

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 8-K/A
AMENDMENT NO. 1

CURRENT REPORT

Pursuant to Section 13 of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) December 16, 1996

Owens-Illinois, Inc.

(Exact name of registrant as specified in its charter)

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

Owens-Illinois Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	33-13061	34-1559348
----- (State or other jurisdiction of incorporation)	----- (Commission File No.)	----- (IRS Employer Identification No.)

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

Registrants' telephone number, including area code:	419-247-5000
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The Registrants hereby amend its Current Report on Form 8-K dated December 16, 1996 to include the information required under Items 7(a), 7(b) and 7(c).

Item 7. Financial Statements and Exhibits.

(a) Financial statements of business acquired.

- (1) Audited consolidated financial statements of Avir Finanziaria S.p.A. and subsidiaries for the year ended December 31, 1995 (with comparative information as of and for the year ended December 31, 1994).

- Independent Auditors' Report
- Consolidated Balance Sheets
- Consolidated Profit and Loss Accounts
- Consolidated Statements of Changes in Net Equity
- Consolidated Cash Flow Statements
- Notes to Consolidated Financial Statements

- (2) Unaudited condensed consolidated financial statements of Avir Finanziaria S.p.A. and subsidiaries for the six months ended June 30, 1996 and 1995.

- Condensed Consolidated Balance Sheets
- Condensed Consolidated Profit and Loss Accounts
- Condensed Consolidated Cash Flow Statements
- Notes to Condensed Consolidated Financial Statements

(b) Unaudited pro forma financial information.

- Pro Forma Condensed Consolidated Balance Sheet at June 30, 1996
- Pro Forma Condensed Consolidated Income Statement for the six months ended June 30, 1996
- Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 1995
- Notes to Pro Forma Condensed Consolidated Financial Statements

(c) Exhibits.

2.1 Acquisition Agreement dated December 16, 1996

23.1 Consent of KPMG S.p.A., Rome, Italy

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

OWENS-ILLINOIS, INC.
OWENS-ILLINOIS GROUP, INC.

By /s/ Lee A. Wesselmann

Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

Dated: March 3, 1997

EXHIBIT INDEX

Exhibit Number	Exhibit
2.1	Acquisition Agreement dated December 16, 1996
23.1	Consent of KPMG S.p.A., Rome, Italy

Independent Auditors' Report

The Shareholders
Avir Finanziaria S.p.A.

We have audited the accompanying consolidated balance sheet of Avir Finanziaria S.p.A. and subsidiaries as of December 31, 1995 and the related consolidated profit and loss account, statement of changes in net equity and cash flow statement for the year then ended. These consolidated financial statements are the responsibility of Avir Finanziaria S.p.A.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the consolidated financial statements of Vidrieria Rovira S.A., a subsidiary (62% ownership), which statements reflect total assets constituting 8% and total revenues constituting 9% of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Vidrieria Rovira S.A., is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Italy, which standards are substantially equivalent to auditing standards generally accepted in the United States of America. 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, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Avir Finanziaria S.p.A. and subsidiaries as of December 31, 1995, and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles in the Republic of Italy.

Accounting principles generally accepted in the Republic of Italy vary in certain significant respects from accounting principles generally accepted in the United States of America. Application of accounting principles generally accepted in the United States of America would have affected net profit for the year ended December 31, 1995 and net equity as of December 31, 1995, to the extent summarized in Note 20 to the consolidated financial statements.

KPMG S.p.A.

Naples, Italy
May 13, 1996, except as to Note 21,
which is as of March 3, 1997

CONSOLIDATED BALANCE SHEETS Avir Finanziaria S.p.A.

Millions of Lire

December 31,

1995

1994

Assets		
A) Receivables from shareholders for unpaid capital	-	-
B) Fixed Assets		
I) Intangible assets:		
1) Start-up and improvement costs	323	414
2) Costs of research, development and publicity	38	128
3) Patents and rights to use third-party patents	1,053	1,342
4) Concessions, licenses, brands and similar rights	9	13
5) Differences on consolidation	1,933	3,227
6) Assets in progress and advances	50	14
7) Other	1,563	2,130
Total	4,969	7,268
II) Tangible assets:		
1) Land and buildings	107,009	111,451
2) Plant and machinery	188,364	187,636
3) Industrial and commercial equipment	20,754	21,366
4) Other assets	1,089	1,177
5) Assets under construction and advances	47,310	12,109
Total	364,526	333,739
III) Financial assets:		
1) Investment in:		
b) associated companies	24,147	19,247
d) other companies	1,621	755
2) Loans receivable:		
d) from third-parties		
due within one year	257	139
due after one year	8,838	1,141
3) other securities	860	860
Total	35,723	22,142
Total fixed assets (B)	405,218	363,149

CONSOLIDATED BALANCE SHEETS Avir Finanziaria S.p.A. (continued)

Millions of Lire

December 31,

1995

1994

C) Current assets		
I)	Inventories	
1)	raw materials and supplies	45,303
2)	work-in-progress and semi-finished products	5,563
4)	finished products and goods for resale	85,071
5)	advances	26

Total		135,963
II)	Receivables:	
1)	from customers	
	due within one year	250,366
	due after one year	8,907
3)	due within one year	293
5)	from third parties	
	due within one year	25,076
	due after one year	26,523

Total		311,165
III)	Financial assets:	
4)	other investments	6,569
6)	loans receivable:	
	-- from third parties	
	due within one year	178,231

Total		184,800
IV)	Cash on hand and at bank	
1)	bank and postal accounts	84,313
3)	cash on hand	198

Total		84,511

Total current assets		716,439
D) Prepaid assets and accrued income		8,796

Total Assets		1,130,453
=====		
Liabilities and Net Equity		
A)	Net equity	
I)	Share capital	22,092
II)	Share premium reserve	-
III)	Revaluation reserve	4,224
IV)	Legal reserve	4,418
V)	Treasury stock	-

CONSOLIDATED BALANCE SHEETS Avir Finanziaria S.p.A. (continued)

Millions of Lire

December 31,

	1995	1994
VI) Statutory reserves	-	-
VII) Other reserves		
-- extraordinary reserve	78,584	74,610
-- taxed reserves	202	202
-- reserve for CASMEZ grants	99	99
-- reserve on gains re. Law 170	1,767	1,767
-- consolidation reserve	257,642	214,526
-- foreign exchange translation reserve	1,771	976
VIII) Retained earnings	-	-
IX) Net profit for the year attributable to the Group	102,153	61,877
Total net equity attributable to the Group	472,952	384,791
Share capital and reserves attributable to minorities	72,454	69,261
Net profit for the year attributable to minorities	11,599	5,492
Total net equity attributable to minorities	84,053	74,753
Total Consolidated Net Equity	557,005	459,544
B) Risk and other provisions		
1) Deferred compensation	308	204
2) Income taxes	34,281	33,460
3) Other	19,724	21,280
Total	54,313	54,944
C) Employees' termination indemnity	57,385	54,651
D) Payables		
3) Banks overdrafts:		
due within one year	46,265	66,442
due after one year	63,109	50,893
4) Due to other financial institutions:		
due within one year	1,101	13,604
due after one year	30,296	17,094
5) Advances		
due within one year	385	-
6) Trade payables		
due within one year	182,416	145,733
7) Notes payable		
due within one year	703	703
due after one year	40	743
9) Due to associated companies		
due within one year	25	203

CONSOLIDATED BALANCE SHEETS Avir Finanziaria S.p.A. (continued)

Millions of Lire

December 31,

	1995	1994
11) Due to fiscal authorities due within one year	97,315	68,311
12) Due to social security due within one year	13,167	10,835
due after one year	44	115
13) Other payables due within one year	16,068	11,759
due after one year	537	443
Total	451,471	386,878
E) Accrued expenses and deferred income	10,279	11,244
Total net equity and liabilities	1,130,453	967,261
=====		
Memorandum Accounts		
Liens on real estate on the Group's liabilities:		
-- mortgages and privileges	83,787	78,070
-- reservation of property	743	1,446
Total guarantees	84,530	79,516
Other memorandum, commitments and contingency accounts	3,901	3,895
Total Memorandum Accounts	88,431	83,411

CONSOLIDATED PROFIT AND LOSS ACCOUNTS Avir Finanziaria S.p.A.

Millions of Lire

Years ended December 31,

1995

1994

	1995	1994

A) Value of production		
1) Revenues from sales	1,150,874	991,134
2) Variation in inventories of work-in-progress, semi-finished and finished products	(3,615)	11,342
4) Capitalized labor	7,382	5,481
5) Other		
-- contribution on operating expenses revenues	144	702
-- other	8,452	9,534

Total	1,163,237	1,018,193

B) Cost of production		
6) Raw materials, supplies and goods for resale	(397,644)	(323,523)
7) Services received	(284,966)	(252,658)
8) Rentals and leasing charges	(3,091)	(3,535)
9) Personnel:		
a) wages and salaries	(132,094)	(129,938)
b) social security contributions	(48,441)	(47,584)
c) employees' severance indemnities	(9,713)	(9,189)
d) deferred compensation	(77)	(1)
e) other	(2,519)	(3,297)
10) Depreciation and write-downs:		
a) amortization of intangible assets	(2,682)	(3,731)
b) depreciation of tangible assets	(69,734)	(65,060)
c) other write-downs to fixed assets	(132)	(700)
d) provision for doubtful accounts risks	(3,249)	(5,477)
11) Variation in inventories of raw materials, supplies and goods for resale	6,111	(595)
12) Provisions for risks	(6,580)	(1,215)
13) Other provisions	(677)	(303)
14) Other operating costs	(20,118)	(17,643)

Total	(975,606)	(864,449)

Difference between value and cost of production	187,631	153,744

C) Financial income and expense		
15) Income from investments:		
-- dividends	115	-
16) Other financial income		
a) on long-term loans granted:		
-- to third parties	-	18
b) on investment securities	116	65
d) other	26,043	11,435

CONSOLIDATED PROFIT AND LOSS ACCOUNTS Avir Finanziaria S.p.A. (continued)

Millions of Lire

Years ended December 31,

1995

1994

17)	Interest and other financial charges		
	-- third-parties	(22,534)	(21,659)
Total		3,740	(10,141)
D) Adjustment to the value of financial assets			
18)	Revaluations		
	a) investments	8,645	3,551
19)	Write-downs		
	a) investments	(961)	(15)
Total		7,684	3,536*
E) Extraordinary income and expense			
20)	Extraordinary income		
	-- gains on disposals	1,361	657
	-- other	13,601	6,987
21)	Extraordinary expense		
	-- losses on disposals	(1,647)	(726)
	-- prior year income taxes	(1,123)	(1,164)
	-- other	(4,012)	(7,230)
Total		8,180	(1,476)
Profit before income taxes		207,235	145,663
22)	Income taxes	(93,483)	(78,294)
23)	Net profit for the year	113,752	67,369
	of which:		
	-- attributable to the Group	102,153	61,877
	-- attributable to minorities	11,599	5,492

* In the 1994 financial statements the amount was included in "Other revenues".

CONSOLIDATED STATEMENTS OF CHANGES IN NET EQUITY Avir Finanziaria S.p.A.

Millions of Lire

Years ended December 31, 1995 and 1994

	Attributable to the Group				Net profit for the year	Total net equity of the Group
	Share capital	Own reserves	Consolidation reserves	Total		
Balance at December 31, 1994	22,092	85,320	215,502	322,914	61,877	384,791
Dividends distributed	-	-	(13,255)	(13,255)	-	(13,255)
Appropriation of net profit to reserves	-	3,974	57,903	61,877	(61,877)	-
Variations in reserves	-	-	(737)	(737)	-	(737)
Net profits for the year	-	-	-	-	102,153	102,153
Balance at December 31, 1995	22,092	89,294	259,413	370,799	102,153	472,952

	Attributable to the Group		Attributable to minorities		Total	Consolidated net equity
	Total net equity of the Group	Share capital and reserves	Share capital and reserves	Net profit for the year		
Balance at December 31, 1994	384,791	69,261	5,492	74,753	459,544	
Dividends distributed	(13,255)	(3,106)	-	(3,106)	(16,361)	
Appropriation of net profit to reserves	-	5,492	(5,492)	-	-	
Variations in reserves	(737)	807	-	807	70	
Net profit for the year	102,153	-	11,599	11,599	113,752	
Balance at December 31, 1995	472,952	72,454	11,599	84,053	557,005	

CONSOLIDATED CASH FLOW STATEMENTS Avir Finanziaria S.p.A.

Millions of Lire

Years ended December 31,

	1995	1994
Net Cash - beginning	137,537	15,182
Cash flows from operating activities		
Net income - Group	102,153	61,877
Net income - External	11,599	5,492
Depreciation	72,416	68,791
Reversal of Group shares of the net result of companies valued at net equity	(8,626)	(3,536)
(Gain)/Loss from disposal of assets	1,656	(1,899)
(Revaluation)/Devaluation of assets	131	700
Movement in working capital	39,393	39,338
Net movement in severance indemnity	2,734	(1,311)
Net movement in allowance for risks and charges	(631)	3,682
	220,825	173,134
Cash flows from investing activities		
Investments in assets:		
-- intangible	(493)	(861)
-- fixed	(108,793)	(64,503)
-- financial	(9,680)	(2,100)
Sales proceeds on disposal of fixed assets	12,304	25,196
	(106,662)	(42,268)
Cash flows from financing activities		
-- Additional borrowings	31,310	35,992
-- Capital contributions	383	6,015
-- Loan repayments	(24,278)	(47,328)
	7,415	(5,321)
Dividends paid	(13,255)	(6,627)
Other movements that do not form part of cash flows from financing activities		
Consolidation movements	-	-
Movements in reserves	2,546	6,428
Movements in shares of net equity of third parties	(3,106)	(2,991)
Conversion differences	(3,833)	-
	(4,393)	3,437
Cash flows for the period	103,930	122,355
Net Cash - final	241,467	137,537

CONSOLIDATED CASH FLOW STATEMENTS Avir Finanziaria S.p.A.

Millions of Lire

Years ended December 31,

1995

1994

Net cash, at year end, is as follows:

- - Bank deposits and liquid funds	84,511	108,639
- - Current financial debtors	184,800	71,036
- - Current financial creditors	(27,844)	(42,138)
	-----	-----
	241,467	137,537
	=====	=====

The consolidated financial statements, consisting of the consolidated balance sheets, consolidated profit and loss accounts, consolidated cash flow statements and notes thereto, have been drawn up in accordance with the requirements of Legislative Decree no. 127 of April 9, 1991 enacted as a result of the VIIth EEC Directive.

1. Consolidation Group

The consolidation group includes the Italian and foreign companies in which Avir Finanziaria S.p.A. (the "Company" and together with its subsidiaries, the "Group") holds the majority of the voting rights and over which it exercises significant control.

Compared to the consolidated financial statements at December 31, 1994, the consolidation group shows only one change, due to the acquisition of the entire share capital of Sonator Investments B.V. located in Amsterdam (Holland).

During December 1995, the Company, as subscription of an increase in share capital, transferred to Sonator Investments B.V. its controlling interest in Vidrieria Rovira S.A., represented by 2,285,559 shares equal to 62.415% of the share capital.

2. Changes in Unconsolidated Investments

Non-consolidated investments, over which the Group exercises significant influence and normally represented by shareholdings of between 20% and 50%, are valued using the equity method.

In accordance with the equity method, the consolidated financial statements do not include the assets, liabilities, costs and revenues of the relevant companies, but the Group's share of their equity, including the result for the year, which is proportionately credited to the profit and loss under the item "Adjustment to the value of financial assets".

The changes from the prior year are as follows:

- -- inclusion of Attivita' Industriali Friuli S.r.l., San Vito al Tagliamento (PN) - 49%
- -- exclusion of Vetrerie Venete S.r.l., Verona; following the disposal of 735,000 shares, the shareholding reduced from 30% to 15.3%

Minority investments in other companies are valued at cost. Changes from the prior year were:

- -- inclusion of Acque e Terme di Bognanco S.p.A. for the purchase of 800,000 shares with a nominal value of five hundred lire each

-
- -- inclusion of Vetrerie Venete S.r.l., following the decrease of the investment from 30% to 15.3%
 - -- elimination of the investments in Hotel Prince de Ligne S.r.o., Sediver International S.A. and Sklo Export a.s., following their disposal

3. Basis of Consolidation

Financial statements used for the consolidation

The financial statements used for the consolidation are those approved by the shareholders' meetings of each consolidated company except for the financial statements of one company valued under the equity method for which the financial statements presented by the Board of Directors for the shareholders' approval were used.

These financial statements have been adjusted, where necessary, to eliminate items recorded exclusively to obtain fiscal benefits and to ensure they comply with the accounting principles adopted by the Company.

The financial statements of foreign subsidiaries were reclassified to bring them into line with Italian presentation requirements and were converted, until December 31, 1994, into Italian lire using the year-end exchange (both for balance sheet and profit and loss items). Beginning in 1995, financial statements denominated in foreign currency are converted into Italian lire as follows: profit and loss items at the average rate for the year and balance sheet items at year-end exchange rates, except for the result for the year which was converted with the same rates as the profit and loss account. The difference arising on the result for the year between the application of average rates and year-end rates is recorded in the "Foreign exchange translation reserve" in net equity. The effects on net equity due to the fluctuation of exchange rates between the end of 1995 and the end of 1994 are also recorded in this account.

The exchange rates applied for the conversion are as follows:

	1995 Average	December 31, 1995	December 31, 1994
Czech crown	61.57	59.42	58.23
Dutch guilder	1,015.89	987.73	-
Pound sterling	2,556.27	2,458.22	2,533.43
Spanish peseta	13.08	13.05	12.33

Principles of consolidation

All the consolidated companies have been included through the full consolidation method, the main characteristics of which are as follows:

- -- assets, liabilities, costs and revenues are included at their full amount;
- -- equity and result for the year attributable to minority shareholders are shown separately in specific items of the financial statements;
- -- the book value of the investments is eliminated against the corresponding value of their equity;
- -- balances and transactions between the Group companies are eliminated;
- -- if significant, profits arising from transactions between Group companies with respect to inventories held at year end by the acquiring company are eliminated;
- -- if significant, gains and losses resulting from the transfer of fixed assets between Group companies are eliminated;
- -- intercompany dividends and write-downs in the value of investments in consolidated companies are eliminated;
- -- conversion differences in respect of financial statements expressed in foreign currencies are recorded under a specific reserve in net equity;
- -- items recorded exclusively to obtain fiscal benefits are eliminated.

Any differences between acquisition cost and the proportional value of net equity at the date of acquisition, in respect of consolidated subsidiaries and investments valued under the equity method, have been treated as follows:

- -- negative differences are credited to the consolidation reserve;
- -- positive differences, if they do not relate to specific assets, are recorded as difference in consolidation under intangible assets.

4. Accounting principles and valuation criteria

The accounting principles adopted in the preparation of the consolidated financial statements are those recommended by the Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri and, where non existent, those recommended by CONSOB and IASC - International Accounting Standards Committee.

Intangible assets

Start-up and improvement costs, relating primarily to incorporation and share capital increase fees, and research, development and publicity costs are amortized over a period not exceeding 5 years.

Patents and rights to use patents of third-parties, relating principally to trademarks and software programs are amortized over their duration and 5 years, respectively.

Brands are written-off over 10 years.

The difference on consolidation relates to the goodwill paid on acquisition of investments and is amortized over a maximum of 5 years.

Other intangibles include the earning rights (usufruct) on Avirunion a.s. shares, costs related to loan agreements and improvements made to third-party assets and are written-off on the basis of the duration of the underlying contracts.

Tangible assets

Tangible assets are recorded at acquisition cost or manufacturing cost, including directly attributable ancillary costs and increased by monetary revaluations carried out by Italian subsidiaries in accordance with specific legislation, and are shown net of accumulated depreciation.

Depreciation is calculated using the straight-line method, based on the useful lives of the assets as well as on their effective utilization. In the year of acquisition the rates used are decreased by half.

Assets under construction and advances are recorded on the basis of actual costs incurred.

Ordinary maintenance and repairs are expensed as incurred.

Investments

Investments in non-consolidated companies, in which the Group holds an interest of at least 20%, are valued using the equity method.

Other investments relating to ownership of less than 20% are valued at cost, eventually reduced to take into consideration any permanent diminutions in value.

Fixed-interest securities

Long-term securities are recorded at acquisition cost, which is equivalent to nominal value since they are not marketable.

Securities purchased under resale agreements are recorded under financial assets in current assets at their acquisition cost; the difference between the sale and acquisition value is recorded as interest over the term of the agreement.

Inventories

Inventories are recorded at the lower of cost (purchase or internal production) or market value. Cost is determined using the LIFO method with annual layers.

Receivables and payables

Receivables (both current and long-term) and payables are recorded at their nominal value.

The value of receivables is adjusted to correspond to their net realizable value.

Receivables and payables denominated in foreign currencies have been converted into Italian lire using the exchange rates on the transaction date; losses on exchange are covered by a specific provision recorded under "Risk and other provisions", calculated as the negative difference between the balances converted at the year-end exchange rates and the original transaction exchange rates.

Accruals and prepayments

They consist of income and expense items relating to more than one financial year and are recorded under the accrual method of accounting.

Provision for income taxes

The provision includes deferred taxes recorded by Italian subsidiaries on realized gains on disposal of fixed assets and on prior year income, whose taxation effects are spread over the year of realization and a number of subsequent years, as well as those with respect to the elimination of accelerated depreciation.

The provision also includes the amounts provided for by each consolidated company with respect to expected fiscal charges on outstanding positions or amounts under dispute.

Employees' severance indemnities

The provision is calculated in accordance with the relevant legislation and labor contracts and reflects amounts accruing to each individual employee of the consolidated companies at year-end.

Costs and revenues

They are recorded on the basis of prudent criteria using the accrual method of accounting.

Income taxes

Income taxes are calculated by each consolidated company based on a realistic estimate of taxes payable in accordance with local current relevant legislation.

5. Fixed Assets

Intangible assets

Intangible assets and related accumulated amortization consist of the following:

	1995		1994	
	Gross	Accumulated amortization	Net	Net
Start-up and improvement costs	1,750	1,427	323	414
Cost of research, development and publicity	571	533	38	128
Patents and rights to use third-party patents	2,238	1,185	1,053	1,342
Concessions, licenses, brands and similar rights	22	13	9	13
Difference on consolidation	6,473	4,540	1,933	3,227
Assets in progress and advances	50	-	50	14
Other	3,819	2,256	1,563	2,130
	14,923	9,954	4,969	7,268

The schedule below outlines the movements for the year in intangible assets and accumulated amortization:

	Gross	Accumulated amortization
Balance at December 31, 1994	20,210	(12,942)
Increases	493	-
Decreases	(5,908)	5,777
Amortization	-	(2,682)
Exchange differences	128	(107)
Balance at December 31, 1995	14,923	(9,954)

The difference on consolidation of 1,933 relates to the positive differences between the acquisition cost of investments and the corresponding share of net equity, as explained in the accounting principles.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Avir Finanziaria S.p.A.
 Millions of Lire, except as otherwise indicated
 December 31, 1995 and 1994

Movements during the year were as follows:

Balance at December 31, 1994 3,227
 Amortization (1,294)

Balance at December 31, 1995 1,933

Other intangible assets of 1,563 includes 1,098 with respect to earning rights on Avirunion a.s. shares.

Tangible assets

	1995		1994	
	Gross	Accumulated depreciation	Net	Net
Land and buildings	199,224	92,215	107,009	111,451
Plant and machinery	635,751	447,387	188,364	187,636
Industrial and commercial equipment	83,204	62,450	20,754	21,366
Other assets	2,186	1,097	1,089	1,177
Assets under construction and advances	47,310	-	47,310	12,109
	967,675	603,149	364,526	333,739

The schedule below outlines the movements for the year in tangible assets and accumulated depreciation:

	Gross	Accumulated depreciation
Balance at December 31, 1994	915,885	(582,146)
Increases (decreases) for the year:		
- - acquisitions	108,793	-
- - disposals	(63,864)	51,780
- - depreciation	-	(69,734)
- - exchange differences	6,861	(3,049)
Balance at December 31, 1995	967,675	(603,149)

Medium and long-term loans are collateralized by mortgages (land and buildings) and privileges (on plant and machinery) on tangible fixed assets.

In addition, machinery of 624, purchased in accordance with Law 1329/65 (so-called Sabatini law), is held under capital leases.

As required by Art. 2427, paragraph 1, of the Italian Civil Code, the following schedule details the various revaluations carried out on fixed assets held by the Group at December 31, 1995:

	Land and buildings	Plant and machinery	Industrial and Commercial equipment	Other assets (*)	Total
Voluntary revaluation 1968	827	107	-	-	934
Voluntary revaluation 1978	630	-	-	-	630
Law no. 576 of 2.12.75	3,491	2,896	247	-	6,634
Law no. 72 of 18.3.83	18,202	18,622	655	-	37,479
Law no. 413 of 30.12.91	35,193	-	-	512	35,705
	58,343	21,625	902	512	81,382

(*) Industrial building concessions.

Financial assets

In associated companies

The balance consist of the following:

	1995	1994
Attivita' Industriali Friuli S.r.l.	5,412	-
Avir Serapo S.r.l.	228	247
Nord Vetri S.p.A.	7,274	6,143
Sicilvetro S.p.A.	11,233	10,915
Vetrerie Venete S.p.A.	-	1,942
	24,147	19,247

The change is due to the effect of the results of companies valued under the equity method, to the acquisition of the investment in Attivita' Industriali Friuli S.r.l. and the reclassification of the investment in Vetrerie Venete S.p.A. following the disposal of 735,000 shares.

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 Other companies

The balance consist of the following:

	1995	1994

Acque e Terme di Bognanco S.p.A.	800	-
CESI S.p.A.	16	16
Confidi Soc. Coop. a r.l.	5	5
Consorzio nazionale obbligatorio per il riciclaggio dei contenitori per liquidi in vetro (compulsory national consortium for the recycling of glass bottles)	35	36
Hotel Prince de Ligne s.r.o.	-	212
Sediver International S.A.	-	5
Skloexport a.s.	-	481
Vetriere Venete S.p.A.	765	-

	1,621	755
=====		

The changes relate to the acquisition of the investment in Acque e Terme di Bognanco S.p.A., to the reclassification of Vetriere Venete S.p.A. as already mentioned above and to the disposal of minority investments in Hotel Prince de Ligne, Sediver International and Skloexport.

Loans receivable from third-parties

	1995	1994

Due within one year	257	139
Due after one year	8,838	1,141

	9,095	1,280
=====		

Receivables due after one year consist of the following:

Guarantee deposits on utilities' contracts	1,386
Term deposit due on March 31, 1998	7,452

	8,838
	=====

The term deposit relates to the Company and is related to the guarantee (principal and interest) provided by a primary Italian bank in favor of Mediocredito Centrale for a loan; according to the contract, the deposit will bear interest to the Company at the best market conditions and eventually through other forms of investment designed to maximize earnings.

The year-end balance of 7,452 was used to purchase treasury certificates under agreements to resell expiring on April 1996.

 Other securities

1995 1994

 These are as follows:

Treasury certificates, issue date January 1, 1994,
 expiring January 1998, interest 12.5% p.a. 260 260

Vetrerie Veneta S.p.A. debentures, expiring July 1,
 1999, variable interest rate credited every six
 months on January 1 and July 1 600 600

 860 860
 =====

6. Current assets

Inventories

1995 1994

 Raw materials and supplies 45,303 39,591

Work-in-progress and semi-finished products 5,563 1,699

Finished products and goods for resale 85,071 92,315

Advances 26 33

 135,963 133,638
 =====

Inventories are valued using the LIFO method. If they had been valued at
 current costs their value in the consolidated financial statements would have
 been higher by approximately 24,000. At December 31, 1994, the difference
 would have amounted to 25,000.

Receivables from customers

1995 1994

 Due within one year 265,475 249,240

Provision for doubtful accounts (15,109) (7,035)

 250,366 242,205

Due after one year 12,888 11,344

Provision for doubtful accounts (3,981) (4,864)

 8,907 6,480*

 Total 259,273 248,685
 =====

*of the total, this amount is due after 5 years

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Receivables from third-parties

	1995	1994
Due within one year		
- -- State and public offices	11,129	3,738
- -- Personnel	364	479
- -- Debit balances with suppliers	10,671	1,692
- -- Other	2,912	3,353
	25,076	9,262
Due after one year:		
- -- State and public offices	23,314	20,912
- -- Personnel	22	6
- -- Other	3,187	1,463
	26,523	22,381
Total	51,599	31,643

Financial assets

	1995	1994
Other investments	6,569	-

The item relates to shares of Italian public companies purchased during the year and valued at the lower of cost or average market prices for the month of December 1995.

Loans receivable from third parties

	1995	1994
Due within one year	178,231	71,036

They mainly relate to swap contracts on fixed-interest Italian and foreign securities.

Cash on hand and at bank

	1995	1994
Bank and postal accounts	84,313	108,338
Cash on hand	198	301
	84,511	108,639

7. Prepaid expenses and accrued income

	1995	1994
Prepaid expenses		
Interest income	7,922	2,502
Other	117	486
	8,039	2,988
Accrued income		
Interest expense and commissions	97	190
Rental, hiring and maintenance charges	60	47
Insurance premiums	130	74
Other items	470	595
	757	906
Total	8,796	3,894

8. Net equity

	1995	1994
Attributable to the Company		
Share capital	22,092	22,092
Reserves	348,707	300,822
Net profit for the year	102,153	61,877
	472,952	384,791
Attributable to minorities		
Share capital and reserves	72,454	69,261
Net profit for the year	11,599	5,492
	84,053	74,753
Total net equity	557,005	459,544

The share capital of the Company, issued and fully paid, amounts to 22,092 and is made up of 44,183,295 shares with a nominal value of five-hundred lire each.

The reserves of the Company and Italian consolidated companies include the following at December 31, 1995 with respect to which no deferred income taxes have been provided for since their distribution is not expected:

- -- revaluation reserve of 58,801, net of 30,388 utilized for share capital increases in prior years;
- -- investment grants of 71,018.

In addition, the following are included:

- -- investment grants of 1,891 subjected to income taxes at 56.25%;
- -- other reserves of 22,474 which, in the event of distribution, would be taxed at an additional rate of 15% and 2,488 at an additional rate of 56.25%.

The reconciliation between the financial statements of the Company and the consolidated financial statements with respect to net equity and profit for the year follows:

	Net profit for the year	Capital and reserves of the Group	Consolidation reserve	Net equity
Financial statements of the Company at December 31, 1995	31,644	111,386	-	143,030
Net profit of other consolidated companies, net of minorities	113,281	-	-	113,281
Consolidation adjustments:				
- -- dividends recorded by Group	(51,503)	-	51,503	-
- -- valuation of equity investments	8,626	-	8,653	17,279
- -- difference between net equity of consolidated companies and relevant net equity, net of minorities	-	-	170,721	170,721
Other consolidation adjustments	105	-	28,536	28,641
Consolidated financial statements of the Company at December 31, 1995	102,153	111,386	259,413	472,952

9. Risk and other provisions

	1995	1994
Deferred compensation	308	204
Income taxes	34,281	33,460
Other	19,724	21,280
	54,313	54,944

The provision for deferred compensation includes 177 with respect to agents' leaving indemnities.

Income taxes relates primarily to deferred taxes provided with respect to the elimination of accelerated depreciation. The provision also includes deferred taxes on gains on disposals of fixed assets and on prior year income which will be subject to taxation in future years as well as the presumed tax charges on outstanding positions and items under litigation.

Other provisions reflect principally the provision for foreign exchange fluctuations which is calculated in accordance with the net difference on receivables and payables denominated in foreign currencies valued at year-end exchange rates as well as provisions for reorganization costs and incentivated resignations from employees.

10. Employees' termination indemnity

Balance at December 31, 1994	54,651
Charge for the year	9,713
Utilisation for indemnities paid	(6,979)
Balance at December 31, 1995	57,385

The closing balance represents the amounts due to employees in accordance with relevant legislation and labor contracts.

11. Payables

Bank overdrafts

Bank overdrafts are made up as follows:

	1995	1994
Short-term	27,844	42,138
Long-term:		
due within one year	18,421	24,304
due after one year	63,109	50,893
	109,374	117,335

 Long-term loans relate to mortgage and other loans, whose changes during the year were as follows:

Balance at December 31, 1994	75,197
New loans	30,611
Installments paid	(24,278)

Balance at December 31, 1995	81,530
=====	

Detail of the long-term loans is as follows:

	Maturity			Total
	Within 1 year	Between 1 and 5 years	After 5 years	
BIMER-BANCA S.p.A.	-	4,000	-	4,000
B.N.L. - Sezione di Credito Industriale	666	766	-	1,432
Cassa di Risparmio delle Provincie Lombarde	1	4	-	5
Centrobanca	500	-	-	500
Credito Industriale Sardo	358	1,759	567	2,684
Istituto Mobiliare Italiano	9,592	24,777	6,662	41,031
Mediocredito Centrale	1,648	14,836	-	16,484
Mediocredito della Puglia	3,484	8,717	-	12,201
Mediocredito Toscano	1,639	-	-	1,639
Mediocredito Trentino Alto Adige	264	657	81	1,002
SFIRS	269	283	-	552

	18,421	55,799	7,310	81,530
=====				

Interest rates vary between 2.65% and 14.55%.

Mortgage loans are collateralized by mortgages on land and buildings, privileges on plant and machinery and suretyships and endorsements given by the company and other consolidated companies, while the loan of 16,484 from Mediocredito Centrale of the Company is collateralized by a bank guarantee.

Due to other financial institutions

	1995	1994
Due within one year	1,101	13,604
Due after one year	30,296	17,094

	31,397	30,698
=====		

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 Amounts due after one year include a loan to the subsidiary Avirunion a.s.
 (25,319) and are repayable within 5 years.

Advances

	1995	1994

Due within one year	385	-

=====
 Advances related to deposits paid on preliminary contracts for the sale of
 building premises.

Trade payables

	1995	1994

Due within one year	182,416	145,733

Notes payable

	1995	1994

Due within one year	703	703
Due after one year	40	743

	743	1,446

=====
 Notes payable relate to principal and interest amounts in respect of loans
 granted for the purchase of machinery in accordance with Law 170 of November
 28, 1965; the amounts due are collateralized by the machinery acquired.

Notes due after one year fall due in 1997.

Due to associated companies

	1995	1994

Nord Vetri S.p.A.	-	186
Sicilvetro S.p.A.	25	17

	25	203

=====
 They relate to commercial transactions due within one year.

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 Due to fiscal authorities

	1995	1994
Income taxes	76,839	54,535
Tax on net equity	2,646	2,342
Withholding taxes	6,416	4,445
Value-added taxes	2,560	2,561
Other	8,854	4,428
	97,315	68,311

=====
 Due to social security

	1995	1994
Due within one year	13,167	10,835
Due after one year	44	115
	13,211	10,950

=====
 Amounts mainly relate to contributions matured at the end of the year and payable to the relevant authorities within the following year.

Other payables

	1995	1994
Personnel	12,915	9,290
Directors and statutory auditors	631	580
Credit balances with customers	1,217	880
Other	1,305	1,009
	16,068	11,759

=====
 Other payables due after one year, amounting to 537 at December 31, 1995 (1994: 443) relate mainly to guarantee deposits of tenants and interest matured thereon.

12. Accrued expenses and deferred income

	1995	1994

Accrued expenses		
- -- holiday leave due to employees	3,411	3,291
- -- interest on loans	671	611
- -- insurance premiums	23	205
- -- other	624	1,274

	4,729	5,381
Deferred income		
- -- interest grants	52	106
- -- investment grants	5,157	5,413
- -- rental charges	12	22
- -- other	329	322

	5,550	5,863

	10,279	11,244
=====		

In accordance with art. 55 of Presidential Decree 917/86 investment grants amounting to 5,157 will be credited in the profit and loss accounts over the next 9 years, the first 8 of which are for an amount of 640 and the 9th for 37; deferred taxes at December 31, 1995 on these grants amount go 2,744.

13. Memorandum accounts

Guarantees given

	1995	1994

Mortgages and privileges on fixed assets of consolidated companies	83,787	78,070
Reservation of property, as per Law 1329/65 (Sabatini) on machinery of consolidated companies	743	1,446

	84,530	79,516
=====		

The amount of the guarantees corresponds to the amounts due on secured loans still outstanding at year-end. For amounts in foreign currency the adjustment to year end rates has been taken into consideration.

 Other memorandum, commitments and contingency accounts

	1995	1994
Leasing installments	101	95
Commitments	3,800	3,800
	3,901	3,895

=====
 Commitments are with respect of the obligation of the Company to repurchase, on July 30, 1998, 4,552 shares of Avirunion a.s. (representing 7% of the share capital) at the agreed-upon base price of 3,800; the commitment is secured by a bank guarantee.

14. Profit and loss account

	1995	1994
Value of production	1,163,237	1,018,193

 The following schedule shows the detail of revenues divided by category and geographical area:

	1995			1994
	Geographical Area			
	Italy	Abroad	Total	Total
Revenues from sales:				
- - glass containers	671,097	264,910	936,007	827,037
- - glass household products	14,516	27,395	41,911	32,926
- - glass insulators	9,232	16,407	25,639	16,844
- - molds	613	-	613	467
- - raw materials and supplies	122,687	14,905	137,592	106,696
	818,145	323,617	1,141,762	983,970
Services rendered	4,135	4,977	9,112	7,164
	822,280	328,594	1,150,874	991,134

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 Other revenues are made up as follows:

	1995	1994

Revenues from properties	1,252	1,218
Gains on disposal of fixed assets	888	2,683
Indemnities received on damaged goods	209	189
Expenses recovered	4,705	1,172
Other	1,398	4,272*

	8,452	9,534

Contributions on operating expenses	144	702

	8,596	10,236

=====
 *The amount includes 3,536 of valuation adjustments to financial assets.

	1995	1994

Cost of production	975,606	864,449

=====
 Costs for the purchase of raw materials, supplies and goods for resale are as follows:

	1995	1994

Raw materials	181,490	156,372
Suppliers	214,373	160,717
Goods for resale	1,781	6,434

	397,644	323,523

=====
 Costs for services received are as follows:

	1995	1994

Purchased services	32,666	33,778
Energy	136,059	119,445
Other manufacturing services	31,964	27,024
Commercial services	75,751	63,945
Administrative services	8,526	8,466

	284,966	252,658

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Rental and leasing charges comprise:

	1995	1994
Rentals	3,037	2,979
Leasing installments	54	556
	3,091	3,535

Personnel costs are as follows:

	1995	1994
Salaries and benefits	192,844	190,009

The amount includes wages and salaries, the year's charge with respect to employees termination indemnities, accrued holiday leave, social security contributions arising from the application of labor contracts and current legislation as well as other costs relating to canteen services and public utility charges.

The average number of employees, divided by category, of the Company and the consolidated companies is as follows:

	1995	1994
Managers	48	49
White collar employees	757	774
Intermediates	277	281
Blue collar workers	2,883	2,966
	3,965	4,070
of which on temporary lay-off schemes	63	109

Depreciation and write-downs are as follows:

	1995	1994
Amortization of intangible assets	2,682	3,731
Depreciation of tangible assets	69,734	65,060
Other write-downs of intangible assets	132	-
Other write-downs of tangible assets	-	700
Charge to the provision for doubtful accounts	3,249	5,477
	75,797	74,968

The charge to the provision for doubtful accounts was calculated to adjust the nominal value of receivables to their net realizable value.

	1995	1994
Provision for risks	6,580	1,215

The charge relates mainly to the provision for exchange fluctuations (in both years) and in 1995 it also includes reorganization costs.

	1995	1994
Other provisions	677	303

The charge includes 630 for inventory obsolescence and 47 for agents' termination indemnities.

Other operating costs are as follows:

	1995	1994
Tax on net equity	2,383	2,342
Municipal tax on building premises	1,100	1,222
Indirect duties and taxes	2,253	1,858
Membership fees	1,432	1,243
Emoluments to Directors and Statutory Auditors	3,335	3,280
Losses on disposal of fixed assets	2,258	715
Other	7,357	6,983
	20,118	17,643

15. Financial income and expense

Financial income and expense is composed of the following:

	1995	1994
Income from investments	116	-
Other financial income	26,158	11,518
Interest and other financial expense	(22,534)	(21,659)
	3,740	(10,141)

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They are made up as follows:

	1995	1994
Income from investments		
-- dividends from other companies	115	-
(They relate to dividends received from Italian public companies.)		
Other financial income		
-- interest on fixed-interest securities and resale agreements (long-term)	116	65
-- interest on fixed-interest securities and resale agreements (short-term)	11,986	2,426
-- interest on commercial paper transactions	870	-
-- interest grants	462	410
-- other interest income	7,351	4,793
-- exchange gains	5,373	3,824
	26,158	11,518
	1995	1994
Interest and other financial expense		
-- interest on mortgage loans	6,690	6,111
-- interest on amount due to banks	527	5,616
-- other interest expense	4,298	2,017
-- discounts and other financial expense	6,394	4,254
-- exchange losses	4,625	3,661
	22,534	21,659

No interest charges were capitalized during the year.

16. Adjustment to the value of financial assets

	1995	1994
Revaluation of investments	8,645	3,551
Write-down of investments	(961)	(15)
	7,684	3,536*

*In the 1994 financial statements, the amount was included in other income.

The balance includes the Group's share of the year's results of companies valued under the equity method; for 1995, it also includes a write-down of 941 on listed investments included in current assets on the basis of the average prices for the month of December 1995.

17. Extraordinary income and expense

They are as follows:

	1995	1994
Extraordinary income	14,962	7,644
Extraordinary expense	(6,782)	(9,120)
	8,180	(1,476)

Extraordinary income for 1995 consists of:

	1995
Gains on disposals of fixed assets	1,361
Utilization of charges recorded in prior years	1,130
1/10th of investment grants	639
Other extraordinary income and prior year income:	
-- indemnities received from suppliers of machinery	5,306
-- indemnities received for flood damages in November 94	2,100
-- other	4,426
	11,832
	14,962

Extraordinary expense for 1995 is comprised of:

	1995
Losses on disposals of fixed assets	1,647
Prior year income taxes	1,123
Incentives paid to leaving employees and related contributions	62
Other extraordinary expenses and prior year expenses	3,950
	6,782

18. Income taxes

	1995	1994
Current and deferred taxes	93,483	78,294

They relate to the income taxes of each consolidated company, mainly deferred taxes related to the elimination of accelerated depreciation.

19. Emoluments to directors and statutory auditors

Emoluments due to Directors and Statutory Auditors of the Company in respect of similar functions carried out in other consolidated companies are as follows:

- 1,901 for directors
- 46 for statutory auditors

20. Differences between Italian GAAP and U.S. GAAP

The Group's accounting policies differ from accounting principles generally accepted in the United States (hereafter "U.S. GAAP"). Differences which have an effect on net profit and net equity are described below:

- A. Revaluations of property -- Certain buildings were revalued to amounts in excess of historical cost. These revaluations, which were either authorized or required by Italian law, are permissible under Italian accounting principles.

The total increase in tangible assets resulting from these revaluations was credited to net equity. At December 31, 1995 net equities of the consolidated companies included approximately 85,800 resulting from these revaluations. Deferred tax liabilities on the taxable portion of such revaluation reserve have not been provided. The amount of such liabilities, not required to be accounted for according to SFAS 109 as they relate to years prior to 1992, is approximately 43,000. Assets revalued under Italian accounting principles are depreciated over their remaining useful lives based on their revalued basis. U.S. GAAP does not permit the revaluation of such assets. Accordingly, the increase in net equity and the related increase in depreciation expense occurring as a result of such revaluations have been reversed for U.S. GAAP purposes.

- B. Depreciation on land -- Included in this adjustment is the reversal of depreciation on land which is not permitted under U.S. GAAP.
- C. Accounting for intangible assets and deferred charges -- The Group has capitalized and deferred various costs which should be expensed under U.S. GAAP. At December 31, 1995 these costs include research and development, advertising expenses and certain other deferred charges.
- D. Accounting for balances in foreign currencies -- The Group has certain receivables and payables denominated in foreign currencies which are recorded in the financial statements at the exchange rate prevailing at the date of the transaction. Under U.S. GAAP, these balances are adjusted

at each balance sheet date using rates prevailing on the respective date and both unrealized gains and losses are recognized. At each of the balance sheet dates, the Group has recorded an adjustment only if an unrealized loss resulted. Accordingly, the accompanying reconciliation includes adjustments to recognise the unrealized gains.

- E. Accounting for Government Grants -- The Group has received a number of government grants for primarily investments in tangible assets. The Group has accounted for these grants as either a direct credit to net equity or as deferred revenue recognised over five to ten years based on the prevailing Italian regulations and accounting principles at the time of the grant. Under U.S. GAAP, all such grants would be deferred and recognized through income over the estimated useful life of the related assets.
- F. Investments in Equity Securities -- During 1995, the Group invested in the equity securities of several Italian publicly traded companies. At December 31, 1995, the Group has adjusted the carrying value of these investments to the current market value with the resulting charge or credit being recorded in the income statement. Under SFAS 115, these investments would be considered available-for-sale securities and the unrealized gains and losses would be recorded as a separate component of net equity, net of the related deferred taxes.
- G. Accounting for income taxes -- The Group has recorded deferred taxes following the accounting principles in those countries in which it operates. The deferred taxes recorded substantially all relate to differences in the basis of tangible assets for income tax and financial reporting purposes. The accompanying reconciliations include the effect of establishing deferred tax assets and liabilities in accordance with SFAS 109 and the related change in the provision for income taxes. These changes relate primarily to: (1) establishing deferred tax assets for provisions for inventory, accounts receivable and plant shutdowns which are not yet deductible for tax purposes; (2) establishing deferred tax liabilities for government grants received after 1992 and undistributed earnings of domestic subsidiaries after 1992 which are not taxable until distributed; and (3) establishing deferred tax assets and liabilities on the U.S. GAAP adjustments.
- H. Cash Flow Statement -- The cash flow statement presented by the Group differs from that of a statement of cash flows under U.S. GAAP primarily in the definition of cash, classification of cash flows and gross versus net reporting. Italian GAAP considers current financial debtors and current financial creditors as a component of cash, while U.S. GAAP classifies these items as operating activities. In addition, Italian GAAP presents dividends paid and other movements as a separate cash flows,

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 while U.S. GAAP provides for dividends paid to be presented as financing activities and other movements as either operating, investing or financing, depending on the type of cash flow.

The following table reconciles net equity of December 31, 1995 between Italian GAAP and U.S. GAAP:

Net equity as reported in the Italian consolidated financial statements	472,952
A. Elimination of revaluation of property, net of related accumulated depreciation	(31,441)
B. Reversal of accumulated depreciation on land	2,846
C. Write-off of certain intangible assets and deferred charges, net of accumulated amortisation	(341)
D. Unrealized foreign exchange gains	1,737
E. Deferral of the recognition of government grants (unamortized portion)	(6,554)
F. Recognition of deferred taxes under FAS 109	
-- net deferred income taxes on provisions (for inventory, accounts receivable, plant shutdowns, etc.) which are not yet deductible for tax purposes	7,258
-- deferred tax liabilities on the undistributed earnings of domestic subsidiaries and Government grants received after 1992	(4,791)
-- net deferred income taxes on U.S. GAAP adjustments	17,957

Net equity in accordance with U.S. GAAP	459,623 =====

The following table reconciles net profit for the year ended December 31, 1995 between Italian GAAP and U.S. GAAP.

Net income as reported in the Italian consolidated financial statements	102,153
A. Reversal of depreciation related to revaluation of property	2,302
B. Reversal of depreciation of land	566
C. Write-off of certain intangible assets and deferred charges, net of amortisation expense	180
D. Unrealized foreign exchange gains	363
E. Recognition of government grants	3,023
F. Reversal of amounts recognised for the change in fair market value of investments in equity securities	941

G. Recognition of deferred taxes under FAS 109:	
-- net deferred income taxes on provision (for inventory, accounts receivable, plant shutdowns, etc.) which are not yet deductible for tax purposes	342
-- deferred tax liabilities on undistributed earnings of domestic subsidiaries and government grants received after 1992	(118)
-- net deferred income taxes on U.S. GAAP adjustments	(3,923)

Net profit in accordance with U.S. GAAP	105,829
	=====

21. Subsequent events

At the beginning of April 1996, the Board of Directors approved the merger in the Company of the controlled entities Adige Vetro S.r.l., Avir Commerciale S.r.l., Aziende Ventrarie Italiane Ricciardi - A.V.I.R. S.p.A., Beninvest S.r.l., Borma S.p.A., Compagnia Gestione Vetrerie - Co. Ge. Ve. S.p.A., I.A.G. - - Holding S.r.l., Immobiliare Agricola Industriale S.r.l., Sicra S.r.l., Vetroceramica Turritana S.p.A., Vetropiave S.p.A., Vetrosilex S.p.A., and Vetro Umbria S.r.l. A similar decision was reached by the Administrative Bodies of the incorporated companies. This operation aims at simplifying the Group company structure. The merger, that will take effect, for fiscal purposes, from January 1, 1996, will result in an increase in capital to the Company, as, to date, all the companies to be incorporated are 100% owned either directly or indirectly.

At the end of April 1996, the controlled entity Borma S.p.A. disposed of land and factories of the ex industrial establishment of Livorno, realizing a capital gain of approximately 8,000.

In April 1996, the "Autorita Garante della Concorrenza e del Mercato" (Anti-trust Commission) began an investigation on the principal producers of glass, to establish whether an agreement had been reached to uniform prices to customers prohibited by Art. 2 of Law 287/90, at the time of renewing supply contracts during 1996, for the supply and repurchase of packaging (pallets and buffers). In relation to the above, Avir Commerciale S.r.l. that operates as a sales agent for the glass industry companies of the Group, was advised of the opening of an investigation under Art. 14 of the cited Law 287/90. Based on information that became available during 1996, and in light of the wider inquiries which ensued, the Company as of March 3, 1997 understands that a range of exposure of between 1% and 10% of one year's sales revenues could be assessed under pertinent law. Based on the fact that such assessments have been rare and that none have exceeded 4,200, the Company has decided to provide 6,500 (1% of 1996 revenues) for this exposure as of December 31, 1996. While management believes that no assessment is appropriate, the ultimate resolution of this matter is not expected to exceed the amount provided.

22. Expected management results

During the first few months of 1996, the Italian industrial companies of the Group have recorded a drop in sales of containers compared to the same period in 1995. In relation to the internal market, this is due to a decrease in consumption and also the fact that large stocks have been accumulated by clients due to previous promotions. The reduction may be due to the appreciation in the lira with respect to prior year. Considering the uncertain situation ahead, it is not possible to formulate a reliable forecast that sales will reach the level of the prior year. Also the reduction could be partly due to increases in sales prices. As a result of the planned merger, the income components of the entities will flow into the economic management of the Company and given the dividends earned in the first semester of 1996, it is expected that the year will close with a positive result.

CONDENSED CONSOLIDATED BALANCE SHEETS Avir Finanziaria S.p.A.
(unaudited)

Millions of Lira	June 30, 1996	December 31, 1995	June 30, 1995
Assets			
Fixed Assets			
Intangible assets	4,123	4,969	6,378
Tangible assets	373,838	364,526	358,069
Financial assets	35,871	35,723	30,115
Total fixed assets	412,832	405,218	394,562
Current assets			
Inventories	172,735	135,963	138,145
Receivables:			
from customers	286,674	259,566	306,735
from third parties	52,122	60,395	47,358
Total receivables	338,796	319,961	354,093
Loans receivable and other investments	68,278	184,800	121,268
Cash on hand and at bank	102,753	84,511	71,500
Total current assets	682,562	725,235	685,006
Total assets	1,095,394	1,130,453	1,079,568
Liabilities and Net Equity			
Net equity			
Net equity attributable to the Group	502,378	472,952	421,637
Net equity attributable to minorities	80,594	84,053	82,025
Total Consolidated Net Equity	582,972	557,005	503,662
Risk and other provisions	64,270	54,313	59,409
Employees' termination indemnity	58,617	57,385	54,210
Payables			
Bank overdrafts	92,047	109,374	126,865
Due to other financial institutions	36,622	31,397	27,608
Trade payables	184,493	183,569	190,136
Other liabilities	76,373	137,410	117,678
Total current liabilities	512,422	573,448	575,906
Total net equity and liabilities	1,095,394	1,130,453	1,079,568

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNTS Avir Finanziaria S.p.A.

(unaudited)

Millions of Lire

Six months ended June 30,

1996

1995

	1996	1995

Value of production		
Revenues from sales	531,464	577,064
Variation in inventories of work-in-progress, semi-finished and finished products	27,492	(3,926)
Capitalized labor	5,323	3,735
Contribution on operating expenses revenues	69	9

Total	564,348	576,882

Cost of production		
Raw materials, supplies and services	(328,918)	(333,779)
Personnel	(98,622)	(96,162)
Depreciation and amortization	(36,979)	(35,675)
Other write-downs and provisions	(6,904)	(6,573)
Other - net	(5,447)	(6,577)

Total	(476,870)	(478,766)

Difference between value and cost of production	87,478	98,116

Financial income and expense - net	3,653	696
Adjustment to the value of financial assets	3,479	2,936
Extraordinary income and expense - net	10,953	2,633

Profit before income taxes	105,563	104,381

Income taxes	(48,665)	(50,218)

Net profit for the year	56,898	54,163
of which:		
-- attributable to the Group	49,342	47,227
-- attributable to minorities	7,556	6,936

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS Avir Finanziaria S.p.A.

(unaudited)

Millions of Lire

Six Months ended June 30,

	1996	1995
Net Cash - beginning	241,467	137,537
Cash flows from operating activities		
Net income - Group	49,342	47,227
Net income - External	7,556	6,936
Depreciation	36,979	35,675
Reversal of Group shares of the net result of companies valued at net equity	(3,788)	(3,184)
(Gain)/Loss from disposal of assets	(9,888)	93
(Revaluation)/Devaluation of assets	(400)	-
Movement in working capital	(115,720)	(10,076)
Net movement in severance indemnity	1,232	(441)
Net movement in allowance for risks and charges	9,957	4,465
	(24,730)	80,695
Cash flows from investing activities		
Investments in assets:		
-- intangible	(467)	(329)
-- fixed	(58,745)	(58,663)
-- financial	-	(8,637)
Sales proceeds on disposal of fixed assets	16,717	9,666
	(42,495)	(57,963)
Cash flows from financing activities		
-- Additional borrowings	12,450	30,610
-- Capital contributions	1,553	-
-- Loan repayments	(9,209)	(16,957)
	4,794	13,653
Dividends paid	(17,673)	(13,255)
Other movements that do not form part of cash flows from financing activities		
Movements in reserves	(5,419)	9,500
Movements in shares of net equity of third parties	(6,071)	(3,106)
Conversion differences	8,657	(9,218)
	(2,833)	(2,824)
Cash flows for the period	(82,937)	20,306
Net Cash - final	158,530	157,843

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS Avir Finanziaria S.p.A.

(unaudited)

Millions of Lire

Six Months ended June 30,

1996

1995

Net cash, at end of period, is as follows:

- - Bank deposits and liquid funds	102,753	71,500
- - Current financial debtors	68,278	121,268
- - Current financial creditors	(12,501)	(34,925)
	-----	-----
	158,530	157,843
	=====	=====

Note 1 - Basis of Presentation

The Condensed Consolidated Financial Statements presented herein are unaudited but, in the opinion of management, reflect all adjustments necessary to present fairly such information for the periods and at the dates indicated. The following condensed unaudited financial statements do not contain all information and footnotes normally contained in annual consolidated financial statements; accordingly, they should be read in conjunction with the Consolidated Financial Statements and notes thereto included elsewhere herein.

Note 2 -- Differences between Italian GAAP and U.S. GAAP

The Group's accounting policies differ from accounting principles generally accepted in the United States (hereafter "U.S. GAAP"). Differences which have an effect on net profit and net equity are described below:

- A. Revaluations of property -- Certain buildings were revalued to amounts in excess of historical cost. These revaluations, which were either authorized or required by Italian law, are permissible under Italian accounting principles.

The total increase in tangible assets resulting from these revaluations was credited to net equity. At June 30, 1996 net equities of the consolidated companies included approximately 85,800 resulting from these revaluations. Deferred tax liabilities on the taxable portion of such revaluation reserve have not been provided. The amount of such liabilities, not required to be accounted for according to SFAS 109 as they relate to years prior to 1992, is approximately 43,000. Assets revalued under Italian accounting principles are depreciated over their remaining useful lives based on their revalued basis. U.S. GAAP does not permit the revaluation of such assets. Accordingly, the increase in net equity and the related increase in depreciation expense occurring as a result of such revaluations have been reversed for U.S. GAAP purposes.

- B. Depreciation on land -- Included in this adjustment is the reversal of depreciation on land which is not permitted under U.S. GAAP.
- C. Accounting for intangible assets and deferred charges -- The Group has capitalized and deferred various costs which should be expensed under U.S. GAAP. At June 30, 1996 these costs include research and development, advertising expenses and certain other deferred charges.
- D. Accounting for balances in foreign currencies -- The Group has certain receivables and payables denominated in foreign currencies which are recorded in the financial statements at the exchange rate prevailing at the date of the transaction. Under U.S. GAAP, these balances are adjusted at each balance sheet date using rates prevailing on the respective date and both unrealized gains and losses are recognized. At each of the

balance sheet dates, the Group has recorded an adjustment only if an unrealized loss resulted. Accordingly, the accompanying reconciliation includes adjustments to recognise the unrealized gains.

- E. Accounting for Government Grants -- The Group has received a number of government grants for primarily investments in tangible assets. The Group has accounted for these grants as either a direct credit to net equity or as deferred revenue recognised over five to ten years based on the prevailing Italian regulations and accounting principles at the time of the grant. Under U.S. GAAP, all such grants would be deferred and recognized through income over the estimated useful life of the related assets.
- F. Investments in Equity Securities -- During 1995, the Group invested in the equity securities of several Italian publicly traded companies. At June 30, 1996, the Group has adjusted the carrying value of these investments to the current market value with the resulting charge or credit being recorded in the income statement. Under SFAS 115, these investments would be considered available-for-sale securities and the unrealized gains and losses would be recorded as a separate component of net equity, net of the related deferred taxes.
- G. Accounting for income taxes -- The Group has recorded deferred taxes following the accounting principles in those countries in which it operates. The deferred taxes recorded substantially all relate to differences in the basis of tangible assets for income tax and financial reporting purposes. The accompanying reconciliations include the effect of establishing deferred tax assets and liabilities in accordance with SFAS 109 and the related change in the provision for income taxes. These changes relate primarily to: (1) establishing deferred tax assets for provisions for inventory, accounts receivable and plant shutdowns which are not yet deductible for tax purposes; (2) establishing deferred tax liabilities for government grants received after 1992 and undistributed earnings of domestic subsidiaries after 1992 which are not taxable until distributed; and (3) establishing deferred tax assets and liabilities on the U.S. GAAP adjustments.
- H. Cash Flow Statement -- The cash flow statement presented by the Group differs from that of a statement of cash flows under U.S. GAAP primarily in the definition of cash, classification of cash flows and gross versus net reporting. Italian GAAP considers current financial debtors and current financial creditors as a component of cash, while U.S. GAAP classifies these items as operating activities. In addition, Italian GAAP presents dividends paid and other movements as a separate cash flows, while U.S. GAAP provides for dividends paid to be presented as financing activities and other movements as either operating, investing or financing, depending on the type of cash flow.

 The following table reconciles net equity of June 30, 1996 between Italian GAAP and U.S. GAAP:

Net equity as reported in the Italian consolidated financial statements	502,378
A. Elimination of revaluation of property, net of related accumulated depreciation	(29,984)
B. Reversal of accumulated depreciation on land	2,960
C. Write-off of certain intangible assets and deferred charges, net of accumulated amortisation	(251)
D. Unrealized foreign exchange gains	2,730
E. Deferral of the recognition of government grants (unamortized portion)	(3,971)
F. Recognition of deferred taxes under FAS 109	
-- net deferred income taxes on provisions (for inventory, accounts receivable, plant shutdowns, etc.) which are not yet deductible for tax purposes	7,216
-- deferred tax liabilities on the undistributed earnings of domestic subsidiaries and Government grants received after 1992	(5,516)
-- net deferred income taxes on U.S. GAAP adjustments	15,171

Net equity in accordance with U.S. GAAP	490,733 =====

The following table reconciles net profit for the six months ended June 30, 1996 between Italian GAAP and U.S. GAAP.

Net income as reported in the Italian consolidated financial statements	49,342
A. Reversal of depreciation related to revaluation of property	1,457
B. Reversal of depreciation of land	114
C. Write-off of certain intangible assets and deferred charges, net of amortisation expense	90
D. Unrealized foreign exchange gains	993
E. Recognition of government grants	2,583
F. Reversal of amounts recognised for the change in fair market value of investments in equity securities	(94)

G. Recognition of deferred taxes under FAS 109:	
-- net deferred income taxes on provision (for inventory, accounts receivable, plant shutdowns, etc.) which are not yet deductible for tax purposes	(42)
-- deferred tax liabilities on undistributed earnings of domestic subsidiaries and government grants received after 1992	(726)
-- net deferred income taxes on U.S. GAAP adjustments	(2,736)

Net profit in accordance with U.S. GAAP	50,981
	=====

The following pro forma condensed consolidated balance sheet and pro forma condensed consolidated statements of operations depict the effects of the acquisition of 100% of Avir Finanziaria S.p.A. ("AVIR") and the related financing. For purposes of the pro forma condensed consolidated balance sheet, the transaction is assumed to have occurred on June 30, 1996, whereas for purposes of the pro forma condensed statements of operations, the transaction is assumed to have occurred on January 1, 1995.

The pro forma financial statements do not purport to represent what Owens-Illinois, Inc.'s ("Company") financial position or results of operations would actually have been if all of the above transactions had actually occurred on the dates indicated, or to project the Company's financial position or results of operations for any future period or date.

Acquisition of AVIR

On December 16, 1996, the Company announced that it completed a definitive agreement to purchase a controlling interest of approximately 76% in AVIR, the largest manufacturer of glass containers in Italy. AVIR is based in Milan, Italy and its shares are traded on the Milan Stock Exchange. Approximately 21% of the shares are publicly held, with the remaining shares controlled by Dr. Natale Maderna, AVIR chairman, and members of the Maderna and Ricciardi families. On February 3, 1997, the Company completed the acquisition of a 79% controlling interest. In addition to acquiring this controlling interest, the Company will also initiate a tender offer for the 21% of the shares of AVIR that are publicly held. Total consideration for 100% of the AVIR shares is expected to be approximately \$580 million.

The acquisition is being accounted for under the purchase method of accounting. The total purchase cost of approximately \$580 million will be allocated to the tangible and identifiable intangible assets and liabilities of AVIR based upon their respective fair values. Such allocations will be based upon valuation and studies that have not been finalized. Accordingly, the allocation of the purchase cost included in the accompanying pro forma condensed consolidated balance sheet is preliminary and, among other things, no allocation has been made to property, plant, and equipment. The unallocated excess of purchase cost over net assets acquired is being amortized over 20 years in the pro forma condensed consolidated statements of operations. Such period is an estimate of the average life of the tangible and intangible assets to which the excess purchase cost will be assigned.

Owens-Illinois, Inc.
Pro Forma Condensed Consolidated Balance Sheet
As of June 30, 1996
(Millions of Dollars)

	Historical	Consolidation of AVIR Historical Amounts (1)	AVIR Purchase Accounting and Financing Adjustments (2)	Adjusted Company Pro Forma
	-----	-----	-----	-----
Assets				
Current assets:				
Cash and short				
term investments	\$ 120.4	\$111.4		\$ 231.8
Receivables, net	469.1	180.8		649.9
Inventories	489.3	112.6	\$ 15.6	617.5
Prepaid expenses	87.0	16.3		103.3
	-----	-----	-----	-----
Total current assets	1,165.8	421.1	15.6	1,602.5
Investments and other assets	798.3	48.1		846.4
Prepaid pension	638.8			638.8
Excess of purchase cost over net assets acquired	1,003.3	1.0	247.9	1,252.2
Property, plant, and equipment, net	1,868.3	225.2		2,093.5
	-----	-----	-----	-----
Total assets	\$5,474.5	\$695.4	\$ 263.5	\$6,433.4
	=====	=====	=====	=====
Liabilities and Share owners' Equity				
Current liabilities:				
Short-term loans and long-term debt due within one year	\$ 103.4	\$ 21.8		\$ 125.2
Accounts payable and other liabilities	746.3	179.9		926.2
	-----	-----		-----
Total current liabilities	849.7	201.7		1,051.4
Long-term debt	2,792.4	62.1	\$ 576.4	3,430.9
Deferred taxes and other liabilities	1,017.3	61.0	7.0	1,085.3
Minority share owners' interests	183.4	50.7		234.1
Share owners' equity	631.7	319.9	(319.9)	631.7
	-----	-----	-----	-----
Total liabilities and share owners' equity	\$5,474.5	\$695.4	\$ 263.5	\$6,433.4
	=====	=====	=====	=====

See accompanying Notes to Pro Forma Condensed Consolidated Balance Sheet.

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED BALANCE SHEET

- (1) AVIR Historical Amounts -- Represents the historical carrying value of AVIR's assets and liabilities prior to purchase accounting adjustments. The translation into U. S. dollars has been made using the June 30, 1996 rate of 1,534.25 Italian Lire per U. S. dollar.
- (2) Acquisition and Financing Adjustments -- Includes adjustments of the carrying values of AVIR's assets and liabilities to eliminate historical share owners' equity and revalue inventories accounted for on the LIFO method. Additionally, the column reflects the incremental debt assumed incurred to finance the acquisition.

Owens-Illinois, Inc.
Pro Forma Condensed Consolidated Statement of Operations
Six Months Ended June 30, 1996
(Millions of Dollars, except per share amounts)

	Historical	AVIR Historical Results of Operations (1)	AVIR Purchase Accounting and Financing Adjustments (2)	Adjusted Company Pro Forma
	-----	-----	-----	-----
Revenues:				
Net Sales	\$1,869.5	\$299.4		\$2,168.9
Other	63.0	25.4		88.4
	-----	-----		-----
	1,932.5	324.8		2,257.3
Costs and expenses:				
Manufacturing, shipping, and delivery	1,446.4	196.6		1,643.0
Research, engineering, selling, and administrative	120.3	49.4		169.7
Interest	148.3	5.7	\$ 18.2	172.2
Other	30.2	1.8	6.2	38.2
	-----	-----	-----	-----
	1,745.2	253.5	24.4	2,023.1
	-----	-----	-----	-----
Earnings (loss) before income taxes and minority share owners' interests	187.3	71.3	(24.4)	234.2
Provision (credit) for income taxes	65.2	33.6	(7.0)	91.8
Minority share owners' interests	15.9	5.0		20.9
	-----	-----	-----	-----
Net earnings (loss)	\$ 106.2	\$ 32.7	\$(17.4)	\$ 121.5
	=====	=====	=====	=====
Net earnings per share of common stock	\$ 0.88			\$ 1.01
	=====			=====
Average shares outstanding (thousands)	120,172			120,172
	=====			=====

See accompanying Notes to Pro Forma
Condensed Consolidated Statement of Operations.

Owens-Illinois, Inc.
Pro Forma Condensed Consolidated Statement of Operations
Year Ended December 31, 1995
(Millions of Dollars, except per share amounts)

	Historical	AVIR Historical Results of Operations (1)	AVIR Purchase Accounting and Financing Adjustments (2)	Adjusted Company Pro Forma
	-----	-----	-----	-----
Revenues:				
Net Sales	\$3,763.2	\$622.6		\$4,385.8
Other	117.8	36.2		154.0
	-----	-----		-----
	3,881.0	658.8		4,539.8
Costs and expenses:				
Manufacturing, shipping, and delivery	2,948.5	411.1		3,359.6
Research, engineering, selling, and administrative	242.6	96.7		339.3
Interest	299.6	13.8	\$ 39.3	352.7
Other	80.3	4.9	12.4	97.6
	-----	-----	-----	-----
	3,571.0	526.5	51.7	4,149.2
	-----	-----	-----	-----
Earnings (loss) before income taxes and minority share owners' interests	310.0	132.3	(51.7)	390.6
Provision (credit) for income taxes	100.8	60.1	(15.1)	145.8
Minority share owners' interests	40.1	7.2		47.3
	-----	-----	-----	-----
Net earnings (loss)	\$ 169.1	\$ 65.0	\$(36.6)	\$ 197.5
	=====	=====	=====	=====
Net earnings per share of common stock	\$ 1.40			\$ 1.64
	=====			=====
Average shares outstanding (thousands)	119,348			119,348
	=====			=====

See accompanying Notes to Pro Forma
Condensed Consolidated Statement of Operations.

NOTES TO PRO FORMA CONDENSED CONSOLIDATED
STATEMENTS OF OPERATIONS

- (1) Consolidation of AVIR Historical Results -- Reflects the actual results of operations for AVIR based on historical costs for the six months ended June 30, 1996, and year ended December 31, 1995 prior to purchase accounting adjustments and the effects of the related financing. The translation into U. S. dollars has been made using the average rate for the six months ended June 30, 1996 and the year ended December 31, 1995 of 1,557.51 and 1,627.41 Italian Lire, respectively, per U. S. dollar.

Financing for the acquisition has been assumed to be provided by additional borrowings under the Company's Bank Credit Agreement which was amended in November 1996. Interest is based on average rates in effect under the Company's Bank Credit Agreement during the periods. In the event any portion of the acquisition is financed or refinanced with borrowings from sources other than under the Company's Bank Credit Agreement, the incremental interest cost may be higher than that shown in the pro forma condensed consolidated statements of operations.

- (2) AVIR Purchase Accounting and Financing Adjustments -- Includes the following increases (decreases) in earnings:

	Six Months ended June 30, 1996	Year ended December 31, 1995
	-----	-----
	(Millions of Dollars)	
Incremental interest cost assuming the financing related to the acquisition occurred on January 1, 1995	\$(18.2)	\$(39.3)
Amortization of the unallocated excess of purchase cost over net assets acquired over 20 years	(6.2)	(12.4)
	-----	-----
	(24.4)	(51.7)
Tax benefits related to the incremental interest cost, at incremental U. S. statutory rates	7.0	15.1
	-----	-----
	\$(17.4)	\$(36.6)
	=====	=====

ACQUISITION AGREEMENT
BY AND AMONG

OI ITALIA S.R.L.

AND

THE SELLERS SET FORTH ON SCHEDULE 1

DATED DECEMBER 16, 1996

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Exhibit E - Opinion of Purchaser's Italian Counsel

ACQUISITION AGREEMENT

ACQUISITION AGREEMENT dated December 16, 1996, by and among OI Italia S.r.l. (formerly, KE.RO. S.r.l. et Co. Import-Export) (the "Purchaser"), a company organized and existing under the laws of Italy and an indirect subsidiary of Owens-Illinois, Inc., represented herein by R. Scott Trumbull, pursuant to the power of attorney attached hereto as Exhibit A(i), and the members of the Maderna and Ricciardi families identified on Schedule 1 hereto (collectively, the "Sellers"), represented herein by Carlo Pontecorvo pursuant to the power of attorney attached hereto as Exhibit A(ii).

WHEREAS, certain of the Sellers identified on Schedule 1(a) hereto (the "Holdings' Shareholders") own 100,300,000 shares (the "Holdings Shares") representing all of the issued and outstanding capital of Orion, S.p.A. (formerly known as Natale Maderna & C. S.a.p.A.), a company organized and existing under the laws of the Republic of Italy ("Holdings");

WHEREAS, certain of the Sellers identified on Schedule 1(b) hereto (the "Direct Shareholders") own 9,779,410 of the Company Shares (the "Direct Shares") which constitute 23.290% of the Company Shares in Aziende Vetrarie Industriali Ricciardi - AVIR S.p.A. (formerly known as AVIR Finanziaria S.p.A.), a company organized and existing under the laws of the Republic of Italy (the "Company" or "AVIR"), a company principally engaged, directly or through the Group Companies, in the manufacture and sale of glass products in Italy, Spain and the Czech Republic;

WHEREAS, certain individuals identified on Schedule 1(b) hereto (the "Minors") own 1,240,000 of the Company Shares which constitute 2.953% of the Company Shares;

WHEREAS, Holdings owns 22,100,000 of the Company Shares which constitute 52.633% of the Company Shares;

WHEREAS, the remaining 8,869,830 of the Company Shares which constitute 21.124% of the Company Shares is owned by the Public Shareholders;

WHEREAS, by virtue of their direct or indirect ownership of 31,879,410 of the Company Shares which constitute 75.922% of the Company Shares, the Sellers exercise effective control of the Company, and are fully informed as to the Company's operations, prospects and conditions (financial or otherwise); and

WHEREAS, the Purchaser wishes to acquire, directly or indirectly, (i) as a result of the transactions contemplated herein, all of the Company Shares held, directly and indirectly, by the Sellers and (ii) as a result of the transactions contemplated in a separate agreement, all of the Company Shares held by the Minors.

NOW, THEREFORE, in consideration of the covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the Purchaser and the Sellers agree as follows:

ARTICLE I
INTERPRETATION

1.1 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms shall have the meanings ascribed thereto in Schedule 2 hereto.

1.2 References. The descriptive headings of the Articles, Sections, Schedules and Exhibits of this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement. All references in this Agreement to an "Article", "Section", "Schedule" or "Exhibit" refer to the corresponding Article, Section, Schedule or Exhibit of this Agreement.

ARTICLE II
PURCHASE AND SALE

2.1 Actions to Occur at Signing.

(a) At the time of execution and delivery of this Agreement (the "Signing"), the following actions were taken by or on behalf of the Parties.

(i) each of the Sellers and the Purchaser confirmed the accuracy of the representations and warranties contained in Articles III and IV hereof, respectively;

(ii) each of the Sellers and the Purchaser have executed and delivered to each other and the Escrow Agent the original of or counterparts to the Escrow Agreement, in the form set forth in Exhibit B hereto;

(iii) all of the documents required to transfer title to the Holdings Shares and Company Shares owned by the Sellers have been duly deposited with the Escrow Agent, to be held in accordance with the terms of the Escrow Agreement pending release upon satisfaction of the terms and conditions for their transfer under this Agreement;

(iv) the Purchaser has delivered to the Escrow Agent the Holdings Purchase Consideration and the Direct Shares Consideration;

(v) the Company and each of the persons identified on Exhibit C hereto have executed and delivered to the Purchaser a letter agreement regarding management and non-competition arrangements subject to Closing, and to become effective as of the date of the Closing (the "Management and Non-Competition Agreements");

(vi) the Sellers shall have provided the Purchaser with the ability to manage the business and affairs of Holdings, the Company and the Company Subsidiaries in accordance with the terms and conditions set forth in Articles V and VI hereof;

(vii) the Escrow Agent shall execute and deliver to the Purchaser and the Sellers executed copies of the Escrow Agreement;

(viii) the Sellers shall deliver to the Purchaser original executed copies of an opinion of Sellers' Counsel, substantially in the form of Exhibit D, hereto;

(ix) the Purchaser shall deliver to the Sellers original executed copies of an opinion of the Purchaser's Italian Counsel, substantially in the form of Exhibit E, hereto; and

(x) the Sellers shall have caused (A) the resignation of at least 1 director of Holdings (once Holdings has more than 1 director), at least 3 directors of the Company and at least 1 director of such of the Company Subsidiaries as the Purchaser shall designate, and (B) the calling of the Board of Directors meetings of Holdings, the Company and the Company Subsidiaries for the appointment by "cooptazione" of at least 1 designee to the Board of Directors of Holdings, at least 3 designees to the Board of Directors of the Company and at least 1 designee to the Board of Directors of each of such of the Company Subsidiaries as the Purchaser shall designate.

2.2 Date and Place of the Closing.

(a) The Parties agree that each shall use its best efforts to cause the actions set forth in Section 2.4 hereof (the "Closing") to occur on or prior to December 31, 1996; provided that all conditions to such Closing set forth in Section 2.3 have been satisfied or waived in writing.

(b) The Closing shall take place at the offices of the Escrow Agent in Milan.

2.3 Conditions to Closing. The obligations of the Parties to complete the Closing shall be subject to the satisfaction or waiver in writing by the Sellers and the Purchaser of the following conditions:

(a) No Injunction. There shall be no effective injunction, writ, preliminary restraining order or any order of any nature issued by a court of competent jurisdiction directing that the Transactions or any of them not be consummated as so provided or imposing any material conditions on the consummation of the Transactions.

(b) Competition Review. Clearance of the transactions contemplated by this Agreement under relevant antitrust or competition regulations in Italy and Germany.

(c) Receipt of the Unaudited Consolidated October 31, 1996 Financial Statements with projections of the balance sheet of the Company as of, and projections of profit and loss accounts for the Company for the twelve months ending, December 31, 1996.

2.4 Actions at the Closing. Subject to the terms and conditions and in reliance upon the representations and warranties set forth herein, at the Closing, the transactions set forth below shall occur, and shall be deemed to occur simultaneously:

(a) the Escrow Agent, on behalf of the Holdings' Shareholders, shall endorse to the Purchaser the Holdings Shares;

(b) the Escrow Agent, on behalf of the Direct Shareholders, shall endorse to the Purchaser the Direct Shares; and

(c) The Escrow Agent shall deliver to the Sellers on behalf of the Purchaser the cash payment with respect to the Holdings Purchase Consideration and the Direct Shares Consideration less an amount equal to the Secured Amount (such sum to be retained by the Escrow Agent).

2.5 Consideration.

(a) Each of the Parties agrees that the following aggregate amounts shall be paid as consideration to the holders of the various interests transferred hereunder:

(i) the Holdings Purchase Consideration shall be approximately LIT 4,666 per Holdings Share, for 100,300,000 Holdings Shares, for an aggregate amount of LIT 468,029,900,526 (the "Holdings Purchase Consideration"); and

(ii) the Direct Shares Consideration shall be approximately LIT 20,932 per Direct Share, for 9,779,410 Direct Shares, for an aggregate amount of LIT 204,707,058,490 (the "Direct Shares Consideration").

(b) Subject to approval by CONSOB the Parties acknowledge that the public offer price proposed to be offered by the Purchaser to the Public Shareholders in the subsequent public offer shall be approximately LIT 20,932 per Public Share.

2.6 Contingent Consideration. The Parties acknowledge that the amounts set forth in Section 2.5 hereof reflect the Purchaser's estimation of the value of the Company, as of the signing. In the event that the performance of the Glass Business for the three fiscal years commencing January 1, 1997 should exceed expectations, the Purchaser agrees to pay an additional amount (the "Contingent Consideration") to the Sellers, in accordance with the percentages set forth on Schedule 8, determined as set forth in Schedule 4(a) hereto, in relation to the Sellers' best case financial projections for the Company set forth in Schedule 4(b) hereto. In the event that any amount in respect of the Contingent Consideration is required to be paid to the Public Shareholders, such amounts shall be deducted from the Contingent Consideration payable to the Sellers, in accordance with the percentages set forth on Schedule 8.

2.7 Method of Payment.

(a) Of the amounts to be received by the Sellers upon the Closing, as set forth in Section 2.5 above, the Parties agree that the Escrow Agent shall pay the Holdings Purchase Consideration and the Direct Shares Consideration, plus interest accrued thereon, each in cash, by wire transfer in immediately available funds to the account or accounts designated by the Sellers in writing.

(b) The Sellers agree that in order to secure the Purchaser's right to indemnification provided in Article VII hereof, cash in the aggregate amount of LIT 26.5 billion (the "Secured Amount") shall be deposited with the Escrow Agent, pursuant to the Escrow Agreement, to be retained by the Escrow Agent for the period specified in the Escrow Agreement.

(c) The Sellers agree that the Contingent Consideration shall be, without duplication, subject to the Right of Set-Off, provided, however, that the Contingent Consideration shall not be considered in providing for the Secured Amount.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers represent and warrant to the Purchaser as follows:

3.1 Escrow Agreement. Each of the Sellers has taken all action required by law or otherwise required to be taken by it to authorize the execution and delivery of the Escrow Agreement, and such agreement is a valid and binding obligation of each of the Sellers enforceable in accordance with its terms.

3.2 Consent and Approvals; No Violations.

(a) Except as contemplated by Section 2.3, no consent, approval or authorization of, or declaration, filing or registration with, any

Governmental Authority or any other person is required in connection with the execution, delivery and performance of this Agreement or the consummation of the Transactions.

(b) The execution and delivery of this Agreement by the Sellers, the performance hereof and the consummation of the transactions contemplated hereby will not (i) violate any provision of the Articles of Association of any of Holdings, the Company or any Group Company, (ii) (assuming receipt of all governmental approvals contemplated by Section 2.3) violate any statute, rule, regulation, judgment, order or decree of any Governmental Authority or (iii) conflict with or result in a violation, or breach of, or constitute a default under, or give rise to any right of cancellation or termination of, any Permit or License or agreement or violate, or be in conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or cause the acceleration of the maturity of any debt or obligation pursuant to, or result in the creation or imposition of any Lien upon any property or assets of any of Holdings, the Company or any Group Company under, any Contracts and/or Agreements to which any of Holdings, the Company or any Group Company is bound, or to which the property of any of Holdings, any Group Company or the Company is subject.

3.3 Litigation Related to Transactions. There is no action, suit, inquiry, proceeding or investigation by or before any Governmental Authority pending or threatened against or involving the Sellers, Holdings, the Company, any Group Company, or the Glass Business, which questions or challenges the validity of this Agreement or any action taken or to be taken by Holdings, the Company, or the Sellers pursuant to this Agreement or in connection with the transactions contemplated hereby; nor is there any valid basis for any such action, proceeding or investigation.

3.4 Title to Holdings Shares, Company Shares and Shares/Quotas of the Group Companies. The outstanding shares of capital stock of the Company and Holdings which are legally or beneficially owned by any of the Sellers, the outstanding shares of the Company which are legally or beneficially owned by Holdings, and the outstanding shares/quotas of the Group Companies which are owned by the Company are as set forth in Schedule 1(a), 1(b) hereto and 3.6(b) of the Disclosure Schedule, respectively, and such shares/quotas are owned, directly or indirectly, free and clear of all Liens.

3.5 Public Shares. None of the Sellers, Holdings, the Company or their senior executives and directors nor, to the best of the Sellers' knowledge, any of the Group Companies or their respective Affiliates, senior executives and directors or any one acting on their behalf, has bid for or purchased any Public Shares or taken any action for the purpose of creating actual or apparent trading in or raising the price of the Public Shares.

3.6 Corporate Organization; Capitalization. (a) Each of Holdings, the Company and the Company Subsidiaries is a company duly organized and existing under the laws of its jurisdiction and has full corporate power and authority to carry on its business as it is now being conducted. Except for

the changes (i) made to the Articles of Association of Avirunion, in connection with the Company's acquisition of Avirunion, (ii) necessitated by the merger by incorporation (the "Merger") of various subsidiaries of the Company into the Company, (iii) necessitated by the change of Holdings from a SAPA to an S.p.A., and (iv) related to Vetroceramica Turritana S.p.A., the Articles of Association of each of Holdings, the Company and the Company Subsidiaries have not been amended since January 1, 1996 and have been in full force and effect since such date. Each of the Sellers has taken all action required by law or otherwise required to be taken by it to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and this Agreement is a valid and binding agreement of each of the Sellers enforceable in accordance with its terms.

(b) Schedule 3.6(b) of the Disclosure Schedule sets forth the name, jurisdiction of incorporation and capitalization of each of Holdings, the Company and the Group Companies. All of the shares of Holdings, the Company and the Group Companies are duly authorized, validly issued and fully paid. There are no bonds, debentures, notes or other indebtedness having voting rights (or convertible into securities having such rights) of any of Holdings, the Company and the Group Companies issued and outstanding. Except as and to the extent set forth in Schedule 3.6(b) of the Disclosure Schedule, none of Holdings, the Company or any Company Subsidiary owns, directly or indirectly, any capital stock or other equity securities of any corporation or have any direct or indirect equity or ownership interest in any business not listed in Schedule 3.6(b) of the Disclosure Schedule.

3.7 Merger of Company Subsidiaries; Expiration of Withdrawal Rights. (a) As of the date hereof, the deed of merger relating to the Merger has been executed and has been filed with the competent courts in accordance with all relevant laws.

(b) Withdrawal rights have been exercised in connection with the change of the corporate purpose of the Company in connection with the Merger with respect to 2,194,055 shares of capital stock in the Company (the "Withdrawn Shares") and, as a result of which an amount equal to LIT11,742 per share was paid by the Company in respect of the Withdrawn Shares on October 31, 1996, and the Withdrawn Shares have been cancelled. No withdrawal rights remain outstanding as of the date hereof.

3.8 Holdings Financial Matters. Except as set forth in Schedule 5, Holdings (without regard to the consolidation of its subsidiaries) has no liabilities or obligations of any nature (absolute, accrued, contingent or otherwise). Upon the Signing, the financial condition of Holdings will conform to that set forth in the Holdings balance sheet as of October 31, 1996 and statement of profit and loss for the 10 months ending October 31, 1996, each as set forth in Schedule 5 to this Agreement (the "Holdings Financial Statements").

3.9 Company Financial Statements; Other Financial Matters. (a) The Sellers have made available to the Purchaser copies of the Audited Financial Statements, including the Audited Balance Sheet and the Interim Unaudited

Financial Statements, including the Interim Unaudited Balance Sheet. Unaudited Consolidated October 31, 1996 Financial Statements are attached hereto as Schedule 6. The Audited Financial Statements, including the Audited Balance Sheet, the Interim Unaudited Financial Statements, including the Interim Unaudited Balance Sheet, and the Unaudited Consolidated October 31, 1996 Financial Statements are true, complete and accurate and fairly present the financial position of the Company and the Company Subsidiaries as at the dates thereof and the results of operations and changes in financial position for the periods then ended. The Sellers have used their best efforts to assure that the Other Financial Information is as true and accurate as possible. The Sellers have made available to the Purchaser copies of the Financial Books and Records. The Financial Books and Records are true, accurate and complete and contain all information necessary to prepare the Audited Financial Statements. The Audited Financial Statements, the Interim Unaudited Financial Statements and the Unaudited Consolidated October 31, 1996 Financial Statements were prepared from the Financial Books and Records in accordance with Italian GAAP consistently applied throughout the periods involved.

(b) Except for liabilities incurred in the Ordinary Course since the date of the Holdings Financial Statements and the Unaudited Consolidated October 31, 1996 Financial Statements, respectively, none of Holdings, the Company or the Company Subsidiaries has any liabilities or obligations of any nature (absolute, accrued, contingent or otherwise) which are not fully reflected or reserved against in the Holdings Financial Statements and the Unaudited Consolidated October 31, 1996 Financial Statements, as the case may be; and the reserves reflected in the Holdings Financial Statements and the Unaudited Consolidated October 31, 1996 Financial Statements are adequate, appropriate and reasonable, as determined in accordance with past practice and Italian GAAP consistently applied.

(c) All Inventory of the Company and each Company Subsidiary, reflected in the Audited Balance Sheet, the Interim Unaudited Balance Sheet or the Unaudited Consolidated October 31, 1996 Financial Statements, is merchantable and fit for the purpose for which it was procured or manufactured, and consists of a quantity (as reflected in the Unaudited Consolidated October 31, 1996 Financial Statements) and quality warranted, usable and salable in the Ordinary Course. Except in the Ordinary Course, to the best of the Sellers' knowledge, none of the Company or any Company Subsidiary is under or expected to become subject to any liability or obligation with respect to the return of inventory or merchandise in the possession of wholesalers, distributors, retailers or other customers.

(d) The Audited Balance Sheet, the Interim Unaudited Balance Sheet and the Unaudited Consolidated October 31, 1996 Balance Sheet each contains all of the assets of the Company and the Company Subsidiaries necessary to operate the Glass Business in substantially the same manner as it has been conducted since January 1, 1995.

(e) The Accounts Receivable set forth on the Audited Balance Sheet, the Interim Unaudited Balance Sheet and the Unaudited Consolidated October 31, 1996 Balance Sheet represent bona fide sales actually made in the

Ordinary Course and are duly reflected on such balance sheets. Each Account Receivable is valid and not subject to any setoff or counterclaim and is current and has been collected in full or will be collected in full, subject to reserves, in the Ordinary Course.

3.10 Title and Related Matters; Leases; Encumbrances. (a) Each of Holdings, the Company and the Company Subsidiaries has good, valid and marketable title to all the assets which they purport to own, including, without limitation, all the assets reflected in the Audited Balance Sheet, the Interim Unaudited Balance Sheet and the Financial Books and Records. All assets are free and clear of all title defects or objections or Liens, except for those that are disclosed in the Interim Unaudited Balance Sheet and except for those that are incurred in the Ordinary Course thereafter.

(b) All material leases pursuant to which Holdings, the Company and the Company Subsidiaries lease Real Property or Personal Property are valid, binding and enforceable in accordance with their terms, and are in full force and effect; there are no existing defaults by Holdings, the Company or the Company Subsidiaries thereunder; no event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default thereunder; and no consent to the Transactions is needed by the lessors.

(c) With due consideration to the nature of the Glass Business and the age of the Company's and Company Subsidiaries' plants, structures and equipment, such plants, structures and equipment are in good operating condition and they may need routine maintenance and repairs which are not material in nature or cost.

(d) As of the date hereof, neither the whole nor any material portion of the assets of Holdings, the Company or the Company Subsidiaries is subject to any decree or order to be sold or is being condemned, expropriated or otherwise taken by any Governmental Authority with or without payment of compensation therefor, nor, to the best of the Sellers' knowledge, has any such condemnation, expropriation or taking been proposed.

3.11 Intellectual Property

(a) Schedule 3.11(a) of the Disclosure Schedule identifies all licenses and other Contracts or Agreements with third parties (other than Affiliates of the Purchaser and Affiliates of the Company) to which the Company or any Company Subsidiary is a party (either as licensor or licensee) or otherwise subject relating to any Intellectual Property and no claims have been asserted by any person to the use of any Intellectual Property or challenging or questioning the validity or effectiveness of any such license or Contract or Agreement, and neither the Sellers nor the Company knows of any valid basis for any such claim.

(b) Except as identified in Schedule 3.11(b) of the Disclosure Schedule, none of the Company nor any Group Company has, nor has been alleged to have, infringed upon any Intellectual Property or misappro-

priated or misused any invention, trade secret or other proprietary information entitled to legal protection. None of Holdings, the Company nor any Group Company has asserted any claim of infringement, misappropriation or misuse within the past three years.

(c) The Company and the Company Subsidiaries have good and valid title to, or otherwise possess adequate and sufficient rights to use, all Intellectual Property and other proprietary information necessary to permit the Company and the Company Subsidiaries to conduct the Glass Business in the same manner as such business has been conducted prior to the date hereof and all necessary fees have been properly paid.

3.12 Contracts and Agreements.

(a) Except as set forth in Schedule 3.12(a) of the Disclosure Schedule, none of Holdings, the Company nor any Group Company has entered into or is a party to:

(i) except for any contracts with utilities, any purchase contracts or commitments which continue for a period of more than twelve months or are in excess of the normal, ordinary and usual requirements of business other than agreements between Holdings, the Company or a Company Subsidiary, on the one hand, and Holdings, the Company or a Company Subsidiary, on the other hand;

(ii) any outstanding sales contracts, commitments, proposals or orders which continue for a period of more than twelve months, or exceed LIT 7.5 billion or are expected to result in any material loss upon completion or performance thereof, after allowance for direct distribution expenses or any outstanding contracts, bids or sales or service proposals quoting prices which are expected not to result in a profit in the Ordinary Course;

(iii) any outstanding contracts with officers, employees, agents, consultants, advisors, salesmen, sales representatives, distributors or dealers, the cancellation of which requires a notice period longer than the mandatory period required by applicable law or national collective bargaining agreements, and without liability, penalty or premium other than as required by applicable law or national collective bargaining agreements, or any agreement or arrangement providing for the payment of any bonus or commission based on sales or earnings other than those provided by applicable law or national collective bargaining agreements;

(iv) any employment agreement, or any other agreement that contains any severance or termination pay liabilities or obligations, other than customary obligations provided by

national collective bargaining agreements or otherwise required by law;

(v) any collective bargaining or union contracts or agreements which are not customary in the Glass Business;

(vi) any agreement with any employee or agent to pay compensation at the gross annual rate of more than LIT 200 million for services rendered;

(vii) any agreement restricting its ability to carry on the Glass Business anywhere in the world;

(viii) any agreement with respect to the return of inventory or merchandise in the possession of wholesalers, distributors, retailers or other customers;

(ix) any agreements to assume any debt or similar obligation of others;

(x) any outstanding loan to any person;

(xi) any power of attorney other than those issued in the Ordinary Course;

(xii) any agreements concerning confidentiality or restricting any other entity or person (including, without limitation, current employees of the Company or any Group Company) from competing with it in the Glass Business except for agreements entered into with Affiliates of the Purchaser; and

(xiii) any other agreements, contracts, commitments or restrictions which are material to its business, operations or prospects taken as a whole or which require the making of any charitable contribution.

(b) The Sellers have made available to the Purchaser a correct and complete copy of each written agreement listed on Schedule 3.12(a) of the Disclosure Schedule described under Section 3.12(a) above.

(c) All of the Contracts and Agreements are legal, valid, binding, enforceable and in full force and effect and will continue to be legal, valid, binding and enforceable and in full force and effect on identical terms following the consummation of the Transactions. To the best of Sellers' knowledge, no party is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration, under, nor has any party repudiated any provision of, any of the Contracts and Agreements.

(d) None of Holdings, the Company nor any Company Subsidiary is in default under or in violation of, nor, to the best of Sellers'

knowledge, is there any valid basis for any claim of default under or violation of, any Contract or Agreement or restriction to which it is a party or by which it is bound.

3.13 Customers and Suppliers. (a) There has not been any material adverse change in the business relationship of any of the Company or any Group Company with any customer or supplier.

(b) As of the date of this Agreement, other than in the Ordinary Course, there are no claims against the Company or the Company Subsidiaries to return merchandise by reason of alleged overshipments, defective merchandise or otherwise, or of merchandise in the hands of customers under an understanding that such merchandise would be returnable.

3.14 Absence of Certain Changes. Except as set forth in Schedule 3.14 of the Disclosure Schedule, since the date of the Audited Financial Statements, Holdings, the Company and the Company Subsidiaries have conducted the Glass Business only in the Ordinary Course, and other than in the Ordinary Course neither Holdings, the Company, any Company Subsidiary, nor the Glass Business has:

(i) Suffered any material adverse change in its financial conditions, assets, liabilities (absolute, accrued, contingent or otherwise), reserves, business, operations or prospects other than changes reflected in the Unaudited Consolidated October 31, 1996 Financial Statements, or those arising from or relating to general economic conditions of the glass industry in Italy;

(ii) Incurred any liabilities or obligations (absolute, accrued, contingent or otherwise) other than as reflected in the Interim Unaudited Financial Statements, or the Unaudited Consolidated October 31, 1996 Financial Statements, or increased, or experienced any change in any assumptions underlying or methods of calculating any bad debt, contingency or other reserves;

(iii) Paid, discharged or satisfied any claims, liabilities or obligations (absolute, accrued, contingent or otherwise) other than the payment, discharge or satisfaction of liabilities and obligations reflected or reserved against in the Audited Financial Statements;

(iv) Permitted or allowed any of its property or assets (real, personal or fixed, tangible or intangible) to be subjected to any Lien;

(v) Written down the value of any Inventory (including write-downs by reason of shrinkage or mark-down) or written off as uncollectible any notes or accounts receivable, except for immaterial write-downs;

(vi) Cancelled any credits or waived any claims or rights of substantial value;

(vii) Transferred any of its properties or assets (real, personal or fixed, tangible or intangible) except for sales of properties or assets unrelated to the Glass Business;

(viii) Disposed of or permitted to lapse any rights to the use of any patent, trademark, trade name or copyright, or disposed of or disclosed to any person other than representatives of the Purchaser any trade secret, formula, process or know-how not theretofore a matter of public knowledge;

(ix) Granted any general increase in the compensation of officers or employees (including any such increase pursuant to any bonus, pension, profit sharing or other plan or commitment) or any increase in the compensation payable or to become payable to any officer or employee, and no such increase is customary on a periodic basis or required by agreement or understanding;

(x) Made any capital expenditure or commitment other than as specifically provided for in the Interim Unaudited Financial Statements or the Unaudited Consolidated October 31, 1996 Financial Statements;

(xi) Other than in connection with the fiscal year ended December 31, 1995 and the redemption contemplated by the Merger, declared, paid or set aside for payment any dividend or other distribution in respect of its capital stock or redeemed, purchased, or otherwise acquired, directly or indirectly, any shares of capital stock or other securities of Holdings, the Company or any Company Subsidiary;

(xii) Made any change in any method of accounting or accounting practice;

(xiii) Paid, loaned or advanced any amount to, or transferred or leased any properties or assets (real, personal or fixed, tangible or intangible) to, or entered into any agreement or arrangement with, any of the Sellers, its senior executives or directors or any Affiliate of any of its senior executives or directors; or

(xiv) Agreed, whether in writing or otherwise, to take any action described in this Section 3.14.

3.15 Insurance. All material policies of fire, liability, workmen's compensation and other forms of insurance owned or held by or providing coverage for the Company and each Company Subsidiary are in full force and effect, all premiums with respect thereto covering all periods up to and

including the date of the Closing have been paid, and no notice of cancellation or termination has been received with respect to any such policy. Such policies are sufficient for compliance with all requirements of law and of all agreements to which the Company or any Company Subsidiary is a party; are valid, outstanding and enforceable policies; provide adequate insurance coverage for the assets and operations of the Company and each Company Subsidiary; will remain in full force and effect through the Closing Date and will not in any way be affected by, or terminate or lapse by reason of, the execution of this Agreement. Each of the Company and each Company Subsidiary has been covered during the past five (5) years by insurance in scope and amount customary and reasonable for the Glass Business.

3.16 Taxes. (a) Each of Holdings, the Company and Company Subsidiaries has duly filed all Tax reports and returns required to be filed by it and has duly paid all Taxes and other charges due or claimed to be due from it by any Governmental Authority (including, without limitation, those due in respect of the properties, income, franchises, licenses, sales or pay-rolls of any of them); the reserves for Taxes reflected in the Audited Balance Sheet, the Interim Unaudited Balance Sheet and the Unaudited Consolidated October 31, 1996 Financial Statements are adequate; and there are no Liens for Taxes upon any property or assets of Holdings, the Company or any Company Subsidiary. Copies of the tax returns of Holdings, the Company and each Company Subsidiary in respect of all years not barred by the statute of limitations were made available to the Purchaser; and except as set forth in Schedule 3.16(a)(i) of the Disclosure Schedule, there are no assessments or inspections, and except as set forth in Schedule 3.16(a)(ii) of the Disclosure Schedule, any assessments have been fully paid; and no issue has been raised by the relevant local tax office in any examination which reasonably could be expected to result in a proposed deficiency for any period not examined. Further, no state of facts exists or has existed which would constitute grounds for the assessment of any Tax liability with respect to the periods which have not been audited by the relevant local tax office. Schedule 3.16(a)(iii) of the Disclosure Schedule contains a list of all the Tax amnesties benefitted by Holdings, the Company and any of the Company Subsidiaries.

(b) Each of Holdings, the Company and the Company Subsidiaries has complied in all material respects with all applicable laws, rules and regulations relating to the withholding of Taxes and have, within the time and in the manner prescribed by law, withheld from employees' wages and paid over to the proper Governmental Authorities all amounts required to be so withheld and paid over under all applicable laws.

(c) Except as set forth in Schedule 3.16(c) of the Disclosure Schedule, no power of attorney has been granted by Holdings, the Company or any Company Subsidiary with respect to any matter relating to Taxes which is currently in force.

3.17 Employee Matters; Employee Benefit Plans. (a) There is no labor strike, material dispute, material slowdown or material stoppage actually pending or, to the best of Sellers' knowledge, threatened against or affecting the Company or any Company Subsidiary and none of the Company nor any

Company Subsidiary has experienced any material work stoppage since January 1, 1995.

(b) Any sum due as salary, severance indemnity, social security contribution, unpaid holidays and other benefits or bonuses due to their employees by any of the Company or the Company Subsidiaries, and other reserves concerning such employment relationships have been duly paid or allocated, in accordance with all applicable laws and regulations concerning labor and social security matters. All the obligations towards the abovesaid employees, as well as towards any social security agency have been duly fulfilled.

(c) All the employees of the Company or any Company Subsidiary are duly registered in the payroll of said companies.

(d) Except as set forth in Schedule 3.17(d) of the Disclosure Schedule, no litigation is pending or, to the knowledge of the Sellers, threatened before any judicial and administrative court or arbitral tribunal with respect to any of the employees of the Company or any Company Subsidiary involving more than LIT 150 million.

(A) Any and all obligations concerning Law no. 482 of April 2, 1968, concerning the mandatory hiring of certain categories of employees (such as disabled, refugees, widows, etc.) have been substantially fulfilled.

3.18 Litigation. Except as disclosed in Schedule 3.16(a)(i) and 3.18(i) of the Disclosure Schedule, there is no action, suit, inquiry, proceeding or investigation by or before any Governmental Authority pending or, to the best of Sellers' knowledge, threatened against or involving Holdings, the Company, any Group Company, or the Glass Business, nor is there any valid basis for any such action, proceeding or investigation. Except as disclosed in Schedule 3.18(ii) of the Disclosure Schedule, none of Holdings, the Company nor any Group Company is subject to any judgment, order or decree entered in any lawsuit or proceeding which may have an adverse effect on its business practices or on its ability to acquire any property or conduct the Glass Business in any area.

3.19 Compliance with Law; Environmental Matters. (a) The Glass Business has been conducted in accordance with all applicable laws, regulations and other requirements of all Governmental Authorities. Except as set forth in Schedule 3.18(i) and 3.18(ii) of the Disclosure Schedule, none of Holdings, the Company nor any Group Company has received any notification of any asserted present or past failure to comply with such laws, rules or regulations.

(b) Except as set forth in Schedule 3.19(b) of the Disclosure Schedule, the Company and the Company Subsidiaries have obtained all Permits and Licenses relating to pollution or protection of the environment, and the Company, the Company Subsidiaries and the Glass Business are in substantial compliance with all terms and conditions of the required Permits and Licenses, and are also in substantial compliance with all other limita-

tions, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in those laws or contained in any relevant regulation, decree or judgment. None of the Company, the Company Subsidiaries nor the Sellers are aware of, or have received notice of, any events, circumstances, practices or actions which may interfere with or prevent continued compliance with applicable law, or which may give rise to any legal liability, or otherwise form the basis of any claim, action, suit, proceeding, hearing or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant, or hazardous or toxic material or waste.

3.20 Absence of Questionable Payments. None of Holdings, the Company, the Company Subsidiaries, the Sellers nor any director or senior executive nor, to the knowledge of the Sellers, any Group Company other than the Company Subsidiaries, or any agent, employee or other person acting on behalf or for the benefit of Holdings, the Company, the Group Companies or the Sellers, has used any corporate or other funds for unlawful contributions, payments, gifts, or entertainment, or made any unlawful expenditures relating to political activity to government officials or others or established or maintained any unlawful or unrecorded funds in violation of any applicable law. None of the Sellers, Holdings, the Company, the Company Subsidiaries nor any current director or senior executive nor, to the knowledge of the Sellers, any Group Company other than the Company Subsidiaries, or any agent, employee or other person acting on behalf or for the benefit of the Sellers, Holdings, the Company or the Group Companies, has accepted or received any unlawful contributions, payments, gifts, or expenditures.

3.21 Products Liability; Product Recall. (a) Each product manufactured, sold, leased, or delivered by any of the Company or the Company Subsidiaries has been in conformity with all applicable contractual commitments and all express and implied warranties.

(b) There is no action, suit, inquiry, proceeding or investigation by or before any Governmental Authority pending or threatened against or involving the Company or any Company Subsidiary relating to any product alleged to have been manufactured or sold by the Company or any Company Subsidiary and alleged to have been defective, or improperly designed or manufactured, nor is there any valid basis for any such action, proceeding or investigation.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES
OF THE PURCHASER

The Purchaser hereby represents and warrants to the Sellers as follows:

4.1 Corporate Organization; Etc. The Purchaser is a corporation validly existing and in good standing under the laws of Italy. The Purchaser has full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The Purchaser has taken all action required by law or otherwise required to be taken by it to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and this Agreement is a valid and binding agreement of the Purchaser enforceable in accordance with its terms.

4.2 Consent and Approvals; No Violations. (a) The execution and delivery of this Agreement by the Purchaser, the performance hereof and the consummation of the transactions contemplated hereby will not (i) violate any provision of its charter documents, (ii) violate any statute, rule, regulation, judgment, order or decree of any public body or authority by which the Purchaser or any of its property or assets are bound, or (iii) conflict with or result in a violation, acceleration or breach of, or constitute a default under, or give rise to any right of cancellation or termination of, any Contract or Agreement.

(b) Except as contemplated by Section 2.3 hereof, no consent, approval or authorization of, or declaration, filing or registration with, any Governmental Authority or any other person is required in connection with the execution, delivery and performance of this Agreement or the consummation of the Transactions by the Purchaser.

4.3 Escrow Agreement. The Purchaser has duly executed and delivered the Escrow Agreement, and such agreement is a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms.

ARTICLE V

COVENANTS OF THE PARTIES

The Parties covenant and agree as follows:

5.1 Full Access. Between the date of this Agreement and the date of the Closing, the Sellers shall, and the Sellers shall cause Holdings to, afford, with respect to Holdings, and shall cause the Company to afford, with respect to the Company and all Company Subsidiaries, to the Purchaser, its counsel, accountants and other representatives full access to the plants, offices, warehouses, properties, books and records of Holdings, the Company and all Company Subsidiaries and the Sellers shall, and the Sellers shall cause Holdings to, cause the officers and accountants of Holdings, the Company and all Company Subsidiaries to furnish such additional financial and operating data and other information as the Purchaser shall from time to time reasonably request; provided further, that the Sellers shall use reasonable efforts to provide similar access for all Group Companies other than the Company Subsidiaries.

5.2 No other Acquisitions in the European Union. Prior to the receipt of approval from the applicable antitrust authorities in Italy and Germany for the transactions contemplated by this Agreement, the Purchaser shall not purchase any company in the glass container industry which has its principal operations in the European Union.

5.3 Best Efforts. Each of the Parties agrees to use its best efforts to take, or cause to be taken, by the Company or others, all action to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective the Transactions, including, but not limited to, (a) the obtaining of all necessary governmental approvals and the making of all necessary registrations and filings (including, but not limited to, filings with any Governmental Authority, if any) and the taking of all reasonable steps as may be necessary to obtain any governmental approval or waiver, or to avoid any actually or potentially adverse action or proceeding by any Governmental Authority, and (b) the satisfaction of the conditions to the Closing set forth in Section 2.3.

5.4 Board of Directors Membership; Shareholders and Board of Directors Meetings. Pending the Closing, the Sellers (i) shall cause all the designees of the Purchaser (only 1 in the case of the Board of Directors of Holdings) to be granted the powers necessary to manage the business and affairs of Holdings, the Company and the Company Subsidiaries in the Ordinary Course, (ii) will cause the resignation of all the current directors and will use their best efforts to cause the resignation of all the statutory auditors of Holdings, the Company and the Company Subsidiaries, with effect as of the Closing, and the calling of the relevant shareholders' meetings for the appointment of new boards that will be selected by the Purchaser and (iii) subsequent to the date the designees of the Purchaser are granted the powers described in clause (i) above, will continue to cause the designees of the Purchaser to remain appointed to the Boards of Directors (as Directors and Managing Directors) of each of Holdings, the Company and such of the Company Subsidiaries as the Purchaser shall designate consistent with the provisions of Section 2.1(a). Any action to be taken at any Board of Directors or Shareholders meeting of Holdings, the Company or the Company Subsidiaries shall require the favorable vote of the Purchaser or the Purchaser's designees. With regard to Shareholders meetings, pending the Closing the Purchaser will be represented by the Escrow Agent which will vote at said meetings in accordance with the Escrow Agreement.

5.5 Public Shares. Each of the Sellers agrees that it will not, and will use its best efforts to cause Holdings, the Company, the Group Companies and their respective Affiliates, officers and directors or any one acting on their behalf not to, bid for or purchase any Public Shares or take any action for the purpose of creating actual or apparent trading in or affecting the price of the Public Shares.

5.6 Press Release. Within five business days after the date of this Agreement, the Parties hereto agree to issue to the general public and those publications which report on the glass industry a press release which

shall be prepared jointly by the Purchaser and the Sellers, in compliance with CONSOB regulations.

5.7 Customers and Suppliers. Promptly after the dissemination of the press release pursuant to Section 5.6, the Sellers shall cause the Company and Company Subsidiaries to assist in the preparation by the Purchaser of, and to promptly distribute, letters and other notices to those customers, suppliers, employees and joint venture partners of the Company or any Company Subsidiary as the Purchaser, in consultation with the Company and Company Subsidiaries, determines to be necessary or desirable in connection with the maintenance of the Company's business relations; provided further, that the Sellers shall use reasonable efforts to cause the Company and the Company Subsidiaries to assist in the preparation by the Purchaser of, and to promptly distribute, letters and other notices to those customers, suppliers, employees and joint venture partners of any Group Company other than the Company Subsidiaries as the Purchaser, in consultation with the Company and Company Subsidiaries, determines to be necessary or desirable in connection with the maintenance of the Company's business relations.

5.8 Non-Compete; No Solicitation. The Sellers agree to be bound by the terms and provisions of Schedule 7.

5.9 Action by Sellers. The Sellers irrevocably agree, also in the interest of the Purchaser, that for all purposes of this Agreement they will be represented herein by (i) Dott. Natale Maderna (born in Naples on September 1, 1920, domiciled in Naples, Parco Carelli, 87, Tax Code No. MDR NTL 20P01 F839T), or (ii) a designee of Dott. Maderna in the event Dott. Maderna should resign. In the event that (i) Dott. Maderna resigns without nominating a designee or becomes incapacitated or (ii) the designee of Dott. Maderna resigns or becomes incapacitated, the Sellers will be represented by Dott. Carlo Pontecorvo (born in Naples on January 5, 1951, domiciled in Naples, Via Posillipo, 50, Tax Code No. PNT CRL 51A05 F839X) and, in the event that Dott. Pontecorvo resigns or becomes incapacitated, the Sellers will act by a majority in interest (evidence of which shall be provided to the Purchaser) according to the percentages set forth in Schedule 8.

5.10 Shareholders Contribution. The Sellers acknowledge that the Consideration described in Section 2.5 has been paid also in consideration of a "shareholders loan dedicated on account of a capital increase" (the "Shareholders Contribution") of LIT 85,575,960,000 which is reflected as net equity on the balance sheet contained in the Holdings Financial Statements, and, accordingly, the Sellers agree that (i) if, subsequent to the date hereof, Holdings issues any additional shares of capital stock in respect of such Shareholders Contribution, the Purchaser shall have the exclusive right to subscribe for, receive and own such shares or (ii) if, subsequent to the date hereof, Holdings repays, in full or in part, the Shareholders Contribution, the Purchaser shall be exclusively entitled to such repayment.

5.11 Collection of Government Payments. The Purchaser will seek to cause the Company and/or the Group Companies to collect the cash payments from the government authorities as contemplated by Section 7.4(a)(v).

ARTICLE VI
CONDUCT OF THE BUSINESS

Pending the Closing, except as otherwise requested by or expressly consented to or approved by the Purchaser in writing, the Sellers agree to observe and to cause Holdings, the Company and the Company Subsidiaries to observe, and the Sellers agree to use reasonable efforts to cause the Group Companies other than the Company Subsidiaries to observe, the following provisions:

6.1 Ordinary Course of Business. Subject to the provisions of this Article VI and to the extent permitted by applicable law, the Company and the other Group Companies shall carry on the Glass Business in the Ordinary Course under the management and direction of the Purchaser's designees.

6.2 Amendments. No change or amendment shall be made in the Articles of Association or other constitutive documents of Holdings, the Company or any Group Company, unless so requested by the Purchaser.

6.3 Capital Changes; Asset Sales; Redemptions. Neither Holdings, the Company nor any Group Company will issue or sell any shares of its capital stock or other securities, acquire directly or indirectly, by redemption or otherwise, any capital stock, reclassify or split-up any such capital stock, declare or pay any dividends thereon in cash, securities or other property or make any other distribution, grant or enter into any options, warrants, calls or commitments of any kind with respect thereto or transfer any assets other than in the Ordinary Course.

6.4 Certain Investments. Neither Holdings, the Company nor any Group Company will organize any subsidiary, acquire any capital stock or other equity securities of any corporation or acquire any equity or ownership interest in any business.

6.5 Organization. Each of Holdings, the Company and each Group Company shall preserve its corporate existence and business organization intact, to keep available to the Purchaser, its respective officers and key employees, and to preserve for the Purchaser's benefit its relationships with licensors, suppliers, distributors, customers and others having business relations with it.

6.6 Certain Changes. Neither Holdings, the Company nor any Group Company will:

(a) Borrow or agree to borrow any funds or incur, or assume or become subject to, whether directly or by way of guarantee or otherwise, any obligation or liability (absolute or contingent), except obligations and liabilities incurred in the Ordinary Course;

(b) Pay, discharge or satisfy any claim, liability or obligation (absolute, accrued, contingent or otherwise), other than the payment, discharge or satisfaction when due in the Ordinary Course of liabili-

ties or obligations reflected or reserved against in the Audited Balance Sheet or incurred in the Ordinary Course since the date of the Audited Balance Sheet, or prepay any obligation having a fixed maturity of more than ninety (90) days from the date such obligation was issued or incurred;

(c) Transfer any of its property or assets (real, personal or fixed, tangible or intangible) other than in the Ordinary Course, or permit or allow any such property or asset to be subjected to any Lien of any kind;

(d) Write down the value of any Inventory or write off as uncollectible any notes or accounts receivable, except for immaterial write-downs and write-offs in the Ordinary Course;

(e) Cancel any debts or waive any claims or rights of substantial value or transfer any of its properties or assets, except in the Ordinary Course;

(f) Dispose of or permit to lapse any rights to the use of Intellectual Property, or dispose of or disclose to any person any trade secret, formula, process or know-how not theretofore a matter of public knowledge;

(g) Grant any general increase in the compensation of officers or employees (including any such increase pursuant to any bonus, pension, profit sharing or other plan or commitment) or any increase in the compensation payable or to become payable to any officer or employee;

(h) Make any capital expenditure or commitment other than in the Ordinary Course;

(i) Pay, loan or advance any amount to, transfer or lease any properties or assets to, or enter into any agreement or arrangement with, any of the Sellers or any officers or directors of Holdings, the Company or any Group Company or any Affiliate of such persons or any of its officers or directors, except for directors' fees and compensation to officers in the Ordinary Course;

(j) Grant or extend any power of attorney or act as guarantor, surety, co-signer, endorser, co-maker, indemnitor or otherwise in respect of the obligation of any person, corporation, partnership, joint venture, association, organization or other entity;

(k) Change the auditors of Holdings, the Company or any of the other Group Companies, or

(l) Agree, whether in writing or otherwise, to do any of the foregoing.

6.7 Contracts. Unless so requested by the Purchaser, no Contract or Agreement will be entered into, and no purchase of raw material or supplies and no sale of assets will be made, by or on behalf of the Company or any Company Subsidiary, except (i) any normal Contract or Agreement for the pur-

chase of, and normal purchases of, raw materials or supplies, made in the Ordinary Course, and (ii) any normal Contract or Agreement for the sale of, and normal sales of, Inventory in the Ordinary Course.

6.8 No Default. Neither the Sellers, Holdings, the Company nor any Group Company shall do any act or omit to do any act, or permit any act or omission to act, which would be reasonably like to cause or result in a breach of or default under any material Contract or Agreement of Holdings, the Company or any other Group Company, or which would cause the breach of any warranty made hereunder.

ARTICLE VII
SURVIVAL OF REPRESENTATIONS
AND WARRANTIES; INDEMNIFICATION

7.1 Investigations; Survival; Exclusive Remedy. (a) The right to indemnification, payment of Indemnified Costs or other damages or other remedy based on representations, warranties, covenants and obligations of the Parties will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or at the date of the Closing, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

(b) The representations and warranties of the Purchaser shall be extinguished upon the Closing. The representations and warranties of the Sellers shall survive until the third anniversary of the Closing, on which date they shall terminate; provided, however, that any representation or warranty made by the Sellers relating to (i) Taxes, shall survive until the tolling of all applicable statutes of limitation, or (ii) title to securities acquired or to be acquired by the Purchaser hereunder shall survive without limitation. Any claim made or notified pursuant to this Article VII before the otherwise applicable termination date shall survive such termination. Unless otherwise specified herein, the covenants and agreements of the Parties shall survive the Closing without limit for purposes of indemnification hereunder.

(c) Except as provided by Articles 1425-1440, 1483 and 1484 of the Italian Civil Code, the right to indemnification shall be the exclusive remedy of the Parties.

7.2 Indemnity by the Sellers; Right of Set-Off. (a) Subject to the limitations set forth in this Article VII, the Sellers hereby, jointly and severally up to the amount of the limitation contained in Section 7.4(c) and severally to the extent of liability, if any, in excess of such limitation, agree to indemnify and hold the Purchaser, Holdings, the Company, and the other Group Companies, harmless at all times from and against, and shall pay to the Purchaser, Holdings, the Company and the other Group Companies, as the case may be, the full amount (but in the event the Purchaser asserts a claim for indemnification on behalf of the Company in respect of any Group Company

other than the Company, the full amount multiplied by the percentage of such Group Company owned, directly or indirectly, by the Company) of any and all Indemnified Costs that may be incurred by the Purchaser, Holdings, the Company and the other Group Companies, including their respective directors and officers (collectively, "Purchaser Indemnified Party"), arising out of, involving or relating to, either directly or indirectly, any of the following:

(i) Any inaccuracy in any representations or warranties of the Sellers set forth in this Agreement, the Disclosure Schedule or any certificate or other document delivered or to be delivered pursuant hereto;

(ii) The matters disclosed in that report dated February 1996 delivered by the Sellers to the Purchaser as initialled by counsel to the Sellers and the Purchaser (the "Phenol Liabilities"), notwithstanding such disclosure or the Purchaser's actual knowledge with respect thereto;

(iii) Any breach of any covenant, obligation or agreement of the Sellers set forth in this Agreement, the Escrow Agreement or any Schedule, Exhibit, certificate or other document delivered or to be delivered pursuant hereto; and

(iv) Any liabilities or obligations of Holdings arising prior to the Closing.

(b) Subject to the provisions of this Article VII, a Purchaser Indemnified Party will be obligated to satisfy any Indemnified Costs by exercise of the right of set-off ("Right of Set-Off") against the Secured Amount or the Contingent Consideration (but in the case of the Contingent Consideration, only if such amounts have become or are likely to become payable within 90 days from the date of any Notice of Claim). Satisfaction of any indemnification claim by exercise of the Right of Set-Off (including any earned interest thereon) shall not affect the Sellers' indemnification commitments under this Article VII to the extent that such commitments have not previously been fully satisfied by exercise of the Right of Set-Off. Any contribution arrangements among the Sellers shall not affect any Purchaser Indemnified Party's rights under this Article VII.

7.3 Indemnity by the Purchaser. The Purchaser hereby indemnifies and agrees to hold the Sellers harmless from and against, and shall pay to the Sellers the full amount of any and all Indemnified Costs that may be incurred by the Sellers, arising out of, involving or relating to, any breach of any covenant, obligation or agreement of the Purchaser set forth in this Agreement or any certificate or other document delivered or to be delivered pursuant hereto.

7.4 Limitation. (a) The amount of Indemnified Costs for which the Sellers would otherwise be liable to the Purchaser Indemnified Parties under this Article VII shall be reduced to the extent that:

(i) any reserves or accruals for liabilities reflected on the audited consolidated balance sheet of the Company as of December 31, 1996 (the "December 31, 1996 Balance Sheet") subsequently prove to have been overstated with respect to the total amount of the relevant items; provided, however, that all reserves and accruals on such balance sheet must be audited and in conformity with past practice and Italian GAAP consistently applied;

(ii) insurance recoveries relating to events occurring prior to the date hereof exceed the amount of any related insurance receivable reflected on the December 31, 1996 Balance Sheet; provided, however, that all receivables on such balance sheet must be audited and in conformity with past practice and Italian GAAP consistently applied;

(iii) collections relating to Accounts Receivables reflected on the December 31, 1996 Balance Sheet exceed such reflected amount; provided, however, that all receivables on such balance sheet must be audited and in conformity with past practice and Italian GAAP consistently applied;

(iv) debt reflected on the December 31, 1996 Balance Sheet is forgiven in whole or in part; provided, however, that all debt on such balance sheet must be audited and in conformity with past practice and Italian GAAP consistently applied; and

(v) the amount of cash payments that the Company and/or any Group Company receives during the four year period beginning January 1, 1996 and ending December 31, 1999 from government authorities as per Schedule 7.4(a)(v) exceeds LIT 18,000,000,000 (it should be noted that the amounts stated in such Schedule 7.4(a)(v) are indicative amounts expected to be received); provided that, the amount of Indemnified Costs shall not be reduced for any amount of such cash payments from government authorities in excess of LIT 43,535,000,000 and, therefore, the maximum reduction of Indemnified Costs pursuant to this subsection 7.4(a)(v) shall not exceed LIT 25,535,000,000; provided further, that any reduction made pursuant to this subsection 7.4(a)(v) as a result of cash payments received by any Group Company other than the Company shall equal the full amount of such cash payment multiplied by the percentage of the Group Company owned by the Company.

(b) The Sellers shall not be obligated to indemnify any Purchaser Indemnified Party under this Article VII unless and until the aggregate amount of Indemnified Costs (after taking account of the provisions of Section 7.4(a) above) incurred by Purchaser Indemnified Parties equals or exceeds LIT 5.0 billion, in which event Indemnified Costs in excess of such amount shall be payable pursuant to this Article VII.

(c) Subject to Article 1229 of the Italian Civil Code, the Indemnified Costs (after taking account of the provisions of Sections 7.4 (a) and (b) above) arising from (i) any inaccuracy in any representations or warranties of the Sellers set forth in this Agreement, the Disclosure Schedule or any certificate or other document delivered or to be delivered pursuant hereto or (ii) the Phenol Liabilities, notwithstanding such disclosure or the

Purchaser's actual knowledge with respect thereto, for which the Sellers may be liable shall be limited to LIT 26.5 billion (the "Cap"), provided that:

(i) such Cap shall apply to indemnifiable costs arising out of, involving or relating to, matters of potential liability undisclosed or inaccurately disclosed in this Agreement or the Disclosure Schedule; and

(ii) such Cap shall not serve to limit liability for undisclosed (whether known or unknown) or inaccurately disclosed matters which would result in a breach of (1) Section 3.4 (which covers title to Holdings Shares, Company Shares and shares/quotas of the Group Companies), (2) Section 3.8 (which covers financial matters relating to Holdings) and (3) Section 3.16 (which covers Taxes); provided that, with regard to any indemnifiable costs arising out of, involving or relating to, the matters described in clauses (1), (2) and (3) of this Section 7.4(b)(ii) which are in excess of the Cap, the Sellers shall be severally, and not jointly, liable for such costs in excess of the Cap, only after full exhaustion of the Cap, and only to the extent of LIT 640,236,959,016 in accordance with the percentages set forth in Schedule 8.

(d) As noted in Section 7.1(b), the representations and warranties of the Sellers shall survive until the third anniversary of the Closing, except that (i) any representation or warranty made by the Sellers relating to Taxes shall survive until the tolling of all applicable statutes of limitation, and (ii) any representation or warranty made by the Sellers relating to title to securities acquired or to be acquired by the Purchaser hereunder shall survive without limitation.

(e) No Phenol Liability shall be deemed to be an Indemnified Cost except to the extent that the aggregate amount of any Phenol Liabilities exceed USD 8 million, in which event 50% of the amount by which such Phenol Liabilities exceed USD 8 million shall be deemed to be Indemnified Costs for which the Sellers shall remain liable, subject to the limitations set forth in clauses (a), (b) and (c) of this Section 7.4.

7.5 Notice of Claims; Payment. (a) Notwithstanding any other provision contained in this Agreement, any Indemnified Party shall be deemed to have waived any right thereto unless such party gives to the Indemnifying Party written notice of Claim (the "Notice of Claim"), which Notice of Claim must be submitted by the Purchaser (in the case of a claim by a Purchaser Indemnified Party) or by an authorized designee of the Sellers (in the case of a claim by the Sellers), and shall contain, to the extent known to the Indemnified Party, the facts constituting the basis for such Claim.

(b) The Purchaser shall pay to the Sellers all Indemnified Costs determined pursuant to this Article VII not later than thirty days after (i) the Sellers provide written Notice of Claim under this Article VII to the Purchaser and the Purchaser does not object to such Claim or (ii) a final arbitration award if the Purchaser raises an objection to such Claim. If the Purchaser wrongfully withholds its payment, it shall be required to pay interest at an annualized rate equal to the sum of (i) the Applicable Rate

charged on the due date plus (ii) two percent (2%) for the period commencing on the due date and ending on the date such payment is made. For purposes of this Section 7.5(b), the due date shall be the date thirty days after the occurrence of either of the events described in clause (i) and (ii) of the first sentence of this Section 7.5(b).

(c) If the Purchaser Indemnified Party shall have incurred any Indemnified Costs to which in its judgment it is entitled to be indemnified by the Sellers pursuant to this Article VII, the Purchaser shall deliver the Notice of Claim to the Sellers at the addresses specified in Schedule 9 specifying the amount of such Indemnified Costs to which it maintains it is entitled to indemnification and the facts constituting the basis of such claim. The Sellers may dispute all or any portion of such Indemnified Costs; provided that the Sellers shall notify the Purchaser in writing of any disputed amounts, specifying the exact amounts in dispute and the basis for such dispute, within 45 calendar days of the Sellers' receipt of Purchaser's Notice of Claim. As promptly as possible after December 31, 1999, the Purchaser shall provide the Sellers with a certificate (the "Officer's Certificate") of an officer of the Company setting forth (i) the aggregate amount of Indemnified Costs to which it maintains it is entitled to indemnification and (ii) the amounts to be deducted from such aggregate amount pursuant to Section 7.4(a) and 7.4(b). The Sellers shall pay to the Purchaser the amount specified in clause (i) of the previous sentence (plus interest thereon accrued from the date of the occurrences for which indemnity is so claimed, provided that interest shall not accrue or be payable with respect to any Indemnified Cost until all reserves or accruals relating to such Indemnified Cost on the December 31, 1996 Balance Sheet have been exhausted) minus the amounts specified in Section 7.4(a)(ii), (iii), (iv) and (v) (plus interest thereon accrued from the date of the recovery, collection, debt forgiveness and/or receipt of cash payments from government authorities, as the case may be, referred to in Section 7.4(a)(ii), (iii), (iv) and (v)) not later than thirty days after (i) the Purchaser delivers the Officer's Certificate to the Sellers and the Sellers do not object to the contents of such Officer's Certificate or (ii) a final arbitration award if the Sellers raise an objection to the contents of such Officer's Certificate. If the Sellers wrongfully withhold payment, they shall be required to pay interest at an annualized rate equal to the sum of (i) the Applicable Rate charged on the due date plus (ii) two percent (2%) for the period commencing on the due date and ending on the date such payment is made. For purposes of this Section 7.5(c), the due date shall be the date thirty days after the occurrence of either of the events described in clause (i) and (ii) of the fourth sentence of this Section 7.5(c).

7.6 Defense by Indemnifying Party. An Indemnified Party shall initially undertake the defense of any Third Party Claim (at the expense of the Indemnifying Party) until the Indemnifying Party has acknowledged in writing that the Third Party Claim might give rise to an Indemnified Cost, whether or not involving litigation, at which point the Indemnifying Party will be entitled to assume the defense of such claim; provided, that the Indemnified Party may at any time, at its election, participate (including through representation by attorneys of its own) in such defense, provided, further, that such participation shall be at the Indemnified Party's own expense. If

the Indemnifying Party does not assume control of the defense as provided above, the Indemnified Party may defend against such claim, in such manner as it may deem appropriate, including, but not limited to, settling such claim before or at any stage of the litigation (after giving notice thereof to the Indemnifying Party) on such terms as the Indemnified Party may deem appropriate; provided, however, that the Indemnified Party shall not settle any such claim for consideration other than money without the prior written consent of the Indemnifying Party and the Indemnified Party shall not, without the prior written consent of the Indemnifying Party, settle or compromise any claim or consent to the entry of any judgment that does not include as an unconditional term thereof the giving by the claimant or plaintiff to the Indemnifying Party of a release from all liability in respect of such claim. Upon request, the Indemnified Party shall give the Indemnifying Party access to such information possessed by the Indemnified Party as the Indemnifying Party reasonably requests relating to such claim. At the Indemnifying Party's reasonable request, the Indemnified Party will cooperate with the Indemnifying Party in the preparation of such defense if the Indemnifying Party reimburses the Indemnified Party for the reasonable expenses incurred in connection with such request. The Indemnifying Party shall not settle any such claim for consideration other than money or consideration unrelated to the assets or operations of the Indemnified Party without the prior written consent of the Indemnified Party and the Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment that does not include as an unconditional term thereof the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability in respect of such claim. The party contesting or defending a Third Party Claim shall afford to the other party and its counsel an opportunity to be present at, and to participate in conferences with all persons, including Governmental Authorities, asserting such claims and conferences with representatives or counsel for such persons.

ARTICLE VIII TERMINATION

(a) This Agreement may be terminated by mutual written agreement of the Purchaser and the Sellers, and shall not come into full force and effect in the event that the conditions to Closing provided under Section 2.3 have not occurred on or prior to March 31, 1997.

(b) In case of termination of this Agreement under this Article VIII, all confidential information received by any Party with respect to the business of any other Party or its Affiliates will be kept confidential and will not, without the prior written consent of the party disclosing such information, be disclosed by the party receiving such information (or such Party's representatives), in whole or in part, and will not be used by the Party receiving such information (or such Party's representatives), directly or indirectly, for any purpose other than in connection with completing the Transactions.

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 Entire Agreement; Amendments and Waivers. This Agreement (together with the documents, instruments and writings delivered pursuant hereto, including the Disclosure Schedule and other Schedules and Exhibits hereto) supersedes all prior documents, understandings and agreements, oral or written, relating to these Transactions, including without limitation, the letter of intent, dated May 30, 1996, between Owens-Illinois, Inc., Holdings and the Sellers, and, except as contemplated by various written agreements entered into concurrently herewith, constitutes the entire understanding between the Parties with respect to the subject matter hereof; provided, however, that in the event this Agreement is terminated, or does not come into full force and effect, in accordance with Section 8(a) hereof, the provisions contained in Section 8(b) shall remain in full force and effect. Any modification or amendment to, or waiver of, any provision of this Agreement may be made only by an instrument in writing executed by the Party against whom enforcement thereof is sought.

9.2 Waiver of Compliance. Any failure of the Sellers or the Purchaser to comply with any obligation, covenant, agreement or condition herein may be expressly waived in writing by the Purchaser or the Sellers, respectively, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

9.3 Expenses. Whether or not the Transactions shall be consummated, each Party shall pay all of its own fees and expenses relating to the transactions contemplated by this Agreement, including, without limitation, all fees of counsel, actuaries, financial advisors and accountants. The fees and expenses associated with the Escrow shall be shared equally between the Sellers, on the one hand, and the Purchaser, on the other hand.

9.4 Transfer Taxes. The Purchaser agrees that it will pay any stamp duty ("tassa sui contratti di borsa") and other endorsement costs (other than taxes) incurred in connection with the endorsement of the Holdings Shares and the Direct Shares to the Purchaser.

9.5 Tax Amnesty. If a tax amnesty becomes available to Holdings, the Company and/or the Company Subsidiaries for any period for which the Sellers may have liability, the Sellers may request that Holdings, the Company and/or the Company Subsidiaries take advantage of such tax amnesty and the cost will be borne by the Sellers. If, for any reason, Holdings, the Company and/or the Company Subsidiaries do not wish to take advantage of the tax amnesty, they may veto the request of the Sellers in which case the liability of the Sellers for the relevant period subject to the amnesty will be limited to the cost of the amnesty.

9.6 Notices. Any notice or other communication to a Party required or permitted hereunder shall be made in writing and may be sent by registered mail, return receipt requested, addressed to the address of such

Party set forth in Schedule 9 hereto or to such other address as such other Party shall have communicated to each other Party.

9.7 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties without the prior written consent of the other Party or Parties, as the case may be, provided, however, that the Purchaser may assign, without any prior consent of the other Parties, its rights, interests and obligations to a subsidiary of Owens-Illinois, Inc., provided that the Purchaser shall remain responsible for its obligations hereunder.

9.8 Publicity. Other than as provided for in Sections 5.6 and 5.7 of this Agreement, no Party hereto shall make or issue, or cause to be made or issued, any announcement or written statement concerning this Agreement or the Transactions for dissemination to the general public without the prior written consent of the other Parties. This provision shall not apply, however, to any announcement or written statement required to be made by law or the regulations of any Governmental Authority, except that the Party required to make such announcement shall consult with the other Parties concerning the timing and content of such announcement before such announcement is made.

9.9 Brokers and Finders. Neither the Sellers, Holdings, nor the Company or any Group Company or any of their respective officers, directors or employees have employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the Transactions. Except for Morgan Stanley & Co., the Purchaser has not employed any broker or finder or incurred any liability for brokerage fees, commissions or finder fees in connection with the transactions contemplated by this Agreement.

9.10 Dispute Resolution. The Parties shall attempt to resolve any dispute arising in connection with this Agreement amicably by mutual agreement. Any such dispute between the Parties which cannot be settled by agreement within a period of sixty (60) days shall be finally resolved by arbitration under the Rules of Conciliation and Arbitration of the ICC. Any such arbitration shall be initiated by the delivery of a notice in writing by any Party to the other Party following such sixty (60) day period. The arbitration panel shall be comprised of three (3) arbitrators, one (1) to be appointed by the Purchaser, and one (1) to be appointed by the Sellers, and the third by the first two (2) arbitrators. If either of the first two (2) arbitrators are not appointed within the time provided by said rules, or the two (2) arbitrators fail to agree on the choice of the third within thirty (30) days after the appointment of the second arbitrator becomes effective, such arbitrator(s) shall be appointed by the International Court of Arbitration of the ICC. The place of arbitration shall be Geneva, Switzerland. The language to be used in the arbitral proceeding shall be English. The decision and award of the arbitral tribunal shall be final, non-appealable and binding on all parties hereto and their successors and permitted assigns hereunder, shall

include a decision regarding the allocation of costs relating to any such arbitration and all matters related thereto, and shall be enforceable in any court of competent jurisdiction in accordance with the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

9.11 Counterparts; Language Conflicts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement, including the Disclosure Schedule attached hereto, is executed in English and in an Italian translation. If any provision contained in the English version of this Agreement conflicts or is inconsistent with any provision in the Italian translation of this Agreement, then the provision in the English version shall prevail; provided, however, that in the case of Exhibit A (for which no English version will be produced), the Italian version shall prevail.

9.12 Third Parties. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or corporation other than the Parties hereto and their successors or assigns (including any Affiliate of Owens-Illinois, Inc.), any rights or remedies under or by reason of this Agreement.

9.13 Governing Law. This Agreement and the legal relations among the Parties shall be governed by and construed in accordance with the laws of the Republic of Italy, without regard to its conflicts of law doctrine.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be
duly executed, all as of the day and year first above written.

OI ITALIA S.R.L.

By: /s/R. Scott Trumbull

Name: R. Scott Trumbull

Title: Attorney-in-Fact

SELLERS NAMED ON SCHEDULE 1 HERETO

By: /s/Carlo Pontecorvo

Name: Carlo Pontecorvo

Title: Attorney-in-fact

SCHEDULE 2
DEFINITIONS

"Accounts Receivable" shall mean the trade accounts receivable of the Company and Company Subsidiaries relating to the Glass Business which are outstanding on the date hereof.

"Affiliate" shall mean, with respect to a specified person, (A) any person directly or indirectly owning, controlling, or holding five percent or more of the securities of the specified person, except where such ownership is a portfolio investment; (B) any person five percent or more of whose securities are directly or indirectly owned, controlled, or held by such specified person, except where such ownership is a portfolio investment; (C) any person directly or indirectly controlling, controlled by, or who is under common control with, the specified person; (D) any officer, director, partner, copartner, or employee of the specified person; (E) any trust or estate in which the specified person has a substantial beneficial interest or as to which the specified person serves as a trustee or in a similar capacity; and (F) any relative or spouse of the specified person, or any relative of such spouse.

"Applicable Rate" means three-month RIBOR as published in the daily newspaper "Il sole - 24 Ore."

"Audited Balance Sheet" means the audited, consolidated balance sheet of the Company as at December 31, 1995, included in the Audited Financial Statements.

"Audited Financial Statements" means the audited consolidated Financial Statements of the Company covering each of the three year periods ended December 31, 1993, 1994 and 1995, in the form as filed by the Company with CONSOB.

"Billion" means one thousand million.

"Business Day" means any day during which banks are generally scheduled to be open for business in Milan and New York City, and during which regular trading is scheduled to occur on the Milan Stock Exchange.

"Cap" has the meaning set forth in Section 7.4(c) of this Agreement.

"Claim" means any claim or any legal or equitable action or any arbitration proceeding by any party, including a Third Party Claim.

"Closing" has the meaning set forth in Section 2.2(a) of this Agreement.

"Company" has the meaning set forth on page 1 of this Agreement.

"Company Shares" means the 41,989,240 shares, par value LIT500 each, of the Company issued and outstanding as of the date of this Agreement, excluding the 2,194,055 Withdrawn Shares.

"Company Subsidiary" means the companies set forth under "Subsidiaries" in Schedule 3.6(b) of the Disclosure Schedule.

"CONSOB" means Commissione Nazionale per le Società e la Borsa, the Italian national companies and stock exchange commission.

"Contingent Consideration" has the meaning set forth in Section 2.6 of this Agreement, determined in accordance with Schedule 4(a) hereto.

"Contracts and/or Agreements" means agreements, contracts, commitments, leases, subleases, indentures, mortgages, instruments, security interests, guaranties, insurance policies, warranty claims, rights against third parties, causes of action, other similar arrangements and rights thereunder.

"Direct Shareholders" has the meaning set forth on page 1 of this Agreement.

"Direct Shares" has the meaning set forth in page 1 of this Agreement.

"Direct Shares Consideration" has the meaning set forth in Section 2.5(a)(ii) of this Agreement.

"Disclosure Schedule" means the document entitled Disclosure Schedule, attached as Schedule 3 to this Agreement, which is delivered by the Sellers to the Purchaser simultaneously with the execution hereof, and incorporated herein by reference, containing the information required to be included therein pursuant to this Agreement.

"Escrow Agent" means Società per Amministrazioni Fiduciarie "SPAFID" S.p.A., an Italian company with registered offices in Milan, 6, Piazza P. Ferrari.

"Escrow Agreement" is the agreement referred to in Section 2.1(a)(ii) of this Agreement.

"Financial Books and Records" means all ledgers, books, accounts and journals used in connection with preparing any Financial Statements, including certain originals of which are required by law or any Governmental Authority to be maintained by Holdings, the Company, or any Group Company.

"Financial Statements" means consolidated income statement, balance sheet, and funds flow statement and accompanying footnotes at or for the period ending on any specified date.

"Glass Business" means the business of developing, testing, manufacturing, marketing, selling and exporting glass container and packaging products, tableware and insulators and related support operations, as currently conducted by the Group Companies, as a going concern.

"Governmental Authority" means any court or governmental or other regulatory or administrative agency, commission body, official or any stock exchange authority having jurisdiction over the Parties, Holdings, the Company or any Group Company or any of their properties or operations.

"Group Companies" means the Company, any Company Subsidiary and Affiliates or investees of the Company set forth in Schedule 3.6(b) of the Disclosure Schedule.

"Holdings" has the meaning set forth on page 1 of this Agreement.

"Holdings Financial Statements" has the meaning set forth in Section 3.8 of this Agreement.

"Holdings Purchase Consideration" has the meaning set forth in Section 2.5(a)(i) of this Agreement.

"Holdings' Shareholders" has the meaning set forth on page 1 of this Agreement.

"Holdings Shares" has the meaning set forth on page 1 of this Agreement.

"ICC" means the International Chamber of Commerce.

"Indemnified Costs" means penalties, losses, damages, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees and other dispute resolution costs).

"Indemnified Party" means any party entitled to indemnification under Article VII of this Agreement.

"Indemnifying Party" means any party from whom indemnification is sought under Article VII of this Agreement.

"Intellectual Property" means all design registrations, patents, patent applications, service marks, product registrations, scientific data relating to the safety and efficacy of products, trademarks, trademark registrations, trademark applications, corporate names, logos, copyrights, copyright applications, industrial design registrations, utility models, trade names, trade rights, whether or not registered (or by whatever name or designation), owned or licensed, directly or indirectly, in whole or in part by the Company or any Company Subsidiary, and all proprietary data, formula cards and technical, manufacturing or marketing know-how or information (and materials embodying such information) in the possession of the Company or any Company Subsidiary, including new developments, discoveries, inventories and trade secrets and documentation thereof (including related papers, drawings, models, prototypes, chemical and biological compositions, formulas, diaries, notebooks, specifications, methods of manufacture, data-processing cards, disks, tapes and other software and all data contained therein or thereon), goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions, used in connection with, or that relate to, or are necessary to the operation of the Glass Business.

"Interim Unaudited Balance Sheet" means the unaudited consolidated balance sheet of the Company as at June 30, 1996, included in the Interim Unaudited Financial Statements.

"Interim Unaudited Financial Statements" means the interim unaudited consolidated Financial Statements of the Company for the six month period ended June 30, 1996, including the Interim Unaudited Balance Sheet, prepared by the Company pursuant to Italian GAAP in a manner consistent with the Audited Financial Statements.

"Inventory" means raw materials and supplies, manufactured and purchased parts, goods in process and finished goods other than spare parts expensed.

"Italian GAAP" means Italian generally accepted accounting principles.

"Liens" means any claim, mortgage, deed of trust, pledge, security interest, lien, conditional sales arrangement charge or other encumbrance of any kind.

"LIT" means Lire (or in the singular Lira), the lawful currency of the Republic of Italy.

"Management and Non-Competition Agreements" has the meaning set forth in Section 2.1(a)(v) of this Agreement.

"Merger" has the meaning set forth in Section 3.6(a) of this Agreement.

"Minors" has the meaning set forth on page 1 of this Agreement.

"Notice of Claim" has the meaning set forth in Section 7.5(a) of this Agreement.

"Ordinary Course" means the ordinary course of business consistent with (a) past custom and practices of the Glass Business, including with respect to quantity, price and frequency and (b) the financial plan and accounting practices reflected in the Audited Financial Statements and the Unaudited Consolidated October 31, 1996 Financial Statements.

"Other Financial Information" means the statements of accounts, budgets, income statements, balance sheets, and similar financial information of Holdings, the Company and the Company Subsidiaries including, without limitation, an estimated statement of profitability (excluding extraordinary items) for the twelve-month period ending December 31, 1996, with respect to the Glass Business which have been provided to the Purchaser.

"Parties" means the Purchaser and the Sellers.

"Permits and Licenses" means franchises, approvals, permits, licenses, including paid up licenses on all computer software, orders, registrations, certificates, variances, and similar rights obtained from any Governmental Authority, used in connection with, or that relate to, or are necessary to, the operation of the Glass Business.

"Personal Property" means tangible personal property, whether owned or leased, including machinery, equipment, computers and computer software, furniture, automobiles, trucks, tractors, trailers, tools, jigs, and dies, wherever located.

"Phenol Liabilities" shall have the meaning set forth in Section 7.2(a)(ii) of this Agreement.

"Public Shareholders" means such persons, other than Sellers, who may from time to time own the Public Shares.

"Public Shares" means the 8,869,830 shares of capital stock in the Company, representing 21.124% of the Company Shares listed for trading on the Milan Stock Exchange.

"Purchaser" has the meaning set forth on page 1 of this Agreement.

"Purchaser Indemnified Party" has the meaning set forth in Section 7.2(a) of this Agreement.

"Purchaser's Auditors" means Reconta Ernst & Young, [Milan] office.

"Purchaser's Italian Counsel" means Gianni, Origoni & Partners.

"Real Property" means real property, whether owned or leased, including all buildings, improvements, fixtures, fittings, production lines, equipment, easements, rights of way and appurtenants thereon and thereto.

"Right of Set-Off" has the meaning set forth in Section 7.2(b) of this Agreement.

"Secured Amount" has the meaning set forth in Section 2.7(b) of this Agreement.

"Sellers" has the meaning set forth on page 1 of this Agreement.

"Sellers' Counsel" means Studio Legale e Tributario, 4 Via di Porta Pinciana, Rome.

"Shareholders Contribution" has the meaning set forth in Section 5.10 of this Agreement.

"Signing" has the meaning set forth in Section 2.1(a) of this Agreement.

"Tax" or "Taxes" means all taxes, charges, fees, levies and other assessments, including, without limitation, income, excise, capital, property, immovable property, sales, use, payroll (including required withholdings), value added, social security and franchise taxes imposed by any Governmental Authority, but excluding Transfer Taxes. Such term shall include any interest, penalties or additions payable in connection with such taxes, charges, fees, levies or other assessments.

"Third Party Claim" means any claim or any legal or equitable action or any arbitration proceeding by a person who is not a party to this Agreement.

"Transactions" shall mean the acquisition, by the means specified in Article II of this Agreement by the Purchaser, of the Holdings Shares and the Direct Shares.

"Transfer" means to sell, convey, assign, transfer, deliver or otherwise dispose, whether voluntarily or by operation of law.

"Transfer Taxes" means all transfer, recording, registration, stamp duty, capital, sales and similar taxes or fees imposed by law or any Governmental Authority in connection with or otherwise due and payable as a result of any actions necessary to effect the Transactions.

"Unaudited Consolidated October 31, 1996 Financial Statements" means the unaudited consolidated balance sheet of the Company as at October 31, 1996 and the unaudited consolidated profit and loss statement of the Company for the ten month period ending October 31, 1996.

"Withdrawn Shares" has the meaning set forth in Section 3.7(b) of this Agreement.

The plural or singular, as the case may be, of any defined term shall have a meaning correlative to such defined term.

Consent of Independent Auditors

The Board of Directors
Avir Finanziaria S.p.A.

We consent to the incorporation by reference in the registration statement (No. 33-51982) on Form S-3 of Owens-Illinois, Inc., in the registration statements (Nos. 33-43559 and 33-57139) on Forms S-8 of Owens-Illinois, Inc. Stock Purchase and Saving Plan, Non-Union Retirement and Savings Plan, Supplemental Retirement Plan and Long-Term Savings Plan, in the registration statement (No. 33-44252) on Form S-8 pertaining to the Stock Option Plan for Key Employees of Owens-Illinois, Inc., in the registration statement (No. 33-57141) on Form S-8 pertaining to the Stock Option Plan for Directors of Owens-Illinois, Inc. of our report dated May 13, 1996, except as to Note 21, which is as of March 3, 1997, with respect to the consolidated financial statements of Avir Finanziaria S.p.A. and subsidiaries as of and for the year ended December 31, 1995, which report appears in the Form 8-K/A of Owens-Illinois, Inc. dated March 3, 1997.

KPMG S.p.A.

Rome, Italy
March 3, 1997