UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)

[x] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 1999

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

OWENS-ILLINOIS, INC.
(Exact name of registrant as specified in its charter)

Delaware	1-9576	22-2781933
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(IRS Employer Identification No.)

One SeaGate, Toledo, Ohio	43666
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (419) 247-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange
Convertible Preferred Stock, $.01 par value, $50 liquidation preference	New York Stock Exchange
7.85% Senior Notes due 2004	New York Stock Exchange
7.15% Senior Notes due 2005	New York Stock Exchange
8.10% Senior Notes due 2007	New York Stock Exchange
7.35% Senior Notes due 2008	New York Stock Exchange
7.50% Senior Debentures due 2010	New York Stock Exchange
7.80% Senior Debentures due 2018	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ______

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value (based on the consolidated tape closing price on February 29, 2000) of the voting stock beneficially held by non-affiliates of Owens-Illinois, Inc. was approximately $1,509,676,000. For the sole purpose of making this calculation, the term "non-affiliate" has been interpreted to exclude directors and executive officers of the Company. Such interpretation is not intended to be, and should not be construed to be, an admission by Owens-Illinois, Inc. or such directors or executive officers of the Company that such directors and executive officers of the Company are "affiliates" of Owens-Illinois, Inc., as that term is defined under the Securities Act of 1934.

The number of shares of Common Stock, $.01 par value, of Owens-Illinois, Inc. outstanding as of February 29, 2000, was 146,952,743.

DOCUMENTS INCORPORATED BY REFERENCE

Part III	Owens-Illinois, Inc. Proxy Statement for The Annual Meeting of Share Owners To Be Held Wednesday, May 10, 2000 ("Proxy Statement").

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PART I

ITEM 1. BUSINESS

General Development of Business

Owens-Illinois, Inc. (the "Company"), through its subsidiaries, is the successor to a business established in 1903. The Company is one of the world's leading manufacturers of packaging products. Approximately one of every two glass containers made worldwide is made by the Company, its affiliates or licensees. In addition to being the largest manufacturer of glass containers in the United States, North America, South America, Australia, New Zealand, and China, and one of the largest in Europe, the Company is a leading manufacturer in the United States of plastic containers, plastic closures, plastic prescription containers, labels, and multipack plastic carriers for beverage bottles. The Company also has plastics packaging operations in Latin America, Australia, Europe, and Asia. Since 1993, through acquisitions and investments strategic to its core businesses, the Company has expanded and furthered its market leadership position in the geographic areas in which it competes. During the years 1995 through 1999, the Company has invested more than $2.0 billion in capital expenditures (excluding acquisition expenditures) and more than $300 million in research, development and engineering to, among other things, increase capacity in key locations, commercialize its technology into new products, and improve productivity.

In connection with the 1998 acquisition of the worldwide glass and plastics packaging businesses of BTR plc, the Company committed to sell BTR's United Kingdom glass container manufacturer ("Rockware"). In early 1999, the Company completed the sale of Rockware to a subsidiary of Ardagh plc, an Irish glass container manufacturer based in Dublin, Ireland, for total consideration of 249 million pounds sterling (approximately $405 million). Proceeds from the sale of Rockware were used for the reduction of debt and for general corporate purposes.

In May 1999, the Company's Board of Directors authorized the management of the Company to repurchase up to 10 million shares of the Company's common stock. The Company repurchased 10 million shares for $225.6 million under this authorization during 1999. In February 2000, the Company's Board of Directors authorized the repurchase of up to an additional 10 million shares of the Company's common stock. The Company intends to purchase its common stock from time to time on the open market depending on market conditions and other factors.

Since 1991, the Company has acquired 17 glass container businesses in 17 countries, including businesses in Central and Eastern Europe and in the Asia Pacific region, and six plastics packaging businesses with operations in 11 countries. These acquisitions are consistent with the Company's strategy to maintain leadership in glass and plastics packaging and to pursue revenue and earnings growth opportunities around the world.

The principal executive office of the Registrant is located at One SeaGate, Toledo, Ohio 43666; the telephone number is (419) 247-5000.

Financial Information about Product Segments

Information as to sales, earnings before interest income, interest expense, provision for income taxes, minority share owners' interests in earnings of subsidiaires, and extraordinary charges ("EBIT"), and total assets by product segment is included on pages 73 - 74.

Narrative Description of Business

The Company has two product segments: (1) Glass Containers and (2) Plastics Packaging. Below is a description of these segments and information to the extent material to understanding the Company's business taken as a whole.

Products and Services, Customers, Markets and Competitive Conditions, and Methods of Distribution

GLASS CONTAINERS PRODUCT SEGMENT

The Company is a leading manufacturer of glass containers throughout the world. In addition to being the largest maker of glass containers in the United States, North America, South America, Australia, New Zealand, and China, the Company also is a leading manufacturer of glass packaging in Europe. Worldwide glass container sales represented 66%, 68%, and 71% of the Company's consolidated net sales for the years ended December 31, 1999, 1998, and 1997, respectively. The Company believes that its internally developed machines are significantly more efficient and productive than those used by its competitors, making it the low-cost manufacturer and a recognized technological leader in the industry.

The Company currently has technical assistance agreements with 23 different companies in 25 countries. These agreements, which cover areas ranging from manufacturing and engineering assistance to support in functions such as marketing, sales, and administration, allow the Company to participate in the worldwide growth of the glass container industry. The Company believes these associations and its technical expertise will afford it opportunities to participate in the glass business in regions of the world where the Company does not have a presence, and expand in regions where the Company currently has operations.

Products and Services

Glass containers are produced in a wide range of sizes, shapes and colors for beer, food, tea, juice, soft drinks, liquor, wine, wine coolers and pharmaceuticals. The Company has been a leader in product innovation, introducing products including long neck nonreturnable beer bottles, and in developing containers for teas, juices, food, soft drinks and wine coolers.

The Company's product development efforts in glass containers are aimed at providing custom designed packaging systems to customers and consumers. Product lines designed to complement glass containers include product extensions related to single service packages for teas, juices and soft drinks and innovative secondary packaging systems such as closures, carriers and labeled containers.

Customers

Beer, food (which includes juice and teas), liquor (i.e. distilled spirits) and wine producers comprise the majority of industry demand for U.S. glass containers. In addition to the just previously mentioned producers, international glass container customers include soft drink bottlers. In the regions where the Company has operations, it has leading positions within these industries. The Company believes its position gives it the ability to sustain market share and take advantage of new opportunities and areas of growth for all customers within these industries.

Most glass production is sold to customers under arrangements with terms varying from several months to several years which specify estimated quantities to be shipped as a percentage of the customers' total annual shipment requirements. Containers are typically scheduled for production in response to customers' orders for their quarterly requirements.

Markets and Competitive Conditions

The Company has glass container operations located in 19 countries. The principal markets for the Company's glass products are in the United States, Europe, Australia, and Latin America. The Company has the leading market share of the glass segment of United States beer and food (including juice and teas) packaging. Excluding E & J Gallo Winery Inc., which manufactures its own containers, the Company believes it is a leading supplier of glass for wine and wine coolers. Internationally, the Company is the leading producer of glass containers in most of the geographic markets in which it is located.

The Company's glass products compete on the basis of quality, service and price with other forms of rigid packaging, principally aluminum and steel cans and plastic bottles, as well as glass and plastic containers produced by other large, well-established manufacturers. The principal competitors producing glass containers within the U.S. market are Ball-Foster Glass Container Co., L.L.C., a wholly-owned subsidiary of Paris-based Saint-Gobain ("Ball-Foster"), and Anchor Glass Container Corporation, the assets of which are owned by Canadian-based Consumers Packaging, Inc. The principal competitor producing glass containers outside the U.S. market is Saint-Gobain. The principal competitors producing metal containers are American National Can Group, Inc., Ball Corporation, Crown Cork & Seal Company, Inc., and Silgan Holdings Inc.. In the metal container market, no one competitor is dominant. The principal competitors supplying plastic containers are Consolidated Container Company

LLC, (a subsidiary of Consolidated Container Holdings formed to own all of the plastics packaging assets of Reid Plastics and substantially all of the U.S. plastic packaging assets of Suiza Foods, which consist of Franklin Plastics and Plastic Containers), Graham Packaging Co., Plastipak Packaging, Inc., and Silgan Corporation. In the plastic containers market, no one competitor is dominant.

Methods of Distribution

Due to the significance of transportation costs and the importance of timely delivery, manufacturing facilities are located close to customers. Most of the Company's glass container products are shipped by common carrier to customers within a 250-mile radius of a given production site. In addition to glass container manufacturing facilities, the Company operates several raw materials plants and machine and mold shops which manufacture high-productivity glass-making machines and equipment.

Domestic Glass Operations

The Company has an approximate 45% share of the glass container category of the U.S. rigid packaging market. Domestically, the Company operates 21 glass container manufacturing facilities, a sand plant and two machine shops which manufacture high-productivity glass-making machines and equipment. Marketing under the trade name Owens-Brockway, the Company believes that its 1999 U.S. glass container sales were significantly higher than the sales of its nearest U.S. glass container competitor, Ball-Foster.

Unit shipments in the U.S. to brewers and food producers, including producers of juice and teas, approximated 90% of the Company's total U.S. glass container unit shipments for 1999, 1998 and 1997.

During 1999, total glass container industry shipments within the United States rigid packaging market were slightly above 1998 shipment levels. Shipments increased in 1999 as a result of higher demand for beer containers, partially offset by decreased shipments of food containers. The Company's share of the United States glass container market increased slightly during this time. Overall, the Company expects glass containers' share of the United States rigid packaging market to remain relatively stable compared to 1999 levels and that the Company will maintain its share of the glass container segment due in part to the Company's ongoing improvement in operating efficiencies and its technological leadership.

The glass container industry in the United States continues to recycle used glass containers into new glass containers. The Company is an important part of this effort and continues to melt substantial tonnage of recycled glass in its glass furnaces. The infrastructure for recycling glass also supplies recycled glass containers to producers other than those in the glass container industry for use in the manufacture of secondary products (i.e. fiberglass and roadway material manufacturers). Glass recycling helps relieve the burden on the nation's landfills, while significantly reducing the need for virgin materials. Recycling also results in energy savings and reductions in air emissions. The Company has no technological barriers to using all of the

recycled glass it can reasonably expect to obtain from public/private collection programs as long as such glass meets incoming material quality standards.

International Glass Operations

The Company has added to its international operations by acquiring glass container companies with leading positions in growing or established markets, increasing capacity at selected foreign affiliates, and maintaining the global network of glass container companies that license the Company's technology. The Company has significant ownership positions in 24 companies located in 18 foreign countries and Puerto Rico. Most of the Company's international glass affiliates are the leading container manufacturers in their respective countries, producing a full line of containers for the soft drink, beer, wine, liquor, food, drug and chemical industries. Some of these companies also produce molds, mold parts, sand and feldspar, limestone, machines and machine parts, glass insulators, rolled glass, sheet glass and glass tableware. The Company's principal international glass affiliates are located in Europe, Australia, and Latin America.

Although unusually severe economic and market conditions in Latin America and Europe have adversely affected the Company's 1999 and 1998 operating results, unit shipments of glass containers in countries outside of the United States have grown substantially from levels of the early 1990's. In many regions, international glass operations have benefited from increased consumer spending power, increased privatization of industry, a favorable climate for foreign investment, lowering of trade barriers, and global expansion programs by major customers. In many developing countries glass has a significant cost advantage over plastic and metal containers. Technologies which have produced productivity improvements in the Company's United States Glass Container operations are also being applied to the operations of foreign affiliates. The Company is continuing to pursue additional strategic alliances with international partners whose markets are growing and whose manufacturing operations can be enhanced by the Company's state-of-the-art technology and equipment, which enables such operations to improve quality, increase productivity, reduce bottle weights, and decrease energy consumption. Revenues generated in countries where the Company does not have a direct ownership position may also provide a benefit to the Company in the form of royalties tied to sales volume of the Company's licensees.

The Company's significant ownership positions in international glass affiliates are summarized below:

Company/Country	Owens-Illinois Ownership
ACI Glass Packaging, Australia	100.0%
Avirunion, a.s., Czech Republic	100.0

Karhulan Lasi Oy, Finland	100.0
United Hungarian Glass Containers, Kft., Hungary	100.0
Owens-Brockway (India) Limited, India	100.0
AVIR S.p.A., Italy	100.0
ACI New Zealand Glass Manufacturers, New Zealand	100.0
Vidrieria Rovira, S.A., Spain	100.0
United Glass Ltd., United Kingdom	100.0
Manufacturera de Vidrios Planos, C.A., Venezuela	100.0
A/S Jarvakandi Klaas, Estonia	99.9
Vidrios Industriales, S.A., Peru	96.0
Huta Szkla Jaroslaw S.A., Poland	84.1
Owens-Illinois de Puerto Rico, Puerto Rico	80.0
Comphania Industrial Sao Paulo e Rio, Brazil	79.4
Owens-Illinois de Venezuela, C.A., Venezuela	74.0
ACI Guangdong Glass Company Ltd., China	70.0
ACI Shanghai Glass Company Ltd., China	70.0
Wuhan Owens Glass Container Company Ltd., China	70.0
Cristaleria del Ecuador, S.A., Ecuador	69.0
Huta Szkla Antoninek Sp.zo.o, Poland	60.1
Cristaleria Peldar, S.A., Colombia	57.8
PT Kangar Consolidated Industries, Indonesia	51.2

PLASTICS PACKAGING PRODUCT SEGMENT

The Company is a leading plastic container manufacturer in the United States, with operations also located in Latin America, Australia, Europe, and Asia. The Company is the market leader in most plastic segments in which it competes. Plastic container sales represented 20%, 18%, and 15% of the Company's consolidated net sales for the years ended December 31, 1999, 1998, and 1997, respectively. The Company's Plastics Packaging segment is comprised of three business units.

Plastic Containers. This unit, with 49 factories, manufactures rigid, semi-rigid, flexible and multi-layer plastic containers for a wide variety of uses, including household products, personal care products, health care products, chemicals and automotive products and food. This unit includes the CPT operations, which produces mono and multi-material PET containers for a number of applications that require special processing to ensure heat resistance for food and beverage containers that are filled at high temperatures, and to enhance barrier protection in order to increase shelf life.

Closure and Specialty Products. This unit, with 19 manufacturing facilities, develops and produces closures and closure systems which incorporate functional features such as tamper evidence, child resistance and dispensing. In addition, this unit's diverse product line includes trigger sprayers, finger pumps, and lotion pumps, as well as finger pumps for the fragrance and cosmetic industry. In the United States, the Company has a sole license for Alcoa's technology for compression molded, tamper evident, thermoplastic closures. This unit also manufactures custom injection molded products, such as deodorant canisters and toothpaste dispensers.

Prescription Products. The Company's Prescription Products unit manufactures prescription containers. These products are sold primarily to drug wholesalers, major drug chains and the government. Containers for prescriptions include plastic and glass ovals, vials, rounds, squares and ointment jars. The only other major producer in the plastic containers segment of prescription drug packaging is Kerr Group, Inc.

Markets. Major markets for these units include the household products, personal care products, health care products, and food and beverage industries.

The plastic segment of the rigid packaging market is competitive and fragmented due to generally available technology, low costs of entry and customer emphasis on low package cost. A large number of competitors exists on both a national and regional basis. The Company competes by emphasizing total package supply (i.e. bottle, closure system, and label), diversified market positions, proprietary technology and products, new package development, and packaging innovation. The market for closures is divided into various categories in which several suppliers compete for business on the basis of price and product design.

The Company's strategy has been to compete in the segments of the plastic packaging market where customers seek to use distinctive packaging to differentiate their products among a growing array of choices offered to consumers. The Company believes it is a leader in technology and development of custom products and has a leading market position for such products. The Company believes its plastic container and closure businesses have a competitive advantage as a result of one of the shortest new product development cycles in the industry, enabling the Company to provide superior service in the service-sensitive custom plastic container market. The Company's product innovations in plastic containers and closures include in-mold labeling for custom molded bottles, multilayer structured bottles containing post consumer recycled resin, Flex-Band and PlasTop tamper-evident closures, Clic Loc child-resistant closures, and 1-Clic vial system which can be used in either child-resistant or non-child-resistant modes. Recycling content legislation, which has been enacted in several states, requires that a certain specified minimum percentage of recycled plastic be included in new plastic containers. The Company has met such legislated standards in part due to its material and multilayer process technology.

The Company's Plastics Packaging segment currently has technical assistance agreements or cross-licenses with 38 companies in 20 countries. These agreements, which cover areas ranging from manufacturing and engineering assistance to support in functions such as marketing, sales, and administration, allow the Company to participate in the worldwide growth of the plastic packaging industry.

OTHER PRODUCTS

Label and Carrier Products. The broad line of labels produced by this unit includes polyethylene labels for in-mold labeling (IML) and laminated labels for beverage containers. The proprietary Contour-Pak plastic carrier line for bottles is also produced by this unit. This carrier line is predominantly used as six-pack and four-pack carriers for iced teas and other fruit drinks.

ADDITIONAL INFORMATION

New Products

New products and numerous refinements of existing products are developed and introduced in each segment every year. No single new product or refinement, or group of new products and refinements, have been recently introduced or are scheduled for introduction which required the investment of a material amount of the Company's assets or which otherwise would be considered material.

Sources and Availability of Raw Materials

All of the raw materials the Company uses have historically been available in adequate supply from multiple sources. However, for certain raw materials, there may be temporary shortages due to weather or other factors, including disruptions in supply caused by raw material transportation or production delays; such shortages are not expected to have a material effect on the Company's operations.

Patents and Licenses

The Company has a large number of patents which relate to a wide variety of products and processes, has pending a substantial number of patent applications, and is licensed under several patents of others. While in the aggregate its patents are of material importance to its business, the Company does not consider that any patent or group of patents relating to a particular product or process is of material importance when judged from the standpoint of any segment or its business as a whole.

Seasonality

Sales of particular products of the Glass Containers and Plastics Group business segments such as beer and certain food containers are seasonal. Shipments in the United States and Europe are typically greater in the second and third quarters of the year, while shipments in Latin America and the Asia

Pacific region are typically greater in the first and fourth quarters of the year.

Working Capital

In general, the working capital practices followed by the Company are typical of the businesses in which it operates. During the first and second quarters of the year the accumulation of inventories of certain products in advance of expected shipments reflects the seasonal nature of those businesses and may require periodic borrowings.

Customers

Major customers exist for each of the Company's industry segments, and in each industry segment the loss of a few of these customers might have a material adverse effect on the segment. Major customers of the Company include such companies as Anheuser-Busch Companies, Inc., Philip Morris Companies Inc., The Quaker Oats Company, The Procter & Gamble Company, Unilever, N.V. and other leading companies which manufacture and market a variety of consumer products.

Research and Development

Research and development constitutes an important part of the Company's activities. Research and development expenditures were $37.5 million, $36.4 million, and $28.9 million for 1999, 1998, and 1997, respectively. Operating engineering expenditures were $42.2 million, $34.8 million, and $29.9 million for 1999, 1998, and 1997, respectively. In addition to new product development, substantial portions of the technical effort are devoted to increased process control, automatic inspection, and automation. No material amount of money was spent on customer-sponsored research activities during 1999, 1998, or 1997.

Environment

The Company's operations, in common with those of the industry generally, are subject to numerous existing and proposed laws and governmental regulations designed to protect the environment, particularly regarding plant wastes and emissions and solid waste disposal. Capital expenditures for property, plant, and equipment for environmental control activities were not material during 1999.

A number of states have enacted, or are considering, legislation to promote curbside recycling and recycled content legislation as alternatives to mandatory deposit laws. Although such legislation is not uniformly developed, the Company believes that states will continue to enact and develop curbside recycling and recycling content legislation.

Sales of non-refillable glass beverage bottles and other convenience packages are affected by mandatory deposit laws and other types of restrictive legislation. As of January 1, 2000, there are nine states with mandatory deposit laws in effect.

Plastic containers have also been the subject of legislation in various states. The Company utilizes recycled plastic resin in its manufacturing processes. During 1999 and 1998, many plastic containers for products other than food, drugs, and cosmetics contained 25% post consumer resin. The Company believes it is an industry leader in such technology.

Although the Company is unable to predict what legislation or regulations may be adopted in the future with respect to environmental protection and waste disposal, compliance with existing legislation and regulations has not had, and is not expected to have, a material adverse effect on its capital expenditures, results of operations, or competitive position.

Number of Employees

The Company's operations employed approximately 36,600 persons at December 31, 1999. A majority of these employees are hourly workers covered by collective bargaining agreements, the principal one of which was renewed early in 1999 for three years. The Company considers its employee relations to be good. The Company has not had any material labor disputes in the last five years, and does not anticipate any material work stoppages in the near term.

Financial Information about Foreign and Domestic Operations and Export Sales

Information as to net sales, EBIT, and assets of the Company's product and geographic segments is included on pages 72 - 76. Export sales, in the aggregate or by geographic area, were not material for the years 1999, 1998, or 1997.

ITEM 2. PROPERTIES

The principal manufacturing facilities and other material important physical properties of the continuing operations of the Company at December 31, 1999 are listed below and grouped by product segment. All properties shown are owned in fee except where otherwise noted.

Glass Containers
- Domestic Operations
  - Glass Container Plants
    - Atlanta, GA
    - Auburn, NY
    - Brockway, PA
    - Charlotte, MI
    - Clarion, PA (1)
    - Crenshaw, PA
    - Danville, VA
    - Hayward, CA
    - Lakeland, FL
    - Lapel, IN
    - Los Angeles, CA
    - Muskogee, OK (1)
    - Oakland, CA
    - Portland, OR
    - Streator, IL
    - Toano, VA
    - Tracy, CA
    - Volney, NY
    - Waco, TX
    - Winston-Salem, NC
    - Zanesville, OH
  - Machine Shops
    - Brockway, PA
    - Godfrey, IL
  - Sand Plant
    - Ione, CA (2)
- Asia Pacific Operations
  - Australia
    - Glass Container Plants
      - Adelaide
      - Brisbane
      - Perth
      - Sydney

Melbourne

Mold Shop
Melbourne

Raw Materials Plants
Beachworth
Caroline
Dandenong
Glenshera
Lang Lang
Port Parham
Port Stephens
North Stradbroke Island
Tantanoola
Upper Wakefield
Williamstown

China
Glass Container Plants
Guangzhou
Shanghai
Wuhan

Mold Shop
Tianjin

India
Glass Container Plants
Pondicherry
Pune
Rishikesh

Indonesia
Glass Container Plant
Jakarta

New Zealand
Glass Container Plant
Auckland

European Operations
Czech Republic
Glass Container Plants
Sokolov
Teplice

Estonia
Glass Container Plant
Jarvakandi

Finland
Glass Container Plant
Karhula

Hungary
Glass Container Plant
Oroshaza

Italy
Glass Container Plants
Asti
Bari (2 plants)
Bologna
Cagliari
Milan
Napoli
Pordenone
Rome
Terni
Trento
Treviso
Verese

Mold Shop
Napoli

Poland
  Glass Container Plants
    Jaroslaw   Poznan

Spain
  Glass Container Plants
    Barcelona

United Kingdom
  Glass Container Plants
    Alloa   St. Albans
    Harlow

  Sand Plant
    Devilla

Latin American Operations
  Brazil
    Glass Container Plants
      Rio de Janeiro   Sao Paulo

    Machine Shop
      Manaus

  Colombia
    Glass Container Plants
      Envigado   Zipaquira

  Ecuador
    Glass Container Plant
      Guayaquil

  Peru
    Glass Container Plant
      Callao

  Puerto Rico
    Glass Container Plant
      Vega Alta

  Venezuela
    Glass Container Plants
      Caracas   Valencia
      La Victoria

Plastics Packaging
  Domestic Operations
    HDPE (High Density Polyethylene) and
     PET (Polyethylene Terephthalate)
     Container Plants

Atlanta, GA	Kansas City, MO (2)
Baltimore, MD	Kissimmee, FL
Bedford, NH	La Mirada, CA (2)
Belvidere, NJ	Modesto, CA
Cartersville, GA	Nashua, NH
Chicago, IL	Newburyport, MA
Cincinnati, OH (1)	Rockwall, TX
Edison, NJ	Rocky Mount, NC
Findlay, OH	Rossville, GA (2)
Florence, KY (2 plants) (1)	St. Louis, MO (2)
Fremont, OH	Sullivan, IN
Greenville, SC	Tolleson, AZ
Harrisonburg, VA	Vandalia, IL (1)

Hazleton, PA
Henderson, NV
Washington, NJ (2)

Closure and Specialty Products Plants

Bridgeport, CT
Brookville, PA
Chattanooga, TN
Constantine, MI (1)
El Paso, TX (2)
Erie, PA
Franklin, IN
Hamlet, NC
Maumee, OH (2)

Prescription Products Plant

Berlin, OH (1)

Asia Pacific Operations

Plastic Container Plants

Australia

Adelaide
Brisbane
Melbourne (2 plants)
Perth
Sydney (3 plants)
Wadonga

New Zealand

Auckland
Christchurch

Closure Plants

Australia

Brisbane (2 plants)
Drouin
Melbourne (3 plants)
Perth
Sydney

New Zealand

Auckland

Thailand

Bangkok

European Operations

Plastic Container Plants

Finland

Ryttyla

Hungary

Gyor

Netherlands

Etten-Leur

United Kingdom

Chalgrove

Latin American Operations

Plastic Container Plants

Brazil

Sorocaba

Mexico

Mexico City
Pachuca

Puerto Rico

Las Piedras

Other
  Label and Carrier Products Plant
    Bardstown, KY

Corporate Facilities
  World Headquarters Building
  Toledo, OH (2)

  Levis Development Park
  Perrysburg, OH

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(1) This facility is financed in whole or in part under tax-exempt financing agreements.
(2) This facility is leased in whole or in part.

The Company believes that its facilities are well maintained and currently adequate for its planned production requirements over the next three to five years.

ITEM 3. LEGAL PROCEEDINGS

See the section entitled "Contingencies" on pages 69 - 71.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the last quarter of the fiscal year ended December 31, 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are the names and the ages, positions, and offices held (as of the date hereof), and a brief account of the business experience of each executive officer. Officers serve at the discretion of the Board of Directors.

Name and Age	Position
Joseph H. Lemieux (69)	Chairman since 1991; Chief Executive Officer since 1990; President and Chief Operating Officer, 1986-1990; Director since 1984. Member of Class III of the Board of Directors of the Company, with a term expiring in 2000.
R. Scott Trumbull (51)	Executive Vice President, International Operations since 1993; Executive Vice President, Corporate Development since 1998; Vice President and Director of Corporate Planning, 1992-1993; Vice President and General Manager of Plastics and Closure Operations, 1986-1992.
Terry L. Wilkison (58)	Executive Vice President, Latin American Operations since 1998; Executive Vice President, 1993-1997; Executive Vice President, Domestic Packaging Operations, 1993-1996; Vice President and General Manager of Plastics, Closures, and Prescription Products, 1992-1993; Vice President and General Manager of Specialty Glass Operations, 1987-1992.
Thomas L. Young (56)	Executive Vice President, Administration and General Counsel since 1993; Secretary, 1990-1998; Vice President, General Counsel, General Manager - Operations Administration, 1992-1993; Vice President and General Counsel, 1990-1992; Member of Class I of the Board of Directors of the Company, with a term expiring in 2001.
David G. Van Hooser (53)	Senior Vice President and Chief Financial Officer since 1998; Senior Vice President and Director of Corporate Strategy, 1996-1998; Vice President and General Manager of Plastic Components Operations, 1994-1996; Vice President, Treasurer and Controller, 1990-1994; Vice President and Treasurer, 1988-1990.

Name and Age	Position
John Bachey (51)	Vice President since 1997; General Manager, European and Latin American Plastics Operations since 1999; General Manager, Europe and Latin America, Continental PET Technologies, 1998-1999; Managing Director of United Glass, 1997; Vice President of Glass Container Sales and Marketing, 1996-1997; Vice President and General Manager, West Coast, 1993-1996.
James W. Baehren (49).	Corporate Secretary since 1998; Associate General Counsel since 1996; Assistant General Counsel, 1992-1996.
Russell C. Berkoben (58)	Vice President since 1992; Vice President and General Manager of Plastics Group since 1997; Vice President and General Manager of Plastic Containers Operations, 1991-1996; Vice President and Plastic Containers Business Unit Manager, 1985-

1991.

Joseph V. Conda (58)	Vice President since 1998; Vice President of Glass Container Sales and Marketing since 1997; Vice President and General Manager of Prescription Products, 1996-1997.
Thomas E. Coyle (49)	Vice President since 1999; Vice President and General Manager of Prescription Products since 1997; Vice President of Plastic Containers Operations, 1991-1997.
Jeffrey A. Denker (52)	Treasurer since 1998; Assistant Treasurer, 1988-1998; Director of International Finance, 1987-1998.
Larry A. Griffith (54)	Vice President since 1990; Vice President and General Manager of Closure and Specialty Products since 1998; Vice President of International Operations, 1997-1998; Vice President and Chief Information Officer, 1996-1998; General Manager of Plastic Components Operations, 1996-1997; General Manager of Kimble, 1992-1995; Vice President of Corporate Staff and Director of Corporate Planning, 1988-1990.

Name and Age	Position
W. Bruce Larsen (46)	Vice President since 1997; Vice President and General Manager of Plastic Containers since 1999; Vice President and Director of Operations, Plastic Containers 1998-1999; Vice President and Director of Manufacturing, Plastic Containers, 1993-1998.
Gerald J. Lemieux (42)	Vice President since 1997; Vice President and General Manager of Domestic Glass Container since 1997; Vice President, Domestic Glass Container Finance and Administration, 1992-1997.

Mr. Gerald J. Lemieux is the son of Mr. Joseph H. Lemieux.

Michael D. McDaniel (51)	Vice President since 1992; Vice President and General Manager of Continental PET Technologies since 1998; Vice President and General Manager of Closure and Specialty Products, 1991-1998; Vice President and Director of Manufacturing and Engineering of Closure Operations, 1990-1991; Vice President and Manufacturing Manager of Closure Operations, 1985-1990.
Philip McWeeny (60).	Vice President and General Counsel - Corporate since 1988.
Peter J. Robinson (56)	Vice President since 1999; General Manager of Asia Pacific Operations since 1998; Chief Executive of ACI Packaging Group, 1988-1998.
Robert A. Smith (58)	Vice President since 1993; Vice President and Technical Director since 1998; Vice President of International Operations 1997-1998; Vice President of Glass Container Manufacturing, 1993-1997; Vice President and General Manager, West

	Coast, 1990-1993; Vice President and Area Manufacturing Manager, 1986-1990.
Franco Todisco (56).	Vice President since 1999; General Manager of Southern and Central Europe Operations since 1999; President of Avir S.p.A. 1994-1999; Vice President of Avir S.p.A., 1977-1994.

Name and Age	Position
Edward C. White (52)	Controller since 1999; Vice President and Director of Finance, Planning, and Administration - International Operations, 1997-1999; Financial Director of the Company's affiliates in Finland and Poland, 1996-1997; President, Coe Press Equipment Company, 1995-1996.

PART II

ITEM 5. MARKET FOR OWENS-ILLINOIS, INC.'S COMMON STOCK AND RELATED SHARE OWNER MATTERS

The price range for the Company's Common Stock on the New York Stock Exchange, as reported by National Association of Securities Dealers, was as follows:

	1999		1998	
	High	Low	High	Low
First Quarter	32-3/4	22	46-3/16	33-3/4
Second Quarter	33-7/16	23-5/8	47-9/16	38-15/16
Third Quarter	32-3/16	19-7/16	49	23-3/4
Fourth Quarter	25-7/16	19-5/16	35-3/4	24

The number of share owners of record on January 31, 2000 was 1,193. Approximately 75 percent of the outstanding shares were registered in the name of Depository Trust company, or CEDE, which held such shares on behalf of 242 brokerage firms, banks, and other financial institutions. The shares attributed to these financial institutions, in turn, represented the interests of more than 25,000 unidentified beneficial owners. No dividends have been declared or paid since the Company's initial public offering in December 1991. For restrictions on payment of dividends on Common Stock, see the fourth paragraph of the section entitled "Long-Term Debt" on page 54.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data presented below relates to each of the five years in the period ended December 31, 1999. Such data was derived from the Consolidated Financial Statements, of which the most recent three years are included elsewhere in this document and were audited by Ernst & Young LLP, independent auditors, whose report with respect to the financial statements appears elsewhere in this document. See Consolidated Financial Statements -- Statement of Significant Accounting Policies and Financial Review.

	Years Ended December 31,				
	1999	1998 (a)	1997 (b)	1996	1995
	(Dollar amounts in millions)				
Consolidated operating results:					
Net sales.	$5,522.9	$5,306.3	$4,658.5	$3,845.7	$3,763.2
Other revenue (c). .	263.8	193.0	169.9	130.5	117.8
	5,786.7	5,449.3	4,828.4	3,976.2	3,881.0
Costs and expenses:					
Manufacturing, shipping and delivery . . .	4,296.4	4,075.6	3,666.4	3,025.6	2,948.5
Research, engineering, selling, administrative and other (d)	566.6	834.7	407.0	323.9	322.9
Earnings before					

interest expense and items below. .	923.7	589.0	755.0	626.7	609.6
Interest expense . .	425.9	380.0	302.7	302.6	299.6
Earnings before items below.	497.8	209.0	452.3	324.1	310.0
Provision for income taxes (e).	185.5	66.7	148.5	104.9	100.8
Minority share owners' interests in earnings of subsidiaries . . .	13.2	20.2	31.4	28.1	40.1
Earnings before extraordinary items	299.1	122.1	272.4	191.1	169.1
Extraordinary charges from early extinguishment of debt, net of applicable income taxes	(.8)	(14.1)	(104.5)		
Net earnings	$ 298.3	$ 108.0	$ 167.9	$ 191.1	$ 169.1

SELECTED FINANCIAL DATA -- continued

	Years ended December 31,				
	1999	1998 (a)	1997 (b)	1996	1995
	(Dollar amounts in millions, except per share data)				
Basic earnings per share of common stock:					
Earnings before extraordinary items.	$ 1.80	$ 0.71	$ 2.03	$ 1.58	$ 1.40
Extraordinary charges	(.01)	(0.09)	(0.78)		
Net earnings . . .	$ 1.79	$ 0.62	$ 1.25	$ 1.58	$ 1.40
Weighted average shares outstanding (in thousands) . .	153,804	149,970	133,597	120,276	119,343
Diluted earnings per share of common stock:					
Earnings before extraordinary items.	$ 1.79	$ 0.71	$ 2.01	$ 1.55	$ 1.37
Extraordinary charges	(.01)	(0.09)	(0.77)		
Net earnings . . .	$ 1.78	$ 0.62	$ 1.24	$ 1.55	$ 1.37
Weighted diluted average shares (in thousands)	155,209	150,944	135,676	123,567	123,161

The Company's convertible preferred stock was not included in the computation of 1999 and 1998 diluted earnings per share since the result would have been antidilutive. The Company's exchangeable preferred stock was not included in the computation of 1998 diluted earnings per share since the result would have been antidilutive. Options to purchase 3,357,449, 1,160,667, 11,429, 146,975, and 781,290 weighted average shares of common stock which were outstanding during 1999, 1998, 1997, 1996, and 1995, respectively, were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

SELECTED FINANCIAL DATA -- continued

	Years ended December 31,				
	1999	1998 (a)	1997 (b)	1996	1995
	(Dollar amounts in millions)				
Other data:					
The following are included in net earnings:					
Depreciation . . .	$ 403.7	$ 358.5	$ 283.5	$ 219.8	$ 188.3
Amortization of excess cost and intangibles. . .	132.7	98.0	55.9	46.8	44.8
Amortization of deferred finance fees (included in interest expense)	8.9	7.4	4.1	5.0	5.0
	$ 545.3	$ 463.9	$ 343.5	$ 271.6	$ 238.1
Balance sheet data (at end of period):					
Working capital. .	$ 837	$ 850	$ 604	$ 380	$ 328
Total assets . . .	10,756	11,061	6,845	6,105	5,439
Total debt	5,939	5,917	3,324	3,395	2,833
Share owners' equity	2,350	2,472	1,342	730	532

(a) Results of operations and other data since April 1998 include the acquisition of the worldwide glass and plastics packaging businesses of BTR plc, and the related financings. For further information, see Acquisition of Worldwide Packaging Businesses of BTR plc, and Pro Forma Information - Acquisition of BTR Packaging on pages 67 - 68.

(b) Results of operations since January 1997 include the acquisition of AVIR S.p.A. Also during 1997, the Company implemented a refinancing plan.

(c) Other revenue in 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.

Other revenue in 1998 includes: (1) a gain of $18.5 million ($11.4 million aftertax) related to the termination of a license agreement, net of charges for related equipment write-offs and capacity adjustments, under which the Company had produced plastic multipack carriers for beverage cans; and (2) a loss of $5.7 million ($3.5 million aftertax) on the sale of a discontinued operation by an equity investee. Other revenue in 1997 includes a gain of $16.3 million ($16.3 million aftertax) from the sale of the remaining 49% interest in Kimble Glass.

(d) 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 Latin America.

In 1998, the Company recorded: (1) a charge of $250.0 million ($154.4 million aftertax) related to adjustment of the reserve for estimated future asbestos-related costs; (2) charges of $72.6 million ($47.4 million after tax and minority share owners' interests) related principally to a plant closing in the United Kingdom and restructuring costs at certain international affiliates; (3) a net charge of $0.9 million ($0.6 million aftertax) for the settlement of certain environmental litigation and the reduction of previously established reserves for guarantees of certain obligations of a previously divested business.

In 1998, the Company also recorded charges of $42.0 million ($31.5 million after tax and minority share owners' interests) principally for write-offs of certain assets associated with business conditions in emerging markets.

In 1997, the Company recorded charges of $14.1 million ($8.7 million aftertax) principally for guarantees of certain lease obligations of a previously divested business. In 1995, the Company recorded a charge of $40.0 million ($24.7 million aftertax) to write down the asbestos insurance asset and a net credit of $40.0 million ($24.7 million aftertax) primarily from the reduction of previously established restructuring reserves. In 1994, the Company recorded a charge of $100.0 million ($61.7 million aftertax) to write down the asbestos insurance asset.

(e) In 1998, the Company recorded a credit of $15.1 million to adjust net deferred income tax liabilities as a result of a reduction in Italy's statutory income tax rate.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Comparison of 1999 with 1998

For the year ended December 31, 1999, the Company recorded earnings before extraordinary items of $299.1 million compared to $122.1 million for 1998. Net earnings of $298.3 million for 1999 and $108.0 million for 1998 reflect $.8 million and $14.1 million, respectively, of extraordinary charges from the early extinguishment of debt. Excluding the effects of unusual items for both 1999 and 1998 discussed in the table below, the Company's 1999 earnings before extraordinary items of $289.5 million decreased $12.0 million, or 4.0%, from 1998 earnings before extraordinary items of $301.5 million.

The following table lists unusual items (in millions of dollars) recorded in 1999 and 1998, and their related effects on both EBIT and earnings before extraordinary items. EBIT is defined as earnings before interest income, interest expense, provision for income taxes, minority share owners' interest in earnings of subsidiaries, and extraordinary charges.

	1999		1998	
	EBIT	Earnings before extraordinary items	EBIT	Earnings before extraordinary items
As reported	$895.2	$299.1	$559.8	$122.1
Unusual items - charges (credits):				
Net gains on the sales of a U.S. glass container plant and a mold manufacturing business in Colombia	(40.8)	(23.6)		
Charges for restructuring costs and write-offs of certain assets in Europe and Latin America	20.8	14.0		
Adjustment of reserve for estimated future asbestos-related costs			250.0	154.4
Plant closing and restructuring costs at certain international affiliates			72.6	47.4
Loss on sale of discontinued operation by equity investee			5.7	3.5
Net charge for settlement of environmental litigation and reduction of previously established reserves			0.9	0.6
Net gain on sale of license agreement			(18.5)	(11.4)
Adjustment of net deferred income tax liabilities as a result of a reduction in Italy's statutory income tax rate				(15.1)
Before unusual items	$875.2	$289.5	$870.5	$301.5

The year ended 1998 also includes charges which reduced earnings before extraordinary items by $31.5 million. Such charges relate principally to write-offs of certain assets associated with business conditions in emerging markets.

The years ended 1999 and 1998 include amounts relating to the April 30, 1998 acquisition of the worldwide glass and plastics packaging businesses of BTR plc. Consolidated EBIT, excluding both the 1999 and 1998 unusual items, was $875.2 million for 1999, an increase of $4.7 million, or 0.5%, compared to $870.5 million for 1998. The increase is attributable to higher EBIT for the Plastics Packaging segment, partially offset by lower EBIT in the Glass Containers segment. Results of both segments are discussed further below. Interest expense, net of interest income, increased $46.6 million in 1999 due principally to the financings related to the acquisition of the BTR glass and plastics packaging businesses. The $7.0 million decrease in minority share owners' interests in earnings of subsidiaries resulted from lower net earnings of certain foreign affiliates, principally the affiliate in Colombia. Exclusive of unusual items, the Company's effective tax rate for 1999 was 36.9% compared to a rate of 37.3% for 1998.

Capsule segment results (in millions of dollars) for 1999 and 1998 are as follows (a):

Net sales to unaffiliated customers	1999	1998
Glass Containers	$3,762.6	$3,809.9
Plastics Packaging	1,686.7	1,414.5
Other	73.6	81.9
Segment and consolidated net sales	$5,522.9	$5,306.3

EBIT	1999	1998 (c)
Glass Containers	$ 602.4 (b)	$ 547.7
Plastics Packaging	281.8	232.0
Other	5.1	29.1
Segment EBIT	889.3	808.8
Eliminations and other retained costs (d)	5.9	(249.0)
Consolidated EBIT	$ 895.2	$ 559.8

(a) See Segment Information included on pages 72 - 76.

(b) EBIT for 1999 includes: (1) gains totaling $40.8 million related to the sales of a U.S. glass container 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 Latin America.

(c) Segment EBIT in 1998 includes the following unusual items: (1) charges of $72.6 million related principally to a plant closing in the United Kingdom and restructuring costs at certain international affiliates; (2) a loss of $5.7 million on the sale of a discontinued operation by an equity investee; and (3) a gain of $18.5 million related to the termination of a license agreement, net of charges for related equipment write-offs and capacity adjustments, under which the Company had produced plastic multipack carriers for beverage cans. These items increased (decreased) segment EBIT as follows: Glass Containers -- $(78.3) million; Other -- $18.5 million.

(d) Eliminations and other retained costs for 1998 include the following unusual items: (1) a charge of $250.0 million related to adjustment of the reserve for estimated future asbestos-related costs; and (2) net charges of $0.9 million for the settlement of certain environmental litigation and the reduction of previously established reserves for guarantees of certain obligations of a previously divested business.

Consolidated net sales for 1999 increased $216.6 million, or 4.1%, over the prior year. Net sales of the Glass Containers segment decreased $47.3 million, or 1.2%, from 1998. The combined U.S. dollar sales of the segment's foreign affiliates were nearly equal to the prior year. Increased reported sales from the Asia Pacific glass container businesses acquired from BTR on April 30, 1998 (an increase of approximately $235 million from 1998 to 1999) were offset by weak economic conditions in markets served by the Company's operations in Latin America and Europe. The effect of changing foreign currency exchange rates reduced 1999 U.S. dollar sales of the segment's foreign affiliates by approximately $165 million. In the United States, increased unit shipments of glass containers for the beer industry partially offset the year to year comparative effects of the April 1, 1999 sale of a specialized glass manufacturing facility and lower shipments of food containers. Net sales of the Plastics Packaging segment increased $272.2 million, or 19.2%, over 1998, reflecting the plastics businesses acquired on April 30, 1998 from BTR (an increase of approximately $200 million from 1998 to 1999), and increased unit shipments from all business units.

Segment EBIT for 1999, excluding the 1999 and 1998 unusual items, increased $.7 million to $869.3 million, or 15.7% of net sales, from 1998 segment EBIT of $868.6 million, or 16.4% of net sales. Consolidated operating expense (consisting of selling and administrative, engineering, and research and development expenses) as a percentage of net sales was 6.8% in 1999 compared to 6.5% in 1998. EBIT of the Glass Containers segment, excluding the 1999 and 1998 unusual items, decreased $43.6 million to $582.4 million, compared to $626.0 million in 1998. EBIT of the Asia Pacific glass container businesses acquired from BTR on April 30, 1998 increased approximately $40 million from the eight months of 1998 to the full year of 1999. The contributions of the acquired businesses and gains on sales of non-strategic assets in Europe were more than offset by soft market conditions for most of the affiliates located in Europe and Latin America. The effect of changing foreign currency exchange rates reduced 1999 U.S. dollar EBIT, before unusual items, of the segment's foreign affiliates by approximately $15 million in comparison to 1998. In the United States, Glass Container EBIT increased from 1998 as a result of

increased unit shipments of beer containers. The EBIT of the Plastics Packaging segment increased $49.8 million, or 21.5%, compared to 1998. Contributing to this increase were the plastics businesses acquired on April 30, 1998 from BTR (an increase of approximately $22 million from the eight months of 1998 to the full year of 1999), increased shipments of containers for health care and personal care products, food containers, closures and trigger pumps, and strong demand for prescription packaging, including the new 1-Clic(TM) prescription vial. The Other segment EBIT in comparison to prior year, excluding the 1998 unusual item, was adversely affected by the end of the first quarter 1998 termination of a license agreement under which the Company had produced plastic multipack carriers for beverage cans, and lower shipments of labels.

Eliminations and other retained costs were $5.9 million for 1999, reflecting higher net financial services income, compared to $1.9 million for 1998, excluding the 1998 unusual items.

The 1999 results include the following unusual items: (1) 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; and (2) 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 Latin America.

In 1998, the Company recorded pretax charges of $72.6 million ($47.4 million after tax and minority share owners' interests). Included in these charges are employee severance costs at certain international affiliates and write-downs of assets which will no longer be used, including the closure of a plant in the United Kingdom. The actions associated with these charges were substantially completed in the first half of 1999. Cash expenditures associated with these charges, principally for severance, were approximately $50 million.

The 1998 results also include fourth quarter non-cash charges of $42.0 million ($31.5 million after tax and minority share owners' interests) principally for write-offs of certain assets associated with business conditions in emerging markets.

Comparison of 1998 with 1997

For the year ended December 31, 1998, the Company recorded earnings before extraordinary items of $122.1 million compared to $272.4 million for 1997. Excluding the effects of unusual items for both 1998 and 1997 discussed below, the Company's 1998 earnings before extraordinary items of $301.5 million increased $36.7 million, or 13.9%, over 1997 earnings before extraordinary items of $264.8 million.

The 1998 results include the unusual items discussed on page 27. The 1997 results include the following unusual items: (1) a gain of $16.3 million ($16.3 million aftertax) on the sale of the Company's remaining 49% interest in Kimble Glass; and (2) charges of $14.1 million ($8.7 million afertax)

principally for the estimated cost of guaranteed lease obligations of a previously divested business.

Consolidated EBIT for 1998, excluding the effects of unusual items, was $870.5 million, an increase of $141.3 million, or 19.4%, compared to the same period in 1997. The increase is attributable to higher EBIT for both the Glass Containers segment and the Plastics Packaging segment as discussed further below. Interest expense, net of interest income, increased $71.7 million from the 1997 period due principally to the financings related to the acquisition of the BTR glass and plastics packaging businesses. The increase in interest expense resulting from the acquisition was partially offset by lower borrowing costs resulting from the 1997 refinancing of higher cost debt, which began in May 1997. The $11.2 million decrease in minority share owners' interests in earnings of subsidiaries resulted from lower net earnings of certain foreign affiliates, principally the affiliate in Colombia. The Company's effective tax rate for 1998, excluding the effects of the unusual items previously discussed, was 37.3%. This compares with 34.1% for the full year 1997, excluding the effect of the gain on the 1997 sale of the remaining 49% interest in Kimble Glass. Increased goodwill amortization resulting from the acquisition of the former BTR packaging businesses and operating losses incurred at certain international affiliates for which no related tax benefit was recorded were the primary reasons for the increase. Net earnings of $108.0 million and $167.9 million for 1998 and 1997, respectively, reflect $14.1 million and $104.5 million, respectively, of extraordinary charges from the early extinguishment of debt.

Capsule segment results (in millions of dollars) for 1998 and 1997 are as follows (a):

Net sales to unaffiliated customers	1998	1997
Glass Containers	$3,809.9	$3,528.4
Plastics Packaging	1,414.5	1,029.8
Other	81.9	100.3
Segment and consolidated net sales	$5,306.3	$4,658.5

EBIT	1998 (b)	1997
Glass Containers	$ 547.7	$ 543.2
Plastics Packaging	232.0	173.8
Other	29.1	15.1
Segment EBIT	808.8	732.1
Eliminations and other retained costs (c)	(249.0)	(0.7)
Consolidated EBIT	$ 559.8	$ 731.4

(a) See Segment Information included on pages 72 - 76.

(b) Segment EBIT in 1998 includes the following unusual items: (1) charges of $72.6 million related principally to a plant closing in the United

Kingdom and restructuring costs at certain international affiliates; (2) a loss of $5.7 million on the sale of a discontinued operation by an equity investee; and (3) a gain of $18.5 million related to the termination of a license agreement, net of charges for related equipment write-offs and capacity adjustments, under which the Company had produced plastic multipack carriers for beverage cans. These items increased (decreased) segment EBIT as follows: Glass Containers -- $(78.3) million; Other -- $18.5 million.

(c) Eliminations and other retained costs for 1998 include the following unusual items: (1) a charge of $250.0 million related to adjustment of the reserve for estimated future asbestos-related costs; and (2) net charges of $0.9 million for the settlement of certain environmental litigation and the reduction of previously established reserves for guarantees of certain obligations of a previously divested business. Eliminations and other retained costs for 1997 include the following unusual items: (1) a gain of $16.3 million on the sale of the remaining 49% interest in Kimble Glass; and (2) charges of $14.1 million principally for guarantees of certain lease obligations of a previously divested business.

Consolidated net sales for 1998 increased $647.8 million, or 13.9%, over the prior year. Net sales of the Glass Containers segment increased $281.5 million, or 8.0%, from 1997. The combined U.S. dollar sales of the segment's foreign affiliates increased over the prior year, reflecting the Asia Pacific glass container businesses acquired from BTR on April 30, 1998 (which contributed approximately $362 million to 1998 U.S. dollar sales), the February 1997 acquisition of AVIR S.p.A., the largest manufacturer of glass containers in Italy, and increased unit shipments in Poland and Venezuela, all of which were partially offset by soft market conditions in Brazil, Colombia, and the United Kingdom. The effect of changing foreign currency exchange rates reduced 1998 U.S. dollar sales of the segment's foreign affiliates by approximately $100 million in comparison to 1997. In the United States, glass container unit volume nearly equaled the prior year, reflecting increased shipments of containers for the beer, tea and juice, and liquor and wine industries, offset by lower shipments of certain food containers. Net sales of the Plastics Packaging segment increased $384.7 million, or 37.4%, over 1997, reflecting the plastics businesses acquired from BTR (which contributed approximately $372 million to 1998 U.S. dollar sales), and increased unit shipments of closures along with plastic containers for health care and household end uses, partially offset by the effects of lower resin costs on pass-through arrangements with customers. The Other segment net sales comparison to prior year was adversely affected by the first quarter 1998 termination of a license agreement under which the Company had produced plastic multipack carriers for beverage cans.

Segment EBIT for 1998, excluding unusual items, increased $136.5 million to $868.6 million, or 16.4% of net sales, from 1997 segment EBIT of $732.1 million, or 15.7% of net sales. Consolidated operating expense as a

percentage of net sales was 6.5% in 1998 compared to 6.3% in 1997. EBIT of the Glass Containers segment, excluding the 1998 unusual items, increased $82.8 million to $626.0 million, compared to $543.2 million in 1997. The Asia Pacific glass container businesses acquired from BTR on April 30, 1998 contributed approximately $91 million to 1998 U.S. dollar EBIT. Improved results at the segment's affiliate in Italy was more than offset by soft market conditions in the United Kingdom, Hungary, and most of the affiliates located in Latin America. The effect of changing foreign currency exchange rates reduced 1998 U.S. dollar EBIT, before unusual items, of the segment's foreign affiliates by approximately $15 million in comparison to 1997. In the United States, EBIT increased from 1997 as a result of an improved cost structure. The EBIT of the Plastics Packaging segment increased $58.2 million, or 33.5%, compared to 1997. The plastics businesses acquired from BTR contributed approximately $55 million to 1998 EBIT. The Other segment EBIT, excluding the 1998 unusual items, was lower due to lower shipments of labels and carriers, including plastic multipack carriers for beverage cans.

Eliminations and other retained costs, excluding both 1998 and 1997 unusual items, were $1.9 million of income for 1998 compared to $2.9 million of expense for 1997, reflecting higher net financial services income, offset by the nonrecurrence of a reported gain on an asset sale in 1997.

Capital Resources and Liquidity

The Company's total debt at December 31, 1999 was $5.94 billion, compared to $5.92 billion at December 31, 1998.

At December 31, 1999, the Company had available credit totaling $4.5 billion under its agreement with a group of banks ("Bank Credit Agreement") expiring in December 2001, of which $565.3 million had not been utilized. At December 31, 1998, the Company had $731.0 million of credit which had not been utilized under the Bank Credit Agreement. The increased utilization resulted in large part from borrowings incurred in connection with the 1999 repurchase of 10 million shares of the Company's common stock for $225.6 million. Cash provided by operating activities was $563.0 million for 1999 compared to $647.3 million for 1998.

The Company anticipates that cash flow from its operations and from utilization of credit available through December 2001 under the Bank Credit Agreement will be sufficient to fund its operating and seasonal working capital needs, debt service and other obligations. The Company faces additional demands upon its liquidity for asbestos-related payments. Based on the Company's expectations regarding future payments for lawsuits and claims and its expectation of the collection of its insurance coverage and reimbursement for such lawsuits and claims, and also based on the Company's expected operating cash flow, the Company believes that the payment of any deferred amounts of previously settled or otherwise determined lawsuits and claims, and the resolution of presently pending and anticipated future lawsuits and claims associated with asbestos, will not have a material adverse effect upon the Company's liquidity on a short-term or long-term basis.

In May 1999, the Company's Board of Directors authorized the management of the Company to repurchase up to 10 million shares of the Company's common stock. The Company repurchased 10 million shares for $225.6 million under this authorization during 1999. In February 2000, the Board of Directors authorized the repurchase of up to an additional 10 million shares of the Company's common stock. The Company intends to purchase its common stock from time to time on the open market depending on market conditions and other factors. The Company believes that cash flows from its operations and from utilization of credit available under the Bank Credit Agreement will be sufficient to fund such purchases in addition to the obligations mentioned in the previous paragraph.

Excess of Purchase Cost over Net Assets Acquired

The excess of purchase cost over net assets acquired, net of accumulated amortization ("goodwill") was $3.29 billion and $3.31 billion at December 31, 1999 and 1998, respectively. This represents 31% and 30% of total assets, and 140% and 134% of share owners' equity at December 31, 1999 and 1998, respectively. Goodwill represents the excess of purchase price and related costs over the fair values assigned to the net tangible and identifiable intangible assets of businesses acquired, and is amortized over 40 years. In assigning a benefit period to goodwill, the Company considers regulatory provisions, the technological environment in which the acquired company operates, including barriers to new competing entities, the maturity of the products manufactured by the businesses acquired, and the effects of obsolescence, demand, competition and other economic factors. The Company has determined that no events or circumstances occurred in 1999 to warrant revised estimates of the goodwill benefit period.

Impact of Year 2000

As a result of planning and implementation efforts, the Company experienced no significant disruptions in mission critical information technology and non-information technology systems due to the Year 2000 date change. The Company is not aware of any material problems resulting from Year 2000 issues, either with its products, its internal systems, or the products and services of third parties. The majority of the costs incurred for Year 2000 modifications were for the purchase of new software and operating equipment, and were, therefore, capitalized. The Company will continue to monitor its mission critical computer applications and those of its suppliers and vendors throughout the year 2000 to ensure that any latent Year 2000 matters that may arise are addressed promptly.

Introduction of Euro Currency

On January 1, 1999, the Euro was introduced in eleven of the fifteen Economic and Monetary Union countries. The Company has affiliates located in the following countries which participated in the Euro introduction: Finland, Italy, the Netherlands, and Spain. In addition, the Company transacts business in other countries in which the Euro has been introduced. The Company does not believe the conversion to the Euro and the cost of

implementing required system changes will be material to the Company's consolidated financial statements.

ITEM 7.(a). QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to the Company's operations result primarily from fluctuations in foreign currency exchange rates and changes in interest rates. The Company is not a party to any material derivative financial instruments.

Foreign Currency Exchange Rate Risk

A substantial portion of the Company's operations consists of manufacturing and sales activities conducted by affiliates in foreign jurisdictions. The primary foreign markets served by the Company's affiliates are in Australia, Latin America (principally Colombia, Brazil and Venezuela), and Europe (principally Italy, the United Kingdom, and Poland). In general, revenues earned and costs incurred by the Company's major foreign affiliates are denominated in their respective local currencies. Consequently, the Company's reported financial results could be affected by factors such as changes in foreign currency exchange rates or highly inflationary economic conditions in the foreign markets in which the Company's affiliates operate. When the U.S. dollar strengthens against foreign currencies, the reported dollar value of local currency EBIT generally decreases; when the U.S. dollar weakens against foreign currencies, the reported U.S. dollar value of local currency EBIT generally increases.

Subject to other business and tax considerations, the Company's strategy is to mitigate the economic effects of currency exchange rate fluctuations on that portion of foreign currency EBIT which is expected to be invested elsewhere or remitted to the parent company. The Company's foreign affiliates generally invest their excess funds in U.S. dollars or dollar-based instruments, where such instruments are available with acceptable interest rates and terms. In those countries where the local currency is the designated functional currency, however, this strategy exposes the Company to reported losses or gains in the event the foreign currency strengthens or weakens against the U.S. dollar. The Company believes that the benefit of investing excess cash in U.S. dollars or their equivalent outweighs the risk of reporting losses or gains from currency exchange rate fluctuations. In those countries with hyper-inflationary economies, where the U.S. dollar is the designated functional currency, this investment strategy for excess funds mitigates the risk of reported losses or gains.

Because most of the Company's foreign affiliates operate within their local economic environment, the Company believes it is appropriate to finance those operations with local currency borrowings to the extent practicable. Considerations which influence the amount of such borrowings include long- and short-term business plans, tax implications, and the availability of borrowings with acceptable interest rates and terms. In those countries where the local currency is the designated functional currency, this strategy mitigates the risk of reported losses or gains in the event the foreign currency strengthens or weakens against the U.S. dollar. In those countries where the

U.S. dollar is the designated functional currency, however, local currency borrowings expose the Company to reported losses or gains in the event the foreign currency strengthens or weakens against the U.S. dollar.

The Company's Bank Credit Agreement provides for a $1.75 billion loan revolving facility which is available to certain of the Company's foreign subsidiaries and denominated in certain foreign currencies. As of December

31, 1999, amounts outstanding under the offshore loan revolving facility were as follows:

Foreign Currency Amount	Millions of U.S. Dollars
1.42 billion Australian dollars	$ 904.4
230.0 million British pounds	369.5
100.0 billion Italian lire	52.0
	$1,325.9

The remaining portion of the Company's consolidated debt which was denominated in foreign currencies was not significant.

The Company believes it does not have material foreign currency exchange rate risk related to the financial instruments (i.e. cash, short-term investments, and long-term debt) of its foreign affiliates.

Interest Rate Risk

The Company's interest expense is most sensitive to changes in the general level of U.S. interest rates applicable to its U.S. dollar indebtedness. To mitigate the impact of fluctuations in variable interest rates, the Company could, at its option, convert to fixed interest rates by either refinancing variable rate debt with fixed rate debt or entering into interest rate swaps.

The following table provides information about the Company's significant interest rate risk at December 31, 1999:

	Outstanding	Fair Value
	(Millions of dollars)	
Variable rate debt:		
Bank Credit Agreement, matures December 2001:		
Revolving Loans and Bid Rate Loans bear interest at a Eurodollar based rate plus .50%	$2,559.4	$2,559.4
Offshore Loans bear interest at the applicable Offshore Base Rate (as defined in the Bank Credit Agreement) as follows:		
1.42 billion Australian dollars -- 5.79%	$ 904.4	$ 904.4
230.0 million British pounds -- 6.57%	$ 369.5	$ 369.5
100.0 billion Italian lira -- 3.58%	$ 52.0	$ 52.0
Fixed rate debt:		
Senior Notes:		
Due May 2004, interest at 7.85%	$ 300.0	$ 289.9
Due May 2005, interest at 7.15%	$ 350.0	$ 324.6
Due May 2007, interest at 8.10%	$ 300.0	$ 287.6
Due May 2008, interest at 7.35%	$ 250.0	$ 226.6
Senior Debentures:		
Due May 2010, interest at 7.50%	$ 250.0	$ 222.2
Due May 2018, interest at 7.80%	$ 250.0	$ 214.4

Forward Looking Statements

This document 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 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) the performance by customers of their obligations under purchase agreements, and (12) the timing and occurrence of events which are beyond the control of the Company. It is not possible to foresee or identify all such factors. Any forward looking statements in this document 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 document.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Share Owners
Owens-Illinois, Inc.

We have audited the accompanying consolidated balance sheets of Owens-Illinois, Inc. as of December 31, 1999 and 1998, and the related consolidated statements of results of operations, share owners' equity, and cash flows for each of the three years in the period ended December 31, 1999. Our audits also included the financial statement schedule listed in the Index at Item 14.(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Owens-Illinois, Inc. at December 31, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Ernst & Young LLP

Toledo, Ohio
February 3, 2000

CONSOLIDATED RESULTS OF OPERATIONS Owens-Illinois, Inc.
Millions of dollars, except per share amounts

Years ended December 31,	1999	1998	1997
Revenues:			
Net sales	$5,522.9	$5,306.3	$4,658.5
Royalties and net technical assistance	30.3	26.6	21.6
Equity earnings	22.3	16.0	17.9
Interest	28.5	29.2	23.6
Other	182.7	121.2	106.8
	5,786.7	5,499.3	4,828.4
Costs and expenses:			
Manufacturing, shipping, and delivery	4,296.4	4,075.6	3,666.4
Research and development	37.5	36.4	28.9
Engineering	42.2	34.8	29.9
Selling and administrative	295.6	274.2	232.8
Interest	425.9	380.0	302.7
Other	191.3	489.3	115.4
	5,288.9	5,290.3	4,376.1
Earnings before items below	497.8	209.0	452.3
Provision for income taxes	185.5	66.7	148.5
	312.3	142.3	303.8
Minority share owners' interests in earnings of subsidiaries	13.2	20.2	31.4
Earnings before extraordinary items	299.1	122.1	272.4

Extraordinary charges from early extinguishment of debt, net of applicable income taxes	(.8)	(14.1)	(104.5)
Net earnings	$ 298.3	$ 108.0	$ 167.9
Basic earnings per share of common stock:			
Earnings before extraordinary items	$ 1.80	$ 0.71	$ 2.03
Extraordinary charges	(.01)	(0.09)	(0.78)
Net earnings	$ 1.79	$ 0.62	$ 1.25
Diluted earnings per share of common stock:			
Earnings before extraordinary items	$ 1.79	$ 0.71	$ 2.01
Extraordinary charges	(.01)	(0.09)	(0.77)
Net earnings	$ 1.78	$ 0.62	$ 1.24

See accompanying Statement of Significant Accounting Policies and Financial Review.

CONSOLIDATED BALANCE SHEETS Owens-Illinois, Inc.
Millions of dollars, except share amounts

December 31,	1999	1998
Assets		
Current assets:		
Cash, including time deposits of $113.4 ($95.1 in 1998)	$ 257.1	$ 271.4
Short-term investments	32.1	21.1
Receivables, less allowances of $56.9 ($56.9 in 1998) for losses and discounts	856.4	877.7
Inventories	826.6	838.1
Prepaid expenses	137.6	168.8
Total current assets	2,109.8	2,177.1
Other assets:		
Equity investments	195.2	195.3
Repair parts inventories	234.1	254.2
Prepaid pension	745.6	686.1
Insurance receivable for asbestos-related costs	205.3	212.8
Deposits, receivables, and other assets	527.8	383.7
Net assets held for sale		409.6
Excess of purchase cost over net assets acquired, net of accumulated amortization of $502.8 ($405.3 in 1998)	3,294.4	3,314.9
Total other assets	5,202.4	5,456.6
Property, plant, and equipment:		
Land, at cost	163.8	169.1
Buildings and equipment, at cost:		
Buildings and building equipment	813.6	835.2
Factory machinery and equipment	4,121.6	3,960.4
Transportation, office, and miscellaneous equipment	156.0	138.1
Construction in progress	335.8	291.3
	5,590.8	5,394.1
Less accumulated depreciation	2,146.7	1,967.1
Net property, plant, and equipment	3,444.1	3,427.0
Total assets	$10,756.3	$11,060.7

CONSOLIDATED BALANCE SHEETS Owens-Illinois, Inc. (continued)
Millions of dollars, except share amounts

December 31,	1999	1998
Liabilities and Share Owners' Equity		
Current liabilities:		
Short-term loans	$ 128.9	$ 158.3
Accounts payable	520.1	534.9
Salaries and wages	95.0	92.9
U.S. and foreign income taxes	26.5	30.9
Current portion of asbestos-related liabilities	85.0	85.0
Other accrued liabilities	340.8	333.9
Long-term debt due within one year	76.8	91.2
Total current liabilities	1,273.1	1,327.1
Long-term debt	5,733.1	5,667.2
Deferred taxes	407.4	325.0
Nonpension postretirement benefits	314.9	338.4
Other liabilities	483.0	690.4
Commitments and contingencies		
Minority share owners' interests	194.9	240.6
Share owners' equity:		
Convertible preferred stock, par value $.01 per share, liquidation preference $50 per share, 9,050,000 shares authorized, issued and outstanding	452.5	452.5
Exchangeable preferred stock	4.0	18.3
Common stock, par value $.01 per share, 250,000,000 shares authorized, 156,851,337 shares issued and outstanding, less 10,000,000 treasury shares, (155,450,173 issued and outstanding in 1998)	1.6	1.5
Capital in excess of par value	2,201.9	2,183.1
Treasury stock, at cost	(225.6)	
Retained earnings	284.1	7.3
Accumulated other comprehensive income	(368.6)	(190.7)
Total share owners' equity	2,349.9	2,472.0
Total liabilities and share owners' equity	$10,756.3	$11,060.7

See accompanying Statement of Significant Accounting Policies and Financial Review.

CONSOLIDATED SHARE OWNERS' EQUITY Owens-Illinois, Inc.
Millions of dollars, except per share amounts

Years ended December 31,	1999	1998	1997
Convertible preferred stock			
Balance at beginning of year	$ 452.5		
Issuance of convertible preferred stock		$ 452.5	
Balance at end of year	452.5	452.5	
Exchangeable preferred stock			
Balance at beginning of year	18.3	20.4	$ 21.4
Exchange of preferred stock			

for common stock	(14.3)	(2.1)	(1.0)
Balance at end of year	4.0	18.3	20.4
Common stock			
Balance at beginning of year	1.5	1.4	1.2
Issuance of common stock		.1	.2
Exchange of preferred stock for common stock	.1		
Balance at end of year	1.6	1.5	1.4
Capital in excess of par value			
Balance at beginning of year	2,183.1	1,558.4	1,047.6
Issuance of common stock	4.6	622.6	509.8
Exchange of preferred stock for common stock	14.2	2.1	1.0
Balance at end of year	2,201.9	2,183.1	1,558.4
Treasury stock			
Balance at beginning of year			
Repurchases of common stock	(225.6)		
Balance at end of year	(225.6)		
Retained earnings (deficit)			
Balance at beginning of year	7.3	(90.3)	(258.2)
Cash dividends on convertible preferred stock -- $2.375 per share ($1.15 per share in 1998)	(21.5)	(10.4)	
Net earnings	298.3	108.0	167.9
Balance at end of year	284.1	7.3	(90.3

CONSOLIDATED SHARE OWNERS' EQUITY Owens-Illinois, Inc. (continued)

Millions of dollars Years ended December 31,	1999	1998	1997
Accumulated other comprehensive income			
Balance at beginning of year	(190.7)	(148.0)	(82.3)
Foreign currency translation adjustments	(177.9)	(42.7)	(65.7)
Balance at end of year	(368.6)	(190.7)	(148.0)
Total share owners' equity	$2,349.9	$2,472.0	$1,341.9
Total comprehensive income			
Net earnings	298.3	108.0	167.9
Foreign currency translation adjustments	(177.9)	(42.7)	(65.7)
Total	$ 120.4	$ 65.3	$ 102.2

See accompanying Statement of Significant Accounting Policies and Financial Review.

CONSOLIDATED CASH FLOWS Owens-Illinois, Inc.
Millions of dollars

Years ended December 31,	1999	1998	1997
Operating activities:			
Earnings before extraordinary items	$ 299.1	$ 122.1	$ 272.4
Non-cash charges (credits):			
Depreciation	403.7	358.5	283.5
Amortization of deferred costs	141.6	105.4	60.0
Deferred tax provision (credit)	110.8	(17.4)	83.9
Restructuring costs, writeoffs of certain assets and settlement of environmental litigation	20.8	114.6	
Gains on asset sales	(40.8)	(18.5)	
Future asbestos-related costs		250.0	
Other	(69.8)	(19.8)	(30.1)
Change in non-current operating assets	(47.1)	(36.9)	(51.8)
Asbestos-related payments	(121.8)	(96.1)	(104.1)
Asbestos-related insurance proceeds	7.5	26.5	32.1
Reduction of non-current liabilities	(18.6)	(5.0)	(8.9)
Change in components of working capital	(122.4)	(136.1)	(91.8)
Cash provided by operating activities	563.0	647.3	445.2
Investing activities:			
Additions to property, plant and equipment	(650.4)	(573.5)	(471.3)
Acquisitions, net of cash acquired	(34.0)	(3,700.2)	(137.1)
Net cash proceeds from divestitures and other	337.1	41.1	57.4
Cash utilized in investing activities	(347.3)	(4,232.6)	(551.0)
Financing activities:			
Additions to long-term debt	617.0	5,232.5	1,954.1
Repayments of long-term debt	(567.1)	(2,659.8)	(2,106.4)
Increase (decrease) in short-term loans	(19.6)	61.3	(4.5)
Treasury shares purchased	(225.6)		
Payment of convertible preferred stock dividends	(21.5)	(10.4)	
Issuance of common stock	4.6	641.1	503.8
Payment of finance fees and debt retirement costs	(1.0)	(61.7)	(164.7)
Issuance of convertible preferred stock		439.6	
Cash provided by (utilized in) financing activities	(213.2)	3,642.6	182.3
Effect of exchange rate fluctuations on cash	(16.8)	(4.1)	(19.2)

CONSOLIDATED CASH FLOWS Owens-Illinois, Inc. (continued)

Millions of dollars Years ended December 31,	1999	1998	1997
Increase (decrease) in cash	(14.3)	53.2	57.3
Cash at beginning of year	271.4	218.2	160.9
Cash at end of year	$ 257.1	$ 271.4	$ 218.2

See accompanying Statement of Significant Accounting Policies and Financial Review.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidated Statements. The consolidated financial statements of Owens-Illinois, Inc. ("Company") include the accounts of its subsidiaries. Newly acquired subsidiaries have been included in the consolidated financial statements from dates of acquisition. Consolidated foreign subsidiaries are principally reported on the basis of fiscal years ending November 30.

The Company uses the equity method of accounting for investments in which it has a significant ownership interest, generally 20% to 50%. Other investments are accounted for at cost.

Nature of Operations. The Company is a leading manufacturer of glass container and plastics packaging products operating in two product segments. The Company's principal product lines in the Glass Containers product segment are glass containers for the food and beverage industries. Sales of the Glass Containers product segment were 68% of the Company's 1999 consolidated sales. The Company has glass container operations located in 19 countries, while the plastics packaging products operations are located in 11 countries. The principal markets and operations for the Company's glass products are in the United States, Europe, Latin America, and Australia. The Company's principal product lines in the Plastics Packaging product segment include plastic containers, plastic closures, and plastic prescription containers. Major markets for the Company's plastics packaging products include the United States household products, personal care products, health care products, and food and beverage industries.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, at which time the Company would revise its estimates accordingly. For further information on certain of the Company's significant estimates, see Contingencies on page 69.

Cash. The Company defines "cash" as cash and time deposits with maturities of three months or less when purchased.

Fair Values of Financial Instruments. The carrying amounts reported for cash, short-term investments and short-term loans approximate fair value. In addition, carrying amounts approximate fair value for certain long-term debt obligations subject to frequently redetermined interest rates. Fair values for the Company's significant fixed rate debt obligations are generally based on published market quotations. The Company is not a party to any material derivative financial instruments.

Inventory Valuation. The Company values most U.S. inventories at the lower of last-in, first-out (LIFO) cost or market. Other inventories are valued at the lower of standard costs (which approximate average costs), average costs, or market.

Excess of Purchase Cost over Net Assets Acquired. The excess of purchase cost over net assets acquired is being amortized over 40 years. The Company evaluates the recoverability of long-lived assets based on undiscounted projected cash flows, excluding interest and taxes, when factors indicate that an impairment may exist.

Property, Plant, and Equipment. In general, depreciation is computed using the straight-line method.

Revenue Recognition. The Company recognizes sales upon the shipment of its products.

Income Taxes on Undistributed Earnings. In general, the Company plans to continue to invest in the business the undistributed earnings of foreign subsidiaries and foreign corporate joint ventures accounted for by the equity method. Accordingly, taxes are provided only on that amount of undistributed earnings in excess of planned reinvestments.

Foreign Currency Translation. The assets and liabilities of certain affiliates and associates are translated at current exchange rates and any related translation adjustments are recorded directly in share owners' equity. The Company's affiliates located in Venezuela operate in "highly inflationary" economies. In such cases, certain assets of these affiliates are translated at historical exchange rates and all translation adjustments are reflected in the statements of Consolidated Results of Operations.

FINANCIAL REVIEW
Tabular data in millions of dollars, except share and per share amounts

Earnings Per Share. The following table sets forth the computation of basic and diluted earnings per share:

Years ended December 31,	1999	1998	1997
Numerator:			
Earnings before extraordinary items	$299.1	$122.1	$272.4
Preferred stock dividends:			
Convertible	(21.5)	(13.1)	
Exchangeable	(.8)	(1.4)	(1.5)
	(22.3)	(14.5)	(1.5)
Numerator for basic earnings per share - income available to common share owners	276.8	107.6	270.9
Effect of dilutive securities - preferred stock dividends	.8		1.5
Numerator for diluted earnings per share - income available to common share owners after assumed exchanges of preferred stock for common stock	$277.6	$107.6	$272.4
Denominator:			
Denominator for basic earnings per share - weighted average shares outstanding	153,803,732	149,970,468	133,596,755
Effect of dilutive securities:			
Stock options and other	649,766	973,096	1,131,911
Exchangeable preferred stock	755,804		947,437
Dilutive potential common shares	1,405,570	973,096	2,079,348
Denominator for diluted earnings per share - adjusted weighted average shares and assumed exchanges of preferred stock for common stock	155,209,302	150,943,564	135,676,103
Basic earnings per share	$1.80	$0.71	$2.03
Diluted earnings per share	$1.79	$0.71	$2.01

See "Convertible Preferred Stock" and "Exchangeable Preferred Stock" on pages 59-60 for additional information.

The convertible preferred stock was not included in the computation of 1999 and 1998 diluted earnings per share since the result would have been antidilutive. The exchangeable preferred stock was not included in the computation of 1998 diluted earnings per share since the result would have been antidilutive. Options to purchase 3,357,449, 1,160,667, and 11,429, weighted average shares of common stock which were outstanding during 1999, 1998, and 1997, respectively, were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

Changes in Components of Working Capital Related to Operations. Changes in the components of working capital related to operations (net of the effects related to acquisitions and divestitures) were as follows:

	1999	1998	1997
Decrease (increase) in current assets:			
Short-term investments	$ (14.9)	$ (6.4)	$ 1.1
Receivables	(50.2)	(18.2)	(76.2)
Inventories	(46.9)	(69.7)	17.9
Prepaid expenses	4.4	(29.8)	(.2)
Increase (decrease) in current liabilities:			
Accounts payable and accrued liabilities	(29.2)	(37.8)	(19.7)
Salaries and wages	3.2	7.5	(4.1)
U.S. and foreign income taxes	11.2	18.3	(10.6)
	$(122.4)	$(136.1)	$(91.8)

Inventories. Major classes of inventory are as follows:

	1999	1998
Finished goods	$580.0	$608.9
Work in process	36.3	35.0
Raw materials	131.3	123.6
Operating supplies	79.0	70.6
	$826.6	$838.1

If the inventories which are valued on the LIFO method had been valued at standard or average costs, which approximate current costs, consolidated inventories would be higher than reported by $17.7 million and $6.1 million at December 31, 1999 and 1998, respectively.

Inventories which are valued at the lower of standard costs (which approximate average costs), average costs, or market at December 31, 1999 and 1998 were approximately $454.3 million and $506.4 million, respectively.

Equity Investments. Summarized information pertaining to the Company's equity associates follows:

	1999	1998
At end of year:		
Equity in undistributed earnings:		
Foreign	$ 85.4	$ 80.6
Domestic	17.3	8.4
Total	$102.7	$ 89.0
Equity in cumulative translation adjustment	$(38.7)	$(35.5)

	1999	1998	1997
For the year:			
Equity in earnings:			
Foreign	$ 9.5	$ 6.9	$15.1
Domestic	12.8	9.1	2.8
Total	$22.3	$16.0	$17.9

Dividends received	$10.1	$ 6.6	$ 4.8

Long-Term Debt. The following table summarizes the long-term debt of the Company at December 31, 1999 and 1998:

	1999	1998
Bank Credit Agreement:		
Revolving Credit Facility:		
Revolving Loans	$2,559.4	$2,207.0
Offshore Loans:		
1.42 billion (1.39 billion in 1998) Australian dollars	904.4	874.0
230.0 million (333.0 million in 1998) British pounds	369.5	549.8
100.0 billion (129.0 billion in 1998) Italian lira	52.0	77.0
Senior Notes:		
7.85%, due 2004	300.0	300.0
7.15%, due 2005	350.0	350.0
8.10%, due 2007	300.0	300.0
7.35%, due 2008	250.0	250.0
Senior Debentures:		
7.50%, due 2010	250.0	250.0
7.80%, due 2018	250.0	250.0
Other	224.6	350.6
	5,809.9	5,758.4
Less amounts due within one year	76.8	91.2
Long-term debt	$5,733.1	$5,667.2

In April 1998, the Company entered into the Second Amended and Restated Credit Agreement (the "Bank Credit Agreement" or "Agreement") with a group of banks which expires on December 31, 2001. The Agreement provides for a $4.5 billion revolving credit facility (the "Revolving Credit Facility"), which includes a $1.75 billion fronted offshore loan revolving facility (the "Offshore Facility") denominated in certain foreign currencies, subject to certain sublimits, available to certain of the Company's foreign subsidiaries. The Agreement includes an Overdraft Account facility providing for aggregate borrowings up to $100 million which reduce the amount available for borrowing under the Revolving Credit Facility. In addition, the terms of the Bank Credit Agreement permit the Company to request Bid Rate Loans from banks participating in the Agreement. Borrowings outstanding under Bid Rate Loans are limited to $750 million and reduce the amount available for borrowing under the Revolving Credit Facility. The Agreement also provides for the issuance of letters of credit totaling up to $500 million, which also reduce the amount available for borrowing under the Revolving Credit Facility. At December 31, 1999, the Company had unused credit of $565.3 million available under the Bank Credit Agreement.

Borrowings under the Revolving Loans commitment bear interest, at the Company's option, at the prime rate or a reserve adjusted Eurodollar rate. Loans under the Offshore Facility bear interest, at the applicable borrower's

option, at the applicable Offshore Base Rate or the Adjusted Offshore Periodic Rate (as those terms are defined in the Bank Credit Agreement). Borrowings under the Revolving Credit Facility also bear a margin linked to the Company's Consolidated Leverage Ratio, as defined in the Agreement. The margin is currently .500% and is limited to a range of .275% to 1.000%. Overdraft Account loans bear interest at the prime rate minus the facility fee percentage, defined below. The weighted average interest rate on borrowings outstanding under the Revolving Loans commitment at December 31, 1999, was 6.94%. The weighted average interest rate on borrowings outstanding under the Offshore Facility at December 31, 1999, was 5.92%. While no compensating balances are required by the Agreement, the Company must pay a facility fee on the Revolving Credit Facility commitments. The facility fee, currently .250%, is limited to a range of .125% and .500%, based on the Company's Consolidated Leverage Ratio.

Borrowings outstanding under the Bank Credit Agreement are unsecured. All of the obligations of the Company's foreign subsidiaries under the Offshore Facility are guaranteed by the Company. The Company's Senior Notes and Senior Debentures rank pari passu with the obligations of the Company under the Bank Credit Agreement. The Bank Credit Agreement, Senior Notes, and Senior Debentures are senior in right of payment to all existing and future subordinated debt of the Company.

Under the terms of the Bank Credit Agreement, dividend payments with respect to the Company's Preferred or Common Stock and payments for redemption of shares of its Common Stock are subject to certain limitations. At December 31, 1999, the maximum remaining allowable amount of such payments was $289.2 million. The Agreement also requires, among other things, the maintenance of certain financial ratios, and restricts the creation of liens and certain types of business activities and investments.

Annual maturities for all of the Company's long-term debt through 2004 are as follows: 2000, $76.8 million; 2001, $3,973.5 million; 2002, $36.0 million; 2003, $6.7 million; and 2004, $313.3 million.

Interest paid in cash aggregated $388.1 million for 1999, $326.6 million for 1998, and $303.8 million for 1997.

Fair values at December 31, 1999, of the Company's significant fixed rate debt obligations are as follows:

	Principal Amount (millions of dollars)	Indicated Market Price	Fair Value (millions of dollars)
Senior Notes:			

7.85%	$300.0	$96.63	$289.9
7.15%	350.0	92.75	324.6
8.10%	300.0	95.88	287.6
7.35%	250.0	90.63	226.6
Senior Debentures:			
7.50%	250.0	88.88	222.2
7.80%	250.0	85.75	214.4

Operating Leases. Rent expense attributable to all operating leases was $73.7 million in 1999, $68.5 million in 1998, and $57.3 million in 1997. Minimum future rentals under operating leases are as follows: 2000, $43.8 million; 2001, $34.8 million; 2002, $30.2 million; 2003, $27.1 million; 2004, $21.9 million, and 2005 and later, $36.1 million.

Foreign Currency Translation. Aggregate foreign currency exchange gains (losses) included in other costs and expenses were $4.9 million in 1999, $(2.8) million in 1998, and $(8.1) million in 1997.

Accumulated Other Comprehensive Income. Foreign currency translation adjustments comprise accumulated other comprehensive income. Changes in the cumulative foreign currency translation adjustments were as follows:

	1999	1998	1997
Balance at beginning of year	$(190.7)	$(148.0)	$ (82.3)
Net effect of exchange rate fluctuations	(175.8)	(45.1)	(79.6)
Deferred income taxes	(2.1)	2.4	13.9
Balance at end of year	$(368.6)	$(190.7)	$(148.0)

The net effect of exchange rate fluctuations generally reflects changes in the relative strength of the U.S. dollar against major foreign currencies between the beginning and end of the year.

Income Taxes. Deferred income taxes reflect: (1) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (2) carryovers and credits for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 1999 and 1998 are as follows:

	1999	1998
Deferred tax assets:		
Accrued postretirement benefits	$ 110.2	$ 118.4
Other accrued liabilities	102.8	138.0
Asbestos-related liabilities	61.7	104.3
U.S. federal tax loss carryovers	68.1	93.0
Alternative minimum tax credits	23.7	21.4
Other	125.8	105.7
Total deferred tax assets	492.3	580.8
Deferred tax liabilities:		
Property, plant and equipment	342.7	339.8
Prepaid pension costs	252.1	231.8
Insurance for asbestos-related costs	67.4	68.7
Inventory	34.2	33.8
Receivables and other assets	26.6	24.3
Other	74.0	73.3

Total deferred tax liabilities	797.0	771.7
Net deferred tax liabilities	$(304.7)	$(190.9)

Deferred taxes are included in the Consolidated Balance Sheets at December 31, 1999 and 1998 as follows:

	1999	1998
Prepaid expenses	$ 102.7	$ 134.1
Deferred tax liabilities	(407.4)	(325.0)
Net deferred tax liabilities	$ (304.7)	$(190.9)

The provision (benefit) for income taxes consists of the following:

	1999	1998	1997
Current:			
U.S. federal	$ 3.8	$ 4.0	$ 1.0
State	2.9	3.6	1.0
Foreign	68.0	76.5	62.6
	74.7	84.1	64.6
Deferred:			
U.S. federal	111.1	23.4	65.8
State	11.4	(2.7)	7.2
Foreign	(11.7)	(38.1)	10.9
	110.8	(17.4)	83.9
Total:			
U.S. federal	114.9	27.4	66.8
State	14.3	.9	8.2
Foreign	56.3	38.4	73.5
	$185.5	$ 66.7	$148.5

The provision for income taxes was calculated based on the following components of earnings before income taxes:

	1999	1998	1997
Domestic	$320.9	$ 40.2	$224.5
Foreign	176.9	168.8	227.8
	$497.8	$209.0	$452.3

Income taxes paid in cash were as follows:

	1999	1998	1997
Domestic	$ 11.0	$ 7.3	$ 1.9
Foreign	51.5	54.7	86.0

	$ 62.5	$ 62.0	$ 87.9

A reconciliation of the provision for income taxes based on the statutory U.S. federal tax rate of 35% to the provision for income taxes is as follows (certain amounts for the 1998 and 1997 presentation have been reclassified to conform to the 1999 presentation):

	1999	1998	1997
Pretax earnings at statutory U.S. Federal tax rate	$174.2	$ 73.1	$158.3
Increase (decrease) in provision for income taxes due to:			
Amortization of goodwill	33.1	24.8	12.7
State taxes, net of federal benefit	9.3	.6	5.3
Foreign earnings at different rates	(6.7)	(4.9)	(2.7)
Nontaxable foreign earnings	(5.0)	(1.5)	(4.8)
Foreign sales corporation and possession tax credits	(3.9)	(2.9)	(7.3)
Research and development credits	(1.8)	(1.5)	(1.5)
Adjustment for enacted change in tax rate		(15.1)	
Divestiture			(5.7)
Other items	(13.7)	(5.9)	(5.8)
Provision for income taxes	$185.5	$ 66.7	$148.5
Effective tax rate	37.3%	31.9%	32.8%

For U.S. Federal income tax purposes, approximately $195 million of net operating loss is available as a carryover at December 31, 1999. Carryovers of the net operating loss expire beginning in 2005.

Alternative minimum tax credits and research and development credits of approximately $24 million and $11 million, respectively, are available to offset future U.S. federal income tax. The alternative minimum tax credits do not expire while carryovers of the research and development credits expire beginning in 2009.

At December 31, 1999, the Company's equity in the undistributed earnings of foreign subsidiaries for which income taxes had not been provided approximated $660 million. It is not practicable to estimate the U.S. and foreign tax which would be payable should these earnings be distributed.

Convertible Preferred Stock. Annual cumulative dividends of $2.375 per share accruing from the date of issuance are payable in cash quarterly commencing August 15, 1998. The convertible preferred stock is convertible at the option of the holder at any time, unless previously redeemed, into shares of common stock of the Company at an initial conversion rate of 0.9491 shares of common stock for each share of convertible stock, subject to adjustment based on certain events. The convertible preferred stock may not be redeemed prior to May 15, 2001. At any time on or after such date, the convertible preferred stock may be redeemed only in shares of common stock of the Company at the option of the Company at predetermined redemption prices plus accrued and unpaid dividends, if any, to the redemption date.

Holders of the convertible preferred stock have no voting rights, except as required by applicable law and except that among other things, whenever accrued and unpaid dividends on the convertible preferred stock are equal to or exceed the equivalent of six quarterly dividends payable on the convertible preferred stock such holders will be entitled to elect two directors to the Company's board of directors until the dividend arrearage has been paid or amounts have been set apart for such payment. In addition, certain changes that would be materially adverse to the rights of holders of the convertible preferred stock cannot be made without the vote of holders of two-thirds of the outstanding convertible preferred stock. The convertible preferred stock is senior to the common stock and the exchangeable preferred stock with respect to dividends and liquidation events.

Exchangeable Preferred Stock. Exchangeable preferred stock, $.01 par value, $7.00 cumulative dividend, issuable in series, at December 31, 1999 and 1998, was as follows:

	Number of Shares	
	1999	1998
Series A Exchangeable		
Authorized	75,000	75,000
Issued	65,625	65,625
Outstanding	5,584	15,956
Series B Exchangeable		
Authorized	75,000	75,000
Issued	65,625	65,625
Outstanding	11,306	51,343
Series C Exchangeable		
Authorized	150,000	150,000
Issued	131,250	131,250
Outstanding	22,612	115,402

The exchangeable preferred stock is exchangeable at the option of the holders for a number of common shares determined by multiplying the total number of exchangeable shares being exchanged by the sum of $100 plus all dividends accumulated and unpaid on each share being exchanged and dividing such amount by the last reported sales price of common stock on the New York Stock Exchange at the close of business on the business day next preceding the day

of exchange. Dividends accumulated and unpaid were approximately $2.0 million and $7.9 million at December 31, 1999 and 1998, respectively.

Holders of the exchangeable preferred stock have no voting rights, except on actions which would affect their rights to exchange shares for common shares, or on actions to increase the authorized number of exchangeable shares.

Stock Options. The Company has three nonqualified stock option plans: (1) 1991 Stock Option Plan for Key Employees of Owens-Illinois, Inc., (2) 1994 Stock Option Plan for Directors of Owens-Illinois, Inc. and (3) 1997 Equity Participation Plan of Owens-Illinois, Inc. No options may be exercised in whole or in part during the first year after the date granted. In general, subject to accelerated exercisability provisions related to the performance of the Company's common stock or change of control, 50% of the options become exercisable on the fifth anniversary of the date of the option grant, with the remaining 50% becoming exercisable on the sixth anniversary date of the option grant. In general, options expire following termination of employment or the day after the tenth anniversary date of the option grant.

All options have been granted at prices equal to the market price of the Company's common stock on the date granted. Accordingly, the Company recognizes no compensation expense related to the stock option plans. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." If the Company had elected to recognize compensation cost based on the fair value of the options granted at grant date as allowed by SFAS No. 123, pro forma net income and earnings per share would have been as follows:

	1999	1998	1997

Net income:			
As reported	$298.3	$108.0	$167.9
Pro forma	291.4	103.6	166.3
Basic earnings per share:			
As reported	1.79	0.62	1.25
Pro forma	1.75	0.59	1.23
Diluted earnings per share:			
As reported	1.78	0.62	1.24
Pro forma	1.74	0.59	1.23

The pro forma effect on net income is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1995. Assuming similar grants in future years, the pro forma effect will not be fully reflected until 2000.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	1999	1998	1997
Expected life of options	5 years	5 years	5 years
Expected stock price volatility	36.5%	31.9%	26.3%
Risk-free interest rate	5.10%	5.70%	6.08%
Expected dividend yield	0.00%	0.00%	0.00%

Stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Options outstanding at December 31, 1996	5,374,849	$ 9.08	
Granted	1,188,787	31.73	$11.18
Exercised	(3,192,874)	6.66	
Cancelled	(28,987)	21.43	
Options outstanding at December 31, 1997	3,341,775	19.35	
Granted	1,788,550	39.74	$15.31
Exercised	(317,131)	13.44	
Cancelled	(29,437)	25.39	
Options outstanding at December 31, 1998	4,783,757	27.33	
Granted	1,786,510	23.94	$ 9.68
Exercised	(157,420)	8.15	
Cancelled	(91,813)	33.31	
Options outstanding at December 31, 1999	6,321,034	$26.76	
Options exercisable at:			
December 31, 1999	1,992,136	$15.89	
December 31, 1998	2,158,646	$15.37	
December 31, 1997	2,202,125	$12.99	
Shares available for option grant at			
December 31, 1999	6,217,087		
December 31, 1998	8,376,652		
December 31, 1997	10,135,765		

The following table summarizes significant option groups outstanding at December 31, 1999, and related weighted average price and life information:

Range of Exercise Prices	Options Outstanding: Options Outstanding	Options Outstanding: Weighted Average Remaining Contract-ual Life (in years)	Options Outstanding: Weighted Average Exercise Price	Options Exercisable: Options Exercisable	Options Exercisable: Weighted Average Exercise Price
$ 7.50 to $16.50	1,691,507	4.3	$13.02	1,691,507	$13.02
$23.94 to $31.63	2,857,060	8.6	$26.87	274,062	$31.63
$31.64 to $41.50	1,772,467	8.4	$39.68	26,567	$36.31
	6,321,034			1,992,136	

Pension Benefit Plans. Net credits to results of operations for all of the Company's pension plans and certain deferred compensation arrangements amounted to $58.6 million in 1999, $52.1 million in 1998, and $40.2 million in 1997.

The Company has pension plans covering substantially all employees located in the United States, the United Kingdom and Australia. Benefits generally are based on compensation for salaried employees and on length of service for hourly employees. The Company's policy is to fund pension plans such that sufficient assets will be available to meet future benefit requirements. The following tables relate to the Company's principal United States, United Kingdom, and Australian pension plans.

The changes in the pension benefit obligations for the year were as follows:

	1999	1998
Obligations at beginning of year	$2,504.8	$2,254.0
Change in benefit obligations:		
Service cost	41.8	37.0
Interest cost	155.2	156.0
Actuarial loss (gain)	(205.6)	172.0
Acquisitions		75.5
Benefit payments	(197.5)	(192.4)
Other	(12.2)	2.7
Net increase (decrease) in benefit obligations	(218.3)	250.8
Obligations at end of year	$2,286.5	$2,504.8

The changes in the fair value of the pension plans' assets for the year were as follows:

	1999	1998
Fair value at beginning of year	$3,503.6	$3,345.7
Change in fair value:		
Actual return on plan assets	428.9	296.3
Acquisitions		80.1
Benefit payments	(197.5)	(192.4)
Transfer of assets to a special trust to fund qualified current retiree health liabilities	(30.5)	(36.5)
Other	7.9	10.4
Net increase in fair value of assets	208.8	157.9
Fair value at end of year	$3,712.4	$3,503.6

The funded status of the pension plans at year end was as follows:

	1999	1998
Plan assets at fair value	$3,712.4	$3,503.6
Projected benefit obligations	2,286.5	2,504.8
Plan assets in excess of projected benefit obligations	1,425.9	998.8
Net unrecognized items:		
Actuarial gain	(721.4)	(364.0)
Prior service cost	41.1	51.3
	(680.3)	(312.7)
Prepaid pension	$ 745.6	$ 686.1

The components of the net pension credit for the year were as follows:

	1999	1998	1997
Service cost	$ 41.8	$ 37.0	$ 30.7
Interest cost	155.2	156.0	152.1
Expected asset return	(280.6)	(266.1)	(245.3)
Amortization:			
Prior service cost	8.1	7.7	5.9
Loss	1.1	0.7	0.5
Net amortization	9.2	8.4	6.4
Net credit	$ (74.4)	$ (64.7)	$ (56.1)

The actuarial present value of benefit obligations is based on a weighted discount rate of approximately 7.50% for 1999 and 6.25% for 1998. Future benefits are assumed to increase in a manner consistent with past experience of the plans, which, to the extent benefits are based on compensation, includes assumed salary increases on a weighted scale of approximately 4.75% for both 1999 and 1998. The expected weighted long-term rate of return on assets was approximately 9.50% for 1999 and 1998, and 9.75% for 1997. Amortization included in net pension credits is based on the average remaining service of employees. Plan assets include marketable equity securities (which at December 31, 1999 and 1998 included 14,423,621 shares of the Company's common stock), government and corporate debt securities, real estate and commingled funds.

The Company also sponsors several defined contribution plans for all salary and hourly U.S. employees. Participation is voluntary and participants' contributions are based on their compensation. The Company matches substantially all plan participants' contributions up to various limits.

Company contributions to these plans amounted to $10.5 million in 1999, $10.6 million in 1998, and $9.6 million in 1997.

Postretirement Benefits Other Than Pensions. The Company provides certain retiree health care and life insurance benefits covering substantially all U.S. salaried and certain hourly employees. Employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service.

The changes in the postretirement benefit obligations for the year were as follows:

	1999	1998
Obligations at beginning of year	$306.9	$307.5
Change in benefit obligations:		
Service cost	2.3	2.2
Interest cost	19.1	20.7
Actuarial loss (gain)	(27.7)	3.5
Divestiture	(0.6)	
Benefit payments	(32.5)	(27.0)
Net change in benefit obligations	(39.4)	(0.6)
Obligations at end of year	$267.5	$306.9

The funded status of the postretirement benefit plans at year end was as follows:

	1999	1998
Accumulated postretirement benefit obligations	$267.5	$306.9
Unrecognized net reduction in obligations:		
Prior service cost	59.7	73.4
Actuarial loss	(12.3)	(41.9)
	47.4	31.5
Nonpension postretirement benefit obligations	$314.9	$338.4

The components of the net postretirement benefit cost for the year were as follows:

	1999	1998	1997
Service cost	$ 2.3	$ 2.2	$ 2.0
Interest cost	19.1	20.7	21.8
Amortization:			
Prior service cost	(13.7)	(13.7)	(13.7)
Loss	1.9	1.4	0.7
Net amortization	(11.8)	(12.3)	(13.0)
Net postretirement benefit cost	$ 9.6	$ 10.6	$ 10.8

Assumed health care cost inflation was based on a rate of 6.50% in 1999 and 7.00% in 1998, declining to an ultimate rate of 6.00% in the year 2000. A one percentage point decrease in the rate would have decreased the accumulated postretirement benefit obligation at December 31, 1999 by $7.8 million and decreased the net postretirement benefit cost for 1999 by $0.8 million. A one percentage point increase in the rate would have increased the accumulated postretirement benefit obligation at December 31, 1999 by $9.0 million and increased the net postretirement benefit cost for 1999 by $0.9 million. The assumed discount rates used in determining the accumulated postretirement benefit obligation were 8.00% and 6.50% at December 31, 1999 and 1998, respectively. Amortization included in net postretirement benefit cost is based on the average remaining service of employees.

Benefits provided by the Company for certain of the hourly retirees are determined by collective bargaining. Most other domestic hourly retirees receive health and life insurance benefits from a multiemployer trust established by collective bargaining. Payments to the trust as required by the bargaining agreements are based upon specified amounts per hour worked and were $8.0 million in 1999, and $8.6 million in 1998 and 1997. Postretirement health and life benefits for retirees of foreign affiliates are generally provided through the national health care programs of the countries in which the affiliates are located.

Other Revenue. Other revenue for the year ended December 31, 1999 includes gains totaling $40.8 million related to the sales of a U.S. glass container plant and a mold manufacturing business in Colombia. Other revenue for the year ended December 31, 1998, includes a gain of $18.5 million related to the termination of a license agreement, net of charges for related equipment write-offs and capacity adjustments, under which the Company had produced plastic multipack carriers for beverage cans. Other revenue for the year ended December 31, 1997, includes a gain of $16.3 million on the sale of the remaining 49% interest in Kimble Glass.

Other Costs and Expenses. Other costs and expenses for the year ended December 31, 1999 include charges totaling $20.8 million related principally to restructuring costs and write-offs of certain assets in Europe and Latin America. Other costs and expenses for the year ended December 31, 1998, includes: (1) $250.0 million related to adjustment of the reserve for estimated future asbestos-related costs, (2) $72.6 million, including approximately $45 million of termination benefits for the elimination of about 1,500 jobs and aproximately $25 million for asset write-downs, related principally to a plant closing in the United Kingdom and restructuring costs at certain international affiliates, (3) a net charge of $0.9 million for the settlement of certain environmental litigation and the reduction of previously established reserves for guarantees of certain obligations of a previously divested business. The amount for 1998 also includes $42.0 million principally for write-offs of certain assets associated with business conditions in emerging markets. Other costs and expenses for the year ended December 31, 1997, include $14.1 million principally for guarantees of certain lease obligations of a previously divested business.

Acquisition of Worldwide Packaging Businesses of BTR plc. On April 30, 1998, the Company completed the acquisition of the worldwide glass and plastics packaging businesses of BTR plc ("BTR Packaging") in an all cash transaction valued at approximately $3.6 billion (the "Acquisition"). The Acquisition is being accounted for under the purchase method of accounting. The total purchase cost of approximately $3.6 billion was allocated to the tangible and identifiable intangible assets and liabilities based upon their respective fair values. The accompanying Consolidated Results of Operations for the year ended December 31, 1998, includes eight months of BTR Packaging operations.

The aggregate purchase cost and its allocation to the assets acquired and liabilities assumed (see "Net Assets Held for Sale") are as follows (in millions of dollars):

Net working capital acquired	$ 215
Property, plant and equipment	857
Net assets held for sale	405
Other non-current assets	192
Excess of purchase cost over net assets acquired	2,098
	3,767
Long-term liabilities	(167)
Aggregate purchase cost	$3,600

Pro Forma Information - Acquisition of BTR Packaging (unaudited). Had the acquisition of BTR Packaging and the related debt and equity financing occurred on January 1, 1998, unaudited pro forma consolidated net sales, net earnings, and net earnings per share of common stock would have been as follows:

	Year ended December 31, 1998			
	As Reported	BTR Packaging Adjustments	Financing Adjustments	Pro Forma As Adjusted
Net sales	$5,306.3	$ 384.1		$5,690.4
Net earnings	$122.1	$ 31.9	$(33.2)	$120.8
Basic net earnings per share of common stock	$0.71			$0.63
Basic weighted average shares outstanding (thousands)	149,970			155,286
Diluted net earnings per share of common stock	$0.71			$0.63
Diluted weighted average shares (thousands)	150,944			156,259

Shares of common stock issuable upon conversion of the convertible preferred stock in the pro forma period were not included in the computation of pro forma diluted earnings per share because the effect would have been antidilutive.

The pro forma data does not purport to represent what the results of operations would actually have been if the Acquisition and the related financing had in fact occurred on the date indicated, or to project results of operations for any future period.

Net Assets Held For Sale. In connection with the Acquisition, the Company committed to sell BTR's United Kingdom glass container manufacturer ("Rockware") obtained in the transaction. Early in the second quarter of 1999, the Company completed the sale of Rockware to a subsidiary of Ardagh plc, an Irish glass container manufacturer based in Dublin, Ireland, for total consideration of 249 million pounds sterling (approximately $405 million).

The accompanying Consolidated Results of Operations exclude Rockware and related financing costs. The carrying value of Rockware was based upon estimated future cash flows associated with the assets. In connection with the sale of Rockware, the Company received notes of approximately $135 million. Cash proceeds from the Rockware sale were used for the reduction of debt and for general corporate purposes.

Extraordinary Charges from Early Extinguishment of Debt. During 1999, the Company incurred redemption premiums and wrote off unamortized deferred financing fees related to indebtedness repaid prior to its scheduled maturity. As a result, the Company recorded extraordinary charges totaling $1.2 million less applicable income taxes of $.4 million. During 1998, the Company used proceeds from the May 1998 sale of shares of common stock, convertible

preferred stock, and the issuance of debt for the early retirement of debt incurred in connection with the Acquisition. As a result, the Company recorded extraordinary charges for the write-off of unamortized deferred finance fees totaling $22.8 million, net of applicable income taxes of $8.7 million. During 1997, the Company used the proceeds from the sale of shares of common stock, the issuance of $600 million of aggregate principal amount of Senior Notes, and borrowings under its Bank Credit Agreement to redeem $1,907.4 million aggregate principal amount of fixed cost debt, with annual interest rates ranging from 9.75% - 11%. As a result, the Company recorded extraordinary charges for redemption premiums and the write-off of unamortized deferred finance fees totaling $169.2 million, net of applicable income tax effects of $64.7 million.

Contingencies. The Company is one of a number of defendants (typically 10 to 20) in a substantial number of lawsuits filed in numerous state and federal courts by persons alleging bodily injury (including death) as a result of exposure to dust from asbestos fibers. From 1948 to 1958, one of the Company's former business units commercially produced and sold approximately $40 million of a high-temperature, clay-based insulating material containing asbestos. The Company exited the insulation business in April 1958. The traditional asbestos personal injury lawsuits and claims relating to such production and sale of asbestos material typically allege various theories of liability, including negligence, gross negligence and strict liability and seek compensatory and punitive damages in various amounts (herein referred to as "asbestos claims").

The following table shows the approximate number of plaintiffs and claimants involved in asbestos claims pending at the beginning of, disposed of and filed during, and pending at the end of, each of the years listed (eliminating duplicate filings):

	1999	1998	1997
Pending at beginning of year	15,000	15,000	17,000
Disposed	10,000	7,000	7,000
Filed	12,000	7,000	5,000
Pending at end of year	17,000	15,000	15,000

The Company is also a defendant in other asbestos-related lawsuits or claims involving maritime workers, medical monitoring claimants, co-defendants and property damage claimants. Based on its past experience, the Company believes that the foregoing categories of claims will not involve any material liability and they are not included in the above description of pending claims.

Since receiving its first asbestos claim, the Company, as of December 31, 1999, has disposed of the asbestos claims of approximately 222,000 plaintiffs and claimants at an average indemnity payment per claim of approximately $4,550. Certain of these dispositions have included deferred payment amounts payable over periods ranging from one to seven years. Deferred payments at December 31, 1999, totaled $32.5 million and are included in the foregoing average indemnity payment per claim. The Company's indemnity payments for

these claims have varied on a per claim basis, and are expected to continue to vary considerably over time.

In 1984, the Company initiated litigation in New Jersey against the Company's insurers, including its wholly-owned captive insurer Owens Insurance Limited ("OIL"), and certain other parties for the years 1977 through 1985 in which the Company sought damages and a declaration of coverage for both asbestos bodily injury and property damage claims under insurance policies in effect during those years (Owens-Illinois, Inc. v. United Insurance Co., et al, Superior Court of New Jersey, Middlesex County, November 30, 1984). Beginning in December 1994 and continuing intermittently for approximately one year thereafter, the Company entered into settlements for approximately $240 million of its coverage claim against OIL to the extent of reinsurance provided to OIL by the settling reinsurance companies. Following such settlements, a settlement agreement (the "OIL Settlement") was reached with OIL. The OIL Settlement called for the payment of remaining non-settled reinsurance at 78.5% of applicable reinsurance limits, increasing to 81% on approximately March 1, 1996 and accruing interest thereafter at 10% per annum. In December 1995, the presiding judge in the United Insurance case entered a Consent Judgment approving the OIL Settlement, and specifically finding that it was a good faith settlement which was fair and reasonable as to OIL and all of OIL's non-settling reinsurers.

In November 1995, a reinsurer of OIL during the years affected by the United Insurance case brought a separate suit against OIL seeking a declaratory judgment that it had no reinsurance obligation to OIL (Employer's Mutual v. Owens-Insurance Limited, Superior Court of New Jersey, Morris County, December 1995). The Company was not a named party to this cause of action but was subsequently joined in it as a necessary party defendant.

Subsequent to the entry of the Consent Judgment Order in the United Insurance case described above, OIL gave notice of the OIL Settlement to all non-settling reinsurers affected by the United Insurance case, informing all such reinsurers of the terms of the OIL Settlement and demanding timely payment from such reinsurers pursuant to such terms. Since the date of the OIL Settlement, 28 previously non-settling reinsurers have made the payments called for under the OIL Settlement or otherwise settled their obligations thereunder. Other non-settling solvent reinsurers, all of which are parties to the Employers Mutual case described above, have not, however, made the payments called for under the OIL Settlement.

As a result of payments and commitments that have been made by reinsurers pursuant to the OIL Settlement and the earlier settlement agreements described above in the United Insurance case and certain other available insurance, the Company has to date confirmed coverage for its asbestos-related costs of approximately $317.4 million. Of the total amount confirmed to date, $304.7 million had been received through December 31, 1999; and the balance of approximately $12.7 million will be received throughout 2000 and the next several years. The remainder of the insurance asset of approximately $192.6 million relates principally to the reinsurers who have not yet paid, and continue to contest, their reinsurance obligations under the OIL Settlement.

The Company believes, based on the rulings of the trial court, the Appellate Division and the New Jersey Supreme Court in the United Insurance case, as well as its understanding of the facts and legal precedents and based on advice of counsel, McCarter & English L.L.P., that it is probable substantial additional payments will be received to cover the Company's asbestos-related claim losses.

The Company believes that its ultimate asbestos-related contingent liability (i.e., its indemnity or other claim disposition costs plus related litigation expenses) is difficult to estimate with certainty. However, in 1993, the Company established a liability of $975 million to cover what it then estimated would be the total indemnity payments and legal fees associated with the resolution of then outstanding and all expected future asbestos lawsuits and claims. As part of its continual monitoring of asbestos-related matters, the Company in 1998 conducted a comprehensive review to determine if adjustments of asbestos-related assets or liabilities were appropriate. As a result of that review, the Company established an additional liability of $250 million to cover what it estimated to be the total indemnity payments and legal fees associated with the resolution of outstanding asbestos personal injury lawsuits and claims and asbestos personal injury lawsuits and claims filed during the succeeding five years, after which any remaining liability was not expected to be material in relation to the Company's Consolidated Financial Statements.

Based on all the factors and matters relating to the Company's asbestos-related litigation and claims, the Company presently believes that its asbestos-related costs and liabilities will not exceed by a material amount the sum of the available insurance reimbursement the Company believes it has and will have principally as a result of the United Insurance case, and the OIL Settlement, as described above, and the amount of the charges for asbestos-related costs previously recorded.

Other litigation is pending against the Company, in many cases involving ordinary and routine claims incidental to the business of the Company and in others presenting allegations that are nonroutine and involve compensatory, punitive or treble damage claims as well as other types of relief. The ultimate legal and financial liability of the Company in respect to the lawsuits and proceedings referred to above, in addition to other pending litigation, cannot be estimated with certainty. However, the Company believes, based on its examination and review of such matters and experience to date, that such ultimate liability will not be material in relation to the Company's Consolidated Financial Statements.

Segment Information. The Company operates in the rigid packaging industry. The Company has two reportable product segments within the rigid packaging industry: (1) Glass Containers and (2) Plastics Packaging. The Glass Containers segment includes operations in the United States, Europe, the Asia Pacific region, and Latin America. The Plastics Packaging segment consists of three business units -- plastic containers, closure and specialty products, and prescription products. The Other segment shown in the tables below consists primarily of the Company's labels and carriers products business unit.

The Company evaluates performance and allocates resources based on earnings before interest income, interest expense, provision for income taxes, minority share owners' interests in earnings of subsidiaries, and extraordinary charges, (collectively "EBIT") excluding unusual items. EBIT includes an allocation of corporate expenses based on both a percentage of sales and direct billings based on the costs of specific services provided. For the Company's U.S. pension plans, net periodic pension cost (credit) has been allocated to product segments while the related prepaid pension asset is included in the caption Eliminations and Other Retained. Net sales as shown in the geographic segment information are based on the location of the Company's affiliate which recorded the sales.

Financial information regarding the Company's product segments is as follows:

	Glass Containers	Plastics Packaging	Other	Total Product Segments	Eliminations and Other Retained	Consolidated Totals
Net sales:						
1999	$3,762.6	$1,686.7	$ 73.6	$5,522.9		$ 5,522.9
1998	3,809.9	1,414.5	81.9	5,306.3		5,306.3
1997	3,528.4	1,029.8	100.3	4,658.5		4,658.5
EBIT, excluding unusual items:						
1999	$ 582.4	$ 281.8	$ 5.1	$ 869.3	$ 5.9	$ 875.2
1998	626.0	232.0	10.6	868.6	1.9	870.5
1997	543.2	173.8	15.1	732.1	(2.9)	729.2
Unusual items:						
1999:						
Gains related to the sales of two manufacturing facilities	$ 40.8			$ 40.8		$ 40.8
Charges related principally to restructuring costs and write-offs of certain assets in Europe and Latin America	(20.8)			(20.8)		(20.8)
1998:						
Charges for restructuring costs at certain international affiliates	(72.6)			(72.6)		(72.6)
Gain on termination of license agreement			$ 18.5	18.5		18.5
Loss on sale of discontinued operation by equity investee	(5.7)			(5.7)		(5.7)
Other (1)					$(250.9)	(250.9)

	Glass Containers	Plastics Packaging	Other	Total Product Segments	Eliminations and Other Retained	Consolidated Totals

Depreciation and amortization expense:						
1999	$ 348.8	$ 168.9	$ 10.6	$ 528.3	$ 17.0	$ 545.3
1998	312.9	128.3	10.7	451.9	12.0	463.9
1997	250.3	73.4	11.7	335.4	8.1	343.5
Total assets:						
1999	$6,016.8	$3,333.8	$175.0	$9,525.6	$1,230.7	$10,756.3
1998	6,166.2	3,137.2	174.4	9,477.8	1,582.9	11,060.7
1997	4,313.6	1,239.1	190.5	5,743.2	1,101.9	6,845.1
Capital expenditures (2):						
1999	$ 428.4	$ 212.3	$ 3.4	$ 644.1	$ 6.3	$ 650.4
1998	382.8	185.0	4.1	571.9	1.6	573.5
1997	317.4	111.9	8.0	437.3	34.0	471.3

(1) Detail presented in tables on page 76.

(2) Excludes property, plant and equipment acquired through acquisitions.

Financial information regarding the Company's geographic segments is as follows:

	United States	Europe	Asia Pacific	Latin America	Total Geographic Segments
Net sales:					
1999	$3,177.6	$ 968.8	$814.9	$561.6	$5,522.9
1998	3,042.2	1,052.0	522.6	689.5	5,306.3
1997	2,870.3	1,037.5	60.0	690.7	4,658.5
EBIT, excluding unusual items:					
1999	$ 577.6	$ 101.2	$135.1	$ 55.4	$ 869.3
1998	533.0	139.5	87.3	108.8	868.6
1997	457.9	140.0	(1.0)	135.2	732.1
Unusual items:					
1999:					
Gains related to the sales of two manufacturing facilities	$ 30.8			$ 10.0	$ 40.8
Charges related principally to					

restructuring costs and write-offs of certain assets in Europe and Latin America		$ (10.8)		(10.0)	(20.8)
1998:					
Charges for re-structuring costs at certain international affiliates		(46.8)	$ (3.6)	(22.2)	(72.6)
Gain on termination of license agreement	18.5				18.5
Loss on sale of discontinued operation by equity investee				(5.7)	(5.7)

The Company's net fixed assets by geographic segment are as follows:

	United States	Foreign	Total
1999	$1,755.0	$1,689.1	$3,444.1
1998	1,619.4	1,807.6	3,427.0
1997	1,288.3	1,117.1	2,405.4

Reconciliations to consolidated totals are as follows:

	1999	1998	1997
Revenues:			
Net sales for reportable segments	$5,522.9	$5,306.3	$4,658.5
Royalties and net technical assistance	30.3	26.6	21.6
Equity earnings	22.3	16.0	17.9
Interest income	28.5	29.2	23.6
Other revenue	182.7	121.2	106.8
Total	$5,786.7	$5,499.3	$4,828.4
Earnings before income taxes, minority share owners' interests in earnings of subsidiaries, and extraordinary items:			
EBIT, excluding unusual items for reportable segments	$ 869.3	$ 868.6	$ 732.1
Unusual items excluded from reportable segment information	20.0	(59.8)	
Eliminations and other retained, excluding unusual items	5.9	1.9	(2.9)
Unusual items excluded from eliminations and other retained:			
1998:			
Adjustment of reserve for estimated future asbestos-related costs		(250.0)	
Net charges for the settlement of certain environmental litigation and the reduction of previously established reserves		(0.9)	
1997:			
Gain on sale of Kimble Glass			16.3
Charges principally for guarantees of certain lease obligations			(14.1)

Net interest expense	(397.4)	(350.8)	(279.1)
Total	$ 497.8	$ 209.0	$ 452.3

Selected Quarterly Financial Data (unaudited). The following tables present selected financial data by quarter for the years ended December 31, 1999 and 1998:

1999					
	First Quarter	Second Quarter (a)	Third Quarter	Fourth Quarter	Total
Net sales	$1,307.0	$1,423.1	$1,426.2	$1,366.6	$5,522.9
Gross profit	$ 307.2	$ 354.7	$ 314.0	$ 250.6	$1,226.5
Earnings (loss):					
Before extraordinary items	$ 69.3	$ 110.9	$ 77.5	$ 41.4	$ 299.1
Extraordinary charges from early extinguishment of debt, net of applicable income taxes				(.8)	(.8)
Net earnings	$ 69.3	$ 110.9	$ 77.5	$ 40.6	$ 298.3
Earnings (loss) per share of common stock: (b)					
Basic:					
Before extraordinary items	$ 0.41	$ 0.68	$ 0.46	$ 0.24	$ 1.80
Extraordinary charges				(.01)	(.01)
Net earnings	$ 0.41	$ 0.68	$ 0.46	$ 0.23	$ 1.79
Diluted:					
Before extraordinary items	$ 0.41	$ 0.67	$ 0.46	$ 0.24	$ 1.79
Extraordinary charges				(.01)	(.01)
Net earnings	$ 0.41	$ 0.67	$ 0.46	$ 0.23	$ 1.78

(a) In the second quarter of 1999, the Company recorded: (1) 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; and (2) 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 Latin America. The net aftertax amounts of these items was a credit of $9.6 million, or $.06 per share on both a basic and diluted basis for the second quarter.

(b) Earnings per share are computed independently for each period presented. Due primarily to the repurchase of 10 million shares of common stock during the fourth quarter, and the resultant effect of this change on average shares, per share amounts calculated on a year-to-date basis do not equal the sums of such amounts calculated separately for each quarter.

	1998				
	First Quarter (a)	Second Quarter	Third Quarter (b)	Fourth Quarter (c)	Total
Net sales	$1,098.5	$1,385.0	$1,453.6	$1,369.2	$5,306.3
Gross profit	$ 237.4	$ 353.4	$ 347.9	$ 292.0	$1,230.7
Earnings (loss):					
Before extra-ordinary items	$ 80.4	$ 115.0	$ 113.6	$ (186.9)	$ 122.1
Extraordinary charges from early extinguishment of debt, net of applicable income taxes		(14.1)			(14.1)
Net earnings	$ 80.4	$ 100.9	$ 113.6	$ (186.9)	$ 108.0
Earnings (loss) per share of common stock (d):					
Basic:					
Before extra-ordinary items	$ 0.57	$ 0.76	$ 0.70	$ (1.24)	$ 0.71
Extraordinary charges		(0.10)			(0.09)

Net earnings	$ 0.57	$ 0.66	$ 0.70	$ (1.24)	$ 0.62
Diluted:					
Before extra-ordinary items	$ 0.56	$ 0.75	$ 0.69	$ (1.24)	$ 0.71
Extraordinary charges		(0.09)			(0.09)
Net earnings	$ 0.56	$ 0.66	$ 0.69	$ (1.24)	$ 0.62

(a) In the first quarter of 1998, the Company recorded: (1) a credit of $15.1 million to adjust net deferred income tax liabilities as a result of a reduction in Italy's statutory income tax rate; (2) a gain of $18.5 million ($11.4 million aftertax) related to the termination of a license agreement, net of charges for related equipment write-offs and capacity adjustments, under which the Company had produced plastic multipack

carriers for beverage cans; and (3) charges of $16.3 million ($10.1 million aftertax) for the settlement of certain environmental litigation and severance costs at certain international affiliates. The net aftertax amounts of these items was a credit of $16.4 million, or $0.12 per share on both a basic and diluted basis for the first quarter.

(b) In the third quarter of 1998, the Company recorded: (1) a benefit of $7.6 million ($4.7 million aftertax) from the reduction of previously established reserves for guarantees of certain obligations of a previously divested business; and (2) a loss of $5.7 million ($3.5 million aftertax) on the sale of a discontinued operation by an equity investee. The net aftertax amounts of these items was a credit of $1.2 million, or $0.01 per share on both a basic and diluted basis for the third quarter.

(c) In the fourth quarter of 1998, the Company recorded: (1) a charge of $250.0 million ($154.4 million aftertax) related to adjustment of the reserve for estimated future asbestos-related costs; (2) charges of $64.8 million ($42.6 million after tax and minority share owners' interests) related principally to a plant closing in the United Kingdom and restructuring costs at certain international affiliates. The net aftertax amount of these items was a charge of $197.0 million, or $1.27 per share on both a basic and diluted basis for the fourth quarter.

In the fourth quarter of 1998, the Company also recorded: (1) charges of $42.0 million ($31.5 million after tax and minority share owners' interests) principally for write-offs of certain assets associated with business conditions in emerging markets; and (2) charges of $8.2 million ($6.2 million aftertax) associated with changes in estimated carrying costs of the Rockware glass container business. The net aftertax amount of these items was a charge of $37.7 million, or $0.24 per share on both a basic and diluted basis for the fourth quarter.

(d) Earnings per share are computed independently for each period presented. Due primarily to the issuance of 14.5 million shares of common stock in the second quarter of 1998, the second quarter of 1998 issuance of convertible preferred stock, which is convertible into approximately 8.6 million shares of common stock, and the resultant effect of all these changes on average shares, per share amounts calculated on a year-to-date basis do not equal the sums of such amounts calculated separately for each quarter.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to non-officer directors is included in the Proxy Statement in the section entitled "Election of Directors" and such information is incorporated herein by reference.

Information with respect to executive officers is included herein on pages 17 - 20.

ITEMS 11. and 13. EXECUTIVE COMPENSATION AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The section entitled "Director and Executive Compensation and Other Information," exclusive of the subsections entitled "Board Compensation Committee Report on Executive Compensation" and "Performance Graph," which is included in the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The section entitled "Security Ownership of Certain Beneficial Owners and Management" which is included in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14.(a). EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Index of Financial Statements and Financial Statement Schedules Covered by Report of Independent Auditors.

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule.

EXHIBIT INDEX

S-K Item 601 No.	Document
3.1	-- Restated Certificate of Incorporation of Owens-Illinois, Inc. (filed as Exhibit 3.1 to the Registrant's Registration Statement, File No. 33-43224, and incorporated herein by reference).
3.2	-- Bylaws of Owens-Illinois, Inc., as amended (filed as Exhibit 3.2 to the Registrant's Registration Statement, File No. 33-43224, and incorporated herein by reference).
4.1	-- Indenture dated as of May 15, 1997, between Owens-Illinois, Inc. and The Bank of New York, as Trustee (filed as Exhibit 4.1 to the Registrant's Form 8-K dated May 16, 1997, File No. 1-9576, and incorporated herein by reference).
4.2	-- Indenture dated as of May 20, 1998, between Owens-Illinois, Inc. and The Bank of New York, as Trustee (filed as Exhibit 4.1 to the Registrant's Form 8-K dated May 20, 1998, File No. 1-9576, and incorporated herein by reference).
4.3	-- Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Series A Exchangeable Preferred Stock, Series B Exchangeable Preferred Stock and Series C Exchangeable Preferred Stock of Owens-Illinois, Inc., dated October 30, 1992 (filed as Exhibit 3.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992, File No. 1-9576, and incorporated herein by reference).
4.4	-- Certificate of Designation of Convertible Preferred Stock (filed as Exhibit 4.10 to the Registrant's Form 8-K dated May 20, 1998, File No. 1-9576, and incorporated herein by reference).
4.5	-- Second Amended and Restated Credit Agreement, dated as of April 30, 1998, among Owens-Illinois, Inc. and certain of its subsidiaries and the lenders listed therein, including those named as managing agents, co-agents, lead managers, arrangers, offshore administrative agents, The Bank of Nova Scotia, NationsBank, N.A., Bank of America National Trust and Savings Association, and Bankers Trust Company including exhibits and schedules thereto (filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, File No. 1-9576, and incorporated herein by reference).
10.1	-- Lease Agreement, dated as of May 21, 1980, between Owens-Illinois, Inc. and Leyden Associates Limited Partnership (filed as Exhibit 5 to the Registrant's Registration Statement, File No. 2-68022, and incorporated herein by reference).
10.2*	-- Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, File No. 1-9576, and incorporated herein by reference).

S-K Item 601 No.	Document

10.3 * -- Written description of the Owens-Illinois Senior Executive Life Insurance Plan (filed as Exhibit 3.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992, File No. 1-9576, and incorporated herein by reference).

10.4 * -- Form of Employment Agreement between Owens-Illinois, Inc. and various Employees (filed as Exhibit 10(m) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-9576, and incorporated herein by reference).

10.5 * -- Form of Non-Qualified Stock Option Agreement between Owens-Illinois, Inc. and various Employees (filed as Exhibit 10(1) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-9576, and incorporated herein by reference).

10.6 * -- Form of Subscription Agreement between Owens-Illinois, Inc. and various Purchasers (filed as Exhibit 10(k) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-9576, and incorporated herein by reference).

10.7 * -- Stock Option Plan for Directors of Owens-Illinois, Inc. (filed as Exhibit 4.3 to Registrant's Form S-8, File No. 33-57141, and incorporated herein by reference).

10.8 * -- First Amendment to Stock Option Plan for Directors of Owens-Illinois, Inc. (filed as Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).

10.9 * -- Form of Non-Qualified Stock Option Agreement for use under the Stock Option Plan for Directors of Owens-Illinois, Inc. (filed as Exhibit 4.4 to Registrant's Form S-8, File No. 33-57141, and incorporated herein by reference).

10.10 * -- Second Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc. (filed as Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-9576, and incorporated herein by reference).

10.11 * -- First Amendment to Second Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc. (filed as Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).

10.12 * -- Second Amendment to Second Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc. (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, File No. 1-9576, and incorporated herein by reference).

10.13 * -- Form of Non-Qualified Stock Option Agreement for use under the Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc. (filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended

December 31, 1994, File No. 1-9576, and incorporated herein by reference).

10.14 * -- Form of First Amendment to Subscription Agreement between Owens-Illinois, Inc. and Robert J. Lanigan (filed as Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-9576, and incorporated herein by reference).

10.15 * -- Form of Non-Qualified Stock Option Agreement between Owens-Illinois, Inc., and Robert J. Lanigan (filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-9576, and incorporated herein by reference).

10.16 * -- Form of First Amendment to Non-Qualified Stock Option Agreement between Owens-Illinois, Inc. and Robert J. Lanigan (filed as Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-9576, and incorporated herein by reference).

10.17 * -- Amended and Restated Owens-Illinois, Inc. Senior Management Incentive Plan (filed as Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-9576, and incorporated herein by reference).

10.18 * -- First Amendment to Amended and Restated Owens-Illinois, Inc. Senior Management Incentive Plan (filed as Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).

10.19 * -- Second Amendment to Amended and Restated Owens-Illinois, Inc. Senior Management Incentive Plan (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, File No. 1-9576, and incorporated herein by reference).

10.20 * -- Third Amendment to Amended and Restated Owens-Illinois, Inc. Senior Management Incentive Plan (filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, File No. 1-9576, and incorporated herein by reference).

10.21 * -- Amended and Restated Owens-Illinois, Inc. Performance Award Plan (filed as Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-9576, and incorporated herein by reference).

10.22 * -- First Amendment to Amended and Restated Owens-Illinois, Inc. Performance Award Plan (filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, File No. 1-9576, and incorporated herein by reference).

S-K Item 601 No.	Document
10.23 *	-- Owens-Illinois, Inc. Corporate Officers Deferred Compensation Plan (filed as Exhibit 10.17 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-9576, and incorporated herein by reference).
10.24 *	-- First Amendment to Owens-Illinois, Inc. Corporate Officers Deferred Compensation Plan (filed as Exhibit 10.22 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).
10.25 *	-- Second Amendment to Owens-Illinois, Inc. Corporate Officers Deferred Compensation Plan (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, File No. 1-9576, and incorporated herein by reference).
10.26 *	-- Owens-Illinois, Inc. Executive Savings Plan (filed as Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-9576, and incorporated herein by reference).
10.27 *	-- First Amendment to Owens-Illinois, Inc. Executive Savings Plan (filed as Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).
10.28 *	-- Second Amendment to Owens-Illinois, Inc. Executive Savings Plan (filed as Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).
10.29 *	-- Third Amendment to Owens-Illinois, Inc. Executive Savings Plan (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997, File No. 1-9576, and incorporated herein by reference).
10.30 *	-- Owens-Illinois, Inc. Directors Deferred Compensation Plan (filed as Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).
10.31 *	-- First Amendment to Owens-Illinois, Inc. Directors Deferred Compensation Plan (filed as Exhibit 10.27 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-9576, and incorporated herein by reference).
10.32 *	-- Second Amendment to Owens-Illinois, Inc. Directors Deferred Compensation Plan (filed as Exhibit 10.2 to the Registrant's

Quarterly Report on Form 10-Q for the quarter ended March 31, 1997, File No. 1-9576, and incorporated herein by reference).

10.33 *	-- Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc. (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-9576, and incorporated herein by reference).

S-K Item 601 No.	Document
10.34 *	-- Form of Non-Qualified Stock Option Agreement for use under the Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc. (filed as Exhibit 4.3 to the Registrant's Form S-8, File No. 333-47691, and incorporated herein by reference).
10.35 *	-- Form of Restricted Stock Agreement for use under the Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc. (filed as Exhibit 4.4 to the Registrant's Form S-8, File No. 333-47691, and incorporated herein by reference).
10.36 *	-- Form of Restricted Stock Agreement for use under the Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc. (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-9576, and incorporated herein by reference).
10.37 *	-- Form of Phantom Stock Agreement for use under the Amended and Resated 1997 Equity Participation Plan of Owens-Illinois, Inc. (filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, File No. 1-9576, and incorporated herein by reference).
12	-- Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends (filed herewith).
21	-- Subsidiaries of the Registrant (filed herewith).
23.1	-- Consent of Independent Auditors (filed herewith).
23.2	-- Consent of McCarter & English, LLP (filed herewith).
24	-- Owens-Illinois, Inc. Power of Attorney (filed herewith).
27	-- Financial Data Schedule (filed herewith).

* Indicates a management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 14(c).

ITEM 14.(b). REPORTS ON FORM 8-K

No reports on Form 8-K were filed by the Registrant during the last quarter of 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OWENS-ILLINOIS, INC.

(Registrant)

By/s/ James W. Baehren

James W. Baehren
Corporate Secretary and
Associate General Counsel

Date: March 30, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Owens-Illinois, Inc. and in the capacities and on the dates indicated.

Signature	Title
Robert J. Dineen	Director
Edward A. Gilhuly	Director
James H. Greene, Jr.	Director
Henry R. Kravis	Director
Robert J. Lanigan	Director
Joseph H. Lemieux	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer); Director
John J. McMackin, Jr.	Director
Michael W. Michelson	Director
George R. Roberts	Director
David G. Van Hooser	Senior Vice President and Chief Financial Officer (Principal Financial Officer)

Edward C. White	Controller (Principal Accounting Officer)
Thomas L. Young	Executive Vice President, Administration and General Counsel; Director

By/s/ James W. Baehren

James W. Baehren
Attorney-in-fact

Date: March 30, 2000

INDEX TO FINANCIAL STATEMENT SCHEDULE

Financial Statement Schedule of Owens-Illinois, Inc. and Subsidiaries:

For the years ended December 31, 1999, 1998, and 1997:

OWENS-ILLINOIS, INC.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS (CONSOLIDATED)

Years ended December 31, 1999, 1998, and 1997
(Millions of Dollars)

Reserves deducted from assets in the balance sheets:

Allowances for losses and discounts on receivables

	Balance at beginning of period	Additions: Charged to costs and expenses	Additions: Other	Deductions (Note 1)	Balance at end of period
1999	$ 56.9	$ 53.3	$ 0.0	$ 53.3	$ 56.9
1998	$ 52.9	$ 61.2	$ 0.0	$ 57.2	$ 56.9
1997	$ 40.6	$ 51.3	$ 0.0	$ 39.0	$ 52.9

(1) Deductions from allowances for losses and discounts on receivables represent uncollectible notes and accounts written off.

OWENS-ILLINOIS, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Millions of dollars, except ratios)

	Years ended December 31,		
	1999	1998	Pro Forma As Adjusted For BTR Packaging Acquisition 1998
Earnings before income taxes, minority share owners' interests, and extraordinary items	$497.8	$209.0	$256.2
Less: Equity earnings	(22.3)	(16.0)	(16.0)
Add: Total fixed charges deducted from earnings.	452.4	404.8	459.6
Proportional share of pre-tax earnings of 50% owned associates	10.6	7.2	7.2
Dividends received from less than 50% owned associates. . .	9.8	6.6	6.6
Earnings available for payment of fixed charges . .	$948.3	$611.6	$713.6
Fixed charges (including the Company's proportional share of 50% owned associates):			
Interest expense	$417.0	$372.6	$422.9
Portion of operating lease rental deemed to be interest.	26.5	24.8	25.9
Amortization of deferred financing costs and debt discount expense.	8.9	7.4	10.8
Total fixed charges deducted from earnings and total fixed charges. . .	$452.4	$404.8	$459.6
Preferred stock dividends (increased to assumed pre-tax amount)	35.5	21.3	33.6
Combined fixed charges and preferred stock dividends.	$487.9	$426.1	$493.2
Ratio of earnings to fixed charges . .	2.1	1.5	1.6
Ratio of earnings to combined fixed charges and preferred stock dividends.	1.9	1.4	1.4

OWENS-ILLINOIS, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Millions of dollars, except ratios)

	Years ended December 31,		
	1997	1996	1995
Earnings before income taxes, minority share owners' interests, and extraordinary items . .	$452.3	$324.1	$310.0
Pretax earnings of majority-owned subsidiary not consolidated			
Less: Equity earnings	(17.9)	(15.2)	(14.4)
Add: Total fixed charges deducted from earnings	324.1	324.3	321.1

Proportional share of pre-tax earnings of 50% owned associates	2.8		
Dividends received from less than 50% owned associates	4.8	2.7	3.7
Earnings available for payment of fixed charges.	$766.1	$635.9	$620.4
Fixed charges (including the Company's proportional share of 50% owned associates):			
Interest expense	$298.7	$297.6	$294.6
Portion of operating lease rental deemed to be interest	21.3	21.7	21.5
Amortization of deferred financing costs and debt discount expense.	4.1	5.0	5.0
Total fixed charges deducted from earnings and total fixed charges . . .	$324.1	$324.3	$321.1
Preferred stock dividends (increased to assumed pre-tax amount).	2.2	2.2	2.6
Combined fixed charges and preferred stock dividends.	$326.3	$326.5	$323.7
Ratio of earnings to fixed charges	2.4	2.0	1.9
Ratio of earnings to combined fixed charges and preferred stock dividends.	2.3	1.9	1.9

EXHIBIT 21

OWENS-ILLINOIS, INC.

SUBSIDIARIES OF THE REGISTRANT

The Registrant had the following subsidiaries at December 31, 1999 (subsidiaries are indented following their respective parent companies):

Name	State/Country of Incorporation or Organization
Owens-Illinois Group, Inc.	Delaware
OI Health Care Holding Corp.	Delaware
OI General Finance Inc.	Delaware
OI Closure FTS Inc.	Delaware
Specialty Packaging Licensing Company Limited	Delaware
Owens-Illinois Closure Inc.	Delaware
Product Design & Engineering, Inc.	Minnesota
O-I Brazil Closure Inc.	Delaware
OI Tampas do Brasil Ltda.	Brazil
Closure & Packaging Services, Ltd.	Guernsey
Closure & Packaging Services (U.K.) Ltd.	United Kingdom
Closure & Packaging Services (Antilles) N.V.	Netherlands Antilles
Closure & Packaging Services (Netherlands) B.V.	Netherlands
OI Plastic Products FTS Inc.	Delaware
Owens-Illinois Prescription Products Inc.	Delaware
OI Medical Inc.	Delaware
MARC Industries, Inc.	Delaware
EntraCare Corporation	Kansas
MARC Medical Inc.	Kansas
Precision Medical Molding, Inc.	Missouri
K&M Plastics, Inc.	Kansas
Specialty Packaging Products de Mexico, S.A. de C.V.	Mexico
OI Medical Holdings Inc.	Delaware
Anamed International, Inc.	Nevada
Martell Medical Products, Inc.	California
Owens-BriGam Medical Company	Delaware
Owens-BriGam de Mexico	Mexico
BriGam, Inc.	North Carolina
BriGam Medical Inc.	North Carolina
BriGam Ventures, Inc.	North Carolina
Owens-Brockway Plastic Products Inc.	Delaware
Owens-Illinois Specialty Products Puerto Rico, Inc.	Delaware
OI Regioplast STS Inc.	Delaware
Regioplast S.A. de C.V.	Mexico

Name	State/Country of Incorporation or Organization
OI Australia Inc.	Delaware
Continental PET Holdings Pty. Ltd.	Australia
ACI America Holdings Inc.	Delaware
Continental PET Technologies Inc.	Delaware
Continental PET Technologies de Mexico, S.A. de C.V.	Mexico
Continental PET Technologies Magyaoroszag Kft.	Hungary
Continental PET do Brasil Ltda.	Brazil
Owens-Illinois Labels Inc.	Delaware
OI Venezuela Plastic Products Inc.	Delaware
OI Plasticos de Venezuela C.A.	Venezuela
OI General FTS Inc.	Delaware

OI Castalia STS Inc.	Delaware
OI Levis Park STS Inc.	Delaware
OI AID STS Inc.	Delaware
Owens-Illinois Leasing, Inc.	Delaware
Owens-Illinois General Inc.	Delaware
Owens Insurance, Ltd.	Bermuda
OI Holding Company, Inc.	Ohio
Owens-Illinois Foreign Sales Corp.	Virgin Islands
Harbor Capital Advisors, Inc.	Delaware
HCA Securities, Inc.	Delaware
Harbor Transfer, Inc.	Delaware
Universal Materials, Inc.	Ohio
Owens-Brockway Packaging, Inc.	Delaware
OI Ione STS Inc.	Delaware
Owens-Brockway Glass Container Inc.	Delaware
Brockway Realty Inc.	Pennsylvania
Brockway Research Inc.	Delaware
OI Auburn Inc.	Delaware
Seagate, Inc.	Ohio
OIB Produvisa Inc.	Delaware
OI Consol STS Inc.	Delaware
OI California Containers Inc.	California
OI Puerto Rico STS Inc.	Delaware
Owens-Illinois de Puerto Rico	Ohio
OI Venezuela STS Inc.	Delaware
Owensglass & Cia	Venezuela
Centro Vidriero de Venezuela, C.A.	Venezuela
Manufacturera de Vidrios Planos, C.A.	Venezuela
OIV Holding, C.A.	Venezuela
Owens-Illinois de Venezuela, C.A.	Venezuela
Fabrica de Vidrio Los Andes, C.A.	Venezuela
Owens-Illinois Ventas, S.A.	Venezuela

Subsidiaries of the Registrant (continued)

Name	State/Country of Incorporation or Organization
OI Peldar STS Inc.	Delaware
OI Latin America Inc.	Delaware
OI Ecuador STS Inc.	Delaware
Cristaleria del Ecuador, S.A.	Ecuador
OI Peru STS Inc.	Delaware
Vidrios Industriales S.A.	Peru
OI Brazil Inc.	Delaware
Owens-Illinois International B.V.	Netherlands
Cristaleria Peldar, S.A.	Colombia
Sao Raimundo Administracao, Participacoes e Representacoes, Limitada	Brazil
Companhia Industrial Sao Paulo e Rio	Brazil
OI Finnish Holdings Oy	Finland
Ryttylan Muovi Oy	Finland
Karhulan Lasi Oy	Finland
A/S Jarvakandi Klaas	Estonia
PET Technologies B.V.	Netherlands
Owens-Illinois China Holdings B.V.	Netherlands
ACI Qingdao Plastic Packaging Co. Ltd.	China
OI Machineworks Inc.	Delaware
O-I Europe (Machinery and Distribution) Limited	United Kingdom
OI Overseas Management Company Limited	Delaware
United Glass Group Ltd.	United Kingdom
United Glass, Limited	United Kingdom
PET Technologies Limited	United Kingdom
OI Poland Inc.	Delaware
Huta Szkla Jaroslaw S.A.	Poland
Huta Szkla Antoninek Sp.zo.o	Poland
OI Hungary Inc.	Delaware
United Hungarian Glass Containers Kft.	Hungary
OI International Holdings Inc.	Delaware
OI Glass Holdings B.V.	Netherlands

Owens-Illinois International Management & Trading Kft.	Hungary
OI Finance Ltd.	Ireland
OI Italia S.r.l.	Italy
AVIR S.p.A.	Italy
Avirunion, a.s.	Czech Republic
Sonator Investments B.V.	Netherlands
Vidrieria Rovira, S.A.	Spain
OI China Inc.	Delaware
Wuhan Owens Glass Container Company Ltd.	China
OI Thailand Inc.	Delaware
OI Pacific (Machinery and Distribution) Limited	Thailand

Name	State/Country of Incorporation or Organization
Owens-Illinois (Australia) Pty. Ltd.	Australia
ACI Packaging Services Pty. Ltd.	Australia
ACI Operations Pty. Ltd.	Australia
ACI Plastics Packaging (Thailand) Ltd.	Thailand
ACI International Ltd.	Australia
OI Andover Group Inc.	Delaware
The Andover Group Inc.	Delaware
Breadalbane Shipping PTE Ltd.	Singapore
PT Kangar Consolidated Industries	Indonesia
ACI India LLC	Delaware
Owens-Brockway (India) Limited	India
Owens-Illinois (NZ) Ltd.	New Zealand
ACI Operations New Zealand Ltd.	New Zealand
Owens-Illinois (HK) Ltd.	Hong Kong
ACI Guangdong Ltd.	Hong Kong
ACI Guangdong Glass Company Ltd.	China
ACI Shanghai Ltd.	Hong Kong
ACI Shanghai Glass Company Ltd.	China
ACI Tianjin Ld.	Hong Kong
ACI Tianjin Mould Company Ltd.	China

EXHIBIT 23.1
OWENS-ILLINOIS, INC.
CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Selected Financial Data."

We also consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-47519) of Owens-Illinois, Inc. and in the related Prospectus, in the Registration Statement (Form S-8 No. 333-67377) pertaining to the Amended and Restated Owens-Illinois, Inc. Stock Purchase and Savings Program, the Amended and Restated Owens-Illinois, Inc. Long-Term Savings Plan, and the Owens-Illinois de Puerto Rico Long-Term Savings Plan, in the Registration Statement (Form S-8 No. 33-44252) pertaining to the Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc., in the Registration Statement (Form S-8 No. 33-57141) pertaining to the Stock Option Plan for Directors of Owens-Illinois, Inc., and in the Registration Statement (Form S-8 No. 333-47691) pertaining to the Amended and Restated 1997 Equity Participation Plan of Owens-Illinois, Inc. of our report dated February 3, 2000 with respect to the consolidated financial statements and schedule of Owens-Illinois, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 1999.

/s/ Ernst & Young LLP

Ernst & Young LLP

Toledo, Ohio
March 29, 2000

EXHIBIT 23.2

CONSENT OF MCCARTER & ENGLISH, LLP

March 30, 2000

Ladies and Gentlemen:

We consent to the incorporation by reference in this Annual Report on Form 10-K of Owens-Illinois, Inc. for the year ended December 31, 1999, of the reference to our firm under the caption "Legal Proceedings."

Very truly yours,

/s/ McCarter & English, LLP

McCarter & English, LLP

EXHIBIT 24

OWENS-ILLINOIS, INC.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That each individual whose signature appears below hereby consents to and appoints David G. Van Hooser, James W. Baehren, or either of them, individually, as his true and lawful attorney-in-fact and agent with all power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the 1999 Annual Report on Form 10-K of Owens-Illinois, Inc., a corporation organized and existing under the laws of the State of Delaware, and any and all amendments thereto, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission pursuant to the requirements of the Securities and Exchange Act of 1934, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the same as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his hand on the date set opposite his name.

Signature	Title	Date
Joseph H. Lemieux Joseph H. Lemieux	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer); Director	3/30/00
Thomas L. Young Thomas L. Young	Executive Vice President, Administration and General Counsel; Director	3/30/00
Robert J. Lanigan Robert J. Lanigan	Chairman Emeritus of the Board of Directors; Director	3/30/00
Robert J. Dineen Robert J. Dineen	Director	3/30/00
Edward A. Gilhuly Edward A. Gilhuly	Director	3/30/00
James H. Greene, Jr. James H. Greene, Jr.	Director	3/30/00

Signature	Title	Date
Henry R. Kravis Henry R. Kravis	Director	3/30/00
John J. McMackin, Jr. John J. McMackin, Jr.	Director	3/30/00
Michael W. Michelson Michael W. Michelson	Director	3/30/00
George R. Roberts George R. Roberts	Director	3/30/00

David G. Van Hooser ------------------------- David G. Van Hooser	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	3/30/00 --------
Edward C. White ------------------------- Edward C. White	Controller (Principal Accounting Officer)	3/30/00 --------

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This schedule contains summary financial information extracted from the December 31, 1999 consolidated balance sheet, and the consolidated results of operations for the year then ended and is qualified in its entirety by reference to such financial statements.
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