

MICHELSON MICHAEL W
Form 4
January 14, 2005

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MICHELSON MICHAEL W

(Last) (First) (Middle)

C/O KOHLBERG KRAVIS
ROBERTS & CO., 2800 SAND
HILL ROAD

(Street)

MENLO PARK, CA 94025

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
OWENS ILLINOIS INC /DE/ [OI]

3. Date of Earliest Transaction
(Month/Day/Year)
01/12/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount or Price | | |
| Common Stock | 01/12/2005 | | M | | 1,250 A \$ 16.98 | 4,696 | D |
| Common Stock | 01/12/2005 | | M | | 5,000 A \$ 11.03 | 9,696 | D |
| Common Stock | | | | | | 20,000 | I By Trust (1) |
| Common Stock | | | | | | 3,000 | I By Trust (2) |
| Common Stock | | | | | | 2,466,559 | I See Footnote |

| | | | | |
|--------------|--------|---|--|------------------|
| | | | | (3) |
| Common Stock | 59,941 | I | | See Footnote (4) |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | | | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| | | | | | | Code | V | (A) | (D) |
| Director Stock Option (right to buy) | \$ 16.98 | 01/12/2005 | | M | 1,250 | (5) | 05/10/2012 | Common Stock | 1,250 |
| Director Stock Option (right to buy) | \$ 11.03 | 01/12/2005 | | M | 5,000 | 05/15/2004(7) | 05/15/2013 | Common Stock | 5,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| MICHELSON MICHAEL W C/O KOHLBERG KRAVIS ROBERTS & CO. 2800 SAND HILL ROAD MENLO PARK, CA 94025 | X | | | |

Signatures

/s/ Richard J. Kreider, Attorney-in-Fact for Reporting
Person

01/13/2005

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Shares held in a living trust of which the Reporting Person is a trustee and beneficiary.
- (2) The Reporting Person is the grantor and trustee of an irrevocable trust created for the benefit of his children. The Reporting Person disclaims beneficial ownership of the reported securities.

These shares are directly owned by OII Associates, L.P. ("OII"). KKR Associates, L.P. ("KKR Associates") is the general partner of OII. As a general partner of KKR Associates, the Reporting Person may be deemed, for purposes of Section 16 of the Securities Exchange Act of 1934, to share beneficial ownership of any shares of Common Stock beneficially owned, or deemed to be beneficially owned, by KKR Associates. The Reporting Person expressly disclaims any such beneficial ownership for purposes of Section 16, or for any other purpose, of any such shares, other than to the extent of his economic interest in such shares.

- (3) of 1934, to share beneficial ownership of any shares of Common Stock beneficially owned, or deemed to be beneficially owned, by KKR Associates. The Reporting Person expressly disclaims any such beneficial ownership for purposes of Section 16, or for any other purpose, of any such shares, other than to the extent of his economic interest in such shares.
- (4) These shares are directly owned by KKR Partners II, L.P. ("KKR Partners"). KKR Associates, L.P. ("KKR Associates") is a general partner of KKR Partners. As a general partner of KKR Associates, the Reporting Person may be deemed, for purposes of Section 16 of the Securities Exchange Act of 1934, to share beneficial ownership of any shares of Common Stock beneficially owned, or deemed to be beneficially owned, by KKR Associates. The Reporting Person expressly disclaims any such beneficial ownership for purposes of Section 16, or for any other purpose, of any such shares, other than to the extent of his economic interest in such shares.

- (5) The option shares exercised represent 25% of options granted on May 10, 2002 and became vested and exercisable on December 3, 2004.
- (6) The Option to purchase common stock was granted pursuant to the Owens-Illinois, Inc. Stock Option Plan for Directors.
- (7) The option became fully vested and exercisable on May 15, 2004.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.