Owens-Illinois Announces New Credit Facilities

April 26, 2001

TOLEDO, Ohio, April 26 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today announced that certain of its subsidiaries have entered into three-year senior secured credit facilities totaling $4.5 billion. The new facilities, which have a maturity date of March 31, 2004, consist of a $3.0 billion revolving credit facility and a $1.5 billion term loan. Proceeds from borrowings under the new facilities will be used to repay all amounts outstanding under, and terminate, the company's $4.5 billion revolving credit facility, which had been scheduled to mature on December 31, 2001.

David G. Van Hooser, senior vice president and chief financial officer, said, "These new credit facilities should provide all of the bank financing needs for our existing businesses and the company for the next three years. We greatly appreciate the unanimous support of the banks in the company's existing facility in providing the commitments for these new facilities in an extremely challenging bank credit market. The bank credit market is especially difficult for companies with an asbestos liability, even if that liability is manageable, as we continue to believe it is for Owens-Illinois." All lenders participating in the company's existing facility, consisting of 81 banks, committed to the new facilities. Deutsche Bank Alex. Brown Inc., Banc of America Securities LLC, and Scotia Capital Inc. arranged the financing.

Borrowings under the new facilities are secured by substantially all the assets of the company's domestic subsidiaries and certain foreign subsidiaries. Borrowings under the new facilities are also secured by a pledge of the intercompany debt and equity in most of the domestic subsidiaries and certain stock in certain foreign subsidiaries. Borrowings under the company's existing $4.5 billion credit facility were unsecured.

In connection with the bank financing, existing senior note and debenture holders have been offered a second lien on the intercompany debt and capital stock owned by the two principal subsidiaries that own the glass container and plastics packaging businesses. The two principal subsidiaries also have offered to guarantee, on a subordinated basis, the existing senior notes and debentures. The trustee for the six series of notes and debentures has indicated a willingness to sign supplemental indentures that would provide for such security and guarantees, upon receiving consents from holders representing a majority of the principal amount outstanding of each series. The company is arranging for the solicitation of these consents.

All-in pricing on the new facilities is Libor (the London interbank offered rate) plus 250 basis points. That is an increase of 1.375 percentage points from pricing for the existing facility, which was Libor plus 112.5 basis points. Covenants in the new facilities enable the subsidiaries and the company to continue to operate existing businesses on a day-to-day basis consistent with past practice.

Despite the increase in spreads under the new facilities, recent reductions in underlying interest rates could result in favorable year-over- year interest expense comparisons for the company for the balance of 2001. Mr. Van Hooser said, "Recent rate reductions by the Federal Reserve have more than offset the 200-basis-point overall increase resulting from the combined effect of the increased spreads and other costs, including the amortization of fees and expenses associated with the financing. For the last eight months of 2000, one-month U.S. dollar Libor averaged 6.62%. Today, the one-month U.S. dollar Libor rate is at 4.46%, representing a reduction of 216 basis points if rates were to remain at current levels for the balance of the year." In addition, debt levels of the company are currently below prior year levels. The company's net interest expense for 2000, including the amortization of deferred finance fees, was $454.2 million.

Proceeds from the previously announced sale of the Harbor Capital Advisors businesses will be used to reduce the term loan. That sale is expected to close in June. Cash proceeds are currently estimated to be approximately $450 million after expected adjustments and holdbacks. The subsidiaries hope to further reduce outstanding borrowings under the term loan over the next several years by issuing public debt. The subsidiaries also have flexibility under the new bank facilities to issue additional public debt to refinance the senior notes maturing in 2004 and 2005.

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 December 31, 2000 Form 10-K 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.

Copies of Owens-Illinois news releases are available at the Owens-Illinois web site at www.o-i.com or at www.prnewswire.com . To contact Owens-Illinois investor relations, dial 419-247-2400.

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