

O-I Earnings Investor Call
4th Quarter 2006
February 1, 2007

Core Management Priorities

**Increase prices near term to offset inflationary pressures
- past and present**

Improve liquidity – reduce leverage

Achieve successful European integration

Improve system cost and capital capabilities

Implement global procurement initiatives

Modest growth momentum

Reconciliation of GAAP to non-GAAP Items

4th Quarter 2006 and 4th Quarter 2005

\$ Millions, except EPS

	Three months ended December 31,			
	2006		2005	
	Earnings	EPS	Earnings	EPS
Net loss	(\$102.8)	(\$0.71)	(\$881.9)	(\$5.86)
Items that management considers not representative of ongoing operations (consistent with Segment Operating Profit):				
1) Asbestos-related charges*	120.0	0.78	86.0	0.57
2) CEO transition charge and other	20.7	0.13		
3) Loss from mark to market effect of natural gas hedge contracts	1.9	0.01	5.8	0.04
4) Reversal of non U.S. deferred tax asset valuation allowance partially offset by charges related to international tax restructuring	(5.7)	(0.03)		
5) Curtailment of postretirement benefits	(11.2)	(0.07)		
6) Goodwill impairment			494.0	3.26
7) U.S. deferred tax valuation reserve			306.6	2.02
Net earnings exclusive of above items	<u>\$22.9</u>	<u>\$0.11</u>	<u>\$10.5</u>	<u>\$0.03</u>

*Not tax affected in 2006

Net Sales Reconciliation

4th Quarter 2005 vs. 4th Quarter 2006

\$ Millions

	Glass Containers	Plastics Packaging	Total
	<u> </u>	<u> </u>	<u> </u>
2005 Net sales	\$1,558.3	\$197.2	\$1,755.5
Unit sales volume	15.3	(4.5)	10.8
Price and product sales mix	45.1	(0.2)	44.9
Resin effects	-	(2.6)	(2.6)
Currency translation	80.7	-	80.7
Divestitures	-	(12.8)	(12.8)
	<u> </u>	<u> </u>	<u> </u>
Total reconciling items	141.1	(20.1)	121.0
	<u> </u>	<u> </u>	<u> </u>
2006 Net sales	<u><u>\$1,699.4</u></u>	<u><u>\$177.1</u></u>	<u><u>\$1,876.5</u></u>

Segment Operating Profit Reconciliation

4th Quarter 2005 vs. 4th Quarter 2006

\$ Millions

	Glass Containers	Plastics Packaging	Eliminations and Other	Total
2005 Segment Operating Profit	\$144.6	\$29.4	(\$29.5)	\$144.5
Price and product sales mix	56.9	1.4	-	58.3
Productivity, production volume, and cost savings	38.3	2.5	-	40.8
Unit sales volume	8.9	(1.9)	-	7.0
Cost savings from European capacity rationalization	8.0	-	-	8.0
Operating expenses	2.3	1.0	6.4	9.7
Currency translation	3.6	-	-	3.6
Inflation	(59.8)	(1.2)	-	(61.0)
European integration operating expenses	(13.7)	-	-	(13.7)
Warehouse and delivery costs	(15.3)	0.4	-	(14.9)
Pension expense	(8.6)	(0.8)	(0.5)	(9.9)
Stock option expense (FAS No.123R)	-	-	(1.2)	(1.2)
All other	(7.9)	(6.7)	9.9	(4.7)
Total reconciling items	12.7	(5.3)	14.6	22.0
2006 Segment Operating Profit	\$157.3	\$24.1	(\$14.9)	\$166.5

EPS Reconciliation

4th Quarter 2005 vs. 4th Quarter 2006

2005 EPS exclusive items that management considers not representative of ongoing operations		\$0.03
Reconciling items:		
Sales price, volume and product mix	\$0.30	
Productivity, European capacity reduction & cost savings	0.23	
Operating expenses	0.04	
Currency translation	0.02	
Inflation	(0.28)	
Warehouse and delivery costs	(0.07)	
European integration operating expenses	(0.06)	
Pension expense	(0.05)	
Effective tax rate	(0.02)	
Stock option expense (FAS No.123R)	(0.01)	
All other	(0.02)	
Total reconciling items		<u>0.08</u>
2006 EPS exclusive items that management considers not representative of ongoing operations		<u>\$0.11</u>

Reconciliation of GAAP to non-GAAP Items

Full Year 2006 and Full Year 2005

\$ Millions, except EPS

	Twelve months ended December 31,			
	2006		2005	
	Earnings	EPS	Earnings	EPS
Net loss from continuing operations	(\$27.5)	(\$0.32)	(\$621.6)	(\$4.26)
Items that management considers not representative of ongoing operations (consistent with Segment Operating Profit):				
1) (Gain) loss from mark-to-market of natural gas hedges	8.4	0.05	(2.3)	(0.02)
2) Write-off of finance fees	17.1	0.11		
3) Godfrey shutdown reserve	27.7	0.18		
4) Asbestos-related charges*	120.0	0.78	86.0	0.57
5) CEO transition charge and other	20.7	0.13		
6) Curtailment of postretirement benefits	(11.2)	(0.07)		
7) Reversal of non-U.S. deferred tax asset valuation allowance partially offset by charges related to international tax restructuring	(5.7)	(0.03)		
8) Goodwill impairment			494.0	3.26
9) (Gain) on sale of Corsico plant			(28.1)	(0.18)
10) U.S. tax valuation reserve			306.6	2.02
11) Reversal of accrual for potential tax liabilities related to divestiture			(5.3)	(0.03)
Net earnings exclusive of above items	\$149.5	\$0.83	\$229.3	\$1.36
Exclude non-operating items:				
12) Accrual adjustment for self-insured risks			(6.3)	(0.04)
13) Reductions of tax provision			(4.4)	(0.03)
14) Prior year impact of BSN depreciation adjustment			(5.7)	(0.04)
15) Reduction of Ohio deferred taxes			8.0	0.05
Net earnings exclusive of unusual and non-operating items	\$149.5	\$0.83	\$220.9	\$1.30

* Not tax affected in 2006

Net Sales Reconciliation

Full Year 2005 vs. Full Year 2006

\$ Millions

	Glass Containers	Plastics Packaging	Total
	<u> </u>	<u> </u>	<u> </u>
2005 Net sales	\$6,266.9	\$812.1	\$7,079.0
Unit sales volume	79.5	(0.2)	79.3
Price and product sales mix	233.8	(11.2)	222.6
Resin effects	-	17.9	17.9
Currency translation	86.5	(0.7)	85.8
Divestitures	(16.3)	(46.3)	(62.6)
	<u> </u>	<u> </u>	<u> </u>
Total reconciling items	383.5	(40.5)	343.0
	<u> </u>	<u> </u>	<u> </u>
2006 Net sales	\$6,650.4	\$771.6	\$7,422.0

Segment Operating Profit Reconciliation

Full Year 2005 vs. Full Year 2006

\$ Millions

	Glass Containers	Plastics Packaging	Eliminations and Other	Total
2005 Segment Operating Profit	<u>\$790.8</u>	<u>\$127.2</u>	<u>(\$89.4)</u>	<u>\$828.6</u>
Reconciling items:				
Price, product sales mix and unit sales volume	270.1	(0.1)	-	270.0
Productivity, European capacity reduction and cost savings	116.4	14.3	-	130.7
Inflation, operating expenses, warehouse and delivery, and European integration	(369.4)	(9.0)	(0.1)	(378.5)
Other business impacts*	(38.5)	(3.2)	(9.1)	(50.8)
2004 impact of 2005 BSN depreciation adjustment	(6.5)	-	-	(6.5)
Winding down of Australian plastics business	-	(8.2)	-	(8.2)
Non-recurrence of accrual for self-insured risks	-	-	(10.0)	(10.0)
All other - net	<u>(11.6)</u>	<u>(6.5)</u>	<u>17.4</u>	<u>(0.7)</u>
Total reconciling items	<u>(39.5)</u>	<u>(12.7)</u>	<u>(1.8)</u>	<u>(54.0)</u>
2006 Segment Operating Profit	<u><u>\$751.3</u></u>	<u><u>\$114.5</u></u>	<u><u>(\$91.2)</u></u>	<u><u>\$774.6</u></u>

* Other business impacts include pension expense, currency translation, and stock option expense

EPS Reconciliation

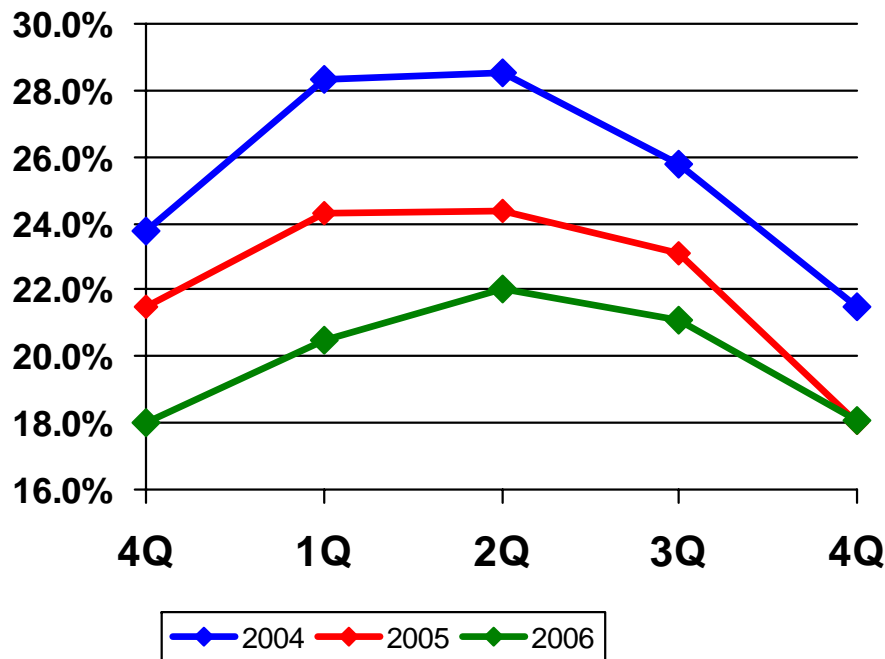
Full Year 2005 vs. Full Year 2006

2005 EPS exclusive items that management considers not representative of ongoing operations		\$1.30
Reconciling items:		
Sales price, volume and product mix	\$1.26	
Productivity, European capacity reduction & cost savings	0.37	
Inflation	(1.54)	
Other business impacts*	(0.44)	
Minority share owners interest	(0.04)	
Winding down of Australian plastics business	(0.03)	
All other	(0.05)	
Total reconciling items		<u>(0.47)</u>
2006 EPS exclusive items that management considers not representative of ongoing operations		<u>\$0.83</u>

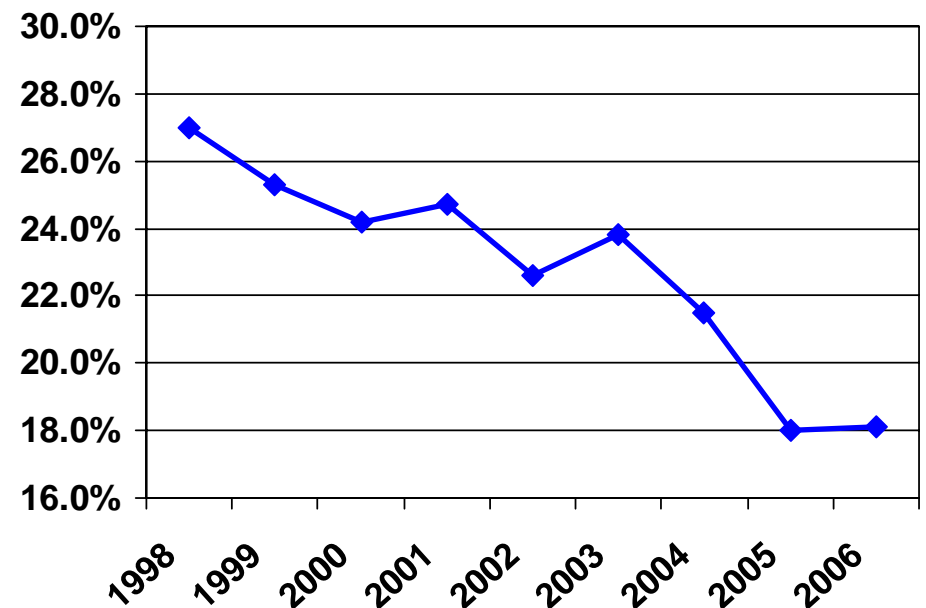
* Other business impacts include pension expense, currency translation, stock option expense and change in the effective tax rate

Management Working Capital as a % of Sales

Working Capital as % of Last Twelve Month Sales



Working Capital as a % of Annual Sales at December 31,

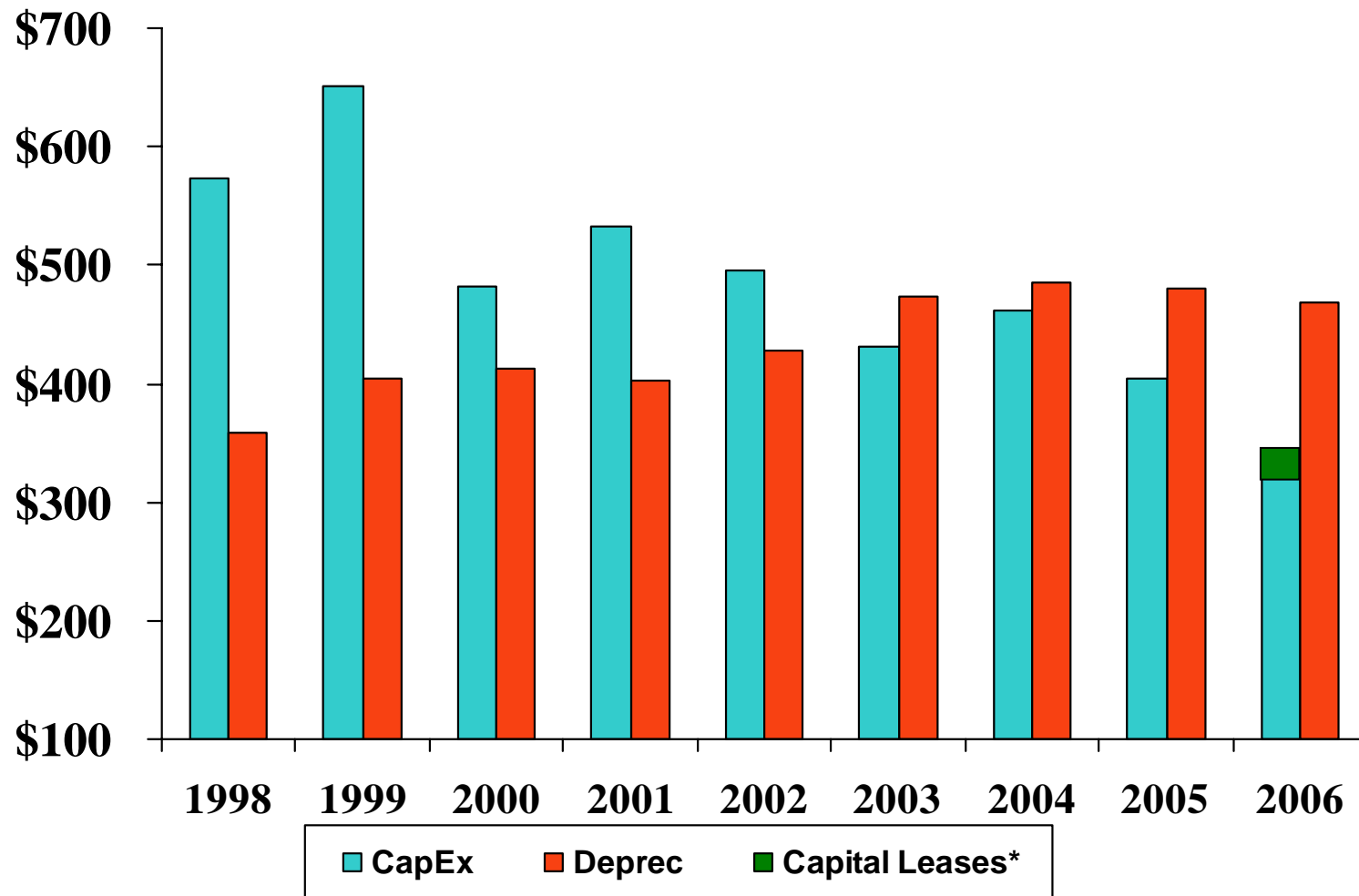


- (1) Management working capital = accounts receivable, plus inventory and repair parts, less accounts payable.
- (2) Included in the 2004 net sales used in this calculation is \$752.5 million for BSN Glasspack for the period Jan. 1, 2004 – June 21, 2004. BSN Glasspack was acquired by the Company on June 21, 2004. Also includes BSN sales for 3Q and 4Q of 2003 for the 1Q and 2Q 2004 LTM percents.
- (3) The working capital values for 1Q 2004 include BSN Glasspack as if the acquisition occurred on December 31, 2003.
- (4) The working capital values have been restated to include the off-balance sheet European accounts receivable securitization program for 2004 and 2005

Capital Spending vs. Depreciation

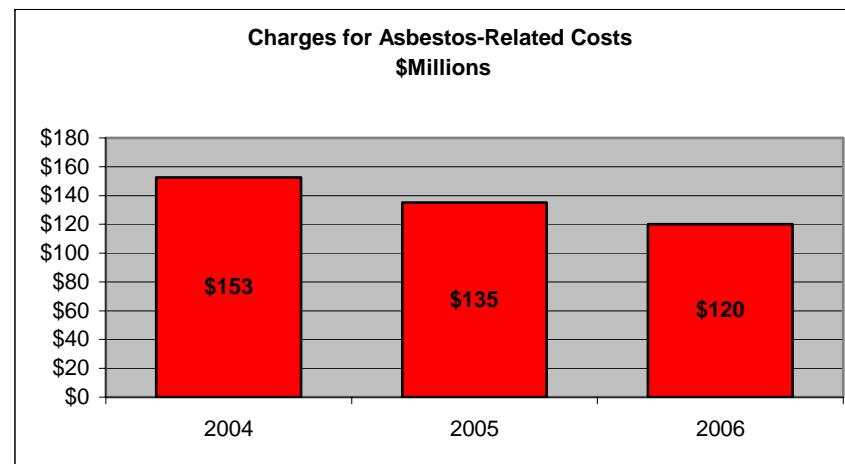
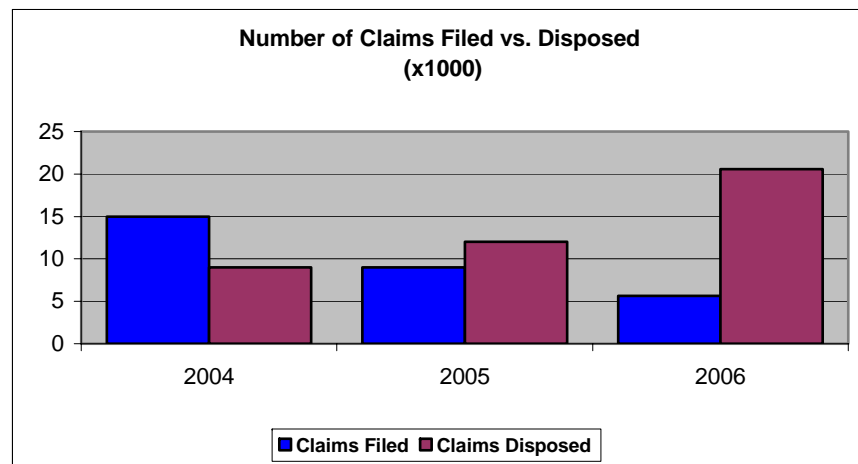
Continuing and Discontinued Operations

\$ Millions



* Assets capitalized under financing arrangements - \$25.3 million

O-I Asbestos History



- **Limited and declining**
- **High-temperature pipe and block insulation used in industrial applications**
- **Exited the business in 1958**
- **Less than \$40 million total sales between 1948 to 1958**

Earnings Per Share Calculation

(\$ millions except EPS)

4Q 06	4Q 05	GAAP Presentation	FY 06	FY 05
\$ (102.8)	\$ (881.9)	Net loss	\$ (27.5)	\$ (621.6)
(5.4)	(5.4)	Less preferred dividends	(21.5)	(21.5)
<u>\$ (108.2)</u>	<u>\$ (887.3)</u>	<u>Available to common share owners</u>	<u>\$ (49.0)</u>	<u>\$ (643.1)</u>
152.5	151.5	Shares outstanding (millions)	152.1	150.9
(\$0.71)	(\$5.86)	EPS (GAAP)	(\$0.32)	(\$4.26)
4Q 06	4Q 05	Non-GAAP Presentation	FY 06	FY 05
\$ 22.9	\$ 10.5	Non GAAP earnings	\$ 149.5	\$ 220.9
(5.4)	(5.4)	Less preferred dividends	(21.5)	(21.5)
<u>\$ 17.5</u>	<u>\$ 5.1</u>	<u>Available to common share owners</u>	<u>\$ 128.0</u>	<u>\$ 199.4</u>
155.1	153.5	Shares outstanding* (millions)	154.4	153.0
\$0.11	\$0.03	EPS (non-GAAP)	\$0.83	\$1.30

* Includes stock options and other dilutive securities

Core Management Priorities

**Increase prices near term to offset inflationary pressures
- past and present**

Improve liquidity – reduce leverage

Achieve successful European integration

Improve system cost and capital capabilities

Implement global procurement initiatives

Modest growth momentum