Owens-Illinois Reports Second Quarter Results

July 19, 2000

TOLEDO, Ohio, July 19 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported net earnings of $88.5 million, or $0.57 per share (diluted), for the second quarter of 2000. In the second quarter of 1999, the company reported net earnings, excluding unusual items, of $101.3 million, or $0.61 per share (diluted). Second quarter 1999 earnings from operations were $110.9 million, or $0.67 per share (diluted). Second quarter 2000 net sales were $1.449 billion, compared with $1.423 billion in the prior year.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "Our worldwide glass containers and plastics packaging segments both continued to benefit from increased unit shipments in the second quarter. Earnings were adversely affected by higher energy costs, higher interest expense, and unfavorable foreign exchange rates. Although weak macroeconomic conditions continued to affect our affiliates in South America and Eastern Europe, both regions showed continued signs of recovery. Results in the second quarter and first half of 2000 also were adversely affected by costs associated with several major capital investment projects, including a glass container plant expansion to serve the Australian wine industry and a new custom polyethylene terephthalate (PET) container plant in the United States. With these and other major projects now completed, our rate of capital expenditures will return to more moderate levels. In addition, we are undertaking in the third quarter a number of initiatives to further lower our overall cost structure. We expect that these activities will improve liquidity and reduce expenses going forward."

The glass containers segment reported second quarter net sales of $952.1 million and EBIT of $180.6 million. In the second quarter of 1999 the glass containers segment had net sales of $962.2 million and EBIT, excluding unusual items, of $171.5 million. (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 and EBIT of the domestic glass container operations increased slightly, principally due to continued good manufacturing performance and cost control. Unit shipments were led by continued strong shipments of bottles for beer and wine.

Despite higher unit shipments, the European glass container operations had lower year-over-year sales and EBIT, reflecting unfavorable exchange rates and rising energy costs.

The Asia Pacific glass container businesses recorded higher unit shipments on a year-over-year basis, including strong increases in Australia and China. Results in Australia were adversely affected in the first half of 2000 by the scheduled rebuild of a major glass melting furnace, which now has been completed. Reported results of the Asia Pacific glass container operations were also affected adversely by the strength of the U.S. dollar compared with the Australian dollar and other currencies.

The South American glass container operations reported year-over-year increases in net sales, EBIT, and unit shipments for the first time in two years. These results reflected continued signs of economic recovery as well as successful efforts by affiliates to reduce their cost structures and consolidate production in the most efficient facilities.

The plastics packaging segment had net sales of $478.4 million and EBIT of $76.5 million in the quarter, compared with net sales of $441.3 million and EBIT of $86.4 million in the 1999 second quarter. The increase in year-over- year sales was due in part to the pass-through to customers of higher resin prices.

Custom PET containers continued to experience strong demand as unit shipments increased at double-digit percentage rates, both in the United States and abroad. Results of the custom PET operations were adversely affected in the first half of 2000 by costs related to the start-up of a manufacturing plant in the U.S., the addition of capacity at certain existing plants, and the introduction of new products.

The plastics packaging operations benefited from increased shipments of closures and prescription containers. Shipments of high density polyethylene (HDPE) containers decreased on a year-over-year basis.

As announced previously, the company was authorized in May 1999 to repurchase up to 10 million shares of common stock and in February 2000 to repurchase up to an additional 10 million shares. To date, Owens-Illinois has repurchased approximately 10.9 million shares. The company intends to continue to repurchase its stock from time to time on the open market, depending on market conditions and other considerations.

Six-Month Results

For the first six months of 2000, net earnings were $147.2 million, or $0.93 per share (diluted). In the first half of 1999, net earnings, excluding unusual items, were $170.6 million, or $1.02 per share (diluted). First half 1999 earnings from operations were $180.2 million, or $1.08 per share (diluted).

Net sales were $2.795 billion for the first half of 2000, up from $2.730 billion in the first half of 1999.

Unusual Items

The 1999 results include the following items, recorded in the second quarter of 1999: net aftertax gains totaling $23.6 million related to the sales of a U.S. glass container plant and a mold manufacturing business in Colombia; and aftertax charges totaling $14.0 million related principally to restructuring costs and write-offs of certain assets in Europe and South America.

Restructuring Program and Asbestos Review

During the third quarter of 2000, the company will conduct a restructuring program to further reduce operating expenses and other costs. Cost-reduction opportunities exist in part as a result of plans to return to more moderate levels of capital investment following the completion of a number of major capital investment projects designed to improve productivity and expand capacity to serve key customers. The further integration of

recently acquired businesses and plans to divest certain non-strategic operations offer additional opportunities for cost reduction. In addition, as part of its continual monitoring of asbestos-related matters, the company expects to complete during the third quarter of 2000 a previously disclosed comprehensive review to determine if adjustments of its asbestos-related assets or liabilities are appropriate. While the results of this review and the restructuring program cannot be estimated at this time, the company expects to record charges related to these activities in the third quarter of 2000.

Forward-Looking Statements

This news release may contain "forward looking" statements as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements reflect the Company's best assessment at the time, and thus involve uncertainty and risk. It is possible the Company's future financial performance may differ from expectations due to a variety of factors such as those described in the Company's March 31, 2000 Form 10-Q filed with the Securities and Exchange Commission. Forward looking statements are not a guarantee of future performance, and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not intend to update any particular forward looking statements contained in this news release.

Company 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 first quarter results will be held Thursday, July 20, 2000, at 8:30 a.m., EDT. To listen to this call, dial 888-733-1701 and ask for the Owens-Illinois conference call. The conference call also will be broadcast live over the Internet. To access the call, go to the Owens-Illinois website at www.o-i.com .

Copies of Owens-Illinois news releases are available at the Owens-Illinois web site at www.o-i.com ; or at www.prnewswire.com ; or by fax at Company News on Call, 800-758-5804, Extension 117254.

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

	Three Months ended June 30,	
	2000	1999
Revenues:		
Net sales	$1,449.2	$1,423.1
Royalties and net technical assistance	6.3	7.2
Equity earnings	5.0	4.5
Interest	8.2	7.7
Other(a)	45.7	73.1
Total	1,514.4	1,515.6
Costs and expenses:		
Manufacturing, shipping, and delivery	1,107.6	1,068.4
Research and development	13.1	10.1
Engineering	7.7	8.2
Selling and administrative	65.6	72.6
Interest	121.4	103.8
Other(b)	45.9	64.0
Total	1,361.3	1,327.1
Earnings before items below	153.1	188.5
Provision for income taxes	60.3	72.2
Minority share owners' interests in earnings of subsidiaries	4.3	5.4
Net earnings	$ 88.5	$ 110.9
Preferred stock dividends:		
Convertible	(5.4)	(5.4)
Exchangeable	(.1)	(.2)

Net earnings available to common share owners	83.0	105.3
Effect of dilutive securities -		
Exchangeable preferred stock dividends	.1	.2
Convertible preferred stock dividends	--	5.4
Net earnings used in diluted earnings per share calculation	$ 83.1	$ 110.9
Basic net earnings per share of common stock	$ 0.57	$ 0.68
Weighted average shares outstanding (000s)(c)	146,441	155,873
Diluted net earnings per share of common stock	$ 0.57	$ 0.67
Diluted average shares(000s)	146,917	165,976

(a) Amount for 1999 includes 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 (basic) and $0.14 (diluted).

(b) Amount for 1999 includes 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 (basic) and $0.08 (diluted).

(c) The Company's Board of Directors has authorized the management of the Company to repurchase up to 20 million shares of the Company's common stock. Since July 1999, the Company has repurchased 10,702,000 shares for $234.9 million. During the second quarter of 2000, the Company repurchased 702,000 shares pursuant to its share repurchase plan for $9.3 million. The Company intends to purchase its common stock from time to time on the open market depending on market conditions and other factors. As of June 30, 2000, Owens-Illinois had 146.3 million shares of common stock outstanding.

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

	Six Months ended June 30,	
	2000	1999
Revenues:		
Net sales	$2,794.8	$2,730.1
Royalties and net technical assistance	13.5	14.2
Equity earnings	8.3	9.0
Interest	15.0	13.5
Other(a)	92.9	102.1
Total	2,924.5	2,868.9
Costs and expenses:		
Manufacturing, shipping, and		

delivery	2,153.5	2,068.2
Research and development	23.6	19.7
Engineering	19.5	17.6
Selling and administrative	140.9	139.2
Interest	236.6	209.0
Other(b)	96.0	107.5
Total	2,670.1	2,561.2
Earnings before items below	254.4	307.7
Provision for income taxes	100.8	118.4
Minority share owners' interests in earnings of subsidiaries	6.4	9.1
Net earnings	$ 147.2	$ 180.2
Preferred stock dividends:		
Convertible	(10.7)	(10.7)
Exchangeable	(.1)	(.5)
Net earnings available to common share owners	136.4	169.0
Effect of dilutive securities - Exchangeable preferred stock dividends	.1	.5
Net earnings used in diluted earnings per share calculation	$ 136.5	$ 169.5
Basic net earnings per share of common stock:	$ 0.93	$ 1.09
Weighted average shares outstanding (000s)(c)	146,513	155,742
Diluted net earnings per share of common stock:	$ 0.93	$ 1.08
Diluted average shares(000s)	147,050	157,249

(a) Amount for 1999 includes 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.

(b) Amount for 1999 includes 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.

(c) The Company's Board of Directors has authorized the management of the Company to repurchase up to 20 million shares of the Company's common stock. Since July 1999, the Company has repurchased 10,702,000 shares for $234.9 million. During the first six months of 2000, the Company repurchased 702,000 shares pursuant to its share repurchase plan for $9.3 million. The Company intends to purchase its common stock from time to time on the open market depending on market conditions and other factors. As of June 30, 2000, Owens-Illinois had 146.3 million shares of common stock outstanding.

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

	Three Months ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Net sales:				
Glass Containers	$ 952.1	$ 962.2	$1,836.0	$1,835.3
Plastics Packaging	478.4	441.3	921.6	856.6
Other	18.7	19.6	37.2	38.2
Segment and consolidated net sales	$1,449.2	$1,423.1	$2,794.8	$2,730.1
EBIT(a)(b):				
Glass Containers	$ 180.6	$ 191.5	$ 315.6	$ 331.8
Plastics Packaging	76.5	86.4	148.0	166.1
Other	.2	2.0	.1	3.7
Segment EBIT	257.3	279.9	463.7	501.6
Eliminations and other retained costs	9.0	4.7	12.3	1.6
Consolidated EBIT	$ 266.3	$ 284.6	$ 476.0	$ 503.2
Amortization of deferred costs	$ 35.5	$ 35.3	$ 71.8	$ 69.6
Depreciation	$ 105.4	$ 96.4	$ 209.7	$ 198.8
Additions to property, plant, and equipment	$ 114.8	$ 159.6	$ 249.6	$ 261.4

	June 30, 2000	June 30, 1999
Total debt	$5,945.9	$5,743.4
Share owners' equity	$2,359.5	$2,520.6

(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 three and six months ended June 30, 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.

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