



Innovation diagnosis In O-I LA

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O-I:
GLASS
IS
LIFE™

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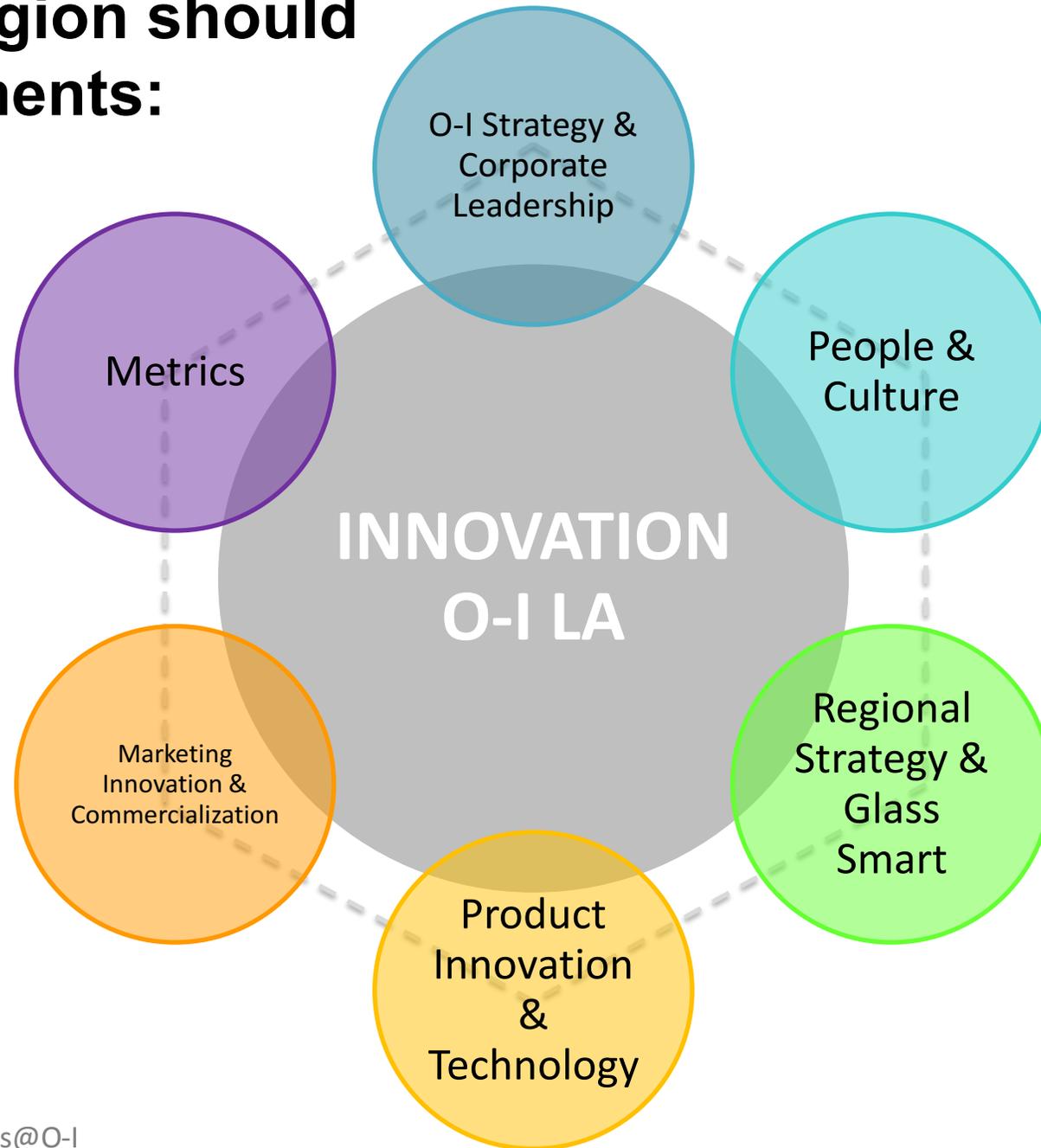
1 Methodology

¿What is not INNOVATION at O-I?

1. Product Inventions
2. Only Creativity
3. glass smart™ as an isolated process.
4. Generate many ideas
5. New product engineering /technology
6. Just one process of the company
7. What is done by marketing & sales

Innovation is an **complete ecosystem** across the organization, articulated by different processes & elements that **together apply new solutions for the business, break paradigms and create new ways to develop opportunities** and reach our company strategy and growth.

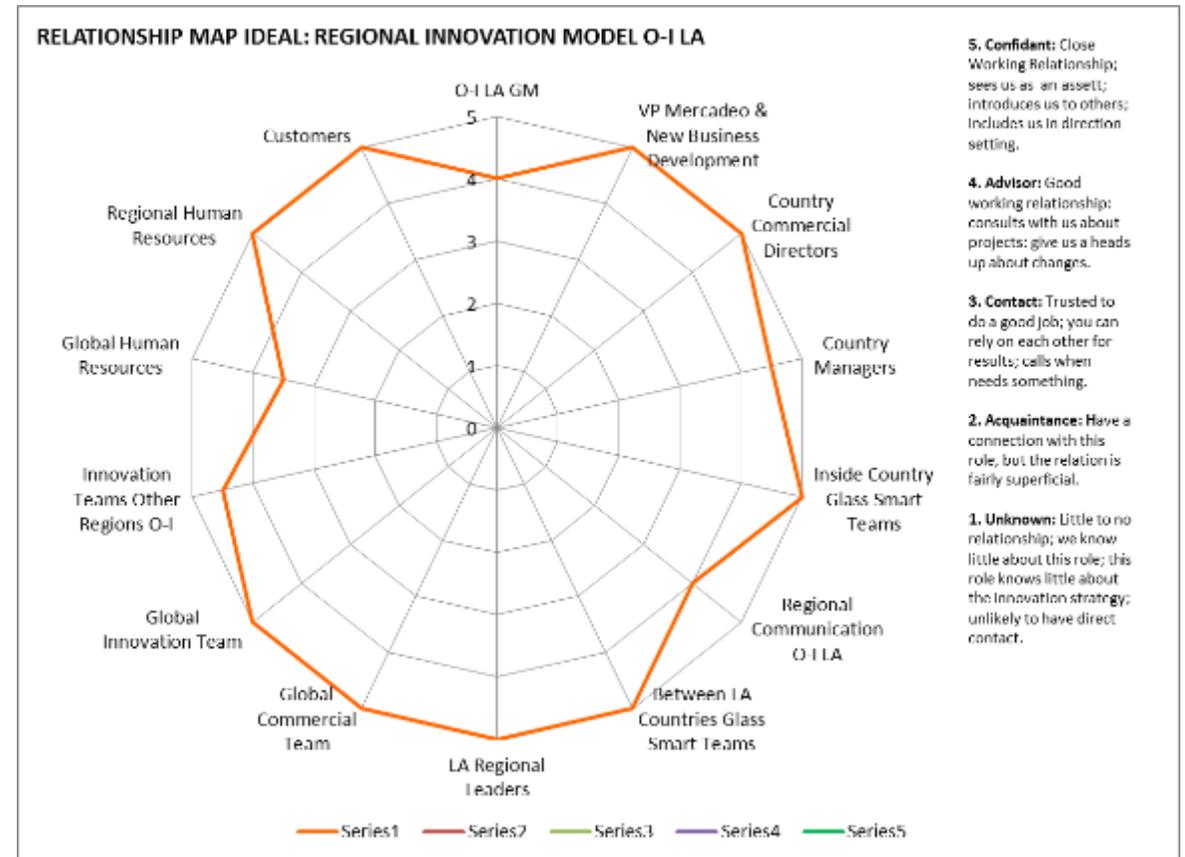
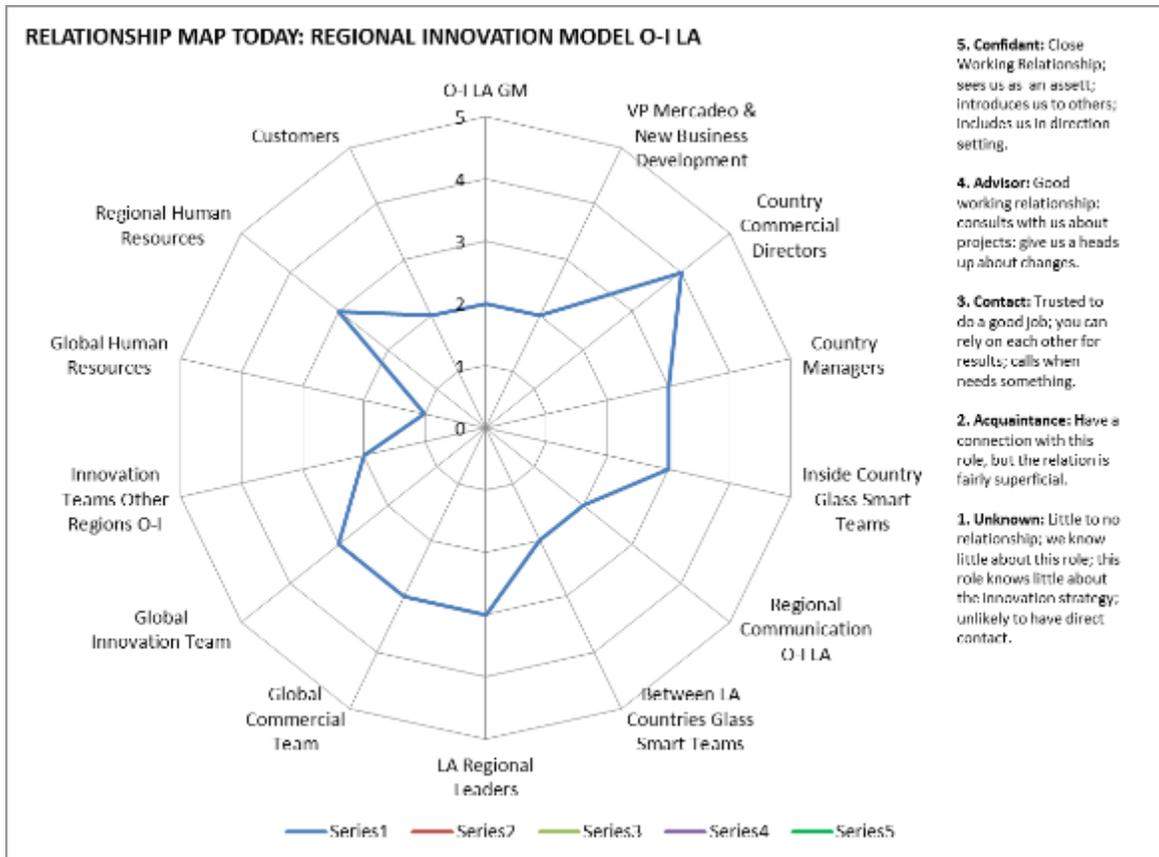
Innovation in our region should consider these elements:



¿How we are?

Relationship Map for a regional Innovation Strategy

(stakeholders identification)



Where we are today Where we should be

Developing an Innovation Strategy

¿How is an Innovative Organization?

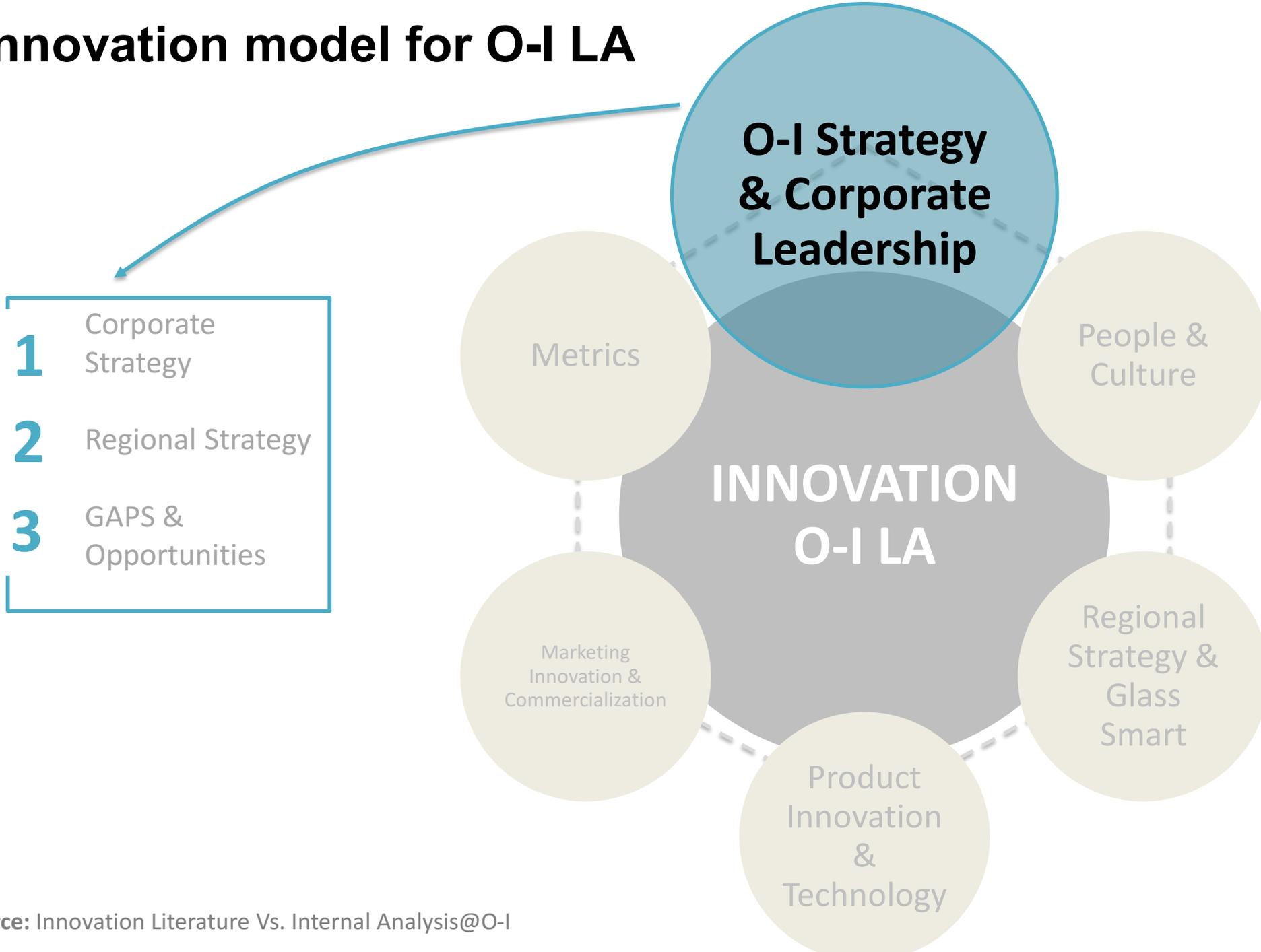


We will identify Gaps & Opportunities

- Comparing us with the Innovation corporate strategy & vision.
- Comparing us with other O-I's regions regarding Innovation.
- Comparing us with Innovation Models (research & literature).

2 Diagnosis

Innovation model for O-I LA



Hypothesis



- ✓ Innovation at in O-I has been focused on product development and R&D, but we are still not strong in business & commercial innovation.
- ✓ There is a gap between the global strategy, the regional strategy and expected results, more resources are needed.
- ✓ There is a top management commitment for Innovation globally and regionally, but we still need to integrate all different elements, so Innovation can flourish successfully.



GAPS & Opportunities



GAPS	OPPORTUNITIES
Strategy alignment between Corporate & the region.	Include Innovation in LA strategy aligned with corporate objectives and expected results for the business.
Innovation could be perceived as not important or relevant for the region as is not declared or considered in the regional LA map of strategy.	Definition and development of an whole Innovation Strategy for Latin America, unifying the region, efforts and resources.
There is not enough regional networking with corporate teams and not consistently corporate / local teams regarding Innovation.	Create regional multidisciplinary teams across the region involving all elements for a success innovation process to engage with corporate teams in a defined and structured way.
Innovation, as a corporate strategy, should have a scope beyond product development & innovation.	Develop an integral Innovation model for O-I LA.
Innovation is not supporting the strategy in Latin America as an statement, but it could be an opportunity for increase our market share position and growth.	Glass Smart, together with the CATEGORY STRATEGY, should be the umbrella for the execution of an Innovation strategy, both strongly aligned. It is required a proper structure & resources for the region to be successful.

Back-up slides



Corporate Strategy

O-I Ambition Statement

Our ambition is to be the **world's leading** maker of brand-building glass containers, delivering unmatched **quality, innovation** and **service** to our customers; generating **superior financial results** for our investors; and providing a **safe, motivating and engaging** work environment for our employees.

O-I
Ambition
Statement

Our Strategy

In 2012, CEO Al Stroucken and the Global Leadership Team signaled a new phase in O-I's strategy aimed at increasing our competitive advantage and improving our ability to execute. This new direction evolved into a three-year plan that builds on our strategic priorities and includes structural cost reductions, as well as investments in our R&D and innovation capabilities.

To achieve our ambition over the next three years, we must prioritize our initiatives and resources with an increased focus on operational excellence. We will define and strengthen our competitive advantage in the glass container business by:

- Reducing structural costs
- Investing in innovation and R&D
- Improving our ability to execute
- Delivering high value for our customers
- Optimizing our global asset base

The chart, "Our three-year strategy: At a glance," illustrates how we will do this. [Click here to view a larger version](#). Downloads of the chart and other materials are available below. The three-year strategy chart is also available for download as a poster in a variety of sizes and translations on the [Documentation and Reference Materials](#) page on O-I Home.

Our three-year strategy: At a glance 2013 - 2015



Our three-year strategy: At a glance

2013 - 2015



- **Become the world's leading maker of brand-building glass containers for our customers**, with unmatched quality, innovation, service and a commitment to sustainability
- **Deliver superior financial returns** for our investors
- **Provide a motivating, safe and engaging work environment** for our employees
- Tap into growing momentum surrounding **glass as the healthiest, most sustainable** packaging solution

- In the glass container space, **we must regain our leadership** in all core categories, including cost, profitability, technology, efficiency and customer satisfaction
- Glass packaging companies are **under increasing pressure from alternative packaging makers**
- We have **significant financial commitments** to face, including building investor confidence in our ability to execute

- **Increase our competitive advantage** in the glass container business by reducing structural costs and investing in innovation and R&D
- **Improve our ability to execute**
 - **Focus on the transfer of best practices** among plants and regions
 - **Deliver low cost and high value for our customers** through better service, problem solving and product innovation
- **Optimize our global asset base**

- **Reduce cost of goods sold by \$100 million** each year
- **Reduce operating expenses by \$20 million** each year
- **Invest significantly in R&D, product and process innovation**
- **Drive productivity, efficiency and flexibility**
- **Prioritize initiatives** to meet these objectives

We love glass and we know glass. O-I leads the way in the glass packaging space.

O-I's three year strategic path

OUR AMBITION

Our ambition is to be the **world's leading** maker of brand-building glass containers, delivering unmatched **quality, innovation** and **service** to our customers; generating **superior financial results** for our investors; and providing a **safe, motivating** and **engaging** work environment for our employees.

OUR CHALLENGES

Our challenges stem from external and internal forces.

Externally, glass packaging companies worldwide face increasing competitive pressure from alternative packaging makers, such as PET, aluminum and aseptic. In addition, we are no longer the clear leader in cost, profitability, technology, efficiency and customer satisfaction in the glass container space.

Internally, we must meet significant financial commitments. In recent years, we've invested substantial capital, with no increase in earnings. This has made investors doubt our ability to profitably invest, and it has created uncertainty about our ability to execute.

OUR OPPORTUNITY

We have the opportunity to define and strengthen our competitive advantage by delivering high value to customers at a lower cost through structural cost reduction, product innovation, flexibility, improved service and problem solving. While lowering our cost profile will remain a focus for the next three years to meet our immediate financial commitments, O-I remains dedicated to investing in innovation and R&D.

In meeting this opportunity, our increased profits and stronger execution skills will open the door to initiatives and programs aimed at achieving profitable growth and improving the value we deliver to our customers.

TO ACHIEVE OUR **AMBITION**, WE MUST FACE OUR **CHALLENGES** AND TAKE ADVANTAGE OF OUR **OPPORTUNITIES** BY DELIVERING IN THESE AREAS:

1. Increase our competitive advantage in the glass container business by reducing structural costs and investing in innovation and R&D
2. Improve our ability to execute
3. Focus on the transfer of best practices among plants and regions
4. Deliver high value for our customers through better service, problem solving and product innovation
5. Optimize our global asset base

OUR **OBJECTIVES** WILL HELP US TAKE ADVANTAGE OF THE **OPPORTUNITIES**:

- Reduce cost of goods sold by \$100 million each year
- Reduce operating expenses by \$20 million each year
- Invest significantly in R&D, product and process innovation
- Drive productivity, efficiency and flexibility
- Prioritize initiatives to meet these objectives

Our three-year strategy: The elevator speech

2013 - 2015



Our three-year strategy builds off the work we started when our strategy was launched in 2007. It helps establish our place as a leader in the global glass industry, with unmatched quality, innovation and service for our customers; superior financial returns for our investors; and a safe, motivating and engaging work environment for our employees. To achieve this ambition, we must prioritize our initiatives and resources with an increased focus on operational excellence.

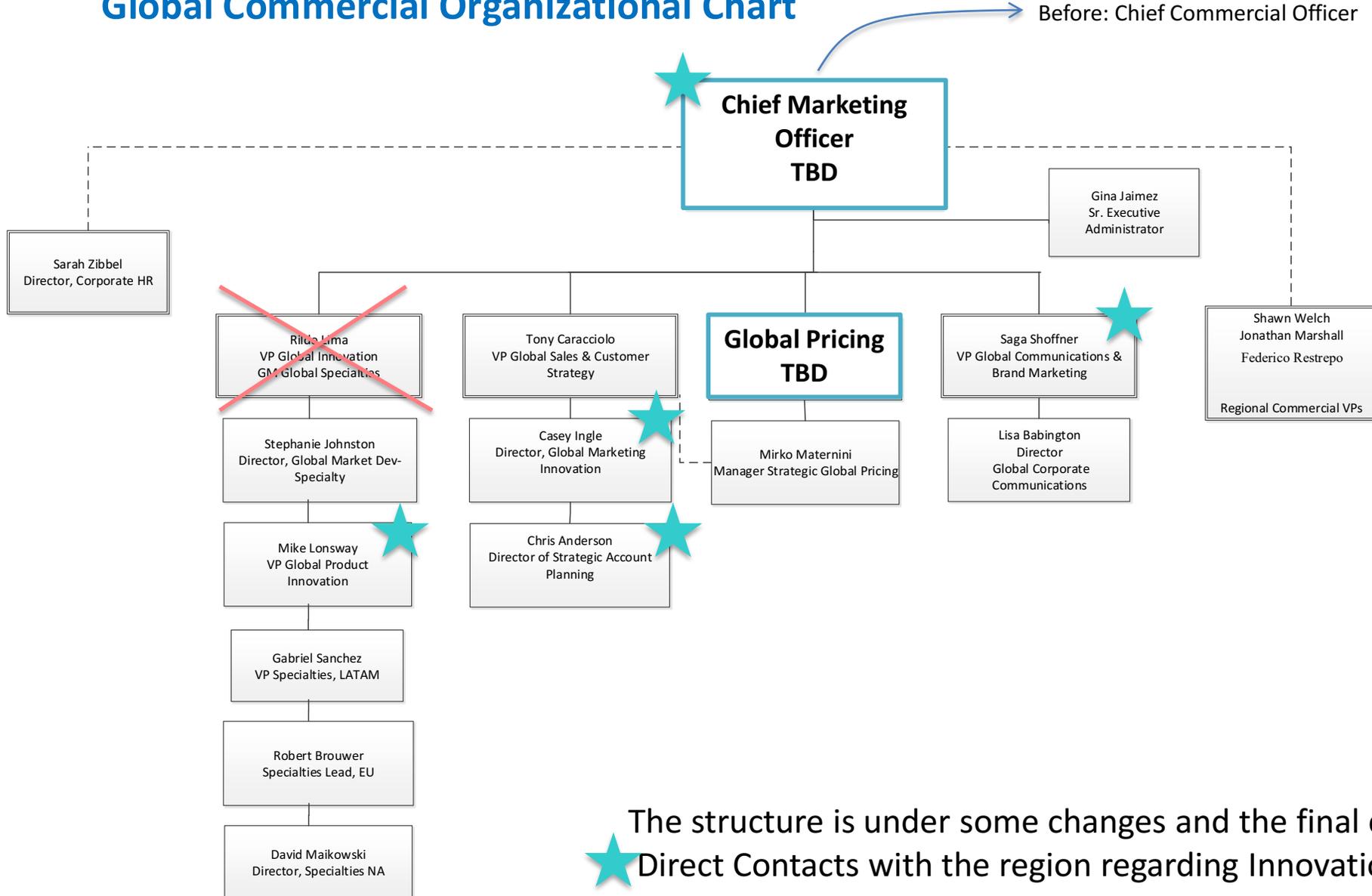
Over the next three years, we must define and strengthen our competitive advantage in the glass container business by reducing structural costs and investing in innovation and R&D; improving our ability to execute; delivering high value for our customers; and optimizing our global asset base.

Global Commercial Organization Chart



Global Commercial Organizational Chart

Before: Chief Commercial Officer



The structure is under some changes and the final chart is still not ready.

★ Direct Contacts with the region regarding Innovation.

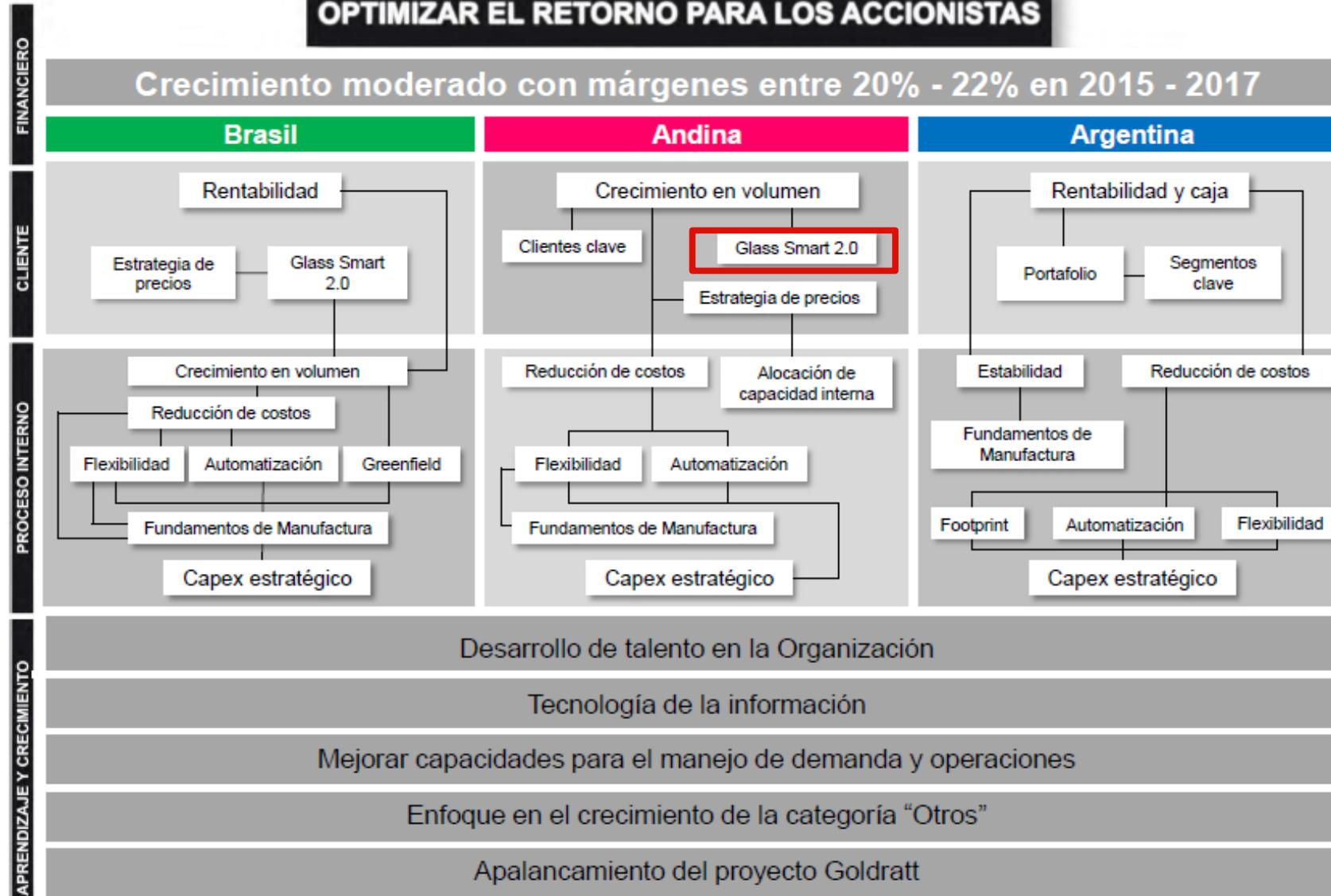


Regional Strategy

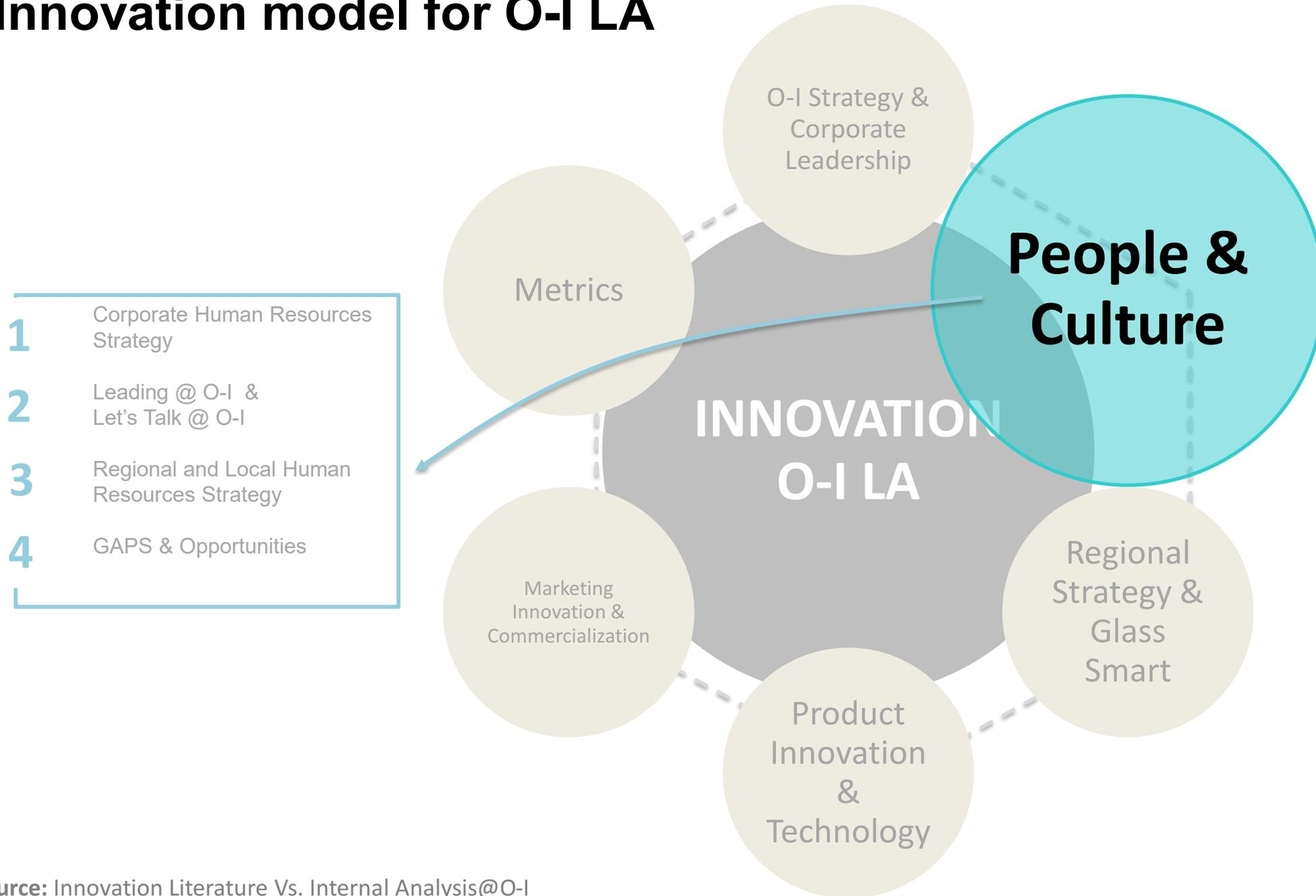
Regional Strategy

Mapa de Estrategia de América Latina

OPTIMIZAR EL RETORNO PARA LOS ACCIONISTAS



Innovation model for O-I LA





Hypothesis



- ✓ There is not proper internal engagement across the organization to reach a successful innovation between:
 - Corporate – Region (unify strategy across the region).
 - Corporate – Other Areas (Manufacturing, Engineering, Quality)
 - Inside & between Countries

- ✓ There is a need of embed and permeate the Innovation Culture in all Key areas (front & back).

- ✓ We need a full integration with HR to develop a strategy to engage and inspire our teams to innovate as well as to develop their innovate skills.



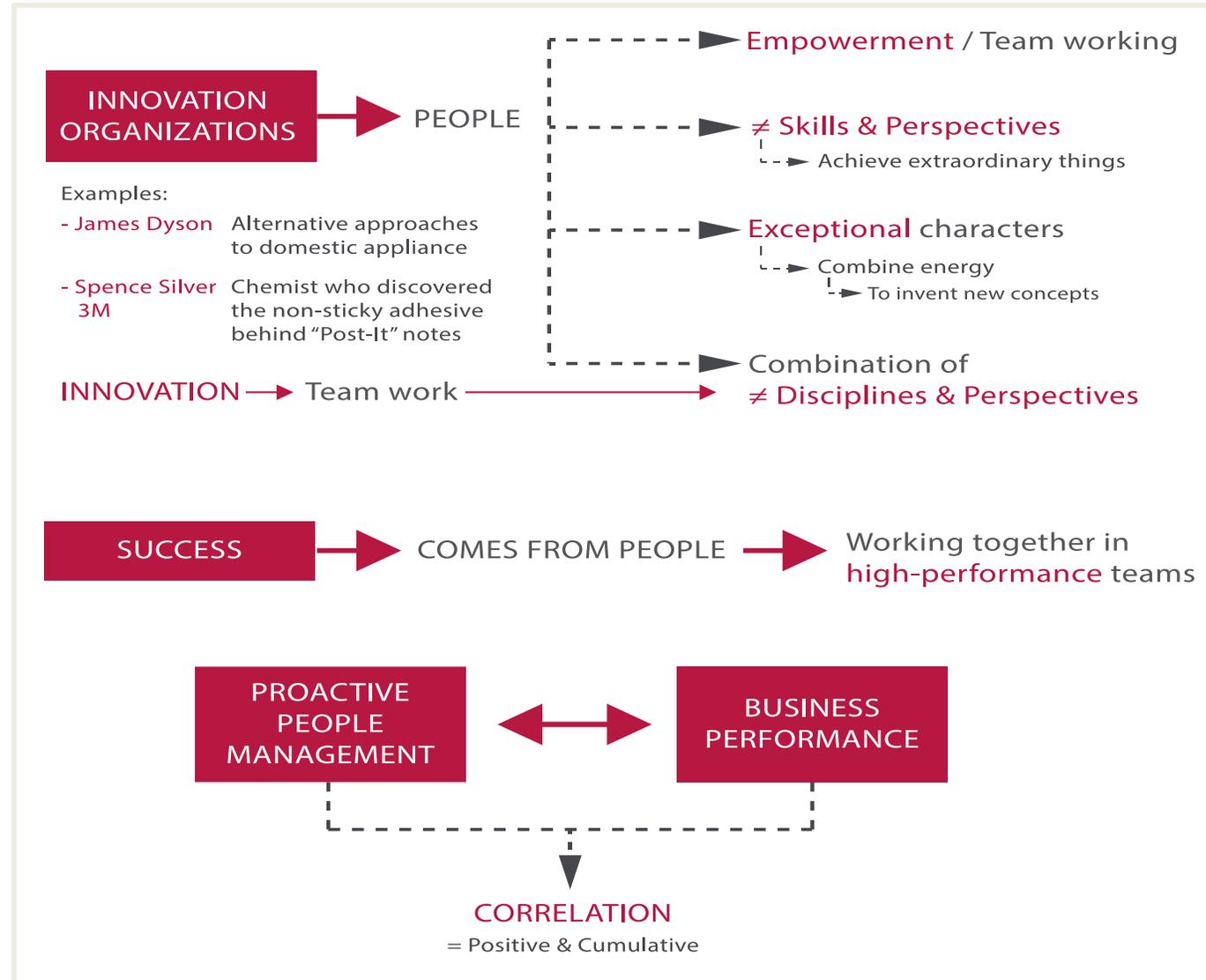
GAPS & Opportunities



GAPS	OPPORTUNITIES
<p>Innovation strategy is not recognized and understood by all leadership levels, connected with the customer-front process.</p>	<p>Communication strategy & consistent process to help on permeation of an innovation culture from the top management leaders to at all levels. (Top to Bottom – Bottom to Top).</p>
<p>There is little or not enough encouragement to innovate in all levels and think out of the box. We have a strong focus in avoiding risk, reduce loses, cost and be as much efficient as possible. O-I is not a risk taking culture organization and the current metrics are not contributing to have a continues innovative system.</p>	<p>Innovation should encourage people and teams to be an active contributors. Developing rewarding and compensation systems attached with clear goals and objectives aligned with the Let’s talk@O-I program and the innovation competency.</p>
<p>Innovation is not a concept, specially regarding a corporate model, well understood across the organization.</p>	<p>Training & Development programs, could be linked with the glass smart university initiative to work on specific people skills.</p>
<p>Some teams still think on product Innovation (and the platforms only), other teams don’t even know what the platforms are about. Innovation involves a more wide and deep concept, beyond product development & technology.</p>	<p>Spread a clear Innovation Strategy aligned with our company objectives and ensure an appropriate and suitable knowledge transferring process for fast and effective execution.</p>
<p>Sometimes teams & people inside an operation o regionally are working separately on their specific functions or tasks, repeating process or not fully connected with the objective, which cause time losses, misunderstandings or mistakes.</p>	<p>Multidisciplinary teams, networking and leadership are required, with a clear focus and alignment.</p>

Back-up slides

Success in Innovation comes from people

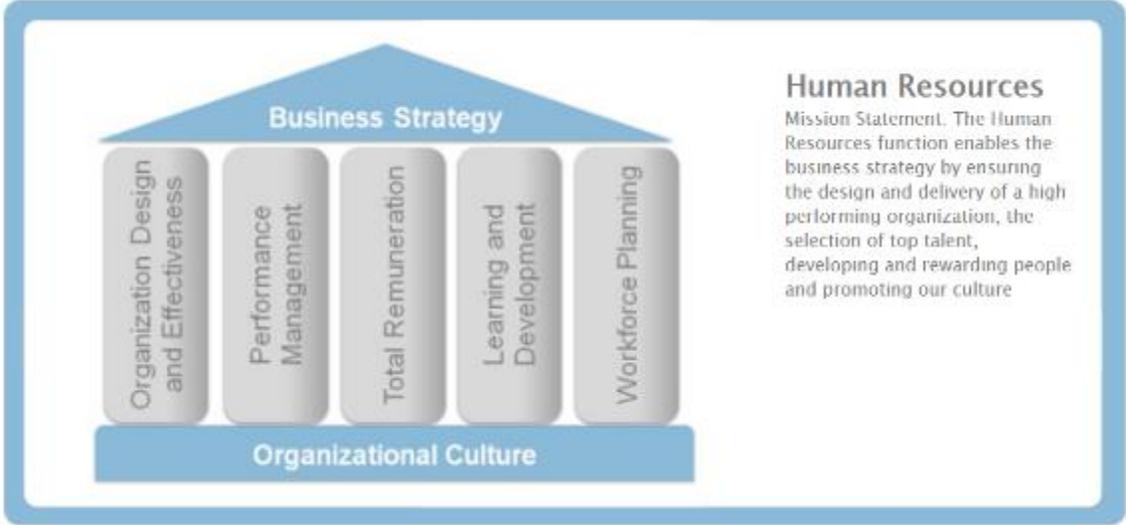
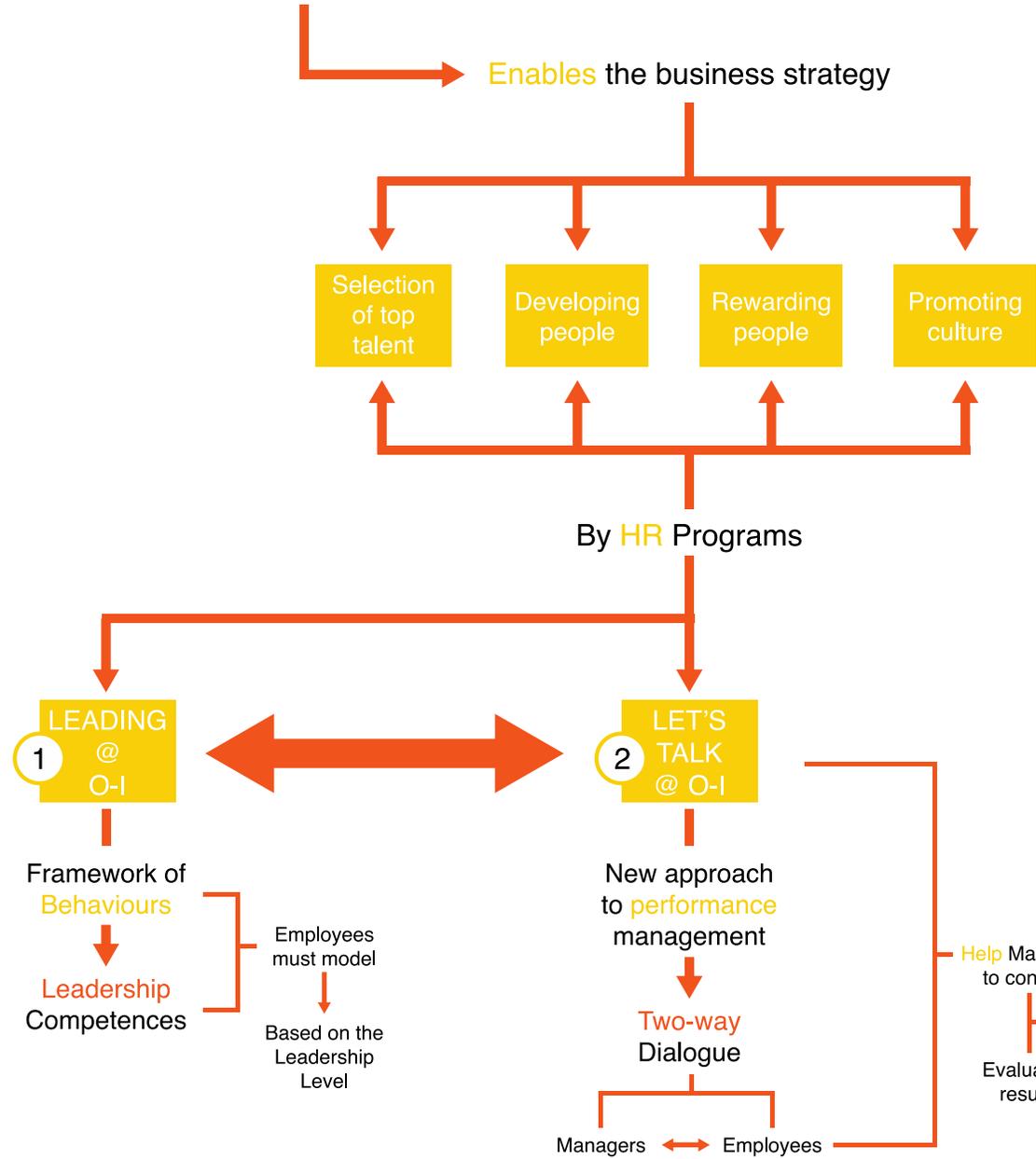


3. Human Talent Strategy



- 1** Corporate Human Resources Strategy
- 2** Leading @ O-I
- 3** Let's Talk @ O-I
- 4** Regional and Local Human Resources Strategy
- 5** Good Practices and Opportunities

Corporate Human Resources



Leading@O-I



Leading@O-I
Driving Change



How is Innovation understood in the organization?

Innovation

Generates and champions new ideas, approaches and initiatives, and creates an environment that nurtures and supports innovation. Leverages fresh perspectives, breakthrough ideas and new paradigms to create value in the market. Encourages new ways of looking at problems, processes, or solutions.

Leading@O-I



Leadership Competency Level of Responsibility	Individual Contributor	Front-Line Leader	Mid-Level Leader	Business Unit Leader	Senior Executive Leader
Innovation	Improve Processes	Identify Improvements	Think Creatively	Innovate	Display Vision

Leadership Levels



Individual Contributor

New complementary competencies have been developed and are included in the appendix brochure.

For this leadership level, the complementary competencies are:

- Understand Financial Data
- Maintain a Global View
- Understand the Local Market
- Promote Ideas
- Provide Development Advice
- Support Engagement
- Foster teamwork
- Take Responsibility

Front-Line Leader

New complementary competencies have been developed and are included in the appendix brochure.

For this leadership level, the complementary competencies are:

- Monitor Financial Performance
- Show a Global Mindset
- Understand the Market
- Foster Collaboration
- Develop Teams
- Take on Responsibility

Mid-Level Leader

Business Unit Leader

Senior Executive Leader

New complementary competencies have been developed and are included in the appendix brochure.

For this leadership level, the complementary competencies are:

- Understand the Business Environment
- Promote Stakeholder Dialogue
- Strengthen the Leadership Team



- Innovation Improve Processes**
- Collaborates with others to enhance work processes or structures.
 - Carefully monitors the accuracy and quality of work methods and outputs.
 - Addresses process breakdowns with speed and thoroughness.
 - Identifies ways to streamline and/or improve efficiency of work.

- Innovation Identify Improvements**
- Approaches problems with curiosity and open-mindedness.
 - Generates innovative ideas and solutions to problems.
 - Encourages others to look at problems and processes in new ways.
 - Identifies opportunities to increase efficiency, simplicity and revenue.

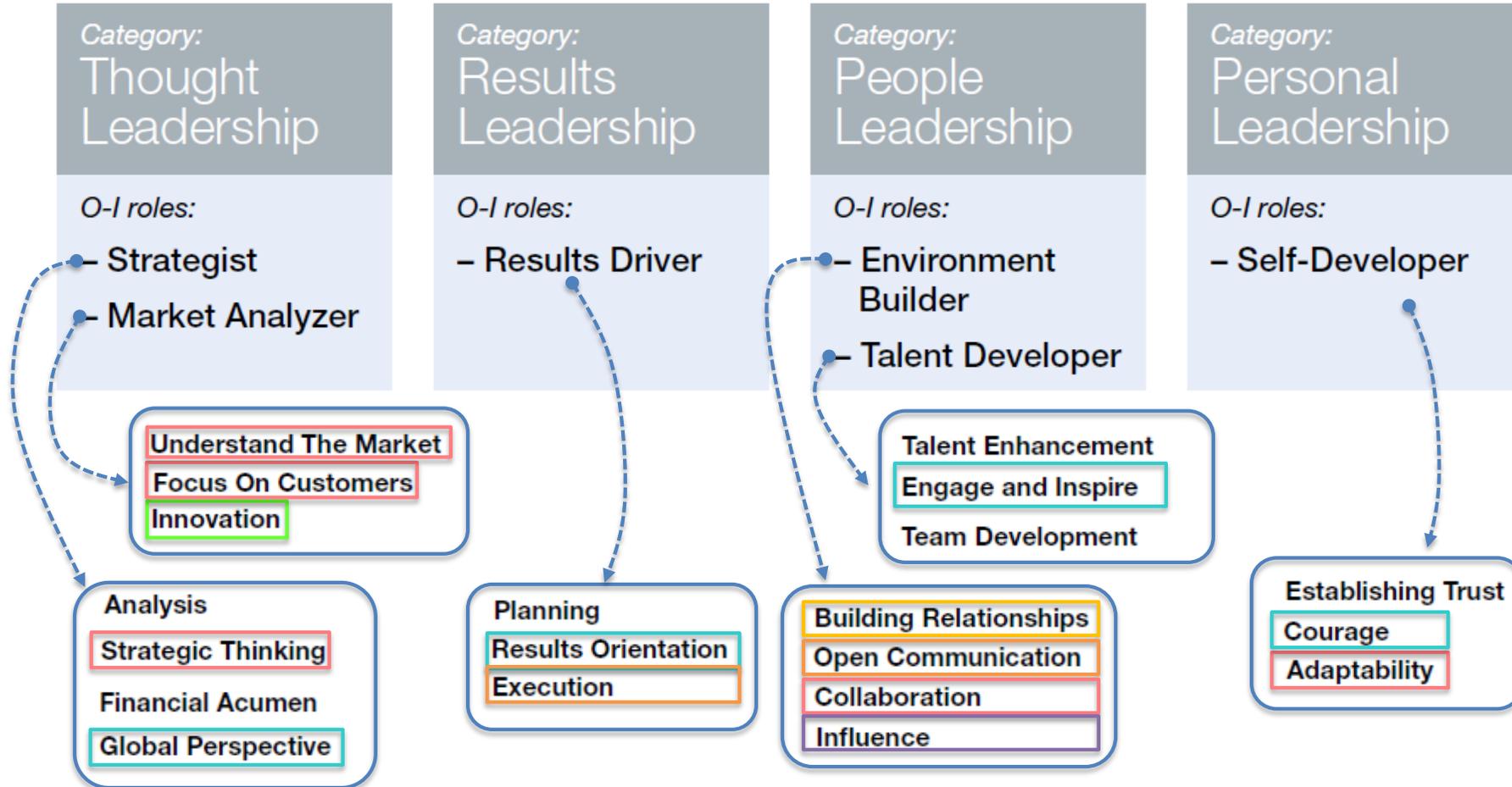
- Innovation Think Creatively**
- Approaches problems with curiosity and open-mindedness.
 - Identifies new cost saving or revenue opportunities.
 - Promotes new ways of looking at problems and processes.
 - Generates innovative ideas and solutions to problems.

- Innovation Innovate**
- Generates innovative ideas and solutions to problems.
 - Promotes new ways of looking at problems and processes.
 - Leverages fresh perspectives, breakthrough ideas and new paradigms to create value in the market.
 - Creates an environment that encourages innovation and risk taking.

- Innovation Display Vision**
- Finds ways to extend and apply innovative ideas to enhance business results.
 - Identifies longer-term needs and opportunities that have significant revenue and profit potential.
 - Ensures business strategies, industry analyses, and business plans consider future needs and developments, and are not just based on current reality.
 - Has a clear vision of the long-term contribution one's own area can make to the business.

O-I Competencies

O-I Leadership Competencies are organized in 4 categories:



These are the most important competency definitions for **Innovation** as a corporate process, are highlighted.

Let's Talk@O-I



What is Let's Talk@O-I?

Let's Talk@O-I is our new approach for performance management that will be deployed globally in 2013. Since performance management leads directly to a highly effective business, HR has focused intensely on creating a value-added process that is engaging and inspiring.

Some of the exciting things about Let's Talk@O-I include:

- Focus on the discussion. It's not about the final rating but about performance conversations.
- Building on the foundation in Leading@O-I. We are deploying a new fully articulated leadership competency model which includes details on all the leadership competencies including the 17 ones missing from the original brochure.
- Selection of **six critical leadership competencies** for the entire organization (see below). While these six are the focus, the other leadership competencies are still important.
- Emphasis on the importance of the manager as coach. Additional training will be available on this topic.
- Improved performance management form and separate Individual Development Plan form. **The forms and the process are available below.**

What is the link between Let's Talk@O-I and Leading@O-I?

The Leadership Competency Model introduced in Leading@O-I is the platform on which we are building some of our current processes, such as Let's Talk@O-I and leadership assessments. The competencies describe 'how' each leadership level should achieve their responsibilities. The leadership competencies are presented in the Leading@O-I brochure and the Leading@O-I appendix, which will be linked to the brochure and presents 17 competencies that complete the original brochure.

These additional competencies are presented by leadership level of responsibility and describe both the competencies and corresponding behaviors in a similar format as presented in the original brochure. The additions, however, are not paired with videos, expert ratings or behavioral questions.

Click on the image to the right to learn more about Leading@O-I.



What are the six critical leadership competencies?

To help drive our strategy of reducing our costs and operating more efficiently, we have identified the six critical leadership competencies we all must exhibit to be successful. The selected competencies will not only focus managers and employees but are strongly related to the call for passion, speed and execution.

The six critical leadership competencies are: **Financial Acumen, Innovation, Results Orientation, Building Relationships, Engage and Inspire, Courage.**

Click on the image of the O-I Leadership Competency Table to the right to open the Leading@O-I brochure and read more about the leadership competencies. The six red boxes along the left of the image indicate where you'll find the six critical competencies.

O-I Leadership Competency Table
Progression by Level of responsibility

The new O-I Leadership Table contains the O-I Leadership Roles and Competencies Family shown in the left column. The Competencies Family is further divided into competencies by level – the progression from Individual Contributor to Senior Executive Leader is reflected below.

Competencies Family	Individual Contributor	Front-Line Leader	Mid-Level Leader	Business Unit Leader	Senior Executive Leader
THOUGHT LEADERSHIP					
Leadership Role: Strategist					
Analysis	Understand and Resolve Problems	Analyze Issues and Solve Problems	Make Sound Decisions	Use Insightful Judgment	Use Astute Judgment
Strategic Thinking	Think Creatively	Understand Strategies	Articulate Strategy	Think Strategically	Shape the Strategy
Financial Acumen	Understand Financial Data*	Monitor Financial Performance*	Use Financial Data	Apply Financial Acumen	Apply Financial Acumen
Global Perspective	Monitor a Global Job*	Share a Global Market*	Develop Global Business	Display Global Perspective	Drive Global Integration
RESULTS LEADERSHIP					
Leadership Role: Market Analyzer					
Understand the Market	Understand Personal Market*	Understand the Market*	Understand the Market	Recognize Market Opportunity	Understand the Business Environment*
Focus on Customer	Seek Customer Satisfaction	Seek Customer Satisfaction	Meet Customer Needs	Focus on Customers	Drive Customer Focus
Innovation	Improve Processes	Identify Improvements	Take Creativity	Innovate	Display Vision
PEOPLE LEADERSHIP					
Leadership Role: Results Driver					
Planning	Create Effective Plans	Execute Plans	Build Effective Plans	Develop Business Plans	Align Organization
Results Orientation	Show Initiative and Commitment	Show Initiative	Show Drive and Initiative	Drive for Results	Drive Organizational Success
Managing Execution	Manage for Work Effectiveness	Execute Effectively	Manage Execution	Show Execution	Optimize Execution
PERSONAL LEADERSHIP					
Leadership Role: Environment Builder					
Building Relationships	Relate Well to Others	Relate Well to Others	Establish Relationships	Build Relationships	Build Organizational Relationships
Open Communication	Share Information	Communicate Effectively	Foster Open Communication	Facilitate Open Communication	Promote Collaborative Change*
Collaboration	Collaborate/Team/Membering	Foster Collaboration*	Promote Collaboration	Promote Collaboration	Engage Collaboration
Influence	Promote Ideas*	Build Support	Build Support	Influence Others	Use Organizational Influence
Leadership Role: Talent Developer					
Talent Enhancement	Provide Development Advice*	Build and Develop	Develop Others	Build Talent	Develop Organizational Talent
Engage and Inspire	Support Engagement*	Encourage Commitment	Motivate Others	Engage and Inspire	Engage the Organization
Talent Development	Foster Talent*	Coach Talent*	Coach Talent	Build Leadership Talent	Strengthen the Leadership Talent*
PERSONAL STRESS RESILIENCE					
Leadership Role: Self-Developer					
Demonstrate Ethics and Integrity	Demonstrate Credibility	Demonstrate Credibility	Embrace Trust	Engage Trust	Firmly Insure Trust
Courage	Take Responsibility*	Embrace Responsibility*	Demonstrate Courage	Engage and Inspire	Lead Boldly
Adapting and Learning	Willingly Adapt	Willingly Adapt	Adapt and Learn	Adapt and Learn	Demonstrate Agility
CHANGE LEADERSHIP					
Leadership Role: Change Leader					
Change Leader Role	Change Leadership	Change Leadership	Change Leadership	Change Leadership	Change Leadership

Note: *The description of this core competency will be found in the Leading@O-I brochure appendix.

Individual Contributor



Innovation

Improve Processes

- Collaborates with others to enhance work processes or structures
- Carefully monitors the accuracy and quality of work methods and outputs
- Addresses process breakdowns with speed and thoroughness
- Identifies ways to streamline and/or improve efficiency of work

Highly Effective (5)	(4)	Meets Expectations (3)	(2)	Needs Development (1)
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Collaborates with others to enhance work processes or structures.

<i>Consistently collaborates with others to enhance work processes or structures.</i>	<i>Works with others or gathers their input to enhance work processes or structures.</i>	<i>Misses opportunities to collaborate with others to enhance work processes or structures.</i>
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Carefully monitors the accuracy and quality of work methods and outputs.

<i>Carefully monitors the accuracy and quality of work methods and outputs, highlighting discrepancies or symptoms of problems immediately.</i>	<i>Monitors the accuracy and quality of work methods and outputs.</i>	<i>Is lax about monitoring the accuracy and quality of work methods and outputs.</i>
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Addresses process breakdowns with speed and thoroughness.

<i>Addresses process breakdowns with speed and thoroughness, taking all appropriate steps to improve processes and return to normal operation with minimal disruption.</i>	<i>Addresses process breakdowns promptly and thoroughly.</i>	<i>Makes little effort to address process breakdowns or improve processes to avoid future problems.</i>
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Identifies ways to streamline and/or improve efficiency of work.

<i>Proactively searches out, identifies, and implements ways to streamline and/or improve the efficiency of work.</i>	<i>Identifies some ways to streamline or improve the efficiency of work.</i>	<i>Misses opportunities to identify ways to streamline or improve the efficiency of work.</i>
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Front Line Leader



Innovation

Identify Improvements

- Approaches problems with curiosity and open-mindedness
- Generates innovative ideas and solutions to problems
- Encourages others to look at problems and processes in new ways
- Identifies opportunities to increase efficiency, simplicity and revenue

Highly Effective (5)	(4)	Meets Expectations (3)	(2)	Needs Development (1)
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Approaches problems with curiosity and open-mindedness.

Consistently approaches problems with strong curiosity and open-mindedness.

Demonstrates openness and curiosity when approaching problems.

Displays little curiosity or open-mindedness when presented with problems to resolve.

Generates innovative ideas and solutions to problems.

Generates highly innovative ideas, solutions, and opportunities that challenge status-quo thinking and assumptions.

Generates innovative ideas, solutions, and new perspectives in reaction to issues; is open to challenging current processes and procedures.

Generates status-quo ideas and solutions, and/or resists others' efforts to challenge current processes and procedures.

Encourages others to look at problems and processes in new ways.

Encourages others to examine current problems and processes, and to look at them in new ways that might lead to significant improvements.

Supports others considering new ways of looking at problems and processes.

Downplays the efforts of others who try to view problems and processes in new and different ways, encouraging them to apply standard approaches.

Identifies opportunities to increase efficiency, simplicity and revenue.

Regularly examines current state to identify opportunities to make changes that will significantly increase efficiency and/or simplify processes, creating opportunities to increase revenue.

Suggests opportunities to simplify and increase efficiency, having a positive impact on revenue.

Assumes current state is acceptable, pays little attention to possible opportunities to simplify and increase efficiency and/or reduce costs.

Mid Level Leader



Innovation

Think Creatively

- Approaches problems with curiosity and open-mindedness
- Identifies new cost saving or revenue opportunities
- Promotes new ways of looking at problems and processes
- Generates innovative ideas and solutions to problems



Approaches problems with curiosity and open-mindedness.

<i>Consistently approaches problems with strong curiosity and open-mindedness.</i>	<i>Demonstrates openness and curiosity when approaching problems.</i>	<i>Displays little curiosity or open-mindedness when presented with problems to resolve.</i>
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Identifies new cost saving or revenue opportunities.

<i>Identifies and communicates significant new cost saving or revenue opportunities.</i>	<i>Suggests opportunities to cut costs or generate revenue.</i>	<i>Pays little attention to potential opportunities to identify ways to cut costs or increase revenues.</i>
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Promotes new ways of looking at problems and processes.

<i>Consistently offers innovative alternatives, ideas and options when problem-solving or reviewing existing processes.</i>	<i>Suggests alternative points of view or options when problem-solving or reviewing existing processes.</i>	<i>Provides limited alternatives or options when resolving issues.</i>
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Generates innovative ideas and solutions to problems.

<i>Generates highly innovative ideas, solutions and opportunities that challenge status-quo thinking and assumptions.</i>	<i>Generates innovative ideas, solutions and new perspectives in reaction to issues; is open to challenging current processes and procedures.</i>	<i>Generates status-quo ideas and solutions, and/or resists others' efforts to challenge current processes and procedures.</i>
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Business Unit Leader



Innovation

Innovate

- Generates innovative ideas and solutions to problems
- Promotes new ways of looking at problems and processes
- Leverages fresh perspectives, breakthrough ideas and new paradigms to create value in the market
- Creates an environment that encourages innovation and risk taking

Highly Effective (5)	(4)	Meets Expectations (3)	(2)	Needs Development (1)
Generates innovative ideas and solutions to problems.				
<i>Generates highly innovative ideas, solutions and opportunities that challenge status-quo thinking and assumptions.</i>		<i>Generates innovative ideas, solutions and new perspectives in reaction to issues; is open to challenging current processes and procedures.</i>		<i>Generates status-quo ideas and solutions, and/or resists others' efforts to challenge current processes and procedures.</i>
Promotes new ways of looking at problems and processes.				
<i>Consistently offers innovative alternatives, ideas and options when problem-solving or reviewing existing processes.</i>		<i>Suggests alternative points of view or options when problem-solving or reviewing existing processes.</i>		<i>Provides limited alternatives or options when resolving issues.</i>
Leverages fresh perspectives, breakthrough ideas and new paradigms to create value in the market.				
<i>Proactively leverages fresh perspectives, breakthrough ideas and new paradigms to create value in the market.</i>		<i>Draws on fresh perspectives to make recommendations on how the organization should change in order to create marketplace value.</i>		<i>Accepts current operating practices despite the opportunities that exist to leverage new perspectives and ideas to create value in the market.</i>
Creates an environment that encourages innovation and risk taking.				
<i>Nurtures an organizational environment that challenges and encourages others to generate breakthrough ideas and initiatives.</i>		<i>Demonstrates support for people to generate new ideas and initiatives.</i>		<i>Provides little support and encouragement for others to develop new ideas and initiatives (e.g., quickly finds fault with their ideas).</i>

Let's Talk@O-I Evaluation Process



Formal performance conversation	Color code
Establishing IDP	January
Mid-year review	Mid-Year
Year-end review	Year-End



Objectives

Describes the specific measurable results that are expected from an employee within a time frame, based on goals and continuous improvement opportunities. Objectives are not job accountabilities. Job accountabilities describe the permanent responsibilities and tasks that are expected from an employee's current job.

Objectives	Mid-Year Review		Year-End Review			
	Is the objective on track? Yes <input type="checkbox"/> No <input type="checkbox"/>		Employee's self-assessment		Manager's final assessment	
	Comments from Employee:	Comments from Manager:	Comments from Employee:	Assessment	Comments from Manager:	Assessment
				E M B <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		E M B <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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				E M B <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		E M B <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Overall Objectives Assessment				E <input type="checkbox"/> M <input type="checkbox"/> B <input type="checkbox"/>		

Let's Talk@O-I Evaluation Process



Leadership Competencies

Employees at O-I will be evaluated against these six critical leadership competencies to focus our entire workforce's efforts on achieving the company's strategic Objectives. Managers and employees can identify additional competencies to focus on for development. The definitions of the competencies can be found in the Leading@O-I brochure.

		Mid-Year Review					Year End Review				
Selected Competencies	Assessor	Highly Effective (5)	Occasionally Exceeds (4)	Meets (3)	Occasionally Meets (2)	Needs Development (1)	Highly Effective (5)	Occasionally Exceeds (4)	Meets (3)	Occasionally Meets (2)	Needs Development (1)
Financial Acumen	Employee	<input type="checkbox"/>									
	Manager	<input type="checkbox"/>									
Innovation	Employee	<input type="checkbox"/>									
	Manager	<input type="checkbox"/>									
Results Orientation	Employee	<input type="checkbox"/>									
	Manager	<input type="checkbox"/>									
Building Relationships	Employee	<input type="checkbox"/>									
	Manager	<input type="checkbox"/>									
Engage and Inspire	Employee	<input type="checkbox"/>									
	Manager	<input type="checkbox"/>									
Courage	Employee	<input type="checkbox"/>									
	Manager	<input type="checkbox"/>									

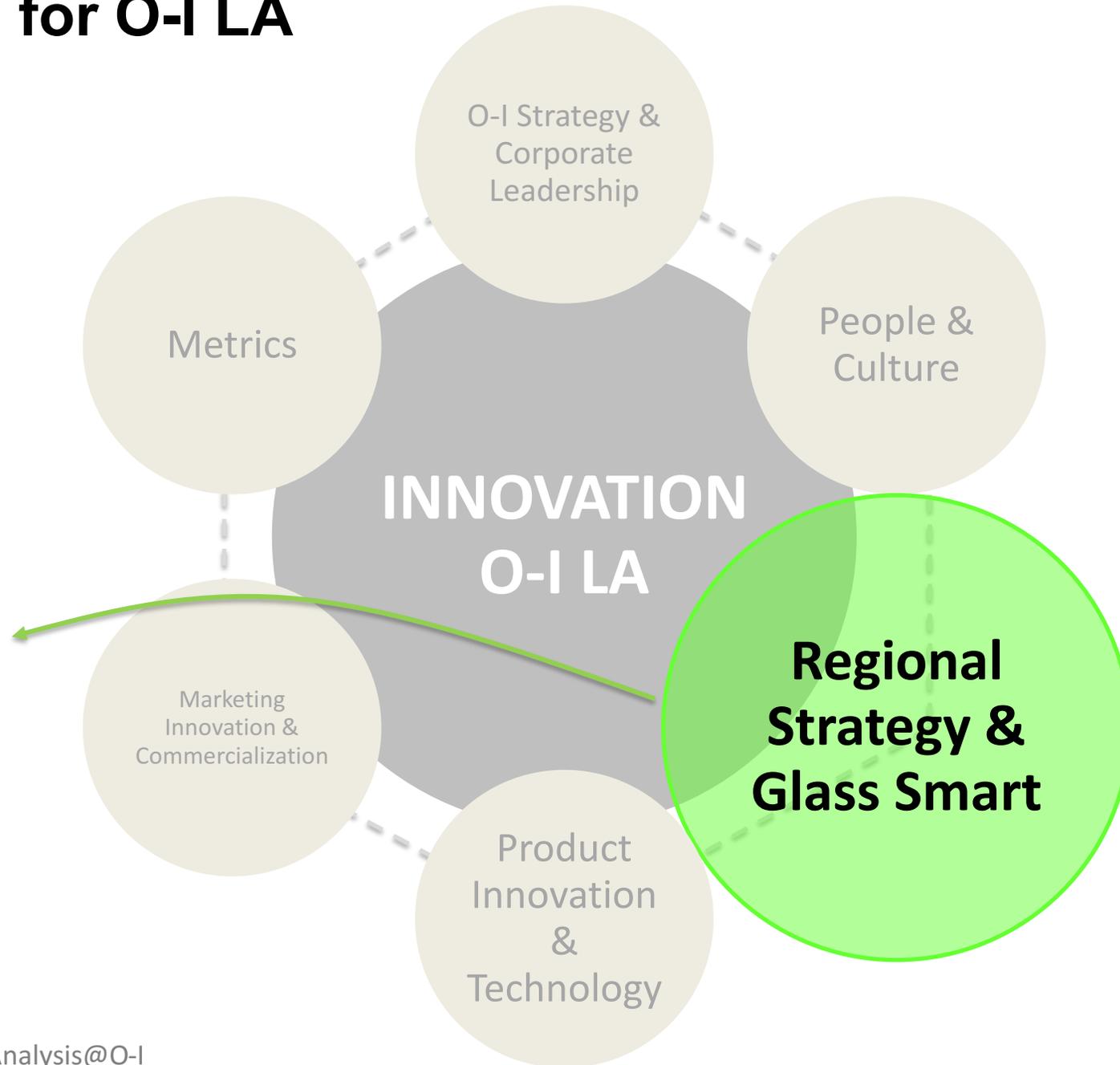
Comments	
<i>Additional leadership competencies assessment should be captured in this text box.</i>	
Employee: <input type="text"/>	Manager: <input type="text"/>
Overall Leadership Competencies Assessment	
5 <input type="checkbox"/> 4 <input type="checkbox"/> 3 <input type="checkbox"/> 2 <input type="checkbox"/> 1 <input type="checkbox"/>	

As main conclusions we can say that:

- Innovation is a core competency that all level's employees must model. It is one of the six competencies evaluated yearly in Let's Talk@O-I.
- There is a Global HR Strategy that allows to develop and work the innovation as a competence.
- Innovation has an big opportunity to be potentiated in all levels, but specially on Individual Contributors & Front Line Leaders, more focused on “generating new ideas, approaches and way to do things”.
- All or most of the employees should have at least one COT's on the Let's Talk@O-I that encourage them to grow and develop innovative skills.

Innovation model for O-I LA

- 1 What is Glass Smart
- 2 From glass smart 1.0 to glass smart 2.0
- 3 Country Structure for glass smart.
- 4 GAPS & Opportunities



Hypothesis

- ✓ The is an evolution between glass smart™ 1.0 and glass smart™ 2.0, and the main changes in the methodology has been defined on a high level, however the official version is still not communicated/implemented across the regions & team.
- ✓ There are slightly differences on the way each country execute glass smart™ in process & structure, glass smart™ 2.0 involves a regional alignment.
- ✓ As there is not a specific structure or roles regarding innovation in LA, we use glass smart™ as the methodology and umbrella to develop projects with innovation (regarding the O-I Platforms) focused in products mainly, we rarely do process innovation.
- ✓ glass smart™ is only a skill of LA region. The rest of the O-I regions are not using or working with glass smart™.



GAPS & Opportunities



GAPS	OPPORTUNITIES
Regional alignment in glass smart 2.0 for implementation.	Action plan on development with each country to start implementation.
Innovation process, under glass smart, is still at a product development level, mainly regarding O-I Platforms: VERA, VERSA & VORTEX.	Build and development for an innovation strategy with highly focus in marketing & commercialization and strength adjacent elements beyond product: culture, climate, people, processes, performance evaluation, etc.
glass smart today, doesn't have specific roles pushing and pulling innovations. The day to day activity and dynamic makes difficult to achieve innovation results according to expectations of the company.	A role or structure focused in marketing innovation & commercialization pretty aligned with the regional glass smart 2.0 strategy will help us to be more effective and fast.
Innovation in glass smart is happening in an isolated way in each country (with continuous contact with corporate) but is not regional alignment and networking to save and unify efforts and resources.	Develop a regional innovation strategy and networking process around glass smart.

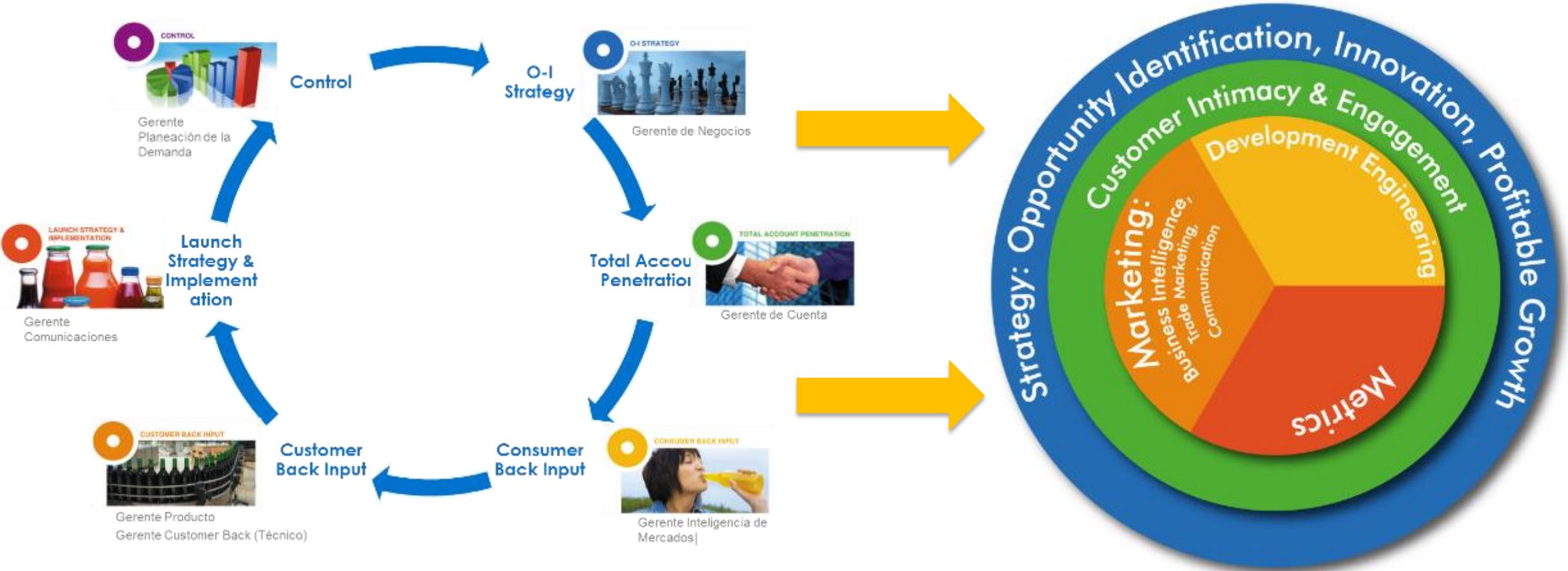
Back-up slides



glass smart™ is complete new business model methodology for O-I LA , the goal is to generate **profitable growth** by developing a deep understanding of consumer trends, channels and customers' needs, opportunities and economic drivers to provide **customer tailored solutions** to the current and potential segments we serve.

glass smart™ process is the vehicle to develop implement.

From glass smart™ 1.0 to glass smart 2.0™



From glass smart™ 1.0 to glass smart 2.0™



From a linear model



To an Integrated model



Pillar	From	To
Marketing	<ul style="list-style-type: none"> A Consumer Back Model- Focus on understanding consumer and strong product proposals Atomized projects 	<ul style="list-style-type: none"> Marketing 360 model – Deeply understanding of all 4P to reach a clear diagnosis and a strong business case proposal <ul style="list-style-type: none"> Price (OI, customer, channel, product, promotion) Game changer projects / all other projects fully integrated with the category strategy
Development Engineering	From Customer Back Model – Focus on understanding customer sites/lines and capabilities opportunities + quality support (some countries)	<ul style="list-style-type: none"> An integrated engineering – Front (customer deeply understanding) and Back integration (all key support areas as business partners: Design, Logistics, Quality, Manufacturing) Quality support activities completely eliminated High focus on key game changers projects & the innovation process
Metrics	<ul style="list-style-type: none"> Highly complex & not consistent measurement process (data is manually generated and consolidated) 	<ul style="list-style-type: none"> Fully integrated & consistent local/regional pipeline (automatized & simple process) Clear local /regional pipeline owner Clear metrics with fully visibility to all organization (Manufacturing a key partner to define future capabilities) Consistent follow-up process on all key launched projects
Customer Intimacy & Engagement	<ul style="list-style-type: none"> From isolated customer intimacy and engagement actions Create good relations beyond procurement areas 	<ul style="list-style-type: none"> Clear & structured customer intimacy plan- stickiness and zippering (based on customer segmentation) Consistent plan highly focus on deeply understanding the customer needs
Strategy, Identification, Innovation	<ul style="list-style-type: none"> OI innovation atomized actions Strategic definition centralized on BM or in marketing manager 	<ul style="list-style-type: none"> OI innovation as a key growth driver (redefine innovation strategy, structure, resources) Marketing manager and BM fully integrated in the strategy definition

glass smart™ 2.0 Key Elements



BIG PROCESSES AROUND GLASS SMART 2.0

- 1. Idea
 - 2. Knowledge
 - 3. Planning
 - 4. Execution
 - 5. Launch
 - 6. Control
- From strategy to negotiation (Integrated Marketing)
- To market
- Metrics

Innovation & Marketing Integrated to deliver business proposals and solutions.

Metrics & KPI's for the process.

The process today



glass smart™ process is the vehicle to develop implement.

General glass smart™ structure per country

Role	Brazil	Colombia	Peru	Ecuador
Commercial Director	X	X	X	X
Business Managers	X	X	X	X
Account Managers*	X	X	X	X
Marketing Managers	X	In process	X	X
Product Manager**	X	X		
Customer Back Manager**	X	X	X	X

* Some countries have account manager per category and another countries have shared AM

**Roles with some differences in each country

Ecuador: Has a concept designer & drawing developer in one figure.

glass smart™ pipeline



The following slides, explain in detail how the glass smart pipeline works and was spread in the rest of the countries to fill a common file, taking the Colombian format as a base, in 2012. (request of the marketing director at that time).

There is not a common system or tool for pipeline management currently, today we use this excel file, filled manually per country.



glass smart™

New Pipeline format and metrics

O-I LATAM

The background behind this presentation



- New team members during last 12 months
- Rigor in the process increases capabilities and speed to market
- Need to accelerate our integration with Demand Planning / Buffer strategy
- Increasing pressure for quality of CAPEX expenses
- Pipeline size is tight; next years will be even more challenger – focus on execution

A quick view about what we will cover...



- Quick review of new pipeline format
- New set of KPI's to measure the glass smart™ pipeline
- Latam glass smart™ Awards

Project information



glass smart TM type *

Country:
Process classification to identify the nature of the project
up date:

Project information		Country	Process classification to identify the nature of the project	up date:	Expected Launch (mm/yy)	Active or Canceled ?
glass smart TM type	Category	Customer	Project Description	Project leader	Expected Launch (mm/yy)	Active or Canceled ?
			<ul style="list-style-type: none"> O-I Value Selling: project that O-I takes the initiative to develop the value proposition before presenting to the customer or some customer requirement the team makes some significant changes by adding knowledge and value. <ul style="list-style-type: none"> e.g. <i>entrance in a new category, design for a existing brand, product re-launch, new sizes or formats.</i> 			
			<ul style="list-style-type: none"> Customer Driven: projects that customer define all key requirements (product, shape, size, TPS, etc.) before contacting O-I. <ul style="list-style-type: none"> e.g. <i>float replacement, new design for an existing bottle or design adjustments, purchase order for a stock bottle / jar, etc.</i> 			
			<ul style="list-style-type: none"> Innovation: projects that involves new capabilities and technologies for O-I, considering not only the product but also other components and new process / business model <ul style="list-style-type: none"> e.g.: <i>Distinctive glass colors (red, black glass), Drinktainer, VersaFlow, Vortex, Renting Bottle, Filling Service</i> 			

* Note: please use exactly this classifications, as it is

Project information



Country:

OI Colombia

up date:

12/09/12

Project code*

This is a project ID number (sequential) should be created for each project we have in our pipeline. As ID number, it never can not be modified or deleted

Project information

project code	glass smart™ type	Category	Customer	Project Description	Project leader	Expected Launch (mm/yy)	Active Canceled
				<i>The two digit year after the number refers to the year where project is created</i>			
C001/12	O-I VALUE SELLING	BEER	BAVARIA	NRGB MAIN STREAM DIFFERENTIATION (Affordability +/- Hlt) - Duo Packs - Four Packs - F14	Luis Hernandez	ago/13	C
C002/12	O-I VALUE SELLING	BEER	▪ A - Argentina BAVARIA	NRGB Youth Segment: COSTEÑA 1 lt	Luis Hernandez	ago/13	A
C003/12	O-I VALUE SELLING	BEER	▪ B - Brazil BAVARIA	NRGB Youth Segment: Botella para la noche COSTEÑA.	Luis Hernandez	ago/13	C
C004/12	O-I VALUE SELLING	LAB	▪ C - Colombia BAVARIA	REDDS: New Proposition type ALCOPOP - NRGB New Size	Luis Hernandez	out/13	A
C005/12	O-I VALUE SELLING	BEER	▪ E - Ecuador BAVARIA	Pilsen FBL - Embossing Feria de Flores F13 - Cool	Luis Hernandez	jul/13	A
C005/12	CUSTOMER DRIVEN	BEER	▪ P - Peru BAVARIA	CLUB COLOMBIA GLORY - Special Edition - F13	Luis Hernandez	dez/12	A
C006/12	O-I VALUE SELLING	BEER	▪ S - Specialties BAVARIA	Botella - Jarro - Balón promocional (Utilitario) F13	Luis Hernandez	ago/13	A

** Note: please use exactly this classifications, as it is*

Project information



Country:
up date:

Category *

List the category the project belongs

- BEER
- NAB
- FOOD
- SPIRITS
- LAB (e.g. Smirnoff Ice)
- WINES (please include all related product that used wine bottles)
- PHARMA
- OTHERS

Project information

glass smart™ type	Category	Customer	Project Description	Project leader	Expected Launch (mm/yy)	Active or Canceled ?	Business figures	Incremental Volume 12 months (tons)	Incremental Revenue 12 months (US\$'000)	Expected margin

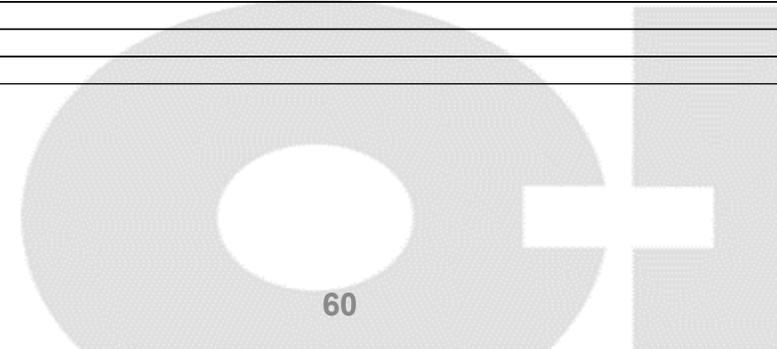
Customer

Indicate the name of the potential customer(s)

e.g.

- ABI ; SAB Miller; Nestle
- Tomato sauce customers
- Multiple customers

* Note: please use exactly this classifications, as it is



Project information



Project Description

Quick summary about the project idea (right for people who don't know about the project)

Project Leader

Who is the category leader (ideally should be the business manager)

Expected launch *

Date when O-I delivers the first order for the customer

Country:
up date:

Category	Customer	Project Description	Project leader	Expected Launch (mm/yy)	Active or Canceled ?	O-I Strategy	glass smart™ disciplines		Business figures		Go-to-market milestones			Supply inform
							Incremental volume 12 months (tons)	Incremental Revenue 12 months (US\$'000)	Expected margin	Regular or Fast Track?	Consumer Evidence and VOC	Final value proposition	Customer final approval	Glass Color

Active or canceled *

Indicate if the project is active (under development) or canceled (or when customers don't have a target date to launch)

- A (for active)
- C (for canceled)

* Note: please use exactly this classifications, as it is

glass smart™ disciplines



glass smart™ disciplines *

Mark with **X** if the phase has already completed during the glass smart approach with the customer

Project leader	Expected Launch (mm/yy)	Active or Canceled ?	glass smart™ disciplines						Business figures		Expected margin	Regular or Fast Track?	Consumer Evidence and VOC	Final value proposition	Customer final approval	Glass Color	Production process	Mold type (SG, DG, TG)	Stock or Exclusive mold?	
			O-I Strategy	Total Account Penetration	Consumer Back	Customer Back	Launch Strategy	Control	Incremental Volume 12 months (tons)	Incremental Revenue 12 months (US\$'000)										

glass smart™ disciplines					
O-I Strategy	Total Account Penetration	Consumer Back	Customer Back	Launch Strategy	Control
X	X		X		
X		X			
X	X	X	X	X	X

* Note: please use exactly this classifications, as it is

Business figures



Project Description	glass smart™ disciplines			Business figures			Go-to-market milestones				
	Project leader	Expected Launch (mm/yy) *	Active or Canceled?	Control	Incremental Volume 12 months (tons)	Incremental Revenue 12 months (US\$'000)	Expected margin	Regular or Fast Track?	Consumer Evidence and VOC	Final value proposition	Customer ap
Incremental Volume Define the potential volume (tons) for the first 12 months after project launched											
<ul style="list-style-type: none"> Format: figures in tons (e.g. 1000 for 1000 tons) <ul style="list-style-type: none"> Note: the volume should be update anytime the project leader consider is pertinent; after "Customer final approval" — see next slide — the volume can not be update till CONTROL phase. 											

Incremental Revenue *

Define the value (US\$'000) for the first 12 months after project launched

- Format: figures in US\$'000 (e.g. 100 for US\$ 100.000,00)
 - Notes: use the best assumption of US\$/tons. Consider the same rules for updating of Incremental Volume

Expected margin *

Input the potential manufacturing margin for this project, considering the best guess for US\$/ton and estimated costs

- Format: figures in % (e.g. 45%)
 - Notes: Consider the same rules for updating of Incremental Volume

* Note: please use exactly this classifications, as it is

Go-to-market milestones



Business figures		Go-to-market milestones				Supply information							
Incremental Volume 12 months (tons)	Incremental Revenue 12 months (US\$'000)	Expected margin	Regular or Fast Track?	Consumer Evidence and VOC	Final value proposition	Customer final approval	Glass Color	Production process	Mold type (SG, DG, TG)	Stock or Exclusive mold?	# of Molds	Mold payment (O-I or Customer)	Decoration process description

Consumer Evidence / VOC *

Mark with "X" if the team already has the Customer Evidence (for O-I Value Selling / Innovation projects) or VOC (for Customer Driven projects)

- Note: VOC also could validate a O-I Value Selling project; not valid for Innovation

Regular or Fast Track *

Indicate if it is a regular project, or a exception fast track project required buy customer

- R (for regular)
- F (for fast track)
 - Notes: a project is considered as a Fast Track when the customer unexpectedly asks for some project. Fast Track must have a "Customer Driven" project. Fast Track can not represent more that 15% of total projects

Final Value proposition *

Mark with "X" if the team already has the final business case done

- Note: elements required for the final business case are presented in the glass smart™ discipline : LAUNCH STRATEGY AND IMPLEMENTATION

Customer Final approval *

Mark with "X" when the customer approves the project

- Note: approval means purchase order in place

* Note: please use exactly this classifications, as it is

Supply information



Market milestones			Supply information							
Product or Track?	Consumer Evidence and VOC	Final value proposition	Customer final approval	Glass Color	Production process	Mold type (SG, DG, TG)	Stock or Exclusive mold?	# of Molds	Mold payment (O-I or Customer)	Flint Decoration process description

Glass color *

Indicate the potential glass color

- Flint
- Amber
- UV Green
- Emerald Green
- Dead Leaf
- Artic Blue
- Black
- Red
- Other

Production process *

Indicate the glass production process

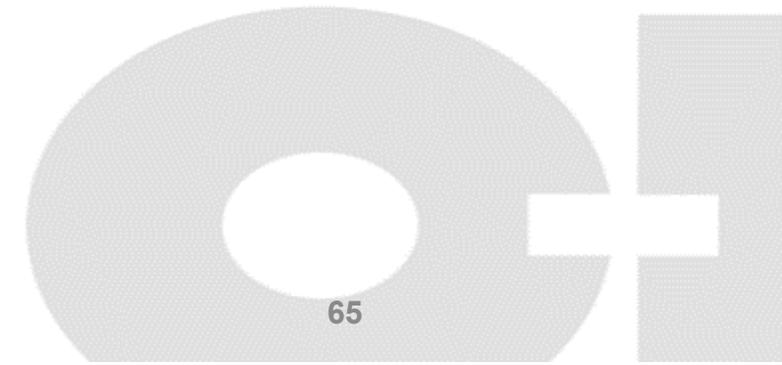
- BB (Blow & Blow)
- EBB (Enhanced Blow & Blow)
- PB 41 (Press & Blow)
- PB 62 (Press & Blow)
- NNPB (Narrow Neck Press & Blow)

Mold type *

Indicate the mold type for the project

- SG (Single Gob)
- DG (Double Gob)
- TG (Triple Gob)

* Note: please use exactly this classifications, as it is



Supply information



Supply information

Material	Glass Color	Production process	Mold type (SG, DG, TG)	Stock or Exclusive mold?	# of Molds	Mold payment (O-I or Customer)	Decoration process description

Decoration process description *

Indicate if the project requires any decoration / service process

- **NA** (Non applicable)
- **CO** (Coating)
- **ACL** (Applied Ceramic Labeling)
- **FBL** (Full Body Labeling)
- **PSL** (Pressure Sensitive Labeling)
- **WSL** (Wrap Sensitive Labeling)

Stock or Exclusive Mold *

- **S** (for stock mold)
- **E** (for exclusive mold)

of molds *

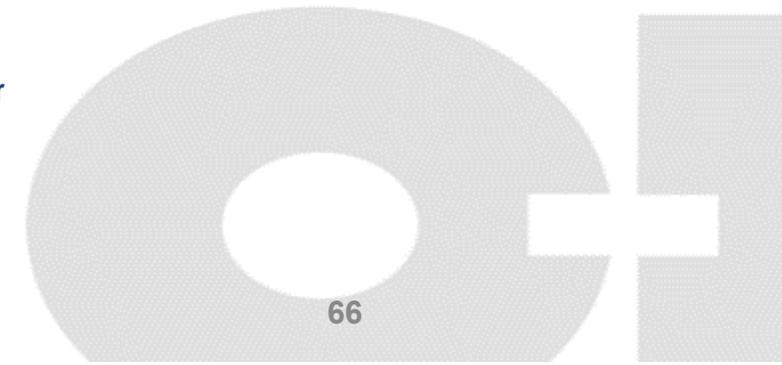
Indicate the number of molds this project requires considering different sizes)

Mold payment *

Indicate who pays for the mold

- **O-I**
- **Customer**

* Note: please use exactly this classifications, as it is



Roles, responsibilities and timings

Roles and responsibilities: the differences between the project leader and the glass smart™ coordinator

Project leader

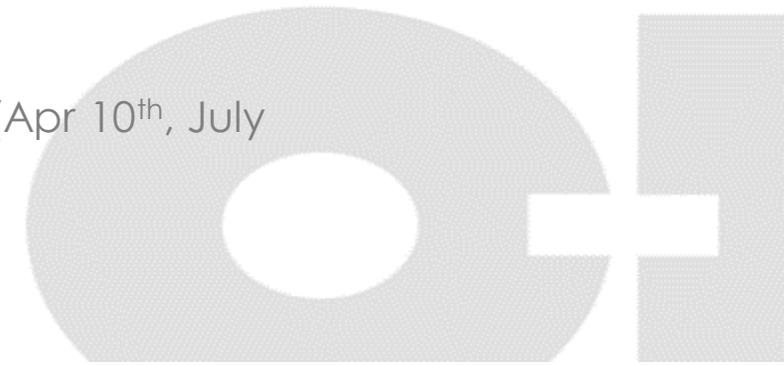
- *Key contact with the customer*
- *Set potential volume / key projects parameters*
- *Coordinate the multi-functional team*
- *Ideally should be a Business Manager*



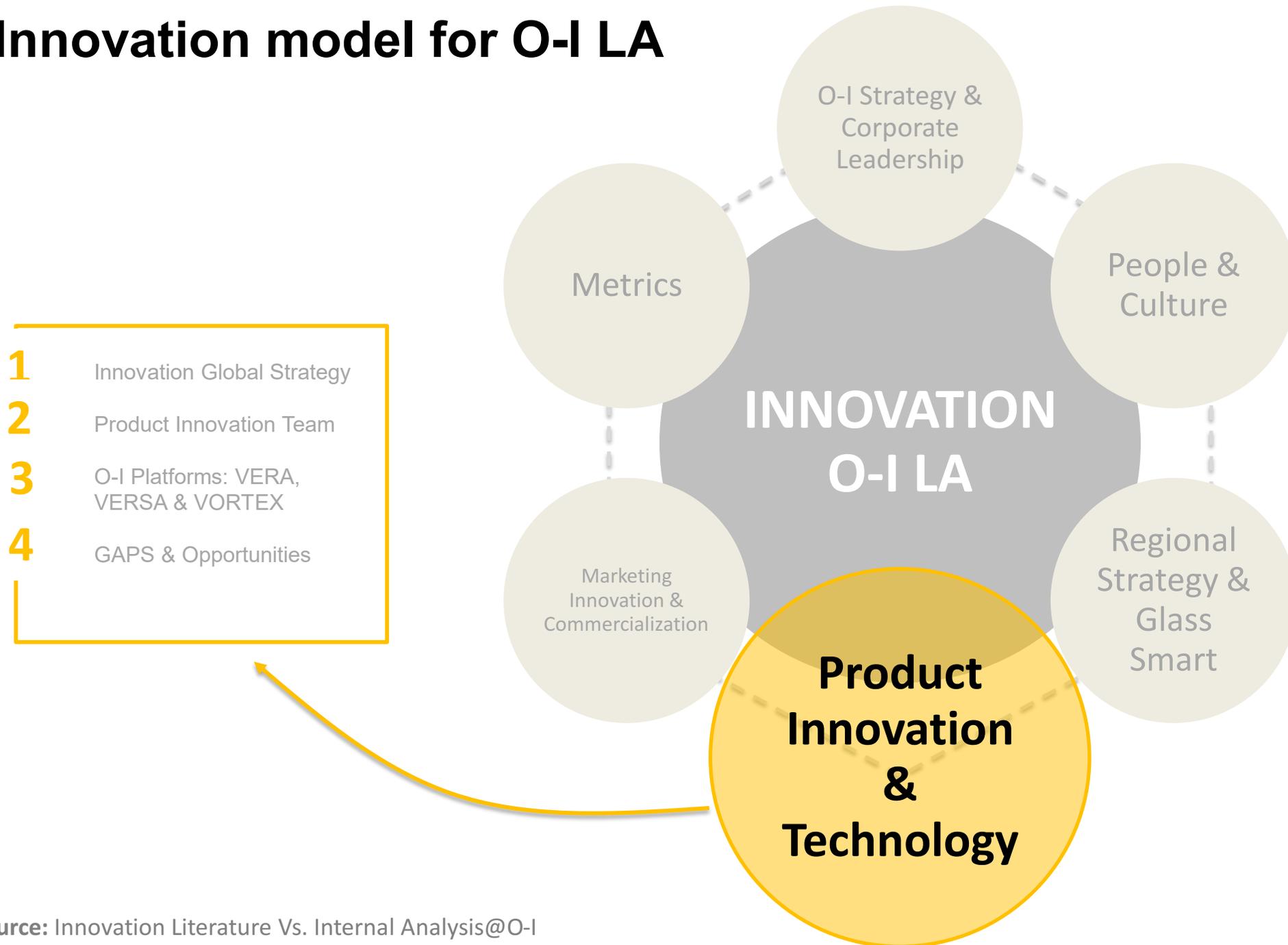
glass smart™ coordinator

- *Coordinate the pipeline file in order to guarantee alignment within the country / categories*
- *Report / key contact in the country for any additional request*
- *Ideally should be a Product Manager*

- Given that the pipeline is the key tool for any local marketing management, it should be updated monthly
- KPI's will be consolidated quarterly by the Regional team (Apr 10th, July 10th, Oct 10th, Jan 10th) and share with countries
- Please update the current pipeline until **Aug 17th**



Innovation model for O-I LA



Hypothesis

- ✓ Our Innovation is today more oriented to product and R&D. There is a strong team regarding product innovation in charge of these developments in each platform (VERA, VERSA & VORTEX).
- ✓ Our region has been building and working in a pipeline regarding these platforms, but we need a stronger support regarding marketing and commercialization.
- ✓ There is a very good interaction of each of our LA countries separately with the product Innovation team, but we need more interaction as a region, unifying a strategy.
- ✓ Even though most of the platforms have been presented to key and top customers in different scenarios and proposals, there are not as many projects on development as we would like to have. Glass Colors Innovations are really great for customers, but high volumes are required.
- ✓ We need a stronger support in TPS (total packaging solution) for a product innovation regarding the customer: for example caps, inspection, etc; sometimes are difficult to solve in short time.

GAPS & Opportunities

GAPS	OPPORTUNITIES
<p>High product involvement support and material to develop projects, but still marketing and commercialization support is not enough.</p>	<p>Opportunity to a deeper involvement of the global commercial team on the complete process of key glass smart projects in order to prepare integral and strong proposals for our customer’s brands.</p>
<p>Most of the projects on development are having corporate and support from the back.</p>	<p>It would be great to add field work in our local markets and more interaction with our customers on the different stages of the glass smart process. More country visits and meetings.</p>
<p>Most of the internal teams different from marketing are still with very few knowledge about the platforms, this is critical specially for implementation.</p>	<p>Knowledge transferring program for each country of the region regarding the platforms, include a strong orientation for design, engineering & manufacturing team. Networking and more Global leverage collaboration required.</p>
<p>Today platform innovation solutions are coming from O-I to market.</p>	<p>Road mapping process with the glass smart teams of LA aligned with the category strategy and our markets would be useful to generate pull solutions on innovation to feed the pipeline of the Global Product & Marketing Innovation team.</p>
<p>Black Glass & Red Glass are one of the most accepted and desired Innovations customers would like to have, but sometimes expectations are higher than what we could meet.</p>	<p>Opportunity to have a regional facility centralized in a country to start this type of projects in order to put volumes together and be able to make fasters introductions on the market and create demand. We need to be prepared better internally in whole O-I chain to meet expectations with less impact.</p>

Back-up slides



O-I Innovation Update

September, 2014

Global Innovation Strategy

GLASS IS BACK

GLASS IS INNOVATIVE

GLASS IS SUSTAINABLE

GLASS IS PREMIUM

GLASS IS BRAND BUILDING

GLASS IS GAME CHANGING

GLASS IS GROWTH

GLASS IS HERE TO STAY

GLASS IS LIFE™

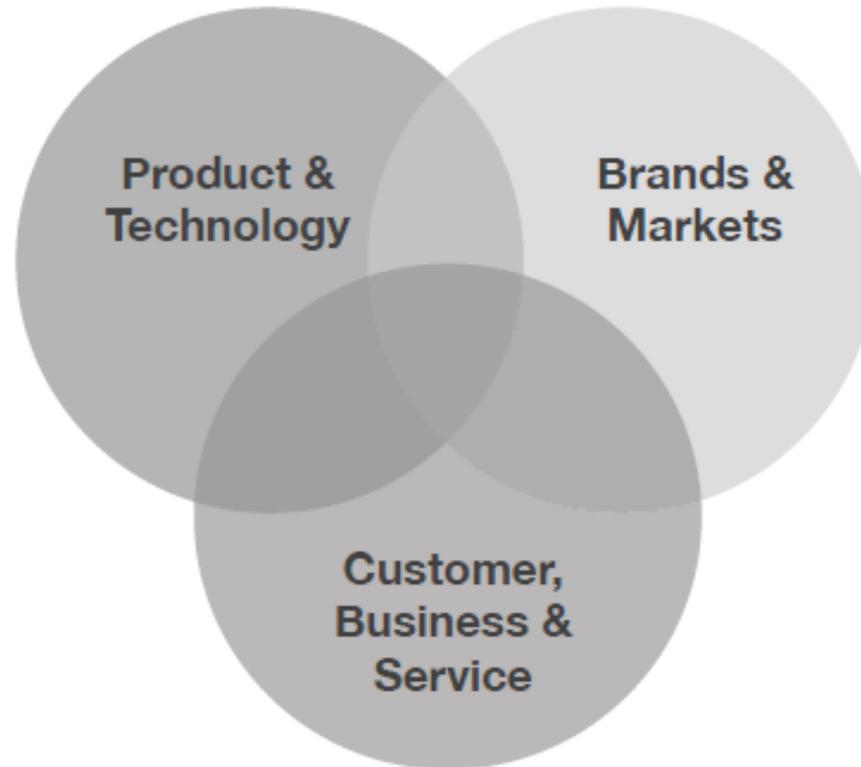
Driving An Innovation Culture: Brands + Technology + Business

oi: HONEST,
PURE,
ICONIC
GLASS

oi:
GLASS
IS
LIFE™

Differentiable & Defendable

Identify and develop technologies that create and preserve experiences for consumers



On-Message, Sticky & Relevant

Deep knowledge of brand strategy and market dynamics to develop insights to refine products and technology

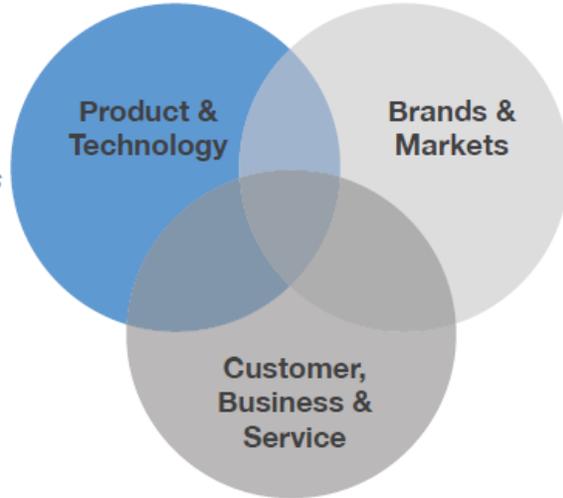
Deeper Relationships, Service, Flexible Models.

Stronger customer relationships drive insights to develop new ways to service and new models to create value

Driving An Innovation Culture: Brands + Technology + Business

Differentiable & Defendable

Identify and develop technologies that create and preserve experiences for consumers



On-Message, Sticky & Relevant

Deep knowledge of brand strategy and market dynamics to develop insights to refine products and technology

Deeper Relationships, Service, Flexible Models

Stronger customer relationships drive insights to develop new ways to service and new models to create value

Major O-I Strategic Investment in Innovation and Glass Science

- Launched new Innovation Center and pilot manufacturing facility in October 2013
- Focus on redefining the future of glass manufacturing—
 - Transform how glass meets brand and customer needs
 - Enhance glass' overall sustainability and value proposition



Process Innovation



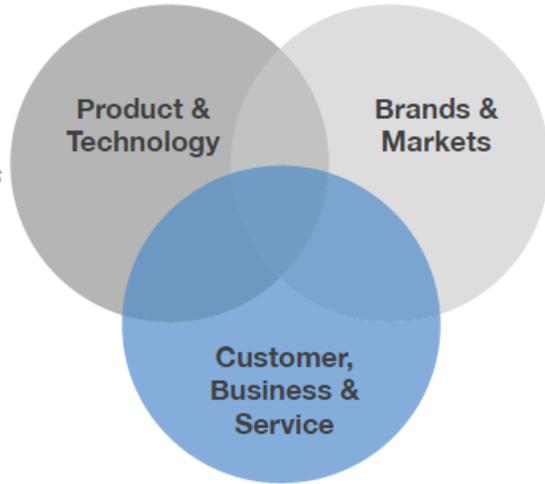
Product Innovation

Driving An Innovation Culture: Brands + Technology + Business



Differentiable & Defendable

Identify and develop technologies that create and preserve experiences for consumers



On-Message, Sticky & Relevant

Deep knowledge of brand strategy and market dynamics to develop insights to refine products and technology

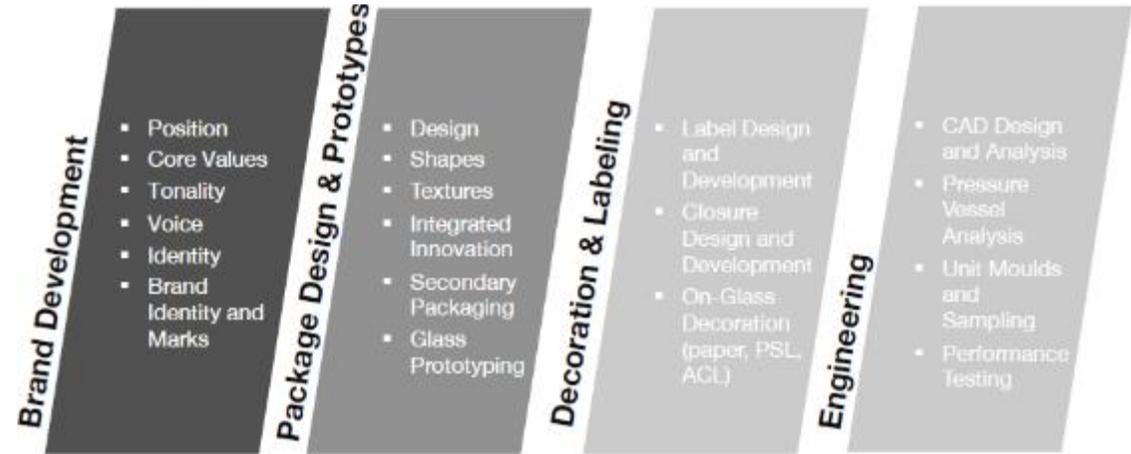
Deeper Relationships, Service, Flexible Models

Stronger customer relationships drive insights to develop new ways to service and new models to create value

Multi-Dimensional Innovation: Transforming Relationships And Service



Core PHNX Brands Services: Triage Fixes to Full Scale Renovation



- Global capability introduced last year, exclusively focused on needs of high-end brands
 - Fast, flexible and low-risk market entry through Covet Classics
 - Artistry through custom expressions



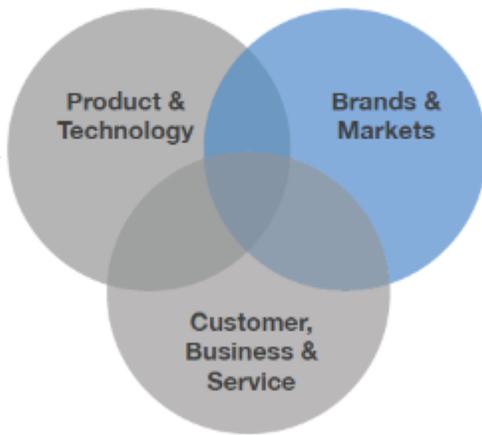
Meet Covet: Speed + Artistry
Engineered for Super-Premium Brands

In partnership with Lencor

Driving An Innovation Culture: Brands + Technology + Business

Differentiable & Defendable

Identify and develop technologies that create and preserve experiences for consumers



On-Message, Sticky & Relevant

Deep knowledge of brand strategy and market dynamics to develop insights to refine products and technology

Deeper Relationships, Service, Flexible Models

Stronger customer relationships drive insights to develop new ways to service and new models to create value

Glass Innovation's True North: Sensory Experiences That Drive Action



Rewriting the rules of food packaging, O-I's Versa™ platform adds function that eliminates common storage and consumption irritants.



Through O-I's Vortex™ technology, brands introduce an entirely new level of beverage refreshment rooted in temperature and the flow experience.



The ultimate brand protector, O-I's Vera™ platform ensures a product's authenticity and preserves every component of its integrity and quality.



Global Product Innovation

This team started in 2010 and it is totally focused
on Product Innovation Features

Global Product Innovation Organization



Product Innovation: Insights to Market



Adding Capabilities to Support Customer's Innovation Goals





Versa™: Product Roadmap

Glass packaging that provides

- Functionality
- Enhances consumer's experience
- Ensures safety



GLASS IS LIFE



Versa™ Catalyzing Ordinary to Extraordinary

The Versa brand exists to:

The Versa brand will do it by:

Transform the consumer experience with food in glass – creating value in taste, health and easy enjoyment

Providing frustration free packaging solutions in glass – multiserve, easy open, easy pour and table-beautiful

Customers Will Care Because:

Increased category/product value directly links to shelf pop, differentiation and overall profitability, ultimately driving decommoditization and overall basket ring

Consumers Will Care Because:

Consumers want healthy and convenient solutions. Versa creates an "ah ha" experience with glass bringing beauty, form and function to the table and beyond



Vortex™
Disrupting The Sensory Experience



- The Vortex brand exists to:
- The Vortex brand will do it by:
- Customers Will Care Because:
- Consumers Will Care Because:

- Cultivating better experiences for beverage brands – changing the game from the shelf, opening, ritual and consumption
- Adding tangible, emotional and measurable performance differences to the sensory experience for beverage brands
- The brands will be more differentiated, valuable, talked about, purchased, stocked, sticky and loved. They will become more worthy of being sought after
- They will discover an entirely new (and or better) way to consume – glass that spikes the senses and enhances their overall experience

**Vortex™ Flow Management:
Product Roadmap**

Beverage Packaging that provides:

- Enhanced Flow
- Disrupted Flow
- Aesthetics
- Improved lip feel



GLASS IS LIFE

**Vortex™ Temperature Enhancement:
Product Roadmap**

Beverage Packaging that provides:

- Colder longer
- Cold feeling
- Colder Faster



GLASS IS LIFE

Vera™: Relentlessly Protecting Brands



Vera™ Shield

Vera™ Serialization

Vera™ Permanent Change



Protection against UV and other environmental-based flavor and quality degradation.

Rich track-and-trace based data system allow simplified authentication and identification.

Real-time component changes removing the package from the refillables stream.

10/16/13



Vera™ Relentlessly Protecting Brands

The Vera brand exists to:

Ensure brand futures with impenetrable shields for authenticity and integrity; enhancing tracking with smart data solutions

The Vera brand will do it by:

Acting as a warrior for brand authenticity: safeguarding against UV degradation and stonewalling hackers and tracking habits

Customers Will Care Because:

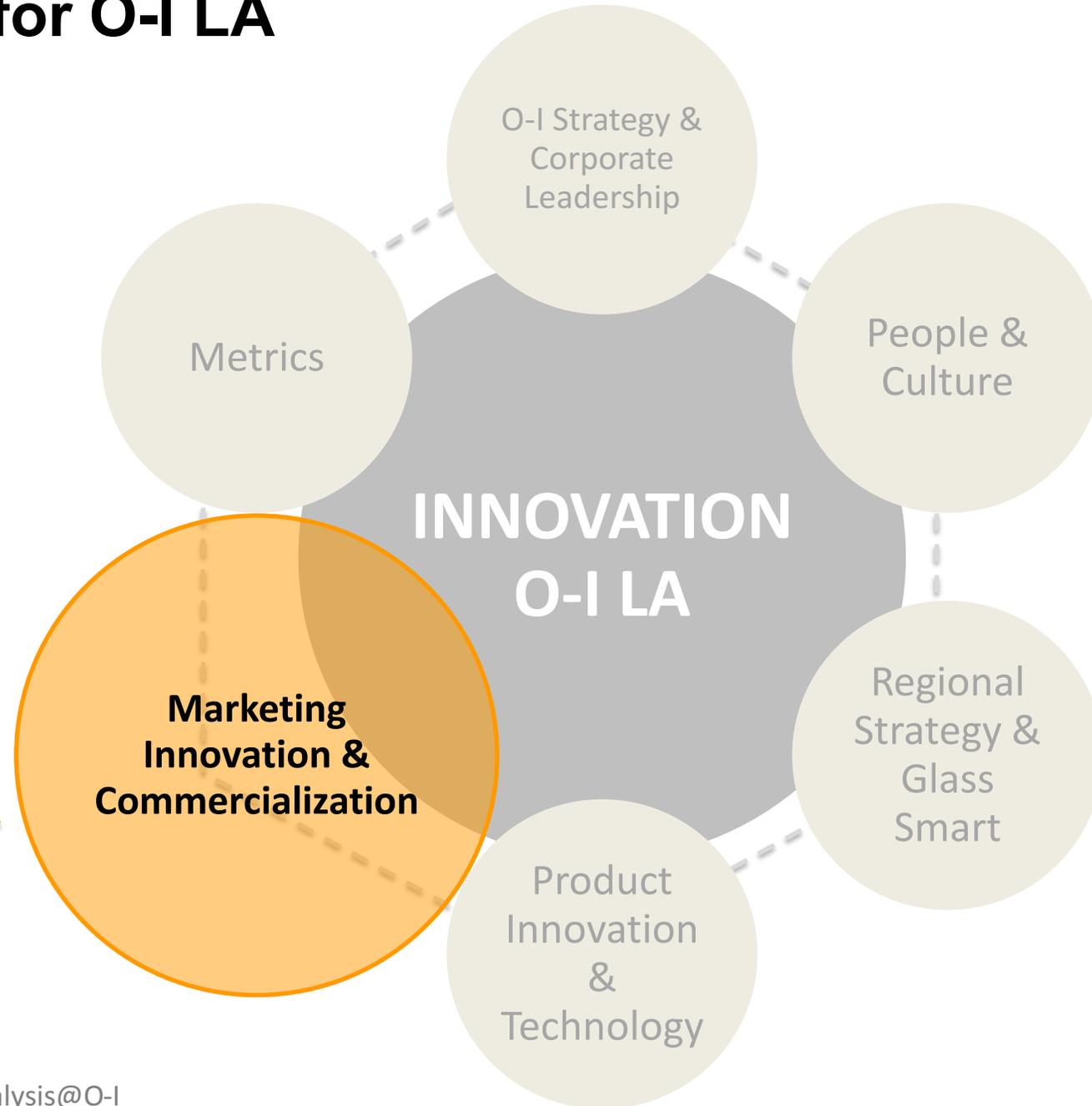
Brands are the most valuable asset our customers possess. Ensuring integrity is paramount to business growth. Data access also provides valuable consumption insight.

Consumers Will Care Because:

Consumers trust brands and use them as currency. **They buy in** – and need to know that what they are consuming is authentic and of the utmost quality.

Innovation model for O-I LA

- 1 Preliminary Concept of the new Marketing & Commercialization team
- 2 GAPS & Opportunities



Hypothesis

- ✓ This team, recently created, is aimed to support the Innovation process for more execution focused looking for a successful place in the market projects.
- ✓ According to the material already received, glass smart will be a methodology adopted by the marketing innovation team for this process, which means glass smart is seeing as a good process base on marketing & commercialization focus.
- ✓ The team is still on preparation, still there is not strategy or action plan officially defined, not enough information to talk about GAPS. However opportunities in improving our innovation commercialization process are widely recognized.

GAPS & Opportunities



GAPS	OPPORTUNITIES
	Close work together with the LA glass smart teams focused on an integral marketing strategy (consumer, channels, communication, customer). Strong presence and support of this team in a regional and local lever required.
	There is a need of strong market knowledge, information and insights to defend innovation and present winner proposals for disrupting innovation in glass.
	Work in the front & back side of the customer.
	Aligned a strategy with our category objectives.
	Build a strong networking.

Back-up slides

Global Marketing Innovation

This team started in 2014 and it is totally focused on Innovation commercialization & Execution on the regions & countries

WTF Is Marketing Innovation, Why Do We Need It?

- The definition and scope of the the world “innovation” has changed dramatically over the last 3-5 years
- Our customers now look at innovation on multiple dimensions and no longer consider it purely a technical space
- Brand and Marketing have taken the innovation lead and it’s critical that we **build capability** in this space to **generate pull**
 - We are an idea rich company, the need is to now connect ideas with business and brand opportunities
 - Adjacent to that, we need to rapidly **transfer knowledge** to the regions and respond to their need for commercial materials and value propositions
- Instigators of new business growth
- Build competitive distance for O-I and glass



Vision & Strategy – Building A New Capability

- Build a new Innovation practice, **adjacent** to Product Innovation
 - New capability rooted in COMMERCIALIZATION of existing innovations and front-end IDEATION of new innovations based on regional/customer business opportunities and macro cultural trends
- Multilayered innovation team consisting of strategists, designers and project managers
 - PHNX Brands
 - Global Glass Smart hub
 - Driven by market, focused on opportunities
- Active participation in regional customer engagements and pitches
- Two core deliverables
 - Existing innovation to market
 - New ideas/spaces/opportunities to innovate around

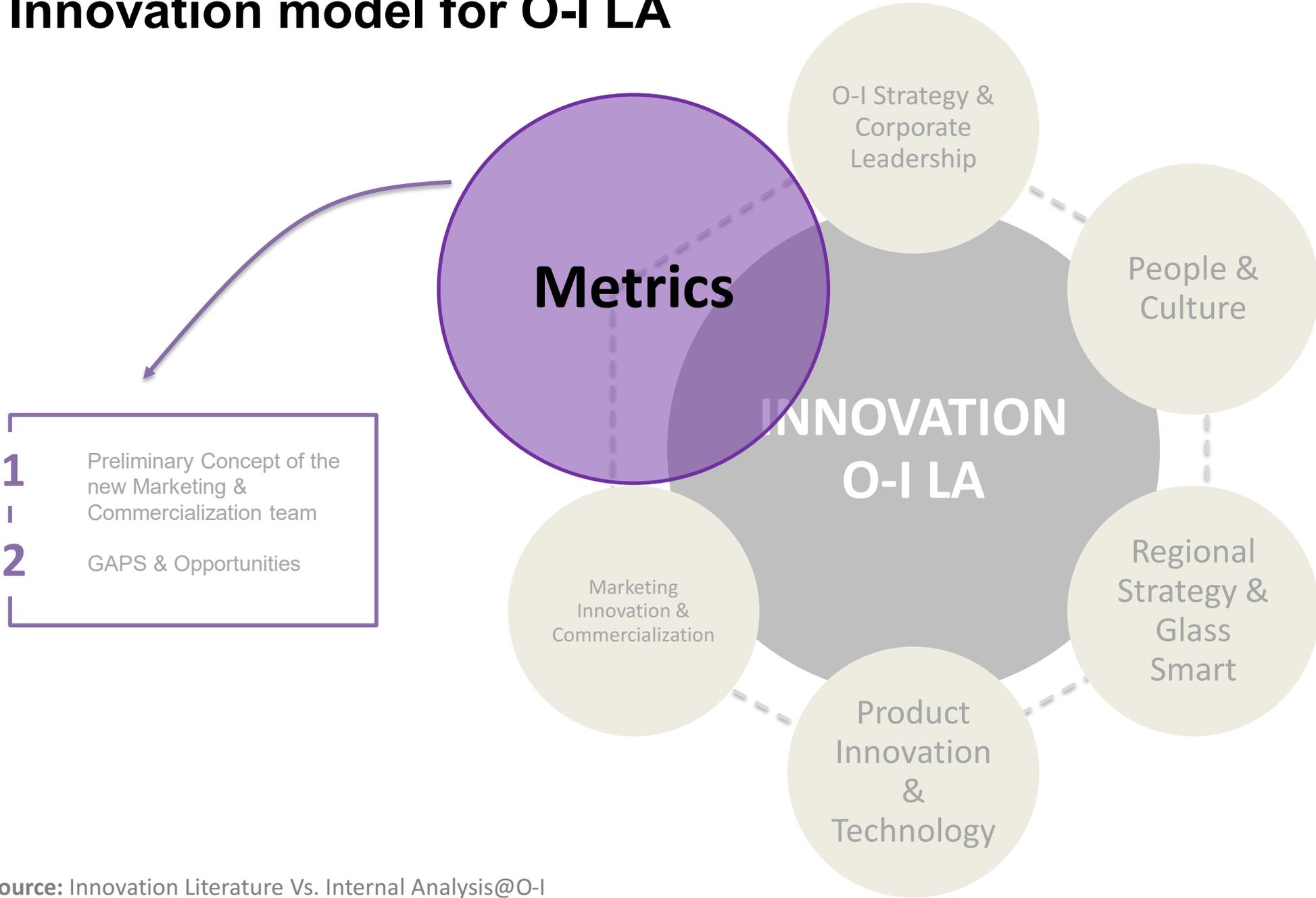


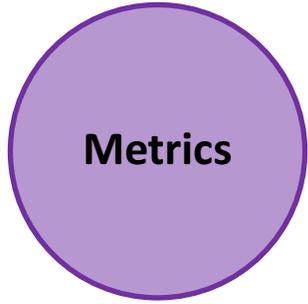
**Global Marketing Innovation:
Architecting Growth**

Global Marketing Innovation: Current Team Disciplines



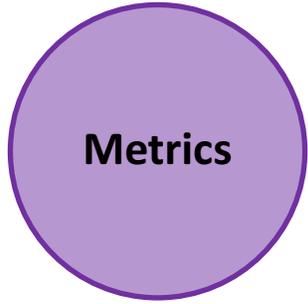
Innovation model for O-I LA





Hypothesis

- ✓ We don't have an innovation metric system fully aligned with our glass smart process.
- ✓ There is a weak report of metrics that is not consistent, prepared totally manual and only when it is requested or required.
- ✓ Get information from the region regarding innovation is a complex process.
- ✓ The information currently reported in our global systems such as SAP or VENDAVO is not accurate compare to the real numbers or data.
- ✓ There is a need of better metrics definition to support the strategy on definition regarding Innovation.
- ✓ LA is the region with less innovation launch activity.



GAPS & Opportunities

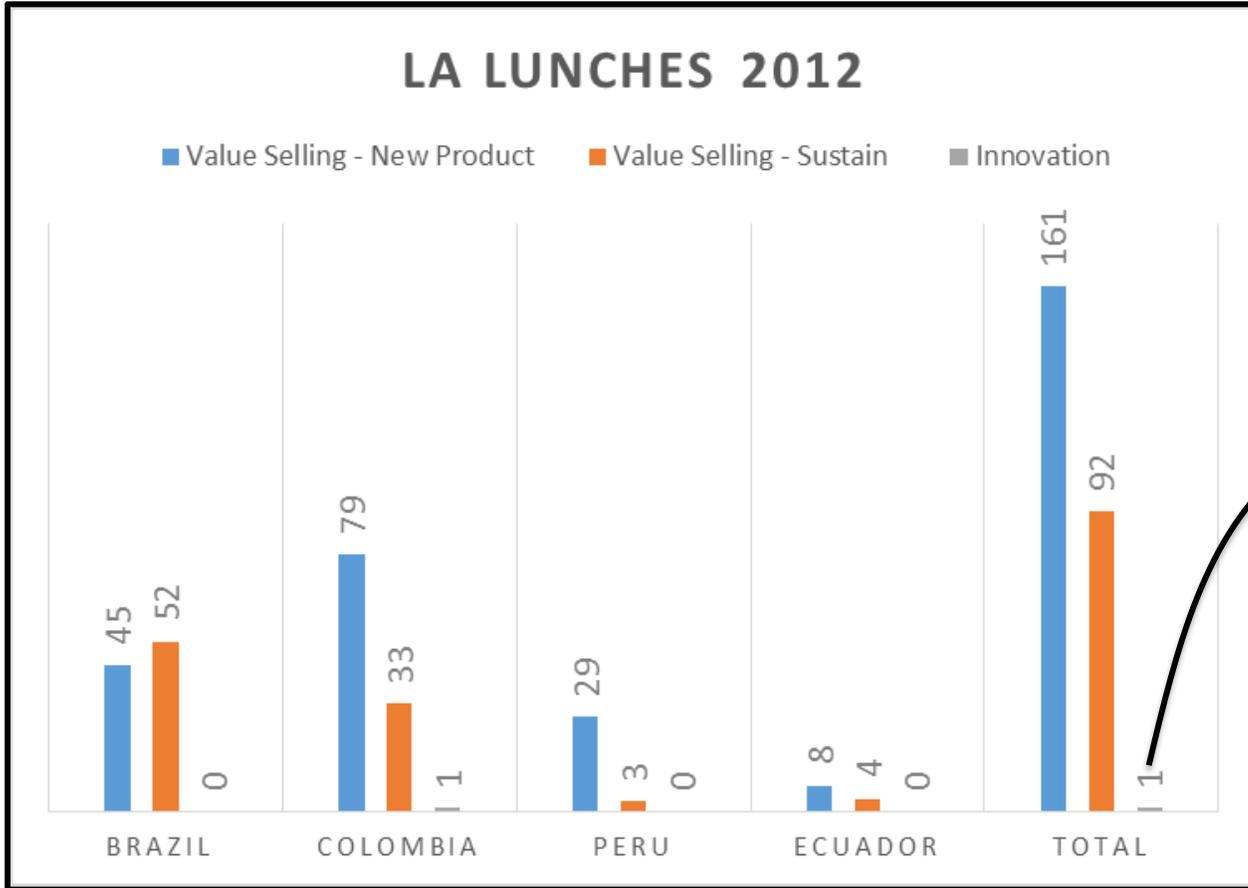
GAPS	OPPORTUNITIES
<p>There is not accuracy on the Innovation LA information regarding our current systems, specially driven by the recent change to SAP and the information that migrated with the incorrect classification.</p>	<p>Update SAP information of all SKU's launched since 2012 in order to guarantee good information comparison in the global Innovation Metrics. A instructive will be prepared for each country for this purpose.</p>
<p>All the information regarding Innovation pipeline or launches is prepared 100% manually by different contacts in each country. Some definitions about what is or not an NPD or an innovation are not clear.</p>	<p>Pipeline management tool for the glass smart 2.0 process, considering all the Innovation metrics to be extracted easy and automatically. Good training program.</p>
<p>Innovation metrics are not well defined. Only number of launches is reported regarding Innovation (plus tons & sales)</p>	<p>Metrics should be design according to our regional category strategy and the glass smart process and aligned with the global information that is currently presented to the corporate commercial team.</p>
<p>Not performance or teams goals attached to metrics for innovation at all levels.</p>	<p>Metrics should support the team work development and performance as well as being aligned with the expected results across the company.</p>

Back-up slides

LA Launches Metrics

Reported Manually by Country

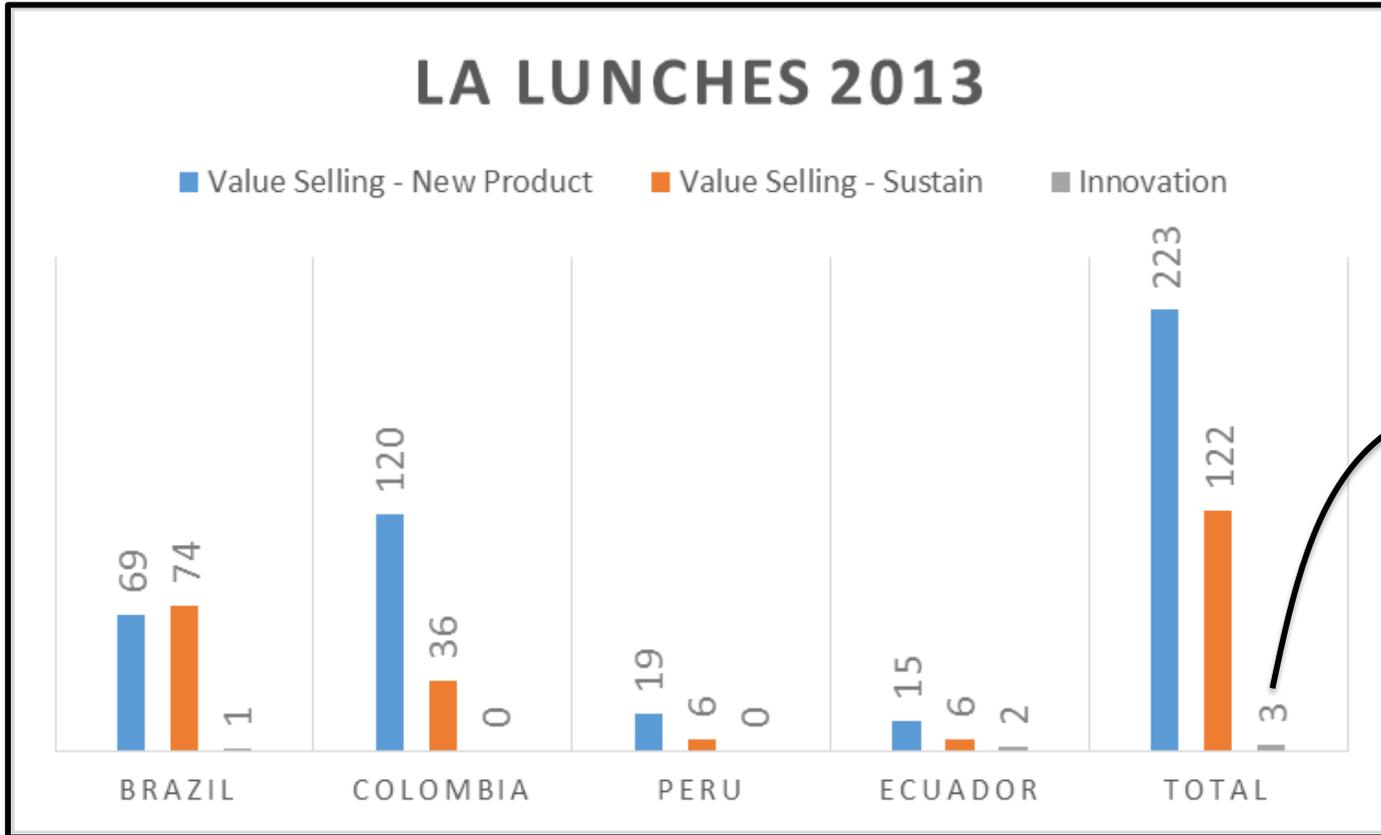
NPD & Innovation Launches by region 2012



1. Launches 2012

Type of Launch	Brazil	Colombia	Peru	Ecuador	TOTAL
Value Selling - New Product	45	79	29	pendiente	153
Value Selling - Sustain	52	33	3	pendiente	88
Innovation	0	1	0	pendiente	1
TOTAL	97	113	32	0	242

NPD & Innovation Launches by region 2013

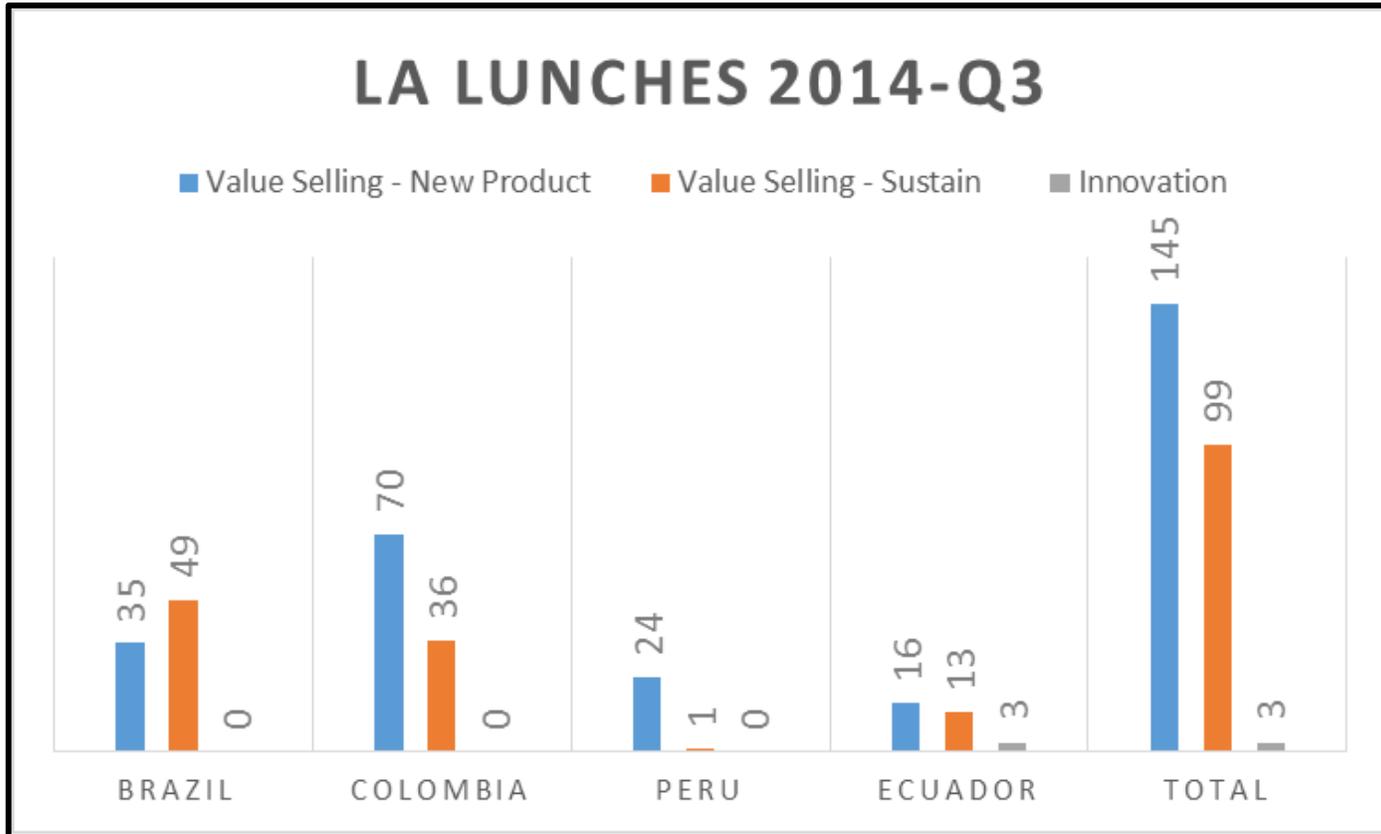


Innovation example Launched by Brazil

2. Launches 2013

Type of Launch	Brazil	Colombia	Peru	Ecuador	TOTAL
Value Selling - New Product	69	120	19	pendiente	208
Value Selling - Sustain	74	36	6	pendiente	116
Innovation	1	0	0	pendiente	1
TOTAL	144	156	25	0	325

NPD & Innovation Launches by region 2014-Q3



3. Launches 2014

Type of Launch	Brazil	Colombia	Peru	Ecuador	TOTAL
Value Selling - New Product	35	70	24	pendiente	129
Value Selling - Sustain	49	36	1	pendiente	86
Innovation	0	0	0	pendiente	0
TOTAL	84	106	25	0	215

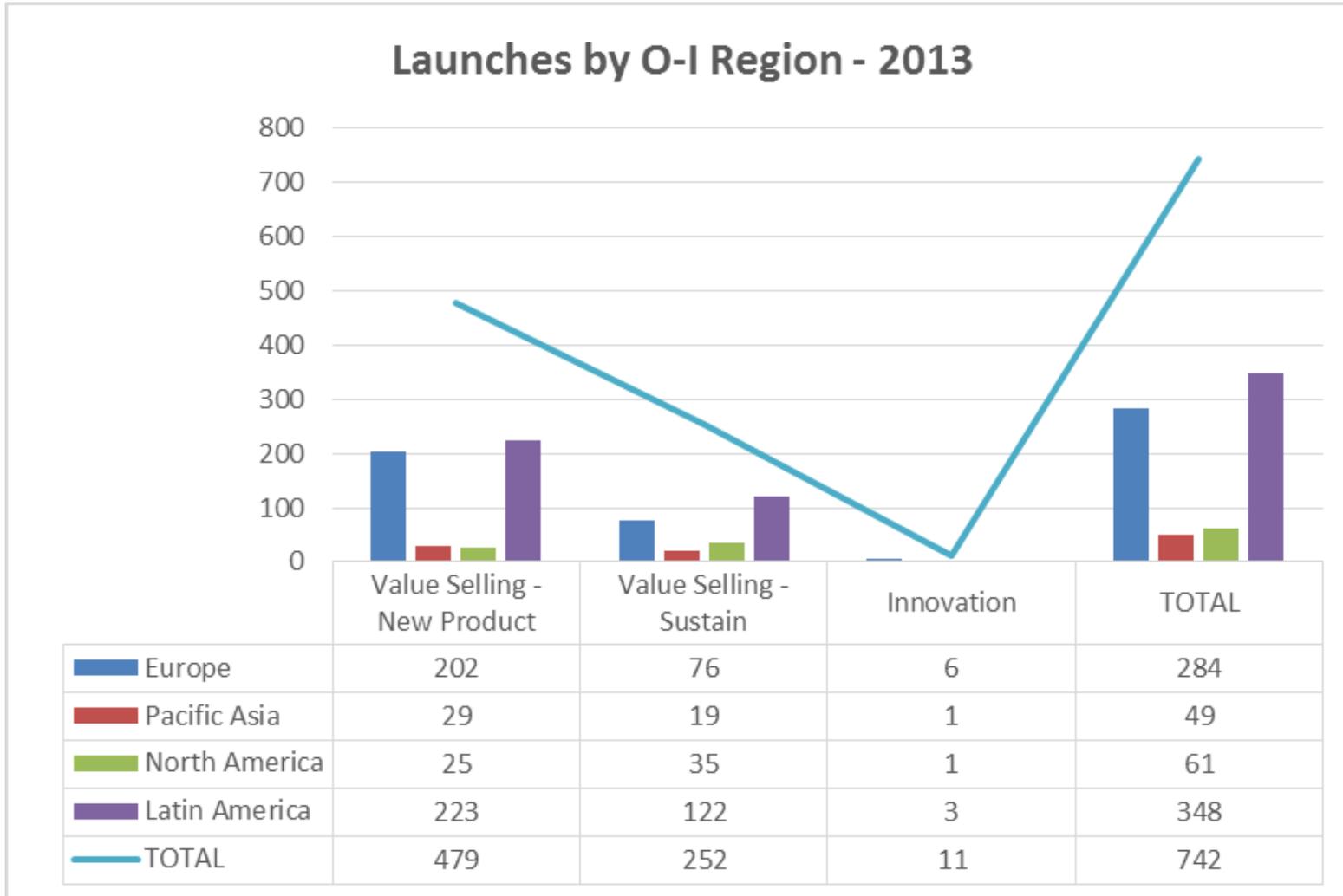
•Source Data: Each Country of LA reported the data. Argentina & Ecuador are not reported



Global Innovation Metrics

Requested by us to each NPD regional Manager

NPD & Innovation Launches by region 2013



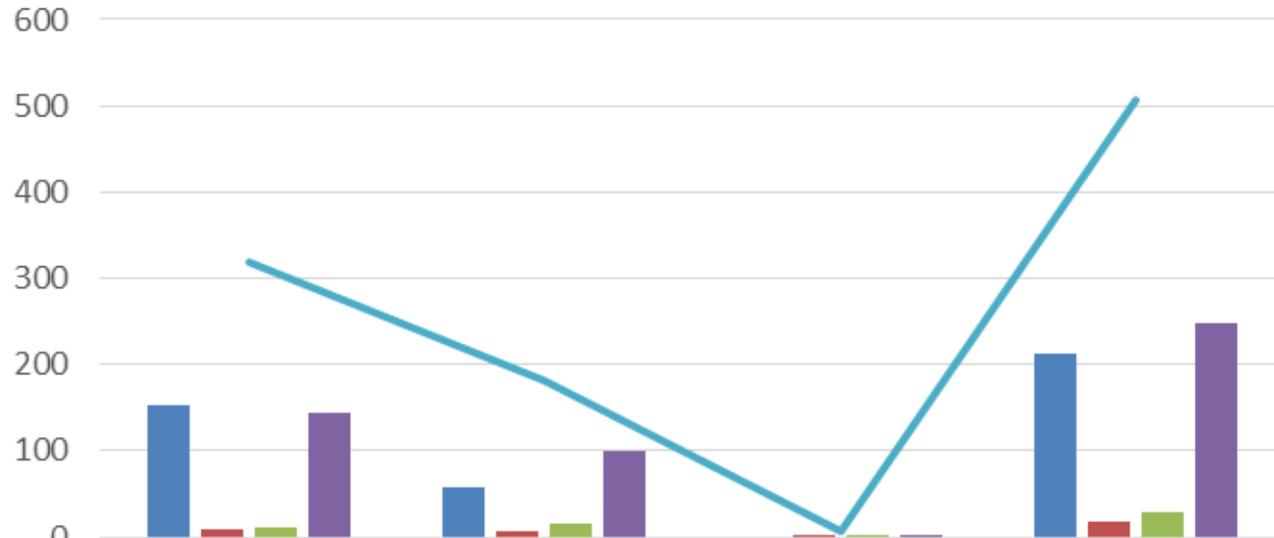
Assumptions:

- This number only consider first sale (not repurchase).
- The information of this chart **WAS REPORTED BY EACH REGIONAL NPD MANAGER** (email request), not by VENDAVO.

NPD & Innovation Launches by region 2014-Q3



Launches by O-I Region - 2014-Q3



	Value Selling - New Product	Value Selling - Sustain	Innovation	TOTAL
Europe	154	58	0	212
Pacific Asia	9	8	1	18
North America	11	16	2	29
Latin America	145	99	3	247
TOTAL	319	181	6	506

Assumptions:

- This number only consider first sale (not repurchase).
- The information of this chart **WAS REPORTED BY EACH REGIONAL NPD MANAGER** (email request), not by VENDAVO.

Global Innovation Metrics

Provided by Global Product Innovation

Innovation Launches Comparison (Q3-2014)

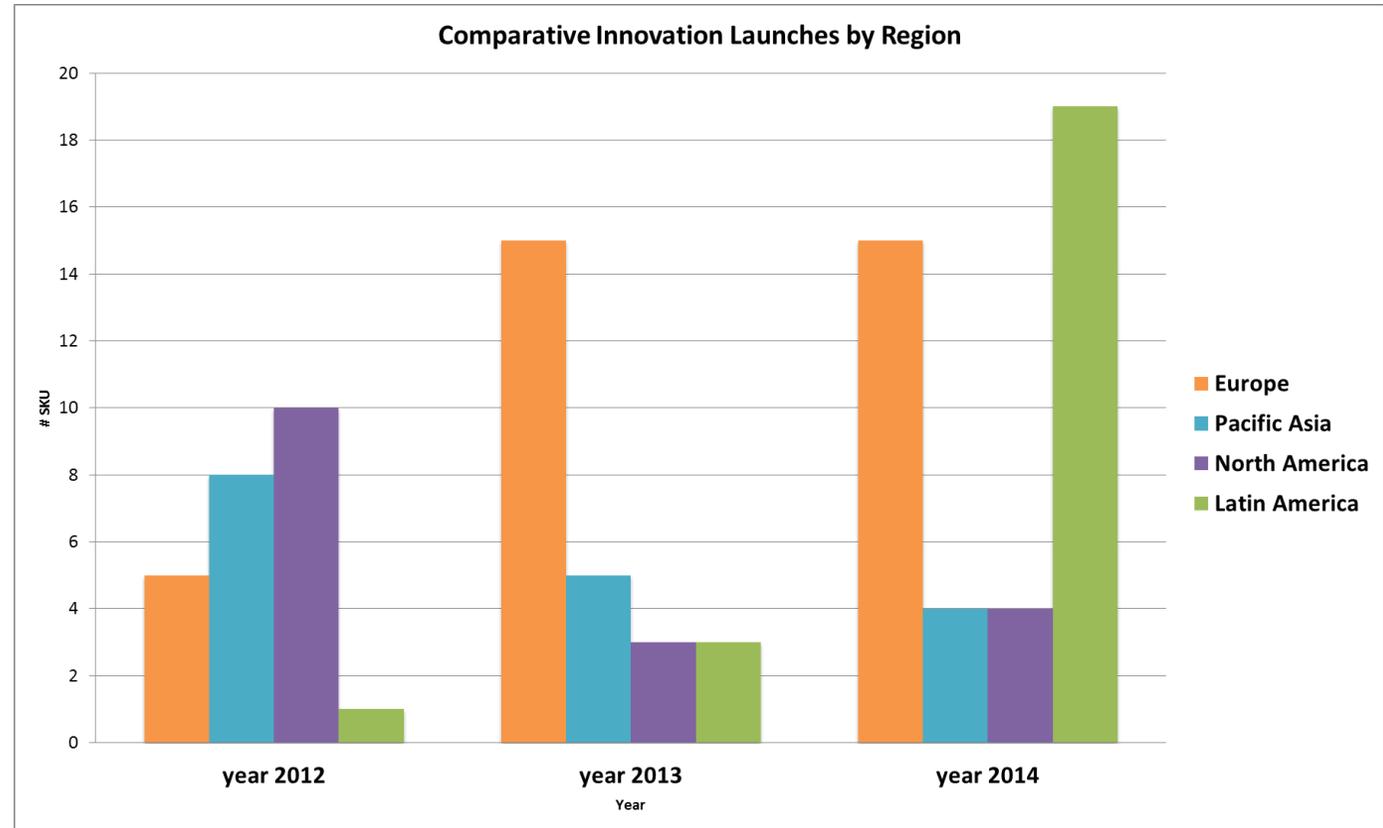
Original LA data

	year 2012	year 2013	year 2014	
Europe	5	15	15	35
Pacific Asia	8	5	4	17
North America	10	3	4	17
Latin America	1	3	19	23
	24	26	42	

This is information according to SAP classification (New SKU Request) and extracted from Vendavo, where the global commercial team take information.

Assumptions:

- This number only consider first sale (not repurchase).
- Vendavo source of info from all regions.
- There is a probability that this metric needs to be reviewed in detail by all regions to confirm accuracy.



Innovation Launches Comparison (Q3-2014)

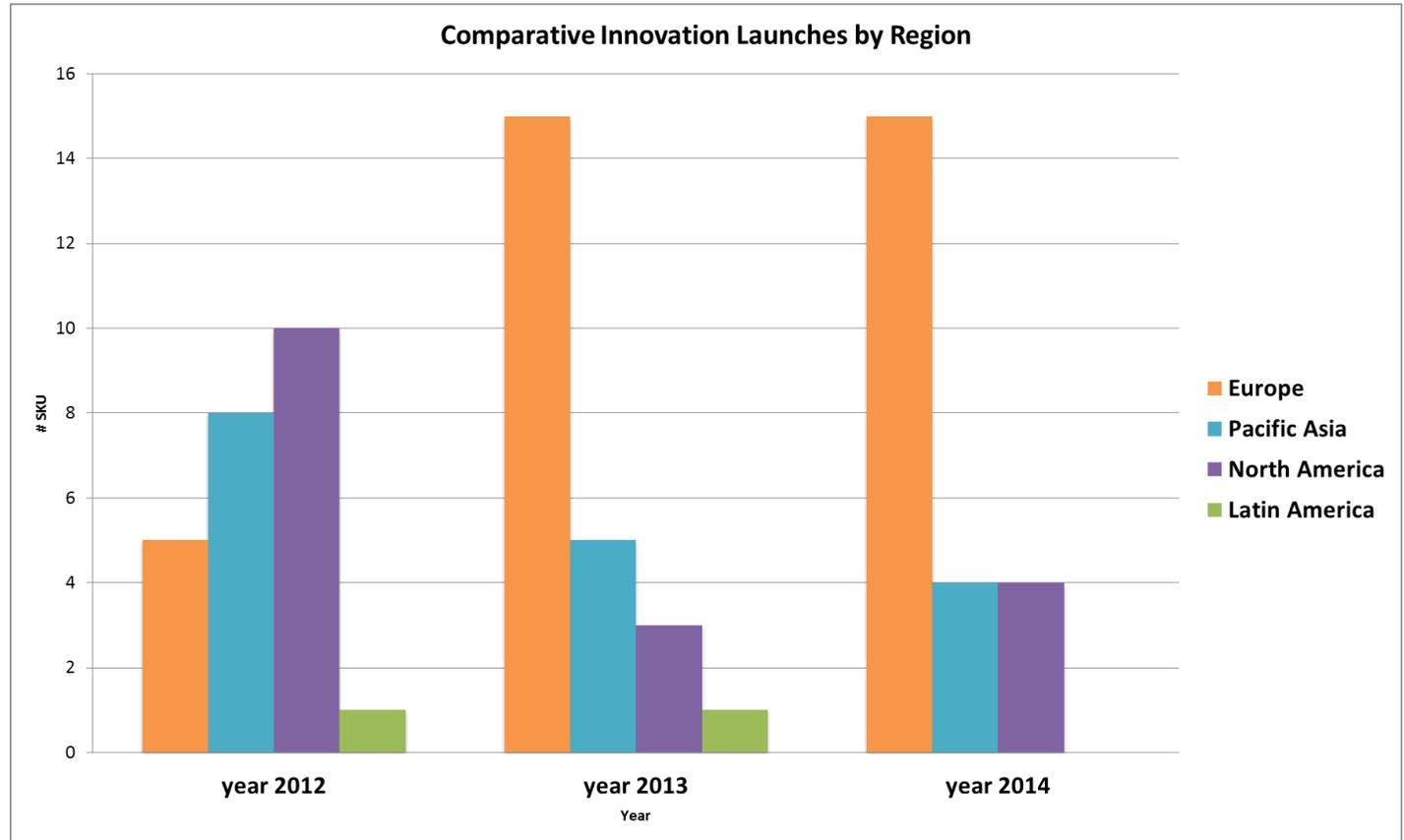
	year 2012	year 2013	year 2014	
Europe	5	15	15	35
Pacific Asia	8	5	4	17
North America	10	3	4	17
Latin America	1	1	0	2
	24	24	23	

This is information according to SAP classification (New SKU Request) and extracted from Vendavo, where the global commercial team take information.

O-I LA data has been change for the real information given by each country and extracted manually (except Ecuador & Argentina).

Assumptions:

- This number only consider first sale (not repurchase).
- Vendavo source of info for NA, EU & APAC. For LA the information source is each country team, as Vendavo is not well reported.
- There is a probability that this metric needs to be reviewed in detail by all regions to confirm accuracy.



Innovation Metrics (Q3 2014)

Global Innovation Scorecard

Region	Key Performance Indicator	2012	2013	2014
		FY	FY	FY
North America	Innovation Sales (US\$M)	\$0,00	\$0,00	\$30,01
	Innovation Units (M)	0,00	0,00	0,00
	Percent NA Innovation Sales to Total NA	0,00%	0,00%	0,00%
	Innovation EBIT (US\$M)	\$0,00	\$0,00	\$4,60
	Projects Launched (# SKU's)	0,00	2,00	0,00
Europe	Innovation Sales (US\$M)	\$2,53	\$3,35	\$0,04
	Innovation Units (M)	3,83	6,04	1,48
	Percent EU Innovation Sales to Total EU	0,09%	0,14%	0,05%
	EBIT	\$0,74	\$1,12	\$0,00
	Projects Launched (# SKU's)	5,00	15,00	6,00
Latin America	Innovation Sales (US\$M)	\$0,22	\$0,56	\$42,33
	Innovation Units (M)	0,21	1,62	0,00
	Percent LA Innovation Sales to Total LA	0,03%	0,07%	0,00%
	Innovation EBIT (US\$M)	\$0,00	\$0,15	\$7,01
	Projects Launched (# SKU's)	1,00	3,00	0,00
Asia Pacific	Innovation Sales (US\$M)	\$0,00	\$0,00	\$0,17
	Innovation Units (M)	0,00	0,00	0,00
	Percent OC Innovation Sales to Total OC	0,00%	0,00%	0,00%
	Innovation EBIT (US\$M)	\$0,00	\$0,00	\$0,04
	Projects Launched (# SKU's)	0,00	0,00	0,00
GLOBAL	Innovation Sales (US\$M)	\$ 2,75	\$ 4,51	\$ 72,55
	Innovation Units (M)	4,04	7,66	1,48
	Percent Innovation Sales to Total	0,04%	0,07%	1,43%
	Innovation EBIT (US\$M)	\$ 0,74	\$ 1,27	\$ 11,65
	Projects Launched (# SKU's)	6,00	20,00	6,00
	Innovation Cash Flow (US\$M)	\$ 0,37	\$ 0,63	\$ 5,83
	Innovation Reinvestment Fund	\$ 0,18	\$ 0,32	\$ 2,91

Note: All sales in millions of U.S. dollars January 1 - July 31, 2013

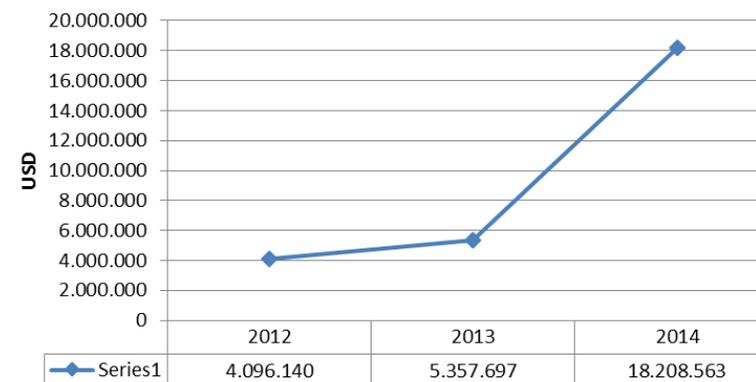
Note: Does not include Brazil or 2012 data for LA

Note: No data in 2014 for Oceania

Note: Additional details needed regarding SKU numbers

Sources: Vendavo

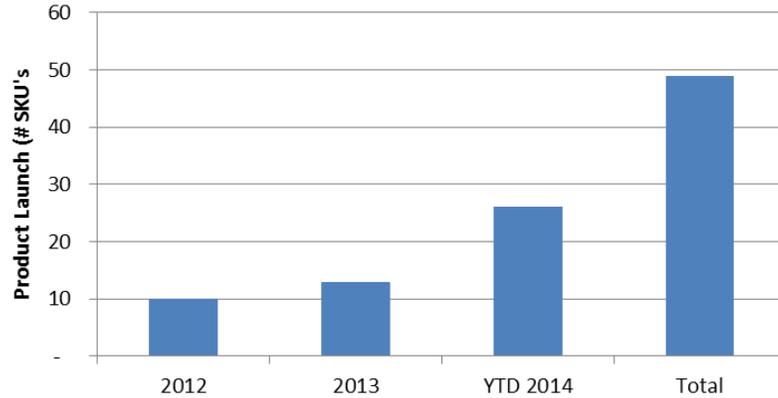
Net Pocket Earnings



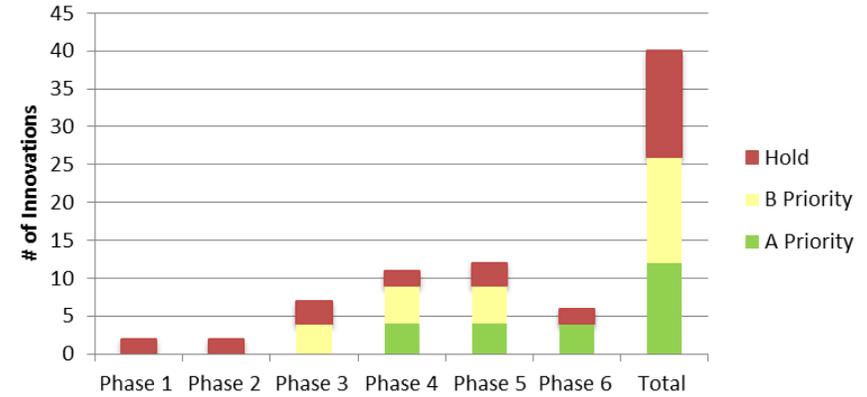
Innovation Metrics (Q3 2014)



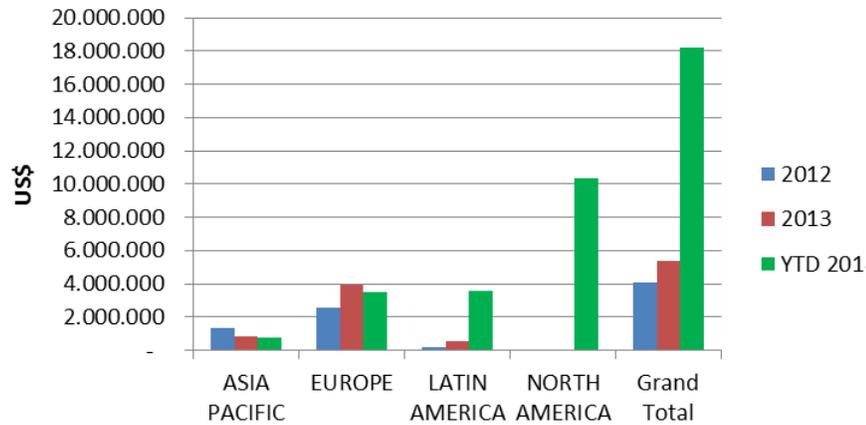
Products Launched with Innovation



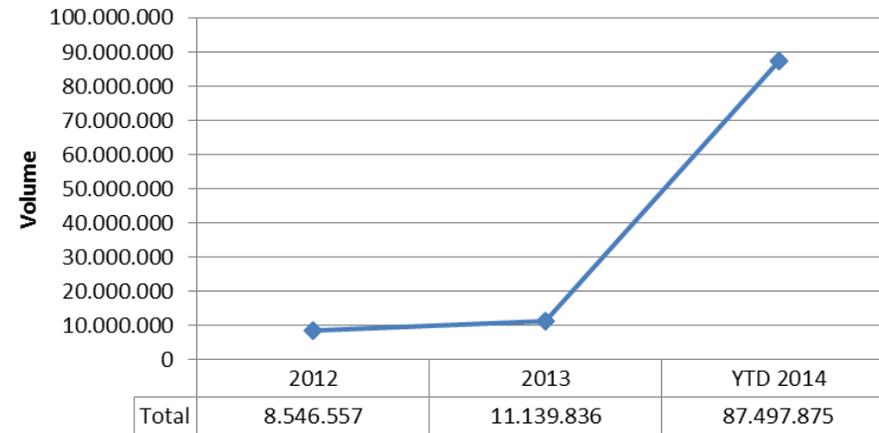
Innovation Project Pipeline



Innovation Revenue



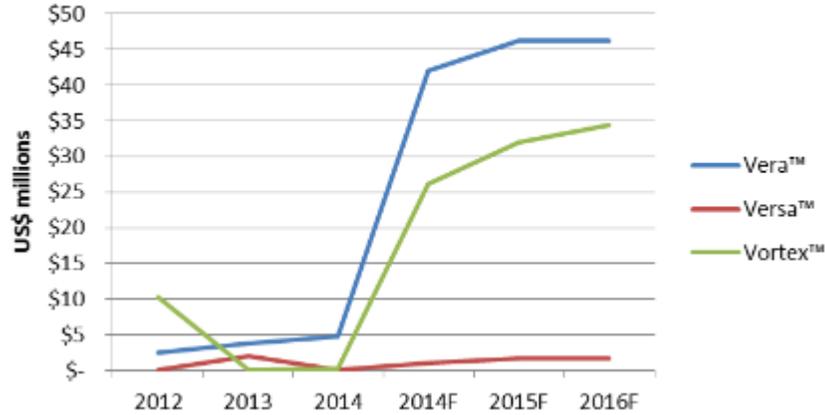
Innovation Volume



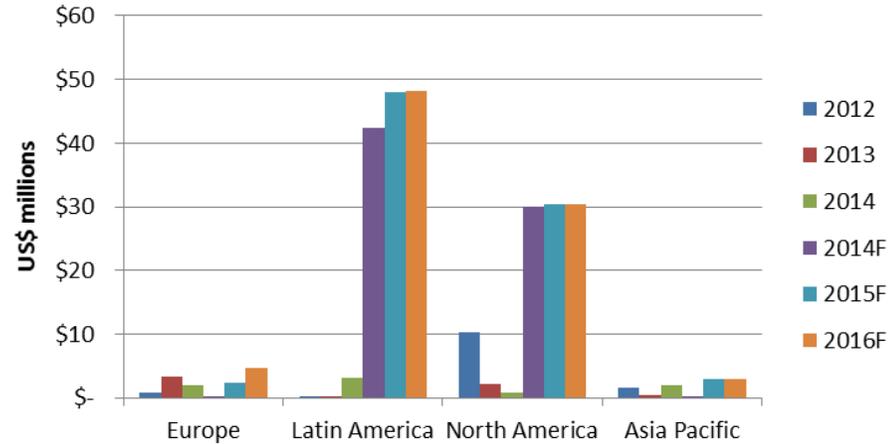
• Note: Excludes Miller Light Vortex
 • Source Data; Vendavo

Innovation Metrics (Q3 2014)

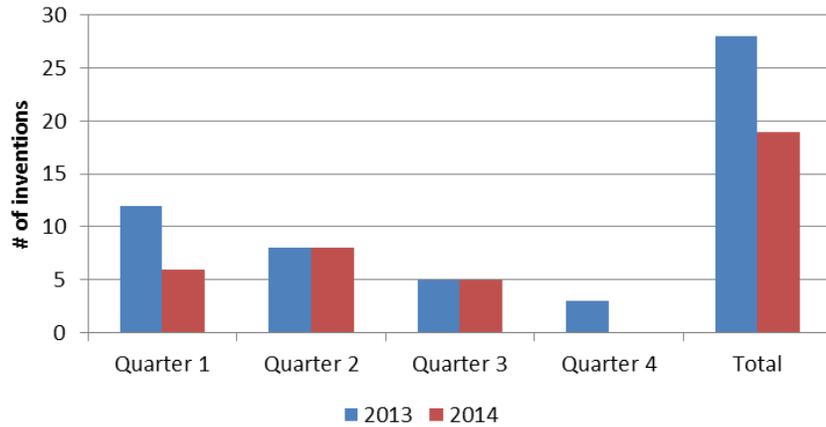
Innovation Revenue by platform



Innovation Revenue

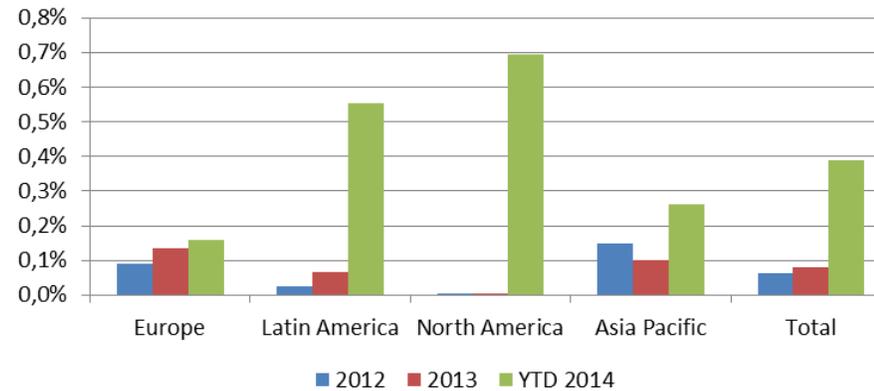


Invention Records



NPVI - New Product Vitality Index

(Innovation Revenue/Total Revenue)



- Note: Excludes Miller Light Vortex
- Source Data; Vendavo

glass smart pipeline metrics

Reported consolidated by Daniela Gómez from the pipeline
It is not being prepared for the region this year

1. General Considerations

Start and end-dates for an NPD:

***Start-date:** planned glass date at master data creation.

***End date:** 27 months after start date for both Value Selling categories (reflecting an approximate 3 month lag between master data creation and first sale)

Period during which both Value Selling categories are considered as "New Product" for **Sales reporting is 24 months.**

***End date:** 60 months after start date for Innovation (launch of the innovation on the market for the first time in any O-I Country)

1. General Considerations

4 Classifications have been defined globally:

1. Excluded

2. Value Selling - New Product

- Entire new product. or migration from competition
- Volumes are incremental

Examples: entire new design, migration from competition, additional new finish, additional color.

3. Value Selling - Sustain

- Projects to sustain existing business
- NO incremental volumes

Examples: foot-print realignment or transfer requiring re-design which has positive impact on customer, finish change, color. change.

4. Innovation

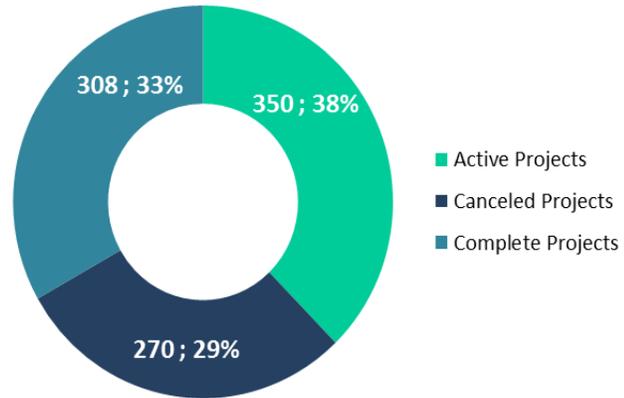
- Role-out of global Innovations
- Volumes are incremental

Examples: Black from Amber, Versa, Internal Emboss, new color.

O-I LA Consolidated

Glass Smart Pipeline Metrics

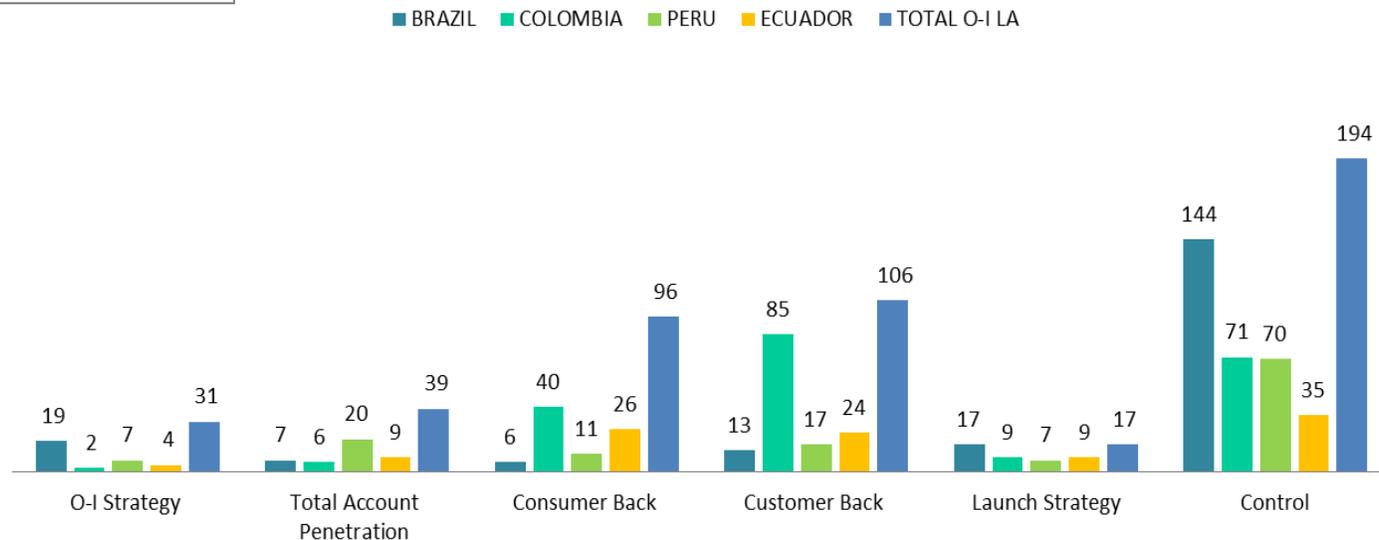
1. O-I LA NPD - Total projects in Pipeline (YTD December 2013)



Total number of projects in Glass Smart Pipeline since its creation in 2010.

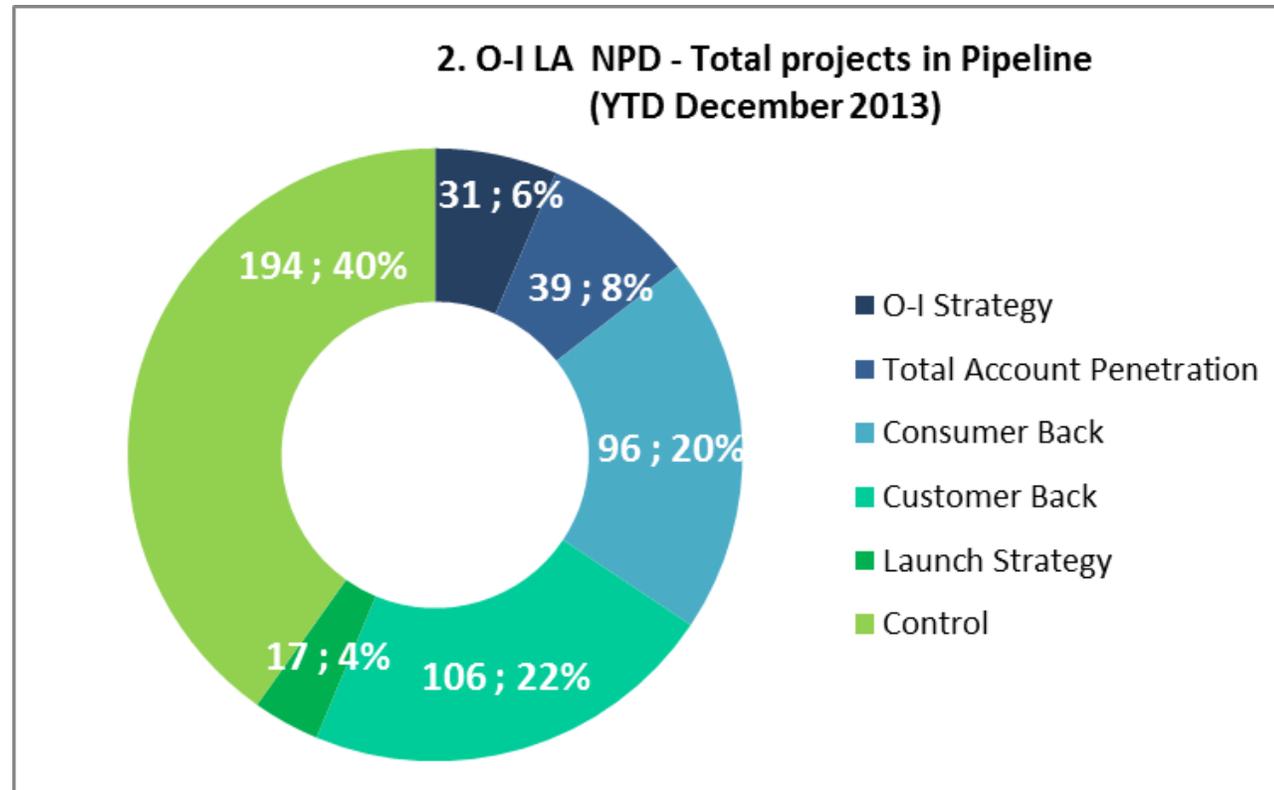
COMPLETED are active projects are those that already passed From O-I Strategy to Control.

2. O-I LA NPD - Total projects in Pipeline per country (YTD December 2013)



O-I LA Consolidated

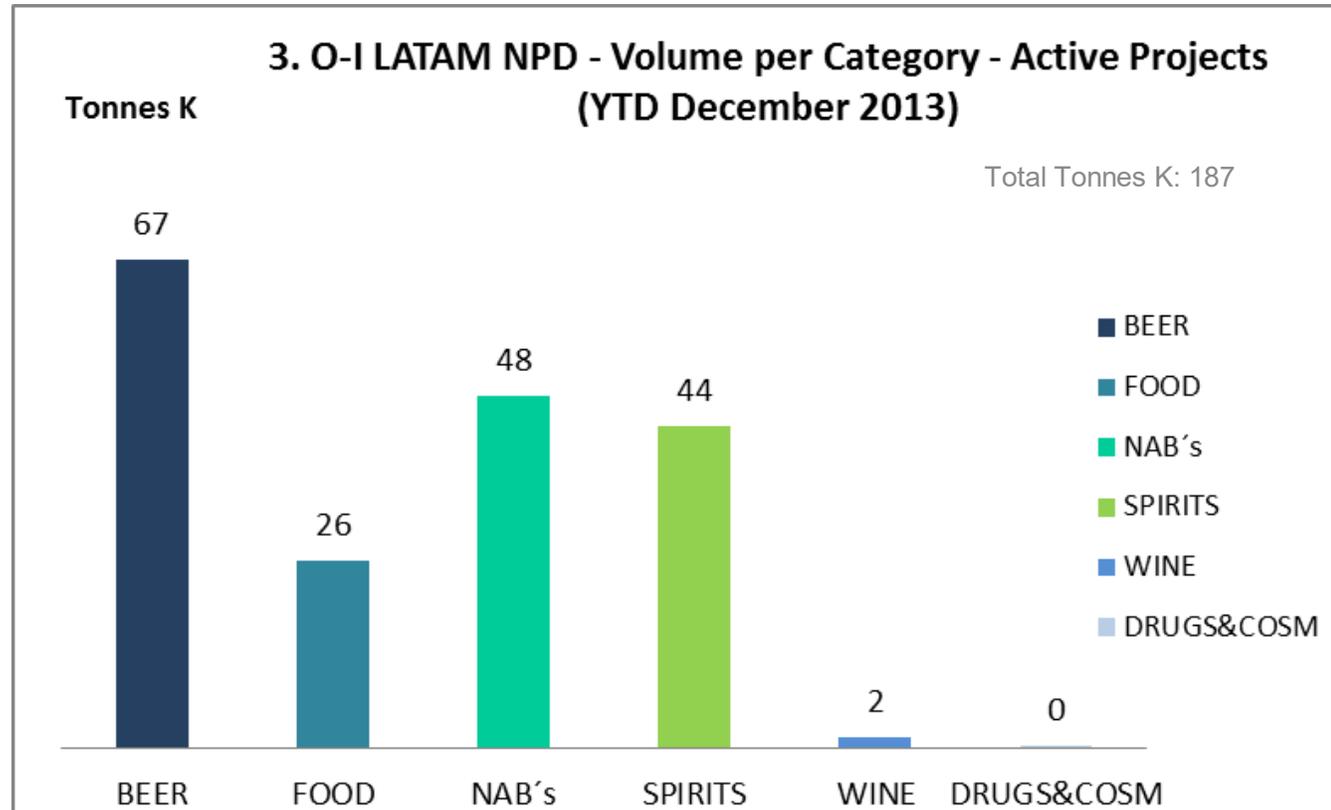
Glass Smart Pipeline Metrics



Total number of projects in Glass Smart Pipeline since its creation in 2010.
Projects in CONTROL are already launched and reporting sales

O-I LA Consolidated

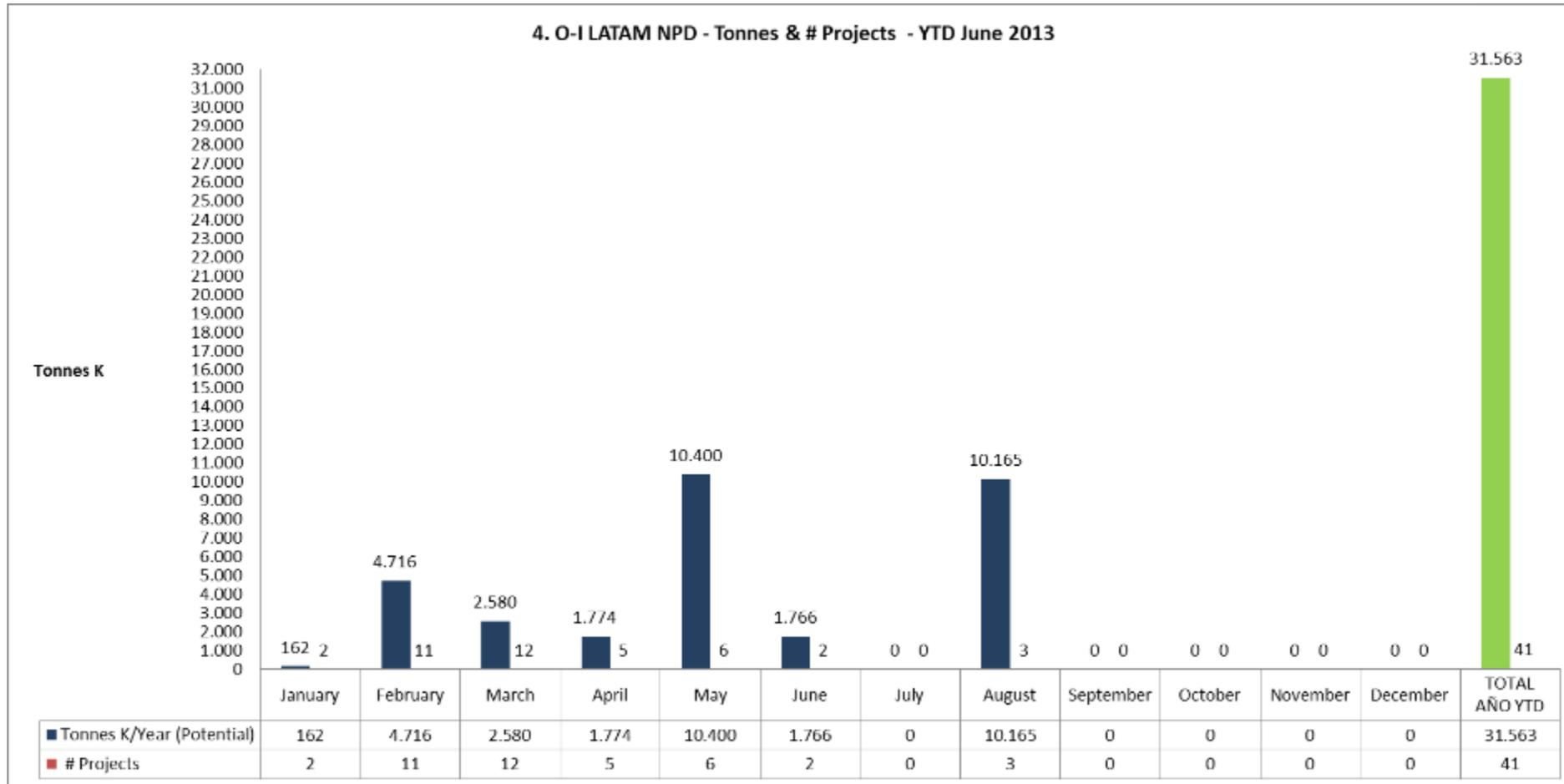
Glass Smart Pipeline Metrics



This graphic only considers Active Projects. Not Cancelled, not completed.

O-I LA Consolidated

Glass Smart Pipeline Metrics



The Glass Smart Pipelines are updated every quarter. This graphic shows data until June of 2013, except Argentina which is updated until Q3. The other countries are in process.

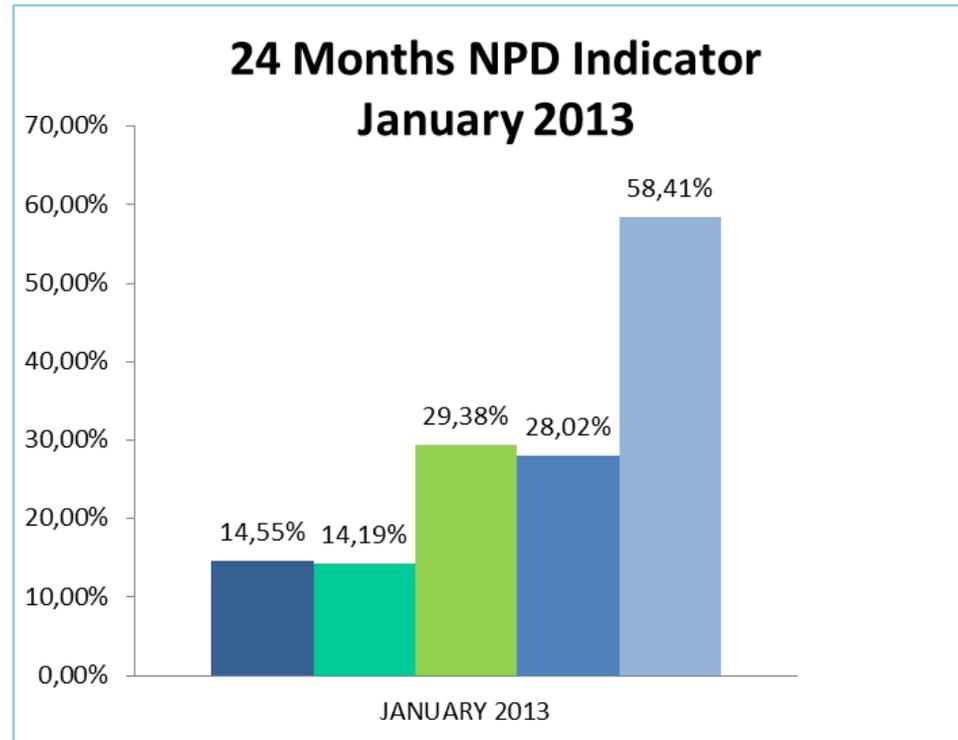


2. Glass Smart Pipeline Metrics Detail per Country



3. Sales Metrics & NPD Launches

January 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
JANUARY 2013	14,55%	14,19%	29,38%	28,02%	58,41%

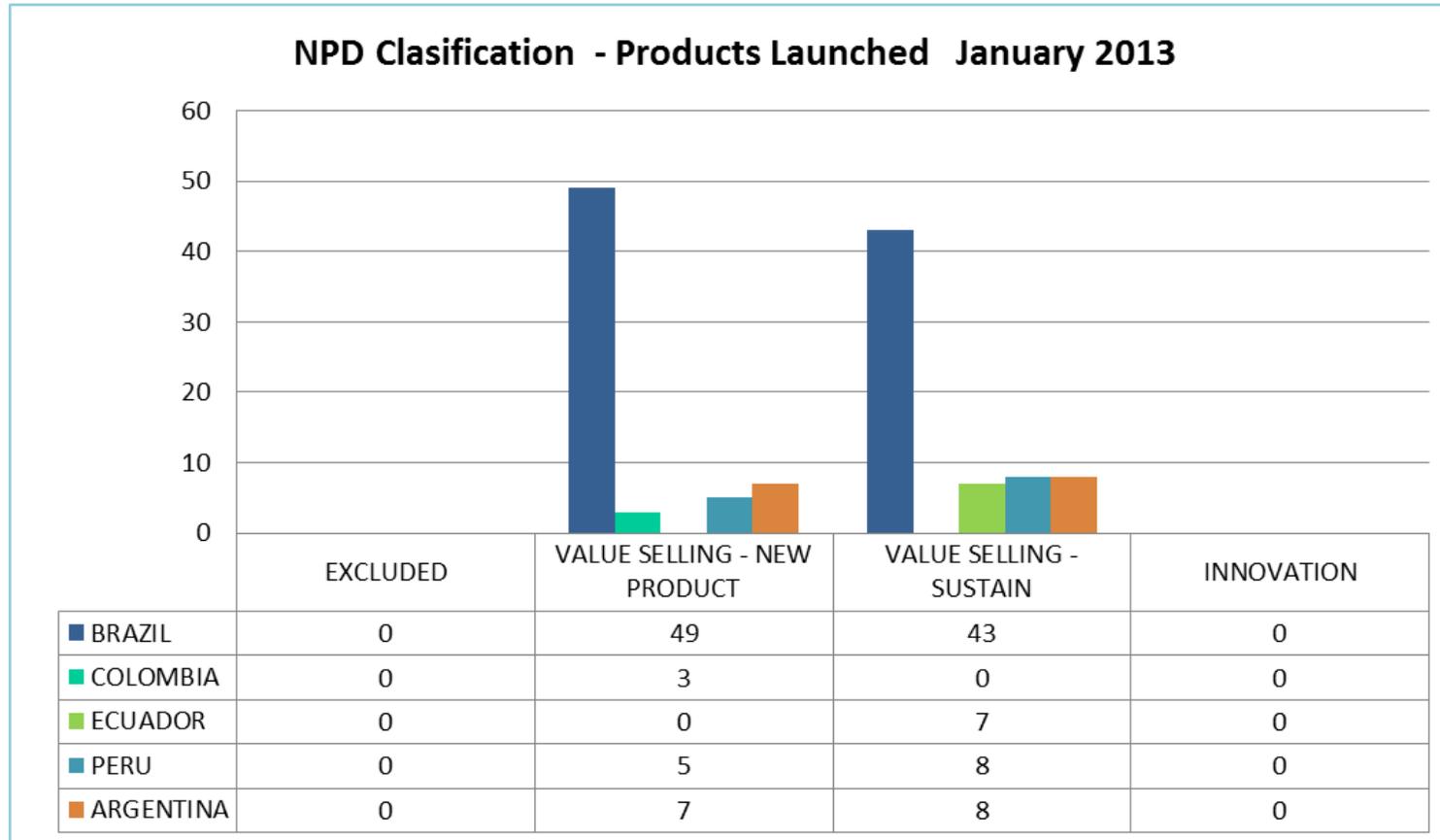
Global Definitions:

Period during which both Value Selling categories are considered as "New Product" for Sales reporting is 24 months.

Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

January 2013



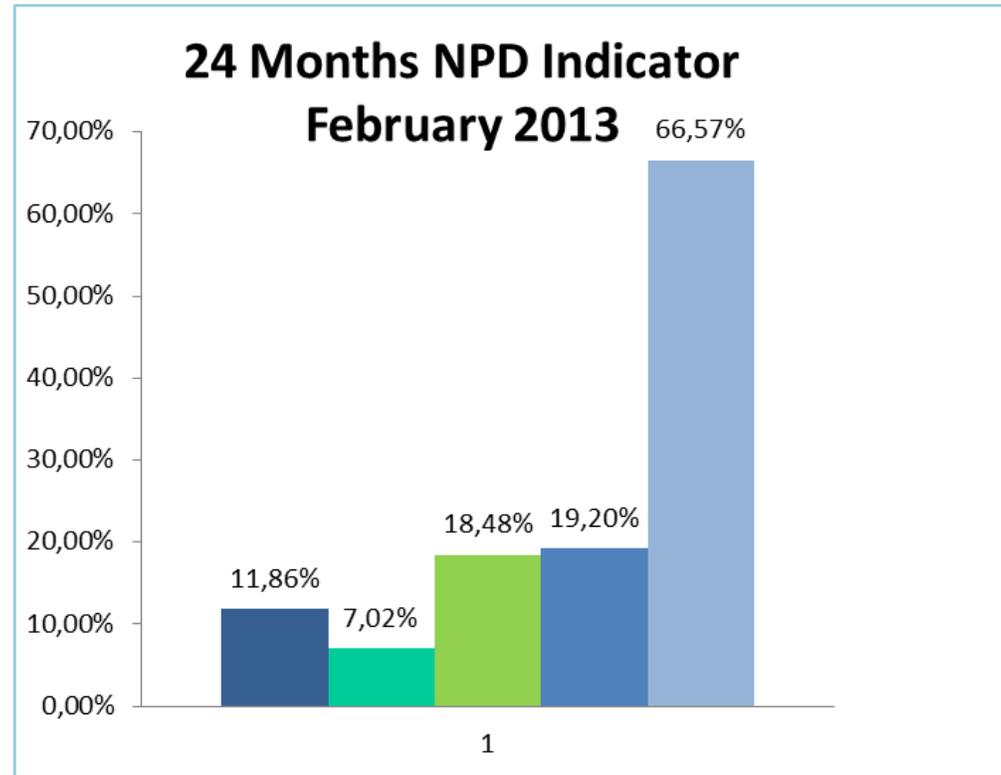
Global Definitions:

Period during which both Value Selling categories are considered as "New Product" **for Sales reporting is 24 months.**

Period during which Innovation category is considered as "New Product" **for Sales reporting is 120 months**

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

February 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
FEBRUARY 2013	11,86%	7,02%	18,48%	19,20%	66,57%

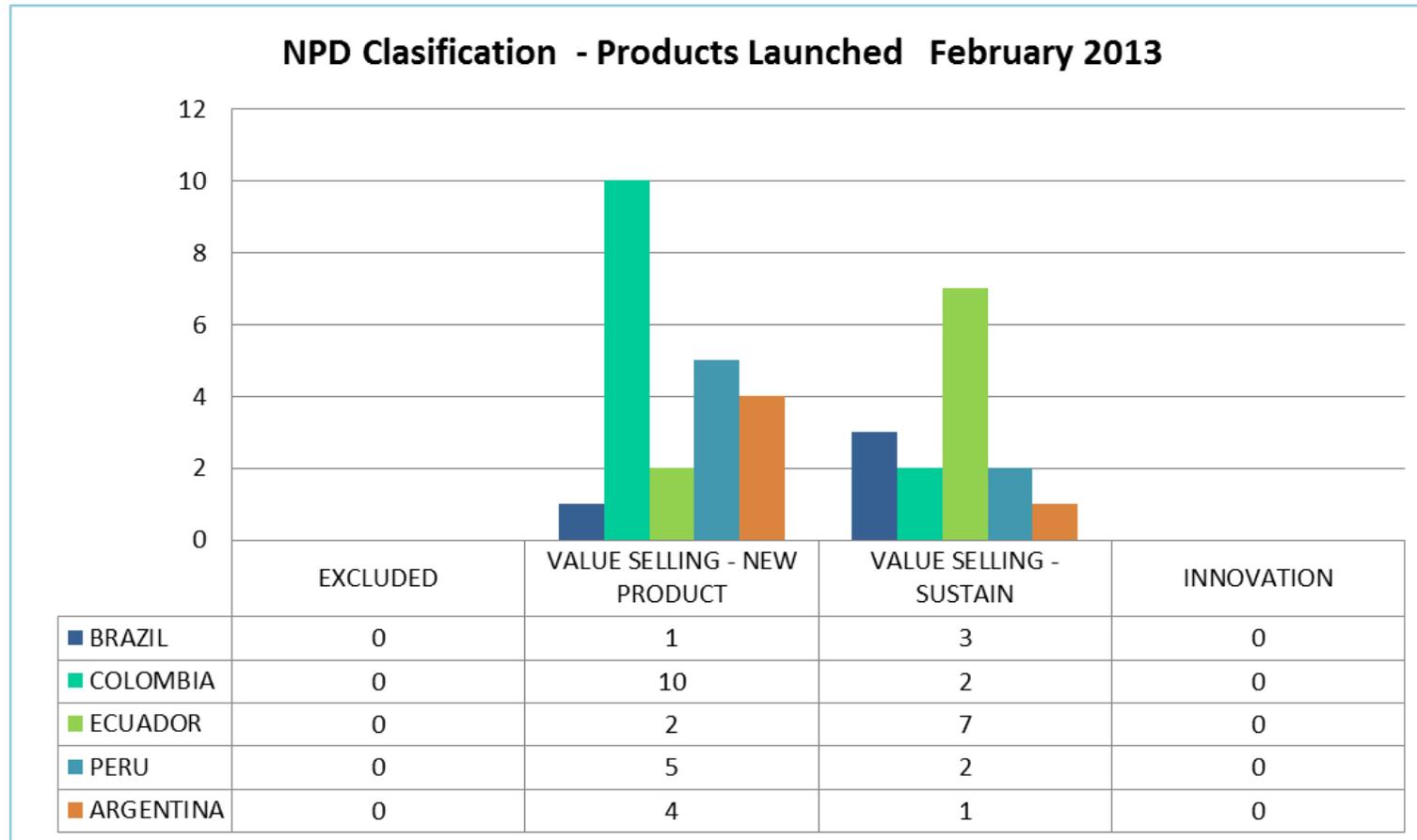
Global Definitions:

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Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

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February 2013



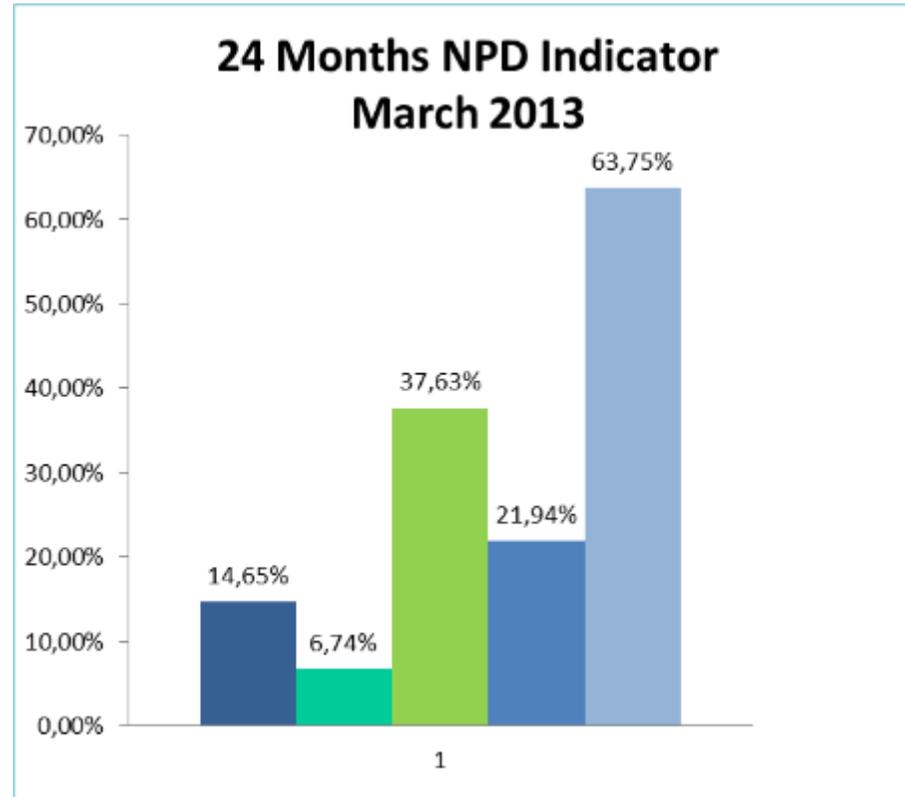
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Period during which Innovation category is considered as "New Product" **for Sales reporting is 120 months**

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

March 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
MARCH 2013	14,65%	6,74%	37,63%	21,94%	63,75%

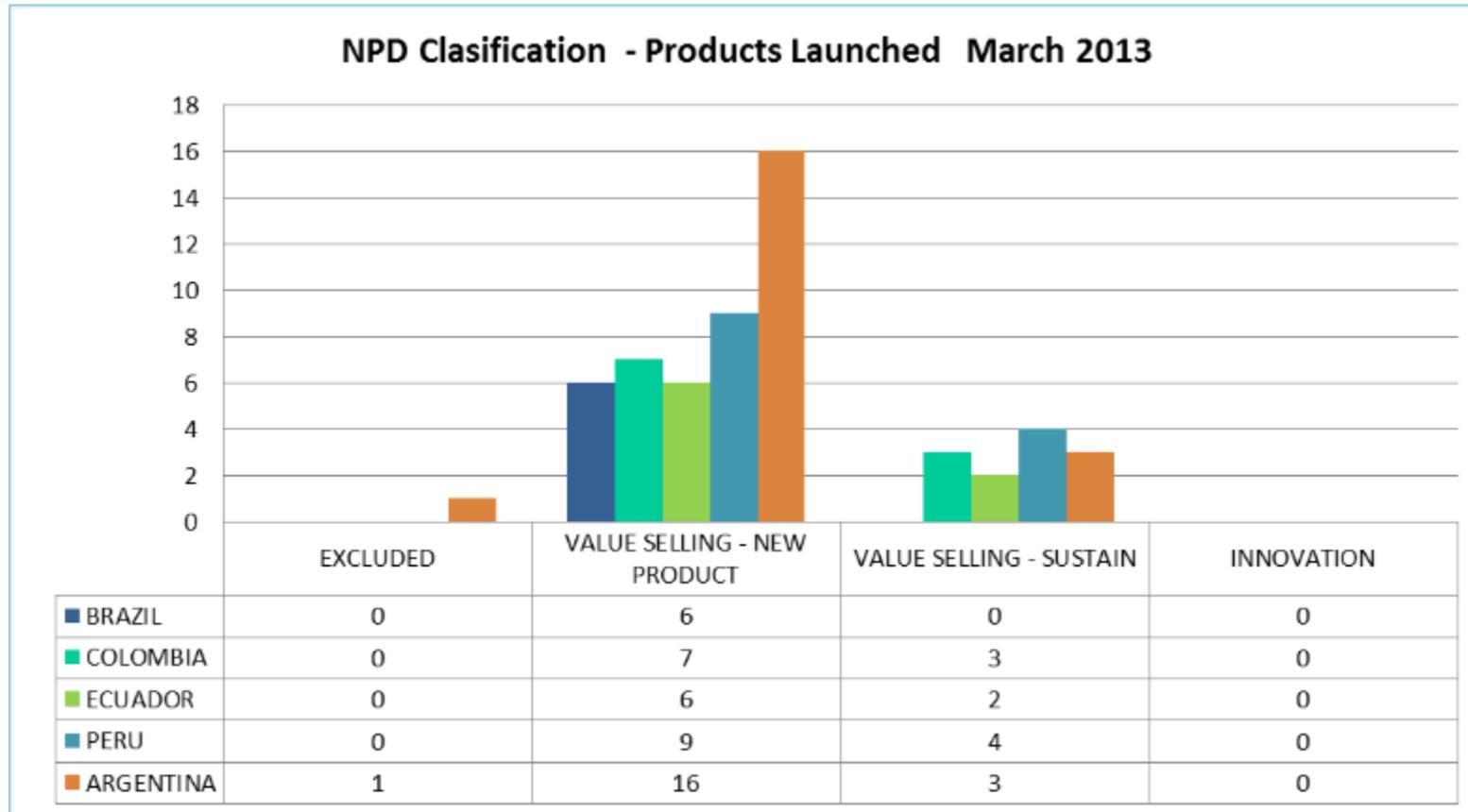
Global Definitions:

Period during which both Value Selling categories are considered as "New Product" for Sales reporting is 24 months.

Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

March 2013



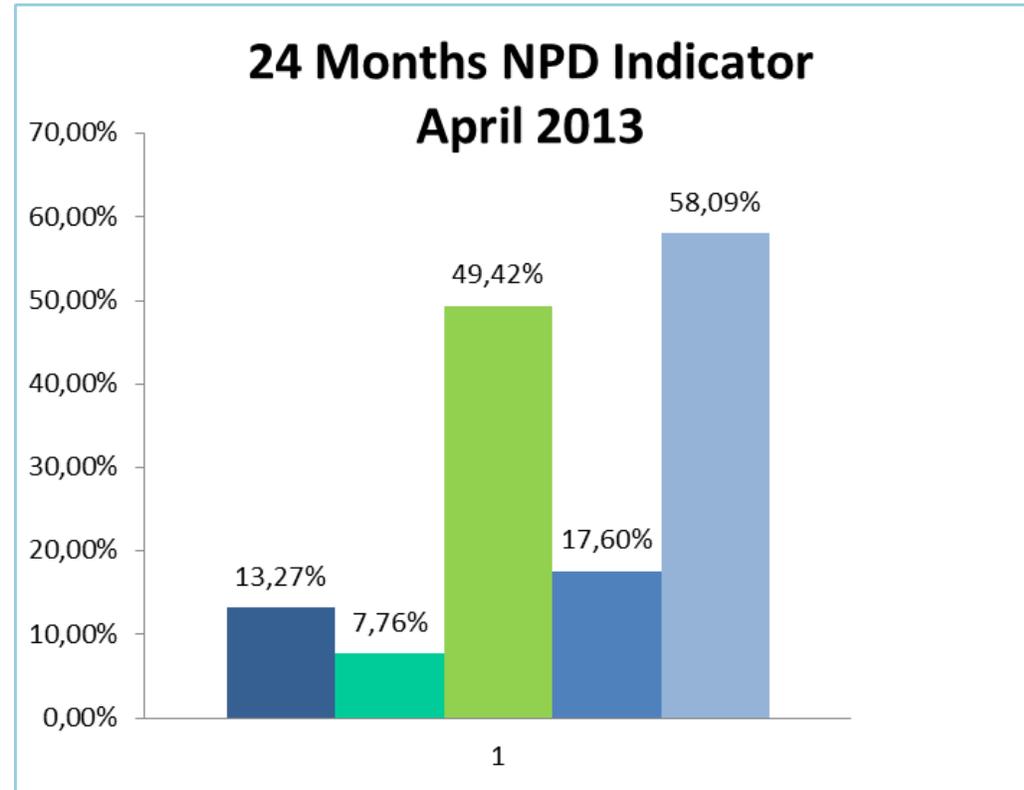
Global Definitions:

Period during which both Value Selling categories are considered as "New Product" **for Sales reporting is 24 months.**

Period during which Innovation category is considered as "New Product" **for Sales reporting is 120 months**

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

April 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
APRIL 2013	13,27%	7,76%	49,42%	17,60%	58,09%

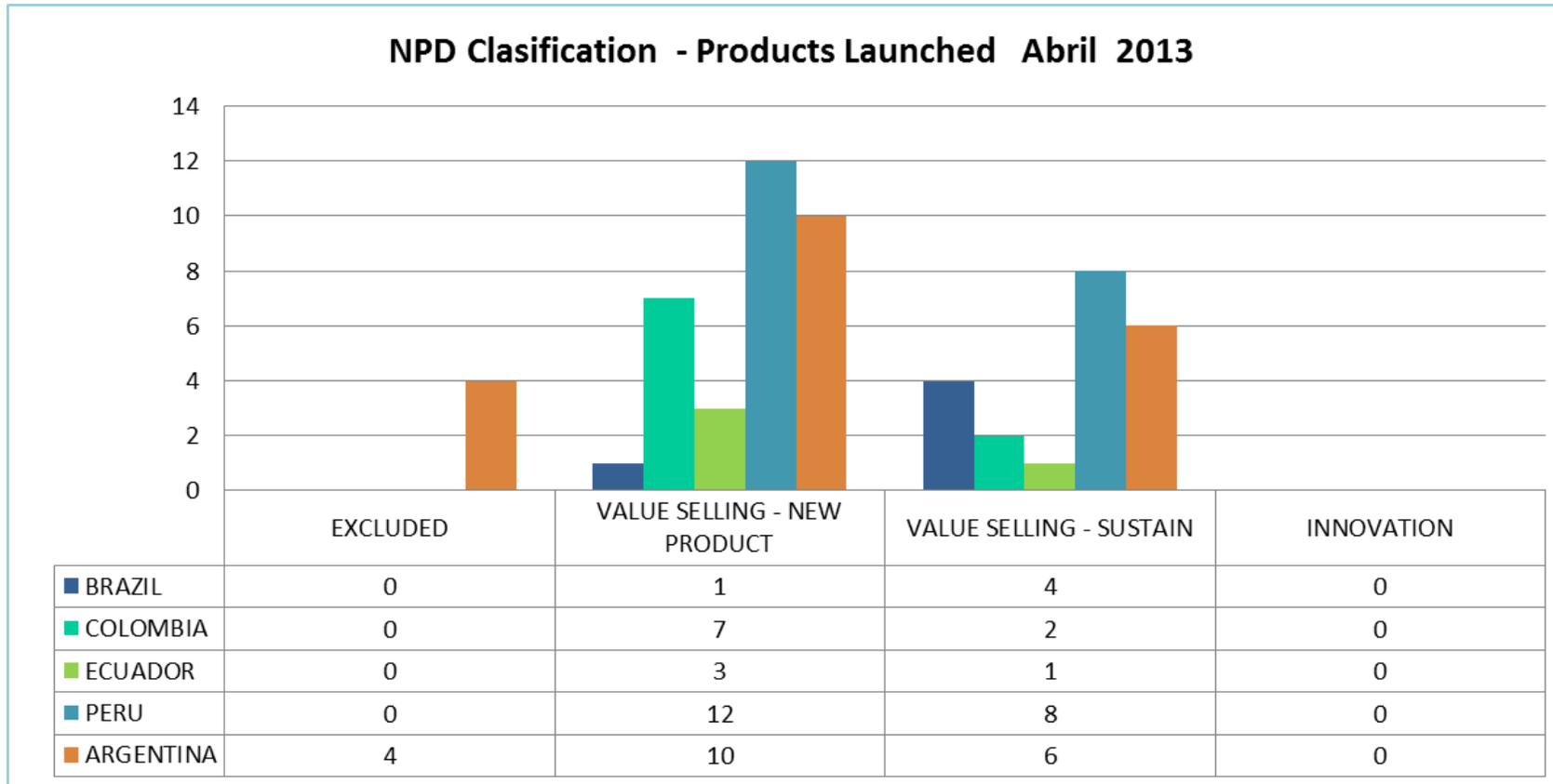
Global Definitions:

Period during which both Value Selling categories are considered as "New Product" for Sales reporting is 24 months.

Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

April 2013



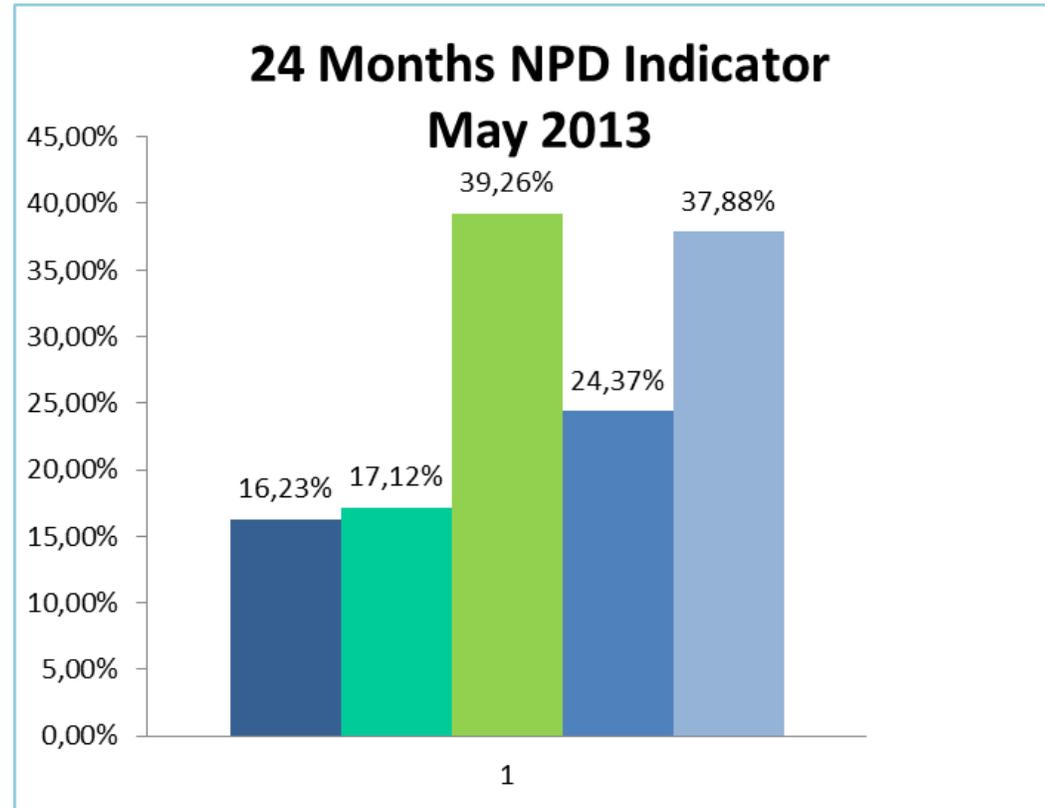
Global Definitions:

Period during which both Value Selling categories are considered as "New Product" **for Sales reporting is 24 months.**

Period during which Innovation category is considered as "New Product" **for Sales reporting is 120 months**

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

May 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
MAY 2013	16,23%	17,12%	39,26%	24,37%	37,88%

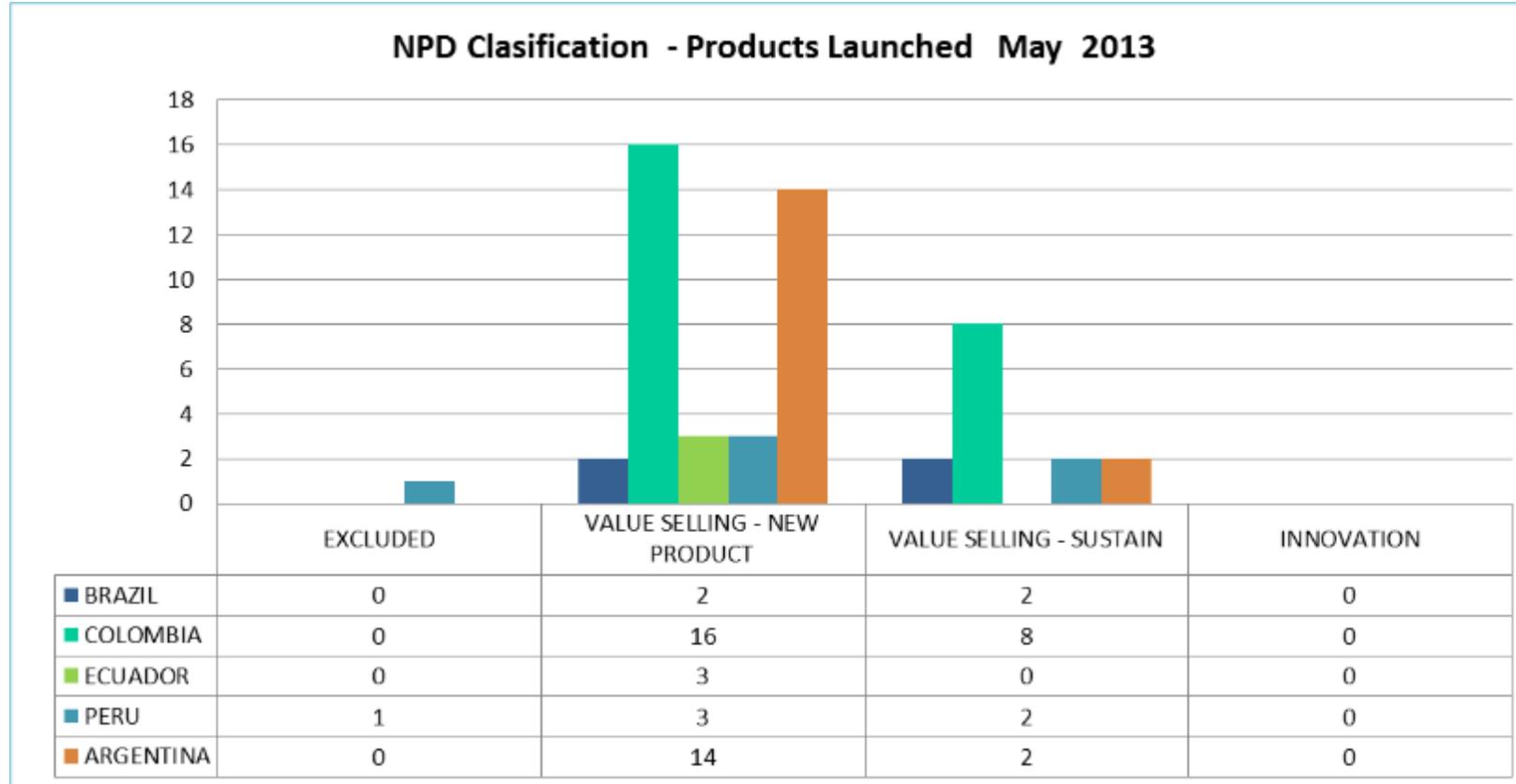
Global Definitions:

Period during which both Value Selling categories are considered as "New Product" for Sales reporting is 24 months.

Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

May 2013



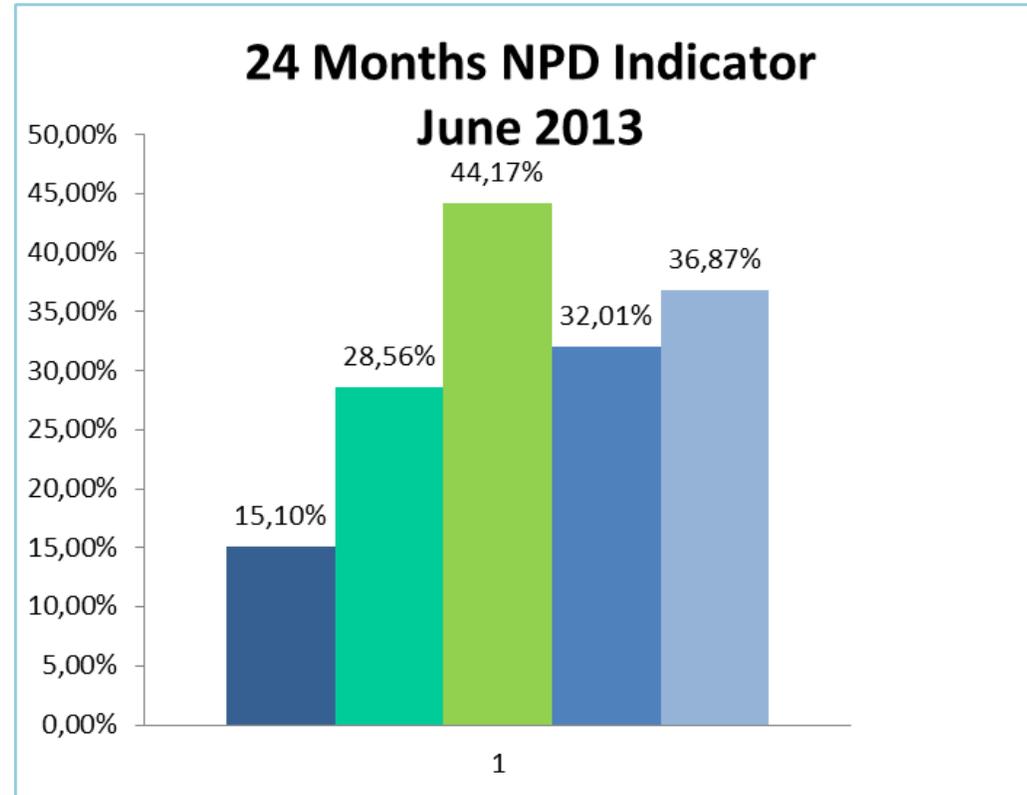
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Period during which Innovation category is considered as "New Product" **for Sales reporting is 120 months**

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June 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
JUNE 2013	15,10%	28,56%	44,17%	32,01%	36,87%

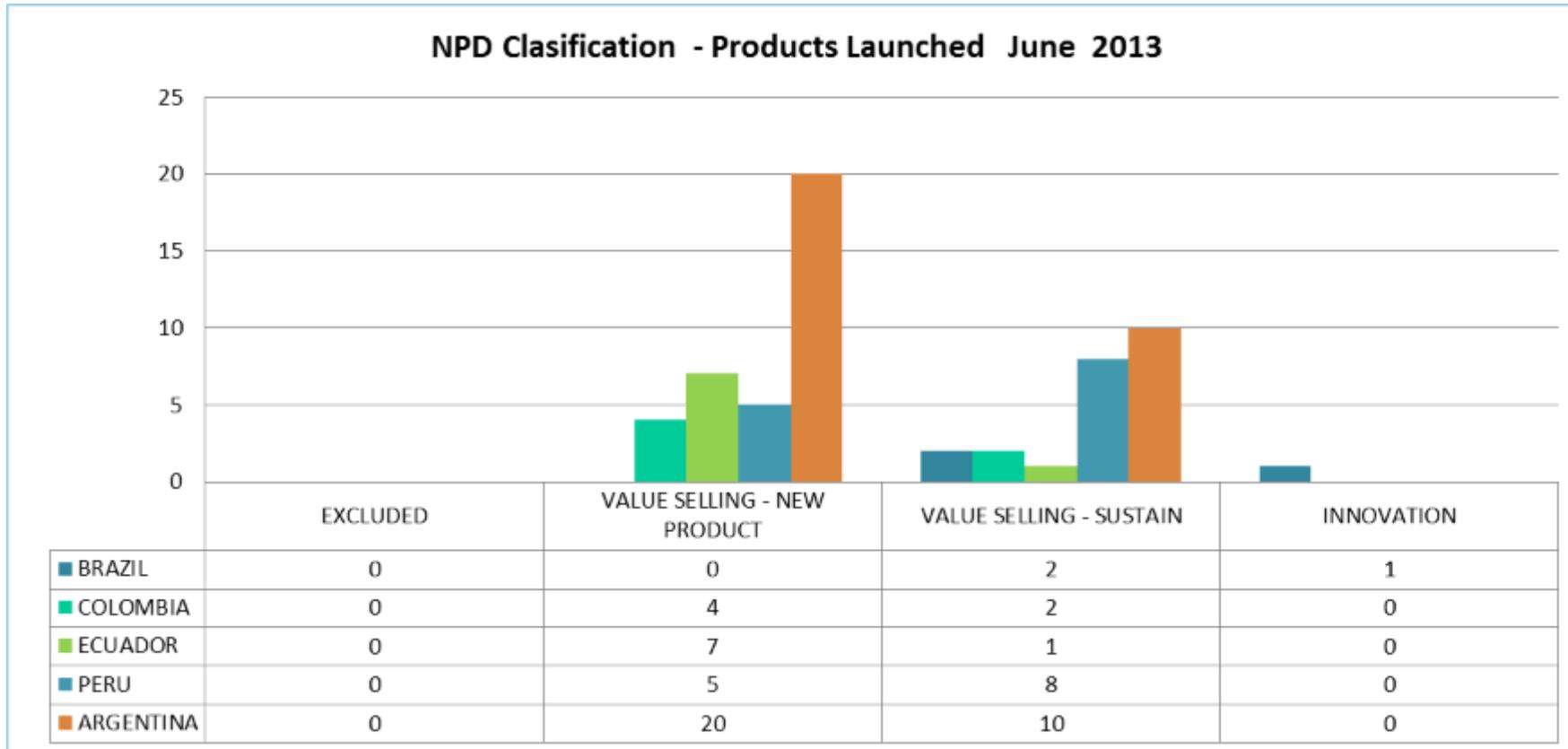
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June 2013



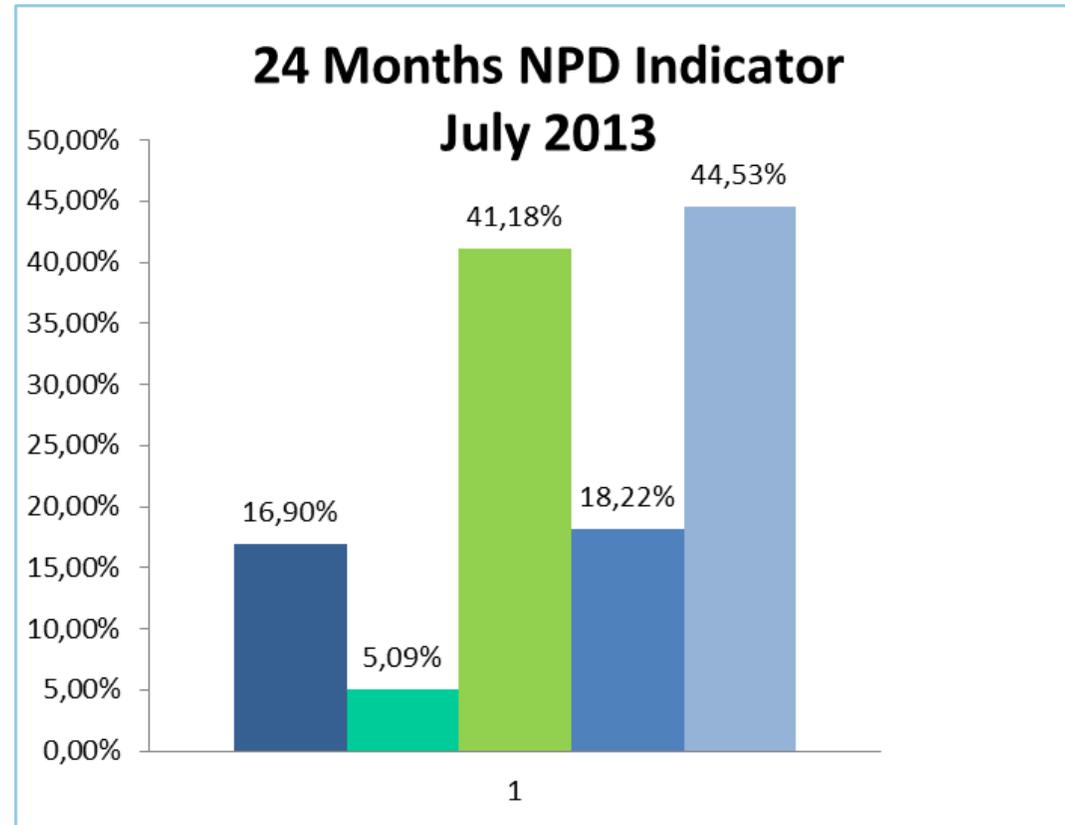
Global Definitions:

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July 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
JULY 2013	16,90%	5,09%	41,18%	18,22%	44,53%

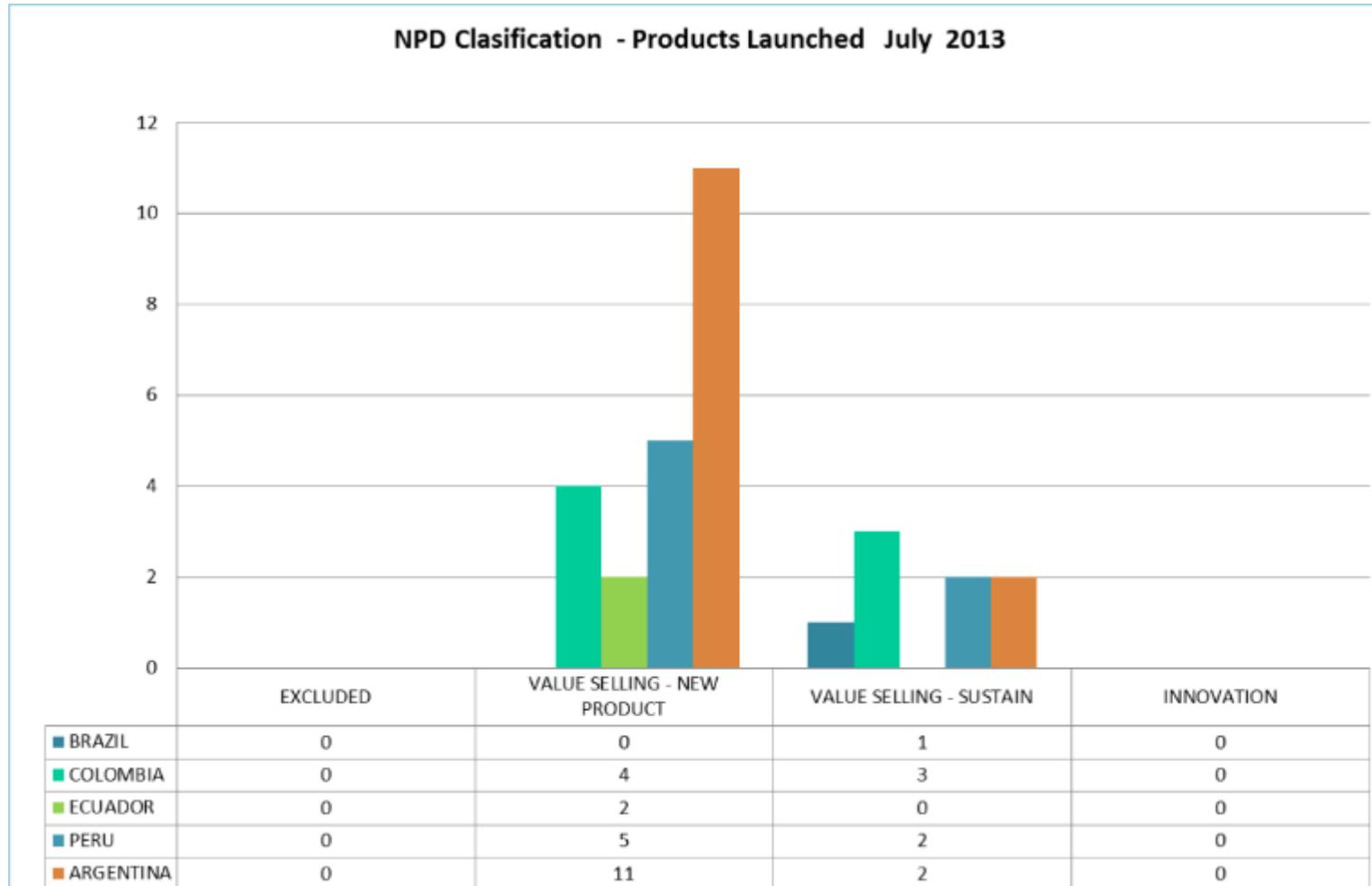
Global Definitions:

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Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

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July 2013



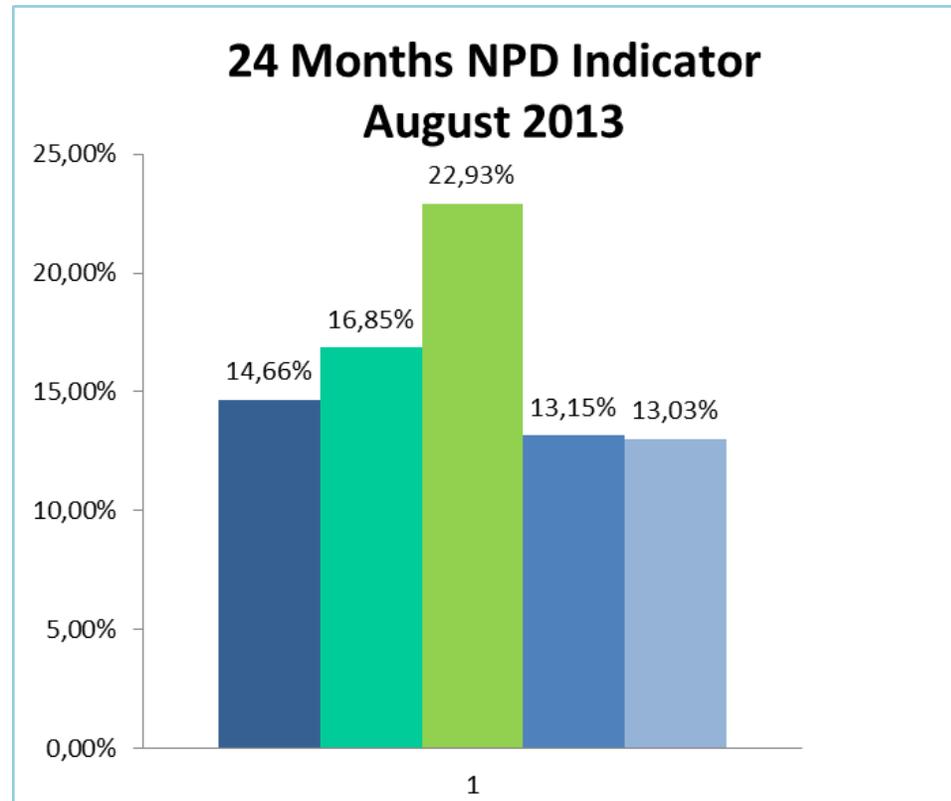
Global Definitions:

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Period during which Innovation category is considered as "New Product" **for Sales reporting is 120 months**

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August 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
AUGUST 2013	14,66%	16,85%	22,93%	13,15%	13,03%

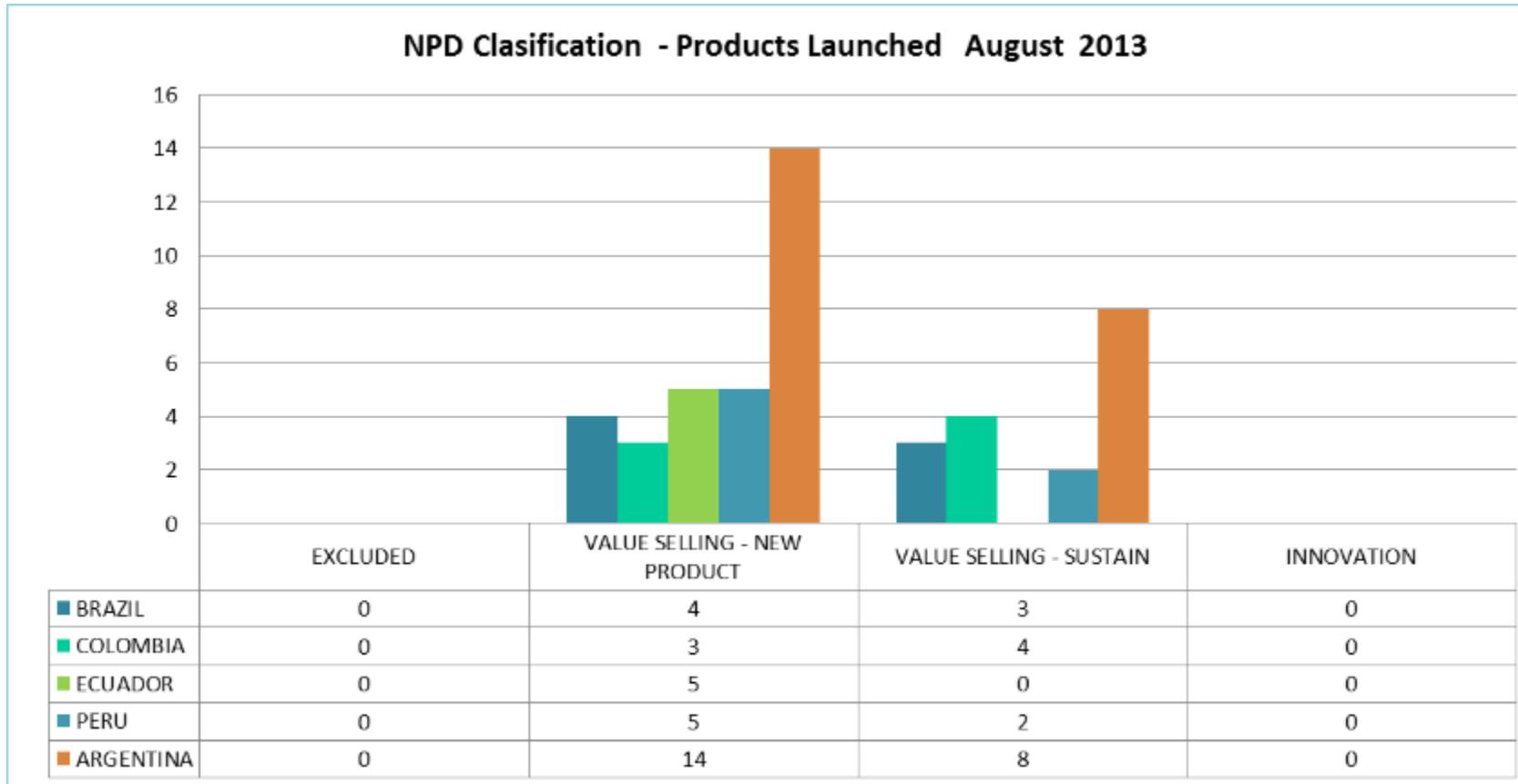
Global Definitions:

Period during which both Value Selling categories are considered as "New Product" for Sales reporting is 24 months.

Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

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August 2013



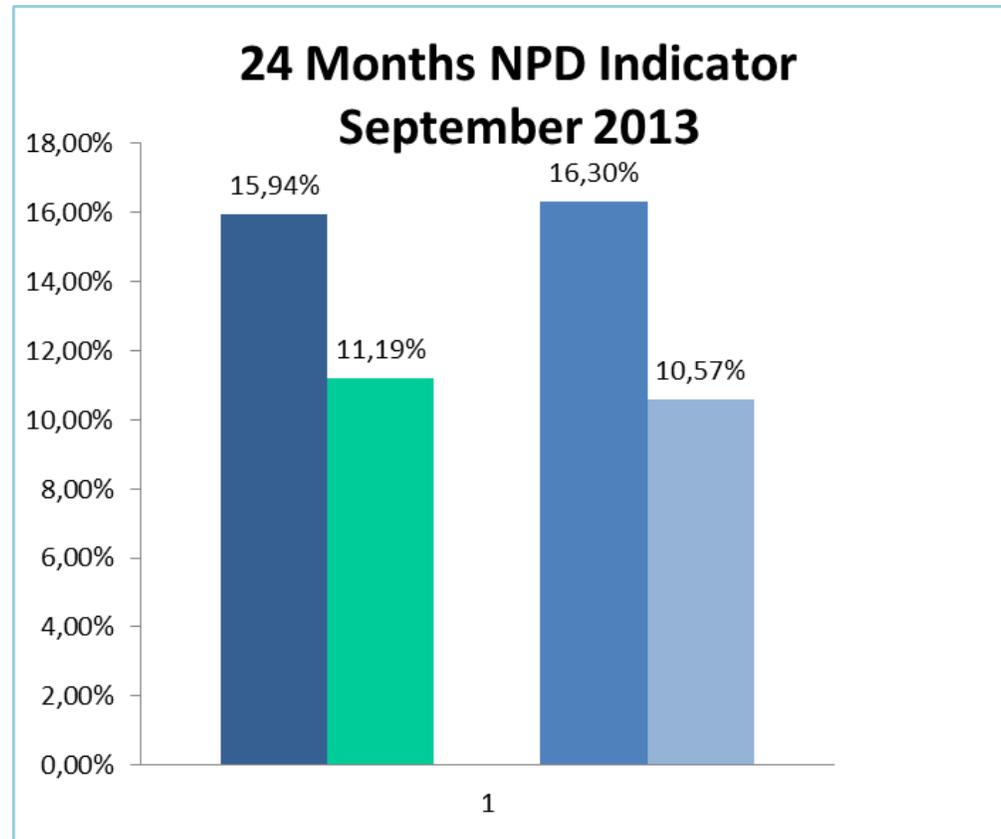
Global Definitions:

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Period during which Innovation category is considered as "New Product" **for Sales reporting is 120 months**

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

September 2013



24 Months NPD Indicator: % sales of NDP(s) on the total sales of the month (Tones)					
	BRAZIL	COLOMBIA	PERU	ECUADOR	ARGENTINA
SEPTEMBER 2013	15,94%	11,19%		16,30%	10,57%

Global Definitions:

Period during which both Value Selling categories are considered as "New Product" for Sales reporting is 24 months.

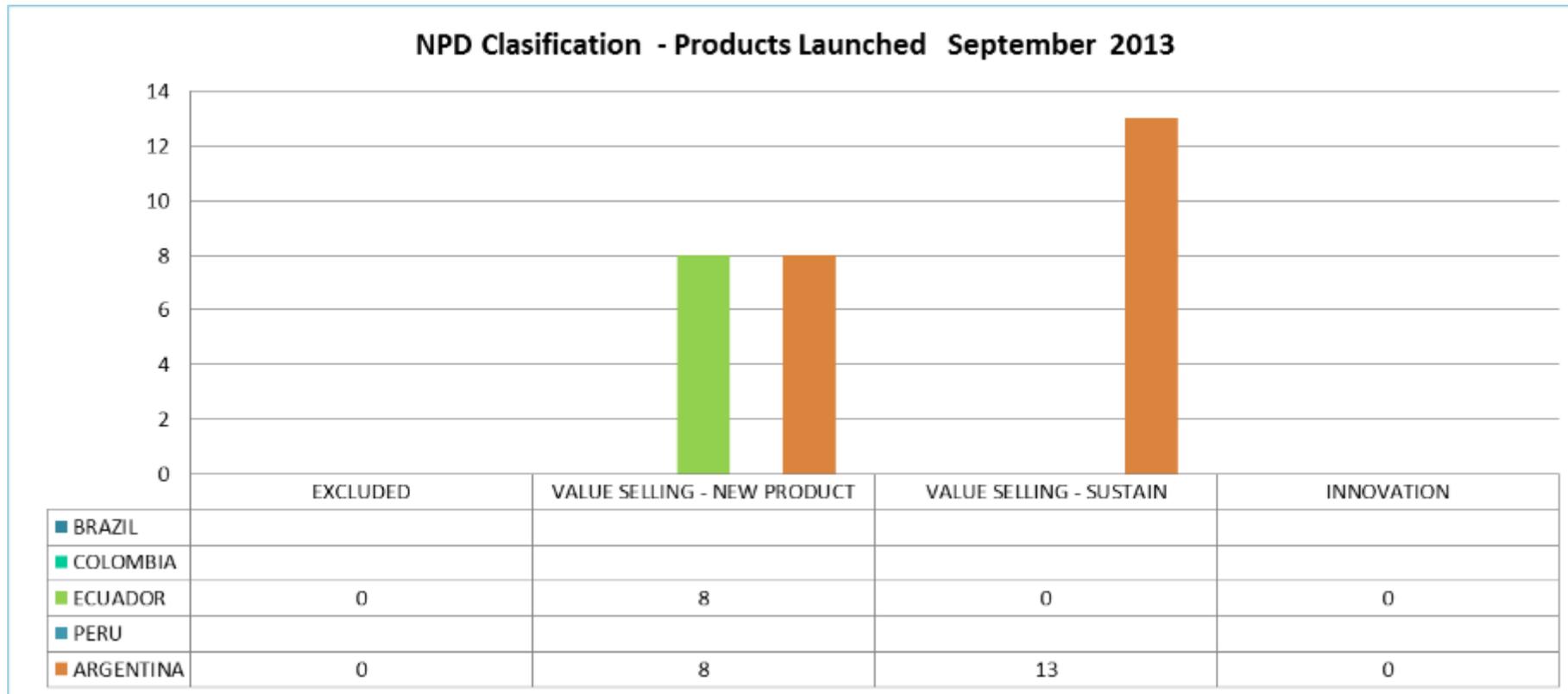
Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

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September 2013



Pendiente Mes por Actualizar.



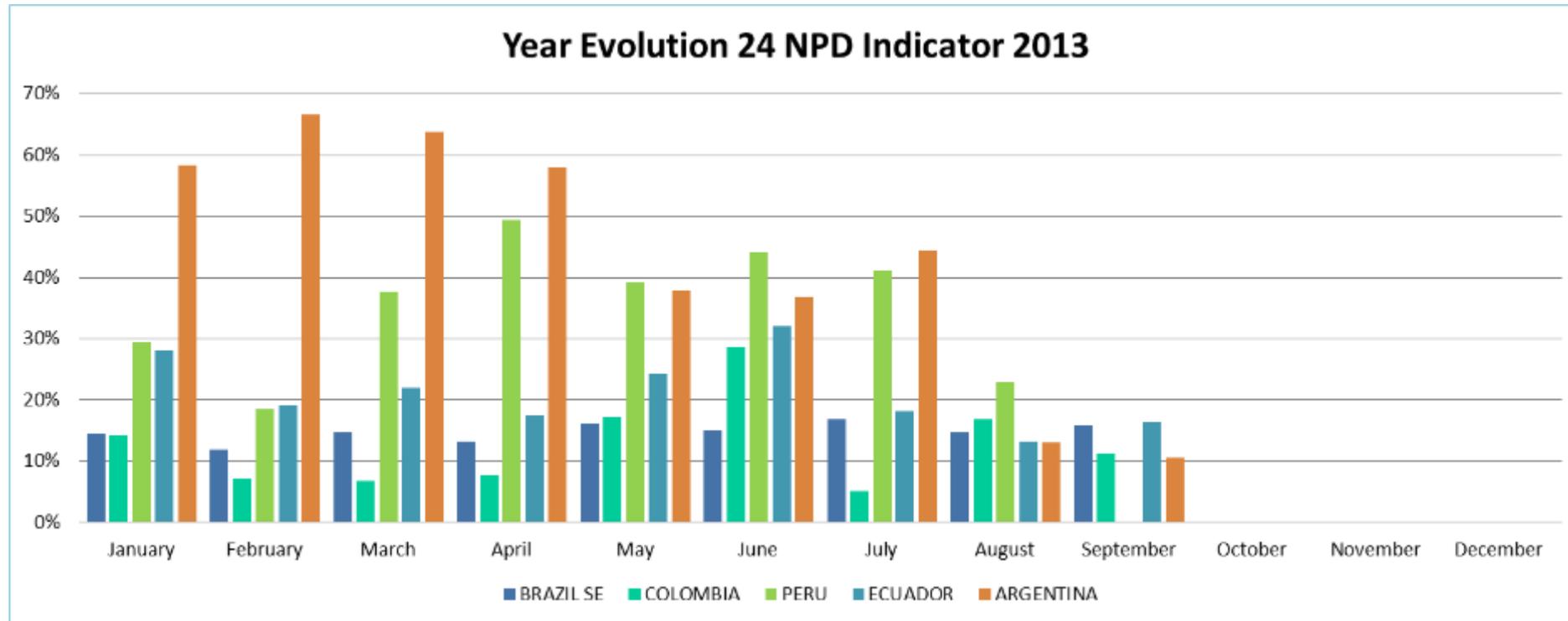
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Year Evolution 24 NPD Indicator 2013



Global Definitions:

Period during which both Value Selling categories are considered as "New Product" for Sales reporting is 24 months.

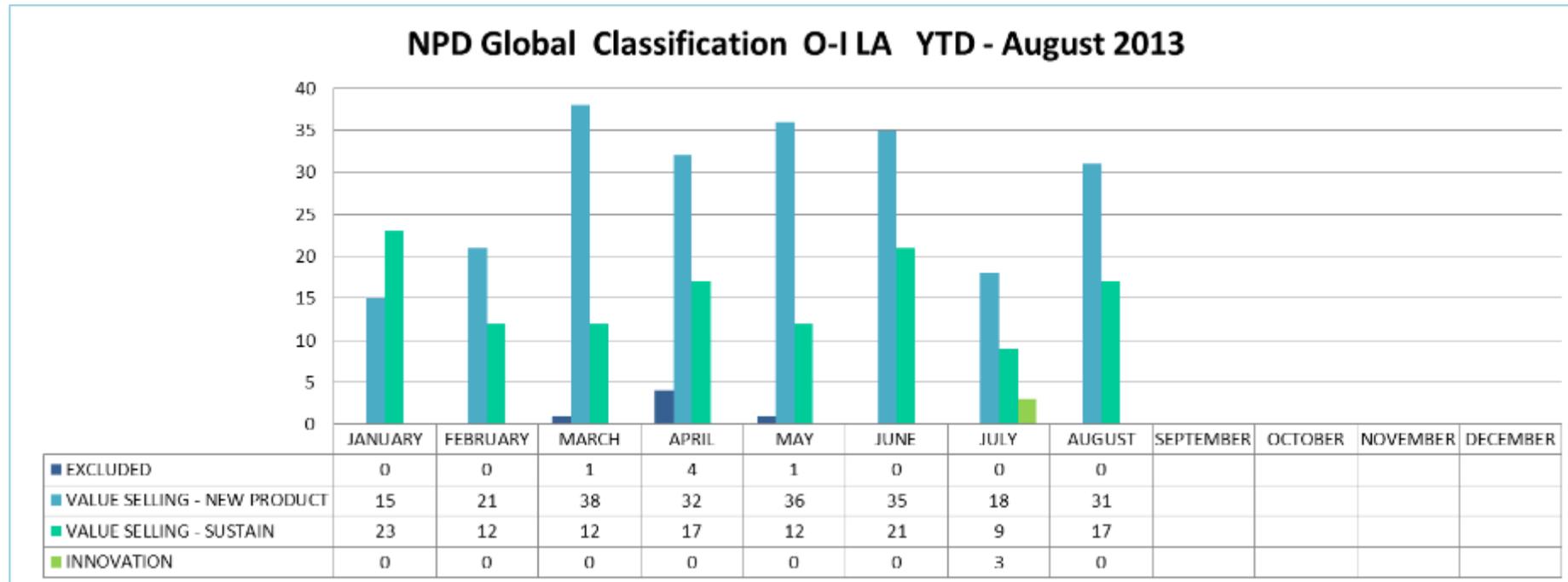
Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

NPD Global Classification O-I LA YTD – September 2013



Pendiente Actualizar a Septiembre.



Global Definitions:

Period during which both Value Selling categories are considered as "New Product" for Sales reporting is 24 months.

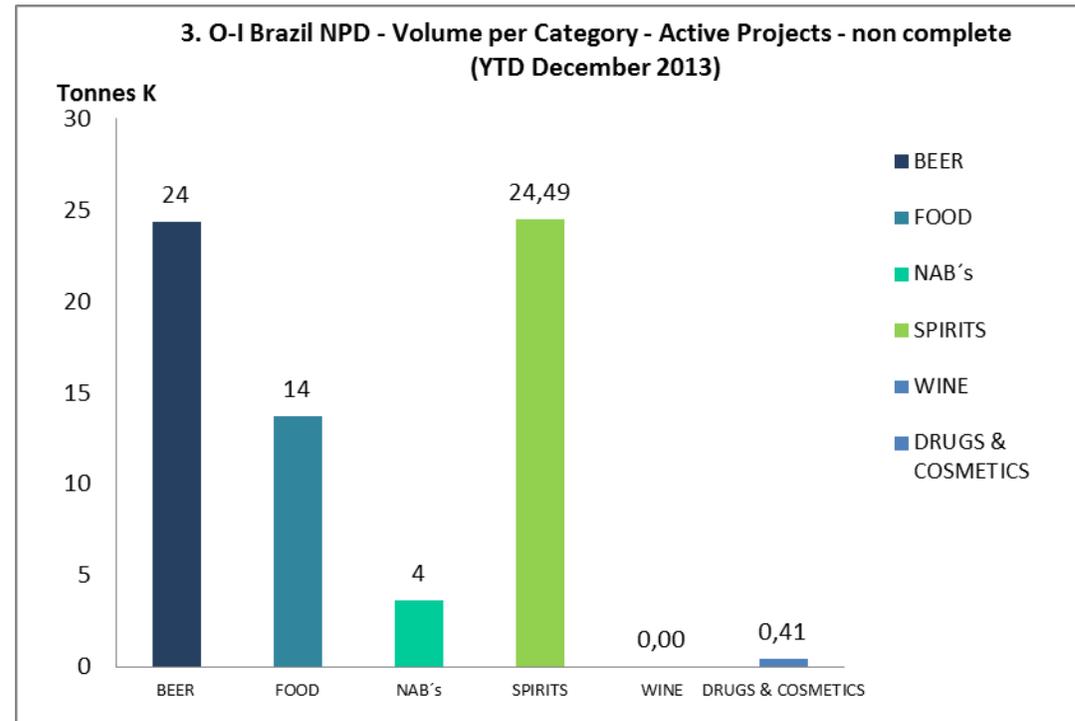
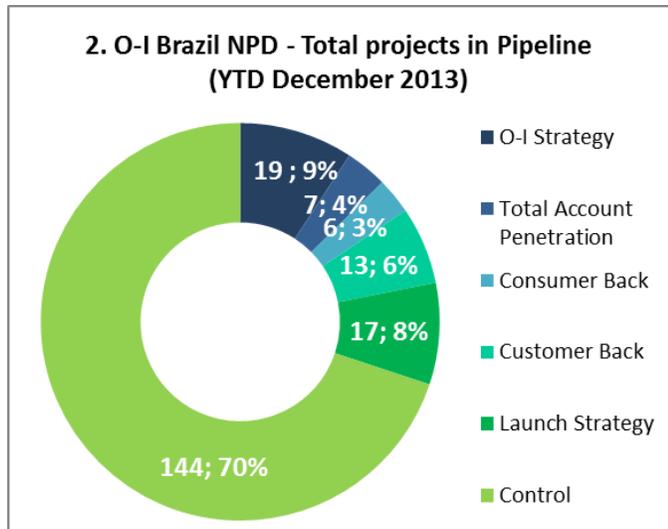
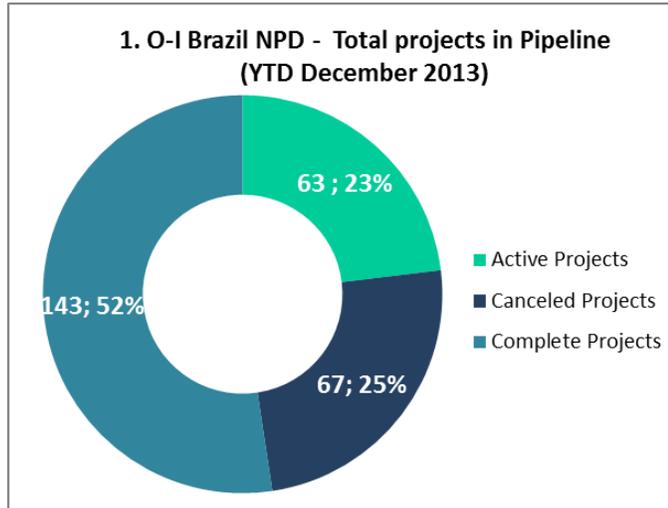
Period during which Innovation category is considered as "New Product" for Sales reporting is 120 months

This indicator should not be compared between countries, as each country has a particular situation according to its operation size, categories, customers, etc.

ANNEXES:
**Glass Smart Pipeline General Figures
per Country**

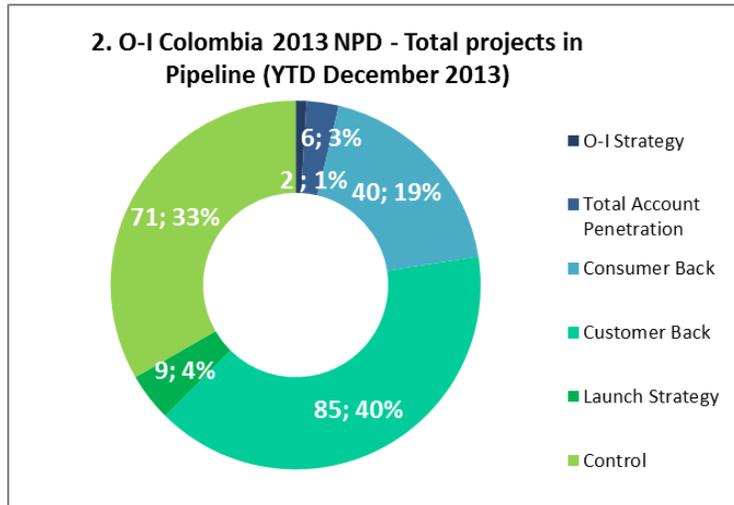
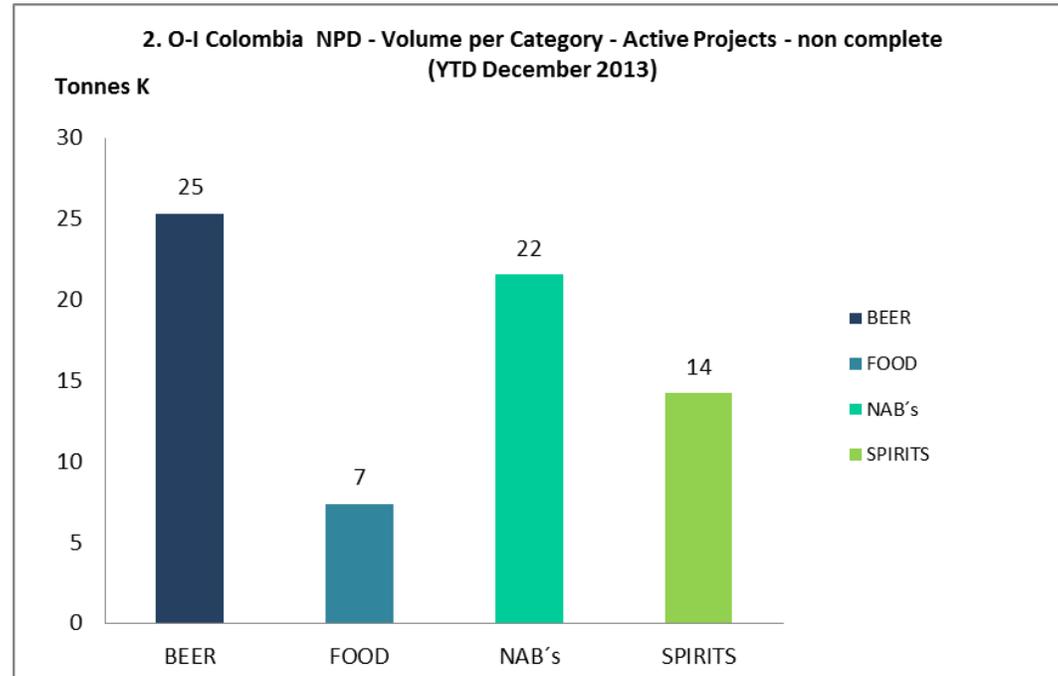
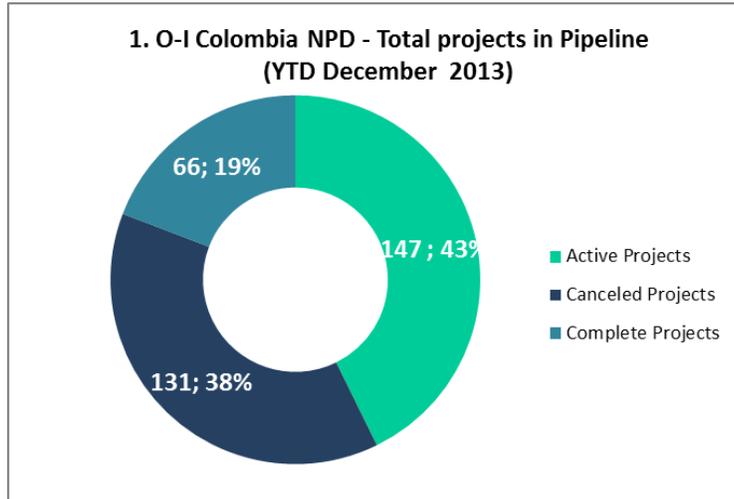
O-I Brazil

Glass Smart Pipeline Metrics



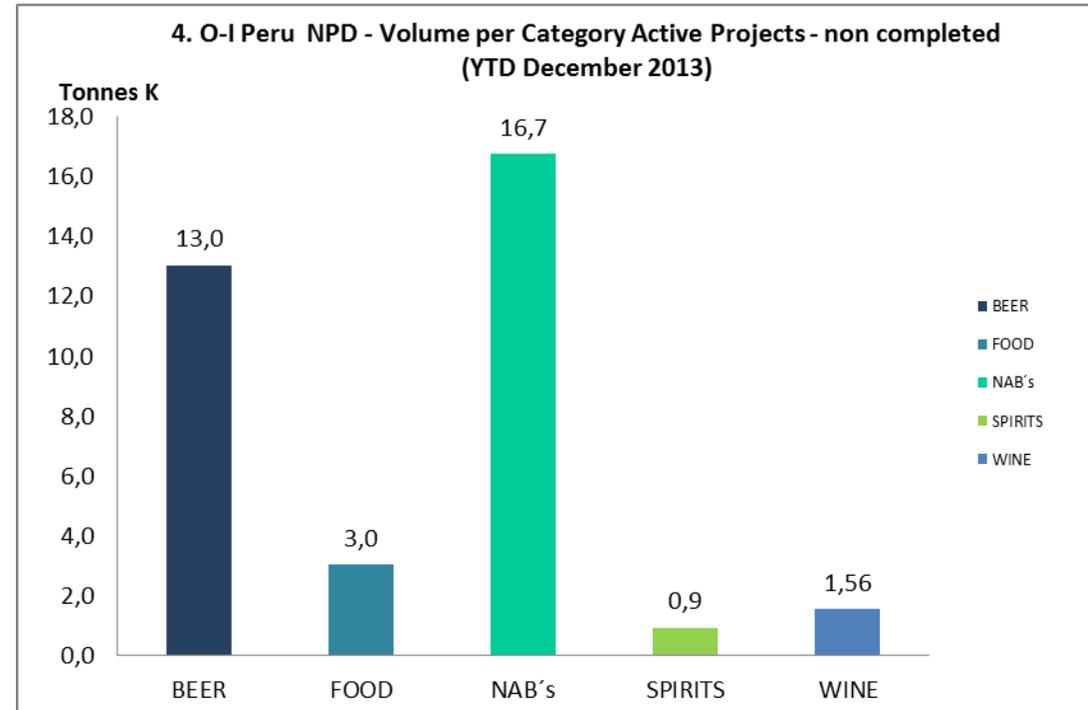
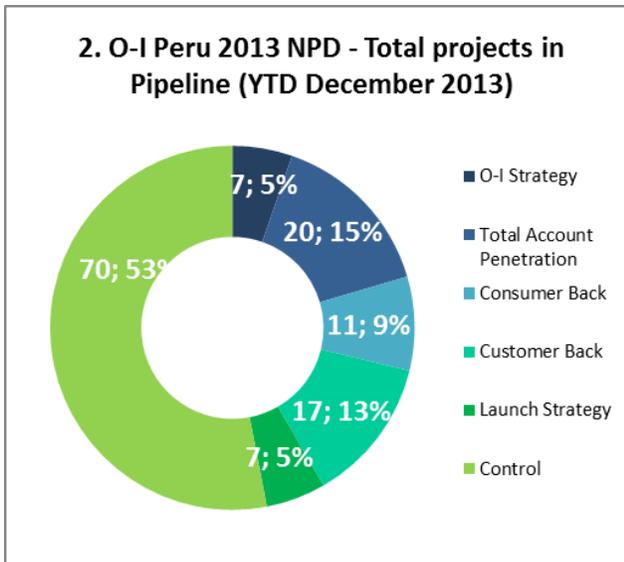
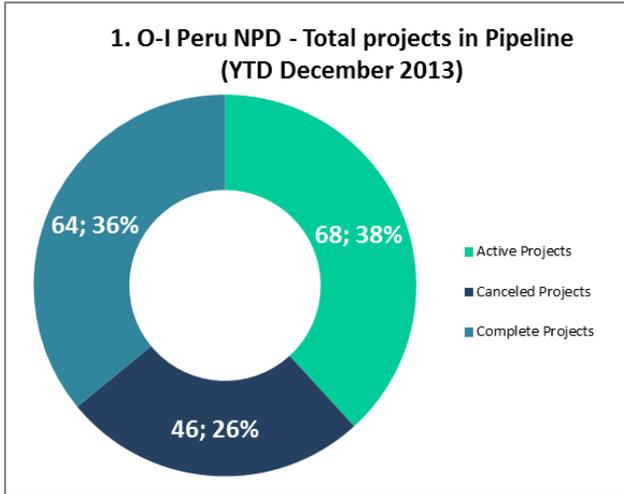
O-I Colombia

Glass Smart Pipeline Metrics



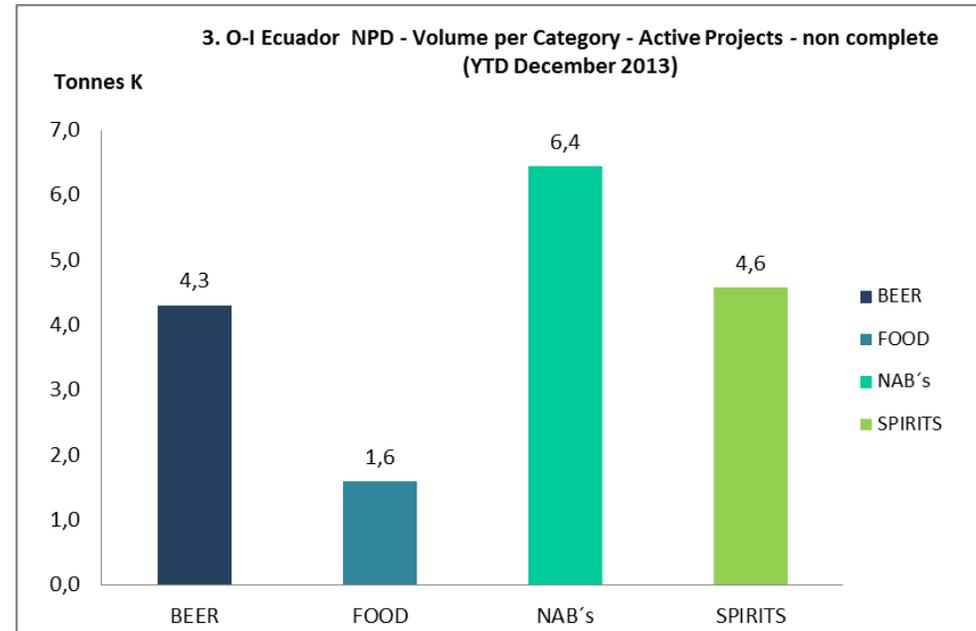
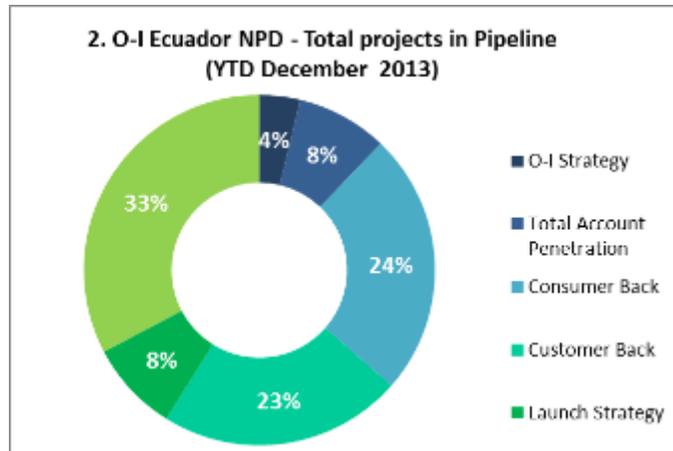
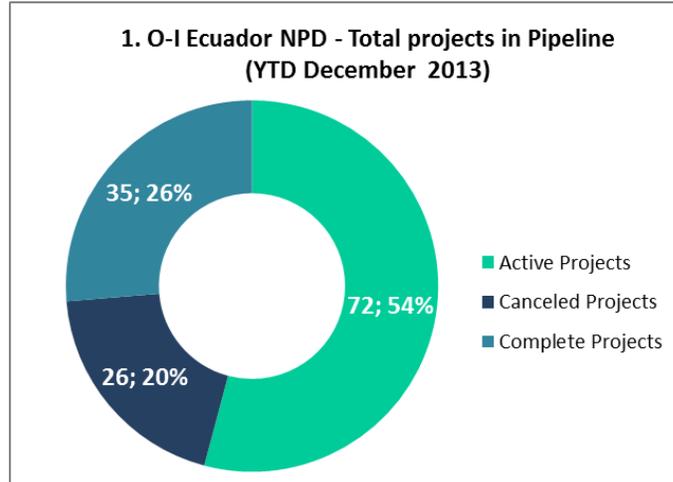
O-I Peru

Glass Smart Pipeline Metrics



O-I Ecuador

Glass Smart Pipeline Metrics



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