Owens-Illinois Reports Improved Results For Third Quarter, First Nine Months

October 16, 1997

TOLEDO, Ohio, Oct. 16 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported a 27% increase in third quarter earnings per share before extraordinary items, reflecting strong performances by existing businesses as well as the positive effects of recent acquisitions.

Earnings before extraordinary items were $91.8 million, or $0.65 per share, up from $62.0 million, or $0.51 per share, in the third quarter of 1996.

Third quarter net sales rose 22% to $1.24 billion, up from $1.01 billion in the comparable 1996 period.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "The integration of recent acquisitions, combined with growth in our existing businesses, produced excellent results in the third quarter. We continue to focus on quality, productivity, and cost control -- fundamentals which we believe are the keys to creating long term growth for our existing businesses and adding value to newly acquired operations."

The plastics and closures operations reported improved third quarter results as most business units achieved higher unit shipments, sales, and operating profit. Increased demand for personal care items and improved manufacturing performance were key factors in the improvement over the comparable period in 1996.

The international operations recorded strong increases in sales and operating profit, due primarily to the February acquisition of AVIR S.p.A., the largest glass container company in Italy, as well as the effects of improved operating performance in Venezuela and Brazil compared to the prior year period. All international units reported higher unit volumes during the quarter, reflecting increased shipments of glass containers in emerging markets as well as in developed regions.

The domestic glass container operations experienced increased sales volume in most end uses in addition to incremental business gained through the acquisition last February of certain assets from Anchor Glass Container Corporation. Considerable progress was made during the quarter in integrating the former Anchor units into the company's operations, contributing to overall improvements in efficiency and manufacturing productivity.

Refinancing Plan

The company recorded extraordinary aftertax charges of $16.4 million, or $0.12 per share, in the third quarter of 1997 for the early retirement of debt as part of its previously announced refinancing plan. Net earnings after the extraordinary charges were $75.4 million, or $0.53 per share.

Mr. Lemieux said, "Our refinancing plan, now successfully completed, will reduce interest expense, strengthen our balance sheet, and provide significant additional financial flexibility to pursue our strategy for expansion in growing markets." The plan, which was completed October 15, involved the refinancing of approximately $1.9 billion of public indebtedness with proceeds from offerings of common stock and lower-coupon debt, combined with additional borrowings under the company's amended bank credit facility.

Nine-Month Results

For the first nine months of 1997, earnings before extraordinary items were $233.3 million or $1.77 per share, compared with $168.2 million, or $1.39 per share, for the first nine months of 1996.

Net sales were $3.52 billion for the first nine months of 1997, up from $2.88 billion for the first nine months of 1996.

Owens-Illinois Profile

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.

OWENS-ILLINOIS, INC.
Condensed Consolidated Results of Operations
(Millions of dollars, except per share amounts)

	Three Months ended September 30, 1997	1996
Net sales	$1,239.5	$1,014.1
Earnings before interest expense, income taxes, minority share owners' interests and extraordinary items	220.7	177.1
Interest expense	69.8	76.7
Earnings before items below	150.9	100.4
Provision for income taxes	51.5	32.7

Minority share owners' interests in earnings of subsidiaries	7.6	5.7
Earnings before extraordinary items	91.8	62.0
Extraordinary charges from early extinguishment of debt, net of applicable income taxes (A)	(16.4)	--
Net earnings	$75.4	$62.0
Earnings per share of common stock:		
Earnings before extraordinary items	$0.65	$0.51
Extraordinary charges (A)	(0.12)	--
Net earnings	$0.53	$0.51
Average shares outstanding (000s)(B)	140,333	120,360

(A)-- The write-off of unamortized deferred finance fees and redemption premiums related to indebtedness repaid or redeemed prior to its scheduled maturity totaled $26.6 million less applicable income taxes of $10.2 million.

(B) -- The increase in average shares outstanding from 1996 to 1997 resulted primarily from the issuance of approximately 16.9 million shares in the second quarter of 1997 in connection with a refinancing plan.

OWENS-ILLINOIS, INC.
Condensed Consolidated Results of Operations
(Millions of dollars, except per share amounts)

	Nine Months ended September 30, 1997	1996
Net sales	$3,520.3	$2,883.6
Earnings before interest expense, income taxes, minority share owners' interests and extraordinary items (A)	621.0	512.7
Interest expense	237.1	225.0
Earnings before items below	383.9	287.7
Provision for income taxes	125.7	97.9
Minority share owners' interests in earnings of subsidiaries	24.9	21.6
Earnings before extraordinary items	233.3	168.2
Extraordinary charges from early extinguishment of debt, net of applicable income taxes (B)	(100.9)	--
Net earnings	$132.4	$168.2
Earnings per share of common stock (C):		
Earnings before extraordinary items	$1.77	$1.39
Extraordinary charges (B)	(0.77)	--
Net earnings	$1.00	$1.39
Average shares outstanding (000s)(D)	131,277	120,235

(A) -- Amount for 1997 includes: (1) a gain of $16.3 million ($16.3 million aftertax) on the sale of the remaining 49% interest in Kimble Glass, and (2) charges of $14.1 million ($8.7 million aftertax) principally for guarantees of certain obligations of a business divested

several years ago. These items were recorded in the first quarter of 1997.

The net aftertax effects of these items on 1997 earnings per share are as follows:

Earnings before extraordinary items	$1.77
Unusual first quarter charges (credits):	
Charge for guarantee obligations and other	0.07
Gain on sale of Kimble Glass	(0.13)
Earnings before extraordinary items and unusual first quarter items	$1.71

(B) -- The write-off of unamortized deferred finance fees and redemption premiums related to indebtedness repaid or redeemed prior to its scheduled maturity totaled $163.5 million less applicable income taxes of $62.6 million.

(C) -- Earnings per share are computed independently for each period presented. Due to the issuance of 16.9 million shares of common stock in the second quarter of 1997 and the resultant effect on average shares outstanding, per share amounts calculated on a year-to-date basis do not equal the sums of such amounts calculated separately for each quarter.

(D) -- The increase in average shares outstanding from 1996 to 1997 resulted primarily from the issuance of approximately 16.9 million shares in the second quarter of 1997 in connection with a refinancing plan.

OWENS-ILLINOIS, INC.
Consolidated Supplemental Financial Data
(Preliminary - subject to change)
Millions of Dollars

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
Net sales:				
Glass Containers	$957.5	$747.1	$2,664.2	$2,086.0
Plastics and Closures	281.6	266.6	855.0	796.3
Eliminations and other	.4	.4	1.1	1.3
Consolidated total	$1,239.5	$1,014.1	$3,520.3	$2,883.6
Operating profit:				
Glass Containers	$162.8	$126.6	$428.9	$355.8
Plastics and Closures	46.4	42.8	155.6	135.7
Eliminations and other retained costs	3.0	(1.3)	4.1(A)	(8.3)
Consolidated total	$212.2	$168.1	$588.6	$483.2
Equity earnings	$3.7	$4.8	$13.0	$13.2
Amortization of deferred costs	$14.0	$13.1	$43.8	$39.0
Depreciation	$71.5	$56.8	$206.3	$163.4
Additions to property, plant, and equipment	$120.7	$82.2	$278.4	$290.6

	September 30, 1997	September 30, 1996
Total debt	$3,362.9	$2,883.4
Share owners' equity	$1,289.0	$ 696.3

(A) -- Operating profit for 1997 includes: (1) a gain of $16.3 million

($16.3 million aftertax) on the sale of the remaining 49% interest in Kimble Glass, and (2) charges of $14.1 million ($8.7 million aftertax) principally for guarantees of certain obligations of a business divested several years ago. These items were recorded in the first quarter of 1997.

SOURCE Owens-Illinois, Inc.
CONTACT: John Hoff of Owens-Illinois, 419-247-1203