

Owens-Illinois, Inc.

Compensation Committee Charter

Function

The Compensation Committee (the “Committee”) is appointed by the Board of Directors to discharge the Board’s responsibilities relating to compensation of the Company’s executives and directors.

Membership

The Committee shall be composed of at least three directors, each of whom is determined by the Board to be “independent” under the listing standards of the New York Stock Exchange (“NYSE”). In addition, at least two Committee members shall be (a) “non-employee directors” as defined by Rule 16b-3 under the Securities Exchange Act of 1934 and (b) “outside directors” as defined by Section 162(m) of the Internal Revenue Code. The members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

Chairman

Unless a Chairman is elected by the Board, the members of the Committee shall designate a Chairman by majority vote of the full Committee membership. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

Meetings

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Chairman of the Board or any member of the Committee may call meetings of the Committee. All meetings of the Committee may be held telephonically.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis with the Chief Executive Officer (“CEO”) and any other corporate officers, as it deems appropriate. However, the Committee should meet regularly without such officers present, and in all cases such officers shall not be present at meetings at which their performance and compensation are being discussed and determined.

Purpose and Responsibilities

The Committee, to the extent it deems necessary or appropriate, will:

1. Establish and review the overall compensation philosophy of the Company.
2. Review and approve the Company's goals and objectives relevant to compensation of the CEO and other executive officers, evaluate the performance of the CEO and other executive officers in light of those goals and objectives, and determine and approve the compensation level of the CEO and other executive officers based on this evaluation.
3. Consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years when determining the long-term incentive component of the CEO's compensation.
4. Make recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans and equity-based plans.
5. Produce an annual report on executive compensation for inclusion in the Company's proxy statement as the Compensation Committee Report.
6. Review and recommend to the Board, or approve, new executive compensation programs.
7. Review and recommend to the Board compensation of directors as well as director's and officer's indemnification and insurance matters.
8. Review and make recommendations to the Board, or approve, any contracts or other transactions with the CEO, including consulting arrangements, employment contracts, severance or termination arrangements and loans to the CEO made or guaranteed by the Company.
9. Review and make recommendations to the Board, or approve, all awards of restricted shares or share options pursuant to the Company's equity-based plans.
10. Monitor compliance by executives with the rules and guidelines of the Company's equity-based plans.
11. Review and monitor employee pension, profit sharing and benefit plans.

Structure and Operation

The Committee will have the authority, to the extent it deems necessary or appropriate, to retain a compensation consultant to assist in the evaluation of director, CEO or senior executive compensation. The Committee shall have sole authority to retain and terminate any such consulting firm, including sole authority to approve the firm's fees and other retention terms. The Committee shall also have authority, to the extent it deems necessary or appropriate, to retain other advisors. The Company will provide for appropriate funding, as determined by the Committee, for payment of compensation to any consulting firm or other advisors employed by the Committee.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee

The Committee will make regular reports to the Board and will propose any necessary action to the Board. The Committee will review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval. The Committee will annually evaluate the Committee's own performance.