

**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**

**February 21, 2012**

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.)

**OWENS-ILLINOIS GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**33-13061**  
(Commission  
File Number)

**34-1559348**  
(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 below 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 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

Owens-Illinois, Inc. (the "Company") announced today that it has elected to change its method of accounting for its U.S. inventories from last-in, first-out ("LIFO") to average costs effective January 1, 2012. With this change, all of the Company's inventories will now be valued at average costs. This change in accounting is required to be applied retrospectively to all periods presented in future quarterly and annual reports.

The Company has also elected to change the allocation of pension costs to its segments. The Company's segments will now reflect only the service cost component of pension expense. All non-service pension costs will be retained at the corporate level. This change will increase consistency between all segments and ensure that each segment reflects only the costs associated with employee benefits earned during the current period.

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

**(b) Pro forma financial information.**

Pro forma financial information for Owens-Illinois, Inc. is being furnished in Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3. Pro forma financial information for Owens-Illinois Group, Inc. is being furnished in Exhibit 99.4.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Unaudited pro forma condensed consolidated financial statements of Owens-Illinois, Inc.
99.2	Unaudited pro forma reconciliation of earnings (loss) from continuing operations attributable to the Company to adjusted net earnings of Owens-Illinois, Inc.
99.3	Unaudited pro forma segment operating profit of Owens-Illinois, Inc.
99.4	Unaudited pro forma condensed consolidated financial statements of Owens-Illinois Group, Inc.

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**SIGNATURE**

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.

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

OWENS-ILLINOIS GROUP, INC.

Date: February 21, 2012

By: /s/ Edward C. White  
Name: Edward C. White  
Title: President and  
Chief Financial Officer

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**EXHIBIT INDEX**

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**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Condensed Consolidated Financial Statements**

The unaudited pro forma condensed consolidated financial statements set forth below for Owens-Illinois, Inc. give effect to the change in the method for accounting for U.S. inventories from LIFO to average costs as if the change had occurred on December 31, 2011 for balance sheet purposes and January 1, 2010 for income statement purposes. In the opinion of management, all adjustments necessary to present fairly the unaudited pro forma financial information have been made. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements of Owens-Illinois, Inc.

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Condensed Consolidated Balance Sheet**

Dollars in millions, except per share amounts	December 31, 2011		
	As Reported	Effect of Change in Inventory Method	Pro Forma Adjusted
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 400	\$ —	\$ 400
Receivables, less allowances for losses and discounts	1,158		1,158
Inventories	1,012	49	1,061
Prepaid expenses	124		124
Total current assets	2,694	49	2,743
<b>Other assets:</b>			
Goodwill	2,082		2,082
Other long-term assets	1,273		1,273
Total other assets	3,355	—	3,355
Net property, plant, and equipment	2,877		2,877
Total assets	\$ 8,926	\$ 49	\$ 8,975
<b>Liabilities and Share Owners' Equity</b>			
<b>Current liabilities:</b>			
Short-term loans and long-term debt due within one year	\$ 406	\$ —	\$ 406
Accounts payable	1,038		1,038
Other current liabilities	801		801
Total current liabilities	2,245	—	2,245
<b>Long-term debt</b>	3,627		3,627
<b>Other long-term liabilities</b>	2,062		2,062
<b>Share owners' equity:</b>			
<b>The Company's share owners' equity:</b>			
Common stock, par value \$.01 per share	2		2
Capital in excess of par value	2,991		2,991
Treasury stock, at cost	(405)		(405)
Retained earnings (loss)	(428)	49	(379)
Accumulated other comprehensive loss	(1,321)		(1,321)
Total share owners' equity of the Company	839	49	888
<b>Noncontrolling interests</b>	153		153
Total share owners' equity	992	49	1,041
Total liabilities and share owners' equity	\$ 8,926	\$ 49	\$ 8,975

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Condensed Consolidated Results of Operations**

Dollars in millions, except per share amounts	Year ended December 31, 2011		
	As Reported	Effect of Change in Inventory Method	Pro Forma Adjusted
Net sales	\$ 7,358	\$ —	\$ 7,358
Manufacturing, shipping, and delivery	(5,979)	10	(5,969)
Gross profit	1,379	10	1,389
Selling and administrative expense	(556)		(556)
Research, development, and engineering expense	(71)		(71)

Interest expense	(314)		(314)
Interest income	11		11
Equity earnings	66		66
Royalties and net technical assistance	16		16
Other income	11		11
Other expense	(948)		(948)
Earnings (loss) from continuing operations before income taxes	(406)	10	(396)
Provision for income taxes	(85)		(85)
Earnings (loss) from continuing operations	(491)	10	(481)
Net earnings of discontinued operations	1		1
Net earnings (loss)	(490)	10	(480)
Net earnings attributable to noncontrolling interests	(20)		(20)
Net earnings (loss) attributable to the Company	<u>\$ (510)</u>	<u>\$ 10</u>	<u>\$ (500)</u>
Amounts attributable to the Company:			
Earnings (loss) from continuing operations	\$ (511)	\$ 10	\$ (501)
Net earnings of discontinued operations	1		1
Net earnings (loss)	<u>\$ (510)</u>	<u>\$ 10</u>	<u>\$ (500)</u>
Basic earnings per share:			
Earnings (loss) from continuing operations	\$ (3.12)	\$ 0.06	\$ (3.06)
Net earnings of discontinued operations	0.01		0.01
Net earnings (loss)	<u>\$ (3.11)</u>	<u>\$ 0.06</u>	<u>\$ (3.05)</u>
Diluted earnings per share:			
Earnings (loss) from continuing operations	\$ (3.12)	\$ 0.06	\$ (3.06)
Net earnings of discontinued operations	0.01		0.01
Net earnings (loss)	<u>\$ (3.11)</u>	<u>\$ 0.06</u>	<u>\$ (3.05)</u>

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Condensed Consolidated Results of Operations**

Dollars in millions, except per share amounts	Year ended December 31, 2010		
	As Reported	Effect of Change in Inventory Method	Pro Forma Adjusted
Net sales	\$ 6,633	\$ —	\$ 6,633
Manufacturing, shipping, and delivery	(5,283)	2	(5,281)
Gross profit	1,350	2	1,352
Selling and administrative expense	(492)		(492)
Research, development, and engineering expense	(62)		(62)
Interest expense	(249)		(249)
Interest income	13		13
Equity earnings	59		59
Royalties and net technical assistance	16		16
Other income	16		16
Other expense	(227)		(227)
Earnings from continuing operations before income taxes	424	2	426
Provision for income taxes	(129)		(129)
Earnings from continuing operations	295	2	297
Net loss of discontinued operations	(300)		(300)
Net earnings (loss)	(5)	2	(3)
Net earnings attributable to noncontrolling interests	(42)		(42)
Net earnings (loss) attributable to the Company	<u>\$ (47)</u>	<u>\$ 2</u>	<u>\$ (45)</u>
Amounts attributable to the Company:			
Earnings from continuing operations	\$ 258	\$ 2	\$ 260
Net loss of discontinued operations	(305)		(305)
Net earnings (loss)	<u>\$ (47)</u>	<u>\$ 2</u>	<u>\$ (45)</u>
Basic earnings per share:			
Earnings from continuing operations	\$ 1.57	\$ 0.01	\$ 1.58
Net loss of discontinued operations	(1.86)		(1.86)
Net earnings (loss)	<u>\$ (0.29)</u>	<u>\$ 0.01</u>	<u>\$ (0.28)</u>

Diluted earnings per share:

Earnings from continuing operations	\$	1.55	\$	0.01	\$	1.56
Net loss of discontinued operations		<u>(1.83)</u>				<u>(1.83)</u>
Net earnings (loss)	\$	<u>(0.28)</u>	\$	<u>0.01</u>	\$	<u>(0.27)</u>

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## Owens-Illinois, Inc.

## Unaudited Pro Forma Reconciliation of Earnings (Loss) from Continuing Operations Attributable to the Company to Adjusted Net Earnings

The information presented below regarding adjusted net earnings, giving effect to the change in the method for accounting for U.S. inventories from LIFO to average costs as if the change had occurred on January 1, 2010, relates to earnings attributable to the Company exclusive of items management considers not representative of ongoing operations and does not conform to U.S. generally accepted accounting principles (GAAP). It should not be construed as an alternative to the reported results determined in accordance with GAAP. Management has included this non-GAAP information to assist in understanding the comparability of results of ongoing operations. Management uses this non-GAAP information principally for internal reporting, forecasting, budgeting and calculating bonus payments. Management believes that the non-GAAP presentation allows the board of directors, management, investors and analysts to better understand the Company's financial performance in relationship to continuing operating results.

## Owens-Illinois, Inc.

## Unaudited Pro Forma Reconciliation of Earnings (Loss) from Continuing Operations Attributable to the Company to Adjusted Net Earnings for the Three Months and Year Ended December 31, 2011

Dollars in millions, except per share amounts	Three months ended December 31, 2011					
	As Reported		Effect of Change in Inventory Method		Pro Forma Adjusted	
	Earnings	EPS	Earnings	EPS	Earnings	EPS
Earnings (loss) from continuing operations attributable to the Company	\$ (774)	\$ (4.71)	\$ —	\$ —	\$ (774)	\$ (4.71)
<i>Items that management considers not representative of ongoing operations consistent with Segment Operating Profit</i>						
Charge to adjust the carrying value of the Asia Pacific region's goodwill	640	3.86			640	3.86
Charge for asbestos-related costs	165	1.00			165	1.00
Charges for restructuring and asset impairment	63	0.38			63	0.38
Net tax-related benefit	(15)	(0.09)			(15)	(0.09)
Reconciling item for dilution effect		0.04				0.04
Adjusted net earnings	\$ 79	\$ 0.48	\$ —	\$ —	\$ 79	\$ 0.48
Dollars in millions, except per share amounts	Year ended December 31, 2011					
	As Reported		Effect of Change in Inventory Method		Pro Forma Adjusted	
	Earnings	EPS	Earnings	EPS	Earnings	EPS
Earnings (loss) from continuing operations attributable to the Company	\$ (511)	\$ (3.12)	\$ 10	\$ 0.06	\$ (501)	\$ (3.06)
<i>Items that management considers not representative of ongoing operations consistent with Segment Operating Profit</i>						
Charge to adjust the carrying value of the Asia Pacific region's goodwill	640	3.86			640	3.86
Charge for asbestos-related costs	165	1.00			165	1.00
Charges for restructuring and asset impairment	91	0.54			91	0.54
Charges for note repurchase premiums and write-off of finance fees	24	0.15			24	0.15
Net tax-related benefit	(15)	(0.09)			(15)	(0.09)
Reconciling item for dilution effect		0.03				0.03
Adjusted net earnings	\$ 394	\$ 2.37	\$ 10	\$ 0.06	\$ 404	\$ 2.43

## Owens-Illinois, Inc.

## Unaudited Pro Forma Reconciliation of Earnings from Continuing Operations Attributable to the Company to Adjusted Net Earnings for the Three and Nine Months Ended September 30, 2011

Dollars in millions, except per share amounts	Three months ended September 30, 2011					
	As Reported		Effect of Change in Inventory Method		Pro Forma Adjusted	
	Earnings	EPS	Earnings	EPS	Earnings	EPS
Earnings from continuing operations attributable to the Company	\$ 119	\$ 0.72	\$ —	\$ —	\$ 119	\$ 0.72

*Items that management considers not representative of ongoing operations consistent with Segment*

<i>Operating Profit</i>						
Charges for restructuring and asset impairment	20	0.12			20	0.12
Adjusted net earnings	<u>\$ 139</u>	<u>\$ 0.84</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 139</u>	<u>\$ 0.84</u>
<b>Nine months ended September 30, 2011</b>						
	<b>As Reported</b>		<b>Effect of Change in Inventory Method</b>		<b>Pro Forma Adjusted</b>	
<b>Dollars in millions, except per share amounts</b>	<b>Earnings</b>	<b>EPS</b>	<b>Earnings</b>	<b>EPS</b>	<b>Earnings</b>	<b>EPS</b>
Earnings from continuing operations attributable to the Company	\$ 263	\$ 1.58	\$ 10	\$ 0.06	\$ 273	\$ 1.64
<i>Items that management considers not representative of ongoing operations consistent with Segment Operating Profit</i>						
Charges for restructuring and asset impairment	28	0.17			28	0.17
Charges for note repurchase premiums and write-off of finance fees	24	0.15			24	0.15
Adjusted net earnings	<u>\$ 315</u>	<u>\$ 1.90</u>	<u>\$ 10</u>	<u>\$ 0.06</u>	<u>\$ 325</u>	<u>\$ 1.96</u>

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Reconciliation of Earnings from Continuing Operations Attributable to the Company to Adjusted Net Earnings for the Three and Six Months Ended June 30, 2011**

<b>Dollars in millions, except per share amounts</b>	<b>Three months ended June 30, 2011</b>					
	<b>As Reported</b>		<b>Effect of Change in Inventory Method</b>		<b>Pro Forma Adjusted</b>	
	<b>Earnings</b>	<b>EPS</b>	<b>Earnings</b>	<b>EPS</b>	<b>Earnings</b>	<b>EPS</b>
Earnings from continuing operations attributable to the Company	\$ 71	\$ 0.42	\$ —	\$ —	\$ 71	\$ 0.42
<i>Items that management considers not representative of ongoing operations consistent with Segment Operating Profit</i>						
Charges for restructuring and asset impairment	3	0.02			3	0.02
Charges for note repurchase premiums and write-off of finance fees	24	0.15			24	0.15
Adjusted net earnings	<u>\$ 98</u>	<u>\$ 0.59</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 98</u>	<u>\$ 0.59</u>

<b>Dollars in millions, except per share amounts</b>	<b>Six months ended June 30, 2011</b>					
	<b>As Reported</b>		<b>Effect of Change in Inventory Method</b>		<b>Pro Forma Adjusted</b>	
	<b>Earnings</b>	<b>EPS</b>	<b>Earnings</b>	<b>EPS</b>	<b>Earnings</b>	<b>EPS</b>
Earnings from continuing operations attributable to the Company	\$ 144	\$ 0.86	\$ 10	\$ 0.06	\$ 154	\$ 0.92
<i>Items that management considers not representative of ongoing operations consistent with Segment Operating Profit</i>						
Charges for restructuring and asset impairment	8	0.05			8	0.05
Charges for note repurchase premiums and write-off of finance fees	24	0.15			24	0.15
Adjusted net earnings	<u>\$ 176</u>	<u>\$ 1.06</u>	<u>\$ 10</u>	<u>\$ 0.06</u>	<u>\$ 186</u>	<u>\$ 1.12</u>

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Reconciliation of Earnings from Continuing Operations Attributable to the Company to Adjusted Net Earnings for the Three Months Ended March 31, 2011**

<b>Dollars in millions, except per share amounts</b>	<b>Three months ended March 31, 2011</b>					
	<b>As Reported</b>		<b>Effect of Change in Inventory Method</b>		<b>Pro Forma Adjusted</b>	
	<b>Earnings</b>	<b>EPS</b>	<b>Earnings</b>	<b>EPS</b>	<b>Earnings</b>	<b>EPS</b>
Earnings from continuing operations attributable to the Company	\$ 73	\$ 0.44	\$ 10	\$ 0.06	\$ 83	\$ 0.50
<i>Items that management considers not representative of</i>						

*ongoing operations consistent with Segment Operating Profit*

Charges for restructuring and asset impairment	6	0.03			6	0.03
Adjusted net earnings	<u>\$ 79</u>	<u>\$ 0.47</u>	<u>\$ 10</u>	<u>\$ 0.06</u>	<u>\$ 89</u>	<u>\$ 0.53</u>

**Owens-Illinois, Inc.**

**Unaudited Pro Forma Reconciliation of Earnings from Continuing Operations Attributable to the Company to Adjusted Net Earnings for the Year Ended December 31, 2010**

<i>Dollars in millions, except per share amounts</i>	Year ended December 31, 2010					
	As Reported		Effect of Change in Inventory Method		Pro Forma Adjusted	
	Earnings	EPS	Earnings	EPS	Earnings	EPS
Earnings from continuing operations attributable to the Company	\$ 258	\$ 1.55	\$ 2	\$ 0.01	\$ 260	\$ 1.56

*Items that management considers not representative of ongoing operations consistent with Segment Operating Profit*

Charge for asbestos-related costs	170	1.02			170	1.02
Acquisition-related fair value inventory adjustments and restructuring, transaction and financing costs	27	0.16			27	0.16
Charges for restructuring and asset impairment	11	0.07			11	0.07
Net benefit related to changes in deferred tax valuation allowance	(24)	(0.15)			(24)	(0.15)
Non-cash tax benefit transferred from other comprehensive income (equity)	(8)	(0.05)			(8)	(0.05)
Adjusted net earnings	<u>\$ 434</u>	<u>\$ 2.60</u>	<u>\$ 2</u>	<u>\$ 0.01</u>	<u>\$ 436</u>	<u>\$ 2.61</u>



**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Segment Operating Profit**

The information below presents the Company's Segment Operating Profit, giving effect to the change in the method for accounting for U.S. inventories from LIFO to average costs and the change in the allocation of pension costs to the reportable segments as if the changes had occurred on January 1, 2010. The Company's measure of profit for its reportable segments is Segment Operating Profit, which consists of consolidated earnings from continuing operations before interest income, interest expense and provision for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations as well as certain retained corporate costs. The segment data presented below is prepared in accordance with general accounting principles for segment reporting. The line titled "Reportable segment totals", however, is a non-GAAP measure when presented outside of the financial statement footnotes. Management has included this non-GAAP information to assist in understanding the comparability of results of ongoing operations. Management uses Segment Operating Profit, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources.

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Segment Operating Profit for the Three Months and Year Ended December 31, 2011**

Dollars in millions	Three Months Ended December 31, 2011			
	As Reported	Effect of Change in		Pro Forma Adjusted
		Pension Cost Allocation	Inventory Method	
Europe	\$ 41	\$ 5	\$ —	\$ 46
North America	48	(6)		42
South America	85			85
Asia Pacific	27			27
Reportable segment totals	201	(1)	—	200
<b>Items excluded from Segment Operating Profit:</b>				
Retained corporate costs and other	(28)	1		(27)
Restructuring and asset impairment	(71)			(71)
Charge for asbestos-related costs	(165)			(165)
Charge for goodwill impairment	(641)			(641)
Interest income	3			3
Interest expense	(68)			(68)
Loss from continuing operations before income taxes	(769)	—	—	(769)
Provision for income taxes				—
Loss from continuing operations	(769)	—	—	(769)
Earnings from discontinued operations	3			3
Net loss	(766)	—	—	(766)
Net earnings attributable to noncontrolling interests	(5)			(5)
Net loss attributable to the Company	\$ (771)	\$ —	\$ —	\$ (771)
Dollars in millions	Year Ended December 31, 2011			
	As Reported	Effect of Change in		Pro Forma Adjusted
		Pension Cost Allocation	Inventory Method	
Europe	\$ 325	\$ 20	\$ —	\$ 345
North America	236	(24)	10	222
South America	250			250
Asia Pacific	83			83
Reportable segment totals	894	(4)	10	900
<b>Items excluded from Segment Operating Profit:</b>				
Retained corporate costs and other	(79)	4		(75)
Restructuring and asset impairment	(112)			(112)
Charge for asbestos-related costs	(165)			(165)
Charge for goodwill impairment	(641)			(641)
Interest income	11			11
Interest expense	(314)			(314)
Loss from continuing operations before income taxes	(406)	—	10	(396)
Provision for income taxes	(85)			(85)
Loss from continuing operations	(491)	—	10	(481)
Earnings from discontinued operations	1			1
Net loss	(490)	—	10	(480)
Net earnings attributable to noncontrolling interests	(20)			(20)
Net loss attributable to the Company	\$ (510)	\$ —	\$ 10	\$ (500)

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Segment Operating Profit for the Three and Nine Months Ended September 30, 2011**

Dollars in millions	Three Months Ended September 30, 2011			
	As Reported	Effect of Change in		Pro Forma Adjusted
		Pension Cost Allocation	Inventory Method	
Europe	\$ 106	\$ 5	\$ —	\$ 111
North America	73	(6)		67
South America	67			67
Asia Pacific	23			23
Reportable segment totals	269	(1)	—	268
<b>Items excluded from Segment Operating Profit:</b>				
Retained corporate costs and other	(24)	1		(23)
Restructuring and asset impairment	(29)			(29)
Interest income	2			2
Interest expense	(70)			(70)
Earnings from continuing operations before income taxes	148	—	—	148
Provision for income taxes	(25)			(25)
Earnings from continuing operations	123	—	—	123
Loss from discontinued operations	(3)			(3)
Net earnings	120	—	—	120
Net earnings attributable to noncontrolling interests	(4)			(4)
Net earnings attributable to the Company	\$ 116	\$ —	\$ —	\$ 116

Dollars in millions	Nine Months Ended September 30, 2011			
	As Reported	Effect of Change in		Pro Forma Adjusted
		Pension Cost Allocation	Inventory Method	
Europe	\$ 284	\$ 15	\$ —	\$ 299
North America	188	(18)	10	180
South America	165			165
Asia Pacific	56			56
Reportable segment totals	693	(3)	10	700
<b>Items excluded from Segment Operating Profit:</b>				
Retained corporate costs and other	(51)	3		(48)
Restructuring and asset impairment	(41)			(41)
Interest income	8			8
Interest expense	(246)			(246)
Earnings from continuing operations before income taxes	363	—	10	373
Provision for income taxes	(85)			(85)
Earnings from continuing operations	278	—	10	288
Loss from discontinued operations	(2)			(2)
Net earnings	276	—	10	286
Net earnings attributable to noncontrolling interests	(15)			(15)
Net earnings attributable to the Company	\$ 261	\$ —	\$ 10	\$ 271

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Segment Operating Profit for the Three and Six Months Ended June 30, 2011**

Dollars in millions	Three Months Ended June 30, 2011			
	As Reported	Effect of Change in		Pro Forma Adjusted
		Pension Cost Allocation	Inventory Method	
Europe	\$ 107	\$ 5	\$ —	\$ 112
North America	56	(6)		50
South America	53			53
Asia Pacific	9			9
Reportable segment totals	225	(1)	—	224
<b>Items excluded from Segment Operating Profit:</b>				
Retained corporate costs and other	(14)	1		(13)
Restructuring and asset impairment	(4)			(4)
Interest income	3			3

Interest expense	(100)			(100)
Earnings from continuing operations before income taxes	110	—	—	110
Provision for income taxes	(32)			(32)
Earnings from continuing operations	78	—	—	78
Earnings from discontinued operations	2			2
Net earnings	80	—	—	80
Net earnings attributable to noncontrolling interests	(7)			(7)
Net earnings attributable to the Company	\$ 73	\$ —	\$ —	\$ 73

Dollars in millions	Six Months Ended June 30, 2011			
	As Reported	Effect of Change in		Pro Forma Adjusted
Pension Cost Allocation		Inventory Method		
Europe	\$ 178	\$ 10	\$ —	\$ 188
North America	115	(12)	10	113
South America	98			98
Asia Pacific	33			33
Reportable segment totals	424	(2)	10	432
Items excluded from Segment Operating Profit:				
Retained corporate costs and other	(27)	2		(25)
Restructuring and asset impairment	(12)			(12)
Interest income	6			6
Interest expense	(176)			(176)
Earnings from continuing operations before income taxes	215	—	10	225
Provision for income taxes	(60)			(60)
Earnings from continuing operations	155	—	10	165
Earnings from discontinued operations	1			1
Net earnings	156	—	10	166
Net earnings attributable to noncontrolling interests	(11)			(11)
Net earnings attributable to the Company	\$ 145	\$ —	\$ 10	\$ 155

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Segment Operating Profit for the Three Months Ended March 31, 2011**

Dollars in millions	Three Months Ended March 31, 2011			
	As Reported	Effect of Change in		Pro Forma Adjusted
Pension Cost Allocation		Inventory Method		
Europe	\$ 71	\$ 5	\$ —	\$ 76
North America	59	(6)	10	63
South America	45			45
Asia Pacific	24			24
Reportable segment totals	199	(1)	10	208
Items excluded from Segment Operating Profit:				
Retained corporate costs and other	(13)	1		(12)
Restructuring and asset impairment	(8)			(8)
Interest income	3			3
Interest expense	(76)			(76)
Earnings from continuing operations before income taxes	105	—	10	115
Provision for income taxes	(28)			(28)
Earnings from continuing operations	77	—	10	87
Loss from discontinued operations	(1)			(1)
Net earnings	76	—	10	86
Net earnings attributable to noncontrolling interests	(4)			(4)
Net earnings attributable to the Company	\$ 72	\$ —	\$ 10	\$ 82

**Owens-Illinois, Inc.**  
**Unaudited Pro Forma Segment Operating Profit for the Year Ended December 31, 2010**

Dollars in millions	Year Ended December 31, 2010			
	As Reported	Effect of Change in		Pro Forma Adjusted
Pension Cost		Inventory Method		

		Allocation		
Europe	\$ 324	\$ 16	\$ —	\$ 340
North America	275	(24)	2	253
South America	224			224
Asia Pacific	141	3		144
Reportable segment totals	964	(5)	2	961
Items excluded from Segment Operating Profit:				
Retained corporate costs and other	(89)	5		(84)
Restructuring and asset impairment	(13)			(13)
Acquisition-related costs	(32)			(32)
Asbestos	(170)			(170)
Interest income	13			13
Interest expense	(249)			(249)
Earnings from continuing operations before income taxes	424	—	2	426
Provision for income taxes	(129)			(129)
Earnings from continuing operations	295	—	2	297
Loss from discontinued operations	(300)			(300)
Net earnings	(5)	—	2	(3)
Net earnings attributable to noncontrolling interests	(42)			(42)
Net earnings attributable to the Company	<u>\$ (47)</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ (45)</u>

**Owens-Illinois Group, Inc.**  
**Unaudited Pro Forma Condensed Consolidated Financial Statements**

The unaudited pro forma condensed consolidated financial statements set forth below for Owens-Illinois Group, Inc. give effect to the change in the method for accounting for U.S. inventories from LIFO to average costs as if the change had occurred on December 31, 2011 for balance sheet purposes and January 1, 2010 for income statement purposes. In the opinion of management, all adjustments necessary to present fairly the unaudited pro forma financial information have been made. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements of Owens-Illinois Group, Inc.

**Owens-Illinois Group, Inc.**  
**Unaudited Pro Forma Condensed Consolidated Balance Sheet**

Dollars in millions, except per share amounts	December 31, 2011		
	As Reported	Effect of Change in Inventory Method	Pro Forma Adjusted
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 400	\$ —	\$ 400
Receivables, less allowances for losses and discounts	1,158		1,158
Inventories	1,012	49	1,061
Prepaid expenses	124		124
Total current assets	2,694	49	2,743
<b>Other assets:</b>			
Goodwill	2,082		2,082
Other long-term assets	1,273		1,273
Total other assets	3,355	—	3,355
Net property, plant, and equipment	2,877		2,877
Total assets	\$ 8,926	\$ 49	\$ 8,975
<b>Liabilities and Share Owners' Equity</b>			
<b>Current liabilities:</b>			
Short-term loans and long-term debt due within one year	\$ 406	\$ —	\$ 406
Accounts payable	1,038		1,038
Other current liabilities	636		636
Total current liabilities	2,080	—	2,080
<b>Long-term debt</b>	3,627		3,627
<b>Other long-term liabilities</b>	1,756		1,756
<b>Share owners' equity:</b>			
<b>The Company's share owner's equity:</b>			
Common stock, par value \$.01 per share			
Other contributed capital	295		295
Retained earnings	2,295	49	2,344
Accumulated other comprehensive loss	(1,280)		(1,280)
Total share owner's equity of the Company	1,310	49	1,359
<b>Noncontrolling interests</b>	153		153
Total share owners' equity	1,463	49	1,512
Total liabilities and share owners' equity	\$ 8,926	\$ 49	\$ 8,975

**Owens-Illinois Group, Inc.**  
**Unaudited Pro Forma Condensed Consolidated Results of Operations**

Dollars in millions, except per share amounts	Year ended December 31, 2011		
	As Reported	Effect of Change in Inventory Method	Pro Forma Adjusted
Net sales	\$ 7,358	\$ —	\$ 7,358
Manufacturing, shipping, and delivery	(5,979)	10	(5,969)
Gross profit	1,379	10	1,389
Selling and administrative expense	(556)		(556)
Research, development, and engineering expense	(71)		(71)
Interest expense	(314)		(314)

Interest income	11		11
Equity earnings	66		66
Royalties and net technical assistance	16		16
Other income	11		11
Other expense	(783)		(783)
Earnings (loss) from continuing operations before income taxes	(241)	10	(231)
Provision for income taxes	(85)		(85)
Earnings (loss) from continuing operations	(326)	10	(316)
Net earnings of discontinued operations	1		1
Net earnings (loss)	(325)	10	(315)
Net earnings attributable to noncontrolling interests	(20)		(20)
Net earnings (loss) attributable to the Company	<u>\$ (345)</u>	<u>\$ 10</u>	<u>\$ (335)</u>
Amounts attributable to the Company:			
Earnings (loss) from continuing operations	\$ (346)	\$ 10	\$ (336)
Net earnings of discontinued operations	1		1
Net earnings (loss)	<u>\$ (345)</u>	<u>\$ 10</u>	<u>\$ (335)</u>

**Owens-Illinois Group, Inc.**  
**Unaudited Pro Forma Condensed Consolidated Results of Operations**

Dollars in millions, except per share amounts	Year ended December 31, 2010		
	As Reported	Effect of Change in Inventory Method	Pro Forma Adjusted
Net sales	\$ 6,633	\$ —	\$ 6,633
Manufacturing, shipping, and delivery	(5,283)	2	(5,281)
Gross profit	1,350	2	1,352
Selling and administrative expense	(492)		(492)
Research, development, and engineering expense	(62)		(62)
Interest expense	(249)		(249)
Interest income	13		13
Equity earnings	59		59
Royalties and net technical assistance	16		16
Other income	16		16
Other expense	(57)		(57)
Earnings from continuing operations before income taxes	594	2	596
Provision for income taxes	(137)		(137)
Earnings from continuing operations	457	2	459
Net loss of discontinued operations	(306)		(306)
Net earnings	151	2	153
Net earnings attributable to noncontrolling interests	(42)		(42)
Net earnings attributable to the Company	<u>\$ 109</u>	<u>\$ 2</u>	<u>\$ 111</u>
Amounts attributable to the Company:			
Earnings from continuing operations	\$ 420	\$ 2	\$ 422
Net loss of discontinued operations	(311)		(311)
Net earnings	<u>\$ 109</u>	<u>\$ 2</u>	<u>\$ 111</u>