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

(Mark one)

FORM 10-Q

/X/ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarter Ended March 31, 2002

or

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

Owens-Illinois, Inc.
(Exact name of registrant as specified in its charter)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Owens-Illinois, Inc. $.01 par value common stock - 147,220,893 shares at April 30, 2002.

(Cover page 1 of 2 pages)

TABLE OF
GUARANTORS
PRIMARY
STANDARD
STATE/COUNTRY
OF INDUSTRIAL
I.R.S EMPLOYEE
EXACT NAME OF
REGISTRANT
INCORPORATION
CLASSIFICATION
INDENTIFICATION
AS SPECIFIED IN
ITS CHARTER OR
ORGANIZATION
CODE NUMBER
NUMBER

OWENS-IILLINOIS
GROUP INC.
DELAWARE 6719
34-1559348
OWENS-BROCKWAY
PACKAGING, INC.
DELAWARE 6719
34-1559346

The address, including zip code, and telephone number, of each additional registrant's principal executive office is One Seagate, Toledo, Ohio 43666 (419) 247-5000. These companies are listed as guarantors of the debt securities of the registrant. The consolidating condensed financial statements of the Company depicting separately its guarantor and non-guarantor subsidiaries are presented in the notes to the consolidated financial statements. All of the equity securities of each of the guarantors set forth in the table above are owned, either directly or indirectly, by Owens-Illinois, Inc.

(Cover page 2 of 2 pages)

Part I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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. Since the following unaudited condensed consolidated financial statements have been prepared in accordance with Article 10 of Regulation S-X, they 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 appearing in the Registrants' Annual Report on Form 10-K for the year ended December 31, 2001.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
Three months ended March 31, 2002 and 2001
(Millions of dollars, except share and per share amounts)

	2002	2001
Revenues:		
Net sales	$ 1,310.9	$ 1,306.1
Royalties and net technical assistance	6.8	5.4
Equity earnings	6.0	3.6
Interest	5.3	6.5
Other	9.3	42.9
	1,338.3	1,364.5
Costs and expenses:		
Manufacturing, shipping, and delivery	1,019.8	1,027.7
Research and development	10.8	10.2
Engineering	7.8	6.8
Selling and administrative	80.8	78.4
Interest	100.9	113.5
Other	484.0	46.9
	1,704.1	1,283.5
Earnings (loss) before items below	(365.8)	81.0
Provision (credit) for income taxes	(131.7)	27.2

Minority
share owners'
interests in
earnings of
subsidiaries
4.5 4.9 -----
----- -------
--- Earnings
(loss) before
extraordinary
item and
cumulative
effect of
accounting
change
(238.6) 48.9
Extraordinary
charge from
early
extinguishment
of debt, net
of applicable
income taxes
(6.7)
Cumulative
effect of
accounting
change
(460.0) -----
----- -------
--- Net
earnings
(loss) $
(705.3) $
48.9
==========
==========

Consolidated Results of Operations - continued
Three months ended March 31, 2002 and 2001

2002 2001 --
-------- ---

Basic net
earnings
(loss) per
share of
common stock
Earnings
(loss)
before
extraordinary
item $
(1.67) $
0.30
Extraordinary
charge
(0.05)
Cumulative
effect of
accounting
change
(3.14) -----
----- ------
---- Net
earnings
(loss) $
(4.86) $
0.30
==========
==========
Weighted
average
shares
outstanding
(thousands)
146,267
144,639
==========
==========
Diluted net
earnings
(loss) per

share of
common stock
Earnings
(loss)
before
extraordinary
item $
(1.67) $
0.30
Extraordinary
charge
(0.05)
Cumulative
effect of
accounting
change
(3.14) -----
----- ------
---- Net
earnings
(loss) $
(4.86) $
0.30
==========
==========
Weighted
diluted
average
shares
(thousands)
146,267
144,662
==========
==========

See accompanying notes.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 2002, December 31, 2001, and March 31, 2001
(Millions of dollars)

March 31, Dec.
31, March 31,
2002 2001 2001

Assets Current
assets: Cash,
including time
deposits $
115.2 $ 155.6 $
173.8 Short-
term
investments, at
cost which
approximates
market 17.3
16.4 14.8
Receivables,
less allowances
for losses and
discounts
($59.6 at March
31, 2002, $71.1
at December 31,
2001, and $53.4
at March 31,
2001) 774.2
754.5 820.5
Inventories
897.6 836.7
858.1 Prepaid
expenses 233.7
224.0 167.2 ---
------------ --
------------- -

Total current
assets 2,038.0
1,987.2 2,034.4
Investments and
other assets:

Equity investments 163.2 166.1 179.3 Repair parts inventories 187.8 199.2 221.4 Prepaid pension 900.2 879.5 796.1 Insurance receivable for asbestos-related costs 37.0 37.0 88.9 Deposits, receivables, and other assets 569.0 582.4 492.2 Goodwill 2,564.2 2,995.3 2,960.0 --------------- --------------- --------------- Total other assets 4,421.4 4,859.5 4,737.9 Property, plant, and equipment, at cost 5,834.2 5,796.2 5,467.8 Less accumulated depreciation 2,595.6 2,536.3 2,349.1 --------------- --------------- --------------- Net property, plant, and equipment 3,238.6 3,259.9 3,118.7 --------------- --------------- --------------- Total assets $ 9,698.0 $ 10,106.6 $ 9,891.0 =============== =============== ===============

CONDENSED CONSOLIDATED BALANCE SHEETS - continued

March 31, Dec. 31, March 31, 2002 2001 2001 -------------- -------------- -------------- Liabilities and Share Owners' Equity Current liabilities: Short-term loans and long-term debt due within one year $ 86.4 $ 71.2 $ 106.7 Current portion of asbestos-related liabilities 220.0 220.0 200.0 Accounts payable and other liabilities 940.1 940.3 931.3 --------------- --------------- --------------- Total current liabilities 1,246.5 1,231.5 1,238.0 Long-term debt 5,344.7 5,329.7 5,537.1 Deferred taxes 326.1 465.2 233.6 Nonpension postretirement benefits 297.1 303.4 289.7 Other liabilities 427.1 386.9 337.5 Asbestos-related liabilities 492.5 78.8 275.9 Commitments and contingencies Minority share owners' interests 148.3 159.3 166.0 Share owners' equity: Convertible preferred stock, par value $.01 per share, liquidation preference $50 per share, 9,050,000 shares authorized, issued and outstanding 452.5 452.5 452.5 Common stock, par value $.01 per share 250,000,000 shares authorized, 159,978,518 shares issued and outstanding, less 12,914,262 treasury shares at March 31, 2002 (159,411,845 issued and outstanding, less 12,932,897 treasury shares at December 31, 2001 and 157,999,945 issued and outstanding, less 12,929,397 treasury shares at March 31, 2001) 1.6 1.6 1.6 Capital in excess of par value 2,220.6 2,217.3 2,208.0 Treasury stock, at cost (247.6) (248.0) (248.0) Retained earnings

(deficit)
(406.1) 304.7
13.1
Accumulated
other
comprehensive
income (605.3)
(576.3) (614.0)

Total share
owners' equity
1,415.7 2,151.8
1,813.2 -------
-------- ------
--------- -----

Total
liabilities and
share owners'
equity $
9,698.0 $
10,106.6 $
9,891.0
===============
===============
===============

See accompanying notes.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED CASH FLOWS
Three months ended March 31, 2002 and 2001
(Millions of dollars)

2002 2001 --
-------- ---
----- Cash
flows from
operating
activities:
Net earnings
(loss)
before
extraordinary
item and
cumulative
effect of
accounting
change $
(238.6) $
48.9 Non-
cash charges
(credits):
Depreciation
107.4 100.7
Amortization
of deferred
costs 12.2
32.8 Future
asbestos-
related
costs 475.0
Deferred tax
credit
(161.5)
(2.9) Gains
on asset
sales (12.0)
Other (40.3)
(22.0)
Change in
non-current
operating
assets 9.4
(9.0)
Asbestos-
related
payments
(61.3)
(68.8)
Asbestos-
related

insurance
proceeds
111.8
Reduction of
non-current
liabilities
(14.0) (1.5)
Change in
components
of working
capital
(51.9)
(141.2) ----
------ -----
--- Cash
provided by
operating
activities
36.4 36.8
Cash flows
from
investing
activities:
Additions to
property,
plant, and
equipment
(112.3)
(93.1) Net
cash
proceeds
from
divestitures
17.0 113.6
Acquisitions,
net of cash
acquired
(2.4) (4.8)
---------- -
------- Cash
provided by
(utilized
in)
investing
activities
(97.7) 15.7
Cash flows
from
financing
activities:
Additions to
long-term
debt 1,073.7
39.3
Repayments
of long-term
debt
(1,058.5)
(119.6)
Payment of
finance fees
(18.0)
Increase
(decrease)
in short-
term loans
16.2 (9.6)
Collateral
deposits for
certain
derivative
instruments
8.6
Convertible
preferred
stock
dividends
(5.4) (5.4)
Treasury
shares
repurchased
(5.2)
Issuance of
common stock
and other
2.7 0.4 ----
------ -----
--- Cash

provided by (utilized in) financing activities 19.3 (100.1) Effect of exchange rate fluctuations on cash 1.6 (8.3) ---------- ------- - Decrease in cash (40.4) (55.9) Cash at beginning of period 155.6 229.7 ---------- - ------- Cash at end of period $ 115.2 $ 173.8 ========== ========

See accompanying notes.

OWENS-ILLINOIS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Tabular data in millions of dollars,
except share and per share amounts

1. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

Three months ended March 31, -- 2002 2001 ----------------- - ---------------- Numerator: Earnings (loss) before extraordinary item and cumulative effect of accounting change $ (238.6) $ 48.9 Convertible preferred stock dividends (5.4) (5.4) - ------------- --- Numerator for basic earnings (loss) per share - income (loss) available to common share owners $ (244.0) $ 43.5
==
Denominator: Denominator for basic earnings (loss) per share - weighted average shares outstanding 146,267,373 144,638,664 Effect of dilutive securities: Stock options 2,914 Exchangeable preferred stock 20,799 - --- ---------------- Dilutive potential common shares 23,713 - -- -- Denominator for diluted earnings (loss) per share - adjusted weighted average shares and assumed exchanges of preferred stock for common stock 146,267,373 144,662,377
==
Basic earnings (loss) per share $ (1.67) $ 0.30
==
Diluted earnings (loss) per share $ (1.67) $ 0.30
==

For the three months ended March 31, 2002, diluted earnings per share of common stock are equal to basic earnings per share of common stock due to the net loss. The Convertible preferred stock was not included in the computation March 31, 2001 diluted earnings per share since the result would have been antidilutive. Options to purchase 7,769,277 weighted average shares of common stock which were outstanding during the three months ended March 31, 2001, were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

2. INVENTORIES

Major classes of inventory are as follows:

March 31, Dec. 31, March 31, 2002 2001 2001

Finished goods	$ 701.0	$ 641.8	$ 660.3
Work in process	9.9	6.2	8.9
Raw materials	119.7	125.3	120.8
Operating supplies	67.0	63.4	68.1
	$ 897.6	$ 836.7	$ 858.1

3. LONG-TERM DEBT

The following table summarizes the long-term debt of the Company:

	March 31, 2002	Dec. 31, 2001	March 31, 2001
Secured Credit Agreement:			
Revolving Credit Facility:			
Revolving Loans	$ 2,424.1	$ 2,410.4	
Term Loan	65.0	1,045.0	
Second Amended and Restated Credit Agreement			
Revolving Credit Facility:			
Revolving Loans			$ 2,852.6
Offshore Loans:			
Australian dollars -- 1.26 billion			612.8
British pounds -- 133.0 million			188.7
Senior Secured Notes:			
8.88%, due 2009	1,000.0		
Senior Notes:			
7.85%, due 2004	300.0	300.0	300.0
7.15%, due 2005	350.0	350.0	350.0
8.10%, due 2007	300.0	300.0	300.0
7.35%, due 2008	250.0	250.0	250.0
Senior Debentures:			
7.50%, due 2010	250.0	250.0	250.0
7.80%, due 2018	250.0	250.0	250.0
Other	184.5	205.1	213.8
	5,373.6	5,360.5	5,567.9
Less amounts due within one year	28.9	30.8	30.8
Long-term debt	$ 5,344.7	$ 5,329.7	$ 5,537.1

In April 2001, certain of the Company's subsidiaries (the "Borrowers") entered into the Secured Credit Agreement (the "Agreement") with a group of banks, which expires on March 31, 2004. The Agreement provides for a $3.0 billion revolving credit facility (the "Revolving Credit Facility") and a $1.5 billion term loan (the "Term Loan"). The Agreement includes an Overdraft Account Facility providing for aggregate borrowings up to $50 million which reduce the amount available for borrowing under the Revolving Credit Facility. The Agreement also provides for the issuance of letters of credit totaling up to $500 million, which also reduce the amount available for borrowings under the Revolving Credit Facility. At March 31, 2002, the Company had unused credit of $479.5 million available under the Secured Credit Agreement.

Prior to April 2001, the Company's significant bank financing was provided under the April 1998 Second Amended and Restated Credit Agreement. The Second Amended and Restated Credit Agreement provided for a $4.5 billion revolving credit facility, which included a $1.75 billion fronted offshore loan revolving facility denominated in certain foreign currencies, subject to certain sublimits, available to certain of the Company's foreign subsidiaries. Borrowings under the Secured Credit Agreement were used to repay all amounts outstanding under, and terminate, the Second Amended and Restated Credit Agreement.

The interest rate on borrowings under the Revolving Credit Facility is, at the Borrower's option, the Base Rate or a reserve adjusted Eurodollar rate. The interest rate on borrowings under the Revolving Credit Facility also includes a margin linked to the Company's Consolidated Leverage Ratio, as defined in the Agreement. The margin is limited to ranges of 1.75% to 2.00% for Eurodollar loans and .75% to 1.00% for Base Rate loans. The interest rate on Overdraft Account loans is the Base Rate minus .50%. The weighted average interest rate on borrowings outstanding under the Revolving Credit Facility at March 31, 2002 was 3.91%. Including the effects of cross-currency swap agreements related to Revolving Credit Facility borrowings by the Company's Australian and U.K. subsidiaries, the weighted average interest rate was 4.90%. While no compensating balances are required by the Agreement, the Borrowers must pay a facility fee on the Revolving Credit Facility commitments of .50%.

The interest rate on borrowings under the Term Loan is, at the Borrowers' option, the Base Rate or a reserve adjusted Eurodollar rate. The interest rate on borrowings under the Term Loan also includes a margin of 2.50% for Eurodollar loans and 1.50% for Base Rate loans. The weighted average interest rate on borrowings outstanding under the Term Loan at March 31, 2002 was 4.42%.

Borrowings under the Agreement are secured by substantially all of the assets of the Company's domestic subsidiaries and certain foreign subsidiaries, which have a book value of approximately $3.5 billion. Borrowings are also secured by a pledge of intercompany debt and equity in most of the Company's domestic subsidiaries and certain stock of certain foreign subsidiaries.

Under the terms of the Agreement, payments for redemption of shares of the Company's common stock are subject to certain limitations. Dividend payments with respect to the Company's Preferred or Common Stock may be impacted by certain covenants. The Agreement also requires, among other things, the maintenance of certain financial ratios, and restricts the creation of liens and certain types of business activities and investments.

During January 2002, a subsidiary of the Company completed a $1.0 billion private placement of senior secured notes. The notes bear interest at 8 7/8% and are due February 15, 2009. The notes are guaranteed by substantially all of the Company's domestic subsidiaries. The

assets of substantially all of the Company's domestic subsidiaries are pledged as security for the notes. The issuing subsidiary used the net cash proceeds from the notes to reduce the outstanding term loan under the Agreement by $980 million. As a result, the Company wrote off unamortized deferred financing fees in January 2002 related to the term loan and recorded an extraordinary charge totaling $10.9 million less applicable income taxes of $4.2 million. The indenture for the notes restricts among other things, the ability of the Company's subsidiaries to borrow money, pay dividends on, or redeem or repurchase stock, make investments, create liens, enter into certain transactions with affiliates, and sell certain assets or merge with or into other companies.

4. FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND NON-GUARANTORS

During the second quarter of 2001, the Company sought and received consent from the holders of a majority of the principal amount of each of its six series of senior notes and debentures to amend the indenture governing those securities. The amendments implement a previously announced offer by the Company and two of its principal subsidiaries to secure the Company's obligations under the indentures and the securities with a second lien on the intercompany debt and capital stock held by the two principal subsidiaries that own its glass container and plastics packaging businesses. In addition, the amendments also implemented a previously announced offer by the two principal subsidiaries to guarantee the senior notes and debentures on a subordinated basis.

The following presents condensed consolidating financial information for the Company, segregating: (1) Owens-Illinois, Inc. which issued the six series of senior notes and debentures (the "Parent"); (2) the two subsidiaries which have guaranteed the senior notes and debentures on a subordinated basis (the "Guarantor Subsidiaries"); and (3) all other subsidiaries (the "Non-Guarantor Subsidiaries"). The guarantor subsidiaries are wholly-owned direct and indirect subsidiaries of the Company and their guarantees are full, unconditional and joint and several. They have no operations and function only as intermediate holding companies.

Wholly-owned subsidiaries are presented on the equity basis of accounting. Certain reclassifications have been made to conform all of the financial information to the financial presentation on a consolidated basis. The principal eliminating entries eliminate investments in subsidiaries and inter-company balances and transactions.

The following information presents condensed consolidating statements of operations, statements of cash flows, and balance sheets for the periods and as of the dates indicated.

March 31,
2002 ------

Non-
Guarantor
Guarantor
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated

- ---------
--- -------
----- -----
------- ---

Balance
Sheet - ---

Current
assets:
Accounts
receivable
$ - $ - $
774.2 $ - $
774.2
Inventories
897.6 897.6
Other
current
assets 77.0
289.2 366.2

- ---------
--- -------
----- -----
------- ---

Total
current
assets 77.0
- 1,961.0 -
2,038.0
Investments
in and
advances to
subsidiaries
3,554.8
1,854.8
(5,409.6) -
Goodwill
2,564.2
2,564.2
Other non-
current
assets 37.0
1,820.2
1,857.2 ---
--------- -

- ---------
--- -------
----- Total
other
assets
3,591.8
1,854.8
4,384.4
(5,409.6)
4,421.4
Property,
plant and
equipment,
net 3,238.6
3,238.6 ---
--------- -

- ---------
--- -------
----- Total
assets $
3,668.8 $
1,854.8 $
9,584.0 $
(5,409.6) $
9,698.0
============
============
============
============
============
Current
liabilities
: Accounts
payable and
accrued
liabilities
$ - $ - $
940.1 $ - $
940.1
Current
portion of
asbestos
liability
220.0 220.0

Short-term loans and long-term debt due within one year 86.4 86.4 ------ ------ ---- -------- -- ---------- ----------- - --------- --- Total current liabilities 220.0 - 1,026.5 - 1,246.5 Long-term debt 1,700.0 5,344.7 (1,700.0) 5,344.7 Asbestos-related liabilities 492.5 492.5 Other non-current liabilities and minority interests (159.4) 1,358.0 1,198.6 Capital structure 1,415.7 1,854.8 1,854.8 (3,709.6) 1,415.7 --- --------- - ----------- ----------- - --------- --- ------- ----- Total liabilities and share owners' equity $ 3,668.8 $ 1,854.8 $ 9,584.0 $ (5,409.6) $ 9,698.0 ============ ============ ============ ============ ============

December 31, 2001 -- ----------- ----------- ----------- ----------- ----------- ----------- ---- Non-Guarantor Guarantor Parent Subsidiaries Subsidiaries Eliminations Consolidated ----------- - --------- --- -------

----- -----
------- ---

Balance
Sheet - ---

Current
assets:
Accounts
receivable
$ - $ - $
754.5 $ - $
754.5
Inventories
836.7 836.7
Other
current
assets 77.0
319.0 396.0

- ---------
--- -------
----- -----
------- ---

Total
current
assets 77.0
- 1,910.2 -
1,987.2
Investments
in and
advances to
subsidiaries
4,022.0
2,322.0
(6,344.0) -
Goodwill
2,995.3
2,995.3
Other non-
current
assets 37.0
1,827.2
1,864.2 ---
--------- -

- ---------
--- -------
----- Total
other
assets
4,059.0
2,322.0
4,822.5
(6,344.0)
4,859.5
Property,
plant and
equipment,
net 3,259.9
3,259.9 ---
--------- -

- ---------
--- -------
----- Total
assets $
4,136.0 $
2,322.0 $
9,992.6 $
(6,344.0) $
10,106.6
============
============
============
============
============
Current
liabilities
: Accounts
payable and
accrued
liabilities
$ - $ - $
940.3 $ - $

940.3 Current portion of asbestos liability 220.0 220.0 Short-term loans and long-term debt due within one year 71.2 71.2 ------ ------ ---- -------- -- ---------- ----------- - --------- --- Total current liabilities 220.0 - 1,011.5 - 1,231.5 Long-term debt 1,700.0 5,329.7 (1,700.0) 5,329.7 Asbestos-related liabilities 78.8 78.8 Other non-current liabilities and minority interests (14.6) 1,329.4 1,314.8 Capital structure 2,151.8 2,322.0 2,322.0 (4,644.0) 2,151.8 --- --------- - ----------- ----------- - --------- --- ------- ----- Total liabilities and share owners' equity $ 4,136.0 $ 2,322.0 $ 9,992.6 $ (6,344.0) $ 10,106.6 ============ ============ ============ ============ ============

March 31, 2001 ------ ----------- ----------- ----------- ----------- ----------- ----------- Non-Guarantor Guarantor Parent Subsidiaries

Subsidiaries Eliminations Consolidated ----------- - --------- --- ------- ----- ----- ------- --- --------- Balance Sheet - --- ---------- Current assets: Accounts receivable $ - $ - $ 820.5 $ - $ 820.5 Inventories 858.1 858.1 Other current assets 70.0 285.8 355.8 ----------- - --------- --- ------- ----- ----- ------- --- --------- Total current assets 70.0 - 1,964.4 - 2,034.4 Investments in and ad- vances to subsidiaries 6,601.8 2,064.8 (8,666.6) - Goodwill 2,960.0 2,960.0 Other non- current assets 88.9 1,689.0 1,777.9 --- --------- - ----------- ----------- - --------- --- ------- ----- Total other assets 6,690.7 2,064.8 4,649.0 (8,666.6) 4,737.9 Property, plant and equipment, net 3,118.7 3,118.7 --- --------- - ----------- ----------- - --------- --- ------- ----- Total assets $ 6,760.7 $ 2,064.8 $ 9,732.1 $ (8,666.6) $ 9,891.0 ============ ============ ============ ============ ============ Current liabilities

: Accounts payable and accrued liabilities $ - $ - $ 931.3 $ - $ 931.3 Current portion of asbestos liability 200.0 200.0 Short-term loans and long-term debt due within one year 106.7 106.7 ------------ ------------ ------------ ------------ ------------ Total current liabilities 200.0 - 1,038.0 - 1,238.0 Long-term debt 4,537.0 5,537.1 (4,537.0) 5,537.1 Asbestos-related liabilities 275.9 275.9 Other non-current liabilities and minority interests (65.4) 1,092.2 1,026.8 Capital structure 1,813.2 2,064.8 2,064.8 (4,129.6) 1,813.2 ------------ ------------ ------------ ------------ ------------ Total liabilities and share owners' equity $ 6,760.7 $ 2,064.8 $ 9,732.1 $ (8,666.6) $ 9,891.0
============
============
============
============
============

Three months ended March 31, 2002 ---------- -------------- -------------- -------------- --------------

-- Non-
Guarantor
Guarantor
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated --
---------- ----
-------- ------
------ --------
---- ----------
-- Results of
Operations - --

---- Net sales
$ - $ - $
1,310.9 $ - $
1,310.9
External
interest income
5.3 5.3
Intercompany
interest income
33.1 33.1
(66.2) - Equity
earnings from
subsidiaries
70.2 (396.5)
326.3 - Other
equity earnings
6.0 6.0 Other
revenue 16.1
16.1 ----------
-- -----------
------------ --
---------- ----
-------- Total
revenue 103.3
(363.4) 1,338.3
260.1 1,338.3
Manufacturing,
shipping, and
delivery
1,019.8 1,019.8
Research,
engineering,
selling,
administrative,
and other 475.0
108.4 583.4
External
interest
expense 33.1
67.8 100.9
Intercompany
interest
expense 33.1
33.1 (66.2) - -
----------- ---
--------- -----
------- -------
----- ---------
--- Total costs
and expense
508.1 33.1
1,229.1 (66.2)
1,704.1
Earnings (loss)
before items
below (404.8)
(396.5) 109.2
326.3 (365.8)
Provision
(credit) for
income taxes
(166.2) 34.5
(131.7)
Minority share
owners'
interests in
earnings of
subsidiaries
4.5 4.5 -------
----- ---------
--- ----------
- ------------

Earnings (loss) before extraordinary charge and cumulative effect of accounting change (238.6) (396.5) 70.2 326.3 (238.6) Extraordinary charge (6.7) (6.7) 6.7 (6.7) Cumulative effect of accounting change (460.0) (460.0) 460.0 (460.0) ------------ ------------ ------------ ------------ ------------ Net income (loss) $ (705.3) $ (396.5) $ (396.5) $ 793.0 $ (705.3) ============ ============ ============ ============ ============

Three months ended March 31, 2001 -- -- Non-Guarantor Guarantor Parent Subsidiaries Subsidiaries Eliminations Consolidated -------------- ------------ ------------ ------------ ------------ -- Results of Operations - -------------------- Net sales $ - $ - $ 1,306.1 $ - $ 1,306.1 External interest income 6.5 6.5 Intercompany interest income 84.8 84.8 (169.6) - Equity earnings from subsidiaries 48.9 48.9 (97.8) - Other equity earnings 3.6 3.6 Other revenue 48.3 48.3 ------------ ------------ ------------ ------------ ------------ Total revenue 133.7 133.7 1,364.5 (267.4) 1,364.5

Manufacturing,
shipping, and
delivery
1,027.7 1,027.7
Research,
engineering,
selling,
administrative,
and other 142.3
142.3 External
interest
expense 84.8
28.7 113.5
Intercompany
interest
expense 84.8
84.8 (169.6) -
------------ --
---------- ----
-------- ------
------ --------
---- Total
costs and
expense 84.8
84.8 1,283.5
(169.6) 1,283.5
Earnings before
items below
48.9 48.9 81.0
(97.8) 81.0
Provision for
income taxes
27.2 27.2
Minority share
owners'
interests in
earnings of
subsidiaries
4.9 4.9 -------
----- ---------
--- -----------
- ------------

Net income
(loss) $ 48.9 $
48.9 $ 48.9 $
(97.8) $ 48.9
============
============
============
============
============

Three
months
ended March
31, 2002 --

---- Non-
Guarantor
Guarantor
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated

- ---------
--- -------
----- -----
------- ---

Cash Flows
- ---------
- Cash
provided by
(used in)
operating
activities

$ (61.3) $
- $ 97.7 $
- $ 36.4
Cash
provided by
(used in)
investing
activities
(97.7)
(97.7) Cash
provided by
(used in)
financing
activities
61.3 (42.0)
19.3 Effect
of exchange
rate change
on cash 1.6
1.6 -------
----- -----
------- ---
--------- -

- Net
change in
cash - -
(40.4) -
(40.4) Cash
at
beginning
of period
155.6 155.6

- ---------
--- -------
----- -----
------- ---

Cash at end
of period $
- $ - $
115.2 $ - $
115.2
============
============
============
============
============

Three
months
ended March
31, 2001 --

---- Non-
Guarantor
Guarantor
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated

- ---------
--- -------
----- -----
------- ---

Cash Flows
- ---------
- Cash
provided by
(used in)
operating
activities
$ 43.0 $ -
$ (6.2) $ -

$ 36.8 Cash provided by investing activities 15.7 15.7 Cash used in financing activities (43.0) (57.1) (100.1) Effect of exchange rate change on cash (8.3) (8.3) ----------- - --------- --- ------- ----- ----- ------- --- --------- Net change in cash - - (55.9) - (55.9) Cash at beginning of period 229.7 229.7 ----------- - --------- --- ------- ----- ----- ------- --- --------- Cash at end of period $ - $ - $ 173.8 $ - $ 173.8 ============ ============ ============ ============ ============

5. CASH FLOW INFORMATION

Interest paid in cash aggregated $54.7 million for the first quarter of 2002 and $77.6 million for the first quarter of 2001. Income taxes paid in cash totaled $5.4 million for the first quarter of 2002 and $8.2 million for the first quarter of 2001.

6. COMPREHENSIVE INCOME

The Company's components of comprehensive income (loss) are net earnings (loss), change in fair value of certain derivative adjustments, and foreign currency translation adjustments. Total comprehensive income (loss) for the three month periods ended March 31, 2002 and 2001 amounted to $(734.3) million and $(58.7) million, respectively.

7. CONTINGENCIES

The Company is one of a number of defendants (typically from 20 to 100 or more) in a substantial number of lawsuits filed in numerous state and federal courts by persons alleging bodily injury (including death) as a result of exposure to dust from asbestos fibers. From 1948 to 1958, one of the Company's former business units commercially produced and sold approximately $40 million of a high-temperature, calcium-silicate based pipe and block insulation material containing asbestos. The Company exited the pipe and block insulation business in April 1958. The traditional asbestos personal injury lawsuits and claims relating to such production and sale of asbestos material typically allege various theories of liability,

including negligence, gross negligence and strict liability and seek compensatory and punitive damages in various amounts (herein referred to as "asbestos claims").

As of March 31, 2002, the Company estimates that it is a named defendant in asbestos lawsuits and claims involving approximately 24,000 plaintiffs and claimants.

Additionally, the Company has claims-handling agreements in place with many plaintiffs' counsel throughout the country. These agreements require evaluation and negotiation regarding whether particular claimants qualify under the criteria established by such agreements. The criteria for such claims include verification of a compensable illness and a reasonable probability of exposure to a product manufactured by the Company's former business unit during its manufacturing period ending in 1958. The Company believes that the bankruptcies of additional co-defendants, as discussed below, have resulted in an acceleration of the presentation and disposition of a number of claims under such agreements, which claims would otherwise have been presented and disposed of over the next several years. This acceleration is reflected in an increased number of pending asbestos claims and, to the extent disposed, contributes to an increase in asbestos-related payments which is expected to continue in the near term.

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

Since receiving its first asbestos claim, the Company, as of March 31, 2002, has disposed of the asbestos claims of approximately 272,000 plaintiffs and claimants at an average indemnity payment per claim of approximately $5,300. The Company's indemnity payments for these claims have varied on a per claim basis, and are expected to continue to vary considerably over time. As discussed above, a part of the Company's objective is to achieve, where possible, resolution of asbestos claims pursuant to claims-handling agreements. Under such agreements, qualification by meeting certain illness and exposure criteria has tended to reduce the number of claims presented to the Company that would ultimately be dismissed or rejected due to the absence of impairment or product exposure evidence. The Company expects that as a result, although aggregate spending may be lower, there may be an increase in the per claim average indemnity payment involved in such resolution. In this regard, although the average of such payments has been somewhat higher following the implementation of the claims-handling agreements in the mid-1990s, the annual average amount has not varied materially from year to year.

The Company believes that its ultimate asbestos-related contingent liability (i.e., its indemnity or other claim disposition costs plus related legal fees) cannot be estimated with certainty. In 1993, the Company established a liability of $975 million to cover indemnity payments and legal fees associated with the resolution of outstanding and expected future asbestos lawsuits and claims. In 1998, an additional liability of $250 million was established. During the third quarter of 2000, the Company established an additional liability of $550 million to cover the Company's estimated indemnity payments and legal fees arising from outstanding asbestos personal injury lawsuits and claims and asbestos personal injury lawsuits and claims expected to be filed in the ensuing several years. The Company's ability to reasonably estimate its liability has been significantly affected by the volatility of asbestos-related litigation in the United States, the expanding list of non-traditional defendants that have been sued in this litigation and found liable for substantial damage awards, the continued use of litigation screenings to generate new

lawsuits, the large number of claims asserted or filed by parties who claim prior exposure to asbestos materials but have no present physical impairment as a result of such exposure, and the growing number of co-defendants that have filed for bankruptcy. Since the beginning of 2000, A. P. Green Industries, Inc., Armstrong World Industries, Babcock & Wilcox, Federal-Mogul Corporation, Fibreboard Corporation, G-I Holdings (GAF), Harbison-Walker Refractories Group, Kaiser Aluminum Corporation, North American Refractories Co., Owens Corning, Pittsburgh-Corning, Plibrico Company, Porter Hayden Company, USG Corporation, W. R. Grace & Co. and several other smaller companies have sought protection under Chapter 11 of the Bankruptcy Code.

The Company has continued to monitor trends which may affect its ultimate liability and has continued to analyze the developments and variables affecting or likely to affect the resolution of pending and future asbestos claims against the Company. The Company expects that the gross amount of total asbestos-related payments will be moderately lower in 2002 compared to 2001 and will continue to decline thereafter as the number of potential claimants continues to decrease. However, the trend toward lower aggregate annual payments has not occurred as soon as had been anticipated when the additional liability was established in 2000. In addition, the number of claims and lawsuits filed against the Company has exceeded the number anticipated at that time. In early March 2002, the Company initiated a comprehensive review to determine whether further adjustment of asbestos-related liabilities was appropriate. At the conclusion of this review in April, the Company determined that an additional charge of $475 million would be appropriate to adjust the reserve for estimated future asbestos-related costs. The March 31, 2002 adjusted reserve reflects (i) the Company's estimate at that date of the reasonably probable contingent liability for asbestos claims already asserted against the Company, (ii) the Company's estimate at that date of the contingent liability for preexisting but unasserted asbestos claims for prior periods arising under its administrative claims-handling agreements with various plaintiffs' counsel, (iii) the Company's estimate at that time of the contingent liability for asbestos claims not yet asserted against the Company, but which the Company believes it is reasonably probable will be asserted in the future, to the degree that such an estimation as to future claims is possible, and (iv) the Company's estimate of legal defense costs likely to be incurred in connection with the foregoing types of claims. The company believes that any possible loss or range of loss in addition to the foregoing charge cannot be reasonably estimated.

Other litigation is pending against the Company, in many cases involving ordinary and routine claims incidental to the business of the Company and in others presenting allegations that are nonroutine and involve compensatory, punitive or treble damage claims as well as other types of relief.

The ultimate legal and financial liability of the Company in respect to the lawsuits and proceedings referred to above, in addition to other pending litigation, cannot be estimated with certainty. The Company's reported results of operations for 2002 have been materially affected by the $475 million first quarter charge and asbestos-related payments continue to be a significant use of the Company's cash. However, the Company believes, based on its examination and review of the matters discussed above and its experience to date, that such ultimate liability will not materially affect the Company's ongoing operating capabilities or its ability to make necessary and appropriate investments in its business and working capital and thus will not have a material adverse effect upon the Company's liquidity or financial position on a long-term basis.

8. SEGMENT INFORMATION

The Company operates in the rigid packaging industry. The Company has two reportable product segments within the rigid packaging industry: (1) Glass Containers and (2) Plastics Packaging. The Plastics Packaging segment consists of two business units - consumer products (plastic containers and closures) and prescription products. The Other segment consists primarily of the Company's labels and carriers products business unit, substantially all of which was divested in early 2001.

The Company evaluates performance and allocates resources based on earnings before interest income, interest expense, provision for income taxes, minority share owners' interests in earnings of subsidiaries, and extraordinary charges, (collectively "EBIT") excluding unusual items. EBIT for product segments includes an allocation of corporate expenses based on both a percentage of sales and direct billings based on the costs of specific services provided.

Financial information for the three-month periods ended March 31, 2002 and 2001 regarding the Company's product segments is as follows (certain amounts from prior year have been reclassified to conform to current year presentation):

Elimina- tions Total and Consoli- Glass Plastics Product Other dated Containers Packaging Other Segments Retained Totals - --- --------------------------------- Net sales: March 31, 2002 $ 870.1 $ 440.8 $ - $1,310.9 $ 1,310.9 March 31, 2001 841.8 459.8 4.5 1,306.1 1,306.1

==

EBIT, excluding unusual items and goodwill amortization: March 31, 2002 $ 151.1 $ 74.8 $ - $ 225.9 $ (21.1) $ 204.8 March 31, 2001 132.1 78.9 0.2 211.2 (13.2) 198.0

==

Unusual items: March 31, 2002 Adjustment of reserve for future asbestos- related costs $ (475.0) $ (475.0) March 31, 2001 Gain on the sale of a minerals business in Australia $ 10.3 $ 10.3 10.3 Gain on the sale of the Company's label business $ 2.8 2.8 2.8

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The reconciliation of EBIT to earnings before income taxes and minority share owners' interests in earnings of subsidiaries for the three-month periods ended March 31, 2002 and 2001 is as follows:

March 31, 2002 March 31, 2001 - -- -------------------------------- EBIT, excluding unusual items and goodwill amortization, for reportable segments $ 225.9 $ 211.2 Unusual items excluded from reportable segment information (475.0) 13.1 Amortization of goodwill (23.1) Eliminations and other retained (21.1) (13.2) Net interest expense (95.6) (107.0) - -- ------------------ Total $ (365.8) $ 81.0

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9. ADOPTION OF NEW ACCOUNTING STANDARD - GOODWILL

On January 1, 2002, the Company adopted Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS No. 142"). As required by FAS No. 142, the Company is no longer amortizing goodwill, but will be reviewing annually (or more frequently if impairment indicators arise) for impairment.

During the first quarter of 2002, the Company completed an impairment test under FAS No. 142 using the business enterprise value ("BEV") of each reporting unit which was calculated as of the measurement date, January 1, 2002, by determining the present value of debt-free, after tax future cash flows, discounted at the weighted average cost of capital of a hypothetical third party buyer. This BEV was then compared to the book value of each reporting unit as of the measurement date to assess whether an impairment existed under FAS 142. Based on this comparison, the Company determined that an impairment existed in its consumer products reporting unit of the Plastics Packaging segment. The consumer products reporting unit operates in a highly competitive and fragmented industry. This industry has excess capacity which has created downward pricing pressure. The Company lowered its earnings and cash flow projections for this unit for the next several years which resulted in a lower BEV. Following a review of the valuation of the assets of the consumer products reporting unit, the Company recorded an impairment charge of $460 million to reduce the reported value of its goodwill. As required by FAS No. 142, the transitional impairment loss has been recognized as the cumulative effect of a change in method of accounting.

The following pro forma earnings and earnings per share data for 2001 have been presented on a pro forma basis to eliminate goodwill amortization of $23.1 million, or $0.16 per share, as required by FAS No. 142.

	Three months ended March 31,	
	2002	2001
	(Actual)	(Pro forma)
Earnings (loss) before extraordinary item and cumulative effect of accounting change	$ (238.6)	$ 72.0
Per share - basic	(1.67)	0.46
Per share - diluted	(1.67)	0.46
Net earnings (loss)	$ (705.3)	$ 72.0
Per share - basic	(4.86)	0.46
Per share - diluted	(4.86)	0.46

10. RESTRUCTURING ACCRUALS

During the second quarter of 2001, the Company recorded net charges of $82.1 million for a restructuring program and impairment at certain of the Company's international and domestic operations. The charge includes the impairment of assets at the Company's affiliate in Puerto Rico and the consolidation of manufacturing capacity and the closing of a facility in Venezuela. The program also includes consolidation of capacity at certain other international and domestic facilities in response to decisions about pricing and market strategy. The Company expects its

actions related to these restructuring and impairment charges to be completed during the next several quarters.

The Company also has remaining restructuring accruals related to a capacity realignment program initiated in 2000. The program principally involved the closing of three U.S. glass container plants. During 2002, the Company has partially reopened one of these facilities, and as such, has reversed a portion of the original charge. The Company expects that it will continue to make cash payments over the next several quarters for on-going costs related to the closing of these facilities.

Selected information relating to the above restructuring accruals follows:

Remaining accruals as of December 31, 2001	$ 37.5
Write-down of assets to net realizable value	(8.8)
Net cash paid	(2.4)
Reversal of previous restructuring charge	(3.2)
Remaining accrual as of March 31, 2002	$ 23.1

11. DERIVATIVE INSTRUMENTS

Under the terms of the April 2001 Secured Credit Agreement, international affiliates are only permitted to borrow in U.S. dollars. In order to manage the international affiliates' exposure to fluctuating foreign exchange rates, the Company's affiliates in Australia and the United Kingdom have entered into currency swaps for the principal portion of their initial borrowings under the Agreement and for their interest payments due under the Agreement.

As of March 31, 2002, the Company's affiliate in Australia has swapped $650.0 million of borrowings into $1,275.0 million Australian dollars. This swap matures on March 31, 2003, with interest resets every 90 days. The interest reset terms of the swap approximate the terms of the U.S. dollar borrowings. This derivative instrument swaps both the interest and principal from U.S. dollars to Australian dollars and also swaps the interest rate from a U.S. based rate to an Australian based rate. The Company's affiliate in the United Kingdom has swapped $200.0 million of borrowings into 139.0 million British pounds. This swap also matures on March 31, 2003, with interest resets every 90 days. This derivative instrument swaps both the interest and principal from U.S. dollars to British pounds and also swaps the interest rate from a U.S. based rate to a British based rate.

On October 1, 2001, the Company completed the acquisition of the Canadian glass container assets of Consumers Packaging Inc. for a purchase price of approximately $150 million. The Company financed this purchase through borrowings under the Secured Credit Agreement, of which $100 million was transferred to Canada through intercompany loans in U.S. dollars with the remaining $50 million being transferred as equity. The Company's affiliate in Canada has entered into swap transactions to manage the affiliate's exposure to fluctuating foreign exchange rates by swapping the principal and interest portion of the intercompany loan. At March 31, 2002, the Canadian affiliate has swapped $90.0 million of borrowings into $142.0 million Canadian dollars. This swap matures on October 1, 2003. This derivative instrument swaps both the interest and principal from U.S. dollars to Canadian dollars and also swaps the

interest rate from a U.S. based rate to a Canadian based rate. The affiliate has also entered in forward hedges which effectively swap $10.0 million of borrowings into $16.0 million Canadian dollars. These hedges swap both the interest and principal from U.S. dollars to Canadian dollars and mature monthly.

The Company recognizes the above derivatives on the balance sheet at fair value. The Company accounts for the above swaps as fair value hedges. As such, the changes in the value of the swaps are included in other expense and are expected to substantially offset any exchange rate gains or losses on the related U.S. dollar borrowings. For the three months ended March 31, 2002, the amount not offset was immaterial.

The Company also uses commodity futures contracts related to forecasted natural gas requirements. The objective of these futures contracts is to limit the fluctuations in prices paid and the potential volatility in earnings or cash flows from future market price movements. During January 2002, the Company entered into commodity futures contracts for approximately 50% of its domestic natural gas usage (approximately 800 million BTUs) through the end of 2002.

The Company accounts for the above futures contracts on the balance sheet at fair value. The effective portion of changes in the fair value of a derivative that is designated as and meets the required criteria for a cash flow hedge is recorded in accumulated other comprehensive income ("OCI") and reclassified into earnings in the same period or periods during which the underlying hedged item affects earnings. The ineffective portion of the change in the fair value of a derivative designated as a cash flow hedge is recognized in current earnings.

The above futures contracts are accounted for as cash flow hedges at March 31, 2002. Hedge accounting is only applied when the derivative is deemed to be highly effective at offsetting anticipated cash flows of the hedged transactions. For hedged forecasted transactions, hedge accounting will be discontinued if the forecasted transaction is no longer probable to occur, and any previously deferred gains or losses will be recorded to earnings immediately.

During the three months ended March 31, 2002, an unrealized net gain of $3.0 million after tax of $1.6 million related to these commodity futures contracts was included in OCI. There was no ineffectiveness recognized during the three months ended March 31, 2002.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS -- FIRST QUARTER 2002 COMPARED WITH FIRST QUARTER 2001

The Company recorded a loss before extraordinary items and cumulative effect of accounting change of $238.6 million for the first quarter of 2002 compared to net earnings of $48.9 million for the first quarter of 2001. The net loss for the first quarter of 2002 of $705.3 million reflects $6.7 million of extraordinary charges from the early extinguishment of debt and $460.0 million from the cumulative effect the change in accounting for goodwill. Excluding the effects of the 2002 extraordinary item, cumulative effect of accounting change, and unusual item discussed below, the Company's first quarter 2002 net earnings of $70.2 million increased $10.2 million, or 17.0% from 2001 first quarter pro forma earnings, excluding unusual items, of $60.0 million, adjusted on a pro forma basis for the goodwill accounting change. Consolidated EBIT for the first quarter of 2002, excluding unusual items, was $204.8 million, an increase of $6.8 million, or 3.4%, compared to the first quarter of 2001 pro forma EBIT, excluding unusual items, of $198.0 million adjusted on a pro forma basis for the goodwill accounting change. The increase is principally due to higher EBIT for the Glass Containers segment, partially offset by lower EBIT of the Plastics Packaging segment, both as further discussed below. Interest expense, net of interest income, decreased $11.4 million from the 2001 period due to both lower interest rates and decreased levels of debt. Excluding the effect of the unusual item, the Company's estimated effective tax rate for the first quarter of 2002 was 31.6%. This compares with a rate of 28.7% for the first quarter of 2001 and 30.3% for the full year of 2001, adjusted on a pro forma basis to exclude the effects of goodwill amortization and unusual items. The increase in the 2002 estimated rate compared to the full year of 2001 is primarily the result of decreased international and domestic tax benefits and credits and a shift in estimated international earnings toward countries with higher effective tax rates.

Capsule segment results (in millions of dollars) for the first quarter of 2002 and 2001 were as follows:

	Net sales (Unaffiliated customers)		EBIT (a)	
	2002	2001	2002	2001 (c)(d)
Glass Containers	$ 870.1	$ 841.5	$ 151.1	$ 142.4
Plastics Packaging	440.8	457.6	74.8	78.9
Other		7.0	-	3.0
Segment totals	1,310.9	1,306.1	225.9	224.3
Eliminations and other retained items			(496.1)(b)	(13.2)
Consolidated EBIT before goodwill amortization			(270.2)	211.1
Amortization of goodwill			-	(23.1)
Consolidated totals	$ 1,310.9	$ 1,306.1	$ (270.2)	$ 188.0

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

(b) EBIT for 2002 includes a charge of $475.0 million related to adjustment of the reserve for estimated future asbestos-related costs.

(c) EBIT for 2001 includes gains totaling $13.1 related to the sale of the Company's label business and the sale of a minerals business in Australia. These items increased segment EBIT as follows: Glass Containers - $10.3 million; Other - $2.8 million.

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

Consolidated net sales for the first quarter of 2002 increased $4.8 million, or 0.4%, over the prior year. Net sales of the Glass Containers segment increased $28.3 million, or 3.4%, over 2001. In North America, the additional sales from the October 2001 acquisition of the Canadian glass container operations were partially offset by decreased shipments of containers for beer. The combined U.S. dollar sales of the segment's other foreign affiliates decreased from the prior year. Increased shipments in Venezuela, Peru, and Poland were more than offset by lower shipments in portions of Europe, South America, and the Asia Pacific region affected by fewer shipping days resulting from extended holiday closings, the absence of the glass container operations in India, and the effects of a strong U.S. dollar. The effect of changing foreign currency exchange rates reduced U.S. dollar sales of the segment's foreign affiliates by approximately $19 million. Net sales of the Plastics Packaging segment decreased $19.0 million, or 4.1%, from 2001, reflecting increased shipments of plastic containers for food, juices and health care and closures for food and beverages, which were more than offset by lower shipments of containers for personal care and prescription packaging and the effects of lower resin costs on pass-through arrangements with customers. The effects of lower resin cost pass-throughs decreased sales approximately $7 million compared to the first quarter of 2001.

Excluding the effects of the 2002 and 2001 unusual items, consolidated EBIT for the first quarter of 2002 increased $6.8 million, or 3.4%, to $204.8 million from the 2001 pro forma EBIT of $198.0 million, adjusted on a pro forma basis to exclude goodwill amortization. EBIT of the Glass Containers segment increased $19.0 million to $151.1 million, compared to pro forma EBIT of $132.1 million in 2001. The combined U.S. dollar EBIT of the segment's foreign affiliates decreased slightly from prior year. Increased shipments in Venezuela, Peru, and Poland and lower energy costs worldwide were more than offset by lower shipments in portions of Europe, South America, and the Asia Pacific region affected by fewer shipping days resulting from extended holiday closings. In North America, Glass Container EBIT increased over 2001 principally as a result of lower costs for energy and the addition of the Canadian glass container operations in the fourth quarter of 2001, partially offset by lower shipments of containers for beer and the conversion of certain food and beverage containers to plastic packaging. EBIT of the Plastics Packaging segment decreased $4.1 million, or 5.2%, to $74.8 million compared to pro forma EBIT of $78.9 million in 2001. Increased shipments of plastic containers for food, juices and health care and closures for food and beverages were more than offset by lower shipments of containers for personal care and prescription packaging. EBIT from eliminations and other retained items, excluding the 2002 unusual item, decreased $7.9 million from 2001

reflecting lower net financial services income due to the sale of the Company's Harbor Capital Advisors business in the second quarter of 2001.

The first quarter of 2002 includes a pretax charge of $475.0 million ($308.8 million after tax) related to the adjustment of the reserve for estimated future asbestos-related costs. The first quarter of 2001 includes pretax gains totaling $13.1 million ($12.0 million after tax) related to the sale of the Company's label business and the sale of a minerals business in Australia.

ASBESTOS-RELATED CHARGE

The asbestos-related charge of $475.0 million ($308.8 million after tax) represents an adjustment of the reserve for estimated future asbestos-related costs. Following the completion of a comprehensive review of its asbestos-related liabilities and costs in April 2002, the Company concluded that an increase in the reserve was required to provide for estimated indemnity payments and legal fees arising from asbestos personal injury lawsuits and claims expected to be filed in the next several years. The adjustment increases the reserve for asbestos-related costs to $712.5 million as of March 31, 2002. Asbestos-related cash payments were $61.3 million for the first quarter of 2002, down from $68.8 million in the prior year period. The Company expects that asbestos-related cash payments will be moderately lower in 2002 than in the prior year, when such payments totaled $245.9 million. The Company anticipates that cash flows from operations and other resources will be sufficient to meet all asbestos-related obligations.

A former business unit of the Company produced a minor amount of specialized high-temperature insulation material containing asbestos from 1948 until 1958, when the business was sold. In line with its limited involvement with an asbestos-containing product and its exit from that business 44 years ago, the Company will continue to work aggressively to minimize the number of incoming cases and will continue to limit payments to only those impaired claimants who were exposed to the Company's products and whose claims have merit under applicable state law. During the first quarter of 2002, the number of asbestos-related claims pending decreased by approximately 10% from the previously reported level of approximately 27,000 at December 31, 2001.

CAPITAL RESOURCES AND LIQUIDITY

The Company's total debt at March 31, 2002 was $5.43 billion, compared to $5.33 billion at December 31, 2001 and $5.64 billion at March 31, 2001.

During April 2001, certain of the Company's subsidiaries entered into the Secured Credit Agreement (the "Agreement") with a group of banks, which expires on March 31, 2004. The Agreement provides for a $3.0 billion revolving credit facility and a $1.5 billion term loan. Borrowings under the Agreement were used to repay all amounts outstanding under, and terminate, the Company's Second Amended and Restated Credit Agreement.

At March 31, 2002, the Company had available credit totaling $3.065 billion under the Agreement, of which $479.5 million had not been utilized. At March 31, 2001, the Company had $771.5 million of credit which had not been utilized under the Company's Second Amended and Restated Credit Agreement. The decrease is due in large part to the $150 million purchase of the Canadian glass container assets of Consumers Packaging Inc. in October 2001. Cash provided by operating activities was $36.4 million for the first three months 2002 compared to $36.8 million for the first three months of 2001.

During January 2002, a subsidiary of the Company completed a $1.0 billion private placement of senior secured notes. The notes bear interest at 8 7/8% and are due February 15, 2009. The notes are guaranteed by substantially all of the Company's domestic subsidiaries. The assets of substantially all of the Company's domestic subsidiaries are pledged as security for the notes. The issuing subsidiary used the net cash proceeds from the notes to reduce the outstanding term loan under the Agreement by $980 million. As such, the Company wrote off unamortized deferred financing fees in January 2002 related to the term loan and recorded an extraordinary charge totaling $10.9 million less applicable income taxes of $4.2 million. The indenture for the notes restricts among other things, the ability of the Company's subsidiaries to borrow money, pay dividends on, or redeem or repurchase stock, make investments, create liens, enter into certain transactions with affiliates, and sell certain assets or merge with or into other companies.

The Company anticipates that cash flow from its operations and from utilization of credit available through March 2004 under the Agreement will be sufficient to fund its operating and seasonal working capital needs, debt service and other obligations. The Company expects that its total asbestos-related payments in 2002 will be moderately lower than 2001. Based on the Company's expectations regarding future payments for lawsuits and claims, and also based on the Company's expected operating cash flow, the Company believes that the payment of any deferred amounts of previously settled or otherwise determined lawsuits and claims, and the resolution of presently pending and anticipated future lawsuits and claims associated with asbestos, will not have a material adverse effect upon the Company's liquidity on a short-term or long-term basis.

The Company's Board of Directors has authorized the management of the Company to repurchase up to 20 million shares of the Company's common stock. Since July 1999, the Company has repurchased 12,932,897 shares for $248.0 million. No shares were repurchased during the first quarter of 2002. The Company may purchase its common stock from time to time on the open market depending on market conditions and other factors. During the term of the Agreement, the Company's total share repurchases are limited to the lesser of two million shares or $25 million. The Company believes that cash flows from its operations and from utilization of credit available under the Agreement will be sufficient to fund any such repurchases in addition to the obligations to its seasonal working capital needs, debt service, asbestos-related payments, and other obligations.

CRITICAL ACCOUNTING ESTIMATES

The Company's analysis and discussion of its financial condition and results of operations are based upon its consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The Company evaluates these estimates and assumptions on an ongoing basis, including but not limited to those related to pension benefit plans, contingencies and litigation, and goodwill. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. The results of these estimates may form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources. Actual results, under conditions and circumstances different from those assumed, may differ from estimates. The impact and any associated risks related to estimates and assumptions are discussed within Management's

Discussion and Analysis of Financial Condition and Results of Operations, as well as in the Notes to Condensed Consolidated Financial Statements, if applicable, where estimates and assumptions affect the Company's reported and expected financial results.

The Company believes that accounting for pension benefit plans, contingencies and litigation, and goodwill involves the more significant judgments and estimates used in the preparation of its consolidated financial statements:

Pension Benefit Plans Funded Status

Because of their funded status, the Company's principal pension benefit plans contributed pretax credits to earnings of approximately $20.9 for the first quarter of 2002 and approximately $24.3 for the first quarter of 2001. The

Company expects that the amount of such credits for the full year 2002 will be approximately 15% lower than the full year of 2001. The 2002 decrease in pretax pension credits is attributed to lower expected return on assets and the addition of certain pension plans from the acquisition of the Canadian glass container assets of Consumers Packaging Inc. A one-half percentage point change in the actuarial assumption regarding the expected return on assets would result in a change of approximately $15 million in pretax pension credits for the full year. The funded status of the plans provides assurance of benefits for participating employees, but future effects on operating results depend on economic conditions and investment performance.

Contingencies and Litigation

The Company believes that its ultimate asbestos-related contingent liability (i.e., its indemnity or other claim disposition costs plus related legal fees) cannot be estimated with certainty. The Company's ability to reasonably estimate its liability has been significantly affected by the volatility of asbestos-related litigation in the United States, the expanding list of non-traditional defendants that have been sued in this litigation and found liable for substantial damage awards, the continued use of litigation screenings to generate new lawsuits, the large number of claims asserted or filed by parties who claim prior exposure to asbestos materials but have no present physical impairment as a result of such exposure, and the growing number of co-defendants that have filed for bankruptcy. The Company believes that the bankruptcies of additional co-defendants have resulted in an acceleration of the presentation and disposition of a number of claims under such agreements, which claims would otherwise have been presented and disposed of over the next several years. The Company continues to monitor trends which may affect its ultimate liability and continues to analyze the developments and variables affecting or likely to affect the resolution of pending and future asbestos claims against the Company. See Note 7 to the Condensed Consolidated Financial Statements for further information.

Goodwill

Beginning in 2002, the Company will evaluate goodwill annually (or more frequently if impairment indicators arise) for impairment. Goodwill impairment testing is performed using the business enterprise value ("BEV") of each reporting unit which is calculated as of a measurement date, by determining the present value of debt-free, after tax future cash flows, discounted at the weighted average cost of capital of a hypothetical third party buyer. This BEV is then compared to the book value of each reporting unit as of the measurement date to assess whether an impairment exists under FAS 142. If certain assumptions in the BEV change, such

as EBIT projections, cash flow projections, or risk adjusted cost of capital, goodwill may have to be written down.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

All borrowings under the April 2001 Secured Credit Agreement, including borrowings by foreign subsidiaries, are denominated in U.S. dollars. As described in Note 11 to the financial statements, certain amounts borrowed under the agreement by foreign subsidiaries have been swapped into the subsidiaries' functional currencies. During January 2002, a subsidiary of the Company completed a $1.0 billion private placement of senior secured notes. The notes bear interest at 8 7/8% and are due February 15, 2009. The issuing subsidiary used the net cash proceeds from the notes to reduce the outstanding term loan under the Secured Credit Agreement by $980 million. As a result, the Company's exposure to variable interest rates was reduced and the maturity of a significant portion of its debt was extended by five years. However, the higher interest rate on the notes will cause the Company to incur higher interest expense.

FORWARD LOOKING STATEMENTS

This document may contain "forward looking" statements as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements reflect the Company's best assessment at the time, and thus involve uncertainty and risk. It is possible the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to the following: (1) foreign currency fluctuations relative to the U.S. dollar, (2) change in capital availability or cost, including interest rate fluctuations, (3) the general political, economic and competitive conditions in markets and countries where the Company has operations, including competitive pricing pressures, inflation or deflation, and changes in tax rates, (4) consumer preferences for alternative forms of packaging, (5) fluctuations in raw material and labor costs, (6) availability of raw materials, (7) costs and availability of energy, (8) transportation costs, (9) consolidation among competitors and customers, (10) the ability of the Company to integrate operations of acquired businesses, (11) the performance by customers of their obligations under purchase agreements, and (12) the timing and occurrence of events, including events related to asbestos lawsuits and claims, which are beyond the control of the Company. It is not possible to foresee or identify all such factors. Any forward looking statements in this document are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not intend to update any particular forward looking statements contained in this document.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

In August 1998, the Company received a Notice of Violation from the United States Environmental Protection Agency regarding alleged opacity violations at its Oakland, California glass container plant from the period of 1994 through 1997. Certain furnaces at the plant are equipped with monitors that continuously monitor opacity. During this period, these furnaces had occasional upset and breakdown conditions that caused opacity excursions that were reported to the local air quality management district. This action by the EPA involves the same incidents that were resolved with the local air quality management district. The ultimate resolution of this matter is not expected to require any capital expenditure or change in operations.

In September 2001, the Virginia Department of Environmental Quality issued a Notice of Violation to the Company's plant located in Toano, Virginia, alleging violations of certain regulations in connection with certain changes that were made to the furnaces during repairs. The Company is currently attempting to resolve the issues by negotiating a settlement with the Virgina Department of Environmental Quality. As part of the proposed settlement, the Company would agree to certain production capacity limitations and may have to install abatement devices on the furnaces, which would require less than $2 million in capital expenditures.

For further information on legal proceedings, see Note 7 to the Condensed Consolidated Financial Statements, "Contingencies," that is included in Part I of this Report and is incorporated herein by reference.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

Exhibit 4.1	Second Amendment to Secured Credit Agreement dated as of April 19, 2002
Exhibit 10.1	Second Amendment to Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OWENS-ILLINOIS, INC.

Date May 15, 2002

By /s/ Edward C. White

Edward C. White,
Vice President and Controller
(Principal Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OWENS-ILLINOIS GROUP, INC.

Date May 15, 2002

By /s/ Edward C. White

Edward C. White,
Controller and Chief Accounting Officer

(Principal Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OWENS-BROCKWAY PACKAGING, INC.

Date May 15, 2002 By /s/ Edward C. White

Edward C. White,
Assistant Treasurer
(Principal Accounting Officer)

INDEX TO EXHIBITS

EXHIBITS	
4.1	Second Amendment to Secured Credit Agreement dated as of April 19, 2002
10.1	Second Amendment to Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan
12	Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends

EXHIBIT 4.1

OWENS-ILLINOIS GROUP, INC.
OWENS-BROCKWAY GLASS CONTAINER INC.
OI GENERAL FTS INC.
OI PLASTIC PRODUCTS FTS INC.
UNITED GLASS LIMITED
UNITED GLASS GROUP LIMITED
OWENS-ILLINOIS (AUSTRALIA) PTY LIMITED
ACI OPERATIONS PTY LIMITED
OI ITALIA S.R.L.
AZIENDE VETRARIE INDUSTRIALI RICCIARDI S.P.A.

SECOND AMENDMENT
TO SECURED CREDIT AGREEMENT
DATED AS OF APRIL 19, 2002

This SECOND AMENDMENT TO SECURED CREDIT AGREEMENT (this "AMENDMENT") is dated as of April 19, 2002 and entered into by and among OWENS-ILLINOIS GROUP, INC., a Delaware corporation ("COMPANY"), OWENS-BROCKWAY GLASS CONTAINER INC., a Delaware corporation ("OWENS BROCKWAY"), OI GENERAL FTS INC., a Delaware corporation ("O-I GENERAL FTS"), OI PLASTIC PRODUCTS FTS INC., a Delaware corporation ("O-I Plastic), UNITED GLASS LIMITED, a corporation organized under the laws of England and Wales, UNITED GLASS GROUP LIMITED, a corporation organized under the laws of England and Wales, OWENS-ILLINOIS (AUSTRALIA) PTY LIMITED, a limited liability company organized under the laws of Australia, ACI OPERATIONS PTY LIMITED, a limited liability company organized under the laws of Australia, OI ITALIA S.R.L., a limited liability company organized under the laws of Italy, AZIENDE VETRARIE INDUSTRIALI RICCIARDI S.P.A., a joint stock company organized under the laws of Italy, OWENS-ILLINOIS GENERAL, INC., a Delaware corporation, as Borrowers' Agent (in such capacity "BORROWERS' AGENT"), THE LENDERS LISTED ON THE SIGNATURE PAGES HEREOF (each individually a "LENDER" and collectively, "LENDERS") and DEUTSCHE BANK TRUST COMPANY AMERICAS (F/K/A BANKERS TRUST COMPANY), as Administrative Agent (in such capacity, "ADMINISTRATIVE AGENT") and Collateral Agent (in such capacity, "COLLATERAL AGENT") for the Lenders and is made with reference to that certain Secured Credit Agreement dated as of April 23, 2001, as amended by that certain First Amendment to Credit Agreement and Consent dated as of December 31, 2001 (as so amended, the "CREDIT AGREEMENT"), by and among the foregoing parties. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

RECITALS

WHEREAS, Holdings and its Subsidiaries desire to increase their unfunded non-cash reserve for claims of persons against Holdings for exposure to asbestos-containing products and expenses related thereto;

WHEREAS, Borrowers have requested that the definition of "Consolidated Net Income" be amended to exclude the effects of the increase of such reserve in calculating certain financial covenants in the Credit Agreement;

WHEREAS, Borrowers have requested that the requirements for the maximum Consolidated Leverage Ratio be modified for certain dates;

WHEREAS, Borrowers have requested that Holdings be permitted to make certain repurchases of the Existing Senior Notes maturing in 2004 and 2005 irrespective of the order of the maturities of such notes;

WHEREAS, Borrowers have agreed to divide a portion of outstanding Revolving Loans into a separated funded tranche of Loans; and

WHEREAS, Borrowers and Lenders desire to amend the assignment provisions to permit separate assignment of such separated funded loans.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. AMENDMENTS TO DEFINITIONS

A. COMPLETE DEFINITIONS. Subsection 1.1 of the Credit Agreement is hereby amended by adding or revising the following definitions, each to be included in the appropriate alphabetical order:

"'CONSOLIDATED NET INCOME' means, for any period, the net income (or loss) of Holdings and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP adjusted to exclude the effects of the 2002 Additional Asbestos Reserve during such period.

"'GENERAL REVOLVING LOANS' means Revolving Loans that are not Separated Funded Loans.

"'GENERAL REVOLVING NOTE" means a promissory note of a Domestic

Borrower substantially in the form of Exhibit XIX annexed hereto, issued in favor of Lenders pursuant to subsection 2.1G(iv) to evidence the General Revolving Loans made to such Domestic Borrower, as it may be amended, supplemented or otherwise modified from time to time. "GENERAL REVOLVING NOTES" means all such promissory notes collectively, as they may be amended, supplemented or otherwise modified from time to time.

"'REVOLVING LOANS" means, as the context requires, either Separated Funded Loans or General Revolving Loans, or a combination thereof.

"'REVOLVING NOTES" means, as the context requires, either "Revolving Notes" issued prior to the Second Amendment Effective Date, Separated Funded Notes or General Revolving Notes, or a combination thereof.

"'SECOND AMENDMENT' means that certain Second Amendment dated as of April 19, 2002 to the Credit Agreement.

"'SECOND AMENDMENT EFFECTIVE DATE' means the date pursuant to which the Second Amendment becomes effective in accordance with its terms.

"'SECOND AMENDMENT EFFECTIVE DATE AGGREGATE REVOLVING LOAN BALANCE' means the principal amount of all Revolving Loans outstanding on the Second Amendment Effective Date.

"'SEPARATED FUNDED LOANS' means those Revolving Loans in an aggregate principal amount of $500,000,000 separated into a tranche of funded loans on the Second Amendment Effective Date pursuant to subsection 2.1A(iii).

"'SEPARATED FUNDED NOTES" means a promissory note of O-I Plastic substantially in the form of Exhibit XX annexed hereto, issued in favor of Lenders pursuant to subsection 2.1G(iv) to evidence the Separated Funded Loan made to O-I Plastic, as it may be amended, supplemented or otherwise modified from time to time. "SEPARATED FUNDED NOTES" means all such promissory notes collectively, as they may be amended, supplemented or otherwise modified from time to time."

"'2002 ADDITIONAL ASBESTOS RESERVE' means an unfunded increase made as of March 31, 2002 in the reserve for claims of persons against Holdings for exposure to asbestos-containing products and expenses related thereto in an amount not to exceed $500,000,000."

B. MODIFIED DEFINITIONS. Subsection 1.1 of the Credit Agreement is hereby amended by modifying portions of the following existing definitions:

1. "Consolidated Net Worth" is modified to add the following further proviso at the end thereof:

"; PROVIDED FURTHER that no adjustment shall be made in Consolidated Net Worth for the effects of the 2002 Additional Asbestos Reserve."

2. "Domestic Borrower's Total Utilization of Revolving Loan Commitments" is modified to substitute "General Revolving Loans" for "Revolving Loans" in the third line thereof.

3. "Lender" and "Lenders" are modified to revise the further proviso to read as follows:

"; PROVIDED FURTHER that the term "Lenders" when used in the context of a particular Commitment or Loan, shall mean Lenders having that Commitment or making that Loan."

4. "Proportionate Percentage" is modified to add the following sentence at the end thereof: "The Proportionate Percentage of O-I Plastic of the Separated Funded Loans is 100%."

5. "Revolving Loan Exposure" is modified to revise clause (i) and subclause (ii)(a) to read as follows:

"'(i) prior to the termination of the Revolving Loan Commitments, the sum of that Lender's Revolving Loan Commitment PLUS the Separated Funded Loans of that Lender and (ii) after the termination of the Revolving Loan Commitments, the sum (without duplication) of (a) the sum of the aggregate outstanding principal amount of the Revolving Loans and Separated Funded Loans of that Lender PLUS'"

The remainder of such definition is not changed.

6. "Total Utilization of Revolving Loan Commitment" is modified to substitute "General Revolving Loans" for "Revolving Loans" in clause (i) thereof.

SECTION 2. AMENDMENTS TO LOANS AND COMMITMENTS; NOTES.

A. SEPARATION OF SEPARATED FUNDED LOANS. Subsection 2.1A of the Credit Agreement is amended by adding a new subsection 2.1A(iii) to read in its entirety as follows:

"(iii) SEPARATED FUNDED LOANS AND GENERAL REVOLVING LOANS.

On the Second Amendment Effective Date, Revolving Loans outstanding on such date shall be separated into a tranche of Separated Funded Loans in an aggregate principal amount of $500,000,000 and General Revolving Loans in an aggregate principal amount equal to the difference between the Second Amendment Effective Date Aggregate Revolving Loan Balance and $500,000,000, and the amount of the Revolving Loan Commitments in effect immediately prior to the Second Amendment Effective Date shall be permanently reduced by $500,000,000. Such separation of Loans and reduction of Revolving Loan Commitments shall be effected ratably among all Lenders having a Revolving Loan Commitment in accordance with their respective Pro Rata Shares. Once repaid, Separated Funded Loans may not be reborrowed.

All payments, computations and other matters relating to the Separated Funded Loans shall be made proportionately among all Lenders having Separated Funded Loans in the percentage obtained by DIVIDING (x) the Separated Funded Loans of that Lender BY (y) the aggregate Separated Funded Loans of all Lenders.

The Separated Funded Loans shall be the primary Obligations of O-I Plastic and the joint and several Obligations of each Domestic Borrower. The General Revolving Loans shall be the primary Obligations of the Borrower incurring the Revolving Loans (after giving effect to the separation of $500,000,000 of such Revolving Loans of O-I Plastic into the Separated Funded Loans) and the joint and several Obligations of the Domestic Borrowers.

After giving effect to the separation of Revolving Loans and reduction of the Revolving Loan Commitments made pursuant to this subsection 2.1A(iii) on

the Second Amendment Effective Date, the Separated Funded Loans shall be assigned separately from any General Revolving Loan or Revolving Loan Commitment held by the assignor, such assignment of Separated Funded Loans shall not release the assignor from any portion of its obligations with respect to its Revolving Loan Commitment and the assignee shall not acquire any obligations with respect to the Revolving Loan Commitments, including any obligation relating to the making of additional General Revolving Loans, the participation in any Letters of Credit or drawings under the Overdraft Agreements, but such assignee shall be liable for its Pro Rata Share of obligations relating to indemnification of Agents and expense reimbursement of Agents pursuant to subsection 8.4."

B. ISSUANCE OF SEPARATED FUNDED NOTES AND GENERAL REVOLVING NOTES. Subsection 2.1G(iv) is hereby amended by adding the following sentence immediately after the first sentence hereof:

"In addition, on and after the Second Amendment Effective Date, if so requested by any Lender by written notice to Domestic Borrowers (with a copy to Administrative Agent), each Lender having a Revolving Loan Commitment may request that O-I Plastic issue a Separated Funded Note to such Lender (or its permitted assignee) substantially in the form of Exhibit XX hereto to evidence such Lender's (or permitted assignee's) Separated Funded Loan and a General Revolving Note to such Lender substantially in the form of Exhibit XIX hereto to evidence such Lender's General Revolving Loans (and giving effect to the separation of the Separated Funded Note so issued) and such Lender shall concurrently return its Revolving Note to Borrowers' Agent."

The remainder of such subsection is unchanged.

C. FEE ON SEPARATED FUNDED LOANS. Subsection 2.3 of the Credit Agreement is amended to add a new subsection 2.3D to read in its entirety as follows:

"D. FEE ON SEPARATED FUNDED LOAN. O-I Plastic shall pay to Administrative Agent (for distribution to each Lender holding a Separated Funded Loan in accordance with such Lender's Pro Rata Share) a fee with respect to the Separated Funded Loans, for the period from the Second Amendment Effective Date until payment in full thereof, equal to the daily average principal amount of the Separated Funded Loans MULTIPLIED by 0.50% per annum, such fees to be computed on the basis of a 360-day year and to be payable in arrears on each Fee Payment Date for the three-month period ending on the day prior to such Fee Payment Date, commencing on the first such date to occur after the Second Amendment Effective Date, and on payment in full of the Separated Funded Loans."

D. AMENDMENTS OF PREPAYMENT PROVISIONS.

1. AMENDMENT OF INTRODUCTORY CLAUSE OF MANDATORY PREPAYMENT PROVISIONS. The introductory clause of subsection 2.4A(ii) is hereby amended to read as follows:

"The Loans shall be prepaid and/or, subject to subsection 2.4A(iii), the Revolving Loan Commitments shall be permanently reduced in the amount and under the circumstances set forth below:"

2. Amendment of Prepayment Provisions due to Reduction of Revolving Loan Commitments. Subsection 2.4A(ii)(g) is hereby amended to read in its entirety as follows:

"(g) Each Domestic Borrower shall make prepayments of its General Revolving Loans and Separated Funded Loans to the extent necessary so that the aggregate outstanding principal amount of the sum of General Revolving Loans and Separated Funded Loans to such Domestic Borrower at any time does not exceed the sum of the Revolving Loan Commitments then in effect to such Domestic Borrower PLUS its Separated Funded Loans giving effect to the application of the second sentence of subsection 2.4A(iii). Domestic Borrowers shall also make such prepayments of Revolving Loans (and cause the relevant Offshore Borrowers in the case of Offshore Loans, to make) prepayments of the Revolving Loans, and Offshore Loans to the extent necessary so that (a) the Total Utilization of Revolving Loan Commitments at any time does not exceed the Revolving Loan Commitments then in effect and (B) no Domestic Borrower's Total Utilization of the Revolving Loan Commitments exceed the Revolving Loan Commitments to such Domestic Borrower then in effect.'

3. AMENDMENT OF APPLICATION OF PREPAYMENTS. The first two sentences of subsection 2.4A(iii) of the Credit Agreement shall be amended to read in their entirety as follows:

"(iii) APPLICATION OF PREPAYMENTS. Any voluntary prepayments pursuant to subsection 2.4A(i) shall be applied as specified by the applicable Borrower in the applicable notice of prepayment; provided that in the event the applicable Borrower fails to specify the Loans to which any such prepayment by it shall be applied, such prepayment shall be FIRST to repay outstanding Revolving Loans to the full extent thereof, SECOND to repay outstanding Term Loans to the full extent thereof, and THIRD to the L/C Collateral Account until the L/C Collateral Account holds an amount equal to the Aggregate Available Amount (as defined in the Security Agreement); PROVIDED that if no order is specified, voluntary prepayments applicable to the Revolving Loans hereunder shall be applied pro rata among all Revolving Loans and, in the case of Offshore Borrowers, to prepay Offshore Loans; PROVIDED FURTHER that, notwithstanding anything in the foregoing to the contrary, such voluntary prepayments of Revolving Loans shall be applied first to General Revolving Loans to the full extent thereof and then to Separated Funded Loans. Any mandatory prepayment pursuant to subsections 2.4A(ii)(a)-(f) shall be applied as set forth in such subsections; PROVIDED that all mandatory prepayments of the Revolving Loans shall be made ratably between Separated Funded Loans and General Revolving Loans in proportion to the respective principal

amounts outstanding on the date of each such prepayment and the amount of any mandatory reduction of the Revolving Loan Commitments otherwise required by such subsections shall be reduced by the amount of the prepayments made on the Separated Funded Loans; PROVIDED FURTHER, if at the time of such mandatory prepayment, the Term Loans have been repaid in full and the amount of such prepayment exceeds the sum of the Revolving Loan Commitments then in effect PLUS the Separated Funded Loans outstanding the amount by which such prepayment exceeds such amount shall be applied to the L/C Collateral Account until the L/C Collateral Account holds an amount equal to the Aggregate Available Amount (as defined in the Security Agreement)."

The remainder of such subsection is unchanged.

E. AMENDMENT OF PREPAYMENT RESTRICTIONS ON RESTRICTED DEBT OBLIGATIONS. Subsections 2.4A(ii)(e)(2)(A) and 2.4A(ii)(e)(2)(C) are hereby amended to delete the words "in forward order of maturity" appearing in subclauses (i) and (ii) of subclause (A) and in subclause (C).

SECTION 3. AMENDMENTS TO SECTION 6

A. AMENDMENT TO CONSOLIDATED LEVERAGE RATIO COVENANT. Subsection 6.6B of the Credit Agreement is hereby amended to revise the maximum Consolidated Leverage Ratio permitted at the dates shown below to the correlative ratio indicated:

"Fiscal Quarter Ending	Maximum Consolidated Leverage Ratio
June 30, 2002	4.5
September 30, 2002	4.5
December 31, 2002	4.5
March 31, 2003	4.5"

B. AMENDMENT OF PREPAYMENT RESTRICTIONS ON RESTRICTED DEBT OBLIGATION. Subsection 6.12 B of the Credit Agreement is hereby amended to delete the phrase "in forward order of maturity" in the two places in such subsection which it appears.

SECTION 4. AMENDMENTS TO ASSIGNMENT PROVISIONS

A. AMENDMENT OF ASSIGNMENT PROVISIONS. Subsection 10.2B(i) of the Credit agreement is hereby amended to read in its entirety as follows:

"B. Assignments.

(i) AMOUNTS AND TERMS OF ASSIGNMENTS. Each Loan, Commitment, Letter of Credit or participation therein or other Obligation may (a) be assigned in any amount (of a constant and not a varying percentage) to another Lender, or to an Affiliate of the assigning Lender or another Lender, with the giving of notice

to Borrowers' Agent and Administrative Agent or a Related Fund of such Lender; PROVIDED THAT, if such Related Fund is not a Lender, such assignment shall be in an amount not less than $1,000,000 in the case of a Term Loan or a Separated Funded Loan and $5,000,000 in the case of a Revolving Loan Commitment, Letter of Credit or participation therein or other Obligation or (b) be assigned in an amount (of a constant and not a varying percentage) of not less than $1,000,000 in the case of a Term Loan or a Separated Funded Loan and $5,000,000 in the case of a Revolving Loan Commitment, Letter of Credit or participation therein or other Obligation (or such lesser amount (X) as shall constitute the aggregate amount of all Loans, Commitments, Letters of Credit or participations therein and other Obligations of the assigning Lender or (Y) so long as, after giving effect to such assignment and any other assignments concurrently being made to the assignee, such assignee receives not less than $1,000,000 of Term Loans or Separated Funded Loans, or $5,000,000 of General Revolving Loans, Commitments, or other Obligations assigned to it) to any other Eligible Assignee with the giving of notice to Borrowers' Agent and Administrative Agent and, if no Event of Default shall have occurred and be continuing, with the consent of Borrowers' Agent and Administrative Agent, in the case of an assignment made by a Lender other than Administrative Agent, or with the consent of Borrowers' Agent, in the case of an assignment made by Administrative Agent (which consent of Borrowers' Agent and Administrative Agent shall not be unreasonably withheld, withdrawn, delayed or denied; PROVIDED that the inability of an Eligible Assignee to satisfy the requirements set forth in subsection 2.7C(iv) of this Agreement, if applicable, shall constitute reasonable grounds for withholding such consent); and PROVIDED FURTHER, HOWEVER, that any assignment in accordance with clause (b) either after the occurrence and during the continuation of an Event of Default or if required by applicable law shall not require the consent of the Borrowers' Agent or the Company; PROVIDED STILL FURTHER that an assignment of a Separated Funded Loan shall not constitute an assignment of any portion of the assignor's Revolving Loan Commitment. To the extent of any such assignment in accordance with either clause (a) or (b) above, the assigning Lender shall be relieved of its obligations with respect to its Loans, Commitments, Letters of Credit or participations therein or other Obligations or the portion thereof so assigned. The parties to each such assignment shall execute and deliver to Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with, with respect to assignments which occur following the Closing Date, a processing and recordation fee of $3,500 payable to Administrative Agent and such certificates, documents or other evidence, if any, with respect to United States federal income tax withholding and foreign tax withholding matters as the assignee under such Assignment and Acceptance may be required to deliver to Administrative Agent pursuant to subsection 2.7C(iv). Upon such execution, delivery and acceptance, from and after the effective date specified in such Assignment and Acceptance, (y) the assignee thereunder shall be a party hereto and a "Lender" hereunder to the extent of the portion of any such Commitment so assigned hereunder and, to the extent that rights and obligations hereunder have been assigned to it pursuant to

such Assignment and Acceptance, shall have the rights and obligations of a Lender hereunder, including, without limitation, the obligation in subsection 10.20 to maintain the confidentiality of all non-public information received by it pursuant to this Agreement and (z) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations (except as otherwise provided in subsection 10.11) under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be a party hereto); PROVIDED that, if the assignee of the assigning Lender is an Affiliate of such Lender, such assignee shall not be entitled to receive any greater amount pursuant to subsections 2.6E or 2.7 than the assigning Lender would have been entitled to receive in respect of the amount of the assignment effected by such assigning Lender to such Affiliate had no such assignment occurred. The Commitments hereunder shall be modified to reflect the Commitments of such assignee and any remaining Commitments of such assigning Lender and, if any such assignment occurs after the issuance of a Note to the assigning Lender hereunder, if requested pursuant to subsection 2.1G(iv), new Notes shall, upon surrender of the assigning Lender's Note, be issued upon request to the assignee and to the assigning Lender, substantially in the form of EXHIBIT IV, EXHIBIT V, EXHIBIT VI, EXHIBIT XIX or EXHIBIT XX annexed hereto, as the case may be, with appropriate insertions, to reflect the new Commitments and/or outstanding Loans, as the case may be, of the assignee and the assigning Lender. In the event that a Lender assigns the full amount of its Term Loans and Revolving Loans, its Revolving Loan Commitments and its other Obligations and such Lender has an Offshore Loan Commitment, any outstanding Offshore Loans at the time of such assignment, such Lender must also assign the full amount of such Offshore Loans to an Eligible Assignee and the full amount of such Offshore Loan Commitment in accordance with the terms of this paragraph."

SECTION 5. REVISED AND NEW EXHIBITS

The Credit Agreement is hereby amended to substitute a revised

"Assignment and Agreement" and new "Form of General Revolving Note" and "Form of Separated Funded Note" as EXHIBIT X, EXHIBIT XIX and EXHIBIT XX, respectively, in substantially the form of Annex A, Annex B and Annex C to the Second Amendment, respectively.

SECTION 6. CONDITIONS TO EFFECTIVENESS

This Amendment shall become effective only upon the satisfaction of all of the following conditions precedent (the date of satisfaction of such conditions being referred to herein as the "SECOND AMENDMENT EFFECTIVE DATE"); PROVIDED, THAT, upon the Second Amendment Effective Date, the definitions of "Consolidated Net Income" and "2002 Additional Asbestos Reserve" set forth in SECTION 1A hereof and the modification to the definition of "Consolidated Net Worth" set forth in SECTION 1B hereof shall be given effect as of March 31, 2002:

A. On or before the Second Amendment Effective Date, Company and each of the Borrowers shall deliver to Administrative Agent such number of originally executed copies of the following as Administrative Agent may request, each, unless otherwise noted, dated the Second Amendment Effective Date:

(i) Resolutions of its Board of Directors approving and authorizing the execution, delivery, and performance of this Amendment, certified as of the Second Amendment Effective Date by its corporate secretary or an assistant secretary as being in full force and effect without modification or amendment;

(ii) Signature and incumbency certificates of its officers executing this Amendment; and

(iii) Executed copies of this Amendment.

B. On or before the Second Amendment Effective Date, all corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incidental thereto not previously found acceptable by Administrative Agent, acting on behalf of Lenders, and its counsel shall be satisfactory in form and substance to Administrative Agent and such counsel, and Administrative Agent and such counsel shall have received all such counterpart originals or certified copies of such documents as Administrative Agent may reasonably request.

C. Administrative Agent and Collateral Agent shall have received a written acknowledgement from each of the Subsidiary Guarantors providing that it has reviewed the terms and provisions of the Credit Agreement and this Amendment and consents to the amendment of the Credit Agreement effected pursuant to this Amendment, that the Subsidiary Guaranty and each Collateral Document executed by such Subsidiary Guarantor shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment and such other matters as Administrative Agent may reasonably request, all in a form satisfactory to Administrative Agent.

SECTION 7. COMPANY'S REPRESENTATIONS AND WARRANTIES

In order to induce Lenders to enter into this Amendment and to amend the Credit Agreement in the manner provided herein, Company and each of the Borrowers represents and warrants to each Lender that the following statements are true, correct and complete:

7.1 CORPORATE POWER AND AUTHORITY. Company and each Borrower has all requisite corporate power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, the Credit Agreement as amended by this Amendment (the "AMENDED AGREEMENT").

7.2 AUTHORIZATION OF AGREEMENTS. The execution and delivery of this Amendment and the performance of the Amended Agreement have been duly authorized by all necessary corporate action on the part of Company and each Borrower.

7.3 NO CONFLICT. The execution and delivery by Company and each Borrower of this Amendment and the performance by each Loan Party of the Amended Agreement do not and will not (i) violate any provision of any law or any governmental rule or regulation applicable to Company or any of its Subsidiaries, the Certificate or Articles of Incorporation or Bylaws of Company or any of its Subsidiaries or any order, judgment or decree of any court or other agency of government binding on Company or any of its Subsidiaries, (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of Company or any of its Subsidiaries, (iii) result in or require the creation or imposition of any Lien upon any of the properties or assets of Company or any of its Subsidiaries (other than Liens in favor of the Collateral Agent), or (iv) require any approval of stockholders or any approval or consent of any Person under any Contractual Obligation of Company or any of its Subsidiaries, other than those approvals and consents which have been obtained.

7.4 GOVERNMENTAL CONSENTS. The execution and delivery by Company and each Borrower of this Amendment and the performance by Company and each Borrower of the Amended Agreement do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body, except for filings, consents or notices that have been or will be made or obtained during the period in which they are required to be obtained or made.

7.5 BINDING OBLIGATION. This Amendment and the Amended Agreement have been duly executed and delivered by Company and each Borrower and are the legally valid and binding obligations of Company and each Borrower, enforceable against Company and each Borrower in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

7.6 INCORPORATION OF REPRESENTATIONS AND WARRANTIES FROM CREDIT AGREEMENT. The representations and warranties contained in Section 4 of the Credit Agreement are and will be true, correct and complete in all material respects on and as of the Second Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true, correct and complete in all material respects on and as of such earlier date.

7.7 ABSENCE OF DEFAULT. No event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Amendment that would constitute an Event of Default or a Potential Event of Default.

SECTION 8. MISCELLANEOUS

8.1 REFERENCE TO AND EFFECT ON THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS.

(i) On and after the Second Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Credit Agreement, and each reference in the other

Loan Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Amended Agreement.

(ii) Except as specifically amended by this Amendment, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

(iii) The execution, delivery and performance of this Amendment shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of Administrative Agent, Collateral Agent or any other Agent or any Lender under, the Credit Agreement or any of the other Loan Documents.

8.2 FEES AND EXPENSES. Company acknowledges that all costs, fees and expenses as described in subsection 10.3 of the Credit Agreement incurred by Administrative Agent and its counsel with respect to this Amendment and the documents and transactions contemplated hereby shall be for the account of the Domestic Borrowers.

8.3 HEADINGS. Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

8.4 APPLICABLE LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE NEW YORK (INCLUDING WITHOUT LIMITATION SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

8.5 COUNTERPARTS; EFFECTIVENESS. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Amendment shall become effective upon the execution of a counterpart hereof by Company, each Borrower and Requisite Lenders and receipt by Company and Administrative Agent of written or telephonic notification of such execution and authorization of delivery thereof and satisfaction of the conditions set forth in Section 6. Delivery of an executed counterpart of a signature page of this Amendment by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

COMPANY: OWENS-ILLINOIS GROUP, INC.

By: --
Name: --------------------------------------
Title: -------------------------------------

BORROWERS: OWENS-BROCKWAY GLASS CONTAINER INC.

By: --
Name: --------------------------------------
Title: -------------------------------------

OI GENERAL FTS INC.

By: --
Name: --------------------------------------
Title: -------------------------------------

OI PLASTIC PRODUCTS FTS INC.

By: --
Name: --------------------------------------
Title: -------------------------------------

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

UNITED GLASS LIMITED

By: --
Name: --------------------------------------
Title: -------------------------------------

UNITED GLASS GROUP LIMITED

By: --
Name: --------------------------------------
Title: -------------------------------------

OWENS-ILLINOIS (AUSTRALIA) PTY LIMITED

By: --
Name:

Title: ---------------------------------------

ACI OPERATIONS PTY LIMITED

By: ---------------------------------------

Name: ---------------------------------------

Title: ---------------------------------------

OI ITALIA S.R.L.

By: ---------------------------------------

Name: ---------------------------------------

Title: ---------------------------------------

AZIENDE VETRARIE INDUSTRIALI RICCIARDI S.P.A.

By: ---------------------------------------

Name: ---------------------------------------

Title: ---------------------------------------

DEUTSCHE BANK TRUST COMPANY AMERICAS
(F/K/A BANKERS TRUST COMPANY)
INDIVIDUALLY AND AS ADMINISTRATIVE AGENT
AND COLLATERAL AGENT

BY: ---------------------------------------

NAME:
TITLE:

EXHIBIT 10.1

SECOND AMENDMENT TO AMENDED AND RESTATED
OWENS-ILLINOIS SUPPLEMENTAL RETIREMENT BENEFIT PLAN

Pursuant to authority reserved to the Board of Directors of Owens-Illinois, Inc. (the "COMPANY") and duly delegated to the undersigned officer of the Company under the Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan (the "PLAN"), the Plan is hereby amended as follows:

1. Article IV of the Plan is amended by amending Section 4.01 thereof to read, in its entirety, as follows:

"SECTION 4.01 - Each Eligible Employee shall be entitled to a normal, postponed, early, or vested deferred retirement benefit under this Plan in an amount equal to the excess of the amount of the comparable benefit to which he or she would be entitled under the Salary Plan at the time of his or her retirement or other termination of employment if the limitations, exclusions, and curtailments referred to in Sections 3.01 and 3.02 hereof were not applicable to the Salary Plan, over: (i) the amount of any such comparable benefit actually payable under the Salary Plan, including such Employee's Qualified Supplemental Employee Annual Retirement Benefit; (ii) the pre-tax amount of any accrued Plan benefits previously paid to such Employee in connection with the Company's 2000 Special Separation Program; and (iii) the comparable benefit attributable to any contributions made on behalf of the Employee pursuant to a certain Secured Executive Retirement Benefit Agreement entered into between such Employee and the Company. For purposes of this Section 4.01 and in accordance with the provisions of such Secured Executive Retirement Agreement, an Employee's benefit under this Plan shall be reduced by $1.00 for every $0.70 benefit provided to such Employee under the Secured Executive Retirement Benefit Agreement."

2. Article IV of the Plan is amended further by amending Section 4.02 thereof to read, in its entirety, as follows:

"SECTION 4.02 - Upon the death of an Eligible Employee, except to the extent otherwise provided under or pursuant to Section 4.03(e) hereof, a survivor or death benefit shall be payable to the spouse or other Beneficiary of such Eligible Employee in an amount equal to the excess of the amount of comparable benefit which would have been payable under the Salary Plan at the time of his or her death if the limitations, exclusions, and curtailments referred to in Sections 3.01 and 3.02 hereof were not applicable to the Salary Plan, over: (i) the amount of any such comparable benefit actually payable under the Salary Plan, including any amount attributable to such Employee's Qualified Supplemental Employee Annual Retirement Benefit; (ii) the pre-tax amount of any accrued Plan benefits previously paid to such Employee in connection with the Company's 2000 Special Separation Program; and (iii) the comparable benefit attributable to any contributions made on behalf of the Employee pursuant to a certain Secured Executive Retirement Benefit Agreement entered into between such Employee and the Company. For purposes of this Section 4.02 and in accordance with the provisions of such Secured Executive Retirement Agreement, an Employee's survivor or death benefit under this Plan shall be reduced by $1.00 for every $0.70 benefit provided to such Employee's spouse or Beneficiary under the Secured Executive Retirement Benefit Agreement."

2. This Second Amendment shall be effective on or as of January 1, 2002. In all other respects the Plan shall remain in full force and effect as amended and restated on May 29, 1998, effective as of January 1, 1998, as thereafter amended.

IN WITNESS WHEREOF, this Second Amendment has been executed by a duly authorized officer of the Company this 16th day of January, 2002.

OWENS-ILLINOIS, INC.

By /s/ Thomas L. Young

Thomas L. Young,
Executive Vice President, Administration

Attest:

/s/ D. W. Pennywitt

Exhibit 12

OWENS-ILLINOIS, INC.

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

	Three months ended March 31,	
	2002	2001
Earnings before income taxes, and minority share owners' interests	$ (365.8)	$ 81.0
Less: Equity earnings............................	(6.0)	(3.6)
Add: Total fixed Charges deducted from earnings	104.0	116.8
Proportional share of pre-tax earnings (loss) of 50% owned associates	3.5	3.0
Dividends received from less than 50% owned associates	2.5	4.7
Earnings available for payment of fixed charges	$ (261.8)	$ 201.9
Fixed charges (including the Company's proportional share of 50% owned associates):		
Interest expense	$ 95.2	$ 111.0
Portion of operating lease rental deemed to be interest	3.1	3.3
Amortization of deferred financing costs and debt discount expense	5.7	2.5
Total fixed charges deducted from earnings and fixed charges	104.0	116.8
Preferred stock dividends (increased to assumed pre-tax amount)	7.9	8.1
Combined fixed charges and preferred stock dividends	$ 111.9	$ 124.9
Deficiency of earnings available to cover fixed charges	$ 365.8	
Ratio of earnings to fixed charges		1.73
Deficiency of earnings available to cover combined fixed charges and preferred stock dividends	$ 373.7	
Ratio of earnings to combined fixed charges and preferred stock dividends		1.62