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Dear Stakeholder,

Over the last several years, we have succeeded in building a company that is more customer-focused and more responsive to market dynamics and opportunities. We are more flexible, more innovative and financially sound. We remain committed to the strategy we laid out in early 2013, which calls for reducing structural costs, strengthening our manufacturing capabilities and prudently investing in R&D and technology.

We continue to focus on cash generation. In 2014, we delivered another year of strong free cash flow and solid earnings, despite ongoing currency devaluation against the U.S. dollar. At \$329 million, it was our second highest free cash flow in company history. It would have been nearly \$370 million if not for the \$40 million adverse impact of the strengthening U.S. dollar in the latter part of the year. We achieved an EPS of \$2.63 in 2014, modestly lower than 2013.

Our performance by region in 2014 was varied. We achieved record sales volumes in South America and generated a segment operating profit margin of nearly 20 percent. While the region maintains strong long-term fundamentals for glass demand, we are sometimes challenged by changing economic and political forces. Our operating margins in Europe were up more than 150 basis points in 2014, driven principally by ongoing success in our asset optimization program there. Our results in North America and Asia Pacific were below expectations due to external factors, such as adverse weather, and specific one-off production challenges of our own. We have addressed the issues we had in both regions, and have launched a major manufacturing initiative to strengthen our fundamentals and deliver a stronger operating performance going forward. As we enter the second quarter of 2015, we anticipate a year-on-year improvement in our underlying business operations on a constant currency basis.

Despite the challenges in 2014, we continued to successfully enhance our financial flexibility by reducing our pension obligations and refinancing \$600 million in debt. In recent years, we have allocated nearly all of our free cash flow to deleveraging, coupled with anti-dilutive share repurchases.

Now that we have reached the halfway mark of our targeted leverage ratio (i.e., net debt to EBITDA between 2 to 3 times), we have shifted our capital allocation. While we will slow the rate of deleveraging, we have begun to step up our share buybacks, the principal vehicle we

intend to use in the near term to increase shareholder yield. We will have completed a \$100 million accelerated share repurchase plan in the second quarter of 2015, and we intend to buy back at least \$25 million of additional shares through the remainder of the year. By the end of 2017, we plan to have repurchased \$500 million in shares.

The strength of our free cash flow has also enabled other business opportunities. In 2014 we invested in a joint venture and long-term supply agreement with Constellation Brands, Inc. in Mexico to supply glass for well-known Mexican beer brands brewed there and exported to the United States. This enhances our ability to participate in the growth of the expanding import beer business in the U.S., counteracting the sluggish domestic beer market trend.

In late 2014 we advanced our CEO succession process and promoted Andres Lopez to president of glass containers and chief operating officer of O-I. Andres has proven himself as a strong and creative business leader with extensive knowledge of the industry and a deep understanding of manufacturing. We anticipate that the Board of Directors will appoint Andres as CEO at the end of 2015. Soon thereafter we expect Andres will update the investment community on the company's long term plans and its related financial targets. Separately, I intend to relinquish the role of Chairman at our annual meeting in May 2016, at which time a non-executive Chairperson will be chosen by the Board.

As I write this, we have almost finished our first-ever sustainability report. We are excited about this project and about the transparency it is bringing. While we have been doing many great things to promote the well-being of our people, to protect the planet and to ensure the longevity of the company in ethical and transparent ways, we have never captured all of that activity in one place. This report documents our sustainability activities, promotes the inherent sustainability of glass and underscores our belief that "Glass Is Life." It will be available on our web site in the second quarter.

It is a great time for glass and for O-I. Glass is modern, and clearly the package for the future. We will never run out of opportunities to provide customers and consumers with the natural, safe and healthy glass packaging they trust. Demand is stable, and growing in many parts of the world. We are executing on our strategy, and we are always emboldened by the passion and commitment of O-I employees around the world.

Best regards,



Al Stroucken  
Chairman & CEO