Owens-Illinois Reports 1999 Results; Board Authorizes Additional Share Repurchases

February 9, 2000

TOLEDO, Ohio, Feb. 9 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported 1999 net earnings of $298.3 million, or $1.78 per share (diluted), compared with net earnings of $108.0 million, or $0.62 per share (diluted) for 1998. The 1999 results include net unusual income items of $9.6 million, while the 1998 results include net unusual expense items totaling $217.1 million.

Net earnings in the fourth quarter of 1999 were $40.6 million, or $0.23 per share (diluted), compared with a prior year net loss of $186.9 million, or $1.24 per share (diluted). The 1998 results included fourth quarter aftertax charges of $234.7 million for asbestos, restructuring, and other costs.

Full year 1999 earnings before extraordinary and unusual items were $1.73 per share (diluted), compared with 1998 earnings before extraordinary and unusual items of $2.15 per share (diluted). Net sales for 1999 were $5.523 billion, compared with prior year net sales of $5.306 billion.

For the fourth quarter of 1999, the company reported earnings before extraordinary items of $0.24 per share (diluted), compared with 1998 fourth quarter earnings before unusual items of $0.27 per share (diluted). Fourth quarter net sales for 1999 were $1.367 billion, compared with prior year net sales of $1.369 billion.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "Most of our core glass and plastics packaging businesses performed well in 1999. However, extremely adverse economic conditions in Latin America and Central Europe, which began to affect our operations in the second half of 1998, continued to impact our results throughout 1999." In addition, fourth quarter and full year 1999 U.S. dollar results of most of the company's affiliates in South America and Europe were adversely affected by the strength of the U.S. dollar compared with local currencies.

Mr. Lemieux added, "We have taken a number of steps to consolidate production and improve operating margins in line with these weakened market conditions. Going forward we are in excellent shape to serve these markets as their economies begin to recover. We've also made significant progress across the company with our ongoing programs to improve quality, productivity, and cost control. We are encouraged by strengthening market conditions in Brazil, Colombia, and Peru, and by indications of recovery in the months ahead in Venezuela. We are confident that results in 2000 will improve, reflecting recovering business conditions in South America and Europe and our strong and growing plastics businesses. Longer term, we are very optimistic about our ability to continue to grow beyond the year 2000 based on our worldwide growth opportunities in glass and plastics and the competitive strength of our operations."

Glass Containers

The glass containers segment reported full year EBIT, excluding unusual items, of $582.4 million compared with $661.9 million in 1998. (EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries.) Net sales were $3.76 billion compared with $3.81 billion for 1998. For the year, the company's worldwide unit shipments of glass containers were essentially flat as increases in the United States and the Asia Pacific region were offset by declines in Europe and Latin America.

In the United States, higher shipments of glass containers for beer, juice, and tea more than offset lower shipments of certain food containers, in both the fourth quarter and the full year.

Results in South America were adversely affected by continued weak demand as Colombia and Venezuela experienced the worst economic conditions in several decades. However, fourth quarter unit shipments in both countries, while down on a year-over-year basis, declined at lower percentage rates than in the first three reporting periods. Glass container demand in Brazil continued to recover, as the Brazilian operations have now had improved year-over-year shipments for three consecutive quarters.

The European operations continued to be adversely impacted by severe economic conditions affecting markets in Central Europe and by generally lower demand in other markets. Affiliates in the Asia Pacific region, notably in China and Indonesia, showed year-over-year improvement in shipments, sales, and EBIT.

Plastics Packaging

Net sales of the plastics packaging segment rose to a record $1.7 billion for the year, compared with $1.4 billion for 1998. EBIT increased by 18% to $281.8 million, compared with EBIT of $238.8 million, excluding unusual items, for the prior year.

The plastics packaging operations benefited from strong performances by the company's core businesses in plastic containers, closures, and prescription packaging, all of which had increased shipments, sales, and EBIT. Strong demand for health care, personal care, food, and automotive products packaging contributed to the increases.

Shipments of custom polyethylene terephthalate (PET) containers increased at double-digit percentage rates for the year, reflecting higher shipments of containers for juice, food, and sports drinks. This double-digit growth is expected to continue in 2000.

Share Repurchases

As announced in May 1999, the Owens-Illinois board of directors authorized the company to repurchase up to 10 million shares of common stock. During the fourth quarter Owens-Illinois purchased 6.2 million shares to complete this program.

The company announced today that the board of directors has authorized the repurchase of up to 10 million additional shares of common stock. Management may repurchase stock from time to time on the open market depending on market conditions and other considerations.

Forward-Looking Statements

This news release contains forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements are necessarily projections which are subject to change upon the occurrence of events that may affect the business.

Owens-Illinois Profile

Owens-Illinois is the largest manufacturer of glass containers in North America, South America, Australia, New Zealand, and China, and one of the largest in Europe. O-I also is a worldwide manufacturer of plastics packaging with operations in North America, South America, Australia, Europe, and Asia. Plastics packaging products manufactured by O-I include containers, closures, and prescription containers.

Conference Call

A conference call to discuss 1999 and fourth quarter results will be held Thursday, February 10, 2000, at 8:30 a.m., EST. To listen to this call, dial 800-492-5642 and ask for the Owens-Illinois conference call. The conference call also will be broadcast live over the Internet. To access the call, log on to the web at: http://www.videonewswire.com/OWENSILLINOIS/021000/.

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

	Year ended December 31, 1999	1998
Revenues:		
Net sales	$5,522.9	$5,306.3
Royalties and net technical assistance	30.3	26.6
Equity earnings(a)	22.3	16.0
Interest	28.5	29.2
Other(b)	182.7	121.2
Total	5,786.7	5,499.3
Costs and expenses:		
Manufacturing, shipping, and delivery	4,296.4	4,075.6
Research and development	37.5	36.4
Engineering	42.2	34.8
Selling and administrative	295.6	274.2
Interest(c)	425.9	380.0
Other(d)	191.3	489.3
Total	5,288.9	5,290.3
Earnings before items below	497.8	209.0
Provision for income taxes(e)	185.5	66.7
Minority share owners' interests in earnings of subsidiaries	13.2	20.2
Earnings before extraordinary items	299.1	122.1
Extraordinary charges from early extinguishment of debt, net of applicable income taxes(f)	(.8)	(14.1)
Net earnings	$ 298.3	$ 108.0
Earnings before extraordinary items	$ 299.1	$ 122.1
Preferred stock dividends:		
Convertible	(21.5)	(13.1)
Exchangeable	(.8)	(1.4)

Earnings before extraordinary items available to common share owners	276.8	107.6
Effect of dilutive securities - Exchangeable preferred stock dividends	.8	--
Earnings before extraordinary items used in diluted earnings per share calculation	$ 277.6	$ 107.6
Basic earnings per share of common stock:		
Earnings before extraordinary items	$ 1.80	$ 0.71
Extraordinary charges(f)	(0.01)	(0.09)
Net earnings	$ 1.79	$ 0.62
Average shares outstanding (000s)(g)	153,804	149,970
Diluted earnings per share of common stock:		
Earnings before extraordinary items	$ 1.79	$ 0.71
Extraordinary charges(f)	(0.01)	(0.09)
Net earnings	$ 1.78	$ 0.62
Diluted average shares(000s)	155,209	150,944

(a) Amount for 1998 includes a third quarter loss of $5.7 million ($3.5 million aftertax) on the sale of a discontinued operation by an equity investee. The net aftertax effect of this item is a reduction in earnings per share of $0.02.

(b) Amount for 1999 includes second quarter gains totaling $40.8 million ($23.6 million after tax and minority share owners' interests) related to the sales of a U.S. glass container plant and a mold manufacturing business in Colombia. The net aftertax benefit of these items on earnings per share is $0.15.

Amount for 1998 includes a first quarter gain of $18.5 million ($11.4 million aftertax) related to the termination of a license agreement, net of charges for related equipment write-offs and capacity adjustments, under which the company had produced plastic multipack carriers for beverage cans. The net aftertax benefit of this item on earnings per share is $0.08.

(c) Amount for 1998 includes $6.4 million ($4.4 million aftertax) associated with the Rockware glass container business. The net aftertax effect of this item is a reduction in earnings per share of $0.03.

(d) Amount for 1999 includes second quarter charges totaling $20.8 million ($14.0 million after tax and minority share owners' interests) related principally to restructuring costs and write-offs of certain assets in

Europe and South America. The net aftertax effect of these items is a reduction in earnings per share of $0.09.

Amount for 1998 includes: (1) fourth quarter charges totaling $314.8 million ($197.0 million after tax and minority share owners' interests) related principally to adjustment of the reserve for estimated future asbestos-related costs ($250.0 million pretax, $154.4 million aftertax), a plant closing in the United Kingdom and restructuring costs at certain international affiliates ($64.8 million pretax, $42.6 million after tax and minority share owners' interests), (2) first quarter charges of $16.3 million ($10.1 million aftertax) for the settlement of certain environmental litigation and severance costs at certain international affiliates, and (3) a third quarter benefit of $7.6 million ($4.7 million aftertax) from the reduction of previously established reserves for guarantees of certain obligations of a business divested several years ago. The net aftertax effect of these items is a reduction in earnings per share of $1.35.

Amount for 1998 also includes $43.8 million ($33.3 million after tax and minority share owners' interests) principally for write-offs of certain assets associated with business conditions in emerging markets. The net aftertax effect of these items is a reduction in earnings per share of $0.22.

(e) Amount for 1998 includes a first quarter credit of $15.1 million to adjust net deferred income tax liabilities as a result of a reduction in Italy's statutory income tax rate. The benefit of this item on earnings per share is $0.10.

The net aftertax effects of items (a) through (e) on diluted earnings per share are as follows:

	Year ended December 31,	
	1999	1998
Earnings before extraordinary items	$1.79	$0.71
Unusual charges (credits):		
Gains on asset sales	(0.15)	--
Restructuring costs and asset write-offs	0.09	--
Decrease in Italy statutory income tax rate	--	(0.10)
Future asbestos related costs	--	1.02
Expenses related to Rockware Glass	--	0.04
Restructuring costs at certain international affiliates, emerging market asset write-offs, and other	--	0.48
Earnings before extraordinary items and unusual charges and credits	$1.73	$2.15

(f) The 1999 write-off of unamortized deferred finance fees and redemption premiums related to indebtedness repaid prior to its scheduled maturity totaled $1.2 million less applicable income taxes of $0.4 million.

The 1998 write-off of unamortized deferred finance fees related to indebtedness repaid prior to its scheduled maturity totaled $22.8 million less applicable income taxes of $8.7 million.

(g) As announced on May 4, 1999, the Owens-Illinois board of directors authorized management to repurchase up to 10 million shares of the company's common stock. During the third and fourth quarters of 1999, the company completed repurchases under this authorization by purchasing 10 million shares for $225.6 million. As of December 31,

1999, Owens-Illinois had 146.9 million shares of common stock outstanding.

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

	Three Months ended December 31, 1999	1998
Revenues:		
Net sales	$1,366.6	$1,369.2
Royalties and net technical assistance	6.7	6.0
Equity earnings	6.7	5.4
Interest	8.3	7.1
Other	49.7	20.4
Total	1,438.0	1,408.1
Costs and expenses:		
Manufacturing, shipping, and delivery	1,116.0	1,077.2
Research and development	6.9	10.3
Engineering	15.1	9.7
Selling and administrative	84.5	74.7
Interest(a)	110.8	112.2
Other(b)	44.3	397.1
Total	1,377.6	1,681.2
Earnings (loss) before items below	60.4	(273.1)
Provision (credit) for income taxes	17.9	(87.4)
Minority share owners' interests in earnings of subsidiaries	1.1	1.2
Earnings (loss) before extraordinary items	41.4	(186.9)
Extraordinary charges from early extinguishment of debt, net of applicable income taxes(c)	(.8)	--
Net earnings (loss)	$ 40.6	$ (186.9)
Earnings (loss) before extraordinary items	41.4	(186.9)
Preferred stock dividends:		
Convertible	(5.4)	(5.4)
Exchangeable	(.1)	(.3)
Earnings (loss) before extraordinary items available to common share owners	35.9	(192.6)
Effect of dilutive securities - Exchangeable preferred stock dividends	.1	--
Earnings (loss) before extraordinary items used in		

diluted earnings per share calculation	$ 36.0	$ (192.6)
Basic earnings (loss) per share of common stock:		
Earnings (loss) before extraordinary items	$ 0.24	$ (1.24)
Extraordinary charges(c)	(0.01)	--
Net earnings (loss)	$ 0.23	$ (1.24)
Average shares outstanding (000s)(d)	148,875	155,416
Diluted earnings (loss) per share of common stock(e):		
Earnings (loss) before extraordinary items	$ 0.24	$ (1.24)
Extraordinary charges(c)	(0.01)	--
Net earnings (loss)	$ 0.23	$ (1.24)
Diluted average shares(000s)	150,120	155,416

(a) Amount for 1998 includes $6.4 million ($4.4 million aftertax) associated with the Rockware glass container business. The net aftertax effect of this item is a reduction in earnings per share of $0.03.

(b) Amount for 1998 includes: (1) charges totaling $314.8 million ($197.0 million after tax and minority share owners' interests) related principally to adjustment of the reserve for estimated future asbestos-related costs ($250.0 million pretax, $154.4 million aftertax), a plant closing in the United Kingdom and restructuring costs at certain international affiliates ($64.8 million pretax, $42.6 million after tax and minority share owners' interests). The net aftertax effect of these items is a reduction in earnings per share of $1.27.

Amount for 1998 also includes $43.8 million ($33.3 million after tax and minority share owners' interests) principally for write-offs of certain assets associated with business conditions in emerging markets. The net aftertax effect of these items is a reduction in earnings per share of $0.21.

The net aftertax effects of items (a) and (b) on diluted earnings per share are as follows:

	Three months ended December 31,	
	1999	1998
Earnings (loss) before extraordinary items	$ 0.24	$(1.24)
Unusual charges:		
Future asbestos related costs	--	0.99
Restructuring costs at certain international affiliates	--	0.28
Emerging market asset write-offs	--	0.20
Expenses related to Rockware Glass	--	0.04
Earnings before extraordinary charges and provisions for asbestos, restructuring, and other costs	$0.24	$0.27

(c) The 1999 write-off of unamortized deferred finance fees and redemption premiums related to indebtedness repaid prior to its scheduled maturity totaled $1.2 million less applicable income taxes of $0.4 million.

(d) As announced on May 4, 1999, the Owens-Illinois board of directors authorized management to repurchase up to 10 million shares of the company's common stock. The company completed repurchases under this authorization during 1999. During the fourth quarter of 1999, the company purchased approximately 6.2 million shares pursuant to its share repurchase plan for $140.7 million. As of December 31, 1999, Owens-Illinois had 146.9 million shares of common stock outstanding.

(e) Diluted earnings per share of common stock are equal to basic earnings per share of common stock for 1998 due to the loss before extraordinary items.

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

	Three Months ended December 31,		Year Ended December 31,	
	1999	1998	1999	1998
Net sales:				
Glass Containers	$ 944.8	$ 994.6	$3,762.6	$3,809.9
Plastics Packaging	404.4	358.6	1,686.7	1,414.5
Other	17.4	16.0	73.6	81.9
Segment and consolidated net sales	$1,366.6	$1,369.2	$5,522.9	$5,306.3
EBIT(a)(b):				
Glass Containers	$ 114.6	$ 45.4	$ 602.4	$ 547.7
Plastics Packaging	48.4	38.7	281.8	232.0
Other	.3	(0.2)	5.1	29.1
Segment EBIT	163.3	83.9	889.3	808.8
Eliminations and other retained costs(b)	(.4)	(251.9)	5.9	(249.0)
Consolidated EBIT	$ 162.9	$ (168.0)	$ 895.2	$ 559.8
Amortization of deferred costs	$ 36.9	$ 32.3	$ 141.6	$ 105.4
Depreciation	$ 100.4	$ 90.4	$ 403.7	$ 358.5
Additions to property, plant, and equipment	$ 229.1	$ 196.2	$ 650.4	$ 573.5
Cost of share purchases	$ 140.7	$ --	$ 225.6	$ --

	December 31, 1999	December 31, 1998
Total debt	$5,938.8	$5,916.7
Share owners' equity	$2,349.9	$2,472.0

(a) EBIT consists of consolidated earnings before interest income,

interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries.

(b) Segment EBIT for the Glass Containers segment for the twelve months ended December 31, 1999 includes the following: (1) gains totaling $40.8 million related to the sales of a U.S. glass container manufacturing plant and a mold manufacturing business in Colombia, and (2) charges totaling $20.8 million related principally to restructuring costs and write-offs of certain assets in Europe and South America.

Consolidated EBIT for the three months ended December 31, 1998 includes charges totaling $314.8 million related principally to the adjustment of the reserve for estimated future asbestos-related costs ($250.0 million), a plant closing in the United Kingdom and restructuring costs at certain international affiliates ($64.8 million). Consolidated EBIT also includes $43.8 million of charges principally for write-offs of certain assets associated with business conditions in emerging markets.

Consolidated EBIT for the twelve months ended December 31, 1998 includes the following items: (1) a first quarter gain of $18.5 million related to the termination of a license agreement, including charges for related equipment write-offs and capacity adjustments, under which the company had produced plastic multipack carriers for beverage cans, (2) first quarter charges of $16.3 million for the settlement of certain environmental litigation and severance costs at certain international affiliates, (3) a third quarter benefit of $7.6 million from the reduction of previously established reserves for guarantees of certain obligations of a business divested several years ago, (4) a third quarter loss of $5.7 million on the sale of a discontinued operation by an equity investee, and (5) fourth quarter charges totaling $314.8 million related principally to the adjustment of the reserve for estimated future asbestos-related costs ($250.0 million), a plant closing in the United Kingdom and restructuring costs at certain international affiliates ($64.8 million). Consolidated EBIT also includes $43.8 million of charges principally for write-offs of certain assets associated with business conditions in emerging markets. Such items are included as follows in consolidated EBIT for the three and twelve months ended December 31, 1998:

	Three months ended December 31, 1998	Year ended December 31, 1998
Glass Containers	$(100.7)	$(114.2)
Plastics Packaging	(6.8)	(6.8)
Other	--	18.5
Eliminations and other retained costs	(251.1)	(252.0)
Total	$(358.6)	$(354.5)

SOURCE Owens-Illinois, Inc.
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