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

FORM 10-Q

(Mark one}

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

For Quarter Ended June 30, 2001
or

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

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

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

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

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

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

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

Owens-Illinois, Inc. $.01 par value common stock - 146,485,848 shares at July 31, 2001.

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, 2000.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
Three months ended June 30, 2001 and 2000
(Millions of dollars, except share and per share amounts)

2001 2000 ---
----- -------
- Revenues:
Net sales
$1,389.8
$1,449.2
Royalties and
net technical
assistance
7.5 6.3
Equity
earnings 5.3
5.0 Interest
8.4 8.2 Other
482.3 50.4 --

------ ------
-- 1,893.3
1,519.1 Costs
and expenses:
Manufacturing,
shipping, and
delivery
1,083.3
1,107.6
Research and
development
10.2 13.1
Engineering
7.9 7.7
Selling and
administrative
101.5 65.6
Interest
116.9 121.4
Other 131.5
50.6 --------

1,451.3
1,366.0 -----
--- --------
Earnings
before items
below 442.0
153.1
Provision for
income taxes
193.1 60.3
Minority
share owners'
interests in
earnings of
subsidiaries
1.3 4.3 -----
--- --------
Earnings
before
extraordinary
item 247.6
88.5
Extraordinary
charge from
early
extinguishment
of debt, net
of applicable
income taxes
(4.1) -------
- --------
Net earnings
$ 243.5 $
88.5 ========
========

Consolidated Results of Operations - continued
Three months ended June 30, 2001 and 2000

2001 2000 --
--------- --

Basic net
earnings per
share of
common
stock:
Earnings
before
extraordinary
item $ 1.67
$ 0.57
Extraordinary
charge
(0.03) -----
------ -----
------ Net
earnings $
1.64 $ 0.57
===========
===========
Weighted

average
shares
outstanding
(thousands)
144,872
146,441
===========
===========
Diluted net
earnings per
share of
common
stock:
Earnings
before
extraordinary
item $ 1.61
$ 0.57
Extraordinary
charge
(0.03) -----
------ -----
------ Net
earnings $
1.58 $ 0.57
===========
===========
Weighted
diluted
average
shares
outstanding
(thousands)
153,697
146,917
===========
===========

See accompanying notes.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
Six months ended June 30, 2001 and 2000
(Millions of dollars, except share and per share amounts)

2001 2000 ---
----- -------
- Revenues:
Net sales
$2,695.9
$2,794.8
Royalties and
net technical
assistance
12.9 13.5
Equity
earnings 8.9
8.3 Interest
14.9 15.0
Other 525.2
97.6 --------

3,257.8
2,929.2 Costs
and expenses:
Manufacturing,
shipping, and
delivery
2,111.0
2,153.5
Research and
development
20.4 23.6
Engineering
14.7 19.5
Selling and
administrative
179.9 140.9
Interest
230.4 236.6
Other 178.4
100.7 -------
- --------
2,734.8

2,674.8 -----
--- --------
Earnings
before items
below 523.0
254.4
Provision for
income taxes
220.3 100.8
Minority
share owners'
interests in
earnings of
subsidiaries
6.2 6.4 -----
--- --------
Earnings
before
extraordiary
item 296.5
147.2
Extraordinary
charge from
early
extinguishment
of debt, net
of applicable
income taxes
(4.1) -------
- --------
Net earnings
$ 292.4 $
147.2
========
========

Consolidated Results of Operations -- continued
Six Months ended June 30, 2001 and 2000

2001 2000 --
--------- --

Basic net
earnings per
share of
common
stock:
Earnings
before
extraordinary
item $ 1.98
$ 0.93
Extraordinary
charge
(0.03) -----
------ -----
------ Net
earnings $
1.95 $ 0.93
===========
===========
Weighted
average
shares
outstanding
(thousands)
144,756
146,513
===========
===========
Diluted net
earnings per
share of
common
stock:
Earnings
before
extraordinary
item $ 1.93
$ 0.93
Extraordinary
charge
(0.03) -----
------ -----

------ Net earnings $ 1.90 $ 0.93
=========== ===========
Weighted diluted average shares outstanding (thousands) 153,638 147,050
=========== ===========

See accompanying notes.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 2001, December 31, 2000, and June 30, 2000
(Millions of dollars)

June 30, Dec. 31, June 30, 2001 2000 2000 --------- --------- --------- Assets
Current assets:
Cash, including time deposits $ 145.8 $ 229.7 $ 167.8
Short-term investments, at cost which approximates market 14.4 19.7 42.5
Receivables, less allowances for losses and discounts ($49.4 at June 30, 2001, $69.9 at December 31, 2000, and $59.6 at June 30, 2000) 883.7 770.9 928.4
Inventories 815.5 862.4 849.7
Prepaid expenses 163.4 199.0 138.0 --------- --------- ---------
Total current assets 2,022.8 2,081.7 2,126.4
Investments and other assets:
Equity investments 177.9 181.4 188.3

Repair parts inventories	207.2	232.0	249.4
Prepaid pension	815.4	770.9	789.1
Insurance receivable for asbestos-related costs	51.5	200.7	205.0
Deposits, receivables, and other assets	574.8	490.6	508.3
Excess of purchase cost over net assets acquired, net of accumulated amortization ($643.9 at June 30, 2001, $597.7 at December 31, 2000, and $550.7 at June 30, 2000)	2,958.8	3,101.0	3,154.0
	---------	---------	---------
Total other assets	4,785.6	4,976.6	5,094.1
Property, plant, and equipment, at cost	5,467.6	5,662.4	5,676.5
Less accumulated depreciation	2,395.0	2,377.5	2,261.5
	---------	---------	---------
Net property, plant, and equipment	3,072.6	3,284.9	3,415.0
	---------	---------	---------
Total assets	$ 9,881.0	$10,343.2	$10,635.5
	=========	=========	=========

CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	June 30, 2001	Dec. 31, 2000	June 30, 2000
Liabilities and Share Owners' Equity			
Current liabilities:			
Short-term loans and long-term debt due within one year	$ 107.6	$ 120.0	$ 168.8
Current portion of asbestos-related liabilities	220.0	180.0	100.0
Accounts payable and other liabilities	857.6	1,018.0	902.5
Total current liabilities	1,185.2	1,318.0	1,171.3
Long-term debt	5,232.7	5,729.8	5,785.1
Deferred taxes	393.7	218.2	449.4
Nonpension postretirement benefits	282.4	296.1	301.0
Other liabilities	382.6	360.5	383.8
Asbestos-related liabilities	199.3	364.7	3.0
Commitments and contingencies			
Minority share owners' interests	151.3	172.9	182.4
Share owners' equity:			
Convertible preferred stock, par value $.01 per share, liquidation preference $50 per share, 9,050,000 shares authorized, issued and outstanding	452.5	452.5	452.5
Exchangeable preferred			

stock 3.4 3.4 Common stock, par value $.01 per share 250,000,000 shares authorized, 159,415,245 shares issued and outstanding, less 12,929,397 treasury shares at June 30, 2001 (156,973,143 issued and outstanding, less 12,018,700 treasury shares at December 31, 2000 and 156,969,643 issued and outstanding less 10,702,000 treasury shares at June 30, 2000) 1.6 1.6 1.6 Capital in excess of par value 2,216.5 2,205.1 2,204.2 Treasury stock, at cost (248.0) (242.8) (234.9) Retained earnings (deficit) 251.2 (30.4) 420.6 Accumulated other comprehensive income (620.0) (506.4) (487.9) --------- --------- --------- Total share owners' equity 2,053.8 1,883.0 2,359.5 --------- --------- --------- Total liabilities and share owners' equity $ 9,881.0 $10,343.2 $10,635.5 ========= ========= =========

See accompanying notes.

OWENS-ILLINOIS, INC.
CONDENSED CONSOLIDATED CASH FLOWS

Six months ended June 30, 2001 and 2000
(Millions of dollars)

2001 2000 -- ---- ------ Cash flows from operating activities: Earnings before extraordinary item $296.5 $147.2 Non-cash charges (credits): Depreciation 200.2 209.0 Amortization of deferred costs 66.6 71.8 Restructuring costs and write-offs of certain assets 123.3 Gains on asset sales (470.3) Deferred tax provision 160.8 44.4 Other (40.4) (84.1) Change in non-current operating assets (3.8) (18.9) Asbestos-related payments (125.4) (73.2) Asbestos-related insurance proceeds 149.2 0.3 Reduction of non-current liabilities (3.1) (1.4) Change in components of working capital (245.3) (195.3) ------ ------ Cash provided by operating activities 108.3 99.8 Cash flows from investing activities: Additions to property, plant, and equipment (219.9) (249.6) Acquisitions, net of cash acquired (31.6) (49.4) Net cash proceeds from divestitures 581.5 25.5 ------ ------ Cash provided by

(utilized
in)
investing
activities
330.0
(273.5) Cash
flows from
financing
activities:
Additions to
long-term
debt 3,673.6
457.7
Repayments
of long-term
debt
(4,089.2)
(340.7)
Payment of
finance fees
(62.1)
Payment of
convertible
preferred
stock
dividends
(10.7)
(10.7)
Treasury
shares
repurchased
(5.2) (9.3)
Decrease in
short-term
loans (6.4)
(3.8)
Issuance of
common stock
and other
0.7 0.9 ----
-- ------
Cash
provided by
(utilized
in)
financing
activities
(499.3) 94.1
Effect of
exchange
rate
fluctuations
on cash
(22.9) (9.7)
------ -----
- Decrease
in cash
(83.9)
(89.3) Cash
at beginning
of period
229.7 257.1
------ -----
- Cash at
end of
period
$145.8
$167.8
======
======

See accompanying notes.

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

1. EARNINGS PER SHARE

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

- --

--- Three months ended June 30, ----------------------------------- 2001 2000 -------------- -------- ------- Numerator: Earnings before extraordinary item $ 247.6 $ 88.5 Preferred stock dividends: Convertible (5.4) (5.4) Exchangeable (0.1) - --- --- Numerator for basic earnings per share - income available to common share owners 242.2 83.0 Effect of dilutive securities - exchangeable preferred stock dividends 0.1 convertible preferred stock dividends 5.4 - ------------------------------------- --- Numerator for diluted earnings per share - income available to common share owners after assumed exchanges of preferred stock for common stock $ 247.6 $ 83.1
==
Denominator: Denominator for basic earnings per share - weighted average shares outstanding 144,871,523 146,441,285 Effect of dilutive securities: Stock options 235,829 87,833 Exchangeable preferred stock 387,849 Convertible preferred stock 8,589,355 - -- -- Dilutive potential common shares 8,825,184 475,682 - -- - Denominator for diluted earnings per share - adjusted weighted average shares and assumed exchanges of preferred stock for common stock 153,696,707 146,916,967
==
Basic earnings per share $ 1.67 $ 0.57
==
Diluted earnings per share $ 1.61 $ 0.57
==

The Convertible preferred stock was not included in the computation of three months ended June 30, 2000 diluted earnings per share since the result would have been antidilutive. Options to purchase 7,803,516 and 6,155,332 weighted average shares of common stock which were outstanding during the three months ended June 30, 2001 and 2000, respectively, 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.

- -- --- Six months ended June 30, ------------------------------------ 2001 2000 -------------- ------- -------- Numerator: Earnings before extraordinary items $ 296.5 $ 147.2 Preferred stock dividends: Convertible (10.7) (10.7) Exchangeable (0.1) - -- --- Numerator for basic earnings per share - income available to common share owners 285.8 136.4 Effect of dilutive securities - exchangeable preferred stock dividends 0.1 Convertible preferred stock dividends 10.7 - --------------------------------- --- Numerator for diluted earnings per share - income available to common share owners after assumed exchanges of preferred stock for common stock $ 296.5 $ 136.5
===
Denominator: Denominator for basic earnings per share - weighted average shares outstanding 144,755,737 146,513,128 Effect of dilutive securities: Stock options 282,421 197,365 Exchangeable preferred stock 10,400 339,827 Convertible preferred stock 8,589,355 - ---------------------------- --- Dilutive potential common shares 8,882,176 537,192 - -- --------------------------- Denominator for diluted earnings per share - adjusted weighted average shares and assumed exchanges of preferred stock for common stock 153,637,913 147,050,320
===
Basic earnings per share $ 1.98 $ 0.93
===
Diluted earnings per share $ 1.93 $ 0.93
===

The Convertible preferred stock was not included in the computation of six months ended June 30, 2000 diluted earnings per share since the result would have been antidilutive. Options to purchase 7,786,397 and 5,388,340 weighted average shares of common stock which were outstanding during the six months ended June 30, 2001 and 2000, respectively, were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

2. INVENTORIES

Major classes of inventory are as follows (certain amounts from prior year have been reclassified to conform to current year presentation):

June 30,
Dec. 31,
June 30,
2001
2000
2000 ---
------ -

-
Finished

goods $
619.2 $
651.9 $
633.3
Work in
process
8.4 11.7
13.1 Raw
materials
119.3
130.6
127.2
Operating
supplies
68.6
68.2
76.1 ---
------ -

- $
815.5 $
862.4 $
849.7
=========
=========
=========

3. LONG-TERM DEBT

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

- --
--- June 30, Dec. 31, June 30, 2001 2000 2000 ---------- ---------- ---------- Secured Credit
Agreement: Revolving Credit Facility $ 2,309.0 Term Loan 1,045.0 Second Amended and Restated Credit
Agrement: Revolving Credit Facility: Revolving Loans $ 2,857.0 $ 2,859.0 Offshore Loans: Australian
Dolllars 1.39 billion at December 31, 2000; 1.39 billion at June 30, 2000 775.3 794.9 British Pounds
125.0 million at December 31, 2000; 134.0 million at June 30, 2000 186.8 200.8 Italian Lira 18.0
billion at December 31, 2000; 82.0 billion at June 30, 2000 8.7 39.6 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 207.7 232.8 226.6 - --
-------------------------------- 5,261.7 5,760.6 5,820.9 Less amounts due within one year 29.0 30.8
35.8 - ---
-------- Long-term debt $ 5,232.7 $ 5,729.8 $ 5,785.1
==

In April 2001, certain of the Company's subsidiaries (the "Borrowers") entered into the Secured Credit Agreement (the "Agreement') with a group of banks, which expires on March 31, 2004. The Agreement provides for a $3.0 billion revolving credit facility (the "Revolving Credit Facility") and a $1.5 billion term loan (the "Term Loan"). The Agreement includes an Overdraft Account Facility providing for aggregate borrowings up to $50 million which reduce the amount available for borrowing under the Revolving Credit Facility. The Agreement also provides for the issuance of letters of credit totaling up to $500 million, which also reduce the amount available for borrowings under the Revolving Credit Facility. At June 30, 2001, the Company had unused credit of $602.8 million available under the Secured Credit Agreement.

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

The interest rate on borrowings under the Revolving Credit Facility is, at the Borrower's option, the Base Rate or a reserve adjusted Eurodollar rate. The interest rate on borrowings under the Revolving Credit Facility also includes a margin linked to the Company's Consolidated Leverage Ratio, as defined in the Agreement. The margin is limited to ranges of 1.75% to 2.00% for Eurodollar loans and .75% to 1.00% for Base Rate loans. The interest rate on Overdraft Account loans is the Base Rate minus .50%. The weighted average interest rate on borrowings outstanding under the Revolving Credit Facility at June 30, 2001 was 6.05%. While no compensating balances are required by the Agreement, the Borrowers must pay a facility fee on the Revolving Credit Facility commitments of .50%.

The interest rate on borrowings under the Term Loan is, at the Borrowers' option, the Base Rate or a reserve adjusted Eurodollar rate. The interest rate on borrowings under the Term Loan also includes a margin of 2.50% for Eurodollar loans and 1.50% for Base Rate loans. The weighted average interest rate on borrowings outstanding under the Term Loan at June 30, 2001 was 6.34%.

Borrowings under the Agreement are secured by substantially all the assets of the Company's domestic subsidiaries and certain foreign subsidiaries. Borrowings are also secured by a pledge of intercompany debt and equity in most of the Company's domestic subsidiaries and certain stock of certain foreign subsidiaries.

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

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

container and plastics packaging businesses. In addition, the amendments also implement a previously announced offer by the two principal subsidiaries to guarantee the senior notes and debentures on a subordinated basis.

4. FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND NON-GUARANTORS

The following presents condensed consolidating financial information for the Company, segregating: (1) Owens-Illinois, Inc. which issued the six series of senior notes and debentures (the "Parent"); (2) the two subsidiaries which have guaranteed the senior notes and debentures on a subordinated basis (the "Guarantor Subsidiaries"); and (3) all other subsidiaries (the "Non-Guarantor Subsidiaries"). The guarantor subsidiaries are wholly-owned direct and indirect subsidiaries of the Company and their guarantees are full, unconditional and joint and several. They have no operations and function only as intermediate holding companies. Separate financial statements of each of the guarantor subsidiaries are not presented because management believes that the additional information in such financial statements would not be material to investors.

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

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

June 30, 2001 ------ ----------- ----------- ----------- ----------- ----------- ------ Non-Guarantor Guarantor Parent Subsidiaries Subsidiaries Eliminations Consolidated ---------- ----------- - --------- --- ------- ----- ----- ------- Balance Sheet Current

assets:
Accounts
receivable
$ -- $ -- $
883.7 $ --
$ 883.7
Inventories
815.5 815.5
Other
current
assets 83.2
240.4 323.6
--------- -
-------- --
------- ---
------ ----
----- Total
current
assets 83.2
-- 1,939.6
-- 2,022.8
Investments
in and
advances to
subsidiaries
3,981.6
3,981.6 --
(7,963.2) -
- Goodwill
2,958.8
2,958.8
Other non-
current
assets 68.8
1,758.0
1,826.8 ---
------ ----
----- -----
---- ------
--- -------
-- Total
other
assets
4,050.4
3,981.6
4,716.8
(7,963.2)
4,785.6
Property,
plant and
equipment,
net 3,072.6
3,072.6 ---
------ ----
----- -----
---- ------
--- -------
-- Total
assets $
4,133.6 $
3,981.6 $
9,729.0
$(7,963.2)
$ 9,881.0
=========
=========
=========
=========
=========
Current
liabilities
: Accounts
payable and
accrued
liabilities
$ 16.4 $ --
$ 841.2 $ -
- $ 857.6
Current
portion of
asbestos
liability
220.0 220.0
Other
current
liabilities
107.6 107.6
--------- -
-------- --

------- ---
------ ----
----- Total current liabilities 236.4 -- 948.8 -- 1,185.2
Long-term debt 1,700.0 3,532.7 5,232.7
Asbestos-related liabilities 199.3 199.3
Other non-current liabilities (55.9) 1,265.9 1,210.0
Investment by and advances from parent 3,981.6 3,981.6 (7,963.2) --
Share owners' equity 2,053.8 2,053.8
--------- ---------- ---------- --------- ---------
Total liabilities and share owners' equity $ 4,133.6 $ 3,981.6 $ 9,729.0 $(7,963.2) $ 9,881.0
=========
=========
=========
=========
=========

December 31, 2000

Non-Guarantor Guarantor Parent Subsidiaries Subsidiaries Eliminations Consolidated
--------- ----------- ------------ ------------ ------------
Balance Sheet
Current assets:
Accounts receivable

$ -- $ -- $
770.9 $ --
$ 770.9
Inventories
862.4 862.4
Other
current
assets 68.0
380.4 448.4
--------- -
-------- --
------- ---
------- ---

Total
current
assets 68.0
-- 2,013.7
-- 2,081.7
Investments
in and
advances to
subsidiaries
6,651.9
6,651.9 --
(13,303.8)
-- Goodwill
3,101.0
3,101.0
Other non-
current
assets
226.7
1,648.9
1,875.6 ---
------ ----
----- -----
---- ------
---- ------
--- Total
other
assets
6,878.6
6,651.9
4,749.9
(13,303.8)
4,976.6
Property,
plant and
equipment,
net 3,284.9
3,284.9 ---
------ ----
----- -----
---- ------
---- ------
--- Total
assets $
6,946.6 $
6,651.9
$10,048.5
$(13,303.8)
$10,343.2
=========
=========
=========
==========
=========
Current
liabilities
: Accounts
payable and
accrued
liabilities
$ 23.9 $ --
$ 994.1 $ -
- $ 1,018.0
Current
portion of
asbestos
liability
180.0 180.0
Other
current
liabilities
120.0 120.0
--------- -
-------- --
------- ---

------- ---

Total
current
liabilities
203.9 --
1,114.1 --
1,318.0
Long-term
debt
4,557.0
1,172.8
5,729.8
Asbestos-
related
liabilities
364.7 364.7
Other non-
current
liabilities
(62.0)
1,109.7
1,047.7
Investment
by and
advances
from parent
6,651.9
6,651.9
(13,303.8)
-- Share
owners'
equity
1,883.0
1,883.0 ---
------ ----
----- -----
---- ------
---- ------
--- Total
liabilities
and share
owners'
equity $
6,946.6 $
6,651.9
$10,048.5
$(13,303.8)
$10,343.2
=========
=========
=========
==========
=========

June 30,
2000 ------

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

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

Balance
Sheet
Current
assets:
Accounts
receivable
$ -- $ -- $

928.4 $ --
$ 928.4
Inventories
849.7 849.7
Other
current
assets 37.8
310.5 348.3
--------- -
-------- --
------- ---
------- ---

Total
current
assets 37.8
-- 2,088.6
-- 2,126.4
Investments
in and
advances to
subsidiaries
6,843.8
6,843.8 --
(13,687.6)
-- Goodwill
3,154.0
3,154.0
Other non-
current
assets
236.0
1,704.1
1,940.1 ---
------ ----
----- -----
---- ------
---- ------
--- Total
other
assets
7,079.8
6,843.8
4,858.1
(13,687.6)
5,094.1
Property,
plant and
equipment,
net 3,415.0
3,415.0 ---
------ ----
----- -----
---- ------
---- ------
--- Total
assets $
7,117.6 $
6,843.8
$10,361.7
$(13,687.6)
$10,635.5
=========
=========
=========
==========
=========
Current
liabilities
: Accounts
payable and
accrued
liabilities
$ 26.4 $ --
$ 876.1 $ -
- $ 902.5
Current
portion of
asbestos-
liability
100.0 100.0
Other
current
liabilities
168.8 168.8
--------- -
-------- --
------- ---
------- ---

Total
current
liabilities
126.4 --
1,044.9 --
1,171.3
Long-term
debt
4,555.0
1,230.1
5,785.1
Asbestos-
related
liabilities
3.0 3.0
Other non-
current
liabilities
73.7
1,242.9
1,316.6
Investment
by and
advances
from parent
6,843.8
6,843.8
(13,687.6)
-- Share
owners'
equity
2,359.5
2,359.5 ---
------ ----
----- -----
---- ------
---- ------
--- Total
liabilities
and share
owners'
equity $
7,117.6 $
6,843.8
$10,361.7
$(13,687.6)
$10,635.5
=========
=========
=========
==========
=========

Three Months
Ended June
30, 2001 ----

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

Results of
Operations
Net sales $ -
- $ --
$1,389.8 $ --
$1,389.8
Interest 48.4
48.7 8.4
(97.1) 8.4

Equity
earnings
247.9 247.7
5.3 (495.6)
5.3 Other
revenue 489.8
489.8 -------
- -------- --
------ ------
-- --------
Total revenue
296.3 296.4
1,893.3
(592.7)
1,893.3
Manufacturing,
shipping, and
delivery
1,083.3
1,083.3 Other
selling and
administrative
costs 251.1
251.1
Interest
expense 48.8
48.4 116.8
(97.1) 116.9
-------- ----
---- --------
-------- ----
---- Total
costs and
expense 48.8
48.4 1,451.2
(97.1)
1,451.3
Earnings
before items
below 247.5
248.0 442.1
(495.6) 442.0
Provision for
income taxes
(0.1) 0.1
193.1 193.1
Minority
share owners'
interests in
earnings of
subsidiaries
1.3 1.3 -----
--- --------
-------- ----
---- --------
Earnings
before
extraordinary
item 247.6
247.9 247.7
(495.6) 247.6
Extraordinary
charge (4.1)
(4.1) (4.1)
8.2 (4.1) ---
----- -------
- -------- --
------ ------
-- Net income
(loss) $
243.5 $ 243.8
$ 243.6 $
(487.4) $
243.5
========
========
========
========
========

Three Months
Ended June
30, 2000 ----

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

Results of
Operations
Net sales $ -
- $ --
$1,449.2 $ --
$1,449.2
Interest 85.5
77.2 8.2
(162.7) 8.2
Equity
earnings 90.7
92.9 5.0
(183.6) 5.0
Other revenue
4.8 51.9 56.7
-------- ----
---- --------
-------- ----
---- Total
revenue 176.2
174.9 1,514.3
(346.3)
1,519.1
Manufacturing,
shipping, and
delivery
1,107.6
1,107.6 Other
selling and
administrative
costs 136.7
136.7
Interest
expense 88.6
85.5 110.0
(162.7) 121.4
-------- ----
---- --------
-------- ----
---- Total
costs and
expense 88.6
85.5 1,354.3
(162.7)
1,365.7
Earnings
before items
below 87.6
89.4 160.0
(183.6) 153.4
Provision for
income taxes
(1.2) (1.3)
62.8 60.3
Minority
share owners'
interests in
earnings of
subsidiaries
4.3 4.3 -----
--- --------
-------- ----
---- --------
Net income
(loss) $ 88.8
$ 90.7 $ 92.9
$ (183.6) $
88.8 ========
========
========
========
========

Six Months
Ended June
30, 2001 ----

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

Results of
Operations
Net sales $ -
- $ --
$2,695.9 $ --
$2,695.9
Interest
130.8 131.7
14.9 (262.5)
14.9 Equity
earnings
298.2 297.6
8.9 (595.8)
8.9 Other
revenue 538.1
538.1 -------
- -------- --
------ ------
-- --------
Total revenue
429.0 429.3
3,257.8
(858.3)
3,257.8
Manufacturing,
shipping, and
delivery
2,111.0
2,111.0 Other
selling and
administrative
costs 393.4
393.4
Interest
expense 133.6
130.8 228.5
(262.5) 230.4
-------- ----
---- --------
-------- ----
---- Total
costs and
expense 133.6
130.8 2,732.9
(262.5)
2,734.8
Earnings
before items
below 295.4
298.5 524.9
(595.8) 523.0
Provision for
income taxes
(1.1) 0.3
221.1 220.3
Minority
share owners'
interests in
earnings of
subsidiaries
6.2 6.2 -----
--- --------

-------- ----
---- --------
Earnings
before
extraordinary
item 296.5
298.2 297.6
(595.8) 296.5
Extraordinary
charge (4.1)
(4.1) (4.1)
8.2 (4.1) ---
----- -------
- -------- --
------ ------
-- Net income
(loss) $
292.4 $ 294.1
$ 293.5 $
(587.6) $
292.4
========
========
========
========
========

Six Months
Ended June
30, 2000 ----

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

Results of
Operations
Net sales $ -
- $ --
$2,794.8 $ --
$2,794.8
Interest
164.3 148.6
15.0 (312.9)
15.0 Equity
earnings
151.3 158.1
8.3 (309.4)
8.3 Other
revenue 4.8
106.3 111.1 -
------- -----
--- --------
-------- ----
---- Total
revenue 315.6
311.5 2,924.4
(622.3)
2,929.2
Manufacturing,
shipping, and
delivery
2,153.5
2,153.5 Other
selling and
administrative
costs 284.7
284.7
Interest
expense 170.9
164.3 214.3

(312.9) 236.6
-------- ----
---- --------
-------- ----
---- Total
costs and
expense 170.9
164.3 2,652.5
(312.9)
2,674.8
Earnings
before items
below 144.7
147.2 271.9
(309.4) 254.4
Provision for
income taxes
(2.5) (4.1)
107.4 100.8
Minority
share owners'
interests in
earnings of
subsidiaries
6.4 6.4 -----
--- --------
-------- ----
---- --------
Net income
(loss) $
147.2 $ 151.3
$ 158.1 $
(309.4) $
147.2
========
========
========
========
========

Six Months
Ended June
30, 2001 --

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

- ---------
--- -------
----- Cash
Flows Cash
provided by
(used in)
operating
activities
$ 14.2 $
0.6 $ 93.5
$ -- $108.3
Cash
provided by
(used in)
investing
activities
330.0 330.0
Cash
provided by
(used in)
financing
activities
(14.2)
(0.6)

(484.5)
(499.3)
Effect of
exchange
rate change
on cash
(22.9)
(22.9) ----
-- ------ -
----- -----
- ------
Net change
in cash --
-- (83.9) -
- (83.9)
Cash at
beginning
of period
229.7 229.7
------ ----
-- ------ -
----- -----
- Cash at
end of
period $ --
$ -- $145.8
$ -- $145.8
======
======
======
======
======

Six Months
Ended June
30, 2000 --

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

- ---------
--- -------
----- Cash
Flows Cash
provided by
(used in)
operating
activities
$(50.3)
$(11.6)
$161.7 $ --
$ 99.8 Cash
provided by
(used in)
investing
activities
12.5
(286.0)
(273.5)
Cash
provided by
(used in)
financing
activities
50.3 (0.9)
44.7 94.1
Effect of
exchange
rate change
on cash
(9.7) (9.7)

------ ----
-- ------ -
----- -----
- Net
change in
cash -- --
(89.3) --
(89.3) Cash
at
beginning
of period
257.1 257.1
------ ----
-- ------ -
----- -----
- Cash at
end of
period $ --
$ -- $167.8
$ -- $167.8
======
======
======
======
======

5. CASH FLOW INFORMATION

Interest paid in cash aggregated $216.8 million and $237.2 million for the six months ended June 30, 2001 and June 30, 2000, respectively. Income taxes paid in cash totaled $38.8 million and $34.1 million for the six months ended June 30, 2001 and June 30, 2000, respectively.

6. COMPREHENSIVE INCOME

The Company's components of comprehensive income are net earnings and foreign currency translation adjustments. Total comprehensive income for the three month periods ended June 30, 2001 and 2000 amounted to $237.5 million and $8.8 million, respectively. Total comprehensive income for the six month periods ended June 30, 2001 and 2000 amounted to $178.8 million and $27.9 million, respectively.

7. CONTINGENCIES

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

As of June 30, 2001 the Company estimates that it is a named defendant in asbestos lawsuits and claims involving approximately 23,000 plaintiffs and claimants.

Additionally, the Company has claims-handling agreements in place with many plaintiff's counsel throughout the country. These agreements require evaluation and negotiation regarding whether particular claimants qualify under the criteria established by such agreements. The criteria for such claims include verification of a compensable illness, exposure to a product manufactured by the Company's former business unit during its manufacturing period ending in 1958, and viability of such claims under applicable statutes of limitations. The Company believes that the outcome of evaluations and negotiations conducted in 2000 and continuing into 2001 could result in resolution of a substantial number of claims pursuant to such agreements in addition to the resolution of certain of the pending asbestos claims.

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

The Company believes that its ultimate asbestos-related contingent liability (i.e., its indemnity or other claim disposition costs plus related litigation expenses) cannot be estimated with certainty. In 1993, the Company established a liability of $975 million to cover indemnity payments and legal fees associated with the resolution of outstanding and expected future asbestos lawsuits and claims. In 1998, an additional liability of $250 million was established.

After establishing the additional liability in 1998, the Company continued to monitor the trends of matters which may affect its ultimate liability and continued to analyze the trends, developments and variables affecting or likely to affect the resolution of pending and future asbestos claims against the Company. The number of asbestos lawsuits and claims pending and filed against the Company since 1998 has exceeded the number estimated at that time. The trend of costs to resolve lawsuits and claims since 1998 has also been unfavorable compared to expectations. In addition, during 2000, Pittsburgh-Corning, Babcock & Wilcox, Owens Corning, and Fibreboard Corporation sought protection under Chapter 11 of the Bankruptcy Code and during 2001, Armstrong World Industries, W.R. Grace & Co. and G-I Holdings (GAF) sought protection under Chapter 11 of the Bankruptcy Code.

During the third quarter of 2000, the Company conducted a comprehensive review to determine whether further adjustments of asbestos-related assets or liabilities were appropriate. As a result of that review, as of September 30, 2000, the Company established an additional liability of $550 million to cover the Company's estimated indemnity payments and legal fees arising from outstanding asbestos personal injury lawsuits and claims and asbestos personal injury lawsuits and claims filed in the next several years, during which period the Company expects to receive the majority of the future asbestos-related lawsuits and claims that could involve the Company. Based on all the factors and matters relating to the Company's asbestos-related lawsuits and claims, the Company presently believes that its asbestos-related costs and liabilities, to the extent it is able reasonably to estimate such costs and liabilities, will not exceed by a material amount the sum of the available insurance reimbursement the Company believes it has and will have and the amount of the charges for asbestos-related costs described above.

8. SEGMENT INFORMATION

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

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

Certain amounts from prior year have been reclassified to conform to current year presentation.

Financial information for the three month periods ended June 30, 2001 and 2000 regarding the Company's product segments is as follows:

- --- Elimina- tions Total and Consoli- Glass Plastics Product Other dated Containers Packaging Other Segments Retained Totals - ---------- Net sales: June 30, 2001 $ 899.4 $ 487.7 $ 2.7 $ 1,389.8 $ 1,389.8 June 30, 2000 952.1 478.4 18.7 1,449.2 1,449.2

EBIT, excluding unusual items: June 30, 2001 $ 153.9 $ 68.3 $(0.9) $ 221.3 $ (8.8) $ 212.5 June 30, 2000 180.6 75.5 1.2 257.3 9.0 266.3

Unusual items: June 30, 2001 Gain on the sale of the Company's Harbor Capital business $457.3 $ 457.3 Restructuring and impairment charges $ (64.3) $ (15.6) $ (79.9) (79.9) Special employee benefit programs (7.6) (3.5) (11.1) (19.8) (30.9) Contingencies related to a previous acquisition (8.5) (8.5) (8.5)

The reconciliation of EBIT to earnings before income taxes and minority share owners' interests in earnings of subsidiaries for the three month periods ended June 30, 2001 and 2000 is as follows:

- --- June 30, 2001 June 30, 2000 - ---------- EBIT, excluding unusual items for reportable segments $ 221.3 $ 257.3 Unusual items excluded from reportable segment information (99.5) Eliminations and other retained (8.8) 9.0 Unusual items excluded from

eliminations and other retained 437.5 Net interest expense (108.5) (113.2) - ---------
-- Total $
442.0 $ 153.1
===

Financial information for the six-month periods ended June 30, 2001 and 2000
regarding the Company's product segments is as follows:

- ---
--- Elimina- tions Total and Consoli- Glass Plastics Product Other dated Containers Packaging Other Segments Retained
Totals - ---
---------- Net sales: June 30, 2001 $ 1,740.9 $ 945.3 $ 9.7 $ 2,695.9 $ 2,695.9 June 30, 2000 1,836.0 921.6 37.2
2,794.8 2,794.8
===
EBIT, excluding unusual items: June 30, 2001 $ 274.7 $ 136.4 $ (1.7) $ 409.4 $ (22.0) $ 387.4 June 30, 2000 315.6 146.0
2.1 463.7 12.3 476.0
===
Unusual items: June 30, 2001 Gain on the sale of a minerals business in Australia $ 10.3 $ 10.3 $ 10.3 Gain on the sale
of the Company's label business $ 2.8 2.8 2.8 Gain on the sale of the Company's Harbor Capital business $ 457.3 457.3
Restructuring and impairment charges (64.3) $ (15.6) (79.9) (79.9) Special employee benefit programs (7.6) (3.5) (11.1)
(19.8) (30.9) Contingencies related to a previous acquisition (8.5) (8.5) (8.5)
===

The reconciliation of EBIT to earnings before income taxes and minority share
owners' interests in earnings of subsidiaries for the six month periods ended
June 30, 2001 and 2000 is as follows:

- --
--- June 30, 2001 June 30, 2000 - ---
---------------------------------- EBIT, excluding unusual items for reportable segments
$ 409.4 $ 463.7 Unusual items excluded from reportable segment information (86.4)
Eliminations and other retained (22.0) 12.3 Unusual items excluded from eliminations and
other retained 437.5 Net interest expense (215.5) (221.6) - ------------------------------
--- Total $ 523.0 $ 254.4
===

9. NEW ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("FAS No. 141") which is effective for business combinations completed after June 30, 2001. Also in July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS No. 142"), which is effective for goodwill acquired after June 30, 2001. For goodwill acquired prior to June 30, 2001, FAS No. 142 will be effective for fiscal years beginning after December 15, 2001. Under FAS No. 142, goodwill and intangible assets with indefinite lives will no longer be amortized but will be reviewed annually (or more frequently if impairment indicators arise) for impairment. The Company has not assessed the impact on earnings that the elimination of the amortization of goodwill will have on future earnings and the effect that the impairment test will have on recorded goodwill. As provided in FAS No. 142, impairment testing will be completed during 2002.

10. RESTRUCTURING ACCRUALS

In the second quarter of 2001, the Company recorded charges of $79.9 million, principally related to restructuring and impairment at certain of the Company's international and domestic operations. The majority of the charges ($48.4 million) relates to the impairment of assets at the Company's affiliate in Puerto Rico and the consolidation of manufacturing capacity and the closing of a facility in Venezuela. The balance of the charges principally relates to consolidation of capacity at certain domestic and international facilities in response to decisions about pricing and market strategy. The Company expects its actions related to these restructuring and impairment charges to be completed during the next several quarters.

In the third quarter of 2000, the Company recorded a charge of $122.4 million for capacity realignment and consolidation. The manufacturing capacity consolidations principally involved the closing of three U.S. glass container facilities and reflect technology-driven improvements in productivity, conversions from some juice and similar products to plastic containers, Company and customer decisions regarding pricing and volume, and the further concentration of production in the most strategic facilities. The Company expects that it will continue to make cash payments over the next several quarters for severance, benefits, and on-going closing costs related to the closing of these facilities.

Selected information relating to the restructuring accruals follows:

	Third Quarter of 2000 charges	Second Quarter of 2001 charges	Total
Accrual as of March 31, 2001	$ 45.6	$ --	$ 45.6
Restructuring charges		79.9	79.9
Write-down of assets to net realizable value	(1.7)	(70.7)	(72.4)
Net cash paid	(7.5)		(7.5)
Remaining accrual as of June 30, 2001	$ 36.4	$ 9.2	$ 45.6

11. DERIVATIVE INSTRUMENTS

The terms of the Company's former bank credit agreement provided for foreign currency borrowings by certain of its international affiliates. Such borrowings provided a natural hedge against a portion of the Company's investment. Under the April 2001 Secured Credit Agreement, international affiliates are only permitted to borrow in U.S. dollars. The Company's affiliates in Australia and the United Kingdom have entered into currency swaps covering their borrowings under the Agreement. These swaps are being used to manage the Company's exposure to fluctuating foreign exchange rates by swapping the principal and interest payments due under the Secured Credit Agreement.

As of June 30, 2001, the Company's affiliate in Australia has swapped $650.0 million of borrowings into $1,275.0 million Australian dollars. This swap matures on March 31, 2003, with interest resets every 90 days. The interest reset terms of the swap approximate the terms of the U.S. dollar borrowings. This derivative instrument swaps both the interest and principal from U.S. dollars to Australian dollars. The Company's affiliate in the United Kingdom has swapped $200.0 million of borrowings into $139.0 million British pounds. This swap also matures on March 31, 2003, with interest resets every 90 days. This derivative instrument swaps both the interest and principal from U.S. dollars to British pounds.

The Company recognizes all derivatives on the balance sheet at fair value. The Company accounts for the above swaps as fair value hedges. As such, the changes in the value of the swaps are included in other expense and are expected to substantially offset any exchange rate gains or losses on the related U.S. dollar borrowings. For the three months ended June 30, 2001, the amount not offset was immaterial.

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

RESULTS OF OPERATIONS - SECOND QUARTER 2001 COMPARED WITH SECOND QUARTER 2000

The Company recorded earnings before extraordinary items of $247.6 million for the second quarter of 2001 compared to $88.5 million for the second quarter of 2000. Net earnings of $243.5 million for 2001 reflect $4.1 million of extraordinary charges from the early extinguishment of debt. Excluding the effects of the 2001 extraordinary, unusual, and other largely one-time items discussed below, the Company's second quarter 2001 earnings of $60.6 million decreased $27.9 million, or 31.5% from 2000 second quarter earnings of $88.5 million. Consolidated EBIT for the second quarter of 2001, excluding unusual and other largely one-time items, was $212.5 million, a decrease of $53.8 million, or 20.2%, compared to the second quarter of 2000 EBIT of $266.3 million. The decrease is largely attributable to lower EBIT for both the Glass Containers and Plastics Packaging segments as discussed below. Interest expense, net of interest income and unusual items, decreased $8.7 million from the 2000 period due principally to lower interest rates and lower levels of debt.

Capsule segment results (in millions of dollars) for the second quarter of 2001 and 2000 were as follows:

	Net sales (Unaffiliated customers)		EBIT (a)	
	2001	2000	2001 (b)	2000
Glass Containers	$ 899.4	$ 952.1	$ 82.0	$ 180.6
Plastics Packaging	487.7	478.4	40.7	75.5
Other	2.7	18.7	(0.9)	1.2
Segment totals	1,389.8	1,449.2	121.8	257.3
Eliminations and other retained costs			428.7	9.0
Consolidated totals	$1,389.8	$1,449.2	$ 550.5	$ 266.3

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

(b) Amount for the three months ended June 30, 2001 includes a net gain of $338.0 million related to the following: (1) A gain of $457.3 million related to the sale of the Company's Harbor Capital business; (2) Charges of $79.9 million related to restructuring and impairment charges at certain of the Company's international glass operations, principally Venezuela and Puerto Rico, as well as certain other domestic and international operations; (3) Charges of $30.9 million related to special employee benefit programs; (4) A charge of $8.5 million for contingencies related to a previous acquisition.

Such charges (gains) are included as follows in consolidated EBIT for the three months ended June 30, 2001:

Glass Containers	$ 71.9
Plastics Packaging	27.6
Total Product Segments	99.5
Eliminations and other retained costs	(437.5)
Consolidated Totals	$ (338.0)

Consolidated net sales for the second quarter of 2001 decreased $59.4 million, or 4.1%, over the prior year. Net sales of the Glass Containers segment decreased $52.7 million, or 5.5%, from 2000. In the United States, decreased sales were due in part to lower shipments of beer containers and conversions of juice and iced tea bottles from glass to plastic containers. The combined U.S. dollar sales of the segment's foreign affiliates decreased from the prior year. Increased shipments from the Company's operations throughout most of Europe and South America were more than offset by the effects of a strong U.S. dollar and lower shipments from most of the Company's operations in the Asia Pacific region. The effect of changing foreign currency exchange rates reduced U.S. dollar sales of the segment's foreign affiliates by approximately $50 million. Net sales of the Plastics Packaging segment increased $9.3 million, or 1.9%, over 2000, reflecting increased shipments of plastic containers and closures for food and health care and the effects of higher resin costs on pass-through arrangements with customers, partially offset by lower shipments of plastic containers for juice and closures for beverages. The effects of higher resin cost pass-throughs increased sales approximately $14 million compared to the second quarter of 2000.

Excluding the effects of the 2001 unusual items, segment EBIT for the second quarter of 2001 decreased $36.0 million, or 14.0%, to $221.3 million from the 2000 segment EBIT of $257.3 million. EBIT of the Glass Containers segment decreased $26.7 million to $153.9 million, compared to $180.6 million in 2000. The combined U.S. dollar EBIT of the segment's foreign affiliates increased slightly from prior year. Increased shipments from the Company's operations throughout most of Europe and South America were partially offset by the effects of a strong U.S. dollar, higher energy costs worldwide, and lower shipments from the Company's operations in the Asia Pacific region. In the United States, Glass Container EBIT decreased from 2000 principally due to higher energy costs, which have not been fully recovered through price adjustments. EBIT of the Plastics Packaging segment decreased $7.2 million, or 9.5%, to $68.3 million compared to $75.5 million in 2000. Increased shipments of plastic containers and closures for food and health care were more than offset by lower shipments of plastic containers for juice and closures for beverages and one-time costs associated with the relocation of a U.S. manufacturing operation to a new and larger facility to accommodate a growing business base. Eliminations and other retained costs declined $17.8 million from 2000 reflecting lower net financial services income due to the sale of the Company's Harbor Capital business, lower pension income, and certain other employee benefit costs increases.

The second quarter of 2001 earnings before extraordinary items include the following unusual and other largely one-time items: (1) A gain of $457.3 million ($284.4 million after tax) related to the sale of the Company's Harbor Capital Advisors business; (2) Charges of $30.9 million ($19.4 million after tax) related to special employee benefit programs; (3) A net interest charge of $4.0 million ($2.8 million after tax) related to interest on the resolution of the transfer of

pension assets and liabilities for a previous acquisition and divestiture; (4) Charges of $79.9 million ($63.9 million after tax and minority share owners' interests) related to restructuring and impairment charges at certain of the Company's international glass operations, principally Venezuela and Puerto Rico, as well as certain other domestic and international operations; (5) A charge of $8.5 million ($5.3 million after tax) for contingencies related to a previous acquisition; (6) A $6.0 million charge to adjust tax liabilities in Italy as a result of recent legislation.

FIRST SIX MONTHS 2001 COMPARED WITH FIRST SIX MONTHS 2000

For the first six months of 2001, the Company recorded earnings before extraordinary items of $296.5 million compared to $147.2 million for the first six months of 2000. Net earnings of $292.4 million for 2001 reflect $4.1 million of extraordinary charges from the early extinguishment of debt. Excluding the effects of the 2001 unusual items, the Company's first six months of 2001 earnings of $97.5 million decreased $49.7 million, or 33.8% from 2000 first six months earnings of $147.2 million. Consolidated EBIT for the first six months of 2001, excluding unusual items, was $387.4 million, a decrease of $88.6 million, or 18.6%, compared to the first six months of 2000 EBIT of $476.0 million. The decrease is largely attributable to lower EBIT for both the Glass Containers and Plastics Packaging segments, as discussed below. Interest expense, net of interest income and unusual items, decreased $10.1 million from the 2000 period due principally to lower interest rates and decreased levels of debt. The Company's estimated effective tax rate for the first six months of 2001, excluding unusual items, was 38.5%. This compares with an estimated rate of 39.6% for the first six months of 2000 and the actual rate of 36.9% for the full year of 2000, excluding unusual items. The increase in the 2001 estimated rate compared to the full year of 2000 is primarily the result of the non-recurrence of certain international and domestic tax benefits and credits.

Capsule segment results (in millions of dollars) for the first six months of 2001 and 2000 were as follows:

	Net sales (Unaffiliated customers)		EBIT (a)	
	2001	2000	2001 (b)	2000
Glass Containers	$ 1,740.9	$ 1,836.0	$ 213.1	$ 315.6
Plastics Packaging	945.3	921.6	108.8	146.0
Other	9.7	37.2	1.1	2.1
Segment totals	2,695.9	2,794.8	323.0	463.7
Eliminations and other retained costs			415.5	12.3
Consolidated totals	$ 2,695.9	$ 2,794.8	$ 738.5	$ 476.0

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

(b) Amount for the six months ended June 30, 2001 includes a net gain of $351.1 million related to the following: (1) A gain of $457.3 million related to the sale of the Company's Harbor Capital business; (2) Charges of $79.9 million related to restructuring and impairment charges at certain of the Company's international glass operations, principally Venezuela and Puerto Rico, as well as certain other domestic and international operations; (3) Charges of $30.9 million related to special employee benefit programs; (4) A charge of $8.5 million for contingencies related to a previous acquisition; (5) A gain of $10.3 million from the sale of a minerals business in Australia; (6) A gain of $2.8 million from the sale of the Company's labels business.

Such charges (gains) are included as follows in consolidated EBIT for the six months ended June 30, 2001:

Glass Containers	$ 61.6
Plastics Packaging	27.6
Other	(2.8)
Total Product Segments	86.4
Eliminations and other retained costs	(437.5)
Consolidated Totals	$ (351.1)

Consolidated net sales for the first six months of 2001 decreased $98.9 million, or 3.5%, over the prior year. Net sales of the Glass Containers segment decreased $95.1 million, or 5.2%, from 2000. In the United States, decreased sales were due in part to lower shipments of beer containers and conversions of juice and iced tea bottles from glass to plastic containers. The combined U.S. dollar sales of the segment's foreign affiliates decreased slightly from the prior year. Increased shipments from the Company's operations throughout most of Europe and South America were more than offset by the effects of a strong U.S. dollar and lower shipments from most of the Company's operations in the Asia Pacific region. The effect of changing foreign currency exchange rates reduced U.S. dollar sales of the segment's foreign affiliates by approximately $100 million. Net sales of the Plastics Packaging segment increased $23.7 million, or 2.6%, over 2000, reflecting increased shipments of plastic containers and closures for food and health care and the effects of higher resin costs on pass-through arrangements with customers, partially offset by lower shipments of plastic containers for juice and other beverages. The effects of higher resin costs increased sales by approximately $32 million compared to the first six months of 2000.

Excluding the effects of the 2001 unusual items, segment EBIT for the first half of 2001 decreased $54.3 million, or 11.7%, to $409.4 million from the 2000 segment EBIT of $463.7 million. EBIT of the Glass Containers segment decreased $40.9 million, or 13.0%, to $274.7 million, compared to $315.6 million in 2000. The combined U.S. dollar EBIT of the segment's foreign affiliates increased slightly from prior year. Increased shipments from the Company's operations throughout most of Europe and South America were partially offset by the effects of a strong U.S. dollar, higher energy costs worldwide, and lower shipments from the Company's operations in the Asia Pacific region. In the United States, Glass Container EBIT decreased from 2000 principally due to higher energy costs, which have not been fully recovered through price adjustments. EBIT of the Plastics Packaging segment decreased $9.6 million, or 6.6%, to $136.4 million, compared to $146.0 million in 2000. Increased shipments of plastic containers and closures for food and health care were more than offset by lower shipments of plastic containers for juice and other beverages and one-time costs associated with the relocation of a U.S. manufacturing operation to a new and larger facility to accommodate a growing business base. Eliminations and other retained costs declined $34.3 million from 2000 reflecting lower net financial services income due to the sale of the Company's Harbor Capital business, lower pension income, and certain other employee benefit costs increases.

RESTRUCTURING AND IMPAIRMENT CHARGE

The second quarter of 2001 operating results include a pretax charge of $79.9 million, principally related to restructuring and impairment at certain of the Company's international and domestic operations. The charge principally includes the impairment of assets at the Company's affiliate in Puerto Rico and the consolidation of manufacturing capacity and the closing of a facility in Venezuela. The program also includes consolidation of capacity at certain other international and domestic facilities in response to decisions about pricing and market strategy. The Company expects its actions related to these restructuring and impairment charges to be completed during the next several quarters.

CAPITAL RESOURCES AND LIQUIDITY

The Company's total debt at June 30, 2001 was $5.34 billion, compared to $5.85 billion at December 31, 2000 and $5.95 billion at June 30, 2000.

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

At June 30, 2001, the Company had available credit totaling $4.045 billion under its April 2001 Secured Credit Agreement, of which $602.8 million had not been utilized. At December 31, 2000, the Company had $597.8 million of credit which had not been utilized under the Company's Second Amended and Restated Credit Agreement. Cash provided by operating activities was $108.3 million for the first six months of 2001 compared to $99.8 million for the first six months of 2000.

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

The Company's Board of Directors has authorized the management of the Company to repurchase up to 20 million shares of the Company's common stock. During the first quarter of 2001, the Company redeemed the remaining outstanding shares of exchangeble preferred stock that were issued in 1993. The redeemed exchangeable preferred shares were equivalent to 910,697 shares of the Company's common stock. The Company repurchased these shares pursuant to its share repurchase plan for $5.2 million. Since July 1999, the Company has repurchased 12,929,397 shares for $248.0 million, however, no shares were repurchased during the second quarter of 2001. The Company may purchase its common stock from time to time on the open market depending on market conditions and other factors. During the term of the Agreement, the Company's total share repurchases are limited to the lesser of two million shares or $25 million. The Company believes that cash flows from its operations and from utilization of credit available under the Agreement will be sufficient to fund any such repurchases in addition to the obligations mentioned in the previous paragraph.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

The terms of the Company's former bank credit agreement provided, among other things, a $1.75 billion offshore revolving loan facility which was available to certain of the Company's foreign subsidiaries and denominated in certain foreign currencies. For further information about that facility and related foreign currency loan amounts outstanding, see Note 3 to the

financial statements. All outstanding amounts were repaid with borrowings under the April 2001 Secured Credit Agreement, which are denominated in U.S. dollars. As described in Note 11 to the financial statements, amounts borrowed under the new agreement by foreign subsidiaries have been swapped into the subsidiaries' functional currencies.

FORWARD LOOKING STATEMENTS

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

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Annual Meeting of Owens-Illinois' share owners was held on May 9, 2001. Each of the nominees for a three-year term on the Company's Board of Directors was elected by vote of the share owners as follows:

Name	For	Withheld	Abstention	Broker Non-Votes
Robert J. Dineen	132,462,335	1,661,437	0	0
James H. Greene, Jr.	131,872,207	2,251,565	0	0
George R. Roberts	125,174,682	8,949,090	0	0
Thomas L. Young	131,683,213	2,440,559	0	0

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

(a) Exhibits:

Exhibit 12 Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends.

(b) Reports on Form 8-K:

On June 8, 2001, the Registrant filed a Form 8-K which included a press release dated June 8, 2001 announcing that the Company has completed the previously announced sale of its Harbor Capital Advisors business to Robeco Groep, N.V.

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 August 14, 2001 By /s/ David G. Van Hooser

David G. Van Hooser, Senior Vice President and

Chief Financial Officer (Principal Financial Officer)

INDEX TO EXHIBITS

EXHIBITS

Exhibit 12

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

	2001	2000
Earnings before income taxes, minority share owners' interests and extraordinary items	$ 523.0	$ 254.4
Less: Equity earnings	(8.9)	(8.3)
Add: Total fixed charges deducted from earnings	236.8	250.8
Proportional share of pre-tax earnings (loss) of 50% owned associates	5.7	4.9
Dividends received from less than 50% owned associates	6.3	2.5
Earnings available for payment of fixed charges	$ 762.9	$ 504.3
Fixed charges (including the Company's proportional share of 50% owned associates):		
Interest expense	$ 225.3	$ 231.6
Portion of operating lease rental deemed to be interest	6.4	14.2
Amortization of deferred financing costs and debt discount expense	5.1	5.0
Total fixed charges deducted from earnings and fixed charges	$ 236.8	$ 250.8
Preferred stock dividends (increased to assumed pre-tax amount)	18.6	17.3
Combined fixed charges and preferred stock dividends	$ 255.4	$ 268.1
Ratio of earnings to fixed charges	3.2	2.0
Ratio of earnings to combined fixed charges and preferred stock dividends	3.0	1.9