HORACE MANN EDUCATORS CORP /DE/
Form 8-K
May 06, 2004

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: May 5, 2004

HORACE MANN EDUCATORS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	1-10890	37-0911756
(State of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1 Horace Mann Plaza, Springfield, Illinois 62715-0001
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 217-789-2500

Forward-looking Information

Statements included in the accompanying press release that state Horace Mann Educators Corporation's (the "Company") or its management's intentions, hopes, beliefs, expectations or predictions of future events or the Company's future financial performance are forward-looking statements and involve known and unknown risks, uncertainties and other factors. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Information concerning factors that could cause actual results to differ materially from those in forward-looking statements is contained from time to time in the Company's public filings with the Securities and Exchange Commission.

Item 7: Financial Statements and Exhibits

(c) Exhibits.
- 99.1 Glossary of Selected Terms
- 99.2 Press release dated May 5, 2004 reporting financial results for the three month period ended March 31, 2004.

Item 12: Disclosure of Results of Operations and Financial Condition

On May 5, 2004, Horace Mann Educators Corporation issued a press release reporting its financial results for the three month period ended March 31, 2004. A copy of the press release is attached as Exhibit 99.2 and is incorporated by reference herein.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HORACE MANN EDUCATORS CORPORATION

By: /s/ Bret A. Conklin

Name: Bret A. Conklin
Title: Senior Vice President & Controller
(Principal Accounting Officer)

Date: May 5, 2004

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67

Interest expense, net

(232)

(210)

(210)

Other expense, net

(77)

(138)

(123)

Earnings from continuing operations before income taxes

394

502

589

Provision for income taxes

(101)

(93)

(120)

Earnings from continuing operations

293

409

469

Loss from discontinued operations

(4)

(4)

(10)

Net earnings

289

405

459

Net earnings attributable to noncontrolling interests

(23)

(28)

(13)

Net earnings attributable to the Company

$

266

$

377

$

446

Amounts attributable to the Company:

Earnings from continuing operations

$

270

$

381

$

456

Loss from discontinued operations

(4)

(4)

(10)

Net earnings

$

266

$

377

$

446

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Owens Brockway Glass Container, Inc.

CONSOLIDATED COMPREHENSIVE INCOME

Dollars in millions

Years ended December 31,	2015	2014	2013
Net earnings	$ 289	$ 405	$ 459
Other comprehensive income (loss):			
Foreign currency translation adjustments	(529)	(305)	(232)
Pension and other postretirement benefit adjustments, net of tax	13	112	35
Change in fair value of derivative instruments, net of tax	(6)	1	2
Other comprehensive income (loss)	(522)	(192)	(195)
Total comprehensive income (loss)	(233)	213	264
Comprehensive income attributable to noncontrolling interests	(7)	(7)	(7)
Comprehensive income (loss) attributable to the Company	$ (240)	$ 206	$ 257

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Owens Brockway Glass Container, Inc.

CONSOLIDATED BALANCE SHEETS

Dollars in millions

December 31,	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 394	$ 483
Trade receivables, net of allowances of $29 million and $34 million at December 31, 2015 and 2014, respectively	562	550
Inventories	1,007	1,035
Prepaid expenses and other current assets	352	249
Total current assets	2,315	2,317
Other assets:		
Equity investments	409	427
Pension assets	32	22
Other assets	527	606
Intangibles	597	
Goodwill	2,489	1,893
Total other assets	4,054	2,948
Property, plant and equipment:		
Land, at cost	248	221
Buildings and equipment, at cost:		
Buildings and building equipment	1,080	1,055
Factory machinery and equipment	4,520	4,296
Transportation, office and miscellaneous equipment	68	85
Construction in progress	236	160
Net property, plant and equipment	6,152	5,817
Less accumulated depreciation	3,221	3,405
Net property, plant and equipment	2,931	2,412
Total assets	$ 9,300	$ 7,677

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Owens Brockway Glass Container Inc.

CONSOLIDATED BALANCE SHEETS

Dollars in millions

December 31,	2015	2014
Liabilities and Share Owner's Equity		
Current liabilities:		
Accounts payable including amount to related parties of $3 ($14 in 2014)	$ 1,200	$ 1,128
Salaries and wages	139	135
U.S. and foreign income taxes	34	43
Other accrued liabilities	332	322
Short-term loans	160	127
Long-term debt due within one year	67	359
Total current liabilities	1,932	2,114
External long-term debt	5,087	2,698
Deferred taxes	200	133
Pension benefits	224	230
Nonpension postretirement benefits	66	78
Other liabilities	186	207
Share owner's equity:		
Investment by and advances from Parent	2,311	2,408
Accumulated other comprehensive loss	(814)	(308)
Total share owner's equity of the Company	1,497	2,100
Noncontrolling interests	108	117
Total share owner's equity	1,605	2,217
Total liabilities and share owner's equity	$ 9,300	$ 7,677

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Owens Brockway Glass Container Inc.

CONSOLIDATED SHARE OWNER'S EQUITY

Dollars in millions

	Investment by and Advances from Parent	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Share Owner's Equity
Balance on January 1, 2013	2,142	52	174	2,368
Net intercompany transactions	(283)			(283)
Net earnings	446		13	459
Other comprehensive loss		(189)	(6)	(195)
Contribution from noncontrolling interests			5	5
Distributions to noncontrolling interests			(22)	(22)
Deconsolidation of subsidiary			(17)	(17)
Balance on December 31, 2013	2,305	(137)	147	2,315
Net intercompany transactions	(274)			(274)
Net earnings	377		28	405
Other comprehensive loss		(171)	(21)	(192)
Distributions to noncontrolling interests			(37)	(37)
Balance on December 31, 2014	2,408	(308)	117	2,217
Net intercompany transactions	(345)			(345)
Net earnings	266		23	289
Other comprehensive loss		(506)	(16)	(522)
Distributions to noncontrolling interests			(22)	(22)
Acquisitions of noncontrolling interests	(18)		6	(12)
Balance on December 31, 2015	$ 2,311	$ (814)	$ 108	$ 1,605

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Owens Brockway Glass Container, Inc.

CONSOLIDATED CASH FLOWS

Dollars in millions

Years ended December 31,	2015	2014	2013
Operating activities:			
Net earnings	$ 289	$ 405	$ 459
Loss from discontinued operations	4	4	10
Non-cash charges (credits):			
Depreciation	319	331	345
Amortization of intangibles and other deferred items	77	75	40
Amortization of finance fees and debt discount	14	20	32
Deferred tax benefit	7	(18)	(3)
Restructuring, asset impairment and related charges	63	76	119
Non-income tax charge		69	
Acquisition-related fair value inventory adjustments	22		
Acquisition-related fair value intangible adjustments	10		
Other	126	(91)	36
Cash paid for restructuring activities	(38)	(58)	(78)
Change in non-current assets and liabilities	(117)	(25)	(134)
Change in components of working capital	101	158	124
Cash provided by continuing operating activities	877	946	950
Cash utilized in discontinued operating activities	(4)	(4)	(10)
Total cash provided by operating activities	873	942	940
Investing activities:			
Additions to property, plant and equipment	(400)	(369)	(360)
Acquisitions, net of cash acquired	(2,351)	(113)	(4)
Net cash proceeds related to sale of assets and other	1	16	10
Net activity for non-controlling partner loans		9	(16)
Deconsolidation of subsidiary			(32)
Net foreign exchange derivative activity	4		
Cash utilized in investing activities	(2,746)	(457)	(402)
Financing activities:			
Additions to long-term debt	4,538	1,226	768
Repayments of long-term debt	(2,317)	(1,100)	(1,040)
Increase (decrease) in short-term loans	51	(139)	8
Net receipts from (distribution to) parent	(346)	(276)	(307)
Payment of finance fees	(90)	(11)	(7)
Contribution from noncontrolling interests			5
Distributions to noncontrolling interests	(22)	(37)	(22)
Cash utilized in financing activities	1,814	(337)	(595)
Effect of exchange rate fluctuations on cash	(30)	(21)	(7)
Increase (decrease) in cash	(89)	127	(64)
Cash at beginning of year	483	356	420
Cash at end of year	$ 394	$ 483	$ 356

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Owens Brockway Glass Container Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Tabular data dollars in millions

1. Significant Accounting Policies

Basis of Consolidated Statements The consolidated financial statements of Owens Brockway Glass Container, Inc. (the "Company") include the accounts of its subsidiaries. Newly acquired subsidiaries have been included in the consolidated financial statements from dates of acquisition.

The Company uses the equity method of accounting for investments in which it has a significant ownership interest, generally 20% to 50%. Other investments are accounted for at cost. The Company monitors other than temporary declines in fair value and records reductions in carrying values when appropriate.

Relationship with Owens-Brockway Packaging, Inc., Owens Illinois Group, Inc. and Owens Illinois, Inc. The Company is a 100% owned subsidiary of Owens-Brockway Packaging, Inc. ("OB Packaging"), and an indirect subsidiary of Owens Illinois Group, Inc. ("OI Group") and 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.

For federal and certain state income tax purposes, the taxable income of the Company is included in the consolidated tax returns of OI Inc. and income taxes are allocated to the Company on a basis consistent with separate returns.

Nature of Operations The Company is a leading manufacturer of glass container products. The Company's principal product lines are glass containers for the food and beverage industries. The Company has glass container operations located in 23 countries. The principal markets and operations for the Company's products are in Europe, North America, Latin America and Asia Pacific.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of the Company to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, at which time the Company would revise its estimates accordingly.

Foreign Currency Translation The assets and liabilities of non-U.S. subsidiaries are translated into U.S. dollars at year-end exchange rates. Any related translation adjustments are recorded in accumulated other comprehensive income in share owners' equity.

Revenue Recognition The Company recognizes sales, net of estimated discounts and allowances, when the title to the products and risk of loss are transferred to customers. Provisions for rebates to customers are provided in the same period that the related sales are recorded.

Shipping and Handling Costs Shipping and handling costs are included with cost of goods sold in the Consolidated Results of Operations.

Cash The Company defines "cash" as cash and time deposits with maturities of three months or less when purchased. Outstanding checks in excess of funds on deposit are included in accounts payable.

Accounts Receivable Receivables are stated at amounts estimated by management to be the net realizable value. The Company charges off accounts receivable when it becomes apparent based upon age or customer circumstances that amounts will not be collected.

Allowance for Doubtful Accounts   The allowance for doubtful accounts is established through charges to the provision for bad debts. The Company evaluates the adequacy of the allowance for doubtful accounts on a periodic basis. The evaluation includes historical trends in collections and write-offs, management's judgment of the probability of collecting accounts and management's evaluation of business risk.

Inventory Valuation   Inventories are valued at the lower of average costs or market.

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Owens Brockway Glass Container Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

Goodwill Goodwill represents the excess of cost over fair value of net assets of businesses acquired. Goodwill is evaluated annually, as of October 1, for impairment or more frequently if an impairment indicator exists.

Intangible Assets and Other Long-Lived Assets Intangible assets are amortized over the expected useful life of the asset. Amortization expense directly attributed to the manufacturing of the Company's products is included in cost of goods sold. Amortization expense related to non-manufacturing activities is included in selling and administrative and other. The Company evaluates the recoverability of intangible assets and other long-lived assets based on undiscounted projected cash flows, excluding interest and taxes, when factors indicate that impairment may exist. If impairment exists, the asset is written down to fair value.

Property, Plant and Equipment Property, plant and equipment ("PP&E") is carried at cost and includes expenditures for new facilities and equipment and those costs which substantially increase the useful lives or capacity of existing PP&E. In general, depreciation is computed using the straight-line method and recorded over the estimated useful life of the asset. Factory machinery and equipment is depreciated over periods ranging from 5 to 25 years with the majority of such assets (principally glass-melting furnaces and forming machines) depreciated over 7 to 15 years. Buildings and building equipment are depreciated over periods ranging from 10 to 50 years. Depreciation expense directly attributed to the manufacturing of the Company's products is included in cost of goods sold. Depreciation expense related to non-manufacturing activities is included in selling and administrative. Depreciation expense includes the amortization of assets recorded under capital leases. Maintenance and repairs are expensed as incurred. Costs assigned to PP&E of acquired businesses are based on estimated fair values at the date of acquisition. The Company evaluates the recoverability of PP&E based on undiscounted projected cash flows, excluding interest and taxes, when factors indicate that impairment may exist. If impairment exists, the asset is written down to fair value.

Derivative Instruments The Company uses forward exchange contracts, options and commodity forward contracts to manage risks generally associated with foreign exchange rate and commodity market volatility. Derivative financial instruments are included on the balance sheet at fair value. When appropriate, derivative instruments are designated as and are effective as hedges, in accordance with accounting principles generally accepted in the United States. If the underlying hedged transaction ceases to exist, all changes in fair value of the related derivatives that have not been settled are recognized in current earnings. The Company does not enter into derivative financial instruments for trading purposes and is not a party to leveraged derivatives. Cash flows from short-term forward exchange contracts not designated as hedges are classified as a financing activity. Cash flows of commodity forward contracts are classified as operating activities.

Fair Value Measurements Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Generally accepted accounting principles defines a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs for which there is little or no market data, which requires the Company to develop assumptions.

The carrying amounts reported for cash and short-term loans approximate fair value. In addition, carrying amounts approximate fair value for certain long-term debt obligations subject to frequently redetermined interest rates. Fair values for the Company's significant fixed rate debt obligations are generally based on published market quotations.

The Company's derivative assets and liabilities consist of natural gas forwards and foreign exchange option and forward contracts. The Company uses an income approach to valuing 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

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Owens Brockway Glass Container Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

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.

Reclassifications Certain reclassifications of prior years' data have been made to conform to the current year presentation.

New Accounting Standards

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 is currently evaluating the effect this standard will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor determined the effect of the standard on its ongoing financial reporting.

Presentation of Debt Issuance Costs - In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge (asset). In the third quarter 2015, the Company elected to adopt this new guidance.

As a result of the adoption of ASU No. 2015-03 certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations for any period. Previously, the Company had classified these debt issuance costs as an asset in "other assets". Accordingly, the Company has revised the classification to report these debt issuance costs under the "long-term debt" caption on the balance sheet. For the period ended December 31, 2014, the total of debt issuance costs that was previously classified as "other assets" was $15 million.

Business Combinations – In September 2015, the FASB issued ASU No. 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments". This standard allows for the acquirer to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting periods in which the adjustment amounts are determined. The Company elected to adopt this new guidance as of the third quarter of 2015.

Deferred Taxes – In November 2015, the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes". This standard requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The Company elected to adopt this new guidance prospectively in the fourth quarter of 2015. Prior periods were not retrospectively adjusted.

Participation in OI Inc. Stock Option Plans and Other Stock Based Compensation The Company participates in the equity compensation plans of OI Inc. under which employees of the Company may be granted options to purchase common shares of OI Inc., restricted common shares of OI Inc., or restricted share units of OI Inc.

Stock Options

In general, subject to change in control, options become exercisable 25% per year beginning on the first anniversary of grant. No options may be exercised in whole or in part during the first year after the date granted.

In general, options expire following termination of employment or the seventh anniversary of the option grant. The fair value of options is amortized over the vesting periods which range from one to four years.

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Owens Brockway Glass Container Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

Restricted Shares and Restricted Share Units

Shares granted after March 21, 2005 and prior to 2011, vest 25% per year beginning on the first anniversary and unvested shares are forfeited upon termination of employment. Restricted share units granted to employees after 2010 vest 25% per year beginning on the first anniversary. Holders of vested restricted share units receive one share of the Company's common stock for each unit. Granted but unvested restricted share units are forfeited upon termination, unless certain retirement criteria are met. Restricted share units granted to directors vest after one year.

The fair value of the restricted shares and restricted share units is equal to the market price of the Company's common stock on the date of the grant. The fair value of restricted shares and restricted share units granted after March 21, 2005, is amortized over the vesting periods which range from one to four years.

Performance Vested Restricted Share Units

Performance vested restricted share units vest on January 1 of the third year following the year in which they are granted. Holders of vested units may receive up to 2 shares of OI Inc.'s common stock for each unit, depending upon the attainment of consolidated performance goals established by the Compensation Committee of OI Inc.'s Board of Directors. If minimum goals are not met, no shares will be issued. Granted but unvested restricted share units are forfeited upon termination of employment, unless certain retirement criteria are met.

The fair value of each performance vested restricted share unit is equal to the product of the fair value of OI Inc.'s common stock on the date of grant and the estimated number of shares into which the performance vested restricted share unit will be converted. The fair value of performance vested restricted share units is amortized ratably over the vesting period. Should the estimated number of shares into which the performance vested restricted share unit will be converted change, an adjustment will be recorded to recognize the accumulated difference in amortization between the revised and previous estimates.

As discussed in Note 21, costs incurred under these plans by OI Inc. related to stock based compensation awards granted directly to the Company's employees are included in the allocable costs charged to the Company and other operating subsidiaries of OI Inc. on an intercompany basis.

2. Segment Information

The Company has four reportable segments based on its geographic locations: Europe, North America, Latin America and Asia Pacific. In connection with the Company's acquisition (the "Vitro Acquisition") of the food and beverage glass container business of Vitro S.A.B. de C.V. and its subsidiaries as conducted in the United States, Mexico and Bolivia (the "Vitro Business") on September 1, 2015 (see Note 17), the Company has renamed the former South America segment to the Latin America segment. This change in segment name was made to reflect the addition of the Mexican and Bolivian operations from the Vitro Acquisition into the former South America segment. The acquired Vitro food and beverage glass container distribution business located in the United States is included in the North American operating segment. 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 within Other. These include licensing, equipment manufacturing, global engineering, and certain equity investments.

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. 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.

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Owens Brockway Glass Container Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

Financial information regarding the Company’s reportable segments is as follows:

	2015	2014	2013
Net sales:			
Europe	$ 2,324	$ 2,794	$ 2,787
North America	2,039	2,003	2,002
Latin America	1,064	1,159	1,186
Asia Pacific	671	793	966
Reportable segment totals	6,098	6,749	6,941
Other	58	35	26
Net sales	$ 6,156	$ 6,784	$ 6,967

	2015	2014	2013
Segment operating profit:			
Europe	$ 209	$ 353	$ 305
North America	265	240	307
Latin America	183	227	204
Asia Pacific	83	88	131
Reportable segment totals	740	908	947
Items excluded from segment operating profit:			
Other	2	(1)	(29)
Restructuring, asset impairment and other charges	(80)	(91)	(119)
Strategic transaction costs	(4)		
Acquisition-related fair value inventory adjustments	(22)		
Acquisition-related fair value intangible adjustments	(10)		
Non-income tax charge		(69)	
Pension Settlement charges		(35)	
Interest expense, net	(232)	(210)	(210)
Earnings (loss) from continuing operations before income taxes	$ 394	$ 502	$ 589

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Owens Brockway Glass Container Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

	Europe	North America	Latin America	Asia Pacific	Reportable Segment Totals	Other	Consolidated Totals
Total assets:							
2015	$ 2,902	$ 2,492	$ 2,807	$ 917	$ 9,118	$ 182	$ 9,300
2014	3,215	1,963	1,300	1,018	7,496	181	7,677
2013	3,494	1,986	1,467	1,149	8,096	89	8,185
Equity investments:							
2015	$ 78	$ 22	$ —	$ 145	$ 245	$ 164	$ 409
2014	81	24		153	258	169	427
2013	84	25		155	264	51	315
Equity earnings:							
2015	$ 16	$ 19	$ —	$ 7	$ 42	$ 18	$ 60
2014	19	17		4	40	24	64
2013	17	16		10	43	24	67
Capital expenditures:							
2015	$ 164	$ 97	$ 89	$ 50	$ 400	$ —	$ 400
2014	188	89	55	34	366	3	369
2013	130	100	80	36	346	14	360
Depreciation and amortization expense:							
2015	$ 120	$ 128	$ 107	$ 40	$ 395	$ 1	$ 396
2014	140	131	79	53	403	3	406
2013	139	110	72	62	383	2	385

The Company’s net property, plant and equipment by geographic segment are as follows:

	U.S.	Non-U.S.	Total
2015	$ 704	$ 2,227	$ 2,931
2014	678	1,734	2,412
2013	651	1,946	2,597

The Company’s net sales by geographic segment are as follows:

	U.S.	Non-U.S.	Total
2015	$ 1,939	$ 4,217	$ 6,156
2014	1,852	4,932	6,784
2013	1,809	5,158	6,967

Operations outside the U.S. that accounted for more than 10% of consolidated net sales from continuing operations were in France (2015—10%, 2014—11%, 2013—11%).

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Owens Brockway Glass Container Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

3. Inventories

Major classes of inventory are as follows:

	2015	2014
Finished goods	$ 858	$ 884
Raw materials	113	110
Operating supplies	36	41
	$ 1,007	$ 1,035

4. Equity Investments

At December 31, 2015 the Company's ownership percentage in equity associates include:

Affiliates	O-I Ownership Percentage	Business Type
BJC O-I Glass Pte. Ltd.	50 %	Glass container manufacturer
CO Vidrieria SARL	50 %	Glass container manufacturer
Rocky Mountain Bottle Company	50 %	Glass container manufacturer
Tata Chemical (Soda Ash) Partners	25 %	Soda ash supplier
Vetrerie Meridionali SpA ("VeMe")	50 %	Glass container manufacturer
Vetri Speciali SpA	50 %	Specialty glass manufacturer

In 2014, the Company entered into the COV joint venture with Constellation Brands, Inc. to operate a glass container plant in Nava, Mexico.

In 2013, changes were made to the VeMe joint venture agreement that resulted in the Company relinquishing control of the joint venture and, therefore, deconsolidating the entity. No gain or loss was recognized related to the deconsolidation as the fair value of the entity was equal to the carrying amount of the entity's assets and liabilities. The fair value, which the Company classified as Level 3 in the fair value hierarchy, was computed using a discounted cash flow analysis based on projected future cash flows of the joint venture.

Summarized information pertaining to the Company's equity associates follows:

	2015	2014	2013
Equity in earnings:			
Non-U.S.	$ 23	$ 23	$ 27
U.S.	37	41	40

Total	$ 60	$ 64	$ 67
Dividends received	$ 53	$ 54	$ 67

Summarized combined financial information for equity associates is as follows (unaudited):

	2015	2014
At end of year:		
Current assets	$ 430	$ 479
Non-current assets	959	718
Total assets	1,389	1,197
Current liabilities	203	217
Other liabilities and deferred items	211	191
Total liabilities and deferred items	414	408
Net assets	$ 975	$ 789

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Owens Brockway Glass Container Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tabular data dollars in millions

	2015	2014	2013
For the year:			
Net sales	$ 719	$ 752	$ 699
Gross profit	$ 193	$ 198	$ 185
Net earnings	$ 139	$ 150	$ 149

The Company made purchases of approximately $161 million and $188 million from equity affiliates in 2015 and 2014, respectively, and owed approximately $66 million and $79 million to equity affiliates as of December 31, 2015 and 2014, respectively.

There is a difference of approximately $18 million as of December 31, 2015, between the amount at which certain investments are carried and the amount of underlying equity in net assets. The portion of the difference related to inventory or amortizable assets is amortized as a reduction of the equity earnings. The remaining difference is considered goodwill.

5. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2015, 2014 and 2013 are as follows:

	Europe	North America	Latin America	Other	Total
Balance as of January 1, 2013	1,006	743	325	5	2,079
Translation effects	38	(9)	(49)		(20)
Balance as of December 31, 2013	1,044	734	276	5	2,059
Translation effects	(118)	(11)	(37)		(166)
Balance as of December 31, 2014	926	723	239	5	1,893
Acquisitions		316	480		796
Translation effects	(86)	(19)	(95)		(200)
Balance as of December 31, 2015	$ 840	$ 1,020	$ 624	$ 5	$ 2,489

The acquired goodwill in 2015 primarily relates to the Vitro Acquisition (see Note 17).

Goodwill for the Asia Pacific segment is $0 and net of accumulated impairment losses of $1,135 million as of December 31, 2015, 2014 and 2013.

Goodwill is tested for impairment annually as of October 1 (or more frequently if impairment indicators arise) using a two-step process. Step 1 compares the business enterprise value ("BEV") of each reporting unit with its carrying value. The BEV is computed based on estimated future cash flows, discounted at the weighted average cost of capital of a hypothetical third-party buyer. If the BEV is less than the carrying value for any reporting unit, then Step 2 must be performed. Step 2 compares the implied fair value of goodwill with the carrying amount of goodwill. Any excess of the carrying value of the goodwill over the implied fair value will be recorded as an impairment loss. The calculations of the BEV in Step 1 and the implied fair value of goodwill in Step 2 are based on significant unobservable inputs, such as price trends, customer demand, material costs, discount rates and asset replacement costs, and are classified as Level 3 in the fair value hierarchy.

During the fourth quarter of 2015, the Company completed its annual impairment testing and determined that no impairment existed.

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Intangible assets

On September 1, 2015, the Company acquired customer list intangibles as part of the Vitro Acquisition (see Note 17). The intangibles consist of the following at December 31, 2015:

	As of December 31, 2015			
	Gross Carrying Amount	Accumulated Amortization	Translation Effects	Net Carrying Amount
Definite-lived intangible assets				
Customer list intangibles	$ 635	$ (26)	$ (12)	$ 597

Customer list intangible assets are amortized using the accelerated amortization method over their 20 year lives. Amortization expense for intangible assets was $26 million, $0 million and $0 million for the years ended December 31, 2015, 2014, 2013, respectively. Estimated amortization related to intangible assets through 2020 is as follows: 2016, $42 million; 2017, $45 million; 2018, $44 million; 2019, $44 million; and 2020, $42 million. No impairment existed on these assets at December 31, 2015.

The Company has determined that the fair value measurements related to the customer list intangibles are based on significant unobservable inputs and are classified as Level 3 in the fair value hierarchy.

6. Prepaid Expenses and Other Assets

Prepaid expenses and other current assets consist of the following at December 31, 2015 and 2014:

	2015	2014
Prepaid expenses	$ 42	$ 52
Value added taxes	195	71
Other	115	126
	$ 352	$ 249

In conjunction with the Vitro Acquisition, part of the total consideration paid by the Company relates to a value added tax receivable of approximately $143 million. This amount is included in “Value added taxes” above and is expected to be refunded to the Company in approximately twelve months.

Other assets (noncurrent) consist of the following at December 31, 2015 and 2014:

	2015	2014
Deferred tax assets	$ 177	$ 203
Deferred returnable packaging costs	110	126
Repair part inventories	118	107
Value added taxes	17	58
Capitalized software	86	101
Deferred finance fees	6	7
Other	13	4
	$ 527	$ 606

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7. 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 North America, 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. The Company continually evaluates the natural gas market and related price risk and periodically enters into commodity forward contracts in order to hedge a portion of its usage requirements. The majority of the sales volume in North America is tied to customer contracts that contain provisions that pass the price of natural gas to the customer. In certain of these contracts, the customer has the option of fixing the natural gas price component for a specified period of time. At December 31, 2015 and 2014, the Company had entered into commodity forward contracts covering approximately 7,300,000 MM BTUs and 450,000 MM BTUs, respectively, primarily related to customer requests to lock the price of natural gas.

The Company accounts for the above forward contracts as cash flow hedges at December 31, 2015 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 loss of $4 million at December 31, 2015 and an unrecognized loss of less than $1 million at December 31, 2014 related to the commodity forward contracts were included in Accumulated OCI, and will be reclassified into earnings over the next twelve to twenty-four months. 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 year ended December 31, 2015 and 2014 was not material.

The effect of the commodity forward contracts on the results of operations for the years ended December 31, 2015, 2014 and 2013 is as follows:

Amount of Gain (Loss) recognized in OCI on Commodity Forward Contracts (Effective Portion)			Amount of Gain (Loss) reclassified from Accumulated OCI into Income (reported in cost of goods sold) (Effective Portion)		
2015	2014	2013	2015	2014	2013
$ (4)	$ 3	$ 1	$ (1)	$ 2	$ (1)

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 forward 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 forward exchange agreements on the balance sheet at fair value and changes in the fair value are recognized in current earnings.

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At December 31, 2015 and 2014, the Company had outstanding forward exchange and option agreements denominated in various currencies covering the equivalent of approximately $790 million and $524 million, respectively, related primarily to intercompany transactions and loans.

The effect of the foreign exchange derivative contracts on the results of operations for the years ended December 31, 2015, 2014 and 2013 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		
	2015	2014	2013
Other expense	$ 10	$ (8)	$ (28)

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 as of December 31, 2015 and 2014:

	Fair Value Balance Sheet Location	2015	2014
Asset Derivatives:			
Derivatives not designated as hedging instruments:			
Forward exchange derivative contracts	a	$ 14	$ 10
Total asset derivatives		$ 14	$ 10
Liability Derivatives:			
Derivatives designated as hedging instruments:			
Commodity futures contracts	c	$ 3	$ —
Derivatives not designated as hedging instruments:			
Forward exchange derivative contracts	c	2	4
Total liability derivatives		$ 5	$ 4

8. Restructuring Accruals, Asset Impairments and Other Costs Related to Closed Facilities

The Company continually reviews its manufacturing footprint and operating cost structure and may decide to close operations or reduce headcount to gain efficiencies, integrate acquired operations, reduce future expenses and other market factors. The Company incurs costs associated with these actions including employee severance and benefits, other exit costs such as those related to contract terminations, and asset impairment charges. The Company also may incur other costs related to closed facilities including environmental remediation, clean up, dismantling and preparation for sale or other disposition.

The Company accounts for restructuring and other costs under applicable provisions of generally accepted accounting principles. Charges for employee severance and related benefits are generally accrued based on contractual arrangements with employees or their representatives. Other exit costs are accrued based on the estimated cost to settle related contractual arrangements. Estimated environmental remediation costs are accrued when specific claims have been received or are probable of being received.

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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 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 programmatically apart from the on-going operations of the business. Information related to major programs (as in the case of the European Asset Optimization and Asia Pacific Restructuring programs below) are presented separately. Minor initiatives are presented on a combined basis as Other Restructuring Actions. These restructuring initiatives taken by the Company are not related to the European Asset Optimization program or the Asia Pacific restructuring plan. When charges related to major programs are completed, remaining accrual balances are classified with Other Restructuring Actions.

European Asset Optimization

Since 2011, the Company has implemented the European Asset Optimization program to increase the efficiency and capability of its European operations and to better align its European manufacturing footprint with market and customer needs. This program involved making additional investments in certain facilities and addressing assets with higher cost structures. As part of this program, the Company recorded charges of $0 million in 2015, $1 million in 2014 and $16 million in 2013 for employee costs, write-down of assets, and environmental remediation related to decisions to close furnaces and manufacturing facilities in Europe. The Company does not expect to execute any further actions under this program and recorded total cumulative charges of $127 million.

Asia Pacific Restructuring

Since 2011, the Company has implemented a restructuring plan in its Asia Pacific segment, primarily related to aligning its supply base with lower demand in the region. As part of this plan, the Company recorded charges of $5 million, $73 million and $49 million for the years ended 2015, 2014 and 2013, respectively, for employee costs, write-down of assets, and pension charges related to furnace closures and additional restructuring activities. The Company has recorded total cumulative charges of $220 million under this program.

Other Restructuring Actions

The Company took certain other restructuring actions and recorded charges in 2015 of $58 million. These charges primarily related to employee costs, write-down of assets and other exit costs totaling $14 million for a plant closure and furnace closure in Latin America, $38 million for a plant closure in North America and $6 million for other restructuring actions. In 2014, the Company took certain other restructuring actions and recorded charges of $2 million for employee costs related to global headcount reduction initiatives. In 2013, there were charges of $16 million for employee costs related to the closure of flat glass operations in Latin America, $13 million for employee costs related to global headcount reduction initiatives, and $3 million for miscellaneous other costs.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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The following table presents information related to restructuring, asset impairment and other costs related to closed facilities:

	European Asset Optimization	Asia Pacific Restructuring	Other Restructuring Actions	Total Restructuring
Balance at January 1, 2014	$ 30	$ 20	$ 64	$ 114
2014 charges	1	73	2	76
Write-down of assets to net realizable value		(46)		(46)
Net cash paid, principally severance and related benefits	(12)	(20)	(26)	(58)
Pension charges transferred to other accounts		(7)		(7)
Other, including foreign exchange translation	(7)	(8)	(4)	(19)
Balance at December 31, 2014	12	12	36	60
2015 charges		5	58	63
Write-down of assets to net realizable value		(4)	(27)	(31)
Net cash paid, principally severance and related benefits	(5)	(5)	(28)	(38)
Other, including foreign exchange translation	(4)	(1)	(6)	(11)
Balance at December 31, 2015	$ 3	$ 7	$ 33	$ 43

The restructuring accrual balance represents the Company's estimates of the remaining future cash amounts to be paid related to the actions noted above. As of December 31, 2015, the Company's estimates include approximately $29 million for employee benefits costs, $7 million for environmental remediation costs, and $7 million for other exit costs.

9. Pension Benefit Plans and Other Postretirement Benefits

Pension Benefit Plans

The Company participates in OI Inc.'s defined benefit pension plans for a substantial number of employees located in the United States. Benefits generally are based on compensation for salaried employees and on length of service for hourly employees. OI Inc.'s policy is to fund pension plans such that sufficient assets will be available to meet future benefit requirements. Independent actuaries determine pension costs for each subsidiary of OI Inc. included in the plans; however, accumulated benefit obligation information and plan assets pertaining to each subsidiary have not been separately determined. As such, the accumulated benefit obligation and the plan assets related to the pension plans for domestic employees have been retained by another subsidiary of OI Inc. Net expense to results of operations for the Company's allocated portion of the domestic pension costs amounted to $24 million in 2015, $19 million in 2014 and $48 million in 2013.

OI Inc. also sponsors several defined contribution plans for all salaried and hourly U.S. employees of the Company. Participation is voluntary and participants’ contributions are based on their compensation. OI Inc. matches contributions of participants, up to various limits, in substantially all plans. OI Inc. charges the Company for its share of the match. The Company’s share of the contributions to these plans amounted to $27 million in 2015, $17 million in 2014 and $13 million in 2013.

The Company also has defined benefit pension plans covering a substantial number of employees in several non U.S. jurisdictions. Benefits generally are based on compensation for salaried employees and on length of service for hourly employees. The Company’s policy is to fund pension plans such that sufficient assets will be available to meet future benefit requirements. The Company’s defined benefit pension plans use a December 31 measurement date.

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The changes in the non U.S. pension plans benefit obligations for the year were as follows:

	2015	2014
Obligations at beginning of year	$ 1,311	$ 1,866
Change in benefit obligations:		
Service cost	15	23
Interest cost	44	69
Actuarial (gain) loss, including the effect of change in discount rates	(9)	131
Curtailment and plan amendment		(567)
Acquisitions	37	
Participant contributions	1	5
Benefit payments	(58)	(91)
Foreign currency translation	(131)	(125)
Net change in benefit obligations	(101)	(555)
Obligations at end of year	$ 1,210	$ 1,311

The changes in the fair value of the non U.S. pension plans' assets for the year were as follows:

	2015	2014
Fair value at beginning of year	$ 1,094	$ 1,578
Change in fair value:		
Actual gain on plan assets	42	188
Benefit payments	(58)	(91)
Employer contributions	15	28
Participant contributions	1	5
Acquisitions	22	
Settlements		(519)
Foreign currency translation	(104)	(94)
Other		(1)
Net change in fair value of assets	(82)	(484)
Fair value at end of year	$ 1,012	$ 1,094

The funded status of the non U.S. pension plans at year end was as follows:

	2015	2014
Plan assets at fair value	$ 1,012	$ 1,094
Projected benefit obligations	1,210	1,311
Plan assets less than projected benefit obligations	(198)	(217)

Items not yet recognized in pension expense:		
Actuarial loss	320	347
Prior service credit	(1)	
	319	347
Net amount recognized	$ 121	$ 130

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The following changes in plan assets and benefit obligations were recognized in accumulated other comprehensive income at December 31, 2015 and 2014 as follows (amounts are pretax):

	2015	2014
Pension assets	$ 32	$ 22
Current pension liability, included with Other accrued liabilities	(6)	(9)
Pension benefits	(224)	(230)
Accumulated other comprehensive loss	319	347
Net amount recognized	$ 121	$ 130

The accumulated benefit obligation for all defined benefit pension plans was $1,146 million and $1,234 million at December 31, 2015 and 2014, respectively.

	2015	2014
Current year actuarial (gain) loss	$ 15	$ (23)
Amortization of actuarial loss	(15)	(20)
Amortization of prior service credit		2
Curtailment and plan amendment		22
Settlement		(64)
	—	(83)
Translation	(31)	(32)
	$ (31)	$ (115)

The components of the non U.S. pension plans' net pension expense were as follows:

	2015	2014	2013
Service cost	$ 15	$ 23	$ 33
Interest cost	44	69	72
Expected asset return	(67)	(86)	(91)
Amortization:			
Actuarial loss	15	18	28
Prior service credit		—	(1)
Net amortization	15	18	27
Net expense	$ 7	$ 24	$ 41

The Company settled the liability associated with its pension plan in the Netherlands which resulted in a non-cash charge of approximately $35 million in the fourth quarter of 2014. Pension expense excludes $3 million and $6 million of pension settlement costs that were recorded in restructuring expense in 2014 and 2013, respectively. The table above excludes these charges.

Amounts that are expected to be amortized from accumulated other comprehensive income into net pension expense during 2015:

Amortization:	
Actuarial loss	$ 13
Prior service cost	
Net amortization	$ 13

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The following information is for plans with projected and accumulated benefit obligations in excess of the fair value of plan assets at year end:

	Projected Benefit Obligation Exceeds Fair Value of Plan Assets		Accumulated Benefit Obligation Exceeds Fair Value of Plan Assets	
	2015	2014	2015	2014
Projected benefit obligations	$ 876	$ 1,049	$ 876	$ 1,049
Accumulated benefit obligation	850	1,023	850	1,023
Fair value of plan assets	645	810	645	810

The weighted average assumptions used to determine benefit obligations were as follows:

	2015	2014
Discount rate	3.82 %	3.58 %
Rate of compensation increase	2.84 %	2.89 %

The weighted average assumptions used to determine net periodic pension costs were as follows:

	2015	2014	2013
Discount rate	3.65 %	4.14 %	3.89 %
Rate of compensation increase	2.89 %	3.31 %	3.08 %
Expected long-term rate of return on assets	7.21 %	7.23 %	6.34 %

Future benefits are assumed to increase in a manner consistent with past experience of the plans, which, to the extent benefits are based on compensation, includes assumed salary increases as presented above.

For 2015, the Company’s weighted average expected long term rate of return on assets was 7.23% for the non U.S. plans. In developing this assumption, the Company evaluated input from its third party pension plan asset managers, including their review of asset class return expectations and long term inflation assumptions. The Company also considered its historical 10 year average return (through December 31, 2014), which was in line with the expected long term rate of return assumption for 2015.

It is the Company’s policy to invest pension plan assets in a diversified portfolio consisting of an array of asset classes within established target asset allocation ranges. The investment risk of the assets is limited by appropriate diversification both within and between asset classes. The assets of the group trust and the Company’s non U.S. plans are primarily invested in a broad mix of domestic and international equities, domestic and international bonds, and real estate, subject to the target asset allocation ranges. The assets are managed with a view to ensuring that sufficient liquidity will be available to meet expected cash flow requirements.

The investment valuation policy of the Company is to value investments at fair value. All investments are valued at their respective net asset values. Equity securities for which market quotations are readily available are valued at the last reported sales price on their principal exchange on valuation date or official close for certain markets. Fixed income investments are valued by an independent pricing service. Investments in registered investment companies or collective pooled funds are valued at their respective net asset values. Short term investments are stated at amortized cost, which approximates fair value. The fair value of real estate is determined by periodic appraisals.

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The following table sets forth by level, within the fair value hierarchy, the Company's pension plan assets at fair value as of December 31, 2015 and 2014:

	2015			2014			Target
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Allocation
Cash and cash equivalents	$ 30	$ —	$ —	$ 14	$ —	$ —	
Equity securities	278	176		343	200	—	45 - 55 %
Debt securities	329	111		364	119	2	40 - 50 %
Real estate		53	5		30	3	0 - 10 %
Other		24	6		19		0 - 10 %
Total assets at fair value	$ 637	$ 364	$ 11	$ 721	$ 368	$ 5	

The following is a reconciliation of the Company's pension plan assets recorded at fair value using significant unobservable inputs (Level 3):

	2015	2014
Beginning balance	$ 5	$ 8
Net increase (decrease)	6	(3)
Ending balance	$ 11	$ 5

The net increase (decrease) in the fair value of the Company's Level 3 pension plan assets is primarily due to purchases and sales of unlisted real estate funds. The change in the fair value of Level 3 pension plan assets due to actual return on those assets was immaterial in 2015.

In order to maintain minimum funding requirements, the Company is required to make contributions to its non U.S. defined benefit pension plans of approximately $22 million in 2016.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year(s)	
2016	$ 59
2017	55
2018	56
2019	58
2020	60
2021 - 2025	331

Postretirement Benefits Other Than Pensions

OI Inc. provides retiree health care and life insurance benefits covering certain U.S. salaried and hourly employees. Benefits provided by the Company for hourly retirees are determined by collective bargaining. Employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service. Independent actuaries determine postretirement benefit costs for each subsidiary of OI Inc.; however, accumulated postretirement benefit obligation information pertaining to each subsidiary has not been separately determined. As such, the accumulated postretirement benefit obligation has been retained by another subsidiary of OI Inc.

The Company's net periodic postretirement benefit cost, as allocated by OI Inc., for domestic employees was $2 million, $1 million, and $3 million at December 31, 2015, 2014, and 2013, respectively.

The Company also has postretirement benefit plans covering substantially all employees in Canada. The following tables relate to the Company's postretirement benefit plans in Canada.

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The changes in the postretirement benefit obligations for the year were as follows:

	2015	2014
Obligations at beginning of year	$ 81	$ 90
Change in benefit obligations:		
Service cost	1	1
Interest cost	3	4
Actuarial (gain) loss, including the effect of changing discount rates	(1)	(2)
Benefit payments	(3)	(3)
Foreign currency translation	(13)	(7)
Other		(2)
Net change in benefit obligations	(13)	(9)
Obligations at end of year	$ 68	$ 81

The funded status of the postretirement benefit plans at year end was as follows:

	2015	2014
Postretirement benefit obligations	$ (68)	$ (81)
Items not yet recognized in net postretirement benefit cost:		
Actuarial loss	(3)	(3)
Net amount recognized	$ (71)	$ (84)

The net amount recognized is included in the Consolidated Balance Sheets at December 31, 2015 and 2014 as follows:

	2015	2014
Current nonpension postretirement benefit, included with Other accrued liabilities	$ (2)	$ (3)
Nonpension postretirement benefits	(66)	(78)
Accumulated other comprehensive loss	(3)	(3)
Net amount recognized	$ (71)	$ (84)

The following changes in benefit obligations were recognized in accumulated other comprehensive income at December 31, 2015 and 2014 as follows (amounts are pretax):

	2015	2014

Current year actuarial (gain) loss	$ —	$ (1)

The components of the net postretirement benefit cost for the year were as follows:

	2015	2014	2013
Service cost	$ 1	$ 1	$ 1
Interest cost	3	4	4
Net postretirement benefit cost	$ 4	$ 5	$ 5

The weighted average discount rates used to determine the accumulated postretirement benefit obligation and net postretirement benefit cost were as follows:

	2015	2014	2013
Accumulated post retirement benefit obligation	3.80 %	3.75 %	4.47 %
Net postretirement benefit cost	3.75 %	4.47 %	3.89 %

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The weighted average assumed health care cost trend rates at December 31 were as follows:

	2015	2014
Health care cost trend rate assumed for next year	5.00 %	5.00 %
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2015	2014

Assumed health care cost trend rates affect the amounts reported for the postretirement benefit plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

	1-Percentage Point	
	Increase	Decrease
Effect on total of service and interest cost	$ 1	$ (1)
Effect on accumulated postretirement benefit obligations	11	(9)

Amortization included in net postretirement benefit cost is based on the average remaining service of employees.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year(s)	
2016	$ 3
2017	3
2018	3
2019	3
2020	3
2021 - 2025	16

Other U.S. hourly retirees receive health and life insurance benefits from a multi employer trust established by collective bargaining. Payments to the trust as required by the bargaining agreements are based upon specified amounts per hour worked and were $6 million in each of the years 2015, 2014 and 2013. Postretirement health and life benefits for retirees of foreign subsidiaries are generally provided through the national health care programs of the countries in which the subsidiaries are located.

10. Income Taxes

The provision (benefit) for income taxes was calculated based on the following components of earnings (loss) before income taxes:

Continuing operations	2015	2014	2013
U.S.	$ 125	$ 231	$ 340
Non-U.S.	269	271	249
	$ 394	$ 502	$ 589

Discontinued operations	2015	2014	2013
U.S.	$ —	$ —	$ —
Non-U.S.	(4)	(4)	(10)
	$ (4)	$ (4)	$ (10)

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The provision (benefit) for income taxes consists of the following:

	2015	2014	2013
Current:			
U.S.	$ 9	$ 8	$ 7
Non-U.S.	85	103	116
	94	111	123
Deferred:			
U.S.	5	—	—
Non-U.S.	2	(18)	(3)
	7	(18)	(3)
Total:			
U.S.	14	8	7
Non-U.S.	87	85	113
Total	$ 101	$ 93	$ 120

A reconciliation of the provision for income taxes based on the statutory U.S. Federal tax rate of 35% to the provision for income taxes is as follows:

	2015	2014	2013
Tax provision on pretax earnings (loss) from continuing operations at statutory U.S. Federal tax rate	$ 138	$ 177	$ 206
Increase (decrease) in provision for income taxes due to:			
Non-U.S. tax rates under U.S. rates	(12)	(22)	(18)
Changes in valuation allowance	21	(24)	(38)
Withholding tax, net	18	18	22
Non-deductible acquisition costs			
U.S. tax on intercompany dividends and interest	16	1	3
U.S. tax consolidation benefit	(70)	(47)	(51)
Tax exempt income	(3)	(5)	(6)
Tax law changes	(3)		6
Tax credit	(13)	(3)	(2)
State tax			
Other items	9	(2)	(2)
Provision for income taxes	$ 101	$ 93	$ 120

Deferred income taxes reflect: (1) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes; and (2) carryovers and credits for income tax purposes.

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Significant components of the Company's deferred tax assets and liabilities at December 31, 2015 and 2014 are as follows:

	2015	2014
Deferred tax assets:		
Accrued postretirement benefits	$ 18	$ 21
Foreign tax credit	389	376
Operating and capital loss carryovers	296	334
Other credit carryovers	13	12
Accrued liabilities	68	67
Pension liability	27	29
Other	38	49
Total deferred tax assets	849	888
Deferred tax liabilities:		
Property, plant and equipment	112	114
Intangibles and deferred software	131	34
Other	26	41
Total deferred tax liabilities	269	189
Valuation allowance	(603)	(595)
Net deferred taxes	$ (23)	$ 104

Deferred taxes are included in the Consolidated Balance Sheets at December 31, 2015 and 2014 as follows:

	2015	2014
Prepaid expenses	$ —	$ 34
Other assets	177	203
Deferred taxes	(200)	(133)
Net deferred taxes	$ (23)	$ 104

The Company reviews the likelihood that it will realize the benefit of its deferred tax assets and therefore the need for valuation allowances on a quarterly basis, or whenever events indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset is considered, along with other positive and negative evidence.

In certain foreign jurisdictions, the Company's analysis indicates that it has cumulative losses in recent years. This is considered significant negative evidence which is objective and verifiable and, therefore, difficult to overcome. However, the cumulative loss position is not solely determinative and, accordingly, the Company considers all other available positive and negative evidence in its analysis. Based on its analysis, the Company has recorded a valuation allowance for the portion of deferred tax assets where based on the weight of available evidence it is unlikely to realize those deferred tax assets.

At December 31, 2015, before valuation allowance, the Company had unused foreign tax credits of $389 million expiring in 2017 through 2025, and research tax credit of $14 million expiring from 2019 to 2035, which will be available to offset future income tax. Approximately $145 million of the deferred tax assets related to operating and capital loss carryforwards can be carried over indefinitely, with the remaining $151 million expiring between 2016 and 2035.

At December 31, 2015, the Company's equity in the undistributed earnings of foreign subsidiaries for which income taxes had not been provided approximated $2.5 billion. The Company intends to reinvest these earnings indefinitely in the non U.S. operations. It is not practicable to estimate the U.S. and foreign tax which would be payable

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should these earnings be distributed. Deferred taxes are provided for earnings of non U.S. jurisdictions when the Company plans to remit those earnings.

The Company is included in OI Inc.'s consolidated tax returns for U.S. federal and certain state income tax purposes. The consolidated group has net operating losses, capital losses, alternative minimum tax credits, foreign tax credits and research and development credits available to offset future U.S. Federal income tax. Income taxes are allocated to the Company on a basis consistent with separate returns.

The Company has recognized tax benefits as a result of incentives in certain non U.S. jurisdictions which expire in 2016.

The Company records a liability for unrecognized tax benefits related to uncertain tax positions. The Company accrues interest and penalties associated with unrecognized tax benefits as a component of its income tax expense. The following is a reconciliation of the Company's total gross unrecognized tax benefits for the years ended December 31, 2015, 2014 and 2013:

	2015	2014	2013
Balance at January 1	$ 77	$ 100	$ 97
Additions and reductions for tax positions of prior years	1	(13)	(3)
Additions based on tax positions related to the current year	10	10	9
Reductions due to the lapse of the applicable statute of limitations	(5)	(8)	(2)
Reductions due to settlements	(1)	(1)	
Foreign currency translation	(8)	(11)	(1)
Balance at December 31,	$ 74	$ 77	$ 100
Unrecognized tax benefits, which if recognized, would impact the Company's effective income tax rate	$ 67	$ 70	$ 92
Accrued interest and penalties at December 31	$ 25	$ 29	$ 35
Interest and penalties included in tax expense for the years ended December 31	$ (1)	$ (2)	$ 1

Based upon the outcome of tax examinations, judicial proceedings, or expiration of statute of limitations, it is reasonably possible that the ultimate resolution of these unrecognized tax benefits may result in a payment that is materially different from the current estimate of the tax liabilities. The Company believes that it is reasonable possible that the estimated liability could decrease up to $47 million within the next 12 months. This is primarily the result of audit settlements or statute expirations in several taxing jurisdictions.

The Company is currently under examination in various tax jurisdictions in which it operates, including Argentina, Bolivia, Brazil, China, Canada, Colombia, France, Germany, Indonesia, and Italy. The years under examination range from 2004 through 2013. The Company believes that there are no jurisdictions in which the outcome of unresolved issues or claims is likely to be material to the Company's results of operations, financial position or cash flows. The Company further believes that adequate provisions for all income tax uncertainties have been made. During 2015, the Company concluded income tax audits in several jurisdictions, including Argentina, Germany, Italy, Peru and Poland.

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11. External Debt

The following table summarizes the external long term debt of the Company at December 31, 2015 and 2014:

	2015	2014
Secured Credit Agreement:		
Revolving Credit Facility:		
Revolving Loans	$ —	$ —
Term Loans:		
Term Loan A	1,546	
Term Loan A (€279 million at December 31, 2015)	301	
Term Loan B	563	
Previous Secured Credit Agreement:		
Term Loans:		
Term Loan B (USD tranche)		404
Term Loan C (CAD tranche)		70
Term Loan D (EUR tranche)		103
Senior Notes:		
3.00%, Exchangeable, due 2015		18
7.375%, due 2016		594
6.75%, due 2020 (€500 million)	542	603
4.875%, due 2021 (€330 million)	357	397
5.00%, due 2022	494	493
5.875%, due 2023	680	
5.375%, due 2025	296	295
6.375%, due 2025	293	
Capital Leases	52	51
Other	30	29
Total long-term debt	5,154	3,057
Less amounts due within one year	67	359
Long-term debt	$ 5,087	$ 2,698

On April 22, 2015, certain of the Company's subsidiaries entered into a new Senior Secured Credit Facility (the "Agreement"), which amended and restated the previous credit agreement (the "Previous Agreement"). The proceeds from the Agreement were used to repay all outstanding amounts under the Previous Agreement and the 7.375% senior notes due 2016. The Company recorded $42 million of additional interest charges for note repurchase premiums and the related write-off of unamortized finance fees in 2015.

In connection with the closing of the Vitro Acquisition on September 1, 2015 (see Note 17), the Company entered into Amendment No. 2 ("Amendment No. 2") to the Agreement, which provided for additional incremental availability under the incremental dollar cap in the Agreement of up to $1,250 million. In addition, in connection with the closing of the Vitro Acquisition, on September 1, 2015, the Company entered into the First Incremental Amendment to the Agreement (the “Incremental Amendment”) pursuant to which the Company incurred $1,250 million of senior secured incremental term loan facilities, comprised of (i) a $675 million term loan A facility (the “incremental term loan A facility”) on substantially the same terms and conditions (including as to maturity) as the term loan A facility in the Agreement and (ii) a $575 million term loan B facility (the “incremental term loan B facility”) maturing seven years after the closing of the Vitro Acquisition using its incremental capacity under the Agreement.

At December 31, 2015, the Agreement, as amended by Amendment No. 2 and the Incremental Amendment (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 ($1,546 million net of debt issuance costs), and a €279 million term loan A

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facility ($301 million net of debt issuance costs), each of which has a final maturity date of April 22, 2020. The Amended Agreement also includes a $575 million term loan B facility ($563 million net of debt issuance costs) with a final maturity date of September 1, 2022. At December 31, 2015, the Company had unused credit of $872 million available under the Amended Agreement. The weighted average interest rate on borrowings outstanding under the Amended Agreement at December 31, 2015 was 2.37%.

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 maintenance covenant, a Total Leverage Ratio, that requires the Company as of the last day of a fiscal quarter not to exceed a ratio of 4.0x calculated by dividing consolidated total debt, less cash and cash equivalents, by consolidated EBITDA, as defined in the Amended Agreement. The maximum Total Leverage Ratio is subject to an increase of 0.5x for the four fiscal quarters commencing on and following the consummation of certain qualifying acquisitions as defined in the Amended Agreement. In connection with the Vitro Acquisition on September 1, 2015, the Company elected to increase such maximum Total Leverage Ratio to 4.5x for the four fiscal quarters ending June 30, 2016. 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.

On February 3, 2016, the Company entered into Amendment No. 4 (“Amendment No. 4”) to the Amended Agreement, which provided for an increase in the maximum Total Leverage Ratio for purposes of the financial covenant in the Amended Agreement of up to 5.0x for the three fiscal quarters ending March 31, 2016, June 30, 2016 and September 30, 2016, 4.50x for the four fiscal quarters ending December 31, 2016, March 31, 2017, June 30, 2017 and September 30, 2017 and stepping down to 4.0x for the fiscal quarter ending December 31, 2017 and each fiscal quarter ending thereafter.

Failure to comply with these covenants and restrictions could result in an event of default under the Amended Agreement as amended by Amendment No. 4. In such an event, the Company could not 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 as amended by Amendment No. 4 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 December 31, 2015, 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 as amended by Amendment No. 4 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. The applicable margin for the term loan B facility is 2.75% for Eurocurrency Rate loans and 1.75% for Base Rate loans. The incremental term loan B facility is subject to a LIBOR floor of 0.75%.

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

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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 for the term of the Amended Agreement.

Also, in connection with the Vitro Acquisition, 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 and were used to finance, in part, the Vitro Acquisition.

During December 2014, the Company issued senior notes with a face value of $500 million that bear interest at 5.00% and are due January 15, 2022 (the “Senior Notes due 2022”). The Company also issued senior notes with a face value of $300 million that bear interest at 5.375% and are due January 15, 2025 (together with the Senior Notes due 2022, the “2014 Senior Notes”). The 2014 Senior Notes were issued via a private placement and are guaranteed by certain of the Company‘s domestic subsidiaries. The net proceeds from the 2014 Senior Notes, after deducting debt issuance costs, totaled approximately $790 million and were used to purchase in a tender offer $611 million aggregate principal amount of the Company’s 3.00% 2015 Exchangeable Senior Notes. The remaining balance of the Exchangeable Senior Notes was repaid in the second quarter of 2015.

The Company has a €185 million European accounts receivable securitization program, which extends through September 2016, subject to periodic renewal of backup credit lines.

Information related to the Company’s accounts receivable securitization program as of December 31, 2015 and 2014 is as follows:

	2015	2014
Balance (included in short-term loans)	$ 158	$ 122
Weighted average interest rate	1.21 %	1.41 %

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.

Annual maturities for all of the Company’s long-term debt through 2020 are as follows: 2016, $67 million; 2017, $84 million; 2018, $108 million; 2019, $107 million; and 2020, $2,091 million.

Fair values at December 31, 2015, of the Company’s significant fixed rate debt obligations are as follows:

	Principal	Indicated

	Amount	Market Price	Fair Value
Senior Notes:			
6.75%, due 2020 (€500 million)	$ 547	$ 116.75	$ 639
4.875%, due 2021 (€330 million)	361	109.19	394
5.00%, due 2022	500	98.25	491
5.875%, due 2023	700	101.00	707
5.375%, due 2025	300	101.50	305
6.375%, due 2025	300	97.50	293

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12. Contingencies

Certain 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 nonroutine 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. The ultimate legal and financial liability of the Company in respect to this pending litigation cannot reasonably be estimated. However, the Company believes, based on its examination and review of such matters and experience to date, that such ultimate liability will not have a material adverse effect on its results of operations or financial condition.

The Company conducted an internal investigation into conduct in certain of its overseas operations that may have violated the anti-bribery provisions of the United States Foreign Corrupt Practices Act (the “FCPA”), the FCPA’s books and records and internal controls provisions, the Company’s own internal policies, and various local laws. In October 2012, the Company voluntarily disclosed these matters to the U.S. Department of Justice (the “DOJ”) and the Securities and Exchange Commission (the “SEC”).

On July 18, 2013, the Company received a letter from the DOJ indicating that it presently did not intend to take any enforcement action and is closing its inquiry into the matter.

As disclosed in previous periods, the Company is presently unable to predict the duration, scope or result of an investigation by the SEC, if any, or whether the SEC will commence any legal action. The SEC has a broad range of civil sanctions under the FCPA and other laws and regulations including, but not limited to, injunctive relief, disgorgement, penalties, and modifications to business practices. The Company could also be subject to investigation and sanctions outside the United States. While the Company is currently unable to quantify the impact of any potential sanctions or remedial measures, it does not expect such actions will have a material adverse effect on the Company’s liquidity, results of operations or financial condition.

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.

13. Accumulated Other Comprehensive Income

The components of comprehensive income are: (a) net earnings; (b) change in fair value of certain derivative instruments; (c) pension and other postretirement benefit adjustments; and (d) foreign currency translation adjustments. The net effect of exchange rate fluctuations generally reflects changes in the relative strength of the U.S.

dollar against major foreign currencies between the beginning and end of the year.

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The following table lists the beginning balance, annual activity and ending balance of each component of accumulated other comprehensive income (loss):

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments		Employee Benefit Plans		Total Accumulated Other Comprehensive Loss
Balance on January 1, 2014	$ 229	$ 1		$ (367)		$ (137)
Change before reclassifications	(284)	3		136		(145)
Amounts reclassified from accumulated other comprehensive income		(2)	(a)	18	(b)	16
Translation effect				(32)		(32)
Tax effect				(10)		(10)
Other comprehensive income attributable to the Company	(284)	1		112		(171)
Balance on December 31, 2014	(55)	2		(255)		(308)
Change before reclassifications	(513)	(4)		27		(490)
Amounts reclassified from accumulated other comprehensive income		(1)	(a)	15	(b)	14
Translation effect				(31)		(31)
Tax effect		(1)		2		1
Other comprehensive income attributable to the Company	(513)	(6)		13		(506)
Balance on December 31, 2015	$ (568)	$ (4)		$ (242)		$ (814)

(c) Amount is included in Cost of goods sold on the Consolidated Results of Operations (see Note 7 for additional information).

(d) Amount is included in the computation of net periodic pension cost and net postretirement benefit cost (see Note 9 for additional information).

14. Other Expense, net

Other expense, net for the years ended December 31, 2015, 2014, and 2013 included the following:

	2015	2014	2013
Restructuring, asset impairment and other charges	$ 75	$ 68	$ 97
Strategic transaction costs	4		
Acquisition-related fair value intangible adjustments	10		
Non-income tax charge		69	

Charge for Argentina impairment			22
Foreign currency exchange loss (gain)	(10)	(2)	9
Other expense (income)	(2)	3	(5)
	$ 77	$ 138	$ 123

In 2014, the Company recorded a charge of $69 million resulting from a non-income tax assessment from a foreign tax authority.

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15. Operating Leases

Rent expense attributable to all warehouse, office buildings, and equipment operating leases was $68 million in 2015, $53 million in 2014 and $69 million in 2013. Minimum future rentals under operating leases are as follows: 2016, $77 million; 2017, $74 million; 2018, $68 million; 2019, $60 million; 2020, $61 million; and 2021 and thereafter, $35 million.

16. Supplemental Cash Flow Information

Changes in the components of working capital related to operations (net of the effects related to acquisitions and divestitures) were as follows:

	2015	2014	2013
Decrease (increase) in current assets:			
Receivables	$ (20)	$ 83	$ 19
Inventories	(13)	(27)	(29)
Prepaid expenses	(8)	29	6
Increase (decrease) in current liabilities:			
Accounts payable and accrued liabilities	139	48	126
Salaries and wages	16	12	(5)
U.S. and foreign income taxes	(13)	13	7
	$ 101	$ 158	$ 124

The Company uses various factoring programs to sell certain receivables to financial institutions as part of managing its cash flows. At December 31, 2015 and 2014, the amount of receivables sold by the Company was $317 million and $276 million, respectively. Any continuing involvement with the sold receivables is immaterial.

	2015	2014	2013
Interest paid in cash	$ 207	$ 179	$ 185
Income taxes paid in cash (all non-U.S)	101	101	128

Cash interest for the years ended December 31, 2015, 2014 and 2013 includes $32 million, $9 million and $12 million of note repurchase premiums, respectively.

17. Business Combinations

On September 1, 2015, the Company completed the Vitro Acquisition in a cash transaction valued at approximately $2.297 billion, subject to a working capital adjustment and certain other adjustments. The Vitro Business in Mexico is the largest supplier of glass containers in that country, manufacturing glass containers across multiple end uses, including food, soft drinks, beer, wine and spirits. The Vitro Acquisition included five food and beverage glass container plants in Mexico, a plant in Bolivia and a North American distribution business, and provided the Company with a competitive position in the glass packaging market in Mexico. The results of the Vitro Business have been included in the Company's consolidated financial statements since September 1, 2015 and contributed approximately $258 million of net sales and $46 million of segment operating profit through December 31, 2015. Vitro's food and beverage glass container operations in Mexico and Bolivia are included in the Latin American operating segment while its distribution business is included in the North American operating segment.

The Company financed the Vitro Acquisition with the proceeds from its recently completed senior notes offering, cash on hand and the incremental term loan facilities (see Note 11).

The total purchase price will be allocated to the tangible and identifiable intangible assets and liabilities based upon their respective fair values. The purchase agreement contains customary provisions for working capital adjustments,

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which the Company expects to resolve with the seller in the first half of 2016. The purchase price allocation has not been finalized as of December 31, 2015, because the Company has not yet completed its review of the asset and liability values and related amortization and depreciation periods. The Company expects that the purchase price allocation process will be completed no later than the third quarter of 2016. The following table summarizes the preliminary estimates of fair value of the assets and liabilities assumed on September 1, 2015 and subsequent adjustments identified through the ongoing purchase price allocation process and recorded through the measurement period:

	September 1, 2015	Measurement Period Adjustments	December 31, 2015
Cash	$ 17	$ —	$ 17
Other current assets	344		344
Goodwill	1,073	(285)	788
Customer list intangibles	406	229	635
Net property, plant and equipment	597	56	653
Total assets	2,437	—	2,437
Current liabilities	93	10	103
Long-term debt	11		11
Long-term liabilities	36	(10)	26
Net assets acquired	$ 2,297	$ —	$ 2,297

The fair value of the tangible assets was estimated utilizing income and market approaches, considering remaining useful life. The customer list intangible asset includes the Company's established relationships with its customers and the ability of these customers to generate future economic profits for the Company. The value assigned to customer list intangibles is based on the present value of future earnings attributable to the asset group after recognition of required returns to other contributory assets.

Recognized goodwill is attributable to the assembled workforce, expected synergies and other intangible assets that do not qualify for separate recognition. The Vitro Acquisition goodwill is not deductible for tax purposes.

The provisional balance sheet adjustments identified above did not result in any significant adjustments to the previous period's income statement.

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18. Pro Forma Information – Vitro Acquisition

Had the Vitro Acquisition, described in Note 17 and the related financing described in Note 11, occurred at the beginning of each respective period, unaudited pro forma consolidated net sales and earnings from continuing operations would have been as follows:

	Year Ending December 31, 2015			
	As Reported	Adjustments	Financing Adjustments	Pro Forma As Adjusted
Net sales	$ 6,156	$ 574	$ —	$ 6,730
Earnings from continuing operations attributable to the Company	$ 270	$ 75	$ (46)	$ 299

	Year Ending December 31, 2014			
	As Reported	Adjustments	Financing Adjustments	Pro Forma As Adjusted
Net sales	$ 6,784	$ 858	$ —	$ 7,642
Earnings from continuing operations attributable to the Company	$ 381	$ 70	$ (71)	$ 380

19. Discontinued Operations

On March 10, 2015, a tribunal constituted under the auspices of the International Centre for Settlement of Investment Disputes (“ICSID”) awarded a subsidiary of the Company more than $455 million in an international arbitration against Venezuela related to the 2010 expropriation of the Company’s majority interest in two plants in that country. On July 10, 2015, ICSID confirmed that it had received from Venezuela a petition to annul the award. The annulment process can take up to several years to complete. The Company is unable at this stage to predict the amount or timing of compensation it will ultimately receive under the award. 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 $4 million, $4 million and $10 million for the years ended December 31, 2015, 2014 and 2013, respectively, relates to ongoing costs for the Venezuelan expropriation.

20. Guarantees of Debt

OI Group and the Company guarantee OI Inc.'s senior debentures on a subordinated basis. The fair value of the OI Inc. debt being guaranteed was $277 at December 31, 2015.

21. Related Party Transactions

Charges for administrative services are allocated to the Company by OI Inc. based on an annual utilization level. Such services include compensation and benefits administration, payroll processing, use of certain general accounting systems, auditing, income tax planning and compliance, and treasury services.

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Allocated costs also include charges associated with OI Inc.'s equity compensation plans. A substantial number of the options, restricted share units and performance vested restricted share units granted under these plans have been granted to key employees of another subsidiary of OI Inc., some of whose compensation costs, including stock based compensation, are included in an allocation of costs to all operating subsidiaries of OI Inc., including the Company.

Management believes that such transactions are on terms no less favorable to the Company than those that could be obtained from unaffiliated third parties.

The following information summarizes the Company's significant related party transactions:

	Year ended December 31, 2015	2014	2013
Revenues:			
Sales to affiliated companies	$ —	$ —	$ —
Expenses:			
Administrative services	$ 2	$ 2	$ 2
Corporate management fee	74	75	80
Total expenses	$ 76	$ 77	$ 82

The above expenses are recorded in the results of operations as follows:

	Year ended December 31, 2015	2014	2013
Cost of goods sold	$ —	$ —	$ —
Selling, general and administrative expenses	76	77	82
Total expenses	$ 76	$ 77	$ 82

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, INC.
(Registrant)

By: /s/ James W. Baehren
James W. Baehren
Attorney in fact

Date: May 13, 2016

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Owens Illinois, Inc. and in the capacities and on the dates indicated.

Signatures	Title
Andres A. Lopez	President and Chief Executive Officer (Principal Executive Officer)
Jan A. Bertsch	Senior Vice President and Chief Financial Officer (Principal Financial Officer; Principal Accounting Officer)
Albert P.L. Stroucken	Executive Chairman of the Board
Gary F. Colter	Director
Gordon J. Hardie	Director
Peter S. Hellman	Director
Anastasia D. Kelly	Director
John J. McMackin, Jr.	Director
Alan J. Murray	Director
Hari N. Nair	Director
Hugh H. Roberts	Director
Carol A. Williams	Director
Dennis K. Williams	Director
Thomas L. Young	Director
	By: /s/ James W. Baehren James W. Baehren Attorney in fact

Date: May 13, 2016

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Financial Statement Schedule of Owens Illinois, Inc. and Subsidiaries:

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OWENS-ILLINOIS, INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS (CONSOLIDATED)

Years ended December 31, 2015, 2014, and 2013

(Millions of Dollars)

Reserves deducted from assets in the balance sheets:

Allowances for losses and discounts on receivables

	Balance at beginning of period	Additions Charged to costs and expenses	Other	Deductions (Note 1)	Balance at end of period
2015	$ 34	$ 12	$ (5)	$ (12)	$ 29
2014	$ 39	$ 15	$ (12)	$ (8)	$ 34
2013	$ 41	$ 11	$ (5)	$ (8)	$ 39

(1) Deductions from allowances for losses and discounts on receivables represent uncollectible notes and accounts written off.

Valuation allowance on net deferred tax assets

	Balance at beginning of period (restated(1))	Charged to income (restated(1))	Charged to other comprehensive income	Foreign currency translation	Other (restated(1))	Balance at end of period (restated(1))
2015	$ 1,223	$ 1	$ 5	$ (20)	$ (74)	$ 1,135
2014	$ 1,209	$ (2)	$ 55	$ (15)	$ (24)	$ 1,223
2013	$ 1,440	$ (47)	$ (187)	$ (7)	$ 10	$ 1,209

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EXHIBIT 12

OWENS ILLINOIS, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Millions of dollars, except ratios)

	Years ended December 31,		
	2015	2014	2013
Earnings from continuing operations before income taxes	$ 268	$ 307	$ 468
Less: Equity earnings	(60)	(64)	(67)
Add: Total fixed charges deducted from earnings	264	238	242
Dividends received from equity investees	53	54	67
Earnings available for payment of fixed charges	$ 525	$ 535	$ 710
Fixed charges (including the Company's proportional share of 50% owned associates):			
Interest expense	$ 259	$ 235	$ 239
Portion of operating lease rental deemed to be interest	5	3	3
Total fixed charges deducted from earnings	$ 264	$ 238	$ 242
Ratio of earnings to fixed charges	2.0	2.2	2.9

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EXHIBIT 21

SUBSIDIARIES OF OWENS ILLINOIS, INC.

Owens Illinois, Inc. had the following subsidiaries at December 31, 2015 (subsidiaries are indented following their respective parent companies):

Name	State/Country of Incorporation or Organization
Owens Illinois Group, Inc.	Delaware
OI General Finance Inc.	Delaware
OI General FTS Inc.	Delaware
OI Castalia STS Inc.	Delaware
OI Levis Park STS Inc.	Delaware
Owens Illinois General Inc.	Delaware
Owens Insurance, Ltd.	Bermuda
Universal Materials, Inc.	Ohio
OI Advisors, Inc.	Delaware
OI Securities, Inc.	Delaware
OI Transfer, Inc.	Delaware
Maumee Air Associates Inc.	Delaware
OI Australia Inc.	Delaware
Continental PET Holdings Pty. Ltd.	Australia
ACI America Holdings Inc.	Delaware
ACI Ventures, Inc.	Delaware
Owens Brockway Packaging, Inc.	Delaware
Owens Brockway Glass Container Inc.	Delaware
OI Americas Holdings Inc.	Delaware
O-I Americas LLC	Delaware
O-I Bolivia Holdings Limited	United Kingdom
Vidrio Lux S.A.	Bolivia
O-I Americas C.V.	Netherlands
O-I Mexico Holdings I B.V.	Netherlands
O-I Mexico Holdings II B.V.	Netherlands
Envases de Vidrio de las Americas, S. de R.L. de C.V.	Mexico
Especialidades Operativas de America, S. de R.L. de C.V.	Mexico
Glass International OISPV, S.A.P.I. de C.V.	Mexico
Owens Glass Manufacturing, S. de R.L. de C.V.	Mexico
Vitro Vimosa, S. de R.L. de C.V.	Mexico
Vitro Vigusa, S. de R.L. de C.V.	Mexico
Vitro Virreyes, S. de R.L. de C.V.	Mexico
Vitro Viquesa, S. de R.L. de C.V.	Mexico
Vitro Vitolsa, S. de R.L. de C.V.	Mexico
Vitro America, S. de R.L. de C.V.	Mexico
O-I Packaging Solutions LLC	Delaware
The Andover Group, Inc.	Delaware
OI Andover Group Inc.	Delaware

Brockway Realty Corporation	Pennsylvania
NHW Auburn, LLC	Delaware
OI Auburn Inc.	Delaware
SeaGate, Inc.	Ohio

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Name	State/Country of Incorporation or Organization
SeaGate II, Inc.	Ohio
SeaGate III, Inc.	Ohio
OIB Produvisa Inc.	Delaware
OI California Containers Inc.	Delaware
OI Puerto Rico STS Inc.	Delaware
O I Caribbean Sales & Distibution Inc.	Delaware
O I Latam HQ, Inc.	Delaware
Bolivian Investments, Inc.	Delaware
Fabrica Boliviana de Vidrios S.A.	Bolivia
OI International Holdings Inc.	Delaware
O-I Glass C.V.	Netherlands
O I Holding LLC	Delaware
OI Global C.V.	Netherlands
OI Hungary LLC	Delaware
O I Manufacturing Hungary Limited	Hungary
O I Sales & Distribution Hungary Kft.	Hungary
O I Ecuador LLC	Ohio
Cristaleria del Ecuador, S.A.	Ecuador
OI European Group B.V.	Netherlands
Owens Illinois Singapore Pte. Ltd.	Singapore
OI China LLC	Delaware
Wuhan Owens Glass Container Company Limited	China
ACI Beijing Limited	Hong Kong
OI Tianjin Glass Co. Ltd.	China
Owens Illinois Services H.K. Limited	Hong Kong
ACI Guangdong Limited	Hong Kong
ACI Guangdong Glass Company Limited	China
ACI Shanghai Limited	Hong Kong
ACI Shanghai Glass Company Limited	China
Owens Illinois (HK) Limited	Hong Kong
O I (Shanghai) Management Co Ltd.	China
O I Zhaoqing Glass Co. Ltd.	China
O I Sihui Glass Recycling Co. Ltd.	China
Owens Illinois (Australia) Pty Ltd	Australia
ACI Packaging Services Pty Ltd	Australia
ACI Operations Pty. Ltd.	Australia
ACI International Pty Ltd	Australia
ACI Glass Packaging Penrith Pty Ltd	Australia
PT Kangar Consolidated Industries	Indonesia
ACI Operations NZ Limited	New Zealand
O I Asia Pacific Holdings	Mauritius
O I Trading (Shanghai) Company Ltd.	China
O I Sales and Distribution Netherlands B.V.	Netherlands
O I Europe Sarl	Switzerland
O I Sales and Distribution UK Limited.	United Kingdom

O I Sales and Distribution Poland Sp Z.o.o.	Poland
O I Business Service Center Sp. Z.o.o.	Poland
O I Manufacturing Poland S.A.	Poland

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Name	State/Country of Incorporation or Organization
UGG Holdings Ltd.	United Kingdom
O I Overseas Management Company Ltd.	Delaware
United Glass Group Ltd.	United Kingdom
O I Manufacturing (UK) Limited	United Kingdom
O I Sales and Distribution Spain SL	Spain
Vidrieria Rovira, S. L.	Spain
OI Spanish Holdings B.V.	Netherlands
Owens Illinois Peru S. A.	Peru
O I Manufacturing Italy S.p.A.	Italy
O I Manufacturing Czech Republic A.S.	Czech Republic
O I Sales and Distribution Czech Republic s.r.o.	Czech Republic
San Domenico Vetraria S.r.l.	Italy
O I Sales and Distribution Italy S.r.l	Italy
O I Manufacturing Netherlands B.V.	Netherlands
Veglarec B.V.	Netherlands
O I Europe SAS	France
O I Manufacturing France SAS	France
O I Sales and Distribution France SAS	France
O I Distribution SO	France
Champagne Emballage	France
O I Glasspack Beteiligungs & Verwaltungsgesellschaft GmbH	Germany
OI Glasspack GmbH & Co. KG	Germany
O I Sales and Distribution Germany GmbH	Germany
OI Canada Holdings B.V.	Netherlands
O I Canada Corp.	Canada
Manufacturera de Vidrios Planos, C.A.	Venezuela
Owens Illinois de Venezuela, C. A.	Venezuela
Fabrica de Vidrio Los Andes, C. A.	Venezuela
CMC S.A.	Colombia
O I Latam Services S.A.S.	Colombia
Cristaleria Peldar, S.A.	Colombia
Cristar S.A.	Colombia
Industria de Materias Primas S.A.	Colombia
Vidrieria Fenicia	Colombia
Owens Illinois do Brasil Industria e Comercio S.A.	Brazil
Mineracao Silminas Ltda.	Brazil
Mineracao Descalvado Ltda.	Brazil
OI Finnish Holdings Oy	Finland
O I Sales and Distribution Finland OY	Finland
O I Sales and Distribution LT	Lithuania
O I Production Estonia AS	Estonia
O I Sales and Distribution Estonia OU	Estonia
O I GMEC Lurin srl	Peru
O I Jaroslaw Machine Service Center	Poland
Owens Illinois Argentina S.A.	Argentina

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EXHIBIT 23

OWENS ILLINOIS, INC.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements (Forms S-8 No. 333-69624 and 333-170220) pertaining to the Amended and Restated Owens-Illinois, Inc. Stock Purchase and Savings Program, the Amended and Restated Owens-Illinois, Inc. Long-Term Savings Plan, and the Owens-Illinois de Puerto Rico Long-Term Savings Plan,

(2) Registration Statement (Form S-8 No. 333-47691) pertaining to the Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc.,

(3) Registration Statement (Form S-3 No. 333-99741) pertaining to the Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc.,

(4) Registration Statement (Form S-8 No. 333-142886) pertaining to the 2004 Equity Incentive Plan for Directors of Owens-Illinois, Inc.,

(5) Registration Statements (Forms S-8 No. 333-133074, 333-170221, and 333-197743) pertaining to the 2005 Incentive Award Plan of Owens-Illinois, Inc.,

of our report dated February 16, 2016, except for Note 1 of the consolidated financial statements, as to which the date is May 13, 2016, with respect to the consolidated financial statements and schedule of Owens-Illinois, Inc.; our report dated February 16, 2016, except for the effect of the material weakness described in the seventh paragraph, as to which the date is May 13, 2016, with respect to internal control over financial reporting of Owens-Illinois, Inc.; and our reports dated February 16, 2016 with respect to the consolidated financial statements of Owens-Brockway Packaging, Inc. and Owens-Brockway Glass Container Inc., all of which are included in this Amendment No. 1 to the Annual Report on Form 10-K for the year ended December 31, 2015.

/s/ Ernst & Young LLP

Ernst & Young LLP
Toledo, Ohio
May 13, 2016

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EXHIBIT 24

OWENS ILLINOIS, INC.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That each individual whose signature appears below hereby consents to and appoints James W. Baehren as his true and lawful attorney in fact and agent with all power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the Amendment No. 1 to the Annual Report on Form 10 K of Owens Illinois, Inc., a corporation organized and existing under the laws of the State of Delaware, and any and all amendments thereto, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission pursuant to the requirements of the Securities Exchange Act of 1934, granting unto said attorney in fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the same as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney in fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his hand on the date set opposite his name.

Signature	Title	Date
/s/ Andres A. Lopez Andres A. Lopez	President and Chief Executive Officer (Principal Executive Officer)	May 13, 2016
/s/ Jan A. Bertsch. Jan A Bertsch	Senior Vice President and Chief Financial Officer (Principal Financial Officer; Principal Accounting Officer)	May 13, 2016
/s/ Albrert P. L. Stroucken Albert P.L. Stroucken	Executive Chairman of the Board	May 13, 2016
/s/ Gary F. Colter Gary F. Colter	Director	May 13, 2016
/s/ Peter S. Hellman Peter S. Hellman	Director	May 13, 2016
/s/ Anastasia D. Kelly Anastasia D. Kelly	Director	May 13, 2016
/s/ John J. McMackin, Jr. John J. McMackin, Jr.	Director	May 13, 2016
/s/ Gordon J. Hardie Gordon J. Hardie	Director	May 13, 2016
/s/ Alan j. murray	Director	

Alan J. Murray		May 13, 2016
/s/ Hari N. Nair Hari N. Nair	Director	May 13, 2016
/s/ Hugh H. Roberts Hugh H. Roberts	Director	May 13, 2016
/s/ Carol A. Williams Carol A. Williams	Director	May 13, 2016
/s/ Dennis K. Williams Dennis K. Williams	Director	May 13, 2016
/s/ Thomas L. Young Thomas L. Young	Director	May 13, 2016

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EXHIBIT 31.1

CERTIFICATIONS

I, Andres A. Lopez, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Owens Illinois, 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: May 13, 2016 /s/ Andres A. Lopez
Andres A. Lopez
Chief Executive Officer (Principal Executive Officer)

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EXHIBIT 31.2

CERTIFICATIONS

I, Jan A. Bertsch, certify that:

1.I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Owens Illinois, 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.

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Date: May 13, 2016	/s/ Jan A. Bertsch.
	Jan A. Bertsch
	Senior Vice President and Chief Financial Officer (Principal Financial Officer)

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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, Inc. (the “Company”) hereby certifies that to such officer’s knowledge:

(i) the Amendment No. 1 to the Annual Report on Form 10-K of the Company for the year ended December 31, 2015 (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: May 13, 2016 /s/ Andres A. Lopez
Andres A. Lopez
Chief Executive Officer
Owens Illinois, 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.

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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, Inc. (the "Company") hereby certifies that to such officer's knowledge:

(i) the Amendment No. 1 to the Annual Report on Form 10-K of the Company for the year ended December 31, 2015 (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: May 13, 2016

/s/ Jan A. Bertsch
Jan A. Bertsch
Senior Vice President and Chief Financial Officer
Owens Illinois, 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.