

OWENS ILLINOIS INC /DE/  
Form 10-Q  
October 28, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D. C. 20549

**FORM 10-Q**

(Mark one)

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

**For Quarter Ended September 30, 2010**

or

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

**Owens-Illinois, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other  
jurisdiction of  
incorporation or  
organization)

**1-9576**  
(Commission  
File No.)

**22-2781933**  
(IRS Employer  
Identification No.)

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One Michael Owens Way, Perrysburg, Ohio  
(Address of principal executive offices)

43551-2999  
(Zip Code)

567-336-5000

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(do not check if a smaller reporting company)

Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Owens-Illinois, Inc. \$.01 par value common stock 163,635,632 shares at September 30, 2010.

Part I FINANCIAL INFORMATION

**Item 1. Financial Statements.**

The Condensed Consolidated Financial Statements of Owens-Illinois, Inc. ( the Company ) presented herein are unaudited but, in the opinion of management, reflect all adjustments necessary to present fairly such information for the periods and at the dates indicated. All adjustments are of a normal recurring nature. Because the following unaudited condensed consolidated financial statements have been prepared in accordance with Article 10 of Regulation S-X, they do not contain all information and footnotes normally contained in annual consolidated financial statements; accordingly, they should be read in conjunction with the Consolidated Financial Statements and notes thereto appearing in the Registrant s Annual Report on Form 10-K for the year ended December 31, 2009.

## OWENS-ILLINOIS, INC.

## CONDENSED CONSOLIDATED RESULTS OF OPERATIONS

(Dollars in millions, except per share amounts)

	<b>Three months ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
Net sales	\$ 1,741.2	\$ 1,874.6
Manufacturing, shipping, and delivery expense	(1,364.1)	(1,425.9)
Gross profit	377.1	448.7
Selling and administrative expense	(125.4)	(128.2)
Research, development, and engineering expense	(14.2)	(14.3)
Interest expense	(61.0)	(58.6)
Interest income	2.5	6.1
Equity earnings	19.4	11.9
Royalties and net technical assistance	4.1	3.4
Other income	7.5	2.4
Other expense	(2.0)	(78.6)
Earnings from continuing operations before income taxes	208.0	192.8
Provision for income taxes	(57.3)	(63.8)
Net earnings	150.7	129.0
Net earnings attributable to noncontrolling interests	(12.0)	(2.3)
Net earnings attributable to the Company	\$ 138.7	\$ 126.7
Basic earnings per share	\$ 0.85	\$ 0.75
Weighted average shares outstanding (thousands)	163,079	167,877
Diluted earnings per share	\$ 0.84	\$ 0.74
Weighted diluted average shares (thousands)	165,591	171,543
Comprehensive income (loss):		
Net earnings	\$ 150.7	\$ 129.0
Foreign currency translation adjustments	276.1	158.2
Pension and other postretirement benefit adjustments, net of tax	10.7	11.0
Change in fair value of derivative instruments, net of tax	(4.1)	15.9
Total comprehensive income	433.4	314.1
Comprehensive income attributable to noncontrolling interests	(22.1)	(13.5)
Comprehensive income attributable to the Company	\$ 411.3	\$ 300.6

## OWENS-ILLINOIS, INC.

## CONDENSED CONSOLIDATED RESULTS OF OPERATIONS

(Dollars in millions, except per share amounts)

	<b>Nine months ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
Net sales	\$ 5,034.6	\$ 5,200.6
Manufacturing, shipping, and delivery expense	(3,949.8)	(4,047.7)
Gross profit	1,084.8	1,152.9
Selling and administrative expense	(372.0)	(369.1)
Research, development, and engineering expense	(43.3)	(42.3)
Interest expense	(176.6)	(164.6)
Interest income	10.7	21.1
Equity earnings	45.5	39.6
Royalties and net technical assistance	12.1	9.7
Other income	10.1	4.9
Other expense	(25.1)	(157.4)
Earnings from continuing operations before income taxes	546.2	494.8
Provision for income taxes	(146.2)	(144.5)
Net earnings	400.0	350.3
Net earnings attributable to noncontrolling interests	(34.9)	(29.2)
Net earnings attributable to the Company	\$ 365.1	\$ 321.1
Basic earnings per share	\$ 2.21	\$ 1.91
Weighted average shares outstanding (thousands)	164,638	167,577
Diluted earnings per share	\$ 2.18	\$ 1.89
Weighted diluted average shares (thousands)	167,558	170,160