Owens-Corning Fiberglas Corporation

1991 Annual Report

OWENS/CORNING
FIBERGLAS

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Owens-Corning serves a broad range of industries as the world's leading manufacturer of fiber glass materials and a major producer of polyester resins.

The Company's Two Lines of Business

- Construction Products — insulation and roofing. Sold for new residential and commercial construction, home repair and remodeling, commercial renovation, mobile home production and appliances. The company also produces corrosion-resistant underground petroleum storage tanks.
- Industrial Materials — reinforcements, yarns and resins. Used as substitutes for traditional materials such as steel, wood and aluminum for design and performance advantages.

The Properties of Fiber Glass

Owens-Corning's products are manufactured in two basic forms:

- Wool-like material used for thermal and acoustical insulation and other construction products.
- Textile filaments combined into strands, yarns or mats and used for reinforcing plastic, rubber and paper products and for weaving industrial fabrics.

Glass in fiber form combines properties not found in any other material, including:

- Dimensional stability — will not expand or contract as temperatures change.
- Chemically inert — will not rust or decay.
- Fire resistant.
- Strength — pound for pound, glass fiber reinforcements have six times the tensile strength of steel.

Financial Highlights

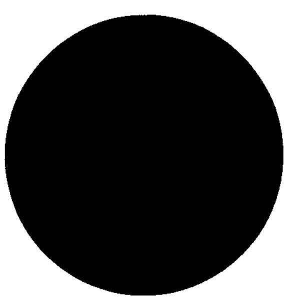
(In millions of dollars, except per share data and where noted)

	1991	1990	1989
Net Sales	**$ 2,783**	$ 3,069	$ 2,964
Income (loss) from operations	**(628)**	293	432
Provision (credit) for income taxes	**(238)**	58	103
Net Income (Loss)	**(742)**	73	172
As a percent of net sales	**N/M**	2%	6%
Per Share Information			
Income (loss) before extraordinary item and cumulative effect of accounting change	**$ (12.58)**	$ 1.78	$ 4.08
Extraordinary loss from early retirement of debt	**—**	(.05)	—
Cumulative effect of accounting change for other postretirement benefits	**(5.55)**	—	—
Net Income (Loss)	**$ (18.13)**	$ 1.73	$ 4.08
Capital spending	**$ 96**	$ 121	$ 125
Total assets	**$ 2,106**	$ 1,807	$ 1,924
Total debt	**$ 1,172**	$ 1,300	$ 1,482
Average number of employees	**17,300**	18,400	19,600
Shares outstanding (as of December 31)	**41,651,754**	40,580,833	40,357,843

N/M = Not meaningful

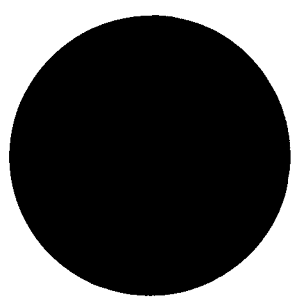
Segment Data

Net Sales $2,892*
(In millions of dollars)



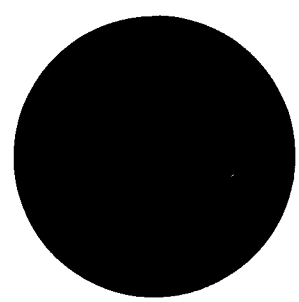
■ Construction Products $1,840
■ Industrial Materials $1,052

Operating Profit $237
(In millions of dollars)



■ Construction Products $105
■ Industrial Materials $132

Assets $1,465
(In millions of dollars)

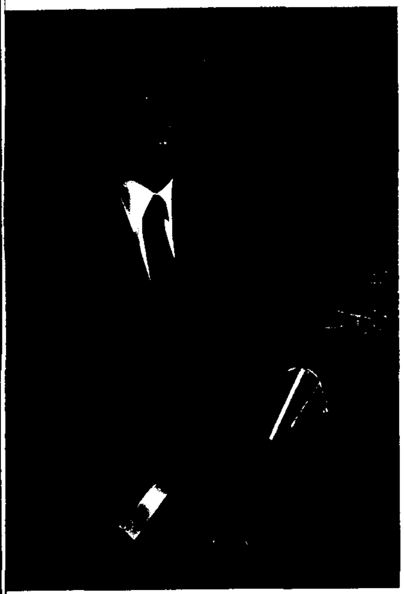


■ Construction Products $798
■ Industrial Materials $667

**Segment data includes intercompany transactions.*

Note: The above data does not include any charges for asbestos or the accounting change for other postretirement benefits.

Dear Stockholder:



Glen H. Hiner
Chairman and
Chief Executive Officer

When I decided to join Owens-Corning after a 35-year career with General Electric, it was clear to me that this Company had many strengths — leadership in its markets and technology, a strong brand franchise, an excellent cash generation ability, capable, dedicated employees — and many promising opportunities.

Now that I have become part of the Owens-Corning team, it is even clearer to me that the Company is capable of achieving considerable growth: growth in market share and through global expansion into new markets, growth in new products and in extensions of product lines, growth in revenues — and growth in earnings.

But to achieve growth, we will have to refocus and reenergize our efforts. While our action agenda has not yet been completed, we have begun to take the steps necessary to realize our potential. For starters, we will accelerate our internal growth by focusing more of our research and development effort on new products. Likewise, we will reinforce and accelerate programs to continuously improve our cost performance, as well as customer satisfaction.

In pursuing our action agenda, we will be guided by three priorities:

- **Customer Satisfaction** — gained through highest quality, lowest cost products and service beyond comparison. Measurement will be in market share.
- **Individual Dignity** — recognizing at all times the rights of individuals, which in turn will make Owens-Corning the preferred place of employment.
- **Shareholder Value** — to insure that our stockholders receive maximum value for the trust they have placed in us. And, to recognize that relationships with our other constituencies, including government, suppliers and communities, also add to the value of our enterprise.

As I write this letter, we have already completed an important step to address the issue of shareholder value. In the fourth quarter of 1991, we took a special noncash charge of $800 million to accrue for the estimated uninsured cost of future asbestos claims the Company may receive through the balance of the decade.

We have taken this action to put the asbestos situation behind us, but we will not stop fighting the asbestos litigation battle. On the contrary, while we are a compassionate company and believe in fairly compensating people who have been exposed to and injured by our products, we are committed to litigating aggressively when plaintiffs have no physical impairment or exposure to our products.

With this charge, we can now concentrate on our ongoing operations. In 1991, despite some of the worst economic conditions in many decades, Owens-Corning's performance was reasonable, with both operating groups gaining market share and showing improved operating margins in the fourth quarter as a result of our continuing efforts to control costs.

Before non-recurring charges for asbestos and for other postretirement benefits, the Company's net income in 1991 was $22 million, or $.54 per share. Including the special charges, Owens-Corning reported a net loss of $742 million, or $18.13 per share, for the year. Consolidated net sales in 1991 were $2.8 billion, compared with $3.1 billion in 1990.

More importantly, the businesses continued to generate strong cash flow, enabling the Company to reduce debt by $128 million to $1.17 billion, down from a high of $2.5 billion in 1986. Debt reduction will continue to receive a high priority for the use of our free cash flow.

In the year ahead, we expect a gradual improvement in many of our major markets, particularly if the proposed incentives for home building spur construction starts in the U.S., and we are planning accordingly. Our objective for 1992 is to improve earnings in every quarter as compared to the year-ago period. By continuing our focus on running our operations efficiently, enhancing our market leadership and strengthening our balance sheet, we will be able to achieve that objective.

Owens-Corning has come a long way in recent years, weathering an unwanted takeover attempt and subsequent restructuring, an extremely difficult economic environment and a liability issue that had nothing to do with the ongoing operations of the Company. It is a tribute to the leadership of my predecessors, Max Weber and Bill Boeschenstein, that the Company was able to overcome these obstacles and maintain its leadership position around the world.

With your continued support, we can build on the legacy left by Max and Bill and achieve considerable growth in the years ahead.

Sincerely,

Glen H. Hiner
Chairman and Chief Executive Officer

Max O. Weber

At year-end, Max O. Weber, Chairman and Chief Executive Officer, announced he was retiring for health reasons after 37 years with the Company.

Max began his career with Owens-Corning in 1955, when he joined the Kansas City plant as a salesman. For the next 20 years, he held a variety of marketing and management positions in the Construction Products Group. He then made his way up the management ladder as vice president of several operating divisions. Max was named Senior Vice President and President, Construction Products Group, in 1986. He became President and Chief Operating Officer in 1988, and Chairman and Chief Executive Officer in 1990.

As President and later as Chairman, Max helped guide Owens-Corning through its restructuring, cutting costs and creating a more efficient organization well-positioned for the 1990's and beyond. His legacy is Owens-Corning's outstanding reputation around the world as a leader in market share, innovation and customer satisfaction.

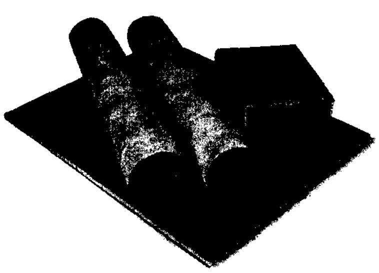
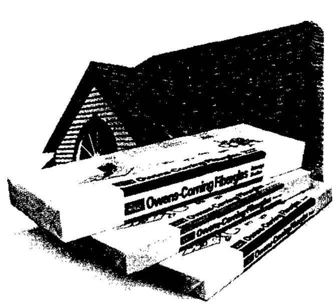
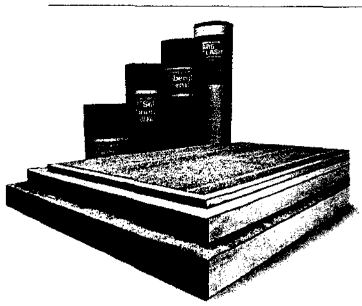
Two other senior executives also retired last year. James S. Hearons, Vice President and head of the former International Division, retired after 37 years of service, and C. Peter Hauck, Vice President and Controller, retired after 35 years of service. We are grateful to them and to the other Owens-Corning people who retired in 1991 for their many accomplishments and contributions.

Construction Products Group

The Construction Products Group operates in two principal market segments, *primarily in North America.*

The Insulation Operating Division offers a broad range of products to the residential and commercial construction markets. The Roofing Products Operating Division produces residential shingles and commercial roofing materials. Also, *the Group recently introduced a line of standard and custom windows.*

Superior product quality is complemented by unmatched customer service. The Group supports product sales with consumer promotions and national advertising featuring the Pink Panther. As a result, consumers prefer Owens-Corning insulation products over competitors by a ratio of more than 10-to-1.

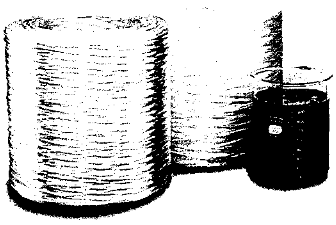
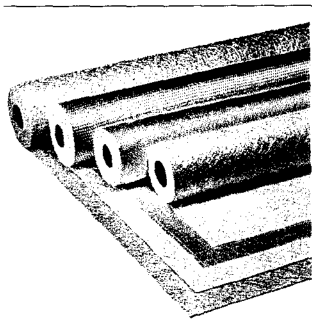
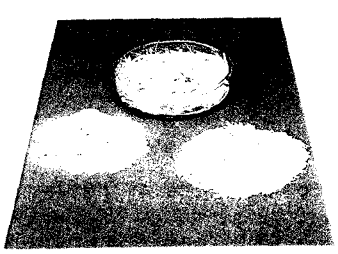
	Products	Markets	Outlook
	Retail insulation rolls offer residential users an easy-to-carry package with installation tips highlighting the Department of Energy's R-value recommendations. Contractor customers appreciate the SpaceSaver® packaging and batts in bags for their ease of handling and efficient use of storage space.	Insulation products are sold to contractors, distributors and through retail stores to consumers. Used in single- and multi-family construction, as well as commercial buildings, insulation products provide energy savings, improved comfort and acoustical advantages.	Housing starts in the U.S. are projected to improve moderately. Also, improved building codes will increase the insulation use per unit, allowing for steady growth. Canada, hard hit by recession, has shown steady improvement and is expected to return to a normal level of housing starts in 1992.
	Mechanical insulation products include SSL II® pipe insulation with a unique, new double seal, pipe and tank insulation, duct systems and a variety of related products: duct liner, duct boards and duct wrap. Also, special insulations are produced for cars and appliances.	Sold primarily through distributors and insulation contractors, these products are used in commercial and industrial buildings to insulate air handling and pipe systems. Specialty products are sold to distributors, fabricators and directly to manufacturers for the automotive and appliance industries.	Despite the continued slump in new commercial construction, commercial renovation offers a stable opportunity for mechanical insulation products. Specialty product sales to the appliance and automotive industries will improve with the anticipated upturn in general economic conditions.
	The Owens-Corning line of residential roofing products consists of the standard Classic® three-tab shingle, Oakridge® laminated shingles and the new Shadow series, a more aesthetically pleasing shingle. All shingles feature a heart of Pink Fiberglas® mat for superior thermal insulation properties.	Shingles are sold through distributors and retailers to residential roofing and remodeling contractors. The introduction of a high-style product series offers the consumer a broader selection and a distinctive look, while providing contractors with more levels of textured, dimensional-appearance products in rich, vibrant colors.	Reroofing represents 75% of the residential shingle demand. New construction accounts for the remaining 25%. The increase of existing homes and the fact that homes need new roofs on average every 17 years guarantees a rise in reroofing demand well into the next decade.
	The commercial roofing line encompasses Owens-Corning roof insulation, PermaPly® roofing mat and PermaMop® modified asphalt. The Company is also the world leader in industrial roofing asphalts.	Commercial roofing is sold to commercial roofing contractors either directly or through distributors. In addition, asphalt products are sold to industries for use in a variety of other products such as water-proofing systems.	Although commercial construction has been severely depressed, a modest recovery is expected in the near future. The reroofing demand, 75% of sales, will grow due to the large stock of commercial buildings needing replacement roofs in the coming years.

Industrial Materials Group

The Industrial Materials Group comprises several major product categories: reinforcements, textile yarns and resins.

It is the world's largest manufacturer of fiber glass reinforcements and a leading manufacturer of resins. In addition to its United States operations, it serves expanding markets through subsidiaries in Europe, Canada and Brazil, and affiliates and licensees around the world.

The Group takes a systematic, global approach to defining a customer's needs and determining how to deliver a quality product to meet those needs. It commits the Company's global technology and research capabilities to improving existing products and creating innovative, revolutionary products for future markets on a worldwide basis.

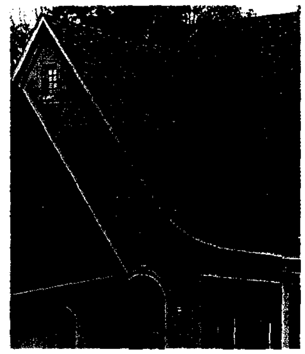
	Products	Markets	Outlook
	Textile yarns are fine fiber glass strands, the majority of which are woven into fabrics principally used to reinforce electronic printed circuit boards. Yarns are also used in non-woven applications such as reinforced craft paper, packaging tape and other packaging materials.	Textile yarns are sold to weavers, convertors or fabricators, whose products are later used in the electronic, packaging, aerospace and automotive industries. Specialty yarns are also sold as reinforcing agents for fiber optic and auto ignition cables.	A total quality management approach has resulted in market share gains. Globalization has also increased the market reach, opening potential growth markets. There will be continued growth for yarns in the high-performance applications such as printed circuit boards and aerospace fabrics.
	Continuous roving is bundled, untwisted strands of fiber glass. It typically is chopped in the customer process and used in spray-up or molded applications. Resin, the other ingredient in fiber glass reinforced composites, is selected for its chemical, electrical and thermal properties.	Rovings are sold directly or through distributors to automotive, construction, marine and corrosion-resistant products manufacturers, or other fabricators and molders. Resins, sold through the same distribution channels, are typically used on cars, boats and bath components.	With most roving and resin being used in the auto/marine industries, volume increases will be weak until those markets rebound. However, automakers are expected to increase use of high-performance Owens-Corning Atryl® resin. New applications will result in more fiber glass usage per vehicle worldwide.
	Woven roving is a fabric woven from continuous roving. Reinforcing mats and veils can be made from chopped strands, continuous strands laid down in a swirl pattern, or by a wet-laid process. Resin holds the strands together. Bi-Ply® mat combines woven roving laminated to a chopped strand mat.	Woven rovings and mats are sold directly or through distributors to boat and car manufacturers or other industrial molders or fabricators. Continuous strand mat is used in the growing pultrusion process for industrial and corrosion-resistant applications.	The use of reinforced plastic continues to rise, especially as industries find new applications for pultruded fiber glass reinforced plastic (FRP). New environmental regulations will help increase the demand for FRP in the future, due to its corrosion-resistant properties.
	Chopped strands of fiber glass are blended with resins to make compounds for compression or injection molding. The high moisture chemistry of wet processed chopped strands makes them better suited for slurries for mats. Shorter, milled fibers are used to control heat distortion in molded polymers.	Chopped strands are sold to polymer producers who mix them with resins. The reinforced compounds are then sold to molders who make products such as small appliance housings and auto parts. Wet processed chopped strands are used in roofing mats and other specialty glass mats and veils.	The recession has reduced demand for appliances and automotive parts. Orders for durable goods are expected to increase, however, and new applications resulting from improved chopped strand product properties will cause consumption to increase as the economy recovers.

Construction Products Group

The Construction Products Group has a long tradition of leadership. Not only are we leaders in market share in every one of our key markets, but we are leaders throughout the construction industry in brand awareness, quality, innovation and — most important of all — customer satisfaction. In 1991, our leadership position served us well. While construction markets in the U.S. and Canada declined by about 11 percent, Owens-Corning's sales were down only eight percent. We leveraged our dominant market position, exceptional brand awareness and strong commitment to customer satisfaction into market share gains across the board.

Income from operations decreased in 1991, primarily as a result of lower volume and prices. However, because of aggressive cost reductions and organizational streamlining, productivity — as measured in constant sales dollars per employee — has increased four percent *per year* since 1988, while construction activity decreased by almost 40 percent in the same period.

In the U.S., sales of retail insulation and residential roofing materials were stronger than a year ago. Retail insulation sales were fueled by a number of factors, including the popularity of our new packaging, the effect of special promotions and growing consumer awareness of government and industry recommendations to increase insulation levels. In Canada, which was hit harder by the recession, the economy showed some signs of improvement towards the end of the year. In particular, new housing construction has steadily improved since the first quarter of 1991. Our steps to reduce capacity, downsize the organization and streamline distribution in Canada have enabled some of our businesses there to experience a modest upturn.



The roofing market remains an outstanding opportunity for increasing the use of fiber glass materials... and has experienced a steady growth over the past 15 years.

Market Share Gains In Insulation

In our U.S. insulation business, demand for insulation products was off 12 percent in 1991, while our sales were off only six percent, due to market share gains in all key insulation markets. Our strategy has two main thrusts: to encourage homeowners to reinsulate with another layer of Fiberglas to achieve a minimum of one foot of insulation in the attic, and to encourage contractors to upgrade by using our new products that offer greater thermal efficiency. We continue to make excellent progress in our upgrading strategy. In fact, the industry sold approximately 40 percent more pounds of insulation in 1991 than in 1982, a year of comparable housing starts.

In the roofing industry, demand was down six percent in 1991, while our sales were off only two percent, as a result of our increased market share in residential roofing. Our new high-style product introductions continue to be well received. The new line of "Shadow" shingles offers consumers a greater selection and a more distinctive look. In addition to broadening our product offerings and increasing our market share, these premium-priced shingles offer the potential for improved margins.

Retail insulation sales were fueled by a number of factors, including the popularity of our new packaging, the effect of special promotions and growing consumer awareness of government and industry recommendations to increase insulation levels.

Owens-Corning is a national roofing manufacturer with 14 plants strategically located throughout the U.S. This allows us to respond to the needs of the national retail chains and enables us to respond quickly to regional surges in demand frequently caused by severe storms. The roofing market remains an outstanding opportunity for increasing the use of fiber glass materials. Unlike the more cyclical housing market, the roofing market has experienced a steady growth over the past 15 years. That is because three quarters of roofing demand is for reroofing, where repairs can be postponed but not ignored. In fact, the housing boom of the 1970's and 1980's will fuel strong reroofing activity in the 1990's and beyond.

A New Products Division Is Formed

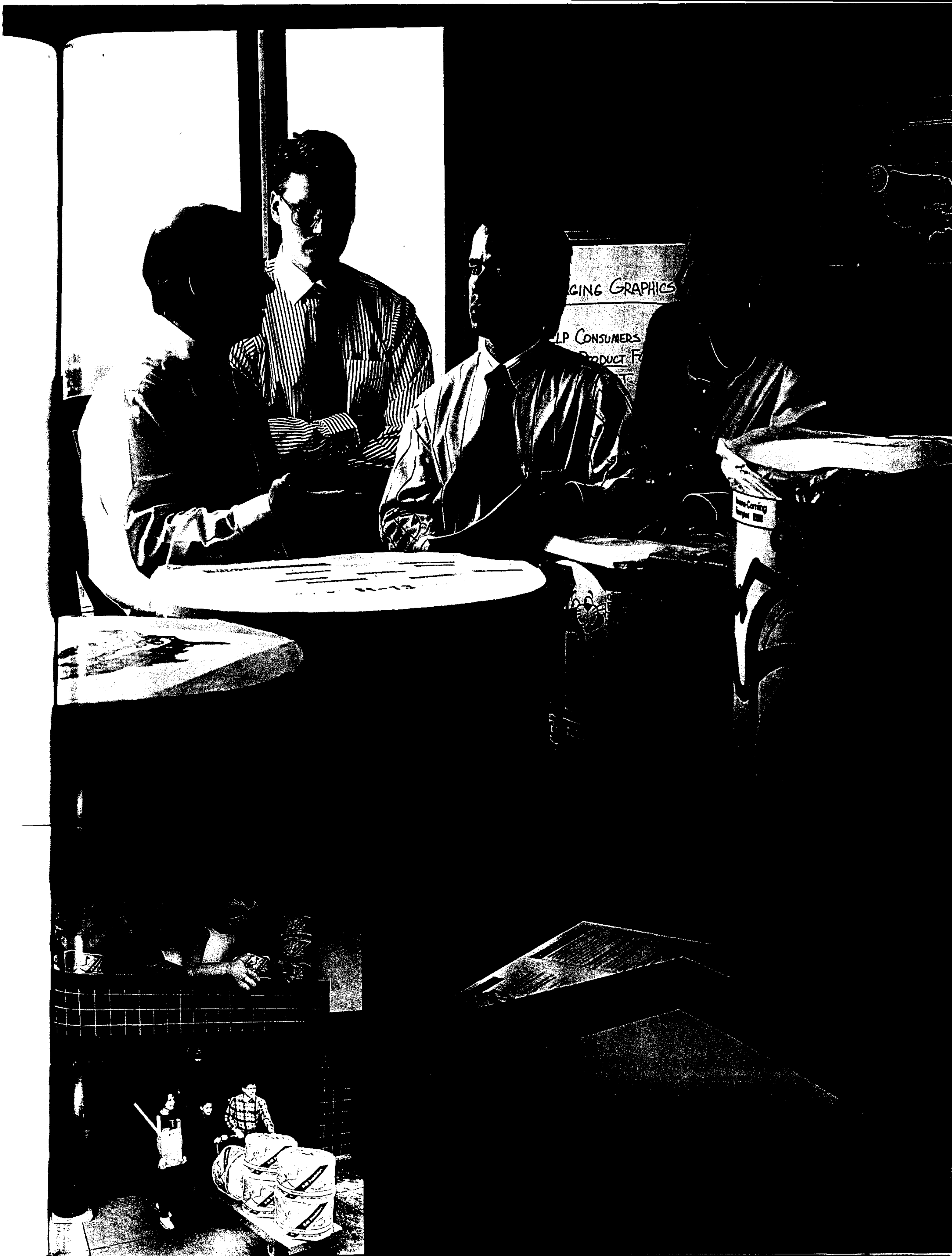
At Owens-Corning, the development of new applications for fiber glass has long been a source of growth. In 1991, this tradition continued as we formed a New Products Division within the Construction Products Group. Initially, the new division is focusing on our new line of window products for the residential construction and replacement markets.

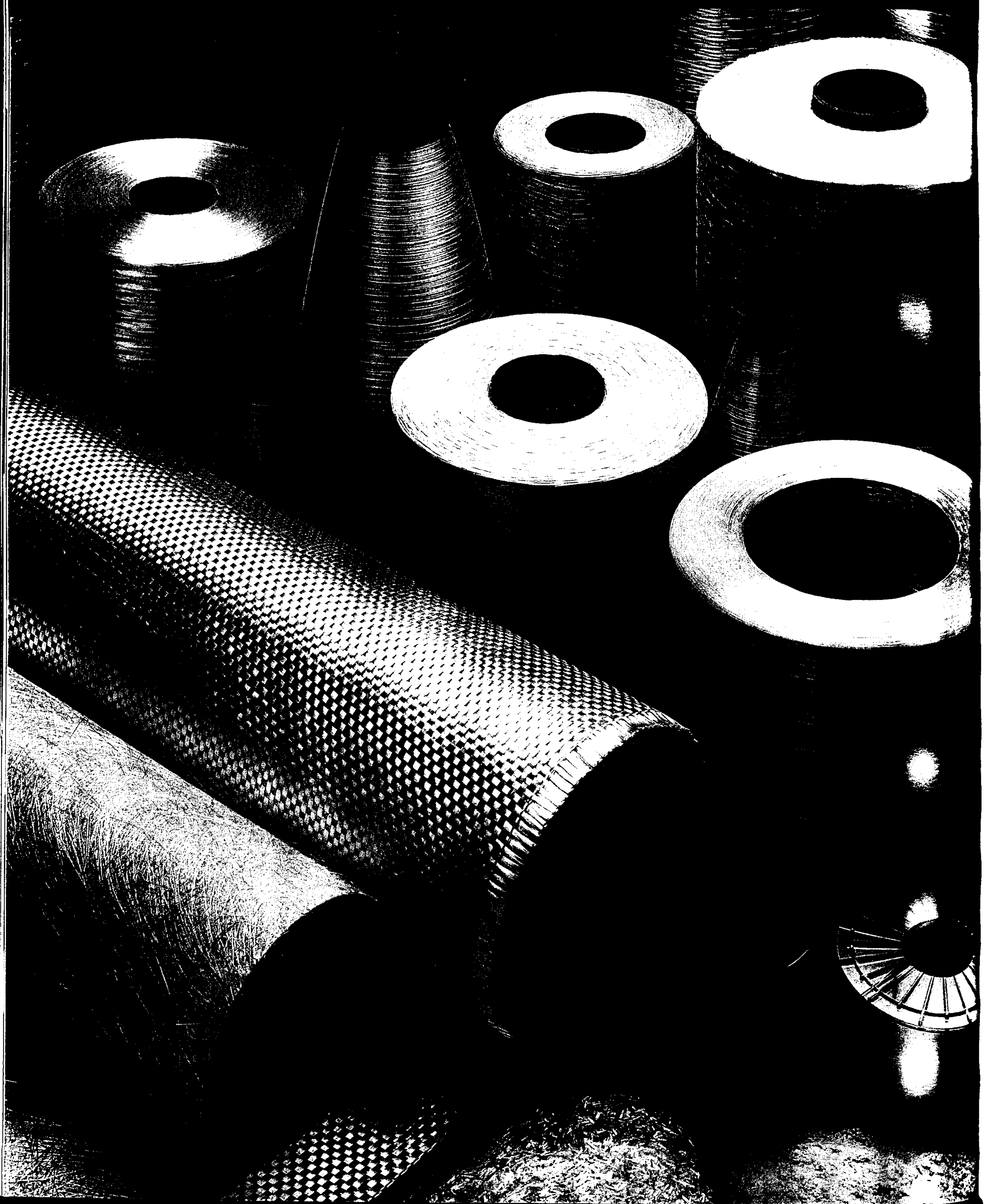
The New Products Division will introduce a line of patio doors this year and is developing other product applications utilizing our patented Fibron® technology, which offers a thermal efficiency and durability unmatched by any traditional building material. For half a century now, Owens-Corning has enjoyed tremendous success in replacing traditional building materials with fiber glass.

Looking For Ways To Perfect Our Packaging

One of the Construction Products Group's strategic objectives is to build brand awareness and strengthen our leadership position in the markets we serve. One way we achieve that objective is by conducting extensive market research, including the use of consumer focus groups.

In the large photograph on the right, members of our retail insulation marketing team review data from a consumer focus group. Their goal is to find new ways to perfect our retail insulation packaging, which features the Pink Panther. Since its introduction in 1990, the new packaging has continued to win praise — and new customers. As the inset photograph shows, the new poly-enclosed rolls are easy to carry and can be stacked to create dramatic displays.


GRAPHICS
CONSUMERS



The Industrial Materials Group is a global enterprise. With manufacturing facilities in the U.S., Canada, Brazil, and Europe, as well as joint ventures, affiliates and licensees on every continent, Owens-Corning is the world's leading producer of fiber glass reinforcements and yarns and a major manufacturer of polyester resins. These products, which enhance the performance of composite materials such as plastics, are used in a wide spectrum of applications, ranging from automotive parts to electronic circuit boards.

The financial performance of the Industrial Materials Group in 1991 was lower than the year before, reflecting the continuing economic sluggishness in many of our markets throughout the world. In the U.S., demand for durable goods remained poor, although there was some improvement toward the end of the year. The slowdown in the European economy, which began in the second half of 1990, continued in 1991 with few indications of any kind of upturn on the horizon. And in Brazil, the economy softened further as a result of the government's restrictive monetary policies to restrain inflation.

A "Best Practices" Approach

Our strategy reflects the global scope and strengths of Owens-Corning. As a Group and as a Company, we seek to utilize our primary assets — our facilities, equipment, technology and people — with optimal effectiveness around the world.

Following the principles of a total quality management philosophy, our employees at all locations are working together to identify and utilize "best practices" in the way we produce materials and service our customers.

Following the principles of a total quality management philosophy, our employees at all locations are working together to identify and utilize "best practices" in the way we produce materials and service our customers.

• We are focusing our production of primary products at our most efficient and capable facilities.

• We are entering into joint venture agreements with global manufacturing enterprises to increase our market reach and enhance research productivity. For example, our joint research projects with major customers and suppliers have allowed the development of a significantly stronger glass reinforced molding product for thermoplastics applications. Our technical exchange program with BASF of Germany and Takeda Chemical of Japan continues to make excellent progress. Not only are we gaining from the technical benefits of the exchange program, but it is also providing us with access to important market data and new continuous glass fiber and resin customers and applications.

• We are linking our facilities with a state-of-the-art communications system to foster a multicultural, free exchange of ideas. Our on-line information systems have given us the ability to provide customers with an immediate response to orders or material availability requests.

We are in a very technical business, and we've gone to great lengths to train our sales and technical service employees so that they are able to define — and in many cases help our customers define — the exact product attributes and service they require to be successful.

• And we are actively seeking new business opportunities in a variety of ways — through the evolution of existing product lines, the development of new product applications, the creation of new joint ventures and the transfer of technologies.

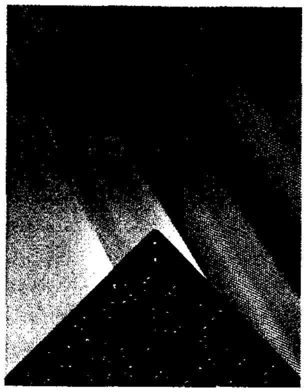
Meeting Our Customers' Needs

In 1991, the Industrial Materials Group continued its emphasis on identifying and understanding customer requirements and meeting those needs better than any of our competitors anywhere in the world.

We are in a very technical business, and we've gone to great lengths to train our sales and technical service employees so that they are able to define — and in many cases help our customers define — the exact product attributes and service they require to be successful.

Our goal is to be our customers' preferred supplier. With awards and recognition from such customers as Milliken, Ford, Pirelli and Avis, to name just a few, it is clear that we are making excellent progress in meeting this objective.

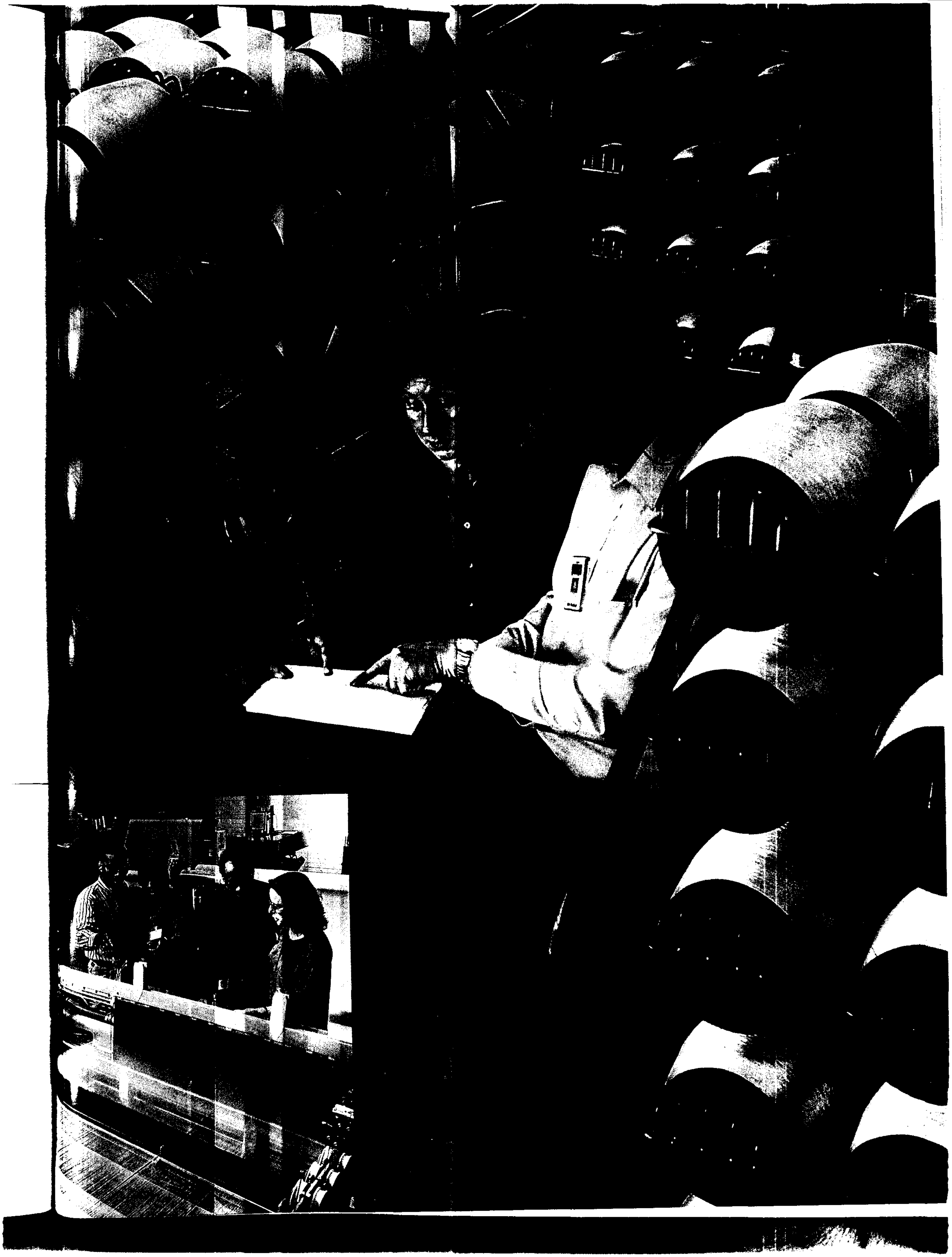
We are confident and enthusiastic about prospects for the growth in the use of fiber glass around the world and are committed to maintaining our position as the industry leader by aggressively using our product technology and service to bring value-added to customers.



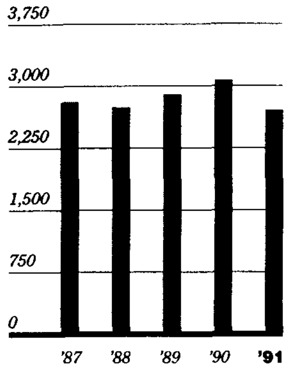
Working With Our Customers To Be The Best

One of the Industrial Materials Group's strategic objectives is to always be our customers' preferred supplier. One way we achieve that objective is with "Style Teams," in which we form ongoing partnerships with our customers to address issues of mutual concern, such as product quality and manufacturing efficiency.

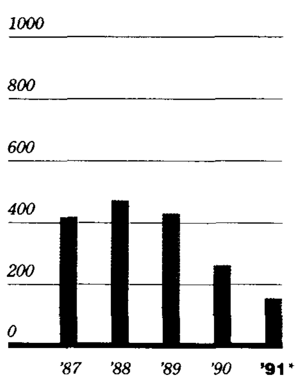
In the photographs on the right, members of a Style Team from our plant in Aiken, S.C., discuss performance criteria with their counterparts from Clark-Schwebel, which uses our glass fiber yarns to produce woven fabrics used in printed circuit boards and other industrial applications. With a better understanding of the manufacturing process both at Aiken (large photo) and at Clark-Schwebel's weaving plant in Statesville, N.C., (inset), members of the Style Team work together to optimize fabric quality.



Net Sales
(In millions of dollars)



Operating Profit
(In millions of dollars)



* *Excludes the $800 million asbestos special charge.*

Results of Operations

The Company's consolidated net sales in 1991 were $2.8 billion, a 9% decline from 1990's sales of $3.1 billion and 6% lower than 1989 due to continuing weak economic conditions in the Company's major markets.

Construction Products segment sales in 1991 decreased by 8% compared to the prior year, primarily due to lower commercial roofing and asphalt sales, as well as lower insulation sales to residential and commercial contractor markets. Sales to the residential roofing market increased, however, and retail insulation sales were relatively unchanged as the Company gained market share. Construction Products segment sales outside the U.S. decreased 14% in 1991, reflecting weak demand in Canada and Brazil. In 1990, Construction Products segment sales, which for the first time included Fiberglas Canada Inc. (FCI) for the full year, increased 4% compared to 1989. Sales in Canada, however, were significantly depressed in 1990 due to the recession and lower housing construction activity.

Industrial Materials global sales in 1991 decreased by 11% compared to 1990 with U.S. sales declining 10%, compared to the previous year, in both 1991 and 1990. Both years were affected by continuing weakness in the automotive and pleasure boat industries. Textile materials sales remained unchanged in 1991 and 1990 due to continued strength in printed circuit board demand. Industrial Materials segment sales outside the U.S. declined 12% in 1991, primarily due to price erosion and currency exchange effects in Europe and Brazil. In 1990, Industrial Materials segment sales, including FCI products for a full year, increased by 2% compared to 1989.

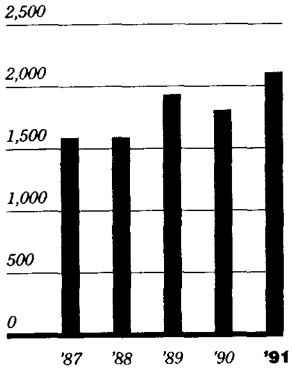
The Company's gross margin percentage of net sales was 21% for 1991, compared to 25% in 1990, and 27% in 1989. The declines reflect lower volume sales of insulation to the contractor markets and downward global pressure on prices.

Marketing and administrative expenses for 1991 decreased by $24 million, or 8%, compared to 1990, while science and technology expenses declined 7%, or $4 million. These reductions reflect the Company's continued efforts to control costs and the results of restructuring actions announced in the fourth quarter of 1990, while at the same time retaining science and technology expenses at 2% of 1991 sales. Please see Note 16 to the Consolidated Financial Statements. The increase in "Other" expenses in 1991 reflects charges for stock appreciation rights, the annual service cost and interest cost accrual for the adoption, as of January 1, 1991, of SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" (described below), and product liability expenses related to the Company's non-asbestos products. In 1990, marketing and administrative expenses, and science and technology expenses, increased compared to 1989, due primarily to the full-year consolidation of FCI.

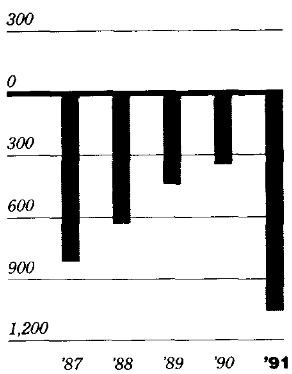
Cost of borrowed funds decreased by $34 million in 1991. The decrease is due to a $128 million reduction in debt since December 31, 1990, and lower interest rates on the Company's debt, primarily due to $423 million in refinancing during the year. The reduction in debt was funded by the Company's cash flow from operations. Please see Note 2 to the Consolidated Financial Statements.

Historically, the Company has charged earnings on an accrual basis for the uninsured costs of the pending personal injury asbestos claims, including the cost of insurance deductibles. These charges have taken into consideration factors such as the estimated ultimate cost of resolving such claims, the period of time for the resolution of the claims and the uncertainties existing in connection with the contingency. The charges were $24 million in each of 1991 and 1990, and $50 million in 1989.

Total Assets
(In millions of dollars)



Stockholders' Equity
(In millions of dollars)



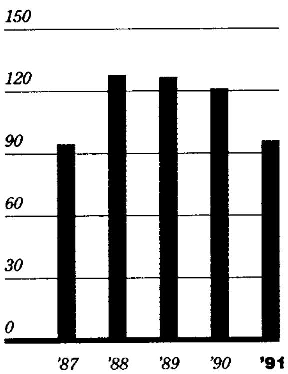
The Company expects additional asbestos personal injury claims to be filed in the future. Historically, the Company has not been able to estimate, and has not provided for, the cost of unasserted asbestos personal injury claims. At year-end 1991, however, the Company again reviewed the feasibility of making provision for such costs. In conducting this review, the Company relied, among other things, on the experience and information it has obtained during the three-year period it has been responsible for the evaluation, settlement and defense of asbestos personal injury claims following the dissolution of the Asbestos Claims Facility. As a result of this review, the Company has taken a non-recurring, noncash charge to earnings of $800 million in 1991, in addition to the $24 million described above. This charge reflects the Company's best estimate of the uninsured indemnity and defense costs that may be associated with unasserted asbestos personal injury claims that may be received by the Company during the years 1992 through 1999.

The Company cautions that such factors as the number of future claims received by it, the rate of receipt of such claims and the indemnity and defense costs associated with such claims, as well as the prospects for confirming additional, applicable insurance coverage beyond the unexhausted $1.13 billion of products liability insurance (inclusive of deductibles) available at year-end 1991, 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. Accordingly, the actual uninsured costs associated with asbestos personal injury claims received by the Company during the years 1992 through 1999 may be higher or lower than those provided for by the $800 million charge to earnings in 1991. The Company will review the adequacy of its provision for the uninsured costs of pending and unasserted claims on a periodic basis and make such adjustments to its reserves as may then be appropriate.

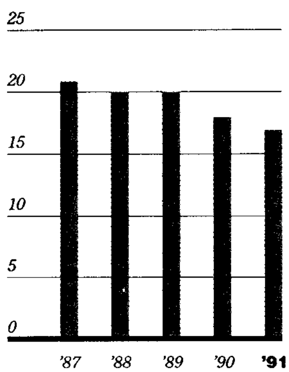
Although the Company has accrued an estimate for the uninsured costs of both asserted and unasserted asbestos personal injury claims, as described above, such claims are not typically resolved nor the related cash outlays made until four to six years after receipt. Therefore, the Company's products liability insurance policies should cover virtually all of the Company's cash expenditures for indemnity and defense costs for asbestos personal injury claims through 1996 or 1997 (except for the insurance deductibles and for a small number of claims involving product exposure outside the coverage periods of the Company's unexhausted products liability policies). The cash expenditures (except for insurance deductibles) for the unasserted claims covered by the $800 million charge to 1991 earnings are expected to be incurred over a period of approximately seven years, between 1996 or 1997 and 2003 or 2004. Please see Note 1 to the Consolidated Financial Statements for a complete discussion of the asbestos litigation.

In December 1990, the Financial Accounting Standards Board issued Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" with an effective date of January 1, 1993. The Company has adopted the new standard effective January 1, 1991. The Company incurred a non-recurring, noncash charge of $227 million, or $5.55 per share, to net income for the cumulative effect of this statement. Please see Note 13 to the Consolidated Financial Statements.

Capital Spending
(In millions of dollars)



Average Number of Employees
(In thousands)



The loss for 1991 was $742 million, or $18.13 per share, compared to net income of $73 million, or $1.73 per share, in 1990 and $172 million, or $4.08 per share, in 1989. The net loss for 1991 reflects the $800 million charge for unasserted asbestos claims, the adoption of SFAS No. 106 effective January 1, 1991, and an increase of $14 million, or $.34 per share, in the estimated taxes that would be payable on undistributed earnings of foreign subsidiaries. Without these noncash charges, net income would have been $22 million, or $.54 per share. In the fourth quarter of 1990, the Company recorded a restructuring charge of $65 million pre-tax, or $51 million after-tax, in connection with actions designed to reduce costs and further improve the Company's capacity utilization in North America and Europe. Income from operations was a $628 million loss for 1991 (reflecting the $800 million charge for asbestos as described above), compared to income of $293 million for 1990 and $432 million for 1989.

As reported on a segment basis, general corporate expenses for 1991 increased by $829 million compared to 1990, due to the $800 million charge for unasserted asbestos personal injury claims, the annual service cost and interest cost portion of the SFAS No. 106 accrual, stock appreciation rights and a reduction in interest income on lower cash holdings in Brazil. General corporate identifiable assets also sharply increased reflecting the deferred tax asset resulting from the tax effect of the accruals for unasserted asbestos claims and other post-retirement benefits. Please see Notes 1 and 13 to the Consolidated Financial Statements.

Liquidity, Capital Resources and Other Related Matters

Cash flow from operations was $253 million for 1991, compared to $361 million for 1990 and $395 million for 1989. The decline, which was primarily due to the effect of lower sales and lower net income, was moderated by favorable changes in working capital.

Net inventories declined from $237 million at year-end 1990 to $219 million at year-end 1991. The 1991 decline reflects efforts to tighten control of working capital during the recession. Inventories at December 31, 1991 (valued on a first-in, first-out basis), as a percentage of the fourth quarter's annualized sales, were 11%, unchanged from 11% at the end of 1990.

Receivables were $308 million at December 31, 1991, compared to $375 million at the end of 1990 and $466 million at the end of 1989, reflecting lower sales in 1991, particularly in the fourth quarter. Receivables at December 31, 1990, reflected both reduced sales volume in the fourth quarter 1990 and the collection in 1990 of a 1989 settlement with the Internal Revenue Service concerning treatment of certain assets for federal tax purposes.

The Company's total borrowings at December 31, 1991, were $1.2 billion, compared to $1.3 billion at December 31, 1990, and $1.5 billion at December 31, 1989. At year-end 1991, the Company had unused lines of credit of $343 million under its long-term bank loan facilities and an additional $232 million under short-term facilities. During 1991, the Company issued $423 million of debentures: $173 million of 8% convertible junior subordinated debentures due in 2005, $150 million of 10% debentures due in 2001, and $100 million of 9.8% debentures due in 1998. The net proceeds from these issues were used to retire other indebtedness. In December 1991, the Company redeemed all of its remaining junior subordinated discount debentures due in 2006, which would have required cash interest payments of 15% beginning in December 1991. The Company's long-term bank facility was used to fund the $208 million redemption.

At year-end 1991, the Company's working capital increased to $171 million and its current ratio increased to 1.4, compared to working capital of $58 million and a current ratio of 1.1 at year-end 1990 and $25 million and 1.0, respectively, at year-end 1989. The increases in 1991 are primarily due to a reduction in the Company's outstanding short-term debt.

Capital spending for property, plant and equipment was $96 million during 1991, compared to $121 million in 1990 and $125 million in 1989. At the end of 1991, approved capital projects, excluding furnace rebuilds, were $41 million. The Company is planning total capital spending of approximately $125 million in 1992, excluding furnace rebuilds. Funding for these expenditures will be from the Company's operations and external sources as required.

Please see the paragraphs above in "Results of Operations" discussing asbestos contingent liabilities.

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). During 1991, the Company was designated as a PRP for three additional sites, bringing the total to 31, some of which designations the Company believes to be erroneous. The Company has established reserves for its Superfund contingent liabilities which are reflected in the financial statements. The Company believes these reserves to be adequate to cover these liabilities.

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 promulgated, the Company cannot determine how and when the Act will affect it. The Company anticipates that its sources to be regulated will include glass fiber manufacturing, resin manufacturing and asphalt processing activities. The Company currently expects glass fiber manufacturing to be regulated by 1997. 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 material adverse effect on the Company's results of operations, financial condition or long-term liquidity.

Future Required Accounting Change

In February 1992, the Financial Accounting Standards Board (FASB) issued Statement No. 109, "Accounting for Income Taxes." The Company is required to adopt the new standard no later than 1993. The Company is currently analyzing the new standard and expects that prior periods will not be restated. The cumulative effect of the accounting change on reported net income in the year of adoption is unknown at this time.

Five-Year Summary of Operations

(In millions of dollars, except per share data and where noted)

	1991	1990	1989[1]	1988	1987
Net sales	**$ 2,783**	$ 3,069	$ 2,964	$ 2,798	$ 2,857
Cost of sales	**2,186**	2,304	2,161	1,999	2,129
Marketing, administrative and other expenses	**1,171**	414	323	278	258
Science and technology expenses	**54**	58	48	44	43
Income (loss) from operations (a,c,d)	**(628)**	293	432	477	427
Cost of borrowed funds	**131**	165	166	170	221
Income (loss) before provision for income taxes (a,c,d,f)	**(759)**	128	266	301	343
Provision (credit) for income taxes	**(238)**	58	103	127	136
Net income (loss) (a,b,c,d,e,f,g)	**(742)**	73	172	189	200
Net income (loss) per share (a,b,c,d,e,f,g)	**(18.13)**	1.73	4.08	4.51	4.81
Dividends per share on common stock					
Declared	**—**	—	—	—	—
Paid	**—**	—	—	—	—
Weighted average number of shares outstanding (in thousands)	**40,924**	42,019	42,170	41,856	41,583
Net cash flow from operations	**253**	361	395	360	290
Capital spending	**96**	121	125	127	97
Total assets	**2,106**	1,807	1,924	1,596	1,590
Long-term debt	**1,148**	1,086	1,201	1,315	1,482
Average number of employees (in thousands) (h)	**17**	18	20	20	21

(1) 1989 data consolidates results of Fiberglas Canada Inc. beginning in the fourth quarter of 1989.
(a) During 1991 a non-recurring $800 million charge for unasserted asbestos litigation claims was recorded.
(b) 1991 results include a $227 million after-tax charge, or $5.55 per share, for the cumulative effect of the accounting change for other postretirement benefits.
(c) During 1990 a restructuring cost of $65 million was recorded.
(d) During 1989 an additional $50 million was added to existing asbestos-related claims reserves, a $50 million credit was recorded resulting from a settlement reached with the IRS and a restructuring cost of $30 million was recorded.
(e) During 1988 an $8 million extraordinary loss resulted from the early retirement of debt.
(f) During 1987 a gain of $141 million resulted from the sale of the Aerospace and Strategic Materials Group.
(g) During 1987 a $20 million extraordinary loss resulted from the early retirement of debt.
(h) Includes employees of Fiberglas Canada Inc.

Price Range of Common Stock

	1991		1990		1989	
	High	*Low*	*High*	*Low*	*High*	*Low*
First Quarter	**26½**	**15**	26½	20½	29⅞	22¼
Second Quarter	**28⅞**	**23¾**	24¾	20⅝	33	26½
Third Quarter	**35¼**	**25¼**	23½	14½	36⅞	29⅛
Fourth Quarter	**35½**	**16⅞**	16½	13⅝	34⅞	23

To the Stockholders of
Owens-Corning Fiberglas Corporation:

Report of Independent Public Accountants

We have audited the accompanying consolidated balance sheet of OWENS-CORNING FIBERGLAS CORPORATION (a Delaware corporation) and subsidiaries as of December 31, 1991 and 1990, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1991 presented on pages 20-23 and 25-41 of this Annual Report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Owens-Corning Fiberglas Corporation and subsidiaries as of December 31, 1991 and 1990, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

As discussed in Note 13 to the consolidated financial statements, the Company changed its method of accounting for postretirement benefits other than pensions in 1991 to comply with the provisions of Statement of Financial Accounting Standards No. 106.

Arthur Andersen & Co.

January 31, 1992
Toledo, Ohio

Management's Report

The financial statements of Owens-Corning Fiberglas Corporation and subsidiaries have been prepared by management in conformity with generally accepted accounting principles. Management uses its best informed judgments to ensure that these statements fairly reflect the Company's financial position. Financial information contained elsewhere in this annual report is consistent with the financial statements.

The Company maintains a system of internal accounting controls designed to provide reasonable assurances that assets are protected from improper use and that transactions are properly authorized and recorded.

The Board of Directors pursues its responsibility for overview of the Company's financial statements through its Audit Committee, which is comprised of directors who are not officers or employees of the Company. The Audit Committee meets periodically with management, the Company's internal auditors, and the independent public accountants to review and assess the activities of each in meeting their respective responsibilities. The independent public accountants and the director of internal auditing have full and free access to the Audit Committee to discuss the scope and results of their audit work, the adequacy of internal accounting controls, and the quality of management's financial reporting.

Glen H. Hiner
Chairman and Chief Executive Officer

Paul V. Daverio
Senior Vice President and
Chief Financial Officer

Charles R. Bland
Vice President and Controller

Principles of Consolidation

The consolidated financial statements include the accounts of subsidiaries. Significant intercompany accounts and transactions are eliminated.

Net Income Per Share

Net income per share is computed using the weighted average number of common shares outstanding and common equivalent shares during the period.

Inventory Valuation

Inventories are stated at cost, which is less than market value, and include material, labor, and manufacturing overhead. U.S. inventories are primarily valued using the last-in, first-out (LIFO) method and the balance of inventories are generally valued using the first-in, first-out (FIFO) method.

Goodwill

Goodwill is amortized on a straight-line basis over a period of forty years.

Investments in Affiliates

Investments in affiliates are accounted for using the equity method, under which the Company's share of earnings of these affiliates is reflected in income as earned and dividends are credited against the investment in affiliates when received.

Depreciation

The Company's plant and equipment is depreciated primarily using accelerated methods. Generally, the double-declining balance method is used for the first half of an asset's estimated useful life and the straight-line method is used thereafter.

Reserve for Asbestos Litigation Claims

The Company charges earnings for the estimated uninsured costs of currently pending and unasserted claims.

Reserve for Rebuilding Furnaces

The Company's glass melting furnaces and related machines periodically require substantial rebuilding. The estimated future cost of such rebuilding is charged to income and credited to the reserve on a straight-line basis over the estimated period to the next rebuild date. Actual costs are charged to the reserve when the furnaces are rebuilt.

Income Taxes

Certain income and expense items are reported in different periods for financial statements and for income tax determination. The cumulative effect of timing differences between amounts reported for financial statement purposes and for income tax purposes is shown as deferred income taxes. Provision is made for taxes that would be payable on undistributed earnings of foreign subsidiaries.

Consolidated Statement of Income

For the years ended December 31, 1991, 1990 and 1989 (In millions of dollars, except share data) (Notes 17 and 18)

	1991	1990	1989
Net Sales	**$ 2,783**	$ 3,069	$ 2,964
Cost of Sales (Note 6)	**2,186**	2,304	2,161
Gross margin	**597**	765	803
Other Expenses			
Marketing and administrative expenses	**285**	309	285
Science and technology expenses (Note 4)	**54**	58	48
Provision for asserted asbestos litigation claims (Note 1)	**24**	24	50
Provision for unasserted asbestos litigation claims (Note 1)	**800**	—	—
Other (Notes 5 and 11)	**62**	16	(42)
Restructuring costs (Note 16)	**—**	65	30
Total other expenses	**1,225**	472	371
Income (Loss) from Operations	**(628)**	293	432
Cost of borrowed funds (Notes 2 and 3)	**(131)**	(165)	(166)
Income (Loss) before Provision for Income Taxes	**(759)**	128	266
Provision (credit) for income taxes (Note 5)	**(238)**	58	103
Income (Loss) before Equity in Net Income of Affiliates	**(521)**	70	163
Equity in net income of affiliates (Notes 7 and 17)	**6**	5	9
Income (Loss) before Extraordinary Item and Cumulative Effect of Accounting Change	**(515)**	75	172
Extraordinary loss from early retirement of debt (Note 2)	**—**	(2)	—
Cumulative effect of accounting change for other postretirement benefits net of income taxes of $117 million (Note 13)	**(227)**	—	—
Net Income (Loss)	**$ (742)**	$ 73	$ 172
Primary and Fully Diluted Net Income (Loss) Per Share			
Income (loss) before extraordinary item and cumulative effect of accounting change	**$(12.58)**	$ 1.78	$ 4.08
Extraordinary loss from early retirement of debt (Note 2)	**—**	(.05)	—
Cumulative effect of accounting change for other postretirement benefits (Note 13)	**(5.55)**	—	—
Net Income (Loss) Per Share	**$(18.13)**	$ 1.73	$ 4.08
Weighted average number of shares	**40,924,391**	42,019,411	42,170,273

The accompanying summary of significant accounting policies and notes are integral parts of this statement.

Consolidated Balance Sheet

December 31, 1991 and 1990 (In millions of dollars)

Assets	**1991**	1990
Current		
Cash and cash equivalents	**$ 3**	$ 7
Receivables, less allowances of $18 in 1991 and $15 in 1990	**308**	375
Inventories (Note 6)	**219**	237
Deferred income taxes (Note 5)	**76**	79
Other current assets	**13**	13
Total current	**619**	711
Other		
Goodwill, less accumulated amortization of $8 in 1991 and $5 in 1990 (Note 17)	**96**	99
Investments in affiliates (Note 7)	**45**	32
Deferred income taxes (Note 5)	**416**	–
Other noncurrent assets	**60**	33
Total other	**617**	164
Plant and Equipment, at cost		
Land	**51**	52
Buildings and leasehold improvements	**555**	545
Machinery and equipment	**1,880**	1,838
Construction in progress	**41**	60
	2,527	2,495
Less: Accumulated depreciation	**(1,657)**	(1,563)
Net plant and equipment	**870**	932
Total Assets	**$ 2,106**	$ 1,807

The accompanying summary of significant accounting policies and notes are integral parts of this statement.

Consolidated Balance Sheet

December 31, 1991 and 1990 (In millions of dollars)

Liabilities and Stockholders' Equity	**1991**	1990
Current		
Accounts payable and accrued liabilities (Note 8)	**$ 409**	$ 418
Accrued income taxes (Note 5)	**15**	21
Short-term debt (Note 3)	**6**	167
Long-term debt — current portion (Note 2)	**18**	47
Total current	**448**	653
Long-Term Debt (Note 2)	**1,148**	1,086
Other		
Reserve for asbestos litigation claims (Note 1)	**950**	128
Other postretirement benefits liability (Note 13)	**343**	—
Reserve for rebuilding furnaces	**113**	105
Pension plan liability (Note 14)	**54**	44
Deferred income taxes (Note 5)	**—**	13
Other	**126**	128
Total other	**1,586**	418
Commitments and Contingencies (Notes 1 and 10)		
Stockholders' Equity		
Preferred stock, no par value; authorized 8,000,000 shares, none outstanding (Note 12)		
Common stock, par value $.10 per share; authorized 100,000,000 shares; issued 1991 — 41,651,754 and 1990 — 40,580,833 shares (Note 11)	**285**	268
Deficit	**(1,375)**	(633)
Foreign currency translation adjustments	**24**	25
Other	**(10)**	(10)
Total stockholders' equity	**(1,076)**	(350)
Total Liabilities and Stockholders' Equity	**$ 2,106**	$ 1,807

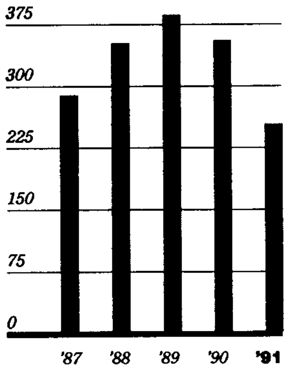
Consolidated Statement of Stockholders' Equity

For the years ended December 31, 1991, 1990 and 1989 (In millions of dollars)

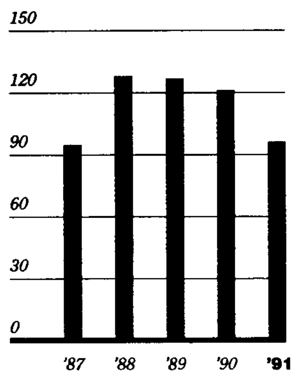
	1991	1990	1989
Common Stock			
Balance beginning of year	**$ 268**	$ 266	$ 264
Issuance of stock and deferred awards under stock compensation plans (Note 11)	**17**	2	2
Balance end of year	**285**	268	266
Deficit			
Balance beginning of year	**(633)**	(706)	(878)
Net income (loss)	**(742)**	73	172
Balance end of year	**(1,375)**	(633)	(706)
Foreign Currency Translation Adjustments			
Balance beginning of year	**25**	14	12
Translation adjustments	**(1)**	11	2
Balance end of year	**24**	25	14
Other			
Balance beginning of year	**(10)**	(9)	(8)
Net increase (decrease)	**—**	(1)	(1)
Balance end of year	**(10)**	(10)	(9)
Stockholders' Equity	**$ (1,076)**	$ (350)	$ (435)

The accompanying summary of significant accounting policies and notes are integral parts of this statement.

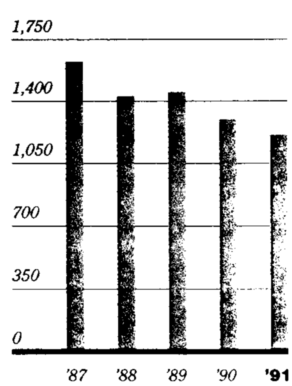
Cash Flow From Operations
(In millions of dollars)



Capital Spending
(In millions of dollars)



Total Debt
(In millions of dollars)



Since its recapitalization in 1986, Owens-Corning has focused on two principal objectives — strengthening the competitive position of its core businesses and repaying debt. A look at Owens-Corning's cash flow statement demonstrates how the Company has been able to successfully balance these two objectives and shows why the Company is confident it will continue to do so in the years ahead.

Owens-Corning has historically been a strong generator of cash, with substantial funds remaining after the investment requirements of its businesses have been met. As the efficiency of the Company's operations has improved in recent years, so has its cash flow.

In 1991, despite poor economic conditions in its major markets, Owens-Corning generated $253 million in "net cash flow from operations." After capital expenditures and furnace rebuilds, the Company had approximately $130 million remaining. These discretionary funds, known as "free cash flow," were principally used to reduce debt. For the year, the Company's debt was reduced by $128 million to $1.17 billion, down from a high of $2.5 billion in 1986.

One reason Owens-Corning had a positive cash flow from operations in 1991 even though it reported a net loss for the year is that the special, non-recurring charges against earnings for asbestos litigation claims ($800 million) and the cumulative effect of the accounting change for other postretirement benefits ($227 million) did not involve cash outlays by the Company and therefore did not affect cash flow. These charges are simply accruals for cash outlays the Company expects to make some time in the future.

Owens-Corning has more than $1.1 billion in available insurance which should cover virtually all cash outlays related to the settlement of asbestos personal injury claims, except for deductibles, through 1996 or 1997. By that time, the Company expects to have substantially reduced its debt and associated interest costs and to have even greater net cash flow from operations. Accordingly, Owens-Corning believes it will be able to resolve future asbestos claims without affecting its plans to substantially reduce debt, reinvest in its businesses, and take advantage of attractive opportunities for growth.

Consolidated Statement of Cash Flows

For the years ended December 31, 1991, 1990 and 1989 (In millions of dollars) (Notes 17 and 18)

	1991	1990	1989
Net Cash Flow from Operations			
Net income (loss)	**$ (742)**	$ 73	$ 172
Reconciliation of net cash provided by operating activities:			
Noncash items:			
Cumulative effect of accounting change for other postretirement benefits net of tax	**227**	—	—
Provision for asbestos litigation claims	**824**	24	50
Provision for depreciation and amortization	**132**	139	137
Provision for rebuilding furnaces	**28**	30	26
Provision (credit) for deferred income taxes	**(308)**	(15)	(4)
Amortization of discount on long-term debt	**20**	33	36
Other	**3**	(4)	(67)
Extraordinary loss from early retirement of debt	**—**	2	—
Uninsured asbestos claims and insurance deductibles	**—**	(8)	—
(Increase) decrease in receivables	**59**	106	(15)
(Increase) decrease in inventories	**14**	15	1
Increase (decrease) in accounts payable and accrued liabilities	**(6)**	(57)	50
Increase (decrease) in accrued income taxes	**(9)**	(4)	(14)
Other	**11**	27	23
Net cash flow from operations	**253**	361	395
Net Cash Flow from Investing			
Additions to plant and equipment	**(96)**	(121)	(125)
Expenditures for rebuilding furnaces	**(18)**	(25)	(18)
Acquisition of Fiberglas Canada Inc.	**—**	(2)	(195)
Other	**(6)**	5	(1)
Net cash flow from investing	**(120)**	(143)	(339)
Net Cash Flow from Financing			
Net additions (reductions) in long-term credit facilities	**(152)**	87	(47)
Other additions to long-term debt	**465**	28	21
Other reductions to long-term debt	**(296)**	(346)	(50)
Net increase (decrease) in short-term debt	**(159)**	(9)	23
Other	**5**	—	3
Net cash flow from financing	**(137)**	(240)	(50)
Net increase (decrease) in cash and cash equivalents	**(4)**	(22)	6
Cash and cash equivalents at beginning of year	**7**	29	23
Cash and cash equivalents at end of year (Note 9)	**$ 3**	$ 7	$ 29

The accompanying summary of significant accounting policies and notes are integral parts of this statement.

1. Contingent Liabilities

The Company is a co-defendant with former manufacturers and distributors 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. 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 or sale of an asbestos-containing calcium silicate, high temperature insulation product, the manufacture of which was discontinued in 1972.

As of December 31, 1991, approximately 85,400 asbestos personal injury claims were pending against the Company. The Company received approximately 20,700 such claims in 1991, 22,400 in 1990 and 22,100 in 1989.

Through December 31, 1991, the Company had resolved (by settlement or otherwise) approximately 74,000 asbestos personal injury claims. During 1991, the Company resolved approximately 15,500 such claims and incurred total indemnity payments of $145 million (an average of approximately $9,300 per case). The Company also agreed in principle to settle approximately 17,000 additional cases which will be processed and reflected in settlements during 1992 and 1993. Although the precise amounts are subject to certain contingencies, the payments in these additional cases are expected to be in line with the Company's settlement averages in 1990 and 1991. During 1990, the Company resolved approximately 12,200 asbestos personal injury claims and incurred total indemnity payments of $117 million (an average of approximately $9,600 per case). 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 or sold by the Company; the extent of the claimant's exposure to asbestos-containing products manufactured or sold 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 was settled directly by the Company or by the Asbestos Claims Facility (the "ACF"). The ACF, which had been in operation since June 1985 to provide for the joint evaluation, settlement and defense of asbestos personal injury claims by the Company and certain other Producers and insurance companies, dissolved on October 3, 1988. The Company's per case indemnity payments have decreased since the dissolution of the ACF. The disease mix of asbestos personal injury claims against the Company appears to have declined in severity in recent years. Moreover, many of the claims involve workers from occupations with limited, if any, exposure to the Company's asbestos products.

The courts and litigants are engaged in various efforts to develop suitable methods for resolving certain of the problems associated with the asbestos personal injury litigation (including the accumulation of a large backlog of cases awaiting trial in certain federal and state courts; the high transaction costs, both for plaintiffs and defendants, of the preparation and trial of such lawsuits; and the weakened financial condition of certain of the defendants). For example, on July 29, 1991, the Judicial Panel on Multi-district Litigation issued an order transferring all asbestos personal injury cases pending in the federal courts to the United States District Court for the Eastern District of Pennsylvania, before Judge Charles R. Weiner, for coordinated pre-trial proceedings. The federal caseload represents approximately one-third of the total number of cases pending against the Company; the remaining two-thirds of the cases are pending in state court and are not affected by the Panel's order, which excepts from transfer only those federal cases which were then in trial. Other developments include the institution or consideration of so-called "pleural registries" or inactive dockets for plaintiffs who do not allege significant functional impairment as a result of asbestos exposure; consolidated trials involving numerous plaintiffs (including consolidated trials of the claims of several thousand plaintiffs in state courts in Charleston, West Virginia and Jackson County, Mississippi (both recently settled) and in Baltimore, Maryland); the Chapter 11 bankruptcy filings of Celotex, Eagle-Picher Industries and H.K. Porter, formerly co-defendants with the Company in most of the pending asbestos personal injury lawsuits; the effort by Eagle-Picher Industries, prior to its bankruptcy, to obtain certification of a mandatory federal limited fund class action involving all present and future asbestos personal injury claims; the approval by the federal district and bankruptcy courts of a purported mandatory federal limited fund class action settlement restructuring the Manville Personal Injury Settlement Trust, which approval is now on appeal to the United States Court of Appeals for the Second Circuit; and the filing by certain plaintiffs in July 1990 of a purported national class action against approximately 80 Producer defendants (including the Company) in federal court in Beaumont, Texas (this proceeding has been transferred to the Eastern District of Pennsylvania pursuant to the Panel order and is currently inactive). The Baltimore consolidation referenced above involves approximately 9,000 cases. As presently contemplated, during the first phase of that trial, which is scheduled to commence in February 1992, a jury is to render verdicts, among other things, on the so-called common issues relating to all 9,000 claims, including negligence, product defect, liability for punitive damages and a punitive damages multiplier to be applied to any compensatory damage awards that may be rendered at trials involving particular plaintiffs. The Company is actively engaged in discussions with other defendants and with various plaintiffs' counsel concerning the possible negotiation of a consensual settlement of the asbestos personal injury litigation. These negotiations are in an early stage and it is not possible to predict their outcome.

The indemnity payments, defense fees and expenses related to asbestos personal injury claims are covered by the Company's products liability insurance policies, subject to deductibles, exclusions, retentions and policy limits. The so-called Wellington Agreement resolved certain disputes between subscribing Producers and subscribing insurers and confirmed favorable application of insurance coverage to the Company by signatory insurers for asbestos personal injury claims. These insurance provisions of the Wellington Agreement remain in effect despite the dissolution of the ACF.

Most of the asbestos-related claims pending against the Company request punitive damages as well as compensatory damages. During 1991, a total of $5 million in punitive damages was entered against the Company in three trials involving three plaintiffs (including a $4 million award in a trial involving a single plaintiff in Guam). Prior to 1991, a total of $40 million in punitive damages was awarded against the Company (including a $25 million award in a trial involving a single plaintiff in the Virgin Islands, which award was subsequently reduced by the trial court to $2 million). Depending on insurance policy language, applicable law and agreements with its carriers, punitive damage awards against the Company may or may not be covered, in whole or in part, by insurance.

As of December 31, 1991, the Company had approximately $1.13 billion in unexhausted insurance coverage (inclusive of the deductibles described below) under products liability insurance policies applicable to asbestos personal injury claims. This amount excludes approximately $116 million in coverage under products liability insurance policies issued by carriers that are presently the subject of insolvency proceedings. In third quarter 1991, the Company settled claims against the Ohio Insurance Guaranty Association in respect of these insolvent carriers for $29 million. In addition, the Company has substantial unexhausted insurance coverage under certain non-products liability insurance policies; an as yet undetermined amount of coverage under such policies may be available for payment of asbestos personal injury claims and associated defense fees and expenses.

All of the Company's products liability insurance policies cover defense fees and expenses, and indemnity payments. Certain of the Company's policies (so called "G" policies) cover defense fees and expenses without reducing amounts available under the policies for indemnity payments, whereas under other Company policies, the payment of defense fees and expenses reduces the amount available for indemnity payments. The Company is currently operating under G policy coverage, as it did throughout 1991. If indemnity payments during the first quarter of 1992 continue at the rate experienced during 1991, the Company's G policy coverage would be exhausted in March 1992. In such event, the Company currently estimates that defense fees and expenses for the portion of 1992 subsequent to exhaustion of G policy coverage would be approximately $40-50 million.

The Company has filed suit against certain of its insurance carriers concerning the proper interpretation of the "per occurrence" deductible provisions of certain of its products liability insurance policies. The Company takes the position that the manufacture and sale of its asbestos-containing products constituted a single occurrence for purposes of calculation of the applicable deductibles, whereas the insurers contend that each asbestos personal injury claim constitutes a separate occurrence. If the insurance carriers' position is sustained by the courts, the Company would have to pay, over a period of years, a total of approximately $230 million in deductibles if it were to fully access its unexhausted products liability insurance applicable to asbestos personal injury claims. If the Company's position is sustained, the Company will obtain an additional $72 million in products liability insurance coverage and would be required to pay approximately $80 million in deductibles if it were to fully access its unexhausted insurance coverage.

Historically, the Company has charged earnings on an accrual basis for the uninsured costs of the pending personal injury asbestos claims, including the deductibles described above. The charges have taken into consideration factors such as the estimated ultimate cost of resolving such claims, the period of time for the resolution of the claims, and the uncertainties existing in connection with the contingency. The charges were on a basis consistent with the insurance carriers' position described above and were $24 million in each of 1991 and 1990 and $50 million in 1989. Since the Company has changed its accounting estimate, as described below, to include the estimated liability for certain unasserted claims in addition to pending claims, the Company has discontinued accruing for the costs of claims as they are received.

The Company expects additional asbestos personal injury claims to be filed in the future. Historically, the Company has not been able to estimate, and has not provided for, the cost of unasserted asbestos personal injury claims. As of year-end 1991, however, the Company has again reviewed the feasibility of making provision for such costs. In conducting this review, the Company has relied,

1. Contingent Liabilities (Continued)

among other things, on the experience and information it has obtained during the three-year period it has been responsible for the evaluation, settlement, and defense of asbestos personal injury claims following the dissolution of the ACF. As a result of this review, the Company has taken a non-recurring charge to earnings of $800 million in 1991 in addition to the $24 million described above. This charge reflects the Company's best estimate of the uninsured indemnity and defense costs that may be associated with unasserted asbestos personal injury claims that may be received by the Company during the years 1992 through 1999. The Company cannot estimate and is not providing for the cost of unasserted claims which may be received by the Company after the year 1999 because management is unable to predict the number of claims to be received after 1999, the severity of disease which may be involved and other factors which would affect the cost of such claims.

The Company cautions that such factors as the number of future claims received by it, the rate of receipt of such claims and the indemnity and defense costs associated with such claims, as well as the prospects for confirming additional, applicable insurance coverage beyond the $1.13 billion (inclusive of deductibles) 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. Accordingly, the actual uninsured costs associated with asbestos personal injury claims received by the Company during the years 1992 through 1999 may be higher or lower than those provided for by the $800 million charge to earnings in 1991. The Company will review the adequacy of its provision for the uninsured costs of pending and unasserted claims on a periodic basis and make such adjustments to its reserves as may then be appropriate.

As a result of its charges for asbestos litigation, the Company had related reserves of $955 million and $131 million (including $5 million and $3 million in current liabilities) as of December 31, 1991 and 1990, respectively. The Company had deferred tax assets of $336 million and $46 million (including $5 million and $2 million in current deferred tax assets) as of December 31, 1991 and 1990, respectively, related to these asbestos reserves.

Although the Company has accrued an estimate for the uninsured costs of both asserted and unasserted asbestos personal injury claims, as described above, such claims are not typically resolved, nor the related cash outlays made, until four to six years after receipt. Accordingly, the Company's products liability insurance policies should cover virtually all of the Company's cash expenditures for indemnity and defense costs for asbestos personal injury claims through 1996 or 1997 (except for the deductibles described above and for a small number of claims involving product exposure outside the coverage periods of the Company's unexhausted products liability policies). The cash expenditures (except for deductibles) in respect of the unasserted claims covered by the $800 million charge to 1991 earnings are expected to be incurred over a period of approximately seven years, commencing in 1996 or 1997 and continuing until 2003 or 2004.

As noted above, the cash outlays for the uninsured costs of the asbestos personal injury claims may be substantial over time. However, management believes that any such cash outlays would not impair the ability of the Company to meet its obligations or to carry out its plans to substantially reduce its indebtedness, reinvest in its businesses, and take advantage of attractive opportunities for growth. By the time any such uninsured costs would be paid in cash (except in respect of the deductibles described above), the Company expects to have substantially reduced its outstanding indebtedness and associated interest costs and to have increased its operating cash flow from 1991 levels, which were adversely affected by the general recession.

Accordingly, although any opinion is necessarily judgmental and must be based on information now known to the Company, in the opinion of management, based on the Company's experience with these claims to date, the Company's assessment of the number, nature and severity of the pending claims and of the trends in the filing of such claims, and of other factors affecting the litigation, and the Company's analysis of its insurance coverage and existing reserves, and of the Company's future business, financial prospects and cash flows, the additional uninsured 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.

In October 1991, the Company and certain of its officers and directors were named as defendants in a lawsuit captioned *Gaetana Lavalle v. Owens-Corning Fiberglas Corporation, et al.* in the United States District Court for the Northern District of Ohio. *Lavalle* purports to be a securities class action on behalf of all purchasers of the Company's common stock during the period November 1, 1988 through October 18, 1991. The complaint alleges that the Company's disclosures during the alleged class period contained material misstatements and omissions concerning its contingent liabilities for asbestos claims. The complaint seeks an unspecified amount of damages (including punitive damages) on the theory that such alleged misstatements and omissions artificially inflated the price of the Company's stock. 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.

2. Long-Term Debt

(In millions of dollars)	**1991**	1990
Unsecured credit facility due in 1994, variable	**$ 193**	$ 208
Unsecured credit facility, payable in Canadian dollars, due in 1994, variable	**56**	191
Senior subordinated debentures due in 2001, 11.75%	**240**	240
Convertible junior subordinated debentures due in 2005, 8% convertible at $29.75 per share	**173**	–
Guaranteed debentures due in 2001, 10%	**150**	–
Notes due through 2007, 4.75% to 14.25%, payable in foreign currencies	**100**	113
Guaranteed debentures due in 1998, 9.8% (Note 15)	**99**	–
Bonds, payable in Deutsche marks, due in 2000, 7.25% (Note 15)	**50**	50
Debentures due in 2010, 12%, subject to annual sinking fund requirements of $4 million	**46**	51
Industrial revenue bonds, maturing from 1993 through 2012, at rates from 5.75% to 10.25%	**22**	22
Debentures due in 2000, 9.5%, subject to annual sinking fund requirements of $3 million	**20**	21
Bonds, payable in Swiss francs, due in 2000, 5.375%	**9**	10
Extendable notes due in 2005, 11.15% through 1993	**8**	8
Junior subordinated discount debentures due in 2006 (net of unamortized discount of $20 million in 1990)	**–**	189
Debentures, payable in Canadian dollars, due in 1991, 10%	**–**	30
	1,166	1,133
Less: Current portion	**(18)**	(47)
Total long-term debt	**$ 1,148**	$ 1,086

The Company has two unsecured, variable rate bank credit facilities. The first facility has a maximum commitment of $475 million at December 31, 1991 (of which $282 million was unused), reducing to $325 million over its remaining 2½ year term. The rate of interest at December 31, 1991, is the lower of the bank's base rate, ⅞% over the certificate of deposit rate, or ¾% over the London Interbank Offered Rate (LIBOR). The margin over the interest rate, as described above, reduces as the amount of debt outstanding under the facility is reduced. The rate of interest on borrowings under this facility was 5.4% at December 31, 1991. A commitment fee of ⅜ of 1% is charged on the unused portions of this facility.

The second facility, established in 1989 to finance the acquisition of Fiberglas Canada Inc. (FCI) (Note 17), is payable in Canadian dollars and has a maximum commitment of 135 million Canadian dollars ($117 million U.S.) at December 31, 1991, of which 71 million Canadian dollars ($61 million U.S.) is unused. The rate of interest at December 31, 1991, is the lower of the Canadian prime rate, or ⅔ of 1% over the Canadian bankers' acceptance rate, or ⅗ of 1% over the Canadian cost of funds rate. The rate of interest on borrowings under this facility was 8.2% at December 31, 1991. A commitment fee of ⅜ of 1% is charged on the unused portions of this facility.

The agreements relating to the facilities described above contain covenants which include requirements for the maintenance of working capital and minimum coverage of fixed charges, restrictions on the early retirement of debt and on additional borrowings, limitations on capital expenditures and certain investments, a minimum cash EBIT requirement, and restrictions on the payment of dividends and purchase of Company stock. The agreements include a change of control provision which would result in all of the unpaid principal and all of the accrued interest of the facilities becoming due immediately upon a change of control in ownership of the Company. A material adverse change in the Company's business, assets, liabilities, financial condition or results of operations constitutes a default under the agreements.

In April 1991, the Company issued $173 million of convertible junior subordinated debentures, due December 30, 2005, with an interest rate of 8% per annum, payable semi-annually. The debentures are subordinated to all present and future indebtedness of the Company and may be redeemed at the option of the Company beginning June 30, 1994. Prior to redemption or maturity, the debentures are convertible into shares of common stock of the Company at a conversion price of $29.75 per share, subject to adjustment in certain events. The Company has reserved approximately six million additional shares of common stock necessary for conversion.

2. Long-Term Debt (Continued)

In June 1991, a European subsidiary of the Company issued $150 million of guaranteed debentures, due June 1, 2001, with an interest rate of 10% per annum, payable semi-annually. The debentures are unsecured and rank equally with all other unsecured and unsubordinated indebtedness of the issuer and are unconditionally guaranteed by the Company.

In August 1991, FCI, a foreign subsidiary of the Company, issued $100 million of guaranteed debentures, due August 15, 1998, with an interest rate of 9.8% per annum, payable semi-annually. The debentures are unsecured and rank equally with all other unsecured and unsubordinated indebtedness of the issuer and are unconditionally guaranteed by the Company.

In December 1991, the Company called at par the remaining outstanding principal amount of $208 million of its junior subordinated discount debentures due in 2006. No significant gain or loss was realized. During 1990 and 1989, the Company purchased, prior to maturity, portions of its junior subordinated discount debentures having face values of $125 million and $12 million, respectively. Purchases in 1989 were made at prices which approximated book value. Purchases in 1990 were made at prices in excess of book value and resulted in an extraordinary loss of $1 million ($.03 per share), net of related income taxes of $1 million.

The senior subordinated debentures are subject to annual sinking fund requirements of $60 million starting in 1997, and may be redeemed by the Company at par. The senior subordinated debentures are subordinated to all other debt.

During 1990 the Company purchased, prior to maturity, a portion of its senior subordinated debentures having face value of $60 million. The purchase was made at a price in excess of book value which resulted in an extraordinary loss of $1 million ($.02 per share), net of related income taxes of $1 million. As a result of this purchase, the Company's sinking fund requirement for this debt issue is deferred until 1998.

The aggregate maturities and sinking fund requirements for all long-term debt issues for each of the five years following December 31, 1991 are:

Year	*(In millions of dollars)* Amount
1992	$ 18
1993	31
1994	287
1995	13
1996	31

3. Short-Term Debt

(In millions of dollars)	**1991**	1990
Balance outstanding at December 31	**$ 6**	$ 167
Weighted average interest rates on short-term debt outstanding at December 31	**11.5%**	9.5%

The Company had short-term unused lines of credit totalling $232 million and $168 million at December 31, 1991 and 1990, respectively.

4. Science and Technology Expenses

Science and technology expenses include research and development costs of $43 million in 1991, $46 million in 1990, and $35 million in 1989. In addition to research and development costs, science and technology expenses include continuing commercial activities such as engineering and product modifications for special applications and testing.

5. Income Taxes

(In millions of dollars)	**1991**	1990	1989
Income (loss) before provision (credit) for income taxes:			
U.S.	**$ (749)**	$ 140	$ 169
Foreign	**(10)**	(12)	97
Total	**$ (759)**	$ 128	$ 266
Provision (credit) for income taxes:			
Current			
U.S.	**$ 53**	$ 42	$ 46
State and local	**8**	11	13
Foreign	**9**	20	48
Total current	**70**	73	107
Deferred			
U.S.	**(308)**	1	(2)
State and local	**(9)**	(2)	(2)
Foreign	**9**	(14)	–
Total deferred	**(308)**	(15)	(4)
Total provision (credit) for income taxes	**$ (238)**	$ 58	$ 103

Deferred income taxes result from timing differences in the recognition of certain items for income tax and financial statement purposes. The sources of these differences and the net tax provisions are:

(In millions of dollars)	**1991**	1990	1989
Asbestos litigation claims	**$ (290)**	$ (8)	$ (13)
Depreciation	**(14)**	19	5
Furnace rebuild reserves	**(4)**	(1)	(2)
Interest expense	**1**	(9)	14
Vacation pay	**(2)**	(1)	2
Undistributed earnings of foreign subsidiaries	**10**	(17)	2
State and local tax expense	**3**	2	(2)
Pension expense	**(1)**	–	(4)
Warranty and product liability accrual	**(6)**	(4)	(3)
Other postretirement benefits	**(6)**	–	–
Restructuring	**3**	–	(4)
Other	**(2)**	4	1
Deferred tax credit	**$ (308)**	$ (15)	$ (4)

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

	1991	1990	1991
U.S. federal statutory rate	**34%**	34%	34%
Operating losses of foreign subsidiaries	**(2)**	17	–
Difference between foreign tax rates and U.S. statutory rate	**1**	3	4
Provision for taxes on undistributed earnings of foreign subsidiaries	**(2)**	(13)	5
State and local income taxes	**–**	5	3
Other	**–**	(1)	(7)
Effective tax rate	**31%**	45%	39%

At December 31, 1991, the Company had book net operating loss carryforwards for certain of the Company's foreign subsidiaries of approximately $100 million, the benefit of which has not been reflected in the financial statements. For tax return purposes, these foreign subsidiaries have a tax net operating loss carryforward of approximately $75 million at December 31, 1991, which will, if unused, expire through 1998.

In the fourth quarter of 1989, the Company reached a settlement with the Internal Revenue Service concerning the treatment of specific assets for federal income tax purposes. The impact of this settlement increased 1989 net income by approximately $38 million which resulted from the reduction of previously established interest accruals and a refund of previously paid interest and taxes.

In December 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 96, "Accounting for Income Taxes". In December 1991, the FASB delayed the requirement to adopt the new standard until fiscal years beginning after December 15, 1992. In June 1991, the FASB issued an exposure draft which would supersede Statement No. 96. A final statement is expected to be issued in the first quarter 1992, with an effective date for fiscal years beginning 1993. The estimated impact of the statement is not known at this time.

6. Inventories

During 1991, certain inventories were reduced, resulting in the liquidation of LIFO inventory layers carried at lower costs in prior years as compared with the current cost of inventory. The effect of these inventory reductions was to reduce 1991 cost of sales by $6 million.

Inventories are summarized as follows:

(In millions of dollars)	**1991**	1990
Finished goods	**$ 192**	$ 211
Materials and supplies	**122**	135
	314	346
Less: Reduction to LIFO basis	**(95)**	(109)
	$ 219	$ 237

Approximately $99 million and $95 million of net inventories were valued using the LIFO method at December 31, 1991 and 1990, respectively.

7. Investments in Affiliates

At December 31, 1991, the Company's affiliates, which generally are engaged in the manufacture of fibrous glass products for the insulation, construction, reinforcements, and textile markets, are:

	Percent Ownership 1991	Percent Ownership 1990
Amiantit Fiberglass Industries, Ltd. (Saudi Arabia)	**30.0%**	30.0%
Arabian Fiberglass Insulation Company (Saudi Arabia)	**49.0**	49.0
Asahi Fiber Glass Company, Ltd. (Japan)	**28.0**	28.0
CAE Fiberglass, Ltd. (Canada)	**25.0**	25.0
Lucky Fiber Glass Corp. (Korea)	**30.0**	–
Polyplaster, S.A. (Brazil)	**–**	31.7
Siam GRP Industries (Thailand)	**20.0**	–
Vitro-Fibras, S.A. (Mexico)	**40.0**	40.0

Summarized total financial information for the Company's affiliates, including the operating results of FCI prior to its becoming a wholly owned subsidiary in 1989 (Note 17):

(In millions of dollars)	**1991**	1990	1989
At December 31:			
Current assets	**$ 164**	$ 185	$ 155
Noncurrent assets	**231**	222	202
Current liabilities	**206**	241	210
Noncurrent liabilities	**58**	55	52
For the year:			
Net sales	**467**	398	617
Gross margin	**100**	91	167
Net income	**27**	20	34

The Company's equity in undistributed net income of affiliates was $26 million at December 31, 1991.

8. Accounts Payable and Accrued Liabilities

(In millions of dollars)	**1991**	1990
Accounts payable	**$ 156**	$ 170
Payroll and vacation pay	**66**	61
Payroll, property, and miscellaneous taxes	**37**	37
Other postretirement benefits liability	**19**	–
Restructuring	**18**	52
Other	**113**	98
	$ 409	$ 418

9. Consolidated Statement of Cash Flows

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents include time deposits of $4 million as of December 31, 1990.

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

(In millions of dollars)	**1991**	1990	1989
Income taxes	**$ 85**	$ 77	$ 127
Cost of borrowed funds	**108**	130	126

10. Leases

The Company leases certain office and warehouse facilities and equipment under operating leases, some of which include cost escalation clauses, expiring on various dates through 2010. Total rental expense charged to operations was $44 million in 1991, $39 million in 1990, and $40 million in 1989. At December 31, 1991, the minimum future rental commitments under noncancellable leases payable over the remaining lives of the leases are:

Period	*(In millions of dollars)*	Minimum Future Rental Commitments
1992		$ 22
1993		18
1994		11
1995		7
1996		4
1997 through 2010		16
		$ 78

11. Stock Compensation Plans

As of December 31, 1991, the Company's shareholders have authorized 6,300,000 common shares for the granting of stock relating to its stock compensation plans. These plans provide that common shares may be granted for stock options, stock appreciation rights, deferred stock awards, restricted stock, and for the sale of stock as part of stock purchase awards.

Stock Options

Activity during 1991 and 1990 in shares under option are:

	1991		1990	
	Number of Shares	**Price Range Per Share**	Number of Shares	Price Range Per Share
Beginning of year	**1,878,803**	**$12.13 - 26.88**	1,369,567	$12.13 - 26.88
Options granted	**771,600**	**17.86 - 26.75**	592,500	18.75
Options exercised	**646,898**	**12.13 - 23.13**	43,380	12.13 - 19.13
Options cancelled	**21,516**	**12.13 - 26.75**	39,884	12.13 - 23.13
End of year	**1,981,989**	**$12.13 - 26.88**	1,878,803	$12.13 - 26.88
Exercisable	**822,328**	**$12.13 - 26.88**	1,037,161	$12.13 - 26.88

Option prices represent the market price at date of grant. Shares issued under options are recorded in the common stock accounts at the option price. Options granted vest ratably through 1997.

Stock Appreciation Rights

Stock appreciation rights (SARs) have been granted to employees in tandem with some stock options, and may be paid in cash or stock. At December 31, 1991, rights covering 323,071 shares were outstanding and exercisable. The Company accrues expense in connection with the SARs to the extent that the market price of its common stock exceeds the grant price of the shares subject to such rights. Total SARs expense was $7 million for 1991, $6 million credit for 1990 and $4 million expense for 1989.

Deferred Stock Awards

At December 31, 1991, the Company had 728,997 shares of deferred stock outstanding. Deferred stock awards vest ratably from 1990 through 1994. During 1991, no deferred stock was granted, 21,000 shares were cancelled and 366,203 shares were issued.

Compensation expense is measured based on the market price of the stock at date of grant and is recognized on a straight-line basis over the vesting period.

Restricted Stock Awards

At December 31, 1991, the Company had 360,250 shares of restricted stock outstanding. Stock restrictions lapse in 1999.

Stock Purchase Awards

The Company has made stock purchase awards under which certain employees have purchased 894,700 shares. No purchases were made by employees in 1991 or 1990.

12. Share Purchase Rights

Each outstanding share of the Company's common stock includes a preferred share purchase right. Each right entitles the holder to buy from the Company one one-hundredth of a share of Series A Participating Preferred Stock of the Company at a price of $50. The Board of Directors has designated 450,000 shares of the Company's authorized preferred stock as Series A Participating Preferred Stock. There are currently no preferred shares outstanding.

Rights become exercisable and detach from the common stock ten days after a person or group acquires, or announces a tender offer for, 20% or more of the Company's outstanding shares of common stock. The rights expire on December 30, 1996, unless redeemed earlier by the Company. The rights are redeemable by the Company at one cent each at any time prior to ten days following public announcement or notice to the Company that an acquiring person or group has purchased 20% or more of the Company's outstanding common stock. If the Company is acquired in a merger or other business combination at any time after the rights become exercisable, each right would entitle its holder to buy shares of the acquiring or surviving company having a market value of twice the exercise price of the right.

13. Postretirement Benefits Other Than Pensions

The Company and its subsidiaries maintain health care and life insurance benefit plans. Individuals participating in these plans include retired employees and their dependents. The health care plans are unfunded and pay either 1) stated percentages of covered medically necessary expenses incurred by retirees, after subtracting payments by Medicare or other providers and after stated deductibles have been met, or 2) fixed amounts of medical expense reimbursements. Employees become eligible to participate in the health care plans upon retirement under one of the Company's pension plans. Some of the plans are contributory, with some retiree contributions adjusted annually. The Company has reserved the right to change or eliminate these benefit plans subject to the terms of collective bargaining agreements during their term.

The Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" as of January 1, 1991, for its domestic plans. This new standard requires that the expected cost of these postretirement benefits must be charged to expense during the years that eligible employees render service. The Company has elected to charge the cumulative effect of the unfunded obligation of $344 million pre-tax ($227 million after-tax) against earnings as of January 1, 1991. The effect of this change in accounting was to decrease 1991 pre-tax income by $362 million. Prior to 1991, the Company recognized postretirement health care costs in the year that the benefits were paid. These costs were $24 million in 1990 and $21 million in 1989. Total retiree health care and life insurance expense was $35 million for 1991 under the new standard.

The following table reconciles the status of accrued postretirement health care cost liability at October 31, 1991, as reflected on the balance sheet as of December 31, 1991:

(In millions of dollars)	**1991**
Accumulated Postretirement Benefit Obligation:	
Retirees	**$ (237)**
Fully eligible active plan participants	**(27)**
Other active plan participants	**(98)**
Accrued postretirement health care cost liability (includes current liabilities of $19 million)	**$ (362)**

Net postretirement health care cost for 1991 included the following components:

(In millions of dollars)	**1991**
Service cost	**$ 6**
Interest cost on accumulated postretirement benefit obligation	**29**
Net postretirement health care cost	**$ 35**

For measurement purposes, an 11.5% annual rate of increase in the per capita cost of covered health care claims was assumed for 1992. The rate was assumed to decrease to 11.0% for 1993, then decrease gradually to 8%. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of October 31, 1991, by $35 million and the aggregate of the service and interest cost components of net postretirement health care cost for the year then ended by $5 million. The discount rate used in determining the accumulated postretirement benefit obligation was 8.6%.

14. Pension Plans

The Company has several pension plans covering substantially all full-time employees.

Under the plans, pension benefits are generally based on an employee's number of years of service and compensation. Company contributions to pension plans are based on the calculations of an independent actuary using the projected unit credit method. Plan assets consist primarily of domestic and foreign equity securities with the balance in fixed income investments. The unrecognized cost of retroactive amendments and actuarial gains and losses are amortized over the average future service of plan participants expected to receive benefits.

Pension expense for the Company's defined benefit pension plans includes the following:

(In millions of dollars)	**1991**	1990	1989
Service cost	**$ 18**	$ 21	$ 18
Interest cost on projected benefit obligation	**58**	58	53
Actual (return) loss on plan assets	**(147)**	34	(114)
Net amortization and deferral	**75**	(110)	51
Net pension expense	**$ 4**	$ 3	$ 8

The funded status at October 31, 1991 and 1990 is as follows:

(In millions of dollars)	**1991**	1990
Vested benefit obligation	**$ 492**	$ 442
Accumulated benefit obligation	**$ 589**	$ 526
Plan assets at fair value	**$ 715**	$ 614
Projected benefit obligation	**691**	625
Over (under) funded status	**24**	(11)
Less: Unrecognized loss (gain)	**31**	74
Unrecognized prior service cost	**(32)**	(29)
Unrecognized transition amount	**(74)**	(79)
Net pension liability (includes current liabilities of $9 million in 1991 and $1 million in 1990 and $12 million in other noncurrent assets in 1991)	**$ (51)**	$ (45)

The 1991, 1990 and 1989 primary actuarial assumptions used for pension plans were:

	1991	1990	1989
Discount rate	**8.6%**	9.5%	8.9%
Expected long-term rate of return on assets	**10.0%**	10.0%	10.0%
Rate of compensation increase	**4.5%**	4.5%	4.5%

The Company also sponsors defined contribution plans available to substantially all domestic employees. Company contributions for the plans are based on matching a percentage of employee savings up to a maximum savings level. The Company's contribution was $7 million in 1991, $6 million in 1990, and $6 million in 1989.

15. Financial Instruments With Off-Balance-Sheet Risk and Significant Group Concentrations of Credit Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to help meet financing needs and to reduce exposure to fluctuating foreign currency exchange rates. The Company is exposed to credit loss in the event of nonperformance by the other parties to the financial instruments described below. However, the Company does not anticipate nonperformance by the other parties. The Company does not generally require collateral or other security to support these financial instruments.

The Company enters into forward currency exchange contracts to hedge against foreign currency fluctuations on certain assets and liabilities denominated in foreign currencies. As of December 31, 1991, the Company had forward currency exchange contracts maturing in 1992 to exchange 2 billion Belgian francs into 9 million British pounds, 20 billion Italian lira, 76 million Swedish krona and various other currencies. The Company has a forward currency exchange contract maturing in 1992 to exchange 190 million Swedish krona against approximately $31 million U.S. dollars to hedge an equity investment in a European subsidiary. Gains and losses on hedges of net investments in foreign subsidiaries are included in stockholders' equity. Gains and losses on other foreign currency hedges are included in income in the year in which the exchange rates change.

As of December 31, 1991, the Company had entered into three interest rate swap agreements to reduce the interest rates on its fixed rate borrowings. These agreements effectively convert an aggregate principal amount of $100 million of fixed rate long-term debt into variable rate borrowings with interest rates ranging from 5.125% to 9.678%. The agreements mature in August 1998. The differential interest to be paid or received is accrued as interest rates change and is recognized over the life of the agreements.

FCI has a cross-currency interest rate conversion agreement from U.S. dollars into Canadian dollars to hedge the interest and principal payments of its 9.8% guaranteed debentures, due in 1998. The agreement establishes a fixed interest rate of 12.065%.

The Company has a cross-currency interest rate conversion agreement from Deutsche marks into U.S. dollars to hedge the interest and principal payments of its 7.25% Deutsche mark bonds, due in 2000. The agreement establishes a fixed interest rate of 11.1%.

16. Restructuring of Operations

During the fourth quarter of 1990, the Company initiated a restructuring plan to reduce costs and further integrate North American operations in response to weakness in many of its major markets. In connection with this plan, the Company recorded a $65 million pre-tax charge which included $26 million for personnel reductions, $14 million for the write-down of fixed assets and $25 million for other items.

During the fourth quarter of 1989, the Company initiated its North American restructuring plan to reduce costs and integrate its facilities with those of Fiberglas Canada Inc. (Note 17). In connection with this plan, the Company recorded a $30 million pre-tax charge which included $19 million for severance and early retirement benefits and $11 million for the write-down of fixed assets and for other related costs.

17. Acquisition of Fiberglas Canada Inc.

In August 1989, the Company acquired approximately 50% of the outstanding capital stock of Fiberglas Canada Inc. (FCI) for $197 million. Prior to the acquisition, the Company owned approximately 50% of FCI and accounted for such investment using the equity method. Beginning with the fourth quarter of 1989, the financial position and results of operations of FCI are reflected on a consolidated basis in the accompanying consolidated financial statements.

The acquisition has been accounted for under the purchase method, whereby the purchase price of the additional capital stock has been allocated to the underlying assets and liabilities based on their respective fair values at the date of acquisition.

Summarized below are the unaudited consolidated results of operations of the Company and FCI on a pro forma basis as though FCI had been acquired as of the beginning of 1989. These results include certain adjustments, primarily increased amortization, depreciation, and interest expense, and are not necessarily indicative of what the results would have been had the Company owned FCI during the period.

(In millions of dollars, except share data)	1989
Net sales	$ 3,191
Income before extraordinary item	157
Net income	157
Per share of common stock:	
Income before extraordinary item	$ 3.72
Net income	3.72

18. Reclassifications

Certain reclassifications have been made to 1990 and 1989 to conform with the classifications used in 1991, including the reclassification of cash discounts on sales from other expenses to net sales.

19. Industry Segments

The Company operates in two industry segments, the Construction Products Group and the Industrial Materials Group and reports its results in two ways: by business segment and geographically.

The business segments are as follows:

Construction Products

Production and sale of glass wool fibers formed into thermal and acoustical insulation and air ducts; roofing shingles, built-up roofing systems and asphalt materials; calcium silicate insulation; and underground storage tanks.

Industrial Materials

Production and sale of glass fiber yarns, rovings, mats, strand and reinforcement products, and resins and gelcoats.

The business segment reporting is as follows: Construction Products Group, with a breakdown of results by principal business areas - the United States, and Canada and other; Industrial Materials Group, with results detailed for the United States, and Europe and other.

The geographic reporting combines the two business segments within the major regions: United States, Europe and other, and Canada.

Intercompany sales are generally recorded at market or equivalent value. Income (loss) from operations by industry segment consists of net sales less related costs and expenses.

In computing income (loss) from operations by segment, cost of borrowed funds and other general corporate income and expenses have been excluded. Certain corporate operating expenses directly traceable to industry segments have been allocated to those segments. The pre-tax charge of $65 million related to the Company's restructuring (Note 16) reduced 1990 income (loss) from operations for the Construction Products Group by $8 million in the United States and $41 million in Canada and other; the Industrial Materials Group by $1 million in the United States and $7 million in Europe and other; and increased the general corporate expense by $8 million. In 1989, the Company recorded $30 million in restructuring charges, which reduced 1989 income from operations for the Construction Products Group by $9 million in the United States and $4 million in Canada and other; the Industrial Materials Group by $3 million in the United States; and increased the general corporate expense by $14 million.

Identifiable assets by industry segment are those assets that are used in the Company's operations in each industry segment and do not include general corporate assets. General corporate assets consist primarily of cash, time deposits, deferred taxes, and corporate property and equipment.

19. Industry Segments (Continued)

(In millions of dollars) (Note 18)	**1991**	1990	1989
Business Segments			
Net Sales			
Construction Products			
United States	**$1,578**	$1,704	$1,755
Canada and other	**262**	303	172
Industrial Materials			
United States	**422**	469	520
Europe and other	**521**	593	517
	2,783	3,069	2,964
Intercompany sales			
Construction Products			
United States	**–**	–	–
Canada and other	**–**	–	–
Industrial Materials			
United States	**90**	93	71
Europe and other	**19**	3	1
Eliminations	**(109)**	(96)	(72)
Consolidated net sales	**$2,783**	$3,069	$2,964
Income (Loss) from Operations			
Construction Products			
United States	**$ 92**	$ 131	$ 158
Canada and other	**13**	(15)	25
Industrial Materials			
United States	**72**	107	140
Europe and other	**60**	106	137
General corporate expense	**(865)**	(36)	(28)
Income (loss) from operations	**(628)**	293	432
Cost of borrowed funds	**(131)**	(165)	(166)
Income (loss) before provision for income taxes	**$ (759)**	$ 128	$ 266

(In millions of dollars)	**1991**	1990	1989
Business Segments			
Identifiable Assets at December 31			
Construction Products			
United States	**$ 583**	$ 620	$ 660
Canada and other	**215**	255	276
Industrial Materials			
United States	**238**	246	272
Europe and other	**429**	489	454
General corporate	**596**	165	234
	2,061	1,775	1,896
Investments in affiliates accounted for under the equity method	**45**	32	28
Total assets	**$2,106**	$1,807	$1,924
Depreciation and Amortization			
Construction Products			
United States	**$ 60**	$ 65	$ 66
Canada and other	**12**	12	6
Industrial Materials			
United States	**23**	26	36
Europe and other	**27**	28	22
General corporate	**10**	8	7
Total depreciation and amortization	**$ 132**	$ 139	$ 137
Additions to Plant and Equipment			
Construction Products			
United States	**$ 50**	$ 54	$ 57
Canada and other	**6**	9	3
Industrial Materials			
United States	**16**	25	26
Europe and other	**19**	26	31
General corporate	**5**	7	8
Total additions	**$ 96**	$ 121	$ 125

19. Industry Segments (Continued)

(In millions of dollars) (Note 18)	**1991**	1990	1989
Geographic Segments			
Net Sales			
United States	**$2,000**	$2,173	$2,275
Europe and other	**529**	582	548
Canada	**254**	314	141
	2,783	3,069	2,964
Intercompany sales			
United States	**90**	93	71
Europe and other	**4**	3	1
Canada	**15**	–	–
Eliminations	**(109)**	(96)	(72)
Consolidated net sales	**$2,783**	$3,069	$2,964
Income (Loss) from Operations			
United States	**$ 164**	$ 238	$ 298
Europe and other	**67**	118	151
Canada	**6**	(27)	11
General corporate expense	**(865)**	(36)	(28)
Income (loss) from operations	**(628)**	293	432
Cost of borrowed funds	**(131)**	(165)	(166)
Income (loss) before provision for income taxes	**$ (759)**	$ 128	$ 266

(In millions of dollars)	**1991**	1990	1989
Geographic Segments			
Identifiable Assets at December 31			
United States	**$ 821**	$ 866	$ 932
Europe and other	**376**	429	399
Canada	**268**	315	331
General corporate	**596**	165	234
	2,061	1,775	1,896
Investments in affiliates accounted for under the equity method	**45**	32	28
Total assets	**$2,106**	$1,807	$1,924
Depreciation and Amortization			
United States	**$ 83**	$ 91	$ 102
Europe and other	**25**	25	22
Canada	**14**	15	6
General corporate	**10**	8	7
Total depreciation and amortization	**$ 132**	$ 139	$ 137
Additions to Plant and Equipment			
United States	**$ 66**	$ 79	$ 83
Europe and other	**18**	26	30
Canada	**7**	9	4
General corporate	**5**	7	8
Total additions	**$ 96**	$ 121	$ 125

20. Quarterly Financial Information (Unaudited)

(In millions of dollars, except share data)	Quarter First	Second	Third	Fourth
1991*				
Net Sales	$ 612	$ 735	$ 749	$ 687
Cost of Sales	501	578	580	527
Gross profit	$ 111	$ 157	$ 169	$ 160
Income (Loss) before Extraordinary Item and Cumulative Effect of Accounting Change	$ (25)	$ 13	$ 26	$ (529)
Cumulative effect of accounting change	(227)	–	–	–
Net Income (Loss)	$ (252)	$ 13	$ 26	$ (529)
Net Income (Loss) Per Share				
Primary				
Income (loss) before extraordinary item and cumulative effect of accounting change	$ (.62)	$ .32	$ .62	$ (12.83)
Cumulative effect of accounting change	(5.58)	–	–	–
Net Income (Loss) Per Share	$ (6.20)	$ .32	$ .62	$ (12.83)
Fully diluted				
Income (loss) before extraordinary item and cumulative effect of accounting change	$ (.62)	$ .32	$ .59	$ (12.83)
Cumulative effect of accounting change	(5.58)	–	–	–
Net Income (Loss) Per Share	$ (6.20)	$ .32	$ .59	$ (12.83)

**See Notes 1, 13 and 18 to the consolidated financial statements.*

Previously reported 1991 interim financial statements have been revised to give effect to the adoption of Statement of Financial Accounting Standards No. 106 as of January 1, 1991.

Net income (loss) per share and primary and fully diluted weighted average shares are computed independently for each of the quarters presented. Therefore, the sum of the quarterly net income (loss) per share in 1991 does not equal the per share total for the year.

(In millions of dollars, except share data)	Quarter First	Second	Third	Fourth
1990*				
Net sales	$ 740	$ 759	$ 812	$ 758
Cost of sales	538	558	611	597
Gross profit	$ 202	$ 201	$ 201	$ 161
Income (loss) before extraordinary item and cumulative effect of accounting change	$ 33	$ 39	$ 35	$ (32)
Extraordinary loss from early retirement of debt	(1)	–	–	(1)
Net income (loss)	$ 32	$ 39	$ 35	$ (33)
Primary and fully diluted net income (loss) per share				
Income (loss) before extraordinary item and cumulative effect of accounting change	$ .79	$ .92	$ .84	$ (.77)
Extraordinary loss	(.03)	–	(.01)	(.01)
Net income (loss) per share	$ .76	$ .92	$ .83	$ (.78)

**See Notes 16 and 18 to the consolidated financial statements.*

Directors and Officers

As of December 31, 1991

DIRECTORS

William W. Boeschenstein 1,4
Former Chairman of the Board and
Chief Executive Officer
Owens-Corning Fiberglas

Paul V. Daverio
Senior Vice President and
Chief Financial Officer
Owens-Corning Fiberglas

Charles E. Exley, Jr. 3, 4
Former Chairman of the Board and
Chief Executive Officer
NCR Corporation

Landon Hilliard 3, 4, 5
Partner, Brown Brothers
Harriman & Co.

James R. Houghton 2, 5
Chairman of the Board and
Chief Executive Officer
Corning Incorporated

David T. McGovern 3
Of Counsel, Shearman & Sterling

Furman C. Moseley, Jr. 1, 2, 4
President, Simpson Investment
Company and Chairman
Simpson Paper Company

Peter L. Scott 1, 2, 4, 5
Former Chairman of the Board
The Black & Decker Corporation

Max O. Weber 1
Chairman of the Board and
Chief Executive Officer
Owens-Corning Fiberglas

Directors serve on committees of the Board as indicated by the numbers following their names.

1. Executive Committee
   William W. Boeschenstein
   Acting Chairman

2. Compensation Committee
   James R. Houghton
   Chairman

3. Audit Committee
   Charles E. Exley, Jr.
   Chairman

4. Trust Review Committee
   Furman C. Moseley, Jr.
   Chairman

5. Corporate Governance
   Committee

CORPORATE OFFICERS

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Chairman of the Board and
Chief Executive Officer

William W. Colville
Senior Vice President and
General Counsel

Charles H. Dana
Senior Vice President and
President
Industrial Materials Group

Paul V. Daverio
Senior Vice President and
Chief Financial Officer

Robert D. Heddens
Senior Vice President
Human Resources

Larry T. Solari
Senior Vice President and
President
Construction Products Group

Charles D. McGill
Vice President
Information Systems

Dr. Joel R. Bender
Vice President
Health, Safety and
Environmental Affairs

Bert E. Elliott
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Tax

Daniel W. Dymarkowski
Vice President
Industrial Relations

C. Peter Hauck
Vice President and
Controller

Dr. Jon L. Konzen
Vice President
Medical and Health Affairs

Michael I. Miller
Vice President and
Treasurer

Bradford C. Oelman
Vice President
Corporate Relations

Gilbert Soors
Vice President
International Finance and
Assistant Treasurer

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Dr. Sharell L. Mikesell
Vice President
Technology

Dr. Grant F. Carruth
Vice President Industrial Materials and International Research and Development

Dr. Robert L. Houston
Vice President
Construction Products Research and Development

Walter B. Reed
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Corporate Engineering

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President

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Vice President
Manufacturer and Mechanical Insulation

Frank E. Glover
Vice President
Marketing
Retail and Distribution Insulation

Richard O. Webb
Vice President
Manufacturing

Roofing Products Operating Division

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Vice President and General Manager

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Vice President
Trumbull Products

Rudolph H. Kizer
Vice President
Manufacturing

New Products Division

Dennis R. Barber
Vice President and General Manager

Commercial Roofing Products

Timothy E. Walsh
Vice President

Planning

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Vice President

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J. Peter Detgen
Vice President

Robert D. Bolyard
Vice President
Western Region Sales

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Southwest Region Sales

Robert G. Keavy
Vice President
Midwest Sales

Michael J. Krach
Vice President
Eastern Region Sales

Jerry C. Sutter
Vice President
National Accounts

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President

Charles R. Bland
Vice President
Financial and Business Planning

Robert J. DeGange
Vice President
Textile Materials Marketing

John B. Jenks
Vice President
Resins and Coatings Division

Warren D. Knowlton
Vice President
Sales

Patrick F. Moore
Vice President
Reinforcements Materials Marketing

Robert G. Pistole
Vice President
Manufacturing

O/C Tanks Corporation

J. Thomas Solon
President

European Operations

Gregoire Amory
Vice President

Jean Delville
Vice President
Commercial Operations

Andre Toussaint
Vice President
Technical Operations

Efthimios O. Vidalis
Vice President
Reinforcements Division

INTERNATIONAL

James S. Hearons
Vice President

J. Dennis Menton
Vice President
Marketing, Technical and Asia/Pacific Operations

Scott K. Koepke
Vice President
Brazilian Operations

Fiberglas Canada Inc.

Derek J. Holden
Vice President, OCF and President and Chief Executive Officer

Richard B. Friesen
Group Vice President
Insulation

Len G. Hughes
Vice President
Administration

John A. Vermeulen
Vice President
Marketing and Sales

Corporate Address

Owens-Corning Fiberglas Corporation
Fiberglas Tower
Toledo, Ohio 43659
(419) 248-8000

Shareholder Services

Owens-Corning maintains a Shareholder Services Office at corporate headquarters in Toledo, Ohio to assist stockholders. Inquiries are welcome at the corporate address.

Transfer Agent and Registrar

Manufacturers Hanover Trust Company acts as both Transfer Agent and Registrar for the Company. Questions on change of ownership, total shares owned, consolidation of accounts, and other such matters should be sent to Manufacturers Hanover Trust Company, Securityholder Relations, P.O. Box 24935 – Church Street Station, New York, New York 10249, or phone 1-800-647-4273.

Auditors

Arthur Andersen & Co., Toledo, Ohio is the independent public accounting firm for the Company.

Change of Address

A change of address should be reported promptly by sending a letter to Manufacturers Hanover Trust Company, Securityholder Relations, P.O. Box 24935 – Church Street Station, New York, New York 10249.

Form 10-K

The Company will provide without charge to any person who is a beneficial owner of its shares a copy of the Company's 1991 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission. Requests should be addressed to Sharon Traudt, Office of the Secretary, Owens-Corning Fiberglas Corporation, Fiberglas Tower, Toledo, Ohio 43659.

Annual Meeting

The annual stockholders meeting of Owens-Corning Fiberglas Corporation will be held in One SeaGate Auditorium, One SeaGate, (Jackson and Summit Streets), Toledo, Ohio at 2 p.m. Thursday, April 16, 1992.

Stock Exchange

Owens-Corning Fiberglas stock is listed for trading on the New York Stock Exchange under the symbol OCF.

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OWENS-CORNING

FIBERGLAS

CORPORATION

Fiberglas Tower

Toledo, Ohio 43659