UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended

March 31, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 33-13061

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

Delaware	**34-1559348**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
One Michael Owens Way, Perrysburg, Ohio	**43551**
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)
Smaller reporting company ☐	Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock, par value $.01, of Owens-Illinois Group, Inc. outstanding as of March 31, 2017 was 100.

Item 1. Financial Statements.

The Condensed Consolidated Financial Statements of Owens-Illinois Group, Inc. (the "Company") presented herein are unaudited but, in the opinion of management, reflect all adjustments necessary to present fairly such information for the periods and at the dates indicated. All adjustments are of a normal recurring nature. Because the following unaudited condensed consolidated financial statements have been prepared in accordance with Article 10 of Regulation S-X, they do not contain all information and footnotes normally contained in annual consolidated financial statements; accordingly, they should be read in conjunction with the Consolidated Financial Statements and notes thereto appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

OWENS-ILLINOIS GROUP, INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
(Dollars in millions)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Net sales	$ 1,615	$ 1,588
Cost of goods sold	(1,300)	(1,269)
Gross profit	315	319
Selling and administrative expense	(119)	(129)
Research, development and engineering expense	(15)	(15)
Interest expense, net	(78)	(66)
Equity earnings	15	14
Other expense, net	(45)	(22)
Earnings from continuing operations before income taxes	73	101
Provision for income taxes	(20)	(27)
Earnings from continuing operations	53	74
Loss from discontinued operations		(1)
Net earnings	53	73
Net earnings attributable to noncontrolling interests	(4)	(6)
Net earnings attributable to the Company	$ 49	$ 67
Amounts attributable to the Company:		
Earnings from continuing operations	$ 49	$ 68
Loss from discontinued operations		(1)
Net earnings	$ 49	$ 67

See accompanying notes.

OWENS-ILLINOIS GROUP, INC.
CONDENSED CONSOLIDATED COMPREHENSIVE INCOME
(Dollars in millions)

	Three months ended March 31,	
	2017	**2016**
Net earnings	$ 53	$ 73
Other comprehensive income (loss):		
Foreign currency translation adjustments	189	94
Pension and other postretirement benefit adjustments, net of tax	11	(42)
Change in fair value of derivative instruments, net of tax	(6)	(2)
Other comprehensive income	194	50
Total comprehensive income	247	123
Comprehensive (income) attributable to noncontrolling interests	(7)	(9)
Comprehensive income attributable to the Company	$ 240	$ 114

See accompanying notes.

OWENS-ILLINOIS GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	March 31, 2017	December 31, 2016	March 31, 2016
Assets			
Current assets:			
Cash and cash equivalents	$ 312	$ 492	$ 239
Trade receivables, net of allowance of $36 million, $32 million, and $31 million at March 31, 2017, December 31, 2016 and March 31, 2016	844	580	771
Inventories	1,051	983	1,107
Prepaid expenses and other current assets	212	199	359
Total current assets	2,419	2,254	2,476
Property, plant and equipment, net	2,926	2,880	2,996
Goodwill	2,524	2,462	2,532
Intangibles, net	485	464	587
Other assets	1,105	1,075	1,097
Total assets	$ 9,459	$ 9,135	$ 9,688
Liabilities and Share Owners' Equity			
Current liabilities:			
Short-term loans and long-term debt due within one year	$ 196	$ 195	$ 239
Accounts payable	1,017	1,135	1,050
Other liabilities	531	615	467
Total current liabilities	1,744	1,945	1,756
Long-term debt	5,431	5,133	5,662
Other long-term liabilities	988	1,002	1,048
Share owners' equity	1,296	1,055	1,222
Total liabilities and share owners' equity	$ 9,459	$ 9,135	$ 9,688

See accompanying notes.

OWENS-ILLINOIS GROUP, INC.
CONDENSED CONSOLIDATED CASH FLOWS
(Dollars in millions)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Cash flows from operating activities:		
Net earnings	$ 53	$ 73
Loss from discontinued operations	—	1
Non-cash charges		
Depreciation and amortization	127	125
Pension expense	7	6
Restructuring, asset impairment and related charges	38	19
Cash payments		
Pension contributions	(14)	(4)
Cash paid for restructuring activities	(8)	(13)
Change in components of working capital	(542)	(488)
Other, net (a)	14	(9)
Cash utilized in continuing operating activities	(325)	(290)
Cash utilized in discontinued operating activities	—	(1)
Total cash utilized in operating activities	(325)	(291)
Cash flows from investing activities:		
Additions to property, plant and equipment	(98)	(117)
Acquisitions, net of cash acquired	(17)	(22)
Other, net	1	6
Cash utilized in investing activities	(114)	(133)
Cash flows from financing activities:		
Changes in borrowings, net	273	274
Other	3	
Distributions to parent	(12)	(6)
Payment of finance fees	(19)	(3)
Cash provided by financing activities	245	265
Effect of exchange rate fluctuations on cash	14	(1)
Decrease in cash	(180)	(160)
Cash at beginning of period	492	399
Cash at end of period	$ 312	$ 239

(a) Other, net includes other non-cash charges plus other changes in non-current assets and liabilities.

See accompanying notes.

Tabular data dollars in millions

1. Basis of Presentation

The Company is a 100% owned subsidiary of Owens-Illinois, Inc. ("OI Inc."). Although OI Inc. does not conduct any operations, it has substantial obligations related to outstanding indebtedness and asbestos-related payments. OI Inc. relies primarily on distributions from its direct and indirect subsidiaries to meet these obligations.

2. Segment Information

The Company has four reportable segments based on its geographic locations: Europe, North America, Latin America and Asia Pacific. These four segments are aligned with the Company's internal approach to managing, reporting, and evaluating performance of its global glass operations. Certain assets and activities not directly related to one of the regions or to glass manufacturing are reported with Retained corporate costs and other. These include licensing, equipment manufacturing, global engineering, and certain equity investments. Retained corporate costs and other also includes certain headquarters administrative and facilities costs and certain incentive compensation and other benefit plan costs that are global in nature and are not allocable to the reportable segments.

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 Company's management uses segment operating profit, in combination with selected cash flow information, to evaluate performance and to allocate resources. Segment operating profit for reportable segments includes an allocation of some corporate expenses based on both a percentage of sales and direct billings based on the costs of specific services provided.

Intercompany sales in Latin America totaled $33 million and $50 million for the three months ended March 31, 2017 and 2016, respectively.

Financial information for the three months ended March 31, 2017 and 2016 regarding the Company's reportable segments is as follows:

	Three months ended March 31,	
	2017	2016
Net sales:		
Europe	$ 554	$ 563
North America	528	532
Latin America	341	312
Asia Pacific	173	159
Reportable segment totals	1,596	1,566
Other	19	22
Net sales	$ 1,615	$ 1,588

	Three months ended March 31, 2017	2016
Segment operating profit:		
Europe	$ 59	$ 55
North America	85	76
Latin America	54	63
Asia Pacific	20	17
Reportable segment totals	218	211
Items excluded from segment operating profit:		
Retained corporate costs and other	(28)	(32)
Restructuring, asset impairment and other	(39)	(12)
Interest expense, net	(78)	(66)
Earnings from continuing operations before income taxes	$ 73	$ 101

Financial information regarding the Company's total assets is as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Total assets:			
Europe	$ 2,858	$ 2,792	$ 3,047
North America	2,742	2,522	2,550
Latin America	2,691	2,537	2,855
Asia Pacific	998	926	933
Reportable segment totals	9,289	8,777	9,385
Other	170	358	303
Consolidated totals	$ 9,459	$ 9,135	$ 9,688

3. Inventories

Major classes of inventory at March 31, 2017, December 31, 2016 and March 31, 2016 are as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Finished goods	$ 889	$ 827	$ 954
Raw materials	124	118	116
Operating supplies	38	38	37
	$ 1,051	$ 983	$ 1,107

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets at March 31, 2017, December 31, 2016 and March 31, 2016 are as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Prepaid expenses	$ 64	$ 50	$ 52
Value added taxes	49	46	192
Other	99	103	115
	$ 212	$ 199	$ 359

5. Derivative Instruments

The Company has certain derivative assets and liabilities which consist of natural gas forwards and foreign exchange option and forward contracts. The Company uses an income approach to value these contracts. Natural gas forward rates and foreign exchange rates are the significant inputs into the valuation models. These inputs are observable in active markets over the terms of the instruments the Company holds, and accordingly, the Company classifies its derivative assets and liabilities as Level 2 in the hierarchy. The Company also evaluates counterparty risk in determining fair values.

Commodity Forward Contracts Designated as Cash Flow Hedges

In several regions, the Company enters into commodity forward contracts related to forecasted natural gas requirements, the objectives of which are to limit the effects of fluctuations in the future market price paid for natural gas and the related volatility in cash flows. In North America, the majority of its customer contracts contain provisions that pass the price of natural gas to its customers. In certain of these contracts, the customer has the option of fixing the natural gas price component for a specified period of time. To limit the effects of fluctuations in cash flows resulting from these customer contracts, the Company enters into commodity forward contracts related to forecasted natural gas requirements. In Asia Pacific, the Company implemented a hedging program in the first quarter of 2016, which included the execution of commodity forward contracts for certain contracted natural gas requirements. At March 31, 2017 and 2016, the Company had entered into commodity forward contracts covering approximately 11,200,000 MM BTUs and 12,600,000 MM BTUs, respectively.

The Company accounts for the above forward contracts as cash flow hedges at March 31, 2017 and recognizes them on the balance sheet at fair value. The effective portion of changes in the fair value of a derivative that is designated as, and meets the required criteria for, a cash flow hedge is recorded in the Accumulated Other Comprehensive Income component of share owners' equity ("OCI") and reclassified into earnings in the same period or periods during which the underlying hedged item affects earnings. An unrecognized gain of $1 million at March 31, 2017, an unrecognized gain of $6 million at December 31, 2016 and an unrecognized loss of $4 million at March 31, 2016 related to the commodity forward contracts was included in Accumulated OCI, and will be reclassified into earnings in the period when the commodity forward contracts expire. Any material portion of the change in the fair value of a derivative designated as a cash flow hedge that is deemed to be ineffective is recognized in current earnings. The ineffectiveness related to these natural gas hedges for the three months ended March 31, 2017 and 2016 was not material.

The effect of the commodity forward contracts on the results of operations for the three months ended March 31, 2017 and 2016 is as follows:

Amount of Gain (Loss) Recognized in OCI on Commodity Forward Contracts (Effective Portion)		Amount of Gain Reclassified from Accumulated OCI into Income (reported in cost of goods sold) (Effective Portion)	
2017	**2016**	**2017**	**2016**
$ 6	$ (4)	$ —	$ 2

Foreign Exchange Derivative Contracts and not Designated as Hedging Instruments

The Company may enter into short-term forward exchange or option agreements to purchase foreign currencies at set rates in the future. These agreements are used to limit exposure to fluctuations in foreign currency exchange rates for significant planned purchases of fixed assets or commodities that are denominated in currencies other than the subsidiaries' functional currency. The Company may also use foreign exchange agreements to offset the foreign currency risk for receivables and payables, including intercompany receivables, payables, and loans, not denominated in, or indexed to, their functional currencies. The Company records these short-term foreign exchange agreements on the balance sheet at fair value and changes in the fair value are recognized in current earnings.

At March 31, 2017 and 2016, the Company had outstanding foreign exchange and option agreements denominated in various currencies covering the equivalent of approximately $340 million and $660 million, respectively, related primarily to intercompany transactions and loans.

The effect of the foreign exchange derivative contracts on the results of operations for the three months ended March 31, 2017 and 2016 is as follows:

Location of Gain (Loss) Recognized in Income on Foreign Exchange Contracts	Amount of Gain (Loss) Recognized in Income on Foreign Exchange Contracts 2017	2016
Other expense	$ —	$ 5

Balance Sheet Classification

The Company records the fair values of derivative financial instruments on the balance sheet as follows: (a) receivables if the instrument has a positive fair value and maturity within one year, (b) deposits, receivables, and other assets if the instrument has a positive fair value and maturity after one year, and (c) other accrued liabilities or other liabilities (current) if the instrument has a negative fair value and maturity within one year.

The following table shows the amount and classification (as noted above) of the Company's derivatives at March 31, 2017, December 31, 2016 and March 31, 2016:

	Balance Sheet Location	Fair Value March 31, 2017	December 31, 2016	March 31, 2016
Asset derivatives:				
Derivatives designated as hedging instruments:				
Commodity futures contracts	a	$ 2	$ 6	$ —
Derivatives not designated as hedging instruments:				
Foreign exchange derivative contracts	a	5	9	15
Total asset derivatives		$ 7	$ 15	$ 15
Liability derivatives:				
Derivatives designated as hedging instruments:				
Commodity futures contracts	c	$ 1	$ —	$ 4
Derivatives not designated as hedging instruments:				
Foreign exchange derivative contracts	c	2	5	2
Total liability derivatives		$ 3	$ 5	$ 6

6. Restructuring Accruals

Selected information related to the restructuring accruals for the three months ended March 31, 2017 and 2016 is as follows:

	Other Restructuring Actions
Balance at January 1, 2017	$ 85
Charges	38
Write-down of assets to net realizable value	(9)
Net cash paid, principally severance and related benefits	(8)
Other, including foreign exchange translation	(2)
Balance at March 31, 2017	$ 104

	Asia Pacific Restructuring	Other Restructuring Actions	Total Restructuring
Balance at January 1, 2016	$ 7	$ 36	$ 43
Charges	1	18	19
Write-down of assets to net realizable value		(7)	(7)
Net cash paid, principally severance and related benefits	(1)	(12)	(13)
Other, including foreign exchange translation	(1)	(1)	(2)
Balance at March 31, 2016	$ 6	$ 34	$ 40

The Company's decisions to curtail selected production capacity have resulted in write downs of certain long-lived assets to the extent their carrying amounts exceeded fair value or fair value less cost to sell. The Company classified the significant assumptions used to determine the fair value of the impaired assets, which was not material, as Level 3 in the fair value hierarchy as set forth in the general accounting principles for fair value measurements.

When a decision is made to take these actions, the Company manages and accounts for them separately from the on-going operations of the business. Information related to major programs (as in the case of the Asia Pacific Restructuring program above) are presented separately. Minor initiatives and discrete restructuring actions are presented on a combined basis as Other Restructuring Actions. When charges related to major programs are completed, remaining accrual balances are classified within Other Restructuring Actions.

Asia Pacific Restructuring

During the three months ended March 31, 2016, the Company recorded charges of $1 million. These charges primarily represented other exit costs as part of the Company's Asia Pacific Restructuring program. The Company recorded total cumulative charges of $224 million and does not expect to execute any further actions under this program. The Company expects that the majority of the remaining cash expenditures related to the above charges will be paid out by the end of 2017.

Other Restructuring Actions

During the three months ended March 31, 2017, the Company recorded restructuring, asset impairment and other charges of $38 million. These charges primarily consist of employee costs, write-down of assets, and other exit costs in the following regions: Latin America ($23 million), Europe ($13 million) and North America ($2 million). Except for the charges recorded in Europe, the discrete restructuring charges recorded in the first quarter of 2017 are expected to approximate the total cumulative costs for those actions as no significant additional costs are expected to be incurred. Since 2016, the Company has recorded total cumulative charges of $54 million related to a plant closure in Europe and does not expect to execute any further significant actions related to this facility. The restructuring charges recorded in the first quarter of 2017 in the Latin American and European regions primarily relate to capacity curtailments. The Company plans to reallocate the products produced at these facilities to others in their respective regions. The Company expects that the majority of the remaining cash expenditures related to the above charges will be paid out by the end of 2018.

During the three months ended March 31, 2016, the Company recorded charges of $18 million. These charges primarily represented employee costs, write-down of assets, and other exit costs of $14 million for a plant closure in the first quarter of 2016 in Latin America, $3 million related to a previous plant closure in North America and $1 million related to other restructuring actions. The discrete restructuring charges recorded in the first quarter of 2016 are expected to approximate the total cumulative costs for those actions as no significant additional costs are expected to be incurred. The restructuring charges recorded in the first quarter of 2016 in the Latin American region primarily relate to a capacity curtailment. The Company reallocated the products produced at this facility to others in the region. The Company expects that the majority of the remaining cash expenditures related to the above charges will be paid out by the end of 2017.

7. Pension Benefit Plans

The components of the net periodic pension cost for the three months ended March 31, 2017 and 2016 are as follows:

	U.S.		Non-U.S.	
	2017	2016	2017	2016
Service cost	$ 4	$ 4	$ 4	$ 4
Interest cost	20	24	11	13
Expected asset return	(33)	(38)	(18)	(21)
Amortization:				
Prior service cost				
Actuarial loss	14	15	5	5
Net periodic pension cost	$ 5	$ 5	$ 2	$ 1

In March 2016, the Company remeasured the liability related to its hourly plan in the U.S. to reflect certain changes in future benefits. The remeasurement resulted in an increase to its pension liability of approximately $60 million and has been reflected in other comprehensive income.

8. Income Taxes

The Company performs a quarterly review of the annual effective tax rate and makes changes if necessary based on new information or events. The estimated annual effective tax rate is forecasted quarterly using actual historical information and forward-looking estimates. The estimated annual effective tax rate may fluctuate due to changes in forecasted annual operating income; changes in the forecasted mix of earnings by country; changes to the valuation allowance for deferred tax assets (such changes would be recorded discretely in the quarter in which they occur); changes to actual or forecasted permanent book to tax differences (non-deductible expenses); impacts from future tax settlements with state, federal or foreign tax authorities (such changes would be recorded discretely in the quarter in which they occur); or impacts from tax law changes. To the extent such changes impact deferred tax assets/liabilities, these changes would generally be recorded discretely in the quarter in which they occur. Additionally, the annual effective tax rate differs from the statutory U.S. Federal tax rate of 35% primarily because of valuation allowances in some jurisdictions and varying non-U.S. tax rates.

The Company is currently under examination in various tax jurisdictions in which it operates, including Argentina, Bolivia, Brazil, China, Canada, Colombia, Czech, Ecuador, France, Germany, Indonesia, and Italy. The years under examination range from 2006 through 2015. The Company has received income tax assessments in excess of established reserves. The Company believes that adequate provisions for all income tax uncertainties have been made. However, if income tax assessments are settled against the Company at amounts in excess of established reserves, it could have a material impact to the Company's results of operations, financial position or cash flows.

9. Debt

The following table summarizes the long-term debt of the Company:

	March 31, 2017	December 31, 2016	March 31, 2016
Secured Credit Agreement:			
Revolving Credit Facility:			
Revolving Loans	$ 285	$ —	$ 288
Term Loans:			
Term Loan A	1,370	1,395	1,534
Term Loan A (€279 million)	284	282	309
Term Loan B			558
Senior Notes:			
6.75%, due 2020 (€500 million)	530	523	561
4.875%, due 2021 (€330 million)	350	345	370
5.00%, due 2022	495	495	494
5.875%, due 2023	683	682	680
3.125%, due 2024 (€725 million at March 31, 2017 and €500 million at December 31, 2016)	763	520	
5.375%, due 2025	297	297	296
6.375%, due 2025	294	294	294
Payable to OI Inc.	22	250	250
Capital Leases	56	57	58
Other	26	26	32
Total long-term debt	5,455	5,166	5,724
Less amounts due within one year	24	33	62
Long-term debt	$ 5,431	$ 5,133	$ 5,662

On April 22, 2015, the Company entered into a Senior Secured Credit Facility, which subsequently has been amended several times with the most recent amendment being entered into on February 3, 2016 (the "Amended Agreement").

At March 31, 2017, the Amended Agreement includes a $300 million revolving credit facility, a $600 million multicurrency revolving credit facility, a $1,575 million term loan A facility ($1,370 million net of debt issuance costs), and a €279 million term loan A facility ($284 million net of debt issuance costs), each of which has a final maturity date of April 22, 2020. At March 31, 2017, the Company had unused credit of $599 million available under the Amended Agreement. The weighted average interest rate on borrowings outstanding under the Amended Agreement at March 31, 2017 was 2.46%.

The Amended Agreement contains various covenants that restrict, among other things and subject to certain exceptions, the ability of the Company to incur certain liens, make certain investments, become liable under contingent obligations in certain defined instances only, make restricted payments, make certain asset sales within guidelines and limits, engage in certain affiliate transactions, participate in sale and leaseback financing arrangements, alter its fundamental business, and amend certain subordinated debt obligations.

The Amended Agreement also contains one financial covenant, a Total Leverage Ratio, that requires the Company not to exceed a ratio calculated by dividing consolidated total debt, less cash and cash equivalents, by consolidated EBITDA, as defined in the Amended Agreement. The Total Leverage Ratio could restrict the ability of the Company to undertake additional financing or acquisitions to the extent that such financing or acquisitions would cause the Total Leverage Ratio to exceed the specified maximum of (i) 4.5x for the three fiscal quarters ending March 31, 2017, June 30, 2017 and September 30, 2017, and (ii) 4.0x for the fourth fiscal quarter ending December 31, 2017 and each fiscal quarter thereafter.

Failure to comply with these covenants and restrictions could result in an event of default under the Amended Agreement. In such an event, the Company would be unable to request borrowings under the revolving facility, and all amounts outstanding under the Amended Agreement, together with accrued interest, could then be declared immediately due and payable. If an event of default occurs under the Amended Agreement and the lenders cause all of the outstanding debt obligations under the Amended Agreement to become due and payable, this would result in a default under a number of other outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. As of March 31, 2017, the Company was in compliance with all covenants and restrictions in the Amended Agreement. In addition, the Company believes that it will remain in compliance and that its ability to borrow funds under the Amended Agreement will not be adversely affected by the covenants and restrictions.

The interest rates on borrowings under the Amended Agreement are, at the Company's option, the Base Rate or the Eurocurrency Rate, as defined in the Amended Agreement, plus an applicable margin. The applicable margin for the term loan A facility and the revolving credit facility is linked to the Company's Total Leverage Ratio and ranges from 1.25% to 1.75% for Eurocurrency Rate loans and from 0.25% to 0.75% for Base Rate loans. In addition, a facility fee is payable on the revolving credit facility commitments ranging from 0.20% to 0.30% per annum linked to the Total Leverage Ratio.

Borrowings under the Amended Agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company's domestic subsidiaries and certain foreign subsidiaries. Borrowings are also secured by a pledge of intercompany debt and equity investments in certain of the Company's domestic subsidiaries and, in the case of foreign borrowings, of stock of certain foreign subsidiaries. All borrowings under the Amended Agreement are guaranteed by certain domestic subsidiaries of the Company.

During August 2015, the Company issued senior notes with a face value of $700 million that bear interest at 5.875% and are due August 15, 2023 (the "Senior Notes due 2023") and senior notes with a face value of $300 million that bear interest at 6.375% and are due August 15, 2025 (together with the Senior Notes due 2023, the "2015 Senior Notes"). The 2015 Senior Notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds from the 2015 Senior Notes, after deducting the debt discount and debt issuance costs, totaled approximately $972 million.

During November 2016, the Company issued senior notes with a face value of €500 million that bear interest at 3.125% and are due November 15, 2024 (the "Senior Notes due 2024"). The notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $520 million and were used to repay the term loan B facility under the Amended Agreement. In March 2017, the Company expanded its borrowings under the Senior Notes due 2024 by issuing €225 million of additional notes that bear interest at 3.125% and are due November 15, 2024. The notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $237 million and were used to repay a portion of the Company's revolving credit facility.

In March 2017, OI Inc. purchased in a tender offer approximately $228 million aggregate principal amount of its 7.80% Senior Debentures due in 2018. Approximately $22 million of the Senior Debentures remain outstanding as of March 31, 2017. As part of the tender offer, the Company recorded $17 million of additional interest charges for note repurchase premiums and the related write-off of unamortized finance fees in the first quarter of 2017.

The Company assesses its capital raising and refinancing needs on an ongoing basis and may enter into additional credit facilities and seek to issue equity and/or debt securities in the domestic and international capital markets if market conditions are favorable. Also, depending on market conditions, the Company may elect to repurchase portions of its debt securities in the open market.

The Company has a €185 million European accounts receivable securitization program, which extends through March 2019, subject to periodic renewal of backup credit lines.

Information related to the Company's accounts receivable securitization program is as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Balance (included in short-term loans)	$ 148	$ 152	$ 157
Weighted average interest rate	0.88 %	0.74 %	1.03 %

The carrying amounts reported for the accounts receivable securitization program, and certain long-term debt obligations subject to frequently redetermined interest rates, approximate fair value. Fair values for the Company's significant fixed rate debt obligations are based on published market quotations, and are classified as Level 1 in the fair value hierarchy.

Fair values at March 31, 2017 of the Company's significant fixed rate debt obligations are as follows:

	Principal Amount	Indicated Market Price	Fair Value
Senior Notes:			
6.75%, due 2020 (€500 million)	$ 534	$ 119.56	$ 638
4.875%, due 2021 (€330 million)	352	113.94	401
5.00%, due 2022	500	103.00	515
5.875%, due 2023	700	105.95	742
3.125%, due 2024 (€725 million)	774	100.09	775
6.375%, due 2025	300	107.28	322
5.375%, due 2025	300	101.47	304

10. Contingencies

Asbestos

OI Inc. is a defendant in numerous lawsuits alleging bodily injury and death as a result of exposure to asbestos. From 1948 to 1958, one of OI Inc.'s former business units commercially produced and sold approximately $40 million of a high-temperature, calcium-silicate based insulation material containing asbestos. OI Inc. sold its insulation business unit at the end of April 1958. The typical asbestos personal injury lawsuit alleges various theories of liability, including negligence, gross negligence and strict liability and seeks compensatory and, in some cases, punitive damages in various amounts (herein referred to as "asbestos claims").

As of March 31, 2017, OI Inc. has determined that it is a named defendant in asbestos lawsuits and claims involving approximately 1,400 plaintiffs and claimants. Based on an analysis of the lawsuits pending as of December 31, 2016, approximately 88% of plaintiffs either do not specify the monetary damages sought, or in the case of court filings, claim an amount sufficient to invoke the jurisdictional minimum of the trial court. Approximately 9% of plaintiffs specifically plead damages above the jurisdictional minimum up to, and including, $15 million or less, and 3% of plaintiffs specifically plead damages greater than $15 million but less than or equal to $100 million.

As indicated by the foregoing summary, current pleading practice permits considerable variation in the assertion of monetary damages. OI Inc.'s experience resolving hundreds of thousands of asbestos claims and lawsuits over an extended period demonstrates that the monetary relief alleged in a complaint bears little relevance to a claim's merits or disposition value. Rather, the amount potentially recoverable is determined by such factors as the type and severity of the plaintiff's asbestos disease, the plaintiff's medical history and exposure to other disease-causing agents, the product identification evidence against OI Inc. and other co-defendants, the defenses available to OI Inc. and other co-defendants, the specific jurisdiction in which the claim is made, and the plaintiff's firm representing the claimant.

In addition to the pending claims set forth above, OI Inc. has claims-handling agreements in place with many plaintiffs' counsel throughout the country. These agreements require evaluation and negotiation regarding whether particular claimants qualify under the criteria established by such agreements. The criteria for such claims include verification of a compensable illness and a reasonable probability of exposure to a product manufactured by OI Inc.'s former business unit during its manufacturing period ending in 1958.

OI Inc. has also been a defendant in other asbestos-related lawsuits or claims involving maritime workers, medical monitoring claimants, co-defendants and property damage claimants. Based upon its past experience, OI Inc. believes that these categories of lawsuits and claims will not involve any material liability and they are not included in the above description of pending matters or in the following description of disposed matters.

Since receiving its first asbestos claim, OI Inc. as of March 31, 2017, has disposed of asbestos claims of approximately 398,000 plaintiffs and claimants at an average indemnity payment per claim of approximately $9,400. OI Inc.'s asbestos indemnity payments have varied on a per claim basis, and are expected to continue to vary considerably over time. Asbestos-related cash payments for 2016, 2015 and 2014 were $125 million, $138 million and $148 million, respectively. OI Inc.'s cash payments per claim disposed (inclusive of legal costs) were approximately $71,000,

$95,000, and $81,000 for the years ended December 31, 2016, 2015 and 2014, respectively.

As discussed above, OI Inc.'s objective is to achieve, where possible, resolution of asbestos claims pursuant to claims-handling agreements. Failure of claimants to meet certain medical and product exposure criteria in OI Inc.'s administrative claims handling agreements has generally reduced the number of claims that would otherwise have been received by OI Inc. in the tort system. In addition, certain court orders and legislative acts have reduced or eliminated the number of claims that OI Inc. otherwise would have received by OI Inc. in the tort system. These developments generally have had the effect of increasing OI Inc.'s per-claim average indemnity payment over time.

Beginning with the initial liability of $975 million established in 1993, OI Inc. has accrued a total of approximately $4.9 billion through March 31, 2017, before insurance recoveries, for its asbestos-related liability. OI Inc.'s estimates of its liability have been significantly affected by, among other factors, the volatility of asbestos-related litigation in the United States, the significant number of co-defendants that have filed for bankruptcy, the inherent uncertainty of future disease incidence and claiming patterns against OI Inc., the significant expansion of the defendants that are now sued in this litigation, and the continuing changes in the extent to which these defendants participate in the resolution of cases in which OI Inc. is also a defendant.

OI Inc. continues to monitor trends that may affect its ultimate liability and analyze the developments and variables likely to affect the resolution of pending and future asbestos claims against OI Inc. The material components of OI Inc.'s total accrued liability are determined by OI Inc. in connection with its annual comprehensive legal review and consist of the following estimates, to the extent it is probable that such liabilities have been incurred and can be reasonably estimated: (i) the liability for asbestos claims already asserted against OI Inc.; (ii) the liability for asbestos claims not yet asserted against OI Inc.; and (iii) the legal defense costs estimated to be incurred in connection with the claims already asserted and those claims OI Inc. believes will be asserted.

As noted above, OI Inc. conducts a comprehensive legal review of its asbestos-related liabilities and costs annually in connection with finalizing and reporting its annual results of operations, unless significant changes in trends or new developments warrant an earlier review. As part of its annual comprehensive legal review, OI Inc. provides historical claims filing data to a third party with expertise in determining the impact of disease incidence and mortality on future filing trends to develop information to assist OI Inc. in estimating the total number of future claims to be filed. OI Inc. uses this estimate of total future claims, along with an estimation of disposition costs and related legal costs as inputs to develop its best estimate of total probable liability. If the results of the annual comprehensive legal review indicate that the existing amount of the accrued liability is lower (higher) than its reasonably estimable asbestos-related costs, then OI Inc. will record an appropriate charge (credit) to OI Inc.'s results of operations to increase (decrease) the accrued liability.

The significant assumptions underlying the material components of the OI Inc.'s accrual are:

a) settlements will continue to be limited almost exclusively to claimants who were exposed to OI Inc.'s asbestos-containing insulation prior to its exit from that business in 1958;

b) claims will continue to be resolved primarily under OI Inc.'s administrative claims agreements or on terms comparable to those set forth in those agreements;

c) the incidence of serious asbestos-related disease cases and claiming patterns against OI Inc. for such cases do not change materially;

d) OI Inc. is substantially able to defend itself successfully at trial and on appeal;

e) the number and timing of additional co-defendant bankruptcies do not change significantly the assets available to participate in the resolution of cases in which OI Inc. is a defendant; and

f) co-defendants with substantial resources and assets continue to participate significantly in the resolution of future asbestos lawsuits and claims.

For the years ended December 31, 2016 and 2015, OI Inc. concluded that accruals in the amount of $692 million and $817 million, respectively, were required. These amounts have not been discounted for the time value of money. OI Inc.'s comprehensive legal reviews resulted in charges of $0 million, $16 million and $46 million for the years ending December 31, 2016, 2015 and 2014, respectively.

OI Inc. believes it is reasonably possible that it will incur a loss for its asbestos-related liabilities in excess of the amount currently recognized, which is $692 million as of December 31, 2016. OI Inc. estimates that reasonably possible losses could be as high as $825 million. This estimate of additional reasonably possible loss reflects a legal judgment about the number and cost of potential future claims and legal costs. OI Inc. believes this estimate is consistent with the level of variability it has experienced when comparing actual results to recent near-term projections. However, it is also possible that the ultimate asbestos-related liability could be above this estimate.

OI Inc. expects a significant majority of the total number of claims to be received in the next ten years. This timeframe appropriately reflects the mortality of current and expected claimants in light of OI Inc.'s sale of its insulation business unit in 1958.

As noted above, OI Inc.'s asbestos-related liability is based on a projection of new claims that will eventually be filed against OI Inc. and the estimated average disposition cost of these claims and related legal costs. Changes in the significant assumptions noted above have the potential to impact these key factors, which are critical to the estimation of OI Inc.'s asbestos-related liability significantly.

Other Matters

On July 5, 2016, OI Inc. learned that the Enforcement Division of the SEC is conducting an investigation into certain accounting and control matters pertaining to the determination of its asbestos-related liabilities. On May 13, 2016, OI Inc. restated its consolidated financial statements for the years ended December 31, 2015, 2014 and 2013 in order to correct an error related to its method for estimating its future asbestos-related liabilities. OI Inc. is cooperating with the SEC's investigation. At this time, OI Inc. is unable to predict the outcome of this matter or provide meaningful quantification of how the final resolution of this matter may impact its future consolidated financial statements, results of operations, or cash flows.

Other litigation is pending against the Company, in many cases involving ordinary and routine claims incidental to the business of the Company and in others presenting allegations that are non-routine and involve compensatory, punitive or treble damage claims as well as other types of relief. The Company records a liability for such matters when it is both probable that the liability has been incurred and the amount of the liability can be reasonably estimated. Recorded amounts are reviewed and adjusted to reflect changes in the factors upon which the estimates are based, including additional information, negotiations, settlements and other events.

11. Share Owners' Equity

The activity in share owners' equity for the three months ended March 31, 2017 and 2016 is as follows:

	Share Owners' Equity of the Company				
	Other Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Share Owners' Equity
Balance on January 1, 2017	$ 635	$ 2,442	$ (2,131)	$ 109	$ 1,055
Net contribution from parent	(6)				(6)
Net earnings		49		4	53
Other comprehensive income			191	3	194
Balance on March 31, 2017	$ 629	$ 2,491	$ (1,940)	$ 116	$ 1,296

	Share Owners' Equity of the Company				
	Other Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Share Owners' Equity
Balance on January 1, 2016	$ 731	$ 2,233	$ (1,976)	$ 108	$ 1,096
Net distribution to parent	3				3
Net earnings		67		6	73
Other comprehensive income			46	4	50
Balance on March 31, 2016	$ 734	$ 2,300	$ (1,930)	$ 118	$ 1,222

12. Accumulated Other Comprehensive Loss

The activity in accumulated other comprehensive loss for the three months ended March 31, 2017 and 2016 is as follows:

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance on January 1, 2017	$ (788)	$ 3	$ (1,346)	$ (2,131)
Change before reclassifications	186		(12)	174
Amounts reclassified from accumulated other comprehensive income		(6)(a)	19 (b)	13
Translation effect			4	4
Other comprehensive income (loss) attributable to the Company	186	(6)	11	191
Balance on March 31, 2017	$ (602)	$ (3)	$ (1,335)	$ (1,940)

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance on January 1, 2016	$ (568)	$ (10)	$ (1,398)	$ (1,976)
Change before reclassifications	90			90
Amounts reclassified from accumulated other comprehensive income		(2)(a)	(43)(b)	(45)
Translation effect			1	1
Other comprehensive income (loss) attributable to the Company	90	(2)	(42)	46
Balance on March 31, 2016	$ (478)	$ (12)	$ (1,440)	$ (1,930)

(a) Amount is included in Cost of goods sold on the Condensed Consolidated Results of Operations (see Note 5 for additional information).
(b) Amount is included in the computation of net periodic pension cost (see Note 7 for additional information) and net postretirement benefit cost.

13. Other Expense (Income), net

Other expense (income), net for the three months ended March 31, 2017 and 2016 included the following:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Restructuring, asset impairment and other charges	$ 39	$ 19
Gain on sale of land in China		(7)
Foreign currency exchange loss (gain)	(1)	3
Intangible amortization expense	10	11
Royalty income	(4)	(3)
Other expense (income)	1	(1)
	$ 45	$ 22

14. Supplemental Cash Flow Information

Financial information regarding the Company's supplemental cash flow information is as follows:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Interest paid in cash	$ 98	$ 84
Income taxes paid in cash (all non-U.S.)	33	37

Cash interest for the three months ended March 31, 2017 includes $16 million of note repurchase premiums related to debt that was repaid prior to its maturity.

The Company uses various factoring programs to sell certain receivables to financial institutions as part of managing its cash flows. At March 31, 2017 and March 31, 2016, the amount of receivables sold by the Company was $202 million and $268 million, respectively. Any continuing involvement with the sold receivables is immaterial.

15. Discontinued Operations

On April 4, 2016, the annulment committee formed by the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") ruled that a subsidiary of the Company is free to pursue the enforcement of a prior arbitration award against Venezuela. That award amounts to more than $500 million after including interest from the date of the expropriation by Venezuela (October 26, 2010). Venezuela's application to annul the award is still pending. The Company intends to take appropriate steps to vigorously enforce and collect the award, which is enforceable in approximately 150 member states that are party to the ICSID Convention. However, even with the lifting of the stay of enforcement, the Company recognizes that the collection of the award may present significant practical challenges. Because the award has yet to be satisfied and the annulment proceeding is pending, the Company is unable at this stage to reasonably predict the efforts that will be necessary to successfully enforce collection of the award, the amount of the award or the timing of any such collection efforts. Therefore, the Company has not recognized this award in its financial statements.

A separate arbitration is pending with ICSID to obtain compensation primarily for third-party minority shareholders' lost interests in the two expropriated plants.

The loss from discontinued operations of less than $1 million and $1 million for the three months ended March 31, 2017 and March 31, 2016, respectively, relates to ongoing costs for the Venezuelan expropriation.

16. New Accounting Pronouncement

Revenue from Contracts with Customers - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. In August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers", which delayed by one year the effective date of the new revenue recognition standard, which will be effective for the Company on January 1, 2018. The Company has started an implementation process, including a review of customer contracts, to evaluate the effect this standard will have on its consolidated financial statements and related disclosures. At this time, the Company does not expect that the implementation of this standard in 2018 will have a significant impact on the timing in which it recognizes revenue. While the Company continues to assess the potential impacts of the new standard, the Company does not currently expect the adoption of the new standard to have a material impact on consolidated net income or the consolidated balance sheet. The standard requires new substantial disclosures and the Company continues to evaluate these requirements. The Company plans to select the modified retrospective transition method upon adoption effective January 1, 2018.

Leases - In February 2016, the FASB issued ASU No. 2016-02, "Leases". Under this guidance, lessees will be required to recognize on the balance sheet a lease liability and a right-of-use asset for all leases, with the exception of short-term leases. The lease liability represents the lessee's obligation to make lease payments arising from a lease, and will be measured as the present value of the lease payments. The right-of-use asset represents the lessee's right to use a specified asset for the lease term, and will be measured at the lease liability amount, adjusted for lease prepayment, lease incentives received and the lessee's initial direct costs. The standard also requires a lessee to recognize a single lease cost allocated over the lease term, generally on a straight-line basis. The new guidance is effective for the Company on January 1, 2019. ASU No. 2016-02 is required to be applied using the modified retrospective approach for all leases existing as of the effective date and provides for certain practical expedients. Early adoption is permitted. The Company is currently evaluating the effects that the adoption of ASU No. 2016-02 will have on the Company's consolidated financial statements, and anticipates the new guidance will significantly impact its consolidated financial statements as the Company has a significant number of leases. As further described in Note 16 in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, the Company had minimum lease commitments under non-cancellable operating leases totaling $205 million as of December 31, 2016.

Stock Compensation - In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting," which requires all excess tax benefits or deficiencies to be recognized as income tax expense or benefit in the income statement. In addition, excess tax benefits should be classified along with other income tax cash flows as an operating activity in the statement of cash flows. Application of the standard is required for the annual and interim periods beginning after December 15, 2016. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements.

17. Financial Information for Subsidiary Guarantors and Non-Guarantors

The following presents condensed consolidating financial information for the Company, segregating: (1) Owens-Illinois Group, Inc. (the “Parent”); (2) Owens-Brockway Glass Container Inc. (the “Issuer”); (3) those domestic subsidiaries that guarantee the 5.00% senior notes, the 5.875% senior notes, the 5.375% senior notes, and the 6.375% senior notes of the Issuer (the “Guarantor Subsidiaries”); and (4) all other subsidiaries (the “Non-Guarantor Subsidiaries”). The Guarantor Subsidiaries are 100% owned direct and indirect subsidiaries of the Parent and their guarantees are full, unconditional and joint and several. The Parent is also a guarantor, and its guarantee is full, unconditional and joint and several.

Certain reclassifications have been made to conform all of the financial information to the financial presentation on a consolidated basis. The principal eliminations relate to investments in subsidiaries and intercompany balances and transactions.

Balance Sheet	March 31, 2017 Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current assets:						
Cash and cash equivalents	$ —	$	$ 20	$ 292	$	$ 312
Trade receivables, net		79	26	739		844
Inventories		214	28	809		1,051
Prepaid expenses and other current assets		19	18	175		212
Total current assets	—	312	92	2,015	—	2,419
Investments in and advances to subsidiaries	1,202	2,951	1,004		(5,157)	—
Property, plant and equipment, net		708	6	2,212		2,926
Intangibles, net				485		485
Goodwill		581	332	1,611		2,524
Other assets		110	233	762		1,105
Total assets	$ 1,202	$ 4,662	$ 1,667	$ 7,085	$ (5,157)	$ 9,459
Current liabilities:						
Accounts payable	$	$ 173	$ 19	$ 825	$	$ 1,017
Short-term loans and long-term debt due within one year		1		195		196
Other liabilities		92	52	387		531
Total current liabilities	—	266	71	1,407	—	1,744
Long-term debt	22	3,185		2,224		5,431
Other long-term liabilities		8	393	587		988
Investments by and advances from parent		1,203	1,203	2,751	(5,157)	—
Total share owner's equity of the Company	1,180					1,180
Noncontrolling interests				116		116
Total liabilities and share owners' equity	$ 1,202	$ 4,662	$ 1,667	$ 7,085	$ (5,157)	$ 9,459

	December 31, 2016					
Balance Sheet	**Parent**	**Issuer**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Current assets:						
Cash and cash equivalents	$ —	$ —	$ 33	$ 459	$ —	$ 492
Trade receivables, net		64	14	502		580
Inventories		202	27	754		983
Prepaid expenses and other current assets		27	16	156		199
Total current assets	—	293	90	1,871	—	2,254
Investments in and advances to subsidiaries	1,196	2,980	1,028		(5,204)	—
Property, plant and equipment, net		721	6	2,153		2,880
Intangibles, net				464		464
Goodwill		582	332	1,548		2,462
Other assets		111	237	727		1,075
Total assets	$ 1,196	$ 4,687	$ 1,693	$ 6,763	$ (5,204)	$ 9,135
Current liabilities:						
Accounts payable	$	$ 177	$ 22	$ 936	$	$ 1,135
Short-term loans and long-term debt due within one year		12		183		195
Other liabilities		129	68	418		615
Total current liabilities	—	318	90	1,537	—	1,945
Long-term debt	250	3,163		1,720		5,133
Other long-term liabilities		11	408	583		1,002
Investments by and advances from parent		1,195	1,195	2,814	(5,204)	—
Total share owner's equity of the Company	946					946
Noncontrolling interests				109		109
Total liabilities and share owners' equity	$ 1,196	$ 4,687	$ 1,693	$ 6,763	$ (5,204)	$ 9,135

	March 31, 2016					
Balance Sheet	**Parent**	**Issuer**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Current assets:						
Cash and cash equivalents	$ —	$ —	$ 4	$ 235	$	$ 239
Trade receivables, net		79	17	675		771
Inventories		224	35	848		1,107
Prepaid expenses and other current assets		20	14	325		359
Total current assets	—	323	70	2,083	—	2,476
Investments in and advances to subsidiaries	1,355	4,483	1,178		(7,016)	—
Property, plant and equipment, net		692	6	2,298		2,996
Intangibles, net				587		587
Goodwill		582	318	1,632		2,532
Other assets		115	263	719		1,097
Total assets	$ 1,355	$ 6,195	$ 1,835	$ 7,319	$ (7,016)	$ 9,688
Current liabilities:						
Short-term loans and long-term debt due within one year	$ —	$ 44	$	$ 195	$	$ 239
Accounts payable		170	19	861		1,050
Other liabilities		106	39	322		467
Total current liabilities	—	320	58	1,378	—	1,756
Long-term debt	250	4,064		1,348		5,662
Other long-term liabilities		20	426	602		1,048
Investments by and advances from parent		1,791	1,351	3,874	(7,016)	—
Total share owner's equity of the Company	1,105					1,105
Noncontrolling interests				117		117
Total liabilities and share owners' equity	$ 1,355	$ 6,195	$ 1,835	$ 7,319	$ (7,016)	$ 9,688

Results of Operations	Three months ended March 31, 2017 Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 460	$ 68	$ 1,126	$ (39)	$ 1,615
Cost of goods sold		(378)	(48)	(913)	39	(1,300)
Gross profit	—	82	20	213	—	315
Research, engineering, selling, administrative and other		(31)	(26)	(77)		(134)
Net intercompany interest	21	(21)				—
Interest expense, net	(21)	(38)		(19)		(78)
Equity earnings from subsidiaries	49	70			(119)	—
Other equity earnings		3		12		15
Other expense, net		26		(71)		(45)
Earnings (loss) from continuing operations before income taxes	49	91	(6)	58	(119)	73
Provision for income taxes		(2)	(1)	(17)		(20)
Earnings (loss) from continuing operations	49	89	(7)	41	(119)	53
Loss from discontinued operations						—
Net earnings (loss)	49	89	(7)	41	(119)	53
Net earnings attributable to noncontrolling interests				(4)		(4)
Net earnings (loss) attributable to the Company	$ 49	$ 89	$ (7)	$ 37	$ (119)	$ 49

Comprehensive Income	Three months ended March 31, 2017 Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net earnings (loss)	$ 49	$ 89	$ (7)	$ 41	$ (119)	$ 53
Other comprehensive income (loss)	194	(2)		191	(189)	194
Total comprehensive income (loss)	243	87	(7)	232	(308)	247
Comprehensive income attributable to noncontrolling interests				(7)		(7)
Comprehensive income (loss) attributable to the Company	$ 243	$ 87	$ (7)	$ 225	$ (308)	$ 240

Results of Operations	Three months ended March 31, 2016 Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 467	$ 68	$ 1,104	$ (51)	$ 1,588
Cost of goods sold		(386)	(56)	(878)	51	(1,269)
Gross profit	—	81	12	226	—	319
Research, engineering, selling, administrative and other		(34)	(29)	(81)		(144)
Net intercompany interest	5				(5)	—
Interest expense, net	(5)	(44)		(17)		(66)
Equity earnings from subsidiaries	67	73			(140)	—
Other equity earnings		2		12		14
Other expense, net		23	(4)	(41)		(22)
Earnings (loss) from continuing operations before income taxes	67	101	(21)	99	(145)	101
Provision for income taxes		(3)	(1)	(23)		(27)
Earnings (loss) from continuing operations	67	98	(22)	76	(145)	74
Loss from discontinued operations				(1)		(1)
Net earnings (loss)	67	98	(22)	75	(145)	73
Net earnings attributable to noncontrolling interests				(6)		(6)
Net earnings (loss) attributable to the Company	$ 67	$ 98	$ (22)	$ 69	$ (145)	$ 67

Comprehensive Income	Three months ended March 31, 2016 Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net earnings (loss)	$ 67	$ 98	$ (22)	$ 75	$ (145)	$ 73
Other comprehensive income (loss)	50	(3)		34	(31)	50
Total comprehensive income (loss)	117	95	(22)	109	(176)	123
Comprehensive income attributable to noncontrolling interests				(9)		(9)
Comprehensive income (loss) attributable to the Company	$ 117	$ 95	$ (22)	$ 100	$ (176)	$ 114

Cash Flows	Three months ended March 31, 2017 Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash provided by (utilized in) operating activities	$ —	12	$ (12)	$ (325)	$ —	$ (325)
Cash utilized in investing activities		(38)	(1)	(75)		(114)
Cash provided by financing activities		27		218		245
Effect of exchange rate change on cash				14		14
Net change in cash	—	1	(13)	(168)	—	(180)
Cash at beginning of period			33	459		492
Cash at end of period	$ —	$ 1	$ 20	$ 291	$ —	$ 312

Cash Flows	Three months ended March 31, 2016 Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash provided by (utilized in) operating activities	$ —	$ (185)	$ (2)	$ (103)	$	$ (290)
Cash utilized in discontinued operating activity				(1)		(1)
Cash utilized in investing activities		(28)		(105)		(133)
Cash provided by financing activities		213		52		265
Effect of exchange rate change on cash				(1)		(1)
Net change in cash	—	—	(2)	(158)	—	(160)
Cash at beginning of period			9	390		399
Cash at end of period	$ —	$ —	$ 7	$ 232	$ —	$ 239

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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 lines titled "reportable segment totals" in both net sales and segment operating profit, however, are non-GAAP measures when presented outside of the financial statement footnotes. Management has included reportable segment totals below to facilitate the discussion and analysis of financial condition and results of operations and believes this information allows the board of directors, management, investors and analysts to better understand the Company's financial performance. The Company's management uses segment operating profit, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources.

Financial information for the three months ended March 31, 2017 and 2016 regarding the Company's reportable segments is as follows (dollars in millions):

	Three months ended March 31, 2017	Three months ended March 31, 2016
Net Sales:		
Europe	$ 554	$ 563
North America	528	532
Latin America	341	312
Asia Pacific	173	159
Reportable segment totals	1,596	1,566
Other	19	22
Net Sales	$ 1,615	$ 1,588

	Three months ended March 31,	
	2017	2016
Segment operating profit:		
Europe	$ 59	$ 55
North America	85	76
Latin America	54	63
Asia Pacific	20	17
Reportable segment totals	218	211
Items excluded from segment operating profit:		
Retained corporate costs and other	(28)	(32)
Restructuring, asset impairment and other charges	(39)	(12)
Interest expense, net	(78)	(66)
Earnings from continuing operations before income taxes	73	101
Provision for income taxes	(20)	(27)
Earnings from continuing operations	53	74
Loss from discontinued operations	—	(1)
Net earnings	53	73
Net (earnings) attributable to noncontrolling interests	(4)	(6)
Net earnings attributable to the Company	$ 49	$ 67
Net earnings from continuing operations attributable to the Company	$ 49	$ 68

Note: All amounts excluded from reportable segment totals are discussed in the following applicable sections.

Executive Overview — Quarters ended March 31, 2017 and 2016

First Quarter 2017 Highlights

- Net sales in the first quarter of 2017 were up nearly 2% from the same quarter in 2016, primarily due to higher shipments in Europe and Latin America
- Segment operating profit for reportable segments was up 3% in the first quarter of 2017 compared to the first quarter of 2016. All regions posted higher segment operating profit in the first quarter of 2017, except for Latin America
- Completed a tender offer to purchase approximately $228 million, or 91%, of the Company’s outstanding 7.80% Senior Debentures due in 2018
- Issued €225 million of 3.125% senior notes due in 2024

Net sales for the first quarter of 2017 were $27 million higher than the first quarter of the prior year primarily due to higher shipments in Europe and Latin America and slightly higher prices, partially offset by the unfavorable effect of changes in foreign currency exchange rates.

Segment operating profit for reportable segments for the first quarter of 2017 was $7 million higher than the first quarter of the prior year. The increase was largely attributable to higher sales volumes and slightly higher selling prices, partially offset by cost inflation and the unfavorable effect of changes in foreign currency exchange rates. All regions posted higher segment operating profit in the first quarter of 2017, except for Latin America.

Net interest expense for the first quarter of 2017 increased $12 million compared to the first quarter of 2016. The increase was primarily due to $17 million of note repurchase premiums and the write off of deferred finance fees related to debt that was repaid prior to its maturity, partially offset by deleveraging and refinancing actions taken in 2016.

For the first quarter of 2017, the Company recorded earnings from continuing operations attributable to the Company of $49 million, compared to $68 million, in the first quarter of 2016. Earnings in both periods included items that management considered not representative of ongoing operations. These items decreased net earnings attributable to the Company by $46 million, in the first quarter of 2017 and $10 million in the first quarter of 2016 as set forth in the following table (dollars in millions).

	Net Earnings Increase (Decrease)	
Description	**2017**	**2016**
Restructuring, asset impairment and other charges	$ (39)	$ (19)
Gain on China land compensation		7
Note repurchase premiums and write-off of finance fees	(17)	
Net tax benefit for income tax on items above	9	4
Net impact of noncontrolling interests on items above	1	(2)
Total	$ (46)	$ (10)

Results of Operations — First Quarter of 2017 compared with First Quarter of 2016

Net Sales

The Company's net sales in the first quarter of 2017 were $1,615 million compared with $1,588 million for the first quarter of 2016, an increase of $27 million, or 2%. Total glass container shipments, in tonnes, were up approximately 3% in the first quarter of 2017 compared to the prior year quarter and were largely driven by the European and Latin America regions and the beer, spirits and non-alcoholic beverage end markets. This resulted in approximately $26 million of additional sales. Unfavorable foreign currency exchange rates, primarily due to a weaker Euro and British pound, impacted sales by $6 million in the first quarter of 2017 compared to the first quarter of 2016. Slightly higher selling prices increased net sales by $10 million in the quarter.

The change in net sales of reportable segments can be summarized as follows (dollars in millions):

Reportable segment net sales— 2016		$ 1,566
Price	$ 10	
Sales volume and mix	26	
Effects of changing foreign currency rates	(6)	
Total effect on reportable segment net sales		30
Reportable segment net sales— 2017		$ 1,596

Europe: Net sales in Europe in the first quarter of 2017 were $554 million compared with $563 million for the first quarter of 2016, a decrease of $9 million, or 2%. The primary reason for the decline in net sales in Europe in the first quarter of 2017 was a $24 million impact due to foreign currency exchange rate changes, as the Euro and British pound weakened in relation to the U.S. dollar. Glass container shipments in the first quarter of 2017 were up 4% compared to the first quarter of 2016 and were primarily driven by higher shipments to beer customers. This increased net sales by $23 million compared to the prior year quarter. As a result of the pass through of 2016 cost deflation to customers under contractual price adjustment formulas, selling prices in Europe were $8 million lower in the first quarter compared to the same period in the prior year.

North America: Net sales in North America in the first quarter of 2017 were $528 million compared with $532 million for the first quarter of 2016, a decrease of $4 million, or less than 1%. Slightly higher selling prices increased net sales by $8 million in the first quarter of 2017. However, an unfavorable sales mix resulted in $13 million of lower sales. This impact to sales mix was due to several customers converting a portion of their glass shipments from carton packaging to bulk shipments. Total glass container shipments in the region were flat in the first quarter of 2017 compared to the first quarter of 2016. Higher non-alcoholic beverage and spirits shipments were offset by lower shipments to food and beer customers in the quarter. The favorable effects of foreign currency exchange rate changes increased net sales $1 million in the first quarter of 2017 compared to 2016.

Latin America: Net sales in Latin America in the first quarter of 2017 were $341 million compared with $312 million for the first quarter of 2016, an increase of $29 million, or 9%. Strong shipments in Mexico and the Andean countries, especially to beer customers, offset lower shipments in Brazil. Brazil continues to be impacted by a general economic slowdown. Total glass container shipments in the region were up 4% in the first quarter of 2017 compared to the same quarter in the prior year and this increased sales by $9 million. The favorable effects of foreign currency exchange rate changes increased net sales $11 million in the first quarter of 2017 compared to 2016, principally due to a strengthening of the Brazilian real and Colombian peso, in relation to the U.S. dollar. Higher pricing increased net sales by $9 million in the current quarter.

Asia Pacific: Net sales in Asia Pacific in the first quarter of 2017 were $173 million compared with $159 million for the first quarter of 2016, an increase of $14 million, or 9%. The favorable effects of foreign currency exchange rate changes during the first quarter of 2017, primarily due to the strengthening of the Australian dollar and New Zealand dollar in relation to the U.S. dollar, increased net sales by $6 million. Glass container shipments were up 1% in the first quarter of 2017 compared to the same period in the prior year, primarily due to increased wine shipments in Australia and increased beer shipments in Southeast Asia, and this contributed to $7 million of higher sales in the quarter. Slightly higher selling prices also increased net sales by $1 million in the current quarter.

Earnings from Continuing Operations before Income Taxes and Segment Operating Profit

Earnings from continuing operations before income taxes were $73 million in the first quarter of 2017 compared to $101 million in the first quarter of 2016, a decrease of $28 million, or 28%. This decrease was primarily related to higher restructuring, asset impairment and other charges, as well as higher charges related to debt redeemed in the first quarter of 2017, partially offset by higher segment operating profit and lower retained corporate and other costs.

Operating profit of the reportable segments includes an allocation of some corporate expenses based on a percentage of sales and direct billings based on the costs of specific services provided. Unallocated corporate expenses and certain other expenses not directly related to the reportable segments' operations are included in Retained corporate costs and other. For further information, see Segment Information included in Note 1 to the Condensed Consolidated Financial Statements.

Segment operating profit of reportable segments in the first quarter of 2017 was $218 million compared to $211 million for the first quarter of 2016, an increase of $7 million, or 3%. The increase was largely attributable to higher sales volumes and slightly higher selling prices, partially offset by cost inflation and the unfavorable effect of changes in foreign currency exchange rates.

The change in segment operating profit of reportable segments can be summarized as follows (dollars in millions):

Reportable segment operating profit - 2016		$ 211
Price	$ 10	
Sales volume and mix	8	
Operating costs	(9)	
Effects of changing foreign currency rates	(2)	
Total net effect on reportable segment operating profit		7
Reportable segment operating profit - 2017		$ 218

Europe: Segment operating profit in Europe in the first quarter of 2017 was $59 million compared with $55 million in the first quarter of 2016, an increase of $4 million, or 7%. The increase in sales volume discussed above improved segment operating profit by $5 million. Operating costs were $10 million lower in the first quarter of 2017 than the prior year quarter due to logistics savings and other cost reductions. Lower selling prices decreased segment operating profit in the first quarter of 2017 by $8 million. The unfavorable effects of foreign currency exchange rates decreased segment operating profit by $3 million in the current year quarter.

North America: Segment operating profit in North America in the first quarter of 2017 was $85 million compared with $76 million in the first quarter of 2016, an increase of $9 million, or 12%. Operating costs were $3 million lower in the first quarter of 2017 than the prior year quarter due to cost reductions related to procurement, logistics and operating expenses and higher equity earnings from the Company's joint venture with Constellation Brands in Mexico. Beginning in the first quarter of 2017, equity earnings from this joint-venture were recorded in the North American region. In prior years, equity earnings from this joint venture were recorded in retained corporate costs and other as the joint venture was mostly in construction mode. Selling prices were $8 million higher in the current quarter compared to the prior year quarter. The unfavorable sales mix discussed above decreased segment operating profit by $2 million.

Latin America: Segment operating profit in Latin America in the first quarter of 2017 was $54 million compared with $63 million in the first quarter of 2016, a decrease of $9 million, or 14%. Segment operating profit was impacted by $22 million of higher operating costs, primarily due to substantial cost inflation throughout the region. Partially offsetting these declines were higher selling prices that increased segment operating profit in the first quarter of 2017 by $9 million. The increase in sales volume discussed above increased segment operating profit by $4 million.

Asia Pacific: Segment operating profit in Asia Pacific in the first quarter of 2017 was $20 million compared with $17 million in the first quarter of 2016, an increase of $3 million, or 18%. The increase in sales volume discussed above improved segment operating profit by $1 million. Higher selling prices also increased segment operating profit in the first quarter of 2017 by $1 million. The favorable effects of foreign currency exchange rate changes increased segment operating profit by $1 million in the first quarter of 2017 compared to 2016.

Interest Expense, Net

Net interest expense for the first quarter of 2017 was $78 million compared with $66 million for the first quarter of 2016. The increase in the first quarter of 2017 was primarily due to $17 million of note repurchase premiums and the write off of deferred finance fees that were related to debt that was repaid prior to its maturity. Exclusive of these items, net interest expense decreased $5 million in the first quarter of 2017 compared to the same quarter in the prior year due to deleveraging and refinancing actions taken in 2016.

Provision for Income Taxes

The Company's effective tax rate from continuing operations for the three months ended March 31, 2017 was 27.4% compared to 26.7% for the three months ended March 31, 2016.

The Company expects that the full year effective tax rate for 2017 will be approximately 25% (excluding the tax on items that management considers not representative of ongoing operations).

Earnings from Continuing Operations Attributable to the Company

For the first quarter of 2017, the Company recorded earnings from continuing operations attributable to the Company of $49 million, compared to $68 million in the first quarter of 2016. Earnings in both periods included items that management considered not representative of ongoing operations. These items decreased net earnings attributable to the Company by $46 million in the first quarter of 2017 and $10 million in the first quarter of 2016 as set forth in the following table (dollars in millions).

	Net Earnings Increase (Decrease)	
Description	**2017**	**2016**
Restructuring, asset impairment and other charges	$ (39)	$ (19)
Gain on China land compensation		7
Note repurchase premiums and write-off of finance fees	(17)	
Net tax benefit for income tax on items above	9	4
Net impact of noncontrolling interests on items above	1	(2)
Total	$ (46)	$ (10)

Items Excluded from Reportable Segment Totals

Retained Corporate Costs and Other

Retained corporate costs and other for the first quarter of 2017 were $28 million compared with $32 million for the first quarter of 2016. These costs are lower in the first quarter of 2017 than the same period in the prior year primarily due to lower management incentive accruals.

Restructuring, Asset Impairments and Other Charges

During the three months ended March 31, 2017, the Company recorded restructuring, asset impairment and other charges of $39 million. These charges primarily consist of employee costs, write-down of assets, and other exit costs in the following regions: Latin America ($23 million), Europe ($13 million) and North America ($3 million). Except for the charges recorded in Europe, the discrete restructuring charges recorded in the first quarter of 2017 are expected to approximate the total cumulative costs for those actions as no significant additional costs are expected to be incurred. Beginning in 2016, the Company has recorded total cumulative charges of $54 million related to a plant closure in Europe and does not expect to execute any further significant actions related to this facility. The restructuring charges recorded in the first quarter of 2017 in the Latin American and European regions primarily relate to capacity curtailments. The Company plans to reallocate the products produced at these facilities to others in their respective region. The Company expects that the majority of the remaining cash expenditures related to the above charges will be paid out by the end of 2018.
During the three months ended March 31, 2016, the Company recorded restructuring, asset impairment and other charges of $19 million. Partially offsetting this was a $7 million gain in the first quarter of 2016 related to compensation received for land that the Company was required to return to the Chinese government. These charges are primarily related to restructuring in the Latin America region. These charges primarily represented employee costs, write-down of assets, and other exit costs of $14 million for a plant closure in the first quarter of 2016 in Latin America, $3 million related to a previous plant closure in North America, $1 million in Asia Pacific and $1 million related to other restructuring actions. The discrete restructuring charges recorded in the first quarter of 2016 are expected to approximate the total cumulative costs for those actions as no significant additional costs are expected to be incurred. The restructuring charges recorded in the first quarter of 2016 in the Latin American region primarily relate to a capacity curtailment. The Company reallocated the products produced at this facility to others in the region. The Company expects that the majority of the remaining cash expenditures related to the above charges will be paid out by the end of 2017.

See Note 6 to the Condensed Consolidated Financial Statements for additional information.

Discontinued Operations

On April 4, 2016, the annulment committee formed by the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") ruled that a subsidiary of the Company is free to pursue the enforcement of a prior arbitration award against Venezuela. That award amounts to more than $500 million after including interest from the date of the expropriation by Venezuela (October 26, 2010). Venezuela's application to annul the award is still pending. The Company intends to take appropriate steps to vigorously enforce and collect the award, which is enforceable in approximately 150 member states that are party to the ICSID Convention. However, even with the lifting of the stay of enforcement, the Company recognizes that the collection of the award may present significant practical challenges. Because the award has yet to be satisfied and the annulment proceeding is pending, the Company is unable at this stage to reasonably predict the efforts that will be necessary to successfully enforce collection of the award, the amount of the award or the timing of any such collection efforts. Therefore, the Company has not recognized this award in its financial statements.

A separate arbitration is pending with ICSID to obtain compensation primarily for third-party minority shareholders' lost interests in the two expropriated plants.

The loss from discontinued operations of less than $1 million and $1 million for the three months ended March 31, 2017 and 2016, respectively, is related to ongoing costs related to the Venezuela expropriation.

Capital Resources and Liquidity

On April 22, 2015, the Company entered into a Senior Secured Credit Facility, which subsequently has been amended several times with the most recent amendment being entered into on February 3, 2016 (the "Amended Agreement").

At March 31, 2017, the Amended Agreement includes a $300 million revolving credit facility, a $600 million multicurrency revolving credit facility, a $1,575 million term loan A facility ($1,370 million net of debt issuance costs), and a €279 million term loan A facility ($284 million net of debt issuance costs), each of which has a final maturity date of April 22, 2020. At March 31, 2017, the Company had unused credit of $599 million available under the Amended

Agreement. The weighted average interest rate on borrowings outstanding under the Amended Agreement at March 31, 2017 was 2.46%.

The Amended Agreement contains various covenants that restrict, among other things and subject to certain exceptions, the ability of the Company to incur certain liens, make certain investments, become liable under contingent obligations in certain defined instances only, make restricted payments, make certain asset sales within guidelines and limits, engage in certain affiliate transactions, participate in sale and leaseback financing arrangements, alter its fundamental business, and amend certain subordinated debt obligations.

The Amended Agreement also contains one financial covenant, a Total Leverage Ratio that requires the Company not to exceed a ratio calculated by dividing consolidated total debt, less cash and cash equivalents, by consolidated EBITDA, as defined in the Amended Agreement. The Total Leverage Ratio could restrict the ability of the Company to undertake additional financing or acquisitions to the extent that such financing or acquisitions would cause the Total Leverage Ratio to exceed the specified maximum of (i) 4.5x for the three fiscal quarters ending March 31, 2017, June 30, 2017 and September 30, 2017, and (ii) 4.0x for the fourth fiscal quarter ending December 31, 2017 and each fiscal quarter thereafter.

Failure to comply with these covenants and restrictions could result in an event of default under the Amended Agreement. In such an event, the Company would be unable to request borrowings under the revolving facility, and all amounts outstanding under the Amended Agreement, together with accrued interest, could then be declared immediately due and payable. If an event of default occurs under the Amended Agreement and the lenders cause all of the outstanding debt obligations under the Amended Agreement to become due and payable, this would result in a default under a number of other outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. As of March 31, 2017, the Company was in compliance with all covenants and restrictions in the Amended Agreement. In addition, the Company believes that it will remain in compliance and that its ability to borrow funds under the Amended Agreement will not be adversely affected by the covenants and restrictions.

The interest rates on borrowings under the Amended Agreement are, at the Company's option, the Base Rate or the Eurocurrency Rate, as defined in the Amended Agreement, plus an applicable margin. The applicable margin for the term loan A facility and the revolving credit facility is linked to the Company's Total Leverage Ratio and ranges from 1.25% to 1.75% for Eurocurrency Rate loans and from 0.25% to 0.75% for Base Rate loans. In addition, a facility fee is payable on the revolving credit facility commitments ranging from 0.20% to 0.30% per annum linked to the Total Leverage Ratio.

Borrowings under the Amended Agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company's domestic subsidiaries and certain foreign subsidiaries. Borrowings are also secured by a pledge of intercompany debt and equity investments in certain of the Company's domestic subsidiaries and, in the case of foreign borrowings, of stock of certain foreign subsidiaries. All borrowings under the Amended Agreement are guaranteed by certain domestic subsidiaries of the Company.

During August 2015, the Company issued senior notes with a face value of $700 million that bear interest at 5.875% and are due August 15, 2023 (the "Senior Notes due 2023") and senior notes with a face value of $300 million that bear interest at 6.375% and are due August 15, 2025 (together with the Senior Notes due 2023, the "2015 Senior Notes"). The 2015 Senior Notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds from the 2015 Senior Notes, after deducting the debt discount and debt issuance costs, totaled approximately $972 million.

During November 2016, the Company issued senior notes with a face value of €500 million that bear interest at 3.125% and are due November 15, 2024 (the "Senior Notes due 2024"). The notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $520 million and were used to repay the term loan B facility under the Amended Agreement. In March 2017, the Company expanded its borrowings under the Senior Notes due 2024 by issuing €225 million of additional notes that bear interest at 3.125% and are due November 15, 2024. The notes were issued via a private placement and are guaranteed by certain of the Company's domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $237 million and were used to repay a portion of the Company's revolving credit facility.

In March 2017, OI Inc. purchased in a tender offer approximately $228 million aggregate principal amount of its 7.80% Senior Debentures due in 2018. Approximately $22 million of the Senior Debentures remain outstanding as of March 31, 2017. As part of the tender offer, the Company recorded $17 million of additional interest charges for note repurchase premiums and the related write-off of unamortized finance fees in the first quarter of 2017.

The Company assesses its capital raising and refinancing needs on an ongoing basis and may enter into additional credit facilities and seek to issue equity and/or debt securities in the domestic and international capital markets if market conditions are favorable. Also, depending on market conditions, the Company may elect to repurchase portions of its debt securities in the open market.

The Company has a €185 million European accounts receivable securitization program, which extends through March 2019, subject to periodic renewal of backup credit lines.

Information related to the Company's accounts receivable securitization program is as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Balance (included in short-term loans)	$ 148	$ 152	$ 157
Weighted average interest rate	0.88 %	0.74 %	1.03 %

Cash Flows

Operating activities: Cash utilized in continuing operating activities was $325 million for the three months ended March 31, 2017, compared to $290 million for the three months ended March 31, 2016. The increase in cash utilized in continuing operating activities in the first three months of 2017 was primarily due to lower net earnings and an increase in working capital of $542 million in the first quarter of 2017 compared to an increase in working capital of $488 million in the first quarter of 2016. The increase in working capital was mainly due to higher accounts receivable in the first quarter of 2017. Partially offsetting this were higher non-cash charges, such as restructuring, asset impairment and related charges, in the first quarter of 2017.

Investing activities: Cash utilized in investing activities was $114 million for the three months ended March 31, 2017, compared to $133 million for the three months ended March 31, 2016. Capital spending for property, plant and equipment was $98 million during the first three months of 2017 and $117 million in the same period in 2016. Acquisition activities were $17 million and $22 million in the first quarter of 2017 and 2016, respectively, and were primarily related to contributions made to the Company's investment in a joint venture in Nava, Mexico.

Financing activities: Cash provided by financing activities was $245 million for the three months ended March 31, 2017, compared to $265 million for the three months ended March 31, 2016. The decrease in cash provided by financing activities was primarily due to the payment of $19 million of finance fees in the first quarter of 2017, principally related to note repurchase premiums associated with the tender offer to purchase OI Inc.'s 2018 Senior Debentures.

The Company anticipates that cash flows from its operations and from utilization of credit available under the Agreement will be sufficient to fund its operating and seasonal working capital needs, debt service and other obligations on a short-term (twelve-months) and long-term basis. Based on the Company's expectations regarding future payments for lawsuits and claims and also based on the Company's expected operating cash flow, the Company believes that the payment of any deferred amounts of previously settled or otherwise determined lawsuits and claims, and the resolution of presently pending and anticipated future lawsuits and claims associated with asbestos, will not have a material adverse effect upon the Company's liquidity on a short-term or long-term basis.

Critical Accounting Estimates

The Company's analysis and discussion of its financial condition and results of operations are based upon its consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The Company evaluates these estimates and assumptions on an ongoing basis. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances at the time the financial statements are issued. The results of these estimates may form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources.

Actual results, under conditions and circumstances different from those assumed, may differ from estimates.

The impact of, and any associated risks related to, estimates and assumptions are discussed within Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as in the Notes to the Condensed Consolidated Financial Statements, if applicable, where estimates and assumptions affect the Company's reported and expected financial results.

There have been no other material changes in critical accounting estimates at March 31, 2017 from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Forward-Looking Statements

This document contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the Securities Act of 1933. Forward-looking statements reflect the Company's current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward-looking statements. It is possible the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to the following: (1) the Company's ability to realize expected growth opportunities, cost savings and synergies from the Vitro Acquisition, (2) foreign currency fluctuations relative to the U.S. dollar, (3) changes in capital availability or cost, including interest rate fluctuations and the ability of the Company to refinance debt at favorable terms, (4) the general political, economic and competitive conditions in markets and countries where the Company has operations, including uncertainties related to economic and social conditions, disruptions in capital markets, disruptions in the supply chain, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws, (5) the Company's ability to generate sufficient future cash flows to ensure the Company's goodwill is not impaired, (6) consumer preferences for alternative forms of packaging, (7) cost and availability of raw materials, labor, energy and transportation, (8) the Company's ability to manage its cost structure, including its success in implementing restructuring plans and achieving cost savings, (9) consolidation among competitors and customers, (10) the Company's ability to acquire businesses and expand plants, integrate operations of acquired businesses and achieve expected synergies, (11) unanticipated expenditures with respect to environmental, safety and health laws, (12) the Company's ability to further develop its sales, marketing and product development capabilities, (13) the Company's ability to prevent and detect cybersecurity threats against its information technology systems, (14) changes in U.S. trade policies, (15) the Company's ability to achieve its strategic plan, and the other risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and any subsequently filed Quarterly Report on Form 10-Q. It is not possible to foresee or identify all such factors. Any forward-looking statements in this document are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward-looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not assume any obligation to update or supplement any particular forward-looking statements contained in this document.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

There have been no material changes in market risk at March 31, 2017 from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Item 4. Controls and Procedures.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investments in certain unconsolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those maintained with respect to its consolidated subsidiaries.

As required by Rule 13a-15(b) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2017.

As required by Rule 13a-15(d) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of any change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. There have been no changes in the Company's internal controls over financial reporting during the fiscal quarter ended March 31, 2017 that have materially affected, or are reasonably likely to material affect, the Company's internal controls over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

For further information on legal proceedings, see Note 10 to the Condensed Consolidated Financial Statements, "Contingencies," that is included in Part I of this Quarterly Report and incorporated herein by reference.

Item 1A. Risk Factors.

There have been no material changes in risk factors at March 31, 2017 from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Item 6. Exhibits.

Exhibit 10.1	Form of Performance Stock Unit Agreement (Second Amended and Restated 2005 Incentive Award Plan of Owens-Illinois, Inc.).
Exhibit 10.2	Form of Restricted Stock Unit Agreement (Second Amended and Restated 2005 Incentive Award Plan of Owens-Illinois, Inc.).
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges.
Exhibit 31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 101	Financial statements from the Quarterly Report on Form 10-Q of Owens-Illinois Group, Inc. for the quarter ended March 31, 2017, formatted in XBRL: (i) the Condensed Consolidated Results of Operations, (ii) the Condensed Consolidated Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Cash Flows and (v) the Notes to Condensed Consolidated Financial Statements.

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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 thereunto duly authorized.

OWENS-ILLINOIS GROUP, INC.

Date April 25, 2017

By /s/ Jan A. Bertsch
Jan A. Bertsch
President and Chief Financial Officer
(Principal Financial Officer; Principal Accounting Officer)

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

PERFORMANCE STOCK UNIT AGREEMENT

THIS PERFORMANCE 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 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 chain.

Section 1.5 ***Performance Period***

"Performance Period" shall mean [●] through [●], or such shorter period ending on any Vesting Date occurring prior to [●].

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 [●] (1); *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 PSUs, equal to the number of PSUs in which such Participant would have vested on [●](2), 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 [●](3).

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, any Parent Corporation or Subsidiary 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 Corporation or Subsidiary under 11.1(b)(ii) of the Plan, then the PSUs 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.

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 [●](4); 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

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(1) First day of calendar year immediately following the last day of the Performance Period.
(2) Footnote 1.
(3) Footnote 1.
(4) Footnote 1.

Employment due to death, Retirement or Disability prior to [●](5), 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 [●](6). Each vested PSU shall entitle the Participant to receive a number of shares of Stock, if any, determined by reference to (a) the Company's cumulative EPS at a weight of 50% and (b) the Company's average ROIC at a weight of 50%, both of which are defined below.

- EPS. The Company's target cumulative EPS for the Performance Period shall equal $[●] to achieve a target level award, and $[●] to achieve a maximum level award, with the entry point to achieve a payout set at $[●]. For purposes hereof, "EPS" shall mean, for each fiscal year ending during the Performance Period, "diluted earnings per share" from continuing operations before items that management considers not representative of ongoing operations, as reported by the Company in its earnings release for each of the Company's fiscal years ending during the Performance Period and adjusted for the impact of acquisitions and divestitures and to exclude the effect of non-service pension costs. The cumulative EPS shall be the sum of the EPS for each fiscal year ending during the Performance Period.

- ROIC. The Company's target average of the annual ROIC for each of the Company's three fiscal years ending during the Performance Period shall equal [●]%, with a minimum of [●]% and a maximum of [●]%. For purposes hereof, "Return on Invested Capital" shall mean the number calculated by multiplying (a) the Company's earnings before interest, taxes and items that management considers not representative of ongoing operations for each of the Company's fiscal years during the Performance Period times (b) one minus the Company's tax rate for the respective full year, [●],[●] and [●](7) (as reflected in the EPS numerator), and dividing the product thereof by the sum of the (x) the Company's total debt and (y) total share owners' equity, all as reflected on the Company's consolidated balance sheet for each fiscal year of the Company ending during the Performance Period and adjusted for the impact of acquisitions and divestitures. The ROIC performance for each of the three years of the Performance Period will be averaged for purposes of determining the ROIC payout. For purposes of computing total share owners' equity for the denominator of this calculation, the accumulated other comprehensive income related to pension and retiree medical shall be held constant for each year of the Performance Period at the amount reflected on the Company's consolidated balance sheet as of December 31, [●](8).

If the Company meets 100% of each of the cumulative EPS target and the average ROIC target, each vested PSU shall entitle the Participant to payment of one share of Stock. If the Company meets the minimum cumulative EPS performance level and the minimum average ROIC performance level for the Performance Period, each PSU shall entitle the Participant to payment of 0.3 shares of Stock. If the Company meets the maximum cumulative EPS performance level and the maximum average ROIC performance level for the Performance Period, each PSU shall entitle the Participant to payment of 2.0 shares of Stock. Results between the minimum and target cumulative EPS, and average ROIC shall be interpolated per the attached charts, as

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(5) Footnote 1.
(6) Calendar year following the end of the Performance Period.
(7) Calendar years during the Performance Period.
(8) Last day of the calendar year immediately prior to the beginning of the Performance Period.

determined by the Committee. Results between the target and maximum cumulative EPS and average ROIC shall be interpolated per the attached charts, as determined by the Committee.
If the Company's performance falls below the minimum amount, no shares of Stock shall become payable with respect to such component of the PSU, provided that failure to meet or exceed the minimum amount with respect to EPS or ROIC shall not affect any payment due with respect to the other measure of performance. PSUs shall have a zero value if the Company fails to meet or exceed the minimum EPS and the minimum ROIC during the Performance Period. Conversely, to the extent the Company's performance exceeds the maximum amount, no amounts in excess of such maximum performance shall be taken into account in determining the amount payable with respect to such PSU . Charts illustrating the [●](9) through [●](10) performance measures are shown in Attachment A.

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.

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

(9) First calendar year during the Performance Period.

(10) Last calendar year during the Performance Period.

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

(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 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 PSUs 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 PSUs 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).

With respect to each individual who was an executive officer of the Company and subject to Section 16 of the Exchange Act on the Grant Date only, the Committee in approving this PSU award has consented to payment of tax withholding obligations under subsection (c), or a combination of the methods set forth in (a) and (c), as the Participant may elect during such time periods as the Company may permit in compliance with all applicable legal requirements.

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

OWENS-ILLINOIS, INC.

By: /s/ Paul A. Jarrell________________
Paul A. Jarrell
Senior Vice President & Chief Administrative 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.

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 chain.

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 in 25% increments on each anniversary of the Grant Date with full vesting on the fourth anniversary of the Grant Date (each a "Vesting Date"); provided, however, that notwithstanding the foregoing the RSU shall be fully vested on the date the Participant (i) dies, (ii) satisfies the requirements for Retirement, provided that the Participant has held the RSU for at least one (1) year from the Grant Date, or (iii) experiences a Disability, 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 Corporation or Subsidiary 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 Corporation or Subsidiary under 11.1(b)(ii) of the Plan, then the RSUs shall become fully vested upon the Participant's Termination of Employment without Cause or by the Participant for Good Reason prior to the second (2^{nd}) anniversary of the Change in Control.

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, to the extent vested as follows:

25% of the RSUs on the first anniversary of the Grant Date

25% of the RSUs on the second anniversary of the Grant Date

25% of the RSUs on the third anniversary of the Grant Date

25% of the RSUs on the fourth anniversary of the Grant Date

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 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 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.

<u>Section 5.8</u> - ***<u>Section 409A</u>***

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.

<u>Section 5.9</u> - ***<u>Amendment</u>***

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.

<u>Section 5.10</u> - ***<u>Tax Withholding</u>***

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).

With respect to each individual who was an executive officer of the Company and subject to Section 16 of the Exchange Act on the Grant Date only, the Committee in approving this RSU award has consented to payment of tax withholding obligations under subsection (c), or a combination of the methods set forth in (a) and (c), as the Participant may elect during such time periods as the Company may permit in compliance with all applicable legal requirements.

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: /s/ Paul A. Jarrell________________

Paul A. Jarrell

Senior Vice President & Chief Administrative Officer

EXHIBIT 12

OWENS-ILLINOIS GROUP, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Earnings from continuing operations before income taxes	$ 73	$ 101
Less: Equity earnings	(15)	(14)
Add: Total fixed charges deducted from earnings	82	69
Dividends received from equity investees	3	3
Earnings available for payment of fixed charges	$ 143	$ 159
Fixed charges		
Interest expense	$ 81	$ 68
Portion of operating lease rental deemed to be interest	1	1
Total fixed charges deducted from earnings and fixed charges	$ 82	$ 69
Ratio of earnings to fixed charges	1.7	2.3

EXHIBIT 31.1

CERTIFICATIONS

I, Andres A. Lopez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Owens-Illinois Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2017

/s/ Andres A. Lopez
Andres A. Lopez
Chairman and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Jan A. Bertsch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Owens-Illinois Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2017

/s/ Jan A. Bertsch
Jan A. Bertsch
President and Chief Financial Officer
(Principal Financial Officer; Principal Accounting Officer)

EXHIBIT 32.1

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Owens-Illinois Group, Inc. (the "Company") hereby certifies that to such officer's knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 25, 2017

/s/ Andres A. Lopez
Andres A. Lopez
Chairman and Chief Executive Officer (Principal Executive Officer)
Owens-Illinois Group, Inc.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Owens-Illinois Group, Inc. (the "Company") hereby certifies that to such officer's knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 25, 2017

/s/ Jan A. Bertsch
Jan A. Bertsch
President and Chief Financial Officer
(Principal Financial Officer; Principal Accounting Officer)
Owens-Illinois Group, Inc.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.