Owens-Illinois Reports 2000 Results, Announces Insurance Settlements

January 31, 2001

TOLEDO, Ohio, Jan. 31 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported 2000 earnings before unusual items of $1.45 per share (diluted), compared with earnings before extraordinary and unusual items of $1.73 per share (diluted) for 1999. Net sales for 2000 were $5.552 billion, compared with 1999 net sales of $5.523 billion.

In the fourth quarter of 2000, earnings before unusual items were $0.12 per share (diluted), compared with earnings before extraordinary items of $0.24 per share (diluted) in the fourth quarter of 1999. Fourth quarter net sales for 2000 were $1.327 billion, compared with prior year net sales of $1.367 billion.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "Higher energy costs, unfavorable foreign exchange rates, and higher interest rates all contributed to lower results in 2000. However, operating performance in most of our glass and plastics businesses was good, with solid growth in worldwide unit shipments of both glass containers and plastics packaging items."

In January 2001, the company reached settlement agreements with several insurers under which it will receive asbestos-related insurance payments of approximately $180 million over the next two years, including approximately $150 million in the first half of 2001. These agreements resolve the majority of the company's $193 million asset for asbestos-related insurance proceeds that had yet to be confirmed at December 31, 2000. In addition, the company completed the sale of its labels business for approximately $60 million.

"I am very pleased with the insurance settlements, which, combined with the sale of our labels business and our return to more moderate levels of capital investment, contribute significantly toward improving cash flow and liquidity," Mr. Lemieux said. "At the same time, we continue to focus on reducing costs, increasing productivity and pursuing further sales of non-core businesses and assets."

The combined effect of higher energy costs and foreign currency weakness adversely affected year-over-year EBIT comparisons by approximately $70 million for 2000, with approximately $30 million of that amount falling in the fourth quarter. (EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries.) In addition, higher interest rates contributed to a year-over-year increase in net interest expense of $56.8 million in 2000, including $14.3 million in the fourth quarter. The net effect of these unfavorable energy, currency, and interest rate items was a reduction in 2000 earnings per share of approximately $0.50 for the year and $0.20 for the fourth quarter compared with the prior-year periods.

Business Review

The glass containers segment reported 2000 net sales of $3.696 billion and EBIT, excluding unusual items, of $587.2 million. In 1999 the glass containers segment had net sales of $3.763 billion and EBIT, excluding unusual items, of $582.4 million.

Unit shipments, net sales, and EBIT of the U.S. glass container operations all declined from the prior year period, principally due to higher energy costs and conversions of juice and iced tea bottles from glass to plastic containers. Shipments of glass beer bottles continued to be strong.

The South American glass container operations reported strong increases in unit shipments, net sales, and EBIT, led by affiliates in Colombia, Venezuela, Brazil, and Peru. The improved results reflected a continuation of modest economic recovery in the region, the contributions of recently acquired operations in Colombia and Peru, and the continuing benefits of consolidation, cost reduction, and productivity programs.

Unit shipments by the European glass container operations continued to grow in 2000, led by strong increases in Italy and the Czech Republic. Net sales and EBIT were lower, due primarily to the effects of unfavorable exchange rates and higher energy costs.

The Asia Pacific glass container operations achieved record unit shipments for the year, with increases in every country. A decline in net sales from the prior year period was more than accounted for by unfavorable exchange rates. EBIT was down compared with the prior year, with most of the decrease attributable to exchange rates.

The plastics packaging segment had net sales of $1.788 billion and EBIT, excluding unusual items, of $249.2 million for 2000, compared with net sales of $1.687 billion and EBIT of $277.7 million for 1999. Every major plastics packaging business reported increased unit shipments except HDPE (high density polyethylene) containers. The increase in net sales was due in part to the pass-through to customers of higher resin prices.

Unit shipments and net sales of custom PET (polyethylene terephthalate) containers increased at double-digit percentage rates both in the United States and abroad, reflecting continued strong demand for juice, sports drink, and other containers. EBIT was adversely affected by costs, principally in the first half of 2000, related to the start-up of a manufacturing plant in the U.S., the addition of capacity at several other plants, and the introduction of new products.

Unit shipments and net sales of closures and prescription containers both increased over the prior year. EBIT fell just short of the record levels attained by both businesses in 1999.

Net Results

For the year 2000, the company reported a net loss of $269.7 million, or $2.00 per share (diluted). The 2000 results include unusual expense items, announced previously and recorded in the third quarter, totaling $513.1 million after tax, and a fourth quarter tax benefit of $9.3 million. The net aftertax effect of these items was a reduction of $3.45 per share. For 1999, the company reported net earnings of $298.3 million, or $1.78 per share (diluted). The 1999 results include net unusual income items of $9.6 million after tax, or $0.06 per share.

Net earnings in the fourth quarter of 2000 were $32.3 million, or $0.18 per share (diluted). This included a $9.3 million tax benefit that increased earnings per share by $0.06. Net earnings in the fourth quarter of 1999 were $40.6 million, or $0.23 per share (diluted). The fourth quarter 1999 results included an extraordinary charge of $0.8 million after tax, for a reduction in earnings per share of $0.01.

Cash Flow Information

In the fourth quarter of 2000, the company proactively resolved existing asbestos-related lawsuits and claims as well as additional claims that it otherwise would not have received until later periods. This proactive effort accounted for increases in the number of cases and claims resolved and in the total amount of asbestos-related cash payments made during the fourth quarter of 2000. It also contributed to an increase in total asbestos-related cash payments to $181.5 million in 2000, compared with $121.8 million in 1999. The majority of the cases and claims resolved in 2000 were pursuant to pre- existing agreements with plaintiffs' attorneys and to additional agreements that were entered into as a result of the proactive resolutions.

In addition to proceeds from the recent insurance settlements, the company will receive proceeds from the sale of the company's labels business and the expected sale later in the first or second quarter of additional non-core assets.

Additional improvements to cash flow in 2001 are expected to result from a company-wide initiative to reduce working capital and a reduction in capital spending requirements. Capital expenditures in 2000 totaled $481.4 million, down from $650.4 million in 1999, as the company returned to more moderate levels of capital investment following the completion of a number of major capital projects.

Outlook

Although improved slightly from the fourth quarter of 2000, energy costs and foreign currency weakness are continuing to have an adverse effect on year-over-year comparisons in the first quarter of 2001. As a result, as announced previously, the company expects that operating earnings for the first quarter of 2001 will be below those of the prior year period. In the first quarter of 2000 the company reported net earnings of $0.36 per share (diluted). Although the company has been able to offset a portion of its increased energy costs through price adjustments, these adjustments lag behind recent natural gas price changes.

Share Repurchases

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. As of December 31, 2000, Owens-Illinois had repurchased approximately 12.0 million shares. In January 2001, the company redeemed the remaining outstanding shares of exchangeable preferred stock that were issued in 1993. The redeemed exchangeable preferred shares were equivalent to 910,697 shares of the company's common stock.

Bank Credit Agreement Refinancing

The company has initiated discussions with banks in its $4.5 billion revolving credit facility regarding the refinancing of the facilities that mature December 31, 2001. The company expects to complete this refinancing late in the first quarter or early in the second quarter of 2001.

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 September 30, 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 the company's latest results will be held Thursday, February 1, at 8:30 a.m., Eastern Time. To listen to the conference call, dial 888-733-1701 (U.S. and Canada) or 706-634-4943 (International) by 8:20 a.m. (Eastern Time) on February 1. Ask for the Owens-Illinois conference call.

In addition, a live webcast and a replay of the conference call will be available on the Internet at the Owens-Illinois web site (www.o-i.com). The replay will be available through February 9.

A replay of the call also will be available from approximately 11:30 a.m. (Eastern Time) on February 1 through February 9. To access the replay, dial 800-642-1687 (U.S. and Canada) or 706-645-9291 (International). The conference ID number to access the replay is 840589.

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. To contact Owens-Illinois investor relations, dial 419-247-2400.

OWENS-ILLINOIS, INC.

Condensed Consolidated Results of Operations
(Millions of dollars, except per share amounts)

Year ended December 31,

	2000	1999
Revenues:		
Net sales	$5,552.1	$5,522.9
Royalties and net technical assistance	25.3	30.3
Equity earnings	19.8	22.3
Interest	32.5	28.5
Other (a)	185.1	182.7
	5,814.8	5,786.7
Costs and expenses:		
Manufacturing, shipping, and delivery	4,359.1	4,296.4
Research and development	46.7	37.5
Engineering	31.3	42.4
Selling and administrative	285.1	295.6
Interest	486.7	425.9
Other(b)	997.5	191.3
	6,206.4	5,288.9
Earnings (loss) before items below	(391.6)	497.8
Provision (credit) for income taxes(c)	(143.9)	185.5
Minority share owners' interests in earnings of subsidiaries	22.0	13.2
Earnings (loss) before extraordinary items	(269.7)	299.1
Extraordinary charges from early extinguishment of debt, net of applicable income taxes(d)	--	(.8)
Net earnings (loss)	$ (269.7)	$ 298.3
Earnings (loss) before extraordinary items	$ (269.7)	$ 299.1
Preferred stock dividends:		
Convertible	(21.5)	(21.5)
Exchangeable	(.2)	(.8)
Earnings (loss) before extraordinary items available to common share owners	(291.4)	276.8
Effect of dilutive securities - Exchangeable preferred stock dividends	--	.8
Earnings (loss) before extraordinary items used in diluted earnings per share calculation	$ (291.4)	$ 277.6
Basic earnings (loss) per share of		

common stock:		
Earnings (loss) before extraordinary items	$ (2.00)	$ 1.80
Extraordinary charges(d)	--	(0.01)
Net earnings (loss)	$ (2.00)	$ 1.79
Weighted average shares outstanding (000s)(e)	145,983	153,804
Diluted earnings (loss) per share of common stock:		
Earnings (loss) before extraordinary items	$ (2.00)	$ 1.79
Extraordinary charges(d)	--	(0.01)
Net earnings (loss)	$ (2.00)	$ 1.78
Diluted average shares(000s)(f)	145,983	155,209

(a) 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.

(b) Amount for 2000 includes pretax charges totaling $798.3 million ($513.1 million after tax and minority share owners' interests) for the following: (1) $550.0 million ($342.1 million aftertax) related to adjustment of the reserve for estimated future asbestos-related costs; (2) $122.4 million ($77.3 million after tax and minority share owners' interests) related to the consolidation of manufacturing capacity; (3) a net charge of $52.4 million ($32.6 million aftertax) related to early retirement incentives and special termination benefits for 350 United States salaried employees; (4) $40.0 million ($40.0 million aftertax) related to the impairment of property, plant and equipment at the Company's facilities in India; and (5) $33.5 million ($21.1 million after tax and minority share owners' interests) related principally to the write-off of software and related development costs. The net aftertax effect of these items is a reduction in earnings per share of $3.51.

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.

(c) Amount for 2000 includes a fourth quarter benefit of $9.3 million to adjust net income tax liabilities in Italy as a result of recent legislation. The benefit of this item on earnings per share is $0.06.

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

	Year ended December 31,

	2000	1999
Net earnings (loss) before extraordinary items	$(2.00)	$ 1.79
Unusual charges (credits):		
Future asbestos-related costs	2.34	--
Consolidation of manufacturing capacity	0.53	--
Early retirement incentives and special termination benefits	0.22	--
India property, plant, and equipment impairment	0.27	--
Other asset write-offs, principally software	0.15	--
Gains on asset sales	--	(0.15)
Restructuring costs and other asset write-offs	--	0.09
Italian tax adjustment	(.06)	--
Net earnings before extraordinary items and unusual charges and credits	$ 1.45	$ 1.73

(d) 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.

(e) 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 12,018,700 shares for $242.8 million. During the year 2000, the Company repurchased 2,018,700 shares pursuant to its share repurchase plan for $17.2 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 December 31, 2000, Owens-Illinois had 145.0 million shares of common stock outstanding.

(f) Diluted earnings per share of common stock are equal to basic earnings per share of common stock for 2000 due to the net loss.

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

	Three Months ended December 31,	
	2000	1999
Revenues:		
Net sales	$1,327.0	$1,366.6
Royalties and net technical assistance	5.8	6.7
Equity earnings	5.2	6.7
Interest	9.1	8.3
Other	46.2	49.7
	1,393.3	1,438.0
Costs and expenses:		
Manufacturing, shipping, and delivery	1,079.2	1,116.0
Research and development	10.0	6.9

Engineering	6.4	15.1
Selling and administrative	70.6	84.5
Interest	125.9	110.8
Other	53.1	44.3
	1,345.2	1,377.6
Earnings before items below	48.1	60.4
Provision for income taxes(a)	2.7	17.9
Minority share owners' interests in earnings of subsidiaries	13.1	1.1
Earnings before extraordinary items	32.3	41.4
Extraordinary charges from early extinguishment of debt, net of applicable income taxes(b)	--	(.8)
Net earnings	$ 32.3	$ 40.6
Earnings before extraordinary items	32.3	41.4
Preferred stock dividends:		
Convertible	(5.4)	(5.4)
Exchangeable	(.1)	(.1)
Earnings before extraordinary items available to common share owners	26.8	35.9
Effect of dilutive securities - Exchangeable preferred stock dividends	--	.1
Earnings before extraordinary items used in diluted earnings per share calculation	$ 26.8	$ 36.0
Basic earnings per share of common stock:		
Earnings before extraordinary items	$ 0.19	$ 0.24
Extraordinary charges(b)	--	(0.01)
Net earnings	$ 0.19	$ 0.23
Weighted average shares outstanding (000s)(c)	145,203	148,875
Diluted earnings per		

share of common stock:		
Earnings before extraordinary items	$ 0.18	$ 0.24
Extraordinary charges(b)	--	(0.01)
Net earnings	0.18	0.23
Diluted average shares(000s)	146,211	150,120

(a) Amount for 2000 includes a fourth quarter benefit of $9.3 million to adjust net income tax liabilities in Italy as a result of recent legislation. The benefit of this item on earnings per share is $0.06.

(b) 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.

(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 12,018,700 shares for $242.8 million. During the fourth quarter of 2000, the Company repurchased 1,081,000 shares pursuant to its share repurchase plan for $4.9 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 December 31, 2000, Owens-Illinois had 145.0 million shares of common stock outstanding.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
Net sales:				
Glass Containers	$ 911.4	$ 944.8	$3,695.6	$3,762.6
Plastics Packaging	400.5	404.4	1,787.6	1,686.7
Other	15.1	17.4	68.9	73.6
Segment and consolidated net sales	$1,327.0	$1,366.6	$5,552.1	$5,522.9
EBIT as reported(a)(b)(c):				
Glass Containers	$ 126.5	$ 114.6	$ 401.2	$ 602.4
Plastics Packaging	36.2	47.4	238.0	277.7
Other	(1.8)	1.3	1.1	9.2
Segment EBIT	160.9	163.3	640.3	889.3
Eliminations and other retained costs	4.0	(.4)	(577.7)	5.9
Consolidated EBIT	$ 164.9	$ 162.9	$ 62.6	$ 895.2

Selected Cash Flow Information				
Amortization of deferred costs	$ 34.8	$ 36.9	$ 141.6	$ 141.6
Depreciation	$ 100.5	$ 100.4	$ 412.6	$ 403.7
Additions to property, plant, and equipment	$ 139.4	$ 229.1	$ 481.4	$ 650.4
Asbestos-related payments	$ 61.9	$ 25.1	$ 181.5	$ 121.8
Asbestos-related insurance proceeds	$ 2.6	$ 4.2	$ 4.6	$ 7.5

	December 31, 2000	December 31, 1999
Total debt	$5,849.8	$5,938.8
Share owners' equity	$1,883.0	$2,349.9

(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) EBIT for the year ended December 31, 2000 includes pretax charges totaling $798.3 million for the following: (1) $550.0 million related to adjustment of the reserve for estimated future asbestos-related costs; (2) $122.4 million related to the consolidation of manufacturing capacity; (3) a net charge of $52.4 million related to early retirement incentives and special termination benefits for 350 United States salaried employees; (4) $40.0 million related to the impairment of property, plant and equipment at the Company's facilities in India; and (5) $33.5 million related principally to the write-off of software and related development costs. Such items are included as follows in consolidated EBIT for the year ended December 31, 2000:

	Year ended December 31, 2000
Glass Containers	$186.0
Plastics Packaging	11.2
Total Product Segments	197.2
Eliminations and other retained costs	601.1
Consolidated Totals	$798.3

(c) Segment EBIT for the Glass Containers segment for the year 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.

OWENS-ILLINOIS, INC.
Consolidated Supplemental Financial Data
With EBIT excluding unusual items
(Preliminary - subject to change)
(Millions of dollars)

	Three Months Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
Net sales:				
Glass Containers	$ 911.4	$ 944.8	$3,695.6	$3,762.6
Plastics Packaging	400.5	404.4	1,787.6	1,686.7
Other	15.1	17.4	68.9	73.6
Segment and consolidated net sales	$1,327.0	$1,366.6	$5,552.1	$5,522.9
EBIT excluding unusual items(a)(b)(c):				
Glass Containers	$ 126.5	$ 114.6	$ 587.2	$ 582.4
Plastics Packaging	36.2	47.4	249.2	277.7
Other	(1.8)	1.3	1.1	9.2
Segment EBIT	160.9	163.3	837.5	869.3
Eliminations and other retained costs	4.0	(.4)	23.4	5.9
Consolidated EBIT	$ 164.9	$ 162.9	$ 860.9	$ 875.2

Selected Cash Flow Information

Amortization of deferred costs	$ 34.8	$ 36.9	$ 141.6	$ 141.6
Depreciation	$ 100.5	$ 100.4	$ 412.6	$ 403.7
Additions to property, plant, and equipment	$ 139.4	$ 229.1	$ 481.4	$ 650.4
Asbestos-related payments	$ 61.9	$ 25.1	$ 181.5	$ 121.8
Asbestos-related insurance proceeds	$ 2.6	$ 4.2	$ 4.6	$ 7.5

	December 31, 2000	December 31, 1999
Total debt	$5,849.8	$5,938.8

Share owners' equity	$1,883.0	$2,349.9

(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) EBIT for the year ended December 31, 2000 excludes pretax charges totaling $798.3 million for the following: (1) $550.0 million related to adjustment of the reserve for estimated future asbestos-related costs; (2) $122.4 million related to the consolidation of manufacturing capacity; (3) a net charge of $52.4 million related to early retirement incentives and special termination benefits for 350 United States salaried employees; (4) $40.0 million related to the impairment of property, plant and equipment at the Company's facilities in India; and (5) $33.5 million related principally to the write-off of software and related development costs. Such items are excluded as follows in consolidated EBIT for the year ended December 31, 2000:

	Year ended December 31, 2000
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Consolidated Totals	$798.3

(c) Segment EBIT for the Glass Containers segment for the year ended December 31, 1999 excludes 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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