



**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): July 28, 2005**

**LIBBEY INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State of incorporation)

1-12084  
(Commission File Number)

34-1559357  
(IRS Employer identification No.)

300 Madison Avenue  
Toledo, Ohio  
(Address of principal executive offices)

43604  
(Zip Code)

Registrant's telephone number, including area code: (419) 325-2100

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition**

The information in this Item is furnished to, but not filed with, the Securities and Exchange Commission solely under Item 2.02 of Form 8-K, "Results of Operations and Financial Condition."

On July 28, 2005, Libbey Inc. issued a press release announcing financial results for the second quarter and six-month period ended June 30, 2005. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits**

c) Exhibits 99.1 Press release dated July 28, 2005

**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 here unto duly authorized.

LIBBEY INC.  
Registrant

Date: July 28, 2005

By: /s/ Scott M. Sellick  
Scott M. Sellick  
Vice President, Chief Financial Officer  
(Principal Accounting Officer)

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**Exhibit Index**

| <u>Exhibit No.</u> | <u>Description</u>                        | <u>Page No.</u> |
|--------------------|-------------------------------------------|-----------------|
| 99.1               | Text of press release dated July 28, 2005 | E-1             |





LIBBEY INC.  
 300 MADISON AVE  
 P.O. BOX 10060  
 TOLEDO, OH 43699

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N E W S R E L E A S E

**AT THE COMPANY:**

**Kenneth Boerger**  
 VP/Treasurer  
 (419) 325-2279

**AT FINANCIAL RELATIONS BOARD:**

**Diane Hettwer**  
 Analyst Inquiries  
 (312) 640-6760

**FOR IMMEDIATE RELEASE**  
**THURSDAY, JULY 28, 2005**

**LIBBEY INC. ANNOUNCES SECOND QUARTER RESULTS**  
***SALES UP 6.5 PERCENT***

**TOLEDO, OHIO, JULY 28, 2005**—Libbey Inc. (NYSE: LBY) announced that its diluted loss per share for the second quarter ended June 30, 2005, was 6 cents on sales of \$144.5 million, as compared with earnings per share of 68 cents and sales of \$135.8 million in the prior-year second quarter. The Company reported that its diluted earnings per share for the quarter, as detailed in the attached Table 2, and excluding special charges relating to the recently announced salary reduction program and capacity realignment charges associated with the shutdown of its City of Industry, California, facility in February 2005 and as detailed in the attached Table 1, were 25 cents as compared with 68 cents in the prior-year quarter.

**Second Quarter Results**

For the quarter-ended June 30, 2005, sales increased 6.5 percent to \$144.5 million from \$135.8 million in the year-ago quarter. The increase in sales was attributable to the Crisal acquisition in Portugal and higher sales of World Tableware, Traex, and Royal Leerdam products. Sales to foodservice glassware customers were down slightly. Sales to retail and industrial glassware customers were down over nine percent, largely attributable to the Company's earlier decision to discontinue the sale of some low margin products.

The Company recorded income from operations of \$2.5 million during the quarter, as compared with income from operations of \$15.4 million in the year-ago quarter. Factors contributing to the decrease, in addition to the special charges, were lower sales to

Libbey Inc.  
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foodservice, retail and industrial customers, reduced capacity utilization and higher pension and postretirement medical expenses.

Pretax equity loss from Vitrocrisa, the Company's joint venture in Mexico, was \$0.8 million, as compared with pretax earnings of \$1.5 million in the second quarter of 2004, was a result of increased maintenance and other manufacturing costs, lower machine activity and higher natural gas costs, partially offset by improved margin on sales.

Net loss was \$0.9 million, or \$0.06 per diluted share, as compared with diluted earnings per share of \$0.68 in the second quarter of 2004. The Company reported that its diluted earnings per share for the quarter, as detailed in the attached Table 2, and excluding the special charges as detailed in the attached Table 1, were 25 cents as compared with 68 cents in the prior-year quarter.

### **Six-Month Results**

For the six months ended June 30, 2005, sales increased 6.0 percent to \$274.3 million from \$258.9 million in the year-ago period. The increase in sales was attributable to the Crisal acquisition in Portugal, higher sales of Royal Leerdam products, increased export shipments and higher sales of World Tableware and Traex products. Partially offsetting these increases were lower glassware shipments to foodservice, retail and industrial customers.

Income from operations was \$2.6 million compared with \$20.8 million in the year-ago period. In addition to the special charges, causes of the reduction were lower glassware sales to foodservice, retail and industrial customers, reduced capacity utilization and higher pension and postretirement medical expenses.

Equity loss from Vitrocrisa was \$0.2 million on a pretax basis as compared to pretax earnings of \$0.1 million in the year-ago period. Interest expense decreased \$0.3 million as the result of lower interest rates. The Company reported a net loss of \$2.5 million, or \$0.18 per diluted share, compared with net income of \$9.9 million, or \$0.73 per diluted share, in the year-ago period. Libbey reported that its diluted earnings per share for the first six months of 2005, as detailed in the attached Table 2, and excluding special charges as detailed in the attached Table 1, were 27 cents as compared with 73 cents in the first six months of the prior-year.

### **Working Capital**

Working capital, defined as inventories and accounts receivable less accounts payable, decreased by \$0.8 million to \$170.3 million from \$171.1 million during the second quarter of 2005 as inventories and accounts receivable were lower, but were partially offset by lower accounts payable. This is an increase in working capital of \$8.2 million as compared to June 30, 2004 and includes \$11.4 million of working capital associated with Crisal. Excluding Crisal, inventories at June 30, 2005, were \$3.8 million lower than at June 30, 2004.

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Libbey Inc.  
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## Outlook for 2005

John F. Meier, chairman and chief executive officer, commenting on the quarter and the Company's outlook for 2005 said, "Second quarter results were in line with our updated guidance in our June 28, 2005, release. The environment for the third quarter continues to be challenging, but we expect significant improvements in the fourth quarter as compared to the fourth quarter of 2004. Our expectations for sales growth of 10 percent to 12 percent in the third quarter and 6 percent to 8 percent in the fourth quarter are expected to result in diluted earnings per share of \$0.32 to \$0.37 for the third quarter and \$0.49 to \$0.54 for the fourth quarter." He added, "We plan to break ground in China on our new production facility during the third quarter. We are very excited about this new production facility expected to be operational by early 2007." The Company also reported that total expenditures for the Chinese facility are planned to be approximately \$46 million with an additional \$14 million to be spent in 2005 and approximately \$27 million in 2006.

## Webcast Information

Libbey will hold a conference call for investors on Thursday, July 28, 2005, at 11 a.m. Eastern Daylight Time. The conference call will be simulcast live on the Internet on both [www.libbey.com](http://www.libbey.com) and <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=64169&eventID=1105420>. To listen to the call, please go to the website at least 10 minutes early to register, download and install any necessary software. A replay will be available for 7 days after the conclusion of the call.

*The above information includes "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. Such statements only reflect the Company's best assessment at this time and are indicated by words or phrases such as "goal," "expects," "believes," "will," "estimates," "anticipates," or similar phrases. Investors are cautioned that forward-looking statements involve risks and uncertainty, that actual results may differ materially from such statements, and that investors should not place undue reliance on such statements.*

*Important factors potentially affecting performance include but are not limited to: increased competition from foreign suppliers endeavoring to sell glass tableware in the United States and Mexico, including the impact of lower duties for imported products; major slowdowns in the retail, travel or entertainment industries in the United States, Canada, Mexico and Western Europe, caused by terrorist attacks or otherwise; significant increases in per-unit costs for natural gas, electricity, corrugated packaging, and other purchased materials; higher interest rates that increase the Company's borrowing costs; protracted work stoppages related to collective bargaining agreements; increases in expense associated with higher medical costs, increased pension expense associated with lower returns on pension investments and increased pension obligations; devaluations and other major currency fluctuations relative to the U.S. dollar and the euro that could reduce the cost competitiveness of the Company's products compared to foreign competition; the effect of high inflation in Mexico and exchange rate changes to the value of the Mexican peso and the earnings and cash flow of the Company's joint*

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Libbey Inc.

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*venture in Mexico, Vitrocrisa, expressed under U.S. GAAP; the inability to achieve savings and profit improvements at targeted levels in the Company's operations or within the intended time periods; whether the Company completes any significant acquisitions, and whether such acquisitions can operate profitably.*

Libbey Inc.:

- is a leading producer of glass tableware in North America;
- is expanding its international presence with facilities in the Netherlands and Portugal and a facility in China planned to begin production in 2007;
- is a leading producer of tabletop products for the foodservice industry;
- exports to more than 90 countries.

Based in Toledo, Ohio, the Company operates glass tableware manufacturing plants in the United States in Louisiana and Ohio, in Portugal and in the Netherlands. Its Royal Leerdam subsidiary, located in Leerdam, Netherlands, is among the world leaders in producing and selling glass stemware to retail, foodservice and industrial clients. Its Crisal subsidiary, located in Portugal, provides an expanded presence in Europe. In addition, Libbey is a joint venture partner in the largest glass tableware company in Mexico. Its Syracuse China subsidiary designs, manufactures and distributes an extensive line of high-quality ceramic dinnerware, principally for foodservice establishments in the United States. Its World Tableware subsidiary imports and sells a full-line of metal flatware and holloware and an assortment of ceramic dinnerware and other tabletop items principally for foodservice establishments in the United States. Its Traex subsidiary, located in Wisconsin, designs, manufactures and distributes an extensive line of plastic items for the foodservice industry. In 2004, Libbey Inc.'s net sales totaled \$544.8 million.

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**Table 1**  
**Summary of Special Charges**  
(Dollars in thousands)

In August 2004, Libbey announced that it is realigning its production capacity in order to improve its cost structure. Pursuant to the plan, Libbey closed its manufacturing facility in City of Industry, California, in February 2005 and realigned production among its other glass manufacturing facilities. Libbey has recorded a pretax charge of \$847 in the second quarter 2005 and \$3,844 year-to-date 2005, as detailed below. In addition, in June 2005, Libbey reduced its North American salaried workforce by seven percent in order to reduce Libbey's overall cost profile. The pretax charge for the salary reduction was \$5,564 in the second quarter of 2005.

|                                                                                                                                                                | Three Months<br>ended<br>June 30, 2005 | Six Months<br>ended<br>June 30, 2005 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------|
| <u>Capacity realignment:</u>                                                                                                                                   |                                        |                                      |
| Fixed asset related                                                                                                                                            | \$ 372                                 | \$ 520                               |
| Severance & benefits                                                                                                                                           | —                                      | 2,019                                |
| Miscellaneous                                                                                                                                                  | 475                                    | 1,305                                |
| <b>Included in Special charges <sup>(1)</sup></b>                                                                                                              | <b>\$ 847</b>                          | <b>\$ 3,844</b>                      |
| <u>Salary reduction program:</u>                                                                                                                               |                                        |                                      |
| Pension & retiree welfare                                                                                                                                      | \$ 867                                 | \$ 867                               |
| <b>Included in Cost of sales</b>                                                                                                                               | <b>867</b>                             | <b>867</b>                           |
| Pension & retiree welfare                                                                                                                                      | 1,347                                  | 1,347                                |
| <b>Included in Selling, general and administrative expenses</b>                                                                                                | <b>1,347</b>                           | <b>1,347</b>                         |
| Employee termination costs                                                                                                                                     | 3,350                                  | 3,350                                |
| <b>Included in Special charges</b>                                                                                                                             | <b>3,350</b>                           | <b>3,350</b>                         |
| <b>Pretax salary reduction program <sup>(2)</sup></b>                                                                                                          | <b>\$ 5,564</b>                        | <b>\$ 5,564</b>                      |
| <b>Total Special charges <sup>(3)</sup></b>                                                                                                                    | <b>\$ 6,411</b>                        | <b>\$ 9,408</b>                      |
| <sup>(1)</sup> Cash charges for the capacity realignment project for the quarter ended and year-to-date June 30, 2005, were \$4,155 and \$5,896, respectively. |                                        |                                      |
| <sup>(2)</sup> All non-cash charges                                                                                                                            |                                        |                                      |
| <sup>(3)</sup> Summary classifications:                                                                                                                        |                                        |                                      |
| Cost of sales                                                                                                                                                  | \$ 867                                 | \$ 867                               |
| Selling, general and administrative expenses                                                                                                                   | 1,347                                  | 1,347                                |
| Special charges                                                                                                                                                | 4,197                                  | 7,194                                |
| Total special charges                                                                                                                                          | <b>\$ 6,411</b>                        | <b>\$ 9,408</b>                      |

**Table 2****Reconciliation of Non-GAAP Financial Measures for Special Charges***(Dollars in thousands, except per-share amounts)*

In accordance with the SEC's Regulation G, the following table provides non-GAAP measures used in the earnings release and the reconciliation to the most closely related Generally Accepted Accounting Principles (GAAP) measure. Libbey believes that providing supplemental non-GAAP financial information is useful to investors in understanding Libbey's core business and trends. In addition, it is the basis on which Libbey's management internally assesses performance and such non-GAAP measures are relevant to Libbey's determination of compliance with financial covenants included in its debt agreements. Although Libbey believes that the non-GAAP financial measures presented enhance investors' understanding of Libbey's business and performance, these non-GAAP measures should not be considered an alternative to GAAP.

|                                                        | <u>Three months ended June 30,</u> |                 | <u>Six months ended June 30,</u> |                 |
|--------------------------------------------------------|------------------------------------|-----------------|----------------------------------|-----------------|
|                                                        | <u>2005</u>                        | <u>2004</u>     | <u>2005</u>                      | <u>2004</u>     |
| Reported net (loss) income                             | \$ (870)                           | \$ 9,365        | \$ (2,519)                       | \$ 9,930        |
| Special charges — net of tax                           | 4,295                              | —               | 6,303                            | —               |
| Net income excluding special charges                   | <u>\$ 3,425</u>                    | <u>\$ 9,365</u> | <u>\$ 3,784</u>                  | <u>\$ 9,930</u> |
| Diluted (loss) earnings per share:                     |                                    |                 |                                  |                 |
| Reported net (loss) income                             | \$ (0.06)                          | \$ 0.68         | \$ (0.18)                        | \$ 0.73         |
| Special charges — net of tax                           | 0.31                               | —               | 0.45                             | —               |
| Net income per diluted share excluding special charges | <u>\$ 0.25</u>                     | <u>\$ 0.68</u>  | <u>\$ 0.27</u>                   | <u>\$ 0.73</u>  |

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**LIBBEY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(Dollars in thousands, except per-share amounts)*  
*(unaudited)*

|                                                              | THREE MONTHS ENDED   |                      | <i>Percent<br/>Change</i> |
|--------------------------------------------------------------|----------------------|----------------------|---------------------------|
|                                                              | <u>June 30, 2005</u> | <u>June 30, 2004</u> |                           |
| Net sales                                                    | \$ 144,538           | \$ 135,752           | 6.5 %                     |
| Freight billed to customers                                  | <u>481</u>           | <u>564</u>           |                           |
| Total revenues                                               | 145,019              | 136,316              |                           |
| Cost of sales <sup>(1)</sup>                                 | <u>117,963</u>       | <u>103,394</u>       |                           |
| Gross profit                                                 | 27,056               | 32,922               | (17.8 %)                  |
| Selling, general and administrative expenses <sup>(1)</sup>  | 20,367               | 17,486               |                           |
| Special charges <sup>(1)</sup>                               | <u>4,197</u>         | <u>—</u>             |                           |
| Income from operations                                       | 2,492                | 15,436               | (83.9 %)                  |
| Equity (loss) earnings — pretax                              | (752)                | 1,456                |                           |
| Other income                                                 | <u>431</u>           | <u>588</u>           |                           |
| Earnings before interest, income taxes and minority interest | 2,171                | 17,480               | (87.6 %)                  |
| Interest expense                                             | <u>3,464</u>         | <u>3,516</u>         |                           |
| (Loss) income before income taxes and minority interest      | (1,293)              | 13,964               | (109.3 %)                 |
| Provision for income taxes                                   | <u>(427)</u>         | <u>4,599</u>         |                           |
| (Loss) income before minority interest                       | (866)                | 9,365                | (109.2 %)                 |
| Minority interest                                            | <u>(4)</u>           | <u>—</u>             |                           |
| Net (loss) income                                            | <u>\$ (870)</u>      | <u>\$ 9,365</u>      | (109.3 %)                 |
| Net (loss) income per share:                                 |                      |                      |                           |
| Basic                                                        | <u>\$ (0.06)</u>     | <u>\$ 0.68</u>       |                           |
| Diluted                                                      | <u>\$ (0.06)</u>     | <u>\$ 0.68</u>       | (108.8 %)                 |
| Weighted average shares:                                     |                      |                      |                           |
| Outstanding                                                  | <u>13,869</u>        | <u>13,678</u>        |                           |
| Diluted                                                      | <u>13,869</u>        | <u>13,699</u>        |                           |

<sup>(1)</sup> Refer to Table 1 for Special charges detail

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(Dollars in thousands, except per-share amounts)*  
*(unaudited)*

|                                                              | SIX MONTHS ENDED     |                      | <i>Percent<br/>Change</i> |
|--------------------------------------------------------------|----------------------|----------------------|---------------------------|
|                                                              | <u>June 30, 2005</u> | <u>June 30, 2004</u> |                           |
| Net sales                                                    | \$ 274,322           | \$ 258,875           | 6.0 %                     |
| Freight billed to customers                                  | 978                  | 1,055                |                           |
| Total revenues                                               | <u>275,300</u>       | <u>259,930</u>       |                           |
| Cost of sales <sup>(1)</sup>                                 | <u>227,205</u>       | <u>204,692</u>       |                           |
| Gross profit                                                 | 48,095               | 55,238               | (12.9 %)                  |
| Selling, general and administrative expenses <sup>(1)</sup>  | 38,321               | 34,479               |                           |
| Special charges <sup>(1)</sup>                               | <u>7,194</u>         | <u>—</u>             |                           |
| Income from operations                                       | 2,580                | 20,759               | (87.6 %)                  |
| Equity (loss) earnings — pretax                              | (198)                | 67                   |                           |
| Other income                                                 | <u>732</u>           | <u>1,087</u>         |                           |
| Earnings before interest, income taxes and minority interest | 3,114                | 21,913               | (85.8 %)                  |
| Interest expense                                             | <u>6,842</u>         | <u>7,092</u>         |                           |
| (Loss) income before income taxes and minority interest      | (3,728)              | 14,821               | (125.2 %)                 |
| Provision for income taxes                                   | <u>(1,230)</u>       | <u>4,891</u>         |                           |
| (Loss) income before minority interest                       | (2,498)              | 9,930                | (125.2 %)                 |
| Minority interest                                            | (21)                 | —                    |                           |
| Net (loss) income                                            | <u>\$ (2,519)</u>    | <u>\$ 9,930</u>      | (125.4 %)                 |
| Net (loss) income per share:                                 |                      |                      |                           |
| Basic                                                        | <u>\$ (0.18)</u>     | <u>\$ 0.73</u>       |                           |
| Diluted                                                      | <u>\$ (0.18)</u>     | <u>\$ 0.73</u>       | (124.7 %)                 |
| Weighted average shares:                                     |                      |                      |                           |
| Outstanding                                                  | <u>13,844</u>        | <u>13,653</u>        |                           |
| Diluted                                                      | <u>13,846</u>        | <u>13,682</u>        |                           |

<sup>(1)</sup> Refer to Table 1 for Special charges detail

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(Dollars in thousands)*

|                                             | <u>June 30, 2005</u><br><i>(unaudited)</i> | <u>December 31, 2004</u> | <u>June 30, 2004</u><br><i>(unaudited)</i> |
|---------------------------------------------|--------------------------------------------|--------------------------|--------------------------------------------|
| <b>ASSETS</b>                               |                                            |                          |                                            |
| Cash                                        | \$ 2,540                                   | \$ 6,244                 | \$ 2,355                                   |
| Accounts receivable — net                   | 72,637                                     | 67,522                   | 63,380                                     |
| Inventories — net                           | 139,860                                    | 126,625                  | 134,297                                    |
| Deferred taxes                              | 8,747                                      | 7,462                    | 7,402                                      |
| Other current assets                        | <u>5,884</u>                               | <u>3,308</u>             | <u>3,545</u>                               |
| Total current assets                        | 229,668                                    | 211,161                  | 210,979                                    |
| Other assets                                | 37,912                                     | 36,537                   | 28,395                                     |
| Investments                                 | 82,122                                     | 82,125                   | 87,754                                     |
| Goodwill and purchased intangibles — net    | 66,671                                     | 66,003                   | 65,204                                     |
| Property, plant and equipment — net         | <u>209,477</u>                             | <u>182,378</u>           | <u>174,183</u>                             |
| Total assets                                | <u>\$ 625,850</u>                          | <u>\$ 578,204</u>        | <u>\$ 566,515</u>                          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                                            |                          |                                            |
| Notes payable                               | \$ 12,200                                  | \$ 9,415                 | \$ 14,142                                  |
| Accounts payable                            | 42,219                                     | 43,140                   | 35,625                                     |
| Accrued liabilities                         | 49,788                                     | 38,996                   | 44,359                                     |
| Deposit liability                           | 16,623                                     | 16,623                   | —                                          |
| Special charges reserve                     | 4,491                                      | 3,025                    | —                                          |
| Other current liabilities                   | 2,475                                      | 5,839                    | 5,254                                      |
| Long-term debt due within one year          | <u>825</u>                                 | <u>115</u>               | <u>115</u>                                 |
| Total current liabilities                   | 128,621                                    | 117,153                  | 99,495                                     |
| Long-term debt                              | 246,653                                    | 215,842                  | 223,685                                    |
| Deferred taxes                              | 12,147                                     | 12,486                   | 15,467                                     |
| Pension liability                           | 42,068                                     | 36,466                   | 22,680                                     |
| Nonpension postretirement benefits          | 46,052                                     | 45,716                   | 46,986                                     |
| Other liabilities                           | <u>7,263</u>                               | <u>6,978</u>             | <u>7,032</u>                               |
| Total liabilities                           | 482,804                                    | 434,641                  | 415,345                                    |
| Minority interest                           | <u>21</u>                                  | <u>—</u>                 | <u>—</u>                                   |
| Total liabilities and minority interest     | 482,825                                    | 434,641                  | 415,345                                    |
| Total shareholders' equity                  | <u>143,025</u>                             | <u>143,563</u>           | <u>151,170</u>                             |
| Total liabilities and shareholders' equity  | <u>\$ 625,850</u>                          | <u>\$ 578,204</u>        | <u>\$ 566,515</u>                          |

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
*(Dollars in thousands)*  
*(unaudited)*

|                                                                                          | THREE MONTHS ENDED   |                      |
|------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                          | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
| <b>Operating activities</b>                                                              |                      |                      |
| Net (loss) income                                                                        | \$ (870)             | \$ 9,365             |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |                      |                      |
| Depreciation and amortization                                                            | 8,066                | 7,631                |
| Equity loss (earnings) — net of tax                                                      | 444                  | (1,058)              |
| Minority interest                                                                        | 4                    | —                    |
| Change in accounts receivable                                                            | 197                  | (7,105)              |
| Change in inventories                                                                    | (791)                | (5,432)              |
| Change in accounts payable                                                               | 3,748                | 783                  |
| Special charges                                                                          | 6,411                | —                    |
| Special charges cash payments                                                            | (4,155)              | —                    |
| Other operating activities                                                               | 9,588                | 6,294                |
| Net cash provided by operating activities                                                | <u>22,642</u>        | <u>10,478</u>        |
| <b>Investing activities</b>                                                              |                      |                      |
| Additions to property, plant and equipment                                               | (8,709)              | (8,859)              |
| Crisal acquisition and related costs                                                     | (42)                 | —                    |
| Net cash used in investing activities                                                    | <u>(8,751)</u>       | <u>(8,859)</u>       |
| <b>Financing activities</b>                                                              |                      |                      |
| Net bank credit facility activity                                                        | (8,756)              | (5,000)              |
| Other net borrowings                                                                     | (3,429)              | 6,602                |
| Stock options exercised                                                                  | —                    | 88                   |
| Dividends                                                                                | (1,386)              | (1,366)              |
| Other                                                                                    | 25                   | (838)                |
| Net cash used in financing activities                                                    | <u>(13,546)</u>      | <u>(514)</u>         |
| Increase in cash                                                                         | 345                  | 1,105                |
| Cash at beginning of period                                                              | 2,195                | 1,250                |
| Cash at end of period                                                                    | <u>\$ 2,540</u>      | <u>\$ 2,355</u>      |

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
*(Dollars in thousands)*  
*(unaudited)*

|                                                                                          | SIX MONTHS ENDED     |                      |
|------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                          | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
| <b>Operating activities</b>                                                              |                      |                      |
| Net (loss) income                                                                        | \$ (2,519)           | \$ 9,930             |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |                      |                      |
| Depreciation and amortization                                                            | 16,451               | 15,443               |
| Equity loss (earnings) — net of tax                                                      | 29                   | (127)                |
| Minority interest                                                                        | 21                   | —                    |
| Change in accounts receivable                                                            | (1,697)              | (6,258)              |
| Change in inventories                                                                    | (4,511)              | (8,601)              |
| Change in accounts payable                                                               | (7,886)              | (4,655)              |
| Special charges                                                                          | 9,408                | —                    |
| Special charges cash payments                                                            | (5,896)              | —                    |
| Other operating activities                                                               | 8,091                | 5,400                |
| Net cash provided by operating activities                                                | <u>11,491</u>        | <u>11,132</u>        |
| <b>Investing activities</b>                                                              |                      |                      |
| Additions to property, plant and equipment                                               | (19,114)             | (17,026)             |
| Crisal acquisition and related costs                                                     | <u>(28,990)</u>      | <u>—</u>             |
| Net cash used in investing activities                                                    | <u>(48,104)</u>      | <u>(17,026)</u>      |
| <b>Financing activities</b>                                                              |                      |                      |
| Net bank credit facility activity                                                        | 32,880               | (5,000)              |
| Other net borrowings                                                                     | 2,713                | 13,738               |
| Stock options exercised                                                                  | 99                   | 328                  |
| Dividends                                                                                | (2,768)              | (2,728)              |
| Other                                                                                    | (15)                 | (838)                |
| Net cash provided by financing activities                                                | <u>32,909</u>        | <u>5,500</u>         |
| Effect of exchange rate fluctuations on cash                                             | <u>—</u>             | <u>(1)</u>           |
| Decrease in cash                                                                         | (3,704)              | (395)                |
| Cash at beginning of period                                                              | <u>6,244</u>         | <u>2,750</u>         |
| Cash at end of period                                                                    | <u>\$ 2,540</u>      | <u>\$ 2,355</u>      |

**LIBBEY INC.**  
**CONDENSED CONSOLIDATED JOINT VENTURE STATEMENTS OF OPERATIONS**  
*(Dollars in thousands)*  
*(unaudited)*

|                                              | THREE MONTHS ENDED   |                      |
|----------------------------------------------|----------------------|----------------------|
|                                              | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
| Total revenues                               | \$ 49,063            | \$ 48,490            |
| Cost of sales                                | <u>41,130</u>        | <u>39,270</u>        |
| Gross profit                                 | 7,933                | 9,220                |
| Selling, general and administrative expenses | <u>6,001</u>         | <u>5,650</u>         |
| Income from operations                       | 1,932                | 3,570                |
| Remeasurement (loss) gain                    | (895)                | 507                  |
| Other expense                                | <u>(237)</u>         | <u>(22)</u>          |
| Earnings before interest and taxes           | 800                  | 4,055                |
| Interest expense                             | <u>2,333</u>         | <u>1,083</u>         |
| (Loss) income before income taxes            | (1,533)              | 2,972                |
| Income taxes                                 | <u>(626)</u>         | <u>813</u>           |
| Net (loss) income                            | <u>\$ (907)</u>      | <u>\$ 2,159</u>      |

|                                              | SIX MONTHS ENDED     |                      |
|----------------------------------------------|----------------------|----------------------|
|                                              | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
| Total revenues                               | \$ 94,532            | \$ 90,968            |
| Cost of sales                                | <u>77,829</u>        | <u>77,588</u>        |
| Gross profit                                 | 16,703               | 13,380               |
| Selling, general and administrative expenses | <u>11,328</u>        | <u>11,016</u>        |
| Income from operations                       | 5,375                | 2,364                |
| Remeasurement (loss) gain                    | (807)                | 327                  |
| Other expense                                | <u>(770)</u>         | <u>(123)</u>         |
| Earnings before interest and taxes           | 3,798                | 2,568                |
| Interest expense                             | <u>4,202</u>         | <u>2,430</u>         |
| (Loss) income before income taxes            | (404)                | 138                  |
| Income taxes                                 | <u>(344)</u>         | <u>(120)</u>         |
| Net (loss) income                            | <u>\$ (60)</u>       | <u>\$ 258</u>        |

*Libbey is a 49% equity owner in Vitrocrisa Holding, S. de R.L. de C.V. and related Mexican companies (Vitrocrisa), which manufacture, market and sell glass tableware (beverageware, plates, bowls, serveware and accessories) and industrial glassware (coffee pots, blender jars, meter covers, glass covers for cooking ware and lighting fixtures sold to original equipment manufacturers) and a 49% equity owner in Crisa Industrial, L.L.C., a domestic distributor of industrial glassware for Vitrocrisa in the U.S. and Canada. Summarized combined statements of income for Libbey's investments, accounted for by the equity method under U.S. GAAP, is shown above.*