**Owens-Corning Fiberglas Corporation**

# Second Quarter Financial Review

For the Period Ended
June 30, 1994

OWENS
CORNING

## Dear Shareholder:

We are pleased to report that our company made good progress in improving its financial performance during the second quarter.

Fully diluted earnings per share increased 34 percent compared to the second quarter of 1993 — the 10th consecutive quarter in which our earnings improved over the same period in the prior year. Profit margins benefitted from the volume and price increases we realized as business picked up, and our costs were helped by the productivity initiatives we launched earlier this year. Those initiatives yielded an improvement of six percent in our operations.

The earnings increase was achieved on a 13 percent gain in sales compared to the second quarter of 1993. About 10 percent of the gain was generated by our existing operations and another three percent came from newly acquired businesses. The sales increase is gratifying and marks significant progress toward our goal of $5 billion in annual sales by the year 2000.

We experienced strong sales growth during the quarter in our North American markets. The improvement was led by our insulation business which recorded a 30 percent increase. A 10 percent sales growth in composites in North America was driven by the automotive sector and supported by a pickup in activity across the broad range of our industrial markets.

In Europe, insulation sales continued to exceed our manufacturing capacity in the region. To capitalize on this strong demand, we are now constructing a second production line at our insulation plant in Visé, Belgium. In addition, we acquired insulation capacity and the Kitsons distribution business in the U.K. from Pilkington plc. We can now satisfy our customers with product manufactured by Owens-Corning while improving profitability. In our composites business in Europe, volumes held steady and pricing stabilized late in the quarter, setting the stage for improved financial results.

Key business achievements during the second quarter include:

- Acquisition of the U.K.-based insulation manufacturing and distribution businesses of Pilkington plc to expand the company's capacity for European markets.
- Acquisition of UC Industries, a privately held producer of pink extruded polystyrene foam products to enhance the company's line of building products.
- Establishment of a joint venture to manufacture insulation products in Guangzhou, China.
- Dedication of the new joint-venture manufacturing plant for glass-reinforced plastic pipe in Mochau, Germany.

Looking ahead, we will continue to emphasize speed, simplicity and closure as we capitalize on the company's global leadership position in advanced glass and composite materials. We strive for success through dedication to our guiding principles of customer satisfaction, individual dignity and shareholder value.

Sincerely,

Glen H. Hiner
Chairman and Chief Executive Officer
July 19, 1994

OWENS-CORNING WORLD HEADQUARTERS
FIBERGLAS TOWER
TOLEDO, OHIO 43659

# Financial Highlights

## Income Statement

| *(In millions of dollars, except per share data and where noted)* | Quarter Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | **1994** | | 1993 | | **1994** | | 1993 | |
| **Net Sales** | **$** | **882** | $ | 754 | **$** | **1,529** | $ | 1,405 |
| Income from ongoing operations | | **96** | | 73 | | **146** | | 116 |
| Income from operations | | **96** | | 73 | | **28** | | 93 |
| Provision for income taxes | | **26** | | 19 | | **3** | | 26 |
| **Net Income** | **$** | **45** | $ | 33 | **$** | **63** | $ | 50 |
| As a percent of sales | | **5%** | | 4% | | **4%** | | 4% |
| **Per Share Information** | | | | | | | | |
| Net Income from ongoing operations (before special items) | **$** | **1.03** | $ | 0.76 | **$** | **1.44** | $ | 1.09 |
| **Primary Net Income per Share** | **$** | **1.03** | $ | 0.76 | **$** | **1.44** | $ | 1.16 |
| **Fully Diluted Net Income per Share** | **$** | **0.96** | $ | 0.73 | **$** | **1.38** | $ | 1.11 |
| Shares outstanding (in thousands): | | | | | | | | |
| Primary | | **44,068** | | 43,521 | | **43,960** | | 43,445 |
| Fully diluted | | **49,466** | | 49,334 | | **49,763** | | 49,268 |

## Balance Sheet

| *(In millions of dollars)* | Quarter Ended June 30, | |
|---|---|---|
| | **1994** | 1993 |
| Total assets | **$3,388** | $ 3,142 |
| Total debt | **$1,336** | $ 1,119 |
| Total stockholders' equity | **$ (778)** | $ (951) |

## Cash Flows

| *(In millions of dollars)* | Quarter Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | **1994** | | 1993 | | **1994** | | 1993 | |
| Net cash flow from operations | **$** | **(8)** | $ | 12 | **$** | **(81)** | $ | 30 |
| Net cash flow from investing | **$** | **(170)** | $ | (44) | **$** | **(205)** | $ | (64) |
| Net cash flow from financing | **$** | **188** | $ | 33 | **$** | **302** | $ | 34 |
| Capital spending | **$** | **64** | $ | 43 | **$** | **104** | $ | 65 |

**Note:** *Have any questions? You can call Owens-Corning's Investor Relations Department toll-free at 1-800-463-6843. Please contact us if you have been receiving duplicate copies of this report or if you would like any additional information.*