Owens-Illinois Reports Third Quarter Results

October 22, 2002

TOLEDO, Ohio, Oct. 22 -- Owens-Illinois, Inc., (NYSE: OI) today reported net earnings of $97.9 million, or $0.63 per share (diluted) for the third quarter of 2002, compared with third quarter 2001 earnings of $0.60 per share (diluted) before goodwill amortization. Goodwill amortization in the third quarter 2001 amounted to $0.16 per share.

The year-over-year increase in third quarter results was principally due to improved sales and production from the Company's worldwide glass container businesses. In addition, asbestos spending in the third quarter was down compared to the third quarter of the prior year.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "This was our fifth consecutive quarter of improved year-over-year operating results, and our fourth consecutive quarter of year-over-year declines in asbestos spending. Worldwide glass container operations continued to achieve increased volumes, margins, and earnings, offsetting a shortfall in some of our plastics businesses. Based upon new product initiatives, new plant start-ups, and additional cost control measures, we expect our plastics businesses to improve during the next several months."

Third quarter 2002 net sales were $1.472 billion compared to $1.360 billion a year ago, an increase of 8.2%. Consolidated EBIT was $251.9 million compared with adjusted EBIT (excluding goodwill amortization) of $245.4 million in the third quarter of 2001, an increase of 2.6%. (EBIT consists of earnings before interest income, interest expense, provision for income taxes, minority share owners' interests in earnings of subsidiaries, extraordinary items, and cumulative effect of accounting change.)

Interest expense for the third quarter of 2002 was $106.9 million, an increase of $1.8 million from the third quarter of 2001 mainly due to the January 2002 issuance of $1 billion principal amount of 8-7/8% Senior Secured Notes due 2009, partially offset by lower interest rates on variable rate debt. Proceeds from the Senior Secured Notes were used to reduce a variable rate term loan under the bank credit facility.

Consolidated debt at the end of the third quarter 2002 declined to $5,386.0 million from $5,462.0 million at the end of the second quarter 2002, a reduction of $76.0 million.

Business Review

The Glass Containers segment reported third quarter net sales of $1,019.8 million, up 13.5% from $898.4 million a year ago. EBIT of $205.5 million for the third quarter of 2002 compares with adjusted EBIT (excluding goodwill amortization) of $176.9 million for the third quarter of 2001, an increase of 16.2%. EBIT margins in the third quarter of 2002 improved to 20.2% from 19.7% for the third quarter of 2001.

The North American glass container operations achieved nearly a 20% year- over-year increase in EBIT. Approximately one-half of the EBIT increase was due to the Canadian operations acquired in the fourth quarter of 2001. The balance resulted from improved EBIT in the United States.

The South American glass container operations reported lower sales and EBIT for the third quarter of 2002. The decreases were largely due to unfavorable currency translation rates compared to the third quarter of 2001. The decrease in EBIT was also affected by a special tax assessment on the equity value of our Colombian subsidiary. Unit sales volumes were approximately equal to the prior year, and EBIT margins improved.

The European glass container operations reported improved sales, EBIT, and EBIT margins compared to the prior year as a result of higher unit sales volumes, higher selling prices, improved manufacturing performance, and favorable currency translation rates.

The Asia Pacific glass container operations recorded higher sales, EBIT, and EBIT margins mainly due to significantly higher sales of beer containers in China, Australia, and New Zealand; higher sales of wine containers in Australia and New Zealand, and favorable currency translation rates.

For the third quarter of 2002, the Plastics Packaging segment reported net sales of $452.3 million and EBIT of $64.9 million compared to net sales of $461.8 million and adjusted EBIT (excluding goodwill amortization) of $83.7 million in the third quarter of 2001. The third quarter sales decline of 2.1% was mainly due to competitive pricing pressures and the absence of sales from several small businesses that were sold over the past twelve months, partially offset by an overall increase in unit sales volume. The 22.5% decrease in EBIT was primarily due to two events which occurred in the third quarter 2002: 1) an unfavorable accounting adjustment at one of our foreign affiliates largely due to the write down of inventories to net realizable value; and, 2) reduced sales and EBIT within our advanced technology systems business, as a major customer discontinued production in the United States and is in the process of relocating that production to the Far East. The Company is commissioning a new factory in the Far East to continue to supply this customer and expects this new factory to be fully operational early in 2003. These two items account for substantially the entire EBIT decline in the third quarter.

Nine-Month Results

For the first nine months of 2002, the Company reported a net loss of $510.5 million, or $3.60 per share. Excluding the effects of the first quarter asbestos-related charge, extraordinary items, and the change in method of accounting for goodwill, earnings for the first nine months of 2002 were $265.0 million, or $1.69 per share (diluted). This compares to reported earnings for the first nine months of 2001 of $361.8 million, or $2.35 per share (diluted). Excluding extraordinary charges, unusual items, and goodwill amortization of $69.2 million, earnings from operations for the first nine months of 2001 were $236.1 million, or $1.52 per share (diluted).

Effective Tax Rate

Excluding the effect of the first quarter asbestos-related charge, the Company's estimated effective tax rate for the first nine months of 2002 was 31.6%. This compares with an estimated rate of 31.3% for the first nine months of 2001, and an actual effective rate of 30.3% for the full year of 2001; both adjusted to exclude the effects of goodwill amortization and unusual items. The increase in the 2002 estimated rate compared to the rate for the

full year of 2001 is primarily the result of decreased international and domestic tax benefits and credits, combined with a shift in estimated international earnings toward countries with higher effective tax rates.

Asbestos-Related Costs

Asbestos-related payments for the third quarter of 2002 were $55.7 million, a reduction of $5.7 million, or 9.3%, from the third quarter of 2001. For the nine months ended September 30, 2002, asbestos-related payments were $167.4 million, a reduction of $19.4 million, or 10.4%, from the prior year period. The Company expects that asbestos-related payments will be lower in the fourth quarter of 2002 compared to the fourth quarter of 2001, when such payments totaled $59.1 million. The Company estimates that the number of plaintiffs and claimants involved in asbestos claims pending against the Company at September 30, 2002, was 23,000, down from 27,000 at December 31, 2001. The Company anticipates that cash flows from operations and other sources will be sufficient to meet all asbestos-related obligations. Also, the Company collected $23.2 million in asbestos-related insurance proceeds during 2002. The remaining receivable for asbestos-related insurance is $13.8 million, which the Company expects to receive over the next two years.

Forward Looking Statements

This news release may contain "forward looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Forward looking statements reflect the Company's current expectations and projections about future events 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 including, but not limited to the following: (1) foreign currency fluctuations relative to the U.S. dollar, (2) change in capital availability or cost, including interest rate fluctuations, (3) the general political, economic and competitive conditions in markets and countries where the Company has operations, including competitive pricing pressures, inflation or deflation, and changes in tax rates, (4) consumer preferences for alternative forms of packaging, (5) fluctuations in raw material and labor costs, (6) availability of raw materials, (7) costs and availability of energy, (8) transportation costs, (9) consolidation among competitors and customers, (10) the ability of the Company to integrate operations of acquired businesses, (11) unanticipated expenditures with respect to environmental, safety and health laws, (12) the performance by customers of their obligations under purchase agreements, and (13) the timing and occurrence of events which are beyond the control of the Company, including events related to asbestos- related claims. It is not possible to foresee or identify all such factors. Any forward looking statements in this news release are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. 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 and New Zealand, and one of the largest in Europe. O-I also is a worldwide manufacturer of plastics packaging with operations in North America, South America, Europe, Australia and New Zealand. Plastics packaging products manufactured by O-I include consumer products (blow molded containers, injection molded closures and dispensing systems) and prescription containers.

Conference Call

As announced previously, a conference call to discuss the Company's latest results will be held Wednesday, October 23, at 10:00 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 9:50 a.m. (Eastern Time) on October 23. Ask for the Owens- Illinois conference call. A replay of the call will be available from approximately 1:00 p.m. (Eastern Time) on October 23 through November 1. 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 5894790.

Copies of Owens-Illinois news releases are available at the Owens-Illinois web site at www.o-i.com ; or at www.prnewswire.com .

OWENS-ILLINOIS, INC.
Condensed Consolidated Results of Operations
(Dollars in millions, except per share amounts)

	Three Months ended September 30,	
	2002	2001
Revenues:		
Net sales	$1,472.1	$1,360.2
Royalties and net technical assistance	5.4	6.1
Equity earnings	7.6	4.8
Interest	5.9	6.3
Other	9.6	6.4
	1,500.6	1,383.8
Costs and expenses:		
Manufacturing, shipping, and delivery	1,137.7	1,036.9

Research and development	10.0	11.1
Engineering	11.6	6.8
Selling and administrative	76.6	69.2
Interest	106.9	105.1
Other	6.9	31.1
	1,349.7	1,260.2
Earnings before items below	150.9	123.6
Provision for income taxes	47.7	47.6
Minority share owners' interests in earnings of subsidiaries	5.3	6.6
Net earnings	$ 97.9	$ 69.4
Less convertible preferred stock dividends	(5.4)	(5.4)
Net earnings available to common share owners	$ 92.5	$ 64.0
Basic net earnings per share of common stock	$ 0.63	$ 0.44
Weighted average shares outstanding (000s)	146,749	146,147
Diluted net earnings per share of common stock	$ 0.63	$ 0.44
Diluted average shares (000s)	147,474	146,228

Adjusted earnings and earnings per share data (a):

Net earnings	$ 97.9	$ 92.4
Per share - basic	0.63	0.60
Per share - diluted	0.63	0.60

(a) Earnings and earnings per share data for 2001 have been adjusted to eliminate goodwill amortization of $23.0 million, or $0.16 per share, as required by SFAS No. 142.

OWENS-ILLINOIS, INC.
Condensed Consolidated Results of Operations
(Dollars in millions, except per share amounts)

	Nine Months ended September 30,	
	2002	2001
Revenues:		
Net sales	$4,280.3	$4,056.1
Royalties and net technical assistance	18.5	19.0
Equity earnings	19.8	13.7
Interest	17.8	21.2
Other (a)	25.5	531.6
	4,361.9	4,641.6

Costs and expenses:		
Manufacturing, shipping, and delivery	3,310.6	3,147.9
Research and development	30.0	31.5
Engineering	29.1	21.5
Selling and administrative (b)	241.3	249.1
Interest (c)	314.0	335.5
Future asbestos-related costs (d)	475.0	--
Other (e)	26.8	209.5
	4,426.8	3,995.0
Earnings (loss) before items below	(64.9)	646.6
Provision (credit) for income taxes (f)	(36.7)	267.9
Minority share owners' interests in earnings of subsidiaries	15.6	12.8
Earnings (loss) before extraordinary items and cumulative effect of accounting change	(43.8)	365.9
Extraordinary charges from early extinguishment of debt, net of applicable income taxes (g)	(6.7)	(4.1)
Cumulative effect of accounting change (h)	(460.0)	--
Net earnings (loss)	$ (510.5)	$ 361.8
Earnings (loss) before extraordinary items and cumulative effect of accounting change	$ (43.8)	$ 365.9
Less convertible preferred stock dividends	(16.1)	(16.1)
Available to common share owners	$ (59.9)	$ 349.8
Basic earnings (loss) per share of common stock:		
Earnings (loss) before extraordinary items and cumulative effect of accounting change	$ (0.41)	$ 2.41
Extraordinary charges	(0.05)	(0.03)
Cumulative effect of accounting change	(3.14)	--
Net earnings (loss)	$ (3.60)	$ 2.38
Weighted average shares outstanding (000s)	146,560	145,225
Diluted earnings (loss) per share of common stock:		
Earnings (loss) before extraordinary		

items and cumulative effect of accounting change	$ (0.41)	$ 2.38
Extraordinary charges	(0.05)	(0.03)
Cumulative effect of accounting change	(3.14)	--
Net earnings (loss)	$ (3.60)	$ 2.35
Diluted average shares (000s)(i)	146,560	154,036

Adjusted earnings and earnings per share data (j):

Earnings (loss) before extraordinary items and cumulative effect of accounting change	$ (43.8)	$ 435.1
Per share - basic	(0.41)	2.89
Per share - diluted	(0.41)	2.86
Net earnings (loss)	$ (510.5)	$ 431.0
Per share - basic	(3.60)	2.86
Per share - diluted	(3.60)	2.83

(a) Amount for 2001 includes first quarter 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 (diluted).

Amount for 2001 includes a second quarter gain of $457.3 million ($284.4 million after tax) related to the sale of the Company's Harbor Capital Advisors business. The net aftertax effect of this item is an increase in earnings per share of $1.96 (diluted).

(b) Amount for 2001 includes second quarter charges of $30.9 million ($19.4 million after tax) related to special employee benefit programs. The net after effect of these items is a reduction in earnings per share of $0.13 (diluted).

(c) Amount for the second quarter of 2001 includes $4.0 million ($2.8 million after tax) related to interest on the resolution of the transfer of pension assets and liabilities for a previous acquisition and divestiture. The net after tax effect of this item is a reduction in earnings per share of $0.02 (diluted).

(d) Relates to an adjustment of the reserve for estimated future asbestos-related costs. The net aftertax effect of this charge ($308.8 million) is a reduction in earnings per share of $2.11.

(e) Amount for 2001 includes second quarter charges totaling $88.4 million ($69.2 million after tax and minority share owners' interests) for: (1) $79.9 million ($63.9 million after tax and minority share owners' interests) related to restructuring and impairment charges at certain of the Company's international glass operations, principally Venezuela and Puerto Rico, as well as certain other domestic and international operations, and (2) $8.5 million ($5.3 million after tax) for certain contingencies. The net aftertax effect of these items is a reduction in earnings per share of $0.48 (diluted).

(f) Amount for 2001 includes a second quarter charge of $6.0 million to adjust tax liabilities in Italy as a result of tax legislation. This item is a reduction in earnings per share of $0.04 (diluted).

The net aftertax effects of these charges on diluted earnings per share for the nine months ended September 30, 2002 and 2001 are as follows:

	2002	2001
Net earnings (loss) before extraordinary items and cumulative effect of accounting change	$(0.41)	$ 2.38
Dilutive effect of convertible preferred shares and other	(0.01)	0.03
Unusual items and other charges:		
Future asbestos-related costs	2.11	
Sale of Harbor Capital business		(1.96)
Sale of the labels business and the sale of a minerals business in Australia		(0.08)
Restructuring and impairment		0.44
Special employee benefit programs		0.13
Certain contingencies		0.04
Italian tax adjustment		0.04
Interest related to resolution of the transfer of pension assets and liabilities		0.02
Net earnings before extraordinary items, cumulative effect of accounting change and unusual items	1.69	1.04
Add goodwill amortization (j)	--	0.48
Adjusted earnings before extraordinary items, cumulative effect of accounting change and unusual items	$ 1.69	$ 1.52

(g) The 2002 write-off of unamortized deferred finance fees related to indebtedness repaid prior to its scheduled maturity totaled $10.9 million, less applicable income taxes of $4.2 million.

The 2001 write-off of unamortized deferred finance fees related to indebtedness repaid prior to its scheduled maturity totaled $6.6 million, less applicable income taxes of $2.5 million.

(h) On January 1, 2002, the Company adopted Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). As required by SFAS No. 142, the transitional goodwill impairment loss of $460.0 million is recognized as the cumulative effect of a change in method of accounting.

(i) Diluted earnings per share of common stock are equal to basic earnings per share of common stock for 2002 due to the net loss.

(j) Earnings and earnings per share data for 2001 have been adjusted to eliminate goodwill amortization of $69.2 million, or $0.48 per share, as required by SFAS No. 142.

OWENS-ILLINOIS, INC.
Consolidated Supplemental Financial Data
With EBIT as reported
(Dollars in millions)

Three Months Ended September 30,		Nine Months Ended September 30,	
2002	2001	2002	2001

Net sales:				
Glass Containers	$1,019.8	$ 898.4	$2,916.2	$2,639.9
Plastics Packaging	452.3	461.8	1,364.1	1,411.7
Other	--	--	--	4.5
Segment and consolidated net sales	$1,472.1	$1,360.2	$4,280.3	$4,056.1
EBIT as reported (a) (b)(c):				
Glass Containers	$ 205.5	$ 176.9	$ 549.5	$ 412.3
Plastics Packaging	64.9	83.7	217.9	214.5
Other	--	--	--	3.0
Segment EBIT	270.4	260.6	767.4	629.8
Eliminations and other retained items (d)	(18.5)	(15.2)	(536.1)	400.3
Consolidated EBIT before goodwill amortization	$ 251.9	$ 245.4	$ 231.3	$1,030.1
Amortization of goodwill (b)	--	(23.0)	--	(69.2)
Consolidated EBIT	$ 251.9	$ 222.4	$ 231.3	$ 960.9
Consolidated EBITDA	$ 362.3	$ 350.1	$ 572.4	$1,347.8
Selected Cash Flow Information				
Amortization of goodwill	$ --	$ 23.0	$ --	$ 69.2
Amortization of intangibles and other deferred items	6.5	5.8	20.0	18.6
Amortization of deferred finance fees	5.2	5.8	16.7	13.4
Total amortization	$ 11.7	$ 34.6	$ 36.7	$ 101.2
Depreciation	$ 103.9	$ 98.9	$ 321.1	$ 299.1
Additions to property, plant, and equipment	$ 105.4	$ 124.2	$ 343.2	$ 344.1
Asbestos-related payments	$ 55.7	$ 61.4	$ 167.4	$ 186.8
Asbestos-related insurance proceeds	$ 8.7	$ 9.0	$ 23.2	$ 158.2

	September 30, 2002	September 30, 2001
Total debt	$5,386.0	$5,312.5
Share owners' equity	$1,619.7	$2,128.4

	========	========

(a) EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries, extraordinary items, and cumulative effect of accounting change.

(b) In accordance with SFAS No. 142, goodwill is no longer amortized beginning in 2002. In order to facilitate comparisons, goodwill amortization in 2001 has been reclassified out of the Glass Containers and Plastics Packaging segments and reported separately.

(c) EBIT for the nine months ended September 30, 2001 includes a net gain of $351.1 million related to the following: (1) a gain of $10.3 million from the sale of a minerals business in Australia; (2) a gain of $2.8 million from the sale of the Company's labels business; (3) a gain of $457.3 million from the sale of the Company's Harbor Capital business; (4) charges of $79.9 million related to restructuring and impairment charges at certain of the Company's international glass operations, principally Venezuela and Puerto Rico, as well as certain other domestic and international operations; (5) charges of $30.9 million related to special employee benefit programs; and,(6) a charge of $8.5 million for certain contingencies.

Such charges (gains) are included as follows in consolidated EBIT for the nine months ended September 30, 2001:

Glass Containers	$ 61.6
Plastics Packaging	27.6
Other	(2.8)
Total Product Segments	86.4
Eliminations and other retained items	(437.5)
Consolidated Totals	$(351.1)

(d) Amount for 2002 includes a first quarter charge of $475.0 million related to adjustment of the reserve for estimated future asbestos-related costs.

OWENS-ILLINOIS, INC.
Consolidated Supplemental Financial Data
With EBIT excluding unusual items
(Dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Net sales:				
Glass Containers	$1,019.8	$ 898.4	$2,916.2	$2,639.9
Plastics Packaging	452.3	461.8	1,364.1	1,411.7
Other	--	--	--	4.5
Segment and consolidated net sales	$1,472.1	$1,360.2	$4,280.3	$4,056.1
EBIT as reported (a) (b)(c):				
Glass Containers	$ 205.5	$ 176.9	$ 549.5	$ 473.9

Plastics Packaging	64.9	83.7	217.9	242.1
Other	--	--	--	0.2
Segment EBIT	270.4	260.6	767.4	716.2
Eliminations and other retained items (d)	(18.5)	(15.2)	(61.1)	(37.2)
Consolidated EBIT before goodwill amortization	$ 251.9	$ 245.4	$ 706.3	$ 679.0
Amortization of goodwill (b)	--	(23.0)	--	(69.2)
Consolidated EBIT	$ 251.9	$ 222.4	$ 706.3	$ 609.8
Consolidated EBITDA	$ 362.3	$ 350.1	$1,047.4	$ 996.7

Selected Cash Flow Information

Amortization of goodwill	$ --	$ 23.0	$ --	$ 69.2
Amortization of intangibles and other deferred items	6.5	5.8	20.0	18.6
Amortization of deferred finance fees	5.2	5.8	16.7	13.4
Total amortization	$ 11.7	$ 34.6	$ 36.7	$ 101.2
Depreciation	$ 103.9	$ 98.9	$ 321.1	$ 299.1
Additions to property, plant, and equipment	$ 105.4	$ 124.2	$ 343.2	$ 344.1
Asbestos-related payments	$ 55.7	$ 61.4	$ 167.4	$ 186.8
Asbestos-related insurance proceeds	$ 8.7	$ 9.0	$ 23.2	$ 158.2

	September 30, 2002	September 30, 2001
Total debt	$5,386.0	$5,312.5
Share owners' equity	$1,619.7	$2,128.4

(a) EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries, extraordinary items and cumulative effect of accounting change.

(b) In accordance with SFAS No. 142, goodwill is no longer amortized beginning in 2002. In order to facilitate comparisons, goodwill amortization in 2001 has been reclassified out of the Glass Containers and Plastics Packaging segments and reported separately.

(c) EBIT for the nine months ended September 30, 2001 excludes a net gain

of $351.1 million related to the following: (1) a gain of $10.3 million from the sale of a minerals business in Australia; (2) a gain of $2.8 million from the sale of the Company's labels business; (3) a gain of $457.3 million from the sale of the Company's Harbor Capital business; (4) charges of $79.9 million related to restructuring and impairment charges at certain of the Company's international glass operations, principally Venezuela and Puerto Rico, as well as certain other domestic and international operations; (5) charges of $30.9 million related to special employee benefit programs; and,(6) a charge of $8.5 million for certain contingencies.

(d) Such charges (gains) are excluded as follows in consolidated EBIT for the nine months ended September 30, 2001:

Glass Containers	$ 61.6
Plastics Packaging	27.6
Other	(2.8)
Total Product Segments	86.4
Eliminations and other retained items	(437.5)
Consolidated Totals	$(351.1)

(d) Amount for 2002 excludes a first quarter charge of $475.0 million related to adjustment of the reserve for estimated future asbestos-related costs.

Source: Owens-Illinois, Inc.