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

FORM 10-Q

(Mark one)

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

For Quarter Ended September 30, 2000

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 - 146,031,943 shares at October 31, 2000.

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 Registrant's Annual Report on Form 10-K for the year ended December 31, 1999.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
Three months ended September 30, 2000 and 1999
(Millions of dollars, except share and per share amounts)

	2000	1999
Revenues:		
Net sales	$ 1,430.3	$ 1,426.2
Royalties and net technical assistance	6.0	9.4
Equity earnings	6.3	6.6
Interest	8.4	6.7
Other	41.3	30.9
	1,492.3	1,479.8
Costs and expenses:		
Manufacturing, shipping, and delivery	1,126.4	1,112.2
Research and development	13.1	10.9
Engineering	5.4	9.5
Selling and administrative	73.6	71.9
Interest	124.2	106.1
Other	843.7	39.5
	2,186.4	1,350.1
Earnings (loss) before items below	(694.1)	129.7
Provision (credit) for income taxes	(247.4)	49.2
Minority share owners' interests in earnings of subsidiaries	2.5	3.0
Net earnings (loss)	$ (449.2)	$ 77.5
Basic net earnings (loss) per share of common stock	$ (3.12)	$ 0.46
Weighted average shares outstanding (thousands)	145,716	154,918
Diluted net earnings (loss) per share of common stock	$ (3.12)	$ 0.46
Weighted diluted average shares (thousands)	145,716	156,283

See accompanying notes.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
Nine months ended September 30, 2000 and 1999
(Millions of dollars, except share and per share amounts)

	2000	1999
Revenues:		
Net sales	$ 4,225.1	$ 4,156.3
Royalties and net technical assistance	19.5	23.6
Equity earnings	14.6	15.6
Interest	23.4	20.2
Other	138.9	133.0
	4,421.5	4,348.7
Costs and expenses:		
Manufacturing, shipping, and delivery	3,279.9	3,180.4
Research and development	36.7	30.6
Engineering	24.9	27.1
Selling and administrative	214.5	211.1
Interest	360.8	315.1
Other	944.4	147.0
	4,861.2	3,911.3
Earnings (loss) before items below	(439.7)	437.4
Provision (credit) for income taxes	(146.6)	167.6
Minority share owners' interests in earnings of subsidiaries	8.9	12.1
Net earnings (loss)	$ (302.0)	$ 257.7
Basic net earnings (loss) per share of common stock	$ (2.18)	$ 1.55
Weighted average shares outstanding (thousands)	146,245	155,465
Diluted net earnings (loss) per share of common stock	$ (2.18)	$ 1.54
Weighted diluted average shares (thousands)	146,245	156,924

See accompanying notes.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
September 30, 2000, December 31, 1999, and September 30, 1999
(Millions of dollars)

	Sept. 30, 2000	Dec. 31, 1999	Sept. 30, 1999
Assets			
Current assets:			
Cash, including time deposits	$ 163.6	$ 257.1	$ 205.5
Short-term investments, at cost which approximates market	31.7	32.1	29.3
Receivables, less allowances for losses and discounts ($66.3 at September 30, 2000, $56.9 at December 31, 1999, and $52.8 at September 30, 1999)	912.6	856.4	918.7
Inventories	862.6	826.6	851.6
Prepaid expenses	138.6	137.6	162.6
Total current assets	2,109.1	2,109.8	2,167.7
Investments and other assets:			
Equity investments	190.7	195.2	194.5
Repair parts inventories	244.4	234.1	252.6
Prepaid pension	751.7	745.6	753.1
Insurance receivable for asbestos-related costs	203.3	205.3	209.5
Deposits, receivables, and other assets	492.8	527.8	536.8
Excess of purchase cost over net assets acquired, net of accumulated amortization ($574.5 at September 30, 2000, $502.8 at December 31, 1999, and $478.1 at September 30, 1999)	3,129.9	3,294.4	3,295.2
Total other assets	5,012.8	5,202.4	5,241.7
Property, plant, and equipment, at cost	5,606.2	5,590.8	5,508.4
Less accumulated depreciation	2,319.5	2,146.7	2,119.0
Net property, plant, and equipment	3,286.7	3,444.1	3,389.4
Total assets	$ 10,408.6	$ 10,756.3	$ 10,798.8

See accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Sept. 30, 2000	Dec. 31, 1999	Sept. 30, 1999
Liabilities and Share Owners' Equity			
Current liabilities:			
Short-term loans and long-term debt due within one year	$ 139.6	$ 205.7	$ 246.5
Current portion of asbestos-related liabilities	180.0	85.0	85.0
Accounts payable and other liabilities	979.7	982.4	984.8
Total current liabilities	1,299.3	1,273.1	1,316.3
Long-term debt	5,732.3	5,733.1	5,504.5
Deferred taxes	186.6	407.4	379.7
Nonpension postretirement benefits	299.5	314.9	319.4
Other liabilities	417.7	391.8	463.4
Asbestos-related liabilities	426.6	91.2	116.3
Commitments and contingencies			
Minority share owners' interests	180.4	194.9	206.0
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
Exchangeable preferred stock	3.4	4.0	12.9
Common stock, par value $.01 per share 250,000,000 shares authorized, 156,969,643 shares issued and outstanding, less 10,937,700 treasury shares at September 30, 2000 (156,851,337 issued and outstanding, less 10,000,000 treasury shares at December 31, 1999; and 156,302,489 issued and outstanding, less 3,764,900 treasury shares at September 30, 1999)	1.6	1.6	1.6
Capital in excess of par value	2,204.7	2,201.9	2,192.5
Treasury stock, at cost	(237.9)	(225.6)	(84.9)
Retained earnings (deficit)	(34.0)	284.1	248.9
Accumulated other comprehensive income	(524.1)	(368.6)	(330.3)
Total share owners' equity	1,866.2	2,349.9	2,493.2
Total liabilities and share owners' equity	$ 10,408.6	$ 10,756.3	$ 10,798.8

See accompanying notes.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED CASH FLOWS
Nine months ended September 30, 2000 and 1999
(Millions of dollars)

	2000	1999
Cash flows from operating activities:		
Net earnings (loss)	$ (302.0)	$ 257.7
Non-cash charges (credits):		
Depreciation	312.1	303.3
Amortization of deferred costs	106.8	104.7
Future asbestos-related costs	550.0	
Restructuring costs and write-offs of certain assets	248.3	20.8
Gains on asset sales		(40.8)
Deferred tax provision (credit)	(213.6)	30.3
Other	(112.7)	(90.1)
Change in non-current operating assets	(17.8)	(36.7)
Asbestos-related payments	(119.6)	(96.7)
Asbestos-related insurance proceeds	2.0	3.3
Reduction of non-current liabilities	(3.0)	(13.6)
Change in components of working capital	(164.1)	(106.5)
Cash provided by operating activities	286.4	335.7
Cash flows from investing activities:		
Additions to property, plant, and equipment	(342.0)	(421.3)
Acquisitions, net of cash acquired	(78.2)	(34.0)
Net cash proceeds from divestitures	40.2	318.5
Cash utilized in investing activities	(380.0)	(136.8)
Cash flows from financing activities:		
Additions to long-term debt	519.7	311.0
Repayments of long-term debt	(455.6)	(495.3)
Payment of convertible preferred stock dividends	(16.1)	(16.1)
Treasury shares repurchased	(12.3)	(84.9)
Increase (decrease) in short-term loans	(23.4)	29.9
Issuance of common stock and other	1.3	2.8
Cash provided by (utilized in) financing activities	13.6	(252.6)
Effect of exchange rate fluctuations on cash	(13.5)	(12.2)
Decrease in cash	(93.5)	(65.9)
Cash at beginning of period	257.1	271.4
Cash at end of period	$ 163.6	$ 205.5

See accompanying notes.

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 September 30, 2000	Three months ended September 30, 1999
Numerator:		
Net earnings (loss)	($449.2)	$77.5
Preferred stock dividends:		
Convertible	(5.4)	(5.4)
Exchangeable	(0.1)	(0.2)
Numerator for basic earnings (loss) per share - income (loss) available to common share owners	(454.7)	71.9
Effect of dilutive securities - exchangeable preferred stock dividends		0.2
Numerator for diluted earnings (loss) per share income (loss) available to common share owners after assumed exchanges of preferred stock for common stock	($454.7)	$72.1
Denominator:		
Denominator for basic earnings (loss) per share - weighted average shares outstanding	145,715,930	154,917,816
Effect of dilutive securities:		
Stock options		613,286
Exchangeable preferred stock		752,337
Dilutive potential common shares		1,365,623
Denominator for diluted earnings (loss) per share adjusted weighted average shares and assumed exchanges of preferred stock for common stock	145,715,930	156,283,439
Basic earnings (loss) per share	($3.12)	$0.46
Diluted earnings (loss) per share	($3.12)	$0.46

See accompanying notes.

For the three months ended September 30, 2000, 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 of September 30, 1999 diluted earnings per share since the result would have been antidilutive. Options to purchase 2,905,439 weighted average shares of common stock which were outstanding during the three months ended September 30, 1999 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.

	Nine months ended September 30,	
	2000	1999
Numerator:		
Net earnings (loss)	($302.0)	$257.7
Preferred stock dividends:		
Convertible	(16.1)	(16.1)
Exchangeable	(0.2)	(0.7)
Numerator for basic earnings (loss) per share - income (loss) available to common share owners	(318.3)	240.9
Effect of dilutive securities - exchangeable preferred stock dividends		0.7
Numerator for diluted earnings (loss) per share - income (loss) available to common share owners after assumed exchanges of preferred stock for common stock	($318.3)	$241.6
Denominator:		
Denominator for basic earnings (loss) per share - weighted average shares outstanding	146,245,456	155,464,546
Effect of dilutive securities:		
Stock options		707,352
Exchangeable preferred stock		752,087
Dilutive potential common shares		1,459,439
Denominator for diluted earnings (loss) per share - adjusted weighted average shares and assumed exchanges of preferred stock for common stock	146,245,456	156,923,985
Basic earnings (loss) per share	($2.18)	$1.55
Diluted earnings (loss) per share	($2.18)	$1.54

For the nine months ended September 30, 2000, 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 of nine months ended September 30, 1999 diluted earnings per share since the result would have been antidilutive. Options to purchase 2,921,247 weighted average shares of common stock which were outstanding during the nine months ended September 30, 1999 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:

	Sept. 30, 2000	Dec. 31, 1999	Sept. 30, 1999
Finished goods	$618.0	$580.0	$614.7
Work in process	39.5	36.3	30.6
Raw materials	124.8	131.3	125.8
Operating supplies	80.3	79.0	80.5
	$862.6	$826.6	$851.6

3. LONG-TERM DEBT

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

	Sept. 30, 2000	Dec. 31, 1999	Sept. 30, 1999
Bank Credit Agreement:			
Revolving Credit Facility:			
Revolving Loans	$ 2,814.3	$ 2,559.4	$ 2,230.0
Offshore Loans:			
1.39 billion (1.42 billion at December 31, 1999; 1.42 billion at September 30, 1999) Australian dollars	802.3	904.4	908.5
132.0 million (230.0 million at December 31, 1999; 235.0 million at September 30, 1999) British pounds	191.3	369.5	377.0
32.0 billion (100.0 billion at December 31, 1999; 111.0 billion at September 30, 1999) Italian lira	14.7	52.0	60.7
Bid Rate Loans			46.0
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	236.5	224.6	251.7
	5,759.1	5,809.9	5,573.9
Less amounts due within one year	26.8	76.8	69.4
Long-term debt	$ 5,732.3	$ 5,733.1	$ 5,504.5

In April 1998, the Company entered into the Second Amended and Restated Credit Agreement (the "Bank Credit Agreement" or "Agreement") with a group of banks which expires on December 31, 2001. The Agreement provides for a $4.5 billion revolving credit facility (the "Revolving Credit Facility"), which includes a $1.75 billion fronted offshore loan revolving facility (the "Offshore Facility") denominated in certain foreign currencies, subject to certain sublimits, available to certain of the Company's foreign subsidiaries. The Agreement includes an

Overdraft Account facility providing for aggregate borrowings up to $50 million which reduce the amount available for borrowing under the Revolving Credit Facility. In addition, the terms of the Bank Credit Agreement permit the Company to request Bid Rate Loans from banks participating in the Agreement. Borrowings outstanding under Bid Rate Loans are limited to $750 million and reduce the amount available for borrowing under the Revolving Credit Facility. The Agreement also provides for the issuance of letters of credit totaling up to $500 million, which also reduce the amount available for borrowing under the Revolving Credit Facility. At September 30, 2000, the Company had unused credit of $621.7 million available under the Bank Credit Agreement.

The interest rate on borrowings under the Revolving Loans commitment is, at the Company's option, the prime rate or a reserve adjusted Eurodollar rate. The interest rate on loans under the Offshore Facility is, at the applicable borrower's option, the applicable Offshore Base Rate or the Adjusted Offshore Periodic Rate (as those terms are defined in the Bank Credit Agreement). 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 currently .750% and is limited to a range of .275% to 1.000%. The interest rate on Overdraft Account loans is the prime rate minus the facility fee percentage, defined below. The weighted average interest rate on borrowings outstanding under the Revolving Loans commitment at September 30, 2000, was 7.38%. The weighted average interest rate on borrowings outstanding under the Offshore Facility at September 30, 2000, was 7.08%. While no compensating balances are required by the Agreement, the Company must pay a facility fee on the Revolving Credit Facility commitments. The facility fee, currently .375%, is limited to a range of .125% and .500%, based on the Company's Consolidated Leverage Ratio.

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

Under the terms of the Bank Credit Agreement, dividend payments with respect to the Company's Preferred or Common Stock and payments for redemption of shares of its Common Stock are subject to certain limitations. 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.

4. CASH FLOW INFORMATION

Interest paid in cash aggregated $323.3 million and $242.0 million for the nine months ended September 30, 2000 and September 30, 1999, respectively. Income taxes paid in cash totaled $39.3 million and $33.1 million for the nine months ended September 30, 2000 and September 30, 1999, respectively.

5. COMPREHENSIVE INCOME

The Company's components of comprehensive income (loss) are net earnings (loss) and foreign currency translation adjustments. Total comprehensive income (loss) for the three month periods ended September 30, 2000 and 1999 amounted to $(485.4) million and $62.5 million, respectively. Total comprehensive income (loss) for the nine month periods ended September 30, 2000 and 1999 amounted to $(457.5) million and $118.1 million, respectively.

6. OTHER COSTS AND EXPENSES

Other costs and expenses for the three and nine months ended September 30, 2000 includes: (1) $550.0 million related to adjustment of the reserve for estimated future asbestos-related indemnity payments and legal fees, and (2) $248.3 million principally related to a restructuring and capacity realignment program.

The restructuring and capacity realignment program, initiated in the third quarter of 2000, includes the consolidation of manufacturing capacity and a reduction of 350 employees in the U.S. salaried work force, or about 10%, principally as a result of early retirement incentives. Also included in the program are a write-down of plant and equipment for the Company's glass container affiliate in India and certain other asset write-offs. Manufacturing capacity consolidations principally involve U.S. glass container facilities and reflect technology-driven improvements in productivity, conversions from some juice and similar products to plastic containers, Company and customer decisions regarding pricing and volume, and the further concentration of production in the most strategically-located facilities. Selected information relating to the third quarter 2000 charges, excluding asbestos-related items, follows:

	Capacity Realignment	Retirement Incentives and Special Termination Benefits	Write-down of Property, Plant and Equipment in India	Other, Principally Software Write-off	Total
Third quarter 2000 restructuring charges	$122.4	$52.4	$40.0	$33.5	$248.3
Write-down of assets to net realizable value	(43.5)		(40.0)	(31.5)	(115.0)
Reduction of prepaid pension asset	(14.2)	(45.8)			(60.0)
Increase in nonpension postretirement benefit liability	(0.6)	(5.4)			(6.0)
Remaining liabilities related to third quarter 2000 charges as of September 30, 2000	$ 64.1	$ 1.2	$ -	$ 2.0	$ 67.3

As a result of a 10% reduction of the U.S. salaried workforce in 2000, the Company recognized a settlement gain of approximately $40 million related to its defined benefit pension plan. This gain has been included in the net charge of $52.4 million for retirement incentives and special termination benefits.

The pretax charge of $40.0 million related to the write-down of property, plant, and equipment in India. Based on the Company's expectation of future net cash flows of its affiliate in India, the related property, plant, and equipment have been written down to realizable values in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

7. CONTINGENCIES

The Company is one of a number of defendants (typically 10 to 20) in a substantial number of lawsuits filed in numerous state and federal courts by persons alleging bodily injury (including death) as a result of exposure to dust from asbestos fibers. From 1948 to 1958, one of the Company's former business units commercially produced and sold approximately $40 million of a high-temperature, clay-based insulating material containing asbestos. The Company exited the insulation business in April 1958. The traditional asbestos personal injury lawsuits and claims relating to such production and sale of asbestos material typically allege various theories of liability, including negligence, gross negligence and strict liability and seek compensatory and punitive damages in various amounts (herein referred to as "asbestos claims"). As of September 30, 2000, the Company estimates that it is a named defendant in asbestos claims involving approximately 17,000 plaintiffs and claimants.

Additionally, the Company has claims-handling agreements in place with many plaintiff's 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, exposure to a product manufactured by the Company's former business unit during its manufacturing period ending in 1958, and viability of such claims under applicable statutes of limitations. The Company believes that the outcome of evaluations and negotiations currently in process could result in resolution of a substantial number of prospective claims pursuant to such agreements in addition to the resolution of certain of the asbestos claims described in the last sentence of the preceding paragraph.

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

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

In November 1995, a reinsurer of OIL during the years affected by the UNITED INSURANCE case brought a separate suit against OIL seeking a declaratory judgment that it had no reinsurance obligation to OIL (EMPLOYER'S MUTUAL V. OWENS-INSURANCE LIMITED, Superior Court of New

Jersey, Morris County, December 1995). The Company was not a named party to this cause of action but was subsequently joined in it as a necessary party defendant.

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

As a result of payments and commitments that have been made by reinsurers pursuant to the OIL Settlement and the earlier settlement agreements described above in the UNITED INSURANCE case and certain other available insurance, the Company has to date confirmed coverage for its asbestos-related costs of approximately $317.5 million. Of the total amount confirmed to date, $306.7 million had been received through September 30, 2000; and the balance of approximately $10.8 million will be received throughout the next several years. The remainder of the insurance asset of approximately $192.5 million relates principally to the reinsurers who have not yet paid, and continue to contest, their reinsurance obligations under the OIL Settlement.

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

The Company believes that its ultimate asbestos-related contingent liability (i.e., its indemnity or other claim disposition costs plus related litigation expenses) 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.

After establishing the additional liability in 1998, the Company continued to monitor the trends of matters which may affect its ultimate liability and continued to analyze the trends, developments and variables affecting or likely to affect the resolution of pending and future asbestos claims against the Company. The number of asbestos lawsuits and claims pending and filed against the Company since 1998 has exceeded the number estimated at that time. The trend of costs to resolve lawsuits and claims since 1998 has also been unfavorable compared to expectations. In addition, during 2000, Pittsburgh-Corning, Babcock & Wilcox, Owens Corning, and Fibreboard Corporation sought protection under Chapter 11 of the Bankruptcy Code.

During the third quarter of 2000, the Company conducted a comprehensive review to determine whether further adjustments of asbestos-related assets or liabilities were appropriate. As a result of that review, as of September 30, 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 filed in the next several years, during which period the Company expects to receive the majority of the future asbestos-related lawsuits and claims that could involve the Company. Based on all the factors and matters relating to the Company's asbestos-related lawsuits and claims, the Company presently believes that its asbestos-related costs and liabilities, to the extent it is able reasonably to estimate such cost and liabilities, will not exceed by a material amount the sum of the available insurance reimbursement the Company believes it has and will have principally as a result of the UNITED INSURANCE case, and the OIL Settlement, as described above, and the amount of the charges for asbestos-related costs described above.

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

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 three business units -- plastic containers, closure and specialty products, and prescription products. The Other segment consists primarily of the Company's labels and carriers products business unit.

The Company evaluates performance and allocates resources based on earnings before interest income, interest expense, provision for income taxes, minority share owners' interests in earnings of subsidiaries, and extraordinary charges, (collectively "EBIT") excluding unusual items. EBIT 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 September 30, 2000 and 1999 regarding the Company's product segments is as follows:

	Glass Containers	Plastics Packaging	Other	Total Product Segments	Eliminations and Other Retained	Consolidated Totals
Net sales:						
Sept. 30, 2000	$948.2	$ 465.5	$ 16.6	$ 1,430.3		$ 1,430.3
Sept. 30, 1999	982.5	425.7	18.0	1,426.2		1,426.2
EBIT, excluding unusual items:						
Sept. 30, 2000	$145.1	$ 68.0	$ (0.2)	$ 212.9	$ 7.1	$ 220.0
Sept. 30, 1999	156.0	67.3	1.1	224.4	4.7	229.1
Unusual items:						
Sept. 30, 2000						
Adjustment of reserve for estimated future asbestos-related costs					$ (550.0)	$ (550.0)
Charges related to consolidation of manufacturing capacity	$ (120.4)	$ (2.0)		$(122.4)		(122.4)
Charges related to early retirement incentives and special termination benefits	(22.0)	(9.2)		(31.2)	(21.2)	(52.4)
Charges related to impairment of property, plant and equipment in India	(40.0)			(40.0)		(40.0)
Other charges, principally related to the write-off of software	(3.6)			(3.6)	(29.9)	(33.5)

The reconciliation of EBIT to consolidated totals for the three-month periods ended September 30, 2000 and 1999 is as follows:

	Sept. 30, 2000	Sept. 30, 1999
Earnings (loss) before income taxes and minority share owners' interests in earnings of subsidiaries:		
EBIT, excluding unusual items for reportable segments	$212.9	$224.4
Unusual items excluded from reportable segment information	(197.2)	
Eliminations and other retained, excluding unusual items	7.1	4.7
Unusual items excluded from eliminations and other retained	(601.1)	
Net interest expense	(115.8)	(99.4)
Total	($694.1)	$129.7

Financial information for the nine-month periods ended September 30, 2000 and 1999 regarding the Company's product segments is as follows:

	Glass Containers	Plastics Packaging	Other	Total Product Segments	Elimina- tions and Other Retained	Consoli- dated Totals
Net sales:						
Sept. 30, 2000	$2,784.2	$1,387.1	$ 53.8	$ 4,225.1		$ 4,225.1
Sept. 30, 1999	2,817.8	1,282.3	56.2	4,156.3		4,156.3
EBIT, excluding unusual items:						
Sept. 30, 2000	$ 460.7	$ 216.0	$ (0.1)	$ 676.6	$ 19.4	$ 696.0
Sept. 30, 1999	467.8	233.4	4.8	706.0	6.3	712.3
Unusual items:						
Sept. 30, 2000						
Adjustment of reserve for estimated future asbestos-related costs					$ (550.0)	$ (550.0)
Charges related to consolidation of manufacturing capacity	$(120.4)	$ (2.0)		$(122.4)		(122.4)
Charges related to early retirement incentives and special termination benefits	(22.0)	(9.2)		(31.2)	(21.2)	(52.4)
Charges related to impairment of property, plant and equipment in India	(40.0)			(40.0)		(40.0)
Other charges, principally related to the write-off of software	(3.6)			(3.6)	(29.9)	(33.5)

	Glass Containers	Plastics Packaging	Other	Total Product Segments	Eliminations and Other Retained	Consolidated Totals
Unusual items:						
Sept. 30, 1999						
Gains related to the sales of two manufacturing facilities	$ 40.8			$ 40.8		$ 40.8
Charges related principally to restructuring costs and write-offs of certain assets in Europe and South America	(20.8)			(20.8)		(20.8)

The reconciliation of EBIT to consolidated totals for the nine-month periods ended September 30, 2000 and 1999 is as follows:

	Sept. 30, 2000	Sept. 30, 1999
Earnings (loss) before income taxes and minority share owners' interests in earnings of subsidiaries:		
EBIT, excluding unusual items for reportable segments	$676.6	$706.0
Unusual items excluded from reportable segment information	(197.2)	20.0
Eliminations and other retained, excluding unusual items	19.4	6.3
Unusual items excluded from eliminations and other retained	(601.1)	
Net interest expense	(337.4)	(294.9)
Total	($439.7)	$437.4

9. NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (as amended by Statements Nos. 137 and 138) ("FAS No. 133"), which is effective for financial statements for fiscal years beginning after June 15, 2000. FAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivative instruments be recognized as either assets or liabilities in the statement of financial position and that such instruments be measured at fair value. The impact of FAS No. 133 on the Company's reporting and disclosure of derivative instruments is not expected to be material to the Company's financial position or results of operations.

In December 1999, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"), which is effective no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. SAB 101 summarizes certain of the Commission staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. The impact of SAB 101 is not expected to be material to the Company's financial position or results of operations.

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

RESULTS OF OPERATIONS - THIRD QUARTER 2000 COMPARED WITH THIRD QUARTER 1999

The Company recorded a net loss of $449.2 million for the third quarter of 2000 compared to net earnings of $77.5 million for the third quarter of 1999. Excluding the effects of the 2000 unusual items discussed below, the Company's third quarter 2000 net earnings of $63.9 million decreased $13.6 million, or 17.5% from 1999 third quarter net earnings of $77.5 million. Consolidated EBIT for the third quarter of 2000, excluding unusual items, was $220.0 million, a decrease of $9.1 million, or 4.0%, compared to the third quarter of 1999 EBIT of $229.1 million. The decrease is attributable to lower EBIT for the Glass Containers segment. Interest expense, net of interest income, increased $16.4 million from the 1999 period due principally to higher interest rates.

Capsule segment results (in millions of dollars) for the third quarter of 2000 and 1999 were as follows:

	Net sales (Unaffiliated customers)		EBIT (a)	
	2000	1999	2000 (b)	1999
Glass Containers	$ 948.2	$ 982.5	$(40.9)	$156.0
Plastics Packaging	465.5	425.7	56.8	67.3
Other	16.6	18.0	(0.2)	1.1
Segment totals	1,430.3	1,426.2	15.7	224.4
Eliminations and other retained costs			(594.0)	4.7
Consolidated totals	$ 1,430.3	$ 1,426.2	$(578.3)	$229.1

(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 2000 includes charges totaling $798.3 million for the following: (1) $550.0 million related to adjustment of the reserve for estimated future asbestos-related costs; (2) $122.4 million related to the consolidation of manufacturing capacity; (3) a net charge of $52.4 million related to early retirement incentives and special termination benefits for 350 United States salaried employees; (4) $40.0 million related to the impairment of property, plant and equipment at the Company's facilities in India; and (5) $33.5 million related principally to the write-off of software and related development costs. Such items are included as follows in consolidated EBIT for the three months ended September 30, 2000:

Glass Containers	$186.0
Plastics Packaging	11.2
Total Product Segments	197.2
Eliminations and other retained costs	601.1
Consolidated Totals	$798.3

Consolidated net sales for the third quarter of 2000 increased $4.1 million, or 0.3%, over the prior year. Net sales of the Glass Containers segment decreased $34.3 million, or 3.5%, from 1999. In the United States, increased shipments of containers for beer producers were more than offset by lower shipments of certain food containers and lower sales of glass-forming machines and equipment to licensees. The combined U.S. dollar sales of the segment's foreign affiliates decreased from the prior year. Increased shipments from the Company's operations throughout most of Europe, South America, and the Asia Pacific region were more than offset by the effects of a strong U.S. dollar and lower shipments from the Company's operations in the United Kingdom. The effect of changing foreign currency exchange rates reduced U.S. dollar sales of the segment's foreign affiliates by approximately $60 million. Net sales of the Plastics Packaging segment increased $39.8 million, or 9.3%, over 1999, reflecting increased shipments of plastic containers for juices, closures for food and beverages, and the effects of higher resin costs on pass-through arrangements with customers, partially offset by lower shipments of health care and personal care containers. The effects of higher resin cost pass-throughs increased sales approximately $20 million compared to the third quarter of 1999.

Excluding the effects of the 2000 unusual items, segment EBIT for the third quarter of 2000 decreased $11.5 million, or 5.1%, to $212.9 million from the 1999 segment EBIT of $224.4 million. EBIT of the Glass Containers segment decreased $10.9 million to $145.1 million, compared to $156.0 million in 1999. The combined U.S. dollar EBIT of the segment's foreign affiliates increased from prior year. Increased shipments from the Company's operations throughout most of Europe, South America, and the Asia Pacific region were partially offset by the effects of a strong U.S. dollar, higher energy costs worldwide, and lower shipments from the Company's operations in the United Kingdom. In the United States, Glass Container EBIT decreased from 1999 principally as a result of higher costs for energy and corrugated boxes, as well as lower shipments of certain food containers due to conversions of juice and iced tea bottles from glass to plastic containers. EBIT of the Plastics Packaging segment increased $0.7 million, or 1.0%, to $68.0 million compared to $67.3 million in 1999. Increased shipments of plastic containers for juices and closures for food and beverages were partially offset by lower shipments of health care and personal care containers. Eliminations and other retained costs improved $2.4 million from 1999 reflecting principally higher net financial services income.

The third quarter of 2000 includes pretax charges totaling $798.3 million ($513.1 million after tax and minority share owners' interests) for the following: (1) $550.0 million ($342.1 million aftertax) related to adjustment of the reserve for estimated future asbestos-related costs; (2) $122.4 million ($77.3 million after tax and minority share owners' interests) related to the consolidation of manufacturing capacity; (3) a net charge of $52.4 million ($32.6 million aftertax) related to early retirement incentives and special termination benefits for 350 United States salaried employees; (4) $40.0 million ($40.0 million aftertax) related to the impairment of property, plant and equipment at the Company's facilities in India; and (5) $33.5 million ($21.1 million after tax and minority share owners' interests) related principally to the write-off of software and related development costs.

FIRST NINE MONTHS 2000 COMPARED WITH FIRST NINE MONTHS 1999

For the first nine months of 2000, the Company recorded a net loss of $302.0 million compared to net earnings of $257.7 million for the first nine months of 1999. Excluding the effects of the 2000 and 1999 unusual items, the Company's first nine months of 2000 net earnings of $211.1 million decreased $37.0 million, or 14.9% from 1999 first nine months net earnings of $248.1 million. Consolidated EBIT, excluding unusual items, for the first nine months of 2000 was $696.0 million, a decrease of $16.3 million, or 2.3%, compared to the first nine months of 1999 EBIT, excluding unusual items, of $712.3 million. The decrease is attributable to lower EBIT for both the Glass Containers segment and the Plastics Packaging segment. Interest expense, net of interest income, increased $42.5 million from the 1999 period due principally to higher interest rates. Exclusive of unusual items, the Company's estimated effective tax rate for the first nine months of 2000 was 38.5%. This compares with an estimated rate of 37.9% for the first nine months of 1999 and the actual rate of 36.9% for the full year of 1999, excluding unusual items. The increase in the 2000 estimated rate is primarily the result of the non-recurrence of certain foreign tax credits which benefited 1999 results.

Capsule segment results (in millions of dollars) for the first nine months of 2000 and 1999 were as follows

	Net sales (Unaffiliated customers)		EBIT (a)	
	2000	1999	2000 (b)	1999
Glass Containers	$ 2,784.2	$ 2,817.8	$274.7	$487.8 (c)
Plastics Packaging	1,387.1	1,282.3	204.8	233.4
Other	53.8	56.2	(0.1)	4.8
Segment totals	4,225.1	4,156.3	479.4	726.0
Eliminations and other retained costs			(581.7)	6.3
Consolidated totals	$ 4,225.1	$ 4,156.3	$(102.3)	$732.3

(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 2000 includes charges totaling $798.3 million for the following: (1) $550.0 million related to adjustment of the reserve for estimated future asbestos-related costs; (2) $122.4 million related to the consolidation of manufacturing capacity; (3) a net charge of $52.4 million related to early retirement incentives and special termination benefits for 350 United States salaried employees; (4) $40.0 million related to the impairment of property, plant and equipment at the Company's facilities in India; and (5) $33.5 million related principally to the write-off of software and related development costs. These items were recorded in the third quarter of 2000. Such items are included as follows in consolidated EBIT for the nine months ended September 30, 2000:

Glass Containers	$186.0
Plastics Packaging	11.2
Total Product Segments	197.2
Eliminations and other retained costs	601.1
Consolidated Totals	$798.3

(c) EBIT for 1999 includes: (1) gains totaling $40.8 million related to the sales of a U.S. glass container plant and a mold manufacturing business in Colombia, and (2) charges totaling $20.8 million related principally to restructuring costs and write-offs of certain assets in Europe and South America. These items were recorded in the second quarter of 1999.

Consolidated net sales for the first nine months of 2000 increased $68.8 million, or 1.7%, over the prior year. Net sales of the Glass Containers segment decreased $33.6 million from 1999. In the United States, the effect of increased shipments of containers for beer producers was partially offset by lower shipments of certain food containers. The combined U.S. dollar sales of the segment's foreign affiliates decreased from the prior year due to the strength of the U.S. dollar. Increased shipments from the Company's operations throughout most of Europe, South America, and the Asia Pacific region were more than offset by lower shipments from the Company's operations in the United Kingdom 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 $150 million. Net sales of the Plastics Packaging segment increased $104.8 million, or 8.2%, over 1999, reflecting increased shipments of plastic containers for juices, closures for food and beverages, and the effects of higher resin costs on pass-through arrangements with customers, partially offset by lower shipments of household, health care, and personal care containers. The effects of higher resin costs increased sales by approximately $70 million compared to the first six months of 1999.

Excluding the effects of the 2000 and 1999 unusual items, segment EBIT for the first nine months of 2000 decreased $29.4 million, or 4.2%, to $676.6 million from the 1999 segment EBIT of $706.0 million. EBIT of the Glass Containers segment decreased $7.1 million, or 1.5%, to $460.7 million, compared to $467.8 million in 1999. The combined U.S. dollar EBIT of the segment's foreign affiliates decreased from prior year. Increased shipments from the Company's operations throughout most of Europe, South America, and the Asia Pacific region, and a gain from the restructuring of the ownership in two small joint ventures in South America were more than offset by the effects of a strong U.S. dollar, higher energy costs worldwide, and expenses associated with the scheduled rebuild of a glass melting furnace in Australia. In the United States, Glass Container EBIT increased from 1999 principally as a result of further improvements in cost structure. EBIT of the Plastics Packaging segment decreased $17.4 million, or 7.5%, to $216.0 million, compared to $233.4 million in 1999. Increased shipments of plastic containers for juices and closures for food and beverages were more than offset by lower shipments of household, health care, and personal care containers and costs incurred in connection with the start-up of new custom PET capacity, including a new plastic bottle plant. Eliminations and other retained costs improved $13.1 million from 1999 principally due to higher net financial services income.

The first nine months of 2000 includes pretax charges totaling $798.3 million ($513.1 million after tax and minority share owners' interests) for the following: (1) $550.0 million ($342.1 million aftertax) related to adjustment of the reserve for estimated future asbestos-related costs; (2) $122.4 million ($77.3 million after tax and minority share owners' interests) related to the consolidation of manufacturing capacity; (3) a net charge of $52.4 million ($32.6 million aftertax) related to early retirement incentives and special termination benefits for 350 United States salaried employees; (4) $40.0 million ($40.0 million aftertax) related to the impairment of property, plant and equipment at the Company's facilities in India; and (5) $33.5 million ($21.1 million after tax and minority share owners' interests) related principally to the write-off of software and related development costs.

The first nine months of 1999 include the following unusual items recorded in the second quarter: (1) gains totaling $40.8 million ($23.6 million after tax and minority share owners' interests) related to the sales of a U.S. glass container plant and a mold manufacturing business in Colombia, and (2) charges totaling $20.8 million ($14.0 million after tax and minority share owners' interests) related principally to restructuring costs and write-offs of certain assets in Europe and South America.

RESTRUCTURING AND CAPACITY REALIGNMENT PROGRAM

The third quarter of 2000 operating results include a pretax charge of $248.3 million, principally related to a restructuring and capacity realignment program. The restructuring and capacity realignment program, initiated in the third quarter of 2000, includes the consolidation of manufacturing capacity and a reduction of 350 employees in the U.S. salaried work force, or about 10%, principally as a result of early retirement incentives. Also included in the charge are a write-down of plant and equipment for the company's glass container affiliate in India and certain other asset write-offs, including $27.9 million for software which has been abandoned. Manufacturing capacity consolidations principally involve U.S. glass container facilities and reflect technology-driven improvements in productivity, conversions from some juice and similar products to plastic containers, Company and customer decisions regarding pricing and volume, and the further concentration of production in the most strategically-located facilities.

The Company expects the actions associated with the restructuring and capacity realignment program, including the orderly transition of production to other facilities, to be substantially completed by the first half of 2001. Cash expenditures associated with these actions, principally for severance, are expected to approximate $80 million, which does not include amounts funded from the Company's defined benefit pension plan. The majority of the cash expenditures related to these actions are expected to occur in the first quarter 2001, with the remainder occurring throughout the year 2001. The remaining $170 million consists of non-cash charges principally for asset write-offs and reduction of the asset associated with the Company's defined benefit pension plans. Upon completion of the restructuring activities, the Company expects to realize EBIT improvement of approximately $50 million on an annualized basis.

The Company is contemplating further restructuring activities, including consolidation of manufacturing facilities and sales of non-core businesses and assets. As a result, additional unusual items may be recorded in the fourth quarter of 2000 and throughout 2001.

ASBESTOS-RELATED CHARGE

The asbestos-related pretax charge of $550.0 million was established to cover estimated indemnity payments and legal fees arising from outstanding asbestos personal injury lawsuits and claims and asbestos personal injury lawsuits and claims filed in the next several years, during which period the Company expects to receive the majority of the future asbestos-related lawsuits and claims that could involve the Company. The estimate is based on a comprehensive review of the Company's asbestos-related assets and liabilities completed during the third quarter of 2000. The estimate includes consideration of the negative impact of recent bankruptcy filings, particularly the most recent filing by Owens Corning and Fibreboard Corporation on October 5, 2000. The estimate does not include the possibility of partial relief in the form of tax or other legislation that could result in funds to compensate asbestos claimants.

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 to Owens Corning. In line with its limited involvement with an asbestos-containing product and its exit from that business over 42 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.

CAPITAL RESOURCES AND LIQUIDITY

The Company's total debt at September 30, 2000 was $5.87 billion, compared to $5.94 billion at December 31, 1999 and $5.75 billion at September 30, 1999.

At September 30, 2000, the Company had available credit totaling $4.5 billion under its agreement with a group of banks ("Bank Credit Agreement") expiring in December 2001, of which $621.7 million had not been utilized. At December 31, 1999, the Company had $565.3 million of credit which had not been utilized under the Bank Credit Agreement. Cash provided by operating activities was $286.4 million for the first nine months of 2000 compared to $335.7 million for the first nine months of 1999.

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

The Company's Board of Directors has authorized the management of the Company to repurchase up to 20 million shares of the Company's common stock. During the third quarter of 2000, the Company repurchased 235,700 shares for $3.0 million. Since July 1999, the Company has repurchased 10,937,000 shares for $237.9 million. The Company intends to purchase its common stock from time to time on the open market depending on market conditions and other factors. The Company believes that cash flows from its operations and from utilization of credit available under the Bank Credit Agreement will be sufficient to fund such repurchases in addition to the obligations mentioned in the previous paragraph.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

The Bank Credit Agreement provides, among other things, a $1.75 billion offshore revolving loan facility which is available to certain of the Company's foreign subsidiaries and denominated in certain foreign currencies. For further information about the facility and related foreign currency loan amounts outstanding, see Note 3 to the financial statements.

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.

On or about November 2, 1999 and December 21, 1999, Michigan Department of Environmental Quality ("MDEQ") issued Letters of Violation to the Company's subsidiary Owens-Brockway Glass Container Inc. relating to its facility in Charlotte, Michigan alleging violations of Permit to Install No. 11-99, and Stipulation for Entry of Final Order by Consent AQD No. 12-1999. The Company and MDEQ have agreed to a settlement including a total penalty of $110,000. The settlement will be made available by MDEQ for public comment in the fourth quarter of 2000.

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, which is incorporated herein by reference.

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

(a) Exhibits:

Exhibit 10.1	Third Amendment to Second Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc.
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends.
Exhibit 23	Consent of McCarter & English, LLP.
Exhibit 27	Financial Data Schedule.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed by the Registrant during the third quarter of 2000.

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 November 14, 2000

By /s/ David G. Van Hooser

David G. Van Hooser
Senior Vice President and Chief Financial Officer (Principal Financial Officer)

INDEX TO EXHIBITS

EXHIBITS

10.1	Third Amendment to Second Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc.
12	Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends
23	Consent of McCarter & English, LLP
27	Financial Data Schedule

EXHIBIT 10.1

THIRD AMENDMENT
TO
SECOND AMENDED AND RESTATED STOCK OPTION PLAN
FOR KEY EMPLOYEES OF OWENS-ILLINOIS, INC.

Pursuant to the authority reserved to the Compensation Committee (the "COMMITTEE") of the Board of Directors of Owens-Illinois, Inc. (the "COMPANY") under Section 7.2 of the Second Amended and Restated Stock Option Plan for Key Employees of Owens-Illinois, Inc. (the "PLAN"), the Committee hereby amends the Plan as follows:

1. Section 4.4 of the Plan is amended to read, in its entirety, as follows:

SECTION 4.4 - EXPIRATION OF OPTIONS

(a) No Option may be exercised to any extent by anyone after the first to occur of the following events:

(i) In the case of an Incentive Stock Option, (A) the expiration of ten years from the date the Option was granted, or (B) in the case of an Optionee owning (within the meaning of Section 424(d) of the Code), at the time the Option was granted, more than 10% of the total combined voting power of all classes of stock of the Company, any Subsidiary or any Parent Corporation, the expiration of five years from the date the Option was granted; or

(ii) In the case of a Non-Qualified Option, the expiration of twelve years and one day from the date the Option was granted; or

(iii) Except in the case of (A) any Optionee who is totally disabled (within the meaning of Section 22(e)(3) of the Code for purposes of an Incentive Stock Option, or otherwise as determined by the Committee in accordance with Company policies), (B) any Optionee who retires within the meaning of clause (v) below, (C) any Optionee who dies or (D) any Optionee whose right to exercise his or her Option is extended by the Committee pursuant to clause (vii) below, the expiration of three months from the date of the Optionee's Termination of Employment for any reason unless the Optionee dies within said three-month period; or

(iv) In the case of an Optionee who is totally disabled (within the meaning of Section 22(e)(3) of the Code for purposes of an Incentive Stock Option, or otherwise as determined by the Committee in accordance with Company policies), the expiration of one year from the date of the Optionee's Termination of Employment by reason of his or her disability unless the Optionee dies within said one-year period; or

(v) In the case of an Optionee who retires after reaching the Company's normal retirement age or who takes early retirement, the expiration of three months from the date of Optionee's Termination of Employment by reason of such retirement, or in the case of any such retiring Optionee whose right to exercise his or her Option is extended by the Committee, which extension shall not exceed three years from the date of Optionee's Termination of Employment, the date upon which such extension expires; or

(vi) The expiration of one year from the date of the Optionee's death; or

(vii) In the case of any Optionee whose right to exercise his or her Option is extended by the Committee, which extension shall not exceed three years from the date of Optionee's Termination of Employment, the date upon which such extension expires.

(b) Subject to the provisions of Section 4.4(a), the Committee shall provide, in the terms of each individual Option, when such Option expires and becomes unexercisable; and (without limiting the generality of the foregoing) the Committee may provide in the terms of individual Options that said Options expire immediately upon a Termination of Employment; provided, however, that provision may be made that such Option shall become exercisable in the event of a Termination of Employment because of the Optionee's retirement (as determined by the Committee in accordance with Company policies), total disability (within the meaning of Section 22(e)(3) of the Code for purposes of an Incentive Stock Option, or otherwise as determined by the Committee in accordance with Company policies) or death; and provided further, that in the event the Committee extends the right of an Optionee to exercise his or her Option pursuant to Section 4.4(a)(vii) above, the Committee may also provide that such Option shall become exercisable immediately, or in accordance with the schedule of exercisability which would be applicable to such Option but for the Optionee's Termination of Employment, or in accordance with any other schedule determined in the Committee's discretion.

2. This Third Amendment shall be effective on or as of September 11, 2000. In all other respects the Plan shall remain in full force and effect as originally adopted.

IN WITNESS WHEREOF, the Committee has caused this Third Amendment to be executed by a duly authorized officer of the Company as of the 11th day of September, 2000.

OWENS-ILLINOIS, INC.

By /s/ THOMAS L. YOUNG

Executive Vice President

Attest:

/s/ JAMES W. BAEHREN

Secretary

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)

	Nine Months ended September 30, 2000	1999
Earnings (loss) before income taxes, and minority share owners' interests	($ 439.7)	$ 437.4
Less: Equity earnings	(14.6)	(15.6)
Add: Total fixed charges deducted from earnings	382.0	335.8
Proportional share of pre-tax earnings (loss) of 50% owned associates	8.2	7.6
Dividends received from less than 50% owned associates	5.9	7.2
Earnings (loss) available for payment of fixed charges	($ 58.2)	$ 772.4
Fixed charges (including the Company's proportional share of 50% owned associates):		
Interest expense	$ 353.2	$ 308.4
Portion of operating lease rental deemed to be interest	21.2	20.7
Amortization of deferred financing costs and debt discount expense	7.6	6.7
Total fixed charges deducted from earnings and fixed charges	$ 382.0	$ 335.8
Preferred stock dividends (increased to assumed pre-tax amount)	26.0	27.2
Combined fixed charges and preferred stock dividends	$ 408.0	$ 363.0
Deficiency of earnings available to cover fixed charges	440.2	
Ratio of earnings to fixed charges		2.3
Deficiency of earnings available to cover fixed charges and preferred stock dividends	466.2	
Ratio of earnings to combined fixed charges and preferred stock dividends		2.1

EXHIBIT 23
CONSENT OF MCCARTER & ENGLISH

November 14, 2000

Ladies and Gentlemen:

We consent to the incorporation by reference of the reference to our firm in the "Contingencies" section of the Company's report on Form 10-Q for the quarter ended September 30, 2000.

Very truly yours,

/s/ McCarter & English

McCarter & English

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE SEPTEMBER 30, 2000 CONDENSED CONSOLIDATED BALANCE SHEET, AND THE CONDENSED CONSOLIDATED RESULTS OF OPERATIONS FOR THE NINE-MONTH PERIOD THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS
DEC-31-2000
SEP-30-2000
195,300,000
0
912,600,000
66,300,000
862,600,000
2,109,100,000
5,606,200,000
2,319,500,000
10,408,600,000
1,269,300,000
5,759,100,000
0
455,900,000
1,600,000
1,408,700,000
10,408,600,000
4,225,100,000
4,421,500,000
3,279,900,000
3,279,900,000
0
0
360,800,000
(439,700,000)
(146,600,000)
(302,000,000)
0
0
0
(302,000,000)
(2.18)
(2.18)