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OWENS-ILLINOIS

1981

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COVERING NEW YORK, AMERICAN & REGIONAL STOCK EXCHANGES & INTERNATIONAL COMPANIES

MOODY'S®

INDUSTRIAL MANUAL

Moody's Investors Service

a company of The Dun & Bradstreet Corporation

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OWENS-ILLINOIS, INC.

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned 1980	Times Charges Earned 1979	Interest Dates	Call Price	Price Range 1980	Price Range 1979
1. Term loans	....	$149,200,000	4.12	3.93	....	.....	....	....
2. Owens-Ill. Glass deb. 3¾s, 1988	A	22,000,000			J & D 1	[1]101.20	83¼- 59½	84⅞- 79⅛
3. Deb. 7⅝s, due 2001	A	96,200,000			A & O 1	[1]104.275	75 - 55⅛	86⅜- 71
4. Sinking fd. deb. 9.35s, 1999	A	98,000,000			M & N 1	[1]106.545	81 - 71½	99 - 84
5. 9% notes, due 1981	A	49,972,000			M & N 1	[2].....	100 - 90	99⅜- 91¼
6. 10⅜% Notes, due 1990	A	100,000,000			J & D 1	[2].....	97 - 87	....
7. Convert. sub. deb. 4½s, 1992	Baa	36,500,000			M & N 1	[1]101.575	93½- 68	81½- 73
8. Exchang. sub. deb. 4½s, 1987	....	7,900,000			July 1	[1]101.0	....	....
9. 8.45% notes, due 1998	....	100,000,000			....	.....	[3].......	[3].......
10. Guaranteed loans	....	67,000,000			....	.....	....	....

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1980	Earned per Sh. 1979	Divs. per Sh. 1980	Divs. per Sh. 1979	Call Price	Price Range 1980	Price Range 1979
1. 4% cum. pfd.	$100	106,325 shs.	$1,405.13	$1,129.20	$4.00	$4.00	100.00	76¾- 75	75 - 75
2. 4.75% cum. convert. pfce.	no par	548,317 shs.	271.74	202.83	4.75	4.75	100.00	83 - 60	68½- 55
3. Common	$3.12½	[4]28,682,400 shs.	[4]5.09	[4]4.56	1.40	1.26	.....	28⅛- 18¼	22⅞- 17⅜

[1]Subject to change; see text. [2]Callable in future; see text. [3]Privately placed. [4]Based on average shs., as reported by Co.

HISTORY

History: Incorporated in Ohio, Dec. 16, 1907 as The Owens Bottle Machine Corp., successor to a New Jersey corporation of the same name, incorporated Sept. 3, 1903. Charter is perpetual. Name changed to The Owens Bottle Co. Apr. 9, 1919 and to Owens-Illinois Glass Co. Apr. 17, 1929. Present title adopted May 1, 1965.

For acquisitions prior to 1950, see Moody's 1948 and 1949 Industrial Manuals.

For acquisitions, etc. in 1950 to 1959, incl., see Moody's 1968 Industrial Manual.

For acquisitions, etc., in 1960 to 1969, incl., see Moody's 1974 Industrial Manual.

In Jan. 1970, acquired 80% interest in Emballeges Laurent S.A., a manufacturer of corrugated containers in France.

In July 1970, purchased 800,000 O-I common shares from the Allied Chemical Corporation for $33.6 million.

In 1970, sold 360,000 common shares of Owens-Corning Fiberglas Corporation for net gain of $9.6 million.

In 1970, increased ownership in United Glass Ltd. to 22.5% and in 1972 increased interest to 50% thru acquisition of shs. from Distillers Co. Ltd.

In Nov. 1970 it was decided to discontinue the Bahamian sugar operation and was announced that the 1971 cane crop would not be harvested, although the crop would be maintained while a buyer was being sought. Accordingly, an extraordinary charge of $22 million was made to reduce the carrying value of the Bahamian assets to a realistically conservative basis. The pulpwood logging operation, which had a small profit in 1970, will be continued.

During 1971: Gerresheim acquired a 50% interest in Spessarter Hohlglaswerke GmbH, Lohr, Germany; Owens-Illinois Overseas Capital Corporation acquired a 50% interest in the Henry S. Dabdoub goup of paper and corrugated box companies in Mexico; Company acquired a 20% interest in P.T. Kangar Consolidated Industries, Djakarta, Java, a newly organized Indonesian corporation; and Company and Hygienic Containers Pty. Limited (Australia) agreed to combine the Australian business of Lily Cups Overseas. Limited (a second tier Canadian subsidiary of Owens-Illinois acquired in the 1968 merger with Lily-Tulip Cup Corporation) with that of Hygienic Containers Pty. Limited. Company acquired a 48% interest in the newly organized Australian company, Hygienic-Lily Limited, in exchange for certain assets of Lily Cups Overseas Limited. Lily Cups Overseas Limited was subsequently liquidated into its parent, Lily Cups Limited (Canada).

In 1972 Co.'s Kimble Div. acquired Gillion Co., Inc. a small pharmaceutical rubber business.

In Oct. 1973, acquired major interest in plastic packaging co. in Germany, a small glass container firm in Venezuela and a scientific glassware firm in England.

In 1973, Co. exchanged 1,200,000 com. shs. of Owens-Corning Fiberglass Corp. for 1,333,333 Co. com. shs. Ratio of exchange was 0.9 sh. of Owens-Corning for each Co. com. shs. Offer, which expired Nov. 26, 1973 was made as part of Co. plan to divest itself of 2,600,000 of its 3,100,000 Owens-Corning shs. over the next 5 yrs.

In June 1974, merged Owens-Illinois Overseas Capital Corp.

In late 1974 sold Fecker Systems operations.

In Dec. 1974, acquired controlling interest in Panel Technology, Inc.

In Dec. 1975, acquired L.E. Smith Glass Co.

In 1977 acquired:

A 24% interest in a Philippine glass container firm, Union Glass & Container Corp., Manila.

A 19.4% interest in a Japanese glass container company, Nippon Electric Glass Co., Ltd.

A 50% interest in a French paper mill, Papeteries Etienne, S.A., Arles.

In early 1980, Co. increased its interest in Nippon Glass Company, Ltd., Japan from 30% to 40%.

Joint Ventures: In 1972 Co. formed a jointly owned Co. with Jintan Terumo Co., Ltd., of Japan, to manufacture and market the Japanese Co.'s "Venoject" blood collection system in the U.S. The new Co. will be known as Kimble-Terumo, Inc., and will be owned 50% by Co. and 50% by Jintan Terumo.

In June 1974, Co. and Pilkington Brothers Ltd., a British glass maker, set up Telglass Ltd. to make and sell glass for television tubes. New company will take over Pilkington's manufacturing plant and assets at St. Helens, England. Co. initially will take a minority interest in Telglass but will hold an option to increase its share to 50%.

In June 1974, formed Corpoplast, Inc., a joint venture with a division of Gildemeister A.G., West Germany, for distribution of patented new high-speed plastic container machinery to produce plastic beverage containers. Joint venture will be headquartered in Toledo, O.

In 1974 acquired a 25% interest in a joint venture, Hankuk Electric Glass Co. with Hankuk Glass Co. and Nippon Electric Glass to establish a plant in South Korea to seal black and white television bulbs.

In 1975 National Petro Chemicals Corp., jointly owned by National Distillers & Chemical Corp. & Co. will build a plant in Houston, Tex. to increase its current 350,000,000 lbs. annual capacity for high-density polyethylene production by 150,000,000 lbs.

In Dec., 1976, exchanged 1,226,016 shares of Owens-Corning Fiberglas Corp. com. stk. for 1,362,240 Owens-Illinois com. stk.

In Feb. 1979, Co. said it entered into two separate glass container manufacturing ventures in Ecuador and Egypt. Terms were not disclosed. Co. said Cridesa, in which Co. owns a 49% interest, plans to build its second glass container manufacturing plant at Guayaquil, which will more than triple its existing capacity. Construction is scheduled to begin in mid-1979, and the building is expected to be completed in 1980.

Separately, in Egypt, Co. said it and its European affiliate acquired a 10% interest in the new Middle East Glass Manufacturing Co., which will begin construction of a glass container plant in Cairo this spring. The plant also is expected to be completed in 1980.

SUBSIDIARIES

(Wholly-owned, except as indicated):

Domestic:

Forest Products Corp. (S.C.)
Marinette, Tomahawk & Western Railroad Co. (Wisc.)
Owens-Illinois Development Corp. (Ohio)
Owens-Illinois Inter-America Corp. (Ohio)
Sabine River & Northern Railroad Co. (Texas)
Valdosta Southern Railroad Co. (Florida)
O-I International Sales Corp. (Mich.)
L.E. Smith Glass Co. (Pa.)
Maumee Valley Community Urban Redevelopment Corp. (Ohio)

Foreign:

Gerresheimer Glas, AG (Germany) (80%)
Buender Glas GmbH (Germany)
Durobor, S.A. (Belgium) (99.30%)
Emballages Laurent, S.A. (France) (80%)
FBG—Trident Ltd. (Great Britain)
Lily Cups Limited (Canada)
Manufacturera de Vidrios Planos, C.A. (Venezuela) (96.67%)
Owens-Illinois de Venezuela, C.A. (Venezuela)
Owens-Illinois International, S.A. (Switzerland)
Kimble Italiana, S.p.A. (Italy) (75%)
Owens Insurance Ltd. (Bermuda)
Papeteries d'Esplay, S.A.R.L. (France) (74%)
Sao Raimundo Administracao Participacoes e Representacoes, Ltda. (Brazil)
Companhia Industrial Sao Paulo e Rio (Brazil) (79.41%)
Giralt Laporta, S.A. (Spain)
P.T. Igar Jama (Indonesia)
Fabrica de Vidrio Los Andes, C.A. (Venezuela) (70%)

Affiliates: National Petro Chemicals Corp. (Del.) (50%); United Glass Ltd. (Great Britain) (50%); Libbey-St. Clair (Canada) (50%); Nippon Glass Co., Ltd. (Japan) (40%); Nippon Electric Glass Co., Ltd. (Japan) (20%); Hygienic-Lily Ltd. (Australia) (50%). Cridesa (Ecuador) (49%); Peldar (Colombia) (50%).

BUSINESS & PRODUCTS

Company's operations have been classified into three segments: Packaging Products, Food and Beverage Service and Other.

Packaging Products:

The principal products produced by Company in this segment include glass containers, forest products, plastic products, closures primarily for direct sales to industrial users. Glass containers are used to package numerous products, including soft drinks, beer, wine, liquor, food, pharmaceutical and cosmetic items. In addition, Plasti-Shield® containers, light-weight glass containers with a foam-plastic wrap, are produced for numerous packaging applications. Forest products include containerboard, corrugated and solid fiber shipping containers, composite cans, multiwall shipping bags and plywood and dimensional lumber. Plastic products include beverage bottles, semi-rigid containers, shipping sacks, and shrink and stretch film. Closures and allied products, including lids, caps, fittings and accessories, are manufactured for glass, plastic and metal containers. Vials, caps and accessories are also manufactured for pharmaceutical containers.

Food and Beverage Service:

The principal products produced by Comapny in this segment include disposable paper and plastic cups, plates, tubs and lids for home, recreational and institutional uses. Other products of this segment include a broad range of glass tumblers, stemware, blown-glass specialty items, and decorative and floral glassware for household, commercial, and institutional use. These products are sold primarily to distributors and retailers.

Other:

The principal products produced by Company in this segment include specialized glass and glass-related products, such as television picture tubes, scientific and laboratory glassware and glass tubing, and SUNPAK® solar energy collectors. Sales of this segment are effected by direct sales to industrial users and distributors.

Sales by Business Segments ($000 omitted):

	1980	1979	1978
Packaging prod.	3,042	2,795	2,500
Food & bev. serv.	547	462	396
Other	405	312	276
Elimination	dr88	dr65	dr60
Total	3,906	3,504	3,112

PLANTS & PROPERTIES

The principal manufacturing facilities and other material properties of Owens-Illinois are described below, grouped by industry segment. All properties shown are owned in fee, except where otherwise indicated by footnote.

Packaging Products Segment:

Glass Container Plants:

Alton, Ill.	[2]Volney, N.Y.
Atlanta, Ga.	Waco, Tex.
Bridgeton, N.J.	Winston-Salem, N.C.
Brockport, N.Y.	Rio de Janeiro, Brazil
Charlotte, Mich.	Sao Paulo, Brazil
[2]Clarion, Pa.	Campo Bom, Brazil
Gas City, Ind.	Achern, Germany
Huntington, W.V.	Budenheim, Germany
Lakeland, Fla.	Dusseldorf, Germany
Los Angeles, Cal.	Lohr, Germany
Mansfield, Mass.	Minden, Germany
[1]New Orleans, La.	Oldenburg, Germany
North Bergen, N.J.	San Juan, Puerto Rico
Oakland, Cal.	Madrid, Spain
Portland, Oreg.	Seville, Spain
Streator, Ill.	Valera, Venezuela
Toano, Va. (Williamsburg)	Valencia, Venezuela
Tracy, Cal.	

Limestone Plant:

[1]Volcano, Cal.

Sand Plants:

[1]Ione, Cal.	[1][2]Mission Viejo, Cal.
Millville, N.J.	

Mold Shops:
Alton, Ill. Oakland, Cal.
Foundry:
Alton, Ill.
Containerboard Mills:
[2]Big Island, Va. [2]Tomahawk, Wis.
[2]Orange, Tex. [2]Clyattville, Ga. (Valdosta)
Corrugated Box Operations:
Atlanta, Ga. [2]Mt. Olive, Ill.
Bradford, Pa. [1]Moonachie, N.J.
Bristol, Pa. Newberry, S.C.
Chicago, Ill. North Kansas City, Mo.
Circleville, Oh. [1]Rutherfordton, N.C.
[2]Cleveland, Tenn. [1]Salisbury, N.C.
Fairmont, W.V. Tracy, Cal.
Los Angeles, Cal. [1]Union City, Cal.
Memphis, Tenn. [2]Winter Haven, Fla.
Miami, Fla. Worcester, Mass.
Milan, Mich. Chalon-sur-Saone, France
Minden, La. Le Puy, France
Minneapolis, Minn.
Plywood Plant:
Jasper, Tex.
Dimensional Lumber:
Jasper, Tex. Buena Vista, Va.
[3]Lake Butler, Fla.
Bag & Film Products Plant:
Clyattville, Ga. (Valdosta)
Composite Can Products Plants:
[1]Benicia, Cal. [1]Houston, Tex.
[1]Chattanooga, Tenn. [1]Orlando, Fla.
[1]Chicago, Ill. [1]Perryburg, Oh.
[1]Fairless Hills, Pa. [1]Ponca City, Okla.
Railroads:
Tomahawk, Wis. Clyattville, Ga. (Valdosta)
Orange, Tex.
Timberlands:
Approximately 1.1 million acres owned or leased in Fla., Ga., La., Mich., Tex., Va., and Wis.
Plastic Products Plants:
Atlanta, Ga. [2]Florence, Ky.
Baltimore, Md. Havre de Grace, Md.
[1]Birmingham, Ala. [1]Kansas, City, Mo.
Charlotte, N.C. Los Angeles, Cal.
Chicago, Ill. [1]Milford, Conn.
[2]Cincinnati, Oh. Newburyport, Mass.
[1]City of Industry, Cal. [1]St. Louis, Mo.
Dallas, Tex. Toledo, Oh.
[3]East Brunswick, N.J. Lohne, Germany
Edison, N.J. Monchengladbach, Germany
Fairfield, Cal. Kutenholz, Germany
[1]Findlay, Oh. Mulsum, Germany
Closure & Metal Container Plants:
[2]Berlin, Oh. St. Charles, Ill.
[2]Brookville, Pa. San Jose, Cal.
[2]Constantine, Mich. Wayne, N.J.
[2]Glassboro, N.J. Recklinghausen, Germany
Perrysburg, Oh.
Food and Beverage Service Segment:
Paper and Plastic Product Plants:
Augusta, Ga Riverside, Cal.
[2]Bardstown, Ky. Springfield, Mo.
[2]Holmdel, N.J. Toledo, Oh.
[1][5]North Las Vegas, N.V. Scarborough, Canada
Perrysburg, Oh. Toronto, Canada
Glassware Plants:
City of Industry, Cal. [2]Toledo, Oh.
Mt. Pleasant, Pa. Soignies, Belgium
Shreveport, La.
Research Centers:
Perrysburg, Oh.
Other Segment:
Specialty Product Plants:
[2]Chicago Heights, Ill. Buende, Germany
[1]Pennsauken, N.J. Temple Cloud, United Kingdom
[2]Pittston, Pa. Djakarta, Indonesia
[2]Vineland, N.J. Pisa, Italy
Warsaw, Ind.
Flat Glass Plant:
La Victoria, Venezuela
Television Products Plants:
[2]Columbus, Oh. [2]Pittston, Pa.
Perrysburg, Oh. Toledo, Oh.
Corporate facilities, are located in Toledo and Perrysburg, Oh. and Godfrey, Ill.

[1]Facilities leased in whole or in part.
[2]Facilities leased in whole or part under industrial revenue bond financing agreements.
[3]Under construction.
[4]Glass container production was discontinued in first quarter of 1980, but corrugated box operations will continue.
[5]Under Construction.

MANAGEMENT

Officers

E.D. Dodd, Chmn., Pres. & Chief Exec. Off.
W.F. Spengler, Jr., Pres. & Chief Oper. Off. Domestic Oper.
R.J. Lanigan, Pres. & Chief Oper. Off., Intl. Oper.
K.K. Hepp, Senior Vice-Pres.—Int'l Oper.
R.H. Davies, Senior Vice-Pres. & Dir. of Corp. Develop.
J.K. Paquette, Vice-Pres. & Asst. to Chmn.
R.L. Berry, Vice-Pres. & Chief of Corp. Staff
J.A. Bohland, Vice-Pres., Finance
J.A. Sprunk, Vice-Pres., Gen. Counsel & Sec.
K.E. Tigges, Vice-Pres. & Comptr.
B.B. Jones, Group Vice-Pres.
J.H. Lemieux, Group Vice-Pres.

Vice-Presidents

W.B. Achenbach, J.E. Osborne, T.C. Theiler, H.R. Litten, T.R. Clevenger, J.A. Cobb, W.W. Coleman, R.H. Little, T.C. Theiler, P.J. Fluge, W.J. Graham, J.W. Hanlon, Jr., R.W. Lock, T.M. Huber, K.C. Ponsor, William Laimbeer, R.J. Glick, J.K. Paquette, C.D. Pawlicki, M.C. Powell, T.R. Santelli, D.J. Toth, D.A. Ward, K.G.Van Tine, L.W. Hecht, W.J. Riley
G.W. Cottrell, Treasurer

Directors

(Showing Principal Corporate Affiliations)

Robert Anderson, Chmn. of Bd. & Chief Exec. Off., Rockwell International Corp.; Dir., Security Pacific Corp.; Security Pacific National Bank; Celanese Corp.; Hospital Corporation of America.

Ernest C. Arbuckle, Chmn. of Bd., Saga Corp.; Dir., Hewlett-Packard Co.; Utah International, Inc.; Wells Fargo & Co.; A. Johnson & Co., Inc.

Jerome A. Bohland, Vice-Pres., Finance, Owens-Illinois, Inc.; Dir., First National Bank of Toledo.

Gesualdo A. Costanzo, Vice-Chmn. & Dir., Citibank, N.A.; Citicorp, New York; Chmn. of Bd., The Mercantile Bank of Canada; Dir., Beatrice Foods Co.; NCR Corp.; Grindlays Bank, Ltd.

Edwin D. Dodd, Chmn. of Bd., Pres. & Chief Exec. Off., Owens-Illinois, Inc.; Dir., Goodyear Tire & Rubber Co.; Ohio Bell Telephone Co.; Toledo Trustcorp, Inc.; The Toledo Trust Co.

Elliott M. Estes, Pres., Chief Oper. Off., Chmn. of Admin. & Exec. Committee & Member of Finance Committee, General Motors Corp.; Dir., Kellogg Co.

Max M. Fisher, Private Investor; Dir. & Hon. Chmn., United Brands Co.; Dir., Michigan Bell Telephone Co.; Manufacturers National Corp.; Fruehauf Corp.; Dayco Corp.

Harold D. Hoopman, Pres. & Chief Exec. Off., Marathon Oil Co.; Dir., The First National Bank of Findlay.

Robert J. Lanigan, Pres. & Chief Oper. Off., International Operations, Owens-Illinois, Inc.; Dir., Dun & Bradstreet Companies, Inc.

Robert H. Levis, II, Chmn. of Bd., The First National Bank and Trust Co., Alton, Ill.

Kenneth S. Pitzer, Professor of Chemistry, University of California at Berkeley.

Felix G. Rohatyn, General Partner, Lazard Freres & Co., New York; Dir., Eastern Air Lines, Inc.; Engelhard Minerals & Chemicals Corp.; Howmet Turbine Components Corp.; International Telephone & Telegraph Corp.; MCA Inc.; Minorco Ltd.; Pechiney Ugine Kuhlmann Corp.; Pfizer, Inc.

Otto Schoeppler, Chmn., Chase Manhattan Limited, London; Chase Manhattan Asia Limited, Hong Kong; Gerresheimer Glas Aktiengesellschaft.

William F. Spengler, Jr., Pres. & Chief Oper. Off., Domestic Operations, Owens-Illinois, Inc.; Dir., Questor Corp.

Auditors: Arthur Young & Co.

General Counsel: J.A. Sprunk

Shareholder Relations: C.D. Nelson, Manager of Shareholders Relations, Investor Relations. **Tel.:** (419)247-1952.

Annual Meeting: Third Wednesday in April.

No. of Stockholders: Dec. 31, 1980: Pfd., 1,426; preference, 3,605; common, 23,306.

No. of Employees: Dec. 31, 1980, 58,891.

General Office: Owens-Illinois Bldg., 405 Madison Ave., Toledo, OH 43666. **Tel.:** (419)247-5000.

Mailing Address: P.O. Box 1035, Toledo, OH 43666.

INCOME ACCOUNTS

CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31
(Taken from reports filed with the Securities and Exchange Commission and other Company reports)
(in thousands of dollars)

	1980	1979	1978	1977	1976	1975	[6]1974
Revenues:							
Net sales	3,905,700	3,504,289	3,111,687	2,767,330	2,571,709	2,273,173	2,116,436
Interest & dividends	19,700	14,101	7,548	7,884	12,088	9,574	9,793
Royalties & net technical assist.	28,500	24,540	20,150	20,471	18,130	14,951	16,714
Equity in earnings of associates	4,700	41,540	18,180	17,211	13,916	9,502	12,914
Other	35,000	30,200	16,876	17,970	9,952	22,791	8,324
Total revenues	3,993,600	3,614,670	3,174,441	2,830,866	2,625,795	2,329,991	2,164,181
[1]Manufacturing, shipping & del. exp.	3,263,300	2,971,028	2,617,612	2,353,903	2,123,326	1,895,898	1,741,287
[1]Research & development exp.	26,900	22,808	31,215	31,166	33,904	28,533}	52,361
[1]Engineering exp.	39,200	34,119	31,414	27,983	24,676	23,461}	
[1]Selling & administrative exp.	306,800	271,882	243,260	214,053	214,245	193,374	180,223
Interest exp.	81,000	68,757	49,241	42,073	42,584	43,683	38,018
[1]Other costs & exp.	15,400	40,035	35,142	25,205	13,023	3,132	5,759
Earn. bef. inc. taxes, minority int. & extraord. items	261,000	206,041	166,557	136,483	174,037	141,910	146,533
[2]Provision for income taxes	103,600	67,700	51,300	40,800	63,100	51,000	58,600
Minority interests in earn. of subs.	8,000	4,887	6,026	4,379	4,219	3,574	4,461
Earn. bef. extraord. items	149,400	133,454	109,231	91,304	106,718	87,336	83,472
[3]Extraordinary items	......	......	dr24,000	......	71,618	......	......
Net earnings	149,400	133,454	85,231	91,304	178,336	87,336	83,472
Retained earnings, beg. of year	994,900	900,947	850,895	793,320	705,493	645,800	587,915
Preferred cash dividends	400	482	500	524	553	611	654
Preference cash dividends	2,900	3,115	3,117	3,117	3,151	3,153	3,153
Common cash dividends	40,100	35,844	31,566	30,088	28,353	23,879	21,780
[4]Other deductions	......	......	......	......	58,452	......	......
Retained earnings, end of year	1,100,900	994,956	900,943	850,895	793,320	705,493	645,800
SUPPLEMENTARY P. & L. DATA							
Maintenance & repairs	251,254	247,002	212,875	191,667	174,756	157,948	139,280
Molds	45,756	50,906	50,946	43,079	36,634	33,075	32,252
[5]Taxes, other than income	129,605	127,288	119,221	112,143	96,375	85,596	78,112

[1]Includes related portions of items shown under "Supplementary P. & L. Data" below statement.

[2]1980-79 comprised of (in $000):

	1980	1979
U.S.:		
Federal	57,800	42,881
State & local	9,700	5,936
Foreign	36,100	18,883
Total	103,600	67,700

Investment tax credits of $12,300,000 in 1980 and $13,100,000 in 1979, have been applied (flow-through method) as a reduction of the provision for income taxes. Current deferred taxes of $16,100,000 and $14,500,000 are included in prepaid expenses at Dec. 31, 1980 and 1979, respectively.

[3]1978: Adjustment of a 1970 provision for loss on discontinuance of Bahamian operations, no tax effect, $3,590,000; provision for loss relating settlement of claims arising out of anti-trust class actions, net of applicable income taxes of $6,568,000, *dr*$27,590,000.

1976: Gains on dispositions of 245,200 shares of Owens-Corning Fiberglas Corp. common stock, net of applicable income taxes of $3,418,000, $8,249,000; gain on exchange of 1,226,016 shares of Owens-Corning Fiberglas Corp. common stock for 2,724,480 common shares of Owens-Illinois, Inc., no tax effect, $71,169,000; adjustment of deferred taxes related to a 1970 provision for loss on discontinuance of Bahamian operations because of a new U.S. Treasury Department regulation, *dr*$7,800,000; total, $71,618,000.

1973: Gain on exchange of stock of Owens-Corning Fiberglas Corp. for common shares of Owens-Illinois, Inc., no tax effect, $56,435,000.

[4]1976: Applicable portion of acquisition cost of 2,724,480 common shares received in exchange for Owens-Corning Fiberglas Corp. common stock.

1973: Applicable portion of acquisition cost of common treasury shares: 79,300 shares purchased, $2,901,000; 1,333,333 shares received in exchange for Owens-Corning Fiberglas Corp. common stock, $51,851,000; total, $54,752,000.

[5]Includes social benefits taxes (1980, $97,200,000).

[6]In 1974 the Co. changed to LIFO for most domestic inventories. As a result net earnings were reduced by $18,600,000 or $1.34 per common share.

Consolidated Changes in Financial Position, years ended Dec. 31 ($000):

	1980	1979
Source of Funds:		
Earnings before extraord. items	149,400	133,454
Deprec., depl. & amortiz.	136,100	124,003
Undepreciated cost of pty., plant & equip. sold or retired	14,900	12,860
Incr. in furnace rebuilding reserve, def. taxes, etc.	70,200	25,825
Funds from opers. before extra. items	370,600	296,142
Effect of extraord. items on wkg. capital:		
Long-term borrowings	116,100	56,725
Proceeds from exercise of stk. options	4,400	133
Other	3,500	150
Total	494,600	353,150
Application of Funds:		
Cash dividends	43,400	39,441
Additions to pty., plant & equip.	199,000	268,069
Increases in other assets	24,700	19,703
Increase in foreign invest. advances	24,200	13,690
Reduction of long-term debt	124,300	50,834
Other	900	317
Total	416,500	392,054
Incr. (decr.) in wkg. capital	78,100	38,904

BALANCE SHEETS

CONSOLIDATED BALANCE SHEET, AS OF DEC. 31

(Taken from reports filed with the Securities and Exchange Commission and other Company reports)

(in thousands of dollars)

	1980	1979	1978	1977	[6]1976	1975	1974
ASSETS							
Cash & short-term investments	163,500	89,878	107,637	52,720	144,205	37,949	47,101
[1]Receivables	438,500	446,601	353,878	315,832	266,703	244,394	232,841
[2]Inventories	477,500	477,086	446,904	396,176	376,526	341,169	356,772
Prepaid expenses	25,300	28,197	16,856	19,137	18,804	11,508	11,264
Total current assets	1,104,800	1,041,762	925,277	783,865	806,238	635,020	647,978
[3]Listed securities, at cost	......	......	......	382	403	1,288	1,291
Foreign investments & advances	200,300	179,779	135,548	108,115	93,156	92,893	91,899
Domestic investments	35,000	34,336	33,088	20,709	20,304	17,203	15,624
Repair parts inventories	123,700	109,902	91,517	75,159	67,089	67,889	57,657
Deferred charges	21,700	19,263	21,257	22,992	17,979	18,578	18,977
Deposits, receiv. & other assets	53,200	45,805	44,690	39,557	49,374	51,141	53,451
[4]Land & timberlands, at cost less depl.	94,700	94,116	92,550	98,891	94,847	90,245	92,372
[4]Buildings & equipment, at cost	2,476,100	2,344,610	2,133,612	1,985,621	1,804,015	1,669,714	1,511,284
[4]Less accum. deprec. & amort.	1,043,500	959,385	878,027	828,194	753,074	696,104	645,250
Net property, plant & equipment	1,527,300	1,479,341	1,348,135	1,256,318	1,145,788	1,063,855	958,406
Total	3,066,000	2,910,208	2,599,512	2,307,097	2,200,331	1,947,867	1,845,283
LIABILITIES							
Short-term loans	36,900	129,381	26,556	32,024	20,042	20,041	20,790
Accounts payable	220,400	237,251	188,310	152,368	141,148	136,502	147,244
Salaries & wages	107,300	101,156	89,349	75,320	67,691	60,247	61,558
U.S. & foreign income taxes	53,000	31,816	30,283	21,615	53,715	28,043	16,435
Other accrued liabilities	128,000	118,508	134,574	86,755	79,768	65,891	52,601
Long term debt due within one year	85,300	27,911	21,562	21,608	33,941	13,878	13,967
Total current liabilities	630,900	646,023	490,634	389,690	396,305	324,602	312,595
Long term debt	676,800	685,002	679,111	571,685	551,793	571,856	553,326
Reserve for rebuilding furnaces	83,800	76,269	68,818	64,188	53,749	45,647	35,957
Deferred taxes	175,700	138,794	114,556	103,612	94,500	76,523	81,549
Obligations under foreign pension plans	82,100	86,168	71,468	57,544	46,261	36,633	32,276
Other liabilities & reserves	29,300	17,124	12,935	12,014	11,712	9,254	11,302
Minority shareholders' interests	60,800	47,562	43,928	40,118	38,477	35,379	28,349
4% cum. preferred shares ($100 par)	10,600	11,819	12,238	12,932	13,413	14,198	16,067
[5]$4.75 cum. conv. preference shs.	11,000	13,112	13,122	13,122	13,141	13,279	13,279
Common shares ($3.12½ par)	90,400	88,918	88,887	88,841	44,187	43,455	43,359
Capital in excess of stated value	113,700	104,461	102,872	102,456	143,473	71,548	71,424
Retained earnings	1,100,900	994,956	900,943	850,895	793,320	705,493	645,800
Total	3,066,000	2,910,208	2,599,512	2,307,097	2,200,331	1,947,867	1,845,283
Net current assets	473,900	395,739	434,643	394,175	409,933	310,418	335,383
PROPERTY ACCT.—ANALYSIS							
Additional subsid. consolidated	*cr*12,919	282	*cr*3,829	16,294	......	4,785	1,065
Additions at cost	198,971	267,912	223,267	205,790	175,499	193,144	165,319
Retirements or sales	52,820	54,227	76,316	44,476	35,579	40,095	32,191
Other additions	1,119	1,404	1,471	8,040	*cr*1,016	*cr*1,530	*cr*1,993
DEPREC. RESERVE—ANALYSIS							
Additional subsid. consolidated	*dr*6,320	125	*dr*1,966	7,924	......	......	247
Add. charged to costs & expenses	135,030	122,599	112,471	99,971	88,162	80,833	72,195
Retirements, renewals & replace.	44,532	41,367	11,105	34,999	31,191	29,979	28,004
Other additions	......	......	......	2,224	......	......	*dr*4

[1]Less allowances for losses and discounts (1980, $20,100,000).

[2]1980 comprised of: Finished goods and work in process, $326,300,000; raw materials and operating supplies, $151,200,000; total, $477,500,000.

[3]Quoted market value: 1977, $31,174,000; 1976, $31,787,000; 1975, $83,498,000; 1974, $49,824,000; 1973, $83,886,000.

[4]1980 (in $000):

	Cost	Deprec.
Land & timberlands, less depletion	94,711	......
Bldgs. & bldg. equip.	540,131	201,178
Factory mach. & equip.	1,766,221	799,844
Transport., office & misc. equip.	85,504	42,541
Construct. in prog.	84,272	......
Total	2,570,839	1,043,563

[5]No par. Number of shares: 1980, 548,317; 1979, 655,582; 1978, 656,081; 1977, 656,114; 1976, 657,058; 1975-74, 663,942.

[6]Restated to conform to 1977 presentation.

General Notes

(a) Basis of Consolidated Statements: The consolidated financial statements include the accounts of the Co. and all subsidiaries which are significant. Subsidiaries organized or acquired during the period have been consolidated from the respective dates of organization or acquisition and did not have a significant effect on consolidated revenues, net earnings, or assets.

Consolidated foreign subsidiaries are principally reported on the basis of fiscal years ending November 30.

The Co. accounts for its investments in companies and joint ventures in which it has a 20% to 50% interest by the equity method. Other domestic and foreign investments are accounted for at cost.

Goodwill arising from the excess of the Co.'s investments over its equity in the net assets of subsidiaries and associates is generally being amortized over periods between 15 to 30 years.

The segment information presented on pages 36-37 is an integral part of the consolidated financial statements.

(b) Inventory Valuation: The Co. uses the last-in, first-out (LIFO) cost method of inventory valuation for most domestic inventories. All other inventories are valued at the lower of standard costs which approximate average costs, average costs, or market.

(c) Property, Plant and Equipment: In general, depreciation is computed on the basis of amortizing the undepreciated cost of each property unit (including property acquired through capitalized leases) over its estimated remaining useful life. Certain of the domestic and foreign units apply group methods and lives to certain depreciable assets. For financial reporting purposes, depreciation and amortization are determined on the straight-line method.

Depletion of timber properties is provided at rates computed annually by dividing unrecovered costs by estimated recoverable quantities. Depletion of timber is credited directly to the asset accounts.

The Co. and certain major foreign subsidiaries provide no depreciation on molds but carry such assets at fixed values and charge new and replacement molds to expense. Other foreign subsidiaries charge the cost of molds to property accounts and depreciate such costs over their estimated useful lives.

(d) Glass Melting Furnaces: In domestic units, the estimated cost of the next periodic rebuild of a glass melting furnace is accrued during its current operating life and is carried in the reserve for rebuilding furnaces. Foreign subsidiaries generally follow the practice of depreciating the actual cost of a rebuild over the estimated life of that rebuild.

(e) Retirement Plans: The Co. has retirement plans covering substantially all domestic and certain foreign employees. Retirement costs are computed on the basis of accepted actuarial methods (generally using the entry age normal method) and include current service costs and the amortization of unfunded prior service costs over periods of 30 years or less. The Co.'s policy is to pay into trusteed funds each year an amount equal to the charges to earnings for its domestic retirement plans.

Certain foreign subsidiaries have private pension plans which are not funded; however, the balance sheet reflects an actuarial liability for future benefits which is being accrued annually on the basis of current service costs plus amortization of prior service costs over a period of 20 years or less.

(f) Income Taxes on Undistributed Earnings: In general, the Co. plans to continue to invest in the business the undistributed earnings of foreign subsidiaries and of domestic and foreign corporate joint ventures accounted for by the equity method. No provision is made for taxes which would be payable if such earnings were distributed. At Dec. 31, 1980, the undistributed earnings of foreign subsidiaries and domestic and foreign corporate joint ventures approximated $223.9 million. The tax on this amount, if remitted, would in part be offset by foreign tax credits. For other investments accounted for by the equity method, the Co.'s policy is to provide for applicable deferred taxes.

(g) Earnings Per Share: Primary earnings per common share are computed after deducting the annual dividend requirements of the preferred and preference shares and using weighted average shares outstanding of 28,682,400 in 1980; 28,448,222 in 1979; and 28,437,294 in 1978. The inclusion in the computation of incremental shares applicable to outstanding stock options and stock appreciation rights would have no material effect.

Fully diluted earnings per common share assume full conversion of the preference shares and all convertible debentures at January 1 of each year and the exercise of dilutive stock options and stock appreciation rights with the proceeds thereof assumed used to purchase shares for the treasury. Earnings applicable to common shares have been increased for this purpose by the amount of preference dividends and the after-tax effect of debenture interest assumed eliminated. Total shares used in the computation were 31,907,880 in 1980; 31,876,871 in 1979; and 31,938,944 in 1978.

FINANCIAL & OPERATING DATA

Statistical Record	1980	1979	1978	1977	1976	1975	1974
Earned per share—4% cum. pfd.	$1,405.13	$1,129.20	$696.47	$706.04	$1,329.61	$615.11	$519.51
—$4.75 cum. conv. pref.	$271.74	$202.83	$129.15	$138.36	$270.57	$130.62	$124.74
Earned per share—common:							
Year-end shares:							
Before extraord. items	$5.05	$4.60	$3.71	$3.08	$7.29	$6.01	$5.74
Extraordinary items	......	......	dr0.84	......	$5.06	......	......
Net earnings	$5.05	$4.60	$2.87	$3.08	$12.35	$6.01	$5.74
[1]Average shares:							
Before extraord. items	$5.09	$4.56	$3.71	$3.09	$6.83	$6.02	$5.74
Extraordinary items	......	......	dr$0.84	......	4.75	......	......
Net earnings	$5.09	$4.56	$2.87	$3.09	$11.58	$6.02	$5.74
[1]Fully diluted:							
Before extraord. items	$4.70	$4.21	$3.44	$2.87	$6.24	$5.51	$5.29
Extraordinary items	......	......	d$0.75	......	4.15	......	......
Net earnings	$4.70	$4.21	$2.69	$2.87	$10.39	$5.51	$5.29
Dividends per sh.—4% cum. pfd.	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00
—$4.75 cum. conv. pref.	$4.75	$4.75	$4.75	$4.75	$4.75	$4.75	$4.75
—common	$1.40	$1.26	$1.11	[3]$1.32½	$1.88	$1.72	$1.57
Price range—4% cum. pfd.	76¾-75	75-75	83-75	86-82⅝	85½-80⅝	81-68	77-73¼
—$4.75 cum. conv. pref.	83-60	68½-55	76½-60	91½-76	98-81	85-62½	75-55½
—common	28½-18¼	22⅞-17⅜	24¾-17⅛	[2]29⅜-21⅝	63¼-50	52⅛-32	42¾-28⅝
Net tangible assets per sh.—4% cum. pfd.	$12.476.84	$10,265.82	$9,136.28	$8,260.55	$7,511.79	$5,972.27	$4,916.32
—$4.75 cum. conv. pref.	$2,400.01	$1,832.64	$1,685.50	$1,608.43	$1,512.99	$1,255.79	$1,165.56
—common	$43.56	$40.19	$36.83	$34.81	$65.66	$55.19	$50.99
Times charges earned:							
Before income taxes	4.12	3.93	4.26	4.14	4.99	4.17	4.74
After income taxes	2.84	2.94	3.22	3.17	3.51	3.00	3.20
Price range—deb. 3¾s, 1988	83¼-59½	84⅞-79⅛	80-78⅜	78½-71⅝	71⅛-65½	64-60¾	66-61½
—deb. 7⅝s, 2001	75-55⅛	86⅜-71	93-83	97½-93⅝	93½-86	91-78	95¼-79
—conv. deb. 4½s, 1992	93½-68	81½-73	86¾-69	100-84	106¾-89	95-69	80-60½
—exchangeable deb. 4½s, 1987	......	......	......	129-115½	119-91	95½-75	......
—deb. 9.35s, 1999	81-71½	99-84	104¼-98	108-108	105½-101	103½-97¾	100⅝-97¼
—9% notes, 1981	100-90	99⅜-91¼	104-96⅞	106¼-102⅛	105⅞-102½	104½-100	102⅞-100⅞
—10⅝% notes, 1990	97-87	......	......	......	......	......	......
Net tang. assets per $1,000 lg.-tm. debt	$2,960	$2,771	$2,646	$2,869	$2,826	$2,483	$2,428
Net curr. assets per $1,000 lg.-tm. debt	$700	$578	$640	$690	$743	$543	$642
Number of shares—4% cum. pfd.	106,325	118,185	122,376	129,319	134,127	141,985	160,675
—$4.75 cum. conv. pref.	548,317	655,582	656,081	656,114	657,058	663,942	663,942
—common (year-end)	28,950,798	28,260,125	28,242,435	28,429,037	14,139,973	13,905,525	13,874,980
—[1]Common (average)	28,682,400	28,448,222	28,437,294	28,381,420	15,083,219	13,881,680	13,874,889
—[1]Common (fully diluted)	31,907,880	31,876,871	31,938,944	32,061,548	17,263,370	16,022,643	15,973,554
Adjusted data for stock splits & stock divs.:							
Earned per share—common:							
Year-end shares:							
Before extraord. items	$5.05	$4.60	$3.71	$3.08	$3.65	$3.01	$2.87
Extraordinary items	......	......	dr$0.84	......	$2.53	......	......
Net earnings	$5.05	$4.60	$2.87	$3.08	$6.18	$3.01	$2.87
[1]Average shares:							
Before extraord. items	$5.09	$4.56	$3.71	$3.09	$3.42	$3.01	$2.87
Extraordinary items	......	......	dr$0.84	......	2.37	......	......
Net earnings	$5.09	$4.56	$2.87	$3.09	$5.79	$3.01	$2.87
[1]Fully diluted:							
Before extraord. items	$4.70	$4.21	$3.44	$2.87	$3.12	$2.76	$2.65
Extraordinary items	......	......	d$0.75	......	2.08	......	......
Net earnings	$4.70	$4.21	$2.69	$2.87	$5.20	$2.76	$2.65
Price range—common	28.13-18.25	22.88-17.38	24.75-17.13	29.38-21.63	31.63-25.00	26.00-16.00	21.38-14.38
Net tangible assets per sh.—com.	$43.56	$40.19	$36.83	$34.81	$32.83	$27.60	$25.50
Number of shares—common:							
Year-end	28,950,798	28,260,125	28,242,435	28,429,037	28,279,946	27,811,050	27,749,960
[1]Average	28,682,400	28,448,222	28,437,294	28,381,420	30,166,438	27,763,360	27,749,778
[1]Fully diluted	31,907,880	31,876,871	31,938,944	32,061,548	34,526,740	32,045,286	31,947,108
Financial & Operating Ratios							
Current assets ÷ current liabilities	1.75	1.61	1.89	2.01	2.03	1.96	2.07
% cash & securities to current assets	14.80	8.63	11.63	6.73	17.89	5.98	7.27
% inventories to current assets	43.22	45.80	48.30	50.54	46.70	53.73	55.06
% net current assets to net worth	36.01	32.62	38.87	36.90	40.69	36.61	42.46
% property depreciated	42.14	40.92	39.44	41.71	41.74	41.69	42.70
% annual depr., etc. to gross property	5.50	5.29	5.15	4.85	4.70	4.68	4.63
Capitalization:							
% long term debt	33.78	36.09	37.79	34.86	35.39	40.28	41.19
% preferred stock & pref.	1.08	1.31	1.41	1.59	1.70	1.94	2.18
% common stock & surplus	65.14	62.60	60.80	63.55	62.91	57.78	56.63
Sales ÷ inventories	8.36	7.58	7.10	6.99	6.83	6.66	5.93
Sales ÷ receivables	9.11	8.09	8.97	8.79	9.64	9.30	9.09
% sales to net property	261.48	244.34	235.47	220.27	224.45	213.67	220.83
% sales to total assets	130.25	124.21	122.12	119.95	116.88	116.70	114.69
% net income to total assets	4.87	4.59	3.28	3.96	8.10	4.48	4.52
% net income to net worth	11.35	11.00	7.62	8.55	17.70	10.30	10.57
Analysis of Operations	%	%	%	%	%	%	%
Net sales	97.80	96.95	98.02	97.76	97.94	97.56	97.79
Interest & dividends	0.49	0.39	0.24	0.28	0.46	0.41	0.45
Royalties & net technical assist.	0.71	0.68	0.63	0.72	0.69	0.64	0.77
Equity in earnings of associates	0.12	1.15	0.57	0.61	0.53	0.41	0.60
Other revenues	0.88	0.84	0.54	0.63	0.38	0.98	0.39
Total revenues	100.00	100.00	100.0	100.0	100.0	100.0	100.0
Manufacturing, shipping & del. exp.	81.71	82.19	82.46	83.15	80.86	81.37	80.46
Research & development exp.	0.67	0.63	0.98	1.10	1.29	1.22	2.42
Engineering exp.	0.98	0.94	0.99	0.99	0.94	1.01	
Selling & admin. exp.	7.68	7.52	7.66	7.56	8.16	8.30	8.33
Interest exp.	2.03	1.90	1.55	1.49	1.62	1.87	1.76
Other costs & exp.	0.39	1.11	1.11	0.89	0.50	0.13	0.27
Earn. bef. inc. taxes, minority int. & extraord. items	6.54	5.71	5.25	4.82	6.63	6.10	6.76
Provision for income taxes	2.59	1.87	1.62	1.44	2.40	2.19	2.71

FINANCIAL & OPERATING DATA (Cont'd):

	1980	1979	1978	1977	1976	1975	1974
Minority interests in earn. of subs.	0.20	0.14	0.19	0.15	0.16	0.15	0.21
Earn. bef. extraord. items	3.75	3.70	3.44	3.23	4.07	3.76	3.84
Extraordinary items	......	......	dr0.76	......	2.73	......	......
Net earnings	3.75	3.70	2.68	3.23	6.80	3.76	3.84

[1]Based on weighted average common shares, as reported by Co. [2]After 100% stock div.; before, 56⅝-51. [3]Includes $0.53 paid prior 100% stk. div.

LONG TERM DEBT

1. Term Loans: Outstanding, Dec. 31, 1980, $149,200,000 evidenced by:

(1) $93,000,000 3⅜% to 8% unsecured notes payable annually to 1991.

(2) $52,700,000 3½% to 8% capital lease obligations, due 2009.

(3) $3,500,000 2% to 6% mortgage notes payable annually to 1991.

2. Owens-Illinois Glass Co. debenture 3⅜s, due 1988:

Rating—A

AUTHORIZED—$50,000,000; outstanding, Dec. 31, 1980, $22,000,000 less debentures held in treasury.
DATED—June 1, 1958.
MATURITY—June 1, 1988.
INTEREST—J&D 1 at office of trustee and Toledo Trust Co., Toledo, O.
TRUSTEE AND REGISTRAR—Chase Manhattan Bank, N.Y.
DENOMINATION—Coupon, $1,000; registerable as to principal; fully registered, $1,000 and multiples thereof. C&R interchangeable.
CALLABLE—As a whole or in part, on at least 30 days' notice at any time to each May 31, incl., as follows:

1981	101.40	1982	101.20	1983	101.00
1984	100.80	1985	100.60	1986	100.40
1987	100.20	1988	100.00		

Also callable for sinking fund (which see) to May 31 incl., as follows:

1981	100.15	1982	100.13	1983	100.10
1984	100.08	1985	100.05	1986	100.03
1987	100.00				

SINKING FUND—Annually, cash (or debentures) to redeem debentures as follows: Dec. 1, 1963-72, not less than $1,000,000 nor more than $2,000,000, Dec. 1, 1973-87, not less than $2,000,000 nor more than $4,000,000. Cash deposited, if in excess of $50,000, is to be used to redeem debentures at sinking fund redemption price. Unused cash at any time is to be added to succeeding cash sinking fund payment. Minimum payments would retire 80% of issue by maturity.
SECURITY—Not secured. Company or any wholly-owned domestic subsidiary may not (1) mortgage property without securing the debentures equally and ratably with such indebtedness, subject to certain exceptions including transactions with subsidiaries, purchase money liens and pre-existing liens on acquired property or extensions thereof; or (2) effect outside sale and leaseback of any plants in the U.S., its territories or possessions, unless (a) sales price is less than $5,000,000 or (b) net proceeds of such sale are at least equal to fair value of such property and within 120 days such proceeds are used to retire non-current debt.
DIVIDEND RESTRICTION—Indenture does not limit dividends which may be paid on common. See "Restrictions on Retained Earnings" below.
CREATION OF ADDITIONAL DEBT—Indenture does not limit amount of other securities which may be issued.
INDENTURE MODIFICATION—Indenture may be modified or altered with consent of the holders of not less than 66⅔% in principal amount of the Debentures, provided that no such change shall effect the terms of payment of principal, interest or premium on any Debenture or reduce the percentage of Debentures required to effect such change.
PURPOSE—Proceeds to redeem debenture 4⅝s due 1966 and debenture 4½s due 1970 of National Container Corp. (assumed by company on merger); to repay $20,000,000 short-term loans; balance to replenish working capital used to redeem $9,734,000 National Container debentures and for property additions since Jan. 1, 1957.
LISTED—On New York Stock Exchange.
OFFERED—($50,000,000) at 100½ (proceeds to company, 99⅝) on June 5, 1958 by Lazard Freres & Co. and Goldman, Sachs & Co., New York, and associates.

3. Owens-Illinois, Inc. debenture 7⅝s, due 2001.

Rating—A

AUTH.—$100,000,000; outstg., Dec. 31, 1980, $96,200,000.
DATED—Apr. 1, 1971. DUE—Apr. 1, 2001.
INTEREST—A&O1 by mail to holders registered on 15th day prior to interest date.
TRUSTEE—Chase Manhattan Bank, N.A., NYC.
DENOMINATION—Fully registered, $1,000 and authorized multiples thereof; interchangeable without service charge.
CALLABLE—As a whole or in part, on at least 30 days' notice, to each Mar. 31, incl., as follows:

1981	104.560	1982	104.275	1983	103.990
1984	103.705	1985	103.420	1986	103.135
1987	102.850	1988	102.565	1989	102.280
1990	101.995	1991	101.710	1992	101.425
1993	101.140	1994	100.855	1995	100.570
1996	100.285				

Also callable for sinking fund (which see) at par.
SINKING FUND—Annually, prior to each Apr. 1, 1982-91, to retire debs., cash (or debs.) as follows: 1982-91, $3,000,000; 1992-1997, $6,000,000; 1998-2000, $8,000,000; plus similar optional payments. Sinking fund calculated to retire at least 90% of issue prior to maturity.
SECURITY—Not secured. Co. or manufacturing subsidiary shall not incur any debt secured by mtge. without equally and ratably securing debt, unless all such debt secured together with all attributable debt in respect of sale and leaseback transactions involving principal domestic manufacturing properties would not exceed 5% of consolidated net tangible assets of Co. and its consolidated subsidiaries, excluding debt secured by (a) mortgages existing on indenture date; (b) mortgages on property of any Corp. existing at time such Corp. becomes a manufacturing subsidiary; (c) mtges. in favor of Co.; (d) mtges. in favor of governmental bodies to secure progress payments; (e) mtges. on property existing at time of acquisition thereof; (f) any extension, renewal or refunding thereof.

Co. may not consolidate or merge with any other corporation if any principal domestic manufacturing property would become subject to a mtge. unless either (i) debs. shall be equally and ratably secured with debt secured by such mtge., or (ii) such mtge. could be created without equally and ratably securing debs.
SALE & LEASEBACK—Co. may not sell and leaseback property unless (a) transaction is one where sale has occurred within 120 days after later of acquisition, completion of construction or commencement of full operation of principal domestic manufacturing property; (b) Co. could mtge. such property in amount equal to attributable debt with respect to sale and leaseback transaction without equally and ratably securing debs., or (c) Co., within 120 days, applies to retirement of its funded debt an amount not less than greater of (i) the net proceeds of sale of principal domestic manufacturing property leased pursuant to such arrangement, or (ii) fair value of principal domestic manufacturing property so leased. This restriction will not apply to any sale and leaseback transaction (a) between Co., or manufacturing subsidiary and a manufacturing subsidiary, or (b) involving the taking back of a lease for a period of less than 5 years.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg., may declare principal due and payable (30 days' grace for payment of interest or s.f. installments).
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds to pay short-term debt.
OFFERED—($100,000,000) at 99½ (proceeds to Co., 98⅝) on Apr. 22, 1971 thru Lazard Freres & Co. and Goldman, Sachs & Co. and associates.

4. Owens-Illinois, Inc. sinking fund debenture 9.35s, due 1999:

Rating—A

AUTH.—$100,000,000; outstg., Dec. 31, 1980, $98,000,000.
DATED—Nov. 1, 1974. DUE—Nov. 1, 1999.
INTEREST—M&N 1 to holders registered A&O 15 at office of trustee, or at Co.'s option, by mail.
TRUSTEE—Morgan Guaranty Trust Co. of New York, NYC.
DENOMINATION—Fully registered, $1,000 or any integral multiple thereof. Transferable and exchangeable without service charge.
CALLABLE—As a whole or in part at any time on at least 30 days' notice to each Oct. 31, as follows:

1981	106.545	1982	106.078	1983	105.610
1984	105.143	1985	104.675	1986	104.208
1987	103.740	1988	103.273	1989	102.805
1990	102.338	1991	101.870	1992	101.403
1993	100.935	1994	100.468		

thereafter at 100.

Not callable, however, prior to Nov. 1, 1984 thru refunding at interest cost less than 9.35% per annum. Also callable for sinking fund (which see) at 100.
SINKING FUND—Annually, on Nov. 1, 1982-98, to retire debs., cash (or debs.) as follows: (i) on each of the above redemption dates thru 1992, $4,000,000, and (ii) thereafter, on each redemption date thru 1998, $8,000,000; plus similar optional payments. Sinking fund designed to retire at least 92% of issue prior to maturity.
SECURITY—OTHER PROVISIONS—Same as deb. 7⅝s, due 2001.
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds to reduce domestic short-term debt, and the balance for general corporate purposes.
OFFERED—($100,000,000) at 100 (proceeds to Co., 99.125) on Oct. 31, 1974 thru Lazard Freres & Co. and Goldman, Sachs & Co. and associates.

5. Owens-Illinois, Inc. 9% notes, due 1981:

Rating—A

AUTH.—$50,000,000; outstg., Dec. 31, 1979, $49,972,000.
DATED—Nov. 1, 1974. DUE—Nov. 1, 1981.
INTEREST—M&N 1 to holders registered A&O 15 at office of trustee, or at Co.'s option, by mail.
TRUSTEE—Morgan Guaranty Trust Co. of New York, NYC.
DENOMINATION—Fully registered, $1,000 or any integral multiple thereof. Transferable and exchangeable without service charge.
CALLABLE—As a whole or in part at any time on or after Nov. 1, 1980 on at least 30 days' notice at 100, plus accrued interest.
SINKING FUND—None.
SECURITY—OTHER PROVISIONS—Same as deb. 7⅝s, due 2001.
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds to reduce domestic short-term debt, and the balance for general corporate purposes.
OFFERED—($50,000,000) at 99.75 (proceeds to Co., 99.05) on Oct. 31, 1974 thru Lazard Freres & Co. and Goldman, Sachs & Co. and associates.

6. Owens-Illinois, Inc. 10¾% notes, due 1990:

Rating—A

AUTH.—$100,000,000; outstg. this series, $100,000,000.
DATED—June 1, 1980. DUE—June 1, 1990.
INTEREST—J&D 1 to holders registered M&N15.
TRUSTEE—Chase Manhattan Bank N.A.
DENOMINATION—Fully registered $1,000 or any integral multiple thereof.
CALLABLE—As a whole or in part at any time on or after June 1, 1986 on at least 30 days' notice at 100.
SECURITY—SALE AND LEASEBACK—Same as deb. 7⅝s, 2001.
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% notes outstg.
RIGHTS ON DEFAULT—Trustee, or 25% of notes outstg. may declare principal due and payable (30 days' grace for payment of interest).
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds will be used to reduce domestic short-term debt incurred for general corporate purposes, including working capital and capital expenditures.
OFFERED—($100,000,000) at 99.50 plus accrued interest (proceeds to Co., 98.80) on June 12, 1980 thru Lazard Freres & Co.; Goldman, Sachs & Co. and associates.

7. Owens-Illinois, Inc. convertible subordinated debenture 4½s, due 1992.

Rating—Baa

AUTH.—$50,000,000; outstg., Dec. 31, 1980, $36,500,000.
DATED—Nov. 1, 1967. DUE—Nov. 1, 1992.
INTEREST—M&N1 to holders registered on 15th day prior to interest date at office of trustee.
TRUSTEE—Chemical Bank, New York.
DENOMINATION—Fully registered. $1,000 and authorized multiples thereof. Debs. are interchangeable without service charge.
CALLABLE—As a whole or in part on at least 30 days' notice to each Oct. 31, incl., as follows:

1980	101.800	1981	101.575	1982	101.350
1983	101.125	1984	100.900	1985	100.675
1986	100.450	1987	100.225	1992	100.000

Also callable for sinking fund (which see) at par.
CONVERTIBLE—Into com. at anytime (if called, on or before 15th day prior to redemption date) at $29.50 a sh. (adj. for 100% stk. div. in Apr. 1977). No adjustment for interest or divs. except that debs. converted after record date and prior to interest payment date must be accompanied by an amount equal to such interest to which the registered holder is entitled to receive. Cash paid in lieu of fractional shs. Conversion privilege protected against dilution.
SINKING FUND—Annually, prior to each Nov. 1, beginning 1978, to retire debs., cash (or debs.) equal to 5% of debs. outstg. on Nov. 1, 1977; plus similar optional payments.
SECURITY—Not secured; subordinated to all senior debt.
DIVIDEND RESTRICTION—See "Restrictions on Retained Earnings" below.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg. may declare principal due and payable (30 days' grace for payment of interest or sinking fund installment).
INDENTURE MODIFICATION—Same as deb. 3⅜s, 1988.
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds to repay debt.
OFFERED—($50,000,000) at 100 (proceeds to Co., 98.875) on Oct. 26, 1967 thru Lazard

Freres & Co. and Goldman, Sachs & Co., and associates.

8. Owens-Illinois, Inc. exchangeable subordinated debenture 4½s, due 1987.

AUTH.—$25,000,000; outstg., Dec. 31, 1980, $7,900,000.
DATED—July 1, 1972. DUE—July 1, 1987.
INTEREST—Annually, each July 1, at office of paying agencies listed below.
TRUSTEE—Chemical Bank, NYC.
PAYING & EXCHANGE AGENTS—Chemical Bank, NYC and London (main office); Kredietbank S.A. Luxembourgeoise, Luxembourg; First National City Bank, Amsterdam; Societe Generale de Banque S.A., Brussels; C.G. Trinkaus & Burkhardt, Dusseldorf; Deutsche Bank A.G., Frankfurt/Main; Credito Italiano, Milan, and Morgan Guaranty Trust Co., NYC and Paris.
DENOMINATION—Bearer coupon, $1,000.
CALLABLE—As a whole or in part at any time on or after July 1, 1975 on at least 30 days' notice to each June 30 as follows:
1982 ......101 1983 ......100½
thereafter 100. Not callable, however, prior to July 1, 1977 unless current market price of Owens-Corning Fiberglas Corp.'s com. stock, to which debs. are exchangeable, on each trading day within 30 days preceding 15th day prior to notice of redemption is at least 150% of exchange price in effect on such days.

Notwithstanding the above, if 75% of debs. are exchanged prior to July 1, 1977, Co. may redeem debs. at 104.

If Co. shall be required to pay additional interest due to any change in tax laws or treaties of U.S., or in official application or interpretation thereof, effective after July 1, 1972 Co. may redeem debs. as a whole or in part at any time on or after July 1, 1973 at 100.
EXCHANGEABLE—For Owens-Corning Fiberglas Corp. com. stock at any time on or after Feb. 1, 1973 (if called, redemption date) at $27.13 per sh. (adj. for Owens-Corning Fiberglass stock split 4-21-78). No adjustment for accrued interest or divs. Cash paid in lieu of fractional shs. Exchange privilege protected against dilution.
SECURITY—Not secured; subordinated to all senior debt.
TAXES ON PRINCIPAL, PREMIUM & INTEREST—Co. will pay as additional interest such amounts as may be necessary to reimburse non-resident alien holders for any present or future U.S. withholding tax.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg. may declare principal due and payable (30 days' grace for payment of interest).
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.
LISTED—On Luxembourg Stock Exchange.
PURPOSE—Proceeds to repay debt incurred for acquisition of 25% additional interest in ordinary shs. of United Glass Ltd. Balance of proceeds for corporate purposes, including Co.'s foreign capital needs.
OFFERED—($25,000,000) at 100 (proceeds to Co., 97½) on June 20, 1972 thru Lazard Freres & Co., Goldman, Sachs & Co. and Swiss Bank Corp. (Overseas) Ltd. and associates.

9. Owens-Illinois, Inc. 8.45% notes, due 1998: Outstanding, Dec. 31, 1980, $100,000,000. Privately placed.

10. Guaranteed Loans: Also outstanding at Dec. 31, 1980, by foreign subsidiaries, $14,100,000 3.5% to 9% mortgage bonds to 2045 and $52,900,000 5.5% to 12⁹⁄₁₆% notes payable to 1988.

Restrictions on Retained Earnings: Amended Articles of Incorporation and certain long-term debt agreements include covenants restricting the payment of dividends, distributions on account of shares, redemptions, retirements or other acquisitions of shares of any class of the Company's stock. At Dec. 31, 1980, the amount of retained earnings available for the above listed transactions under the most restrictive covenants was $489,000,000.

CAPITAL STOCK

1. Owens-Illinois Inc. 4% cumulative preferred; par $100:

AUTHORIZED—141,985 shares; outstanding, Dec. 31, 106,325 shares; par $100.
PREFERENCES—Has preference for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of $4 per share annually, payable quarterly Jan. 1, etc. to stock of record about Dec. 7, etc.
DIVIDEND RECORD—Initial dividend of 95.65 cents paid Jan. 2, 1957, for period from Oct. 4, 1956. Regular quarterly payments thereafter.
DIVIDEND RESTRICTION—See "Restrictions on Retained Earnings" above. The provisions in articles of incorporation, applicable while any of the 4% preferred shares are outstanding, are presently less restrictive.
VOTING RIGHTS—Has no voting power except on default of 6 quarterly dividends when preferred, voting separately as a class, in entitled to elect 3 directors.

Consent of 66⅔% of preferred required to increase authorized preferred; issues equal or prior preferred; change terms of the merger or any merger or sale of substantially all assets which would affect adversely rights of preferred.
LIQUIDATION RIGHTS—In liquidation, entitled to $100 per share if involuntary and redemption price if voluntary; plus dividends.
PREEMPTIVE RIGHTS—None.
CALLABLE—As a whole or in part at any time after Mar. 31, 1959 (but prior to Oct. 1, 1968, not less than 40,000 shares at any one time) on at least 60 days' notice prior to date fixed for such redemption. Shares are redeemable through Mar. 31, as follows: ($ per share and dividends).
1978 .....100.50 1979 .....100.25 [1]........100.00
[1] After Mar. 31, 1979.

Preferred may be purchased at any time at not exceeding redemption price provided all preferred dividends have been paid.
PURCHASE FUND—Annually, beginning May 1, 1962 (not cumulative).

Co. is obligated to set aside on May 1 of each year a $2 million purchase fund which is to be used in the following 12 months for the purchase of preferred shares, if obtainable, in the open market, at the best prices obtainable. Co.'s bid prices are determined weekly by a formula based upon a published industrial preferred stock yield average; provided, however, that at no time will Co. bid less than $75 per share nor more than $100 per share. If any portion of a purchase fund installment is not so expended during the 12 months following the date set aside, the balance will be available for general coporate purposes.
PURPOSE—Issued on merger of National Container Corp., one-fifth preferred share and one-fourth common share for each National common share and 352/1000 preferred share and 44/100 common share for each National $1.25 preferred share.
TRANSFER AGENTS—Chemical Bank, NYC; company's office, Toledo, O.
REGISTRAR—Chemical Bank, New York and Ohio Citizens Trust Co., Toledo, O.
LISTED—On NYSE (Symbol: OI Pr).

2. Owens-Illinois, Inc. $4.75 cumulative convertible preference, series of 1968, no par:

AUTHORIZED—Series of 1968, 743,766 shares; outstanding Dec. 31, 1980, 548,317 shares; no par.
PREFERENCES—Has preference after 4% preferred (No.1) as to assets and dividends.
DIVIDEND RIGHTS—Entitled to cum. divs. of $4.75 a sh. annually, payable quarterly Jan. 1, etc.
DIVIDEND RECORD—Initial dividend of 0.7917 paid Jan. 1, 1969. Regular quarterly payments thereafter.
VOTING RIGHTS—Entitled to one-half of a vote per share for election of directors and on all other matters, voting with common shareholders without distinction as to class. In addition, consent of holders of two-thirds of preference shares, given in writing or at a meeting called for such purpose, at which preference shareholders shall vote separately as a class, is required for authorization or issue of any shares or class of shares having priority or preference over preference shares as to dividends or assets, and for any amendment, alteration, change or repeal of the provisions of Articles or any merger of consolidation or sale of all or substantially all assets or surviving corporation which in any such case alters in a manner substantially prejudicial to holders thereof any of the preferences or other rights given to the preference shares.
LIQUIDATION RIGHTS—In event of any liquidation, dissolution or winding up of Surviving Corporation, preference shareholders shall be entitled to receive out of assets of Surviving Corporation, subject to prior liquidation rights of preferred shareholders but before any distribution to common shareholders or any other junior shares, amounts specified as to a particular series. As to the $4.75 Preference Shares amounts to be paid are then current redemption price (or the initial redemption price if before the shares are redeemable) if the liquidation, dissolution or winding up is voluntary, and, if it is involuntary, $100 per share, together with accrued and unpaid dividends.
CALLABLE—As a whole or in part after Mar. 31, 1974 at following prices if redeemed during 12 month period beginning Apr. 1: 1974, 104.75; 1975, 103.80; 1976, 102.85; 1977, 101.90; 1978, 100.95; 1979 and thereafter, 100.
CONVERSION—Convertible at option of holders at any time into Owens-Illinois common shares. Initial conversion price of common shares will be $33⅓ per share, valuing each $4.75 Preference Share at $100 for this purpose. This is equivalent to a conversion rate of 3 Common Shares for each $4.75 Preference Share.

The conversion price of the $4.75 Preference Shares will be subject to adjustment under a formula in certain events, including issuance of common shares for a consideration less than conversion price, issuance of securities convertible into or rights to subscribe for common shares, payment of dividends in common shares amounting to 5% or less of the outstanding common shares and payment of dividends other than in cash out of retained earnings and is subject to automatic proportionate adjustment if the common shares are subdivided or combined or if dividends in common shares on any class of shares of more than 5% of the outstanding common shares are paid.
TRANSFER AGENTS—Chemical Bank, NYC; company's office, Toledo, O.
REGISTRAR—Chemical Bank, New York and Ohio Citizens Trust Co., Toledo.
ISSUED—(739,985 shares) Nov. 1, 1968 in Lily-Tulip Cup Corp. merger.
LISTED—On NYSE (Symbol: OI Pr A).

3. Owens-Illinois, Inc. common; par $3.12½:

AUTHORIZED—45,000,000 shares; outstanding, Dec. 31, 1980, 28,950,798 shs.; for conversion of the subordinated debentures 1,236,033 shares; for conversion of $4.75 preference shares, 1,644,951 shares; for issuance under stock option plans & for Performance Award Plan, 2,268,514 shs.; par $3.12½.

Par changed from $100 to $25 in 1916, by 4-for-1 split; from $25 to $12.50 in April, 1937, by 2-for-1 split; from $12.50 to $6.25 Sept. 21, 1955, by 2-for-1 split; from $6.25 to $3.12½ on Apr. 29, 1965 by 2-for-1 split.

Dividend Record (in $)

($100 par shares)					
1907	1.00	1908	5.50	1909	6.50
1910	8.50	1911	10.50	[1]1912-15	12.00
1916	3.00				
($25 par shares)					
1916	3.50	1917	5.00	[2]1918	3.50
[3]1919-20	3.00	[4]1921	2.50	1922	2.00
($25 par shares)					
1923	2.75	1924-25	3.00	[5]1926	4.00
[5]1927	5.00	[5]1928	4.00	[5]1929	4.50
[6]1930	3.50	1931	2.25	1932	2.00
1933	2.50	1934	3.25	1935	4.00
1936	6.00	1937	1.50		
($12.50 par shares)					
1937	2.50	1938	1.50	1939-40	2.00
1941	2.50	1942-45	2.00	1946	3.50
1947-49	3.00	1950	3.25	1951-54	4.00
1955	3.00				
($6.25 par shares)					
1955	0.62½	1956-64	2.50	1965	1.35
($3.12½ par shares)					
1965	0.67½	1966-71	1.35	1972	1.38¾
1973	1.46	1974	1.57	1975	1.72
1976	1.88	[6]1977	0.53		
($3.12½ par shares after 100% stk. div.)					
1977	0.79½	1978	1.11	1979	1.26
1980	1.40	1981	0.78		

[1]Plus stock dividends of 50% Dec. 23, 1912; 33⅓% Dec. 10, 1913; 25% Nov. 27, 1914; 20% Nov. 27, 1915.
[2]Plus $1.50 in U.S. Liberty Loan bonds.
[3]Plus 5% stock July 1, 1920.
[4]Plus 50% stock June 1, 1921.
[5]Plus 5% stock.
[6]Plus 100% stock Apr. 8, 1977.
[7]To June 15.

Dividends payable quarterly Mar. 15, etc., to stock of record about Feb. 20, etc.
DIVIDEND REINVESTMENT PLAN—Under the Co.'s Dividend Reinvestment Plan, which is administered by Citibank, N.A., N.Y., stockholders may reinvest their cash dividends each quarter in Co. common stock. In addition, an optional cash investment may be made through the plan by adding cash deposits in any multiple of $10 up to $1,000 per month. Cost for the purchase of shares through the plan consists of the proportionate amount of the total brokerage commission paid by the bank. The bank service charge is paid by company.
VOTING RIGHTS—One vote per share.
PREEMPTIVE RIGHTS—None.
DIVIDEND RESTRICTION—See restrictions on retained earnings share.
LISTED—On NYSE (Symbol: OI); also listed on Midwest and Pacific Stock Exchanges. Unlisted trading on Cincinnati, Boston, Philadelphia Stock Exchanges.
TRANSFER AGENTS—Chemical Bank, New York and company's office, Toledo.
DIVIDEND DISBURSING AGENT—Chemical Bank, NYC.
REGISTRAR—Toledo Trust Co., Toledo.
OFFERED—(380,330 shs.) at $43.50 a sh. on Sept. 19, 1972 thru Morgan Stanley & Co. and Bache & Co. and associates. Offering does not represent new financing.

(1,400,000 shs.) at $57.50 a sh. on Mar. 3, 1976 thru Lazard Freres & Co., & Goldman, Sachs & Co. & associates. Proceeds for general corporate purposes.