

O-I Earnings Investor Call
3rd Quarter 2006
October 26, 2006

Core Management Priorities

Achieve successful European integration

Build modest growth momentum

Improve liquidity – reduce leverage

Improve system cost and capital capabilities

Implement global procurement initiatives

Increase prices near term to offset inflationary pressures

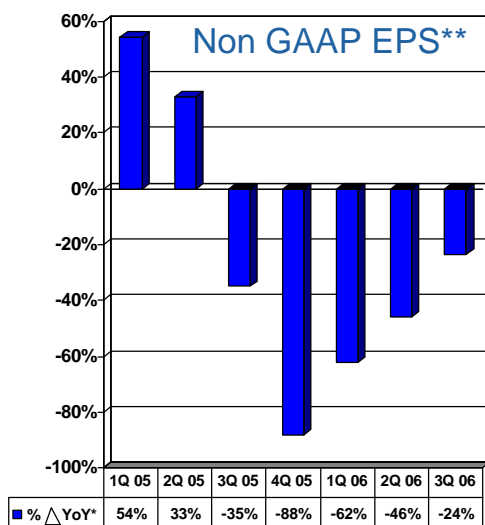
Reconciliation of GAAP to non-GAAP Items

3rd Quarter 2006 and 3rd Quarter 2005

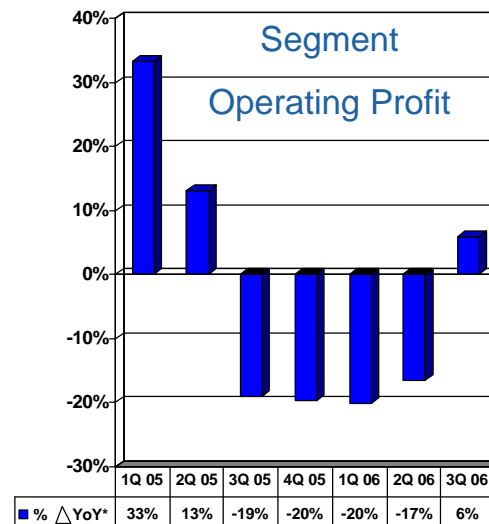
\$ Millions, except EPS

	Three months ended September 30,			
	2006		2005	
	Earnings	EPS	Earnings	EPS
Net earnings	\$8.4	\$0.02	\$56.6	\$0.34
Items that management considers not representative of ongoing operations (consistent with Segment Operating Profit):				
1) Loss from mark to market effect of natural gas hedge contracts	1.6	0.01	4.9	0.03
2) Write-off deferred finance fees and note repurchase premiums	7.3	0.05		
3) Tax provision reversal			(5.3)	(0.03)
4) Charge for Godfrey plant closure	27.7	0.18		
Net earnings exclusive of items that management considers not representative of ongoing operations	\$45.0	\$0.26	\$56.2	\$0.34

Improved Quarter-over-Quarter Comparisons



EPS**	\$0.37	\$0.57	\$0.34	\$0.03	\$0.14	\$0.31	\$0.26
Prior Year EPS**	\$0.24	\$0.43	\$0.52	\$0.24	\$0.37	\$0.57	\$0.34



CY (\$MM)	\$219	\$260	\$205	\$145	\$175	\$217	\$217
PY (\$MM)	\$164	\$230	\$253	\$180	\$219	\$260	\$205

* % change year-over-year (YoY) calculated as: (current qtr less prior year qtr) / prior year qtr

** Non GAAP EPS excludes items management considers not representative of ongoing operations and is reconciled to GAAP EPS on the succeeding charts

EPS Reconciliation

3rd Quarter 2005 vs. 3rd Quarter 2006

2005 EPS exclusive of unusual and non-operating items		\$0.34
Reconciling items:		
Price and product sales mix	\$0.30	
Productivity, production volumes, and cost savings	0.10	
Cost savings from European capacity rationalization	0.06	
Unit sales volume	0.02	
Raw materials and other inflation	(0.21)	
Energy inflation	(0.19)	
Effective tax rate	(0.08)	
European integration operating expenses	(0.04)	
Pension expense	(0.04)	
Minority share owners' interest	(0.02)	
Stock option expense (FAS No. 123R)	(0.01)	
All other - net	<u>0.03</u>	
Total reconciling items		<u>(0.08)</u>
2006 EPS exclusive of unusual and non-operating items		<u><u>\$0.26</u></u>

Segment Operating Profit Reconciliation

3rd Quarter 2005 vs. 3rd Quarter 2006

\$ Millions

	Glass Containers	Plastics Packaging	Eliminations and Other	Total
2005 Segment Operating Profit	\$198.3	\$33.1	(\$26.2)	\$205.2
Price and product sales mix	67.9	(1.0)		66.9
Productivity, production volume, and cost savings	16.2	5.2		21.4
Cost savings from European capacity rationalization	13.1			13.1
Unit sales volume	5.5	(0.5)		5.0
Raw materials and other inflation	(42.6)	(5.1)		(47.7)
Energy cost inflation	(42.1)	(0.2)		(42.3)
European integration operating expenses	(8.2)			(8.2)
Pension expense	(6.6)	(1.0)	(0.4)	(8.0)
Stock option expense (FAS No.123R)			(2.0)	(2.0)
All other	6.1	0.2	6.9	13.2
Total reconciling items	9.3	(2.4)	4.5	11.4
2006 Segment Operating Profit	\$207.6	\$30.7	(\$21.7)	\$216.6

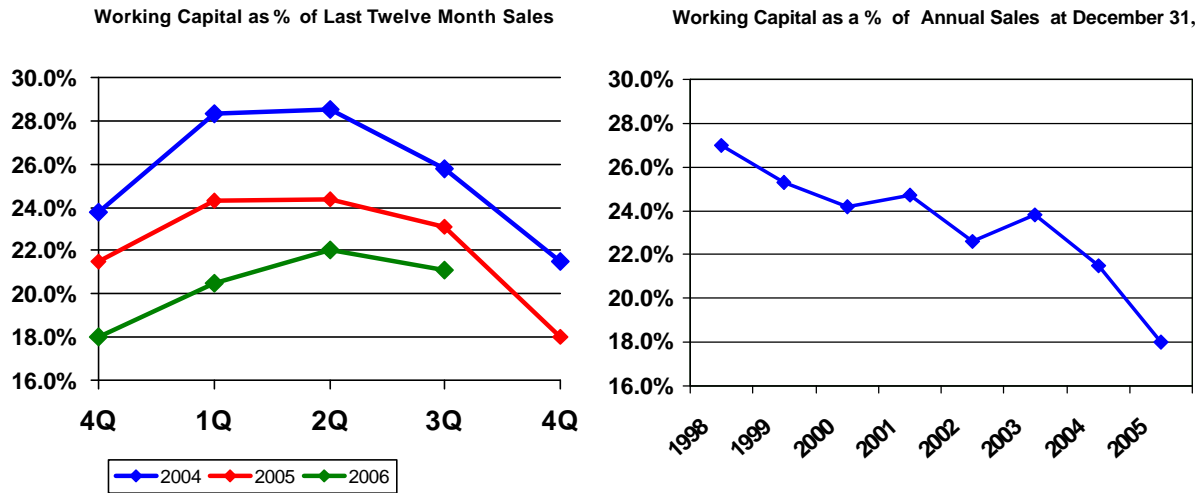
Net Sales Reconciliation

3rd Quarter 2005 vs. 3rd Quarter 2006

\$ Millions

	Glass Containers	Plastics Packaging	Total
2005 Net sales from continuing operations	\$ 1,604.3	\$ 203.2	\$ 1,807.5
Unit sales volume	10.1	(3.3)	6.8
Price and product sales mix	68.4	(2.8)	65.6
Resin effects		9.5	9.5
Currency translation	34.7		34.7
Divestitures		(12.4)	(12.4)
Total reconciling items	113.2	(9.0)	104.2
2006 Net sales from continuing operations	\$ 1,717.5	\$ 194.2	\$ 1,911.7

Management Working Capital as a % of Sales



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

Interest Expense Reconciliation

3rd Quarter 2005 vs. 3rd Quarter 2006

\$ Millions

2005 interest expense		\$113.3
Reconciling items:		
Change in rates, volumes and mix	\$1.8	
Refinancing costs	7.1	
Total reconciling items		<u>8.9</u>
2006 interest expense		<u>\$122.2</u>

Reconciliation of GAAP earnings per share to non-GAAP earnings per share - 2004

	1Q 04	2Q 04	3Q 04	4Q 04
Earnings (loss) from continuing operations	\$0.28	\$0.53	\$0.45	(\$0.25)
Items that management considers not representative of ongoing operations:				
(Gain)/loss from mark to market effect of natural gas hedge contracts	(0.04)		(0.05)	0.07
Gain on sale of certain real property		(0.10)		
Reduction of gross profit related to the acquisition step-up of BSN finished goods inventory			0.12	
Asbestos-related charge				0.56
Write-off of deferred finance fees and note repurchase premiums				0.13
Restructuring of a life insurance program				0.04
Australian tax consolidation benefit				(0.22)
Gain on Italian Specialty Glass restructuring				(0.09)
Net earnings before items that management considers not representative of ongoing operations	\$0.24	\$0.43	\$0.52	\$0.24

Reconciliation of GAAP earnings per share to non-GAAP earnings per share - 2005

	<u>1Q 05</u>	<u>2Q 05</u>	<u>3Q 05</u>	<u>4Q 05</u>
Earnings (loss) from continuing operations	\$0.73	\$0.53	\$0.34	(\$5.86)
Items that management considers not representative of ongoing operations:				
Asbestos-related charge				0.57
Goodwill impairment				3.26
Deferred tax valuation allowance				2.02
Gain on sale of Corsico, Italy glass factory	(0.18)			
Reversal of accrual for potential tax liabilities			(0.03)	
(Gain) loss from mark to market effect of natural gas hedge contracts	(0.11)	0.03	0.03	0.04
	<u>0.44</u>	<u>0.56</u>	<u>0.34</u>	<u>0.03</u>
Earnings exclusive of items that management considers not representative of ongoing operations				
Unusual items:				
Reduction of accrual for self-insured risks	(0.04)			
Reduction of tax provision for changes in international deferred taxes	(0.03)			
2004 impact of 2005 BSN depreciation adjustment		(0.04)		
Reduction of NOL tax benefits in Ohio		0.05		
Earnings exclusive of unusual and non-operating items	<u>\$0.37</u>	<u>\$0.57</u>	<u>\$0.34</u>	<u>\$0.03</u>

Reconciliation of GAAP earnings per share to non-GAAP earnings per share – 2006

	<u>1Q 06</u>	<u>2Q 06</u>	<u>3Q 06</u>
Earnings from continuing operations	\$0.12	\$0.24	\$0.02
Items that management considers not representative of ongoing operations:			
Loss from mark to market effect of natural gas hedge contracts	0.02	0.01	0.01
Write-off of deferred finance fees and note repurchase premiums		0.06	0.05
Charge for Godfrey plant closure			0.18
	<u> </u>	<u> </u>	<u> </u>
Earnings exclusive of items that management considers not representative of ongoing	<u>\$0.14</u>	<u>\$0.31</u>	<u>\$0.26</u>