SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D)OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): May 16, 1997

OWENS-ILLINOIS, INC.

(Exact name of registrant as specified in its charter)

Delaware	1-9576	22-2781933
(State or other jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

OWENS-ILLINOIS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	33-13061	34-1559348
(State or other jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

One SeaGate, Toledo, Ohio 43666

(Address of principal executive offices) (Zip Code)

(419) 247-5000

(Registrants' telephone number, including area code)

ITEM 5. OTHER EVENTS

On May 16, 1997, Owens-Illinois, Inc. (the "Company") completed an underwritten offering of $300,000,000 of its 7.85% Senior Notes due May 15, 2004 (the "7-Year Notes") and $300,000,000 of its 8.10% Senior Notes due May 15, 2007 (the "10-Year Notes" and, together with the 7-Year Notes, the "Notes") under its shelf registration statement (Registration No. 333-25175) declared effective by the Securities and Exchange Commission on April 18, 1997 (the "Registration Statement") (which Registration Statement also constitutes, pursuant to Rule 429 under the Securitis Act of 1933, as amended, Post-Effective Amendment No. 1 to registration statement No. 33-51982, as amended), a Prospectus, dated April 18, 1997, and the related Prospectus Supplement, dated May 13, 1997, relating to the offer and sale by the Company of the Notes. The 7-Year Notes were priced to the public at 99.878% of par value and the 10-Year Notes were priced to the public at 99.865% of par value, with accrued interest in each case from May 15, 1997. The sale of the Notes was underwritten by Morgan Stanley & Co. Incorporated, BT Securities Corporation, Credit Suisse First Boston Corporation, Nationsbanc Capital Markets, Inc. and Salomon Brothers Inc pursuant to an Underwriting Agreement attached as Exhibit 1.1 hereto. The terms and conditions of the Notes and related matters are set forth in the following documents: (i) the Indenture, dated as of May 15, 1997 by and between the Company and The Bank of New York, as trustee, filed as Exhibit 4.1 hereto; (ii) with respect to the 7-Year Notes, the Officers' Certificate, pursuant to Article 2.01 of the Indenture; filed as Exhibit 4.2 hereto, and (iii) with respect to the 10-Year Notes, the Officers' Certificate, pursuant to Article 2.01 of the Indenture, filed as Exhibit 4.3 hereto.

On May 16, 1997, the Company also completed an underwritten offering of 14,750,000 shares of the Company's common stock, par value $.01 per share (the "Common Stock") under the Registration Statement, and (a) a Prospectus dated April 18, 1997, and the related Prospectus Supplement, dated May 13, 1997, relating to the offer and sale by the Company of 11,800,000 shares of Common Stock which were offered in the United States and Canada by Salomon Brothers Inc, Goldman, Sachs & Co., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, and PaineWebber Incorporated pursuant to an Underwriting Agreement attached as Exhibit 1.2 hereto and (b) a Prospectus, dated April 18, 1997, and the related Prospectus Supplement, dated May 13, 1997, relating to the offer and sale by the Company of 2,950,000 shares of Common Stock which were offered outside the United States and Canada by Salomon Brothers International Limited, Goldman Sachs International, Lehman Brothers International (Europe), Merrill Lynch International, Morgan Stanley & Co. International Limited, and PaineWebber International (U.K.) Ltd. pursuant to an Underwriting Agreement attached as Exhibit 1.3 hereto. The shares of Common Stock, in each case, were priced to the public at $28.50 per share.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits: The following exhibits are filed as part of this Report and as exhibits to the Registration Statement.

1.1 Underwriting Agreement, dated as of May 13, 1997, among Owens-Illinois, Inc., Morgan Stanley & Co. Incorporated, BT Securities Corporation, Credit Suisse First Boston Corporation, Nationsbanc Capital Markets, Inc. and Salomon Brothers Inc.

1.2 Underwriting Agreement, dated as of May 13, 1997, among Owens-Illinois, Inc., Salomon Brothers Inc, Goldman, Sachs & Co., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and PaineWebber Incorporated.

1.3 Underwriting Agreement, dated as of May 13, 1997, among Owens-Illinois, Inc., Salomon Brothers International Limited, Goldman Sachs International, Lehman Brothers International (Europe), Merrill Lynch International, Morgan Stanley & Co. International Limited and PaineWebber International (U.K.) Ltd.

4.1 Indenture dated as of May 15, 1997, between Owens-Illinois, Inc. and The Bank of New York, as Trustee.

4.2 Officers' Certificate, dated May 16, 1997, establishing the terms of the 7.85% Senior Notes due 2004.

4.3 Officers' Certificate, dated May 16, 1997, establishing the terms of the 8.10% Senior Notes due 2007.

4.4 Form of 7.85% Senior Note due 2004 (attached as Annex A to the Officers' Certificate filed as Exhibit 4.2 to this Report).

4.5 Form of 8.10% Senior Note due 2007 (attached as Annex A to the Officers' Certificate filed as Exhibit 4.3 to this Report)

SIGNATURES

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

Dated: May 21, 1997

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

By: /S/ LEE A. WESSELMANN

Lee A. Wesselmann
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT	
1.1	Underwriting Agreement, dated as of May 13, 1997, among Owens-Illinois, Inc., Morgan Stanley & Co. Incorporated, BT Securities Corporation, Credit Suisse First Boston Corporation, Nationsbanc Capital Markets, Inc. and Salomon Brothers Inc.
1.2	Underwriting Agreement, dated as of May 13, 1997, among Owens-Illinois, Inc., Salomon Brothers Inc, Goldman, Sachs & Co., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and PaineWebber Incorporated.
1.3	Underwriting Agreement, dated as of May 13, 1997, among Owens-Illinois, Inc., Salomon Brothers International Limited, Goldman Sachs International, Lehman Brothers International (Europe), Merrill Lynch International, Morgan Stanley & Co. International Limited and PaineWebber International (U.K.) Ltd.
4.1	Indenture dated as of May 15, 1997, betwen Owens-Illinois, Inc. and The Bank of New York, as Trustee.
4.2	Officers' Certificate, dated May 16, 1997, establishing the terms of the 7.85% Senior Notes due 2004.
4.3	Officers' Certificate, dated May 16, 1997, establishing the terms of the 8.10% Senior Notes due 2007.
4.4	Form of 7.85% Senior Note due 2004 (attached as Annex A to the Officers' Certificate filed as Exhibit 4.2 to this Report).
4.5	Form of 8.10% Senior Note due 2007 (attached as Annex A to the Officers' Certificate filed as Exhibit 4.3 to this Report)

EXHIBIT 1.1

EXECUTION COPY

$600,000,000

OWENS-ILLINOIS, INC.

$300,000,000 7.85% Senior Notes due 2004

$300,000,000 8.10% Senior Notes due 2007

UNDERWRITING AGREEMENT

May 13, 1997

May 13, 1997

MORGAN STANLEY & CO.
INCORPORATED
BT SECURITIES CORPORATION
CREDIT SUISSE FIRST BOSTON CORPORATION
NATIONSBANC CAPITAL MARKETS, INC.
SALOMON BROTHERS INC
c/o MORGAN STANLEY & CO.
INCORPORATED
1585 Broadway
New York, New York 10036

Dear Sirs and Mesdames:

Owens-Illinois, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the "Underwriters") $300,000,000 principal amount of its 7.85% Senior Notes due 2004 (the "7-Year Notes") and $300,000,000 principal amount of its 8.10% Senior Notes due 2007 (the "10-Year Notes" and, together with the 7-Year Notes, the "Securities") to be issued pursuant to the provisions of an Indenture dated as of May 16, 1997 (the "Indenture") by and between the Company and The Bank of New York, as Trustee (the "Trustee").

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (File No. 333-25175), which registration statement also constitutes, pursuant to Rule 429 under the Securities Act of 1933, as amended (the "Securities Act"), Post-Effective Amendment No. 1 to the Registration Statement (File No. 33-51982), as amended, relating to the Securities and the offering thereof from time to time in accordance with Rule 415 under the Securities Act. Such registration statements, as amended, have been declared effective by the Commission, and the Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). In addition, the Company has prepared and filed with the Commission the Preliminary Prospectus (as defined herein) pursuant to Rule 424(b) under the Securities Act in accordance with Rule 424(b) under the Securities Act.

The terms which follow, when used in this Agreement, shall have the meanings indicated. The term "the Effective Date" shall mean each date that the Registration Statement and any post-effective amendment or amendments thereto became or become effective. "Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto. "Preliminary Prospectus" shall mean any preliminary prospectus, including any preliminary prospectus supplement, used in connection with the offer of any Securities prior to the date hereof and any preliminary prospectus included in the Registration Statement at the Effective Date that omits Rule 430A Information (as defined herein). "Prospectus" shall mean the prospectus, including any prospectus supplement relating to the Securities, that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of final prospectus relating to the Securities included in the Registration Statement at the Effective Date. "Registration Statement" shall mean the registration statements referred to above, including incorporated documents and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto becomes effective prior to the Closing Date (as defined herein), shall also mean such registration statements as so amended. Such term shall include any Rule 430A Information deemed to be included therein as provided by Rule 430A. "Rule 430A Information" means information with respect to the Securities and the offering thereto permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A. Any reference herein to the Registration Statement, a Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") on or before the Effective Date of the Registration Statement or the issue date of such Preliminary Prospectus or the Prospectus, as the case may be; and any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the Effective Date of the Registration Statement, or the issue date of any Preliminary Prospectus or the Prospectus, as the case may be, deemed to be incorporated therein by reference.

1. REPRESENTATIONS AND WARRANTIES. (a) The Company represents and warrants, as of the date hereof and as of the Closing Date, to and agrees with each of the Underwriters as follows:

(i) The Company meets the requirements for use of Form S-3 under the Securities Act. The Registration Statement, at the time the Registration Statement became effective, as of the Closing Date and as amended or supplemented, if applicable, and the Prospectus, when it is first filed in accordance with Rule 424(b) under the Securities Act and on the Closing Date, complied and will comply, as the case may be, in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder.

(ii) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose are pending before or threatened by the Commission; and any required filing of the Prospectus pursuant to Rule 424(b) under the Securities Act has been made in accordance with Rule 424(b) under the Securities Act.

(iii) The Registration Statement, at the time the Registration Statement became effective, as amended or supplemented (or, if an amendment to the Registration Statement or an annual report on Form 10-K has been filed by the Company with the Commission subsequent to the Effective Date, then at the time of the most recent such filing) did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, at the time the Registration Statement became effective, as amended or supplemented and as of the Closing Date, did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply (A) to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any of you expressly for use in the Registration Statement or Prospectus or (B) to that part of the Registration Statement which shall constitute the Statement of Eligibility and Qualification under the Trust Indenture Act (Form T-1) of the Trustee under the Indenture.

(iv) The documents incorporated by reference in the Registration Statement and Prospectus, as amended or supplemented, if applicable, at the time they were or hereafter are filed with the Commission, complied

and will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder and, when read together with the other information in the Prospectus, at the time the Registration Statement and any amendments thereto became or become effective and at the Closing Date, did not and will not contain an untrue statement of a material fact and will not omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(v) Each of Ernst & Young LLP ("Ernst & Young"), K.P.M.G. S.p.A. and Arthur Andersen S.p.A., who are reporting upon the audited financial statements and schedules included or incorporated by reference in the Registration Statement and the Prospectus, each as amended or supplemented, if applicable, are independent public accountants as required by the Securities Act.

(vi) (A) The consolidated financial statements and the related notes of the Company included or incorporated by reference in the Registration Statement and the Prospectus, or in any supplement thereto or amendment thereof, present fairly the consolidated financial position of the Company and its subsidiaries, considered as one enterprise, as of the dates indicated and the consolidated results of operations and changes in financial position of the Company and its subsidiaries, considered as one enterprise, for the periods specified; (B) such financial statements and related notes have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved; and (C) the financial statement schedules incorporated by reference in the Registration Statement present fairly the information required to be stated therein.

(vii) The pro forma financial statements contained in the Preliminary Prospectus and the Prospectus under the heading "Unaudited Pro Forma Consolidated Financial Information" have been prepared on a basis consistent with the historical statements referred to in (vi) above, except for the pro forma adjustments specified therein, and (A) include all material adjustments to the historical financial data required by Rule 11-02 of Regulation S-X necessary to reflect the AVIR Acquisition and the Refinancing (each as defined in the Preliminary Prospectus or the Prospectus), (B) give effect to the assumptions made on a reasonable basis, (C) present fairly in all material respects in accordance with generally accepted accounting

principles consistently applied throughout such periods, the historical and proposed transactions contemplated by the Preliminary Prospectus and the Prospectus and (D) comply in all material respects with the requirements of Rules 11-01 and 11-02 of Regulation S-X; and the other pro forma financial information and pro forma financial data set forth in the Prospectus under the captions "Summary -- Summary Historical and Pro Forma Financial Data" and "Consolidated Capitalization" are derived from such "Unaudited Pro Forma Consolidated Financial Information."

(viii) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, individually or in the aggregate, have a material adverse effect on the condition (financial or otherwise), properties, assets, business or results of operations of the Company and its subsidiaries, considered as one enterprise (a "Material Adverse Effect").

(ix) Each subsidiary of the Company that is a "Significant Subsidiary" (as defined in Rule 1-02 of Regulation S-X under the Securities Act) (hereinafter a "Significant Subsidiary") has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect.

(x) All of the issued and outstanding shares of capital stock of the Company have been duly authorized and are validly issued, fully paid and non-assessable.

(xi) All of the issued and outstanding capital stock of each Significant Subsidiary of the Company (including Owens-Illinois Group, Inc., a Delaware corporation and a wholly-owned subsidiary of the

Company) has been duly authorized, is validly issued, fully paid and non-assessable and, except as set forth in Schedule II hereto, is owned by the Company, directly or through one or more subsidiaries of the Company, free and clear of any material lien.

(xii) There are no holders of securities (debt or equity) of the Company, or holders of rights (including preemptive rights), warrants or options to obtain securities of the Company, who have the right to request the Company to register securities held by them under the Securities Act, except for the Registration Rights Agreement dated as of March 17, 1986 by and among OII Holdings Corporation (the predecessor in interest to the Company), KKR Partners II, L.P., OII Associates, L.P., OII Associates II, L.P. and KKR Associates, L.P.

(xiii) The Company has the corporate power and authority to execute, deliver and perform its obligations under this Agreement; the execution and delivery of, and the performance by the Company of its obligations under, this Agreement have been authorized by all necessary corporate action of the Company; and this Agreement has been duly executed and delivered by the Company.

(xiv) The Company has the corporate power and authority to execute and deliver the Indenture and to perform its obligations provided for therein; the Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized by the Company substantially in the form filed as an exhibit to the Registration Statement and, when executed and delivered by the Company and assuming due execution and delivery by the Trustee, will be a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and as rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability (whether enforcement is considered in a proceeding in equity or at law); and the Indenture conforms in all material respects to the description thereof contained in the Prospectus.

(xv) The Company has the corporate power and authority to execute, issue and deliver the Securities and to incur and perform its obligations provided for therein; the Securities have been duly authorized and, when executed, issued and authenticated in accordance

with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be entitled to the benefits of the Indenture and will be legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and as rights of acceleration, if any, and the availability of equitable remedies may be limited by equitable principles of general applicability (whether enforcement is considered in a proceeding in equity or at law); and the Securities conform in all material respects to the descriptions thereof contained in the Prospectus.

(xvi) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, contemplated thereby or otherwise incorporated by reference therein, there has not been (A) any material adverse change in the condition (financial or otherwise), properties, assets, business, or results of operations of the Company and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Change"), (B) any transaction entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, that could have a Material Adverse Effect, or (C) any dividend or distribution of any kind declared, paid or made by the Company on its capital stock.

(xvii) Neither the Company nor any of its subsidiaries is (A) in violation of its certificate of incorporation or by-laws or in default (nor has an event occurred that with notice or passage of time or both would constitute such a default) in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other material agreement or instrument to which the Company or its subsidiaries is subject or by which any of them or any of their properties or assets may be bound or affected, (B) in violation of any existing applicable law, ordinance, regulation, judgment, order or decree of any government, governmental instrumentality, arbitrator or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets or (C) in each case to the knowledge of the Company, in violation of or has

violated any permit, certificate, license, order or other approval or authorization required in connection with the operation of its business that, with respect to each of clause (A), (B) and (C) of this paragraph, would (individually or in the aggregate) (I) adversely affect the legality, validity or enforceability of this Agreement, the Indenture or the Securities, (II) have a Material Adverse Effect or (III) impair the ability of the Company to fully perform on a timely basis any obligations that it has under this Agreement, the Indenture or the Securities.

(xviii) The issuance, sale and delivery of the Securities, the execution, delivery and performance by the Company of this Agreement and the Indenture, the compliance by the Company with the terms herein and therein and the consummation by the Company of the transactions contemplated hereby, thereby and in the Registration Statement and the Prospectus, do not and will not result in a violation of any of the terms or provisions of the certificate of incorporation or by-laws of the Company or any of its subsidiaries, and (A) will not, as of the Closing Date, conflict with, or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other material agreement or instrument to which the Company or any of its subsidiaries is a party or by which any of them or any of their properties or assets is bound, except for such conflicts, breaches, violations or defaults that would not have a Material Adverse Effect or (B) do not and will not conflict with or result in a breach or violation of any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets, except for any conflict, breach or violation that would not have a Material Adverse Effect.

(xix) No authorization, approval, consent or order of, or qualification with, any governmental body or agency is required to be obtained or made by the Company for (A) the due authorization, execution, delivery and performance by the Company of this Agreement and the Indenture or the valid authorization, issuance, sale and delivery of the Securities, except (I) such as may be required by the securities or blue sky laws of the various states (the "Blue Sky laws") in connection with the offer and sale of the Securities and (II) for such consents that are required and have

been received and are in full force and effect as of the Closing Date.

(xx) There is no action, suit, investigation or proceeding before or by any government, governmental instrumentality or court, domestic or foreign, now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries or any of their properties and assets that (A) is required to be disclosed in the Prospectus and is not so disclosed, (B) except as disclosed in the Prospectus, could result in any Material Adverse Change, (C) seeks to restrain, enjoin, prevent the consummation of or otherwise challenge the issuance and sale of the Securities or the execution and delivery of this Agreement or the Indenture or any of the transactions contemplated hereby or thereby or (D) questions the legality or validity of any such transaction or seeks to recover damages or obtain other relief in connection with any such transaction, and, in each case to the knowledge of the Company, there is no valid basis for any such action, suit, investigation or proceeding; the aggregate of all pending legal or governmental proceedings to which the Company or any of its subsidiaries is a party or that affect any of their properties and assets that are not described in the Registration Statement or the Prospectus, including ordinary routine litigation incidental to its business, would not have a Material Adverse Effect.

(xxi) There are no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required or, in the case of exhibits, will not be so filed promptly after the Closing Date.

(xxii) Each of the Company and its subsidiaries has good title to all properties owned by them, in each case free and clear of all liens except (A) as do not materially interfere with the use made and proposed to be made of such properties, (B) as set forth in the Registration Statement and the Prospectus or (C) as could not reasonably be expected to have a Material Adverse Effect.

(xxiii) Each of the Company and its subsidiaries has all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local, foreign and other governmental authorities, all self-regulatory organizations and all

courts and other tribunals, to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Registration Statement or the Prospectus, except to the extent that the failure to so obtain or file would not have a Material Adverse Effect.

(xxiv) Each of the Company and its subsidiaries owns or possesses, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other proprietary or confidential information, systems or procedures, whether patented or unpatented), trademarks, service marks and trade names (collectively, "Intellectual Property") presently employed by them in connection with the business now operated by them, except where the failure to own or possess or have the ability to acquire any such Intellectual Property would not have a Material Adverse Effect, and neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing that, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in any Material Adverse Change.

(xxv) Except as disclosed in the Registration Statement and the Prospectus, each of the Company and its subsidiaries is in material compliance with all applicable existing federal, state, local and foreign laws and regulations relating to protection of human health, safety and the environment or imposing liability or standards of conduct concerning any Hazardous Material (as hereinafter defined) ("Environmental Laws"), except, in each case, where such noncompliance, individually or in the aggregate, would not have a Material Adverse Effect. The term "Hazardous Material" means (A) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (B) any "hazardous waste" as defined by the Resource Conservation and Recovery Act, as amended, (C) any petroleum or petroleum product, (D) any polychlorinated biphenyl and (E) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material, waste or substance regulated under or within the meaning of any other Environmental Law.

(xxvi) The Company has not taken and will not take, directly or indirectly, any action designed to or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the

Securities or any action resulting in a violation of Regulation M under the Exchange Act.

(xxvii) The Securities are, or will be when issued, "excepted securities" within the meaning of Rule 101(c) of Regulation M under the Exchange Act.

(xxviii) The Company is not an "investment company" as such term is defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xxix) The Company has complied with all provisions of Section 517.075, Florida Statutes relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba.

(b) Any certificate signed by any officer of either the Company or any of its subsidiaries and delivered to you or to your counsel at the Closing Date pursuant to this Agreement or the transactions contemplated hereby shall be deemed a representation and warranty by the Company or such subsidiary of the Company, as the case may be, to each of you as to the matters covered thereby.

2. AGREEMENT TO SELL AND PURCHASE. The Company hereby agrees, subject to the terms and conditions set forth herein, to sell to the several Underwriters, and, upon the basis of the representations and warranties herein contained and subject to the conditions hereinafter stated, each Underwriter agrees, severally and not jointly, to purchase from the Company (A) the respective principal amounts of 7-Year Notes set forth in Schedule I hereto opposite its name at 98.753% of their respective principal amounts (the "7-Year Note Purchase Price") plus accrued interest, if any, from May 15, 1997 to the date of payment and delivery, calculated on the basis of a 360-day year of twelve 30-day months and (B) the respective principal amounts of 10-Year Notes set forth in Schedule I hereto opposite its name at 98.490% of their respective principal amounts (the "10-Year Note Purchase Price") plus accrued interest, if any, from May 15, 1997 to the date of payment and delivery, calculated on the basis of a 360-day year of twelve 30-day months.

3. TERMS OF PUBLIC OFFERING. The Company has been advised by you that the Underwriters propose to make a public offering of their respective portions of the Securities as soon after this Agreement has become effective as in your judgment is advisable. The Company is further advised by you that (A) the 7-Year Notes are to be offered to the public initially at 99.878% of their principal amount (the "7-Year Note Public Offering Price") plus accrued interest, if any, from May 15, 1997 to the date of payment and delivery and to certain dealers selected by you at a

price that represents a concession not in excess of 0.50% of their principal amount under the 7-Year Note Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of 0.25% of their principal amount, to any Underwriter or to certain other dealers and (B) the 10-Year Notes are to be offered to the public initially at 99.865% of their principal amount (the "10-Year Note Public Offering Price") plus accrued interest, if any, from May 15, 1997 to the date of payment and delivery and to certain dealers selected by you at a price that represents a concession not in excess of 0.60% of their principal amount under the 10-Year Note Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of 0.25% of their principal amount, to any Underwriter or to certain other dealers.

4. PAYMENT AND DELIVERY. Payment for the 7-Year Notes and the 10-Year Notes shall be made to the Company by wire transfer in federal funds or other funds immediately available in New York City or through the facilities of The Depository Trust Company of the 7-Year Note Purchase Price and of the 10-Year Note Purchase Price against delivery of such Securities for the respective accounts of the several Underwriters at 10:00 A.M., New York City time, on May 16, 1997, or at such other time on the same or such other date, not later than May 22, 1997, as shall be designated in writing by you. The time and date of such payment are hereinafter referred to as the "Closing Date."

Payment for the Securities shall be made against delivery to you for the respective accounts of the several Underwriters of global certificates representing the 7-Year Notes and the 10-Year Notes registered in the name of Cede & Co. with any transfer taxes payable in connection with the transfer of the Securities to the Underwriters duly paid.

The Company agrees to have the global certificates referred to above available for inspection and checking by Morgan Stanley & Co. Incorporated in New York, New York, not later than 1:00 P.M., New York City time on the business day prior to the Closing Date.

5. CONDITIONS TO THE UNDERWRITERS' OBLIGATIONS. The several obligations of the Underwriters to purchase and pay for the Securities pursuant to this Agreement are subject to the satisfaction of each of the following conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) (A) no downgrading shall have occurred in the rating accorded any of the Company's debt securities or preferred stock by any "nationally recognized statistical rating organization" as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act and regulations thereunder and (B) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Company's debt securities or preferred stock.

(ii) no stop order suspending the effectiveness of the egistration Statement is in effect and no proceedings for that urpose shall have been instituted and shall be pending or, to your nowledge or the knowledge of the Company, shall be contemplated by he Commission, and any request on the part of the Commission for dditional information shall have been complied with to the atisfaction of your counsel.

(b) The Company shall have furnished to the Underwriters a certificate of the Company, signed by the Chairman of the Board or the President or a Vice President and the Treasurer or Controller of the Company, dated the Closing Date, to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and the Company has complied in all material respects with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Registration Statement and the Prospectus, there has been no Material Adverse Change.

(c) The Underwriters shall have received on the Closing Date an opinion of Latham & Watkins, outside counsel for the Company, dated the Closing Date, in

form and substance reasonably satisfactory to your counsel to the effect that:

(i) the Registration Statement and the Prospectus (excluding the documents incorporated therein by reference) comply as to form in all material respects with the requirements for registration statements on Form S-3 under the Securities Act and the rules and regulations of the Commission thereunder; it being understood, however, that such counsel expresses no opinion with respect to the financial statements, schedules and other financial and statistical data included or incorporated in the Registration Statement or the Prospectus or with respect to the Statement as to the Eligibility and Qualification of the Trustee on Form T-1. In passing upon the compliance as to form of the Registration Statement and the Prospectus, such counsel has assumed that the statements made therein (or incorporated by reference therein) are correct and complete;

(ii) the Registration Statement has become effective under the Securities Act and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and no proceedings therefor have been initiated or threatened by the Commission; and any required filing of the Prospectus pursuant to Rule 424(b) under the Securities Act has been made in accordance with Rule 424(b) under the Securities Act;

(iii) the Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its property and to conduct its business as described in the Registration Statement and the Prospectus;

(iv) the Underwriting Agreement has been duly authorized, executed and delivered by the Company;

(v) the Indenture has been (A) duly qualified under the Trust Indenture Act and (B) duly authorized, executed and delivered by the Company and, assuming the due authorization, execution and delivery by the Trustee, will be a legally valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except (i) as may be

limited by the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors, (ii) as may be limited by the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or law, and the discretion of the court before which any proceeding therefor may be brought; (iii) the enforceability under certain circumstances under law or court decisions of provisions providing for the indemnification of or contribution to a party with respect to liability where such indemnification or contribution is contrary to public policy; (iv) such counsel shall not be required to express any opinion concerning the enforceability of the waiver or right or defenses contained in Section 4.06 of the Indenture; and (v) the manner by which the acceleration of the Securities may affect the collectibility of that portion of the stated principal amount thereof which might be determined to constitute unearned interest thereon;

(vi) the Securities, when executed and authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be legally valid and binding obligations of the Company, enforceable against the Company in accordance with their terms except (i) as may be limited by the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors; (ii) as may be limited by the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or law, and the discretion of the court before which any proceeding therefor may be brought; (iii) the enforceability under certain circumstances under law or court decisions of provisions providing for the indemnification of or contribution to a party with respect to liability where such indemnification or contribution is contrary to public policy; (iv) such counsel shall not be required to express any opinion concerning the enforceability of the waiver or rights or defenses contained in Section 4.06 of the Indenture; and (v) the manner by which the acceleration of the Securities may affect the collectibility of that portion of the stated principal amount thereof

which might be determined to constitute unearned interest thereon;

(vii) the execution and delivery by the Company of, and the issuance and sale of the Securities by the Company pursuant to, this Agreement will not result in (A) the violation by the Company of its Certificate of Incorporation or Bylaws, the General Corporation Law of the State of Delaware or any federal or New York statute, or any rule or regulation that has been issued pursuant to the General Corporation Law of the State of Delaware or any federal or New York statute known to such counsel to be applicable to the Company (except that no opinion shall be expressed with respect to state securities or "blue sky" laws) or (B) after giving effect to written waivers and consents which have been or will be obtained on or prior to the Closing, the breach of or a default under (i) any indenture or other agreement or instrument pertaining to the Company's long-term debt listed in the Prospectus Supplement under the caption "Consolidated Capitalization," excluding long-term debt listed as "Other," or (ii) any court or administrative orders, writs, judgments or decrees specifically directed to the Company and identified to such counsel by an officer of the Company as material to the Company;

(viii) to such counsel's knowledge, no authorization, approval, consent or order of, or filing or qualification with, any federal or New York State court or governmental body or agency is required to be obtained or made by the Company for the execution and delivery by the Company of this Agreement and the Indenture or the issuance and sale of the Securities by the Company, except (A) such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Securities and (B) except such as have been obtained under the Securities Act and are in full force and effect as of the Closing Date;

(ix) the statements set forth in the Prospectus under the caption "Description of the Notes" insofar as such statements constitute summaries of the documents referred to therein, are accurate in all material respects; and the Securities conform in all material respects to the description thereof in the Prospectus; and

(x) the Company is not an "investment company," as such term is defined in the 1940 Act;

In addition, such counsel shall state that, while they did not prepare any of the documents incorporated by reference in the Registration Statement and the Prospectus, they have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, and the Underwriters' representatives at which the contents of the Registration Statement and the Prospectus and related matters were discussed, and although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the Prospectus and have not made any independent check or verification thereof (except as set forth in paragraph (x) above), during the course of such participation (relying as to materiality to the extent we deemed appropriate upon the statements of officers and other representatives of the Company), no facts came to such counsel's attention that caused such counsel to believe that the Registration Statement (including the incorporated documents), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus (including the incorporated documents), as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel express no belief with respect to the financial statements, schedules and other financial and statistical data or the Statement of Eligibility of the Trustee on Form T-1 included or incorporated by reference in the Registration Statement or the Prospectus.

In rendering such opinion, Latham & Watkins may rely as to factual matters upon certificates or written statements from officers or other appropriate representatives of the Company or upon certificates of public officials and need not express any opinion with regard to the laws of any jurisdiction other than the federal law of the United States, the law of the State of New York and the General Corporation Law of the State of Delaware.

(d) At the Closing Date, each of you shall have received a signed opinion of Thomas L. Young, Esq., General Counsel of the Company, dated as of the Closing Date, in form and substance reasonably satisfactory to your counsel, to the effect that:

(i) the Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(ii) each Significant Subsidiary (as defined in Rule 1-02 of Regulation S-X under the Securities Act) of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualifications, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(iii) the Company has the authorized capitalization as set forth in the Prospectus, including any amendment or supplement thereto; all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and all of the issued and outstanding capital stock of such Significant Subsidiaries, except as set forth on Schedule II hereto, is owned of record by the Company, directly or through subsidiaries, and is free and clear of any material lien, claim, encumbrance or other security interest;

(iv) the Company has the corporate power and authority to execute, deliver and perform its obligations under this Agreement; the execution and delivery of, and the performance by the Company of its obligations under, this Agreement have been authorized by all necessary corporate action of the Company; and this Agreement has been duly executed and delivered by the Company;

(v) the execution and delivery by the Company of, and the issuance and sale of the Securities by the Company pursuant to, this Agreement will not result in (A) the violation by the Company of its Certificate of Incorporation or Bylaws, the General Corporation Law of the State

of Delaware or any federal or Ohio State Statute, or any rule or regulation that has been issued pursuant to the General Corporation Law of the State of Delaware or any federal or Ohio State Statute known to such counsel to be applicable to the Company or any of its subsidiaries (except that no opinion is expressed with respect to federal or state securities or "blue sky" laws) (B) after giving effect to written waivers and consents which have been or will be obtained on or prior to Closing, the breach of or default under (I) any indenture or other agreement or instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries considered as one enterprise or (II) any court or administrative orders, writs, judgments or decrees known to such counsel;

(vi) Such counsel has no knowledge of any legal or governmental proceeding pending or threatened to which the Company or any of its subsidiaries is a party or to which any of the properties or assets of the Company or any of its subsidiaries is subject that is required to be described in the Registration Statement or the Prospectus and is not so described therein; or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required; and

(vii) each of the documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus, at the time it was filed with the Commission, complied as to form in all material respects with the requirements for such document under the Exchange Act and the regulations thereunder.

In addition, such counsel shall state that he has participated in conferences with representatives of the Company, representatives of the independent public accountants for the Company, and the Underwriters' representatives and counsel at which the contents of the Registration Statement and the Prospectus and related matters were discussed, and although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the Prospectus, during the course of such participation no facts came to such counsel's attention that caused such counsel to believe

that the Registration Statement (including the incorporated documents), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel express no belief with respect to the financial statements, schedules and other financial and statistical data included or incorporated by reference in the Registration Statement or the Prospectus.

In rendering such opinion, such counsel may rely as to factual matters upon certificates or written statements from officers or other appropriate representatives of the Company or upon certificates of public officials, and need not express any opinion with respect to the laws of any jurisdiction other than the federal law of the United States, the law of the State of Ohio and the General Corporation Law of the State of Delaware.

(e) The Underwriters shall have received on the Closing Date an opinion of Simpson Thacher & Bartlett, counsel for the Underwriters, dated the Closing Date, covering certain matters requested by the Underwriters.

(f) At the Closing Date, (i) the Registration Statement and the Prospectus, as they may then be amended or supplemented, shall contain all statements that are required to be stated therein under the Securities Act and the regulations thereunder and in all material respects shall conform to the requirements of the Securities Act and the regulations thereunder and the Trust Indenture Act and the regulations thereunder, and neither the Registration Statement nor the Prospectus, as they may then be amended or supplemented, shall contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus, in the light of the circumstances under which they were made, not misleading; (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement, any Material Adverse Change, or any development involving a prospective Material Adverse Change, whether or not arising in the ordinary course of business; (iii) no

action, suit or proceeding at law or in equity shall be pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries that would be required to be set forth in the Prospectus other than as set forth therein and no proceedings shall be pending or, to the knowledge of the Company, threatened against it or any of its subsidiaries before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding could have a Material Adverse Effect, other than as set forth in the Prospectus; (iv) the Company shall have complied with all material agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date; and (v) the other representations and warranties of the Company set forth in Section 1(a) shall be accurate in all material respects as though expressly made at and as of the Closing Date.

(g) The Underwriters shall have received on the Closing Date a letter dated the date hereof or the Closing Date, as the case may be, in form and substance reasonably satisfactory to the Underwriters, from Ernst & Young, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(h) By the Closing Date, your counsel shall have been furnished with all such documents (including any consents under any agreements to which the Company is a party), certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the Securities as contemplated in this Agreement and in Section 5(e) herein and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein; and all proceedings taken by the Company at or prior to the Closing Date in connection with the authorization, issuance and sale of the Securities, and by the Company at or prior to the Closing Date in connection with the authorization and delivery of this Agreement and the Indenture, each as contemplated in this Agreement, shall be reasonably satisfactory in form and substance to you and to your counsel.

(i) If Securities are to be listed on the New York Stock Exchange (the "NYSE"), such Securities shall

have been duly authorized for listing on the NYSE at or by the Closing Date, subject only to official notice of issuance thereof and notice of a satisfactory distribution of the Securities.

(j) Prior to the Closing Date, the Company shall have furnished to Morgan Stanley & Co. Incorporated such further information, certificates and documents as Morgan Stanley & Co. Incorporated may reasonably request.

(k) On or prior to the Closing Date, the Company shall have (i) completed the public offering of 14,750,000 shares of its Common Stock, par value $.01, as contemplated by the Prospectus Supplements dated May 13, 1997 relating thereto and the accompanying the Prospectus dated April 18, 1997 and (ii) received (A) the consents of the requisite lenders to release the collateral securing the Company's 11% Senior Debentures due 2003 and the collateral securing, and guarantees of, the Company's obligations under the Refinancing Credit Agreement (the "Credit Agreement"), dated as of November 19, 1996, by and among the Company, the lenders listed therein, including those named as lead managers and co-agents, Bank of America National Trust and Savings Association and Bankers Trust Company, and (B) the consents of such requisite lenders to the issuance of the Securities.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement, this Agreement may be terminated by you on notice to the Company at any time at or prior to the Closing Date, and such termination shall be without liability of any party to any other party, except as provided in Section 6 herein. Notwithstanding any such termination, the provisions of Sections 1(a) and 8 herein shall remain in effect. Notice of such termination shall be given to the Company in writing or by telephone confirmed in writing.

6. REIMBURSEMENT OF UNDERWRITERS' EXPENSES. If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 5 herein is not satisfied, because of any termination pursuant to Section 10(a) herein or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision herein other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all documented out-of-pocket expenses (including fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities.

7. COVENANTS OF THE COMPANY. In further consideration of the agreements of the Underwriters herein contained, the Company covenants with each Underwriter as follows:

(a) To prepare the Prospectus, including any amendment or supplement thereto, in a form approved by the Underwriters and to file such Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Securities Act; to make no further amendment or any supplement to the Registration Statement or to the Prospectus except as permitted herein;

(b) To furnish to each of Morgan Stanley & Co. Incorporated and its counsel, without charge, one signed copy of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and, during the period mentioned in paragraph (d) below, as many copies of the Preliminary Prospectus and the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(c) Before amending or supplementing the Registration Statement or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object.

(d) If, during such period after the first date of the public offering of the Securities, as in the opinion of counsel for the Underwriters, the Preliminary Prospectus or the Prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Preliminary Prospectus or the Prospectus, as the case may be, in order to make the statements therein, in the light of the circumstances when the Preliminary Prospectus or the Prospectus, as the case may be, is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Preliminary Prospectus or the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which

Securities may have been sold by you on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Preliminary Prospectus or the Prospectus, as the case may be, so that the statements therein as so amended or supplemented will not, in the light of the circumstances when the Preliminary Prospectus or the Prospectus, as the case may be, is delivered to a purchaser, be misleading or so that the Preliminary Prospectus or the Prospectus, as amended or supplemented, as the case may be, will comply with law.

(e) From the date of this Agreement, and for so long as a Preliminary Prospectus or a Prospectus is required to be delivered in connection with the sale of Securities covered by this Agreement, the Company will notify you immediately, and confirm the notice in writing, (i) of the effectiveness of any amendment to the Registration Statement, (ii) of the mailing or the delivery to the Commission for filing of any supplement to the Preliminary Prospectus or the Prospectus or any document to be filed pursuant to the Exchange Act which will be incorporated by reference into the Registration Statement, Preliminary Prospectus or the Prospectus, (iii) of the receipt of any comments from the Commission with respect to the Registration Statement, the Preliminary Prospectus or the Prospectus, (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Preliminary Prospectus or the Prospectus or for additional information and (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose. The Company will make every commercially reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain, as soon as possible, the lifting thereof.

(f) The Company will comply to the best of its ability with the Securities Act, the Exchange Act and the Trust Indenture Act and the regulations thereunder so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and the Prospectus; and the Company, during the period when the Preliminary Prospectus and the Prospectus is required to be delivered under the Securities Act, will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the Exchange Act within the time periods required under the Exchange Act.

(g) The Company will endeavor to qualify the Securities for offer and sale under the state securities or blue sky laws of such jurisdictions as you shall reasonably request and to maintain such qualifications in effect for as long as may be required for the distribution of the Securities; PROVIDED, HOWEVER, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the Securities have been qualified as above provided.

(h) With respect to each sale of Securities, the Company will make generally available to its security holders as soon as practicable but in any event not later than 90 days after the close of the period covered thereby a consolidated earnings statement for a twelve-month period beginning after the effective date (as defined in Rule 158(c) under the Securities Act) of the Registration Statement relating to such Securities, but not later than the first day of the Company's fiscal quarter next following such effective date and that otherwise satisfies the provisions of Section 11(a) of the Securities Act and the regulations thereunder.

(i) The Company will use the proceeds received from the sale of the Securities in the manner specified in the Prospectus under the heading "Use of Proceeds."

(j) For a period of five years after the Closing Date, if so requested, the Company will furnish to each of you copies of all annual reports, quarterly reports and current reports filed with the Commission on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the Commission, and such other documents, reports and information as shall be furnished by the Company to the holders of the Securities or to security holders of its respective publicly issued securities generally.

(k) During the period beginning on the date hereof and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Company or warrants to purchase debt securities of the Company substantially similar to the Securities (other than (i) the Securities and (ii) any debt securities of the

Company with a maturity of less than one year), without the prior written consent of Morgan Stanley & Co. Incorporated.

(l) To pay all expenses incident to the performance of its obligations under this Agreement, including: (i) the preparation and filing of the Registration Statement including all financial statements, schedules and exhibits and the Prospectus and all amendments and supplements thereto; (ii) the preparation, issuance and delivery to you of the Securities; (iii) the fees and disbursements of the Company's counsel and accountants and of the Trustee and its counsel; (iv) the qualification of the Securities under the state securities or blue sky laws in accordance with the provisions of Section 6(g) herein, including filing fees and the fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the preliminary and final state securities laws or blue sky surveys (the "Blue Sky Surveys") or any Legal Investment Memoranda; (v) the printing and delivery to the Underwriters in quantities as hereinabove stated of copies of the Registration Statement and all amendments thereto and of each Preliminary Prospectus and the Prospectus and any amendments or supplements thereto; (vi) the printing and delivery to the Underwriters of copies of the Blue Sky Surveys or any Legal Investment Memoranda; (vii) any fees charged by rating agencies for the rating of the Securities or the listing, if any, of the Securities on the NYSE; (viii) the filing fees and expenses, if any, incurred with respect to any filing with the National Association of Securities Dealers, Inc. (the "NASD") made in connection with the offering of the Securities; (ix) any expenses incurred by the Company in connection with a "road show" presentation to potential investors and (x) document production charges, if any, of counsel to the Underwriters incurred in connection with the preparation of the Indenture.

8. INDEMNITY AND CONTRIBUTION. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by any Underwriter or any such controlling person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration

Statement or any amendment thereof, any Preliminary Prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein PROVIDED, HOWEVER, that the foregoing indemnity agreement with respect to any Preliminary Prospectus shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased Securities, or any person controlling such Underwriter, if a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of Securities to such person, and if the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such losses, claims, damages or liabilities.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through you expressly for use in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendments or supplements thereto.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or (b) of this Section 8, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding but the failure so to notify the indemnifying party (i) will not relieve it from liability

under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Morgan Stanley & Co. Incorporated, in the case of parties indemnified pursuant to paragraph (a) above and by the Company, in the case of parties indemnified pursuant to paragraph (b) above. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent (not to be unreasonably withheld), but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless (i) such settlement includes an unconditional release of such indemnified party from all

liability on claims that are the subject matter of such proceeding and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) To the extent the indemnification provided for in paragraph (a) or (b) of this Section 8 is unavailable to an indemnified party or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Securities shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Securities (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Securities. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 8 are several in proportion to the respective principal amounts of Securities they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 8 were determined by PRO RATA allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does

not take account of the equitable considerations referred to in paragraph (d) of this Section 8. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

9. SURVIVAL. The indemnity and contribution provisions contained in Section 8 herein and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Company, its officers or directors or any person controlling the Company and (c) acceptance of and payment for any of the Securities.

10. TERMINATION. Morgan Stanley & Co. Incorporated may terminate this Agreement by notice to the Company, at any time at or prior to the Closing Date (a) if there has been, since the respective dates as of which information is given in the Registration Statement or the Prospectus, any Material Adverse Change, or any development involving a prospective Material Adverse Change or (b) if there has occurred any new outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which on the financial markets in the United States is such as to make it, in your judgment, impracticable to market the Securities or enforce contracts for the sale of the Securities, or (c) if trading in any securities of the Company has been suspended on any exchange or in any over-the-counter market or by the Commission, or if trading generally on the NYSE has been suspended, or minimum or maximum prices for trading have been fixed, or

maximum ranges for prices for securities have been required, by such exchange or by order of the Commission or any other governmental authority or (d) if a general moratorium on commercial banking activities in New York State has been declared by either federal or New York State authorities.

11. DEFAULTING UNDERWRITERS. If, on the Closing Date, any one or more of the Underwriters shall fail or refuse to purchase and pay for the Securities that it has or they have agreed to purchase hereunder on such date, and the aggregate principal amount of Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Securities to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the principal amount of Securities set forth opposite their respective names in Schedule I bears to the principal amount of Securities set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as you may specify, to purchase the Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; PROVIDED that in no event shall the principal amount of Securities that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 11 by an amount in excess of one-ninth of such principal amount of Securities without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase and pay for the Securities and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities to be purchased on such date, and arrangements satisfactory to you and the Company for the purchase of such Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

12. NOTICES. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be given (and shall be deemed to have been given upon receipt) by delivery in person, by cable, by telecopy, ny telegram, by telex or by registered or certified mail (postage prepaid, return

receipt requested) to the applicable party at the addresses indicated below:

(a) IF TO THE UNDERWRITERS:
Morgan Stanley & Co. Incorporated
440 South LaSalle Street
Chicago, Illinois 60605
Facsimile No.: (312) 706-4701
Attention: Francis Oelerich III

WITH A COPY TO:
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Facsimile No.: (212) 455-2502
Attention: John B. Tehan, Esq.

(b) IF TO THE COMPANY:
Owens-Illinois, Inc.
One SeaGate
Toledo, Ohio 43666
Facsimile No.: (419) 247-2226
Attention: Thomas L. Young, Esq.
General Counsel

WITH A COPY TO:
Kohlberg Kravis & Roberts & Co.
2800 Sand Hill Road, Suite 200
Menlo Park, California 94025
Facsimile No.: (415) 233-6561
Attention: Edward A. Gilhuly
Partner

AND WITH A COPY TO:
Latham & Watkins
505 Montgomery Street, Suite 1900
San Francisco, California 94111
Facsimile No.: (415) 395-8095
Attention: Tracy K. Edmonson, Esq.

13. SUCCESSORS. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8 herein, and no other person will have any right or obligation hereunder.

14. COUNTERPARTS. This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

16. HEADINGS. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

17. AUTHORITY OF REPRESENTATIVE. Morgan Stanley & Co. Incorporated hereby represents and warrants to the Company that it has the authority to act as agent on behalf of the Underwriters named in Schedule I and the Company shall be entitled to rely upon statements, notices, requests and agreements made by Morgan Stanley & Co. on behalf of the Underwriters.

Very truly yours,

OWENS-ILLINOIS, INC.

By:/S/ DAVID G. VAN HOOSER

Name: David G. Van Hooser
Title: Senior Vice President

Accepted as of the date hereof
MORGAN STANLEY & CO. INCORPORATED
BT SECURITIES CORPORATION
CREDIT SUISSE FIRST BOSTON CORPORATION
NATIONSBANC CAPITAL MARKETS, INC.
SALOMON BROTHERS INC

Acting severally on behalf
of themselves and the several
Underwriters named herein

By: MORGAN STANLEY & CO.
INCORPORATED

By:/S/ WILLIAM H. WRIGHT, II

Name: William H. Wright, II
Title: Principal

SCHEDULE I

Underwriter	Principal Amount of 7.85% Senior Notes due 2004 To Be Purchased	Principal Amount of 8.10% Senior Notes due 2007 To Be Purchased
Morgan Stanley & Co. Incorporated	$120,000,000	$120,000,000
BT Securities Corporation	45,000,000	45,000,000
Credit Suisse First Boston Corporation	45,000,000	45,000,000
NationsBanc Capital Markets, Inc.	45,000,000	45,000,000
Salomon Brothers Inc	45,000,000	45,000,000
Total	$300,000,000	$300,000,000

Schedule II

Upon the consummation of the Senior Note Offerings, 100% of the shares of capital stock of each Significant Subsidiary will be, directly or indirectly, owned by the Company free and clear of any material lien, except that the Company owns approximately 79% of the outstanding shares of AVIR S.p.A.

EXHIBIT 1.2

Execution Copy

Owens-Illinois, Inc.

11,800,000 Shares

Common Stock
($.01 par value)

U.S. UNDERWRITING AGREEMENT

New York, New York
May 13, 1997

SALOMON BROTHERS INC
GOLDMAN, SACHS & CO.
LEHMAN BROTHERS INC.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
MORGAN STANLEY & CO. INCORPORATED
PAINEWEBBER INCORPORATED
c/o SALOMON BROTHERS INC
Seven World Trade Center
New York, New York 10048

Dear Sirs:

Owens-Illinois, Inc., a Delaware corporation (the "Company"), proposes to sell to the underwriters named in Schedule I hereto (the "U.S. Underwriters"), for whom you, Salomon Brothers Inc, are acting as representative (the "U.S. Representative"), 11,800,000 shares of Common Stock, $.01 par value ("Common Stock") of the Company (the "U.S. Underwritten Securities"). The Company also proposes to grant to the U.S. Underwriters an option to purchase up to 1,770,000 additional shares of Common Stock (the "U.S. Option Securities"; the U.S. Option Securities, together with the U.S. Underwritten Securities, being hereinafter called the "U.S. Securities").

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (File No. 333-25175), which registration statement also constitutes, pursuant to Rule 429 under the Securities Act of 1933, as amended (the "Securities Act"), Post-Effective Amendment No. 1 to the Registration Statement (File No. 33-51982), as amended, relating to the Securities and the offering thereof from time to time in accordance with Rule 415 under the Securities Act. Such registration statements, as amended, have been declared effective by the Commission. In addition, the Company has prepared and filed with the Commission the Preliminary U.S. Prospectus (as defined herein) pursuant to Rule 424(b) under the Securities Act in accordance with Rule 424(b) under the Securities Act.

It is understood and agreed to by all the parties that the Company is concurrently entering into an International Underwriting Agreement dated the date hereof (the "International Underwriting Agreement") providing for the sale by the Company of an aggregate of 2,950,000 shares of Common Stock (said shares to be sold by the Company pursuant to the International Underwriting Agreement being hereinafter called the "International Underwritten Securities"), other than in the United States and Canada through arrangements with certain underwriters outside the United States and Canada (the "International Underwriters"), for whom Salomon Brothers International Limited is acting as representative (the "International Representative"), and providing for the grant to the International Underwriters of an option to purchase from the Company up to 442,500 additional shares of Common Stock (the "International Option Securities"; the International Option Securities, together with the International Underwritten Securities, being hereinafter called the "International Securities" and the U.S. Securities, together with the International Securities, being hereinafter called the "Securities"). Anything herein or therein to the contrary notwithstanding, the respective closings under this Agreement and the International Underwriting Agreement are hereby expressly made conditional upon one another. It is understood and agreed that the U.S. Underwriters and the International Underwriters have entered into an Agreement Between U.S. Underwriters and International Underwriters dated the date hereof (the "Agreement Between U.S. Underwriters and International Underwriters"), pursuant to which, among other things, the U.S. Underwriters may purchase from the International Underwriters a portion of the International Securities to be sold pursuant to the International Underwriting Agreement and the International Underwriters may purchase from the U.S. Underwriters a portion of the U.S. Securities to be sold pursuant to the U.S. Underwriting Agreement.

It is further understood that two forms of prospectus are to be used in connection with the offering and sale of the Securities: one form of prospectus relating to the U.S. Securities, which are to be offered and sold to United States and Canadian Persons (each as defined herein), and one form of prospectus relating to the International Securities, which are to be offered and sold to persons other than United States and Canadian Persons. Such form of prospectus, including any prospectus supplement, relating to the U.S. Securities as first filed pursuant to Rule 424(b) or, if no filing pursuant to Rule 424(b) is made, such form of prospectus included in the Registration Statement at the Effective Date, is hereinafter called the "U.S. Prospectus"; such form of prospectus, including any prospectus supplement, relating to the International Securities as first filed pursuant to Rule 424(b) or, if no filing pursuant to Rule 424(b) is made, such form of prospectus included in the Registration Statement at the Effective Date, is hereinafter called the "International Prospectus"; and the U.S. Prospectus and the International Prospectus are hereinafter

collectively called the "Prospectuses". "Preliminary U.S. Prospectus" shall mean any preliminary prospectus, including any preliminary prospectus supplement, used in connection with the offer of any U.S. Securities prior to the date hereof that omits Rule 430A Information (as defined herein). "Preliminary International Prospectus" shall mean any preliminary prospectus, including any preliminary prospectus supplement, used in connection with the offer of any International Securities prior to the date hereof that omits Rule 430A Information (as defined herein); and the U.S. Prospectus and the International Prospectus are hereinafter collectively called the "Preliminary Prospectuses". "United States or Canadian Person" shall mean any person who is a national or resident of the United States or Canada, any corporation, partnership, or other entity created or organized in or under the laws of the United States or Canada or of any political subdivision thereof, or any estate or trust the income of which is subject to United States or Canadian federal income taxation, regardless of its source (other than any non-United States or non-Canadian branch of any United States or Canadian Person), and shall include any United States or Canadian branch of a person other than a United States or Canadian Person. "U.S." or "United States" shall mean the United States of America (including the states thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

The term "the Effective Date" shall mean each date that the Registration Statement and any post-effective amendment or amendments thereto became or become effective. "Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto. "Registration Statement" shall mean the registration statements referred to above, including incorporated documents and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto becomes effective prior to the Closing Date (as defined herein), shall also mean such registration statements as so amended. Such term shall include any Rule 430A Information deemed to be included therein as provided by Rule 430A. "Rule 430A Information" means information with respect to the Securities and the offering thereto permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A. Any reference herein to the Registration Statement, Preliminary Prospectuses or the Prospectuses shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") on or before the Effective Date of the Registration Statement or the issue date of such Preliminary U.S. Prospectuses or the U.S. Prospectuses, as the case may be; and any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration Statement, any Preliminary U.S. Prospectus or the U.S. Prospectus shall be deemed to refer to and include the filing of any

document under the Exchange Act after the Effective Date of the Registration Statement, or the issue date of any Preliminary U.S. Prospectuses or the U.S. Prospectuses, as the case may be, deemed to be incorporated therein by reference.

1. REPRESENTATIONS AND WARRANTIES. (a) The Company represents and warrants, as of the date hereof and as of the Closing Date, to and agrees with each of the U.S. Underwriters as follows:

(i) The Company meets the requirements for use of Form S-3 under the Securities Act. The Registration Statement, at the time the Registration Statement became effective, as of the Closing Date and as amended or supplemented, if applicable, and the U.S. Prospectus, when it is first filed in accordance with Rule 424(b) under the Securities Act and on the Closing Date, complied and will comply, as the case may be, in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder.

(ii) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose are pending before or threatened by the Commission; and any required filing of the U.S. Prospectus pursuant to Rule 424(b) under the Securities Act has been made in accordance with Rule 424(b) under the Securities Act.

(iii) The Registration Statement, at the time the Registration Statement became effective, as amended or supplemented (or, if an amendment to the Registration Statement or an annual report on Form 10-K has been filed by the Company with the Commission subsequent to the Effective Date, then at the time of the most recent such filing) did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The U.S. Prospectus, at the time the Registration Statement became effective, as amended or supplemented and as of the Closing Date, did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or U.S. Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any of you

expressly for use in the Registration Statement or U.S. Prospectus.

(iv) The documents incorporated by reference in the Registration Statement and U.S. Prospectus, as amended or supplemented, if applicable, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder and, when read together with the other information in the U.S. Prospectus, at the time the Registration Statement and any amendments thereto became or become effective and at the Closing Date, did not and will not contain an untrue statement of a material fact and will not omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(v) Each of Ernst & Young LLP ("Ernst & Young"), K.P.M.G. S.p.A. and Arthur Andersen S.p.A., who are reporting upon the audited financial statements and schedules included or incorporated by reference in the Registration Statement and the U.S. Prospectus, each as amended or supplemented, if applicable, are independent public accountants as required by the Securities Act.

(vi) (A) The consolidated financial statements and the related notes of the Company included or incorporated by reference in the Registration Statement and the U.S. Prospectus, or in any supplement thereto or amendment thereof, present fairly the consolidated financial position of the Company and its subsidiaries, considered as one enterprise, as of the dates indicated and the consolidated results of operations and changes in financial position of the Company and its subsidiaries, considered as one enterprise, for the periods specified; (B) such financial statements and related notes have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved; and (C) the financial statement schedules incorporated by reference in the Registration Statement present fairly the information required to be stated therein.

(vii) The pro forma financial statements contained in the Preliminary U.S. Prospectus and the U.S. Prospectus under the heading "Unaudited Pro Forma Consolidated Financial Information" have been prepared on a basis consistent with the historical statements referred to in (vi) above, except for the pro forma adjustments specified therein, and (A) include all

material adjustments to the historical financial data required by Rule 11-02 of Regulation S-X necessary to reflect the AVIR Acquisition and the Refinancing (each as defined in the Preliminary U.S. Prospectus or the U.S. Prospectus), (B) give effect to the assumptions made on a reasonable basis, (C) present fairly in all material respects in accordance with generally accepted accounting principles consistently applied throughout such periods, the historical and proposed transactions contemplated by the Preliminary U.S. Prospectus and the U.S. Prospectus and (D) comply in all material respects with the requirements of Rules 11-01 and 11-02 of Regulation S-X; and the other pro forma financial information and pro forma financial data set forth in the U.S. Prospectus under the captions "Summary -- Summary Historical and Pro Forma Financial Data" and "Consolidated Capitalization" are derived from such "Unaudited Pro Forma Consolidated Financial Information."

(viii) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the U.S. Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, individually or in the aggregate, have a material adverse effect on the condition (financial or otherwise), properties, assets, business or results of operations of the Company and its subsidiaries, considered as one enterprise (a "Material Adverse Effect").

(ix) Each subsidiary of the Company that is a "Significant Subsidiary" (as defined in Rule 1-02 of Regulation S-X under the Securities Act) (hereinafter a "Significant Subsidiary") has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the U.S. Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect.

(x) All of the issued and outstanding shares of capital stock of the Company have been duly authorized and are validly issued, fully paid and non-assessable.

(xi) All of the issued and outstanding capital stock of each Significant Subsidiary of the Company (including Owens-Illinois Group, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company) has been duly authorized, is validly issued, fully paid and non-assessable and, except as set forth in Schedule II hereto, is owned by the Company, directly or through one or more subsidiaries of the Company, free and clear of any material lien.

(xii) There are no holders of securities (debt or equity) of the Company, or holders of rights (including preemptive rights), warrants or options to obtain securities of the Company, who have the right to request the Company to register securities held by them under the Securities Act, except for the Registration Rights Agreement dated as of March 17, 1986 by and among OII Holdings Corporation (the predecessor in interest to the Company), KKR Partners II, L.P., OII Associates, L.P., OII Associates II, L.P. and KKR Associates, L.P.

(xiii) The Company has the corporate power and authority to execute, deliver and perform its obligations under this Agreement; the execution and delivery of, and the performance by the Company of its obligations under, this Agreement have been authorized by all necessary corporate action of the Company; and this Agreement has been duly executed and delivered by the Company.

(xiv) The Securities to be issued and sold by the Company pursuant to this Agreement and the International Underwriting Agreement have been duly authorized and, when issued to and paid for by you in accordance with the terms of this Agreement and the International Underwriting Agreement, will be validly issued, fully paid and non-assessable and, to the best of our knowledge, free of preemptive rights.

(xv) Since the respective dates as of which information is given in the Registration Statement and the U.S. Prospectus, except as otherwise stated therein, contemplated thereby or otherwise incorporated by reference therein, there has not been (A) any material adverse change in the condition (financial or otherwise), properties, assets, business, or results of operations of the Company and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse

Change"), (B) any transaction entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, that could have a Material Adverse Effect, or (C) any dividend or distribution of any kind declared, paid or made by the Company on its capital stock.

(xvi) Neither the Company nor any of its subsidiaries is (A) in violation of its certificate of incorporation or by-laws or in default (nor has an event occurred that with notice or passage of time or both would constitute such a default) in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other material agreement or instrument to which the Company or its subsidiaries is subject or by which any of them or any of their properties or assets may be bound or affected, (B) in violation of any existing applicable law, ordinance, regulation, judgment, order or decree of any government, governmental instrumentality, arbitrator or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets or (C) in each case to the knowledge of the Company, in violation of or has violated any permit, certificate, license, order or other approval or authorization required in connection with the operation of its business that, with respect to each of clause (A), (B) and (C) of this paragraph, would (individually or in the aggregate) (I) adversely affect the legality, validity or enforceability of this Agreement or the U.S. Securities, (II) have a Material Adverse Effect or (III) impair the ability of the Company to fully perform on a timely basis any obligations that it has under this Agreement, or the U.S. Securities.

(xvii) The issuance, sale and delivery of the U.S. Securities, the execution, delivery and performance by the Company of this Agreement, the compliance by the Company with the terms herein and the consummation by the Company of the transactions contemplated hereby, and in the Registration Statement and the U.S. Prospectus, do not and will not result in a violation of any of the terms or provisions of the certificate of incorporation or by-laws of the Company or any of its subsidiaries, and (A) will not, as of the Closing Date, conflict with, or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other material agreement or instrument to which the Company or any of its subsidiaries is a party or by which any of them or

any of their properties or assets is bound, except for such conflicts, breaches, violations or defaults that would not have a Material Adverse Effect or (B) do not and will not conflict with or result in a breach or violation of any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets, except for any conflict, breach or violation that would not have a Material Adverse Effect.

(xviii) No authorization, approval, consent or order of, or qualification with, any governmental body or agency is required to be obtained or made by the Company for the due authorization, execution, delivery and performance by the Company of this Agreement, the valid authorization, issuance, sale and delivery of the Securities, except (A) such as may be required by the securities or blue sky laws of the various states (the "Blue Sky laws") in connection with the offer and sale of the Securities and (B) for such consents that are required and have been received and are in full force and effect as of the Closing Date.

(xix) There is no action, suit, investigation or proceeding before or by any government, governmental instrumentality or court, domestic or foreign, now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries or any of their properties and assets that (A) is required to be disclosed in the U.S. Prospectus and is not so disclosed, (B) except as disclosed in the U.S. Prospectus, could result in any Material Adverse Change, (C) seeks to restrain, enjoin, prevent the consummation of or otherwise challenge the issuance and sale of the Securities or the execution and delivery of this Agreement or any of the transactions contemplated hereby or (D) questions the legality or validity of any such transaction or seeks to recover damages or obtain other relief in connection with any such transaction, and, in each case to the knowledge of the Company, there is no valid basis for any such action, suit, investigation or proceeding; the aggregate of all pending legal or governmental proceedings to which the Company or any of its subsidiaries is a party or that affect any of their properties and assets that are not described in the Registration Statement or the U.S. Prospectus, including ordinary routine litigation incidental to its business, would not have a Material Adverse Effect.

(xx) There are no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the U.S. Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required or, in the case of exhibits, will not be so filed promptly after the Closing Date.

(xxi) Each of the Company and its subsidiaries has good title to all properties owned by them, in each case free and clear of all liens except (A) as do not materially interfere with the use made and proposed to be made of such properties, (B) as set forth in the Registration Statement and the U.S. Prospectus or (C) as could not reasonably be expected to have a Material Adverse Effect.

(xxii) Each of the Company and its subsidiaries has all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local, foreign and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Registration Statement or the U.S. Prospectus, except to the extent that the failure to so obtain or file would not have a Material Adverse Effect.

(xxiii) Each of the Company and its subsidiaries owns or possesses, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other proprietary or confidential information, systems or procedures, whether patented or unpatented), trademarks, service marks and trade names (collectively, "Intellectual Property") presently employed by them in connection with the business now operated by them, except where the failure to own or possess or have the ability to acquire any such Intellectual Property would not have a Material Adverse Effect, and neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing that, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in any Material Adverse Change.

(xxiv) Except as disclosed in the Registration Statement and the U.S. Prospectus, each of the Company and its subsidiaries is in material compliance with all applicable existing federal, state, local and foreign

laws and regulations relating to protection of human health, safety and the environment or imposing liability or standards of conduct concerning any Hazardous Material (as hereinafter defined) ("Environmental Laws"), except, in each case, where such noncompliance, individually or in the aggregate, would not have a Material Adverse Effect. The term "Hazardous Material" means (A) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (B) any "hazardous waste" as defined by the Resource Conservation and Recovery Act, as amended, (C) any petroleum or petroleum product, (D) any polychlorinated biphenyl and (E) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material, waste or substance regulated under or within the meaning of any other Environmental Law.

(xxv) The Company has not taken and will not take, directly or indirectly, any action designed to or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the Securities or any action resulting in a violation of Regulation M under the Exchange Act.

(xxvi) The Securities are, or will be when issued, "excepted securities" within the meaning of Rule 101(c) of Regulation M under the Exchange Act.

(xxvii) The Company is not an "investment company" as such term is defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xxviii) The Company has complied with all provisions of Section 517.075, Florida Statutes relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba.

(xxix) The U.S. Securities have been approved for listing on the New York Stock Exchange.

(b) Any certificate signed by any officer of either the Company or any of its subsidiaries and delivered to you or to your counsel at the Closing Date pursuant to this Agreement or the transactions contemplated hereby shall be deemed a representation and warranty by the Company or such subsidiary of the Company, as the case may be, to each of you as to the matters covered thereby.

2. PURCHASE AND SALE. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each U.S. Underwriter, and each U.S. Underwriter agrees, severally and not jointly, to purchase from the Company, at

a purchase price of $27.47 per share, the number of the U.S. Underwritten Securities set forth opposite such U.S. Underwriter's name in Schedule I hereto.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several U.S. Underwriters to purchase, severally and not jointly, up to an aggregate of 1,770,000 shares of U.S. Option Securities at the same purchase price per share as the U.S. Underwriters shall pay for the U.S. Underwritten Securities. Said option may be exercised only to cover over-allotments in the sale of the U.S. Underwritten Securities by the U.S. Underwriters. Said option may be exercised in whole or in part at any time on or before the 30th day after the date of the U.S. Prospectus upon written or telegraphic notice by the U.S. Representative to the Company setting forth the number of shares of the U.S. Option Securities as to which the several U.S. Underwriters are exercising the option and the settlement date. Delivery of certificates for the shares of U.S. Option Securities, and payment therefor, shall be made as provided in Section 3 hereof. The number of shares of the U.S. Option Securities to be purchased by each U.S. Underwriter shall be the same percentage of the total number of shares of the U.S. Option Securities to be purchased by the several U.S. Underwriters as such U.S. Underwriter is purchasing of the U.S. Underwritten Securities, subject to such adjustments as you in your absolute discretion shall make to eliminate any fractional shares.

3. DELIVERY AND PAYMENT. Delivery of and payment for the U.S. Underwritten Securities and the U.S. Option Securities (if the option provided for in Section 2(b) hereof shall have been exercised on or before the business day prior to the Closing Date) shall be made at 10:00 a.m. New York City time, on May 16, 1997, or such later date (not later than May 22, 1997) as the U.S. Representative shall designate, which date and time may be postponed by agreement between the Representative and the Company or as provided in Section 11 hereof (such date and time of delivery and payment for the Securities being herein called the "Closing Date"). Delivery of the U.S. Securities shall be made to the U.S. Representative for the respective accounts of the several U.S. Underwriters against payment by the several U.S. Underwriters through the U.S. Representative of the purchase price thereof to or upon the order of the Company by means of a wire transfer of immediately available funds in accordance with written instructions from the Company or through the facilities of the Depository First Company ("DTC"). Delivery of the U.S. Underwritten Securities and the U.S. Option Securities shall be made at such location as the U.S. Representative shall reasonably designate at least one business day in advance of the Closing Date and payment

for such U.S. Securities shall be made at the office of Simpson Thacher & Bartlett, New York, New York. Certificates for the U.S. Securities shall be registered in such names and in such denominations as the U.S. Representative may request not less than one full business day in advance of the Closing Date.

If the option to purchase the U.S. Option Securities provided for in Section 2(b) hereof is exercised by the U.S. Underwriters after the business day prior to the Closing Date, the Company will deliver (at the expense of the Company) to the U.S. Representative, at 7 World Trade Center, New York, New York, on the date specified by the U.S. Representative (which shall be three business days after exercise of said option, the "Option Closing Date"), delivery of the U.S. Option Securities shall be made to the U.S. Representative for the respective accounts of the several U.S. Underwriters against payment by the several U.S. Underwriters through the U.S. Representative of the purchase price thereof to or upon the order of the Company by means of a wire transfer of immediately available funds in accordance with written instructions from the Company or through the facilities of DTC. If settlement for the U.S. Option Securities occurs after the Closing Date, the Company will deliver to the U.S. Representative on the settlement date for the Option Securities, and the obligation of the U.S. Underwriter to purchase the U.S. Option Securities shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date the opinions, certificates and letters delivered on the Closing Date pursuant to Section 5 hereof.

It is understood and agreed that the Closing Date shall occur simultaneously with the "Closing Date" under the International Underwriting Agreement, and that the Option Closing Date, if any, shall occur simultaneously with the "Option Closing Date" under the International Underwriting Agreement.

4. OFFERING BY U.S. UNDERWRITERS. It is understood that the several U.S. Underwriters propose to offer the U.S. Securities for sale to the public as set forth in the U.S. Prospectus.

5. CONDITIONS TO THE U.S. UNDERWRITERS' OBLIGATIONS. The several obligations of the U.S. Underwriters to purchase and pay for the U.S. Securities pursuant to this Agreement are subject to the satisfaction of each of the following conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) (A) no downgrading shall have occurred in the rating accorded any of the Company's debt securities or preferred stock by any "nationally recognized statistical rating organization" as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act and regulations thereunder and (B) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Company's debt securities or preferred stock; and

(ii) no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for that purpose shall have been instituted and shall be pending or, to your knowledge or the knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the satisfaction of your counsel.

(b) The Company shall have furnished to the U.S. Underwriters a certificate of the Company, signed by the Chairman of the Board or the President or a Vice President and the Treasurer or Controller of the Company, dated the Closing Date, to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and the Company has complied in all material respects with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Registration Statement and the U.S. Prospectus, there has been no Material Adverse Change.

(c) The U.S. Underwriters shall have received on the Closing Date an opinion of Latham & Watkins, outside counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to your counsel to the effect that:

(i) the Registration Statement and the U.S. Prospectus (excluding the documents incorporated therein by reference) comply as to form in all material respects with the requirements for registration statements on Form S-3 under the Securities Act and the rules and regulations of the Commission thereunder; it being understood, however, that such counsel expresses no opinion with respect to the financial statements, schedules and other financial and statistical data included or incorporated in the Registration Statement or the U.S. Prospectus or with respect to the Statement as to the Eligibility and Qualification of the Trustee on Form T-1. In passing upon the compliance as to form of the Registration Statement and the U.S. Prospectus, such counsel has assumed that the statements made therein (or incorporated by reference therein) are correct and complete.

(ii) the Registration Statement has become effective under the Securities Act and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and no proceedings therefor have been initiated or threatened by the Commission; and any required filing of the U.S. Prospectus pursuant to Rule 424(b) under the Securities Act has been made in accordance with Rule 424(b) under the Securities Act;

(iii) the Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its property and to conduct its business as described in the Registration Statement and the U.S. Prospectus;

(iv) each of this Agreement and the International Underwriting Agreement have been duly authorized, executed and delivered by the Company;

(v) the U.S. Securities and the International Securities to be issued and sold by the Company pursuant to the U.S. Underwriting Agreement and the International Underwriting Agreement, respectively, have been duly authorized and, when issued to and paid for by you in accordance with the terms of the U.S. Underwriting Agreement and the International Underwriting Agreement, respectively, will be validly issued, fully paid and non-assessable and, to the best of our knowledge, free of preemptive rights.

(vi) the execution and delivery by the Company of, and the issuance and sale of the U.S. Securities by the Company pursuant to, this Agreement will not result in (A) the violation by the Company of its Certificate of Incorporation or Bylaws, the General Corporation Law of the State of Delaware or any federal or New York statute, or any rule or regulation that has been issued pursuant to the General Corporation Law of the State of Delaware or any federal or New York statute known to such counsel to be applicable to the Company (except that no opinion shall be expressed with respect to state securities or "blue sky" laws) or (B) after giving effect to written waivers and consents which have been or will be obtained on or prior to the Closing, the breach of or a default under (I) any indenture or other agreement or instrument pertaining to the Company's long-term debt listed in the U.S. Prospectus Supplement under the caption "Consolidated Capitalization," excluding long-term debt listed as "Other," or (II) any court or administrative orders, writs, judgments or decrees specifically directed to the Company and identified to such counsel by an officer of the Company as material to the Company;

(vii) to such counsel's knowledge, no authorization, approval, consent or order of, or filing or qualification with, any federal or New York State court or governmental body or agency is required to be obtained or made by the Company for the execution and delivery by the Company of this Agreement or the issuance and sale of the U.S. Securities by the Company, except (A) such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the U.S. Securities and (B) except such as have been obtained under the Securities Act and are in full force and effect as of the Closing Date;

(viii) the statements set forth in the "Description of the Common Stock" contained in the Company's Registration Statement on Form 8-A filed on December 3, 1991, as amended, insofar as such statements constitute summaries of the documents referred to therein, are accurate in all material respects; and the U.S. Securities conform in all material respects to the description thereof in the U.S. Prospectus; and

(ix) the Company is not an "investment company," as such term is defined in the 1940 Act.

In addition, such counsel shall state that, while they did not prepare any of the documents incorporated by reference in the Registration Statement and the U.S. Prospectus, they have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, and the U.S. Underwriters' representatives at which the contents of the Registration Statement and the U.S. Prospectus and related matters were discussed, and although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the U.S. Prospectus and have not made any independent check or verification thereof (except as set forth in paragraph (viii) above), during the course of such participation (relying as to materiality to the extent we deemed appropriate upon the statements of officers and other representatives of the Company), no facts came to such counsel's attention that caused such counsel to believe that the Registration Statement (including the incorporated documents), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the U.S. Prospectus (including the incorporated documents), as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel express no belief with respect to the financial statements, schedules and other financial and statistical data or the Statement of Eligibility of the Trustee on Form T-1 included or incorporated by reference in the Registration Statement or the U.S. Prospectus.

In rendering such opinion, Latham & Watkins may rely as to factual matters upon certificates or written statements from officers or other appropriate representatives of the Company or upon certificates of public officials and need not express any opinion with regard to the laws of any jurisdiction other than the federal law of the United States, the law of the State of New York and the General Corporation Law of the State of Delaware.

(d) At the Closing Date, each of you shall have received a signed opinion of Thomas L. Young, Esq., General Counsel of the Company, dated as of the Closing

Date, in form and substance reasonably satisfactory to your counsel, to the effect that:

(i) the Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(ii) each Significant Subsidiary (as defined in Rule 1-02 of Regulation S-X under the Securities Act) of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the U.S. Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualifications, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(iii) the Company has the authorized capitalization as set forth in the U.S. Prospectus, including any amendment or supplement thereto; all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and all of the issued and outstanding capital stock of such Significant Subsidiaries, except as set forth on Schedule II hereto, is owned of record by the Company, directly or through subsidiaries, and is free and clear of any material lien, claim, encumbrance or other security interest;

(iv) the Company has the corporate power and authority to execute, deliver and perform its obligations under this Agreement; the execution and delivery of, and the performance by the Company of its obligations under, this Agreement have been authorized by all necessary corporate action of the Company; and this Agreement has been duly executed and delivered by the Company;

(v) the U.S. Securities and the International Securities to be issued and sold by the Company pursuant to the U.S. Underwriting Agreement and the International Underwriting

Agreement, respectively have been duly authorized and, when issued to and paid for by you in accordance with the terms of the U.S. Underwriting Agreement and the International Underwriting Agreement, respectively, will be validly issued, fully paid and non-assessable and, to the best of our knowledge, free of preemptive rights;

(vi) the execution and delivery by the Company of, and the issuance and sale of the U.S. Securities and the International Securities by the Company pursuant to, this Agreement and the International Underwriting Agreement will not result in (A) the violation by the Company of its Certificate of Incorporation or Bylaws, the General Corporation Law of the State of Delaware or any federal or Ohio State Statute, or any rule or regulation that has been issued pursuant to the General Corporation Law of the State of Delaware or any federal or Ohio State Statute known to such counsel to be applicable to the Company or any of its subsidiaries (except that no opinion is expressed with respect to federal or state securities or "blue sky" laws) (B) after giving effect to written waivers and consents which have been or will be obtained on or prior to Closing, the breach of or default under (I) any indenture or other agreement or instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries considered as one enterprise or (II) any court or administrative orders, writs, judgments or decrees known to such officer;

(vii) Such counsel has no knowledge of any legal or governmental proceeding pending or threatened to which the Company or any of its subsidiaries is a party or to which any of the properties or assets of the Company or any of its subsidiaries is subject that is required to be described in the Registration Statement or the U.S. Prospectus and is not so described therein; or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the U.S. Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required; and

(viii) each of the documents incorporated or deemed to be incorporated by reference in the Registration Statement and the U.S. Prospectus, at the time it was filed with the Commission, complied as to form in all material respects with

the requirements for such document under the Exchange Act and the regulations thereunder.

In addition, such counsel shall state that he has participated in conferences with representatives of the Company, representatives of the independent public accountants for the Company, and the U.S. Underwriters' representatives and counsel at which the contents of the Registration Statement and the U.S. Prospectus and related matters were discussed, and although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the U.S. Prospectus, during the course of such participation no facts came to such counsel's attention that caused such counsel to believe that the Registration Statement (including the incorporated documents), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the U.S. Prospectus, as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel express no belief with respect to the financial statements, schedules and other financial and statistical data included or incorporated by reference in the Registration Statement or the U.S. Prospectus.

In rendering such opinion, such counsel may rely as to factual matters upon certificates or written statements from officers or other appropriate representatives of the Company or upon certificates of public officials, and need not express any opinion with respect to the laws of any jurisdiction other than the federal law of the United States, the law of the State of Ohio and the General Corporation Law of the State of Delaware.

(e) The U.S. Underwriters shall have received on the Closing Date an opinion of Simpson Thacher & Bartlett, counsel for the U.S. Underwriters, dated the Closing Date, covering certain matters requested by the U.S. Underwriters.

(f) At the Closing Date, (i) the Registration Statement and the U.S. Prospectus, as they may then be amended or supplemented, shall contain all statements that are required to be stated therein under the Securities Act and the regulations thereunder and in

all material respects shall conform to the requirements of the Securities Act and the regulations thereunder, and neither the Registration Statement nor the U.S. Prospectus, as they may then be amended or supplemented, shall contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the U.S. Prospectus, in the light of the circumstances under which they were made, not misleading; (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement, any Material Adverse Change, or any development involving a prospective Material Adverse Change, whether or not arising in the ordinary course of business; (iii) no action, suit or proceeding at law or in equity shall be pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries that would be required to be set forth in the U.S. Prospectus other than as set forth therein and no proceedings shall be pending or, to the knowledge of the Company, threatened against it or any of its subsidiaries before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding could have a Material Adverse Effect, other than as set forth in the U.S. Prospectus; (iv) the Company shall have complied with all material agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date; and (v) the other representations and warranties of the Company set forth in Section 1(a) shall be accurate in all material respects as though expressly made at and as of the Closing Date.

(g) The U.S. Underwriters shall have received on the Closing Date a letter dated the date hereof or the Closing Date, as the case may be, in form and substance reasonably satisfactory to the U.S. Underwriters, from Ernst & Young, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the U.S. Prospectus.

(h) By the Closing Date, your counsel shall have been furnished with all such documents (including any consents under any agreements to which the Company is a party), certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the U.S. Securities as contemplated in this Agreement and in Section 5(e) herein and in order to evidence the accuracy and

completeness of any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein; and all proceedings taken by the Company at or prior to the Closing Date in connection with the authorization, issuance and sale of the U.S. Securities, and by the Company at or prior to the Closing Date in connection with the authorization and delivery of this Agreement shall be reasonably satisfactory in form and substance to you and to your counsel.

(i) The U.S. Securities shall have been duly authorized for listing on the New York Stock Exchange (the "NYSE"), at or by the Closing Date, subject only to official notice of issuance thereof and notice of a satisfactory distribution of the U.S. Securities.

(j) Prior to the Closing Date, the Company shall have furnished to Salomon Brothers Inc such further information, certificates and documents as Salomon Brothers Inc may reasonably request.

(k) The Lock-Up Agreements executed by (i) each of the Company's executive officers and directors listed in Schedule III hereto and (ii) by each of OII Associates, L.P., OII Associates II, L.P. and KKR Partners II, L.P. in favor of the U.S. Underwriters relating to sales of shares of Common Stock of the Company shall have been delivered to Salomon Brothers Inc and shall be in full force and effect on the Closing Date.

(l) The closing of the purchase of the International Underwritten Securities to be issued and sold by the Company pursuant to the International Underwriting Agreement shall occur concurrently with and be a condition to the closing of the sale of the U.S. Securities as set forth in this Agreement.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement, this Agreement may be terminated by you on notice to the Company at any time at or prior to the Closing Date, and such termination shall be without liability of any party to any other party, except as provided in Section 6 herein. Notwithstanding any such termination, the provisions of Sections 1(a) and 8 herein shall remain in effect. Notice of such termination shall be given to the Company in writing or by telephone confirmed in writing.

The documents required to be delivered by this Section 5 shall be delivered at the office of Simpson Thacher & Bartlett, counsel for the U.S. Underwriters, at

425 Lexington Avenue, New York, New York 10017, on the Closing Date.

6. REIMBURSEMENT OF U.S. UNDERWRITERS' EXPENSES. If the sale of the U.S. Securities provided for herein is not consummated because any condition to the obligations of the U.S. Underwriters set forth in Section 5 herein is not satisfied, because of any termination pursuant to Section 10(a) herein or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision herein other than by reason of a default by any of the U.S. Underwriters, the Company will reimburse the U.S. Underwriters severally upon demand for all documented out-of-pocket expenses (including fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the U.S. Securities.

7. COVENANTS OF THE COMPANY. In further consideration of the agreements of the U.S. Underwriters herein contained, the Company covenants with each U.S. Underwriter as follows:

(a) To prepare the U.S. Prospectus, including any amendment or supplement thereto, in a form approved by the U.S. Underwriters and to file such U.S. Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Securities Act; to make no further amendment or any supplement to the Registration Statement or to the U.S. Prospectus except as permitted herein;

(b) To furnish to each of Salomon Brothers Inc and its counsel, without charge, one signed copy of the Registration Statement (including exhibits thereto) and for delivery to each other U.S. Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and, during the period mentioned in paragraph (d) below, as many copies of the Preliminary U.S. Prospectus and the U.S. Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(c) Before amending or supplementing the Registration Statement or the U.S. Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object.

(d) If, during such period after the first date of the public offering of the U.S. Securities, as in

the opinion of counsel for the U.S. Underwriters, the Preliminary U.S. Prospectus or the U.S. Prospectus is required by law to be delivered in connection with sales by an U.S. Underwriter or a dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Preliminary U.S. Prospectus or the U.S. Prospectus, as the case may be, in order to make the statements therein, in the light of the circumstances when the Preliminary U.S. Prospectus or the U.S. Prospectus, as the case may be, is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the U.S. Underwriters, it is necessary to amend or supplement the Preliminary U.S. Prospectus or the U.S. Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the U.S. Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which U.S. Securities may have been sold by you on behalf of the U.S. Underwriters and to any other dealers upon request, either amendments or supplements to the Preliminary U.S. Prospectus or the U.S. Prospectus, as the case may be, so that the statements therein as so amended or supplemented will not, in the light of the circumstances when the Preliminary U.S. Prospectus or the U.S. Prospectus, as the case may be, is delivered to a purchaser, be misleading or so that the Preliminary U.S. Prospectus or the U.S. Prospectus, as amended or supplemented, as the case may be, will comply with law.

(e) From the date of this Agreement, and for so long as a Preliminary U.S. Prospectus or a U.S. Prospectus is required to be delivered in connection with the sale of U.S. Securities covered by this Agreement, the Company will notify you immediately, and confirm the notice in writing, (i) of the effectiveness of any amendment to the Registration Statement, (ii) of the mailing or the delivery to the Commission for filing of any supplement to the Preliminary U.S. Prospectus or the U.S. Prospectus or any document to be filed pursuant to the Exchange Act which will be incorporated by reference into the Registration Statement, Preliminary U.S. Prospectus or the U.S. Prospectus, (iii) of the receipt of any comments from the Commission with respect to the Registration Statement, the Preliminary U.S. Prospectus or the U.S. Prospectus, (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Preliminary U.S. Prospectus or the U.S. Prospectus or for additional information and (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any

proceedings for that purpose. The Company will make every commercially reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain, as soon as possible, the lifting thereof.

(f) The Company will comply to the best of its ability with the Securities Act and the Exchange Act and the regulations thereunder so as to permit the completion of the distribution of the U.S. Securities as contemplated in this Agreement and the U.S. Prospectus; and the Company, during the period when the Preliminary U.S. Prospectus and the U.S. Prospectus is required to be delivered under the Securities Act, will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the Exchange Act within the time periods required under the Exchange Act.

(g) The Company will endeavor to qualify the U.S. Securities for offer and sale under the state securities or blue sky laws of such jurisdictions as you shall reasonably request and to maintain such qualifications in effect for as long as may be required for the distribution of the U.S. Securities; PROVIDED, HOWEVER, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the U.S. Securities have been qualified as above provided.

(h) With respect to each sale of U.S. Securities, the Company will make generally available to its security holders as soon as practicable but in any event not later than 90 days after the close of the period covered thereby a consolidated earnings statement for a twelve-month period beginning after the effective date (as defined in Rule 158(c) under the Securities Act) of the Registration Statement relating to such U.S. Securities, but not later than the first day of the Company's fiscal quarter next following such effective date and that otherwise satisfies the provisions of Section 11(a) of the Securities Act and the regulations thereunder.

(i) The Company will use the proceeds received from the sale of the U.S. Securities in the manner specified in the U.S. Prospectus under the heading "Use of Proceeds."

(j) For a period of five years after the Closing Date, if so requested, the Company will furnish to each of you copies of all annual reports, quarterly reports and current reports filed with the Commission on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the Commission, and such other documents, reports and information as shall be furnished by the Company to the holders of the U.S. Securities or to security holders of its respective publicly issued securities generally.

(k) To pay all expenses incident to the performance of its obligations under this Agreement, including: (i) the preparation and filing of the Registration Statement including all financial statements, schedules and exhibits and the U.S. Prospectus and all amendments and supplements thereto; (ii) the preparation, issuance and delivery to you of the U.S. Securities; (iii) the fees and disbursements of the Company's counsel and accountants; (iv) the qualification of the U.S. Securities under the state securities or blue sky laws in accordance with the provisions of Section 6(g) herein, including filing fees and the fees and disbursements of counsel for the U.S. Underwriters in connection therewith and in connection with the preparation of the preliminary and final state securities laws or blue sky surveys (the "Blue Sky Surveys") or any Legal Investment Memoranda; (v) the printing and delivery to the U.S. Underwriters in quantities as hereinabove stated of copies of the Registration Statement and all amendments thereto and of each Preliminary U.S. Prospectus and the U.S. Prospectus and any amendments or supplements thereto; (vi) the printing and delivery to the U.S. Underwriters of copies of the Blue Sky Surveys or any Legal Investment Memoranda; (vii) any fees charged by rating agencies for the rating of the U.S. Securities or the listing, if any, of the U.S. Securities on the NYSE; (viii) the filing fees and expenses, if any, incurred with respect to any filing with the National Association of Securities Dealers, Inc. (the "NASD") made in connection with the offering of the U.S. Securities; and (ix) any expenses incurred by the Company in connection with a "road show" presentation to potential investors.

(l) For a period of 90 days after the date of this Agreement, the Company will not offer, sell, announce its intention to sell, contract to sell, pledge, hypothecate, grant any option to purchase or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Securities Act (other than on Form S-8 relating to resales of securities as described in the general

instructions to Form S-8) relating to any shares of Common Stock or securities convertible or exchangeable into or exercisable for any shares of Common Stock, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of Salomon Brothers Inc, except (i) grants of employee stock options and other awards pursuant to the terms of stock option plans in effect on the date hereof or described in the U.S. Prospectus, (ii) sales and issuances of securities pursuant to the exercise of any such options or awards or the exercise of any other stock options or awards outstanding on the date hereof, (iii) the issuance and/or sale of Common Stock pursuant to existing employee benefit plans of the Company, (iv) the issuance and/or sale of Common Stock upon the exercise of the respective rights of the holders of the Company's Series A Exchangeable Preferred Stock, par value $.01 per share, Series B Exchangeable Preferred Stock, par value $.01 per share, and Series C Exchangeable Preferred Stock, par value $.01 per share, to exchange their shares of Preferred Stock into shares of Common Stock and (v) the issuance and/or sale of Common Stock upon the exercise of any of the Company's warrants or options outstanding on the date hereof.

8. INDEMNIFICATION AND CONTRIBUTION. (a) The Company agrees to indemnify and hold harmless each U.S. Underwriter, the directors, officers and employees of each U.S. Underwriter and each person who controls any U.S. Underwriter within the meaning of either the U.S. Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement for the registration of the U.S. Securities as originally filed or in any amendment thereof, or in the Preliminary U.S. Prospectus or the U.S. Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue

statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any U.S. Underwriter through the U.S. Representative specifically for inclusion therein. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each U.S. Underwriter severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Registration Statement, and each person who controls the Company within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity from the Company to each U.S. Underwriter, but only with reference to written information relating to such U.S. Underwriter furnished to the Company by or on behalf of such U.S. Underwriter through the U.S. Representative specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any U.S. Underwriter may otherwise have. The Company acknowledges that the statements set forth in (i) the first sentence U.S. of the last paragraph of text on the cover page of the U.S. Prospectus concerning the terms of the offering by the U.S. Underwriters, (ii) the last paragraph on page S-2 of the U.S. Prospectus, concerning stabilization and over-allotment by the U.S. Underwriters and (iii) the third and fifth paragraphs of text under the caption "U.S. Underwriters" in the U.S. Prospectus Supplement, concerning the terms of the offering by the U.S. Underwriters in the U.S. Prospectus constitute the only information furnished in writing by or on behalf of the several U.S. Underwriters for inclusion in any Preliminary U.S. Prospectus or the U.S. Prospectus, and you, as the U.S. Representative, confirm that such statements are correct.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the

indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); PROVIDED, HOWEVER, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and the U.S. Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Company and one or more of the U.S. Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company and by the U.S. Underwriters from the offering of the U.S. Securities; PROVIDED, HOWEVER, that in no case shall any U.S. Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the U.S. Securities) be responsible for any amount in excess of the underwriting discount or commission applicable to the U.S. Securities purchased by such U.S.

Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the U.S. Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and of the U.S. Underwriters in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses), and benefits received by the U.S. Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the U.S. Prospectus. Relative fault shall be determined by reference to whether any alleged untrue statement or omission relates to information provided by the Company or the U.S. Underwriters. The Company and the U.S. Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an U.S. Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of a U.S. Underwriter shall have the same rights to contribution as such U.S. Underwriter, and each person who controls the Company within the meaning of either the Securities Act or the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (d).

9. SURVIVAL. The indemnity and contribution provisions contained in Section 8 herein and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any U.S. Underwriter or any person controlling any U.S. Underwriter or by or on behalf of the Company, its officers or directors or any person controlling the Company and (c) acceptance of and payment for any of the U.S. Securities.

10. TERMINATION. Salomon Brothers Inc may terminate this Agreement by notice to the Company, at any time at or prior to the Closing Date (a) if there has been,

since the respective dates as of which information is given in the Registration Statement or the U.S. Prospectus, any Material Adverse Change, or any development involving a prospective Material Adverse Change or (b) if there has occurred any new outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which on the financial markets in the United States is such as to make it, in your judgment, impracticable to market the U.S. Securities or enforce contracts for the sale of the U.S. Securities, or (c) if trading in any securities of the Company has been suspended on any exchange or in any over-the-counter market or by the Commission, or if trading generally on the NYSE has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission or any other governmental authority or (d) if a general moratorium on commercial banking activities in New York State has been declared by either federal or New York State authorities.

11. DEFAULT BY A U.S. UNDERWRITER. If any one or more U.S. Underwriters shall fail to purchase and pay for any of the U.S. Securities agreed to be purchased by such U.S. Underwriter or U.S. Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining U.S. Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of U.S. Securities set forth opposite their names in Schedule I hereto bears to the aggregate amount of U.S. Securities set forth opposite the names of all the remaining U.S. Underwriters) the U.S. Securities which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase; PROVIDED, HOWEVER, that in the event that the aggregate amount of U.S. Securities which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of U.S. Securities set forth in Schedule I hereto, the remaining U.S. Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the U.S. Securities, and if such nondefaulting U.S. Underwriters do not purchase all the U.S. Securities, this Agreement will terminate without liability to any nondefaulting U.S. Underwriter or the Company. In the event of a default by any U.S. Underwriter as set forth in this Section 11, the Closing Date shall be postponed for such period, not exceeding seven days, as the U.S. Representative shall determine in order that the required changes in the Registration Statement and the U.S. Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting U.S. Underwriter of its liability, if any, to the Company and any nondefaulting U.S. Underwriter for damages occasioned by its default hereunder.

12. NOTICES. In all dealings hereunder, you shall act on behalf of each of the U.S. Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any U.S. Underwriter made or given by Salomon Brothers Inc.

All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be given (and shall be deemed to have been given upon receipt) by delivery in person, by cable, by telecopy, ny telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the applicable party at the addresses indicated below:

(a) IF TO THE U.S. UNDERWRITERS:
Salomon Brothers Inc
7 World Trade Center
New York, New York 10048
Facsimile No.: (212) 783-2947
Attention: Equity Syndicate Desk

WITH A COPY TO:
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Facsimile No.: (212) 455-2502
Attention: John B. Tehan, Esq.

(b) IF TO THE COMPANY:
Owens-Illinois, Inc.
One SeaGate
Toledo, Ohio 43666
Facsimile No.: (419) 247-2226
Attention: Thomas L. Young
General Counsel

WITH A COPY TO:
Kohlberg Kravis & Roberts & Co.
2800 Sand Hill Road, Suite 200
Menlo Park, California 94025
Facsimile No.: (415) 233-6561
Attention: Edward A. Gilhuly
Partner

AND WITH A COPY TO:
Latham & Watkins
505 Montgomery Street, Suite 1900
San Francisco, California 94111
Facsimile No.: (415) 395-8095
Attention: Tracy K. Edmonson, Esq.

13. SUCCESSORS. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and

controlling persons referred to in Section 8 herein, and no other person will have any right or obligation hereunder.

14. COUNTERPARTS. This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. TIME OF THE ESSENCE. Time shall be of the essence of this Agreement.

16. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

17. HEADINGS. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several U.S. Underwriters.

Very truly yours,

OWENS-ILLINOIS, INC.

By: /S/ DAVID G. VAN HOOSER

Name: David G. Van Hooser
Title: Senior Vice President

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

SALOMON BROTHERS INC
GOLDMAN, SACHS & CO.
LEHMAN BROTHERS INC.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
MORGAN STANLEY & CO. INCORPORATED
PAINEWEBBER INCORPORATED

By: SALOMON BROTHERS INC

By: /S/ JENNIE HOURIHAN

Name: Jennie Hourihan
Title: Managing Director

For itself and the other several U.S. Underwriters named in Schedule I to the foregoing Agreement.

SCHEDULE I

U.S. Underwriters	Number of U.S Underwritten Securities to be Purchased	Number of U.S. Option Securities to be Purchased if Maximum U.S. Option Securities Exercised
Salomon Brothers Inc.....	1,966,670	295,005
Goldman, Sachs & Co.....	1,966,666	294,999
Lehman Brothers Inc.....	1,966,666	294,999
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	1,966,666	294,999
Morgan Stanley & Co. Incorporated.....	1,966,666	294,999
PaineWebber Incorporated.....	1,966,666	294,999
Total.....	11,800,000	1,770,000

Schedule II

Upon the consummation of the Senior Note Offerings (as defined in the U.S. Prospectus), 100% of the shares of capital stock of each Significant Subsidiary will be, directly or indirectly, owned by the Company free and clear of any material lien, except that the Company owns approximately 79% of the outstanding shares of AVIR S.p.A.

SCHEDULE III

Executive Officers and Directors
Who Have Executed Lock-Up Agreements

Russell C. Berkoben
Gary R. Clinard
Robert J. Dineen
Edward A. Gilhuly
James H. Greene, Jr.
Larry A. Griffith
John L. Hodges
Henry R. Kravis
Robert J. Lanigan
Joseph H. Lemieux
Robert I. MacDonnell
Michael D. McDaniel
John J. McMackin, Jr.
Philip McWeeny
Michael W. Michelson
B. Calvin Philips
George R. Roberts
Robert A. Smith
R. Scott Trumbull
David G. Van Hooser
Lee A. Wesselmann
Terry L. Wilkison
Thomas L. Young

EXHIBIT 1.3

Execution Copy

Owens-Illinois, Inc.

2,950,000 Shares

Common Stock
($.01 par value)

INTERNATIONAL UNDERWRITING AGREEMENT

London, England
May 13, 1997

SALOMON BROTHERS INTERNATIONAL LIMITED
GOLDMAN SACHS INTERNATIONAL
LEHMAN BROTHERS INTERNATIONAL (EUROPE)
MERRILL LYNCH INTERNATIONAL
MORGAN STANLEY & CO. INTERNATIONAL LIMITED
PAINEWEBBER INTERNATIONAL (U.K.) LTD.
c/o SALOMON BROTHERS INTERNATIONAL LIMITED
Victoria Plaza
111 Buckingham Palace Road
London SW1W OSB ENGLAND

Dear Sirs:

Owens-Illinois, Inc. a Delaware corporation (the "Company"), proposes to sell to the underwriters named in Schedule I hereto (the "International Underwriters"), for whom you, Salomon Brothers International Limited, are acting as representative (the "International Representative"), 2,950,000 shares of Common Stock, $.01 par value ("Common Stock"), of the Company (the "International Underwritten Securities"). The Company also proposes to grant to the International Underwriters an option to purchase up to 442,500 additional shares of Common Stock (the "International Option Securities"; the International Option Securities, together with the International Underwritten Securities, being hereinafter called the "International Securities").

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (File No. 333-25175), which registration statement also constitutes, pursuant to Rule 429 under the Securities Act of 1933, as amended (the "Securities Act"), Post-Effective Amendment No. 1 to the Registration Statement (File No. 33-51982), as amended, relating to the Securities and the offering thereof from time to time in accordance with Rule 415 under the Securities Act. Such registration statements, as amended, have been declared effective by the Commission. In addition, the Company has prepared and filed with the Commission

the Preliminary Prospectus (as defined herein) pursuant to Rule 424(b) under the Securities Act in accordance with Rule 424(b) under the Securities Act.

It is understood and agreed to by all the parties that the Company is concurrently entering into a U.S. Underwriting Agreement dated the date hereof (the "U.S. Underwriting Agreement") providing for the sale by the Company of an aggregate of 11,800,000 shares of Common Stock (said shares to be sold by the Company pursuant to the U.S. Underwriting Agreement being hereinafter called the "U.S. Underwritten Securities"), in the United States and Canada through arrangements with certain underwriters in the United States and Canada (the "U.S. Underwriters"), for whom Salomon Brothers Inc, is acting as representative (the "U.S. Representative"), and providing for the grant to the U.S. Underwriters of an option to purchase from the Company up to 1,770,000 additional shares of Common Stock (the "U.S. Option Securities"; the U.S. Option Securities, together with the Underwritten U.S. Securities, being hereinafter called the "U.S. Securities" and the International Securities, together with the U.S. Securities, being hereinafter called the "Securities"). Anything herein or therein to the contrary notwithstanding, the respective closings under this Agreement and the U.S. Underwriting Agreement are hereby expressly made conditional upon one another. It is further understood and agreed that the U.S. Underwriters and the International Underwriters have entered into an Agreement Between U.S. Underwriters and International Underwriters dated the date hereof (the "Agreement Between U.S. Underwriters and International Underwriters"), pursuant to which, among other things, the International Underwriters may purchase from the U.S. Underwriters a portion of the U.S. Securities to be sold pursuant to the U.S. Underwriting Agreement and the U.S. Underwriters may purchase from the International Underwriters a portion of the International Securities to be sold pursuant to the International Underwriting Agreement.

It is further understood that two forms of prospectus are to be used in connection with the offering and sale of the Securities: one form of prospectus relating to the U.S. Securities, which are to be offered and sold to United States and Canadian Persons (each as defined herein), and one form of prospectus relating to the International Securities, which are to be offered and sold to persons other than United States and Canadian Persons. Such form of prospectus, including any prospectus supplement, relating to the U.S. Securities as first filed pursuant to Rule 424(b) or, if no filing pursuant to Rule 424(b) is made, such form of prospectus included in the Registration Statement at the Effective Date, is

hereinafter called the "U.S. Prospectus"; such form of prospectus, including any prospectus supplement, relating to the International Securities as first filed pursuant to Rule 424(b) or, if no filing pursuant to Rule 424(b) is made, such form of prospectus included in the Registration Statement at the Effective Date, is hereinafter called the "International Prospectus"; and the U.S. Prospectus and the International Prospectus are hereinafter collectively called the "Prospectuses". "Preliminary U.S. Prospectus" shall mean any preliminary prospectus, including any preliminary prospectus supplement, used in connection with the offer of any U.S. Securities prior to the date hereof that omits Rule 430A Information (as defined herein). "Preliminary International Prospectus" shall mean any preliminary prospectus, including any preliminary prospectus supplement, used in connection with the offer of any International Securities prior to the date hereof that omits Rule 430A Information (as defined herein); and the U.S. Prospectus and the International Prospectus are hereinafter collectively called the "Preliminary Prospectuses". "United States or Canadian Person" shall mean any person who is a national or resident of the United States or Canada, any corporation, partnership, or other entity created or organized in or under the laws of the United States or Canada or of any political subdivision thereof, or any estate or trust the income of which is subject to United States or Canadian federal income taxation, regardless of its source (other than any non-United States or non-Canadian branch of any United States or Canadian Person), and shall include any United States or Canadian branch of a person other than a United States or Canadian Person. "U.S." or "United States" shall mean the United States of America (including the states thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

The term "the Effective Date" shall mean each date that the Registration Statement and any post-effective amendment or amendments thereto became or become effective. "Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto. "Registration Statement" shall mean the registration statements referred to above, including incorporated documents and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto becomes effective prior to the Closing Date (as defined herein), shall also mean such registration statement as so amended. Such term shall include any Rule 430A Information deemed to be included therein as provided by Rule 430A. "Rule 430A Information" means information with respect to the Securities and the offering thereto permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A. Any reference herein to the Registration Statement, Preliminary Prospectuses or the Prospectuses shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") on or before the Effective Date of the Registration Statement or the issue date of such Preliminary Prospectuses or the Prospectuses, as the case may be; and any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration

Statement, any Preliminary Prospectuses or the Prospectuses shall be deemed to refer to and include the filing of any document under the Exchange Act after the Effective Date of the Registration Statement, or the issue date of any Preliminary Prospectuses or the Prospectuses, as the case may be, deemed to be incorporated therein by reference.

1. REPRESENTATIONS AND WARRANTIES. (a) The Company represents and warrants, as of the date hereof and as of the Closing Date, to and agrees with each of the International Underwriters as follows:

(i) The Company meets the requirements for use of Form S-3 under the Securities Act. The Registration Statement, at the time the Registration Statement became effective, as of the Closing Date and as amended or supplemented, if applicable, and the International Prospectus, when it is first filed in accordance with Rule 424(b) under the Securities Act and on the Closing Date, complied and will comply, as the case may be, in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder.

(ii) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose are pending before or threatened by the Commission; and any required filing of the International Prospectus pursuant to Rule 424(b) under the Securities Act has been made in accordance with Rule 424(b) under the Securities Act.

(iii) The Registration Statement, at the time the Registration Statement became effective, as amended or supplemented (or, if an amendment to the Registration Statement or an annual report on Form 10-K has been filed by the Company with the Commission subsequent to the Effective Date, then at the time of the most recent such filing) did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The International Prospectus, at the time the Registration Statement became effective, as amended or supplemented and as of the Closing Date, did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or International Prospectus made in reliance upon and in conformity with information

furnished to the Company in writing by any of you expressly for use in the Registration Statement or International Prospectus.

(iv) The documents incorporated by reference in the Registration Statement and International Prospectus, as amended or supplemented, if applicable, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder and, when read together with the other information in the International Prospectus, at the time the Registration Statement and any amendments thereto became or become effective and at the Closing Date, did not and will not contain an untrue statement of a material fact and will not omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(v) Each of Ernst & Young LLP ("Ernst & Young"), K.P.M.G. S.p.A. and Arthur Andersen S.p.A., who are reporting upon the audited financial statements and schedules included or incorporated by reference in the Registration Statement and the International Prospectus, each as amended or supplemented, if applicable, are independent public accountants as required by the Securities Act.

(vi) (A) The consolidated financial statements and the related notes of the Company included or incorporated by reference in the Registration Statement and the International Prospectus, or in any supplement thereto or amendment thereof, present fairly the consolidated financial position of the Company and its subsidiaries, considered as one enterprise, as of the dates indicated and the consolidated results of operations and changes in financial position of the Company and its subsidiaries, considered as one enterprise, for the periods specified; (B) such financial statements and related notes have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved; and (C) the financial statement schedules incorporated by reference in the Registration Statement present fairly the information required to be stated therein.

(vii) The pro forma financial statements contained in the Preliminary International Prospectus and the International Prospectus under the heading "Unaudited Pro Forma Consolidated Financial

Information" have been prepared on a basis consistent with the historical statements referred to in (vi) above, except for the pro forma adjustments specified therein, and (A) include all material adjustments to the historical financial data required by Rule 11-02 of Regulation S-X necessary to reflect the AVIR Acquisition and the Refinancing (each as defined in the Preliminary International Prospectus or the International Prospectus), (B) give effect to the assumptions made on a reasonable basis, (C) present fairly in all material respects in accordance with generally accepted accounting principles consistently applied throughout such periods, the historical and proposed transactions contemplated by the Preliminary International Prospectus and the International Prospectus and (D) comply in all material respects with the requirements of Rules 11-01 and 11-02 of Regulation S-X; and the other pro forma financial information and pro forma financial data set forth in the International Prospectus under the captions "Summary -- Summary Historical and Pro Forma Financial Data" and "Consolidated Capitalization" are derived from such "Unaudited Pro Forma Consolidated Financial Information."

(viii) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the International Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, individually or in the aggregate, have a material adverse effect on the condition (financial or otherwise), properties, assets, business or results of operations of the Company and its subsidiaries, considered as one enterprise (a "Material Adverse Effect").

(ix) Each subsidiary of the Company that is a "Significant Subsidiary" (as defined in Rule 1-02 of Regulation S-X under the Securities Act) (hereinafter a "Significant Subsidiary") has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the International Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its

business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect.

(x) All of the issued and outstanding shares of capital stock of the Company have been duly authorized and are validly issued, fully paid and non-assessable.

(xi) All of the issued and outstanding capital stock of each Significant Subsidiary of the Company (including Owens-Illinois Group, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company) has been duly authorized, is validly issued, fully paid and non-assessable and, except as set forth in Schedule II hereto, is owned by the Company, directly or through one or more subsidiaries of the Company, free and clear of any material lien.

(xii) There are no holders of securities (debt or equity) of the Company, or holders of rights (including preemptive rights), warrants or options to obtain securities of the Company, who have the right to request the Company to register securities held by them under the Securities Act, except for the Registration Rights Agreement dated as of March 17, 1986 by and among OII Holdings Corporation (the predecessor in interest to the Company), KKR Partners II, L.P., OII Associates, L.P., OII Associates II, L.P. and KKR Associates, L.P.

(xiii) The Company has the corporate power and authority to execute, deliver and perform its obligations under this Agreement; the execution and delivery of, and the performance by the Company of its obligations under, this Agreement have been authorized by all necessary corporate action of the Company; and this Agreement has been duly executed and delivered by the Company.

(xiv) The Securities to be issued and sold by the Company pursuant to this Agreement and the U.S. Underwriting Agreement have been duly authorized and, when issued to and paid for by you in accordance with the terms of this Agreement and the U.S. Underwriting Agreement, will be validly issued, fully paid and non-assessable and, to the best of our knowledge, free of preemptive rights.

(xv) Since the respective dates as of which information is given in the Registration Statement and the International Prospectus, except as otherwise stated therein, contemplated thereby or otherwise incorporated by reference therein, there has not been

(A) any material adverse change in the condition (financial or otherwise), properties, assets, business, or results of operations of the Company and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Change"), (B) any transaction entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, that could have a Material Adverse Effect, or (C) any dividend or distribution of any kind declared, paid or made by the Company on its Capital Stock.

(xvi) Neither the Company nor any of its subsidiaries is (A) in violation of its certificate of incorporation or by-laws or in default (nor has an event occurred that with notice or passage of time or both would constitute such a default) in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other material agreement or instrument to which the Company or its subsidiaries is subject or by which any of them or any of their properties or assets may be bound or affected, (B) in violation of any existing applicable law, ordinance, regulation, judgment, order or decree of any government, governmental instrumentality, arbitrator or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets or (C) in each case to the knowledge of the Company, in violation of or has violated any permit, certificate, license, order or other approval or authorization required in connection with the operation of its business that, with respect to each of clause (A), (B) and (C) of this paragraph, would (individually or in the aggregate) (I) adversely affect the legality, validity or enforceability of this Agreement or the International Securities, (II) have a Material Adverse Effect or (III) impair the ability of the Company to fully perform on a timely basis any obligations that it has under this Agreement or the International Securities.

(xvii) The issuance, sale and delivery of the International Securities, the execution, delivery and performance by the Company of this Agreement, the compliance by the Company with the terms herein and the consummation by the Company of the transactions contemplated hereby and in the Registration Statement and the International Prospectus, do not and will not result in a violation of any of the terms or provisions of the certificate of incorporation or by-laws of the Company or any of its subsidiaries, and (A) will not, as of the Closing Date, conflict with, or result in a

breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other material agreement or instrument to which the Company or any of its subsidiaries is a party or by which any of them or any of their properties or assets is bound, except for such conflicts, breaches, violations or defaults that would not have a Material Adverse Effect or (B) do not and will not conflict with or result in a breach or violation of any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets, except for any conflict, breach or violation that would not have a Material Adverse Effect.

(xviii) No authorization, approval, consent or order of, or qualification with, any governmental body or agency is required to be obtained or made by the Company for the due authorization, execution, delivery and performance by the Company of this Agreement or the valid authorization, issuance, sale and delivery of the International Securities, except (A) such as may be required by the securities or blue sky laws of the various states (the "Blue Sky laws") in connection with the offer and sale of the International Securities and (B) for such consents that are required and have been received and are in full force and effect as of the Closing Date.

(xix) There is no action, suit, investigation or proceeding before or by any government, governmental instrumentality or court, domestic or foreign, now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries or any of their properties and assets that (A) is required to be disclosed in the International Prospectus and is not so disclosed, (B) except as disclosed in the International Prospectus, could result in any Material Adverse Change, (C) seeks to restrain, enjoin, prevent the consummation of or otherwise challenge the issuance and sale of the International Securities or the execution and delivery of this Agreement or any of the transactions contemplated hereby or (D) questions the legality or validity of any such transaction or seeks to recover damages or obtain other relief in connection with any such transaction, and, in each case to the knowledge of the Company, there is no valid basis for any such action, suit, investigation or proceeding; the aggregate of all pending legal or governmental

proceedings to which the Company or any of its subsidiaries is a party or that affect any of their properties and assets that are not described in the Registration Statement or the International Prospectus, including ordinary routine litigation incidental to its business, would not have a Material Adverse Effect.

(xx) There are no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the International Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required or, in the case of exhibits, will not be so filed promptly after the Closing Date.

(xxi) Each of the Company and its subsidiaries has good title to all properties owned by them, in each case free and clear of all liens except (A) as do not materially interfere with the use made and proposed to be made of such properties, (B) as set forth in the Registration Statement and the International Prospectus or (C) as could not reasonably be expected to have a Material Adverse Effect.

(xxii) Each of the Company and its subsidiaries has all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local, foreign and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Registration Statement or the International Prospectus, except to the extent that the failure to so obtain or file would not have a Material Adverse Effect.

(xxiii) Each of the Company and its subsidiaries owns or possesses, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other proprietary or confidential information, systems or procedures, whether patented or unpatented), trademarks, service marks and trade names (collectively, "Intellectual Property") presently employed by them in connection with the business now operated by them, except where the failure to own or possess or have the ability to acquire any such Intellectual Property would not have a Material Adverse Effect, and neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing that, individually or in the aggregate, if the subject of an unfavorable decision,

ruling or finding, would result in any Material Adverse Change.

(xxiv) Except as disclosed in the Registration Statement and the International Prospectus, each of the Company and its subsidiaries is in material compliance with all applicable existing federal, state, local and foreign laws and regulations relating to protection of human health, safety and the environment or imposing liability or standards of conduct concerning any Hazardous Material (as hereinafter defined) ("Environmental Laws"), except, in each case, where such noncompliance, individually or in the aggregate, would not have a Material Adverse Effect. The term "Hazardous Material" means (A) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (B) any "hazardous waste" as defined by the Resource Conservation and Recovery Act, as amended, (C) any petroleum or petroleum product, (D) any polychlorinated biphenyl and (E) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material, waste or substance regulated under or within the meaning of any other Environmental Law.

(xxv) The Company has not taken and will not take, directly or indirectly, any action designed to or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the International Securities or any action resulting in a violation of Regulation M under the Exchange Act.

(xxvi) The Securities are, or will be when issued, "excepted securities" within the meaning of Rule 101(c) of Regulation M under the Exchange Act.

(xxvii) The Company is not an "investment company" as such term is defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xxviii) The Company has complied with all provisions of Section 517.075, Florida Statutes relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba; and

(xxix) The International Securities have been approved for listing on the New York Stock Exchange;

(b) Any certificate signed by any officer of either the Company or any of its subsidiaries and delivered to you or to your counsel at the Closing Date pursuant to this Agreement or the transactions contemplated hereby shall be deemed a representation and warranty by the Company or

such subsidiary of the Company, as the case may be, to each of you as to the matters covered thereby.

2. PURCHASE AND SALE. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each International Underwriter, and each International Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of $27.47 per share, the number of the International Underwritten Securities set forth opposite such International Underwriter's name in Schedule I hereto.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several International Underwriters to purchase, severally and not jointly, up to an aggregate of 442,500 shares of the International Option Securities at the same purchase price per share as the International Underwriters shall pay for the International Underwritten Securities. Said option may be exercised only to cover over-allotments in the sale of the International Underwritten Securities by the International Underwriters. Said option may be exercised in whole or in part at any time on or before the 30th day after the date of the International Prospectus upon written or telegraphic notice by the International Representative to the Company setting forth the number of shares of the International Option Securities as to which the several International Underwriters are exercising the option and the Settlement Date. Delivery of certificates for the shares of International Option Securities by the Company, and payment therefor to the Company, shall be made as provided in Section 3 hereof. The maximum number of shares of the International Option Securities to be sold by the Company is set forth in Schedule I hereto. In the event that the International Underwriters exercise less than their full over-allotment option, the number of shares of the International Option Securities to be sold by each party listed on Schedule II shall be, as nearly as practicable, in the same proportion to each other as are the number of shares of the International Option Securities listed opposite their respective names on said Schedule II. The number of shares of the International Option Securities to be purchased by each International Underwriter shall be the same percentage of the total number of shares of the International Option Securities to be purchased by the several International Underwriters as such International Underwriter is purchasing of the International Underwritten Securities, subject to such adjustments as you in your absolute discretion shall make to eliminate any fractional shares.

3. DELIVERY AND PAYMENT. Delivery of and payment for the International Underwritten Securities and the International Option Securities (if the option provided for in Section 2(b) hereof shall have been exercised on or before the business day prior to the Closing Date) shall be made at 10:00 a.m., New York City time, on May 16, 1997, or such later date (not later than May 22, 1997) as the International Representative and the U.S. Representative shall designate, which date and time may be postponed by agreement among the International Representative, the U.S. Representative and the Company or as provided in Section 11 hereof (such date and time of delivery and payment for the International Securities being herein called the "Closing Date"). Delivery of the International Securities shall be made to the International Representative for the respective accounts of the several International Underwriters against payment by the several International Underwriters through the International Representative of the respective aggregate purchase price thereof to or upon the order of the Company by means of a wire transfer of immediately available funds in accordance with written instructions from the Company or through the facilities of The Depository Trust Company ("DTC"). Delivery of the International Underwritten Securities and the International Option Securities shall be made at such location as the International Representative shall reasonably designate at least one business day in advance of the Closing Date and payment for such International Securities shall be made at the office of Simpson Thacher & Bartlett, New York, New York. Certificates for the International Securities shall be registered in such names and in such denominations as the International Representative may request not less than one full business day in advance of the Closing Date.

If the option to purchase the International Option Securities provided for in Section 2(b) hereof is exercised by the International Underwriters after the business day prior to the Closing Date, the Company will deliver (at the expense of the Company) to the International Representative, at Seven World Trade Center, New York, New York, on the date specified by the International Representative (which shall be three business days after exercise of said option, the "Option Closing Date"), delivery of the International Option Securities shall be made to the International Representative for the

respective accounts of the several International Underwriters against payment by the several International Underwriters through the International Representative of the respective aggregate purchase price thereof to or upon the order of the Company by means of a wire transfer of immediately available funds in accordance with written instructions from the Company or through the facilities DTC. If settlement for the International Option Securities occurs after the Closing Date, the Company will deliver to the International Representative on the Settlement Date for the International Option Securities, and the obligation of the International Underwriters to purchase the International Option Securities shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date the opinions, certificates and letters delivered on the Closing Date pursuant to Section 5 hereof.

It is understood and agreed that the Closing Date shall occur simultaneously with the "Closing Date" under the U.S. Underwriting Agreement, and that the Option Closing Date, if any, shall occur simultaneously with the "Option Closing Date" under the U.S. Underwriting Agreement.

4. OFFERING BY INTERNATIONAL UNDERWRITERS. It is understood that the several International Underwriters propose to offer the International Securities for sale to the public as set forth in the International Prospectus.

5. CONDITIONS TO THE INTERNATIONAL UNDERWRITERS' OBLIGATIONS. The several obligations of the International Underwriters to purchase and pay for the International Securities pursuant to this Agreement are subject to the satisfaction of each of the following conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) (A) no downgrading shall have occurred in the rating accorded any of the Company's debt securities or preferred stock by any "nationally recognized statistical rating organization" as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act and regulations thereunder and (B) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Company's debt securities or preferred stock; and

(ii) no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for that purpose shall have been instituted and shall be pending or, to your knowledge or the knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the satisfaction of your counsel.

(b) The Company shall have furnished to the International Underwriters a certificate of the Company, signed by the Chairman of the Board or the President or a Vice President and the Treasurer or

Controller of the Company, dated the Closing Date, to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and the Company has complied in all material respects with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Registration Statement and the International Prospectus, there has been no Material Adverse Change.

(c) The International Underwriters shall have received on the Closing Date an opinion of Latham & Watkins, outside counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to your counsel to the effect that:

(i) the Registration Statement and the International Prospectus (excluding the documents incorporated therein by reference) comply as to form in all material respects with the requirements for registration statements on Form S-3 under the Securities Act and the rules and regulations of the Commission thereunder; it being understood, however, that such counsel expresses no opinion with respect to the financial statements, schedules and other financial and statistical data included or incorporated in the Registration Statement or the International Prospectus or with respect to the Statement as to the Eligibility and Qualification of the Trustee on Form T-1. In passing upon the compliance as to form of the Registration Statement and the International Prospectus, such counsel has assumed that the statements made therein (or incorporated by reference therein) are correct and complete.

(ii) the Registration Statement has become effective under the Securities Act and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration

Statement has been issued under the Securities Act and no proceedings therefor have been initiated or threatened by the Commission; and any required filing of the International Prospectus pursuant to Rule 424(b) under the Securities Act has been made in accordance with Rule 424(b) under the Securities Act;

(iii) the Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its property and to conduct its business as described in the Registration Statement and the International Prospectus;

(iv) each of this Agreement and the U.S. Underwriting Agreement have been duly authorized, executed and delivered by the Company;

(v) the International Securities and the U.S. Securities to be issued and sold by the Company pursuant to the International Underwriting Agreement and the U.S. Underwriting Agreement and the U.S. Underwriting Agreement, respectively, have been duly authorized and, when issued to and paid for by you in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable and, to the best of our knowledge, free of preemptive rights;

(vi) the execution and delivery by the Company of, and the issuance and sale of the International Securities by the Company pursuant to, this Agreement will not result in (A) the violation by the Company of its Certificate of Incorporation or Bylaws, the General Corporation Law of the State of Delaware or any federal or New York statute, or any rule or regulation that has been issued pursuant to the General Corporation Law of the State of Delaware or any federal or New York statute known to such counsel to be applicable to the Company (except that no opinion shall be expressed with respect to state securities or "blue sky" laws) or (B) after giving effect to written waivers and consents which have been or will be obtained on or prior to the Closing, the breach of or a default under (I) any indenture or other agreement or instrument pertaining to the Company's long-term debt listed in the International Prospectus Supplement under the caption "Consolidated Capitalization," excluding long-term debt listed as "Other," or (II) any court or administrative orders, writs,

judgments or decrees specifically directed to the Company and identified to such counsel by an officer of the Company as material to the Company;

(vii) to such counsel's knowledge, no authorization, approval, consent or order of, or filing or qualification with, any federal or New York State court or governmental body or agency is required to be obtained or made by the Company for the execution and delivery by the Company of this Agreement or the issuance and sale of the International Securities by the Company, except (A) such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the International Securities and (B) except such as have been obtained under the Securities Act and are in full force and effect as of the Closing Date;

(viii) the statements set forth in the "Description of the Common Stock" contained in the Company's Registration Statement on Form 8-A filed on December 3, 1991, as amended, and the statements set forth in the International Prospectus under the Caption "Certain United States Federal Tax Consequences For Non-United States Holders," insofar as such statements constitute summaries of the documents referred to therein, are accurate in all material respects; and the International Securities conform in all material respects to the description thereof in the International Prospectus; and

(ix) the Company is not an "investment company," as such term is defined in the 1940 Act.

In addition, such counsel shall state that, while they did not prepare any of the documents incorporated by reference in the Registration Statement and the International Prospectus, they have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, and the International Underwriters' representatives at which the contents of the Registration Statement and the International Prospectus and related matters were discussed, and although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the International Prospectus and have not made any independent check or verification thereof (except as set forth in paragraph (viii) above), during the course of such participation (relying as to materiality to the extent we deemed

appropriate upon the statements of officers and other representatives of the Company), no facts came to such counsel's attention that caused such counsel to believe that the Registration Statement (including the incorporated documents), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the International Prospectus (including the incorporated documents), as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel express no belief with respect to the financial statements, schedules and other financial and statistical data or the Statement of Eligibility of the Trustee on Form T-1 included or incorporated by reference in the Registration Statement or the International Prospectus.

In rendering such opinion, Latham & Watkins may rely as to factual matters upon certificates or written statements from officers or other appropriate representatives of the Company or upon certificates of public officials and need not express any opinion with regard to the laws of any jurisdiction other than the federal law of the United States, the law of the State of New York and the General Corporation Law of the State of Delaware.

(d) At the Closing Date, each of you shall have received a signed opinion of Thomas L. Young, Esq., General Counsel of the Company, dated as of the Closing Date, in form and substance reasonably satisfactory to your counsel, to the effect that:

(i) the Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(ii) each Significant Subsidiary (as defined in Rule 1-02 of Regulation S-X under the Securities Act) of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property

and to conduct its business as described in the International Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualifications, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(iii) the Company has the authorized capitalization as set forth in the International Prospectus, including any amendment or supplement thereto; all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and all of the issued and outstanding capital stock of such Significant Subsidiaries, except as set forth on Schedule II hereto, is owned of record by the Company, directly or through subsidiaries, and is free and clear of any material lien, claim, encumbrance or other security interest;

(iv) the Company has the corporate power and authority to execute, deliver and perform its obligations under this Agreement; the execution and delivery of, and the performance by the Company of its obligations under, this Agreement have been authorized by all necessary corporate action of the Company; and this Agreement has been duly executed and delivered by the Company;

(v) the International Securities and the U.S. Securities to be issued and sold by the Company pursuant to the U.S. Underwriting Agreement and the International Underwriting Agreement, respectively, have been duly authorized and, when issued to and paid for by you in accordance with the terms of the U.S. Underwriting Agreement and the International Underwriting Agreement, respectively, will be validly issued, fully paid and non-assessable and, to the best of our knowledge, free of preemptive rights.

(vi) the execution and delivery by the Company of, and the issuance and sale of the International Securities and the U.S. Securities by the Company pursuant to, this Agreement and the U.S. Underwriting Agreement will not result in (A) the violation by the Company of its Certificate of Incorporation or Bylaws, the General Corporation Law of the State of Delaware or any federal or Ohio Statute, or any rule or regulation that has been issued pursuant to the General Corporation

Law of the State of Delaware or any federal or state statute known to such counsel to be applicable to the Company or any of its subsidiaries (except that no opinion is expressed with respect to federal or state securities or "blue sky" laws) (B) after giving effect to written waivers and consents which have been or will be obtained on or prior to Closing, the breach of or default under (I) any indenture or other agreement or instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries considered as one enterprise or (II) any court or administrative orders, writs, judgments or decrees known to such officer;

(vii) Such counsel has no knowledge of any legal or governmental proceeding pending or threatened to which the Company or any of its subsidiaries is a party or to which any of the properties or assets of the Company or any of its subsidiaries is subject that is required to be described in the Registration Statement or the International Prospectus and is not so described therein; or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the International Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required; and

(viii) each of the documents incorporated or deemed to be incorporated by reference in the Registration Statement and the International Prospectus, at the time it was filed with the Commission, complied as to form in all material respects with the requirements for such document under the Exchange Act and the regulations thereunder.

In addition, such counsel shall state that he has participated in conferences with representatives of the Company, representatives of the independent public accountants for the Company, and the International Underwriters' representatives and counsel at which the contents of the Registration Statement and the International Prospectus and related matters were discussed, and although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the International Prospectus, during the course of such participation no facts came to such counsel's attention that caused such counsel to believe that the

Registration Statement (including the incorporated documents), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the International Prospectus, as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel express no belief with respect to the financial statements, schedules and other financial and statistical data included or incorporated by reference in the Registration Statement or the International Prospectus.

In rendering such opinion, such counsel may rely as to factual matters upon certificates or written statements from officers or other appropriate representatives of the Company or upon certificates of public officials, and need not express any opinion with respect to the laws of any jurisdiction other than the federal law of the United States, the law of the State of Ohio and the General Corporation Law of the State of Delaware.

(e) The International Underwriters shall have received on the Closing Date an opinion of Simpson Thacher & Bartlett, counsel for the International Underwriters, dated the Closing Date, covering certain matters requested by the International Underwriters.

(f) At the Closing Date, (i) the Registration Statement and the International Prospectus, as they may then be amended or supplemented, shall contain all statements that are required to be stated therein under the Securities Act and the regulations thereunder and in all material respects shall conform to the requirements of the Securities Act and the regulations thereunder, and neither the Registration Statement nor the International Prospectus, as they may then be amended or supplemented, shall contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the International Prospectus, in the light of the circumstances under which they were made, not misleading; (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement, any Material Adverse Change, or any development involving a prospective Material Adverse Change, whether or not arising in the ordinary course of business; (iii) no action, suit or

proceeding at law or in equity shall be pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries that would be required to be set forth in the International Prospectus other than as set forth therein and no proceedings shall be pending or, to the knowledge of the Company, threatened against it or any of its subsidiaries before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding could have a Material Adverse Effect, other than as set forth in the International Prospectus; (iv) the Company shall have complied with all material agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date; and (v) the other representations and warranties of the Company set forth in Section 1(a) shall be accurate in all material respects as though expressly made at and as of the Closing Date.

(g) The International Underwriters shall have received on the Closing Date a letter dated the date hereof or the Closing Date, as the case may be, in form and substance reasonably satisfactory to the International Underwriters, from Ernst & Young, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the International Prospectus.

(h) By the Closing Date, your counsel shall have been furnished with all such documents (including any consents under any agreements to which the Company is a party), certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the International Securities as contemplated in this Agreement and in Section 5(e) herein and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein; and all proceedings taken by the Company at or prior to the Closing Date in connection with the authorization, issuance and sale of the International Securities, and by the Company at or prior to the Closing Date in connection with the authorization and delivery of this Agreement, shall be reasonably satisfactory in form and substance to you and to your counsel.

(i) Prior to the Closing Date, the Company shall have furnished to Salomon Brothers Inc such further information, certificates and documents as Salomon Brothers Inc may reasonably request.

(j) The Lock-Up Agreements executed by (i) each of the Company's executive officers and directors listed in Schedule III hereto and (ii) by each of OII Associates, L.P., OII Associates II, L.P. and KKR Partners II, L.P. in favor of the International Underwriters relating to sales of shares of Common Stock of the Company shall have been delivered to Salomon Brothers Inc and shall be in full force and effect on the Closing Date.

(k) The closing of the purchase of the U.S. Underwritten Securities to be issued and sold by the Company pursuant to the U.S. Underwriting Agreement shall occur concurrently with and be a condition to the sale of the International Securities as set forth in this Agreement.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement, this Agreement may be terminated by you on notice to the Company at any time at or prior to the Closing Date, and such termination shall be without liability of any party to any other party, except as provided in Section 6 herein. Notwithstanding any such termination, the provisions of Sections 1(a) and 8 herein shall remain in effect. Notice of such termination shall be given to the Company in writing or by telephone confirmed in writing.

The documents required to be delivered by this Section 5 shall be delivered at the office of Simpson Thacher & Bartlett, counsel for the International Underwriters, at 425 Lexington Avenue, New York, New York 10017, on the Closing Date.

6. REIMBURSEMENT OF INTERNATIONAL UNDERWRITERS' EXPENSES. If the sale of the International Securities provided for herein is not consummated because any condition to the obligations of the International Underwriters set forth in Section 5 herein is not satisfied, because of any termination pursuant to Section 10(a) herein or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision herein other than by reason of a default by any of the International Underwriters, the Company will reimburse the International Underwriters severally upon demand for all documented out-of-pocket expenses (including fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the International Securities.

7. COVENANTS OF THE COMPANY. In further consideration of the agreements of the International Underwriters herein contained, the Company covenants with each International Underwriter as follows:

(a) To prepare the International Prospectus, including any amendment or supplement thereto, in a form approved by the International Underwriters and to file such International Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Securities Act; to make no further amendment or any supplement to the Registration Statement or to the International Prospectus except as permitted herein;

(b) To furnish to each of Salomon Brothers Inc and its counsel, without charge, one signed copy of the Registration Statement (including exhibits thereto) and for delivery to each other International Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and, during the period mentioned in paragraph (d) below, as many copies of the Preliminary International Prospectus and the International Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(c) Before amending or supplementing the Registration Statement or the International Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object.

(d) If, during such period after the first date of the public offering of the International Securities, as in the opinion of counsel for the International Underwriters, the Preliminary International Prospectus or the International Prospectus is required by law to be delivered in connection with sales by an International Underwriter or a dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Preliminary

International Prospectus or the International Prospectus, as the case may be, in order to make the statements therein, in the light of the circumstances when the Preliminary International Prospectus or the International Prospectus, as the case may be, is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the International Underwriters, it is necessary to amend or supplement the Preliminary International Prospectus or the International Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the International Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which International Securities may have been sold by you on behalf of the International Underwriters and to any other dealers upon request, either amendments or supplements to the Preliminary International Prospectus or the International Prospectus, as the case may be, so that the statements therein as so amended or supplemented will not, in the light of the circumstances when the Preliminary International Prospectus or the International Prospectus, as the case may be, is delivered to a purchaser, be misleading or so that the Preliminary International Prospectus or the International Prospectus, as amended or supplemented, as the case may be, will comply with law.

(e) From the date of this Agreement, and for so long as a Preliminary International Prospectus or a International Prospectus is required to be delivered in connection with the sale of International Securities covered by this Agreement, the Company will notify you immediately, and confirm the notice in writing, (i) of the effectiveness of any amendment to the Registration Statement, (ii) of the mailing or the delivery to the Commission for filing of any supplement to the Preliminary International Prospectus or the International Prospectus or any document to be filed pursuant to the Exchange Act which will be incorporated by reference into the Registration Statement, Preliminary International Prospectus or the International Prospectus, (iii) of the receipt of any comments from the Commission with respect to the Registration Statement, the Preliminary International Prospectus or the International Prospectus, (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Preliminary International Prospectus or the International Prospectus or for additional information and (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose. The Company will make every commercially reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain, as soon as possible, the lifting thereof.

(f) The Company will comply to the best of its ability with the Securities Act and the Exchange Act and the regulations thereunder so as to permit the completion of the distribution of the International

Securities as contemplated in this Agreement and the International Prospectus; and the Company, during the period when the Preliminary International Prospectus and the International Prospectus is required to be delivered under the Securities Act, will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the Exchange Act within the time periods required under the Exchange Act.

(g) The Company will endeavor to qualify the International Securities for offer and sale under the state securities or blue sky laws of such jurisdictions as you shall reasonably request and to maintain such qualifications in effect for as long as may be required for the distribution of the International Securities; PROVIDED, HOWEVER, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the International Securities have been qualified as above provided.

(h) With respect to each sale of International Securities, the Company will make generally available to its security holders as soon as practicable but in any event not later than 90 days after the close of the period covered thereby a consolidated earnings statement for a twelve-month period beginning after the effective date (as defined in Rule 158(c) under the Securities Act) of the Registration Statement relating to such International Securities, but not later than the first day of the Company's fiscal quarter next following such effective date and that otherwise satisfies the provisions of Section 11(a) of the Securities Act and the regulations thereunder.

(i) The Company will use the proceeds received from the sale of the International Securities in the manner specified in the International Prospectus under the heading "Use of Proceeds."

(j) For a period of five years after the Closing Date, if so requested, the Company will furnish to each of you copies of all annual reports, quarterly reports and current reports filed with the Commission on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the Commission, and such other documents, reports and information as shall be furnished by the Company to the holders of the

International Securities or to security holders of its respective publicly issued securities generally.

(k) To pay all expenses incident to the performance of its obligations under this Agreement, including: (i) the preparation and filing of the Registration Statement including all financial statements, schedules and exhibits and the International Prospectus and all amendments and supplements thereto; (ii) the preparation, issuance and delivery to you of the International Securities; (iii) the fees and disbursements of the Company's counsel and accountants; (iv) the qualification of the International Securities under the state securities or blue sky laws in accordance with the provisions of Section 6(g) herein, including filing fees and the fees and disbursements of counsel for the International Underwriters in connection therewith and in connection with the preparation of the preliminary and final state securities laws or blue sky surveys (the "Blue Sky Surveys") or any Legal Investment Memoranda; (v) the printing and delivery to the International Underwriters in quantities as hereinabove stated of copies of the Registration Statement and all amendments thereto and of each Preliminary International Prospectus and the International Prospectus and any amendments or supplements thereto; (vi) the printing and delivery to the International Underwriters of copies of the Blue Sky Surveys or any Legal Investment Memoranda; (vii) any fees charged by rating agencies for the rating of the International Securities or the listing, if any, of the International Securities on the NYSE; (viii) the filing fees and expenses, if any, incurred with respect to any filing with the National Association of Securities Dealers, Inc. (the "NASD") made in connection with the offering of the International Securities; and (ix) any expenses incurred by the Company in connection with a "road show" presentation to potential investors.

(l) The Company will arrange for the qualification of the International Securities for sale under the laws of such jurisdictions as the International Representative may designate, and will maintain such qualifications in effect so long as required for the distribution of the securities and will pay the fee of the National Association of Securities Dealers, Inc., in connection with its review of the offering.

(m) For a period of 90 days after the date of this Agreement, the Company will not offer, sell, announce its intention to sell, contract to sell, pledge, hypothecate, grant any option to purchase or otherwise dispose of, directly or indirectly, or file

with the Commission a registration statement under the Securities Act (other than on Form S-8 relating to resales of securities as described in the general instructions to Form S-8) relating to any shares of Common Stock or securities convertible or exchangeable into or exercisable for any shares of Common Stock, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of Salomon Brothers Inc, except (i) grants of employee stock options and other awards pursuant to the terms of stock option plans in effect on the date hereof or described in the International Prospectus, (ii) sales and issuances of securities pursuant to the exercise of any such options or awards or the exercise of any other stock options or awards outstanding on the date hereof, (iii) the issuance and/or sale of Common Stock pursuant to existing employee benefit plans of the Company, (iv) the issuance and/or sale of Common Stock upon the exercise of the respective exchange rights of the holders of the Company's Series A Exchangeable Preferred Stock, par value $.01 per share, Series B Exchangeable Preferred Stock, par value $.01 per share, and Series C Exchangeable Preferred Stocks, par value 4.01 per share, and (v) the issuance and/or sale of Common Stock upon the exercise of any of the Company's warrants or options outstanding on the date hereof.

8. INDEMNIFICATION AND CONTRIBUTION. (a) The Company agrees to indemnify and hold harmless each International Underwriter, the directors, officers and employees of each International Underwriter and each person who controls any International Underwriter within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other United States federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement for the registration of the International Securities as originally filed or in any amendment thereof, or in the Preliminary International Prospectus or in the International Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action;

PROVIDED, HOWEVER, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any International Underwriter through the International Representative specifically for inclusion therein. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each International Underwriter severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Registration Statement, and each person who controls the Company within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity to each International Underwriter, but only with reference to written information relating to such International Underwriter furnished to the Company by or on behalf of such International Underwriter through the International Representative specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any International Underwriter may otherwise have. The Company acknowledges that the statements set forth in (a) the first sentence of the last paragraph of text on the cover page of the International Prospectus concerning the terms of the offering by the International Underwriters, (b) the last paragraph on page S-2 of the International Prospectus concerning stabilization and over-allotment by the International Underwriters, and (c) the last three sentences of the second paragraph, the sixth paragraph, the seventh paragraph, the eighth paragraph, the ninth paragraph, the tenth paragraph, the eleventh paragraph, the twelfth paragraph and the thirteenth paragraph of text under the caption "Underwriting" in the International Prospectus, concerning the terms of the offering by the International Underwriters in the International Prospectus constitutes the only information furnished in writing by or on behalf of the several International Underwriters for inclusion in any U.S. or International Preliminary Prospectus or the International Prospectus, and you, as the International Representative, confirm that such statements are correct.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such

failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); PROVIDED, HOWEVER, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and the International Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Company and one or more

of the International Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and by the International Underwriters on the other from the offering of the International Securities; PROVIDED, HOWEVER, that in no case shall any International Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the International Securities) be responsible for any amount in excess of the underwriting discount or commission applicable to the International Securities purchased by such International Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the International Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and of the International Underwriters on the other in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses), and benefits received by the International Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the International Prospectus. Relative fault shall be determined by reference to whether any alleged untrue statement or omission relates to information provided by the Company or the International Underwriters. The Company and the International Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an International Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of an International Underwriter shall have the same rights to contribution as such International Underwriter, and each person who controls the Company within the meaning of either the Securities Act or the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this subparagraph (d).

9. SURVIVAL. The indemnity and contribution provisions contained in Section 8 herein and the representations, warranties and other statements of the

Company contained in this Agreement shall remain operative and in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any International Underwriter or any person controlling any International Underwriter or by or on behalf of the Company, its officers or directors or any person controlling the Company and (c) acceptance of and payment for any of the International Securities.

10. TERMINATION. Salomon Brothers International Limited, may terminate this Agreement by notice to the Company, at any time at or prior to the Closing Date (a) if there has been, since the respective dates as of which information is given in the Registration Statement or the International Prospectus, any Material Adverse Change, or any development involving a prospective Material Adverse Change or (b) if there has occurred any new outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which on the financial markets in the United States is such as to make it, in your judgment, impracticable to market the International Securities or enforce contracts for the sale of the International Securities, or (c) if trading in any securities of the Company has been suspended on any exchange or in any over-the-counter market or by the Commission, or if trading generally on the NYSE has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission or any other governmental authority or (d) if a general moratorium on commercial banking activities in New York State has been declared by either federal or New York State authorities.

11. DEFAULT BY AN INTERNATIONAL UNDERWRITER. If any one or more International Underwriters shall fail to purchase and pay for any of the International Securities agreed to be purchased by such International Underwriter or International Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining International Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of International Securities set forth opposite their names in Schedule I hereto bears to the aggregate amount of International Securities set forth opposite the names of all the remaining International Underwriters) the International Securities which the defaulting International Underwriter or International Underwriters agreed but failed to purchase; PROVIDED, HOWEVER, that in the event that the aggregate amount of International Securities which the defaulting International Underwriter or International Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of International Securities set forth in Schedule I hereto, the remaining International Underwriters

shall have the right to purchase all, but shall not be under any obligation to purchase any, of the International Securities, and if such nondefaulting International Underwriters do not purchase all the International Securities, this Agreement will terminate without liability to any nondefaulting International Underwriter or the Company. In the event of a default by any International Underwriter as set forth in this Section 11, the Closing Date shall be postponed for such period, not exceeding seven days, as the International Representative shall determine in order that the required changes in the Registration Statement and the International Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting International Underwriter of its liability, if any, to the Company, and any nondefaulting International Underwriter for damages occasioned by its default hereunder.

12. NOTICES. In all dealings hereunder, you shall act on behalf of each of the International Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any International Underwriter made or given by Salomon Brothers Inc.

All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be given (and shall be deemed to have been given upon receipt) by delivery in person, by cable, by telecopy, ny telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the applicable party at the addresses indicated below:

(1) IF TO THE INTERNATIONAL UNDERWRITERS:
Salomon Brothers International Limited
Victoria Plaza
111 Buckingham Palace Road
London SW1W 0SB
England
Facsimile No.: (44 171) 721-2722
Attention: Equity Syndicate Desk

WITH A COPY TO:
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Facsimile No.: (212) 455-2502
Attention: John B. Tehan, Esq.

(2) IF TO THE COMPANY:
Owens-Illinois, Inc.
One SeaGate
Toledo, Ohio 43666
Facsimile No.: (419) 247-2226
Attention: Thomas L. Young
General Counsel

WITH A COPY TO:
Kohlberg Kravis & Roberts & Co.
2800 Sand Hill Road, Suite 200
Menlo Park, California 94025
Facsimile No.: (415) 233-6561
Attention: Edward A. Gilhuly
Partner

AND WITH A COPY TO:
Latham & Watkins
505 Montgomery Street, Suite 1900
San Francisco, California 94111
Facsimile No.: (415) 395-8095
Attention: Tracy K. Edmonson, Esq.

13. SUCCESSORS. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section [8] herein, and no other person will have any right or obligation hereunder.

14. COUNTERPARTS. This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. TIME OF THE ESSENCE. Time shall be of the essence of this Agreement.

16. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

17. HEADINGS. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several International Underwriters.

Very truly yours,

OWENS-ILLINOIS, INC.

By: /S/ DAVID G. VAN HOOSER

Name: David G. Van Hooser
Title: Senior Vice President

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

SALOMON BROTHERS INTERNATIONAL LIMITED
GOLDMAN SACHS INTERNATIONAL
LEHMAN BROTHERS INTERNATIONAL (EUROPE)
MERRILL LYNCH INTERNATIONAL
MORGAN STANLEY & CO. INTERNATIONAL LIMITED
PAINEWEBBER INTERNATIONAL (U.K.) LTD.

By: SALOMON BROTHERS INTERNATIONAL LIMITED

By: /S/ DOMINIC LEPORE

Name: Dominic Lepore
Title: Vice President

For itself and the other
several International Underwriters named
in Schedule I to the foregoing Agreement.

SCHEDULE I

International Underwriters	Number of International Underwritten Securities to be Purchased	Number of International Option Securities to be Purchased if Maximum International Option Securities Exercised
Salomon Brothers International Limited.....	491,670	73,755
Goldman Sachs International.....	491,666	73,749
Lehman Brothers International (Europe).....	491,666	73,749
Merrill Lynch International.....	491,666	73,749
Morgan Stanley & Co. International Limited.....	491,666	73,749
PaineWebber International (U.K.) Ltd.....	491,666	73,749
Total.....	2,950,000	442,500

Schedule II

Upon the consummation of the Senior Note Offerings, 100% of the shares of capital stock of each Significant Subsidiary will be, directly or indirectly, owned by the Company free and clear of any material lien, except that the Company owns approximately 79% of the outstanding shares of AVIR S.p.A.

SCHEDULE III

Executive Officers and Directors
Who Have Executed Lock-Up Agreements

Russell C. Berkoben
Gary R. Clinard
Robert J. Dineen
Edward A. Gilhuly
James H. Greene, Jr.
Larry A. Griffith
John L. Hodges
Henry R. Kravis
Robert J. Lanigan
Joseph H. Lemieux
Robert I. MacDonnell
Michael D. McDaniel
John J. McMackin, Jr.
Philip McWeeny
Michael W. Michelson
B. Calvin Philips
George R. Roberts
Robert A. Smith
R. Scott Trumbull
David G. Van Hooser
Lee A. Wesselmann
Terry L. Wilkison
Thomas L. Young

EXHIBIT 4.1

CONFORMED COPY

OWENS-ILLINOIS, INC.,

as Issuer

and

THE BANK OF NEW YORK,

as Trustee

INDENTURE

dated as of May 15, 1997

TABLE OF CONTENTS

CROSS-REFERENCE TABLE*

TRUST INDENTURE ACT SECTION	INDENTURE SECTION
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.03, 7.08; 7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	10.03
(c)	10.03
313(a)	7.06
(b)	7.06
(c)	7.06; 10.02
(d)	7.06
314(a)	4.03; 10.02
(b)	N.A.
(c)(1)	10.04
(c)(2)	10.04
(c)(3)	N.A.
(d)	N.A.
(e)	10.05
(f)	N.A.
315(a)	7.01(b)(ii), 7.02
(b)	7.02, 7.05; 10.02
(c)	7.01(a), 7.02
(d)	7.01(d), 7.02
(e)	6.11
316(a)(last sentence)	2.13(f)
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12; 9.03
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	10.01
(b)	N.A.
(c)	10.01

- ----------

N.A. means not applicable.

* THIS CROSS-REFERENCE TABLE IS NOT PART OF THE INDENTURE.

CONFORMED COPY

INDENTURE dated as of May 15, 1997 between Owens-Illinois, Inc., a Delaware corporation (the "Company"), and The Bank of New York, a New York banking corporation, as Trustee (the "Trustee").

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Securities"), as herein provided, up to such principal amount as may from time to time be authorized in or pursuant to one or more resolutions of the Board of Directors or by supplemental indenture.

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of each series of the Securities:

ARTICLE 1.

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. CERTAIN DEFINITIONS.

"Affiliate" means any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting stock, by agreement or otherwise.

"Agent" means any Registrar, Paying Agent, authenticating agent or co-Registrar.

"Board of Directors" means the Board of Directors of the Company or any authorized committee thereof.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors or pursuant to authorization by the Board of Directors and to be in full force and effect on the date of such certification (and delivered to the Trustee, if appropriate).

"Closing Date" means the date on which the Securities of a particular series were originally issued under this Indenture.

"Commission" means the Securities and Exchange Commission.

"Company" means the party named as such above until a successor replaces it pursuant to this Indenture and thereafter means the successor.

"Company Order" means a written order signed in the name of the Company by two Officers, one of whom must be the Company's principal executive officer, principal financial officer or principal accounting officer.

"Company Request" means a written request signed in the name of the Company by its Chairman of the Board, a President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Corporate Trust Office" shall mean the corporate trust office of the Trustee, which shall initially be 101 Barclay Street, Floor 21 West, New York, New York 10286.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Depositary" means, with respect to the Securities of any series issuable or issued in whole or in part in the form of one or more Global Securities, the person designated as Depositary for such series by the Company, which Depositary shall be a clearing agency registered under the Exchange Act; and if at any time there is more than one such person, "Depositary" as used with respect to the Securities of any series shall mean the Depositary with respect to the Securities of such series.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the Closing Date.

"Global Security" shall mean a Security issued to evidence all or a part of any series of Securities that is executed by the Company and authenticated and delivered by the Trustee to a Depositary or pursuant to such Depositary's instructions, all in accordance with this Indenture and pursuant to Section 2.01, which shall be registered as to principal and interest in the name of such Depositary or its nominee.

"Holder" or "Securityholder" means a Person in whose name a Security is registered in the register of Securities kept by the Registrar.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Interest" when used with respect to an Original Issue Discount Security that by its terms bears interest only after maturity, means interest payable after maturity.

"Maturity" when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, any Vice-President, the Treasurer, the Controller, the Secretary, any Assistant Treasurer or any Assistant Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers, one of whom must be the Chief Executive Officer, the President, the Chief Financial Officer, the Treasurer or the principal accounting officer of the Company.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Original Issue Discount Security" means any Security which provides that an amount less than its principal amount is due and payable upon acceleration after an Event of Default.

"Person" means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Principal" of a Security means the principal amount due on the stated maturity of the Security plus the premium, if any, on the Security.

"Securities" means the Securities authenticated and delivered under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Stated Maturity" when used with respect to any Security or any installment of interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of interest is due and payable.

"Subsidiary" means any corporation, partnership or limited liability company of which the Company, or the Company and one or more Subsidiaries, or any one or more Subsidiaries, directly or indirectly owns or own (i) in the case of a corporation, voting securities entitling the holders thereof to elect a majority of the directors, either at all times or so long as there is no default or contingency which permits the holders of any other class of securities to vote for the election of one or more directors, (ii) in the case of a partnership, at least a majority of the general partnership interests and at least a majority of total outstanding partnership

interests or (iii) in the case of a limited liability company, at least a majority of the membership interests.

"TIA" means the Trust Indenture Act of 1939, as amended from time to time, and as in effect on the date of execution of this Indenture; PROVIDED, HOWEVER, that in the event the TIA is amended after such date, "TIA" means, to the extent required by such amendment, the Trust Indenture Act, as so amended.

"Trustee" means the party named as such above until a successor becomes such pursuant to this Indenture and thereafter means or includes each party who is then a trustee hereunder, and if at any time there is more than one such party, "Trustee" as used with respect to the Securities of any series means the Trustee with respect to Securities of that series. If Trustees with respect to different series of Securities are trustees under this Indenture, nothing herein shall constitute the Trustees co-trustees of the same trust, and each Trustee shall be the trustee of a trust separate and apart from any trust administered by any other Trustee with respect to a different series of Securities.

"Trust Officer" means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America that is not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, PROVIDED that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation evidenced by such depository receipt.

SECTION 1.02. OTHER DEFINITIONS.

TERM	DEFINED IN SECTION
"Bankruptcy Law"	6.01
"Custodian"	6.01
"Event of Default"	6.01
"Legal Holiday"	10.07
"Paying Agent"	2.03
"Place of Payment"	2.01
"redemption price"	3.03
"Registrar"	2.03

SECTION 1.03. INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Securities.

"indenture securityholder" means a Securityholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the Securities means the Company and any successor obligor on the Securities.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

SECTION 1.04. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(iii) "or" is not exclusive;

(iv) words in the singular include the plural, and in the plural include the singular; and

(v) provisions apply to successive events and transactions.

ARTICLE 2.

THE SECURITIES

SECTION 2.01. UNLIMITED IN AMOUNT, ISSUABLE IN SERIES, FORM AND DATING.

The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution or an Officers' Certificate

pursuant to authority granted under a Board Resolution or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(a) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(b) any limit upon the aggregate principal amount of Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to this Article 2);

(c) the price or prices (expressed as a percentage of the aggregate principal amount thereof) at which the Securities of the series will be issued;

(d) the date or dates on which the principal of the Securities of the series is payable;

(e) the rate or rates that may be fixed or variable at which the Securities of the series shall bear interest, if any, or the manner in which such rate or rates shall be determined, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the record dates for the determination of Holders to whom interest is payable;

(f) the place or places where the principal of and any interest on Securities of the series shall be payable, if other than as provided herein;

(g) the price or prices at which (if any), the period or periods within which (if any) and the terms and conditions upon which (if other than as provided herein) Securities of the series may be redeemed, in whole or in part, at the option, or as an obligation, of the Company;

(h) the obligation, if any, of the Company to redeem, purchase or repay Securities of the series, in whole or in part, pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the price or prices at which and the period and periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid pursuant to such obligation;

(i) if other than denominations of $1,000 and any multiple thereof, the denominations in which Securities of the series shall be issuable;

(j) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.02 hereof;

(k) any addition to or change in the covenants set forth in Article 4 that applies to Securities of the series;

(l) any Events of Default with respect to the Securities of a particular series, if not set forth herein;

(m) the Trustee for the series of Securities;

(n) whether the Securities of the series shall be issued in whole or in part in the form of a Global Security or Securities; the terms and conditions, if any, upon which such Global Security or Securities may be exchanged in whole or in part for other individual Securities, and the Depositary for such Global Security and Securities;

(o) the provisions, if any, relating to any security provided for the Securities of the series;

(p) the form and terms of any guarantee of the Securities of the series and the execution of this Indenture by any guarantor; and

(q) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, but which may modify or delete any provision of this Indenture with respect to such series; PROVIDED, HOWEVER, that no such term may modify or delete any provision hereof if imposed by the TIA; AND PROVIDED, FURTHER, that any modification or deletion of the rights, PROVIDED, HOWEVER, that no such term may modify or delete any provision hereof if imposed by the TIA; AND PROVIDED, FURTHER, that any modification or deletion of the rights, duties or immunities of the Trustee hereunder shall have been consented to in writing by the Trustee).

All Securities of any series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution or Officers' Certificate or in any such indenture supplemental hereto.

The principal of and any interest on the Securities shall be payable at the office or agency of the Company designated in the form of Security for the series (each such place herein called the "Place of Payment"); PROVIDED, HOWEVER, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear in the register of Securities referred to in Section 2.03 hereof.

Each Security shall be in one of the forms approved from time to time by or pursuant to a Board Resolution or Officers' Certificate, or established in one or more indentures supplemental hereto. Prior to the delivery of a Security to the Trustee for authentication in any form approved by or pursuant to a Board Resolution or Officers' Certificate, the Company shall deliver to the Trustee the Board Resolution or Officers' Certificate by or pursuant to which such form of Security has been approved, which Board Resolution or Officers' Certificate shall have attached thereto a true and correct copy of the form of Security that has been approved by or pursuant thereto.

The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Security shall be dated the date of its authentication.

SECTION 2.02. EXECUTION AND AUTHENTICATION.

Two Officers shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall authenticate Securities for original issue upon a Company Order.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

SECTION 2.03. REGISTRAR AND PAYING AGENT.

The Company shall maintain an office or agency where Securities of a particular series may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities of that series may be presented for payment (a "Paying Agent"). The Registrar for a particular series of Securities shall keep a register of the Securities of that series and of their transfer and exchange. The Company may appoint one or more co-Registrars and one or more additional paying agents for each series of Securities. The term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent, Registrar or co-Registrar without prior notice to any Securityholder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture.

If the Company fails to maintain a Registrar or Paying Agent for any series of Securities, the Trustee shall act as such. The Company or any of its Affiliates may act as Paying Agent, Registrar or co-Registrar.

The Company hereby appoints the Trustee the initial Registrar and Paying Agent for each series of Securities unless another Registrar or Paying Agent, as the case may be, is appointed prior to the time Securities of that series are first issued.

SECTION 2.04. PAYING AGENT TO HOLD MONEY IN TRUST.

Whenever the Company has one or more Paying Agents it will, prior to each due date of the principal of or interest on, any Securities, deposit with a Paying Agent a sum sufficient to pay the principal or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company shall require each Paying Agent other than the Trustee to agree in writing that such Paying Agent will hold in trust for the benefit of the Securityholders of the particular series for which it is acting, or the Trustee, all money held by the Paying Agent for the payment of principal or interest on the Securities of such series, and that such Paying Agent will notify the Trustee of any Default by the Company or any other obligor of the series of Securities in making any such payment and at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent. If the Company or an Affiliate acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Securityholders of the particular series for which it is acting all money held by it as Paying Agent. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon so doing, the Paying Agent (if other than the Company or an Affiliate of the Company) shall have no further liability for such money. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Securities.

SECTION 2.05. SECURITYHOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders, separately by series, and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven business days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders, separately by series, relating to such interest payment date or request, as the case may be.

SECTION 2.06. TRANSFER AND EXCHANGE.

Where Securities of a series are presented to the Registrar or a co-Registrar with a request to register a transfer or to exchange them for an equal principal amount of Securities of the same series of other authorized denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met. To permit registrations of transfers and exchanges, the Company shall issue and the Trustee shall authenticate Securities at the Registrar's request.

No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar

governmental charge payable in connection therewith (other than any such transfer tax or similar governmental charge payable upon exchanges pursuant to Sections 2.09, 2.13, 3.06 or 9.04).

The Company need not issue, and the Registrar or co-Registrar need not register the transfer or exchange of, (i) any Security of a particular series during a period beginning at the opening of business 15 days before the day of any selection of Securities of that series for redemption under Section 3.02 and ending at the close of business on the day of selection, or (ii) any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security of that series being redeemed in part.

SECTION 2.07. REPLACEMENT SECURITIES.

If a mutilated Security is surrendered to the Trustee or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security of same series if the Company's and the Trustee's requirements are met. The Trustee or the Company may require an indemnity bond to be furnished which is sufficient in the judgment of both to protect the Company, the Trustee, and any Agent from any loss which any of them may suffer if a Security is replaced. The Company may charge such Holder for its expenses in replacing a Security.

Every replacement Security is an obligation of the Company and shall be entitled to all the benefit of the Indenture equally and proportionately with any and all other Securities of the same series.

SECTION 2.08. OUTSTANDING SECURITIES.

The Securities of any series outstanding at any time are all the Securities of that series authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If Securities are considered paid under Section 4.01, they cease to be outstanding and interest on them ceases to accrue.

Except as set forth in Section 2.09 hereof, a Security does not cease to be outstanding because the Company or an Affiliate holds the Security.

For each series of Original Issue Discount Securities, the principal amount of such Securities that shall be deemed to be outstanding and used to determine whether the necessary Holders have given any request, demand, authorization, direction, notice, consent or waiver shall be the principal amount of such Securities that could be declared to be due and payable upon acceleration upon an Event of Default as of the date of such determination. When requested by

the Trustee, the Company shall advise the Trustee of such amount, showing its computations in reasonable detail.

SECTION 2.09. TEMPORARY SECURITIES.

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities upon a written order of the Company signed by one Officer of the Company. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities in exchange for temporary Securities.

Holders of temporary securities shall be entitled to all of the benefits of this Indenture.

SECTION 2.10. CANCELLATION.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall return such cancelled Securities to the Company at the Company's written request. The Company may not issue new Securities to replace Securities that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.11. DEFAULTED INTEREST.

If the Company fails to make a payment of interest on any series of Securities, it shall pay such defaulted interest plus (to the extent lawful) any interest payable on the defaulted interest, in any lawful manner. It may elect to pay such defaulted interest, plus any such interest payable on it, to the Persons who are Holders of such Securities on which the interest is due on a subsequent special record date. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each such Security. The Company shall fix any such record date and payment date for such payment. At least 15 days before any such record date, the Company shall mail to Securityholders affected thereby a notice that states the record date, payment date, and amount of such interest to be paid.

SECTION 2.12. SPECIAL RECORD DATES.

(a) The Company may, but shall not be obligated to, set a record date for the purpose of determining the identity of Holders entitled to consent to any supplement, amendment or waiver permitted by this Indenture. If a record date is fixed, the Holders of Securities of that series outstanding on such record date, and no other Holders, shall be entitled to consent to such supplement, amendment or waiver or revoke any consent previously given, whether or not such Holders remain Holders after such record date. No consent shall be valid or effective for more than 90 days after such

record date unless consents from Holders of the principal amount of Securities of that series required hereunder for such amendment or waiver to be effective shall have also been given and not revoked within such 90-day period.

(b) The Company may, but shall not be obligated to, fix any day as a record date for the purpose of determining the Holders of any series of Securities entitled to join in the giving or making of any notice of Default, any declaration of acceleration, any request to institute proceedings or any other similar direction. If a record date is fixed, the Holders of Securities of that series outstanding on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain PROVIDED, HOWEVER, that no such action shall be effective hereunder unless taken on or prior to the date 90 days after such record date. 90 days after such record date.

SECTION 2.13. GLOBAL SECURITIES.

(a) TERMS OF SECURITIES. A Board Resolution, a supplemental indenture hereto or an Officers' Certificate shall establish whether the Securities of a series shall be issued in whole or in part in the form of one or more Global Securities and the Depositary for such Global Security or Securities.

(b) TRANSFER AND EXCHANGE. Notwithstanding any provisions to the contrary contained in Section 2.06 of this Indenture and in addition thereto, any Global Security shall be exchangeable pursuant to Section 2.06 of this Indenture for securities registered in the names of Holders other than the Depositary for such Security or its nominee only if (i) such Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a clearing agency registered under the Exchange Act, and, in either case, the Company fails to appoint a successor Depositary within 90 days of such event or (ii) the Company executes and delivers to the Trustee an Officers' Certificate to the effect that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Securities registered in such names as the Depositary shall direct in writing in an aggregate principal amount equal to the principal amount of the Global Security with like tenor and terms.

Except as provided in this paragraph (b) of this Section, a Global Security may not be transferred except as a whole by the Depositary with respect to such Global Security to a nominee of such Depositary, by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such a successor Depositary.

(c) LEGEND. Any Global Security issued hereunder shall bear a legend in substantially the following form:

"Unless this certificate is presented by an authorized representative of The Depositary Trust Company, a New York corporation ("DTC"),

New York, New York, to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC (and any payment is made to Cede & Co. or such other entity as may be requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co. has an interest herein."

"Transfer of this Global Security shall be limited to transfers in whole, but not in part, to nominees of DTC or to a successor thereof or such successor's nominee and limited to transfers made in accordance with the restrictions set forth in the Indenture referred to herein."

(d) ACTS OF HOLDERS. The Depositary, as a Holder, may appoint agents and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder is entitled to give or take under this Indenture.

(e) PAYMENTS. Notwithstanding the other provisions of this Indenture, unless otherwise specified as contemplated by Section 2.01 hereof, payment of the principal of and interest, if any, on any Global Security shall be made to the Person specified therein.

(f) CONSENTS, DECLARATION AND DIRECTIONS. Except as provided in paragraph (e) of this Section, the Company, the Trustee and any Agent shall treat a Person as the Holder of such principal amount of outstanding Securities of such series represented by a Global Security as shall be specified in a written statement of the Depositary with respect to such Global Security, for purposes of obtaining any consents, declarations or directions required to be given by the Holders pursuant to this Indenture.

SECTION 2.14. CUSIP NUMBERS.

The Company in issuing any series of Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices as a convenience to Holders; PROVIDED that any such notice may state that no representation is made as to the correctness of such numbers either as printed on such Securities or as contained in any notice and that reliance may be placed only on the other identification numbers printed on such Securities, and any such action relating to such notice shall not be affected by any defect in or omission of such numbers in such notice. The Company shall promptly notify the Trustee of any change in the CUSIP numbers.

ARTICLE 3.

REDEMPTION

SECTION 3.01. NOTICES TO TRUSTEE.

If the Company elects to redeem Securities of any series pursuant to any optional redemption provisions thereof, it shall notify the Trustee of the redemption date and the principal amount of Securities of that series to be redeemed.

The Company shall give the notice provided for in this Section at least 45 days before the redemption date (unless a shorter notice period shall be satisfactory to the Trustee), which notice shall specify the provisions of such Security pursuant to which the Company elects to redeem such Securities.

If the Company elects to reduce the principal amount of Securities of any series to be redeemed pursuant to mandatory redemption provisions thereof, it shall notify the Trustee of the amount of, and the basis for, any such reduction. If the Company elects to credit against any such mandatory redemption Securities it has not previously delivered to the Trustee for cancellation, it shall deliver such Securities with such notice.

SECTION 3.02. SELECTION OF SECURITIES TO BE REDEEMED.

If less than all the Securities of any series are to be redeemed, the Trustee shall select the Securities of that series to be redeemed by a method that complies with the requirements of any exchange on which the Securities of that series are listed, or, if the Securities of that series are not listed on an exchange, by lot or by such other method as the Trustee deems appropriate. The Trustee shall make the selection not more than 75 days and not less than 30 days before the redemption date from Securities of that series outstanding and not previously called for redemption. Except as otherwise provided as to any particular series of Securities, Securities and portions thereof that the Trustee selects shall be in amounts equal to the minimum authorized denomination for Securities of the series to be redeemed or any integral multiple thereof. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly in writing of the Securities or portions of Securities to be called for redemption.

SECTION 3.03. NOTICE OF REDEMPTION.

Except as otherwise provided as to any particular series of Securities, at least 30 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption to each Holder whose Securities are to be redeemed.

The notice shall identify the Securities of the series to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price fixed in accordance with the terms of the Securities of the series to be redeemed, plus accrued interest, if any, to the date fixed for redemption (the redemption price");

(3) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the redemption date, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion will be issued;

(4) the name and address of the Paying Agent;

(5) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Company defaults in payment of the redemption price, interest on Securities called for redemption ceases to accrue on and after the redemption date; and

(7) the CUSIP number, if any, of the Securities to be redeemed.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense. The notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice of the Holder of any Security shall not affect the validity of the proceeding for the redemption of any other Security.

SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Securities called for redemption become due and payable on the redemption date for the redemption price. Upon surrender to the Paying Agent, such Securities will be paid at the Redemption Price.

SECTION 3.05. DEPOSIT OF REDEMPTION PRICE.

On or before 10:00 a.m. New York City time on the redemption date, the Company shall deposit with the Paying Agent (or, if the Company or any Affiliate is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of all Securities called for redemption on that date other than Securities that have previously been delivered by the Company to the Trustee for cancellation. The Paying Agent shall return to the Company any money not required for that purpose.

SECTION 3.06. SECURITIES REDEEMED IN PART.

Upon surrender of a Security that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder at the expense of the Company a new Security of same series equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE 4.

COVENANTS

SECTION 4.01. PAYMENT OF SECURITIES.

The Company shall pay or cause to be paid the principal of and interest on the Securities on the dates and in the manner provided in this Indenture and the Securities. Principal and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or an Affiliate, holds as of 10:00 a.m. Eastern Time on that date immediately available funds designated for and sufficient to pay all principal and interest then due.

To the extent lawful, the Company shall pay interest on overdue principal and overdue installments of interest at the rate per annum borne by the applicable series of Securities.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY.

The Company shall maintain in the Borough of Manhattan, The City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee or Registrar) where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03.

SECTION 4.03. COMMISSION REPORTS.

The Company shall deliver to the Trustee within 15 days after it files them with the Commission copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act; PROVIDED, HOWEVER the Company shall not be required to deliver to the Trustee any materials for which the Company has sought and received

confidential treatment by the Commission. The Company also shall comply with the other provisions of TIA Section 314(a).

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 4.04. COMPLIANCE CERTIFICATE.

The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, commencing within 120 days of December 31, 1997, an Officers' Certificate stating that in the course of the performance by the signers of their duties as officers of the Company, they would normally have knowledge of any failure by the Company to comply with all conditions, or default by the Company with respect to any covenants, under this Indenture, and further stating whether or not they have knowledge of any such failure or default and, if so, specifying each such failure or default and the nature thereof. For purposes of this Section, such compliance shall be determined without regard to any period of grace or requirement of notice provided for in this Indenture. The certificate need not comply with Section 10.04 hereof.

The Company shall, so long as any of the Securities are outstanding, deliver to the Trustee, forthwith upon becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

SECTION 4.05. TAXES.

The Company shall pay prior to delinquency, all material taxes, assessments, and governmental levies except as contested in good faith by appropriate proceedings.

SECTION 4.06. STAY, EXTENSION AND USURY LAWS.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.07. CORPORATE EXISTENCE.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of each Subsidiary and (ii) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders.

SECTION 4.08. CALCULATION OF ORIGINAL ISSUE DISCOUNT.

If, as of the end of any fiscal year of the Company, the Company has any outstanding Original Issue Discount Securities under the Indenture, the Company shall file with the Trustee promptly following the end of such fiscal year (i) a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on such Original Issue Discount Securities as of the end of such year and (ii) such other specific information relating to such original issue discount as may then be required under the Internal Revenue Code of 1986, as amended from time to time.

ARTICLE 5.

SUCCESSORS

SECTION 5.01. WHEN COMPANY MAY MERGE, ETC.

The Company shall not consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to any Person unless:

(1) the Company is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia;

(2) the Person formed by or assuming any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes by supplemental indenture all the obligations of the Company under the Securities and this Indenture; and

(3) immediately prior to and after giving effect to the transaction no Default or Event of Default shall have occurred and be continuing.

The Company shall deliver to the Trustee on or prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and such supplemental indenture comply with this Indenture.

SECTION 5.02. SUCCESSOR CORPORATION SUBSTITUTED.

Upon any consolidation or merger, or any transfer by the Company (other than by lease) of all or substantially all of the assets of the Company in accordance with Section 5.01 hereof, the successor corporation formed by such consolidation or into which the Company is merged or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein. In the event of any such transfer, the predecessor Company shall be released and discharged from all liabilities and obligations in respect of the Securities and the Indenture, and the predecessor Company may be dissolved, wound up or liquidated at any time thereafter.

ARTICLE 6.

DEFAULTS AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT.

An "Event of Default" occurs with respect to Securities of any particular series if, unless in the establishing Board Resolution, Officers' Certificate or supplemental indenture hereto, it is provided that such series shall not have the benefit of said Event of Default:

(1) the Company defaults in the payment of interest on any Security of that series when the same becomes due and payable and the Default continues for a period of 30 days;

(2) the Company defaults in the payment of the principal of any Security of that series when the same becomes due and payable at maturity, upon redemption or otherwise;

(3) an Event of Default, as defined in the Securities of that series, occurs and is continuing, or the Company fails to comply with any of its other agreements in the Securities of that series, or in this Indenture with respect to that series and the Default continues for the period and after the notice specified below;

(4) the Company pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property;

(D) makes a general assignment for thebenefit of its creditors; or

(E) admits in writing its inability generally to pay its debts as the same become due.

(5) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company in an involuntary case;

(B) appoints a Custodian of the Company or for all or substantially all of its property; or

(C) orders the liquidation of the Company;

and the order or decree remains unstayed and in effect for 60 days.

(6) any other Event of Default provided with respect to Securities of that series which is specified in a Board Resolution, Officers' Certificate supplemental indenture establishing that series of Securities.

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

A Default under clause (3) above is not an Event of Default with respect to a particular series of Securities until the Trustee or the Holders of at least 50% in principal amount of the then outstanding Securities of that series notify the Company of the Default and the Company does not cure the Default within 60 days after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default." Such notice shall be given by the Trustee if so requested in writing by the Holders of 50% of the principal amount of the then outstanding Securities of that series.

SECTION 6.02. ACCELERATION.

If an Event of Default with respect to Securities of any series (other than an Event of Default specified in clauses (4) and (5) of Section 6.01) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 50% in principal amount of the then outstanding Securities of that series by notice to the Company and the Trustee, may declare the unpaid principal (or, in the case of Original Issue Discount Securities, such lesser amount as may

be provided for in such Securities) of and any accrued interest on all the Securities of that series to be due and payable on the Securities of that series. Upon such declaration the principal (or such lesser amount) and interest shall be due and payable immediately. If an Event of Default specified in clause (4) or (5) of Section 6.01 occurs, all of such amount shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of a majority in principal amount of the then outstanding Securities of that series by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default with respect to that series have been cured or waived except nonpayment of principal (or such lesser amount) or interest that has become due solely because of the acceleration.

SECTION 6.03. OTHER REMEDIES.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal or interest on the Securities of that series or to enforce the performance of any provision of the Securities of that series or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. WAIVER OF PAST DEFAULTS.

Subject to Section 9.02, the Holders of a majority in principal amount of the then outstanding Securities of any series, by notice to the Trustee, may waive an existing Default or Event of Default with respect to that series and its consequences except a Default or Event of Default in the payment of the principal (including any mandatory sinking fund or like payment) of or interest on any Security of that series (PROVIDED, HOWEVER, that the Holders of a majority in principal amount of the outstanding Securities of any series may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration).

SECTION 6.05. CONTROL BY MAJORITY.

The Holders of a majority in principal amount of the then outstanding Securities of any series may direct the time, method and place of conducting any proceeding for any remedy with respect to that series available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that is unduly prejudicial to the rights of another Holder of Securities of that series, or that may involve the Trustee in personal liability. The Trustee may take any other action which it deems proper that is not inconsistent with any such direction.

SECTION 6.06. LIMITATION ON SUITS.

A Holder of Securities of any series may not pursue a remedy with respect to this Indenture or the Securities unless:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default with respect to that series;

(2) the Holders of at least 50% in principal amount of the then outstanding Securities of that series make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(5) during such 60-day period the Holders of a majority in principal amount of the then outstanding Securities of that series do not give the Trustee a direction inconsistent with the request.

No Holder of any series of Securities may use this Indenture to prejudice the rights of another Holder of Securities of that series or to obtain a preference or priority over another Holder of Securities of that series.

SECTION 6.07. RIGHTS OF HOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Security to receive payment of principal of and interest, if any, on the Security, on or after the respective due dates expressed in the Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

SECTION 6.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.01(1) or (2) hereof occurs and is continuing with respect to Securities of any series, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal (or such portion of the principal as may be specified as due upon acceleration at that time in the terms of that series of Securities) and interest, if any, remaining unpaid on the Securities of that series then outstanding, together with (to the extent lawful) interest on overdue principal and interest, and such further amount as shall be sufficient to cover the costs and, to the extent lawful, expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 7.07 hereof.

SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders allowed in any judicial proceedings relative to the Company (or any other obligor on the Securities), its creditors or its property and shall be entitled to and empowered to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same, and any custodian in any such judicial proceedings is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee under Section 7.07 hereof. Nothing contained herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

SECTION 6.10. PRIORITIES.

If the Trustee collects any money with respect to Securities of any series pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Securityholders for amounts due and unpaid on the Securities of such series for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities of such series for principal and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Securities of any series pursuant to this Section. The Trustee shall notify the Company in writing reasonably in advance of any such record date and payment date.

SECTION 6.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the

costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defense made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof or a suit by Holders of more than 10% in principal amount of the then outstanding Securities of any series.

ARTICLE 7.

TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default known to the Trustee:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture or the TIA and the Trustee need perform only those duties that are specifically set forth in this Indenture or the TIA and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power unless it receives security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Absent written instruction from the Company, the Trustee shall not be required to invest any such money. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. RIGHTS OF TRUSTEE.

Subject to TIA Section 315(a) through (d):

(a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel, or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers under the Indenture, unless the Trustee's conduct constitutes negligence.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee may consult with counsel of its selection and may rely upon the advice of such counsel or any Opinion of Counsel.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Trust Officer of the Trustee has actual knowledge thereof or unless written notice of any event that is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities generally or the Securities of a particular series, as the case may be, and this Indenture.

SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or an Affiliate with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to TIA Sections 310(b) and 311.

SECTION 7.04. TRUSTEE'S DISCLAIMER.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement in the Securities other than its certificate of authentication.

SECTION 7.05. NOTICE OF DEFAULTS.

If a Default or Event of Default with respect to the Securities of any series occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to all Holders of Securities of that series a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment on any such Security, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of such Securityholders.

SECTION 7.06. REPORTS BY TRUSTEE TO HOLDERS.

Within 60 days after May 15 in each year, the Trustee with respect to any series of Securities shall mail to Holders of Securities of that series as provided in TIA Section 313(c) a brief report dated as of such May 15 that complies with TIA Section 313(a) (if such report is required by TIA Section 313(a)). The Trustee shall also comply with TIA Section 313(b).

A copy of each report at the time of its mailing to Securityholders shall be mailed to the Company and filed with the Commission and each stock exchange on which any of the Securities are listed, as required by TIA Section 313(d). The Company shall notify the Trustee when the Securities are listed on any stock exchange.

SECTION 7.07. COMPENSATION AND INDEMNITY.

The Company shall pay to the Trustee from time to time such compensation as shall be agreed upon in writing for its services hereunder. The Company shall reimburse the Trustee upon written request for all reasonable out-of-pocket expenses incurred by it. Such expenses shall include the reasonable compensation and out-of-pocket expenses of the Trustee's agents and counsel.

The Company shall indemnify each of the Trustee or any predecessor Trustee for any loss, liability, damage, claims or expenses, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee) incurred by it, without negligence or bad faith on its part, in connection with the administration of this Indenture and its duties hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee in its capacity as Trustee, except money or property held in trust to pay principal and interest on particular Securities. Such lien will survive the satisfaction and discharge of this Indenture.

If the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(4) or (5) hereof occurs, the expenses and the compensation for the services will be intended to constitute expenses of administration under any applicable Bankruptcy Law.

This Section 7.07 shall survive the termination of this Indenture.

SECTION 7.08. REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee with respect to one or more or all series of Securities and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign with respect to one or more or all series of Securities by so notifying the Company in writing. The Holders of a majority in principal amount of the then outstanding Securities of any series may remove the Trustee as to that series by so notifying the Trustee in writing and may appoint a successor Trustee with the Company's consent. The Company may remove the Trustee with respect to one or more or all series of Securities if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If, as to any series of Securities, the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee for that series. Within one year after the successor Trustee with respect to any series takes office, the Holders of a majority in principal amount of the then outstanding Securities of that series may appoint a successor Trustee to replace the successor Trustee appointed by the Company. If a successor Trustee as to a particular series does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the then outstanding Securities of that series may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10 hereof with respect to any series, any Holder of Securities of that series who satisfies the requirements of TIA Section 310(b) may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee for that series.

A successor Trustee as to any series of Securities shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that, the retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee (subject to the lien provided for in Section 7.07 hereof), the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture as to that series. The successor Trustee shall mail a notice of its succession to the Holders of Securities of that series.

Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring trustee.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and that (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) shall contain such provisions as shall be necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to

be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary or desirable to provide for or facilitate the administration of the trusts hereunder by more than one Trustee; PROVIDED, HOWEVER, that nothing herein or in such supplemental Indenture shall constitute such Trustee co-trustees of the same trust and that each such Trustee shall be trustee of a trust hereunder separate and apart from any trust hereunder administered by any other such Trustee.

Upon the execution and delivery of such supplemental Indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee as to any series of Securities consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee as to that series.

SECTION 7.10. ELIGIBILITY; DISQUALIFICATION.

Each series of Securities shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee as to any series of Securities shall always have a combined capital and surplus of at least $25,000,000 as set forth in its most recent published annual report of condition. The Trustee is subject to TIA Section 310(b).

SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8.

SATISFACTION AND DISCHARGE; DEFEASANCE

SECTION 8.01. SATISFACTION AND DISCHARGE OF INDENTURE.

This Indenture shall upon Company Order cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(i) all Securities theretofore authenticated and delivered (other than Securities that have been destroyed, lost or stolen and that have been replaced or paid) have been delivered to the Trustee for cancellation; or

(ii) all such Securities not theretofore delivered to the Trustee for cancellation

(1) have become due and payable, or

(2) will become due and payable at their stated maturity within one year, or

(3) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, or

(4) are deemed paid and discharged pursuant to Section 8.03, as applicable;

and the Company, in the case of (1), (2) or (3) above, has deposited or caused to be deposited with the Trustee as trust funds in trust an amount sufficient for the purpose of paying and discharging the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and interest to the date of such deposit (in the case of Securities that have become due and payable on or prior to the date of such deposit) or to the stated maturity or redemption date, as the case may be;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.07 hereof, and, if money shall have been deposited with the Trustee pursuant to clause (a) of this Section or if money or obligations shall have been deposited with or received by the Trustee pursuant to Section 8.03 hereof, the obligations of the Trustee under Sections 8.02 and 8.05 hereof shall survive.

SECTION 8.02. APPLICATION OF TRUST FUNDS; INDEMNIFICATION.

(a) Subject to the provisions of Section 8.05 hereof, all money deposited with the Trustee pursuant to Section 8.01 hereof, all money and U.S. Government Obligations deposited with the Trustee pursuant to Section 8.03 or 8.04 hereof and all money received by the Trustee in respect of U.S. Government Obligations

deposited with the Trustee pursuant to Section 8.03 or 8.04 hereof, shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the persons entitled thereto, of the principal and interest for whose payment such money has been deposited with or received by the Trustee or to make mandatory sinking fund payments or analogous payments as contemplated by Sections 8.03 and 8.04 hereof.

(b) The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against U.S. Government Obligations deposited pursuant to Sections 8.03 or 8.04 hereof or the interest and principal received in respect of such obligations other than any payable by or on behalf of Holders.

(c) The Trustee shall deliver or pay to the Company from time to time upon Company Request any U.S. Government Obligations or money held by it as provided in Sections 8.03 or 8.04 hereof that, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, are then in excess of the amount thereof which then would have been required to be deposited for the purpose for which such U.S. Government Obligations or money were deposited or received. This provision shall not authorize the sale by the Trustee of any U.S. Government Obligations held under this Indenture.

SECTION 8.03. LEGAL DEFEASANCE OF SECURITIES OF ANY SERIES.

Unless this Section 8.03 is otherwise specified to be inapplicable to Securities of any series, the Company shall be deemed to have paid and discharged the entire indebtedness on all the outstanding Securities of any such series on the 91st day after the date of the deposit referred to in subparagraph (d) hereof, and the provisions of this Indenture, as it relates to such outstanding Securities of such series, shall no longer be in effect (and the Trustee, at the expense of the Company, shall, upon Company Request, execute proper instruments acknowledging the same), except as to:

(a) the rights of Holders of Securities of such series to receive, from the trust funds described in subparagraph (d) hereof, (i) payment of the principal of an each installment of principal of or interest on the outstanding Securities of such series on the stated maturity of such principal of or interest and (ii) the benefit of any mandatory sinking fund payments applicable to the Securities of such series on the day on which such payments are due and payable in accordance with the terms of this Indenture and the Securities of such series;

(b) the Company's obligations with respect to such Securities of such series under Sections 2.03, 2.06 and 2.07 hereof; and

(c) the rights, powers, trust and immunities of the Trustee hereunder and the duties of the Trustee under Section 8.02 hereof and the duty of the Trustee to authenticate Securities of such series issued on registration of transfer of exchange; PROVIDED that, the following conditions shall have been satisfied:

(d) the Company shall have deposited or caused to be deposited irrevocably with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for and dedicated solely to the benefit of the Holders of such Securities, cash in U.S. Dollars and/or U.S. Government Obligations which through the payment of interest and principal in respect thereof, in accordance with their terms, will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal (including mandatory sinking fund or analogous payments) of and interest, if any, on all the Securities of such series on the dates such installments of interest or principal are due;

(e) such deposit will not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound;

(f) no Default or Event of Default with respect to the Securities of such series shall have occurred and be continuing on the date of such deposit or during the period ending on the 91st day after such date;

(g) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred;

(h) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Securities of such series over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company;

(i) such deposit shall not result in the trust arising from such deposit constituting an investment company (as defined in the Investment Company Act of 1940,

as amended), or such trust shall be qualified under such Act or exempt from regulation thereunder; and

(j) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the defeasance contemplated by this Section have been complied with.

SECTION 8.04. COVENANT DEFEASANCE.

Unless this Section 8.04 is otherwise inapplicable to Securities of any series, on and after the 91st day after the date of the deposit referred to in subparagraph (a) hereof, the Company may omit to comply with any term, provision or condition set forth under Sections 4.03, 4.04, 4.05, 4.06, 4.07, 4.08 and 5.01 hereof as well as any additional covenants contained in a supplemental indenture hereto for a particular series of Securities or a Board Resolution or an Officers' Certificate delivered pursuant to Section 2.01(n) hereof (and the failure to comply with any such provisions shall not constitute a Default or Event of Default under Section 6.01 hereof) and the occurrence of any event described in clause (e) of Section 6.01 hereof shall not constitute a Default or Event of Default hereunder, with respect to the Securities of such series, PROVIDED that the following conditions shall have been satisfied:

(a) With reference to this Section 8.04, the Company has deposited or caused to be irrevocably deposited (except as provided in Section 8.03 hereof) with the Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, cash in U.S. Dollars and/or U.S. Government Obligations which through the payment of interest and principal in respect thereof, in accordance with their terms, will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay principal and interest, if any, on and any mandatory sinking fund in respect of the Securities of such series on the dates such installments of interest or principal are due;

(b) Such deposit will not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound;

(c) No Default or Event of Default with respect to the Securities of such series shall have occurred and be continuing on the date of such deposit or during the period ending on the 91st day after such date;

(d) The Company shall have delivered to the Trustee an Opinion of Counsel confirming that Holders of the Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance and will be subject to federal income tax on the same amounts, in the same

manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(e) The Company shall have delivered to the Trustee an Officers' Certificate stating the deposit was not made by the Company with the intent of preferring the Holders of the Securities of such series over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company; and

(f) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the defeasance contemplated by this Section have been complied with.

SECTION 8.05. REPAYMENT TO COMPANY.

The Trustee and the Paying Agent shall pay to the Company upon the Company's request any money held by them for the payment of principal or interest that remains unclaimed for two years after the date upon which such payment shall have become due. After payment to the Company, Securityholders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

ARTICLE 9.

SUPPLEMENTS, AMENDMENTS AND WAIVERS

SECTION 9.01. WITHOUT CONSENT OF HOLDERS.

The Company and the Trustee as to any series of Securities may supplement or amend this Indenture or the Securities without notice to or the consent of any Securityholder:

(1) to cure any ambiguity, defect or inconsistency;

(2) to comply with Article 5;

(3) to comply with any requirements of the Commission in connection with the qualification of this Indenture under the TIA;

(4) to provide for uncertificated Securities in addition to or in place of certificated Securities;

(5) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, PROVIDED, HOWEVER, that any such addition, change or elimination (A) shall neither (i) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Security with respect to such provision or (B) shall become effective only when there is no outstanding

Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision;

(6) to make any change that does not adversely affect in any material respect the interests of the Securityholders of any series; or

(7) to establish additional series of Securities as permitted by Section 2.01 hereof.

SECTION 9.02. WITH CONSENT OF HOLDERS.

Subject to Section 6.07, the Company and the Trustee as to any series of Securities may amend this Indenture or the Securities of that series with the written consent of the Holders of a majority in principal amount of the then outstanding Securities of each series affected by the amendment, with each such series voting as a separate class. The Holders of a majority in principal amount of the then outstanding Securities of any series may also waive compliance in a particular instance by the Company with any provision of this Indenture with respect to that series or the Securities of that series; PROVIDED, HOWEVER, that without the consent of each Securityholder affected, an amendment or waiver may not:

(1) reduce the percentage of the principal amount of Securities whose Holders must consent to an amendment or waiver;

(2) reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous provision;

(3) reduce the rate of, or change the time for payment of interest on, any Security;

(4) reduce the principal of or change the fixed maturity of any Security or waive a redemption payment or alter the redemption provisions with respect thereto;

(5) make any Security payable in money other than that stated in the Security (including defaulted interest);

(6) reduce the principal amount of Original Issue Discount Securities payable upon acceleration of the maturity thereof;

(7) make any change in Section 6.04, 6.07 or 9.02 (this sentence); or

(8) waive a default in the payment of the principal of, or interest on, any Security, except to the extent otherwise provided for in Section 6.02 hereof.

An amendment or waiver under this Section that waives, changes or eliminates any covenant or other provision of this Indenture that has expressly been included solely for the benefit of one or more particular series of Securities, or that modifies the rights of the Holders of

Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

The Company shall mail supplemental indentures to Holders upon request. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

SECTION 9.03. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment or waiver becomes effective, a consent to it by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security; PROVIDED, HOWEVER, that unless a record date shall have been established pursuant to Section 2.12(a) hereof, any such Holder or subsequent Holder may revoke the consent as to his Security or portion of a Security if the Trustee receives the notice of revocation before the date on which the amendment or waiver becomes effective. An amendment or waiver shall become effective on receipt by the Trustee of consents from the Holders of the requisite percentage principal amount of the outstanding Securities of any series, and thereafter shall bind every Holder of Securities of that series.

SECTION 9.04. NOTATION ON OR EXCHANGE OF SECURITIES.

If an amendment or waiver changes the terms of a Security: (a) the Trustee may require the Holder of the Security to deliver it to the Trustee, the Trustee may, at the written direction of the Company and at the Company's expense, place an appropriate notation on the Security about the changed terms and return it to the Holder and the Trustee may place an appropriate notation on any Security thereafter authenticated; or (b) if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms.

SECTION 9.05. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall receive an Opinion of Counsel stating that the execution of any amendment or waiver proposed pursuant to this Article is authorized or permitted by this Indenture. Subject to the preceding sentence, the Trustee shall sign such amendment or waiver if the same does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

ARTICLE 10.

MISCELLANEOUS

SECTION 10.01. INDENTURE SUBJECT TO TRUST INDENTURE ACT.

This Indenture is subject to the provisions of the TIA that are required to be part of this Indenture, and shall, to the extent applicable, be governed by such provisions.

SECTION 10.02. NOTICES.

Any notice or communication is duly given if in writing and delivered in person or sent by first-class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next-day delivery, addressed as follows:

If to the Company:

Owens-Illinois, Inc.
One SeaGate
Toledo, Ohio 43666
Attention: Treasurer
Telephone: (419) 247-5000
Facsimile: (419) 247-1322

If to the Trustee:

The Bank of New York
101 Barclay Street
New York, New York 10286
Attention: Corporate Trust Administration
Telephone: (212) 815-5741
Facsimile: (212) 815-5915

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next-day delivery.

Any notice or communication to a Securityholder shall be mailed by first-class mail to his address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect

to other Securityholders. If the Company mails a notice or communication to Securityholders, it shall mail a copy to the Trustee at the same time.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

SECTION 10.03. COMMUNICATION BY HOLDERS WITH OTHER HOLDERS.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 10.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 10.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than the certificate provided for in Section 4.03 hereof) shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with; PROVIDED, HOWEVER, that with respect to matters of fact an Opinion of Counsel may rely on an officer's certificate or certificates of public officials.

SECTION 10.06. RULES BY TRUSTEE AND AGENTS.

The Trustee as to Securities of any series may make reasonable rules for action by or at a meeting of Holders of Securities of that series. The Registrar and any Paying Agent or Authenticating Agent may make reasonable rules and set reasonable requirements for their functions.

SECTION 10.07. LEGAL HOLIDAYS.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in New York, New York or Toledo, Ohio, are not required to be open. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 10.08. NO RECOURSE AGAINST OTHERS.

A past, present or future director, officer, employee, stockholder or incorporator, as such, of the Company or any successor corporation shall not have any liability for any obligations of the Company under any series of Securities or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration of issuance of the Securities.

SECTION 10.09. COUNTERPARTS.

This Indenture may be executed by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 10.10. GOVERNING LAW.

The internal laws of the State of New York shall govern this Indenture and the Securities, without regard to the conflict of laws provisions thereof.

SECTION 10.11. SEVERABILITY.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 10.12. EFFECT OF HEADINGS, TABLE OF CONTENTS, ETC.

The Article and Section headings herein and the table of contents are for convenience only and shall not affect the construction hereof.

SECTION 10.13. SUCCESSORS AND ASSIGNS.

All covenants and agreements of the Company in this Indenture and the Securities shall bind its successors and assigns. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 10.14. NO INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any Subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the date first above written.

OWENS-ILLINOIS, INC.

By: /S/ DAVID G. VAN HOOSER

Name: David G. Van Hooser
Title: Senior Vice President

THE BANK OF NEW YORK,
as Trustee

By: /S/ LUCILLE FIRRINCIELI

Name: Lucille Firrincieli
Title: Assistant Vice President

EXHIBIT 4.2

OWENS-ILLINOIS, INC.

$300,000,000 7.85% Senior Notes due 2004

OFFICERS' CERTIFICATE PURSUANT TO SECTION 2.01 OF THE INDENTURE

The undersigned officers of Owens-Illinois, Inc., a Delaware corporation (the "Company"), pursuant to the authority granted such officers pursuant to resolutions duly adopted by the Board of Directors of the Company on April 14, 1997 (the "Resolutions"), hereby establish a series of the Company's Securities (as defined and provided for in the Indenture (the "Indenture") dated as of May 15, 1997 between the Company and The Bank of New York, as Trustee), designated as the "7.85% Senior Notes due May 15, 2004," and hereby certify, pursuant to Section 2.01 of the Indenture, as follows:

1. FORM OF NOTE. Attached hereto as Annex A is a true and correct copy of a specimen Note (the "Form of Note") representing the Company's 7.85% Senior Notes due May 15, 2004 (the "Notes").

2. TERMS OF THE NOTES. The terms of the Notes are as follows:

(a) The title of the Notes to be issued as a series of Securities (as defined in the Indenture) under the Indenture shall be the "7.85% Senior Notes due 2004";

(b) The aggregate principal amount of the Notes that may be authenticated and delivered under the Indenture shall be limited to $300,000,000 (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Article 2 and Section 9.05 of the Indenture);

(c) The Notes shall be issued at a price equal to 99.878% of the aggregate principal amount thereof;

(d) The principal of the Notes shall be payable on May 15, 2004;

(e) The Notes shall bear interest at a rate equal to 7.85% per annum; interest on the Notes shall

accrue from May 15, 1997 or from the most recent interest payment date to which interest has been paid or provided for, as the case may be; interest on the Notes shall be payable semi-annually on May 15 and November 15 of each year until maturity, commencing on November 15, 1997; and interest on the Notes shall be payable to holders of record on the May 1 or November 1 immediately preceding the applicable interest payment date;

(f) The place or places where the principal of and any interest on the Notes shall be payable shall be as set forth in the Notes, the form of which is attached hereto as Annex A;

(g) The Notes shall not be subject to redemption at the option of the Company prior to maturity;

(h) The Company shall not be obligated to redeem or purchase the Notes pursuant to any sinking fund or at the option of any holder thereof prior to maturity;

(i) The Notes shall be issued in denominations of $1,000 and any integral multiple thereof;

(j) 100% of the principal amount thereof shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.02 of the Indenture;

(k) In addition to the covenants and provisions set forth in Article 4 and Article 5 of the Indenture, the Notes shall include the additional covenants and provisions set forth in Section 3 of this Officers' Certificate;

(l) In addition to the Events of Default set forth in Section 6.01 of the Indenture, the Notes shall include the additional Event of Default set forth in Section 4 of this Officers' Certificate;

(m) The Trustee for the Notes shall be The Bank of New York;

(n) The Notes shall be issued initially in the form of two Global Notes ("Global Notes") in definitive, fully registered form without interest coupons in substantially the form of Annex A, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, at its principal corporate trust office in New York City, as custodian for the Depositary, and registered in the name of the Depositary or a nominee of the

Depositary, duly executed by the Company and authenticated by the Trustee where so provided. The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee in accordance with the Depositary's procedures and as provided in Section 2.13 of the Indenture. Except as provided in Section 2.13 of the Indenture, owners of beneficial interests in Global Notes shall not be entitled to receive physical delivery of certificated Notes. The Depositary for such Global Notes shall be The Depository Trust Company;

(o) The Notes shall not be secured by any collateral;

(p) The Notes shall not be guaranteed by any person;

(q) The Notes shall be senior unsecured obligations of the Company and shall rank PARI PASSU in right of payment with all existing and future senior unsecured indebtedness of the Company and senior in right of payment to all subordinated indebtedness of the Company;

(r) The provisions of Section 8.03 and 8.04 of the Indenture shall be applicable to the Notes; and

(s) In addition to the definitions set forth in Article 1 of the Indenture, the Notes shall include the definitions set forth in Section 5 of this Officers' Certificate.

3. ADDITIONAL COVENANTS AND PROVISIONS.

A. In addition to the covenants set forth in Article 4 of the Indenture, the Notes shall include the following additional covenants:

"4.08. LIMITATION ON TRANSACTIONS WITH AFFILIATES

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make any loan, advance, guaranty or capital contribution to, or for the benefit of, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or for the benefit of, or purchase or lease any property or assets from, or enter into or amend any contract, agreement, or understanding with, or for the benefit of, any Affiliate of the Company (each, an "Affiliate Transaction") involving aggregate consideration in excess of $5.0 million for any one transaction, except on terms that are no less favorable to the Company or the relevant Subsidiary, as the case may be, than those that could have been obtained in a comparable

transaction on an arm's length basis from a person that is not such an Affiliate.

The foregoing limitation does not limit, and shall not apply to, (i) transactions (x) in respect of which the Company or such Subsidiary delivers to the Trustee a written opinion of a nationally recognized investment banking, accounting, appraisal or consulting firm stating that the transaction is fair to the Company or such Subsidiary from a financial point of view or (y) approved by a majority of the disinterested members of the Board of Directors of the Company or, if there are no such directors, a majority of the directors of the Company, (ii) the payment of reasonable and customary regular fees paid to, and indemnity provided on behalf of, officers, directors, employees and consultants to the Company or its Subsidiaries, (iii) payments or loans to officers, directors and employees of the Company for business or personal purposes and other loans and advances to such officers, directors and employees for travel, entertainment, moving and other relocation expenses made in the ordinary course of business of the Company and its Subsidiaries, (iv) the payment by the Company or any of its Subsidiaries to KKR and its Affiliates of (1) fees for any financial, advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the Board of Directors of the Company, and (2) annual management, consulting and advisory fees and related expenses, (v) any agreement in effect as of the Closing Date or any amendment thereto (so long as such amendment is not disadvantageous to the Holders in any material respect) or any transaction contemplated thereby, (vi) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business which are fair to the Company or its Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof and (vii) transactions between or among any of the Company and its Subsidiaries.

4.09. LIMITATION ON LIENS

The Company shall not, and shall not permit any Subsidiary to, create, incur, assume or suffer to exist any Lien on any of its assets or properties of any character, or any shares of Capital Stock or Indebtedness of any Subsidiary held by the Company or any Subsidiary in order to secure any Indebtedness of the Company, without making effective provision for all of the Notes and all other amounts due under the Indenture relating to the Notes to be directly secured equally and ratably with (or, if the Indebtedness to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the Indebtedness secured by such Lien until such time as such Indebtedness is no longer secured by any such Liens.

The foregoing limitation does not apply to (i) Liens existing on the Closing Date; (ii) Liens granted after the Closing Date on any assets or properties of the Company or its Subsidiaries, or any shares of Capital Stock or Indebtedness of any Subsidiary held by the Company or any Subsidiary, securing Indebtedness of the Company created in favor of the Holders; (iii) Liens securing Indebtedness that is incurred to refinance Indebtedness that is secured by Liens permitted to be incurred under the Indenture; PROVIDED that such Liens do not extend to or cover any property or assets of the Company or any Subsidiary other than the property or assets securing the Indebtedness being refinanced; or (iv) Permitted Liens.

4.10. INVESTMENTS IN UNRESTRICTED SUBSIDIARIES

The Company shall not make, and shall not permit any Subsidiary to make, any Investments in Unrestricted Subsidiaries if, at the time thereof, the aggregate amount of such Investments would exceed the sum of $150,000,000.

4.11. PAYMENTS FOR CONSENT

Neither the Company nor any Subsidiary of the Company shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of these Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or these Notes unless such consideration is offered to be paid or agreed to be paid to all Holders of these Notes which so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement."

B. In addition to the provisions set forth in Section 5.01 of the Indenture, the Notes shall include the following additional provision:

"Notwithstanding Section 5.01 of the Indenture, any Subsidiary of the Company may consolidate with, merge into or transfer all or part of its properties and assets to the Company."

4. ADDITIONAL EVENTS OF DEFAULT. In addition to the Events of Default set forth in Section 6.01 of the Indenture, the Notes shall include the following additional Event of Default:

"(6) except as a result of compliance with any court order to which the Company is subject or any applicable law or any government decree, if an event of default as defined in any mortgage, indenture or instrument, under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of the Company (including a default under the Indenture with respect to Securities of any series other than the Notes) whether such Indebtedness now exists or shall hereafter be

created, shall happen and shall result in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such acceleration shall not be rescinded or annulled within 10 days after written notice to the Company from the Trustee or to the Company and to the Trustee from the Holders of not less than a majority of the principal amount of the Notes then outstanding under the Indenture; PROVIDED, HOWEVER, that it shall not be a default hereunder if the principal amount of Indebtedness the maturity of which is so accelerated is less than $125,000,000 individually or in the aggregate; and PROVIDED, FURTHER, that if, prior to a declaration of acceleration of the Maturity of such Notes then outstanding or the entry of judgment in favor of the Trustee in a suit pursuant to Section 6.02 of the Indenture, such default shall be remedied or cured by the Company or waived by the holders of such Indebtedness, or such Indebtedness shall be discharged, then the default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of either the Trustee or any of the Holders of such Notes."

5. ADDITIONAL DEFINITIONS. In addition to the definitions set forth in Article 1 of the Indenture, the Notes shall include the following additional definitions, which, in the event of a conflict with the definition of terms in the Indenture, shall control:

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

"Capitalized Lease Obligation" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is required to be accounted for as a capital lease on the balance sheet of that Person.

"Capital Stock" means any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock.

"Closing Date" means the date on which the Notes are originally issued under the Indenture.

"Currency Agreement" means any foreign contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any of its Subsidiaries against fluctuations in currency values.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"GAAP" means generally accepted accounting principals set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the Closing Date.

"Indebtedness" of any Person means, without duplication, with respect to such Person, any indebtedness, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements with respect thereto) or representing the balance deferred and unpaid of the purchase price of any property (including pursuant to Capitalized Lease Obligations), except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP (but does not include contingent liabilities that appear only in a footnote to a balance sheet), and shall also include, to the extent not otherwise included, the guaranty by such Person of items that would be included within this definition, obligations in respect of Currency Agreements and Interest Rate Agreements and the maximum fixed repurchase price of any Redeemable Stock. For purposes of the preceding sentence, the maximum fixed repurchase price of any Redeemable Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Stock as if such Redeemable Stock were repurchased on any date of determination, PROVIDED that if such Redeemable Stock is not then permitted to be repurchased, the repurchase price shall be the book value of such Redeemable Stock.

"Interest Rate Agreements" means the obligations of any Person pursuant to any interest rate swap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect such Person or any of its Subsidiaries against fluctuations in interest rates.

"Investment" means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business, which are recorded as accounts receivable on the balance sheet of any Person or its Subsidiaries) or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other securities issued by any other Person. For the purposes of the definition of "Unrestricted Subsidiary" and

Section 4.10 set forth in Section 3 of this Officers' Certificate, (i) the amount of any "Investment" shall be the fair market value of the net assets of any Subsidiary at the time that such Subsidiary is designated an Unrestricted Subsidiary and shall exclude the fair market value of the net assets of any Unrestricted Subsidiary that is designated a Subsidiary and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at fair market value at the time of such transfer, in each case as determined by the Board of Directors of the Company in good faith.

"KKR" means Kohlberg Kravis Roberts & Co., L.P.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to give any security interest).

"Maturity," when used with respect to any Note, means the date on which the principal of such Note or an installment of principal becomes due and payable as therein or herein provided, whether at Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Permitted Liens" means (i) Liens (including extensions and renewals thereof) upon real or personal (whether tangible or intangible) property acquired after the Closing Date; PROVIDED that (a) such Lien is created solely for the purpose of securing Indebtedness incurred, (1) to finance the cost (including the cost of improvement or construction) of the item of property or assets subject thereto and such Lien is created prior to, at the time of or within 12 months after the later of the acquisition, the completion of construction or the commencement of full operation of such property or (2) to refinance any Indebtedness previously so secured, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of such cost and (c) any such Lien shall not extend to or cover any property or assets other than such item of property or assets and any improvements on such item; (ii) any interest or title of a lessor in the property subject to any Capitalized Lease Obligation or operating lease; (iii) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, the Company or any Subsidiary; PROVIDED that such Liens do not extend to or cover any property or assets of the Company or any Subsidiary other than the property or assets acquired; (iv) Liens in favor of the Company or any Subsidiary; (v) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof; (vi) Liens encumbering customary initial deposits and margin deposits, and other Liens that are either within the general parameters customary in the industry and incurred in the ordinary course of

business, in each case, securing Indebtedness under Interest Rate Agreements and Currency Agreements and forward contracts, options, future contracts, futures options or similar agreements or arrangements designed solely to protect the Company or any of its Subsidiaries from fluctuations in interest rates, currencies or the price of commodities; (vii) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any of its Subsidiaries in the ordinary course of business of the Company and its Subsidiaries; (viii) Liens on or sales of receivables; (ix) Liens securing the Company's obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of inventory or other goods; and (x) in addition to any other Liens permitted to be incurred pursuant to the Indenture, Liens securing Indebtedness in an amount not to exceed $500.0 million.

"Redeemable Stock" means any equity security that by its terms or otherwise is required to be redeemed prior to the stated maturity of the applicable series of Notes, or is redeemable at the option of the holder thereof at any time prior to the stated maturity of such Notes.

"Stated Maturity," when used with respect to any Note or any installment of interest thereon, means the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest is due and payable.

"Subsidiary" means any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided that an Unrestricted Subsidiary shall not be deemed to be a Subsidiary of the Company for purposes of the Indenture.

"Unrestricted Subsidiary" means (1) any Subsidiary of the Company that at the time of determination shall be an Unrestricted Subsidiary (as designated by the Board of Directors of the Company, as provided below) and (2) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns, or holds any Lien on, any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; PROVIDED that either (x) the fair market value of the net assets of the Subsidiary to be so designated is $1,000 or less or (y) if the fair market value of the net assets of such Subsidiary is greater than $1,000, the amount of the Company's Investments in Unrestricted Subsidiaries at the time of

designation is less than $150,000,000. The Board of Directors may designate any Unrestricted Subsidiary to be a Subsidiary. Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions."

6. BOARD RESOLUTIONS. Attached hereto as Annex B are true and correct copies of the Resolutions; the Resolutions have not been amended, modified or rescinded and remain in full force and effect; and the Resolutions are the only resolutions adopted by the Company's Board of Directors or any committee thereof relating to the Notes and the transactions related thereto.

Each of the undersigned officers further states that he has read the provisions of such Indenture setting forth the conditions precedent to the issuance, authentication and delivery of the Notes and the definitions relating thereto, the Resolutions authorizing the issuance of the Notes and the Form of Note; that the statements made in this Certificate are based upon the examination of the provisions of such Indenture, the Resolutions and the Form of Note; that he has, in his opinion, made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not the conditions precedent for the issuance, authentication and delivery of the Notes have been complied with; and that, in his opinion, such conditions have been complied with.

[Signature page follows]

IN WITNESS WHEREOF, said officers have signed this certificate.

Dated: May 16, 1997

/S/ THOMAS L. YOUNG
- ----------
By: Thomas L. Young
Title: Executive Vice President - Administration, General Counsel and Secretary

/S/ DAVID G. VAN HOOSER

By: David G. Van Hooser
Title: Senior Vice President

Annex A

[FORM OF NOTE]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

OWENS-ILLINOIS, INC.

7.85% SENIOR NOTES DUE 2004

Number: CUSIP No. 690768BA3 $

OWENS-ILLINOIS, INC., a Delaware corporation (the "Company"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or registered assigns, the principal sum of
MILLION DOLLARS on May 15, 2004.

Interest Payment Dates: May 15 and November 15.

Record Dates: May 1 and November 1.

Additional provisions of this Security are set forth below following the signatures of the authorized officers of the Company.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers.

OWENS-ILLINOIS, INC.

By: /S/ LEE A. WESSELMANN

Name: Lee A. Wesselmann
Title: Senior Vice President and Chief Financial Officer

By: /S/ DAVID G. VAN HOOSER

Name: David G. Van Hooser
Title: Senior Vice President

Dated: May 16, 1997

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: /S/ LUCILLE FIRRENCIELLI

Authorized Signatory

OWENS-ILLINOIS, INC.

7.85% SENIOR NOTES DUE 2004

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST

OWENS-ILLINOIS, INC., a Delaware corporation (such entity, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above. Interest on the Securities shall accrue from May 15, 1997 or from the most recent interest payment date to which interest has been paid or provided for, as the case may be; interest on the Securities shall be payable semi-annually on May 15 and November 15 of each year until maturity, or, if such day is a Legal Holiday, on the next succeeding day that is not a Legal Holiday (each, an "Interest Payment Date"), commencing on November 15, 1997; and interest on the Securities shall be payable to holders of record on May 1 or November 1 immediately preceding the applicable Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay defaulted interest on overdue interest, plus (to the extent lawful) any interest payable on the defaulted interest, as provided in Section 2.11 of the Indenture.

2. METHOD OF PAYMENT

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are holders ("Holders") of record in the security register of the Company (the "Security Register") of Securities at the close of business on May 1 or November 1 (each, a "Record Date") next preceding the Interest Payment Date, in each case even if the Securities are cancelled solely by virtue of registration of transfer or registration of exchange after such Record Date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Principal of, premium, if any, and interest on the Securities will be payable, and the Securities may be exchanged or transferred, at the office or agency of the Company in the Borough of Manhattan, the City of New York (which initially will be the Corporate Trust Office of the Trustee); PROVIDED that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Security Register.

3. PAYING AGENT AND REGISTRAR

Initially, The Bank of New York, a New York banking corporation (the "Trustee"), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-Registrar without notice to any Holder. The Company or any of its Affiliates may act as Paying Agent, Registrar or co-Registrar.

4. INDENTURE

The Company issued the Securities under an Indenture dated as of May 15, 1997 by and between the Company and the Trustee, the terms of which have been established in an Officers' Certificate, dated May 16, 1997, pursuant to Section 2.01 of the Indenture (collectively, the "Indenture"). The Securities are a series designated as the "7.85% Senior Notes due 2004" of the Company, limited in aggregate principal amount to $300,000,000. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on May 15, 1997 (the "TIA"). The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the TIA for a statement of those terms. Any conflict between the terms of this Security and the Indenture will be governed by the Indenture.

The Securities are senior unsecured obligations of the Company and rank PARI PASSU in right of payment with all existing and future senior unsecured indebtedness of the Company, and senior in right of payment to all subordinated indebtedness of the Company.

The Indenture imposes certain limitations on the Company's and its Subsidiaries' ability to enter transactions with Affiliates, to create or incur certain Liens on any of its assets or properties or any shares of Capital Stock or Indebtedness of any Subsidiary, to make Investments in Unrestricted Subsidiaries, to consolidate or merge, or transfer all or substantially all of its property or assets, and to pay any fees to Holders for or as an inducement to any consent, waiver or amendment of the Indenture.

5. OPTIONAL REDEMPTION

The Securities may not be redeemed at the option of the Company prior to maturity.

6. SINKING FUND

The Securities will not be subject to the operation of any sinking fund.

7. DENOMINATIONS; TRANSFER; EXCHANGE

The Securities are in registered form, without coupons, in denominations of $1,000 of principal amount and any integral multiple thereof. A Holder may transfer or exchange Securities in accordance with the Indenture. No service charge will be made for any registration of transfer or exchange of Securities, but the Company may require the payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith, subject to and as permitted by the Indenture.

8. PERSONS DEEMED OWNERS

The registered Holder of this Security may be treated as the owner of it for all purposes.

9. REPAYMENT TO COMPANY

The Trustee and the Paying Agent shall pay to the Company upon the Company's request any money held by them for the payment of principal or interest that remains unclaimed for two years after the date upon which such payment shall have become due. After payment to the Company, Securityholders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

10. DISCHARGE AND DEFEASANCE

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money and/or U.S. Government Obligations for the payment of principal and interest on the Securities to maturity.

11. DEFAULTS AND REMEDIES

Under the Indenture, Events of Default include (a) failure to pay the principal of, or premium, if any, on such Securities when due and payable; (b) failure to pay any interest on such Securities when due, continued for 30 days; (c) failure to perform or observe any other agreements of the Company in such Indenture, including failure to comply with the provisions of the Indenture applicable to consolidation, merger and sale of assets of the Company, continued for 60 days after written notice; (d) acceleration of $125,000,000 or more, individually or in the aggregate, in principal amount of Indebtedness of the Company under the terms of the instrument under which such Indebtedness is issued or secured, except as a result of compliance with applicable laws, orders or decrees, if such Indebtedness shall

not have been discharged or such acceleration is not annulled within ten days after written notice; and (e) certain events of bankruptcy, insolvency or reorganization.

If an Event of Default (other than an Event or Default relating to certain events of bankruptcy, insolvency or reorganization) shall occur and be continuing, either the Trustee or the holders of at least 50% in principal amount of the outstanding Securities by notice, as provided in the Indenture, may declare the unpaid principal amount of, and any accrued and unpaid interest on, the Securities to be due and payable immediately. However, at any time after a declaration of acceleration with respect to the Securities has been made, the holders of a majority in principal amount of the outstanding Securities of such series may, under certain circumstances, rescind and annul such acceleration if the rescission would not conflict with any judgment or decree and if all existing Events of Default with respect to such Securities have been cured or waived except nonpayment of principal (or such lesser amount) or interest that has become due solely because of the acceleration.

Subject to the duty of the Trustee during an Event of Default to act with the required standard of care, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable security or indemnity. Subject to certain provisions, including those requiring security or indemnification of the Trustee, the holders of a majority in principal amount of the Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities.

12. SUPPLEMENTS, AMENDMENTS AND WAIVERS

Subject to certain exceptions, the Company and the Trustee may amend the Indenture or the Securities with the written consent of the holders of a majority in principal amount of the then outstanding Securities. The holders of a majority in principal amount of the then outstanding Securities may also waive compliance in a particular instance by the Company with any provision of the Indenture with respect to the Securities; PROVIDED, HOWEVER, that certain amendments or waivers may not be made without the consent of each holder of Securities affected as provided in the Indenture.

The Company and the Trustee may amend the Indenture or the Securities without notice to or the consent of any holder of Securities in certain circumstances described in the Indenture.

The holders of a majority in principal amount of the outstanding Securities, by notice to the Trustee, may waive an existing Default or Event of Default and its consequences except a Default or Event of Default in the payment of the principal of, or any interest on, the Securities (PROVIDED, HOWEVER, that the holders of a majority in principal amount of the outstanding Securities may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration).

13. TRUSTEE DEALINGS WITH THE COMPANY

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

14. NO RECOURSE AGAINST OTHERS

A past, present or future director, officer, employee, stockholder or incorporator, as such, of the Company or any successor corporation shall not have any liability for any obligations of the Company under this Security or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration of issuance of the Securities.

15. GOVERNING LAW

THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THE SECURITIES, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

16. SUCCESSORS AND ASSIGNS.

All covenants and agreements of the Company in the Indenture and the Securities shall bind its successors and assigns. All agreements of the Trustee in the Indenture shall bind its successor.

17. AUTHENTICATION

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication hereon.

18. ABBREVIATIONS

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT

TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

19. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities, and the Trustee may use CUSIP numbers in notices as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Securityholder upon written request and without charge to the Securityholder a copy of the Indenture. Such requests may be addressed to:

Owens-Illinois, Inc.
One SeaGate
Toledo, Ohio 43666
Attention: Corporate Secretary

ASSIGNMENT FORM

TO ASSIGN THIS SECURITY, FILL IN THE FORM BELOW:

I or we assign and transfer this Security to:

[PRINT OR TYPE ASSIGNEE'S NAME, ADDRESS AND ZIP CODE]

[INSERT ASSIGNEE'S SOC. SEC. OR TAX I.D. NO.]

and irrevocably appoint [PRINT OR TYPE AGENT'S NAME] agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

- ---

Date: ---------- Your Signature: ----------

Signature Guarantee: ----------
(SIGNATURE MUST BE GUARANTEED)

- ---
(SIGN EXACTLY AS YOUR NAME APPEARS ON THE FACE OF THIS SECURITY)

EXHIBIT 4.3

OWENS-ILLINOIS, INC.

$300,000,000 8.10% Senior Notes due 2007

OFFICERS' CERTIFICATE PURSUANT TO SECTION 2.01 OF THE INDENTURE

The undersigned officers of Owens-Illinois, Inc., a Delaware corporation (the "Company"), pursuant to the authority granted such officers pursuant to resolutions duly adopted by the Board of Directors of the Company on April 14, 1997 (the "Resolutions"), hereby establish a series of the Company's Securities (as defined and provided for in the Indenture (the "Indenture") dated as of May 15, 1997 between the Company and The Bank of New York, as Trustee), designated as the "8.10% Senior Notes due May 15, 2007," and hereby certify, pursuant to Section 2.01 of the Indenture, as follows:

1. FORM OF NOTE. Attached hereto as Annex A is a true and correct copy of a specimen Note (the "Form of Note") representing the Company's 8.10% Senior Notes due May 15, 2007 (the "Notes").

2. TERMS OF THE NOTES. The terms of the Notes are as follows:

(a) The title of the Notes to be issued as a series of Securities (as defined in the Indenture) under the Indenture shall be the "8.10% Senior Notes due 2007";

(b) The aggregate principal amount of the Notes that may be authenticated and delivered under the Indenture shall be limited to $300,000,000 (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Article 2 and Section 9.05 of the Indenture);

(c) The Notes shall be issued at a price equal to 99.865% of the aggregate principal amount thereof;

(d) The principal of the Notes shall be payable on May 15, 2007;

(e) The Notes shall bear interest at a rate equal to 8.10% per annum; interest on the Notes shall

accrue from May 15, 1997 or from the most recent interest payment date to which interest has been paid or provided for, as the case may be; interest on the Notes shall be payable semi-annually on May 15 and November 15 of each year until maturity, commencing on November 15, 1997; and interest on the Notes shall be payable to holders of record on the May 1 or November 1 immediately preceding the applicable interest payment date;

(f) The place or places where the principal of and any interest on the Notes shall be payable shall be as set forth in the Notes, the form of which is attached hereto as Annex A;

(g) The Notes shall not be subject to redemption at the option of the Company prior to maturity;

(h) The Company shall not be obligated to redeem or purchase the Notes pursuant to any sinking fund or at the option of any holder thereof prior to maturity;

(i) The Notes shall be issued in denominations of $1,000 and any integral multiple thereof;

(j) 100% of the principal amount thereof shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.02 of the Indenture;

(k) In addition to the covenants and provisions set forth in Article 4 and Article 5 of the Indenture, the Notes shall include the additional covenants and provisions set forth in Section 3 of this Officers' Certificate;

(l) In addition to the Events of Default set forth in Section 6.01 of the Indenture, the Notes shall include the additional Event of Default set forth in Section 4 of this Officers' Certificate;

(m) The Trustee for the Notes shall be The Bank of New York;

(n) The Notes shall be issued initially in the form of two Global Notes ("Global Notes") in definitive, fully registered form without interest coupons in substantially the form of Annex A, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, at its principal corporate trust office in New York City, as custodian for the Depositary, and registered in the name of the

Depositary or a nominee of the Depositary, duly executed by the Company and authenticated by the Trustee where so provided. The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee in accordance with the Depositary's procedures and as provided in Section 2.13 of the Indenture. Except as provided in Section 2.13 of the Indenture, owners of beneficial interests in Global Notes shall not be entitled to receive physical delivery of certificated Notes. The Depositary for such Global Notes shall be The Depository Trust Company;

(o) The Notes shall not be secured by any collateral;

(p) The Notes shall not be guaranteed by any person;

(q) The Notes shall be senior unsecured obligations of the Company and shall rank PARI PASSU in right of payment with all existing and future senior unsecured indebtedness of the Company and senior in right of payment to all subordinated indebtedness of the Company;

(r) The provisions of Section 8.03 and 8.04 of the Indenture shall be applicable to the Notes; and

(s) In addition to the definitions set forth in Article 1 of the Indenture, the Notes shall include the definitions set forth in Section 5 of this Officers' Certificate.

3. ADDITIONAL COVENANTS AND PROVISIONS.

A. In addition to the covenants set forth in Article 4 of the Indenture, the Notes shall include the following additional covenants:

"4.08. LIMITATION ON TRANSACTIONS WITH AFFILIATES

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make any loan, advance, guaranty or capital contribution to, or for the benefit of, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or for the benefit of, or purchase or lease any property or assets from, or enter into or amend any contract, agreement, or understanding with, or for the benefit of, any Affiliate of the Company (each, an "Affiliate Transaction") involving aggregate consideration in excess of $5.0 million for any one transaction, except on terms that are no less favorable to the Company or the relevant Subsidiary, as the case may be, than those that could have been obtained in a comparable

transaction on an arm's length basis from a person that is not such an Affiliate.

The foregoing limitation does not limit, and shall not apply to, (i) transactions (x) in respect of which the Company or such Subsidiary delivers to the Trustee a written opinion of a nationally recognized investment banking, accounting, appraisal or consulting firm stating that the transaction is fair to the Company or such Subsidiary from a financial point of view or (y) approved by a majority of the disinterested members of the Board of Directors of the Company or, if there are no such directors, a majority of the directors of the Company, (ii) the payment of reasonable and customary regular fees paid to, and indemnity provided on behalf of, officers, directors, employees and consultants to the Company or its Subsidiaries, (iii) payments or loans to officers, directors and employees of the Company for business or personal purposes and other loans and advances to such officers, directors and employees for travel, entertainment, moving and other relocation expenses made in the ordinary course of business of the Company and its Subsidiaries, (iv) the payment by the Company or any of its Subsidiaries to KKR and its Affiliates of (1) fees for any financial, advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the Board of Directors of the Company, and (2) annual management, consulting and advisory fees and related expenses, (v) any agreement in effect as of the Closing Date or any amendment thereto (so long as such amendment is not disadvantageous to the Holders in any material respect) or any transaction contemplated thereby, (vi) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business which are fair to the Company or its Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof and (vii) transactions between or among any of the Company and its Subsidiaries.

4.09. LIMITATION ON LIENS

The Company shall not, and shall not permit any Subsidiary to, create, incur, assume or suffer to exist any Lien on any of its assets or properties of any character, or any shares of Capital Stock or Indebtedness of any Subsidiary held by the Company or any Subsidiary in order to secure any Indebtedness of the Company, without making effective provision for all of the Notes and all other amounts due under the Indenture relating to the Notes to be directly secured equally and ratably with (or, if the Indebtedness to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the Indebtedness secured by such Lien until such time as such Indebtedness is no longer secured by any such Liens.

The foregoing limitation does not apply to (i) Liens existing on the Closing Date; (ii) Liens granted after the Closing Date on any assets or properties of the Company or its Subsidiaries, or any shares of Capital Stock or Indebtedness of any Subsidiary held by the Company or any Subsidiary, securing Indebtedness of the Company created in favor of the Holders; (iii) Liens securing Indebtedness that is incurred to refinance Indebtedness that is secured by Liens permitted to be incurred under the Indenture; PROVIDED that such Liens do not extend to or cover any property or assets of the Company or any Subsidiary other than the property or assets securing the Indebtedness being refinanced; or (iv) Permitted Liens.

4.10. INVESTMENTS IN UNRESTRICTED SUBSIDIARIES

The Company shall not make, and shall not permit any Subsidiary to make, any Investments in Unrestricted Subsidiaries if, at the time thereof, the aggregate amount of such Investments would exceed the sum of $150,000,000.

4.11. PAYMENTS FOR CONSENT

Neither the Company nor any Subsidiary of the Company shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of these Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or these Notes unless such consideration is offered to be paid or agreed to be paid to all Holders of these Notes which so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement."

B. In addition to the provisions set forth in Section 5.01 of the Indenture, the Notes shall include the following additional provision:

"Notwithstanding Section 5.01 of the Indenture, any Subsidiary of the Company may consolidate with, merge into or transfer all or part of its properties and assets to the Company."

4. ADDITIONAL EVENTS OF DEFAULT. In addition to the Events of Default set forth in Section 6.01 of the Indenture, the Notes shall include the following additional Event of Default:

"(6) except as a result of compliance with any court order to which the Company is subject or any applicable law or any government decree, if an event of default as defined in any mortgage, indenture or instrument, under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of the Company (including a default under the Indenture with respect to Securities of any series other than the Notes) whether such Indebtedness now exists or shall hereafter be

created, shall happen and shall result in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such acceleration shall not be rescinded or annulled within 10 days after written notice to the Company from the Trustee or to the Company and to the Trustee from the Holders of not less than a majority of the principal amount of the Notes then outstanding under the Indenture; PROVIDED, HOWEVER, that it shall not be a default hereunder if the principal amount of Indebtedness the maturity of which is so accelerated is less than $125,000,000 individually or in the aggregate; and PROVIDED, FURTHER, that if, prior to a declaration of acceleration of the Maturity of such Notes then outstanding or the entry of judgment in favor of the Trustee in a suit pursuant to Section 6.02 of the Indenture, such default shall be remedied or cured by the Company or waived by the holders of such Indebtedness, or such Indebtedness shall be discharged, then the default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of either the Trustee or any of the Holders of such Notes."

5. ADDITIONAL DEFINITIONS. In addition to the definitions set forth in Article 1 of the Indenture, the Notes shall include the following additional definitions, which, in the event of a conflict with the definition of terms in the Indenture, shall control:

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

"Capitalized Lease Obligation" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is required to be accounted for as a capital lease on the balance sheet of that Person.

"Capital Stock" means any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock.

"Closing Date" means the date on which the Notes are originally issued under the Indenture.

"Currency Agreement" means any foreign contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any of its Subsidiaries against fluctuations in currency values.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"GAAP" means generally accepted accounting principals set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the Closing Date.

"Indebtedness" of any Person means, without duplication, with respect to such Person, any indebtedness, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements with respect thereto) or representing the balance deferred and unpaid of the purchase price of any property (including pursuant to Capitalized Lease Obligations), except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP (but does not include contingent liabilities that appear only in a footnote to a balance sheet), and shall also include, to the extent not otherwise included, the guaranty by such Person of items that would be included within this definition, obligations in respect of Currency Agreements and Interest Rate Agreements and the maximum fixed repurchase price of any Redeemable Stock. For purposes of the preceding sentence, the maximum fixed repurchase price of any Redeemable Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Stock as if such Redeemable Stock were repurchased on any date of determination, PROVIDED that if such Redeemable Stock is not then permitted to be repurchased, the repurchase price shall be the book value of such Redeemable Stock.

"Interest Rate Agreements" means the obligations of any Person pursuant to any interest rate swap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect such Person or any of its Subsidiaries against fluctuations in interest rates.

"Investment" means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business, which are recorded as accounts receivable on the balance sheet of any Person or its Subsidiaries) or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other securities issued by any other Person. For the purposes of the definition of "Unrestricted Subsidiary" and

Section 4.10 set forth in Section 3 of this Officers' Certificate, (i) the amount of any "Investment" shall be the fair market value of the net assets of any Subsidiary at the time that such Subsidiary is designated an Unrestricted Subsidiary and shall exclude the fair market value of the net assets of any Unrestricted Subsidiary that is designated a Subsidiary and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at fair market value at the time of such transfer, in each case as determined by the Board of Directors of the Company in good faith.

"KKR" means Kohlberg Kravis Roberts & Co., L.P.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to give any security interest).

"Maturity," when used with respect to any Note, means the date on which the principal of such Note or an installment of principal becomes due and payable as therein or herein provided, whether at Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Permitted Liens" means (i) Liens (including extensions and renewals thereof) upon real or personal (whether tangible or intangible) property acquired after the Closing Date; PROVIDED that (a) such Lien is created solely for the purpose of securing Indebtedness incurred, (1) to finance the cost (including the cost of improvement or construction) of the item of property or assets subject thereto and such Lien is created prior to, at the time of or within 12 months after the later of the acquisition, the completion of construction or the commencement of full operation of such property or (2) to refinance any Indebtedness previously so secured, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of such cost and (c) any such Lien shall not extend to or cover any property or assets other than such item of property or assets and any improvements on such item; (ii) any interest or title of a lessor in the property subject to any Capitalized Lease Obligation or operating lease; (iii) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, the Company or any Subsidiary; PROVIDED that such Liens do not extend to or cover any property or assets of the Company or any Subsidiary other than the property or assets acquired; (iv) Liens in favor of the Company or any Subsidiary; (v) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof; (vi) Liens encumbering customary initial deposits and margin deposits, and other Liens that are either within the general parameters customary in the industry and incurred in the ordinary course of

business, in each case, securing Indebtedness under Interest Rate Agreements and Currency Agreements and forward contracts, options, future contracts, futures options or similar agreements or arrangements designed solely to protect the Company or any of its Subsidiaries from fluctuations in interest rates, currencies or the price of commodities; (vii) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any of its Subsidiaries in the ordinary course of business of the Company and its Subsidiaries; (viii) Liens on or sales of receivables; (ix) Liens securing the Company's obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of inventory or other goods; and (x) in addition to any other Liens permitted to be incurred pursuant to the Indenture, Liens securing Indebtedness in an amount not to exceed $500.0 million.

"Redeemable Stock" means any equity security that by its terms or otherwise is required to be redeemed prior to the stated maturity of the applicable series of Notes, or is redeemable at the option of the holder thereof at any time prior to the stated maturity of such Notes.

"Stated Maturity," when used with respect to any Note or any installment of interest thereon, means the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest is due and payable.

"Subsidiary" means any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more of the other Subsidiaries of that Person or a combination thereof, provided that an Unrestricted Subsidiary shall not be deemed to be a Subsidiary of the Company for purposes of the Indenture.

"Unrestricted Subsidiary" means (1) any Subsidiary of the Company that at the time of determination shall be an Unrestricted Subsidiary (as designated by the Board of Directors of the Company, as provided below) and (2) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns, or holds any Lien on, any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; PROVIDED that either (x) the fair market value of the net assets of the Subsidiary to be so designated is $1,000 or less or (y) if the fair market value of the net assets of such Subsidiary is greater than $1,000, the amount of the Company's Investments in Unrestricted Subsidiaries at the time of

designation is less than $150,000,000. The Board of Directors may designate any Unrestricted Subsidiary to be a Subsidiary. Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions."

6. BOARD RESOLUTIONS. Attached hereto as Annex B are true and correct copies of the Resolutions; the Resolutions have not been amended, modified or rescinded and remain in full force and effect; and the Resolutions are the only resolutions adopted by the Company's Board of Directors or any committee thereof relating to the Notes and the transactions related thereto.

Each of the undersigned officers further states that he has read the provisions of such Indenture setting forth the conditions precedent to the issuance, authentication and delivery of the Notes and the definitions relating thereto, the Resolutions authorizing the issuance of the Notes and the Form of Note; that the statements made in this Certificate are based upon the examination of the provisions of such Indenture, the Resolutions and the Form of Note; that he has, in his opinion, made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not the conditions precedent for the issuance, authentication and delivery of the Notes have been complied with; and that, in his opinion, such conditions have been complied with.

[Signature page follows]

IN WITNESS WHEREOF, said officers have signed this certificate.

Dated: May 16, 1997

/S/ THOMAS L. YOUNG
- ---------------------------
By: Thomas L. Young
Title: Executive Vice President - Administration, General Counsel and Secretary

/S/ DAVID G. VAN HOOSER

By: David G. Van Hooser
Title: Senior Vice President

Annex A

[FORM OF NOTE]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.

OWENS-ILLINOIS, INC.

8.10% SENIOR NOTES DUE 2007

Number: CUSIP No. 690768BB1 $ ----------

OWENS-ILLINOIS, INC., a Delaware corporation (the "Company"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or registered assigns, the principal sum of MILLION DOLLARS on May 15, 2007.

Interest Payment Dates: May 15 and November 15.

Record Dates: May 1 and November 1.

Additional provisions of this Security are set forth below following the signatures of the authorized officers of the Company.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers.

OWENS-ILLINOIS, INC.

By: /S/ LEE A. WESSELMANN

Name: Lee A. Wesselmann
Title: Senior Vice President and Chief Financial Officer

By: /S/ DAVID G. VAN HOOSER

Name: David G. Van Hooser
Title: Senior Vice President

Dated: May 16, 1997

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: /S/ LUCILLE FIRRINCIELI

Authorized Signatory

OWENS-ILLINOIS, INC.

8.10% SENIOR NOTES DUE 2007

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST

OWENS-ILLINOIS, INC., a Delaware corporation (such entity, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above. Interest on the Securities shall accrue from May 15, 1997 or from the most recent interest payment date to which interest has been paid or provided for, as the case may be; interest on the Securities shall be payable semi-annually on May 15 and November 15 of each year until maturity, or, if such day is a Legal Holiday, on the next succeeding day that is not a Legal Holiday (each, an "Interest Payment Date"), commencing on November 15, 1997; and interest on the Securities shall be payable to holders of record on the May 1 or November 1 immediately preceding the applicable Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay defaulted interest on overdue interest, plus (to the extent lawful) any interest payable on the defaulted interest, as provided in Section 2.11 of the Indenture.

2. METHOD OF PAYMENT

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are holders ("Holders") of record in the security register of the Company (the "Security Register") of Securities at the close of business on May 1 or November 1 (each, a "Record Date") next preceding the Interest Payment Date, in each case even if the Securities are cancelled solely by virtue of registration of transfer or registration of exchange after such Record Date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Principal of, premium, if any, and interest on the Securities will be payable, and the Securities may be exchanged or transferred, at the office or agency of the Company in the Borough of Manhattan, the City of New York (which initially will be the Corporate Trust Office of the Trustee); PROVIDED that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Security Register.

3. PAYING AGENT AND REGISTRAR

Initially, The Bank of New York, a New York banking corporation (the "Trustee"), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-Registrar without notice to any Holder. The Company or any of its Affiliates may act as Paying Agent, Registrar or co-Registrar.

4. INDENTURE

The Company issued the Securities under an Indenture dated as of May 15, 1997 by and between the Company and the Trustee, the terms of which have been established in an Officers' Certificate, dated May 16, 1997, pursuant to Section 2.01 of the Indenture (collectively, the "Indenture"). The Securities are a series designated as the "8.10% Senior Notes due 2007" of the Company, limited in aggregate principal amount to $300,000,000. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on May 15, 1997 (the "TIA"). The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the TIA for a statement of those terms. Any conflict between the terms of this Security and the Indenture will be governed by the Indenture.

The Securities are senior unsecured obligations of the Company and rank PARI PASSU in right of payment with all existing and future senior unsecured indebtedness of the Company, and senior in right of payment to all subordinated indebtedness of the Company.

The Indenture imposes certain limitations on the Company's and its Subsidiaries' ability to enter transactions with Affiliates, to create or incur certain Liens on any of its assets or properties or any shares of Capital Stock or Indebtedness of any Subsidiary, to make Investments in Unrestricted Subsidiaries, to consolidate or merge, or transfer all or substantially all of its property or assets, and to pay any fees to Holders for or as an inducement to any consent, waiver or amendment of the Indenture.

5. OPTIONAL REDEMPTION

The Securities may not be redeemed at the option of the Company prior to maturity.

6. SINKING FUND

The Securities will not be subject to the operation of any sinking fund.

7. DENOMINATIONS; TRANSFER; EXCHANGE

The Securities are in registered form, without coupons, in denominations of $1,000 of principal amount and any integral multiple thereof. A Holder may transfer or exchange Securities in accordance with the Indenture. No service charge will be made for any registration of transfer or exchange of Securities, but the Company may require the payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith, subject to and as permitted by the Indenture.

8. PERSONS DEEMED OWNERS

The registered Holder of this Security may be treated as the owner of it for all purposes.

9. REPAYMENT TO COMPANY

The Trustee and the Paying Agent shall pay to the Company upon the Company's request any money held by them for the payment of principal or interest that remains unclaimed for two years after the date upon which such payment shall have become due. After payment to the Company, Securityholders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

10. DISCHARGE AND DEFEASANCE

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money and/or U.S. Government Obligations for the payment of principal and interest on the Securities to maturity.

11. DEFAULTS AND REMEDIES

Under the Indenture, Events of Default include (a) failure to pay the principal of, or premium, if any, on such Securities when due and payable; (b) failure to pay any interest on such Securities when due, continued for 30 days; (c) failure to perform or observe any other agreements of the Company in such Indenture, including failure to comply with the provisions of the Indenture applicable to consolidation, merger and sale of assets of the Company, continued for 60 days after written notice; (d) acceleration of $125,000,000 or more, individually or in the aggregate, in principal amount of Indebtedness of the Company under the terms of the instrument under which such Indebtedness is issued or secured, except as a result of compliance with applicable laws, orders or decrees, if such Indebtedness shall

not have been discharged or such acceleration is not annulled within ten days after written notice; and (e) certain events of bankruptcy, insolvency or reorganization.

If an Event of Default (other than an Event or Default relating to certain events of bankruptcy, insolvency or reorganization) shall occur and be continuing, either the Trustee or the holders of at least 50% in principal amount of the outstanding Securities by notice, as provided in the Indenture, may declare the unpaid principal amount of, and any accrued and unpaid interest on, the Securities to be due and payable immediately. However, at any time after a declaration of acceleration with respect to the Securities has been made, the holders of a majority in principal amount of the outstanding Securities of such series may, under certain circumstances, rescind and annul such acceleration if the rescission would not conflict with any judgment or decree and if all existing Events of Default with respect to such Securities have been cured or waived except nonpayment of principal (or such lesser amount) or interest that has become due solely because of the acceleration.

Subject to the duty of the Trustee during an Event of Default to act with the required standard of care, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable security or indemnity. Subject to certain provisions, including those requiring security or indemnification of the Trustee, the holders of a majority in principal amount of the Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities.

12. SUPPLEMENTS, AMENDMENTS AND WAIVERS

Subject to certain exceptions, the Company and the Trustee may amend the Indenture or the Securities with the written consent of the holders of a majority in principal amount of the then outstanding Securities. The holders of a majority in principal amount of the then outstanding Securities may also waive compliance in a particular instance by the Company with any provision of the Indenture with respect to the Securities; PROVIDED, HOWEVER, that certain amendments or waivers may not be made without the consent of each holder of Securities affected as provided in the Indenture.

The Company and the Trustee may amend the Indenture or the Securities without notice to or the consent of any holder of Securities in certain circumstances described in the Indenture.

The holders of a majority in principal amount of the outstanding Securities, by notice to the Trustee, may waive an existing Default or Event of Default and its consequences except a Default or Event of Default in the payment of the principal of, or any interest on, the Securities (PROVIDED, HOWEVER, that the holders of a majority in principal amount of the outstanding Securities may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration).

13. TRUSTEE DEALINGS WITH THE COMPANY

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

14. NO RECOURSE AGAINST OTHERS

A past, present or future director, officer, employee, stockholder or incorporator, as such, of the Company or any successor corporation shall not have any liability for any obligations of the Company under this Security or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration of issuance of the Securities.

15. GOVERNING LAW

THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THE SECURITIES, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

16. SUCCESSORS AND ASSIGNS.

All covenants and agreements of the Company in the Indenture and the Securities shall bind its successors and assigns. All agreements of the Trustee in the Indenture shall bind its successor.

17. AUTHENTICATION

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication hereon.

18. ABBREVIATIONS

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT

TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act)

19. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities, and the Trustee may use CUSIP numbers in notices as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Securityholder upon written request and without charge to the Securityholder a copy of the Indenture. Such requests may be addressed to:

Owens-Illinois, Inc.
One SeaGate
Toledo, Ohio 43666
Attention: Corporate Secretary

ASSIGNMENT FORM

TO ASSIGN THIS SECURITY, FILL IN THE FORM BELOW:

I or we assign and transfer this Security to:

[PRINT OR TYPE ASSIGNEE'S NAME, ADDRESS AND ZIP CODE]

[INSERT ASSIGNEE'S SOC. SEC. OR TAX I.D. NO.]

and irrevocably appoint [PRINT OR TYPE AGENT'S NAME] agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

- ---

Date: ---------- Your Signature: ----------

Signature Guarantee: ----------

(SIGNATURE MUST BE GUARANTEED)

- ---

(SIGN EXACTLY AS YOUR NAME APPEARS ON THE FACE OF THIS SECURITY)