

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

FORM 10-Q

(Mark One)

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

For Quarter Ended March 31, 2003

or

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

Owens-Illinois, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-9576
(Commission File No.)

22-2781933
(IRS Employer Identification No.)

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

43666
(Zip Code)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

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

Owens-Illinois, Inc. \$.01 par value common stock—147,748,744 shares at April 30, 2003.

Part I—FINANCIAL INFORMATION

Item 1. Financial Statements.

The Condensed Consolidated Financial Statements presented herein are unaudited but, in the opinion of management, reflect all adjustments necessary to present fairly such information for the periods and at the dates indicated. Since the following unaudited condensed consolidated financial statements have been prepared in accordance with Article 10 of Regulation S-X, they do not contain all information and footnotes normally contained in annual consolidated financial statements; accordingly, they should be read in conjunction with the Consolidated Financial Statements and notes thereto appearing in the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002.

OWENS-ILLINOIS, INC.

CONDENSED CONSOLIDATED RESULTS OF OPERATIONS

Three months ended March 31, 2003 and 2002
(Dollars in millions, except share and per share amounts)

2003

2002

Revenues:			
Net sales		\$ 1,386.4	\$ 1,310.9
Royalties and net technical assistance		6.7	6.8
Equity earnings		5.8	6.0
Interest		7.8	5.3
Other		5.2	9.3
		<u>1,411.9</u>	<u>1,338.3</u>
Costs and expenses:			
Manufacturing, shipping, and delivery		1,140.1	1,019.8
Research and development		9.9	10.8
Engineering		10.2	7.8
Selling and administrative		83.6	80.8
Interest		111.0	111.8
Other		2.6	484.0
		<u>1,357.4</u>	<u>1,715.0</u>
Earnings (loss) before items below		54.5	(376.7)
Provision (credit) for income taxes		17.2	(135.9)
Minority share owners' interests in earnings of subsidiaries		2.9	4.5
Earnings (loss) before cumulative effect of accounting change		34.4	(245.3)
Cumulative effect of accounting change			(460.0)
Net earnings (loss)		<u>\$ 34.4</u>	<u>\$ (705.3)</u>
Basic net earnings (loss) per share of common stock			
Earnings (loss) before cumulative effect of accounting change		\$ 0.20	\$ (1.72)
Cumulative effect of accounting change			(3.14)
Net earnings (loss)		<u>\$ 0.20</u>	<u>\$ (4.86)</u>
Weighted average shares outstanding (thousands)		<u>146,853</u>	<u>146,267</u>
Diluted net earnings (loss) per share of common stock			
Earnings (loss) before cumulative effect of accounting change		\$ 0.20	\$ (1.72)
Cumulative effect of accounting change			(3.14)
Net earnings (loss)		<u>\$ 0.20</u>	<u>\$ (4.86)</u>
Weighted diluted average shares (thousands)		<u>147,518</u>	<u>146,267</u>

See accompanying notes.

OWENS-ILLINOIS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

March 31, 2003, December 31, 2002, and March 31, 2002
(Dollars in millions)

	<u>March 31, 2003</u>	<u>Dec. 31, 2002</u>	<u>March 31, 2002</u>
Assets			
Current assets:			
Cash, including time deposits	\$ 128.5	\$ 126.4	\$ 115.2
Short-term investments, at cost which approximates market	20.2	17.6	17.3
Receivables, less allowances for losses and discounts (\$51.9 at March 31, 2003, \$62.5 at December 31, 2002, and \$59.6 at March 31, 2002)	797.2	701.9	774.2
Inventories	956.6	893.5	897.6
Prepaid expenses	138.8	147.8	233.7
Total current assets	<u>2,041.3</u>	<u>1,887.2</u>	<u>2,038.0</u>

Investments and other assets:			
Equity investments	195.4	192.0	163.2
Repair parts inventories	198.6	196.2	187.8
Prepaid pension	937.9	925.5	900.2
Insurance receivable for asbestos-related costs	7.5	12.2	37.0
Deposits, receivables, and other assets	666.6	640.9	569.0
Goodwill	2,744.6	2,691.2	2,564.2
	<u>4,750.6</u>	<u>4,658.0</u>	<u>4,421.4</u>
Total other assets	4,750.6	4,658.0	4,421.4
Property, plant, and equipment, at cost	6,112.3	5,978.2	5,834.2
Less accumulated depreciation	2,751.9	2,654.1	2,595.6
	<u>3,360.4</u>	<u>3,324.1</u>	<u>3,238.6</u>
Net property, plant, and equipment	3,360.4	3,324.1	3,238.6
	<u>\$ 10,152.3</u>	<u>\$ 9,869.3</u>	<u>\$ 9,698.0</u>
Total assets	\$ 10,152.3	\$ 9,869.3	\$ 9,698.0

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OWENS-ILLINOIS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

March 31, 2003, December 31, 2002, and March 31, 2002
(Dollars in millions)

	<u>March 31, 2003</u>	<u>Dec. 31, 2002</u>	<u>March 31, 2002</u>
Liabilities and Share Owners' Equity			
Current liabilities:			
Short-term loans and long-term debt due within one year	\$ 84.6	\$ 78.2	\$ 86.4
Current portion of asbestos-related liabilities	190.0	195.0	220.0
Accounts payable and other liabilities	1,005.3	1,024.2	940.1
	<u>1,279.9</u>	<u>1,297.4</u>	<u>1,246.5</u>
Total current liabilities	1,279.9	1,297.4	1,246.5
Long-term debt	5,479.6	5,268.0	5,344.7
Deferred taxes	287.9	278.4	326.1
Nonpension postretirement benefits	288.4	291.5	297.1
Other liabilities	624.7	563.6	427.1
Asbestos-related liabilities	307.5	357.7	492.5
Commitments and contingencies			
Minority share owners' interests	139.6	141.9	148.3
Share owners' equity:			
Convertible preferred stock, par value \$.01 per share, liquidation preference \$50 per share, 9,050,000 shares authorized, issued and outstanding	452.5	452.5	452.5
Common stock, par value \$.01 per share 250,000,000 shares authorized, 160,663,006 shares issued and outstanding, less 12,914,262 treasury shares at March 31, 2003 (160,265,744 issued and outstanding, less 12,914,262 treasury shares at December 31, 2002 and 159,978,518 issued and outstanding, less 12,914,262 treasury shares at March 31, 2002)	1.6	1.6	1.6
Capital in excess of par value	2,226.8	2,224.9	2,220.6
Treasury stock, at cost	(247.6)	(247.6)	(247.6)
Retained earnings (deficit)	(148.1)	(177.0)	(406.1)
Accumulated other comprehensive income	(540.5)	(583.6)	(605.3)
	<u>1,744.7</u>	<u>1,670.8</u>	<u>1,415.7</u>
Total share owners' equity	1,744.7	1,670.8	1,415.7
	<u>\$ 10,152.3</u>	<u>\$ 9,869.3</u>	<u>\$ 9,698.0</u>
Total liabilities and share owners' equity	\$ 10,152.3	\$ 9,869.3	\$ 9,698.0

See accompanying notes.

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CONDENSED CONSOLIDATED CASH FLOWS

Three months ended March 31, 2003 and 2002
(Dollars in millions)

	2003	2002
Cash flows from operating activities:		
Net earnings (loss) before cumulative effect of accounting change	\$ 34.4	\$ (245.3)
Non-cash charges (credits):		
Depreciation	114.2	107.4
Amortization of deferred costs	14.2	12.2
Future asbestos-related costs		475.0
Deferred tax provision (credit)	7.4	(161.5)
Other	(21.3)	(40.3)
Change in non-current operating assets	5.6	20.3
Asbestos-related payments	(55.1)	(61.3)
Asbestos-related insurance proceeds	4.7	
Reduction of non-current liabilities		(14.0)
Change in components of working capital	(169.0)	(56.1)
Cash provided by (utilized in) operating activities	(64.9)	36.4
Cash flows from investing activities:		
Additions to property, plant, and equipment	(119.4)	(112.3)
Net cash proceeds from divestitures and asset sales	7.8	17.0
Acquisitions, net of cash acquired		(2.4)
Cash utilized in investing activities	(111.6)	(97.7)
Cash flows from financing activities:		
Additions to long-term debt	260.6	1,073.7
Repayments of long-term debt	(51.6)	(1,058.5)
Increase in short-term loans	5.7	16.2
Collateral deposits for certain derivative instruments	(33.2)	8.6
Payment of finance fees		(18.0)
Convertible preferred stock dividends	(5.4)	(5.4)
Issuance of common stock and other	1.1	2.7
Cash provided by financing activities	177.2	19.3
Effect of exchange rate fluctuations on cash	1.4	1.6
Increase (decrease) in cash	2.1	(40.4)
Cash at beginning of period	126.4	155.6
Cash at end of period	\$ 128.5	\$ 115.2

See accompanying notes.

OWENS-ILLINOIS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Tabular data dollars in millions,
except share and per share amounts**

1. Earnings Per Share

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

	Three months ended March 31,	
	2003	2002
Numerator:		
Earnings (loss) before cumulative effect of accounting change	\$ 34.4	\$ (245.3)
Convertible preferred stock dividends	(5.4)	(5.4)

Numerator for basic earnings (loss) per share- income (loss) available to common share owners	\$	29.0	\$	(250.7)
Denominator:				
Denominator for basic earnings (loss) per share- weighted average shares outstanding		146,853,426		146,267,373
Effect of dilutive securities:				
Stock options and other		664,996		
Denominator for diluted earnings (loss) per share- adjusted weighted average shares and assumed exchanges of preferred stock for common stock				
		147,518,422		146,267,373
Basic earnings (loss) per share	\$	0.20	\$	(1.72)
Diluted earnings (loss) per share	\$	0.20	\$	(1.72)

The convertible preferred stock was not included in the computation of March 31, 2003 diluted earnings per share since the result would have been antidilutive. Options to purchase 7,237,090 weighted average shares of common stock that were outstanding during the three months ended March 31, 2003, were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares. For the three months ended March 31, 2002, diluted earnings per share of common stock are equal to basic earnings per share of common stock due to the net loss.

2. Inventories

Major classes of inventory are as follows:

	March 31, 2003	Dec. 31, 2002	March 31, 2002
Finished goods	\$ 757.7	\$ 684.9	\$ 701.0
Work in process	6.3	7.4	9.9
Raw materials	124.2	133.2	119.7
Operating supplies	68.4	68.0	67.0
	\$ 956.6	\$ 893.5	\$ 897.6

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3. Long-Term Debt

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

	March 31, 2003	Dec. 31, 2002	March 31, 2002
Secured Credit Agreement:			
Revolving Credit Facility:			
Revolving Loans	\$ 2,051.5	\$ 1,825.0	\$ 2,424.1
Term Loan			65.0
Senior Secured Notes:			
8.875%, due 2009	1,000.0	1,000.0	1,000.0
8.75%, due 2012	625.0	625.0	
Senior Notes:			
7.85%, due 2004	300.0	300.0	300.0
7.15%, due 2005	350.0	350.0	350.0
8.10%, due 2007	300.0	300.0	300.0
7.35%, due 2008	250.0	250.0	250.0
Senior Debentures:			
7.50%, due 2010	250.0	250.0	250.0
7.80%, due 2018	250.0	250.0	250.0
Other	133.1	148.7	184.5
	5,509.6	5,298.7	5,373.6
Less amounts due within one year	30.0	30.7	28.9
Long-term debt	\$ 5,479.6	\$ 5,268.0	\$ 5,344.7

At March 31, 2003, the Company's subsidiary borrowers had unused credit of \$297.5 million available under the Secured Credit Agreement.

The weighted average interest rate on borrowings outstanding under the Revolving Credit Facility at March 31, 2003 was 3.33%. Including the effects of cross-currency swap agreements related to Revolving Credit Facility borrowings by the Company's Australian, U.K., and Canadian subsidiaries, the weighted average interest rate was 5.39%.

The Company's subsidiary borrowers intend to amend and restate the Agreement during the second quarter of 2003 to, among other things, extend the maturity through April 1, 2007. As of May 15, 2003, the Company had non-cancelable commitments to the proposed amended and restated Agreement in excess of the amount of borrowings outstanding at March 31, 2003. The Company expects that the proposed amended and restated credit agreement will be finalized during the second quarter of 2003.

During May 2003, a subsidiary of the Company issued Senior Secured Notes totaling \$450 million and Senior Notes totaling \$450 million. The notes bear interest at 7.75% and 8.25%, respectively, and are due May 15, 2011 and May 15, 2013, respectively. Both series of notes are guaranteed by substantially all of the Company's domestic subsidiaries. In addition, the assets of substantially all of the Company's domestic subsidiaries are pledged as security for the Senior Secured Notes. The indenture for the 7.75% Senior Secured Notes has substantially the same restrictions as the 8.875% and 8.75% Senior Secured Notes. The indenture for the 8.25% Senior Notes contains similar restrictions. The issuing subsidiary will use the net proceeds from the notes of approximately \$880 million to repurchase in a tender offer scheduled to expire on May 23, 2003, and/or otherwise repurchase, all of the 7.85% Senior Notes due 2004 and permanently reduce the revolving credit facility under the Agreement.

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4. Cash Flow Information

Interest paid in cash aggregated \$83.6 million for the first quarter of 2003 and \$54.7 million for the first quarter of 2002. Income taxes paid in cash totaled \$7.6 million for the first quarter of 2003 and \$5.4 million for the first quarter of 2002.

5. Comprehensive Income

The components of comprehensive income (loss) are: (a) net earnings (loss); (b) change in fair value of certain derivative adjustments; (c) adjustment of minimum pension liabilities; and, (d) foreign currency translation adjustments. Total comprehensive income (loss) for the three month periods ended March 31, 2003 and 2002 amounted to \$77.5 million and \$(734.3) million, respectively.

6. Stock Options

The Company has three nonqualified stock option plans. The Company has adopted the disclosure-only provisions (intrinsic value method) of Statement of Financial Accounting Standards (FAS) No. 123, "Accounting for Stock-Based Compensation." All options have been granted at prices equal to the market price of the Company's common stock on the date granted. Accordingly, the Company recognizes no compensation expense related to the stock option plans.

If the Company had elected to recognize compensation cost based on the fair value of the options granted at grant date as allowed by FAS No. 123, pro forma net income (loss) and earnings (loss) per share would have been as follows:

	Three months ended March 31,	
	2003	2002
Net income (loss):		
As reported	\$ 34.4	\$ (705.3)
Total stock-based employee compensation expense determined under fair value based method, net of related tax effects	(2.2)	(2.5)
Pro forma	\$ 32.2	\$ (707.8)
Basic earnings (loss) per share:		
As reported	\$ 0.20	\$ (4.86)
Pro forma	0.18	(4.88)
Diluted earnings (loss) per share:		
As reported	0.20	(4.86)
Pro forma	0.18	(4.88)

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

	2003	2002
Expected life of options	5 years	5 years
Expected stock price volatility	72.7%	71.5%
Risk-free interest rate	3.20%	4.50%
Expected dividend yield	0.00%	0.00%

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7. Contingencies

The Company is one of a number of defendants in a substantial number of lawsuits filed in numerous state and federal courts by persons alleging bodily injury (including death) as a result of exposure to dust from asbestos fibers. From 1948 to 1958, one of the Company's former business units commercially

produced and sold approximately \$40 million of a high-temperature, calcium-silicate based pipe and block insulation material containing asbestos. The Company exited the pipe and block insulation business in April 1958. The traditional asbestos personal injury lawsuits and claims relating to such production and sale of asbestos material typically allege various theories of liability, including negligence, gross negligence and strict liability and seek compensatory and in some cases, punitive damages in various amounts (herein referred to as "asbestos claims").

As of March 31, 2003, the Company has determined that it is a named defendant in asbestos lawsuits and claims involving approximately 24,000 plaintiffs and claimants. Based upon an analysis of the claims and lawsuits pending as of December 31, 2002, approximately 55% of the claims and lawsuits pending as of that date involved multiple claimants, and virtually all such pending claims and lawsuits named a number of additional defendants (typically from 20 to 100 or more). Approximately 40% of the claimants and plaintiffs do not specify the monetary damages sought. Another 39% of the plaintiffs merely recite that the amount of damages sought exceeds the required jurisdictional minimum damages in the court of jurisdiction in which the suit is filed. Approximately 14% of the plaintiffs specify the maximum damages sought in amounts from \$10 million to \$40 million. Lastly, fewer than 7% of the plaintiffs are involved in lawsuits which specify precise damage amounts, with approximately 5.8% specifying amounts up to \$20 million; approximately 0.2% specifying amounts from \$20 million to \$75 million; and, approximately 0.5% specifying amounts from \$75 million to \$125 million. In addition, one lawsuit, pending since 1991 and involving fewer than 0.2% of the plaintiffs and approximately 60 defendants, specifies damages of \$11 billion.

As indicated by the foregoing summary, modern pleading practice permits considerable variation in the assertion of monetary damages. This variability, together with the actual experience discussed further below of litigating or resolving through settlement hundreds of thousands of asbestos claims and lawsuits over an extended period, demonstrates that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value. Rather, the amount potentially recoverable for a specific claimant is determined by other factors such as the claimant's severity of disease, product identification evidence against specific defendants, the defenses available to those defendants, the specific jurisdiction in which the claim is made, the claimant's history of smoking or exposure to other possible disease-causative factors, and the various other matters discussed further below.

In addition to the pending claims set forth above, the Company has claims-handling agreements in place with many plaintiffs' counsel throughout the country. These agreements require evaluation and negotiation regarding whether particular claimants qualify under the criteria established by such agreements. The criteria for such claims include verification of a compensable illness and a reasonable probability of exposure to a product manufactured by the Company's former business unit during its manufacturing period ending in 1958. Some plaintiffs' counsel have historically withheld claims under these agreements for later presentation while focusing their attention on active litigation in the tort system. The Company believes that as of March 31, 2003 there are no more than 18,000 of such preexisting but presently unasserted claims against the Company that are not included in the total of pending claims set forth above. The Company further believes that the bankruptcies of additional co-defendants, as discussed below, have resulted in an acceleration of the presentation and disposition of a number of these previously withheld preexisting claims under such agreements, which claims would otherwise have been presented and disposed of over the next several years. This acceleration is reflected in an increased number of pending asbestos claims and, to the extent disposed, contributes to an increase in asbestos-related payments which is expected to continue in the near term.

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

Since receiving its first asbestos claim, the Company, as of March 31, 2003, has disposed of the asbestos claims of approximately 291,000 plaintiffs and claimants at an average indemnity payment per claim of approximately \$5,600. The Company's indemnity payments for these claims have varied on a per claim basis, and are expected to continue to vary considerably over time. As discussed above, a part of the Company's objective is to achieve, where possible, resolution of asbestos claims pursuant to claims-handling agreements. Under such agreements, qualification by meeting certain illness and exposure criteria has tended to reduce the number of claims presented to the Company that would ultimately be dismissed or rejected due to the absence of impairment or product exposure evidence. The Company expects that as a result, although aggregate spending may be lower, there may be an increase in the per claim average indemnity payment involved in such resolution. In this regard, although the average of such payments has been somewhat higher following the implementation of the claims-handling agreements in the mid-1990s, the annual average amount has not varied materially from year to year in recent years.

The Company believes that its ultimate asbestos-related contingent liability (i.e., its indemnity or other claim disposition costs plus related legal fees) cannot be estimated with certainty. In 1993, the Company established a liability of \$975 million to cover indemnity payments and legal fees associated with the resolution of outstanding and expected future asbestos lawsuits and claims. In 1998, an additional liability of \$250 million was established. During the third quarter of 2000, the Company established an additional liability of \$550 million to cover the Company's estimated indemnity payments and legal fees arising from outstanding asbestos personal injury lawsuits and claims and asbestos personal injury lawsuits and claims expected to be filed in the ensuing several years. In early March 2002, the Company initiated a comprehensive review to determine whether further adjustment of asbestos-related liabilities was appropriate. At the conclusion of this review in April, the Company determined that an additional charge of \$475 million would be appropriate to adjust the reserve for estimated future asbestos-related costs. The Company's ability to reasonably estimate its liability has been significantly affected by the volatility of asbestos-related litigation in the United States, the expanding list of non-traditional defendants that have been sued in this litigation and found liable for substantial damage awards, the continued use of litigation screenings to generate new lawsuits, the large number of claims asserted or filed by parties who claim prior exposure to asbestos materials but have no present physical impairment as a result of such exposure, and the growing number of co-defendants that have filed for bankruptcy. In 2002, North American Refractories Co., Kaiser Aluminum Corporation, Harbison Walker Refractories Group, A.P. Green Industries, Inc., Porter Hayden Company, Plibrico Company, Shook & Fletcher Insulation Co., Artra Group (Synkoloid Company), AC&S, A-Best Company and JT Thorpe Co. declared bankruptcy. These companies join others, such as G-I Holdings (GAF), USG Corporation, Federal-Mogul Corporation, Burns & Roe Enterprises, Inc., W.R. Grace & Co., Owens Corning, Fibreboard Corporation, Pittsburgh-Corning, Babcock & Wilcox, Armstrong World Industries and approximately 40 other asbestos defendants who have sought protection under Chapter 11 of the Bankruptcy Code.

The Company has continued to monitor trends which may affect its ultimate liability and has continued to analyze the developments and variables affecting or likely to affect the resolution of pending and future asbestos claims against the Company. The Company expects that the gross amount of total asbestos-related payments will be moderately lower in 2003 compared to 2002 and will continue to decline thereafter as the preexisting but presently unasserted claims withheld under the claims handling agreements are presented to the Company and as the number of potential future claimants

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continues to decrease. The material components of the Company's accrual, including this additional accrued amount, are the following: (i) the Company's estimate at that date of the reasonably probable contingent liability for asbestos claims already asserted against the Company, (ii) the Company's estimate at that date of the contingent liability for preexisting but unasserted asbestos claims for prior periods arising under its administrative claims-handling agreements with various plaintiffs' counsel, (iii) the Company's estimate at that time of the contingent liability for asbestos claims not yet asserted against the Company, but which the Company believes it is reasonably probable will be asserted in the next several years, to the degree that such an estimation as to future claims is possible, and (iv) the Company's estimate of legal defense costs likely to be incurred in connection with the foregoing types of claims.

The significant assumptions underlying the material components of the Company's accrual are:

- a) the extent to which settlements are limited to claimants who were exposed to the Company's asbestos-containing insulation prior to its exit from that business in 1958;
- b) the extent to which claims are resolved under the Company's administrative claims agreements or on terms comparable to those set forth in those agreements;
- c) the extent of reduction in the inventory of pending serious disease cases;
- d) the extent to which the Company is able to successfully defend itself at trial;
- e) the extent of actions by courts to eliminate or reduce the diversion of financial resources for unimpaired claimants and so-called forum shopping;
- f) the extent to which additional defendants with substantial resources and assets are required to participate significantly in the resolution of future asbestos cases and claims;
- g) the number and timing of co-defendant bankruptcies; and
- h) the extent to which the resolution of co-defendant bankruptcies divert resources to unimpaired claimants.

The Company believes that any possible loss or range of loss in addition to the foregoing charge cannot be reasonably estimated. While the Company cannot reasonably estimate the precise timing of payment, the Company believes that its liabilities for the next several years will not exceed the amount accrued, based on its expectation of continuing moderate declines in annual spending for asbestos-related costs.

The Company has previously pursued recovery of its losses from third parties, particularly its insurance carriers, and has largely resolved all of its significant coverage claims. The Company expects some further recovery from deferred payment provisions of existing settlement agreements and from pursuing certain additional reimbursement claims. However, the Company does not expect to recover additional material amounts in excess of the recorded receivable of \$7.5 million at March 31, 2003.

In April 1999, Crown Cork & Seal Technologies Corporation ("CCS") filed suit against Continental PET Technologies, Inc. ("CPT"), a wholly-owned subsidiary of the Company, in the United States District Court for the District of Delaware alleging that certain plastic containers manufactured by CPT, primarily multi-layer PET containers with barrier properties, infringe CCS's U.S. Patent 5,021,515 relating to an oxygen-scavenging material. CCS is a party to an agreement with Chevron Phillips Chemical Company ("Chevron") under which Chevron has rights to sublicense certain CCS patents, including, Chevron believed, the patent involved in the suit against CPT. To avoid the cost of litigation, CPT took a sublicense from Chevron under the patent in suit and other patents. Chevron then entered the suit to defend and assert its right to sublicense the patent in suit to CPT. In November 2002, the Delaware District Court concluded that Chevron did not have the rights it purported to sublicense to CPT.

In an order entered on March 31, 2003, the Court did not certify Chevron's request for interlocutory appeal of this decision. The decision will allow CCS to pursue its lawsuit against CPT, which is in its initial stages and was stayed pending resolution of the Chevron claims. In the lawsuit, CCS seeks certain monetary damages and injunctive relief. CPT intends to pursue all defenses available to it. However, if the Court were to reach conclusions adverse to CPT on the claims for monetary damages asserted by CCS, the Company believes such determination would not have a material adverse effect on the Company's consolidated results of operations and financial position, and any such damages could be covered in part by third-party indemnification. Additionally, an adverse decision with respect to CCS's request for injunctive relief is not likely to have a material adverse effect on the Company because it believes that it can pursue alternative technologies for the manufacture of multi-layer PET containers with barrier properties.

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

The ultimate legal and financial liability of the Company in respect to the lawsuits and proceedings referred to above, in addition to other pending litigation, cannot be estimated with certainty. The Company's reported results of operations for 2002 were materially affected by the \$475 million first-quarter charge and asbestos-related payments continue to be substantial. Any possible future additional accrual would likewise materially affect the Company's results of operations in the period in which it might be recorded. Also, the continued use of significant amounts of cash for asbestos-related costs has affected and will continue to affect the Company's cost of borrowing and its ability to pursue global or domestic acquisitions. However, the Company believes that its operating cash flows and other sources of liquidity will be sufficient to pay its obligations for asbestos-related costs and to fund its working capital and capital expenditure requirements on a short-term and long-term basis.

8. Segment Information

The Company operates in the rigid packaging industry. The Company has two reportable product segments within the rigid packaging industry: (1) Glass Containers and (2) Plastics Packaging. The Glass Containers segment includes operations in North America, Europe, the Asia Pacific region, and South America. The Plastics Packaging segment consists of two business units—consumer products (plastic containers and closures) and prescription products.

The Company evaluates performance and allocates resources based on earnings before interest income, interest expense, provision for income taxes, minority share owners' interests in earnings of subsidiaries, and cumulative effect of accounting change (collectively "EBIT") excluding amounts related to certain items that management considers not representative of ongoing operations. EBIT for product segments includes an allocation of corporate expenses based on both a percentage of sales and direct billings based on the costs of specific services provided. For the Company's U.S. pension plans, net periodic pension cost (credit) has been allocated to product segments.

Financial information for the three-month periods ended March 31, 2003 and 2002 regarding the Company's product segments is as follows:

	Glass Containers	Plastics Packaging	Total Product Segments	Eliminations and Other Retained	Consolidated Totals
Net sales:					
March 31, 2003	\$ 930.6	\$ 455.8	\$ 1,386.4		\$ 1,386.4
March 31, 2002	870.1	440.8	1,310.9		1,310.9
EBIT, excluding item noted below:					
March 31, 2003	\$ 126.6	\$ 50.9	\$ 177.5	\$ (19.8)	\$ 157.7
March 31, 2002	151.1	74.8	225.9	(21.1)	204.8
Item excluded from EBIT above:					
March 31, 2002					
Charge for asbestos-related costs				\$ (475.0)	\$ (475.0)

The reconciliation of EBIT to earnings (loss) before income taxes, minority share owners' interests in earnings of subsidiaries, and cumulative effect of accounting change for the three-month periods ended March 31, 2003 and 2002 is as follows:

	March 31, 2003	March 31, 2002
EBIT, excluding certain items for reportable segments	\$ 177.5	\$ 225.9
Item excluded from reportable segment information		(475.0)
Eliminations and other retained items	(19.8)	(21.1)
Interest expense	(111.0)	(111.8)
Interest income	7.8	5.3
Total	\$ 54.5	\$ (376.7)

9. New Accounting Standards

FAS No. 145. In April 2002, the FASB issued FAS No. 145, "Rescission of FASB Statements No. 4, No. 44, and No. 64, Amendment of FASB Statement No. 13, and Technical Corrections". Among other things, FAS No. 145 requires gains and losses from early extinguishment of debt to be included in income from continuing operations instead of being classified as extraordinary items as previously required by generally accepted accounting principles. FAS No. 145 is effective for fiscal years beginning after May 15, 2002 and was adopted by the Company on January 1, 2003. Any gain or loss on early extinguishment of debt that was classified as an extraordinary item in periods prior to adoption must be reclassified into income from continuing operations. The Company has reclassified \$6.7 million of extraordinary charges for the three months ended March 31, 2002 to increase interest expense by \$10.9 million and decrease the provision for income taxes by \$4.2 million.

FAS No. 146. In June 2002, the FASB issued FAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". FAS No. 146 requires that a liability for costs associated with exit or disposal activities be recognized when the liability is incurred. The statement further requires that fair value be used for initial measurement of the liability. FAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002 and was adopted by the Company on January 1, 2003. The adoption of FAS No. 146 did not have a material impact on the reported results of operations or financial position of the Company.

10. Derivative Instruments

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

As of March 31, 2003, the Company's affiliate in Australia had swapped \$650 million of borrowings into \$1,275 million Australian dollars. This swap matured on May 2, 2003 and had interest resets every 90 days. The interest reset terms of the swap approximated the terms of the U.S. dollar borrowings. This derivative instrument swapped both the interest and principal from U.S. dollars to Australian dollars and also swapped the interest rate from a U.S.-based rate to an Australian-based rate. The Company's affiliate in the United Kingdom had swapped \$200 million of bank loans and intercompany borrowings into 139 million British pounds. This swap also matured on May 2, 2003, and had interest resets every 90 days. This derivative instrument swapped both the interest and principal from U.S. dollars to British pounds and also swapped the interest rate from a U.S.-based rate to a British-based rate.

On May 2, 2003, the Company's affiliate in Australia entered into a number of agreements that swap a total of \$491 million of borrowings into 789 million Australian dollars. These derivative instruments swap both the interest and principal from U.S. dollars to Australian dollars and also swap the interest rate from a U.S.-based rate to an Australian-based rate.

As of March 31, 2003, the Company's Canadian affiliate has swapped \$60 million of borrowings into \$94.7 million Canadian dollars. This swap matures on October 1, 2003. This derivative instrument swaps both the interest and principal from U.S. dollars to Canadian dollars and also swaps the interest rate from a U.S.-based rate to a Canadian-based rate.

The Company's affiliates in Australia, Canada, the United Kingdom and several other European countries have also entered in short term forward exchange contracts which effectively swap additional intercompany and external borrowings at each of these affiliates to its local currency. These hedges swap both the interest and principal of additional borrowings in excess of borrowings covered by the swap contracts described above.

The Company recognizes the above derivatives on the balance sheet at fair value. The Company accounts for the above swaps as fair value hedges. Accordingly, the changes in the value of the swaps are recognized in current earnings and are expected to substantially offset any exchange rate gains or losses on the related U.S. dollar borrowings. For the three months ended March 31, 2003, the amount not offset was immaterial.

The Company also uses commodity futures contracts related to forecasted natural gas requirements. The objective of these futures contracts is to limit the fluctuations in prices paid for natural gas and the potential volatility in earnings or cash flows from future market price movements. The Company continually evaluates the natural gas market in respect to its future usage requirements. The Company generally evaluates the natural gas market for the next twelve months and continually enters into commodity futures contracts in order to have a portion of its usage requirements hedged through the next twelve months. At March 31, 2003, the Company has entered into commodity futures contracts for approximately 25% of its expected North American natural gas usage through the end of 2003 (approximately 6,000 MM BTUs).

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

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The above futures contracts are accounted for as cash flow hedges at March 31, 2003. Hedge accounting is only applied when the derivative is deemed to be highly effective at offsetting anticipated cash flows of the hedged transactions. For hedged forecasted transactions, hedge accounting will be discontinued if the forecasted transaction is no longer probable to occur, and any previously deferred gains or losses will be recorded to earnings immediately.

At March 31, 2003, an unrealized net gain of \$1.5 million, after tax of \$0.8 million, related to these commodity futures contracts was included in OCI. There was no ineffectiveness recognized during the three-month periods ended March 31, 2003 and March 31, 2002.

The Company's international affiliates may enter into short-term forward exchange agreements to purchase foreign currencies at set rates in the future. These foreign currency forward exchange agreements are used to limit exposure to fluctuations in foreign currency exchange rates for all significant planned purchases of fixed assets or commodities that are denominated in a currency other than the affiliate's functional currency. Affiliates may also use forward exchange agreements to offset the foreign currency risk for receivables and payables not denominated in their functional currency. The Company records these short-term forward exchange agreements on the balance sheet at fair value and changes in the fair value are recognized in current earnings.

11. Financial Information for Subsidiary Guarantors and Non-Guarantors

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

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

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	March 31, 2003				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Balance Sheet					
Current assets:					
Accounts receivable	\$ —	\$ —	\$ 797.2	\$ —	\$ 797.2
Inventories			956.6		956.6
Other current assets	66.5		221.0		287.5
Total current assets	66.5	—	1,974.8	—	2,041.3
Investments in and advances to subsidiaries	3,763.2	2,063.2		(5,826.4)	—
Goodwill			2,744.6		2,744.6
Other non-current assets	7.5		1,998.5		2,006.0
Total other assets	3,770.7	2,063.2	4,743.1	(5,826.4)	4,750.6

Property, plant and equipment, net			3,360.4		3,360.4
Total assets	\$ 3,837.2	\$ 2,063.2	\$ 10,078.3	\$ (5,826.4)	\$ 10,152.3
Current liabilities:					
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 1,005.3	\$ —	\$ 1,005.3
Current portion of asbestos liability	190.0				190.0
Short-term loans and long-term debt due within one year			84.6		84.6
Total current liabilities	190.0	—	1,089.9	—	1,279.9
Long-term debt	1,700.0		5,479.6	(1,700.0)	5,479.6
Asbestos-related liabilities	307.5				307.5
Other non-current liabilities and minority interests	(105.0)		1,445.6		1,340.6
Capital structure	1,744.7	2,063.2	2,063.2	(4,126.4)	1,744.7
Total liabilities and share owners' equity	\$ 3,837.2	\$ 2,063.2	\$ 10,078.3	\$ (5,826.4)	\$ 10,152.3

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	December 31, 2002				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Balance Sheet					
Current assets:					
Accounts receivable	\$ —	\$ —	\$ 701.9	\$ —	\$ 701.9
Inventories			893.5		893.5
Other current assets	68.3		223.5		291.8
Total current assets	68.3	—	1,818.9	—	1,887.2
Investments in and advances to subsidiaries	3,722.1	2,022.1		(5,744.2)	—
Goodwill			2,691.2		2,691.2
Other non-current assets	12.2		1,954.6		1,966.8
Total other assets	3,734.3	2,022.1	4,645.8	(5,744.2)	4,658.0
Property, plant and equipment, net			3,324.1		3,324.1
Total assets	\$ 3,802.6	\$ 2,022.1	\$ 9,788.8	\$ (5,744.2)	\$ 9,869.3
Current liabilities:					
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 1,024.2	\$ —	\$ 1,024.2
Current portion of asbestos liability	195.0				195.0
Short-term loans and long-term debt due within one year			78.2		78.2
Total current liabilities	195.0	—	1,102.4	—	1,297.4
Long-term debt	1,700.0		5,268.0	(1,700.0)	5,268.0
Asbestos-related liabilities	357.7				357.7
Other non-current liabilities and minority interests	(120.9)		1,396.3		1,275.4
Capital structure	1,670.8	2,022.1	2,022.1	(4,044.2)	1,670.8
Total liabilities and share owners' equity	\$ 3,802.6	\$ 2,022.1	\$ 9,788.8	\$ (5,744.2)	\$ 9,869.3

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	March 31, 2002				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Balance Sheet					
Current assets:					
Accounts receivable	\$ —	\$ —	\$ 774.2	\$ —	\$ 774.2
Inventories			897.6		897.6
Other current assets	77.0		289.2		366.2
Total current assets	77.0	—	1,961.0	—	2,038.0
Investments in and advances to subsidiaries	3,554.8	1,854.8		(5,409.6)	—
Goodwill			2,564.2		2,564.2
Other non-current assets	37.0		1,820.2		1,857.2
Total other assets	3,591.8	1,854.8	4,384.4	(5,409.6)	4,421.4

Property, plant and equipment, net			3,238.6		3,238.6
Total assets	\$ 3,668.8	\$ 1,854.8	\$ 9,584.0	\$ (5,409.6)	\$ 9,698.0
Current liabilities:					
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 940.1	\$ —	\$ 940.1
Current portion of asbestos liability	220.0				220.0
Short-term loans and long-term debt due within one year			86.4		86.4
Total current liabilities	220.0	—	1,026.5	—	1,246.5
Long-term debt	1,700.0		5,344.7	(1,700.0)	5,344.7
Asbestos-related liabilities	492.5				492.5
Other non-current liabilities and minority interests	(159.4)		1,358.0		1,198.6
Capital structure	1,415.7	1,854.8	1,854.8	(3,709.6)	1,415.7
Total liabilities and share owners' equity	\$ 3,668.8	\$ 1,854.8	\$ 9,584.0	\$ (5,409.6)	\$ 9,698.0

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Three months ended March 31, 2003

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Results of Operations					
Net sales	\$ —	\$ —	\$ 1,386.4	\$ —	\$ 1,386.4
External interest income			7.8		7.8
Intercompany interest income	33.1	33.1		(66.2)	—
Equity earnings from subsidiaries	34.4	34.4		(68.8)	—
Other equity earnings			5.8		5.8
Other revenue			11.9		11.9
Total revenue	67.5	67.5	1,411.9	(135.0)	1,411.9
Manufacturing, shipping, and delivery			1,140.1		1,140.1
Research, engineering, selling, administrative, and other			106.3		106.3
External interest expense	33.1		77.9		111.0
Intercompany interest expense		33.1	33.1	(66.2)	—
Total costs and expense	33.1	33.1	1,357.4	(66.2)	1,357.4
Earnings before items below	34.4	34.4	54.5	(68.8)	54.5
Provision for income taxes			17.2		17.2
Minority share owners' interests in earnings of subsidiaries			2.9		2.9
Net income	\$ 34.4	\$ 34.4	\$ 34.4	\$ (68.8)	\$ 34.4

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Three months ended March 31, 2002

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Results of Operations					
Net sales	\$ —	\$ —	\$ 1,310.9	\$ —	\$ 1,310.9
External interest income			5.3		5.3
Intercompany interest income	44.0	44.0		(88.0)	—
Equity earnings from subsidiaries	59.3	(396.5)		337.2	—
Other equity earnings			6.0		6.0
Other revenue			16.1		16.1
Total revenue	103.3	(352.5)	1,338.3	249.2	1,338.3

Manufacturing, shipping, and delivery			1,019.8		1,019.8
Research, engineering, selling, administrative, and other	475.0		108.4		583.4
External interest expense	44.0		67.8		111.8
Intercompany interest expense		44.0	44.0	(88.0)	—
Total costs and expense	519.0	44.0	1,240.0	(88.0)	1,715.0
Earnings (loss) before items below	(415.7)	(396.5)	98.3	337.2	(376.7)
Provision (credit) for income taxes	(170.4)		34.5		(135.9)
Minority share owners' interests in earnings of subsidiaries			4.5		4.5
Earnings (loss) before cumulative effect of accounting change	(245.3)	(396.5)	59.3	337.2	(245.3)
Cumulative effect of accounting change	(460.0)		(460.0)	460.0	(460.0)
Net loss	\$ (705.3)	\$ (396.5)	\$ (400.7)	\$ 797.2	\$ (705.3)

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Three months ended March 31, 2003

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows					
Cash used in operating activities	\$ (50.4)	\$ —	\$ (14.5)	\$ —	\$ (64.9)
Cash used in investing activities			(111.6)		(111.6)
Cash provided by financing activities	50.4		126.8		177.2
Effect of exchange rate change on cash			1.4		1.4
Net change in cash	—	—	2.1	—	2.1
Cash at beginning of period			126.4		126.4
Cash at end of period	\$ —	\$ —	\$ 128.5	\$ —	\$ 128.5

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Three months ended March 31, 2002

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows					
Cash provided by (used in) operating activities	\$ (61.3)	\$ —	\$ 97.7	\$ —	\$ 36.4
Cash provided by (used in) investing activities			(97.7)		(97.7)
Cash provided by (used in) financing activities	61.3		(42.0)		19.3
Effect of exchange rate change on cash			1.6		1.6
Net change in cash	—	—	(40.4)	—	(40.4)
Cash at beginning of period			155.6		155.6
Cash at end of period	\$ —	\$ —	\$ 115.2	\$ —	\$ 115.2

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations—First Quarter 2003 compared with First Quarter 2002

Net Sales

The Company's net sales by segment (in millions of dollars) for the first quarters of 2003 and 2002 are presented in the following table. For further information, see Segment Information included in Note 8 to the Condensed Consolidated Financial Statements.

	2003	2002
Glass Containers	\$ 930.6	\$ 870.1
Plastics Packaging	455.8	440.8
Segment and consolidated net sales	\$ 1,386.4	\$ 1,310.9

Consolidated net sales for the first quarter of 2003 increased \$75.5 million, or 5.8%, to \$1,386.4 million from \$1,310.9 million in the first quarter of 2002.

Net sales of the Glass Containers segment increased \$60.5 million, or 7.0%, over the first quarter of 2002. In North America, a \$13.7 million decrease in sales was primarily attributed to lower unit shipments. Severe winter weather conditions caused lower demand, principally for beer containers. The combined U.S. dollar sales of the segment's affiliates outside of North America increased \$74.2 million, or 17.6% over the first quarter of 2002. The increase was partially attributed to an 11% increase in unit shipments and higher prices in the European businesses as well as a 9% increase in shipments in the Asia Pacific region. These increases were partially offset by overall decreased sales in South America, principally resulting from the effects of a national strike in Venezuela that began in early December 2002. The strike caused energy supply curtailments that forced the Company to idle its two plants in the country, adversely affecting net sales in the first quarter of 2003 by approximately \$20 million. In addition, the effects of changing foreign currency exchange rates increased reported U.S. dollar sales of the segment's affiliates in Europe and the Asia Pacific region by approximately \$61 million and decreased reported U.S. dollar sales of the segment's affiliates in South America by approximately \$15 million.

Net sales of the Plastics Packaging segment increased \$15.0 million, or 3.4%, over the first quarter of 2002. Unit shipments increased by approximately 8.0% overall, led by increased shipments of plastic containers for food, health and personal care, juices, water and prescription packaging, and closures for beverages and food. These increases were offset by lower selling prices for certain of the segment's plastic products. The effects of higher resin cost pass-throughs increased sales in the first quarter of 2003 by approximately \$16 million compared to the first quarter of 2002.

EBIT

The Company's Segment EBIT results (in millions of dollars) for the first quarter of 2003 and 2002 are presented in the following table. For further information, see Segment Information included in Note 8 to the Condensed Consolidated Financial Statements.

	2003	2002
Glass Containers	\$ 126.6	\$ 151.1
Plastics Packaging	50.9	74.8
Product EBIT	177.5	225.9
Eliminations and other retained items	(19.8)	(21.1)
Consolidated Segment EBIT	\$ 157.7	\$ 204.8

Total product EBIT for the first quarter of 2003 decreased \$48.4 million, or 21.4%, to \$177.5 million from the first quarter of 2002 product EBIT of \$225.9 million.

EBIT of the Glass Containers segment for the first quarter of 2003 decreased \$24.5 million to \$126.6 million, compared to EBIT of \$151.1 million in the first quarter of 2002. In North America, EBIT for the first quarter of 2003 decreased \$37.2 million from the first quarter of 2002. The decrease resulted from higher energy costs of \$11.2 million, lower pension income of approximately \$10 million and lower unit shipments, particularly beer containers, resulting primarily from severe winter weather conditions, partially offset by an overall improvement in unit pricing compared to the first quarter of 2002. The combined U.S. dollar EBIT of the segment's affiliates outside North America increased \$12.7 million over the first quarter of 2002. The increase was partially attributed to increased unit shipments, improved productivity, and higher prices in the European businesses as well as increased shipments in the Asia Pacific region. These increases were partially offset by increased energy costs of approximately \$11 million in Europe and the Asia Pacific region and overall decreased sales in South America principally resulting from the effects of a national strike in Venezuela that began in early December 2002. The strike caused energy supply curtailments that forced the Company to idle its two plants in the country, adversely affecting EBIT in the first quarter of 2003 by approximately \$10 million. In addition, the effects of changing foreign currency exchange rates increased reported U.S. dollar EBIT of the segment's affiliates in Europe and the Asia Pacific region by approximately \$9 million and decreased reported U.S. dollar EBIT of the segment's affiliates in South America by approximately \$2 million.

EBIT of the Plastics Packaging segment for the first quarter of 2003 decreased \$23.9 million, or 32.0%, to \$50.9 million compared to EBIT of \$74.8 million in the first quarter of 2002. Unit shipments increased approximately 8% overall, led by plastic containers for food, health and personal care, juices and water, and prescription packaging, and closures for beverages and food. However, the change in product mix and lower selling prices for certain of the segment's plastic products more than offset the effects of increased shipments, reducing EBIT by \$9.8 million compared to the first quarter of 2002. Other factors that unfavorably affected EBIT in the first quarter of 2003 compared to the first quarter of 2002 were: (1) reduced EBIT of \$7.5 million for the segment's advanced technology systems business, as a major customer discontinued production in the U.S. and relocated that production to Singapore; (2) increased manufacturing costs of \$2.7 million from the start-up of new products in the segment's Closure and Specialty business; and (3) lower pension income of approximately \$2 million. The Plastics Packaging segment operates in a number of highly competitive markets and has incurred significant pricing pressure in some product lines which the Company expects to partially offset with increased unit volume, improved productivity and reduced costs.

Eliminations and other retained items for the first quarter of 2003 increased \$1.3 million over the first quarter of 2002.

Interest Expense

Interest expense decreased to \$111.0 million in the first quarter of 2003 from \$111.8 million in the first quarter of 2002. Interest expense for the first quarter of 2002 included \$10.9 million which was reclassified from extraordinary items as required by FAS No. 145. For further information, see Note 9 to the Condensed Consolidated Financial Statements. Exclusive of this reclassification, interest expense in the first quarter of 2003 was \$10.1 million higher than in the first quarter of 2002. The higher interest expense in 2003 was mainly due to the issuance during 2002 of \$1.625 billion of fixed rate Senior Secured Notes. The proceeds from the Senior Secured Notes were used to repay lower cost, variable rate debt borrowed under the Company's Secured Credit Agreement. Lower interest rates in 2003 on the Company's remaining variable rate debt partially offset the increase.

Provision for Income Taxes

The Company's effective tax rate in the first quarter of 2003 was 31.6%. Excluding the effects of the first quarter 2002 asbestos-related charge, the Company's effective tax rate was 30.8% in the first quarter of 2002 and 29.8% for the full year 2002.

Minority Share Owners' Interest in Earnings of Subsidiaries

Minority share owners' interest in earnings of subsidiaries for the first quarter of 2003 was \$2.9 million compared to \$4.5 million for the first quarter of 2002. The decrease is attributable to lower net income for certain of the Company's subsidiaries, particularly in Venezuela where the effects of a national strike caused the Company to close its facilities during the first part of the quarter.

Net Earnings

For the first quarter of 2003, the Company recorded net earnings of \$34.4 million compared to a net loss of \$705.3 million for the first quarter of 2002. The following items were included in the net loss for the first quarter of 2002: (1) a \$460.0 million charge from the cumulative effect of the change in method of accounting for goodwill; (2) a charge of \$475.0 million (\$308.8 million after tax) for future asbestos-related costs; and (3) additional charges to interest expense of \$10.9 million (\$6.7 million after tax) for the write-off of deferred finance fees related to the early extinguishment of debt which had been reported as an extraordinary item in 2002, but was reclassified to interest expense as required by FAS No. 145.

Asbestos-Related Charge

The asbestos-related charge of \$475.0 million (\$308.8 million after tax) recorded in the first quarter of 2002 represented an increase in the reserve for estimated future asbestos-related costs. Following the completion of a comprehensive review of its asbestos-related liabilities and costs in April 2002, the Company concluded that an increase in the reserve was required to provide for estimated indemnity payments and legal fees arising from asbestos personal injury lawsuits and claims expected to be filed in the next several years. The Company anticipates that cash flows from operations and other resources will be sufficient to meet all asbestos-related obligations.

A former business unit of the Company produced a minor amount of specialized high-temperature insulation material containing asbestos from 1948 until 1958, when the business was sold. In line with its limited involvement with an asbestos-containing product and its exit from that business 45 years ago, the Company will continue to work aggressively to minimize the number of incoming cases and will continue to limit payments to only those impaired claimants who were exposed to the Company's products and whose claims have merit under applicable state law. During the first quarter of 2003, the number of asbestos-related claims pending decreased slightly from the previously reported level of approximately 24,000 at December 31, 2002.

Capital Resources and Liquidity

The Company's total debt at March 31, 2003 was \$5.56 billion, compared to \$5.35 billion at December 31, 2002 and \$5.43 billion at March 31, 2002.

During April 2001, certain of the Company's subsidiaries entered into the Secured Credit Agreement (the "Agreement") with a group of banks, which expires on March 31, 2004. The Agreement provides for a \$2.45 billion (\$3.0 billion initially) revolving credit facility.

The Company's subsidiary borrowers intend to amend and restate the Agreement during the second quarter of 2003 to, among other things, extend the maturity through April 1, 2007. As of May 15, 2003, the Company had non-cancelable commitments to the proposed amended and restated Agreement in excess of the amount of borrowings outstanding at March 31, 2003. The Company expects that the proposed amended and restated credit agreement will be finalized during the second quarter of 2003.

At March 31, 2003, the Company had available credit totaling \$2.450 billion under the Agreement, of which \$297.5 million had not been utilized. Cash provided by (utilized in) operating activities was \$(64.9) million for the first three months of 2003 compared to \$36.4 million for the first three months of 2002. The decrease in cash provided by operations is due in part to an increase in accounts receivable as a result of increased sales in Europe and increased plastic product and machine sales domestically. The first quarter of 2003 also lacks the benefit of a significant collection of past due accounts receivable from the Canadian acquisition which were collected in the first quarter of 2002. Additional borrowings under the Agreement were necessary to fund these working capital requirements.

During May 2003, a subsidiary of the Company issued Senior Secured Notes totaling \$450 million and Senior Notes totaling \$450 million. The notes bear interest at 7.75% and 8.25%, respectively, and are due May 15, 2011 and May 15, 2013, respectively. Both series of notes are guaranteed by substantially all of the Company's domestic subsidiaries. In addition, the assets of substantially all of the Company's domestic subsidiaries are pledged as security for the Senior Secured Notes. The indenture for the 7.75% Senior Secured Notes has substantially the same restrictions as the 8.875% and 8.75% Senior Secured Notes. The indenture for the 8.25% Senior Notes contains similar restrictions. The issuing subsidiary will use the net proceeds from the notes of approximately \$880 million to repurchase in a tender offer scheduled to expire on May 23, 2003, and/or otherwise repurchase, all \$300 million of the Company's 7.85% Senior Notes due 2004 and permanently reduce the revolving credit facility under the Agreement.

The Senior Secured Notes totaling \$2.075 billion and Senior Notes totaling \$450 million that were issued during 2002 and 2003 were part of the Company's plan to improve financial flexibility by issuing long-term fixed rate debt. While this strategy extends the maturity of the Company's debt, the long-term fixed rate debt increases the cost of borrowing compared to the shorter term, variable rate debt. The Company expects that the effects of additional higher cost fixed rate debt and the proposed amended and restated credit agreement referred to above, will add approximately \$48 million to interest expense for the full year of 2003 compared to the full year of 2002 before consideration of charges related to the early repayment of debt. The Company presently does not expect to issue additional notes, other than those discussed above, during 2003.

The Company anticipates that cash flow from its operations and from utilization of credit available under the Agreement and the proposed amended and restated agreement will be sufficient to fund its operating and seasonal working capital needs, debt service and other obligations on a short-term and long-term basis. The Company expects that its total asbestos-related payments in 2003 will be moderately lower than 2002. Based on the Company's expectations regarding future payments for lawsuits and claims and also based on the Company's expected operating cash flow, the Company believes that the payment of any deferred amounts of previously settled or otherwise determined lawsuits and claims, and the resolution of presently pending and anticipated future lawsuits and claims associated with asbestos, will not have a material adverse effect upon the Company's liquidity on a short-term or long-term basis.

Critical Accounting Estimates

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

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

Pension Benefit Plans Funded Status

Because of their historically well-funded status, the Company's principal defined benefit pension plans contributed pretax credits to earnings of approximately \$7.9 million for the first three months of 2003 and approximately \$20.7 million for the first three months of 2002. The 2003 decrease in pretax pension credits is attributed to several factors discussed below.

The determination of pension obligations and the related pension credits involves significant estimates. The most significant estimates are the discount rate used to calculate the actuarial present value of benefit obligations and the expected long-term rate of return on assets used in calculating the pension credits for the year. The Company uses a discount rate based on yields of highly rated fixed income debt securities at the end of the year. At December 31, 2002, the weighted average discount rate for all plans was 6.52%. The Company uses an expected long-term rate of return that is based on the past performance of the various plans' assets and an estimate of the future performance of the assets. Declines in the stock market over the last few years have reduced the fair value of the Company's pension plan assets, which, in turn, has caused reduced credits to earnings. In 2003, the Company has reduced its assumed rate of return on pension assets to a weighted average expected long-term rate of approximately 8.75%, compared to 9.64% for the year ended December 31, 2002. The lower assumed rate, combined with a lower asset base, will cause the pretax credits to earnings to be substantially lower for the full year of 2003 as compared to 2002. The Company expects that these credits will be approximately \$50 million, or 60%, lower for the full year of 2003 than for 2002.

Future effects on reported results of operations depend on economic conditions and investment performance. For example, a one-half percentage point change in the actuarial assumption regarding the expected return on assets would result in a change of approximately \$15 million in pretax pension credits for the full year. In addition, changes in external factors, including the fair values of plan assets and the discount rate used to calculate plan liabilities, could result in possible future balance sheet recognition of additional minimum pension liabilities.

If the Accumulated Benefit Obligation ("ABO") of the Company's principal pension plans in the U.S. and Australia exceeds the fair value of their assets at the next measurement date of December 31, 2003, the Company will be required to write off most of its prepaid pension asset (\$937.9 million at March 31, 2003) and record a liability equal to the excess of the ABO over the fair value of the assets. The noncash charge would result in a decrease in the Accumulated Other Compensation Income component of share owners' equity that would significantly reduce net worth.

Contingencies and Litigation

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

The Company expects to complete a comprehensive review of its asbestos-related liabilities and costs in connection with finalizing and reporting its results for 2003, and annually thereafter, unless significant changes in trends or new developments warrant an earlier review. If the results of this annual comprehensive review indicate that the existing amount of the accrued liability is insufficient to cover its estimated liabilities, then the Company will record an appropriate charge to increase the accrual. The Company's estimates are based on a number of factors as described further in Note 7 to the Condensed Consolidated Financial Statements.

Goodwill

The Company evaluates goodwill annually (or more frequently if impairment indicators arise) for impairment as of October 1 of each year. Goodwill impairment testing is performed using the business enterprise value ("BEV") of each reporting unit which is calculated as of a measurement date by determining the present value of debt-free, after tax future cash flows, discounted at the weighted average cost of capital of a hypothetical third-party buyer. This BEV is then compared to the book value of each reporting unit as of the measurement date to assess whether an impairment exists. The annual impairment testing performed as of October 1, 2002 indicated that there was no impairment of any of the reporting units of the Company.

If the Company's projected debt-free, after tax cash flows were substantially lower, or if the assumed weighted average cost of capital were substantially higher, the testing may have indicated an impairment of one or more reporting units and, as a result, the related goodwill would have been written down. However, based on the Company's testing as of October 1, 2002, modest changes in the projected cash flows or cost of capital would not create impairment in reporting units. For example, if projected debt-free, after tax cash flows were decreased by 5%, or alternatively if the weighted average cost of capital were increased by 5%, the resulting lower BEV's would still exceed the book value of each reporting unit and no impairment would exist. In the event the Company would be required to record a significant write down of goodwill, the charge would have a material adverse effect on reported results of operations and net worth.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

All borrowings under the April 2001 Secured Credit Agreement, including borrowings by foreign subsidiaries, are denominated in U.S. dollars. As described in Note 10 to the financial statements, certain amounts borrowed under the agreement by foreign subsidiaries have been swapped into the subsidiaries' functional currencies.

The Company's subsidiary borrowers intend to amend and restate the Agreement during the second quarter of 2003, to, among other things, extend the maturity through April 1, 2007. As of May 15, 2003, the Company had non-cancelable commitments to the proposed amended and restated Agreement in excess of the amount of borrowings outstanding at March 31, 2003. The Company expects that the proposed amended and restated credit agreement will be finalized during the second quarter of 2003.

The Senior Secured Notes totaling \$2.075 billion and Senior Notes totaling \$450 million that were issued during 2002 and 2003 were part of the Company's plan to improve financial flexibility by issuing long-term fixed rate debt. While this strategy extends the maturity of the Company's debt, the long-term fixed rate debt increases the cost of borrowing compared to the shorter term, variable rate debt. The Company expects that the effects of additional higher cost fixed rate debt and the proposed amended and restated credit agreement referred to above, will add approximately \$48 million to interest expense for the full year of 2003 compared to the full year of 2002. The Company presently does not expect to issue additional notes, other than those discussed above, during 2003.

Forward Looking Statements

This document may contain "forward looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Forward looking statements reflect the Company's current expectations and projections about future events at the time, and thus involve uncertainty and risk. It is possible the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to the following: (1) foreign currency fluctuations relative to the U.S. dollar, (2) changes in capital availability or cost, including interest rate fluctuations, (3) the general political, economic and competitive conditions in markets and countries where the Company has operations, including disruptions in the supply chain, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws, (4) consumer preferences for alternative forms of packaging, (5) fluctuations in raw material and labor costs, (6) availability of raw materials, (7) costs and availability of energy, (8) transportation costs, (9) consolidation among competitors and customers, (10) the ability of the Company to integrate operations of acquired businesses, (11) unanticipated expenditures with respect to environmental, safety and health laws, (12) the performance by customers of their obligations under purchase agreements, and (13) the timing and occurrence of events which are beyond the control of the Company, including events related to asbestos-related claims. It is not possible to foresee or identify all such factors. Any forward looking statements in this document are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not intend to update any particular forward looking statements contained in this document.

Item 4. Controls and Procedures.

The Company maintains disclosure controls and procedures that are designed with the objective of providing reasonable assurance that the information required to be disclosed by the Company in reports that the Company files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management of the Company, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the Company's disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investments in certain unconsolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those maintained by the Company with respect to its consolidated subsidiaries.

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of management, including its principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In August 1998, the Company received a Notice of Violation from the United States Environmental Protection Agency regarding alleged opacity violations at its Oakland, California glass container plant from the period of 1994 through 1997. Certain furnaces at the plant are equipped with monitors that continuously monitor opacity. During this period, these furnaces had occasional upset and breakdown conditions that caused opacity excursions that were reported to the State of California as required. In each instance an opacity violation notice was given by the State of California and in each case the matter was settled. This action by the U.S. EPA involves the same incidents that were resolved with the State of California. The Company has reached a settlement with the U.S. EPA under which it paid monetary penalties of \$200,000, without requiring any additional permits or abatement equipment.

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

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

Exhibit 4.1	Fourth Amendment to Secured Credit Agreement, dated April 16, 2003
Exhibit 4.2	Fourth Supplemental Indenture, dated as of May 6, 2003, among Owens-Brockway Glass Container, Inc., the Guarantors (as defined therein) and U.S. Bank National Association, as Trustee
Exhibit 4.3	Indenture, dated as of May 6, 2003, among Owens-Brockway Glass Container, Inc., the Guarantors (as defined therein) and U.S. Bank National Association, as Trustee
Exhibit 10.1	Third Amendment to Amended and Restated Owens-Illinois Supplemental Retirement Benefit Plan
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends
Exhibit 99.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350
Exhibit 99.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350

(b) Reports on Form 8-K:

On March 28, 2003, the Registrant filed a Form 8-K which included a press release dated March 27, 2003 announcing the election of Thomas L. Young to the position of chief financial officer.

On March 31, 2003, the Registrant filed a Form 8-K which included a press release dated March 28, 2003 announcing revised earnings projections for the full year 2003.

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

OWENS-ILLINOIS, INC.

Date: May 15, 2003

By: /s/ EDWARD C. WHITE

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

CERTIFICATIONS

I, Joseph H. Lemieux, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Owens-Illinois, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ JOSEPH H. LEMIEUX

Joseph H. Lemieux
Chairman and Chief Executive Officer

CERTIFICATIONS

I, Thomas L. Young, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Owens-Illinois, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ THOMAS L. YOUNG

Thomas L. Young
Executive Vice President and Chief Financial Officer

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

FOURTH AMENDMENT
TO SECURED CREDIT AGREEMENT
DATED AS OF APRIL 16, 2003

This **FOURTH AMENDMENT TO SECURED CREDIT AGREEMENT** (this "**Amendment**") is dated as of April 16, 2003 and entered into by and among **OWENS-ILLINOIS GROUP, INC.**, a Delaware corporation ("**Company**"), **OWENS-BROCKWAY GLASS CONTAINER INC.**, a Delaware corporation ("**Owens Brockway**"), **OI GENERAL FTS INC.**, a Delaware corporation ("**O-I General FTS**"), **OI PLASTIC PRODUCTS FTS INC.**, a Delaware corporation ("**O-I Plastic**"), **UNITED GLASS LIMITED**, a corporation organized under the laws of England and Wales, **UNITED GLASS GROUP LIMITED**, a corporation organized under the laws of England and Wales, **OWENS-ILLINOIS (AUSTRALIA) PTY LIMITED**, a limited liability company organized under the laws of Australia, **ACI OPERATIONS PTY LIMITED**, a limited liability company organized under the laws of Australia, **OI ITALIA S.R.L.**, a limited liability company organized under the laws of Italy, **AZIENDE VETRARIE INDUSTRIALI RICCIARDI S.P.A.**, a joint stock company organized under the laws of Italy, **OWENS-ILLINOIS GENERAL, INC.**, a Delaware corporation, as Borrowers' Agent (in such capacity "**Borrowers' Agent**"), **THE LENDERS LISTED ON THE SIGNATURE PAGES HEREOF** (each individually a "**Lender**" and collectively, "**Lenders**") and **DEUTSCHE BANK TRUST COMPANY AMERICAS (f/k/a BANKERS TRUST COMPANY)**, as Administrative Agent (in such capacity, "**Administrative Agent**") and Collateral Agent (in such capacity, "**Collateral Agent**") for the Lenders and is made with reference to that certain Secured Credit Agreement dated as of April 23, 2001, as amended by that certain First Amendment to Secured Credit Agreement and Consent dated as of December 31, 2001, as further amended by that certain Second Amendment to Secured Credit Agreement dated as of April 19, 2002, as further amended by that Third Amendment to Secured Credit Agreement dated as of September 27, 2002 (as so amended, the "**Credit Agreement**"), by and among the foregoing parties. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

RECITALS

WHEREAS, pursuant to the Third Amendment to Secured Credit Agreement dated as of September 27, 2002 (the "**Third Amendment**"), Borrowers agreed that, upon the issuance of the New Senior Notes and any Other Future Indebtedness (each as defined in the

Third Amendment), and the application of the Net Debt Securities Proceeds arising therefrom to repay the Term Loans in full, Borrowers would not elect to establish the Existing Senior Notes Redemption Sublimit with respect to the first \$400 million of such remaining proceeds (the "Remaining Proceeds Application Amount") and would apply an amount equal to such Remaining Proceeds Application Amount to ratably reduce the Revolving Loan Commitments and to prepay the Separated Funded Loans.

WHEREAS, thereafter Borrowers issued such New Senior Notes, repaid the Term Loans in full, did not elect to establish the Existing Senior Notes Redemption Sublimit and applied the remaining proceeds (in excess of \$400 million) to ratably reduce the Revolving Loan Commitments and to prepay the Separated Funded Loans as provided by the Third Amendment.

WHEREAS, Owens Brockway intends to issue certain additional senior notes (the "**2003 Senior Notes**"), constituting New Senior Debt and desires to establish the Existing Senior Notes Redemption Sublimit with respect to up to \$312,000,000 of the Net Debt Securities Proceeds arising therefrom, with any remaining Net Debt Securities Proceeds arising therefrom to be applied to ratably reduce the Revolving Loan Commitments and to prepay the Separated Funded Loans pursuant to the Credit Agreement as required by subsection 2.4A(ii)(e);

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

SECTION 1. CONSENT TO ESTABLISHMENT OF EXISTING SENIOR NOTES REDEMPTION SUBLIMIT.

The undersigned Lenders executing and delivering this Amendment (which constitute Requisite Lenders) agree that, notwithstanding the limitation contained in subsection 2.4A(ii)(e)(2)(A) on the establishment of the Existing Senior Notes Redemption Sublimit with respect to Net Debt Securities Proceeds arising from the issuance of New Senior Debt and notwithstanding the provisions of subsection 2.4A(ii)(e)(2)(B) that would otherwise require the permanent reduction of the Revolving Loan Commitments and repayment of Separated Funded Loans in the amount of the Net Debt Securities Proceeds arising from the issuance of the 2003 Senior Notes, Borrowers may establish the Existing Senior Notes Redemption Sublimit with respect to up to \$312,000,000 of Net Debt Securities Proceeds arising from the issuance of the 2003 Senior Notes pursuant to subsection 2.4A(ii)(e)(2)(A), and such reservation shall be deemed application of such portion of such Net Debt Securities Proceeds as required by subsection 2.4A(ii)(e); provided, that, the amount of the Revolving Loan Commitments so reserved shall thereafter be used solely to redeem, prepay, repurchase or defease Existing Senior Notes maturing in 2004 (and not Existing Senior Notes maturing in 2005, as subsection 2.4A(ii)(e)(2)(A) would otherwise permit) and to pay any applicable premiums and other fees and expenses related thereto. Such redemption of the Existing Senior Notes maturing in 2004 may be effected either by the making of a Restricted Junior Payment to Holdings so as to permit Holdings to redeem, prepay, repurchase or defease such notes as contemplated by subsection 6.12B or,

notwithstanding subsection 6.12B, by direct payment by Owens Brockway. For avoidance of doubt, the last sentence of subsection 2.4A(ii)(e)(2)(C) shall not apply to amounts reserved to the Existing Senior Notes Redemption Sublimit pursuant to this Section 1.

SECTION 2. CONSENT TO AMENDMENT OF COLLATERAL DOCUMENTS AND INTERCREDITOR AGREEMENT BY COLLATERAL AGENT AND ADMINISTRATIVE AGENT.

The undersigned Lenders executing and delivering this Amendment (which constitute Requisite Lenders) agree that upon the issuance of the 2003 Senior Notes, the qualification of such 2003 Senior Notes as New Senior Debt and the effectiveness of this Amendment, Collateral Agent and Administrative Agent may appropriately modify the Collateral Documents and the Intercreditor Agreement to provide that any of the 2003 Senior Notes that are to be secured by the Collateral are secured equally and ratably (i.e., on the same basis and by the same collateral as) with Owens Brockway's 8 7/8% Senior Secured Notes due 2009 and 8 3/4 % Senior Secured Notes due 2012 and, in connection therewith, may make other appropriate clarifying or conforming changes thereto (including any such changes to reflect that the 8 3/4 % Senior Secured Notes due 2012 are so equally and ratably secured with such 8 7/8% Senior Secured Notes due 2009).

SECTION 3. CONDITIONS TO EFFECTIVENESS

This Amendment shall become effective only upon the satisfaction of all of the following conditions precedent (the date of satisfaction of such conditions being referred to herein as the "**Fourth Amendment Effective Date**");

3

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

- (i) Signature and incumbency certificates of its officers executing this Amendment; and
- (ii) Executed copies of this Amendment.

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

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

SECTION 4. COMPANY'S REPRESENTATIONS AND WARRANTIES

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

4.1 Corporate Power and Authority. Company and each Borrower has all requisite corporate power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, the Credit Agreement as amended by this Amendment (the "**Amended Agreement**").

4.2 Authorization of Agreements. The execution and delivery of this Amendment and the performance of the Amended Agreement have been duly authorized by all necessary corporate action on the part of Company and each Borrower.

4.3 No Conflict. The execution and delivery by Company and each Borrower of this Amendment and the performance by each Loan Party of the Amended Agreement do not and will not (i) violate any provision of any law or any governmental rule or regulation applicable to Company or any of its Subsidiaries, the Certificate or Articles of Incorporation or Bylaws of Company or any of its Subsidiaries or any order, judgment or decree of any court or

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other agency of government binding on Company or any of its Subsidiaries, (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of Company or any of its Subsidiaries, (iii) result in or require the creation or imposition of any Lien upon any of the properties or assets of Company or any of its Subsidiaries (other than Liens in favor of the Collateral Agent), or (iv) require any approval of stockholders or any approval or consent of any Person under any Contractual Obligation of Company or any of its Subsidiaries, other than those approvals and consents which have been obtained.

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

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

4.6 Incorporation of Representations and Warranties From Credit Agreement. The representations and warranties contained in Section 4 of the Credit Agreement are and will be true, correct and complete in all material respects on and as of the Fourth Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true, correct and complete in all material respects on and as of such earlier date.

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

SECTION 5. MISCELLANEOUS

5.1 Reference to and Effect on the Credit Agreement and the Other Loan Documents.

(i) On and after the Fourth Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Amended Agreement.

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

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

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

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

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

5.5 Counterparts; Effectiveness. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Amendment shall become effective upon the execution of a counterpart hereof by Company, each Borrower and Requisite Lenders and receipt by Company and Administrative Agent of written or telephonic notification of such execution and authorization of delivery thereof and satisfaction of the conditions set forth in Section 3. Delivery of an executed counterpart of a signature page of this Amendment by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment.

[Remainder of page intentionally left blank]

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

COMPANY:

OWENS-ILLINOIS GROUP, INC.

By: /s/ James W. Baehren

Name: James W. Baehren

Title: Vice President and Secretary

BORROWERS:

OWENS-BROCKWAY GLASS CONTAINER INC.

By: /s/ James W. Baehren

Name: James W. Baehren

Title: Vice President and Secretary

OI GENERAL FTS INC.

By: /s/ James W. Baehren
Name: James W. Baehren
Title: Vice President and Secretary

OI PLASTIC PRODUCTS FTS INC.

By: /s/ James W. Baehren
Name: James W. Baehren
Title: Vice President and Secretary

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

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UNITED GLASS LIMITED

By: /s/ James W. Baehren
Name: James W. Baehren
Title: By Power of Attorney

UNITED GLASS GROUP LIMITED

By: /s/ James W. Baehren
Name: James W. Baehren
Title: By Power of Attorney

OWENS-ILLINOIS (AUSTRALIA) PTY LIMITED

By: /s/ James W. Baehren
Name: James W. Baehren
Title: By Power of Attorney

ACI OPERATIONS PTY LIMITED

By: /s/ James W. Baehren
Name: James W. Baehren
Title: By Power of Attorney

OI ITALIA S.R.L.

By: /s/ James W. Baehren
Name: James W. Baehren
Title: By Special Power of Attorney

AZIENDE VETRARIE INDUSTRIALI RICCIARDI S.P.A.

By: /s/ James W. Baehren
Name: James W. Baehren
Title: By Special Power of Attorney

S-2

Individually and as Administrative Agent and Collateral Agent

By: /s/ M.A. Orlando
Name: Marco Orlando
Title: Director

S-3

ALLSTATE LIFE INSURANCE COMPANY

By: /s/ Chris Goergen
Name: Chris Goergen
Title: Authorized Signatory

By: /s/ Patricia W. Wilson
Name: Patricia W. Wilson
Title: Authorized Signatory

BANCA POPOLARE DI MILANO – NEW YORK BRANCH

By: /s/ Giorgio Cuccolo
Name: Giorgio Cuccolo
Title: Executive Vice President & General Manager

By: /s/ Robert De Santes
Name: Robert De Santes
Title: First Vice President & Head of Corporate Banking

BANK LEUMI USA

By: /s/ Jonng Hee Hong
Name: Jonng Hee Hong
Title: Vice President

BANK OF AMERICA, N.A.

By: /s/ Thomas R. Durham
Name: Thomas R. Durham
Title: Managing Director

S-4

BANK OF SCOTLAND

By: /s/ Joseph Fratus
Name: Joseph Fratus
Title: First Vice President

BANK ONE, NA

By: /s/ Karen C. Ryan
Name: Karen C. Ryan
Title: Director

BANK PEKAO SA (AKA BANK POLSKA KASA OPIEKI SA)

By: /s/ William G. Reynolds
Name: William G. Reynolds
Title: Vice President

BARCLAYS BANK PLC

By: /s/ Edward G. Hamway, Jr. _____
Name: Edward G. Hamway, Jr.
Title: Director

BEAR STEARNS INVESTMENT PRODUCTS INC.

By: /s/ Keith Barnish _____
Name: Keith Barnish
Title: Senior Managing Director

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BLACK DIAMOND INTERNATIONAL FUNDING, LTD.

By: /s/ Alan Corkish _____
Name: Alan Corkish
Title: Director

BLACK DIAMOND CLO 2000-1 LTD.

By: /s/ Alan Corkish _____
Name: Alan Corkish
Title: Director

BLACK DIAMOND CLO 1998-1 LTD.

By: /s/ Alan Corkish _____
Name: Alan Corkish
Title: Director

BNP PARIBAS

By: /s/ Rosalie Hawley _____
Name: Rosalie Hawley
Title: Director

By: /s/ Peter Labrie _____
Name: Peter Labrie
Title: Central Region Manager

S-6

BoS (USA) INC.

By: /s/ Joseph Fratus _____
Name: Joseph Fratus
Title: First Vice President

BANK OF SCOTLAND
As Administrative Agent for BoS (USA) Inc.

CITIBANK N.A.

By: /s/ Suzanne Crymes _____
Name: Suzanne Crymes
Title: Vice President

COMERICA BANK

By: /s/ Ryan Oliver _____
Name: Ryan Oliver
Title: Account Officer

COMMERZBANK

Aktiengesellschaft
New York and Grand Cayman Branches

By: /s/ Graham A. Warning _____
Name: Graham A. Warning
Title: Assistant Vice President

By: /s/ J. Timothy Shortly _____
Name: J. Timothy Shortly
Title: Senior Vice President

S-7

COOKSMILL

By: /s/ David Muldoon _____
Name: David Muldoon
Title: Authorised Signatory

CREDIT INDUSTRIEL ET COMMERCIAL

By: /s/ Brian O'Leary _____
Name: Brian O'Leary
Title: Vice President

By: /s/ Sean Mounier _____
Name: Sean Mounier
Title: First Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Lee E. Greve _____
Name: Lee E. Greve
Title: First Vice President

DENALI CAPITAL LLC, managing member of DC Funding Partners, portfolio manager for Denali Capital CLO I, LTD., or an affiliate

By: /s/ John P. Thacker _____
Name: John P. Thacker
Title: Chief Credit Officer

S-8

DENALI CAPITAL LLC, managing member of DC Funding Partners, portfolio manager for Denali Capital CLO II, LTD., or an affiliate

By: /s/ John P. Thacker
Name: John P. Thacker
Title: Chief Credit Officer

DENALI CAPITAL LLC, managing member of DC Funding Partners, portfolio manager for Denali Capital CLO III, LTD., or an affiliate

By: /s/ John P. Thacker
Name: John P. Thacker
Title: Chief Credit Officer

ERSTE BANK, NEW YORK BRANCH

By: /s/ Gregory T. Aptman
Name: Gregory T. Aptman
Title: Vice President

By: /s/ Robert R. Suehnholz
Name: Robert R. Suehnholz
Title: First Vice President

FRANKLIN FLOATING RATE TRUST

By: /s/ David Ardini
Name: David Ardini
Title: Assistant Vice President

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FRANKLIN CLO II, LIMITED

By: /s/ David Ardini
Name: David Ardini
Title: Vice President

FRANKLIN CLO III, LIMITED

By: /s/ David Ardini
Name: David Ardini
Title: Vice President

FIFTH THIRD BANK

By: /s/ Michael R. Miller
Name: Michael R. Miller
Title: Executive Vice President

FIRSTMERIT BANK, N.A.

By: /s/ Edward D. Yannayon
Name: Edward D. Yannayon
Title: Senior Vice President

FLEET NATIONAL BANK

By: /s/ Marwan Isbaih
Name: Marwan Isbaih
Title: Director

FOOTHILL INCOME TRUST II, L.P.

By FIT II GP, LLC, its Gen Partner

By: /s/ Sean T. Dixon

Name: Sean T. Dixon

Title: Managing Member

GALAXY CLO 1999-1 LTD.

By: /s/ W. Jeffrey Baxter

Name: W. Jeffrey Baxter

Title: Authorized Agent

GALLATIN FUNDING I LTD.

By: Bear Stearns Asset Management Inc.
as its Collateral Manager

By: /s/ Niall D. Rosenzweig

Name: Niall D. Rosenzweig

Title: Associate Director

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ Jerome McDermott

Name: Jerome McDermott

Title: Duly Authorized Signatory

GRAYSTON CLO 2001-01 LTD.

By: Bear Stearns Asset Management Inc.
as its Collateral Manager

By: /s/ Niall D. Rosenzweig

Name: Niall D. Rosenzweig

Title: Associate Director

HARCH CLO I, LTD.

By: /s/ Michael E. Lewitt

Name: Michael E. Lewitt

Title: Authorized Signatory

JPMORGAN CHASE BANK

By: /s/ Peter S. Predun

Name: Peter S. Predun

Title: Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ W. Robert Perkins

Name: W. Robert Perkins

Title: Vice President

KZH RIVERSIDE LLC

By: /s/ Susan Lee _____
Name: Susan Lee
Title: Authorized Agent

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KZH SOLEIL LLC

By: /s/ Susan Lee _____
Name: Susan Lee
Title: Authorized Agent

KZH SOLEIL – 2 LLC

By: /s/ Susan Lee _____
Name: Susan Lee
Title: Authorized Agent

KZH WATERSIDE LLC

By: /s/ Susan Lee _____
Name: Susan Lee
Title: Authorized Agent

LLOYDS TSB BANK plc

By: /s/ Nicholas J. Bruce _____
Name: Nicholas J. Bruce
Title: Vice President Credit Services

By: /s/ Matthew A.L. Packham _____
Name: Matthew A.L. Packham
Title: Assistant Director Credit Services

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MERRILL LYNCH CAPITAL, A DIVISION OF MERRILL LYNCH BUSINESS FINANCIAL SERVICES INC.

By: /s/ K. Craig Gallehugh _____
Name: K. Craig Gallehugh
Title: Director

MONUMENT CAPITAL LTD, AS ASSIGNEE

By: Alliance Capital Management L.P. as Investment Manager
By: Alliance Capital Management Corporation, as General Partner

ALLIANCE CAPITAL FUNDING, L.L.C., AS ASSIGNEE

By: Alliance Capital Management L.P. as Manager
By: Alliance Capita Management Corporation, as General Partner

By: /s/ Sverker Johansson _____
Name: Sverker Johansson
Title: Vice President

NATIONAL BANK OF EGYPT, NEW YORK BRANCH

By: /s/ Carmelo L. Foti
Name: Carmelo L. Foti
Title: Vice President

By: /s/ Khaled El-Ghorab
Name: Khaled El-Ghorab
Title: Assistant Manager

NORTHWOODS CAPITAL, LIMITED

By: Angelo, Gordon & Co., L.P., as Collateral Manager

By: /s/ John W. Fraser
Name: John W. Fraser
Title: Managing Director

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NORTHWOODS CAPITAL II, LIMITED

By: Angelo, Gordon & Co., L.P., as Collateral Manager

By: /s/ John W. Fraser
Name: John W. Fraser
Title: Managing Director

NORTHWOODS CAPITAL III, LIMITED

By: Angelo, Gordon & Co., L.P., as Collateral Manager

By: /s/ John W. Fraser
Name: John W. Fraser
Title: Managing Director

OAK HILL SECURITIES FUND, L.P.

By: Oak Hill Securities GenPar , L.P., its General Partner

By: Oak Hill Securities MGP, Inc., its General Partner

By: /s/ Scott D. Krase
Name: Scott D. Krase
Title: Authorized Signatory

OAK HILL SECURITIES FUND II, L.P.

By: Oak Hill Securities GenPar II, L.P., its General Partner

By: Oak Hill Securities MGP II, Inc., its General Partner

By: /s/ Scott D. Krase
Name: Scott D. Krase
Title: Authorized Signatory

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OAK HILL CREDIT PARTNERS I, LIMITED

By: Oak Hill CLO Management I, LLC as Investment Manager

By: /s/ Scott D. Krase
Name: Scott D. Krase
Title: Authorized Signatory

OAK HILL CREDIT PARTNERS II, LIMITED

By: Oak Hill CLO Management II, LLC as Investment Manager

By: /s/ Scott D. Krase
Name: Scott D. Krase
Title: Authorized Signatory

PINEHURST TRADING, INC.

By: /s/ Diana M. Himes
Name: Diana M. Himes
Title: Assistant Vice President

ROYAL BANK OF CANADA

By: /s/ R.S. Chang
Name: R.S. Chang
Title: Vice President

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RZB FINANCE LLC

By: /s/ Klaus D. Heln
Name: Klaus D. Heln
Title: Vice President

By: /s/ Frank J. Yautz
Name: Frank J. Yautz
Title: First Vice President

SEQUILS-GLACE BAY, LTD.

By Royal Bank of Canada as Collateral Manager

By: /s/ Melissa Marano
Name: Melissa Marano
Title: Partner

STANWICH LOAN FUNDING LLC

By: /s/ Diana M. Himes
Name: Diana M. Himes
Title: Assistant Vice President

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Lee E. Pagarigan
Name: Lee E. Pagarigan
Title: Senior Vice President

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SUNAMERICA LIFE INSURANCE COMPANY

By: /s/ W. Jeffrey Baxter
Name: W. Jeffrey Baxter
Title: Authorized Agent

THE BANK OF NOVA SCOTIA

By: /s/ V. Gibson
Name: V. Gibson
Title: Assistant Agent

TORONTO DOMINION (TEXAS), INC.

By: /s/ Rachel Suiter
Name: Rachel Suiter
Title: Vice President

TRS I LLC

By: /s/ Rosemary F. Dunne
Name: Rosemary F. Dunne
Title: Vice President

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**BAYERISCHE HYPO-UND VEREINSBANK AG
New York Branch**

By: /s/ Yoram Dankner
Name: Yoram Dankner
Title: Managing Director

By: /s/ Tricia Grieve
Name: Tricia Grieve
Title: Director

WESTPAC BANKING CORPORATION

By: /s/ Tony Smith
Name: Tony Smith
Title: Vice President

**WESTLB AG (FORMERLY KNOWN AS WESTDEUTSCHE LANDESBANK
GIROZENTRALE), NEW YORK BRANCH**

By: /s/ Salvatore Battinelli
Name: Salvatore Battinelli
Title: Managing Director Credit Department

By: /s/ Duncan M. Robertson
Name: Duncan M. Robertson
Title: Director

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OWENS BROCKWAY GLASS CONTAINER INC.**Issuer****and****The Guarantors set forth in Annex A attached hereto**

**Fourth Supplemental Indenture
dated as of May 6, 2003**

7 3/4% Senior Secured Notes due 2011

U.S. Bank National Association**Trustee**

Fourth Supplemental Indenture, dated as of May 6, 2003 (the "*Fourth Supplemental Indenture*"), to the Indenture, dated as of January 24, 2002 (the "*Indenture*") among Owens-Brockway Glass Container Inc., a Delaware corporation (the "*Company*"), the Guarantors (as defined in the Indenture) and U.S. Bank National Association, a national banking association, as Trustee (the "*Trustee*").

WITNESSETH

WHEREAS, the Company duly authorized, executed and delivered to the Trustee the Indenture to provide for the issuance from time to time of its Securities (as defined in the Indenture) to be issued in one or more series;

WHEREAS, the Company and the Guarantors desire and have requested the Trustee to join it in the execution and delivery of this Fourth Supplemental Indenture in order to establish and provide for the issuance by the Company of a series of Securities designated as its 7 3/4% Senior Secured Notes due 2011 in an unlimited aggregate principal amount (the "*Notes*"), on the terms set forth herein;

WHEREAS, the Company now wishes to issue \$450,000,000 of Notes;

WHEREAS, Section 9.01 of the Indenture provides that a supplemental indenture may be entered into by the Company, the Guarantors and the Trustee without the consent of any holder of any Securities to, *inter alia*, establish the terms of any Securities permitted by Sections 2.01 and 2.02 of the Indenture, *provided* certain conditions are met;

WHEREAS, the conditions set forth in the Indenture for the execution and delivery of this Fourth Supplemental Indenture have been satisfied; and

WHEREAS, all things necessary to make this Fourth Supplemental Indenture a valid agreement of the Company, the Guarantors and the Trustee, in accordance with its terms, and a valid amendment of, and supplement to, the Indenture have been done.

NOW THEREFORE:

There is hereby established a series of Securities to be issued under the Indenture, which series of Securities shall have the terms set forth herein and in the Notes, and in consideration of the premises and the purchase and acceptance of the Notes by the Holders thereof, the Company and the Guarantors mutually covenant and agree with the Trustee, for the equal and proportionate benefit of all holders of the Notes, that the Indenture is supplemented and amended, to the extent and for the purposes expressed herein, as follows:

ARTICLE 1.**SCOPE OF THIS FOURTH SUPPLEMENTAL INDENTURE****Section 1.01. Changes, etc. Applicable Only to the Notes.**

The changes, modifications and supplements to the Indenture effected by this Fourth Supplemental Indenture in Sections 2.01 through 2.10 hereof shall only be applicable with respect to, and govern the terms of, the Notes, which shall not be limited in aggregate principal amount, and shall not apply to any other Securities which may be issued under the Indenture unless a supplemental indenture with respect to such other Securities specifically incorporates such changes, modifications and supplements.

ARTICLE 2.

AMENDMENTS TO THE INDENTURE

Section 2.01. Amendments to Article 1.

Section 1.01 of the Indenture is hereby amended by adding the following definitions in their proper alphabetical order which, in the event of a conflict with the definition of terms in the Indenture, shall control:

“*Acquired Debt*” means, with respect to any specified Person: (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Asset Sale*” means: (1) the sale, lease, conveyance or other disposition of any assets; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of OI Group and its Restricted Subsidiaries taken as a whole shall be governed by Article 5 and not by Section 4.11; and (2) the issuance of Equity Interests by any of OI Group’s Restricted Subsidiaries or the sale of Equity Interests in any of OI Group’s Restricted Subsidiaries. Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales: (1) any single transaction or series of related transactions that involves assets or Equity Interests having a Fair Market Value of less than \$10.0 million; (2) a transfer of assets between or among OI Group and its Restricted Subsidiaries; (3) an issuance of Equity Interests by a Restricted Subsidiary of OI Group to OI Group or to another Restricted Subsidiary of OI Group; (4) the sale or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business; (5) the sale, lease, conveyance or other disposition of any assets securing this Indenture or the Credit Agreement in connection with the enforcement of the security interests contained therein pursuant to the terms of the Intercreditor Agreement; (6) the sale or other disposition of cash or Cash Equivalents; (7) a Restricted Payment that is permitted

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by Section 4.12; and (8) the exchange of assets held by OI Group or a Restricted Subsidiary of OI Group for assets held by any Person or entity (including Equity Interests of such Person or entity), *provided* that (i) the assets received by OI Group or such Restricted Subsidiary of OI Group in any such exchange shall immediately constitute, be part of, or be used in a Permitted Business; and (ii) any such assets received are of a comparable Fair Market Value to the assets exchanged as determined in good faith by OI Group.

“*Cash Equivalents*” means: (1) United States dollars; (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof and (a) backed by the full faith and credit of the United States or (b) having a rating of at least AAA from S&P or at least Aaa from Moody’s, in each case maturing not more than one year from the date of acquisition; (3) securities issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year of the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody’s; (4) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers’ acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any lender under the Credit Agreement or any domestic commercial bank having capital and surplus of not less than \$250.0 million; (5) repurchase and reverse repurchase obligations for underlying securities of the types described in clauses (2) and (4) above entered into with any financial institution meeting the qualifications specified in clause (4) above; (6) commercial paper having the highest rating obtainable from Moody’s or S&P and in each case maturing within one year from the date of creation thereof; and (7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition or that has a rating of at least AAA from S&P or at least Aaa from Moody’s.

“*Change of Control*” means the occurrence of any of the following: (1) OI Inc. or OI Group becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than the Principals and their Related Parties, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 35% or more of the total voting power of the Voting Stock of OI Inc.; or (2) the first day on which a majority of the members of the Board of Directors of OI Inc. are not Continuing Directors; or (3) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where (A) the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the

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outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and (B) immediately after such transaction, no “person” or “group” (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), other than the Principals and their Related Parties, becomes, directly or indirectly, the beneficial owner (as defined above) of 35% or more of the voting power of all classes of Voting Stock of the Company; or (4) the first day on which OI Inc. fails to own 100% of the issued and outstanding Equity Interests of OI Group.

“*Collateral Documents*” means, collectively, the Intercreditor Agreement, the Pledge Agreement and the Security Agreement, each as in effect on the Issue Date and as amended, amended and restated, modified, renewed, replaced or restructured from time to time and the Mortgages each as in effect on the Issue Date and any additional Mortgages created from time to time, and as amended, amended and restated, modified, renewed or replaced from time to time.

“*Consolidated Cash Flow*” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*: (1) an amount equal to any extraordinary loss realized by such Person or any of its Restricted Subsidiaries in connection with any sale or other disposition of assets, to the extent such losses were deducted in computing such Consolidated Net Income; *plus* (2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus* (3) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including without limitation amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; *plus* (4) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges and expenses were deducted in computing such Consolidated Net Income; *minus* (5) an amount equal to any extraordinary gain realized by such Person or any of its Restricted Subsidiaries in connection with any sale or other disposition of assets, to the extent such gains were included in computing such Consolidated Net Income; *minus* (6) pension expenses, retiree medical expenses and any other material non-cash items increasing Consolidated Net Income for such period that are disclosed in such Person’s financial statements, other than accrual of revenue in the ordinary course of business, in each case without duplication, on a consolidated basis and determined in accordance with GAAP; *minus* (7) net cash payments to OI Inc. by OI Group for (i) claims of persons for exposure to asbestos containing products and expenses related thereto and (ii) dividends on any outstanding preferred stock of OI Inc., in each case without duplication, on a consolidated basis and determined in accordance with GAAP.

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Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation, amortization and other non-cash charges and expenses of, a Restricted Subsidiary of OI Group shall be added to Consolidated Net Income to compute Consolidated Cash Flow of OI Group only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to OI Group by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and would not be prohibited, directly or indirectly, by the operation of the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders, other than agreements, instruments, judgments, decrees, orders, statutes, rules and government regulations existing on January 24, 2002.

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that: (1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Wholly Owned Restricted Subsidiary of the specified Person; (2) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, is prohibited, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, other than agreements, instruments, judgments, decrees, orders, statutes, rules and government regulations existing on January 24, 2002; (3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded; (4) the cumulative effect of a change in accounting principles under GAAP shall be excluded; (5) all extraordinary, unusual or nonrecurring gains and losses (including without limitation any one-time costs incurred in connection with acquisitions) (together with any related provision for taxes) shall be excluded; (6) any gain or loss (together with any related provision for taxes) realized upon the sale or other disposition of any property, plant or equipment of the specified Person or its Restricted Subsidiaries (including pursuant to any sale and leaseback arrangement) which is not sold or otherwise disposed of in the ordinary course of business and any gain or loss (together with any related provision for taxes) realized upon the sale or other disposition by the specified Person or any Restricted Subsidiary of the specified Person of any Capital Stock of any Person or any Asset Sale shall be excluded to the extent that any such gain or loss exceeds \$5.0 million with respect to any one occurrence or \$15.0 million in the aggregate with respect to gains or losses during any twelve-month period; (7) the Net Income of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries; and (8) any deduction for minority owners’ interest in earnings of Subsidiaries shall be excluded.

“*Continuing Directors*” means, as of any date of determination, any member of the Board of Directors of OI Inc., who: (1) was a member of such Board of

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Directors on the Issue Date; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

“*Credit Agreement*” means that certain Secured Credit Agreement, dated as of April 23, 2001, by and among the Borrowers named therein, OI Group and Owens-Illinois General, Inc., as Borrower’s Agent, Deutsche Bank Securities Inc., formerly Deutsche Banc Alex. Brown, and Banc of America Securities LLC, as Joint Lead Arrangers and Joint Book Managers, Deutsche Bank AG, London Branch, as UK Administrative Agent, Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as Administrative Agent, and the other Agents and the other Lenders named therein, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, amended and restated, modified, renewed, refunded, replaced, substituted or refinanced or otherwise restructured (including but not limited to, the inclusion of additional borrowers thereunder) from time to time.

“*Credit Agreement Domestic Borrowers*” means the Company, OI General FTS Inc. and OI Plastic Products FTS Inc., to the extent at the time of determination such entity is a borrower under the Credit Agreement and any other Domestic Subsidiary of OI Group that is, at the relevant time, a borrower under the Credit Agreement.

“*Credit Facilities*” means (1) one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other lenders providing for revolving credit loans, term loans, bankers acceptances, receivables financing (including

through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced, refinanced or otherwise restructured in whole or in part from time to time (collectively, “Bank Facilities”); and (2) notes, debentures or other financing instruments or any combination thereof incurred after the Issue Date (“Non-Bank Refinancing”), including any refinancing thereof, to the extent such Non-Bank Refinancing replaces, refinances or otherwise restructures Indebtedness under Credit Facilities.

“Designated Noncash Consideration” means the noncash consideration received by OI Group or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Noncash Consideration pursuant to an Officers’ Certificate setting forth the basis of such valuation, executed by an officer of OI Group or the Company, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Noncash Consideration.

“Disqualified Stock” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the Holder thereof), or upon the happening of any event, matures or is mandatorily redeemable (other than as a result of a change of control or asset sale), pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the Holder thereof (other than as a result of a change of control or asset sale), in whole or in

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part, on or prior to the date that is 91 days after the date on which the Notes mature or are no longer outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the Holders thereof have the right to require OI Group or the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that OI Group or the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.12.

“Equity Offering” means any public or private sale of common stock (other than Disqualified Stock) of OI Inc. (other than public offerings with respect to common stock registered on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of OI Inc.).

“Existing Indebtedness” means the aggregate principal or commitment amount of Indebtedness of OI Group and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the Issue Date (including the 8 1/4% Senior Notes due 2013 offered concurrently herewith and the related Guarantees to be issued on the Issue Date and the exchange notes and the related Guarantees to be issued as contemplated by the registration rights agreement executed with respect thereto), until such amounts are repaid or terminated.

“Existing IRBs” means the Holmes County Ohio 5.85% Industrial Revenue Bonds due 2007, the Kansas City, Missouri Industrial Development Revenue Bonds due 2008 and the City of Mentor, Ohio Industrial Development Bonds due 2004, and any extensions, renewals or refinancings thereof to the extent that such extensions, renewals and refinancings thereof do not result in an increase in the aggregate principal amount of such Existing IRBs.

“Existing Senior Notes” means the Company’s 8 7/8% Senior Secured Notes due 2009 and its 8 3/4% Senior Secured Notes due 2012.

“Fixed Charge Coverage Ratio” means with respect to any specified Person and its Restricted Subsidiaries for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Calculation Date”), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of calculating the Fixed Charge Coverage Ratio: (1) acquisitions and dispositions that have been made by the specified

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Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act; (2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded; (3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; (4) the consolidated interest expense attributable to interest on any Indebtedness computed on a pro forma basis and (a) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (b) that was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate; and (5) the consolidated interest expense attributable to interest on any working capital borrowings under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such working capital borrowings during the applicable period.

“Fixed Charges” means, with respect to any specified Person and its Restricted Subsidiaries for any period, the sum, without duplication, of: (1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to attributable debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all

payments made or received pursuant to Hedging Obligations; plus (2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus (3) interest actually paid by the Company or any such Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person; plus (4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock or preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of OI Group (other than Disqualified Stock) or to OI Group or a Restricted Subsidiary of OI Group, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

“*Global Note*” means a Note issued to evidence all or a part of the Notes that is executed by the Company and authenticated and delivered by the Trustee to a Depository or pursuant to such Depository’s instructions, all in accordance with this

Indenture and pursuant to Sections 2.01, 2.06(b)(iv), 2.06(d)(ii) or 2.06(f), which shall be registered as to principal and interest in the name of such Depository or its nominee.

“*Guarantors*” means: (1) OI Group; (2) each direct or indirect Domestic Subsidiary of OI Group (other than the Company) that guarantees the Credit Agreement as of the Issue Date; and (3) each future direct or indirect Domestic Subsidiary of OI Group that guarantees the Credit Agreement and executes a Guarantee of the Notes in accordance with the provisions of this Indenture and the Fourth Supplemental Indenture; and their respective successors and assigns.

“*Intercreditor Agreement*” means the intercreditor agreement, dated as of April 23, 2001, by and among Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as administrative agent for the lenders party to the Credit Agreement, Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as Collateral Agent and any other parties thereto, as amended, amended and restated or otherwise modified from time to time.

“*Investment Grade Permitted Liens*” means: (1) Liens arising under the Collateral Documents other than Liens securing the OI Inc. Senior Notes on the Issue Date; (2) Liens incurred after the Issue Date on the assets (including shares of Capital Stock and Indebtedness) of OI Group or any Domestic Subsidiary of OI Group; provided, however, that the aggregate amount of Indebtedness and other obligations at any time outstanding secured by such Liens pursuant to clause (1) above and this clause (2) shall not exceed the sum of \$5.5 billion plus 50% of Tangible Assets acquired by the Company or any Domestic Subsidiary after January 24, 2002; (3) Liens in favor of OI Group or any Domestic Subsidiary of OI Group; (4) Liens on property or shares of capital stock of a Person existing at the time such Person is merged with or into or consolidated with OI Group or any Domestic Subsidiary of OI Group; provided that such Liens were not incurred in connection with or in contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with OI Group or the Domestic Subsidiary; (5) Liens on property or shares of capital stock existing at the time of acquisition thereof by OI Group or any Domestic Subsidiary of OI Group, provided that such Liens were not incurred in connection with or in contemplation of such acquisition and do not extend to any property other than the property so acquired by OI Group or the Domestic Subsidiary; (6) Liens (including extensions and renewals thereof) upon real or personal (whether tangible or intangible) property acquired after the Issue Date, provided that: (a) such Lien is created solely for the purpose of securing Indebtedness incurred to finance all or any part of the purchase price or cost of construction or improvement of property, plant or equipment 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, plant or equipment or to refinance any such 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; (7) Liens to secure any Capital Lease Obligation or operating lease; (8) Liens encumbering customary initial deposits and margin deposits; (9) Liens securing Indebtedness under Hedging Obligations; (10) Liens

arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by OI Group or any of its Domestic Subsidiaries in the ordinary course of business of OI Group and its Domestic Subsidiaries; (11) Liens on or sales of receivables and customary cash reserves established in connection therewith; (12) Liens securing OI Group’s or any of its Domestic Subsidiary’s obligations in respect of bankers’ acceptances issued or created to facilitate the purchase, shipment or storage of inventory or other goods; and (13) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor.

“*Investment Grade Ratings*” means a debt rating of the Notes of BBB- or higher by S&P and Baa3 or higher by Moody’s or the equivalent of such ratings by S&P or Moody’s or in the event S&P or Moody’s shall cease rating the Notes and the Company shall select any other Rating Agency, the equivalent of such ratings by such other Rating Agency.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons in the forms of loans (including Guarantees thereof), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If OI Group or any Restricted Subsidiary of OI Group sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of OI Group such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of OI Group, OI Group shall be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.12. The acquisition by OI Group or any Restricted Subsidiary of OI Group of a Person that holds an Investment in a third Person shall be deemed to be an Investment by OI Group or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.12.

“*Issue Date*” means the date on which the Notes are originally issued.

“KKR” means Kohlberg Kravis Roberts & Co., L.P., a Delaware limited partnership.

“Liquidated Damages” means the payment of liquidated damages as set forth in the Registration Rights Agreement.

“Moody’s” means Moody’s Investors Service, Inc. or any successor rating agency.

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“Net Income” means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“Net Proceeds” means the aggregate cash proceeds received by OI Group or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of any bona fide direct costs relating to such Asset Sale, including, without limitation, reasonable legal, accounting and investment banking fees, reasonable sales commissions, any reasonable relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness that is paid with the proceeds of such Asset Sale and any reasonable reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP and for the after-tax cost of any indemnification payments (fixed and contingent) attributable to sellers’ indemnities to the purchaser.

“Notes” shall have the meaning specified in the second recital of the Fourth Supplemental Indenture.

“Offshore Collateral Documents” means the Offshore Security Agreements and mortgages (as defined in the Credit Agreement) securing real property outside of the United States of America.

“Offshore Security Agreements” has the meaning assigned to such term in the Credit Agreement.

“OI Inc. Ordinary Course Payments” means dividends or other distributions by, or payments of Intercompany Indebtedness from, OI Group to OI Inc. necessary to permit OI Inc. to pay any of the following items which are then due and payable: (i) Permitted OI Inc. Debt Obligations; (ii) claims of persons for exposure to asbestos-containing products and expenses related thereto; (iii) consolidated tax liabilities of OI Inc. and its Subsidiaries; and (iv) general administrative costs and other on-going expenses of OI Inc. in the ordinary course of business consistent with past practices.

“OI Inc. Senior Notes” means the Indebtedness of OI Inc. outstanding as of any date pursuant to its \$300.0 million aggregate principal amount of 7.85% Senior Notes due 2004, \$350.0 million aggregate principal amount of 7.15% Senior Notes due 2005, \$300.0 million aggregate principal amount of 8.10% Senior Notes due 2007, \$250.0 million aggregate principal amount of 7.35% Senior Notes due 2008, \$250.0 million aggregate principal amount of 7.50% Senior Debentures due 2010, and \$250.0 million aggregate principal amount of 7.80% Senior Debentures due 2018.

“Permitted Business” means any business conducted or proposed to be conducted (as described in the offering memorandum) by OI Group and its Restricted

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Subsidiaries on the Issue Date and other businesses reasonably related or ancillary thereto.

“Permitted Investments” means: (1) any Investment in the Company, OI Group or in a Restricted Subsidiary of OI Group; (2) any Investment in cash or Cash Equivalents and, with respect to Foreign Subsidiaries, short term Investments similar to Cash Equivalents customarily used in the countries in which such Foreign Subsidiaries are located; (3) any Investment by OI Group or any Restricted Subsidiary of OI Group in a Person, if as a result of such Investment: (a) such Person becomes a Restricted Subsidiary of OI Group; or (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, OI Group or a Restricted Subsidiary of OI Group; (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.11; (5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of OI Inc., the Company or OI Group; (6) Hedging Obligations; (7) advances to employees, officers and directors not in excess of \$2.0 million outstanding at any one time, in the aggregate; (8) obligations of employees, officers and directors, not in excess of \$2.0 million outstanding at any one time, in the aggregate, in connection with such employees’, officers’ or directors’ acquisition of shares of OI Inc. common stock, so long as no cash is actually advanced to such employees, officers or directors in connection with the acquisition of any such shares; (9) any Investment existing on the Issue Date; and (10) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other such Investments outstanding at any such time, not to exceed \$150.0 million.

“Permitted Liens” means: (1) Liens arising under the Collateral Documents other than Liens securing the OI Inc. Senior Notes on the Issue Date; (2) Liens incurred after the Issue Date on the assets (including shares of Capital Stock and Indebtedness) of OI Group or any Restricted Subsidiary of OI Group; *provided, however*, that the aggregate amount of Indebtedness and other obligations at any time outstanding secured by such Liens pursuant to clause (1) above and this clause (2) shall not exceed the sum of \$5.5 billion plus 50% of Tangible Assets acquired by the Company or any Guarantor or that are owned by any Restricted Subsidiary that becomes a Guarantor after January 24, 2002; (3) Liens in favor of OI Group or any Restricted Subsidiary of OI Group; (4) Liens on property or shares of capital stock of a Person existing at the time such Person is merged with or into or consolidated with OI Group or any Restricted Subsidiary of OI Group; *provided* that such Liens were not incurred in connection with or in contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with OI Group or the Restricted Subsidiary; (5) Liens on property or shares of capital stock existing at the time of acquisition thereof by OI Group or any Restricted Subsidiary of OI Group, *provided* that such Liens were not incurred in connection with or in contemplation of such acquisition and do not extend to any property other than the property so acquired by OI Group or the Restricted Subsidiary; (6) Liens on property or shares of capital stock of any Foreign

Liens (including extensions and renewals thereof) upon real or personal (whether tangible or intangible) property acquired after the Issue Date, *provided* that: (a) such Lien is created solely for the purpose of securing Indebtedness incurred to finance all or any part of the purchase price or cost of construction or improvement of property, plant or equipment 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, plant or equipment or to refinance any such 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; (8) Liens to secure any Capital Lease Obligation or operating lease; (9) Liens encumbering customary initial deposits and margin deposits; (10) Liens securing Indebtedness under Hedging Obligations; (11) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by OI Group or any of its Restricted Subsidiaries in the ordinary course of business of OI Group and its Restricted Subsidiaries; (12) Liens on or sales of receivables and customary cash reserves established in connection therewith; (13) Liens securing OI Group's or any of its Restricted Subsidiaries' obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of inventory or other goods; and (14) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor.

"Permitted OI Inc. Debt Obligations" means Obligations with respect to the OI Inc. Senior Notes and any refinancings of the \$300.0 million aggregate principal amount of 7.85% Senior Notes due 2004, the \$350.0 million aggregate principal amount of 7.15% Senior Notes due 2005 of OI Inc., the \$300.0 million aggregate principal amount of 8.10% Senior Notes due 2007, the \$250.0 million aggregate principal amount of 7.35% Senior Notes due 2008 and the \$250.0 million aggregate principal amount of 7.50% Senior Debentures due 2010, and the Existing IRBs and up to an additional \$50.0 million of IRB financing.

"Permitted Refinancing Indebtedness" means any Indebtedness of OI Group or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund such other Indebtedness of OI Group or any of its Restricted Subsidiaries (other than Intercompany Indebtedness); *provided* that: (1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed for more than 60 days the principal or commitment amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of any premiums necessary to accomplish such refinancing and such expenses incurred in connection therewith); (2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (3) if the Indebtedness being extended, refinanced, renewed, replaced,

defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Pledge Agreement" means the Pledge Agreement, dated as of April 23, 2001, by and among OI Group, OI Packaging, and Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as Collateral Agent, as amended, amended and restated or otherwise modified from time to time.

"Principals" means KKR and its Affiliates.

"Rating Agency" means any of: (1) S&P; (2) Moody's; or (3) if S&P or Moody's or both shall not make a rating of the Notes publicly available, a security rating agency or agencies, as the case may be, nationally recognized in the United States, selected by the Company, which shall be substituted for S&P or Moody's or both, as the case may be, and, in each case, any successors thereto.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of May 6, 2003, among the Company, the Guarantors named therein and the Initial Purchasers (as defined therein) with respect to the Notes and the Guarantees thereof, as amended or supplemented from time to time.

"Regulation S Temporary Global Security" means a temporary Global Security in the form of Exhibit D-2 bearing the Global Security Legend, the Private Placement Legend and the Regulation S Temporary Global Security Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"Related Party" means: (1) any controlling stockholder, partner, member, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any of the Principals; or (2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

"Restricted Investment" means an Investment other than a Permitted Investment.

"S&P" means Standard & Poor's Ratings Services, a division of McGraw Hill Inc., a New York corporation, or any successor rating agency.

“*Security Agreement*” means the Security Agreement, dated as of April 23, 2001, entered into by and among OI Group, each of the direct and indirect subsidiaries of OI Group signatory thereto, each additional grantor that may become a party thereto, and Deutsche Bank Trust Company Americas, formerly Bankers Trust

Company, as Collateral Agent, as amended, amended and restated, or otherwise modified from time to time.

“*Shelf Registration Statement*” means the shelf registration statement as defined in the Registration Rights Agreement.

“*Significant Subsidiary*” means any Restricted Subsidiary of OI Group that would be a “significant subsidiary” as defined in Article I, Rule 1-02 of Regulation S-X promulgated pursuant to the Securities Act, as such Regulation is in effect as of January 24, 2002.

“*Tangible Assets*” means the total consolidated assets, less goodwill and intangibles, of OI Group and its Restricted Subsidiaries, as shown on the most recent balance sheet of OI Group.

“*Unrestricted Subsidiary*” means any Subsidiary of OI Group that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary: (1) has no Indebtedness other than Non-Recourse Debt; (2) is not party to any agreement, contract, arrangement or understanding with OI Group or any Restricted Subsidiary of OI Group unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to OI Group or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of OI Group; (3) is a Person with respect to which neither OI Group nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; (4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of OI Group or any of its Restricted Subsidiaries; and (5) has at least one director on its Board of Directors that is not a director or executive officer of OI Group or any of its Restricted Subsidiaries and has at least one executive officer that is not a director or executive officer of OI Group or any of its Restricted Subsidiaries. Any designation of a Restricted Subsidiary of OI Group as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.12. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of OI Group as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.13, OI Group shall be in default of such covenant.

“*Voting Stock*” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (2) the then outstanding principal amount of such Indebtedness.

“*Wholly Owned Restricted Subsidiary*” of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Restricted Subsidiaries of such Person.

Section 2.02. Amendments to Article 2.

- (a) Section 2.06 of the Indenture is hereby amended by adding, immediately following the final paragraph of such Section 2.06:

Notes issued in global form shall be substantially in the form of Exhibits D-1 or D-2 attached hereto (including the Global Security Legend thereon and the “Schedule of Exchanges of Interests in the Global Security” attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit D-1 attached hereto (but without the Global Security Legend thereon and without the “Schedule of Exchanges of Interests in the Global Note” attached thereto).

- (b) Section 2.08 of the Indenture is hereby amended by deleting such Section 2.08 in its entirety and replacing it with the following

Section 2.08:

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 2.08 as not outstanding. Except as set forth in the final paragraph of this Section 2.08, a Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

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.

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.

In determining whether the Holders of the required principal amount of Securities of any series have concurred in any direction, waiver or consent, Securities owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities as to which a Trust Officer of the Trustee has actual knowledge are so owned shall be so disregarded. Securities owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company shall not be deemed to be outstanding for purposes of Section 3.07.

Section 2.03. Amendments to Article 3.

Article 3 of the Indenture is hereby amended by adding, immediately following Section 3.06 thereof, the following new Sections 3.07 and 3.08:

Section 3.07. Optional Redemption.

Except as described in this Section 3.07, the Notes shall not be redeemable at the Company's option prior to May 15, 2007.

(a) On or after May 15, 2007, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

Year	Percentage
2007	103.875%
2008	102.583%
2009	101.292%
2010 and thereafter	100.000%

(b) At any time prior to May 15, 2006, the Company may redeem on any one or more occasions up to 35% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under this Indenture at a redemption price of 107.750% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings by OI Inc. to the extent the net cash proceeds thereof are contributed to the Company or used to purchase from the Company Capital Stock (other than Disqualified Stock) of the Company; *provided that*:

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- (1) at least 65% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under this Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by OI Inc. and its Subsidiaries); and
- (2) the redemption must occur within 60 days of the date of the closing of such Equity Offering.

(c) At any time prior to May 15, 2007, the Notes may be redeemed, in whole but not in part, at the option of the Company upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior notice (but in no event more than 90 days after the occurrence of such Change of Control) mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, to, the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the Notes on the relevant Interest Payment Date).

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

- (1) 1.0% of the principal amount of such Note; or
- (2) the excess of:
 - (a) the present value at such redemption date of (1) the redemption price of such Note at May 15, 2007 (such redemption price being set forth in the table above) plus (2) all required interest payments due on such Note through May 15, 2007, (including accrued but unpaid interest) computed using a discount rate equal to the Treasury Rate on such redemption date plus 50 basis points; over
 - (b) the principal amount of such Note.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two Business Days prior to the redemption date (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to May 15, 2007; *provided, however*, that if the period from the redemption date to May 15, 2007 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Section 3.08 Mandatory Redemption.

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 2.04. Amendments to Article 4.

Section 4 of the Indenture is hereby amended by adding, immediately following Section 4.08 thereof, the following new Sections 4.09 through 4.21 for the benefit of the Notes:

Section 4.09. Fall-Away Event.

If at any time the Notes have achieved the Investment Grade Ratings, OI Group and the Restricted Subsidiaries of OI Group shall thereafter no longer be subject to the covenants under Sections 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18 and 10.08 (collectively, the “*Extinguished Covenants*”) (even if the Notes subsequently cease to have the Investment Grade Ratings), *provided* that if upon the receipt by the Notes of the Investment Grade Ratings, a Default or Event of Default has occurred and is continuing under this Indenture, the Company shall continue to be subject to the Extinguished Covenants until such time as no Default or Event of Default is continuing.

Notwithstanding the foregoing, at the time OI Group and the Restricted Subsidiaries are no longer subject to the Extinguished Covenants, the following covenant shall apply to OI Group and its Domestic Subsidiaries:

Neither OI Group nor any of its Domestic Subsidiaries shall create, incur, or permit to exist, any Lien on any of their respective assets, whether now owned or hereafter acquired, in order to secure any Indebtedness of either of OI Group or any of its Domestic Subsidiaries, without effectively providing that the Notes shall be equally and ratably secured until such time as such Indebtedness is no longer secured by such Lien, except: (i) Liens on cash and Cash Equivalents securing obligations in respect of letters of credit in accordance with the terms of the Credit Agreement; (ii) Liens existing on the Issue Date; (iii) Liens granted after the Issue Date on any assets of OI Group or any of its Domestic Subsidiaries securing Indebtedness of OI Group or any of its Domestic Subsidiaries created in favor of the Holders of the Notes; (iv) Liens securing Indebtedness which is incurred to extend, renew or refinance Indebtedness which is secured by Liens permitted to be incurred under this Indenture; *provided* that such Liens do not extend to or cover any assets of OI Group or any of its Domestic Subsidiaries other than the assets securing the Indebtedness being extended, renewed or refinanced and that the principal or commitment amount of such Indebtedness does not exceed the principal or commitment amount of the Indebtedness being extended, renewed or refinanced at the time of such extension, renewal or refinancing, or at the time the Lien was issued, created or assumed or otherwise permitted; (v) Investment Grade Permitted Liens; or (vi) Liens created in substitution of or as replacement for any Liens permitted by the preceding clauses (i) through (v) or this clause (vi), *provided* that, based on a good faith determination of an officer of the Company, the assets encumbered under any such substitute or replacement Lien is substantially similar in value to the assets encumbered

by the otherwise permitted Lien which is being replaced. Upon the assignment of the Company’s obligations under this Indenture to OI Inc. as described in Section 5.03 of this Indenture, the limitations described in this paragraph shall apply to Liens securing Indebtedness of OI Inc. and its Domestic Subsidiaries in lieu of Liens securing Indebtedness of OI Group and its Domestic Subsidiaries and references to OI Group or the Company in the definition of “Investment Grade Permitted Liens” shall become references to OI Inc., unless the context otherwise requires.

For purposes of this Indenture, the Notes and the Guarantees of the Notes, so long as the Credit Agreement is in effect, the Notes shall be considered equally and ratably secured if they are secured pursuant to terms and provisions, including any exclusions or exceptions described therein, no less favorable to the holders of Notes than those set forth in, or contemplated by, the Credit Agreement.

Section 4.10 Offer to Repurchase Upon a Change of Control.

If a Change of Control occurs, unless the Company has exercised its right to redeem the Notes under Section 3.07, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of that Holder’s Notes pursuant to a change of control offer on the terms set forth in this Indenture (a “*Change of Control Offer*”). In the Change of Control Offer, the Company shall offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the date of purchase (the “*Change of Control Payment*”). Within 30 days following any Change of Control, the Company shall mail a notice to each Holder at its registered address. The notice shall contain all instructions and materials necessary to enable such Holder to tender Notes pursuant to the Change of Control Offer. Any Change of Control Offer shall be made to all Holders. The notice, which shall govern the terms of the Change of Control Offer, shall state: (1) that the Change of Control Offer is being made pursuant to this Section 4.10; (2) the Change of Control Payment and the date on which Notes tendered and accepted for payment shall be purchased, which date shall be at least 30 days and no later than 60 days from the date such notice is mailed (the “*Change of Control Payment Date*”); (3) that any Note not tendered or accepted for payment shall continue to accrete or accrue interest; (4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrete or accrue interest after the Change of Control Payment Date; (5) that Holders electing to have a Note purchased pursuant to any Change of Control Offer shall be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, a depository, if appointed by the Company, or the Paying Agent at the address specified in the notice at least three days before the Change of Control Payment Date; (6) that Holders shall be entitled to withdraw their election if the Company, the depository or the Paying Agent, as the case may be, receives, not later than the Change of Control Payment Date, a notice setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased; (7) that Notes and portions of Notes purchased shall be in amounts of

\$1,000 or whole multiples of \$1,000, except that if all of the Notes of a Holder are to be purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of \$1,000, shall be purchased; and (8) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer), which unpurchased portion must be equal to \$1,000 in principal amount or an integral multiple thereof. The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Change of Control provisions of this Indenture by virtue of such conflict.

On the Change of Control Payment Date, the Company shall, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

The Paying Agent shall promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note shall be in a principal amount of \$1,000 or an integral multiple thereof.

The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions set forth above that require the Company to make a Change of Control Offer following a Change of Control shall be applicable regardless of whether or not any other provisions of this Indenture are applicable.

Notwithstanding anything to the contrary in this Section 4.10, the Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.10 and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Section 4.11 Asset Sales.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) OI Group (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;
- (2) such Fair Market Value is determined in good faith by OI Group and a certification to that effect is set forth in an Officers' Certificate delivered to the Trustee; and
- (3) at least 75% of the consideration therefor received by OI Group or such Restricted Subsidiary is in the form of cash. For purposes of this provision, each of the following shall be deemed to be cash:
 - (a) any liabilities (as shown on OI Group's or such Restricted Subsidiary's most recent balance sheet) of OI Group or any Restricted Subsidiary of OI Group (other than liabilities that are by their terms subordinated to the Notes or any Guarantee of the Notes) that are assumed by the transferee of any such assets which assumption releases OI Group or such Restricted Subsidiary from further liability;
 - (b) any securities, notes or other obligations received by OI Group or any such Restricted Subsidiary from such transferee that are converted within 180 days by OI Group or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion); and
 - (c) any Designated Noncash Consideration received by OI Group or any Restricted Subsidiary of OI Group in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Noncash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed 5.0% of Tangible Assets at the time of the receipt of such Designated Noncash Consideration (with the Fair Market Value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value);

provided, that the 75% limitation referred to in clause (3) above shall not apply to any Asset Sale in which the cash portion of such consideration received therefore on an after-tax basis, determined in accordance with clause (3) above, is equal to or greater than what the after-tax net proceeds would have been had such transaction complied with such 75% limitation.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, OI Group or such Restricted Subsidiary may apply such Net Proceeds at its option:

- (1) to repay senior Indebtedness of the Company or any Guarantor and, if the senior Indebtedness of the Company or any Guarantor repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto, if the terms of such revolving credit Indebtedness would require such a commitment reduction; *provided, however*, that a non-Guarantor Restricted Subsidiary may use the Net Proceeds from an Asset Sale to repay senior Indebtedness of OI Group or any Restricted Subsidiary of OI Group;
- (2) to make payments required to be made with respect to the outstanding OI Inc. Senior Notes;
- (3) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, a Permitted Business;
- (4) to make a capital expenditure in or that is used or useful in a Permitted Business;
- (5) to acquire other long-term assets in or that are used or useful in a Permitted Business; or
- (6) to make an Investment in any one or more businesses (*provided* that such Investment in any business may be in the form of the acquisition of Capital Stock so long as it results in OI Group or a Restricted Subsidiary of OI Group, as the case may be, owning a majority of the Capital Stock of such business), properties or assets that replace the businesses, properties and assets that are the subject of such Asset Sale; *provided, however*, that any such business, properties and assets of OI Group or a Guarantor that are the subject of an Asset Sale are invested in one or more businesses, properties or assets that constitute or are owned or shall be owned by a Guarantor or a Restricted Subsidiary that becomes a Guarantor.

Notwithstanding the foregoing, with respect to any Asset Sale by the Company or any Guarantor, such Net Proceeds may only be applied pursuant to items (1) or (6) above and, to the extent such Net Proceeds are applied to, or with respect to, the Company, a Guarantor or a Person or a Restricted Subsidiary that becomes a Guarantor, items (3), (4) or (5) above. Pending the final application of any such Net Proceeds, OI Group or the applicable Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph shall constitute “*Excess Proceeds*.” When the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company shall make an

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offer (an “*Asset Sale Offer*”) to all Holders of Notes and all Holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (including the Existing Senior Notes and the 8 1/4% Senior Notes due 2013 offered concurrently herewith) to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of principal amount plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other *pari passu* Indebtedness to be purchased on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sales provisions of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Asset Sale provisions of this Indenture by virtue of such conflict.

Section 4.12. Restricted Payments.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other distribution on account of OI Group’s or any of its Restricted Subsidiaries’ Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving OI Group or any of its Restricted Subsidiaries) or to the direct or indirect holders of OI Group’s or any of its Restricted Subsidiaries’ Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of OI Group or such Restricted Subsidiaries); *provided* that the foregoing shall not limit or preclude: (a) the declaration or payment of dividends or distributions to OI Group, the Company or any Guarantor; (b) the declaration or payment of dividends or distributions to holders of Equity Interests of a Guarantor (other than OI Group or a Subsidiary of OI Group) on a pro rata basis with all other holders; or (c) the declaration or payment of dividends or distributions by non-Guarantor Restricted Subsidiaries to the holders of their Equity Interests on a pro rata basis;

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- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving OI Group or any of its Restricted Subsidiaries) any Equity Interests of OI Group or any direct or indirect parent of OI Group;

- (3) purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Notes or the Guarantees of the Notes, except for (a) payments of or related to Intercompany Indebtedness (other than Intercompany Indebtedness owing to OI Inc. by OI Group), (b) a payment of interest or Principal at the Stated Maturity thereof (other than Intercompany Indebtedness owing to OI Inc. by OI Group) or (c) the purchase, repurchase, defeasance, acquisition or retirement for value of Indebtedness of a Foreign Subsidiary by a Foreign Subsidiary; or
- (4) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

- (1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and
- (2) OI Group would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.13; and
- (3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by OI Group and its Restricted Subsidiaries after January 24, 2002 (excluding Restricted Payments permitted by clauses (2), (3), (4), (6) and (7) of the next succeeding paragraph), is less than the sum, without duplication, of:
 - (a) 50% of the Consolidated Net Income of OI Group for the period (taken as one accounting period) from April 1, 2002 to the end of OI Group's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*
 - (b) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by OI Group since January 24, 2002 as a contribution to its common equity capital or from the issue or sale of Equity Interests of OI Group (other than Disqualified Stock) or from the issue or sale of convertible or

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exchangeable Disqualified Stock or convertible or exchangeable debt securities of OI Group that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of OI Group); *plus*

- (c) to the extent that any Restricted Investment that was made after January 24, 2002 is sold or otherwise liquidated, the cash plus the Fair Market Value of any marketable securities received upon the sale or liquidation of such Restricted Investment (less the cost of disposition, if any); *plus*
- (d) \$15.0 million.

So long as (solely with respect to clauses (2), (3), (5) and (7) below) no Event of Default has occurred and is continuing or would be caused thereby, the preceding provisions shall not prohibit:

- (1) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture;
- (2) the redemption, repurchase, retirement, defeasance or other acquisition of any Indebtedness of OI Group or any Restricted Subsidiary of OI Group or of any Equity Interests of OI Group in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of OI Group) of, Equity Interests of OI Group (other than Disqualified Stock); *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (3)(b) of the preceding paragraph;
- (3) the defeasance, redemption, repurchase or other acquisition of the OI Inc. Senior Notes;
- (4) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of OI Group (other than the OI Inc. Senior Notes) or any Restricted Subsidiary of OI Group with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;
- (5) the repurchase, redemption or other acquisition or retirement (or dividends or distributions to OI Inc. or payments of Intercompany Indebtedness, in each case, to finance such repurchase, retirement or other acquisition) for value of any Equity Interests of OI Inc., OI Group or any Restricted Subsidiary of OI Group held by any member of OI Inc.'s, OI Group's or any Restricted Subsidiary of OI Group's management; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or

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retired Equity Interests shall not exceed \$5.0 million in any twelve-month period;

- (6) any OI Inc. Ordinary Course Payment; and

- (7) dividends or distributions to OI Inc. or payments of Intercompany Indebtedness to allow OI Inc. to pay cash dividends on any shares of preferred stock of OI Inc. outstanding on January 24, 2002, plus dividends on any subsequently issued shares of preferred stock of OI Inc. in an amount not to exceed \$25.0 million in any twelve-month period.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by OI Group or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4.12 shall be determined in good faith by OI Group.

Section 4.13. Incurrence of Indebtedness and Issuance of Preferred Stock.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “incur”) any Indebtedness (including Acquired Debt), and OI Group shall not issue any Disqualified Stock and OI Group shall not permit any of its Restricted Subsidiaries to issue any Disqualified Stock or preferred stock; *provided, however*, that OI Group and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) and may issue preferred stock, if the Fixed Charge Coverage Ratio for OI Group’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been at least 2.00 to 1.00, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of such four-quarter period.

The first paragraph of this Section 4.13 shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, “Permitted Debt”):

- (1) the incurrence by OI Group or its Restricted Subsidiaries of Indebtedness under Credit Facilities (and the incurrence of Guarantees thereof) in an aggregate principal amount at any one time outstanding (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed \$4.5 billion (of which not more than \$1.41 billion of such Indebtedness shall be incurred by Restricted Subsidiaries that are not Guarantors);
- (2) the incurrence by OI Group and any Restricted Subsidiary of OI Group of the Existing Indebtedness;

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- (3) the incurrence by OI Group, the Company and the Guarantors of Indebtedness represented by the Notes and the related Guarantees to be issued on the Issue Date and the Exchange Securities and the related Guarantees to be issued pursuant to the Registration Rights Agreement;
 - (4) the incurrence by OI Group or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (4), not to exceed 3.0% of Tangible Assets;
 - (5) the incurrence by OI Group or any of its Restricted Subsidiaries of Indebtedness incurred to finance all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of OI Group or such Restricted Subsidiary, in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (5), not to exceed 5.0% of Tangible Assets, as measured after giving effect to such transaction;
 - (6) *provided* that so long as no Default shall have occurred or be continuing or would be caused thereby, the incurrence by OI Group or any of its Restricted Subsidiaries of Indebtedness in exchange for, or the proceeds of which are or shall be used to refund, refinance or replace the \$300.0 million aggregate principal amount of 7.85% Senior Notes due 2004, the \$350.0 million aggregate principal amount of 7.15% Senior Notes due 2005, the \$300.0 million aggregate principal amount of 8.10% Senior Notes due 2007, the \$250.0 million aggregate principal amount of 7.35% Senior Notes due 2008 and the \$250.0 million aggregate principal amount of 7.50% Senior Debentures due 2010, in each case of OI Inc.;
 - (7) the incurrence by OI Group or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are or shall be used to refund, refinance or replace Indebtedness (other than Intercompany Indebtedness) that was permitted to be incurred under the first paragraph of this Section 4.13 or clauses (2), (3), (6) or (7) of this paragraph;
 - (8) the incurrence by OI Group or any of its Restricted Subsidiaries of Intercompany Indebtedness between or among OI Group and any of its Restricted Subsidiaries and with respect to OI Group only, between OI Group and OI Inc.; *provided, however*, that:
 - (a) if OI Group, the Company or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment

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in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Guarantees of the Notes, in the case of OI Group or a Guarantor;

- (b) any incurrence by OI Group of Intercompany Indebtedness to OI Inc. after the Issue Date shall be in exchange for cash loans or advances from OI Inc. in the ordinary course of business consistent with past practices; and

- (c) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than OI Group or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either OI Group or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by OI Group or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (8);
- (9) the incurrence by OI Group or any of its Restricted Subsidiaries of Hedging Obligations;
- (10) *provided* that so long as no Default shall have occurred or be continuing or would be caused thereby, the incurrence by any Foreign Subsidiary of OI Group of Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, not to exceed \$300.0 million, in addition to the \$1.41 billion of Indebtedness that may be incurred under clause (1) of this paragraph;
- (11) (i) the Guarantee by the Company or any of the Guarantors of Indebtedness of OI Group or any Restricted Subsidiary of OI Group and (ii) the Guarantee by any Foreign Subsidiary of Indebtedness of OI Group or any Restricted Subsidiary of OI Group, in each case, that was permitted to be incurred by another provision of this Section 4.13;
- (12) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock shall not be deemed to be an incurrence of Indebtedness for purposes of this Section 4.13 or an issuance of Disqualified Stock; *provided*, in each such case, that the amount thereof is included in Fixed Charges of OI Group as accrued;

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- (13) the incurrence by OI Group or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (13), not to exceed \$300.0 million;
- (14) Indebtedness arising from agreements of OI Group or a Restricted Subsidiary of OI Group providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided, however*, that (i) such Indebtedness is not reflected on the balance sheet of OI Group or any such Restricted Subsidiary of OI Group (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet shall not be deemed to be reflected on such balance sheet for purposes of this clause (i)) and (ii) the maximum assumable liability in respect of all such Indebtedness that is permitted to be incurred pursuant to this clause (14) shall at no time exceed the gross proceeds including noncash proceeds (the Fair Market Value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by OI Group and its Restricted Subsidiaries in connection with such disposition;
- (15) the incurrence by OI Group or any of its Restricted Subsidiaries of Indebtedness incurred or deemed incurred or cash consideration received from the sale of accounts receivable by OI Group or any of its Restricted Subsidiaries or a special purpose vehicle established by any of them to purchase and sell such receivables;
- (16) obligations in respect of performance and surety bonds and completion guarantees provided by OI Group or any of its Restricted Subsidiaries in the ordinary course of business;
- (17) Indebtedness incurred by OI Group or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including without limitation letters of credit in respect of workers' compensation claims, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims; *provided, however*, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence; and

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- (18) the incurrence by OI Group or any of its Restricted Subsidiaries of Acquired Debt, in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (18), not to exceed 5.0% of Tangible Assets, as measured after giving effect to the transaction for which the Acquired Debt was incurred.

The Company shall not incur any Indebtedness (including Permitted Debt) after the Issue Date that is contractually subordinated in right of payment to any other Indebtedness of the Company unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially similar terms; *provided, however*, that no Indebtedness of the Company shall be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured.

OI Group shall not, and shall not permit any Guarantor to, incur any Indebtedness (including Permitted Debt) after the date of this Indenture that is contractually subordinated in right of payment to any other Indebtedness of OI Group or the Guarantors, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the obligations under the Notes or Guarantees of the Notes on substantially similar terms; *provided, however*, that no Indebtedness of OI Group or the Guarantors shall be deemed to be contractually subordinated in right of payment to any other Indebtedness of OI Group or the Guarantors solely by virtue of being unsecured.

For purposes of determining compliance with this Section 4.13, in the event that any proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (18) above, or is entitled to be incurred pursuant to the first paragraph of this Section 4.13, the Company shall be permitted to classify such item of Indebtedness on the date of its incurrence in any manner that complies with this Section 4.13, or later reclassify all or a portion of such item of Indebtedness. Indebtedness under Credit Facilities outstanding on the date on which Notes are first issued and authenticated under this Indenture shall be deemed to have been incurred on such date in reliance on the exception provided by clauses (1) or (2) of the definition of Permitted Debt above.

Section 4.14. Liens.

Neither OI Group nor any Restricted Subsidiary of OI Group shall create, incur, or permit to exist, any Lien on any of their respective assets, whether now owned or hereafter acquired, in order to secure any Indebtedness of either of OI Group or any Restricted Subsidiary of OI Group, without effectively providing that the Notes shall be equally and ratably secured until such time as such Indebtedness is no longer secured by such Lien, except:

- (1) Liens on cash and Cash Equivalents securing obligations in respect of letters of credit in accordance with the terms of the Credit Agreement;

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- (2) Liens existing on the Issue Date;
- (3) Liens granted after the Issue Date on any assets of OI Group or any of its Restricted Subsidiaries securing Indebtedness of OI Group or any of its Restricted Subsidiaries created in favor of the Holders of the Notes;
- (4) Liens securing Indebtedness of OI Group or any Restricted Subsidiary of OI Group which is incurred to extend, renew or refinance Indebtedness which is secured by Liens permitted to be incurred under this Indenture; *provided* that such Liens do not extend to or cover any assets of OI Group or any Restricted Subsidiary of OI Group other than the assets securing the Indebtedness being extended, renewed or refinanced and that the principal or commitment amount of such Indebtedness does not exceed the principal or commitment amount of the Indebtedness being extended, renewed or refinanced at the time of such extension, renewal or refinancing, or at the time the Lien was issued, created or assumed or otherwise permitted;
- (5) Permitted Liens; and
- (6) Liens created in substitution of or as replacements for any Liens permitted by the preceding clauses (1) through (5) or this clause (6), *provided* that, based on a good faith determination of an officer of the Company, the assets encumbered under any such substitute or replacement Lien is substantially similar in value to the assets encumbered by the otherwise permitted Lien which is being replaced.

For purposes of this Indenture, the Notes and the Guarantees of the Notes, so long as the Credit Agreement is in effect, the Notes shall be considered equally and ratably secured if they are secured pursuant to terms and provisions, including any exclusions or exceptions described therein, no less favorable to the holders of Notes than those set forth in, or contemplated by, the Credit Agreement.

Section 4.15. Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any such Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to OI Group or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to OI Group or any of its Restricted Subsidiaries;
- (2) make loans or advances to OI Group or any of its Restricted Subsidiaries; or

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- (3) transfer any of its properties or assets to OI Group or any of its Restricted Subsidiaries.

However, the preceding restrictions shall not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Existing Indebtedness, Credit Facilities, charter documents and shareholder agreements as in effect on the Issue Date, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such Existing Indebtedness, Credit Facilities, charter documents and shareholders agreements as in effect on the Issue Date;
- (2) this Indenture, the Notes, the Collateral Documents, the Offshore Collateral Documents and the Guarantees of the Notes;
- (3) applicable law;
- (4) any instrument governing Indebtedness or Capital Stock of a Person acquired by OI Group or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in

contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

- (5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;
- (6) purchase money obligations, including Capital Lease Obligations and obligations under mortgages, for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of the first paragraph of this Section 4.15;
- (7) any agreement for the sale or other disposition of a Restricted Subsidiary of OI Group that restricts any of the foregoing by that Restricted Subsidiary pending its sale or other disposition;
- (8) Permitted Refinancing Indebtedness, *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those

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contained in the agreements governing the Indebtedness being refinanced; and

- (9) Permitted Liens or Investment Grade Permitted Liens securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Lien.

Nothing contained in this Section 4.15 shall prevent OI Group or a Restricted Subsidiary of OI Group from entering into any agreement (x) permitting or providing for the incurrence of Liens otherwise permitted by Section 4.14 or (y) restricting the sale or other disposition of property securing Indebtedness.

Section 4.16. Transactions with Affiliates.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "*Affiliate Transaction*") involving aggregate payments in consideration in excess of \$5.0 million, unless:

- (1) such Affiliate Transaction is on terms that are no less favorable to OI Group or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by OI Group or such Restricted Subsidiary with an unrelated Person; and
- (2) OI Group delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.16 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors.

The following items shall not be deemed to be Affiliate Transactions and, therefore, shall not be subject to the provisions of the prior paragraph:

- (1) transactions between or among OI Group and/or its Restricted Subsidiaries;
- (2) transactions between OI Group and/or its Restricted Subsidiaries on the one hand, and OI Inc. on the other, that are in the ordinary course of business consistent with past practices;
- (3) payment of reasonable directors' fees;
- (4) Restricted Payments that are permitted by Section 4.12;

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- (5) the payment of customary annual management, consulting, monitoring and advisory fees and related expenses to KKR and its Affiliates;
- (6) the payment of reasonable and customary fees paid to, and indemnity provided on behalf of, officers, directors, employees or consultants of OI Group, any of its direct or indirect parent corporations or any Restricted Subsidiary of OI Group;
- (7) payments by OI Group or any of its Restricted Subsidiaries to KKR and its Affiliates 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 OI Group in good faith;
- (8) transactions in which OI Group or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an investment banking firm of nationally recognized standing stating that such transaction is fair to OI Group or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph;
- (9) in addition to any payments referred to in (6) above, payments or loans to officers, directors and employees of OI Group, any of its direct or indirect parent corporations or any Restricted Subsidiary of OI Group for business or personal purposes and other loans

and advances, in accordance with any policy of OI Group which shall have been approved by the Board of Directors of OI Group in good faith from time to time, to such officers, directors and employees for travel, entertainment, moving and other relocation expenses made in the ordinary course of business of OI Group, any of its direct or indirect parent corporations or any Restricted Subsidiary of OI Group;

- (10) any agreement in effect as of the Issue 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;
- (11) 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 OI Group or its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of OI Group or the senior management thereof;
- (12) the issuance of Equity Interests (other than Disqualified Stock) of OI Group or the Company to any of the Principals; and
- (13) transactions involving the sale of accounts receivables by OI Group or any of its Restricted Subsidiaries or a special purpose vehicle established by any of them to purchase and sell receivables.

Section 4.17. Additional Pledges.

If on or after the Issue Date, any Domestic Subsidiary of OI Group pledges any property or assets to secure obligations under the Credit Agreement (other than pursuant to the Collateral Documents or as contemplated by the Credit Agreement), then such property or assets shall also secure the Notes.

Section 4.18. Payments for Consent.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes or the Guarantees unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.19. Designation of Restricted and Unrestricted Subsidiaries.

The Board of Directors of OI Group may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default; *provided* that in no event shall the business currently operated by the Company be transferred to or held by an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by OI Group and its Restricted Subsidiaries in the Subsidiary so designated shall be deemed to be a Restricted Investment made as of the time of such designation and that designation shall only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of OI Group may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of OI Group of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted pursuant to Section 4.13, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default shall be in existence following such designation.

Section 4.20. Negative Pledge.

Except as contemplated by and permitted by the Credit Agreement and the Collateral Documents, OI Group shall not permit any of the issued and outstanding shares of any class of Capital Stock of OI General FTS or any part of the Intercompany Indebtedness owed by OI General FTS to OI Group to be pledged, in each of the foregoing cases as security or otherwise unless the Notes and Guarantees of the Notes are secured by this collateral on a *pari passu* basis with the applicable Indebtedness.

Section 4.21. Limitations on Issuances of Guarantees of Indebtedness.

OI Group shall not permit any of its Domestic Subsidiaries, directly or indirectly, to guarantee the payment of any other Indebtedness of the Company or OI Group unless such Domestic Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Domestic Subsidiary, which Guarantee shall be senior to or *pari passu* with such Subsidiary's Guarantee of such other Indebtedness.

Section 2.05. Amendments to Article 5.

Article 5 of the Indenture is hereby amended by deleting Section 5.01 and Section 5.02 in their entirety and replacing them with the following Section 5.01, Section 5.02 and Section 5.03:

Section 5.01. When OI Group May Merge, Etc.

OI Group shall not, in any transaction or series of transactions, merge or consolidate with or into, or, directly or indirectly, sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to, any Person or Persons, and OI Group shall not permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions if such transaction or series of transactions, in

the aggregate, would result in a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of OI Group and its Restricted Subsidiaries, on a consolidated basis, to any other Person or Persons, unless at the time and after giving effect thereto:

- (1) either: (a) OI Group or such Restricted Subsidiary, as the case may be, is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than OI Group or such Restricted Subsidiary) (the “*Successor Company*”) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;
- (2) the Successor Company (if other than OI Group or such Restricted Subsidiary) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of OI Group or such Restricted Subsidiary (if such Restricted Subsidiary is a Guarantor), as the case may be, under the Notes, this Indenture, the Collateral Documents and the Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee;
- (3) immediately after such transaction no Default or Event of Default exists; and
- (4) OI Group or the Successor Company formed by or surviving any such consolidation or merger (if other than OI Group), or the Person to which

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such sale, assignment, transfer, conveyance or other disposition shall have been made, shall have, immediately after such transaction, a Fixed Charge Coverage Ratio equal to or greater than such ratio for OI Group immediately prior to such transaction.

This Section 5.01 shall not apply to (i) a merger or consolidation of OI Group, the Company or any of the Guarantors with or into any other of the Company, OI Group or any of the Guarantors or the sale, assignment, conveyance, transfer, lease or other disposition of assets between or among the Company, OI Group and any of the Guarantors and (ii) a merger or consolidation of any Foreign Subsidiary with or into OI Group or any of its Restricted Subsidiaries or the sale, assignment, conveyance, transfer, lease or other disposition of assets from any Foreign Subsidiary to OI Group or any of its Restricted Subsidiaries.

Section 5.02. Successor Corporation Substituted.

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

Section 5.03. Assignment of Obligations.

On and after July 2, 2003, the Company may assign its obligations under the Notes and this Indenture to OI Inc., and the Company and each Guarantor, in its capacity as a Guarantor, will thereafter be released from its obligations under the Notes, the Guarantees of the Notes and this Indenture *provided* that (1) OI Inc. assumes all of the obligations under the Notes and this Indenture and (2) the obligations of each Credit Agreement Domestic Borrower under the Credit Agreement have been or will be concurrently assumed by OI Inc. in accordance with the terms of the Credit Agreement. In the event of any such assignment, OI Inc. shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if OI Inc. had been named the Company herein, and restrictions imposed on and obligations of OI Group in this Indenture shall become restrictions imposed on and obligations of OI Inc., unless the context otherwise requires.

Section 2.06. Amendments to Article 6.

Article 6 of the Indenture is hereby amended by deleting Section 6.01 in its entirety and replacing it with the following Section 6.01:

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Section 6.01 Events of Default.

An “*Event of Default*” occurs with respect to the Notes if:

- (1) the Company defaults in the payment of interest on, or Liquidated Damages, if any, with respect to, the Notes 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 the Notes when the same becomes due and payable at maturity, upon redemption or otherwise;
- (3) failure by OI Group or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in this Indenture, the Notes, the Guarantees of the Notes (with respect to any Guarantor) and the Collateral Documents (with respect to any Restricted Subsidiary which has pledged assets or property to secure its obligations under this Indenture and the Notes);
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by OI Group or any Restricted Subsidiary (or the payment of which is guaranteed by OI Group or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

- (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “*Payment Default*”); or
- (b) results in the acceleration of such Indebtedness prior to its express maturity; *provided*, that an Event of Default shall not be deemed to occur with respect to any such accelerated Indebtedness which is repaid or prepaid within 20 Business Days after such declaration;

and, in any individual case, the principal amount of any such Indebtedness is equal to or in excess of \$50.0 million, or such Indebtedness together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$100.0 million or more;

- (5) any final judgment or order for payment of money in excess of \$50.0 million in any individual case and \$100.0 million in the aggregate at any time shall be rendered against OI Group or any of its Restricted Subsidiaries and such judgment shall not have been paid, discharged or stayed for a period of 60 days;

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- (6) except as permitted by this Indenture or the Collateral Documents, any Guarantee of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee of the Notes;
- (7) the Company, OI Group or any Significant Subsidiary of OI Group 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 the benefit of its creditors; or
 - (e) admits in writing its inability generally to pay its debts as the same become due;
- (8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (a) is for relief against the Company, OI Group or any Significant Subsidiary of OI Group in an involuntary case;
 - (b) appoints a Custodian of the Company, OI Group or any Significant Subsidiary of OI Group or for all or substantially all of such entity’s property; or
 - (c) orders the liquidation of the Company, OI Group or any Significant Subsidiary of OI Group;

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

- (9) except as permitted by the Collateral Documents, any amendments thereto and the provisions of the Indenture, any of the Collateral Documents ceases to be in full force and effect or ceases to be effective, in all material respects, to create the Lien purported to be created in the Collateral in favor of the holders of the Notes for 60 days after notice; and
- (10) failure by OI Group or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10 or 4.11 or Article 5.

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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.

Pursuant to Section 4.04 of the Indenture, forthwith upon becoming aware of any Default or Event of Default, the Company shall deliver to the Trustee 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 2.07. Amendments to Article 8.

- (a) Section 8.03 of the Indenture is hereby amended by deleting the words “date of execution of this Indenture” in clause (d)(2)(b) and adding the words “Issue Date” in replacement thereof.

Section 2.08. Amendments to Article 9.

Section 9.02 of the Indenture is hereby amended by deleting the word “or” at the end of clause (11) and adding, immediately following clause (12), the following new clauses (13) and (14):

- (13) amend, change or modify the obligation of the Company to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with Section 4.11 or the obligation of the Company to make and consummate a Change of Control Offer in the event of

a Change of Control in accordance with Section 4.10, including, in each case, amending, changing or modifying any definition relating thereto; or

- (14) except as otherwise permitted under Article 5 or Section 10.11, consent to the assignment or transfer by OI Group, the Company or any Guarantor of any of their rights or obligations under this Indenture.

Section 2.09. Amendments to Article 10.

- (a) Section 10.10 of the Indenture is hereby amended by deleting such Section 10.10 in its entirety and replacing it with the following Section 10.10:

Section 10.10 Release of Guarantor.

- (a) A Guarantor shall be automatically released without any action on the part of the Trustee of the Holders from its obligations under this Indenture and Guarantee if:
- (1) OI Group properly designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary;
 - (2) upon any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or

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consolidation) to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of OI Group, if the sale or other disposition of all or substantially all of the assets of that Guarantor complies with the Section 4.11 and Section 10.11; or

- (3) upon any sale of all of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of OI Group, if the sale of all such Capital Stock of that Guarantor complies with Section 4.11 and Section 10.11.

The Trustee shall receive written notice of the release of any Guarantor if such release is effected other than under Section 10.11.

(b) Upon the release of a Guarantee by a Domestic Subsidiary under the Credit Agreement, the Guarantee of such Domestic Subsidiary under this Indenture will be released and discharged at such time and the Trustee shall execute an appropriate instrument evidencing such release. If any such Domestic Subsidiary thereafter guarantees obligations under the Credit Agreement (or any released Guarantee under the Credit Agreement is reinstated or renewed), then such Domestic Subsidiary will guarantee the Securities in accordance with this Article 10.

(c) A Guarantor shall be released from its obligations under this Indenture in accordance with an assignment of obligations to OI Inc. pursuant to Section 5.03 or in connection with the merger or consolidation of the Company or any of the Guarantors with or into any other of the Company, OI Group or any of the Guarantors or the sale, assignment, conveyance, transfer, lease or other disposition of assets between or among the Company, OI Group and any of the Guarantors, so long as such transaction complies with Section 4.11.

- (b) Section 10.11 of the Indenture is hereby amended by deleting such Section 10.11 in its entirety and replacing it with the following Section 10.11:

Section 10.11 Merger, Consolidation and Sale of Assets of a Guarantor.

A Guarantor may not sell or otherwise dispose of all or substantially of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Company or another Guarantor, unless:

- (1) immediately after giving effect to that transaction, no Event of Default shall have occurred and be continuing; and
- (2) either (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger is organized or existing under the laws of the United States, any state thereof or the District of Columbia and assumes all the obligations of that Guarantor under this Indenture, its Guarantee, the Collateral Documents and

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the Registration Rights Agreement pursuant to a supplemental indenture satisfactory to the Trustee; or (b) such sale or other disposition complies with Section 4.11, including the application of the Net Proceeds therefrom; and

- (3) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, sale, lease or merger complies with the foregoing clauses (1) and (2).

Notwithstanding the foregoing, each Guarantor may consolidate with or merge into or sell its assets to the Company or another Guarantor.

Section 2.10. Amendment to Article 11.

Section 11.03 of the Indenture is hereby amended by deleting the first sentence of the final paragraph of such Section 11.03.

Section 2.11. Other Provisions Unchanged.

All provisions of the Indenture, other than as set forth in Sections 2.01 to 2.10, inclusive, of this Fourth Supplemental Indenture shall be unchanged by this Fourth Supplemental Indenture and shall remain in full force and effect. The Indenture, as supplemented and amended by this Fourth Supplemental Indenture, is in all respects ratified and confirmed, and the Indenture and this Fourth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

ARTICLE 3.

MISCELLANEOUS

Section 3.01. Defined Terms.

Unless otherwise provided in this Fourth Supplemental Indenture, all defined terms used in this Fourth Supplemental Indenture shall have the meanings assigned to them in the Indenture.

Section 3.02. Conflict of Any Provision of Indenture with Trust Indenture Act of 1939.

If and to the extent that any provision of this Fourth Supplemental Indenture limits, qualifies or conflicts with another provision included in this Fourth Supplemental Indenture or in the Indenture which is required to be included herein or therein by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

Section 3.03. New York Law to Govern.

THIS FOURTH SUPPLEMENTAL INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 3.04. Counterparts.

This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 3.05. Effect of Headings.

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

Section 3.06. Severability of Provisions.

In case any provision in this Fourth Supplemental Indenture or in the Notes 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 3.07. Successors and Assigns.

All covenants and agreements in this Fourth Supplemental Indenture by the parties hereto shall bind their respective successors and assigns and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 3.08. Benefit of Supplemental Indenture.

Nothing in this Fourth Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, any Registrar, any Paying Agent and their successors hereunder, and the Holders of the Notes, any benefit or any legal or equitable right, remedy or claim under this Fourth Supplemental Indenture.

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

OWENS-BROCKWAY GLASS CONTAINER
INC.

By:

/s/ James W. Baehren
Name: James W. Baehren
Title: Vice President and Secretary

On behalf of each entity named on the attached Annex A, in the capacity set forth for such entity on such Annex A.

By: /s/ James W. Baehren

Name:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Frank P. Leslie

Name: Frank P. Leslie
Title: Vice President

ANNEX A

<u>Name of Entity</u>	<u>Title of Officer Executing on Behalf of Such Entity</u>
ACI America Holdings Inc.	Vice President and Secretary
Brockway Realty Corporation	Vice President and Secretary
Brockway Research, Inc.	Vice President and Secretary
Continental PET Technologies, Inc.	Vice President and Secretary
NHW Auburn, LLC	Vice President and Secretary of its sole member
OB Cal South Inc.	Vice President and Secretary

OI AID STS Inc.	Vice President and Secretary
OI Auburn Inc.	Vice President and Secretary
OI Australia Inc.	Vice President and Secretary
OI Brazil Closure Inc.	Vice President and Secretary
OI California Containers Inc.	Vice President and Secretary
OI Castalia STS Inc.	Vice President and Secretary
OI Consol STS Inc.	Vice President and Secretary
OI Ecuador STS Inc.	Vice President and Secretary
OI Europe & Asia Inc.	Vice President and Secretary
OI General Finance Inc.	Vice President and Secretary
OI General FTS Inc.	Vice President and Secretary
O-I Health Care Holding Corp.	Vice President and Secretary
O-I Holding Company, Inc.	Vice President and Secretary
OI Hungary Inc.	Vice President and Secretary
OI International Holdings Inc.	Vice President and Secretary

ANNEX A-1

Name of Entity	Title of Officer Executing on Behalf of Such Entity
OI Levis Park STS Inc.	Vice President and Secretary
OI Medical Inc.	Vice President and Secretary
OI Peru STS Inc.	Vice President and Secretary
OI Plastic Products FTS Inc.	Vice President and Secretary
OI Poland Inc.	Vice President and Secretary
OI Puerto Rico STS Inc.	Vice President and Secretary
OI Regioplast STS Inc.	Vice President and Secretary
OI Venezuela Plastic Products Inc.	Vice President and Secretary
OIB Produvisa Inc.	Vice President and Secretary
Overseas Finance Company	Vice President and Secretary
Owens-Brockway Glass Container Trading Company	Vice President and Secretary
Owens-Brockway Packaging, Inc.	Vice President and Secretary
Owens-Brockway Plastic Products Inc.	Vice President and Secretary
Owens-Illinois Closure Inc.	Vice President and Secretary
Owens-Illinois General Inc.	Vice President and Secretary
Owens-Illinois Group, Inc.	Vice President, Director of Finance and Secretary
Owens-Illinois Prescription Products Inc.	Vice President and Secretary
Owens-Illinois Specialty Products Puerto Rico, Inc.	Vice President and Secretary
Product Design & Engineering, Inc.	Vice President and Secretary
Seagate, Inc.	Vice President and Secretary
Seagate II, Inc.	Vice President and Secretary
Seagate III, Inc.	Vice President and Secretary

ANNEX A-2

Name of Entity	Title of Officer Executing on Behalf of Such Entity
Specialty Packaging Licensing Company	Vice President and Secretary
Universal Materials, Inc.	Vice President and Secretary

ANNEX A-3

**EXHIBIT D-1
[FORM OF NOTE]**

[Insert the Global Security Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

OWENS-BROCKWAY GLASS CONTAINER INC.

7 3/4% SENIOR SECURED NOTES DUE 2011

Number: CUSIP No. _____ \$ _____

OWENS-BROCKWAY GLASS CONTAINER 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 _____ DOLLARS (\$_____) on May 15, 2011.

Interest Payment Dates: May 15 and November 15, commencing November 15, 2003.

Additional provisions of this Note are set forth below following the signatures of the authorized officers of the Company.

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IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officers.

OWENS-BROCKWAY GLASS CONTAINER INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: May 6, 2003

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Indenture.

U.S. Bank National Association, as Trustee

By: _____
Authorized Signatory

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OWENS-BROCKWAY GLASS CONTAINER INC.

7¼% SENIOR SECURED NOTES DUE 2011

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest

OWENS-BROCKWAY GLASS CONTAINER 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 Note at the rate per annum shown above and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement. Interest on this Note shall accrue from May 6, 2003 or from the most recent interest payment date to which interest has been paid or provided for, as the case may be; interest and Liquidated Damages on this Note shall be payable semi-annually on May 15 and November 15 of each year until maturity, or, if such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"), commencing on November 15, 2003; and interest on this Note 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 and Liquidated Damages on this Note (except defaulted interest) to the Persons who are holders ("Holders") of record in the note register of the Company (the "Register") of this Note at the close of business on the May 1 or November 1 (each, a "Record Date") next preceding the Interest Payment Date, in each case even if the Note is cancelled solely by virtue of registration of transfer or registration of exchange after such Record Date. The Company will pay Principal, interest and Liquidated Damages in money of the United States that at the time of payment is legal tender for payment of public and private debts. Principal of and interest and Liquidated Damages, if any, on this Note will be payable, and this Note 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 a Corporate Trust Office of the Trustee); provided that, at the option of the Company, payment of interest and Liquidated Damages, if any, may be made by check mailed to the address of each Holder as such address appears in the Note Register; provided further that payment by wire transfer of immediately available funds will be required with respect to Principal of and interest, and Liquidated Damages, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

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3. Paying Agent and Registrar

Initially, U.S. Bank National Association, a national banking association (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 this Note under an Indenture dated as of January 24, 2002 among the Company, the Guarantors and the Trustee, the terms of which have been established in the Fourth Supplemental Indenture among the Company, the Guarantors and the Trustee, dated as of May 6, 2003 (collectively, the “Indenture”), pursuant to Section 2.01 of the Indenture. This Note is a series designated as the “7 3/4% Senior Secured Notes due 2011” of the Company. The Company may issue additional Notes of this series after this Note has been issued. This Note and any additional Notes of this series subsequently issued under the Indenture shall be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The terms of this Note 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. §§ 77aaa–77bbb), as amended (the “TIA”). This Note is subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms. Any conflict between the terms of this Note and the Indenture will be governed by the Indenture.

This Note is secured to the extent set forth in the Collateral Documents and Article 11 of the Indenture.

5. Optional Redemption

Except as described below, this Note shall not be redeemable at the Company’s option prior to May 15, 2007.

On or after May 15, 2007, the Company may redeem all or a part of this Note upon not less than 30 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2007	103.875%
2008	102.583%
2009	101.292%
2010 and thereafter	100.00%

At any time prior to May 15, 2006, the Company may redeem on any one or more occasions up to 35% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under the Indenture at a redemption price of 107.750% of the principal amount thereof, plus accrued and unpaid interest and Liquidated

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Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings by OI Inc. to the extent the net cash proceeds thereof are contributed to the Company or used to purchase from the Company Capital Stock (other than Disqualified Stock) of the Company; *provided* that: (1) at least 65% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under the Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by OI Inc. and its Subsidiaries); and (2) the redemption must occur within 60 days of the date of the closing of such Equity Offering.

In addition, at any time prior to May 15, 2007, this Note may also be redeemed, in whole but not in part, at the option of the Company upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days’ prior notice (but in no event more than 90 days after the occurrence of such Change of Control) mailed by first-class mail to each Holder’s registered address, at a redemption price equal to 100% of the principal amount of this Note plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, to, the date of redemption (subject to the right of Holders of record on the relevant Record Date to receive interest due on the Note on the relevant Interest Payment Date).

6. Mandatory Redemption

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to this Note.

7. Repurchase at the Option of Holder

If a Change of Control occurs, unless the Company has exercised its right to redeem the Notes pursuant to the terms of the Indenture, each Holder of this Note will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of that Holder’s Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. If OI Group or a Restricted Subsidiary consummates any Asset Sales, when the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company will be required to make an offer (an “Asset Sale Offer”) to all Holders of this Note and all Holders of other Indebtedness that is *pari passu* with this Note containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (including the Existing Senior Notes and the 8 1/4% Senior Notes due 2013) to purchase the maximum principal amount of this Note and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds on the terms, in accordance with the procedures and subject to the limitations set forth in the Indenture and such other *pari passu* Indebtedness.

8. Notice of Redemption

Notice of redemption shall be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each Holder of this Note to be redeemed. Notices of redemption shall not be conditional. Denominations of this Note larger than \$1,000 may be redeemed in part. If this Note is to be redeemed in part only, the notice of redemption that relates to that portion to be redeemed shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note

shall be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the redemption date, interest ceases to accrue on the Note or portions thereof called for redemption.

9. Denominations; Transfer; Exchange

The Note is in registered form, without coupons, in denominations of \$1,000 of principal amount and any integral multiple thereof. A Holder may transfer or exchange the Note in accordance with the Indenture. No service charge will be made for any registration of transfer or exchange of Notes, 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.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. 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, Holders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

12. Discharge and Defeasance

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under this Note and the Indenture if the Company deposits with the Trustee money and/or Government Securities for the payment of Principal and interest on this Note to Maturity.

13. Defaults and Remedies

Under the Indenture, Events of Default include: (1) defaults in the payment of interest on, or Liquidated Damages, if any, with respect to the Notes when the same becomes due and payable and the default continues for a period of 30 days; (2) defaults in the payment of the Principal of the Notes when the same becomes due and payable at maturity, upon redemption or otherwise; (3) failure by OI Group or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Indenture, the Notes, the Guarantees of the Notes (with respect to any Guarantor) and the Collateral Documents (with respect to any Restricted Subsidiary which has pledged assets or property to secure its obligations under the Indenture and the Notes); (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by OI Group or any Restricted Subsidiary (or the payment of which is guaranteed by OI Group or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default: (a) is caused by a failure to pay principal of, or interest or

premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or (b) results in the acceleration of such Indebtedness prior to its express maturity; *provided*, that an Event of Default shall not be deemed to occur with respect to any such accelerated Indebtedness which is repaid or prepaid within 20 Business Days after such declaration; and, in any individual case, the principal amount of any such Indebtedness is equal to or in excess of \$50.0 million, or such Indebtedness together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$100.0 million or more; (5) any final judgment or order for payment of money in excess of \$50.0 million in any individual case and \$100.0 million in the aggregate at any time shall be rendered against OI Group or any of its Restricted Subsidiaries and such judgment shall not have been paid, discharged or stayed for a period of 60 days; (6) except as permitted by the Indenture or the Collateral Documents, any Guarantee of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee of the Notes; (7) the Company, OI Group or any Significant Subsidiary of OI Group 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 the benefit of its creditors; or (e) admits in writing its inability generally to pay its debts as the same become due; (8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (a) is for relief against the Company, OI Group or any Significant Subsidiary of OI Group in an involuntary case; (b) appoints a Custodian of the Company, OI Group or any Significant Subsidiary of OI Group or for all or substantially all of such entity's property; or (c) orders the liquidation of the Company, OI Group or any Significant Subsidiary of OI Group; and, with respect to (a), (b) and (c), the order or decree remains unstayed and in effect for 60 days; (9) except as permitted by the Collateral Documents, any amendments thereto and the provisions of the Indenture, any of the Collateral Documents ceases to be in full force and effect or ceases to be effective, in all material respects, to create the Lien purported to be created in the Collateral in favor of the Holders of the Notes for 60 days after notice; and (10) failure by OI Group or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10 or 4.11 or Article 5 of the Indenture.

If an Event of Default other than an Event or Default specified in clauses (7) and (8) of the preceding paragraph occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Company and the Trustee, as provided in the Indenture, may declare the unpaid Principal of and any accrued and unpaid interest on the Notes to be due and payable immediately. Upon such declaration the Principal (or such lesser amount) and interest shall be due and payable immediately. At any time after a declaration of acceleration with respect to the Notes has been made, the Holders of a majority in principal amount of the then outstanding Notes may, under certain circumstances, rescind such 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 the Notes have been cured or waived except nonpayment of Principal 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 of any Holder of this Note, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense. Subject to certain provisions, including those requiring security or indemnification of the Trustee, the Holders of a majority in principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, with respect to this Note.

14. Supplements, Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes or the Guarantees of the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture, the Notes or the Guarantees of the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Company and the Trustee may amend or supplement the Indenture, the Notes and the Guarantees of the Notes without notice to or the consent of any holder of Notes in certain circumstances described in the Indenture. Amendments to the Collateral Documents shall be made in accordance with their terms.

15. Trustee Dealings with the Company

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 its Affiliates, with the same rights as if it were not the Trustee; however, if it acquires any conflicting interest as defined in the TIA it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

16. No Recourse Against Others

A past, present or future director, officer, employee, incorporator or stockholder, as such, of the Company or any Guarantor, if any, or any successor corporation shall not have any liability for any obligations of the Company or any Guarantor under the Notes, the Indenture, the Guarantees of the Notes, the Registration Rights Agreement, the Collateral Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

17. Guarantees

This Note will be entitled to the benefits of certain Guarantees made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

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18. Governing Law

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

19. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication hereon.

20. Abbreviations

Customary abbreviations may be used in the name of a Holder 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).

21. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes.

In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement.

22. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes 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 Holder upon written request and without charge to the Holder a copy of the Indenture and the Registration Rights Agreement. Such requests may be addressed to:

Owens-Brockway Glass Container Inc.
One SeaGate
Toledo, Ohio 43666
Attention: Investor Relations

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note 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 Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

SIGNATURE GUARANTEE

Participant in a Recognized Signature
Guarantee Medallion Program

D1-10

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.11 of the Indenture, check the box below:

Section 4.10

Section 4.11

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.11 of the Indenture, state the amount you elect to have purchased: \$_____

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Tax Identification No: _____

SIGNATURE GUARANTEE

Participant in a Recognized Signature
Guarantee Medallion Program

D1-11

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized signatory of Trustee or Custodian</u>
-------------------------	---	---	---	--

* *This should be included only if the Note is issued in global form.*

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**EXHIBIT D-2
[FORM OF REGULATION S TEMPORARY GLOBAL NOTE]**

[Insert the Global Security Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Regulation S Temporary Global Security Legend]

OWENS-BROCKWAY GLASS CONTAINER INC.

7 3/4% SENIOR SECURED NOTES DUE 2011

Number: _____ CUSIP No. _____ \$ _____

OWENS-BROCKWAY GLASS CONTAINER 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 _____ DOLLARS (\$_____) on May 15, 2011.

Interest Payment Dates: May 15 and November 15, commencing November 15, 2003.

Record Dates: May 1 and November 1.

Additional provisions of this Note are set forth below following the signatures of the authorized officers of the Company.

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IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officers.

OWENS-BROCKWAY GLASS CONTAINER
INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: May 6, 2003

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Indenture.

U.S. Bank National Association, as Trustee

By: _____
Authorized Signatory

OWENS-BROCKWAY GLASS CONTAINER INC.

7 3/4% SENIOR SECURED NOTES DUE 2011

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest

OWENS-BROCKWAY GLASS CONTAINER 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 Note at the rate per annum shown above and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement. Interest on this Note shall accrue from May 6, 2003 or from the most recent interest payment date to which interest has been paid or provided for, as the case may be; interest and Liquidated Damages on this Note shall be payable semi-annually on May 15 and November 15 of each year until maturity, or, if such day is not a Business Day, on the next succeeding Business Day (each, an “*Interest Payment Date*”), commencing on November 15, 2003; and interest on this Note 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.

Until this Regulation S Temporary Global Note is exchanged for one or more Regulation S Permanent Global Notes, the Holder hereof shall not be entitled to receive payments of interest hereon; until so exchanged in full, this Regulation S Temporary Global Note shall in all other respects be entitled to the same benefits as other Notes under the Indenture.

2. Method of Payment

The Company will pay interest and Liquidated Damages on this Note (except defaulted interest) to the Persons who are holders (“*Holders*”) of record in the note register of the Company (the “*Register*”) of this Note at the close of business on the May 1 or November 1 (each, a “*Record Date*”) next preceding the Interest Payment Date, in each case even if the Note is cancelled solely by virtue of registration of transfer or registration of exchange after such Record Date. The Company will pay Principal, interest and Liquidated Damages in money of the United States that at the time of payment is legal tender for payment of public and private debts. Principal of and interest and Liquidated Damages, if any, on this Note will be payable, and this Note 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 a Corporate Trust Office of the Trustee); *provided* that, at the option of the Company, payment of interest and Liquidated Damages, if any, may be made by check mailed to the address of each Holder as such address appears in the Note Register; *provided* further that payment by wire transfer of immediately available funds will be required with respect to Principal of and interest, and Liquidated

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Damages, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar

Initially, U.S. Bank National Association, a national banking association (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 this Note under an Indenture dated as of January 24, 2002 among the Company, the Guarantors and the Trustee, the terms of which have been established in the Fourth Supplemental Indenture among the Company, the Guarantors and the Trustee, dated as of May 6, 2003 (collectively, the “*Indenture*”), pursuant to Section 2.01 of the Indenture. This Note is a series designated as the “7 3/4% Senior Secured Notes due 2011” of the Company. The Company may issue additional Notes of this series after this Note has been issued. This Note and any additional Notes of this series subsequently issued under the Indenture shall be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The terms of this Note 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. §§ 77aaa-77bbb), as amended (the “*TIA*”). This Note is subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms. Any conflict between the terms of this Note and the Indenture will be governed by the Indenture.

This Note is secured to the extent set forth in the Collateral Documents and Article 11 of the Indenture.

5. Optional Redemption

Except as described below, this Note shall not be redeemable at the Company’s option prior to May 15, 2007.

On or after May 15, 2007, the Company may redeem all or a part of this Note upon not less than 30 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

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<u>Year</u>	<u>Percentage</u>
2007	103.875%
2008	102.583%
2009	101.292%
2010 and thereafter	100.000%

At any time prior to May 15, 2006, the Company may redeem on any one or more occasions up to 35% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under the Indenture at a redemption price of 107.750% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings by OI Inc. to the extent the net cash proceeds thereof are contributed to the Company or used to purchase from the Company Capital Stock (other than Disqualified Stock) of the Company; *provided* that: (1) at least 65% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under the Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by OI Inc. and its Subsidiaries); and (2) the redemption must occur within 60 days of the date of the closing of such Equity Offering.

In addition, at any time prior to May 15, 2007, this Note may also be redeemed, in whole but not in part, at the option of the Company upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior notice (but in no event more than 90 days after the occurrence of such Change of Control) mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of this Note plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, to, the date of redemption (subject to the right of Holders of record on the relevant Record Date to receive interest due on the Note on the relevant Interest Payment Date).

6. Mandatory Redemption

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to this Note.

7. Repurchase at the Option of Holder

If a Change of Control occurs, unless the Company has exercised its right to redeem the Notes pursuant to the terms of the Indenture, each Holder of this Note will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of that Holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. If OI Group or a Restricted Subsidiary consummates any Asset Sales, when the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company will be required to make an offer (an "Asset Sale Offer") to all Holders of this Note and all Holders of other Indebtedness that is *pari passu* with this Note containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets

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(including the Existing Senior Notes and the 8 1/4% Senior Notes due 2013) to purchase the maximum principal amount of this Note and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds on the terms, in accordance with the procedures and subject to the limitations set forth in the Indenture and such other *pari passu* Indebtedness.

8. Notice of Redemption

Notice of redemption shall be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each Holder of this Note to be redeemed. Notices of redemption shall not be conditional. Denominations of this Note larger than \$1,000 may be redeemed in part. If this Note is to be redeemed in part only, the notice of redemption that relates to that portion to be redeemed shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note shall be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the redemption date, interest ceases to accrue on the Note or portions thereof called for redemption.

9. Denominations; Transfer; Exchange

The Note is in registered form, without coupons, in denominations of \$1,000 of principal amount and any integral multiple thereof. A Holder may transfer or exchange the Note in accordance with the Indenture. No service charge will be made for any registration of transfer or exchange of Notes, 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.

This Regulation S Temporary Global Note is exchangeable in whole or in part for one or more Global Notes only (i) on or after the termination of the 40-day restricted period (as defined in Regulation S) and (ii) upon presentation of certificates (accompanied by an Opinion of Counsel, if applicable) required by Article 2 of the Indenture. Upon exchange of this Regulation S Temporary Global Note for one or more Global Notes, the Trustee shall cancel this Regulation S Temporary Global Note.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. 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, Holders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

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12. Discharge and Defeasance

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under this Note and the Indenture if the Company deposits with the Trustee money and/or Government Securities for the payment of Principal and interest on this Note to Maturity.

13. Defaults and Remedies

Under the Indenture, Events of Default include: (1) defaults in the payment of interest on, or Liquidated Damages, if any, with respect to the Notes when the same becomes due and payable and the default continues for a period of 30 days; (2) defaults in the payment of the Principal of the Notes when the same becomes due and payable at maturity, upon redemption or otherwise; (3) failure by OI Group or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Indenture, the Notes, the Guarantees of the Notes (with respect to any Guarantor) and the Collateral Documents (with respect to any Restricted Subsidiary which has pledged assets or property to secure its obligations under the Indenture and the Notes); (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by OI Group or any Restricted Subsidiary (or the payment of which is guaranteed by OI Group or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default: (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or (b) results in the acceleration of such Indebtedness prior to its express maturity; *provided*, that an Event of Default shall not be deemed to occur with respect to any such accelerated Indebtedness which is repaid or prepaid within 20 Business Days after such declaration; and, in any individual case, the principal amount of any such Indebtedness is equal to or in excess of \$50.0 million, or such Indebtedness together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$100.0 million or more; (5) any final judgment or order for payment of money in excess of \$50.0 million in any individual case and \$100.0 million in the aggregate at any time shall be rendered against OI Group or any of its Restricted Subsidiaries and such judgment shall not have been paid, discharged or stayed for a period of 60 days; (6) except as permitted by the Indenture or the Collateral Documents, any Guarantee of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee of the Notes; (7) the Company, OI Group or any Significant Subsidiary of OI Group 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 the benefit of its creditors; or (e) admits in writing its inability generally to pay its debts as the same become due; (8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (a) is for relief against the Company, OI Group or any Significant Subsidiary of OI Group in an involuntary case; (b) appoints a Custodian of the Company, OI Group or any Significant Subsidiary of OI Group or for all or substantially all of such entity's property; or (c) orders the liquidation of the Company,

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OI Group or any Significant Subsidiary of OI Group; and, with respect to (a), (b) and (c), the order or decree remains unstayed and in effect for 60 days; (9) except as permitted by the Collateral Documents, any amendments thereto and the provisions of the Indenture, any of the Collateral Documents ceases to be in full force and effect or ceases to be effective, in all material respects, to create the Lien purported to be created in the Collateral in favor of the Holders of the Notes for 60 days after notice; and (10) failure by OI Group or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10 or 4.11 or Article 5 of the Indenture.

If an Event of Default other than an Event or Default specified in clauses (7) and (8) of the preceding paragraph occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Company and the Trustee, as provided in the Indenture, may declare the unpaid Principal of and any accrued and unpaid interest on the Notes to be due and payable immediately. Upon such declaration the Principal (or such lesser amount) and interest shall be due and payable immediately. At any time after a declaration of acceleration with respect to the Notes has been made, the Holders of a majority in principal amount of the then outstanding Notes may, under certain circumstances, rescind such 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 the Notes have been cured or waived except nonpayment of Principal 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 of any Holder of this Note, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense. Subject to certain provisions, including those requiring security or indemnification of the Trustee, the Holders of a majority in principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, with respect to this Note.

14. Supplements, Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes or the Guarantees of the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture, the Notes or the Guarantees of the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Company and the Trustee may amend or supplement the Indenture, the Notes and the Guarantees of the Notes without notice to or the consent of any holder of Notes in certain circumstances described in the Indenture. Amendments to the Collateral Documents shall be made in accordance with their terms.

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15. Trustee Dealings with the Company.

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 its Affiliates, with the same rights as if it were not the Trustee; however, if it acquires any conflicting interest as defined in the TIA it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

16. No Recourse Against Others

A past, present or future director, officer, employee, incorporator or stockholder, as such, of the Company or any Guarantor, if any, or any successor corporation shall not have any liability for any obligations of the Company or any Guarantor under the Notes, the Indenture, the Guarantees of the Notes, the Registration Rights Agreement, the Collateral Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

17. Guarantees

This Note will be entitled to the benefits of certain Guarantees made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

18. Governing Law

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

19. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication hereon.

20. Abbreviations

Customary abbreviations may be used in the name of a Holder 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).

21. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes.

In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement.

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22. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes 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 Holder upon written request and without charge to the Holder a copy of the Indenture and the Registration Rights Agreement. Such requests may be addressed to:

Owens-Brockway Glass Container Inc.
One SeaGate
Toledo, Ohio 43666
Attention: Investor Relations

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ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note 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 Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

SIGNATURE GUARANTEE

Participant in a Recognized Signature
Guarantee Medallion Program

D2-11

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.11 of the Indenture, check the box below:

Section 4.10

Section 4.11

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.11 of the Indenture, state the amount you elect to have purchased: \$_____

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Tax Identification No: _____

SIGNATURE GUARANTEE

Participant in a Recognized Signature
Guarantee Medallion Program

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SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized signatory of Trustee or Custodian</u>
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** This should be included only if the Note is issued in global form.*

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OWENS-BROCKWAY GLASS CONTAINER INC.**Issuer****and****The Guarantors set forth in Annex A attached hereto**

INDENTURE**dated as of May 6, 2003**

U.S. Bank National Association**Trustee**

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Section 11.07.	Legal Holidays
Section 11.08.	No Recourse Against Others
Section 11.09.	Counterparts
Section 11.10.	Governing Law
Section 11.11.	Severability
Section 11.12.	Effect of Headings, Table of Contents, Etc.
Section 11.13.	Successors and Assigns
Section 11.14.	No Interpretation of Other Agreements

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310(a)(1)	7.09; 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)	11.03
(c)	11.03
313(a)	7.06
(b)	7.06
(c)	7.06; 11.02
(d)	7.06
314(a)	4.03
(c)(1)	11.04
(c)(2)	11.04
(c)(3)	N.A.
(e)	11.05
(f)	N.A.
315(a)	7.01(b)(ii); 7.02
(b)	7.02; 7.05; 11.02
(c)	7.01(a); 7.02
(d)	7.01(d); 7.02
(e)	6.11
316(a)(last sentence)	2.08
(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)	11.01
(b)	N.A.
(c)	11.01

N.A. means not applicable.

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

INDENTURE dated as of May 6, 2003 among Owens-Brockway Glass Container Inc., a Delaware corporation (the “*Company*”), the Guarantors (as defined herein) and U.S. Bank National Association, a national banking association, as Trustee (the “*Trustee*”).

The Company and the Guarantors have duly authorized the execution and delivery of this Indenture to provide for the issuance by the Company of securities to be designated as the 8 1/4% Senior Notes due 2013 in an unlimited aggregate principal amount (the “*Notes*”), on the terms set forth herein.

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Notes:

ARTICLE 1.

**DEFINITIONS AND INCORPORATION
BY REFERENCE**

Section 1.01. Certain Definitions.

“*144A Global Security*” means a Global Security bearing the Global Security Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

“*Acquired Debt*” means, with respect to any specified Person: (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” 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 securities, by agreement or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” shall have correlative meanings.

“*Agent*” means any Registrar, Paying Agent, authenticating agent or co-Registrar.

“*Applicable Procedures*” means, with respect to any transfer or exchange of or for beneficial interests in any Global Security, the rules and procedures of the Depository, Euroclear and Clearstream that apply to such transfer or exchange.

“*Asset Sale*” means: (1) the sale, lease, conveyance or other disposition of any assets; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of OI Group and its Restricted Subsidiaries taken as a whole shall be governed by Article 5

and not by Section 4.11; and (2) the issuance of Equity Interests by any of OI Group’s Restricted Subsidiaries or the sale of Equity Interests in any of OI Group’s Restricted Subsidiaries. Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales: (1) any single transaction or series of related transactions that involves assets or Equity Interests having a Fair Market Value of less than \$10.0 million; (2) a transfer of assets between or among OI Group and its Restricted Subsidiaries; (3) an issuance of Equity Interests by a Restricted Subsidiary of OI Group to OI Group or to another Restricted Subsidiary of OI Group; (4) the sale or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business; (5) the sale, lease, conveyance or other disposition of any assets securing this Indenture or the Credit Agreement in connection with the enforcement of the security interests contained therein pursuant to the terms of the Intercreditor Agreement; (6) the sale or other disposition of cash or Cash Equivalents; (7) a Restricted Payment that is permitted by Section 4.12; and (8) the exchange of assets held by OI Group or a Restricted Subsidiary of OI Group for assets held by any Person or entity (including Equity Interests of such Person or entity), *provided* that (i) the assets received by OI Group or such Restricted Subsidiary of OI Group in any such exchange shall immediately constitute, be part of, or be used in a Permitted Business; and (ii) any such assets received are of a comparable Fair Market Value to the assets exchanged as determined in good faith by OI Group.

“*Board Resolution*” means (1) with respect to a corporation, a copy of a resolution certified by the Secretary or an Assistant Secretary of the Corporation to have been duly adopted by the Board of Directors or pursuant to authorization by the Board of Directors and (2) with respect to any other Person, a copy of a resolution or similar authorization certified by the secretary or assistant secretary or a Person serving such a similar function to have been duly adopted by the board, committee or Person serving a similar function as a board of directors and in each case to be in full force and effect on the date of such certification (and delivered to the Trustee, if appropriate).

“*Board of Directors*” means: (1) with respect to a corporation, the board of directors of the corporation; (2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and (3) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Broker-Dealer*” means any broker or dealer registered with the Commission under the Exchange Act.

“*Business Days*” means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City, New York or Toledo, Ohio are authorized or obligated by law or executive order to close.

“*Capital Lease Obligation*” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

“*Capital Stock*” means: (1) in the case of a corporation, corporate stock; (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (3) in the case of a partnership or

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limited liability company, partnership or membership interests (whether general or limited); and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“*Cash Equivalents*” means: (1) United States dollars; (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof and (a) backed by the full faith and credit of the United States or (b) having a rating of at least AAA from S&P or at least Aaa from Moody’s, in each case maturing not more than one year from the date of acquisition; (3) securities issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year of the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody’s; (4) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers’ acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any lender under the Credit Agreement or any domestic commercial bank having capital and surplus of not less than \$250.0 million; (5) repurchase and reverse repurchase obligations for underlying securities of the types described in clauses (2) and (4) above entered into with any financial institution meeting the qualifications specified in clause (4) above; (6) commercial paper having the highest rating obtainable from Moody’s or S&P and in each case maturing within one year from the date of creation thereof; and (7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition or that has a rating of at least AAA from S&P or at least Aaa from Moody’s.

“*Change of Control*” means the occurrence of any of the following: (1) OI Inc. or OI Group becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than the Principals and their Related Parties, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 35% or more of the total voting power of the Voting Stock of OI Inc.; or (2) the first day on which a majority of the members of the Board of Directors of OI Inc. are not Continuing Directors; or (3) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where (A) the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and (B) immediately after such transaction, no “person” or “group” (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), other than the Principals and their Related Parties, becomes, directly or indirectly, the beneficial owner (as defined above) of 35% or more

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of the voting power of all classes of Voting Stock of the Company; or (4) the first day on which OI Inc. fails to own 100% of the issued and outstanding Equity Interests of OI Group.

“*Clearstream*” means Clearstream Banking, S.A.

“*Collateral Documents*” means, collectively, the Intercreditor Agreement, the Pledge Agreement and the Security Agreement, each as in effect on the Issue Date and as amended, amended and restated, modified, renewed, replaced or restructured from time to time and the Mortgages each as in effect on the Issue Date and any additional Mortgages created from time to time, and as amended, amended and restated, modified, renewed or replaced from time to time.

“*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.

“*Consolidated Cash Flow*” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*: (1) an amount equal to any extraordinary loss realized by such Person or any of its Restricted Subsidiaries in connection with any sale or other disposition of assets, to the extent such losses were deducted in computing such Consolidated Net Income; *plus* (2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus* (3) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including without limitation amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; *plus* (4) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges and expenses were deducted in computing such Consolidated Net Income; *minus* (5) an amount equal to any extraordinary gain realized by such Person or any of its Restricted Subsidiaries in connection with any sale or other disposition of assets, to the extent such gains were included in computing such Consolidated Net Income; *minus* (6)

pension expenses, retiree medical expenses and any other material non cash items increasing Consolidated Net Income for such period that are disclosed in such Person's financial statements, other than accrual of revenue in the ordinary course of business, in each case without duplication, on a consolidated basis and determined in accordance with GAAP; *minus* (7) net

cash payments to OI Inc. by OI Group for (i) claims of persons for exposure to asbestos containing products and expenses related thereto and (ii) dividends on any outstanding preferred stock of OI Inc., in each case without duplication, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation, amortization and other non-cash charges and expenses of, a Restricted Subsidiary of OI Group shall be added to Consolidated Net Income to compute Consolidated Cash Flow of OI Group only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to OI Group by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and would not be prohibited, directly or indirectly, by the operation of the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders, other than agreements, instruments, judgments, decrees, orders, statutes, rules and government regulations existing on January 24, 2002.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that: (1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Wholly Owned Restricted Subsidiary of the specified Person; (2) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, is prohibited, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, other than agreements, instruments, judgments, decrees, orders, statutes, rules and government regulations existing on January 24, 2002; (3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded; (4) the cumulative effect of a change in accounting principles under GAAP shall be excluded; (5) all extraordinary, unusual or nonrecurring gains and losses (including without limitation any one-time costs incurred in connection with acquisitions) (together with any related provision for taxes) shall be excluded; (6) any gain or loss (together with any related provision for taxes) realized upon the sale or other disposition of any property, plant or equipment of the specified Person or its Restricted Subsidiaries (including pursuant to any sale and leaseback arrangement) which is not sold or otherwise disposed of in the ordinary course of business and any gain or loss (together with any related provision for taxes) realized upon the sale or other disposition by the specified Person or any Restricted Subsidiary of the specified Person of any Capital Stock of any Person or any Asset Sale shall be excluded to the extent that any such gain or loss exceeds \$5.0 million with respect to any one occurrence or \$15.0 million in the aggregate with respect to gains or losses during any twelve month period; (7) the Net Income of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries; and (8) any deduction for minority owners' interest in earnings of Subsidiaries shall be excluded.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of OI Inc., who: (1) was a member of such Board of Directors on the Issue Date; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"*Corporate Trust Office*" shall mean the corporate trust office of the Trustee, which shall initially be U.S. Bank National Association, 180 East Fifth Street, St. Paul, MN 55101, Attn: Corporate Trust Administration and such office of the Trustee located in the Borough of Manhattan, the City of New York or such other address as to which the Trustee may give notice to the Company.

"*Credit Agreement*" means that certain Secured Credit Agreement, dated as of April 23, 2001, by and among the Borrowers named therein, OI Group and Owens-Illinois General, Inc., as Borrower's Agent, Deutsche Bank Securities Inc., formerly Deutsche Banc Alex. Brown, and Banc of America Securities LLC, as Joint Lead Arrangers and Joint Book Managers, Deutsche Bank AG, London Branch, as UK Administrative Agent, Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as Administrative Agent, and the other Agents and the other Lenders named therein, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, amended and restated, modified, renewed, refunded, replaced, substituted or refinanced or otherwise restructured (including but not limited to, the inclusion of additional borrowers thereunder) from time to time.

"*Credit Agreement Domestic Borrowers*" means the Company, OI General FTS Inc. and OI Plastic Products FTS Inc., to the extent at the time of determination such entity is a borrower under the Credit Agreement and any other Domestic Subsidiary of OI Group that is, at the relevant time, a borrower under the Credit Agreement.

"*Credit Facilities*" means (1) one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other lenders providing for revolving credit loans, term loans, bankers acceptances, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced, refinanced or otherwise restructured in whole or in part from time to time (collectively, "*Bank Facilities*"); and (2) notes, debentures or other financing instruments or any combination thereof incurred after the Issue Date ("*Non-Bank Refinancing*"), including any refinancing thereof, to the extent such Non-Bank Refinancing replaces, refinances or otherwise restructures Indebtedness under Credit Facilities.

"*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.

"*Definitive Security*" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, except that such Note shall not bear the Global Security Legend and shall not have a "Schedule of Exchanges of Interests in the Global Security" attached thereto.

“*Depository*” means, with respect to the Notes issuable or issued in whole or in part in the form of one or more Global Securities, the person designated as Depository for such Notes by the Company, which Depository shall be a clearing agency registered under the Exchange Act.

“*Designated Noncash Consideration*” means the noncash consideration received by OI Group or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Noncash Consideration pursuant to an Officers’ Certificate setting forth the basis of such valuation, executed by an officer of OI Group or the Company, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Noncash Consideration.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the Holder thereof), or upon the happening of any event, matures or is mandatorily redeemable (other than as a result of a change of control or asset sale), pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the Holder thereof (other than as a result of a change of control or asset sale), in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature or are no longer outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the Holders thereof have the right to require OI Group or the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that OI Group or the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.12.

“*Domestic Subsidiary*” means any Restricted Subsidiary of OI Group other than a Foreign Subsidiary.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means any public or private sale of common stock (other than Disqualified Stock) of OI Inc. (other than public offerings with respect to common stock registered on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of OI Inc.).

“*Euroclear*” means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended from time to time.

“*Exchange Offer*” has the meaning set forth in the Registration Rights Agreement.

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“*Exchange Offer Registration Statement*” means, with respect to any Initial Securities, the exchange offer registration statement as defined in the Registration Rights Agreement.

“*Exchange Securities*” means the Notes issued in exchange for any Initial Securities in an Exchange Offer pursuant to Section 2.06(f).

“*Existing Indebtedness*” means the aggregate principal or commitment amount of Indebtedness of OI Group and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the Issue Date (including the 7 3/4% Senior Secured Notes due 2011 offered concurrently herewith and the related Guarantees to be issued on the Issue Date and the exchange notes and the related Guarantees to be issued as contemplated by the registration rights agreement executed with respect thereto), until such amounts are repaid or terminated.

“*Existing IRBs*” means the Holmes County Ohio 5.85% Industrial Revenue Bonds due 2007, the Kansas City, Missouri Industrial Development Revenue Bonds due 2008 and the City of Mentor, Ohio Industrial Development Bonds due 2004, and any extensions, renewals or refinancings thereof to the extent that such extensions, renewals and refinancings thereof do not result in an increase in the aggregate principal amount of such Existing IRBs.

“*Existing Senior Notes*” means the Company’s 8 7/8% Senior Secured Notes due 2009 and its 8 3/4% Senior Secured Notes due 2012.

“*Fair Market Value*” means, with respect to any asset or property, the price which could be negotiated in an arm’s-length transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under pressure or compulsion to complete the transaction.

“*Fixed Charge Coverage Ratio*” means with respect to any specified Person and its Restricted Subsidiaries for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “*Calculation Date*”), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of calculating the Fixed Charge Coverage Ratio: (1) acquisitions and dispositions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation

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S-X under the Securities Act; (2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded; (3) the Fixed Charges attributable to discontinued operations, as

determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; (4) the consolidated interest expense attributable to interest on any Indebtedness computed on a pro forma basis and (a) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (b) that was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate; and (5) the consolidated interest expense attributable to interest on any working capital borrowings under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such working capital borrowings during the applicable period.

“*Fixed Charges*” means, with respect to any specified Person and its Restricted Subsidiaries for any period, the sum, without duplication, of: (1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to attributable debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; *plus* (2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus* (3) interest actually paid by the Company or any such Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person; *plus* (4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock or preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of OI Group (other than Disqualified Stock) or to OI Group or a Restricted Subsidiary of OI Group, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

“*Foreign Subsidiary*” means any Restricted Subsidiary of OI Group which is organized under the laws of a jurisdiction other than the United States of America or any State thereof.

“*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 in effect as of January 24, 2002.

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“*Global Note*” means a Note issued to evidence all or a part of the Notes that is executed by the Company and authenticated and delivered by the Trustee to a Depository or pursuant to such Depository’s instructions, all in accordance with this Indenture and pursuant to Sections 2.01, 2.06(b)(iv), 2.06(d)(ii) or 2.06(f), which shall be registered as to principal and interest in the name of such Depository or its nominee.

“*Global Security*” means a Note issued to evidence all or a part of the Notes that is executed by the Company and authenticated and delivered by the Trustee to a Depository or pursuant to such Depository’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 Depository or its nominee.

“*Global Security Legend*” means the legend set forth in Section 2.06(g)(i) which is required to be placed on all Global Securities issued under this Indenture.

“*Government Securities*” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“*Guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

“*Guarantors*” means: (1) OI Group; (2) each direct or indirect Domestic Subsidiary of OI Group (other than the Company) that guarantees the Credit Agreement as of the Issue Date; and (3) each future direct or indirect Domestic Subsidiary of OI Group that guarantees the Credit Agreement and executes a Guarantee of the Notes in accordance with the provisions of this Indenture; and their respective successors and assigns.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under: (1) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements designed to protect such Person against fluctuations in interest rates; (2) currency exchange swap agreements, currency exchange cap agreements, currency exchange collar agreements and other agreements or arrangements designed to protect such Person against fluctuations in currency values; and (3) commodity swap agreements; commodity cap agreements, commodity collar agreements and other agreements or arrangements designed to protect such Person against fluctuations in commodity prices.

“*Holder*” means a Person in whose name a Note is registered on the Registrar’s books.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of: (1) borrowed money; (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof); (3) banker’s acceptances; (4) representing Capital Lease Obligations; (5) the balance deferred and unpaid of the purchase price of any property, except any such balance that

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constitutes an accrued liability or trade payable; or (6) representing any Hedging Obligations, if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term “*Indebtedness*” includes the lesser of the Fair Market Value on the date of incurrence of any asset of the specified Person subject to a Lien securing the Indebtedness of others and the amount of such Indebtedness secured and, to the extent not otherwise included, the Guarantee by the specified Person of

any indebtedness of any other Person. The amount of any Indebtedness outstanding as of any date shall be: (1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and (2) the principal amount thereof, in the case of any other Indebtedness.

“*Indenture*” means this Indenture, as amended or supplemented from time to time.

“*Indirect Participant*” means a Person who holds a beneficial interest in a Global Security through a Participant.

“*Initial Securities*” means Notes issued pursuant to Section 2.02 hereof, in each case for so long as such securities constitute “restricted securities” as such term is defined in Rule 144(a)(3) under the Securities Act; *provided* that the Trustee shall be entitled to request and conclusively rely on an Opinion of Counsel with respect to whether any Note constitutes such a restricted security.

“*Intercompany Indebtedness*” means any Indebtedness of OI Group or any Subsidiary of OI Group which, in the case of OI Group, is owing to OI Inc. or any Subsidiary of OI Group and, in the case of any Subsidiary of OI Group, is owing to OI Group or any other Subsidiary of OI Group.

“*Intercreditor Agreement*” means the intercreditor agreement, dated as of April 23, 2001, by and among Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as administrative agent for the lenders party to the Credit Agreement, Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as Collateral Agent and any other parties thereto, as amended, amended and restated or otherwise modified from time to time.

“*Investment Grade Permitted Liens*” means: (1) Liens arising under the Collateral Documents other than Liens securing the OI Inc. Senior Notes on the Issue Date; (2) Liens incurred after the Issue Date on the assets (including shares of Capital Stock and Indebtedness) of OI Group or any Domestic Subsidiary of OI Group; *provided, however*, that the aggregate amount of Indebtedness and other obligations at any time outstanding secured by such Liens pursuant to clause (1) above and this clause (2) shall not exceed the sum of \$5.5 billion plus 50% of Tangible Assets acquired by the Company or any Domestic Subsidiary after January 24, 2002; (3) Liens in favor of OI Group or any Domestic Subsidiary of OI Group; (4) Liens on property or shares of capital stock of a Person existing at the time such Person is merged with or into or consolidated with OI Group or any Domestic Subsidiary of OI Group; *provided* that such Liens were not incurred in connection with or in contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with OI Group or the Domestic Subsidiary; (5) Liens on property or shares of capital stock existing at the

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time of acquisition thereof by OI Group or any Domestic Subsidiary of OI Group, *provided* that such Liens were not incurred in connection with or in contemplation of such acquisition and do not extend to any property other than the property so acquired by OI Group or the Domestic Subsidiary; (6) Liens (including extensions and renewals thereof) upon real or personal (whether tangible or intangible) property acquired after the Issue Date, *provided* that: (a) such Lien is created solely for the purpose of securing Indebtedness incurred to finance all or any part of the purchase price or cost of construction or improvement of property, plant or equipment 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, plant or equipment or to refinance any such 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; (7) Liens to secure any Capital Lease Obligation or operating lease; (8) Liens encumbering customary initial deposits and margin deposits; (9) Liens securing Indebtedness under Hedging Obligations; (10) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by OI Group or any of its Domestic Subsidiaries in the ordinary course of business of OI Group and its Domestic Subsidiaries; (11) Liens on or sales of receivables and customary cash reserves established in connection therewith; (12) Liens securing OI Group’s or any of its Domestic Subsidiary’s obligations in respect of bankers’ acceptances issued or created to facilitate the purchase, shipment or storage of inventory or other goods; and (13) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor.

“*Investment Grade Ratings*” means a debt rating of the Notes of BBB- or higher by S&P and Baa3 or higher by Moody’s or the equivalent of such ratings by S&P or Moody’s or in the event S&P or Moody’s shall cease rating the Notes and the Company shall select any other Rating Agency, the equivalent of such ratings by such other Rating Agency.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons in the forms of loans (including Guarantees thereof), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If OI Group or any Restricted Subsidiary of OI Group sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of OI Group such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of OI Group, OI Group shall be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.12. The acquisition by OI Group or any Restricted Subsidiary of OI Group of a Person that holds an Investment in a third Person shall be deemed to be an Investment by OI Group or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment

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held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.12.

“*Issue Date*” means the date on which the Notes are originally issued.

“*KKR*” means Kohlberg Kravis Roberts & Co., L.P., a Delaware limited partnership.

“*Letter of Transmittal*” means the letter of transmittal to be prepared by the Company and sent to all Holders of Notes for use by such Holders in connection with an Exchange Offer for such Notes.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any agreement to give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

“*Liquidated Damages*” means the payment of liquidated damages as set forth in the Registration Rights Agreement.

“*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.

“*Moody’s*” means Moody’s Investors Service, Inc. or any successor rating agency.

“*Mortgages*” means mortgages as defined under the Credit Agreement securing real property in the United States of America.

“*Net Income*” means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“*Net Proceeds*” means the aggregate cash proceeds received by OI Group or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of any bona fide direct costs relating to such Asset Sale, including, without limitation, reasonable legal, accounting and investment banking fees, reasonable sales commissions, any reasonable relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness that is paid with the proceeds of such Asset Sale and any reasonable reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP and for the after-

tax cost of any indemnification payments (fixed and contingent) attributable to sellers’ indemnities to the purchaser.

“*Non-Recourse Debt*” means Indebtedness: (1) as to which neither OI Group nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender; (2) no default with respect to which (including any rights that the Holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any Holder of any other Indebtedness of OI Group or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and (3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of OI Group or any of its Restricted Subsidiaries.

“*Non-U.S. Person*” means a Person who is not a U.S. Person.

“*Notes*” has the meaning set forth in the recitals hereto.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Officer*” means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, any Executive or Senior Vice President, 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.

“*Offshore Collateral Documents*” means the Offshore Security Agreements and mortgages (as defined in the Credit Agreement) securing real property outside of the United States of America.

“*Offshore Security Agreements*” has the meaning assigned to such term in the Credit Agreement.

“*OI Group*” means Owens-Illinois Group, Inc., a Delaware corporation.

“*OI Inc.*” means Owens-Illinois, Inc., a Delaware corporation.

“*OI Inc. Ordinary Course Payments*” means dividends or other distributions by, or payments of Intercompany Indebtedness from, OI Group to OI Inc. necessary to permit OI Inc. to pay any of the following items which are then due and payable: (i) Permitted OI Inc. Debt Obligations; (ii) claims of persons for exposure to asbestos-containing products and expenses related thereto; (iii) consolidated tax liabilities of OI Inc. and its Subsidiaries; and (iv) general

administrative costs and other on-going expenses of OI Inc. in the ordinary course of business consistent with past practices.

“*OI Inc. Senior Notes*” means the Indebtedness of OI Inc. outstanding as of any date pursuant to its \$300.0 million aggregate principal amount of 7.85% Senior Notes due 2004, \$350.0 million aggregate principal amount of 7.15% Senior Notes due 2005, \$300.0 million aggregate principal

amount of 8.10% Senior Notes due 2007, \$250.0 million aggregate principal amount of 7.35% Senior Notes due 2008, \$250.0 million aggregate principal amount of 7.50% Senior Debentures due 2010, and \$250.0 million aggregate principal amount of 7.80% Senior Debentures due 2018.

“*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.

“*Participant*” means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively.

“*Permitted Business*” means any business conducted or proposed to be conducted (as described in the offering memorandum) by OI Group and its Restricted Subsidiaries on the Issue Date and other businesses reasonably related or ancillary thereto.

“*Permitted Investments*” means: (1) any Investment in the Company, OI Group or in a Restricted Subsidiary of OI Group; (2) any Investment in cash or Cash Equivalents and, with respect to Foreign Subsidiaries, short term Investments similar to Cash Equivalents customarily used in the countries in which such Foreign Subsidiaries are located; (3) any Investment by OI Group or any Restricted Subsidiary of OI Group in a Person, if as a result of such Investment: (a) such Person becomes a Restricted Subsidiary of OI Group; or (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, OI Group or a Restricted Subsidiary of OI Group; (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.11; (5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of OI Inc., the Company or OI Group; (6) Hedging Obligations; (7) advances to employees, officers and directors not in excess of \$2.0 million outstanding at any one time, in the aggregate; (8) obligations of employees, officers and directors, not in excess of \$2.0 million outstanding at any one time, in the aggregate, in connection with such employees’, officers’ or directors’ acquisition of shares of OI Inc. common stock, so long as no cash is actually advanced to such employees, officers or directors in connection with the acquisition of any such shares; (9) any Investment existing on the Issue Date; and (10) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other such Investments outstanding at any such time, not to exceed \$150.0 million.

“*Permitted Liens*” means: (1) Liens arising under the Collateral Documents other than Liens securing the OI Inc. Senior Notes on the Issue Date; (2) Liens incurred after the Issue Date on the assets (including shares of Capital Stock and Indebtedness) of OI Group or any

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Restricted Subsidiary of OI Group; *provided, however*, that the aggregate amount of Indebtedness and other obligations at any time outstanding secured by such Liens pursuant to clause (1) above and this clause (2) shall not exceed the sum of \$5.5 billion plus 50% of Tangible Assets acquired by the Company or any Guarantor or that are owned by any Restricted Subsidiary that becomes a Guarantor after January 24, 2002; (3) Liens in favor of OI Group or any Restricted Subsidiary of OI Group; (4) Liens on property or shares of capital stock of a Person existing at the time such Person is merged with or into or consolidated with OI Group or any Restricted Subsidiary of OI Group; *provided* that such Liens were not incurred in connection with or in contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with OI Group or the Restricted Subsidiary; (5) Liens on property or shares of capital stock existing at the time of acquisition thereof by OI Group or any Restricted Subsidiary of OI Group, *provided* that such Liens were not incurred in connection with or in contemplation of such acquisition and do not extend to any property other than the property so acquired by OI Group or the Restricted Subsidiary; (6) Liens on property or shares of capital stock of any Foreign Subsidiary, including shares of capital stock of any Foreign Subsidiary owned by a Domestic Subsidiary, to secure Indebtedness of a Foreign Subsidiary permitted to be incurred under this Indenture; (7) Liens (including extensions and renewals thereof) upon real or personal (whether tangible or intangible) property acquired after the Issue Date, *provided* that: (a) such Lien is created solely for the purpose of securing Indebtedness incurred to finance all or any part of the purchase price or cost of construction or improvement of property, plant or equipment 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, plant or equipment or to refinance any such 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; (8) Liens to secure any Capital Lease Obligation or operating lease; (9) Liens encumbering customary initial deposits and margin deposits; (10) Liens securing Indebtedness under Hedging Obligations; (11) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by OI Group or any of its Restricted Subsidiaries in the ordinary course of business of OI Group and its Restricted Subsidiaries; (12) Liens on or sales of receivables and customary cash reserves established in connection therewith; (13) Liens securing OI Group’s or any of its Restricted Subsidiaries’ obligations in respect of bankers’ acceptances issued or created to facilitate the purchase, shipment or storage of inventory or other goods; and (14) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor.

“*Permitted OI Inc. Debt Obligations*” means Obligations with respect to the OI Inc. Senior Notes and any refinancings of the \$300.0 million aggregate principal amount of 7.85% Senior Notes due 2004, the \$350.0 million aggregate principal amount of 7.15% Senior Notes due 2005 of OI Inc., the \$300.0 million aggregate principal amount of 8.10% Senior Notes due 2007, the \$250.0 million aggregate principal amount of 7.35% Senior Notes due 2008 and the \$250.0 million aggregate principal amount of 7.50% Senior Debentures due 2010, and the Existing IRBs and up to an additional \$50.0 million of IRB financing.

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“*Permitted Refinancing Indebtedness*” means any Indebtedness of OI Group or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund such other Indebtedness of OI Group or any of its Restricted Subsidiaries (other than Intercompany Indebtedness); *provided* that: (1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed for more than 60 days the principal or commitment amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of any premiums necessary to accomplish such refinancing and such expenses incurred in connection therewith); (2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date

of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*Pledge Agreement*” means the Pledge Agreement, dated as of April 23, 2001, by and among OI Group, OI Packaging, and Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as Collateral Agent, as amended, amended and restated or otherwise modified from time to time.

“*Principal*” of a Note means the principal amount due on the Maturity of the Note plus the premium, if any, on the Note.

“*Principals*” means KKR and its Affiliates.

“*Private Placement Legend*” means the legend set forth in Section 2.06(g)(i) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“*QIB*” means a “qualified institutional buyer” as defined in Rule 144A.

“*Rating Agency*” means any of: (1) S&P; (2) Moody’s; or (3) if S&P or Moody’s or both shall not make a rating of the Notes publicly available, a security rating agency or agencies, as the case may be, nationally recognized in the United States, selected by the Company, which shall be substituted for S&P or Moody’s or both, as the case may be, and, in each case, any successors thereto.

“*Registration Rights Agreement*” means the Registration Rights Agreement, dated as of May 6, 2003, among the Company, the Guarantors named therein and the Initial Purchasers

(as defined therein) with respect to the Notes and the Guarantees thereof, as amended or supplemented from time to time.

“*Regulation S*” means Regulation S promulgated under the Securities Act.

“*Regulation S Global Security*” means a Regulation S Temporary Global Security or Regulation S Permanent Global Security, as appropriate.

“*Regulation S Permanent Global Security*” means a permanent Global Security bearing the Global Security Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the applicable Regulation S Temporary Global Security upon expiration of the Restricted Period.

“*Regulation S Temporary Global Security*” means a temporary Global Security substantially in the form of Exhibit D-2 bearing the Global Security Legend, the Private Placement Legend and the Regulation S Temporary Global Security Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

“*Regulation S Temporary Global Security Legend*” means the legend set forth in Section 2.06(g)(iii) to be placed on all Regulation S Temporary Global Securities issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“*Related Party*” means: (1) any controlling stockholder, partner, member, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any of the Principals; or (2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

“*Restricted Definitive Security*” means a Definitive Security bearing the Private Placement Legend.

“*Restricted Global Security*” means a Global Security bearing the Private Placement Legend.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Period*” means, with respect to the Notes, the 40-day restricted period as defined in Regulation S.

“*Restricted Subsidiary*” of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

“*Rule 144*” means Rule 144 promulgated under the Securities Act.

“*Rule 144A*” means Rule 144A promulgated under the Securities Act.

“*Rule 903*” means Rule 903 promulgated under the Securities Act.

“*Rule 904*” means Rule 904 promulgated under the Securities Act.

“S&P” means Standard & Poor’s Ratings Services, a division of McGraw Hill Inc., a New York corporation, or any successor rating agency.

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

“Security Agreement” means the Security Agreement, dated as of April 23, 2001, entered into by and among OI Group, each of the direct and indirect subsidiaries of OI Group signatory thereto, each additional grantor that may become a party thereof, and Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as Collateral Agent as amended, amended and restated, or otherwise modified from time to time.

“Shelf Registration Statement” means the shelf registration statement as defined in the Registration Rights Agreement.

“Significant Subsidiary” means any Restricted Subsidiary of OI Group that would be a “significant subsidiary” as defined in Article I, Rule 1-02 of Regulation S-X promulgated pursuant to the Securities Act, as such Regulation is in effect as of January 24, 2002.

“Stated Maturity” means, with respect to any installment of interest or Principal on any series of Indebtedness, the date on which such payment of interest or Principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or Principal prior to the date originally scheduled for the payment thereof.

“Subsidiary” means, with respect to any specified Person: (1) 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 such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and (2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

“Tangible Assets” means the total consolidated assets, less goodwill and intangibles, of OI Group and its Restricted Subsidiaries, as shown on the most recent balance sheet of OI Group.

“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.

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“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.

“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.

“Unrestricted Definitive Securities” means one or more Definitive Securities that do not bear and are not required to bear the Private Placement Legend.

“Unrestricted Global Security” means a permanent Global Security that bears the Global Security Legend and that has the “Schedule of Exchanges of Interests in the Global Security” attached hereto, and that is deposited with or on behalf of and registered in the name of the Depository, representing Notes that do not and are not required to bear the Private Placement Legend.

“Unrestricted Securities” means one or more Unrestricted Global Securities and/or Unrestricted Definitive Securities, including, without limitation, the Exchange Securities.

“Unrestricted Subsidiary” means any Subsidiary of OI Group that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary: (1) has no Indebtedness other than Non-Recourse Debt; (2) is not party to any agreement, contract, arrangement or understanding with OI Group or any Restricted Subsidiary of OI Group unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to OI Group or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of OI Group; (3) is a Person with respect to which neither OI Group nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; (4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of OI Group or any of its Restricted Subsidiaries; and (5) has at least one director on its Board of Directors that is not a director or executive officer of OI Group or any of its Restricted Subsidiaries and has at least one executive officer that is not a director or executive officer of OI Group or any of its Restricted Subsidiaries. Any designation of a Restricted Subsidiary of OI Group as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.12. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of OI Group as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.13, OI Group shall be in default of such covenant.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

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“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments

of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (2) the then outstanding principal amount of such Indebtedness.

“Wholly Owned Restricted Subsidiary” of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Restricted Subsidiaries of such Person.

Section 1.02. Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
“Additional Securities”	2.01
“Bankruptcy Law”	6.01
“Custodian”	6.01
“Event of Default”	6.01
“Legal Holiday”	11.07
“Obligations”	10.01
“Paying Agent”	2.03
“Payment Default”	6.01
“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 Notes.

“*indenture Holder*” means a Holder.

“*indenture to be qualified*” means this Indenture.

“*indenture trustee*” or “*institutional trustee*” means the Trustee.

“*obligor*” on the Notes means the Company and any successor obligor on the Notes.

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, Form and Dating.

The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited.

The Company may issue additional Notes after Notes have been issued (“*Additional Securities*”). The Notes together with any Additional Securities would be treated as a single series for all purposes under the Indenture, including without limitation, waivers, amendments, redemptions and offers to the purchase.

The Principal of and any interest on the Notes shall be payable at the office or agency of the Company designated in the form of Note (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 Notes referred to in Section 2.03.

Global and Definitive Securities. Notes may be issued as Global Securities or as Definitive Securities and shall be in substantially the form of Exhibit D-1 or D-2 attached hereto. Each Global Security shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of such outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented

thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06.

Temporary Global Securities. Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Security, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, at its Corporate Trust Office, as custodian for the Depository, and registered in the name of the Depository or the nominee of the Depository for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Restricted Period shall terminate upon the receipt by the Trustee of (i) a written certificate from the Depository, together with copies of certificates from Euroclear and Clearstream certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Security (except to the extent of any beneficial owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who will take delivery of a beneficial ownership interest in a 144A Global Security bearing a Private Placement Legend, all as contemplated by Section 2.06(a)(ii)), and (ii) an Officers' Certificate from the Company. Following the termination of the Restricted Period, beneficial interests in the Regulation S Temporary Global Security shall be exchanged for beneficial interests in Regulation S Permanent Global Securities pursuant to the Applicable Procedures. Simultaneously with the authentication of Regulation S Permanent Global Securities, the Trustee shall cancel the Regulation S Temporary Global Security. The aggregate principal amount of the Regulation S Temporary Global Security and the Regulation S Permanent Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

Euroclear and Clearstream Procedures Applicable. The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream" and "Customer Handbook" of Clearstream shall be applicable to transfers of beneficial interests in the Regulation S Temporary Global Security and the Regulation S Permanent Global Securities that are held by Participants through Euroclear or Clearstream.

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

Section 2.02. Execution and Authentication.

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

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

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

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

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes 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 the Notes may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Notes may be presented for payment (a "Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-Registrars and one or more additional paying agents for the Notes. 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 Holder. 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 the Notes, 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 as the initial Registrar and Paying Agent for the Notes unless another Registrar or Paying Agent, as the case may be, is appointed prior to the time the Notes are first issued.

Section 2.04. Paying Agent to Hold Money in Trust.

Whenever the Company has one or more Paying Agents it shall, prior to each due date of the Principal of or interest on, any Notes, 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 shall 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 shall hold in trust for the benefit of the Holders of the Notes, or the Trustee, all money held by the Paying Agent for the payment of Principal or interest on the Notes, and that such Paying Agent shall notify the Trustee of any Default by the Company or any other obligor of the Notes 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 Holders of the Notes 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 Notes.

Section 2.05. Holder 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 Holders 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 Holders relating to such interest payment date or request, as the case may be.

Section 2.06. Transfer and Exchange.

(a) *Transfer and Exchange of Global Securities.* A Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. Global Securities will not be exchanged by the Company for Definitive Securities unless (i) the Company delivers to the Trustee notice from the Depository that it is unwilling or unable to continue to act as Depository or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 120 days after the date of such notice from the Depository; (ii) the Company in its sole discretion determines that the Global Securities (in whole but not in part) should be exchanged for Definitive Securities and delivers a written notice to such effect to the Trustee (*provided* that in no event shall the Regulation S Temporary Global Security be exchanged by the Company for Definitive Securities prior to (x) the expiration of the Restricted Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act; or (iii) an Event of Default shall have occurred and be continuing with respect to the Notes and the Trustee has received a request from DTC or any Holder to issue Definitive Securities. Upon the occurrence of any of the preceding events in (i), (ii) or (iii) above, Definitive Securities shall be issued in such names as the Depository shall instruct the Trustee. Global Securities also may be exchanged or replaced, in whole or in part, as *provided* in Sections 2.07 and 2.09. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Security or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.09, shall be authenticated and delivered in the form of, and shall be, a Global Security. A Global Security may not be exchanged for another Note other than as *provided* in this Section 2.06(a), however, beneficial interests in a Global Security may be transferred and exchanged as provided in Section 2.06(b), (c) or (f).

(b) *Transfer and Exchange of Beneficial Interests in Global Securities.* The transfer and exchange of beneficial interests in the Global Securities shall be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Securities shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of

beneficial interests in the Global Securities also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) *Transfer of Beneficial Interests in the Same Global Security.* Beneficial interests in any Restricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Security in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided*, however, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Temporary Regulation S Global Security may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an initial purchaser). Beneficial interests in any Unrestricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) *All Other Transfers and Exchanges of Beneficial Interests in Global Securities.* In connection with all transfers and exchanges of beneficial interests in any Global Security that is not subject to Section 2.06(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar (1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase. Upon consummation of an Exchange Offer for a series of Global Securities in accordance with Section 2.06(f), the requirements of this Section 2.06(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the holder of such beneficial interests in the Restricted Global Securities. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Securities contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the Principal amount of the relevant Global Security(s) pursuant to Section 2.06(h).

(iii) *Transfer of Beneficial Interests to Another Restricted Global Security.* A beneficial interest in any Restricted Global Security may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Security if the transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in a 144A Global Security, then the transferor must deliver a certificate in the form of Exhibit A hereto, including the certifications in item (1) thereof; and

then the transferor must deliver a certificate in the form of Exhibit A hereto, including the certifications in item (2) thereof.

(iv) *Transfer and Exchange of Beneficial Interests in a Restricted Global Security for Beneficial Interests in an Unrestricted Global Security.* A beneficial interest in any Restricted Global Security may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Security or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Securities or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (1)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of Exhibit A hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Security has not yet been issued, the Company shall issue and,

upon receipt of a Company Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Securities in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Security cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Security.

(c) *Transfer and Exchange of Beneficial Interests in Global Securities for Definitive Securities.* A beneficial interest in a Global Security may not be exchanged for a Definitive Security except under the circumstances described in Section 2.06(a). A beneficial interest in a Global Security may not be transferred to a Person who takes delivery thereof in the form of a Definitive Security except under the circumstances described in Section 2.06(a).

(d) *Transfer and Exchange of Definitive Securities for Beneficial Interests in Global Securities.*

(i) *Restricted Definitive Securities to Beneficial Interests in Restricted Global Securities.* If any Holder of a Restricted Definitive Security proposes to exchange such Restricted Definitive Security for a beneficial interest in a Restricted Global Security or to transfer such Restricted Definitive Securities to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Security, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Security proposes to exchange such Restricted Definitive Security for a beneficial interest in a Restricted Global Security, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (2)(a) thereof;

(B) if such Restricted Definitive Security is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit A hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Security is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit A hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Security is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit A hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Security is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit A hereto, including the certifications in item (3)(b) thereof, or

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(F) if such Restricted Definitive Security is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit A hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Security, and increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Security, in the case of clause (B) above, the 144A Global Security, and in the case of clause (C) above, the Regulation S Global Security.

(ii) *Restricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities.* A Holder of a Restricted Definitive Security may exchange such Restricted Definitive Security for a beneficial interest in an Unrestricted Global Security or transfer such Restricted Definitive Security to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Securities or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Definitive Securities proposes to exchange such Definitive Securities for a beneficial interest in the Unrestricted Global Security, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (1)(b) thereof; or

(2) if the Holder of such Definitive Securities proposes to transfer such Definitive Securities to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Security, a certificate from such Holder in the form of Exhibit A hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on

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transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Definitive Securities and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Security.

(iii) *Unrestricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities.* A Holder of an Unrestricted Definitive Security may exchange such Unrestricted Definitive Security for a beneficial interest in an Unrestricted Global Security or transfer such Unrestricted Definitive Securities to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Security and increase or cause to be increased the aggregate Principal amount of one of the Unrestricted Global Securities.

If any such exchange or transfer from a Definitive Security to a beneficial interest is effected pursuant to subparagraphs (ii)(B), (ii)(D) or (iii) above at a time when an Unrestricted Global Security has not yet been issued, the Company shall issue and, upon receipt of a Company Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Securities in an aggregate Principal amount equal to the Principal amount of Definitive Securities so transferred.

(e) *Transfer and Exchange of Definitive Securities for Definitive Securities.* Upon request by a Holder of Definitive Securities and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Securities. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Securities duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(i) *Restricted Definitive Securities to Restricted Definitive Securities.* Any Restricted Definitive Security may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Security if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit A hereto, including the certifications in item (1) thereof,

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit A hereto, including the certifications in item (2) thereof, and

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(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit A hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof, if applicable.

(ii) *Restricted Definitive Securities to Unrestricted Definitive Securities.* Any Restricted Definitive Security may be exchanged by the Holder thereof for an Unrestricted Definitive Security or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Security if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Securities or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Securities proposes to exchange such Restricted Definitive Securities for an Unrestricted Definitive Security, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (1)(c) thereof; or

(2) if the Holder of such Restricted Definitive Securities proposes to transfer such Restricted Definitive Securities to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Security, a certificate from such Holder in the form of Exhibit A hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) *Unrestricted Definitive Securities to Unrestricted Definitive Securities.* A Holder of Unrestricted Definitive Securities may transfer such Unrestricted Definitive Securities to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security. Upon receipt of a request to register such a transfer, the Registrar shall register

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the Unrestricted Definitive Securities pursuant to the instructions from the Holder thereof.

(f) *Exchange Offer.* Upon the occurrence of the Exchange Offer with respect to Initial Securities in accordance with the Registration Rights Agreement, the Company shall issue and, upon receipt of a Company Order in accordance with Section 2.02, the Trustee shall, authenticate (i) one or more Unrestricted Global Securities in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Securities tendered for acceptance by Persons that certify in the applicable Letters of Transmittal that (x) they are not broker-dealers, (y) they are not participating in a distribution of the Exchange Securities and (z) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Exchange Offer and (ii) Definitive Securities in an aggregate principal amount equal to the principal amount of the Restricted Definitive Securities accepted for exchange in the Exchange Offer. Concurrently with the issuance of such Unrestricted Global Securities and Definitive Securities, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Securities to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of Definitive Securities so accepted Definitive Securities in the appropriate Principal amount.

(g) *Legends.* The following legends shall appear on the face of all Global Securities and Definitive Securities issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) *Private Placement Legend.*

(1) Except as permitted by subparagraph (B) below, each Global Security and each Definitive Security (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

THIS SECURITY AND THE GUARANTEES ENDORSED HEREON HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY, THE GUARANTEES ENDORSED HEREON NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED,

PLEGGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY AND THE GUARANTEES ENDORSED HEREON, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY AND THE GUARANTEES ENDORSED HEREON (OR ANY PREDECESSOR OF THIS SECURITY AND THE GUARANTEES ENDORSED HEREON) (THE "RESALE RESTRICTION TERMINATION DATE"), ONLY (A) TO THE COMPANY, OR GROUP OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE

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REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES AND THE GUARANTEES ENDORSED THEREON ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (1) PURSUANT TO CLAUSE (D) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT OR PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (2) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ACCEPTANCE OF THIS SECURITY, EACH HOLDER HEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (A) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE THE SECURITY CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), ANY OTHER PLAN OR ARRANGEMENT THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-UNITED STATES OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF SUCH PLANS AND ARRANGEMENTS OR (B) THE PURCHASE AND HOLDING OF THE SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

(2) Notwithstanding the foregoing, any Global Security or Definitive Security issued pursuant to subparagraph (b)(iv), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) of this Section 2.06 or any Global Security or Definitive Security initially issued by the Company pursuant to an effective registration statement under the Securities Act (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

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(ii) *Global Security Legend.* Each Global Security shall bear a legend in substantially the following form:

"THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.10 OF THE INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC") TO THE COMPANY 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."

(iii) *Regulation S Temporary Global Security Legend.* The Regulation S Temporary Global Security shall bear a legend in substantially the following form:

"THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL SECURITY, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED SECURITIES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL SECURITY SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON."

Securities or a particular Global Security has been redeemed, repurchased or canceled in whole and not in part, each such Global Security shall be returned to or retained and canceled by the Trustee in accordance with Section 2.10. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or for Definitive Securities, the principal amount of Notes represented by such Global Security shall be reduced accordingly and an endorsement shall be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security shall be increased accordingly and an endorsement shall be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges.*

(i) Where Notes 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 Notes 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 Global Securities and Definitive Securities at the Registrar's request.

(ii) 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, 3.06 or 9.04).

(iii) All Global Securities and Definitive Securities issued upon any registration of transfer or exchange of Global Securities or Definitive Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Securities or Definitive Securities surrendered upon such registration of transfer or exchange.

(iv) The Company and the Registrar shall not be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 and ending at the close of business on the day of selection, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (c) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(v) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving

payment of Principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vi) The Trustee shall authenticate Global Securities and Definitive Securities in accordance with the provisions of Section 2.02.

(vii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

(viii) Each Holder of a Note agrees to indemnify the Company and the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder's Note in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary Participants or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Notes issued in global form shall be substantially in the form of Exhibits D-1 or D-2 attached hereto (including the Global Security Legend thereon and the "Schedule of Exchanges of Interests in the Global Security" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit D-1 attached hereto (but without the Global Security Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto).

Section 2.07. Replacement Notes.

If a mutilated Note is surrendered to the Trustee or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Note 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 Note is replaced. The Company may charge such Holder for its expenses in replacing a Note.

Every replacement Note is an obligation of the Company and shall be entitled to all the benefit of this Indenture equally and proportionately with any and all other Notes.

Section 2.08. Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee, except for those cancelled by it, those delivered to it for cancellation, and those described in this

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Section 2.08 as not outstanding. Except as set forth in the final paragraph of this Section 2.08, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note.

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

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

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes as to which a Trust Officer of the Trustee has actual knowledge are so owned shall be so disregarded. Notes owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company shall not be deemed to be outstanding for purposes of Section 3.07.

Section 2.09. Temporary Notes.

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

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

Section 2.10. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and the Trustee shall destroy cancelled Notes and provide a certificate of destruction to the Company. The Company may not issue new Notes to replace Notes 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 the Notes, 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

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the Persons who are Holders of such Notes on which the interest is due on a subsequent special record date, which special record date shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money in the currency or currency unit in which the Notes are payable, equal to the aggregate amount proposed to be paid in respect of such defaulted interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such defaulted interest. Thereupon the Company shall fix a special record date for the payment of such defaulted interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment. The Company shall cause notice of the proposed payment of such defaulted interest and the special record date therefor to be mailed, first-class postage prepaid, to each Holder of Notes at the address as it appears in the register of Notes referred to in Section 2.03, not less than 10 days prior to such special record date. Notice of the proposed payment of such defaulted interest and the special record date therefor having been so mailed, defaulted interest shall be paid to the Persons in whose names the Notes are registered at the close of business on such special record date.

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 Notes 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 Notes 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 Notes 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 Notes 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 Holders after such record date; *provided, however*, that no such action shall be effective hereunder unless taken on or prior to the date 90 days after such record date.

(c) The Company, in the event of defaulted interest, shall set a special record date in accordance with Section 2.11.

Section 2.13. CUSIP and ISIN Numbers.

The Company in issuing Notes may use “CUSIP” or “ISIN” numbers or both numbers, and, if so used, the Trustee shall use such “CUSIP” or “ISIN” numbers or both 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 Notes or as contained in any notice and that reliance may be placed only on the other identification numbers printed on such Notes, 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” or “ISIN” numbers.

ARTICLE 3.

REDEMPTION

Section 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to Section 3.07 hereof or any change of control provisions hereof, it shall notify the Trustee of the redemption date and the principal amount of Notes 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 Notes pursuant to which the Company elects to redeem such Notes.

Section 3.02. Selection of Notes to Be Redeemed.

If less than all of the outstanding Notes are to be redeemed at any time, the Trustee shall select Notes for redemption as follows:

- (1) if the Notes are listed, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or
- (2) if the Notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

Notes and portions thereof that the Trustee selects shall be in amounts of more than \$1,000. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption. The Trustee shall notify the Company promptly in writing of the Notes or portions of Notes to be called for redemption.

Section 3.03. Notice of Redemption.

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 Notes are to be redeemed at the address of such Holder as it appears in the Register of Notes referred to in Section 2.03. Notices of redemption shall not be conditional.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. A new Note in

principal amount equal to the unredeemed portion of the original Note shall be issued in the name of the Holder thereof upon cancellation of the original Note.

The notice shall identify the Notes to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price fixed in accordance with the terms of the Notes to be redeemed, plus accrued interest, if any, to the date fixed for redemption (the “*redemption price*”);
- (3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date, upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued;
- (4) the name and address of the Paying Agent;
- (5) that Notes 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 Notes called for redemption ceases to accrue on and after the redemption date; and
- (7) the CUSIP number or ISIN number, if any, of the Notes 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 Note shall not affect the validity of the proceeding for the redemption of any other Note.

Section 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become due on the date fixed for redemption. Upon surrender to the Paying Agent, such Notes shall be paid at the redemption price. On and after the redemption date, interest ceases to accrue on the Notes or portions of them called for redemption.

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 Notes called for redemption on that date other than Notes 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.

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Section 3.06. Notes Redeemed in Part.

Upon surrender of a Note 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 Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07. Optional Redemption.

Except as described in this Section 3.07, the Notes shall not be redeemable at the Company's option prior to May 15, 2008.

(a) On or after May 15, 2008, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2008	104.125%
2009	102.750%
2010	101.375%
2011 and thereafter	100.000%

(b) At any time prior to May 15, 2006, the Company may redeem on any one or more occasions up to 35% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under this Indenture at a redemption price of 108.250% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings by OI Inc. to the extent the net cash proceeds thereof are contributed to the Company or used to purchase from the Company Capital Stock (other than Disqualified Stock) of the Company; *provided that*:

- (1) at least 65% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under this Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by OI Inc. and its Subsidiaries); and
- (2) the redemption must occur within 60 days of the date of the closing of such Equity Offering.

(c) At any time prior to May 15, 2008, the Notes may be redeemed, in whole but not in part, at the option of the Company upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior notice (but in no event more than 90 days after the occurrence of such Change of Control) mailed by first class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, to,

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the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the Notes on the relevant Interest Payment Date).

"Applicable Premium" means, with respect to any Note on any redemption date, the greater of:

- (1) 1.0% of the principal amount of such Note; or
- (2) the excess of:

- (a) the present value at such redemption date of (1) the redemption price of such Note at May 15, 2008 (such redemption price being set forth in the table above) plus (2) all required interest payments due on such Note through May 15, 2008, (including accrued but unpaid interest) computed using a discount rate equal to the Treasury Rate on such redemption date plus 50 basis points; over

(b) the principal amount of such Note.

“*Treasury Rate*” means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two Business Days prior to the redemption date (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to May 15, 2008; *provided, however*, that if the period from the redemption date to May 15, 2008 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Section 3.08. Mandatory Redemption.

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

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 Notes on the dates and in the manner provided in this Indenture and the Notes. 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. The Company shall pay Liquidated Damages, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement.

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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 Notes.

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 Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes 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 Notes 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.

Whether or not required by the Commission, so long as any Notes are outstanding, OI Group shall furnish to the Holders of any Notes, within the time periods specified in the Commission’s rules and regulations:

- (1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if OI Group were required to file such Forms, including a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and, with respect to the annual information only, a report on the annual financial statements by OI Group’s certified independent accountants; and
- (2) all current reports that would be required to be filed with the Commission on Form 8-K if OI Group were required to file such reports.

In addition, whether or not required by the Commission, OI Group shall file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission’s rules and regulations (unless the Commission shall not accept such a filing) and make such information available to securities analysts and prospective investors upon request. In addition, for so long as any Notes remain outstanding, the Company and the Guarantors of the Notes shall furnish to the Holders and

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to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

OI Group 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 OI Group 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 OI Group has sought and received confidential treatment by the Commission. OI Group 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 or the Guarantors' 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, 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 Company shall, so long as any of the Notes 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, OI Group 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 OI Group and its Subsidiaries; *provided, however*, that OI Group 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 OI Group 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. [Intentionally Omitted]

Section 4.09. Fall-Away Event.

If at any time the Notes have achieved the Investment Grade Ratings, OI Group and the Restricted Subsidiaries of OI Group shall thereafter no longer be subject to the covenants under Sections 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17 and 10.08 (collectively, the "*Extinguished Covenants*") (even if the Notes subsequently cease to have the Investment Grade Ratings), *provided* that if upon the receipt by the Notes of the Investment Grade Ratings, a Default or Event of Default has occurred and is continuing under this Indenture, the Company shall continue to be subject to the Extinguished Covenants until such time as no Default or Event of Default is continuing.

Notwithstanding the foregoing, at the time OI Group and the Restricted Subsidiaries are no longer subject to the Extinguished Covenants, the following covenant shall apply to OI Group and its Domestic Subsidiaries:

Neither OI Group nor any of its Domestic Subsidiaries shall create, incur, or permit to exist, any Lien on any of their respective assets, whether now owned or hereafter acquired, in order to secure any Indebtedness of either of OI Group or any of its Domestic Subsidiaries, without effectively providing that the Notes shall be equally and ratably secured until such time as such Indebtedness is no longer secured by such Lien, except: (i) Liens on cash and Cash Equivalents securing obligations in respect of letters of credit in accordance with the terms of the Credit Agreement; (ii) Liens existing on the Issue Date; (iii) Liens granted after the Issue Date on any assets of OI Group or any of its Domestic Subsidiaries securing Indebtedness of OI Group or any of its Domestic Subsidiaries created in favor of the Holders of the Notes; (iv) Liens securing Indebtedness which is incurred to extend, renew or refinance Indebtedness which is secured by Liens permitted to be incurred under this Indenture; *provided* that such Liens do not extend to or cover any assets of OI Group or any of its Domestic Subsidiaries other than the assets securing the Indebtedness being extended, renewed or refinanced and that the principal or commitment amount of such Indebtedness does not exceed the principal or commitment amount

of the Indebtedness being extended, renewed or refinanced at the time of such extension, renewal or refinancing, or at the time the Lien was issued, created or assumed or otherwise permitted; (v) Investment Grade Permitted Liens; or (vi) Liens created in substitution of or as replacement for any Liens permitted by the preceding clauses (i) through (v) or this clause (vi), *provided* that, based on a good faith determination of an officer of the Company, the assets encumbered under any such substitute or replacement Lien is substantially similar in value to the assets encumbered by the otherwise permitted Lien which is being replaced. Upon the assignment of the Company's obligations under this Indenture to OI Inc. as described in Section 5.03 of this Indenture, the limitations described in this paragraph shall apply to Liens securing Indebtedness of OI Inc. and its Domestic Subsidiaries in lieu of Liens securing

Indebtedness of OI Group and its Domestic Subsidiaries and references to OI Group or the Company in the definition of “Investment Grade Permitted Liens” shall become references to OI Inc., unless the context otherwise requires.

So long as the Credit Agreement is in effect, if the Notes are secured pursuant to the preceding paragraph, the Notes shall be considered equally and ratably secured if they are secured pursuant to terms and provisions, including any exclusions or exceptions described therein, no less favorable to the holders of Notes than those set forth in, or contemplated by, the Credit Agreement with respect to the Existing Senior Notes and the Company’s 7 3/4% Senior Secured Notes due 2011.

Section 4.10. Offer to Repurchase Upon a Change of Control.

If a Change of Control occurs, unless the Company has exercised its right to redeem the Notes under Section 3.07, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of that Holder’s Notes pursuant to a change of control offer on the terms set forth in this Indenture (a “*Change of Control Offer*”). In the Change of Control Offer, the Company shall offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the date of purchase (the “*Change of Control Payment*”). Within 30 days following any Change of Control, the Company shall mail a notice to each Holder at its registered address. The notice shall contain all instructions and materials necessary to enable such Holder to tender Notes pursuant to the Change of Control Offer. Any Change of Control Offer shall be made to all Holders. The notice, which shall govern the terms of the Change of Control Offer, shall state: (1) that the Change of Control Offer is being made pursuant to this Section 4.10; (2) the Change of Control Payment and the date on which Notes tendered and accepted for payment shall be purchased, which date shall be at least 30 days and no later than 60 days from the date such notice is mailed (the “*Change of Control Payment Date*”); (3) that any Note not tendered or accepted for payment shall continue to accrete or accrue interest; (4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrete or accrue interest after the Change of Control Payment Date; (5) that Holders electing to have a Note purchased pursuant to any Change of Control Offer shall be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, a depository, if appointed by the Company, or the Paying Agent at the address specified in the notice at least three days before the Change of Control Payment Date; (6) that Holders shall be entitled to withdraw their election if the Company, the depository or the Paying Agent, as the case may be, receives, not later than the

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Change of Control Payment Date, a notice setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased; (7) that Notes and portions of Notes purchased shall be in amounts of \$1,000 or whole multiples of \$1,000, except that if all of the Notes of a Holder are to be purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of \$1,000, shall be purchased; and (8) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer), which unpurchased portion must be equal to \$1,000 in principal amount or an integral multiple thereof. The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Change of Control provisions of this Indenture by virtue of such conflict.

On the Change of Control Payment Date, the Company shall, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers’ Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

The Paying Agent shall promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note shall be in a principal amount of \$1,000 or an integral multiple thereof.

The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions set forth above that require the Company to make a Change of Control Offer following a Change of Control shall be applicable regardless of whether or not any other provisions of this Indenture are applicable.

Notwithstanding anything to the contrary in this Section 4.10, the Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.10 and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

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Section 4.11. Asset Sales.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) OI Group (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;

- (2) such Fair Market Value is determined in good faith by OI Group and a certification to that effect is set forth in an Officers' Certificate delivered to the Trustee; and
- (3) at least 75% of the consideration therefor received by OI Group or such Restricted Subsidiary is in the form of cash. For purposes of this provision, each of the following shall be deemed to be cash:
 - (a) any liabilities (as shown on OI Group's or such Restricted Subsidiary's most recent balance sheet) of OI Group or any Restricted Subsidiary of OI Group (other than liabilities that are by their terms subordinated to the Notes or any Guarantee of the Notes) that are assumed by the transferee of any such assets which assumption releases OI Group or such Restricted Subsidiary from further liability;
 - (b) any securities, notes or other obligations received by OI Group or any such Restricted Subsidiary from such transferee that are converted within 180 days by OI Group or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion); and
 - (c) any Designated Noncash Consideration received by OI Group or any Restricted Subsidiary of OI Group in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Noncash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed 5.0% of Tangible Assets at the time of the receipt of such Designated Noncash Consideration (with the Fair Market Value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value);

provided, that the 75% limitation referred to in clause (3) above shall not apply to any Asset Sale in which the cash portion of such consideration received therefor on an after-tax basis, determined in accordance with clause (3) above, is equal to or greater than what the after-tax net proceeds would have been had such transaction complied with such 75% limitation.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, OI Group or such Restricted Subsidiary may apply such Net Proceeds at its option:

- (1) to repay senior Indebtedness of the Company or any Guarantor and, if the senior Indebtedness of the Company or any Guarantor repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto, if the terms of such revolving credit Indebtedness would require such a commitment reduction; *provided, however*, that a non-Guarantor Restricted Subsidiary may use the Net Proceeds from an Asset Sale to repay senior Indebtedness of OI Group or any Restricted Subsidiary of OI Group;
- (2) to make payments required to be made with respect to the outstanding OI Inc. Senior Notes;
- (3) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, a Permitted Business;
- (4) to make a capital expenditure in or that is used or useful in a Permitted Business;
- (5) to acquire other long-term assets in or that are used or useful in a Permitted Business; or
- (6) to make an Investment in any one or more businesses (*provided* that such Investment in any business may be in the form of the acquisition of Capital Stock so long as it results in OI Group or a Restricted Subsidiary of OI Group, as the case may be, owning a majority of the Capital Stock of such business), properties or assets that replace the businesses, properties and assets that are the subject of such Asset Sale; *provided, however*, that any such business, properties and assets of OI Group or a Guarantor that are the subject of an Asset Sale are invested in one or more businesses, properties or assets that constitute or are owned or shall be owned by a Guarantor or a Restricted Subsidiary that becomes a Guarantor.

Notwithstanding the foregoing, with respect to any Asset Sale by the Company or any Guarantor, such Net Proceeds may only be applied pursuant to items (1) or (6) above and, to the extent such Net Proceeds are applied to, or with respect to, the Company, a Guarantor or a Person or a Restricted Subsidiary that becomes a Guarantor, items (3), (4) or (5) above. Pending the final application of any such Net Proceeds, OI Group or the applicable Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph shall constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company shall make an offer (an "Asset Sale Offer") to all Holders of Notes and all Holders of other Indebtedness that is *pari passu* with the

Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (including the Existing Senior Notes and the 7 3/4% Senior Secured Notes due 2011) to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of principal amount plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other *pari passu* Indebtedness to be purchased on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sales provisions of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Asset Sale provisions of this Indenture by virtue of such conflict.

Section 4.12. Restricted Payments.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other distribution on account of OI Group's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving OI Group or any of its Restricted Subsidiaries) or to the direct or indirect holders of OI Group's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of OI Group or such Restricted Subsidiaries); *provided* that the foregoing shall not limit or preclude: (a) the declaration or payment of dividends or distributions to OI Group, the Company or any Guarantor; (b) the declaration or payment of dividends or distributions to holders of Equity Interests of a Guarantor (other than OI Group or a Subsidiary of OI Group) on a pro rata basis with all other holders; or (c) the declaration or payment of dividends or distributions by non-Guarantor Restricted Subsidiaries to the holders of their Equity Interests on a pro rata basis;
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation

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involving OI Group or any of its Restricted Subsidiaries) any Equity Interests of OI Group or any direct or indirect parent of OI Group;

- (3) purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Notes or the Guarantees of the Notes, except for (a) payments of or related to Intercompany Indebtedness (other than Intercompany Indebtedness owing to OI Inc. by OI Group), (b) a payment of interest or Principal at the Stated Maturity thereof (other than Intercompany Indebtedness owing to OI Inc. by OI Group) or (c) the purchase, repurchase, defeasance, acquisition or retirement for value of Indebtedness of a Foreign Subsidiary by a Foreign Subsidiary; or
- (4) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

- (1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and
- (2) OI Group would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.13; and
- (3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by OI Group and its Restricted Subsidiaries after January 24, 2002 (excluding Restricted Payments permitted by clauses (2), (3), (4), (6) and (7) of the next succeeding paragraph), is less than the sum, without duplication, of:
 - (a) 50% of the Consolidated Net Income of OI Group for the period (taken as one accounting period) from April 1, 2002 to the end of OI Group's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*
 - (b) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by OI Group since January 24, 2002 as a contribution to its common equity capital or from the issue or sale of Equity Interests of OI Group (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of OI Group that have been converted into or

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exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of OI Group); *plus*

- (c) to the extent that any Restricted Investment that was made after January 24, 2002 is sold or otherwise liquidated, the cash plus the Fair Market Value of any marketable securities received upon the sale or liquidation of such Restricted Investment (less the cost of disposition, if any); *plus*
- (d) \$15.0 million.

So long as (solely with respect to clauses (2), (3), (5) and (7) below) no Event of Default has occurred and is continuing or would be caused thereby, the preceding provisions shall not prohibit:

- (1) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture;
- (2) the redemption, repurchase, retirement, defeasance or other acquisition of any Indebtedness of OI Group or any Restricted Subsidiary of OI Group or of any Equity Interests of OI Group in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of OI Group) of, Equity Interests of OI Group (other than Disqualified Stock); *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (3)(b) of the preceding paragraph;
- (3) the defeasance, redemption, repurchase or other acquisition of the OI Inc. Senior Notes;
- (4) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of OI Group (other than the OI Inc. Senior Notes) or any Restricted Subsidiary of OI Group with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;
- (5) the repurchase, redemption or other acquisition or retirement (or dividends or distributions to OI Inc. or payments of Intercompany Indebtedness, in each case, to finance such repurchase, retirement or other acquisition) for value of any Equity Interests of OI Inc., OI Group or any Restricted Subsidiary of OI Group held by any member of OI Inc.'s, OI Group's or any Restricted Subsidiary of OI Group's management; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed \$5.0 million in any twelve-month period;

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- (6) any OI Inc. Ordinary Course Payment; and
 - (7) dividends or distributions to OI Inc. or payments of Intercompany Indebtedness to allow OI Inc. to pay cash dividends on any shares of preferred stock of OI Inc. outstanding on January 24, 2002, plus dividends on any subsequently issued shares of preferred stock of OI Inc. in an amount not to exceed \$25.0 million in any twelve month-period.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by OI Group or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4.12 shall be determined in good faith by OI Group.

Section 4.13. Incurrence of Indebtedness and Issuance of Preferred Stock.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and OI Group shall not issue any Disqualified Stock and OI Group shall not permit any of its Restricted Subsidiaries to issue any Disqualified Stock or preferred stock; *provided, however*, that OI Group and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) and may issue preferred stock, if the Fixed Charge Coverage Ratio for OI Group's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of such four-quarter period.

The first paragraph of this Section 4.13 shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

- (1) the incurrence by OI Group or its Restricted Subsidiaries of Indebtedness under Credit Facilities (and the incurrence of Guarantees thereof) in an aggregate principal amount at any one time outstanding (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed \$4.5 billion (of which not more than \$1.41 billion of such Indebtedness shall be incurred by Restricted Subsidiaries that are not Guarantors);
- (2) the incurrence by OI Group and any Restricted Subsidiary of OI Group of the Existing Indebtedness;
- (3) the incurrence by OI Group, the Company and the Guarantors of Indebtedness represented by the Notes and the related Guarantees to be issued on the Issue Date and the Exchange Securities and the related Guarantees to be issued pursuant to the Registration Rights Agreement;

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- (4) the incurrence by OI Group or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (4), not to exceed 3.0% of Tangible Assets;
 - (5) the incurrence by OI Group or any of its Restricted Subsidiaries of Indebtedness incurred to finance all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of OI Group or such Restricted Subsidiary, in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (5), not to exceed 5.0% of Tangible Assets, as measured after giving effect to such transaction;

- (6) *provided* that so long as no Default shall have occurred or be continuing or would be caused thereby, the incurrence by OI Group or any of its Restricted Subsidiaries of Indebtedness in exchange for, or the proceeds of which are or shall be used to refund, refinance or replace the \$300.0 million aggregate principal amount of 7.85% Senior Notes due 2004, the \$350.0 million aggregate principal amount of 7.15% Senior Notes due 2005, the \$300.0 million aggregate principal amount of 8.10% Senior Notes due 2007, the \$250.0 million aggregate principal amount of 7.35% Senior Notes due 2008 and the \$250.0 million aggregate principal amount of 7.50% Senior Debentures due 2010, in each case of OI Inc.;
- (7) the incurrence by OI Group or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are or shall be used to refund, refinance or replace Indebtedness (other than Intercompany Indebtedness) that was permitted to be incurred under the first paragraph of this Section 4.13 or clauses (2), (3), (6) or (7) of this paragraph;
- (8) the incurrence by OI Group or any of its Restricted Subsidiaries of Intercompany Indebtedness between or among OI Group and any of its Restricted Subsidiaries and with respect to OI Group only, between OI Group and OI Inc.; *provided, however*, that:
- (a) if OI Group, the Company or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Guarantees of the Notes, in the case of OI Group or a Guarantor;
 - (b) any incurrence by OI Group of Intercompany Indebtedness to OI Inc. after the Issue Date shall be in exchange for cash loans or

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advances from OI Inc. in the ordinary course of business consistent with past practices; and

- (c) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than OI Group or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either OI Group or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by OI Group or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (8);
- (9) the incurrence by OI Group or any of its Restricted Subsidiaries of Hedging Obligations;
- (10) *provided* that so long as no Default shall have occurred or be continuing or would be caused thereby, the incurrence by any Foreign Subsidiary of OI Group of Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, not to exceed \$300.0 million, in addition to the \$1.41 billion of Indebtedness that may be incurred under clause (1) of this paragraph;
- (11) (i) the Guarantee by the Company or any of the Guarantors of Indebtedness of OI Group or any Restricted Subsidiary of OI Group and (ii) the Guarantee by any Foreign Subsidiary of Indebtedness of OI Group or any Restricted Subsidiary of OI Group, in each case, that was permitted to be incurred by another provision of this Section 4.13;
- (12) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock shall not be deemed to be an incurrence of Indebtedness for purposes of this Section 4.13 or an issuance of Disqualified Stock; *provided*, in each such case, that the amount thereof is included in Fixed Charges of OI Group as accrued;
- (13) the incurrence by OI Group or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (13), not to exceed \$300.0 million;
- (14) Indebtedness arising from agreements of OI Group or a Restricted Subsidiary of OI Group providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in

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connection with the disposition of any business, assets or a Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided, however*, that (i) such Indebtedness is not reflected on the balance sheet of OI Group or any such Restricted Subsidiary of OI Group (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet shall not be deemed to be reflected on such balance sheet for purposes of this clause (i)) and (ii) the maximum assumable liability in respect of all such Indebtedness that is permitted to be incurred pursuant to this clause (14) shall at no time exceed the gross proceeds including noncash proceeds (the Fair Market Value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by OI Group and its Restricted Subsidiaries in connection with such disposition;

- (15) the incurrence by OI Group or any of its Restricted Subsidiaries of Indebtedness incurred or deemed incurred or cash consideration received from the sale of accounts receivable by OI Group or any of its Restricted Subsidiaries or a special purpose vehicle established by any of them to purchase and sell such receivables;

- (16) obligations in respect of performance and surety bonds and completion guarantees provided by OI Group or any of its Restricted Subsidiaries in the ordinary course of business;
- (17) Indebtedness incurred by OI Group or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including without limitation letters of credit in respect of workers' compensation claims, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims; *provided, however*, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence; and
- (18) the incurrence by OI Group or any of its Restricted Subsidiaries of Acquired Debt, in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (18), not to exceed 5.0% of Tangible Assets, as measured after giving effect to the transaction for which the Acquired Debt was incurred.

The Company shall not incur any Indebtedness (including Permitted Debt) after the Issue Date that is contractually subordinated in right of payment to any other Indebtedness of the Company unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially similar terms; *provided, however*, that no Indebtedness of the

Company shall be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured.

OI Group shall not, and shall not permit any Guarantor to, incur any Indebtedness (including Permitted Debt) after the date of this Indenture that is contractually subordinated in right of payment to any other Indebtedness of OI Group or the Guarantors, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the obligations under the Notes or Guarantees of the Notes on substantially similar terms; *provided, however*, that no Indebtedness of OI Group or the Guarantors shall be deemed to be contractually subordinated in right of payment to any other Indebtedness of OI Group or the Guarantors solely by virtue of being unsecured.

For purposes of determining compliance with this Section 4.13, in the event that any proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (18) above, or is entitled to be incurred pursuant to the first paragraph of this Section 4.13, the Company shall be permitted to classify such item of Indebtedness on the date of its incurrence in any manner that complies with this Section 4.13, or later reclassify all or a portion of such item of Indebtedness. Indebtedness under Credit Facilities outstanding on the date on which Notes are first issued and authenticated under this Indenture shall be deemed to have been incurred on such date in reliance on the exception provided by clauses (1) or (2) of the definition of Permitted Debt above.

Section 4.14. Liens.

Neither OI Group nor any Restricted Subsidiary of OI Group shall create, incur, or permit to exist, any Lien on any of their respective assets, whether now owned or hereafter acquired, in order to secure any Indebtedness of either of OI Group or any Restricted Subsidiary of OI Group, without effectively providing that the Notes shall be equally and ratably secured until such time as such Indebtedness is no longer secured by such Lien, except:

- (1) Liens on cash and Cash Equivalents securing obligations in respect of letters of credit in accordance with the terms of the Credit Agreement;
- (2) Liens existing on the Issue Date;
- (3) Liens granted after the Issue Date on any assets of OI Group or any of its Restricted Subsidiaries securing Indebtedness of OI Group or any of its Restricted Subsidiaries created in favor of the Holders of the Notes;
- (4) Liens securing Indebtedness of OI Group or any Restricted Subsidiary of OI Group which is incurred to extend, renew or refinance Indebtedness which is secured by Liens permitted to be incurred under this Indenture; *provided* that such Liens do not extend to or cover any assets of OI Group or any Restricted Subsidiary of OI Group other than the assets securing the Indebtedness being extended, renewed or refinanced and that the principal or commitment amount of such Indebtedness does not exceed the principal or commitment amount of the Indebtedness being extended, renewed or

- refinanced at the time of such extension, renewal or refinancing, or at the time the Lien was issued, created or assumed or otherwise permitted;
- (5) Permitted Liens; and
- (6) Liens created in substitution of or as replacements for any Liens permitted by the preceding clauses (1) through (5) or this clause (6), *provided* that, based on a good faith determination of an officer of the Company, the assets encumbered under any such substitute or replacement Lien is substantially similar in value to the assets encumbered by the otherwise permitted Lien which is being replaced.

So long as the Credit Agreement is in effect, if the Notes are secured pursuant to the first sentence of this Section 4.14, the Notes shall be considered equally and ratably secured if they are secured pursuant to terms and provisions, including any exclusions or exceptions described therein, no less favorable to the holders of Notes than those set forth in, or contemplated by, the Credit Agreement with respect to the Existing Senior Notes and the Company's 7 3/4% Senior Secured Notes due 2011.

Section 4.15. Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any such Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to OI Group or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to OI Group or any of its Restricted Subsidiaries;
- (2) make loans or advances to OI Group or any of its Restricted Subsidiaries; or
- (3) transfer any of its properties or assets to OI Group or any of its Restricted Subsidiaries.

However, the preceding restrictions shall not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Existing Indebtedness, Credit Facilities, charter documents and shareholder agreements as in effect on the Issue Date, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such Existing Indebtedness,

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Credit Facilities, charter documents and shareholders agreements as in effect on the Issue Date;

- (2) this Indenture, the Notes, the Collateral Documents, the Offshore Collateral Documents and the Guarantees of the Notes;
- (3) applicable law;
- (4) any instrument governing Indebtedness or Capital Stock of a Person acquired by OI Group or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;
- (5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;
- (6) purchase money obligations, including Capital Lease Obligations and obligations under mortgages, for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of the first paragraph of this Section 4.15;
- (7) any agreement for the sale or other disposition of a Restricted Subsidiary of OI Group that restricts any of the foregoing by that Restricted Subsidiary pending its sale or other disposition;
- (8) Permitted Refinancing Indebtedness, *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced; and
- (9) Permitted Liens or Investment Grade Permitted Liens securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Lien.

Nothing contained in this Section 4.15 shall prevent OI Group or a Restricted Subsidiary of OI Group from entering into any agreement (x) permitting or providing for the incurrence of Liens otherwise permitted by Section 4.14 or (y) restricting the sale or other disposition of property securing Indebtedness.

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Section 4.16. Transactions with Affiliates.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "*Affiliate Transaction*") involving aggregate payments in consideration in excess of \$5.0 million, unless:

- (1) such Affiliate Transaction is on terms that are no less favorable to OI Group or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by OI Group or such Restricted Subsidiary with an unrelated Person; and
- (2) OI Group delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.16 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors.

The following items shall not be deemed to be Affiliate Transactions and, therefore, shall not be subject to the provisions of the prior

paragraph:

- (1) transactions between or among OI Group and/or its Restricted Subsidiaries;
- (2) transactions between OI Group and/or its Restricted Subsidiaries on the one hand, and OI Inc. on the other, that are in the ordinary course of business consistent with past practices;
- (3) payment of reasonable directors' fees;
- (4) Restricted Payments that are permitted by Section 4.12;
- (5) the payment of customary annual management, consulting, monitoring and advisory fees and related expenses to KKR and its Affiliates;
- (6) the payment of reasonable and customary fees paid to, and indemnity provided on behalf of, officers, directors, employees or consultants of OI Group, any of its direct or indirect parent corporations or any Restricted Subsidiary of OI Group;
- (7) payments by OI Group or any of its Restricted Subsidiaries to KKR and its Affiliates 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

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payments are approved by a majority of the Board of Directors of OI Group in good faith;

- (8) transactions in which OI Group or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an investment banking firm of nationally recognized standing stating that such transaction is fair to OI Group or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph;
- (9) in addition to any payments referred to in (6) above, payments or loans to officers, directors and employees of OI Group, any of its direct or indirect parent corporations or any Restricted Subsidiary of OI Group for business or personal purposes and other loans and advances, in accordance with any policy of OI Group which shall have been approved by the Board of Directors of OI Group in good faith from time to time, to such officers, directors and employees for travel, entertainment, moving and other relocation expenses made in the ordinary course of business of OI Group, any of its direct or indirect parent corporations or any Restricted Subsidiary of OI Group;
- (10) any agreement in effect as of the Issue 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;
- (11) 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 OI Group or its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of OI Group or the senior management thereof;
- (12) the issuance of Equity Interests (other than Disqualified Stock) of OI Group or the Company to any of the Principals; and
- (13) transactions involving the sale of accounts receivables by OI Group or any of its Restricted Subsidiaries or a special purpose vehicle established by any of them to purchase and sell receivables.

Section 4.17. Payments for Consent.

OI Group shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes or the Guarantees unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

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Section 4.18. Designation of Restricted and Unrestricted Subsidiaries.

The Board of Directors of OI Group may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default; *provided* that in no event shall the business currently operated by the Company be transferred to or held by an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by OI Group and its Restricted Subsidiaries in the Subsidiary so designated shall be deemed to be a Restricted Investment made as of the time of such designation and that designation shall only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of OI Group may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of OI Group of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted pursuant to Section 4.13, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default shall be in existence following such designation.

Section 4.19. Limitations on Issuances of Guarantees of Indebtedness.

OI Group shall not permit any of its Domestic Subsidiaries, directly or indirectly, to guarantee the payment of any other Indebtedness of the Company or OI Group unless such Domestic Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Domestic Subsidiary, which Guarantee shall be senior to or *pari passu* with such Subsidiary's Guarantee of such other Indebtedness.

ARTICLE 5.

SUCCESSORS

Section 5.01. When OI Group May Merge, Etc.

OI Group shall not, in any transaction or series of transactions, merge or consolidate with or into, or, directly or indirectly, sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to, any Person or Persons, and OI Group shall not permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of OI Group and its Restricted Subsidiaries, on a consolidated basis, to any other Person or Persons, unless at the time and after giving effect thereto:

- (1) either: (a) OI Group or such Restricted Subsidiary, as the case may be, is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than OI Group or such Restricted Subsidiary) (the "*Successor Company*") or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a

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corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

- (2) the Successor Company (if other than OI Group or such Restricted Subsidiary) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of OI Group or such Restricted Subsidiary (if such Restricted Subsidiary is a Guarantor), as the case may be, under the Notes, this Indenture and the Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee;
- (3) immediately after such transaction no Default or Event of Default exists; and
- (4) OI Group or the Successor Company formed by or surviving any such consolidation or merger (if other than OI Group), or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made, shall have, immediately after such transaction, a Fixed Charge Coverage Ratio equal to or greater than such ratio for OI Group immediately prior to such transaction.

This Section 5.01 shall not apply to (i) a merger or consolidation of OI Group, the Company or any of the Guarantors with or into any other of the Company, OI Group or any of the Guarantors or the sale, assignment, conveyance, transfer, lease or other disposition of assets between or among the Company, OI Group and any of the Guarantors and (ii) a merger or consolidation of any Foreign Subsidiary with or into OI Group or any of its Restricted Subsidiaries or the sale, assignment, conveyance, transfer, lease or other disposition of assets from any Foreign Subsidiary to OI Group or any of its Restricted Subsidiaries.

Section 5.02. Successor Corporation Substituted.

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

Section 5.03. Assignment of Obligations.

On and after July 2, 2003, the Company may assign its obligations under the Notes and this Indenture to OI Inc., and the Company and each Guarantor, in its capacity as a Guarantor, will thereafter be released from its obligations under the Notes, the Guarantees of the Notes and this Indenture *provided* that (1) OI Inc. assumes all of the obligations under the Notes and this Indenture and (2) the obligations of each Credit Agreement Domestic Borrower under

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the Credit Agreement have been or will be concurrently assumed by OI Inc. in accordance with the terms of the Credit Agreement. In the event of any such assignment, OI Inc. shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if OI Inc. had been named the Company herein, and restrictions imposed on and obligations of OI Group in this Indenture shall become restrictions imposed on and obligations of OI Inc., unless the context otherwise requires.

ARTICLE 6.

DEFAULTS AND REMEDIES

Section 6.01. Events of Default.

An “*Event of Default*” occurs with respect to the Notes if:

- (1) the Company defaults in the payment of interest on, or Liquidated Damages, if any, with respect to, the Notes 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 the Notes when the same becomes due and payable at maturity, upon redemption or otherwise;
- (3) failure by OI Group or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in this Indenture, the Notes and the Guarantees of the Notes (with respect to any Guarantor);
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by OI Group or any Restricted Subsidiary (or the payment of which is guaranteed by OI Group or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:
 - (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “*Payment Default*”); or
 - (b) results in the acceleration of such Indebtedness prior to its express maturity; *provided*, that an Event of Default shall not be deemed to occur with respect to any such accelerated Indebtedness which is repaid or prepaid within 20 Business Days after such declaration;

and, in any individual case, the principal amount of any such Indebtedness is equal to or in excess of \$50.0 million, or such Indebtedness together with the principal amount of any other such Indebtedness under which

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there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$100.0 million or more;

- (5) any final judgment or order for payment of money in excess of \$50.0 million in any individual case and \$100.0 million in the aggregate at any time shall be rendered against OI Group or any of its Restricted Subsidiaries and such judgment shall not have been paid, discharged or stayed for a period of 60 days;
- (6) except as permitted by this Indenture, any Guarantee of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee of the Notes;
- (7) the Company, OI Group or any Significant Subsidiary of OI Group 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 the benefit of its creditors; or
 - (e) admits in writing its inability generally to pay its debts as the same become due;
- (8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (a) is for relief against the Company, OI Group or any Significant Subsidiary of OI Group in an involuntary case;
 - (b) appoints a Custodian of the Company, OI Group or any Significant Subsidiary of OI Group or for all or substantially all of such entity’s property; or
 - (c) orders the liquidation of the Company, OI Group or any Significant Subsidiary of OI Group;and the order or decree remains unstayed and in effect for 60 days; and
- (9) failure by OI Group or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10 or 4.11 or Article 5.

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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.

Pursuant to Section 4.04 of the Indenture, forthwith upon becoming aware of any Default or Event of Default, the Company shall deliver to the Trustee 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 6.02. Acceleration.

If an Event of Default other than an Event of Default specified in clauses (7) and (8) of Section 6.01, occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Company and the Trustee, may declare the unpaid Principal of and any accrued and unpaid interest on all the Notes to be due and payable immediately. 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 (7) or (8) of Section 6.01 occurs, all outstanding Notes shall become and be due and payable immediately without any declaration, act or notice. The Holders of a majority in principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default Notes 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 the Notes occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of Principal or interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder 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 Notes, by notice to the Trustee, may waive an existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of interest or Liquidated Damages on, or the Principal of any Note (*provided, however*, that the Holders of a majority in principal amount of the outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration).

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Section 6.05. Control by Majority.

The Holders of a majority in principal amount of the then outstanding Notes may 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 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 Notes, 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 Notes may not pursue a remedy with respect to this Indenture, the Notes or any Guarantee of Notes, if any, unless:

- (a) the Holder gives to the Trustee written notice of a continuing Event of Default;
- (b) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;
- (c) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;
- (d) the Trustee does not comply with the request within 30 days after receipt of the request and the offer and, if requested, the provision of indemnity; and
- (e) during such 30-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of Principal or interest or Liquidated Damages) if it determines that withholding notice is in the interest of such Holders.

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

Section 6.07. Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of Principal of and interest, if any, on the Note, on or after the respective due dates expressed in the Note, 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; *provided* that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.

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Section 6.08. Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing with respect to Notes, 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) and interest, if any, remaining unpaid on the Notes 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.

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 Holders allowed in any judicial proceedings relative to the Company (or any other obligor on the Notes), 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. Nothing contained herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities.

If the Trustee collects any money with respect to Notes 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, 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 Holders for amounts due and unpaid on the Notes for Principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for Principal and interest, respectively; and
- Third: to the Company or to such party as a court of competent jurisdiction shall direct. Until so applied, such payments shall be held in a separate account, in trust, by the Trustee or invested by the Trustee at the written direction of the Company. At such time as no Notes

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remain outstanding, any excess money held by the Trustee shall be paid to the Company.

The Trustee may fix a record date and payment date for any payment to Holders of Notes 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 or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

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).

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(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.
- (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 this 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 Notes and this Indenture.

(h) Except with respect to Sections 4.03 and 4.04, the Trustee shall have no duty to inquire as to the performance of the Company with respect to the covenants contained in Article 4.

(i) Delivery of reports, information and documents to the Trustee under Article 4 (other than the delivery of Officers' Certificates pursuant to Section 4.04) is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely conclusively on Officers' Certificates).

Section 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes 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 Notes, it shall not be accountable for the Company's use of the proceeds from the Notes, and it shall not be responsible for any statement in the Notes other than its certificate of authentication.

Section 7.05. Notice of Defaults.

If a Default or Event of Default with respect to the Notes occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to all Holders of Notes a notice of the Default or Event of Default within 60 days after it occurs. Except in the case of a Default or Event of Default in payment on any such Note, 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 Holders.

Section 7.06. Reports by Trustee to Holders.

Within 60 days after May 15 in each year, the Trustee shall mail to Holders of Notes 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 Holders shall be mailed to the Company and filed with the Commission and each stock exchange on which any of the Notes are listed, as required by TIA Section 313(d). The Company shall notify the Trustee when the Notes 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 Notes 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 the Notes. Such lien shall 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) occurs, the expenses and the compensation for the services shall 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 the Notes 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 the Notes by 30 days' notice to the Company in writing. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee in writing and may appoint a successor Trustee with the Company's consent. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10;
- (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 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. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company. If a successor Trustee 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 Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder of Notes 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.

A successor Trustee 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), 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. The successor Trustee shall mail a notice of its succession to the Holders of Notes.

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

Section 7.09. Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation

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without any further act shall be the successor Trustee; *provided* that such corporation shall be eligible under this Article 7 and TIA Section 310(a).

Section 7.10. Eligibility; Disqualification.

The Notes shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee 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. If the Trustee acquires any conflicting interest as defined in the TIA it shall eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

ARTICLE 8.

SATISFACTION AND DISCHARGE; DEFEASANCE

Section 8.01. Satisfaction and Discharge of Indenture.

The provisions of 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 Notes herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes; when

- (a) either:
 - (i) all Notes that have been authenticated and delivered (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or
 - (ii) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for

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cancellation for Principal and Liquidated Damages, if any, and accrued interest to the date of Maturity;

- (b) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;
- (c) the Company or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture relating to the Notes;
- (d) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at Maturity; and
- (e) 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, and, if money shall have been deposited with the Trustee pursuant to clause (a)(ii) of this Section or if money or obligations shall have been deposited with or received by the Trustee pursuant to Section 8.03, the obligations of the Trustee under Sections 8.02 and 8.05 shall survive.

Section 8.02. Application of Trust Funds; Indemnification.

(a) Subject to the provisions of Section 8.05, all money deposited with the Trustee pursuant to Section 8.01, all money and Government Securities deposited with the Trustee pursuant to Section 8.03 or 8.04 and all money received by the Trustee in respect of Government Securities deposited with the Trustee pursuant to Section 8.03 or 8.04, shall be held in trust and applied by it, in accordance with the provisions of the Notes 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.

(b) The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against Government Securities deposited pursuant to Sections 8.03 or 8.04 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 Order any Government Securities or money held by it as provided in Sections 8.03 or 8.04 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 Government Securities or money were deposited or received. This

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provision shall not authorize the sale by the Trustee of any Government Securities held under this Indenture.

Section 8.03. Legal Defeasance of Notes.

The Company shall be deemed to have paid and discharged the entire indebtedness on all the outstanding Notes on the 91st day after the date of the deposit referred to in subparagraph (d) hereof, the provisions of this Indenture, as it relates to such outstanding Notes, shall no longer be in effect and any Guarantees of such Notes shall terminate (and the Trustee, at the expense of the Company, shall, upon Company Order, execute proper instruments acknowledging the same), except as to:

- (a) the rights of Holders of outstanding Notes to receive, from the trust funds described in subparagraph (1) of the proviso hereto, payment of the Principal of or interest and Liquidated Damages, if any, on the outstanding Notes at Maturity thereof in accordance with the terms of this Indenture and the Notes;
- (b) the Company's obligations under Sections 2.03, 2.06, 2.07 and 2.09;
- (c) the rights, powers, trust and immunities of the Trustee hereunder and the duties of the Trustee under Section 8.02 and the duty of the Trustee to authenticate Notes issued on registration of transfer of exchange and the Company's and the Guarantors' obligation in connection therewith; and
- (d) the provisions of this Section 8.03;

provided that, the following conditions shall have been satisfied:

(1) the Company shall have deposited or caused to be deposited irrevocably with the Trustee as trust funds in trust for the benefit of the Holders of the Notes, cash in U.S. Dollars, non-callable Government Securities or a combination thereof in such amounts as will be 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 the Principal of and interest and Liquidated Damages, if any, on all outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to Stated Maturity or to a particular redemption date;

(2) the Company shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (b) since the Issue Date, 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 outstanding Notes shall not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and shall 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, defeasance and discharge under this Section 8.03 had not occurred;

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(3) no Default or Event of Default shall have occurred and be continuing either: (a) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit); or (b) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(4) such defeasance pursuant to this Section 8.03 shall not result in a breach or violation of, or constitute a default under any material agreement or instrument to which OI Group or the Company or any of their Restricted Subsidiaries are a party or by which OI Group or the Company or any of such Restricted Subsidiaries are bound;

(5) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that, assuming no intervening bankruptcy of the Company or any Guarantor between the date of deposit and the 91st day following the deposit and assuming that no Holder is an "insider" of the Company under applicable bankruptcy law, after the 91st day following the deposit, the trust funds shall not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(6) 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 Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(7) 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 8.03 have been complied with.

Section 8.04. Covenant Defeasance.

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, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19 and 5.01 (and the failure to comply with any such provisions shall not constitute a Default or Event of Default under Section 6.01), with respect to the Notes, *provided* that the following conditions shall have been satisfied:

(1) the Company shall have deposited or caused to be deposited irrevocably with the Trustee as trust funds in trust for the benefit of the Holders of the Notes, cash in U.S. Dollars, non-callable Government Securities or a combination thereof in such amounts as will be 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 the Principal of and interest and Liquidated Damages, if any, on all outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to Stated Maturity or to a particular redemption date;

(2) the Company shall have delivered to the Trustee an Opinion of Counsel confirming that Holders of the outstanding Notes shall not recognize income, gain or loss for federal income

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tax purposes as a result of such deposit and defeasance and shall 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 under this Section 8.04 had not occurred;

(3) no Default or Event of Default shall have occurred and be continuing either: (a) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit); or (b) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(4) such defeasance pursuant to this Section 8.04 shall not result in a breach or violation of, or constitute a default under any material agreement or instrument to which OI Group or the Company or any of their Restricted Subsidiaries are a party or by which OI Group or the Company or any of such Restricted Subsidiaries are bound;

(5) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that, assuming no intervening bankruptcy of the Company or any Guarantor between the date of deposit and the 91st day following the deposit and assuming that no Holder is an "insider" of the Company under applicable bankruptcy law, after the 91st day following the deposit, the trust funds shall not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(6) 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 Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(7) 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, Holders 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, the Guarantors and the Trustee may supplement or amend this Indenture, the Notes or the Guarantees of the Notes without notice to or the consent of any Holder:

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

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to comply with Article 5;

(4) to provide for the assumption of the Company's obligations to the Holders of Notes by OI Inc.;

(5) to provide for assumption of any Guarantor's obligations in the case of a merger or consolidation or sale of all or substantially all of such Guarantor's assets;

(6) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under this Indenture or the Guarantees of any such Holder (including, but not limited to, adding a Guarantor under this Indenture); or

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

Section 9.02. With Consent of Holders.

Subject to Section 6.07, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Guarantees of the Notes with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and the Holders of a majority in principal amount of the then outstanding Notes may also waive any existing Default or compliance with any provision of this Indenture, the Notes or the Guarantees of the Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided, however*, that without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the percentage of the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the Stated Maturity of any Note or alter the provisions, or waive any payment, with respect to the redemption of any Notes;
- (3) reduce the rate of or change the time for payment of interest on any Note;
- (4) waive a Default or Event of Default in the payment of Principal of, or interest or Liquidated Damages, if any, on any Note (except a rescission of acceleration of such Note by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);
- (5) make any Note payable in money other than U.S. dollars (including defaulted interest);

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- (6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of Principal of or interest or Liquidated Damages, if any, on the Notes;
- (7) release any Guarantor from any of its obligations under its Guarantee or this Indenture, except in accordance with the terms of the Guarantee or this Indenture;
- (8) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes or the Guarantees of the Notes;
- (9) amend or modify any of the provisions of this Indenture or any Guarantee of the Notes in a manner material and adverse to the Holders of the Notes except (a) in accordance with the terms of this Indenture or such Guarantee or (b) as permitted by Section 9.01;
- (10) make any change to this Section 9.02;
- (11) amend, change or modify the obligation of the Company to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with Section 4.11 or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 4.10, including, in each case, amending, changing or modifying any definition relating thereto; or
- (12) except as otherwise permitted under Article 5 or Section 10.11, consent to the assignment or transfer by OI Group, the Company or any Guarantor of any of their rights or obligations under this Indenture.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After any amendment under this Indenture becomes effective, the Company shall mail to the Holders a notice briefly describing such any amendment. 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. The Company shall mail supplemental indentures to Holders upon request.

Section 9.03. Revocation and Effect of Consents.

Until an amendment or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note; *provided, however*, that unless a record date shall have been established pursuant to Section 2.12(a), any such Holder or subsequent Holder may revoke the consent as to his Note or portion of a Note 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 Notes, and thereafter shall bind every Holder of Notes.

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Section 9.04. Notation on or Exchange of Notes.

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

ARTICLE 10.

GUARANTEE

Section 10.01. Guarantee.

Subject to the provisions of this Article 10, the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantee to each Holder and to the Trustee and its successors and assigns (a) the due and punctual payment of Principal of, interest on and Liquidated Damages, if any, with respect to the Notes whether at Stated Maturity, by acceleration, by redemption or otherwise, and all other monetary obligations of the Company under this Indenture (including obligations to the Trustee) with respect to the Notes and (b) the due and punctual performance within applicable grace periods of all other obligations of the Company under this Indenture with respect to the Notes (all the foregoing being hereinafter collectively called the "Obligations"). The Guarantors further agree that the Obligations may be extended or renewed, in whole or in part, without notice or further assent from the Guarantors, and that the Guarantors will remain bound under this Article 10 notwithstanding any extension or renewal of any Obligation.

The Guarantors waive presentation to, demand of, payment from and protest to the Company of any of the Obligations and also waive notice of protest for nonpayment. The Guarantors waive notice of any default under the Notes to which this Article 10 is applicable or the Obligations with respect thereto. The obligations of the Guarantors under this Section 10.01 shall not be affected by (a) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Notes or any other agreement or otherwise; (b) any extension or renewal of any Obligation; (c) any rescission, waiver, amendment, modification or supplement of any of the terms or provisions of this Indenture (other than this Article 10), the Notes or any other agreement, unless such rescission, waiver, amendment, modification or supplement expressly affects the

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obligations of any Guarantor under this Section 10.01; (d) the release of any security held by any Holder or the Trustee for the Obligations or any of them; (e) the failure of any Holder or Trustee to exercise any right or remedy against any other guarantor of the Obligations; or (f) any change in the ownership of the Company.

The Guarantors further agree that their Guarantees herein constitute a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waive any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Obligations.

Except as set forth in this Indenture, the obligations of the Guarantors hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense, setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, except as set forth in this Indenture, the obligations of the Guarantors herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations with respect to the Notes, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Guarantors or would otherwise operate as a discharge of the Guarantors as a matter of law or equity.

The Guarantors further agree that their Guarantees herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation with respect to the Notes is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise, unless such Guarantee has been released in accordance with Section 10.10.

In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has or may have at law or in equity against the Guarantors by virtue hereof, upon the failure of the Company to pay any Obligation with respect to the Notes when and as the same shall become due, whether at Stated Maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Obligation with respect to the Notes, the Guarantors hereby promise to and will, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (i) the unpaid Principal amount of such Obligations, (ii) accrued and unpaid interest on such Obligations (but only to the extent not prohibited by law) and (iii) all other monetary Obligations of the Company to the Holders of the Notes and the Trustee.

The Guarantors agree that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of the Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of

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such Obligations as provided in Article 6, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purposes of this Section.

The Guarantors also agree to pay any and all costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Trustee or any Holder in enforcing any rights under this Section.

Section 10.02. Limitation on Liability.

Any term or provision of this Indenture to the contrary notwithstanding, the obligations of each Guarantor are limited to the maximum amount as will result in the Obligations of such Guarantor under the Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law.

Section 10.03. Execution and Delivery of Guarantee.

To evidence its Guarantee set forth in Section 10.01, each Guarantor hereby agrees that a notation of such Guarantee substantially in the form included in Exhibit C shall be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee to which this Article 10 is applicable and that this Indenture shall be executed on behalf of such Guarantor by its President, any Executive or Senior Vice President, Treasurer, Assistant Treasurer or one of its Vice Presidents. Further, the Company shall cause all future Guarantors to execute a supplemental indenture.

Each Guarantor hereby agrees that its Guarantee set forth in Section 10.01 shall remain in full force and effect notwithstanding any failure to endorse on each Note to which this Article 10 is applicable a notation of such Guarantee.

If an Officer whose signature is on this Indenture or on the Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Guarantee is endorsed, the Guarantee shall be valid nevertheless.

The delivery of any Note to which this Article 10 is applicable by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Guarantors.

Section 10.04. Successors and Assigns.

This Article 10 shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

Section 10.05. No Waiver.

Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article 10 shall operate as a waiver thereof,

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nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 10 at law, in equity, by statute or otherwise.

Section 10.06. Right of Contribution.

Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder who has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 10.07. The provisions of this Section shall in no respect limit the obligations and liabilities of any Guarantor to the Trustee and the Holders and each Guarantor shall remain liable to the Trustee and the Holders for the full amount guaranteed by such Guarantor hereunder.

Section 10.07. No Subrogation.

Notwithstanding any payment or payments made by any of the Guarantors hereunder, no Guarantor shall be entitled to be subrogated to any of the rights of the Trustee or any Holder against the Company or any other Guarantor or any collateral security or guarantee or right of offset held by the Trustee or any Holder for the payment of the Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Company or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Trustee and the Holders by the Company on account of the Obligations are paid in full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Trustee and the Holders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Trustee in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Trustee, if required), to be applied against the Obligations.

Section 10.08. Additional Guarantors; Reinstatement of Guarantees.

Until such time as all Guarantees by the Guarantors under this Indenture shall have been released in accordance with Section 10.10, OI Group shall cause each Domestic Subsidiary of OI Group or any of its Domestic Subsidiaries that guarantees the Company's Indebtedness under the Credit Agreement, including the reinstatement or renewal of a Guarantee of Indebtedness under the Credit Agreement previously released under the Credit Agreement, to execute and deliver a supplement to this Indenture providing that such Domestic Subsidiary will be a Guarantor hereunder within 10 Business Days of the date on which it executes a Guarantee under the Credit Agreement; *provided* that all Subsidiaries that have properly been designated as Unrestricted Subsidiaries in accordance with this Indenture (i) shall not be required to execute or maintain a Guarantee and (ii) shall be released from all Obligations under any Guarantee, in each case for so long as they continue to constitute Unrestricted Subsidiaries. Domestic Subsidiaries that are Guarantors on the date any such supplement is executed by an additional Domestic

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Subsidiary shall not be required to become parties to such supplement and hereby agree to the execution and delivery by any additional Domestic Subsidiary of any such supplement.

Section 10.09. Modification.

No modification, amendment or waiver of any provision of this Article 10, nor the consent to any departure by the Guarantors therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given; it being understood that the release of the Guarantees of Guarantors pursuant to Section 10.10 shall not be an amendment or waiver of any provision of this Article 10 and shall not require any action on the part of the Trustee. No notice to or demand on the Guarantors in any case shall entitle the Guarantors to any other or further notice or demand in the same, similar or other circumstances.

Section 10.10. Release of Guarantor.

(a) A Guarantor shall be automatically released without any action on the part of the Trustee of the Holders from its obligations under this Indenture and Guarantee if:

- (1) OI Group properly designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary;
- (2) upon any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of OI Group, if the sale or other disposition of all or substantially all of the assets of that Guarantor complies with the Section 4.11 and Section 10.11; or
- (3) upon any sale of all of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of OI Group, if the sale of all such Capital Stock of that Guarantor complies with Section 4.11 and Section 10.11.

The Trustee shall receive written notice of the release of any Guarantor if such release is effected other than under Section 10.11.

(b) Upon the release of a Guarantee by a Domestic Subsidiary under the Credit Agreement, the Guarantee of such Domestic Subsidiary under this Indenture will be released and discharged at such time and the Trustee shall execute an appropriate instrument evidencing such release. If any such Domestic Subsidiary thereafter guarantees obligations under the Credit Agreement (or any released Guarantee under the Credit Agreement is reinstated or renewed), then such Domestic Subsidiary will guarantee the Notes in accordance with this Article 10.

(c) A Guarantor shall be released from its obligations under this Indenture in accordance with an assignment of obligations to OI Inc. pursuant to Section 5.03 or in connection with the merger or consolidation of the Company or any of the Guarantors with or

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into any other of the Company, OI Group or any of the Guarantors or the sale, assignment, conveyance, transfer, lease or other disposition of assets between or among the Company, OI Group and any of the Guarantors, so long as such transaction complies with Section 4.11.

Section 10.11. Merger, Consolidation and Sale of Assets of a Guarantor.

A Guarantor may not sell or otherwise dispose of all or substantially of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Company or another Guarantor, unless:

- (1) immediately after giving effect to that transaction, no Event of Default shall have occurred and be continuing; and
- (2) either (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger is organized or existing under the laws of the United States, any state thereof or the District of Columbia and assumes all the obligations of that Guarantor under this Indenture, its Guarantee and the Registration Rights Agreement pursuant to a supplemental indenture satisfactory to the Trustee; or (b) such sale or other disposition complies with Section 4.11, including the application of the Net Proceeds therefrom; and
- (3) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, sale, lease or merger complies with the foregoing clauses (1) and (2).

Notwithstanding the foregoing, each Guarantor may consolidate with or merge into or sell its assets to the Company or another Guarantor.

ARTICLE 11.

MISCELLANEOUS

Section 11.01. 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 11.02. 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:

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If to the Company:

Owens-Brockway Glass Container Inc.
One SeaGate
Toledo, Ohio 43666
Attention: Treasurer
Telephone: (419) 247-5000
Facsimile: (419) 247-1218

If to the Trustee:

U.S. Bank National Association
180 East Fifth Street
St. Paul, Minnesota 55101
Attention: Corporate Trust Administration
Telephone: (651) 244-8677
Facsimile: (651) 244-0711

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 Holder 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 Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If the Company mails a notice or communication to Holders, 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 11.03. 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 Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

Section 11.04. 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:

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(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 11.05. 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 4.04) 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 11.06. Rules by Trustee and Agents.

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

Section 11.07. Legal Holidays.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in New York City, 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 11.08. No Recourse Against Others.

A past, present or future director, officer, employee, incorporator or stockholder, as such, of the Company or any Guarantor, if any, or any successor corporation shall not have

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any liability for any obligations of the Company or any Guarantor, if any, under the Notes, this Indenture or any Guarantee, if any, or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration of issuance of the Notes.

Section 11.09. 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 11.10. Governing Law.

This Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

Section 11.11. Severability.

In case any provision in this Indenture or in the Notes 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 11.12. 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 11.13. Successors and Assigns.

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

Section 11.14. 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 PAGES FOLLOW]

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

OWENS-BROCKWAY GLASS CONTAINER
INC.

By: /s/ James W. Baehren
Name: James W. Baehren
Title: Vice President and Secretary

On behalf of each entity named on the attached
Annex A, in the capacity set forth for such entity on
such Annex A

By: /s/ James W. Baehren
Name: James W. Baehren

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: /s/ Frank P. Leslie
Name: Frank P. Leslie

Name of Entity	Title of Officer Executing on Behalf of Such Entity
ACI America Holdings Inc.	Vice President and Secretary
Brockway Realty Corporation	Vice President and Secretary
Brockway Research, Inc.	Vice President and Secretary
Continental PET Technologies, Inc.	Vice President and Secretary
NHW Auburn, LLC	Vice President and Secretary of its sole member
OB Cal South Inc.	Vice President and Secretary
OI AID STS Inc.	Vice President and Secretary
OI Auburn Inc.	Vice President and Secretary
OI Australia Inc.	Vice President and Secretary
OI Brazil Closure Inc.	Vice President and Secretary
OI California Containers Inc.	Vice President and Secretary
OI Castalia STS Inc.	Vice President and Secretary
OI Consol STS Inc.	Vice President and Secretary
OI Ecuador STS Inc.	Vice President and Secretary
OI Europe & Asia Inc.	Vice President and Secretary
OI General Finance Inc.	Vice President and Secretary
OI General FTS Inc.	Vice President and Secretary
O-I Health Care Holding Corp.	Vice President and Secretary
O-I Holding Company, Inc.	Vice President and Secretary
OI Hungary Inc.	Vice President and Secretary
OI International Holdings Inc.	Vice President and Secretary

ANNEX A-1

Name of Entity	Title of Officer Executing on Behalf of Such Entity
OI Levis Park STS Inc.	Vice President and Secretary
OI Medical Inc.	Vice President and Secretary
OI Peru STS Inc.	Vice President and Secretary
OI Plastic Products FTS Inc.	Vice President and Secretary
OI Poland Inc.	Vice President and Secretary
OI Puerto Rico STS Inc.	Vice President and Secretary
OI Regioplast STS Inc.	Vice President and Secretary
OI Venezuela Plastic Products Inc.	Vice President and Secretary
OIB Produvisa Inc.	Vice President and Secretary
Overseas Finance Company	Vice President and Secretary
Owens-Brockway Glass Container Trading Company	Vice President and Secretary
Owens-Brockway Packaging, Inc.	Vice President and Secretary
Owens-Brockway Plastic Products Inc.	Vice President and Secretary
Owens-Illinois Closure Inc.	Vice President and Secretary
Owens-Illinois General Inc.	Vice President and Secretary
Owens-Illinois Group, Inc.	Vice President, Director of Finance and Secretary
Owens-Illinois Prescription Products Inc.	Vice President and Secretary
Owens-Illinois Specialty Products Puerto Rico, Inc.	Vice President and Secretary
Product Design & Engineering, Inc.	Vice President and Secretary
Seagate, Inc.	Vice President and Secretary
Seagate II, Inc.	Vice President and Secretary

ANNEX A-2

Name of Entity	Title of Officer Executing on Behalf of Such Entity
Seagate III, Inc.	Vice President and Secretary
Specialty Packaging Licensing Company	Vice President and Secretary
Universal Materials, Inc.	Vice President and Secretary

ANNEX A-3

Attention: Treasurer

Re: [Title of Security]

(CUSIP/ISIN)

Reference is hereby made to the Indenture, dated as of May 6, 2003 (the “*Indenture*”), by and among Owens-Brockway Glass Container Inc., as issuer (the “*Company*”), the Guarantors and U.S. Bank National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$ in such Note[s] or interests (the “*Transfer*”), to (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. **o Check if Transferee will take delivery of a beneficial interest in a 144A Global Security or a Definitive Security pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “*Securities Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Security is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Security for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting, the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Security and/or the Definitive Security and in the Indenture and the Securities Act.

2. **o Check if Transferee will take delivery of a beneficial interest in a Regulation S Global Security or a Definitive Security pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was

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executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an initial purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Security and/or the Definitive Security and in the Indenture and the Securities Act.

3. **o Check and complete if Transferee will take delivery of a beneficial interest in the Global Security or a Definitive Security pursuant to any provision of the Securities Act other than Rule 144A or Regulation S.** The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Securities and Restricted Definitive Securities and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) o such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) o such Transfer is being effected to the Company or a Subsidiary thereof;

or

(c) o such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. **o Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Security or an Unrestricted Definitive Security.**

(a) **o Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities, on Restricted Definitive Securities and in the Indenture.

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(b) **o Check if Transfer is pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities, on Restricted Definitive Securities and in the Indenture.

(c) **o Check if Transfer is pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities or Restricted Definitive Securities and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

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ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following: [CHECK ONE]
- (a) a beneficial interest in the:
- (i) 144A Global Security (CUSIP/ISIN _____), or
- (ii) Regulation S Global Security (CUSIP/ISIN _____), or
- (b) a Restricted Definitive Security.

2. After the Transfer the Transferee will hold: [CHECK ONE]
- (a) a beneficial interest in the:
- (i) 144A Global Security (CUSIP/ISIN _____), or
- (ii) Regulation S Global Security (CUSIP/ISIN _____), or
- (iii) Unrestricted Global Security (CUSIP/ISIN _____), or
- (b) a Restricted Definitive Security; or
- (c) an Unrestricted Definitive Security,
in accordance with the terms of the Indenture.

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EXHIBIT B

FORM OF CERTIFICATE OF EXCHANGE

Owens-Brockway Glass Container Inc.
One SeaGate
Toledo, Ohio 43666

Attention: Treasurer

Re: [Title of Security]

(CUSIP/ISIN _____)

Reference is hereby made to the Indenture, dated as of May 6, 2003 (the "*Indenture*"), by and among Owens-Brockway Glass Container Inc., as issuer (the "*Company*"), the Guarantors and U.S. Bank National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the "*Owner*") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$ _____ in such Note[s] or interests (the "*Exchange*"). In connection with the Exchange, the Owner hereby certifies that:

1. **Exchange of Restricted Definitive Securities or Beneficial Interests in a Restricted Global Security for Unrestricted Definitive Securities or Beneficial Interests in an Unrestricted Global Security**

(a) o **Check if Exchange is from beneficial interest in a Restricted Global Security to beneficial interest in an Unrestricted Global Security.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Security for a beneficial interest in an Unrestricted Global Security in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Securities and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "*Securities Act*"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) o **Check If Exchange is from Restricted Definitive Security to beneficial interest in an Unrestricted Global Security.** In connection with the Owner's Exchange of a Restricted Definitive Security for a beneficial interest in an Unrestricted Global Security, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is

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being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) o **Check if Exchange is from Restricted Definitive Security to Unrestricted Definitive Security.** In connection with the Owner's Exchange of a Restricted Definitive Security for an Unrestricted Definitive Security, the Owner hereby certifies (i) the Unrestricted Definitive Security is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. **Exchange of Restricted Definitive Securities for Restricted Definitive Securities or Beneficial Interests in Restricted Global Securities**

(a) o **Check if Exchange is from Restricted Definitive Security to beneficial interest in a Restricted Global Security.** In connection with the Exchange of the Owner's Restricted Definitive Security for a beneficial interest in the [CHECK ONE] 144A Global Security, Regulation S Global Security with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Security and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Owner]

By: _____

Name:

Title:

Dated: _____

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EXHIBIT C

FORM OF GUARANTEE

For value received, the undersigned (including any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of May 6, 2003, as such Indenture may be supplemented or amended (the "*Indenture*") by and among Owens-Brockway Glass Container Inc. (the "*Company*"), the Guarantors listed on the signature pages thereto and U.S. Bank National Association, as Trustee ("*Trustee*"), (a) the due and punctual payment of the Principal of and interest and Liquidated Damages on the Notes (as defined in the Indenture), whether at Stated Maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue Principal and, to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. The obligations of the undersigned to the Holders of such Notes and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article 10 of the Indenture and reference is hereby made to the Indenture for the precise terms of this Guarantee.

The terms of the Indenture, including, without limitation, Article 10 of the Indenture, are incorporated herein by reference. Capitalized terms used herein shall have the meanings assigned to them in the Indenture unless otherwise indicated.

[Name of Guarantor]

By: _____
Name: _____
Title: _____

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EXHIBIT D-1

[FORM OF NOTE]

[Insert the Global Security Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

OWENS-BROCKWAY GLASS CONTAINER INC.

8¼% SENIOR NOTES DUE 2013

Number: CUSIP No. _____ \$ _____

OWENS-BROCKWAY GLASS CONTAINER 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 _____ DOLLARS (\$ _____) on May 15, 2013.

Interest Payment Dates: May 15 and November 15, commencing November 15, 2003.

Record Dates: May 1 and November 1.

Additional provisions of this Note are set forth below following the signatures of the authorized officers of the Company.

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IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officers.

OWENS-BROCKWAY GLASS CONTAINER
INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Dated: May 6, 2003

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

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OWENS-BROCKWAY GLASS CONTAINER INC.

8¼% SENIOR NOTES DUE 2013

1. Interest

OWENS-BROCKWAY GLASS CONTAINER 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 Note at the rate per annum shown above and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement. Interest on this Note shall accrue from May 6, 2003 or from the most recent interest payment date to which interest has been paid or provided for, as the case may be; interest and Liquidated Damages on this Note shall be payable semi-annually on May 15 and November 15 of each year until maturity, or, if such day is not a Business Day, on the next succeeding Business Day (each, an “Interest Payment Date”), commencing on November 15, 2003; and interest on this Note 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 and Liquidated Damages on this Note (except defaulted interest) to the Persons who are holders (“Holders”) of record in the note register of the Company (the “Register”) of this Note at the close of business on the May 1 or November 1 (each, a “Record Date”) next preceding the Interest Payment Date, in each case even if the Note is cancelled solely by virtue of registration of transfer or registration of exchange after such Record Date. The Company will pay Principal, interest and Liquidated Damages in money of the United States that at the time of payment is legal tender for payment of public and private debts. Principal of and interest and Liquidated Damages, if any, on this Note will be payable, and this Note 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 a Corporate Trust Office of the Trustee); provided that, at the option of the Company, payment of interest and Liquidated Damages, if any, may be made by check mailed to the address of each Holder as such address appears in the Note Register; provided further that payment by wire transfer of immediately available funds will be required with respect to Principal of and interest, and Liquidated Damages, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

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3. Paying Agent and Registrar

Initially, U.S. Bank National Association, a national banking association (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 this Note under an Indenture dated as of May 6, 2003 among the Company, the Guarantors and the Trustee (the “Indenture”). This Note is a series designated as the “8 1/4% Senior Notes due 2013” of the Company. The Company may issue additional Notes of this series after this Note has been issued. This Note and any additional Notes of this series subsequently issued under the Indenture shall be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The terms of this Note 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. §§ 77aaa-77bbb), as amended (the “TIA”). This Note is subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms. Any conflict between the terms of this Note and the Indenture will be governed by the Indenture.

5. Optional Redemption

Except as described below, this Note shall not be redeemable at the Company’s option prior to May 15, 2008.

On or after May 15, 2008, the Company may redeem all or a part of this Note upon not less than 30 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2008	104.125%
2009	102.750%
2010	101.375%
2011 and thereafter	100.000%

At any time prior to May 15, 2006, the Company may redeem on any one or more occasions up to 35% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under the Indenture at a redemption price of 108.250% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings by OI Inc. to the extent the net cash proceeds thereof are contributed to the Company or used to purchase from the Company Capital Stock (other than Disqualified Stock) of the Company; provided that: (1) at least 65% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under the Indenture remains

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outstanding immediately after the occurrence of such redemption (excluding Notes held by OI Inc. and its Subsidiaries); and (2) the redemption must occur within 60 days of the date of the closing of such Equity Offering.

In addition, at any time prior to May 15, 2008, this Note may also be redeemed, in whole but not in part, at the option of the Company upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior notice (but in no event more than 90 days after the occurrence of such Change of Control) mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of this Note plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, to, the date of redemption (subject to the right of Holders of record on the relevant Record Date to receive interest due on the Note on the relevant Interest Payment Date).

6. Mandatory Redemption

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to this Note.

7. Repurchase at the Option of Holder

If a Change of Control occurs, unless the Company has exercised its right to redeem the Notes pursuant to the terms of the Indenture, each Holder of this Note will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of that Holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. If OI Group or a Restricted Subsidiary consummates any Asset Sales, when the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company will be required to make an offer (an "Asset Sale Offer") to all Holders of this Note and all Holders of other Indebtedness that is *pari passu* with this Note containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (including the Existing Senior Notes and the 7 3/4% Senior Secured Notes due 2011) to purchase the maximum principal amount of this Note and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds on the terms, in accordance with the procedures and subject to the limitations set forth in the Indenture and such other *pari passu* Indebtedness.

8. Notice of Redemption

Notice of redemption shall be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each Holder of this Note to be redeemed. Notices of redemption shall not be conditional. Denominations of this Note larger than \$1,000 may be redeemed in part. If this Note is to be redeemed in part only, the notice of redemption that relates to that portion to be redeemed shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note shall be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the redemption date, interest ceases to accrue on the Note or portions thereof called for redemption.

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9. Denominations; Transfer; Exchange

The Note is in registered form, without coupons, in denominations of \$1,000 of principal amount and any integral multiple thereof. A Holder may transfer or exchange the Note in accordance with the Indenture. No service charge will be made for any registration of transfer or exchange of Notes, 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.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. 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, Holders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

12. Discharge and Defeasance

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under this Note and the Indenture if the Company deposits with the Trustee money and/or Government Securities for the payment of Principal and interest on this Note to Maturity.

13. Defaults and Remedies

Under the Indenture, Events of Default include: (1) defaults in the payment of interest on, or Liquidated Damages, if any, with respect to the Notes when the same becomes due and payable and the default continues for a period of 30 days; (2) defaults in the payment of the Principal of the Notes when the same becomes due and payable at maturity, upon redemption or otherwise; (3) failure by OI Group or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Indenture, the Notes and the Guarantees of the Notes (with respect to any Guarantor); (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by OI Group or any Restricted Subsidiary (or the payment of which is guaranteed by OI Group or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default: (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or (b) results in the acceleration of such Indebtedness prior to its express maturity; *provided*, that an Event of Default shall not be deemed to occur with respect to any such accelerated Indebtedness which is repaid or prepaid within 20 Business Days after such declaration; and, in any individual case, the principal amount of any such Indebtedness is equal

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to or in excess of \$50.0 million, or such Indebtedness together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$100.0 million or more; (5) any final judgment or order for payment of money in excess of \$50.0 million in any individual case and \$100.0 million in the aggregate at any time shall be rendered against OI Group or any of its Restricted Subsidiaries and such judgment shall not have been paid, discharged or stayed for a period of 60 days; (6) except as permitted by the Indenture, any Guarantee of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee of the Notes; (7) the Company, OI Group or any Significant Subsidiary of OI Group 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 the benefit of its creditors; or (e) admits in writing its inability generally to pay its debts as the same become due; (8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (a) is for relief against the Company, OI Group or any Significant Subsidiary of OI Group in an involuntary case; (b) appoints a Custodian of the Company, OI Group or any Significant Subsidiary of OI Group or for all or substantially all of such entity's property; or (c) orders the liquidation of the Company, OI Group or any Significant Subsidiary of OI Group; and, with respect to (a), (b) and (c), the order or decree remains unstayed and in effect for 60 days; and (9) failure by OI Group or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10 or 4.11 or Article 5 of the Indenture.

If an Event of Default other than an Event or Default specified in clauses (7) and (8) of the preceding paragraph occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Company and the Trustee, as provided in the Indenture, may declare the unpaid Principal of and any accrued and unpaid interest on the Notes to be due and payable immediately. Upon such declaration the Principal (or such lesser amount) and interest shall be due and payable immediately. At any time after a declaration of acceleration with respect to the Notes has been made, the Holders of a majority in principal amount of the then outstanding Notes may, under certain circumstances, rescind such 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 the Notes have been cured or waived except nonpayment of Principal 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 of any Holder of this Note, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense. Subject to certain provisions, including those requiring security or indemnification of the Trustee, the Holders of a majority in principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, with respect to this Note.

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14. Supplements, Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes or the Guarantees of the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture, the Notes or the Guarantees of the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Company and the Trustee may amend or supplement the Indenture, the Notes and the Guarantees of the Notes without notice to or the consent of any holder of Notes in certain circumstances described in the Indenture.

15. Trustee Dealings with the Company

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates, with the same rights as if it were not the Trustee; however, if it acquires any conflicting interest as defined in the TIA it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

16. No Recourse Against Others

A past, present or future director, officer, employee, incorporator or stockholder, as such, of the Company or any Guarantor, if any, or any successor corporation shall not have any liability for any obligations of the Company or any Guarantor under the Notes, the Indenture, the Guarantees of the Notes, the Registration Rights Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

17. Guarantees

This Note will be entitled to the benefits of certain Guarantees made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

18. Governing Law

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

19. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication hereon.

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20. Abbreviations

Customary abbreviations may be used in the name of a Holder 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).

21. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes

In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement.

22. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes 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 Holder upon written request and without charge to the Holder a copy of the Indenture and the Registration Rights Agreement. Such requests may be addressed to:

Owens-Brockway Glass Container Inc.
One SeaGate
Toledo, Ohio 43666
Attention: Investor Relations

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ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note 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 Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

SIGNATURE GUARANTEE

Participant in a Recognized Signature
Guarantee Medallion Program

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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.11 of the Indenture, check the box below:

- Section 4.10
- Section 4.11

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.11 of the Indenture, state the amount you elect to have purchased: \$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No: _____

SIGNATURE GUARANTEE

Participant in a Recognized Signature
Guarantee Medallion Program

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SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized signatory of Trustee or Custodian</u>
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* This should be included only if the Note is issued in global form.

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**EXHIBIT D-2
[FORM OF REGULATION S TEMPORARY GLOBAL NOTE]**

[Insert the Global Security Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Regulation S Temporary Global Security Legend]

OWENS-BROCKWAY GLASS CONTAINER INC.

8 1/4% SENIOR NOTES DUE 2013

Number: _____ CUSIP No. _____ \$ _____

OWENS-BROCKWAY GLASS CONTAINER 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 _____ DOLLARS (\$ _____) on May 15, 2013.

Interest Payment Dates: May 15 and November 15, commencing November 15, 2003.

Record Dates: May 1 and November 1.

Additional provisions of this Note are set forth below following the signatures of the authorized officers of the Company.

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IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officers.

OWENS-BROCKWAY GLASS CONTAINER
INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: May 6, 2003

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

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OWENS-BROCKWAY GLASS CONTAINER INC.

8 1/4% SENIOR NOTES DUE 2013

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest

OWENS-BROCKWAY GLASS CONTAINER 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 Note at the rate per annum shown above and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement. Interest on this Note shall accrue from May 6, 2003 or from the most recent interest payment date to which interest has been paid or provided for, as the case may be; interest and Liquidated Damages on this Note shall be payable semi-annually on May 15 and November 15 of each year until maturity, or, if such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"), commencing on November 15, 2003; and interest on this Note 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.

Until this Regulation S Temporary Global Note is exchanged for one or more Regulation S Permanent Global Notes, the Holder hereof shall not be entitled to receive payments of interest hereon; until so exchanged in full, this Regulation S Temporary Global Note shall in all other respects be entitled to the same benefits as other Notes under the Indenture.

2. Method of Payment

The Company will pay interest and Liquidated Damages on this Note (except defaulted interest) to the Persons who are holders ("Holders") of record in the note register of the Company (the "Register") of this Note at the close of business on the May 1 or November 1 (each, a "Record Date") next preceding the Interest Payment Date, in each case even if the Note is cancelled solely by virtue of registration of transfer or registration of exchange after such Record Date. The Company will pay Principal, interest and Liquidated Damages in money of the United States that at the time of payment is legal tender for payment of public and private debts. Principal of and interest and Liquidated Damages, if any, on this Note will be payable, and this Note 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 a Corporate Trust Office of the Trustee); provided that, at the option of the Company, payment of interest and Liquidated Damages, if any, may be made by check mailed to the address of each Holder as such address appears in the Note Register; provided further that payment by wire transfer of immediately available funds will be required with respect to Principal of and interest, and Liquidated Damages, if any, on, all Global Notes and all other Notes the Holders of which will have

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provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar

Initially, U.S. Bank National Association, a national banking association (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 this Note under an Indenture dated as of May 6, 2003 among the Company, the Guarantors and the Trustee (the "Indenture"). This Note is a series designated as the "8 1/4% Senior Notes due 2013" of the Company. The Company may issue additional Notes of this series after this Note has been issued. This Note and any additional Notes of this series subsequently issued under the Indenture shall be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The terms of this Note 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. §§ 77aaa-77bbb), as amended (the "TIA"). This Note is subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms. Any conflict between the terms of this Note and the Indenture will be governed by the Indenture.

5. Optional Redemption

Except as described below, this Note shall not be redeemable at the Company's option prior to May 15, 2008.

On or after May 15, 2008, the Company may redeem all or a part of this Note upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2008	104.125%
2009	102.750%
2010	101.375%
2011 and thereafter	100.000%

At any time prior to May 15, 2006, the Company may redeem on any one or more occasions up to 35% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under the Indenture at a redemption price of 108.250% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings by OI Inc. to the extent the net cash proceeds thereof are contributed to the Company

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or used to purchase from the Company Capital Stock (other than Disqualified Stock) of the Company; *provided* that: (1) at least 65% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Securities) issued under the Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by OI Inc. and its Subsidiaries); and (2) the redemption must occur within 60 days of the date of the closing of such Equity Offering.

In addition, at any time prior to May 15, 2008, this Note may also be redeemed, in whole but not in part, at the option of the Company upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior notice (but in no event more than 90 days after the occurrence of such Change of Control) mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of this Note plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, to, the date of redemption (subject to the right of Holders of record on the relevant Record Date to receive interest due on the Note on the relevant Interest Payment Date).

6. Mandatory Redemption

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to this Note.

7. Repurchase at the Option of Holder

If a Change of Control occurs, unless the Company has exercised its right to redeem the Notes pursuant to the terms of the Indenture, each Holder of this Note will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of that Holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. If OI Group or a Restricted Subsidiary consummates any Asset Sales, when the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company will be required to make an offer (an "Asset Sale Offer") to all Holders of this Note and all Holders of other Indebtedness that is *pari passu* with this Note containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (including the Existing Senior Notes and the 7 3/4% Senior Secured Notes due 2011) to purchase the maximum principal amount of this Note and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds on the terms, in accordance with the procedures and subject to the limitations set forth in the Indenture and such other *pari passu* Indebtedness.

8. Notice of Redemption

Notice of redemption shall be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each Holder of this Note to be redeemed. Notices of redemption shall not be conditional. Denominations of this Note larger than \$1,000 may be redeemed in part. If this Note is to be redeemed in part only, the notice of redemption that relates to that portion to be redeemed shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note shall be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the redemption date, interest ceases to accrue on the Note or portions thereof called

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9. Denominations; Transfer; Exchange

The Note is in registered form, without coupons, in denominations of \$1,000 of principal amount and any integral multiple thereof. A Holder may transfer or exchange the Note in accordance with the Indenture. No service charge will be made for any registration of transfer or exchange of Notes, 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.

This Regulation S Temporary Global Note is exchangeable in whole or in part for one or more Global Notes only (i) on or after the termination of the 40-day restricted period (as defined in Regulation S) and (ii) upon presentation of certificates (accompanied by an Opinion of Counsel, if applicable) required by Article 2 of the Indenture. Upon exchange of this Regulation S Temporary Global Note for one or more Global Notes, the Trustee shall cancel this Regulation S Temporary Global Note.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. 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, Holders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person.

12. Discharge and Defeasance

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under this Note and the Indenture if the Company deposits with the Trustee money and/or Government Securities for the payment of Principal and interest on this Note to Maturity.

13. Defaults and Remedies

Under the Indenture, Events of Default include: (1) defaults in the payment of interest on, or Liquidated Damages, if any, with respect to the Notes when the same becomes due and payable and the default continues for a period of 30 days; (2) defaults in the payment of the Principal of the Notes when the same becomes due and payable at maturity, upon redemption or otherwise; (3) failure by OI Group or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Indenture, the Notes and the Guarantees of the Notes (with respect to any Guarantor); (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any

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Indebtedness for money borrowed by OI Group or any Restricted Subsidiary (or the payment of which is guaranteed by OI Group or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default: (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or (b) results in the acceleration of such Indebtedness prior to its express maturity; provided, that an Event of Default shall not be deemed to occur with respect to any such accelerated Indebtedness which is repaid or prepaid within 20 Business Days after such declaration; and, in any individual case, the principal amount of any such Indebtedness is equal to or in excess of \$50.0 million, or such Indebtedness together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$100.0 million or more; (5) any final judgment or order for payment of money in excess of \$50.0 million in any individual case and \$100.0 million in the aggregate at any time shall be rendered against OI Group or any of its Restricted Subsidiaries and such judgment shall not have been paid, discharged or stayed for a period of 60 days; (6) except as permitted by the Indenture, any Guarantee of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee of the Notes; (7) the Company, OI Group or any Significant Subsidiary of OI Group 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 the benefit of its creditors; or (e) admits in writing its inability generally to pay its debts as the same become due; (8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (a) is for relief against the Company, OI Group or any Significant Subsidiary of OI Group in an involuntary case; (b) appoints a Custodian of the Company, OI Group or any Significant Subsidiary of OI Group or for all or substantially all of such entity's property; or (c) orders the liquidation of the Company, OI Group or any Significant Subsidiary of OI Group; and, with respect to (a), (b) and (c), the order or decree remains unstayed and in effect for 60 days; and (9) failure by OI Group or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10 or 4.11 or Article 5 of the Indenture.

If an Event of Default other than an Event or Default specified in clauses (7) and (8) of the preceding paragraph occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Company and the Trustee, as provided in the Indenture, may declare the unpaid Principal of and any accrued and unpaid interest on the Notes to be due and payable immediately. Upon such declaration the Principal (or such lesser amount) and interest shall be due and payable immediately. At any time after a declaration of acceleration with respect to the Notes has been made, the Holders of a majority in principal amount of the then outstanding Notes may, under certain circumstances, rescind such 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 the Notes have been cured or waived except nonpayment of Principal or interest that has become due solely because of the acceleration.

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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 of any Holder of this Note, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense. Subject to certain provisions, including those requiring security or indemnification of

the Trustee, the Holders of a majority in principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, with respect to this Note.

14. Supplements, Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes or the Guarantees of the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture, the Notes or the Guarantees of the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Company and the Trustee may amend or supplement the Indenture, the Notes and the Guarantees of the Notes without notice to or the consent of any holder of Notes in certain circumstances described in the Indenture.

15. Trustee Dealings with the Company

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates, with the same rights as if it were not the Trustee; however, if it acquires any conflicting interest as defined in the TIA it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

16. No Recourse Against Others

A past, present or future director, officer, employee, incorporator or stockholder, as such, of the Company or any Guarantor, if any, or any successor corporation shall not have any liability for any obligations of the Company or any Guarantor under the Notes, the Indenture, the Guarantees of the Notes, the Registration Rights Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

17. Guarantees

This Note will be entitled to the benefits of certain Guarantees made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

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18. Governing Law

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

19. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication hereon.

20. Abbreviations

Customary abbreviations may be used in the name of a Holder 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).

21. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes

In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement.

22. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes 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 Holder upon written request and without charge to the Holder a copy of the Indenture and the Registration Rights Agreement. Such requests may be addressed to:

Owens-Brockway Glass Container Inc.
One SeaGate
Toledo, Ohio 43666
Attention: Investor Relations

D2-9

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note 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 Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature:

(Sign exactly as your name appears on the face of this Note)

SIGNATURE GUARANTEE

Participant in a Recognized Signature
Guarantee Medallion Program

D2-10

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.11 of the Indenture, check the box below:

- Section 4.10 Section 4.11

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.11 of the Indenture, state the amount you elect to have purchased: \$ _____

Date: _____

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No: _____

SIGNATURE GUARANTEE

Participant in a Recognized Signature
Guarantee Medallion Program

D2-11

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized signatory of Trustee or Custodian
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** This should be included only if the Note is issued in global form.*

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

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

1. Section 4.01 of the Plan is amended to read, in its entirety, as follows:

Section 4.01—Each Eligible Employee shall be entitled to a normal, postponed, early, or vested deferred retirement benefit under this Plan in an amount equal, at the time of his or her retirement or other termination of employment, to the excess of

(a) the amount of the comparable benefit to which such Eligible Employee would then be entitled under the Salary Plan, excluding any Qualified Supplemental Employee Annual Retirement Benefit provided under the Salary Plan ("QSERB"), if all of the Supplemental Benefits described in Section 3.01 hereof and the Excess Benefits described in Section 3.02 hereof were available under the Salary Plan, or

(b) if greater, the amount of the comparable benefit to which such Eligible Employee would then be entitled under the Salary Plan, including his or her QSERB, if such Excess Benefits, but none of such Supplemental Benefits, were available under the Salary Plan,

over the sum of (i) the amount of such comparable benefit actually payable under the Salary Plan, including such Eligible Employee's QSERB, plus (ii) the pre-tax amount of any accrued Plan benefits previously paid to such Eligible Employee in connection with the Company's 2000 Special Separation Program, plus (iii) the comparable benefit attributable to any contributions made on behalf of such Eligible Employee pursuant to a certain Secured Executive Retirement Benefit Agreement entered into between such Eligible Employee and the Company. For purposes of this Section 4.01 and in accordance with the provisions of such Secured Executive Retirement Agreement, an Eligible Employee's benefit under this Plan shall be reduced by \$1.00 for every \$0.70 benefit provided to such Eligible Employee under the Secured Executive Retirement Benefit Agreement.

2. Section 4.02 of the Plan is amended to read, in its entirety, as follows:

"Section 4.02—Upon the death of an Eligible Employee, except to the extent otherwise provided under or pursuant to Section 4.03(e) hereof, a survivor or death benefit shall be payable to the spouse or other Beneficiary of such Eligible Employee in an amount equal, at the time of such Eligible Employee's death, to the excess of

(a) the amount of the comparable benefit to which such spouse or other Beneficiary would then be entitled under the Salary Plan, excluding any amount attributable to such Eligible Employee's QSERB, if all of the Supplemental Benefits described in Section 3.01 hereof and the Excess Benefits described in Section 3.02 hereof were available under the Salary Plan, or

(b) if greater, the amount of the comparable benefit to which such spouse or other Beneficiary would then be entitled under the Salary Plan, including any amount attributable to such Eligible Employee's QSERB, if such Excess Benefits, but none of such Supplemental Benefits, were available under the Salary Plan,

over the sum of (i) the amount of such comparable benefit actually payable under the Salary Plan, including any amount attributable to such Eligible Employee's QSERB, plus (ii) the pre-tax amount of any accrued Plan benefits previously paid to such Eligible Employee in connection with the Company's 2000 Special Separation Program, plus (iii) the comparable benefit attributable to any contributions made on behalf of such Eligible Employee pursuant to a certain Secured Executive Retirement Benefit Agreement entered into between such Eligible Employee and the Company. For purposes of this Section 4.02 and in accordance with the provisions of such Secured Executive Retirement Agreement, an Eligible Employee's survivor or death benefit under this Plan shall be reduced by \$1.00 for every \$0.70 benefit provided to such Eligible Employee's spouse or other Beneficiary under the Secured Executive Retirement Benefit Agreement.

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

IN WITNESS WHEREOF, this Third Amendment has been executed by a duly authorized officer of the Company this 8th day of May, 2003.

OWENS-ILLINOIS, INC.

By /s/ THOMAS L. YOUNG

Thomas L. Young
Executive Vice President

Attest:

/s/ DAN W. PENNYWITT

Dan W. Pennywitt
Assistant Secretary

QuickLinks

[Exhibit 10.1](#)

OWENS-ILLINOIS, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Dollars in millions, except ratios)

	Three months ended March 31,	
	2003	2002
Earnings (loss) before income taxes, minority share owners' interests and cumulative effect of accounting change	\$ 54.5	\$ (376.7)
Less: Equity earnings	(5.8)	(6.0)
Add: Total fixed charges deducted from earnings	113.6	114.9
Proportional share of pre-tax earnings (loss) of 50% owned associates	2.8	3.5
Dividends received from less than 50% owned associates		2.5
Earnings available for payment of fixed charges	\$ 165.1	\$ (261.8)
Fixed charges (including the Company's proportional share of 50% owned associates):		
Interest expense	\$ 105.4	\$ 106.1
Portion of operating lease rental deemed to be interest	2.6	3.1
Amortization of deferred financing costs and debt discount expense	5.6	5.7
Total fixed charges deducted from earnings and fixed charges	113.6	114.9
Preferred stock dividends (increased to assumed pre-tax amount)	7.9	7.9
Combined fixed charges and preferred stock dividends	\$ 121.5	\$ 122.8
Ratio of earnings to fixed charges	1.5	
Deficiency of earnings available to cover fixed charges		\$ 376.7
Ratio of earnings to combined fixed charges and preferred stock dividends	1.4	
Deficiency of earnings available to cover combined fixed charges and preferred stock dividends		\$ 384.6

QuickLinks

[Exhibit 12](#)

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Owens-Illinois, Inc. (the "Company") hereby certifies that to such officer's knowledge:

- (i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2003

/s/ JOSEPH H. LEMIEUX

Joseph H. Lemieux
Chairman and Chief Executive Officer
Owens-Illinois, Inc.

A signed original of this written statement required by Section 906 has been provided to Owens- Illinois, Inc. and will be retained by Owens-Illinois, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 99.1](#)

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Owens-Illinois, Inc. (the "Company") hereby certifies that to such officer's knowledge:

- (i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2003

/s/ THOMAS L. YOUNG

Thomas L. Young
Executive Vice President and Chief Financial Officer
Owens-Illinois, Inc.

A signed original of this written statement required by Section 906 has been provided to Owens- Illinois, Inc. and will be retained by Owens-Illinois, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 99.2](#)