

OWENS ILLINOIS INC /DE/
Form 11-K
June 27, 2016

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **1-9576**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

EIGHTH AMENDED AND RESTATED OWENS-ILLINOIS, INC.

STOCK PURCHASE AND SAVINGS PROGRAM

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

OWENS-ILLINOIS, INC.

One Michael Owens Way

Perrysburg, Ohio 43551-2999

Financial Statements
and Supplemental Schedule

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Years ended December 31, 2015 and 2014

with Report of Independent Registered Public Accounting Firm

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Financial Statements
and Supplemental Schedule

Years ended December 31, 2015 and 2014

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Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Report of Independent Registered Public Accounting Firm

Owens-Illinois, Inc. Employee Benefits Committee

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

We have audited the accompanying statements of net assets available for benefits of the Eighth Amended and Restated Owens-Illinois, Inc. Stock Purchase and Savings Program as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended December 31, 2015 and 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Eighth Amended and Restated Owens-Illinois, Inc. Stock Purchase and Savings Program at December 31, 2015 and 2014, and the changes in its net assets available for benefits for the years then ended December 31, 2015 and 2014, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Eighth Amended and Restated Owens-Illinois, Inc. Stock Purchase and Savings Program's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

Toledo, OH

June 27, 2016

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Statements of Net Assets Available for Benefits

	2015	December 31,	2014
Assets:			
Interest in investments of the Trust	\$ 290,554,074	\$	313,489,648
Notes receivable from participants	4,708,870		4,427,440
Net assets available for benefits	\$ 295,262,944	\$	317,917,088

The accompanying notes are an integral part of the financial statements.

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Statements of Changes in Net Assets Available for Benefits

	Year ended December 31,	
	2015	2014
Interest in investment gain (loss) of the Trust	\$ (8,670,886)	\$ 1,034,285
Contributions:		
Participant	13,000,997	11,314,158
Employer	5,897,592	5,332,573
Interest income due to notes receivable from participants	192,747	187,422
Participant withdrawals	(33,784,041)	(36,785,959)
Plan to plan transfers	867,189	1,582,799
Administration fees	(180,351)	(183,702)
Other	22,609	(182)
Decrease in net assets available for benefits	(22,654,144)	(17,518,606)
Net assets available for benefits at beginning of year	317,917,088	335,435,694
Net assets available for benefits at end of year	\$ 295,262,944	\$ 317,917,088

The accompanying notes are an integral part of the financial statements.

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Notes to Financial Statements

December 31, 2015

1. Plan Description

The Eighth Amended and Restated Owens-Illinois, Inc. Stock Purchase and Savings Program (the Plan) was adopted by Owens-Illinois, Inc. (the Company) for the benefit of eligible U.S. salaried employees of the Company and certain of its subsidiaries and affiliates.

The Plan's investments are held in the Owens-Illinois, Inc. Master Savings Trust (the Trust) administered by the Owens-Illinois, Inc. Employee Benefits Committee (the Committee). The Plan's trustee is John Hancock (the Trustee) and recordkeeping is managed by John Hancock (the Recordkeeper), along with the assets of another defined contribution plan of the Company.

The Plan is a defined contribution plan which provides eligible employees, upon completion of a probationary period, the opportunity to make contributions on a pretax basis and/or in the form of a designated Roth contribution, in specific percentages, within guidelines established by the Company. Participants are auto enrolled 30 days after first becoming eligible to participate in the Plan. Participant contributions are immediately fully vested and may be divided at the participant's discretion among the various investment options from 1% to 100%, with no limit on the number of options selected. A participant may elect to change the percentage of compensation to be contributed each pay period; any such changes shall be effective on the next pay period.

The Company contributes to the Plan on behalf of each participant an amount equal to fifty percent (50%) of the participant's pretax and Roth contributions each pay period, limited to four percent (4%) of such participant's compensation received during that period. Company matching contributions are invested in the Owens-Illinois Company stock fund and are immediately fully vested. Participants are allowed to transfer Company matching contributions from the Company stock fund at any time. Effective January 1, 2005, the Company contributes an additional 2% for all salaried employees hired after December 31, 2004. The additional 2% is invested according to the participant's investment elections. For employees with no investment election in the Plan, the additional 2% contributed by the Company is automatically invested in the appropriate target date lifecycle fund for the participant.

Each participant's account is credited with the participant's contributions and the Company's matching contributions and allocations of plan earnings, and is charged with an allocation of administrative expenses. Plan earnings are allocated based on the participant's share of net earnings or losses of their respective elected investment options. Allocations of administrative expenses are based on the participant's account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

The Plan invests in common stock of the Company through its Company Stock Fund. The Company Stock Fund may also hold cash or other short-term securities, although these are

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Notes to Financial Statements Continued

December 31, 2015

expected to be a small percentage of the fund. The Company has implemented a dividend pass through election for its participants.

Each participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the Company prior to the time that such rights may be exercised. The trustee is not permitted to vote any allocated shares for which instructions have not been given by a participant. The Trustee votes any unallocated shares in the same proportion as those shares that were allocated, unless the Committee directs the trustee otherwise. Participants have the same voting rights in the event of a tender or exchange offer.

Within certain limitations, a participant may also transfer into the Plan a rollover contribution or other assets from another qualified plan.

With certain exceptions, participants may transfer existing fund balances among the various investment funds daily. Transfers into the Company stock fund will not be permitted until 90 days after the last transfer out. There are no restrictions on the frequency of transfers out of the Company stock fund.

Upon separation from service with the Company due to death, disability, retirement or termination, a participant may elect to receive either a lump sum or may elect installment payments on a monthly basis. The benefit to which a participant is entitled is the benefit that can be provided from the vested value of the participant's account. In-service withdrawals are available in certain limited circumstances, as defined by the Plan. Hardship withdrawals are allowed for participants incurring an immediate and heavy financial need, as defined by the Plan. Hardship withdrawals are strictly regulated by the Internal Revenue Service (IRS) and a participant must exhaust all available loan options and available distributions prior to requesting a hardship withdrawal.

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, (ERISA).

The above information is intended as a general description of the Plan's operating guidelines. Reference should be made to the Plan document for more specific provisions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Notes to Financial Statements Continued

December 31, 2015

Payment of Benefits

Benefits are recorded when paid.

Notes Receivable from Participants

Notes receivable from participants are loans of a portion of the participants' existing account balance that the Plan permits participants to borrow. Loans are made subject to certain conditions and limitations specified in the Plan and are repaid in weekly installments, including interest. The Plan allows active participants to only have three loans (only one of which can be used to purchase the participant's primary residence) outstanding at any time. The minimum amount allowed by the Plan for a loan is \$500 and the maximum loan amount available to a participant is determined by their account balance. The Plan allows a participant to borrow up to the lesser of (i) 50% of their account balance or (ii) \$50,000. The maximum term of loans is five years, with the exception of home loans for the purchase of a primary residence, for which the maximum term is ten years. Participants' loans are collateralized by their account balances. The rate at which loans bear interest is established at the inception of the borrowing, based on the prime rate then being charged by the Trustee plus 1%. Repayments of loans, including the interest portion thereof, are reinvested on the participants' behalf in accordance with their current choice of investment options. Participants are charged a transaction fee for each new loan initiated. The amount of the fee is \$50 for a nonresidential loan and \$100 for a residential loan. The fee is deducted from the participant's account when the loan is processed. Notes receivable from participants are valued at their unpaid principal balances plus accrued interest. Interest income on notes receivable from participants is recorded when earned.

Basis of Presentation and Plan Investments

The accompanying financial statements reflect the Plan's total interest in the net assets and transactions of the Trust as allocated by the Recordkeeper and any such other investments and transactions related solely to the Plan. Net assets, as well as earnings and losses, of the Trust are allocated to the Plan based on the sum of the individual accounts of the Plan's participants. The Trust also invests in the common stock of the Company. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA.

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Notes to Financial Statements Continued

December 31, 2015

The following table presents the fair value of investments of the Trust:

	December 31,	
	2015	2014
Investments, at fair value:		
Mutual fund investments	\$ 377,003,424	\$ 396,690,437
Pooled separate account	88,041,007	95,947,204
Common stock	49,050,920	67,084,516
Total investments	\$ 514,095,351	\$ 559,722,157
Plan's interest in investments of the Trust	\$ 290,554,074	\$ 313,489,648
Plan's interest as a percentage of the Trust	57%	56%

The investment loss of the Trust are as follows:

	Year Ended December 31,	
	2015	2014
Interest and dividends	\$ 8,519,473	\$ 8,721,291
Net depreciation in fair value of investments	(28,308,837)	(13,075,628)
Total loss	\$ (19,789,364)	\$ (4,354,337)
Plan's interest in investment gain (loss) of the Trust	\$ (8,670,886)	\$ 1,034,285

Investment Valuation and Income Recognition

Investments held by the Trust are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 3 for further discussion and disclosures related to fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Eighth Amended and Restated Owens-Illinois, Inc.

Stock Purchase and Savings Program

Notes to Financial Statements Continued

December 31, 2015

Tax Status

The Plan has received a determination letter from the IRS dated October 29, 2014, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore, believes the Plan, as amended, is qualified and the related trust is tax exempt.