachute payment, or such earlier time as is requested by the Company. All fees and expenses of the accountants shall be borne solely by the Company. All amounts payable to Eligible Employee under this paragraph shall be paid as soon as practicable after the event giving rise to payment of any excise tax under Section 4999 of the Code by the Eligible Employee, but no later than the December 31 of the year next following the year in which the Eligible Employee, or the Company on behalf of the Eligible Employee, remits the excise taxes due. . If Severance Benefit are to be reduced, such reduction will be made in a manner as the Company and the Eligible Employee shall mutually agree that would not result in a violation of Section 409A.

IX. Taxes

All amounts payable pursuant to this Policy shall be paid net of any applicable withholding and/or employment taxes under federal, state or local law and any additional withholding to which the Eligible Employee has agreed. Notwithstanding anything in this Policy to the contrary, any compensation or benefits payable hereunder that constitutes “nonqualified deferred compensation” (“Deferred Compensation”) within the meaning of Section 409A of the Code and which are payable upon the Eligible Employee’s termination of employment shall be payable only if such termination constitutes the Eligible Employee’s “separation from service” with the Company within the meaning of Code Section 409A (a “Separation from Service”). In addition, if the Company determines that the Eligible Employee is a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code at the time of the Eligible Employee’s Separation from Service, any Deferred Compensation to which the Eligible Employee is entitled hereunder in connection with such Separation from Service shall be delayed to the extent required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. To the extent that the payment of any Deferred Compensation is delayed in accordance with the preceding sentence, such Deferred Compensation shall be paid to the Eligible Employee in a lump sum on the first business day following the earlier to occur of (i) the expiration of the six-month period measured from the date of the Eligible Employee’s Separation from Service, or (ii) the date of the Eligible Employee’s death, and any compensation or benefits that are payable hereunder following such delay shall be paid as otherwise provided herein. In addition, to the extent that any reimbursements described in Treasury Regulation 1.409A-1(b)(9)(v) (A) or (C) (including without limitation, any outplacement services) for which reimbursement in one taxable year could affect the payments or expenses eligible for reimbursement in another taxable year or for which the right to payment is subject to

liquidation or exchange for another benefit, such payments or reimbursements shall be made promptly by the Company, but in any event no later than the end of the second calendar year following the calendar year in which the Separation from Service occurs.

X. Administration

This Policy is not intended to be an “employee welfare benefit plan,” as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Rather, this Policy is intended to be solely a pay practice of the Company, with benefits payable from the general assets of the Company or its successor and shall be administered accordingly. All claims under this Policy shall be governed by the laws of the State of Ohio, without reference to the conflict of law provisions thereof.

The Policy shall be interpreted in accordance with its terms and their intended meanings. However, the Administrator shall have the discretion to interpret or construe ambiguous, unclear, or implied (but omitted) terms in any fashion they deem to be appropriate in their reasonable discretion, and to make any findings of fact needed in the administration of the Policy. The validity of any such interpretation, construction, decision, or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious. All determinations by the Administrator will be final and conclusive upon all persons and be given the maximum possible deference allowed by law. If, due to errors in drafting, any Policy provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Administrator in its reasonable discretion, the provision shall be considered ambiguous and shall be interpreted by the Administrator and all Policy fiduciaries in a fashion consistent with its intent, as determined in the reasonable discretion of the Administrator. The Administrator shall amend the Policy retroactively to cure any such ambiguity.

Claims Procedure

All disputes or controversies arising under or in connection with this Policy settled by arbitration, conducted before a single neutral arbitrator in Toledo, Ohio, in accordance with the National Rules for the Resolution of Employment Disputes (the “Rules”) of the American Arbitration Association (“AAA”). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. The costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA’s administrative fees, the fee of the arbitrator, all other fees and costs, shall be borne by the Company. Each party shall bear their own attorneys’ fees and expenses, provided, however, that if the arbitrator determines, in a finding on the merits, that any claim was frivolous, the arbitrator may provide, as part of the award, attorneys’ fees. Judicial orders to enforce the arbitration provisions of this Policy and otherwise in aid of arbitration may be entered by the federal and state courts located in Toledo, Ohio, at any time prior to or after a final decision by the arbitrators, and the Company and each Eligible Employee hereby submits to personal jurisdiction in the State of Ohio and to venue in such courts.

XI. At-Will Employment

No provision of the Policy is intended to provide any Eligible Employee with any right to continue as an employee with the Company or its subsidiaries, or in any other capacity, for any specific period of time, or otherwise affect the right of the Company or its subsidiaries to terminate the employment or service of any individual at any time for any reason, with or without Cause.

For more information on any aspect of this Policy, please contact the Senior Vice President, Chief Administrative Officer.

Issued: March 7, 2015



Albert P. L. Stroucken
 Chairman &
 Chief Executive Officer
 One Michael Owens Way, Plaza 1
 Perrysburg OH 43551-2999
 +1 567 336-5500 tel
 +1 567 336-5410 fax

March 7, 2015

Stephen P. Bramlage, Jr.
 Senior Vice President and Chief Financial Officer

Dear Steve,

The Board of Directors believes you are a key member of O-I's senior executive team and feels strongly that your continued employment with the company through the transition to a new CEO and the stabilization thereafter is critical to success and to the future of the company. As such, on behalf of the Board, I am pleased to provide you with the following retention incentives:

- **2015 retention equity award with an estimated value of \$3,000,000** - This award, granted to incent you to remain with the company through the CEO transition and stabilization of the senior executive team is delivered in the form of restricted stock units, to be granted on March 7, 2015.
- These restricted stock units vest in full on the third anniversary of the date of grant, or upon death or disability, but will not be subject to any other vesting acceleration. These awards are subject to the terms of the Second Amended and Restated 2005 Incentive Award Plan and to the applicable award agreement that you must execute as a condition of grant (see attachment).
- **Supplemental Severance** - Further, as a supplement and an amendment to the Executive Severance Policy (the "Policy") applicable solely to you, should the company terminate your employment after March 7, 2017 but before March 7, 2018 (the "Supplemental Severance Period"), entitling you to severance under the Policy, then your "Severance Pay" will be increased by an amount equal to your annual Base Pay and Target Bonus pro-rated for the number of days worked in the Supplemental Severance Period. For example, assuming you terminated on September 7, 2017, your Severance Pay would be 2.5 times your Base Pay and Target bonus ($184/365 = .50$).

The Board of Directors, Andres and I look forward to working with you in 2015 and beyond as we continue to build a customer-focused, high performing organization for O-I and its share owners.

Best regards,

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

o-i.com

glassislife.com

**SECOND AMENDED AND RESTATED
 2005 INCENTIVE AWARD PLAN
 OF
 OWENS-ILLINOIS, INC.**

RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT ("Agreement"), dated **March 7, 2015** (the "Grant Date") is made by and between Owens-Illinois, Inc., a Delaware corporation (the "Company") and the person whose account for which this grant is being accepted, an employee or consultant of the Company, a Parent Corporation or a Subsidiary (the "Participant"):

WHEREAS, the Company has established the Second Amended and Restated 2005 Incentive Award Plan (the "Plan") (the terms of which are hereby incorporated by reference and made a part of this Agreement); and

WHEREAS, the Plan provides for the issuance of Restricted Stock Units ("RSUs"), subject to certain vesting conditions thereon and to other conditions stated herein; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Committee") has determined it would be to the advantage and best interest of the Company and its stockholders to issue the RSUs provided for herein to the Participant in partial consideration of services rendered, or to be rendered, to the Company, a Parent Corporation or a Subsidiary.

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. 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 and plural, where the context so indicates.

Section 1.1 - Cause

“Cause” shall mean dishonesty, disloyalty, misconduct, insubordination, failure to reasonably devote working time to assigned duties, failure or refusal to comply with any reasonable rule, regulation, standard or policy which from time to time may be established by the Company, including, without limitation, those policies set forth in the Owens-Illinois Policy Manual in effect from time to time, or failure to fully cooperate with any investigation of an alleged violation of any such rule, regulation, standard or policy.

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Section 1.2 - Competing Business

“Competing Business” shall mean any person, corporation or other entity engaged in the United States of America or in any other country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, in the manufacture or sale of glass containers, or any other products manufactured or sold by the Company, any Parent Corporation or any Subsidiary within the last three (3) years prior to the Participant’s Termination of Employment or Retirement.

Section 1.3 - 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 1.4 - Retirement

“Retirement” solely for purposes of this Agreement shall mean “separation from service” (within the meaning of Section 409A of the Code) of an Employee from the Company, a Parent Corporation or a Subsidiary after reaching the age of 60 and having 10 years of employment, or after reaching the age of 65.

Section 1.5- Restricted Stock Unit

“Restricted Stock Unit” or “RSUs” shall mean the right to receive one share of Stock for each Restricted Stock Unit granted.

Section 1.6 - 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 fifty percent (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 fifty percent (50%) of the capital or profits interests.

Section 1.7 - Termination of Employment

“Termination of Employment” shall mean the time when the employee-employer relationship between Participant 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 or discharge, but excluding (i) any termination where there is a simultaneous reemployment by the Company, a Parent Corporation or a Subsidiary, (ii) any termination where Participant continues a relationship (e.g., as a director or as a consultant) with the Company, a Parent Corporation or a Subsidiary, or (iii) a termination resulting from the Retirement, death or Disability of the Participant. The Committee, in its absolute discretion, shall determine the effect of all other matters and questions relating to a Termination of

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Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for Cause, and all questions of whether a particular leave of absence constitutes a Termination of Employment. Notwithstanding any other provision of this Agreement, the Company, any Parent Corporation or any Subsidiary has an absolute and unrestricted right to terminate Participant’s employment at any time for any reason whatsoever, with or without Cause.

ARTICLE II.

ISSUANCE OF RSUS

In consideration of the services rendered or to be rendered to the Company, a Parent Corporation or a Subsidiary and for other good and valuable consideration which the Committee has determined to be equal to the par value of its Stock, on the date hereof the Company awards to the Participant the number of RSUs specified for this grant in the Solium Shareworks Account accessible by the Participant.

ARTICLE III.

VESTING; PAYMENT

Section 3.1 - Vesting of RSUs

The RSUs shall vest in full on the third anniversary of the Grant Date; *provided, however*, that notwithstanding the foregoing the RSU shall be fully vested on the date the Participant (i) dies, or (ii) experiences a Disability, provided that the Participant has not experienced a Termination of Employment prior to such date.

Section 3.2 - Termination of RSUs

Until vested pursuant to Section 3.1, all RSUs issued to the Participant pursuant to this Agreement shall terminate immediately upon the Participant's Termination of Employment. For the avoidance of doubt, if the Participant experiences a Termination of Employment prior to a Vesting Date for any reason not described in Section 3.1, all RSUs issued to the Participant pursuant to this Agreement shall immediately terminate.

Section 3.3 - Payment of RSUs

RSUs shall become payable, to the extent vested on the third anniversary of the Grant Date.

ARTICLE IV.

NON-COMPETITION/NON-SOLLICITATION

Section 4.1 - Covenant Not to Compete

Participant covenants and agrees that prior to Participant's Termination of Employment or Retirement and for a period of three (3) years following the Participant's Termination of Employment or Retirement, including without limitation termination for Cause or without Cause, Participant shall not, in any country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, engage, directly or indirectly, whether as principal or as agent, officer, director, employee, consultant, shareholder or otherwise, alone or in association with any other person, corporation or other entity, in any Competing Business.

Section 4.2 - Non-Solicitation of Employees

Participant agrees that prior to his Termination of Employment or Retirement and for three (3) years following Participant's Termination of Employment or Retirement, including without limitation termination for Cause or without Cause, Participant shall not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any Employee of the Company, any Parent Corporation or any Subsidiary to leave the employment of the Company, any Parent Corporation or any Subsidiary for any reason whatsoever, or hire any Employee of the Company, any Parent Corporation or any Subsidiary except into the employment of the Company, a Parent Corporation or a Subsidiary.

Section 4.3 - Equitable Relief

Participant agrees that it is impossible to measure in money the damages that will accrue to the Company in the event that Participant breaches any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof. Accordingly, in the event that Participant breaches any such restrictive covenant, the Company shall be entitled to an injunction restraining Participant from further violating such restrictive covenant. If the Company shall institute any action or proceeding to enforce any such restrictive covenant, Participant hereby waives the claim or defense that the Company has an adequate remedy at law and agrees not to assert such claim or defense. The foregoing shall not prejudice the Company's right to require Participant to account for and pay over to the Company, and Participant hereby agrees to account for and pay over, any compensation, profits, monies, accruals or other benefits derived or received by Participant as a result of any transaction constituting a breach of any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof.

ARTICLE V.

OTHER PROVISIONS

Section 5.1 - RSUs Not Transferable

Neither the RSUs nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, 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 5.1 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 5.2 - No Right to Continued Employment

Nothing in this Agreement or in the Plan shall confer upon the Participant 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 Participant at any time for any reasons whatsoever, with or without Cause.

Section 5.3 - 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 sole 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 sole discretion, determine to be necessary or advisable; and
- (d) Subject to Section 5.10, the payment by the Participant of all amounts which, under federal, state or local tax law, the Company, a Parent Corporation or a Subsidiary is required to withhold upon vesting or payment of a RSU; 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 5.4 - Notices

Any notice to be delivered to the Company under this Agreement shall be delivered to such individual and in such form as the Committee shall specify from time to time and communicate to the Participant. Any notice to be delivered to the Participant shall be addressed to the Participant at the Participant's last address reflected in the Company's records. Notices may, as approved by the Committee be given electronically (or by facsimile), and if so approved will be deemed given when sent. Otherwise, notices shall be sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

Section 5.5 - Rights as Stockholder

Participant shall not, by virtue of the RSUs, be entitled to vote in any Company election, receive any dividend in respect of shares of Stock subject to the RSUs or exercise any other rights of a stockholder of the Company. The RSUs shall not confer upon the Participant any rights of a stockholder of the Company unless and until the RSUs have vested and certificates

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representing the shares of Stock subject to the RSUs shall have been issued by the Company pursuant to the terms of this Agreement.

Section 5.6 - Titles

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

Section 5.7 - Conformity to Securities Laws

The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of applicable law, including without limitation the 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 of the Exchange Act. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the RSUs shall be granted, 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 RSUs granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 5.8 - Section 409A

Section 409A of the Internal Revenue Code provides that "nonqualified deferred compensation" that does not meet the requirements specified in Section 409A may become subject to penalty taxes. Currently, the Company does not believe that RSUs constitute nonqualified deferred compensation within the meaning of Section 409A; however, if, in the future, the RSUs are or may become subject to Section 409A, the Committee may make such modifications to the Plan and this Agreement as may become necessary or advisable, in the Committee's sole discretion, to either comply with Section 409A or to avoid its application to the RSUs.

Section 5.9 - Amendment

This Agreement and the Plan may be amended without the consent of the Participant provided that such amendment would not impair any rights of the Participant under this Agreement. No amendment of this Agreement shall, without the written consent of the Participant, impair any rights of the Participant under this Agreement.

Section 5.10 - Tax Withholding

The Company's obligation to issue or deliver to the Participant any certificate or certificates for shares of Stock is expressly conditioned upon receipt from the Participant, on or prior to the date reasonably specified by the Company of:

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

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- (b) Subject to the Committee's consent, full payment by delivery to the Company of unrestricted shares of Stock previously owned by the Participant, duly endorsed for transfer to the Company by the Participant with an aggregate Fair Market Value (determined, as applicable, as of the date of

vesting or as of the date of the distribution) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for federal, state and/or local tax purposes; or

(c) With respect to the withholding obligation for RSUs that become vested, subject to the Committee's consent, full payment by retention by the Company of a portion of the shares deliverable in respect of such vested RSUs with an aggregated Fair Market Value (determined on the payment date) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for federal, state and/or local tax purposes; or

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

Notwithstanding anything herein to the contrary, the number of shares of Stock which may be withheld with respect to the payment of any RSUs in order to satisfy the Company's federal, state and/or local tax withholding obligations with respect to the payment of the RSUs shall be limited to the number of shares of Stock which have a Fair Market Value on the date of withholding equal to the aggregate amount of such withholding obligations based on the minimum applicable statutory withholding rates for federal, state and/or local income and payroll tax purposes.

Section 5.11 - Clawback

Notwithstanding anything contained in the Agreement to the contrary, all RSUs awarded under this Agreement, and any shares of Stock issued upon settlement hereunder shall be subject to forfeiture, or repayment pursuant to the terms of any policy that the Company may implement in compliance with the requirements of applicable law, including without limitation the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

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Section 5.12 - 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: Paul A. Jarrell
Its: SVP & Chief Administrative Officer

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