Owens-Illinois Reports First Quarter Results

April 24, 2001

TOLEDO, Ohio, April 24 /PRNewswire Interactive News Release/ -- Owens- Illinois, Inc., (NYSE: OI) today reported net earnings of $48.9 million, or $0.30 per share (diluted), for the first quarter of 2001. In 2000, the company reported first quarter net earnings of $58.7 million, or $0.36 per share (diluted). Net sales for the first quarter of 2001 were $1.306 billion, compared with net sales of $1.346 billion for the first quarter of 2000.

Net earnings for the first quarter of 2001 included aftertax gains totaling $12.0 million, or $0.08 per share, from the sales of the company's label business and its Australian minerals business.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "Most of our businesses performed well during the quarter, with continued growth in worldwide unit shipments of both glass containers and plastics packaging items. However, higher energy costs and unfavorable foreign exchange rates contributed to lower net earnings compared with the first quarter of 2000."

Foreign currency weakness in the first quarter of 2001 reduced reported net sales by approximately $62.5 million and reported EBIT by approximately $10.5 million compared with the prior-year period. (EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries.)

The combined effect of unrecovered energy cost increases and foreign currency weakness adversely affected year-over-year EBIT comparisons by approximately $40 million for the first quarter of 2001. The net effect of these unfavorable energy and currency rate items was a reduction in first quarter 2001 earnings per share of approximately $0.17 compared with the prior-year period. The company has been able to recover a portion of its increased energy costs through price adjustments. However, these price adjustments still lag behind recent increases in the cost of natural gas.

"While current operating conditions, especially higher energy costs, present near-term challenges, we believe that they also highlight our competitive advantage as the low-cost producer," Mr. Lemieux said. "We continue to make significant progress in reducing fixed costs, consolidating capacity to maintain efficient manufacturing facilities, and improving our financial flexibility. Our debt is at its lowest level since 1998 and we expect it to be reduced further in the second quarter. Our new credit agreement, which we expect to announce in the very near future, will give us a solid financial foundation going forward as we continue to focus on efforts to improve quality, productivity, cost control, and customer satisfaction. These and other initiatives have placed us in an excellent position to compete under today's difficult market conditions and to resume earnings growth as conditions improve."

Business Review

The glass containers segment reported first quarter net sales of $841.5 million and EBIT, excluding unusual items, of $120.8 million. In the first quarter of 2000 the glass containers segment had net sales of $883.9 billion and EBIT of $135.0 million. The effect of unfavorable exchange rates reduced the glass container segment's net sales by approximately $53.0 million and its EBIT by approximately $9.7 million compared with the first quarter of 2000.

Worldwide unit shipments of glass containers rose slightly, as a decline in North American shipments was more than offset by increases in South America, Europe, and the Asia Pacific region.

The North American glass container operations reported declines in unit shipments and net sales, due in part to conversions of juice and iced tea bottles from glass to plastic containers. EBIT decreased from the prior year, due principally to higher energy costs. These unfavorable factors were partially offset by cost reductions from the restructuring and capacity realignment program initiated by the company in the third quarter of 2000.

The South American glass container operations reported double-digit percentage increases in unit shipments, net sales, and EBIT, led by the operations in Colombia and Venezuela. The improved results, while still well below record first quarter levels achieved by the company's South American glass container businesses in 1998, reflected a continuation of modest economic recovery in the region.

Unit shipments by the European glass container operations continued to grow in the first quarter. Net sales and EBIT were higher despite the effects of unfavorable exchange rates and higher energy costs. The value of the euro averaged US$0.92 during the quarter compared with US$1.00 in the first quarter of 2000, a decline of 8%. The Italian operations achieved significant increases in unit shipments, net sales, and EBIT, as they benefited from the addition of incremental business, higher prices, and improved product mix.

The Asia Pacific glass container operations had higher unit shipments for the quarter, led by increases in Australia and Indonesia. The value of the Australian dollar averaged US$0.53 during the quarter compared with US$0.64 in the first quarter of 2001, a decline of 17%. The significant decline in the value of the Australian dollar more than accounted for a year-over-year decrease in U.S. dollar reported sales. EBIT, excluding unusual items, was lower on a year-over-year basis, due principally to the unfavorable currency effects.

The plastics packaging segment had net sales of $457.6 million and EBIT of $68.1 million for the first quarter of 2001, compared with net sales of $443.2 million and EBIT of $70.5 million for the first quarter of 2000. The increase in net sales was due in part to the pass-through of higher resin prices to customers.

Combined unit shipments of the worldwide plastics packaging businesses increased on a year-over-year basis, as most operations continued to experience increased demand. The worldwide plastic containers businesses and the U.S. prescription products operations reported solid increases in shipments and net sales. EBIT from the prescription products and custom PET businesses improved over prior year. Plastics packaging operations in the U.S. benefited from lower costs resulting from the company's restructuring and capacity realignment program.

The comparison of first quarter 2001 results with those of the prior year was adversely affected by several corporate and administrative items. These

included lower revenue and earnings from Harbor Capital Advisors related to weakness in equity markets during the quarter, lower pension income and certain other employee benefit adjustments, and higher spending related to information systems improvements.

Cash Flow Information

In the first quarter of 2001, the company reached settlement agreements with several insurers under which it received asbestos-related insurance payments of $111.8 million in the quarter, with additional payments to be received over the next two years. 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 the first quarter of 2001, the company continued to proactively resolve asbestos-related lawsuits and claims as well as additional claims that it otherwise would not have received until later periods. This proactive effort, which began in the fourth quarter of 2000, accounted for increases in the number of cases and claims resolved during the first quarter of 2001. It also contributed to an increase in total asbestos-related cash payments to $68.8 million in the first quarter of 2001, compared with $26.9 million in the first quarter of 2000. The majority of the cases and claims resolved in 2001 were pursuant to pre-existing agreements with plaintiffs' attorneys and to additional agreements that were entered into as a result of the proactive resolutions. Also contributing to the increase in asbestos-related cash payments in the first quarter of 2001 were higher legal defense fees, due in part to the trials of two cases that could not be settled on terms acceptable to the company. In both cases, the company obtained favorable verdicts, finding it not liable for any of the asserted claims.

The company expects that second quarter asbestos-related cash payments will be at more normal levels and also will be lower on a net basis because of the receipt of approximately $32 million of additional insurance proceeds pursuant to the insurance settlements reached in the first quarter. The company expects that its total asbestos-related cash payments for the year will be approximately $200 million, consistent with its previously announced estimate, and that net cash payments for the year will be approximately $35 million after insurance proceeds from existing settlements.

The company also received proceeds of approximately $116 million in the first quarter of 2001 from the sales of its labels business and Australian minerals business. Capital expenditures in the first quarter of 2001 totaled $93.1 million, down from $134.8 million in the first quarter of 2000. The prior-year period included expenditures related to several projects that have since been completed, including the start-up of a PET bottle manufacturing plant in the U.S. and the addition of capacity at several other PET bottle plants.

The company's total debt at March 31, 2001 was $5.64 billion, its lowest level since its $3.6 billion acquisition of the worldwide glass and plastics packaging businesses of BTR plc in April 1998. Additional debt reduction is expected as a result of the company's previously announced agreement to sell its Harbor Capital Advisors business. The sale is expected to close in June. Cash proceeds at closing are currently estimated to be approximately $450 million after expected adjustments and holdbacks.

Outlook

Energy costs and foreign currency weakness are continuing to have an adverse effect on year-over-year comparisons in the second quarter of 2001. As a result, the company expects that operating earnings for the second quarter 2001 and for the year will be below those of the prior year period. The company reported net earnings of $0.57 per share (diluted) for the second quarter of 2000 and earnings before unusual items of $1.45 per share (diluted) for the year ended December 31, 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 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.

Conference Call

As announced previously, a conference call to discuss the company's latest results will be held Wednesday, April 25, at 8:30 a.m., Eastern Time. 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 conference call also may be accessed by dialing 888-733-1701 (U.S. and Canada) or 706-634-4943 (International) by 8:20 a.m. (Eastern Time) on April 25. Ask for the Owens- Illinois conference call. A replay of the call will be available from approximately 11:30 a.m. (Eastern Time) on April 25 through May 4. In addition to the Owens-Illinois web site, the replay also may be accessed by dialing 800-642-1687 (U.S. and Canada) or 706-645-9291 (International). The conference ID number to access the replay is 670907.

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.

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

	Three Months ended March 31,	
	2001	2000

Revenues:		
Net sales	$1,306.1	$1,345.6
Royalties and net technical assistance	5.4	7.2
Equity earnings	3.6	3.3
Interest	6.5	6.8
Other(a)	42.9	47.2
	1,364.5	1,410.1
Costs and expenses:		
Manufacturing, shipping, and delivery	1,027.7	1,045.9
Research and development	10.2	10.5
Engineering	6.8	11.8
Selling and administrative	78.4	75.3
Interest	113.5	115.2
Other	46.9	50.1
	1,283.5	1,308.8
Earnings before items below	81.0	101.3
Provision for income taxes	27.2	40.5
Minority share owners' interests in earnings of subsidiaries	4.9	2.1
Net earnings	48.9	58.7
Preferred stock dividends:		
Convertible	(5.4)	(5.4)
Exchangeable	--	(.1)
Net earnings available to common share owners	43.5	53.2
Effect of dilutive securities - Exchangeable preferred stock dividends	--	.1
Net earnings used in diluted earnings per share calculation	$ 43.5	$ 53.3
Basic net earnings per share of common stock	$ 0.30	$ 0.36
Weighted average shares outstanding (000s)(b)	144,639	146,585
Diluted net earnings per share of common stock	$ 0.30	$ 0.36
Diluted average shares(000s)	144,662	147,184

(a) Amount for 2001 includes gains totaling $13.1 million ($12.0 million after tax) related to the sale of the Company's label business and the

sale of a minerals business in Australia. The net aftertax effect of these items is an increase in earnings per share of $0.08.

(b) 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. During the first quarter of 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. The Company repurchased these shares pursuant to its share repurchase plan for $5.2 million. Since July 1999, the Company has repurchased 12,929,397 shares for $248.0 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 March 31, 2001, Owens-Illinois had 145,070,548 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 March 31,	
	2001	2000
Net sales:		
Glass Containers	$ 841.5	$ 883.9
Plastics Packaging	457.6	443.2
Other	7.0	18.5
Segment and consolidated net sales	$1,306.1	$1,345.6
EBIT as reported(a):		
Glass Containers(b)	$ 131.1	$ 135.0
Plastics Packaging	68.1	70.5
Other(c)	2.0	.9
Segment EBIT	201.2	206.4
Eliminations and other retained costs	(13.2)	3.3
Consolidated EBIT	$ 188.0	$ 209.7
Selected Cash Flow Information		
Amortization of deferred costs	$ 32.8	$ 36.3
Depreciation	$ 100.7	$ 104.3
Additions to property, plant, and equipment	$ 93.1	$ 134.8
Asbestos-related payments	$ 68.8	$ 26.9
Asbestos-related insurance proceeds	$ 111.8	$ --

	March 31, 2001	March 31, 2000
Total debt	$5,643.8	$6,003.1
Share owners' equity	$1,813.2	$2,364.9

(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) Amount for 2001 includes a gain of $10.3 million from the sale of a minerals business in Australia.

(c) Amount for 2001 includes a gain of $2.8 million from the sale of the Company's labels business.

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

	Three Months Ended March 31,	
	2001	2000
Net sales:		
Glass Containers	$ 841.5	$ 883.9
Plastics Packaging	457.6	443.2
Other	7.0	18.5
Segment and consolidated net sales	$1,306.1	$1,345.6
EBIT excluding unusual items(a):		
Glass Containers(b)	$ 120.8	$ 135.0
Plastics Packaging	68.1	70.5
Other(c)	(.8)	.9
Segment EBIT	188.1	206.4
Eliminations and other retained costs	(13.2)	3.3
Consolidated EBIT	$ 174.9	$ 209.7
Selected Cash Flow Information		
Amortization of deferred costs	$ 32.8	$ 36.3
Depreciation	$ 100.7	$ 104.3
Additions to property, plant, and equipment	$ 93.1	$ 134.8
Asbestos-related payments	$ 68.8	$ 26.9

Asbestos-related insurance proceeds	$ 111.8	$ --

	March 31, 2001	March 31, 2000
Total debt	$5,634.8	$6,003.1
Share owners' equity	$1,813.2	$2,364.9

(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) Amount for 2001 excludes a gain of $10.3 million from the sale of a minerals business in Australia.

(c) Amount for 2001 excludes a gain of $2.8 million from the sale of the Company's labels business.

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