Owens-Illinois to Redeem $450 Million of Senior Subordinated Notes

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TOLEDO, Ohio, June 20 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today announced that it will call for redemption an aggregate of $450 million principal amount of its Senior Subordinated Notes. All of the $250 million of 10% Senior Subordinated Notes due 2002 will be redeemed on August 1, 1997, at a redemption price of 105% of the principal amount plus accrued interest to the redemption date, and all of the $200 million of 9-3/4% Senior Subordinated Notes due 2004 will be redeemed on August 15, 1997, at a redemption price of 104.875% of the principal amount plus accrued interest to the redemption date, as provided in the terms of the notes. Holders will receive formal notice of the redemptions from Harris Trust and Savings Bank, trustee for both the 10% Senior Subordinated Notes and the 9-3/4% Senior Subordinated Notes. The redemptions will be funded by borrowings under the company's bank credit facility.

The redemptions of $450 million of Senior Subordinated Notes being announced today will bring to more than $1.8 billion the amount of outstanding public indebtedness refinanced by the company this year as part of a previously announced plan 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. As announced previously, the company on May 23 purchased $957,354,500 aggregate principal amount of its 11% Senior Debentures due 2003 pursuant to a tender offer and consent solicitation, and redeemed on June 16, 1997, 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 all $100 million of its 9.95% Senior Subordinated Notes due 2004 when and as they become redeemable on October 15, 1997. The redemption of such notes will be made at the discretion of the company, depending on prevailing market and economic conditions.

As announced previously, the refinancing plan is being funded by proceeds of approximately $1 billion from the company's recent common stock and Senior Note offerings, combined with additional borrowings under its amended bank credit facility.
SOURCE Owens-Illinois, Inc.
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