

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant /X/
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Check the appropriate box:
/ / Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule
14a-6(e) (2))
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/ / Soliciting Material Pursuant to Section240.14a-11(c) or
Section240.14a-12

OWENS-ILLINOIS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.
/ / Fee computed on table below per Exchange Act Rules 14a-6(i) (1)
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(1) Title of each class of securities to which transaction applies:

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filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

[LOGO]

OWENS-ILLINOIS, INC.

NOTICE AND PROXY STATEMENT

FOR

THE ANNUAL MEETING OF SHARE OWNERS

TO BE HELD

WEDNESDAY, MAY 9, 2001

YOUR VOTE IS IMPORTANT

PLEASE MARK, DATE AND SIGN THE ENCLOSED PROXY CARD AND PROMPTLY RETURN IT IN THE ENCLOSED ENVELOPE.

OWENS-ILLINOIS, INC.
ONE SEAGATE
TOLEDO, OHIO 43666

NOTICE OF ANNUAL MEETING OF SHARE OWNERS

Dear Share Owner:

You are cordially invited to attend the Annual Meeting of Owens-Illinois' share owners which will be held on Wednesday, May 9, 2001, at 2:00 p.m. in the auditorium of the Owens-Illinois World Headquarters Building, One SeaGate, Toledo, Ohio for the purpose of considering and voting upon the following matters:

1. The election of four directors for a term of three years.
2. Such other business as may properly be presented for action at the meeting or any adjournment thereof.

Enclosed is a Proxy Statement which provides information concerning the Company and the Board of Directors' nominees for election as directors. Also enclosed is a copy of the Company's Annual Report which describes the results of our operations during 2000 and provides other information about the Company which will be of interest.

The Board of Directors fixed the close of business on March 12, 2001, as the record date for the determination of share owners owning the Company's Common Stock, par value \$.01 per share, entitled to notice of and to vote at the Annual Meeting.

Enclosed is a proxy card which provides you with a convenient means of voting on the matters to be considered at the meeting whether or not you attend the meeting in person. All you need do is mark the proxy card to indicate your vote, sign and date the card, then return it in the enclosed envelope as soon as conveniently possible. If the shares are held in more than one name, all holders of record should sign. If you desire to vote for all of the Board of Directors' nominees, you need not mark your votes on the proxy card but need only sign and date it and return it in the enclosed envelope. As an alternative to returning the proxy card, you may choose to make use of the Internet or telephone voting options described in the enclosed Proxy Statement and on the proxy card.

Management sincerely appreciates your support. We hope to see you at the Annual Meeting.

By order of the Board of Directors,

Joseph H. Lemieux
Chairman of the Board

James W. Baehren
Secretary

March 31, 2001
Toledo, Ohio

OWENS-ILLINOIS, INC.
ONE SEAGATE
TOLEDO, OHIO 43666

PROXY STATEMENT FOR THE ANNUAL MEETING OF SHARE OWNERS
TO BE HELD MAY 9, 2001

The Annual Meeting of the share owners of Owens-Illinois, Inc. (herein called the "Company") will be held on Wednesday, May 9, 2001, at 2:00 p.m. in the auditorium of the Owens-Illinois World Headquarters Building, One SeaGate, Toledo, Ohio. At the Annual Meeting, share owners will elect four directors for a term of three years, as more fully described below.

This Proxy Statement has been prepared in connection with the solicitation by the Company's Board of Directors of proxies for the Annual Meeting and provides information concerning the persons nominated by the Board of Directors for election as directors, and other information relevant to the Annual Meeting. The Company intends to commence distribution of this Proxy Statement and the materials which accompany it on or about March 31, 2001.

The record of share owners entitled to notice of and to vote at the Annual Meeting was taken as of the close of business on March 12, 2001 (the "record date"), and each share owner will be entitled to vote at the meeting any shares of the Company's Common Stock, par value \$.01 per share ("Common Stock"), held of record at the record date.

VOTING

Shares can be voted at the annual meeting only if the share owner is present in person or represented by proxy. If shares are owned of record in the share owner's name, the share owner may cast a vote one of three ways:

- Vote by Internet: A share owner can choose to vote shares at any time over the Internet site listed on the accompanying proxy card. The Internet site will give the share owner the opportunity to make selections and confirm that instructions have been followed. The Internet voting procedures have been designed to authenticate the share owner's identity by use of a unique control number found on the accompanying proxy card. If a vote is cast over the Internet, the share owner does not need to return the proxy card.
- Vote by Telephone: A share owner can also vote by telephone at any time by calling the toll-free number (for residents of the U.S. and Canada) listed on the proxy card. To vote, the share owner must enter the control number listed on the proxy card and follow the recorded instructions. If a vote is cast by telephone, the share owner does not need to return the proxy card.
- Vote by Mail: If the share owner chooses to vote by mail, the share owner is required to complete, date and sign the accompanying proxy card and return it promptly in the enclosed envelope.

Share owners who hold their shares beneficially in street name through a nominee (such as a bank or broker) may be able to vote by telephone or the Internet as well as by mail. The share owner should follow the instructions received from the nominee to vote these shares.

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The proxy card lists each person nominated by the Board of Directors for election as director. Proxies duly executed and received in time for the meeting will be voted in accordance with share owners' instructions. If no instructions are given, proxies will be voted (a) to elect James H. Greene, Jr., George R. Roberts, Robert J. Dineen and Thomas L. Young as directors of the Company for a term of three years, and (b) in the discretion of the proxy holders as to any other business which may properly come before the meeting.

ELECTION OF DIRECTORS

The Company's Restated Certificate of Incorporation provides for a classified Board of Directors consisting of three classes as nearly equal in size as practicable. Each class holds office until the third Annual Meeting for selection of directors following the election of such class. The Board of Directors of the Company (the "Board") currently consists of nine members, four of whom are Class I directors whose terms expire at this year's Annual Meeting, three of whom are Class II directors whose terms expire at the 2002 Annual Meeting, and two of whom are Class III directors whose terms expire at the 2003 Annual Meeting. All of the directors listed herein, including the nominees, have served as directors since the last Annual Meeting.

The Board is searching for qualified candidates to serve as additional outside directors. Once suitable candidates are identified, the Board will expand the size of the Board to eleven directors and appoint such qualified candidates to fill the resulting vacancies.

The Board has nominated four persons for election as Class I directors to serve for a three-year term expiring at the Annual Meeting of share owners to be held in 2004 and until their successors have been elected and qualified. The

four nominees of the Board are James H. Greene, Jr., George R. Roberts, Robert J. Dineen and Thomas L. Young, each of whom is currently serving as a director of the Company. If for any reason any of them should be unavailable to serve, proxies solicited hereby may be voted for a substitute as well as for the other nominees. The Board, however, expects all nominees to be available.

The nominees and the directors whose terms of office continue after this year's Annual Meeting are listed below with brief statements setting forth their present principal occupations and other information, including directorships in other public companies.

THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS THAT THE SHARE OWNERS
VOTE FOR THE FOUR NOMINEES IDENTIFIED BELOW.

CLASS I: NOMINEES FOR 3-YEAR TERM

James H. Greene, Jr. Director since 1987
Member of KKR & Co. L.L.C., Age 50
the general partner of
Kohlberg Kravis Roberts & Co., L.P.

Mr. Greene was a general partner of Kohlberg Kravis Roberts & Co., L.P. from January 1, 1993 until January 1, 1996, when he became a member of the limited liability company which is the general partner of Kohlberg Kravis Roberts & Co., L.P. Mr. Greene has been a general partner of KKR Associates, L.P. since January 1, 1993, and prior thereto was a limited partner of KKR Associates, L.P. and an executive of Kohlberg Kravis Roberts & Co., L.P. Mr. Greene is a director of Accuride Corporation, Intermedia Communications, Inc. and Safeway Inc. He is a member of the Compensation Committee.

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George R. Roberts Director since 1987
Managing Member of KKR & Co. L.L.C., Age 57
the general partner of
Kohlberg Kravis Roberts & Co., L.P.

Mr. Roberts is a Founding Partner of Kohlberg Kravis Roberts & Co., L.P. and, effective January 1, 1996, he became a managing member of the limited liability company which is the general partner of Kohlberg Kravis Roberts & Co., L.P. Mr. Roberts also is a general partner of KKR Associates, L.P. Mr. Roberts is a director of Accuride Corporation, Amphenol Corporation, Borden, Inc., The Boyds Collection, Ltd., DPL Inc., Evenflo Company Inc., IDEX Corporation, KinderCare Learning Centers, Inc., KSL Recreation Group, Inc., PRIMEDIA, Inc., Safeway Inc. and Spalding Holdings Corporation. He is a member of the Executive Committee.

Robert J. Dineen Director since 1994
Chairman of the Board of Directors Age 71
Layne Christensen Company

Mr. Dineen has been Chairman of the Board of Directors of Layne Christensen Company since 1992. Prior to 1993, Mr. Dineen was President and Chief Executive Officer of The Marley Company for more than five years. Mr. Dineen is a director of Layne Christensen Company. He is a member of the Audit Committee.

Thomas L. Young Director since 1998
Executive Vice President Age 57
Owens-Illinois, Inc.

Mr. Michelson has been a member of the limited liability company which is the general partner of Kohlberg Kravis Roberts & Co., L.P. since January 1, 1996. Prior thereto, he was a general partner of Kohlberg Kravis Roberts & Co., L.P. Mr. Michelson also is a general partner of KKR Associates, L.P. Mr. Michelson is a director of Amphenol Corporation, AutoZone, Inc. and KinderCare Learning Centers, Inc. He is chairman of the Compensation Committee and a member of the Executive Committee.

FUNCTIONS OF THE BOARD AND ITS COMMITTEES

The Board has the ultimate authority for the management of the Company's business. The Board selects the Company's executive officers, delegates responsibilities for the conduct of the Company's operations to those officers, and monitors their performance.

Important functions of the Board are performed by committees comprised of members of the Board. Subject to applicable provisions of the Company's By-Laws, the Board as a whole appoints the members of each committee. The Board may, at any time, change the authority or responsibility delegated to any committee. There are three regularly constituted committees of the Board: the Executive Committee, the Audit Committee and the Compensation Committee. The Company does not have a nominating committee or any regularly constituted committee performing the functions of such a committee.

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The Executive Committee is empowered to exercise the authority of the Board in the management of the Company between meetings of the Board, except that the Executive Committee may not fill vacancies on the Board, appoint or remove officers, amend the Company's By-Laws or exercise certain other powers reserved to the Board or delegated to other Board committees.

The Audit Committee recommends to the Board the firm of independent auditors to audit the Company's financial statements for each fiscal year; reviews with the independent auditors the general scope of this service; reviews the nature and extent of the non-audit services performed by the independent auditors; and consults with management on the activities of the Company's independent auditors and the Company's internal control structure.

The Compensation Committee administers the Amended and Restated Stock Option Plan, the 1997 Equity Participation Plan and certain other benefit plans of the Company and makes recommendations to the Board with respect to the compensation to be paid and benefits to be provided to directors, officers and employees of the Company.

During 2000, the Board held three formal meetings, the Audit Committee held three formal meetings and the Compensation Committee held two formal meetings. The Executive Committee held no meetings in 2000. During 2000, each member of the Board attended 75% or more of the aggregate number of meetings of the Board and of committees of the Board of which he was a member, except Robert J. Lanigan and George R. Roberts. In addition to the formal meetings indicated above, the Board and the committees of the Board consulted frequently and often acted by written consent taken without a meeting.

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DIRECTOR AND EXECUTIVE COMPENSATION AND OTHER INFORMATION

DIRECTOR COMPENSATION

Directors of the Company who are not Company officers are paid a fee of \$35,000 annually plus expenses associated with meetings of the Company's Board.

SUMMARY COMPENSATION TABLE

The following table shows, for the years ended December 31, 1998, 1999 and 2000, the cash compensation paid by the Company and its subsidiaries, as well as certain other compensation paid or accrued for those years, to the Company's Chief Executive Officer and the four most highly compensated executive officers of the Company (the "named executive officers") in all capacities in which they served.

ANNUAL COMPENSATION

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION		
		SALARY (\$ (1))	BONUS (\$ (2))	OTHER ANNUAL COMPENSATION (\$ (3))
Joseph H. Lemieux.....	2000	\$650,797	\$137,500	\$346,287
Chairman and Chief	1999	625,697	278,500	77,681
Executive Officer	1998	601,400	387,500	76,028
Peter J. Robinson (10).....	2000	471,726(11)	405,879	0
V.P., General Manager,	1999	480,168	463,543	0
Asia Pacific Operations	1998	275,981	126,755	0
R. Scott Trumbull.....	2000	292,500	180,000	104,202
Executive V.P.--International	1999	277,500	160,000	29,846
Operations/Corp. Development	1998	262,500	200,000	28,869
Terry L. Wilkison.....	2000	292,500	200,000	33,005
Executive V.P.--Plastics	1999	277,500	160,000	11,791
Group General Manager	1998	99,375	90,000	4,532
Thomas L. Young.....	2000	292,500	200,000	85,921
Executive V.P.--Administration	1999	276,333	160,000	29,057
and General Counsel	1998	255,000	200,000	15,320

LONG TERM COMPENSATION

NAME AND PRINCIPAL POSITION	LONG TERM COMPENSATION			
	AWARDS		PAYOUTS	
	RESTRICTED STOCK AWARD (\$) (#)	SECURITIES UNDERLYING OPTIONS/SARS (#) (4)	LONG-TERM INCENTIVE PAYOUTS (\$ (5))	ALL OTHER COMPENSATION (\$ (6))
Joseph H. Lemieux.....	\$ 856,286 (7)	160,000	\$100,358	\$ 64,163 (8) (9)
Chairman and Chief	2,322,094	160,000	105,651	54,243
Executive Officer	746,825	160,000	119,951	57,056
Peter J. Robinson (10).....	0 (12)	100,000	124,616	4,446 (13)
V.P., General Manager,	558,750	100,000	0	4,555
Asia Pacific Operations	0	100,000	0	4,152
R. Scott Trumbull.....	0 (14)	75,000	94,502	12,594 (9)
Executive V.P.--International	419,063	75,000	97,718	11,100
Operations/Corp. Development	0	75,000	109,418	10,500
Terry L. Wilkison.....	0 (15)	75,000	73,093	5,956 (9)
Executive V.P.--Plastics	419,063	75,000	78,778	883
Group General Manager	0	75,000	89,279	3,975
Thomas L. Young.....	0 (16)	75,000	91,763	12,948 (9)
Executive V.P.--Administration	558,750	75,000	93,600	11,053
and General Counsel	0	75,000	100,152	10,200

- (1) Includes amounts deferred at the election of the named executive officer pursuant to the salary reduction provisions of the Stock Purchase and Savings Program.
- (2) Except as otherwise provided in footnote 11 below, the amounts disclosed in this column represent awards under the Owens-Illinois, Inc. Senior Management Incentive Plan for the year indicated. Except as otherwise provided in footnote 7 below, amounts, if any, deferred at the election of a named executive officer are included in the year earned.
- (3) The amounts disclosed in this column represent amounts reimbursed during the year for the payment of taxes.
- (4) No SAR's were granted to any of the named executive officers during 2000.
- (5) The amounts disclosed in this column represent awards under the Owens-Illinois, Inc. Performance Award Plan for the year indicated. Except as otherwise provided in footnote 7 below, amounts, if any, deferred at the election of an executive officer are included in the year earned.
- (6) Except as otherwise provided in footnote 13 below, the amounts disclosed in this column for 2000 represent matching cash contributions by the Company to the Stock Purchase and Savings Program ("SPASP") and the Executive Savings Plan, both defined contribution plans. The SPASP is a tax-qualified defined contribution plan intended to satisfy the requirements of Section 401(k) of the Internal Revenue Code of 1986. The Company contributes to each participant's account maintained under the SPASP an amount of Company stock

equal to 50% of the participant's contributions to the SPASP but not more than 4% of (a) the participant's earnings or (b) \$170,000 for 2000, whichever is lower. The difference between the theoretical Company matching contribution under the SPASP for each participant, without regard to the legally imposed maximum, and the maximum contribution permitted under law is used to determine the number of theoretical shares of Company Common Stock which would have been purchased for the participants account in the absence of the IRS limitation on participant's earnings in excess of \$170,000 for 2000. In 2000, the Executive Savings Plan was terminated and all amounts held thereunder were distributed to the plan participants.

- (7) Represents 96,104 shares of restricted stock granted to Mr. Lemieux under the Company's 1997 Equity Participation Plan in lieu of cash payments in the amounts of \$412,500 and \$301,072 pursuant to elections by Mr. Lemieux under the Company's Senior Management Incentive Plan and Performance Award Plan, respectively. See "Board Compensation Committee Report on Executive Compensation--Annual Incentive" and "--Long-Term Incentives" below. As of December 31, 2000, Mr. Lemieux held 149,212 shares of restricted stock of the Company with a value of \$848,643 (determined by the closing price of the Common Stock on the New York Stock Exchange on December 31, 2000).
- (8) Also includes a premium of \$29,100 paid by the Company on a whole life insurance policy owned by Mr. Lemieux.

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- (9) Includes the following amounts equal to the value of premiums paid by the Company in connection with life insurance policies issued pursuant to the Owens-Illinois Executive Life Insurance Plan and Participation Agreements entered into between the Company and certain named executive officers during 2000: Mr. Lemieux, \$9,031; Mr. Trumbull, \$894; Mr. Wilkison, \$1,531; and Mr. Young, \$1,248.
- (10) Mr. Robinson became an employee of the Company in May 1998 upon the purchase by the Company of the packaging businesses of BTR plc. His compensation for 1998 is for the period from May 1, 1998 through December 31, 1998.
- (11) Includes payment in the amount of \$93,089, which payments were made to Mr. Robinson in lieu of contributions on his behalf to a superannuation fund to provide post-retirement pension benefits. Mr. Robinson's bonus is provided under a separate bonus plan relating to the Company's Asia Pacific business.
- (12) As of December 31, 2000, Mr. Robinson held phantom stock units under the Company's 1997 Equity Participation Plan with respect to 20,000 shares of Common Stock of the Company with a value of \$113,750 (determined by the closing price of the Common Stock on the New York Stock Exchange on December 31, 2000).
- (13) Represents the statutory minimum amounts contributed by the Company to a superannuation fund on behalf of Mr. Robinson.
- (14) As of December 31, 2000, Mr. Trumbull held 15,000 shares of restricted stock of the Company with a value of \$85,313 (determined by the closing price of the Common Stock on the New York Stock Exchange on December 31, 2000).
- (15) As of December 31, 2000, Mr. Wilkison held 15,000 shares of restricted stock of the Company with a value of \$85,313 (determined by the closing price of the Common Stock on the New York Stock Exchange on December 31, 2000).
- (16) As of December 31, 2000, Mr. Young held 20,000 shares of restricted stock of the Company with a value of \$113,750 (determined by the closing price of the Common Stock on the New York Stock Exchange on December 31, 2000).

OPTION/SAR GRANTS IN LAST FISCAL YEAR(1)

The following table provides information on option grants in 2000 to the named executive officers.

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(3)	
	NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS GRANTED (#)	% OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SH)	EXPIRATION DATE	5%	10%
Joseph H. Lemieux.....	160,000(2)	9.0%	\$13.50	05/02/10	\$1,358,412	\$3,442,484
Peter J. Robinson.....	100,000(2)	5.6%	13.50	05/02/10	849,008	2,151,552
R. Scott Trumbull.....	75,000(2)	4.2%	13.50	05/02/10	636,756	1,613,664
Terry L. Wilkison.....	75,000(2)	4.2%	13.50	05/02/10	636,756	1,613,664

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- (1) No SAR's were granted to any of the named executive officers during 2000.
- (2) Exercises of one-half of the options are permitted after each of the fifth and sixth anniversaries of the date of the grant; provided, options shall become exercisable after the first anniversary of the date of the grant thereof at the time when the average fair market value per share (as evidenced by the closing price of the underlying stock on the principal exchange on which it is traded) for any period of 20 consecutive trading days (commencing after such first anniversary) is at least equal to the product of the fair market value per share on the date of grant times the amount shown below under "Stock Price Multiple" as to the percentage of the shares of stock initially subject to the option shown below under "Exercise Percentage."

STOCK PRICE MULTIPLE	RESULTING STOCK PRICE	EXERCISE PERCENTAGE
120%	\$16.20	25%
144%	19.44	50%
172%	23.22	75%
206%	27.81	100%

Under the Second Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc., for all options granted between January 1, 1992 and December 31, 1996, rights to receive Additional Options, as defined in the Second Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc., are attached to each option and Additional Options will be granted upon exercise, subject to certain conditions, if the exercise price is paid using shares of Common Stock owned by the optionee or the related tax obligation is paid using shares of Common Stock owned by the optionee or by relinquishing Common Stock which the optionee is entitled to receive upon the exercise of the options. Under the 1997 Equity Participation Plan of Owens-Illinois, Inc., for all options granted under the plan, rights to receive Additional Options, as defined in the 1997 Equity Participation Plan of Owens-Illinois, Inc., are attached to each option and Additional Options will be granted upon exercise, subject to certain conditions, if the exercise price is paid using shares of Common Stock owned by the optionee or the related

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tax obligation is paid using shares of Common Stock owned by the optionee or by relinquishing Common Stock which the optionee is entitled to receive upon the exercise of the options.

- (3) Based on actual option term and annual compounding. The assumed annual rates of appreciation of 5 and 10 percent would result in the price of the Company's Common Stock increasing to \$21.991 and \$35.016, respectively.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND
FISCAL YEAR-END OPTION/SAR VALUES

Shown below is information with respect to the unexercised options to purchase the Company's Common Stock granted in 2000 and prior years to the named executive officers and held by them at December 31, 2000. No options were exercised by named executive officers in 2000.

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT DECEMBER 31, 2000		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT DECEMBER 31, 2000 (1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Joseph H. Lemieux.....	325,000	630,000	\$0	\$0
Peter J. Robinson.....	0	300,000	0	0
R. Scott Trumbull.....	47,500	218,250	0	0
Terry L. Wilkison.....	0	225,000	0	0

(1) Based on the closing price of the Company's Common Stock on the New York Stock Exchange on that date of \$5.6875.

LONG-TERM INCENTIVE PLANS--AWARDS IN LAST FISCAL YEAR

The named executive officers are covered by the Company's Performance Award Plan ("PAP") under which eligible employees receive annual cash awards payable at the end of the three-year period covered by the grant of the award. Award payouts under PAP are based on the average annual attainment of the performance objectives set by the Compensation Committee of the Board. For the 2000-2002 award period, performance will be evaluated in comparison to the Company's attained level of earnings per share relative to objectives for that period. The target amounts shown below are earned by Company performance at the level of 100% of the established objectives, with such payment percentage increasing or decreasing four percentage points for each single percentage point increase or decrease, respectively, in performance.

NAME	PERFORMANCE OR OTHER PERIOD UNTIL MATURATION OR PAYOUT	ESTIMATED FUTURE PAYOUTS UNDER NON-STOCK PRICE-BASED PLANS		
		THRESHOLD	TARGET	MAXIMUM
Joseph H. Lemieux.....	2000-2002	\$101,250	\$506,250	(1)
Peter J. Robinson.....	2000-2002	33,053	165,267	(1)
R. Scott Trumbull.....	2000-2002	24,480	122,400	(1)
Terry L. Wilkison.....	2000-2002	24,496	122,480	(1)
Thomas L. Young.....	2000-2002	24,400	122,000	(1)

(1) The maximum dollar amount that may be earned under PAP is not capped.

PENSION PLANS

The following table illustrates the estimated annual benefits payable under the Owens-Illinois Salary Retirement Plan (the "Retirement Plan") and nonqualified retirement plans in various average earnings classifications upon normal retirement at age 65:

HIGHEST THREE-YEAR AVERAGE ANNUAL EARNINGS	YEARS OF CREDITED SERVICE					
	20	25	30	35	40	45
\$ 200,000	\$ 52,690	\$ 65,862	\$ 79,035	\$ 92,207	\$ 104,327	\$ 116,447
400,000	109,019	136,274	163,529	190,784	213,607	237,847
600,000	166,162	207,703	249,243	290,784	322,887	359,247
800,000	223,305	279,131	334,958	390,784	432,167	480,647
1,000,000	280,448	350,560	420,672	490,784	541,447	602,047
1,200,000	337,591	421,989	506,386	590,784	650,727	723,447
1,400,000	394,734	493,417	592,101	690,784	760,007	844,847
1,600,000	451,877	564,846	677,815	790,784	869,287	966,247
1,800,000	509,019	636,274	763,529	890,784	978,567	1,087,647
2,000,000	566,162	707,703	849,243	990,784	1,087,847	1,209,047
2,200,000	623,305	779,131	934,958	1,090,784	1,197,127	1,330,447

The above pension table illustrates benefits calculated on a straight-life annuity basis, and reflects the greater of the regular benefit or the "grandfathered" benefit available under the formula in effect prior to January 1, 1989. The regular benefit does not contain an offset for social

security or other amounts, whereas the "grandfathered" benefit does provide for a partial offset for social security benefits.

The compensation covered by the plans under which the benefits are summarized in the table above equals the sum of base salary, Senior Management Incentive Plan and Performance Award Plan payments, as reported in the Summary Compensation Table for the named executive officers for the last three fiscal years, and is equal to the highest three-year average of such amounts. At January 31, 2001, Mr. Lemieux had 43 years of credited service, Mr. Trumbull had 29 years of credited service, Mr. Wilkison had 2 years of credited service and Mr. Young had 24 years of credited service under the Retirement Plan. To the extent that benefits in the preceding table cannot, under the limitations of the Code, be provided under the Retirement Plan, such benefits will be provided under the Company's Supplemental Retirement Benefit Plan (the "SRBP"). Peter J. Robinson is not covered by a Company-sponsored pension plan.

A significant portion of the pension benefits payable to certain named executive officers is provided under the SRBP. Such benefits have historically represented an unfunded liability of the Company. In 2000, the Company amended the SRBP to provide for funding of the retirement benefits then due under the SRBP, including any additional or enhanced benefits under the Retirement Plan or the SRBP to which the named executive officer would have been entitled had he retired or otherwise terminated his employment with the Company. Pursuant to such amendment, in 2000 the Company entered into agreements with certain named executive officers under which the liabilities for the accrued SRBP benefits were funded through accounts established by the Company for each such named executive officer in the Harbor Money Market Fund, a mutual fund to which Harbor Capital Advisors, Inc., a wholly owned subsidiary of the Company acts as investment advisor. The amounts funded pursuant to such agreements for the named executive officers were as follows: Mr. Lemieux, \$9,407,000; Mr. Trumbull, \$2,784,000; Mr. Wilkison, \$272,000; and Mr. Young, \$2,147,000. The foregoing funding arrangements offset the liabilities under the SRBP at the time of such funding. Additionally, as consideration for such funding

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commitments each of such named executive officers entered into a non-competition and non-solicitation agreement covering the term of his employment plus three years.

EMPLOYMENT AGREEMENTS. The Company entered into employment agreements with certain officers, including the named executive officers listed above, that entitle the participants to receive their base salaries and to participate in designated benefit plans of the Company. The agreements provide for termination of employment at any time, with or without cause, and the benefit plans designated therein and each employee's rights to receive salary and bonuses pursuant thereto are subject to modification by the Company in its sole discretion.

CERTAIN TRANSACTIONS

During 2000, the law firm of Williams & Jensen, P.C., of which Mr. McMackin is a member, received fees for legal services in connection with various matters. It is anticipated that the Company will continue to utilize the services of Williams & Jensen, P.C. on various Company matters.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION DECISIONS

The following non-employee directors serve on the Compensation Committee of the Company's Board of Directors: Edward A. Gilhuly, James H. Greene, Jr. and Michael W. Michelson (chair). Until June 1987, Mr. Gilhuly and Mr. Greene were officers of the Company. Messrs. Greene, Michelson and Gilhuly are members of KKR & Co. L.L.C., the general partner of Kohlberg Kravis Roberts & Co., L.P., which provides management, consulting and financial services to the Company for an annual fee. In 2000 the payment for the management fee and expenses was \$1,672,966. Such services include, but are not necessarily limited to, advice and assistance concerning any and all aspects of the operation, planning and financing of the Company and its subsidiaries, as needed from time to time.

BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee (the "Committee") of the Company's Board of Directors establishes the Company's policies regarding the compensation of its executive officers and other key managers, and oversees the compensation

practices employed pursuant to those policies. The Committee also administers the Company's Equity Participation Plan, the Performance Award Plan ("PAP"), and, with the Chief Executive Officer, the Senior Management Incentive Plan ("SMIP"). The Committee has direct responsibility for the compensation of the Chief Executive Officer.

The Company's principal objective is to increase share owner value over time. The Committee's executive compensation policies are intended, and have been structured, to achieve this objective by emphasis on and adherence to the following principles: (1) focus on a significant equity orientation among executives to align their interests with those of all other share owners, (2) linkage of compensation with achievement of certain specific financial, strategic and operating goals which underlie long-term share owner value, (3) maintenance of plans which are intended to be competitive with those of other successful companies of comparable size, particularly those in the industries in which the Company competes, and (4) effective communication and straightforward administration of plans that are well understood and not unduly complex. Additionally, because the Company in 2000 confronted numerous external financial and related issues, including the bankruptcy filings of several companies with long tail asbestos liabilities, the Committee determined that it was also necessary to take appropriate steps to secure and incentivize the retention of key executives and managers, particularly those who are retirement eligible.

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The components of the Company's executive officer compensation are:

- Base Salary
- Annual Incentive
- Long-Term Incentives
- Benefits

BASE SALARY. Base salaries are set at levels intended to be competitive with industrial companies of comparable size in a broad range of American industries, which the Committee believes are the Company's competitors for executive talent. The Committee reviews salaries annually and provides salary adjustments based on periodic reviews of competitive considerations. In 2000, Mr. Lemieux was granted a \$50,000 increase in base salary, representing a 7.6% adjustment on an annualized basis.

ANNUAL INCENTIVE. The Company's SMIP establishes target annual incentives for key executives in the form of a percentage of base salary (up to a maximum target incentive of 100% in the case of the Chief Executive Officer). The SMIP provides for annual incentive awards consisting of a corporate performance component based on annual rate of return on net assets ("RONA") and an earnings per share ("EPS") targets, on an equally weighted basis, established by the Board as the performance objectives for the year, an operating unit RONA performance component (for executive positions at the unit level), and a discretionary component. Each performance component and, in the aggregate, the discretionary components are contingent on the Company's performance relative to the corporate RONA and EPS objectives for the year.

The SMIP establishes quantitative relationships between performance and payout percentages within defined minimum/maximum ranges. The total bonus pool available for distribution to all covered executives, including the Chief Executive Officer, cannot exceed 150% of the total of all target bonuses for the covered executives.

A recipient of an SMIP payment may elect to receive restricted stock in lieu of cash for all or a portion of such payment. Such restricted stock is issued under the terms of the 1997 Equity Participation Plan of Owens-Illinois, Inc., which plan was approved by the share owners at the 1997 Annual Meeting. A recipient who so elects receives a number of shares of restricted stock equal to 120% of the amount of cash forgone divided by the closing price of the Common Stock on the last trading day prior to the date on which the cash amount would have been paid. Except as otherwise provided in the 1997 Equity Participation Plan of Owens-Illinois, Inc., such restricted stock vests on the third anniversary of the date on which the cash amount would have been paid.

Based on the Committee's evaluation of the Company's RONA and EPS performance relative to its 2000 RONA and EPS objectives, and further based on the Committee's evaluation of certain other performance factors relating to the Chief Executive Officer, Mr. Lemieux was granted an SMIP award of \$550,000 for 2000.

LONG-TERM INCENTIVES. There are two forms of long-term incentives utilized for key executives: PAP, which provides cash awards, and the Company's Equity Participation Plan, which provides for grants of stock options and restricted stock.

The PAP establishes target cash awards for key executives based on a percentage of base salary at the time of the award (up to a maximum target award of 75% in the case of the Chief Executive Officer). The PAP is based on a three-year performance cycle. Award payouts are based on the average annual

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attainment of the performance objectives set by the Board for each year of each award period. The Board establishes the performance criteria under this Plan and sets the relative weighting where multiple criteria are applicable. For the 1999-2001 and 2000-2002 award period, performance will be evaluated in comparison to the Company's attained level of EPS relative to objectives for these periods. Under the Plan, performance at the level of 100% of these established objectives results in a 100% payment of the PAP award, with such payment percentage increasing or decreasing four percentage points for each single percentage point increase or decrease, respectively, in performance.

A recipient of a PAP payment may elect to receive restricted stock in lieu of cash for all or a portion of such payment on the same terms described above with respect to SMIP payments.

The Committee previously approved a PAP allotment to Mr. Lemieux for the 1998-2000 award period of \$468,960, and the Committee determined, in the manner described in the immediately preceding paragraph, that performance in 1998-2000 award period relative to the earnings per share objective established for this period warranted a 85.6% payout of Mr. Lemieux's 1998-2000 PAP allotment.

In 2000, the Committee approved a PAP allotment to Mr. Lemieux for the 2000-2002 award period of \$506,250.

The Company Equity Participation Plan provides executives with the opportunity to acquire an equity interest in the Company and to share in the appreciation of the value of the stock. Stock options only have value if the stock price appreciates from the date the options are granted. Furthermore, under the form of Stock Option Agreement currently approved by the Committee, exercisability of options is not available until the fifth year after the grant date unless exercisability has been accelerated by virtue of increase(s) in the Company stock price.

Each year the Committee determines the total number of options to be awarded to all eligible key employees as a group. The Committee determined that in 2000 a pool approximately equal to 1.2% of the total number of outstanding shares of common stock of the Company was sufficient to achieve the overall goals of the plan. The number of options awarded to each eligible key employee, including the Chief Executive Officer and each executive officer, is based on the opportunity for such individual to enhance share owner value through the effective performance of such individual's job responsibilities. Consideration is also given to the total number of options previously granted to such individual. In 2000, Mr. Lemieux was granted options on 160,000 shares.

BENEFITS. In 2000, the Company instituted the Owens-Illinois Executive Life Insurance Plan (or, in the case of covered employees living outside the United States, the Owens-Illinois Death Benefit Plan) under which covered employees, including the named executive officers, are provided life insurance with a death benefit equal to three times the covered employees then-current base salary. The Company retains a collateral interest in each insurance policy under which the Company receives, out of the death benefits payable under the policy, an amount equal to the premiums paid by the Company, plus interest on such payments at the rate prescribed under the plan from each premium payment date. The Company, with the Committee's approval, also took steps to fund the previously unfunded portion of the pension liabilities for its executive officers as further described above in the discussion of "Pension Plans."

Other benefits offered to executive officers are essentially the same as those offered to all salaried employees of the Company. The level and nature of such benefits are reviewed from time to time to ensure that they are competitive, tax efficient, and otherwise appropriate in the judgment of the Committee.

The Committee believes that the executive compensation policies and programs described above serve the interest of all share owners and the Company and substantially link the compensation of the Company's executives with the Company's performance.

TAX DEDUCTIBILITY COMPENSATION. During 1993, the Internal Revenue Code of 1986 was amended by adding a new Section 162(m), which denies a tax deduction to a publicly held corporation for compensation paid to its Chief Executive Officer and its other four most highly compensated officers to the extent any such compensation exceeds \$1 million in a taxable year after 1993. Such denial of tax deductibility is subject, however, to an exception for "performance-based compensation." The Internal Revenue Service has issued regulations purporting to interpret and implement the provisions of Section 162(m).

Mr. Lemieux is the only executive whose compensation under the Company's cash compensation plan is potentially subject to the provisions of Section 162(m). Mr. Lemieux has elected, pursuant to the Company's 1997 Equity Participation Plan, to defer into restricted stock an amount of his incentive compensation for 2000 such that his total compensation will not exceed the \$1 million deductibility limit in 2001. Of the amount deferred by Mr. Lemieux for 2000, \$713,572 was taken in the form of restricted stock under the 1997 Equity Participation Plan. Notwithstanding the prior deferral by Mr. Lemieux of a portion of his incentive compensation for 1999, as a result of the one-time accelerated payments made to Mr. Lemieux under the Company's Supplemental Retirement Benefit Plan and certain other payments made to Mr. Lemieux upon the termination of the Company's Officers Deferred Compensation Plan, a portion of the compensation payable to Mr. Lemieux in 2000 will be subject to the limitation on deductibility imposed under Section 162(m).

Michael W. Michelson, Chairman
Edward A. Gilhuly
James H. Greene, Jr.

BOARD AUDIT COMMITTEE REPORT

The Audit Committee assists the Board of Directors in its oversight of the Company's financial statements. Management is responsible for the financial statements and the financial reporting process. The independent auditors are responsible for expressing an opinion on the conformity of the Company's audited financial statements to accounting principles generally accepted in the United States.

In this context, the Audit Committee has reviewed and discussed the audited financial statements with management and the independent auditors. The Audit Committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). In addition, the Audit Committee has received from the independent auditors the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and discussed with the independent auditors their independence from the Company and its management. The Audit Committee has also considered whether the independent auditors' provision of non-audit services to the Company is compatible with the auditors' independence.

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Report on Form 10-K for the period ended December 31, 2000, for filing with the Securities and Exchange Commission.

All current members of the Audit Committee of the Company's Board of Directors are eligible to serve on the committee under the independence standards contained in the current New York Stock Exchange Listing Standards. The Board of Directors has adopted a Charter for the Audit Committee. A copy of the Charter is attached to this Proxy Statement as Appendix A.

Edward A. Gilhuly, Chairman
Robert J. Dineen
John J. McMackin, Jr.

COMPARISON OF CUMULATIVE TOTAL RETURN
AMONG OWENS-ILLINOIS, S&P 500 AND PACKAGING GROUP

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

	OWENS-ILLINOIS	S&P 500	REVISED PACKAGING GROUP	PREVIOUS PACKAGING GROUP
1995	\$100.00	\$100.00	\$100.00	\$100.00
1996	\$156.90	\$122.96	\$126.79	\$129.70
1997	\$261.64	\$163.98	\$162.86	\$166.63
1998	\$211.21	\$210.84	\$131.17	\$139.78
1999	\$172.84	\$255.23	\$113.03	\$138.82
2000	\$39.23	\$232.00	\$71.90	\$93.27

The above graph compares the performance of the Company's Common Stock with that of a broad market index (the S&P 500 Composite Index) and a packaging group consisting of companies with lines of business or product end uses comparable to those of the Company for which market quotations are available.

The revised packaging group presented above reflects changes from the previous packaging group that was presented in the prior year performance graph. American National Can Group, Inc. and U.S. Can Corp. were removed because market quotations ceased to be available in 2000. Their elimination from the packaging group in 2000 did not have a significant effect on total returns for prior periods. Avery Dennison Corp. and Multi-Color Corp. were removed because their products are no longer comparable to those of the Company following the Company's January 2001 sale of its labels business. The elimination of Multi-Color Corp. did not have a significant effect on total returns of the group. The elimination of Avery Dennison Corp. had a significant effect on the total return of the group in 1999 and 2000, since, based on market capitalization, it accounted for over 25% of the previous packaging group's weighted average return. The performance of the group as constituted before the elimination of Avery Dennison Corp. and Multi-Color Corp. is shown above as the previous packaging group.

The revised packaging group consists of: AptarGroup, Inc., Ball Corp., Bemis Company, Inc., BWAY Corp., Chesapeake Corp., Crown Cork & Seal Company, Inc., Liqui-Box Corp., Owens-Illinois, Inc., Sealed Air Corp., Silgan Holdings Inc., Sonoco Products Co., and Vitro Sociedad Anonima (ADSs).

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The comparison of total return on investment for each period is based on the change in market value of the stock, including additional shares assumed purchased through reinvestment of dividends, if any.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Common Stock as of March 12, 2001 (except as otherwise noted in the footnotes below) by each beneficial owner of more than five percent of the Company's outstanding Common Stock known to the Company, each of the Company's directors and nominees for director, each of the named executive officers and all directors and executive officers of the Company as a group. No director, nominee for director, named executive officer or other executive officer beneficially owned any of the Company's preferred stock.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED (1)	PERCENTAGE
----- KKR Associates, L.P. (2)..... 9 West 57th Street New York, New York 10019	36,000,000	24.7%

Alliance Capital Management L.P.(3).....	18,358,327	12.6
1290 Avenue of the Americas New York, New York 10104		
Capital Research and Management Company(4).....	15,307,970	10.5
333 South Hope Street Los Angeles, California 90071		
State Street Bank and Trust Company(5).....	19,055,460	13.0
225 Franklin Street Boston, MA 02110		
Joseph H. Lemieux(1).....	1,021,953 (6) (7)	0.7
Thomas L. Young(1).....	162,693 (6) (7)	0.1
Robert J. Dineen(1).....	27,282	--
Edward A. Gilhuly(2).....	10,000	--
James H. Greene, Jr.(2).....	--	--
Robert J. Lanigan(1).....	353,278	0.2
John J. McMackin, Jr.(1).....	28,019	--
Michael W. Michelson(2) (8).....	20,000	--
George R. Roberts(2).....	--	--
Peter J. Robinson(1).....	28,000 (6) (7)	--
R. Scott Trumbull(1).....	183,686 (6) (7)	0.1
Terry L. Wilkison(1).....	58,951 (6) (7)	--
All directors and executive officers as a group (other than as set forth in relation to KKR Associates, L.P.) (29 persons) (1).....	2,845,464 (6) (7)	2.0

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- (1) For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date if such person has the right to acquire such shares within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above on a given date, any security which such person or persons has the right to acquire within 60 days after such date is deemed to be outstanding, but is not deemed to be

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outstanding for the purpose of computing the percentage ownership of any other person. The information includes: all currently exercisable options granted to Messrs. Lemieux, Young, Dineen, Lanigan, McMackin, Robinson, Trumbull and Wilkison. The number of shares beneficially owned includes 325,000 shares subject to options granted to Mr. Lemieux; 83,491 shares subject to options granted to Mr. Young; 18,182 shares subject to options granted to Mr. Dineen; 75,000 shares subject to options granted to Mr. Lanigan; 18,391 shares subject to options granted to Mr. McMackin; 47,500 shares subject to options granted to Mr. Trumbull; and 953,589 shares subject to options granted to all directors and officers as a group (other than as set forth in relation to KKR Associates, L.P.). Mr. Robinson and Mr. Wilkison hold no options exercisable within 60 days. For purposes of this table, Mr. Robinson is deemed to have "beneficial ownership" of 20,000 phantom stock units issued under the Company's 1997 Equity Participation Plan.

- (2) Shares shown as owned by KKR Associates, L.P. are owned of record by three limited partnerships of which KKR Associates, L.P. is the sole general partner and as to which it possesses sole voting and investment power. KKR Associates is a limited partnership of which George R. Roberts, Michael W. Michelson, James H. Greene, Jr., Edward A. Gilhuly (all directors of the Company), Henry R. Kravis, Robert I. MacDonnell, Paul E. Raether, Michael T. Tokarz, Perry Golkin, and Scott Stuart are the general partners. Such persons may be deemed to share beneficial ownership of the shares shown as owned by KKR Associates, L.P. The foregoing persons disclaim beneficial ownership of such shares of the Company.
- (3) The Schedule 13G received by the Company from AXA Financial, Inc. indicated that Alliance Capital Management L.P. is the beneficial owner of 18,358,327 shares of the Common Stock on behalf of client discretionary investment advisory accounts, with sole power to vote or to direct the vote on 9,722,025 shares, shared power to vote or direct the vote on 1,765,308 shares and the sole power to dispose or to direct the disposition of 18,358,327 shares. Alliance Capital Management L.P. is majority owned by AXA Financial, Inc. In turn, AXA Financial, Inc. is majority owned by AXA, which is controlled by AXA Conseil Vie Assurance Mutuelle, AXA Insurance I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle and AXA Courage Assurance Mutuelle.
- (4) The Schedule 13G received by the Company from Capital Research and

Management Company indicated it is beneficial owner of 15,307,970 shares of Common Stock with sole dispositive power with respect to 15,307,970 shares of Common Stock, shared dispositive power with respect to 0 shares of Common Stock, sole voting power with respect to 0 shares of Common Stock and shared voting power with respect to 0 shares of Common Stock. The foregoing 13G indicated that the shares reported by Capital Research and Management Company included 257,970 shares resulting from the assumed conversion of 271,800 shares of the 4.75% Convertible Preferred stock of the Company.

- (5) The Schedule 13G received by the Company from State Street Bank and Trust Company ("State Street"), acting in various fiduciary capacities, indicated it is beneficial owner of 19,055,460 shares of Common Stock, with sole voting power with respect to 922,991 shares of Common Stock, shared voting power with respect to 17,961,545 shares of Common Stock, sole dispositive power with respect to 11,322,258 shares of Common Stock, and shared dispositive power with respect to 7,733,202 shares of Common Stock. The majority of the shares with respect to which State Street is the beneficial owner are owned on behalf of (a) the Owens-Illinois Hourly Supplemental Retirement Plan, (b) the Owens-Illinois Non-Union Retirement and Savings Plan, (c) the Owens-Illinois Stock Purchase and Savings Program, and (d) the Owens-Illinois Long Term Savings Plan. State Street expressly disclaims beneficial ownership of all of the shares of Common Stock reported in the Schedule 13G pursuant to Rule 13D-4.

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- (6) The table includes the number of shares of Common Stock that Joseph H. Lemieux, Thomas L. Young, R. Scott Trumbull, Terry L. Wilkison and all directors and officers as a group (other than as set forth in relation to KKR Associates, L.P.) held in the Stock Purchase and Savings Program as of February 28, 2001. No shares are held in such program for Peter J. Robinson.
- (7) The number of shares shown as beneficially owned includes the following number of shares of unvested restricted stock over which the following persons or group had voting, but not investment, power as of March 12, 2001; Mr. Lemieux--230,105 shares; Mr. Young--20,000 shares; Mr. Trumbull--15,000 shares; Mr. Wilkison--15,000 shares; and all directors and officers as a group (other than as set forth in relation to KKR Associates, L.P.)--403,352 shares. The number of shares shown as beneficially owned by Mr. Robinson includes 20,000 phantom stock units issued under the Company's 1997 Equity Participation Plan.
- (8) Does not include 3,000 shares of Common Stock held in an irrevocable trust created by Mr. Michelson for the benefit of his children with respect to which Mr. Michelson disclaims any beneficial ownership.

The limited partnership agreements pursuant to which two of the limited partnerships noted in footnote 2 above (the "KKR Partnerships") were organized, by their terms, expired on December 31, 2000. The limited partnership agreement may be amended by all of the limited partners to extend the term beyond such date. No such amendment has been adopted. There can be no assurance that KKR Associates, L.P., as general partner of the KKR Partnerships, will seek an amendment or, if sought, that an amendment will be approved by the limited partners. In connection with the dissolution and winding up of the limited partnerships, KKR Associates, L.P. has sole discretion regarding the timing (which may be one or more years after the expiration of the partnership agreements) and manner of the disposition of any Common Stock held by such limited partnerships, including public or private sales of such Common Stock, the distribution of such Common Stock to the limited partners of the limited partnerships or a combination of the foregoing.

GENERAL INFORMATION

AUDITORS

The Board, upon the recommendation of the Audit Committee, has approved the selection of Ernst & Young LLP as the Company's independent auditors for 2001. Ernst & Young LLP fees and expenses for the 2000 annual audit were \$2.8 million and all other fees were \$4.5 million, including audit related services of \$2.2 million, and nonaudit services of \$2.3 million. Representatives of Ernst & Young LLP will attend the Annual Meeting, will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions.

OUTSTANDING STOCK

An aggregate of 144,954,443 shares of the Company's Common Stock was outstanding at the close of business on March 12, 2001. Each share entitles its holder of record to one vote on each matter upon which votes are taken at the Annual Meeting. Shares of Common Stock held by the trustee under the Company's 401(k) plans must be voted by the trustee in accordance with written instructions from participants in such plan or, as to those shares for which no instructions are received, in a uniform manner as a single block in accordance with the instructions received with respect to the majority of shares for which instructions were received from participants. No other securities are entitled to be voted at the Annual Meeting.

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REVOCABILITY OF PROXIES

Any proxy solicited hereby may be revoked by the person or persons giving it at any time before it has been exercised at the Annual Meeting by giving notice of revocation to the Company in writing or at the 2001 Annual Meeting.

SOLICITATION COSTS

The Company will pay the cost of preparing and mailing this Proxy Statement and other costs of the proxy solicitation made by the Board. Certain of the Company's officers and employees may solicit the submission of proxies authorizing the voting of shares in accordance with the Board's recommendations, but no additional remuneration will be paid by the Company for the solicitation of those proxies. Such solicitations may be made by personal interview, telephone and telegram. Arrangements have also been made with brokerage firms and others for the forwarding of proxy solicitation materials to the beneficial owners of Common Stock, and the Company will reimburse them for reasonable out-of-pocket expenses incurred in connection therewith.

VOTING PROCEDURES

The By-laws of the Company (the "By-laws") provide that a majority of the Common Stock issued and outstanding and entitled to vote at the Annual Meeting, the holders of which are present in person or represented by proxy, shall constitute a quorum at any Annual Meeting.

Votes cast at the Annual Meeting will be tabulated by the persons appointed by the Company to act as inspectors of election for the Annual Meeting. The inspectors of election will treat shares of voting stock represented by a properly signed and returned proxy as present at the Annual Meeting for purposes of determining a quorum, without regard to whether the proxy is marked as casting a vote or abstaining. Likewise, the inspectors of election will treat shares of voting stock represented by "broker non-votes" (i.e., shares of voting stock held in record name by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote, (ii) the broker or nominee does not have discretionary voting power under applicable New York Stock Exchange rules or the instrument under which it serves in such capacity, and (iii) the recordholder has indicated on the proxy card or otherwise notified the Company that it does not have authority to vote such shares on that matter) as present for purposes of determining a quorum.

The By-Laws provide that all matters to come before the Annual Meeting require the approval of the vote of the holders of a majority of the stock present in person or represented by proxy, unless the question is one upon which by express provision of law, or the Certificate of Incorporation, or the By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. On any such matters, abstentions as to particular proposals will have the same effect as votes against such proposals. Broker non-votes as to particular proposals, however, will be deemed shares not having voting power on such proposals. Accordingly, broker non-votes will not be counted for purposes of determining whether the requisite majority vote has been received in favor of a particular proposal.

The By-Laws further provide that all elections shall be had and all questions decided by a plurality vote. Therefore, directors will be elected by a favorable vote of a plurality of the shares of Common Stock present and entitled to vote, in person or by proxy, at the Annual Meeting. Accordingly abstentions or broker non-votes as to the election of directors will not affect the election of the candidates receiving the plurality of votes.

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If a properly signed proxy form is returned to the Company and is not marked, it will be voted in accordance with management's recommendations on all proposals.

OTHER MATTERS

Management of the Company does not know of any matter that will be presented for action at the 2001 Annual Meeting other than the election of directors. However, if any other matter should be brought to a vote at the meeting, all shares covered by proxies solicited hereby will be voted with respect to such matter in accordance with the proxy holders' discretion.

SECTION 16 BENEFICIAL OWNERSHIP COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership (Forms 3, 4 and 5) with the Securities and Exchange Commission and the New York Stock Exchange. Officers, directors and greater-than-ten-percent holders are required by SEC regulation to furnish the Company with copies of all such forms which they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no reports were required, all of its directors and executive officers made all required filings on time during 2000, except that for 2000, Philip McWeeny and Peter J. Robinson each filed one report late covering, in each case, one transaction.

SHARE OWNER PROPOSALS AND NOMINATIONS FOR 2002 ANNUAL MEETING

A share owner desiring to submit a proposal for inclusion in the Company's Proxy Statement for the 2002 Annual Meeting must deliver the proposal so that it is received by the Company no later than December 1, 2001. The Company requests that all such proposals be addressed to James W. Baehren, Secretary, Owens-Illinois, Inc., One SeaGate, Toledo, Ohio 43666, and mailed by certified mail, return receipt requested.

REPORTS TO SHARE OWNERS

The Company has mailed this Proxy Statement and a copy of its 2000 Annual Report to each share owner entitled to vote at the Annual Meeting. Included in the 2000 Annual Report are the Company's consolidated financial statements for the year ended December 31, 2000.

A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2000, INCLUDING THE FINANCIAL STATEMENT SCHEDULES, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, MAY BE OBTAINED WITHOUT CHARGE BY SENDING A WRITTEN REQUEST THEREFOR TO OWENS-ILLINOIS, INC., INVESTOR RELATIONS, ONE SEAGATE, TOLEDO, OHIO 43666.

Toledo, Ohio
March 31, 2001

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

1. PURPOSE

The Audit Committee shall provide assistance to the members of the Board of Directors in fulfilling their responsibility to shareholders, potential shareholders, and the investment community relating to the Company's accounting and reporting practices, and the quality and integrity of its financial reports. The Audit Committee's primary duties and responsibilities are to:

- Oversee that management has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company.
- Oversee that management has established and maintained processes to assure that an adequate system of internal control is functioning with the Company.

- Oversee that management has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policies.

The Audit Committee will fulfill these responsibilities primarily by carrying out the activities enumerated in Section IV of this Charter.

To the extent necessary to discharge its duties hereunder, the Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

II. COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall meet the independence and experience requirements of the New York Stock Exchange.

The members of the Audit Committee shall be appointed by the Board. Unless a Chairperson is elected by the full Board, the members of the Audit Committee may designate a Chairperson by majority vote of the full Audit Committee membership.

III. MEETINGS

The Audit Committee shall meet as frequently as circumstances dictate. As part of its responsibility to foster open communication, the Audit Committee should meet at least annually with management, the director of the internal auditing department and the independent auditors separately to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. In addition, the Audit Committee or its Chairperson should meet with the independent auditors and management as requested to review the Company's financial statements consistent with Section IV.3 below.

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IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

1. Review and reassess, at least annually, the adequacy of this Charter. Make recommendations to the Board, as conditions dictate, to update this Charter.
2. Review with management and the independent auditors the Company's annual financial statements, including a discussion with the independent auditors of the matters required to be discussed by auditing standards generally accepted in the United States.
3. At the request of the independent auditors or management, review with the independent auditors and management the Company's quarterly financial statements, including any discussion with the independent auditors of any matters required to be discussed by auditing standards generally accepted in the United States. The Chairperson of the Audit Committee or such other member of the Audit Committee designated by the Chairperson may represent the entire Audit Committee for purposes of this review.
4. Review the performance of the independent auditors and make recommendations to the Board regarding the appointment or termination of the independent auditors. The Audit Committee and the Board have the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the outside auditor. The independent auditors are ultimately accountable to the Audit Committee and the entire Board for such independent auditors' review of the financial statements and controls of the Company. On an annual basis, the Audit Committee should review and discuss with the independent auditors all significant relationships the independent auditors have with the Company to determine the independence of the independent auditors.
5. Oversee independence of the independent auditors by:
 - receiving from the independent auditors, on a periodic basis, a formal written statement delineating all relationships between the independent auditors and the Company consistent with requirements

of the Independence Standards Board;

- reviewing, and actively discussing with the Board, if necessary, and the independent auditors, on a periodic basis, any disclosed relationships or services between the independent auditors and the Company or any other disclosed relationships or services that may impact the objectivity and independence of the independent auditors; and
- recommending, if necessary, that the Board take appropriate action to satisfy itself of the independence of the independent auditors.

6. In consultation with the Company's Chief Financial Officer, the independent auditors and the internal auditors, review the integrity of the Company's financial reporting processes, both internal and external.
7. Establish regular systems of reporting to the Audit Committee by each of management, the independent auditors and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information.

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8. Review any significant disagreement among management and the independent auditors or the internal auditing department in connection with the preparation of the financial statements.
9. Obtain from the independent auditors assurance that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated.
10. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
11. Review, with the Company's General Counsel, any legal matter that could have a material impact on the Company's financial statements.
12. Report through its Chairperson or his designee to the Board following meetings of the Audit Committee.
13. Maintain minutes or other records of meetings and activities of the Audit Committee.

V. GENERAL

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations.

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[LOGO]

OWENS-ILLINOIS, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

P The undersigned hereby appoints Edward C. White, Jeffrey A. Denker and
R James W. Baehren and each of them, or if more than one is present and acting
then a majority thereof, as Proxies with full power of substitution, and
hereby authorize(s) them to represent and to vote, as designated below, all
O shares of common stock of Owens-Illinois, Inc. held of record by the
undersigned on March 12, 2001, at the Annual Meeting of Share Owners to be
X held on May 9, 2001, or at any adjournment thereof.

Y Election of Directors, Nominees:

Class I: 1. Robert J. Dineen, 2. James H. Greene, Jr.,
3. George R. Roberts and 4. Thomas L. Young

(PLEASE MARK THIS PROXY AND SIGN AND DATE IT ON THE REVERSE SIDE HEREOF AND RETURN IT IN THE ENCLOSED ENVELOPE)

SEE REVERSE
SIDE

X PLEASE MARK YOUR
VOTES AS IN THIS
EXAMPLE.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED
HEREIN BY THE UNDERSIGNED SHARE OWNER. IF NO DIRECTION IS MADE, THIS PROXY
WILL BE VOTED FOR THE ELECTION OF THE DIRECTOR NOMINEES.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL 1.

	FOR	WITHHELD	
1. Election of Directors	/ /	/ /	WITHHOLD AUTHORITY to vote for all
FOR nominees listed			nominees listed on reverse side
on the reverse side			
(except as marked to			2. In their discretion, the Proxies are
the contrary).			authorized to vote upon such other
			business as may properly come before
			the meeting.

(TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, WRITE THAT
NOMINEE'S NAME IN THE SPACE PROVIDED BELOW.)

Please sign exactly as name appears hereon. When shares are held by joint owners, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature

Signature, if held jointly DATE