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News

OWENS CORNING

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Owens Corning Announces First Quarter Results

Toledo, Ohio, April 15, 1998 – Owens Corning (NYSE, TSE: OWC) today announced first quarter sales and earnings for 1998.

Net sales were $1,137 million, a first-quarter record and an increase of 30 percent over $875 million recorded in the first quarter of 1997.

Net income was $8 million, or $.16 per diluted share in the first quarter, compared to $42 million, or $.76 per diluted share reported for the same period in 1997.

Results for the first quarter of 1998 include a pre-tax charge of $95 million for restructuring and other actions. Also included is a pre-tax credit of $84 million for the gain on the sale of the company's 50 percent interest in Alpha/Owens Corning, and a tax credit of $13 million associated with Asia Pacific operations.

Exclusive of these non-recurring events, net income from ongoing operations for the first quarter of 1998 was $6 million, or $.12 per diluted share.

"We knew going into the year that the first quarter was going to be our most difficult quarter, based on the competitive pricing environment at the end of 1997," said Glen H. Hiner, Owens Corning chairman and chief executive officer. "However, we are pleased with the momentum with which we closed the quarter in terms of market demand, improving prices and significant progress toward meeting our restructuring objectives."

PLAINTIFF'S EXHIBIT WV-05129

PLAINTIFF'S EXHIBIT 11580.0

Business Review

Building Materials

Sales in Building Materials were $856 million, up 41 percent over the year-ago quarter, primarily driven by the two major acquisitions in the Exterior Systems Business. Sales growth was also fueled by strong volumes in most U.S. Building Materials businesses, influenced by strong housing starts and accelerated customer purchases in advance of announced and implemented price increases.

After adjusting for non-recurring events, Building Materials income from ongoing operations was down 70 percent from the same quarter in 1997 due to price deterioration in fiber glass insulation during the second half of 1997.

Composite Materials

Sales in Composite Materials were $281 million in the first quarter of 1998, up 4 percent over the same year-ago quarter, driven by double-digit volume growth. Price levels in the United States and currency impacts offset a portion of the benefit from volume increases.

After adjusting for non-recurring events, income from ongoing operations increased 8 percent from the first quarter of 1997. "Solid productivity and cost reduction gains, coupled with strong volumes, offset a negative price comparison in Composite Materials from the first quarter of 1998 to the first quarter of 1997," Hiner said. "Compared to the fourth quarter 1997, however, aggregated price levels were up."

Cost Reduction

"We have made significant progress with our restructuring initiatives and are on track to achieve annualized savings of $100 million this year and an incremental $75 million in 1999, resulting in ongoing savings of $175 million per year," Hiner said.

At the end of the first quarter, job reductions as a result of restructuring or attrition totaled 1,900 employees, or 8 percent of the total workforce. Of the total planned pre-tax restructuring charge of $250 million announced January 9, 1998, about $10 million remains as of the close of the first quarter.

In addition to the restructuring, the company will save an additional $30 million in 1998 in synergies from the two Exterior Systems acquisitions. "We are on track with our efforts to close redundant facilities, improve purchasing leverage, and rationalize market channels, product lines and trade names under the Owens Corning brand," Hiner said.

Divestiture Update

In the third quarter of 1997, the company announced that it would divest certain non-strategic segments of its operations to reduce debt and focus its efforts on core businesses. "Two divestitures were completed in the first quarter, and we will continue to evaluate our other businesses," Hiner said.

The first divestiture was the Pabco business, a producer of molded calcium silicate insulation, fireproofing board and metal jacketing. Also in the quarter, the company closed the sale of its 50 percent share in Alpha/Owens Corning L.L.C., a manufacturer and marketer of unsaturated polyester and vinylester resins.

Outlook

"Our restructuring and divestiture programs are providing strategic repositioning, and our financial results are getting back on track," Hiner said. "We will continue our work to increase profitability, improve our cost structure and consolidate our recent acquisitions. We made solid progress in the first quarter. We will not let up as we move forward."

Owens Corning is a world leader in high performance glass fiber composites and building materials systems with approximately 22,000 employees worldwide. The company had 1997 sales of $4.4 billion, and is positioned to achieve more than $5 billion in sales in 1998. The company's website can be found at www.owenscorning.com.

This news release contains forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Some of the important factors that may influence possible differences are continued competitive factors and pricing pressures, construction activity, interest rate movements, issues involving implementation of new business systems, achievement of expected cost reductions and asbestos litigation. Further information on factors that could affect the company's financial and other results are included in the company's Forms 10-Q and 10-K, filed with the Securities and Exchange Commission.

For the Quarter Ended March 31, 1998
(In millions of dollars excluding share and per share data)

	Reported	Special Items	Ongoing	1997 Ongoing / As Reported
NET SALES	$1,137	$0	$1,137	$875
COST OF SALES	938	5	933	652
Gross Margin	199	(5)	204	223
OPERATING EXPENSES				
Marketing and administrative	129	3	126	122
Science and technology	15	0	15	17
Restructure costs	87	87	0	0
Other	(71)	(84)	13	4
Total operating expenses	160	6	154	143
INCOME FROM OPERATIONS	39	(11)	50	80
Cost of borrowed funds	37	0	37	19
INCOME BEFORE PROVISION (CREDIT) FOR INCOME TAXES	2	(11)	13	61
Provision (credit) for income taxes	(7)	(13)	6	20
INCOME BEFORE MINORITY INTEREST AND EQUITY IN NET INCOME OF AFFILIATES	9	2	7	41
Minority Interest	(5)	0	(5)	(2)
Equity in net income of affiliates	4	0	4	3
NET INCOME	$8	$2	$6	$42
Diluted Earnings Per Share	$0.16		$0.12	$0.76
Diluted Shares (in thousands)	53,845		53,845	57,799

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(unaudited)

	Quarter Ended March 31, 1998	Quarter Ended March 31, 1997
	(In millions of dollars, except share data)	
NET SALES	$ 1,137	$ 875
COST OF SALES	938	652
Gross margin	199	223
OPERATING EXPENSES		
Marketing and administrative expenses	129	122
Science and technology expenses	15	17
Restructure costs	87	-
Other (1)	(71)	4
Total operating expenses	160	143
INCOME FROM OPERATIONS	39	80
Cost of borrowed funds	37	19
INCOME BEFORE PROVISION FOR INCOME TAXES	2	61
Provision (credit) for income taxes	(7)	20
INCOME BEFORE MINORITY INTEREST AND EQUITY IN NET INCOME OF AFFILIATES	9	41
Minority interest	(5)	(2)
Equity in net income of affiliates	4	3
NET INCOME	$ 8	$ 42
NET INCOME PER COMMON SHARE		
Basic net income per share	$ .16	$ .80
Diluted net income per share	$ .16	$ .76
Weighted average number of common shares outstanding and common equivalent shares during the period (in millions)		
Basic	53.4	52.4
Diluted	53.8	57.8

(1) Includes an $84 million pretax gain from the sale of the Company's 50% ownership interest in Alpha/Owens-Corning.

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(unaudited)

	March 31, 1998	December 31, 1997	March 31, 1997
	(In millions of dollars)		
ASSETS			
CURRENT			
Cash and cash equivalents	$ 115	$ 58	$ 13
Receivables	560	432	425
Inventories	533	503	430
Insurance for asbestos litigation claims - current portion (1)	100	100	75
Deferred income taxes	140	160	106
Assets held for sale	-	41	-
Income tax receivable	108	96	4
Other current assets	51	38	54
Total current	1,607	1,428	1,107
OTHER			
Insurance for asbestos litigation claims (1)	340	357	439
Asbestos costs to be reimbursed - Fibreboard	117	116	-
Deferred income taxes	394	328	457
Goodwill	792	778	301
Investments in affiliates	53	52	66
Other noncurrent assets	174	184	182
Total other	1,870	1,815	1,445
PLANT AND EQUIPMENT, at cost	3,603	3,585	3,322
Less--Accumulated depreciation	(1,858)	(1,832)	(1,767)
Net plant and equipment	1,745	1,753	1,555
TOTAL ASSETS	$ 5,222	$ 4,996	$ 4,107

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (Continued)
(unaudited)

	March 31, 1998	December 31, 1997	March 31, 1997
	(In millions of dollars)		
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT			
Accounts payable and accrued liabilities	$ 812	$ 814	$ 633
Reserve for asbestos litigation claims - current portion (1)	300	350	275
Short-term debt	59	23	114
Long-term debt - current portion	127	120	22
Total current	1,298	1,307	1,044
LONG-TERM DEBT	1,874	1,595	1,099
OTHER			
Reserve for asbestos litigation claims (1)	1,241	1,320	1,600
Asbestos - related liabilities - Fibreboard	124	123	-
Other employee benefits liability	332	335	339
Pension plan liability	63	65	61
Other	186	165	158
Total other	1,946	2,008	2,158
COMPANY OBLIGATED SECURITIES OF ENTITIES HOLDING SOLELY PARENT DEBENTURES	503	503	194
MINORITY INTEREST	24	24	26
STOCKHOLDERS' EQUITY			
Common stock	662	657	647
Deficit	(1,035)	(1,041)	(1,035)
Foreign currency translation adjustments	(30)	(37)	(7)
Other	(20)	(20)	(19)
Total stockholders' equity	(423)	(441)	(414)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,222	$ 4,996	$ 4,107

(1) As of March 31, 1998, the current portion of the reserve for asbestos litigation claims, net of insurance, is $200 million. Excluding Fibreboard activity, the total reserve, net of insurance, is $1,101 million.

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	Quarter Ended March 31, 1998	Quarter Ended March 31, 1997
	(In millions of dollars)	
NET CASH FLOW FROM OPERATIONS		
Net income	$ 8	$ 42
Reconciliation of net cash provided by operating activities:		
Noncash items:		
Provision for depreciation and amortization	52	37
Provision (credit) for deferred income taxes	(45)	17
Other	(91)	(1)
(Increase) decrease in receivables	(129)	(107)
(Increase) decrease in inventories	(36)	(91)
Increase (decrease) in accounts payable and accrued liabilities	(12)	(59)
Increase (decrease) in accrued income taxes	(2)	(11)
Proceeds from insurance for asbestos litigation claims, excluding Fibreboard	17	40
Payments for asbestos litigation claims, excluding Fibreboard	(129)	(95)
Other	37	(19)
Net cash flow from operations	(330)	(247)
NET CASH FLOW FROM INVESTING		
Additions to plant and equipment	(47)	(74)
Investment in subsidiaries, net of cash acquired	-	(20)
Proceeds from the sale of affiliate or business	134	-
Other	(19)	(5)
Net cash flow from investing	$ 68	$ (99)

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	Quarter Ended March 31, 1998	Quarter Ended March 31, 1997
	(In millions of dollars)	
NET CASH FLOW FROM FINANCING		
Net additions to long-term credit facilities	$ 285	$ 257
Other additions to long-term debt	3	26
Net increase in short-term debt	36	17
Dividends paid	(4)	(3)
Other	-	19
Net cash flow from financing	320	316
Effect of exchange rate changes on cash	(1)	(2)
Net increase (decrease) in cash and cash equivalents	57	(32)
Cash and cash equivalents at beginning of period	58	45
Cash and cash equivalents at end of period	$ 115	$ 13

OWENS CORNING AND SUBSIDIARIES
QUARTERLY INFORMATION ON INDUSTRY AND GEOGRAPHIC SEGMENTS
(unaudited)

	Quarter Ended March 31, 1998	Quarter Ended March 31, 1997
	(In millions of dollars)	
NET SALES		
Industry Segments		
Building Materials		
United States	$ 739	$ 500
Europe	65	74
Canada and other	52	31
Total Building Materials	856	605
Composite Materials		
United States	151	138
Europe	97	97
Canada and other	33	35
Total Composite Materials	281	270
Intersegment sales		
Building Materials	-	-
Composite Materials	31	27
Eliminations	(31)	(27)
Net sales	$ 1,137	$ 875
Geographic Segments		
United States	$ 890	$ 638
Europe	162	171
Canada and other	85	66
Total	$ 1,137	$ 875
Intersegment sales		
United States	32	29
Europe	9	9
Canada and other	12	22
Eliminations	(53)	(60)
Net sales	$ 1,137	$ 875

OWENS CORNING AND SUBSIDIARIES
QUARTERLY INFORMATION ON INDUSTRY AND GEOGRAPHIC SEGMENTS
(Continued)
(unaudited)

	Quarter Ended March 31, 1998	Quarter Ended March 31, 1997
	(In millions of dollars)	
INCOME (LOSS) FROM ONGOING OPERATIONS (1)		
Industry Segments		
Building Materials		
United States	$ 19	$ 37
Europe	(4)	5
Canada and other	(2)	2
Total Building Materials	13	44
Composite Materials		
United States	45	42
Europe	10	7
Canada and other	-	2
Total Composite Materials	55	51
General corporate expense	(18)	(15)
Income from operations	50	80
Cost of borrowed funds	(37)	(19)
Income before provision for income taxes	$ 13	$ 61
Geographic Segments		
United States	$ 64	$ 79
Europe	6	12
Canada and other	(2)	4
General corporate expense	(18)	15)
Income from operations	50	80
Cost of borrowed funds	(37)	(19)
Income before provision for income taxes	$ 13	$ 61

OWENS CORNING AND SUBSIDIARIES
QUARTERLY INFORMATION ON INDUSTRY AND GEOGRAPHIC SEGMENTS (Continued)
(unaudited)

(1) Income from ongoing operations for the quarter ended March 31, 1998 excludes a pretax charge of $95 million for restructuring and other actions. 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 $17 million, $11 million and $1 million, respectively; Composite Materials in the United States, Europe, and Canada and other by $8 million, $27 million and $1 million, respectively; and to increase general corporate expense by $30 million. Income from ongoing operations for the quarter ended March 31, 1998 also excludes a pretax gain of $84 million from the sale of the Company's 50% ownership interest in Alpha/Owens-Corning. The impact of this gain was to decrease general corporate expense by $84 million.

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