Owens-Illinois Obtains Consents and Tenders From Holders of Senior Debentures; O-I Also Receives Consents and Commitments From Lenders to Amend Credit Facility

May 12, 1997

TOLEDO, Ohio, May 12 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today announced that as of 5 p.m., New York City time, on May 9, 1997, it had obtained consents and tenders from registered holders of its 11% Senior Debentures due 2003 representing more than 95% of the $1 billion aggregate principal amount of the outstanding 11% Senior Debentures. The consent solicitation period for the Senior Debentures has expired, and Owens-Illinois has executed the supplemental indenture reflecting the amendments to the indenture governing the Senior Debentures. The amendments eliminate the indenture's restrictive covenants and modify certain of its other provisions. As announced previously, the tender offer will expire at midnight, New York City time, on May 22, 1997, unless extended. Holders may tender their 11% Senior Debentures until such time but holders tendering after 5 p.m. on May 9 will not be entitled to receive the consent payment.

Owens-Illinois also announced that it has received the consent of the requisite number of lenders participating in its existing bank credit facility to obtain the release of the collateral securing the company's obligations under the existing credit facility and the 11% Senior Debentures and to obtain the release of the guarantees of the company's obligations under the existing credit facility. The company intends to release the guarantees and collateral securing the Senior Debentures and the existing credit facility at the same time as the closing of the company's proposed common stock and senior note offerings. In addition, Owens-Illinois announced that it has received commitments from existing and potential lenders in excess of the amount required to amend the existing credit facility to increase the amount the company may borrow to $3.0 billion compared with $1.8 billion currently. These commitments are subject to a number of conditions.

Closing of the tender offer for the 11% Senior Debentures is subject to a number of conditions, as announced previously, including receipt of proceeds from the company's proposed common stock and senior note offerings, which, when combined with amounts available for borrowing under the credit facility, will be sufficient to pay for the Senior Debentures tendered in the tender offer, and the valid tender of and consent from holders of the outstanding Senior Debentures.

The consent solicitation and tender offer for the 11% Senior Debentures and the amendments to the credit facility are parts of a previously announced refinancing plan under which Owens-Illinois intends to refinance outstanding public indebtedness. The refinancing plan is designed to reduce interest expense and long term debt, extend long term debt maturities, reduce the company's debt-to-equity ratio, and improve its financial flexibility.

Lehman Brothers and Morgan Stanley & Co. Incorporated are the joint dealer managers for the tender offer and consent solicitation. The information agent is MacKenzie Partners, Inc.
SOURCE Owens-Illinois, Inc.
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