SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the Quarter Ended September 30, 1996

Commission File No. 1-3660

Owens Corning

One Owens Corning Parkway, Toledo, Ohio 43659

Telephone No. (419) 248-8000

A Delaware Corporation

I.R.S. Employer Identification No. 34-4323452

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]   No [ ]

Shares of common stock, par value $.10 per share, outstanding at September 30, 1996

52,048,661

PLAINTIFF'S EXHIBIT WV-04344

PLAINTIFF'S EXHIBIT 10603.1

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

	Quarter Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
	(In millions of dollars, except share data)			
NET SALES	$1,025	$ 927	$ 2,830	$ 2,648
COST OF SALES	752	684	2,084	1,953
Gross margin	273	243	746	695
OPERATING EXPENSES				
Marketing and administrative expenses	128	106	372	321
Science and technology expenses	22	19	63	56
Provision for asbestos litigation claims (Note 8)	-	-	875	-
Other	(5)	(4)	(2)	9
Total operating expenses	145	121	1,308	386
INCOME (LOSS) FROM OPERATIONS	128	122	(562)	309
Cost of borrowed funds	20	20	56	69
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	108	102	(618)	240
Provision (credit) for income taxes (Note 3)	31	35	(257)	85
INCOME (LOSS) BEFORE EQUITY IN NET INCOME OF AFFILIATES	77	67	(361)	155
Equity in net income of affiliates	3	3	7	10
NET INCOME (LOSS)	$ 80	$ 70	$ (354)	$ 165
NET INCOME (LOSS) PER COMMON SHARE				
Primary net income (loss) per share	$ 1.53	$ 1.35	$ (6.86)	$ 3.36
Fully diluted net income (loss) per share	$ 1.44	$ 1.28	$ (6.86)	$ 3.18
Weighted average number of common shares outstanding (in millions)				
Primary	52.4	51.4	51.6	49.1
Assuming full dilution	57.0	56.0	51.6	53.4

The accompanying notes are an integral part of this statement.

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS	Sept. 30, 1996	Dec. 31, 1995
	(In millions of dollars)	
CURRENT		
Cash and cash equivalents	$ 31	$ 18
Receivables	475	314
Inventories (Note 4)	350	253
Insurance for asbestos litigation claims - current portion (Note 8)	100	100
Deferred income taxes	87	70
VEBA trust	38	51
Income tax receivable	16	50
Investment in affiliate held for sale	-	36
Other current assets	30	35
Total current	1,127	927
OTHER		
Insurance for asbestos litigation claims (Note 8)	493	330
Deferred income taxes	519	252
Goodwill (Note 6)	276	249
Investments in affiliates	61	50
Other noncurrent assets	158	147
Total other	1,507	1,028
PLANT AND EQUIPMENT, at cost	3,258	3,067
Less--Accumulated depreciation	(1,821)	(1,761)
Net plant and equipment	1,437	1,306
TOTAL ASSETS	$ 4,071	$ 3,261

The accompanying notes are an integral part of this statement.

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(Continued)

	Sept. 30, 1996	Dec. 31, 1995
	(In millions of dollars)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	$ 586	$ 587
Reserve for asbestos litigation claims - current portion (Note 8)	325	250
Short-term debt	164	64
Long-term debt - current portion	18	35
Total current	1,093	936
LONG-TERM DEBT	965	794
OTHER		
Reserve for asbestos litigation claims (Note 8)	1,735	887
Other employee benefits liability	355	367
Pension plan liability	67	75
Other	230	220
Total other	2,387	1,549
COMPANY OBLIGATED CONVERTIBLE SECURITY OF SUBSIDIARY HOLDING SOLELY PARENT DEBENTURES (MIPS)	194	194
STOCKHOLDERS' EQUITY		
Common stock	597	579
Deficit (Note 7)	(1,138)	(781)
Foreign currency translation adjustments	(8)	9
Other	(19)	(19)
Total stockholders' equity	(568)	(212)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,071	$ 3,261

The accompanying notes are an integral part of this statement.

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	Quarter Ended September 30, 1996	Quarter Ended September 30, 1995	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
	(In millions of dollars)			
NET CASH FLOW FROM OPERATIONS				
Net income (loss)	$ 80	$ 70	$ (354)	$ 165
Reconciliation of net cash provided by operating activities:				
Noncash items:				
Provision for asbestos litigation claims (Note 8)	-	-	875	-
Provision for depreciation and amortization	37	31	100	92
Provision (credit) for deferred income taxes	60	38	(285)	79
Other	1	3	8	15
(Increase) decrease in receivables	(48)	(28)	(149)	(46)
(Increase) decrease in inventories	(18)	32	(87)	(52)
Increase (decrease) in accounts payable and accrued liabilities	50	10	(16)	(89)
Increase (decrease) in accrued income taxes	(25)	28	30	43
Other	(23)	(49)	(37)	(126)
Net cash flow from operations	114	135	85	81
NET CASH FLOW FROM INVESTING				
Additions to plant and equipment	(57)	(69)	(224)	(183)
Investment in subsidiaries, net of cash acquired (Note 6)	-	(34)	(39)	(34)
Proceeds from the sale of affiliate	-	-	55	-
Other	(2)	-	(14)	-
Net cash flow from investing	$ (59)	$ (103)	$ (222)	$ (217)

The accompanying notes are an integral part of this statement.

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
	(In millions of dollars)			
NET CASH FLOW FROM FINANCING				
Net additions (reductions) to long-term credit facilities	$ (5)	$ (75)	$ 179	$ (5)
Other additions to long-term debt	5	5	18	56
Other reductions to long-term debt	(1)	(13)	(33)	(115)
Net increase (decrease) in short-term debt	12	(9)	100	(28)
Issuance of preferred stock of subsidiary, net of fees	-	-	-	194
Other	(2)	3	-	(4)
Net cash flow from financing	9	(89)	264	98
NET CASH FLOW FROM ASBESTOS-RELATED ACTIVITIES				
Proceeds from insurance for asbestos litigation claims	-	140	63	221
Payments for asbestos litigation claims	(57)	(68)	(178)	(223)
Net cash flow from asbestos-related activities	(57)	72	(115)	(2)
Effect of exchange rate changes on cash	-	(2)	1	1
Net increase (decrease) in cash and cash equivalents	7	13	13	(39)
Cash and cash equivalents at beginning of period	24	7	18	59
Cash and cash equivalents at end of period	$ 31	$ 20	$ 31	$ 20

The accompanying notes are an integral part of this statement.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(1) SEGMENT DATA	Quarter Ended September 30, 1996	Quarter Ended September 30, 1995	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
	(In millions of dollars)			
NET SALES				
Industry Segments				
Building Materials				
United States	$ 638	$ 548	$1,677	$1,497
Europe	76	66	203	193
Canada and other	37	26	89	77
Total Building Materials	751	640	1,969	1,767
Composite Materials				
United States	151	141	446	444
Europe	87	111	302	331
Canada and other	36	35	113	106
Total Composite Materials	274	287	861	881
Intersegment sales				
Building Materials	-	-	-	-
Composite Materials	30	25	84	77
Eliminations	(30)	(25)	(84)	(77)
Net sales	$ 1,025	$ 927	$ 2,830	$2,648
Geographic Segments				
United States	$ 789	$ 689	$2,123	$1,941
Europe	163	177	505	524
Canada and other	73	61	202	183
	1,025	927	2,830	2,648
Intersegment sales				
United States	17	14	46	41
Europe	8	4	29	11
Canada and other	19	28	59	73
Eliminations	(44)	(46)	(134)	(125)
Net sales	$ 1,025	$ 927	$ 2,830	$2,648

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

(1) SEGMENT DATA (Continued)	Quarter Ended September 30, 1996	Quarter Ended September 30, 1995	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
	(In millions of dollars)			
INCOME FROM OPERATIONS				
Industry Segments				
Building Materials				
United States	$ 75	$ 62	$ 161	$ 150
Europe	7	7	15	20
Canada and other	9	5	5	13
Total Building Materials	91	74	181	183
Composite Materials				
United States	53	24	116	99
Europe	7	23	46	46
Canada and other	-	8	14	17
Total Composite Materials	60	55	176	162
General corporate expense	(23)	(7)	(919)	(36)
Income from operations	128	122	(562)	309
Cost of borrowed funds	(20)	(20)	(56)	(69)
Income before provision for income taxes	$ 108	$ 102	$ (618)	$ 240
Geographic Segments				
United States	$ 128	$ 86	$ 277	$ 249
Europe	14	30	61	66
Canada and other	9	13	19	30
General corporate expense	(23)	(7)	(919)	(36)
Income from operations	128	122	(562)	309
Cost of borrowed funds	(20)	(20)	(56)	(69)
Income before provision for income taxes	$ 108	$ 102	$ (618)	$ 240

(1) Income from operations for the nine months ended Septembe 30, 1996 includes the Company's net pretax charge of $875 million for asbestos litig. ion claims that may be received after 1999 and probable additional insurance recovery, all of which was recorded as an increase in general corporate expense. Income from operations for the nine months ended September 30, 1996 also includes the Company's pretax gain of $37 million from the sale of its ownership interest in its Japanese affiliate Asahi Fiber Glass Co. Ltd., all of which was recorded as a reduction in general corporate expense. Also included are special charges totaling $42 million including valuation adjustments associated with prior divestitures, major product line productivity initiatives and a contribution to the Owens Corning Foundation. The impact of these special items was to reduce income from operations for Building Materials in the United States, Europe, and Canada and other by $19 million, $1 million and $2 million, respectively, Composite Materials in the United States and Europe by $3 million and $2 million, respectively, and to increase general corporate expense by $15 million.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. CONTINGENT LIABILITIES

ASBESTOS LIABILITIES

The Company is a co-defendant with other former manufacturers, distributors and installers of products containing asbestos and with miners and suppliers of asbestos fibers (collectively, the "Producers") in personal injury and property damage litigation. The personal injury claimants generally allege injuries to their health caused by inhalation of asbestos fibers from the Company's products. Most of the claimants seek punitive damages as well as compensatory damages. The property damage claims generally allege property damage to school, public and commercial buildings resulting from the presence of products containing asbestos. Virtually all of the asbestos-related lawsuits against the Company arise out of its manufacture, distribution, sale or installation of an asbestos-containing calcium silicate, high temperature insulation product, the manufacture of which was discontinued in 1972.

Status

As of September 30, 1996, approximately 155,500 asbestos personal injury claims were pending against the Company, of which 29,700 were received in the first nine months of 1996. The Company received approximately 55,900 such claims in 1995, 29,100 in 1994, and 32,400 in 1993.

Many of the recent claims appear to be the product of mass screening programs and not to involve malignancies or other significant asbestos related impairment. The Company believes that as many as 40,000 of the recent claims involve plaintiffs whose pulmonary function tests (PFTs) were improperly administered or manipulated by the testing laboratory or otherwise inconsistent with proper medical practice, and it is investigating a number of testing organizations and their methods. On June 19, 1996 the Company filed suit in federal court in New Orleans against the owners and operators of certain pulmonary function testing laboratories in the southeastern US challenging such improper testing practices. This matter is now in active pre-trial discovery.

The Company is engaging in discussions with a group of approximately 30 leading plaintiffs' law firms to explore approaches toward resolution of its asbestos liability. The discussions involve the possible resolution of both pending claims and claims that may be filed in the future. While discussions are ongoing, the law firms involved in the talks have agreed to refrain from serving any further asbestos claims on the Company unless they involve malignancies. Unless extended, this agreement will expire on November 1, 1996. This agreement may have impacted the number of cases received by the Company during the second and third quarters of 1996.

Through September 30, 1996, the Company had resolved (by settlement or otherwise) approximately 179,000 asbestos personal injury claims, including the dismissal in May 1996, for lack of medical proof, of approximately 15,000 maritime cases which named Owens Corning as a defendant, resulting in an 11,700 case reduction in the backlog after reduction for duplicate cases and cases previously settled. During 1993, 1994, and 1995, the Company resolved approximately 60,000 asbestos personal injury claims, over 99% without trial, and incurred total indemnity payments of $641 million (an average of about $10,700 per case).

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2. GENERAL

The financial statements included in this Report are condensed and unaudited, pursuant to certain Rules and Regulations of the Securities and Exchange Commission, but include, in the opinion of the Company, adjustments necessary for a fair statement of the results for the periods indicated, which, however, are not necessarily indicative of results which may be expected for the full year.

In connection with the condensed financial statements and notes included in this Report, reference is made to the financial statements and notes thereto contained in the Company's 1995 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission.

3. INCOME TAXES

The reconciliation between the U.S. federal statutory rate and the Company's effective income tax rate is:

	Quarter Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1996	1995	1996	1995
U.S. federal statutory rate	35%	35%	(35)%	35%
Operating losses of foreign subsidiaries	-	1	-	1
Adjustment of deferred tax asset allowance	-	-	(1)	-
State and local income taxes	(7)	2	(5)	2
Other	1	(3)	(1)	(3)
Effective tax rate	29%	35%	(42)%	35%

During the first quarter of 1996, the Company reversed approximately $7 million of its valuation allowances, as management determined that the operating loss carryforwards of certain foreign subsidiaries are realizable.

4. INVENTORIES

Inventories are summarized as follows:

	September 30, 1996	December 31, 1995
	(In millions of dollars)	
Finished goods	$ 290	$ 210
Materials and supplies	148	127
FIFO inventory	438	337
Less: Reduction to LIFO basis	(88)	(84)
Inventories	$ 350	$ 253

Approximately $191 million and $175 million of FIFO inventories were valued using the LIFO method at September 30, 1996 and December 31, 1995, respectively.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. CONSOLIDATED STATEMENT OF CASH FLOWS

Cash payments, net of refunds, for income taxes and cost of borrowed funds are summarized as follows:

	Quarter Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1996	1995	1996	1995
	(In millions of dollars)			
Income taxes	$ 3	$ (17)	$ (6)	$ (39)
Cost of borrowed funds	12	7	51	56

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Supplemental Disclosure of Non-cash Investing and Financing Activities

Please see Note 6 to the Consolidated Financial Statements for further information.

6. ACQUISITIONS

During the third quarter of 1996, the Company acquired substantially all the assets of the Canadian extruded polystyrene foam insulation business (Celfortec) of Celfort Construction Materials Inc. The purchase price of Celfortec was $22 million ($30 million Canadian), including possible subsequent contingent consideration. The acquisition of Celfortec was consummated by the exchange of 472,250 shares of the Company's common stock and less than $1 million cash for all the acquired assets and liabilities. Additionally, during the second quarter of 1996, the Company made acquisitions in the U.K. and U.S. Building Materials segment. The aggregate purchase price of the second quarter acquisitions was $39 million.

These acquisitions were accounted for under the purchase method of accounting, whereby the assets acquired and liabilities assumed have been recorded at their fair values and the results of operations of the acquisitions have been included in the Company's consolidated financial statements subsequent to the acquisition dates.

The purchase price allocations were based on preliminary estimates of fair market value and are subject to revision. The purchase of Celfortec and the second quarter acquisitions included goodwill of $15 million and $7 million, respectively. The goodwill is being amortized on a straight-line basis over 40 years. The pro forma effect of the acquisitions was not material to net income for the nine months ended September 30, 1996 or 1995.

7. DIVIDENDS

During the second quarter of 1996, the Board of Directors approved an annual dividend policy of 25 cents per share and declared a quarterly dividend of 6-1/4 cents per share payable on October 15, 1996 to shareholders of record as of September 30, 1996.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. CONTINGENT LIABILITIES (Continued)

The Company's indemnity payments have varied considerably over time and from case to case, and are affected by a multitude of factors. These include the type and severity of the disease sustained by the claimant (i.e., mesothelioma, lung cancer, other types of cancer, asbestosis or pleural changes); the occupation of the claimant; the extent of the claimant's exposure to asbestos-containing products manufactured, sold or installed by the Company; the extent of the claimant's exposure to asbestos-containing products manufactured, sold or installed by other Producers; the number and financial resources of other Producer defendants; the jurisdiction of suit; the presence or absence of other possible causes of the claimant's illness; the availability or not of legal defenses such as the statute of limitations or state of the art; whether the claim was resolved on an individual basis or as part of a group settlement; and whether the claim proceeded to an adverse verdict or judgment.

Insurance

As of September 30, 1996, the Company had approximately $368 million in unexhausted insurance coverage (net of deductibles and self-insured retentions and excluding coverage issued by insolvent carriers) under its liability insurance policies applicable to asbestos personal injury claims. This insurance, which is substantially confirmed, includes both products hazard coverage and primary level non-products coverage. Portions of this coverage are not available until 1997 and beyond under agreements with the carriers confirming such coverage. All of the Company's liability insurance policies cover indemnity payments and defense fees and expenses subject to applicable policy limits.

In addition to its confirmed primary level non-products insurance, the Company has a significant amount of unconfirmed potential non-products coverage with excess level carriers. For purposes of calculating the amount of insurance applicable to asbestos liabilities, the Company has estimated its probable recoveries in respect of this additional non-products coverage at $225 million, which amount was recorded in the second quarter of 1996. This coverage is unconfirmed and the amount and timing of recoveries from these excess level policies will depend on subsequent negotiations or proceedings.

Reserve

The Company's 1995 financial statements included a reserve for the estimated cost associated with asbestos personal injury claims that may be received through the year 1999. Such financial statements did not include any provision for the cost of unasserted claims which might be received in years subsequent to 1999 because management was unable to predict the number of such claims and other factors which would affect the cost of such claims. Throughout 1996, the Company continued to review the feasibility of making provision for the cost of unasserted asbestos personal injury claims with respect to claims which may be received by the Company during and after the year 2000. In conducting such review the Company took into account, among other things, the effect of recent federal court decisions relating to punitive damages and the certification of class actions in asbestos cases, the pendency of the discussions with the group of plaintiffs' law firms referred to above,

, recent developments as to the prospects for federal and state tort reform, the continued rate of case filings at historically -

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. CONTINGENT LIABILITIES (Continued)

high levels, additional information on filings received during the 1993-1995 period and other factors. As a result of the review, the Company took a non-recurring, noncash charge to earnings of $1.1 billion in the second quarter of 1996. This charge represented the Company's estimate of the indemnity and defense costs associated with unasserted asbestos personal injury claims that may be received by the Company in years subsequent to 1999.

The combined effect of the $1.1 billion charge and the $225 million probable additional non-products insurance recovery was an $875 million charge in the second quarter of 1996.

The Company's estimated total liabilities in respect of indemnity and defense costs associated with pending and unasserted asbestos personal injury claims that may be received in the future (the "Liabilities"), and its estimated insurance recoveries in respect of such claims (the "Insurance"), are reported separately as follows:

	September 30, 1996	December 31, 1995
	(In millions of dollars)	
Reserve for asbestos litigation claims		
Current	$ 325	$ 250
Other	1,735	887
Total Reserve	2,060	1,137
Insurance for asbestos litigation claims		
Current	100	100
Other	493	330
Total Insurance	593	430
Net Asbestos Liability	$1,467	$ 707

The Company cautions that such factors as the number of future asbestos personal injury claims received by it, the rate of receipt of such claims, and the indemnity and defense costs associated with asbestos personal injury claims, as well as the prospects for confirming additional insurance, including the additional $225 million in non-products coverage referenced above, are influenced by numerous variables that are difficult to predict, and that estimates, such as the Company's, which attempt to take account of such variables, are subject to considerable uncertainty. The Company believes that its estimate of Liabilities and Insurance will be sufficient to provide for the costs of all pending and future asbestos personal injury claims that involve malignancies or significant asbestos-related functional impairment. While such estimates cover unimpaired claims, the number and cost of unimpaired claims are much harder to predict and such estimates reflect the Company's belief that such claims have little or no value. The Company will continue to review the adequacy of its estimate of Liabilities and Insurance on a periodic basis and make such adjustments as may be appropriate.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8. CONTINGENT LIABILITIES (Continued)

Management Opinion

Although any opinion is subject to the uncertainties described above and must be based on information now known to the Company, in the opinion of management, any additional uninsured and unreserved costs which may arise out of pending personal injury and property damage asbestos claims and additional similar asbestos claims filed in the future will not have a materially adverse effect on the Company's financial position. Management believes that any such additional costs would not impair the ability of the Company to meet its obligations, to reinvest in its business or to take advantage of attractive opportunities for growth.

NON-ASBESTOS LIABILITIES

Various other lawsuits and claims arising in the normal course of business are pending against the Company, some of which allege substantial damages. Management believes that the outcome of these lawsuits and claims will not have a materially adverse effect on the Company's financial position or results of operations.

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

(All per share information in Item 2 is on a fully diluted basis. All references to results from ongoing operations exclude the impact of special items reported for the relevant period.)

RESULTS OF OPERATIONS

For the third quarter of 1996, the Company reported net income of $80 million, or $1.44 per share, an increase of 14 percent from net income of $70 million, or $1.28 per share, for the quarter ended September 30, 1995. The earnings growth from operations reflects primarily the benefits of acquisitions, strong results from the roofing and foam businesses, and a favorable litigation settlement with a former supplier, partially offset by increased administrative charges resulting from the Company's continuing implementation of its global productivity initiative, Advantage 2000.

Net sales were $1,025 million for the quarter ended September 30, 1996, an 11 percent increase from the 1995 level of $927 million. The growth is attributable to volume increases in the Building Materials segment worldwide, particularly in the U.S., combined with the incremental increases from acquisitions. Gross margin for the quarter ended September 30 was 27 percent of sales in 1996, compared to 26 percent in 1995. Earnings before interest and taxes (EBIT) from operations was $128 million in the third quarter of 1996, compared to $122 million in the third quarter of 1995.

For the nine months ended September 30, 1996, the Company reported a net loss of $354 million, or $6.86 per share, compared to net income of $165 million, or $3.18 per share, for the comparable 1995 period. The net loss was the result of a $1.1 billion charge taken during the second quarter to quantify the Company's liability for asbestos claims which may be received after 1999 as well as a probable $225 million additional recovery from insurance carriers (collectively, the "asbestos charge"), having a combined impact after taxes of $542 million. Excluding the impact of the asbestos charge and the special items reported in the first quarter of 1996, net income for the first nine months of 1996 was $188 million, or $3.42 per share, an increase of 14% over the comparable prior year period. Net sales for the nine months ended September 30, 1996 were $2.830 billion, a 7% increase over the $2.648 billion reported in the first nine months of 1995. This increase reflects the incremental sales from the Company's acquisitions in combination with the improvement in the Building Materials segment, particularly in the U.S., where increased demand due to natural disasters in the East has required expansion of service territories of several roofing plants.

Marketing and administrative expenses from ongoing operations for the nine months ended September 30, 1996 increased approximately 13% over the same period in 1995, primarily as a result of incremental administrative expenses from the acquisitions late in 1995 and 1996 as well as the impact of the continuing implementation of the Company's Advantage 2000 program. Advantage 2000 is a business system designed to accelerate the speed and simplify the processes of doing business globally. When fully implemented, the Advantage 2000 program will replace over 200 fragmented information systems with a fully integrated system, leading to increased productivity and cost savings.

In the Building Materials segment, sales increased 17% and 11% for the quarter and nine month periods ended September 30, 1996, respectively, compared to the same periods of the prior year. This growth reflects the incremental sales from acquisitions combined with an increase in volume worldwide, particularly in the U.S. The third quarter sales increase in the U.S. was largely driven by the roofing business which benefited from an increase in demand. Additionally, the Company continues to realize the benefits of integrating new products into its distribution systems, improving the sales of products like Foamular(R) extruded polystyrene. The Company expects further benefits from this integration combined with its newly introduced System Thinking(TM) strategy, which links the Company's growing product offering with technical expertise, to provide solution-oriented systems.

Income from ongoing operations for Building Materials increased 23% for the quarter and 11% for the nine months ended September 30, 1996 when compared to the same periods in 1995. The increase in the third quarter is primarily due to productivity improvements in the roofing business and improving profitability from Canadian operations.

In the third quarter of 1996, the Company acquired substantially all the assets of the foam insulation business of Celfort Construction Materials Inc. of Canada. Renamed OC Celfortec, the Valleyfield, Quebec business, which produces FOAMULAR(R) rigid polystyrene foam insulation, is an important part of the Company's growth agenda into the foam insulation business. The acquisition of Celfortec increases the Company's foam insulation plants to six, with a seventh under construction in China.

Additionally, at the end of the third quarter the Company reached an agreement to acquire a majority interest in Acoustical Fibreglass Insulation (Mnfg) (Pty) Ltd., the largest South African manufacturer of glass fiber reinforcements and glass fiber and rock wool insulation. The new company, headquartered in Johannesburg, South Africa, will be known as Owens Corning South Africa (Pty) Ltd.

In the second quarter of 1996, the Company acquired certain U.S. assets of Partek Insulation, Inc., a subsidiary of Partek North America, Inc. Partek's rockwool-based insulation will help the Company extend its mechanical insulation product offering into higher-temperature applications. Additionally the Company acquired the United Kingdom-based Linpac Insulation. With production facilities in the U.K. and Spain, Linpac's extruded polystyrene (XPS) PolyFoam(R) insulation will be added to the Company's European building materials product line.

In the Composite Materials segment, sales decreased slightly for the quarter and nine months ended September 30, 1996, compared to the same periods of the prior year. Gains in Latin America, an identified growth region, and in the U.S., were more than offset by declines in Europe and Canada, attributable to a softening demand, as well as a strengthening U.S. dollar. Composite Materials income from operations in the third quarter of 1996 increased 9% compared to the third quarter of 1995. For the nine months ended September 30, 1996, income from ongoing operations increased 12% compared to the same period in 1995, primarily due to an improvement in pricing combined with productivity initiatives, particularly in the U.S.

LIQUIDITY, CAPITAL RESOURCES AND OTHER RELATED MATTERS

In June 1996 the Company announced that its Board of Directors had approved an annual dividend policy of 25 cents per share and declared a quarterly dividend of 6-1/4 cents per share payable on October 15, 1996 to shareholders of record as of September 30, 1996.

Cash flow from operations, excluding asbestos-related activities, was $114 million for the third quarter of 1996, compared to $135 million for the third quarter of 1995. The decrease is attributable in part to an increase in working capital, particularly receivables, due to strong September sales, coupled with increased composites inventories, where short-term capacity is being modified as the Company's customers adjust their inventory levels.

At September 30, 1996, the Company's net working capital was $34 million and its current ratio was 1.03, compared to negative $9 million and .99, respectively, at December 31, 1995. The increase in 1996 is in part due to an increased sales volume driving receivables as well as incremental receivables from acquisitions, offset in large part by increased short term borrowings. Inventories at September 30, 1996 increased 38% over December 31, 1995 levels due to anticipated fourth quarter demand together with the incremental inventories of acquisitions as well as the item discussed in the preceding paragraph. Inventories as a percent of sales for the nine months ended September 30, 1996 and 1995 remained relatively unchanged at approximately 12%. Please see Notes 4 and 5 to the Consolidated Financial Statements.

The Company's total borrowings at September 30, 1996 were $1.147 billion, $254 million higher than at year-end 1995. The Company's increased borrowings in 1996 are being driven by the build of inventories for anticipated fourth quarter demand as well as other working capital requirements.

As of September 30, 1996, the Company had unused lines of credit of $231 million available under long-term bank loan facilities and an additional $137 million under short-term facilities, compared to $358 million and $239 million, respectively, at year-end 1995. The decrease in available lines of credit is primarily the result of increased borrowings. Letters of credit issued under the Company's long-term U.S. loan facility, most of which support appeals from asbestos trials, reduce credit availability of that facility. The impact of such reduction is reflected in the unused lines of credit discussed above.

Capital spending for property, plant and equipment, excluding acquisitions and investments in affiliates, was $57 million and $224 million for the quarter and nine months ended September 30, 1996, respectively. For the year 1996, the Company anticipates capital spending, exclusive of acquisitions and investments in affiliates, to be approximately $285 million. The Company expects that funding for these expenditures will be from the Company's operations and external sources as required.

Gross payments for asbestos litigation claims during the third quarter of 1996, including $13 million in defense costs and $3 million for appeal bond and other costs, were $57 million or $34 million after-tax. During the third quarter of 1996, the Company received approximately 5,400 new asbestos personal injury cases and closed approximately 2,100 cases. Over the next twelve months, the Company's total payments for asbestos litigation claims, including defense costs, are expected to be approximately $325 million. Proceeds from insurance of $100 million are expected to be available to cover these costs, resulting in a net pretax cash outflow of $225 million, or $135 million after-tax. Please see Note 8 to the Consolidated Financial Statements.

The Company expects funds generated from operations, together with funds available under long and short term bank loan facilities, to be sufficient to satisfy its debt service obligations under its existing indebtedness, as well as its contingent liabilities for uninsured asbestos personal injury claims.

The Company has been deemed by the Environmental Protection Agency (EPA) to be a potentially responsible party (PRP) with respect to certain sites under the Comprehensive Environmental Response, Compensation and Liability Act (Superfund). The Company has also been deemed a PRP under similar state or local laws, including two state Superfund sites where the Company is the primary generator. In other instances, other PRPs have brought suits or claims against the Company as a PRP for contribution under such federal, state or local laws. During the third quarter of 1996, the Company was designated a PRP in such federal, state, local or private proceedings for five additional sites. At September 30, 1996, a total of 43 such PRP designations remained unresolved by the Company, some of which designations the Company believes to be erroneous. The Company is also involved with environmental investigation or remediation at a number of other sites at which it has not been designated a PRP. The Company has established an $18 million reserve for its Superfund (and similar state, local and private action) contingent liabilities. In addition, based upon information presently available to the Company, and without regard to the application of insurance, the Company believes that, considered in the aggregate, the additional costs associated with such contingent liabilities, including any related litigation costs, will not have a materially adverse effect on the Company's financial position or results of operations.

The 1990 Clean Air Act Amendments (Act) provide that the EPA will issue regulations on a number of air pollutants over a period of years. Until these regulations are developed, the Company cannot determine the extent to which the Act will affect it. The Company anticipates that its sources to be regulated will include glass fiber manufacturing and asphalt processing activities. The EPA's announced schedule is to issue regulations covering glass fiber manufacturing by late 1997 and asphalt processing activities by late 2000, with implementation as to existing sources up to three years thereafter. Based on information now known to the Company, including the nature and limited number of regulated materials it emits, the Company does not expect the Act to have a materially adverse effect on the Company's results of operations, financial condition or long-term liquidity.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the paragraphs in Note 8, Contingent Liabilities, to the Consolidated Financial Statements above, which are incorporated here by reference.

Securities and Exchange Commission rules require the Company to describe certain governmental proceedings arising under federal, state or local environmental provisions unless the Company reasonably believes that the proceedings will result in monetary sanctions of less than $100,000. The following proceeding is reported in response to this requirement. Based on the information presently available to it, however, the Company believes that the costs which may be associated with this matter will not have a materially adverse effect on the Company's financial position or results of operations.

In August 1996, the Company voluntarily reported to the United States Environmental Protection Agency (EPA) that, due to a change in assumptions regarding the formation of a reportable pollutant, the Company had concluded that reporting deficiencies for such pollutant had occurred at three plants. The Company has since filed all required reports with the EPA. The Company is unable at this time to determine the amount of penalties, if any, that may be sought by the EPA but believes that the Company's immediate voluntary disclosure will be a favorable consideration in reducing any penalty that would otherwise be sought.

ITEM 2. CHANGES IN SECURITIES

(a) None of the constituent instruments defining the rights of the holders of any class of the Company's registered securities was materially modified in the quarter ended September 30, 1996.

(b) None of the rights evidenced by any class of the Company's registered securities was materially limited or qualified in the quarter ended September 30, 1996 by the issuance or modification of any other class of securities.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

(a) During the quarter ended September 30, 1996, there was no material default in the payment of principal, interest, sinking or purchase fund installments, or any other material default not cured within 30 days, with respect to any indebtedness of the Company or any of its significant subsidiaries exceeding 5 percent of the total assets of the Company and its consolidated subsidiaries.

(b) During the quarter ended September 30, 1996, no material arrearage in the payment of dividends occurred, and there was no other material delinquency not cured within 30 days, with respect to any class of preferred stock of the Company which is registered or which ranks prior to any class of registered securities, or with respect to any class of preferred stock of any significant subsidiary of the Company.

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

No matter was submitted to a vote of security holders during the quarter ended September 30, 1996.

ITEM 5. OTHER INFORMATION

The Company does not elect to report any information under this item.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

See Exhibit Index below, which is incorporated here by reference.

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the quarter ended September 30, 1996.

SIGNATURES

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

OWENS CORNING

Registrant

Date: October 25, 1996

By /s/David W. Devonshire
David W. Devonshire
Senior Vice President and
Chief Financial Officer

Date: October 25, 1996

By /s/ Steven J. Strobel
Steven J. Strobel
Vice President and Controller

EXHIBIT INDEX

Exhibit Number	Document Description
(3)	Articles of Incorporation and By-Laws.
	Certificate of Incorporation of Owens Corning, as amended (incorporated herein by reference to Exhibit (3) to the Company's annual report on Form 10-K for 1995 (File No. 1-3660)).
	By-Laws of Owens Corning, as amended (incorporated herein by reference to Exhibit (3) to the Company's annual report on Form 10-K for 1995 (File No. 1-3660)).
(11)	Statement re Computation of Per Share Earnings (filed herewith).
(27)	Financial Data Schedule (filed herewith).
(99)	Additional Exhibits
	Subsidiaries of Owens Corning, as amended (filed herewith).

OWENS CORNING AND SUBSIDIARIES

COMPUTATION OF PER SHARE EARNINGS

	Quarter Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1996	1995	1996	1995
	(In millions of dollars, except share data and where noted)			
Primary:				
Net income (loss)	$ 80	$ 69	$ (354)	$ 165
Weighted average number of shares outstanding (thousands)	51,782	50,745	51,616	48,582
Weighted average common equivalent shares (thousands):				
Deferred awards	15	16	-	15
Stock options using weighted average market price	577	622	-	463
Primary weighted average number of common shares outstanding and common equivalent shares (thousands)	52,374	51,383	51,616	49,060
Primary per share amount	$ 1.53	$ 1.35	$ (6.86)	$ 3.36
Fully Diluted:				
Net income (loss)	$ 82	$ 71	$ (354)	$ 170
Weighted average number of shares outstanding (thousands)	51,782	50,745	51,616	48,582
Weighted average common equivalent shares (thousands):				
Deferred awards	15	16	-	15
Stock options using the higher of average market price or market price at end of period	615	632	-	484
Shares from assumed conversion of debt	-	-	-	2,031
Shares from assumed conversion of preferred securities	4,566	4,566	-	2,283
Fully diluted weighted average number of common shares outstanding and common equivalent shares (thousands)	56,978	55,959	51,616	53,395
Fully diluted per share amount	$ 1.44	$ 1.28	$ (6.86)	$ 3.18

Subsidiaries of Owens Corning (9/30/96)	State or Other Jurisdiction Under the Laws of Which Organized
Barbcorp, Inc.	Delaware
Crosslink B.V.	Holland
Crown Manufacturing Inc.	Canada
Dansk-Svensk Glasfiber A/S	Denmark
Deutsche Owens-Corning Glasswool GmbH	Germany
Eric Company	Delaware
European Owens-Corning Fiberglas, S.A.	Belgium
Falcon Foam Corporation	Delaware
Fiber-flex Co., Inc.	New Jersey
Fiberflex Incorporated	Georgia
Fiber-Lite Corporation	Delaware
IPM, Inc.	Delaware
Kitsons Insulation Products Ltd.	United Kingdom
Matcorp, Inc.	Delaware
N.V. Owens-Corning S.A.	Belgium
OC Celfortec Inc.	Canada
O/C/FIRST CORPORATION	Ohio
OCFOGO, Inc.	Delaware
O.C. Funding B.V.	The Netherlands
O/C/SECOND CORPORATION	Delaware
OC (UK) Holdings Limited	United Kingdom
OC Utah Four Corporation	Utah
OCW Corporation (dba, Delsan)	Delaware
Owens-Corning A/S	Norway
Owens Corning Building Materials Espana S.A.	Spain
Owens-Corning Building Products (U.K.) Ltd.	United Kingdom
Owens Corning Canada Inc.	Canada
Owens-Corning Capital Holdings I, Inc.	Delaware
Owens-Corning Capital Holdings II, Inc.	Delaware
Owens-Corning Capital L.L.C.	Delaware
Owens Corning Cayman (China) Holdings	Cayman Islands
Owens-Corning Cayman Limited	Cayman Islands
Owens-Corning Changchun Guan Dao Company Ltd.	PRC China
Owens Corning Espana SA	Spain
Owens-Corning Fiberglas A.S. Limitada	Brazil
Owens-Corning Fiberglas Deutschland GmbH	Germany
Owens-Corning Fiberglas Espana, S.A.	Spain
Owens-Corning Fiberglas France S.A.	France
Owens-Corning Fiberglas (G.B.) Ltd.	United Kingdom
Owens-Corning Fiberglas (Italy) S.r.l.	Italy
Owens-Corning Fiberglas Norway A/S	Norway
Owens-Corning Fiberglas S.A.	Uruguay
Owens-Corning Fiberglas Sweden AB	Sweden
Owens-Corning Fiberglas Sweden Inc.	Delaware
Owens-Corning Fiberglas Technology Inc.	Illinois
Owens-Corning Fiberglas (U.K.) Ltd.	United Kingdom
Owens-Corning Finance (U.K.) plc	United Kingdom
Owens-Corning FSC, Inc.	Barbados

Subsidiaries of Owens Corning (9/30/96)	State or Other Jurisdiction Under the Laws of Which Organized
Owens-Corning Funding Corporation	Delaware
Owens-Corning (Guangzhou) Fiberglas Co., Ltd.	PRC China
Owens-Corning Holdings Limited	Cayman Islands
Owens Corning HT, Inc.	Delaware
Owens-Corning Isolation France S.A.	France
Owens-Corning Ontario Holdings Inc.	Canada
Owens-Corning Overseas Holdings, Inc.	Delaware
Owens-Corning (Overseas) Management Limited	Cyprus
Owens Corning Polyfoam UK Ltd.	United Kingdom
Owens-Corning Real Estate Corporation	Ohio
Owens Corning (Shanghai) Fiberglas Co., Ltd.	PRC China
Owens Corning (Singapore) PTE Ltd.	Singapore
Owens-Corning Trading, Ltd.	British Virgin Islands
Owens-Corning UK Holdings Limited	United Kingdom
Owens-Corning Veil Netherlands B.V.	The Netherlands
Owens-Corning Veil U.K. Ltd.	United Kingdom
Owens-Corning Vertriebs GmbH	Germany
Palmetto Products, Inc.	Delaware
Scanglas Ltd.	United Kingdom
SFF Acquisition Corp.	Tennessee
SFF2 Acquisition Corp.	Kentucky
Soltech, Inc.	Kentucky
UC Industries, Inc.	Delaware
WD s.a.	Belgium
Western Fiberglass, Inc.	Utah
Western Fiberglass of Arizona	Utah
Western Fiberglass of Texas, Inc.	Utah
Willcorp, Inc.	Delaware
Wrexham A.R. Glass Ltd.	United Kingdom
Owens Corning Pipe Africa (Pvt) Ltd.	Zimbabwe
Zola Castor Holding Corporation	Delaware
1053051 Ontario Inc.	Canada
1086269 Ontario Inc.	Canada