Owens-Illinois Purchases Over $950 Million of Senior Debentures in Tender Offer

May 23, 1997

TOLEDO, Ohio, May 23 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) announced today that it has accepted for purchase $957,354,500 aggregate principal amount of its 11% Senior Debentures due 2003 pursuant to its tender offer for such securities, which expired at midnight, New York City time, on May 22, 1997. The securities tendered represent more than 95% of the $1 billion aggregate principal amount of the outstanding 11% Senior Debentures.

The Total Consideration for each $1,000 principal amount of 11% Senior Debentures validly tendered and consented prior to 5 p.m., New York City time, on May 9, 1997, is $1,115.60 (such payment includes a $20.00 Consent Payment). Holders who tendered after 5 p.m., New York City time, on May 9, 1997, but prior to the Expiration Date will receive the Tender Consideration of $1,095.60 only.

The company previously received the requisite consents from holders of the Senior Debentures to amend the indenture related to those securities. The amendments eliminate the indenture's restrictive covenants and modify certain of its other provisions. The amendments to the indenture implementing those changes are now operative.

The tender offer is part of a previously announced plan to refinance outstanding public indebtedness totaling $1.95 billion. The 11% Senior Debentures being repurchased today represent nearly 50% of that amount.

Under the plan, the company also has called for redemption on June 16, 1997, an additional $400 million of outstanding indebtedness, including all $250 million of its 10-1/4% Senior Subordinated Notes due 1999 and all $150 million of its 10-1/2% Senior Subordinated Notes due 2002. The refinancing plan also contemplates the redemption, at the company's option, of an aggregate of $550 million principal amount of the company's remaining Senior Subordinated Notes when and as they become redeemable beginning on August 1, 1997. The redemption of such notes will be made at the discretion of the company, depending on prevailing market and economic conditions.

Today's purchase of Senior Debentures and the contemplated redemptions of Senior Subordinated Notes are being funded with the proceeds of approximately $1 billion from recent common stock and Senior Note offerings, combined with additional borrowings under the company's amended bank credit facility. As announced previously, the company on May 16, 1997, completed offerings of 14,750,000 shares of common stock at a price of $28.50 per share, $300 million principal amount of 7.85% Senior Notes due May 15, 2004, and $300 million principal amount of 8.10% Senior Notes due May 15, 2007. On May 16 the company also amended its bank credit facility to, among other things, increase the amount the company may borrow to $3.0 billion from $1.8 billion previously.

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.

Owens-Illinois is one of the world's leading manufacturers of packaging products. It is the largest manufacturer of glass containers in the United States, North America, South America, and India, and the second largest in Europe. Approximately one of every two glass containers made worldwide is made by Owens-Illinois, its affiliates, or its licensees. The company also manufactures plastic containers, plastic closures, plastic prescription containers, labels, and multipack plastic carriers for beverage containers.
SOURCE Owens-Illinois, Inc.
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