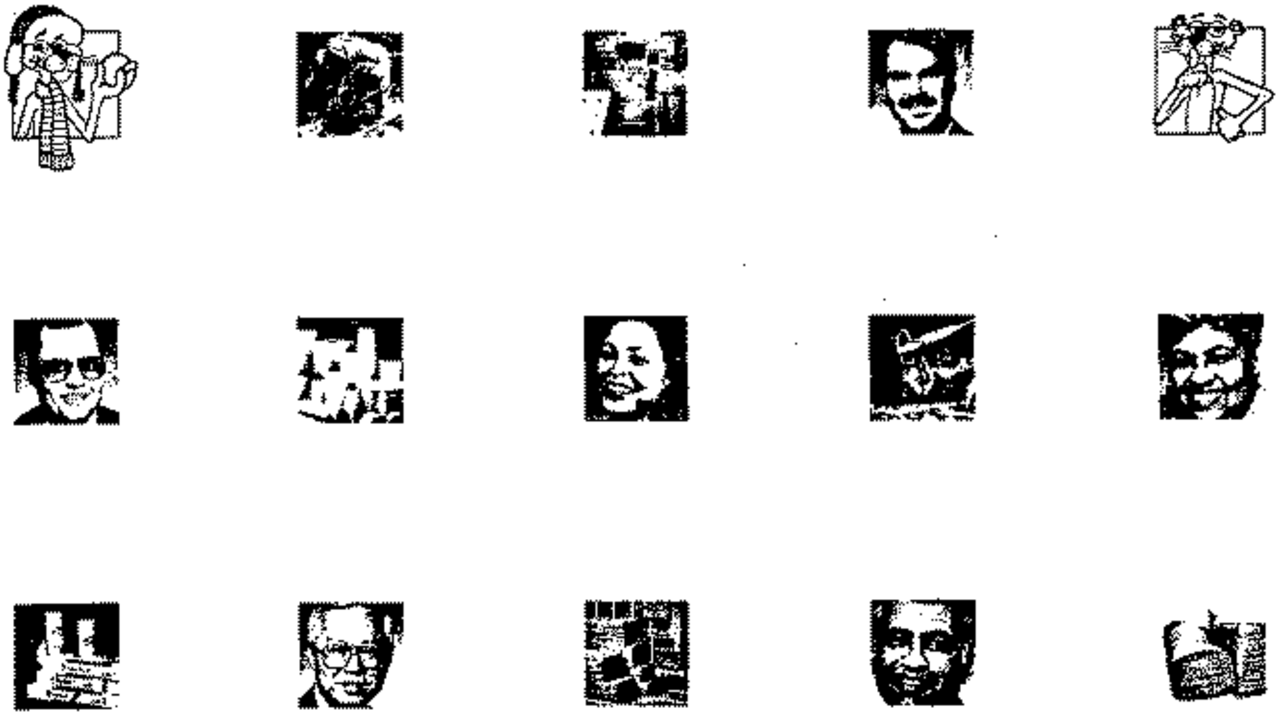
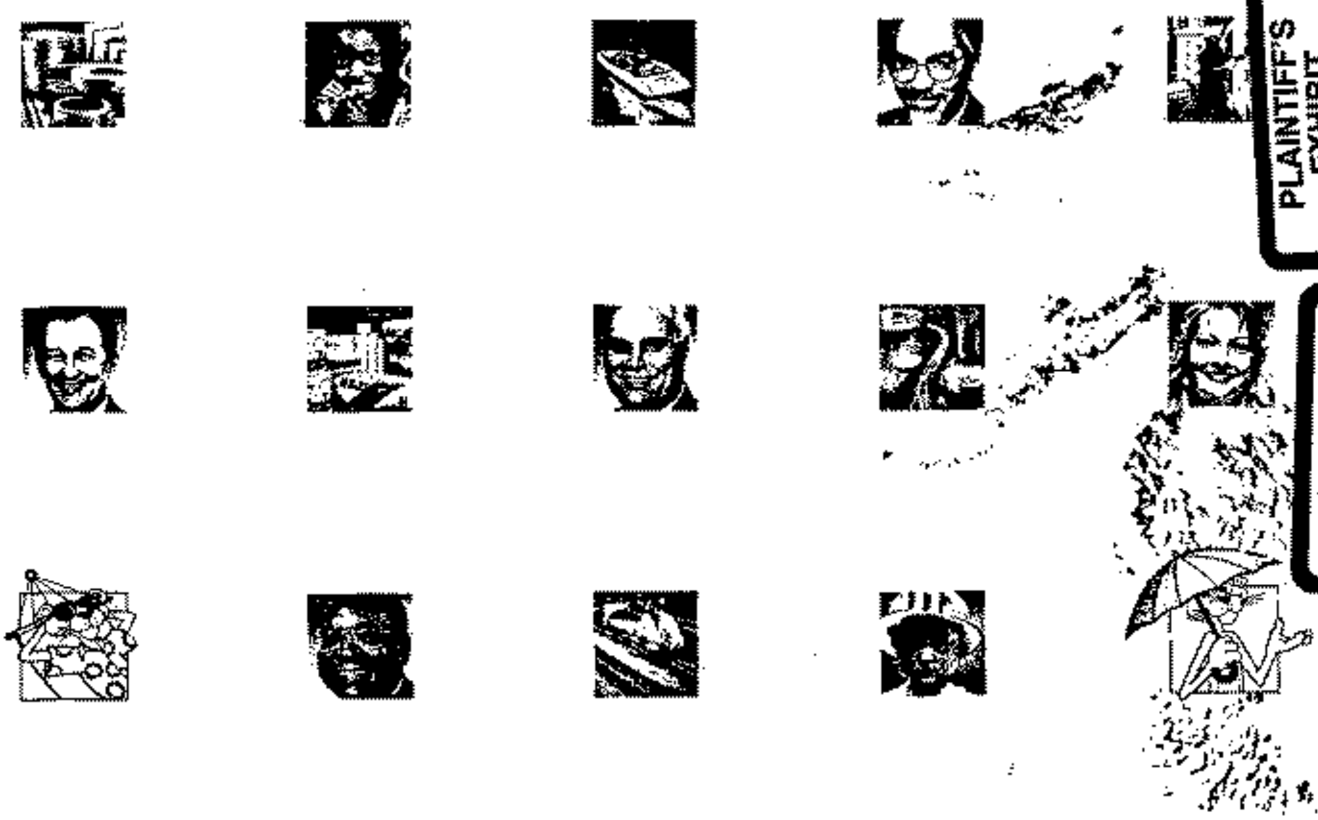


1996 Annual Report

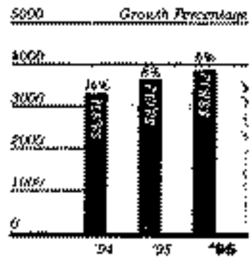
OWENS CORNING

SYSTEM THINKING™

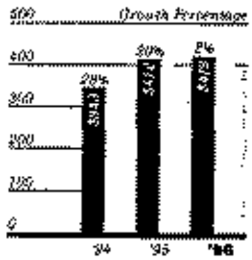


Financial Highlights

Net Sales
(In millions of dollars)

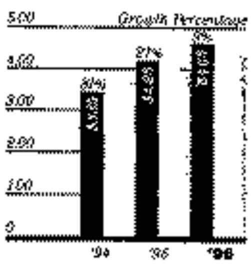


Income from Ongoing Operations
(In millions of dollars)



Percent of Sales	10%	11%	**11%**

Fully Diluted Earnings per Share (Ongoing Operations)
(In dollars)



Income Statement

(In millions of dollars, except per share data and where noted)	Year Ended December 31, **1996**	1995	1994
Net Sales	**$ 3,832**	$ 3,612	$ 3,351
Gross Margin from ongoing operations	**1,005**	942	815
Income (loss) from operations	**(504)**	412	226
Income from ongoing operations	**419**	412	343
Net income (loss)	**(284)**	231	159
Net income from ongoing operations	**257**	223	159
As a percent of sales	**7%**	6%	5%
Per Share Information			
Fully Diluted Earnings per Share			
Net Income (loss)	**$ (5.50)**	$ 4.40	$ 3.35
Net Income from ongoing operations	**$ 4.65**(a)	$ 4.25	$ 3.35
Fully diluted shares (in thousands)	**51,722**(a)	54,106	50,025

Balance Sheet

(In millions of dollars)	Year Ended December 31, **1996**	1995	1994
Total assets	**$ 3,913**	$ 3,261	$ 3,274
Total debt	**$ 934**	$ 893	$ 1,212
Total other liabilities	**$ 3,248**	$ 2,386	$ 2,742
MIPS	**$ 194**	$ 194	$ —
Minority interest	**$ 21**	$ —	$ —
Total stockholders' equity	**$ (484)**	$ (212)	$ (680)

Cash Flows

(In millions of dollars)	Year Ended December 31, **1996**	1995	1994
Net cash flow from operations excluding asbestos-related activities	**$ 501**	$ 342	$ 361
Net cash flow from investing	**$ (360)**	$ (361)	$ (355)
Net cash flow from financing	**$ 50**	$ 36	$ 178
Net cash flow from asbestos-related activities	**$ (166)**	$ (57)	$ (128)
Capital Spending	**$ 325**	$ 276	$ 258

(a) Fully diluted shares do not include 5.8 million shares from the assumed conversion of stock options and MIPS due to their anti-dilutive effect. These shares have been included in the calculation of earnings per share from ongoing operations for comparisons with prior years.

Table of Contents

The Chairman's Perspective

For the fifth consecutive year, Owens Corning reported higher earnings from ongoing operations. 1996 was also the second consecutive year for record sales and earnings for the Company.

For the 20th consecutive quarter, we met our goal of reporting higher earnings from ongoing operations than the same period the year before.

For the year, earnings from ongoing operations were $257 million or $4.65 per fully diluted share, up 15 percent from $223 million, or $4.25 per share in 1995. Sales increased to $3.832 billion, up 6 percent or $220 million, from $3.612 billion in 1995.

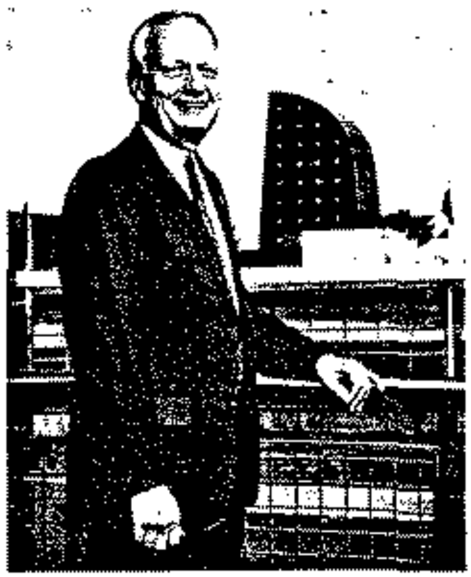
Quarterly sales also broke the $1 billion mark for the first time in both the third and fourth quarters.

In June, I was also very pleased and proud to announce our first dividend since the Company's recapitalization 10 years ago. This was made possible by the reduction of debt to targeted levels driven by continued improvement in cash flow generation. It reflects our confidence in the Company's ability to both fund our growth agenda and to satisfy our asbestos obligations. We continue to expand globally, supported by strategic acquisitions, and to invest in our primary productivity program – Advantage 2000.

But, 1996 was not without disappointment. Although we generated 4 percent improvement in productivity as measured on an absolute basis, we did not meet our continuous improvement target for operating margin. Focus on continued margin improvement by our businesses, supported by the implementation of Advantage 2000, will be key to achieving this goal in the future.

Despite the disappointment in operating margin improvement, we did confirm our growth agenda by accelerating our $5 billion annual sales goal a full year, to 1999.

Regarding asbestos, we have consistently stated that we will fairly compensate anyone honestly injured by our product. However, we also will legally oppose fraudulent claims from any source. Such claims undermine the integrity of our system of justice and cheat both Owens Corning and deserving claimants.



"1996 confirmed our growth agenda..."

In June, Owens Corning filed a lawsuit under the Federal Racketeering statutes (RICO) against three pulmonary function testing facilities and their principals.

The lawsuit alleges a massive scheme to defraud the Company by generating falsified medical test results. The alleged false results were intended to substantiate the filing and settlement of tens of thousands of asbestos-related claims against Owens Corning.

On that momentous day, we served notice that we will fight vigorously against fraudulent asbestos claims. We have since filed a second suit against another testing facility.

In the second quarter of 1996, we recorded a charge, associated with an asbestos-containing product we last manufactured in 1972, to account for claims anticipated after 1999. That charge, a net total of $542 million after-tax, along with other special items recorded in the first and fourth quarters, resulted in a net loss of $284 million, or $5.50 per share, for the year.

But the real bottom line to our actions is that we can compensate fairly those injured, quantify our asbestos liability and, at the same time, reward our shareholders and advance our global growth agenda.

Throughout this report, you'll see many examples of our three-pronged growth strategy of global expansion, new products and applications, and targeted acquisition.

1996 results again illustrate the logic of that strategy and the balance of our businesses. The strength of our roofing, specialty and foam businesses, including acquisitions made in 1995 and 1996, countered a general softness in Composites and economic weakness in Europe.

The performance of our 12 niche acquisitions has made its impact felt by contributing more than half of our sales growth over the past two years. Our acquisitions have exceeded our criteria of 18% rate of return and contributed to EPS growth in the year after acquisition. Three of the last five acquisitions have been outside of the U.S.

Our acquisitions also have been a major factor in changing the composition of our Company as reflected in our expanded product portfolio to serve customers. We are no longer a company based solely on glass fiber technology. Our offerings now include styrenics – extruded and expanded polystyrenes – vinyl windows, vinyl siding and fabricated products for a variety of thermal and acoustical markets for original equipment manufacturing.

To better reflect our global strategy as a broad-based materials company, we have changed the Company name to Owens Corning, dropping the word Fiberglas. Our new ticker symbol, OWC, corresponds to the new name.

For today and tomorrow, Owens Corning also is strengthened by an exceptional level of product and environmental stewardship.

The science and technology behind its proven performance make glass fiber a major contributor to energy conservation and comfort.

Glass fiber is also one of the most tested materials ever for health and safety. In contrast, materials used as alternatives for glass fiber lack anywhere near the same level of testing data and proven performance.

The same dedication to excellence found in our stewardship programs is mirrored internally, where our goal of developing a safety culture has made considerable progress. Through leadership actions, engineering design, ergonomics and the aggressive encouragement of safe behavior, we are continually enhancing occupational health and safety to protect our valuable human assets.

In September, we announced a new strategic thrust for Owens Corning – a new way to do business which we call System Thinking™.

System Thinking enables our businesses to combine individual parts and tasks with integrated solutions and processes. It's a shift from a product orientation to system-driven solutions across all our lines of business.

System Thinking creates natural and logical links that bring people and work together. It joins Owens Corning people, resources and capabilities to produce common, simple and global solutions.

It adds value for customers doing business with Owens Corning.

System Thinking is becoming pervasive at Owens Corning. You will see many examples of its competitive advantage for our business, and our customers, as you read this report.

Continuous customer contact and communication enhance Owens Corning's important market partnerships and help fulfill our commitment to Customer Satisfaction.

System Thinking begins with our Core Values – Customer Satisfaction, Individual Dignity and Shareholder Value – the principles which guide all that we do. Working in concert, our value system leads the way we do business, focuses our priorities and better prepares us to pursue Owens Corning's aggressive growth agenda.

The first implementation, System Thinking for the Home,™ was introduced in September by our Building Materials business. It will transform the way homes are built, marketed, maintained and improved.

Building materials for the envelope of the home have typically been purchased à la carte – one item at a time, one brand at a time. Our research tells us that a majority of consumers no longer want to buy that way. They don't want to assemble a series of individual products for their projects. They want integrated systems that address their whole need. They want *System Thinking*.

By linking all of our products, technical expertise and resources into solution-oriented systems, *System Thinking for the Home* helps Owens Corning expand its scope to successfully compete in the larger, $132 billion home improvement market.

We can continue our heritage of growing by helping educate homeowners in how to maximize the value and comfort of their homes. And, we can aggressively build share, grow in new categories and generate additional sales.

We expect the impact of *System Thinking* will enable the Company's Building Materials business to grow at a rate up to twice the industry's rate of growth.

To date, one of the most pervasive examples of *System Thinking* at Owens Corning is our Advantage 2000 information technology system and business process reengineering initiative.

Launched in 1995, Advantage 2000 is more than half-way through the two-year conversion of our 200 outdated computer systems to an interconnected informational and operational infrastructure.

Advantage 2000 globally integrates our employees with a common, simple system. Its direct and timely access to information will help them make better business decisions.

It's on track to deliver $50 million in annual savings beginning in 1998.

To further enhance our understanding and implementation of common, simple and global systems, we're moving toward a process-based organizational structure.

This new structure is being focused on how we can optimize our resources, maximize our speed and simplify our processes to make Owens Corning the easiest company to do business with.

In 1996, we expanded our new Rewards & Resources Program which significantly links employees' compensation and benefits to the Company's performance.

To support our Core Value of Individual Dignity, Owens Corning donated a new 25-bed hospital surgical wing to help improve medical treatment in the region surrounding our Botswana pipe plant.

Fixed-cost benefit "entitlements" have been replaced by variable rewards in the form of stock, stock options, profit sharing, a cash balance plan and flex credits. Our U.S. salaried employees and many of our primary employees earned their first awards under this program in 1996. Global expansion of Rewards & Resources to all employees is our goal.

The awards are determined by the same performance measures which apply to our management incentive pay plan. Awards vary depending upon Company performance and can generate considerable rewards for profitable results.

This is a leading-edge program and an accomplishment of which we're proud. Owens Corning employees are sharing risks and rewards on the same basis as our shareholders. We all do well only when the Company does well.

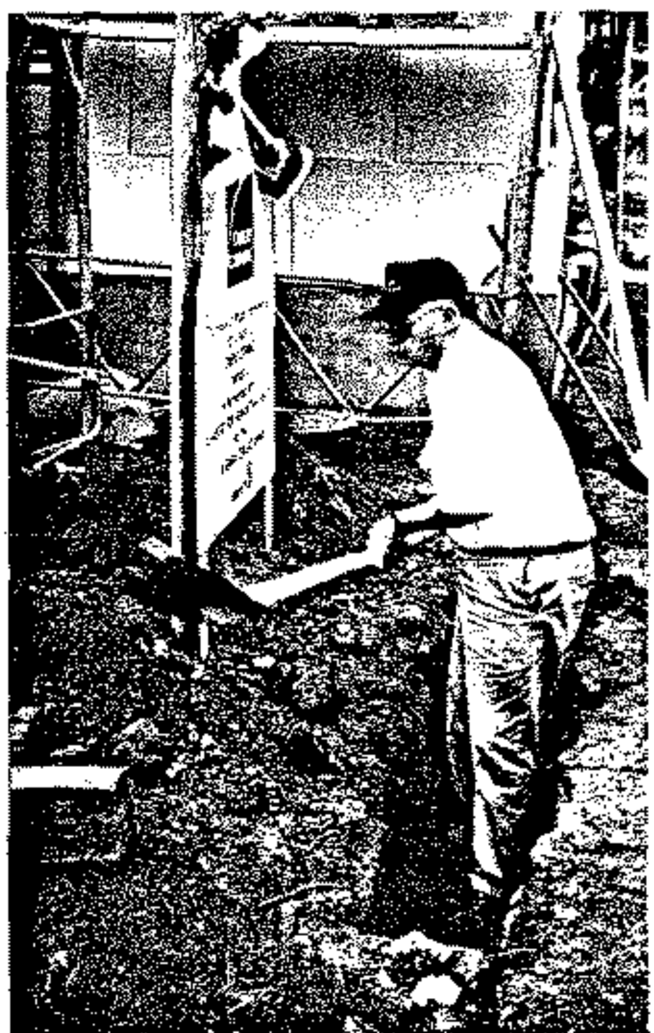
In concluding the fifth year of our growth agenda, we are proud of the accomplishments of Owens Corning's people in embracing change and strengthening our industry leadership. Noteworthy is their ability to consistently generate current growth while enhancing long-term sustainable value for our investors.

Looking ahead to 1997, we see a challenging year. Continued strong financial results will be tempered by a higher effective tax rate. We forecast the sales momentum established in Building Materials in North America to continue. We are expecting a turnaround in Europe in the second half of the year.

1996 confirmed our growth agenda and the historic performance of our team provides us with every assurance that we will meet or exceed our demanding goals in 1997.

We greatly appreciate your continued interest and support.

Support of global organizations, such as this Habitat for Humanity project in Hungary, includes contributions of our people's time, as well as products. These efforts advance Shareholder Value by reaffirming our global growth agenda.



System Thinking™: Stewardship

In a Company famous for PINK, green is also a very important color. One of Owens Corning's most comprehensive systems encompasses the Company's commitment to our world's life systems *through product and environmental stewardship.*

Propelled by *System Thinking* and aggressive goals for continuous improvement, Owens Corning views stewardship as a never-ending responsibility for our products throughout their entire life cycle.

From their origins in our Science & Technology labs to their ultimate end-use in our homes and the thousands of products that improve our quality of life, our materials are among the most extensively tested and monitored to safeguard the health and safety of our customers, employees and neighbors.

To cultivate a safe workplace, we are using a strong socio-technical systems approach which integrates a safe working environment with safe employee behaviors in a supportive, leadership culture. Likewise, a safe workplace *is one of the* key goals in the engineering design of our products, equipment and processes.

In our manufacturing process, we are the world's largest user of recycled glass bottles. We've used some 4 billion pounds of recycled glass *in just the past 10 years.* In addition, waste from our Jackson, Tennessee, Composites plant is shipped to our Waxahachie, Texas, insulation facility, where two furnaces re-use *25 tons of recycled* waste per day.

Our Environmental Affairs team has developed ESS, Environmental Support System. The ESS provides the environmental management population at Owens Corning a paperless resource for sharing, cataloging, preserving and easily retrieving environmental compliance requirements, implementation approaches, best practices and tools.

In Environmental and Corporate Technology's labs, our science base is linked with our stewardship agenda and Environmental Affairs' database to develop proactive, *systems solutions* to environmental challenges.

The Company's proactive steps in addressing environmental issues were acknowledged with the certification of our recycling efforts by Scientific Certification Systems. What's more, we are proud sponsors of the Good Cents Environmental Home and EPA Energy Star Programs.

HEALTH HO

In addition to the energy-efficiency and safety advantages of Owens Corning's high-quality *products, our communities benefit from the* Company's focus on being a good corporate citizen and a good neighbor.

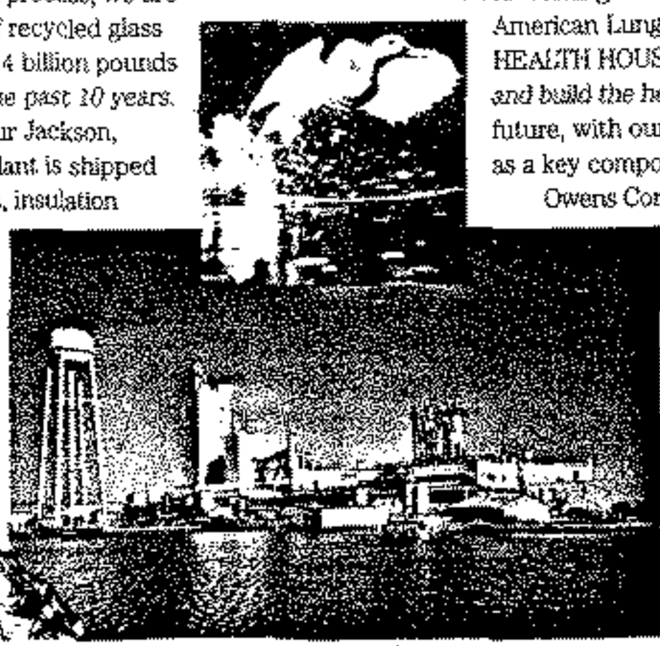
United Way

We are working closely with local American Lung Association* HEALTH HOUSE projects to create *and build the healthy homes of the* future, with our Insulating System as a key component.

Habitat for Hum International

Owens Corning people devote thousands of hours in local volunteer efforts. Company donations of products support recovery efforts from natural disasters. Such organizations as Habitat for Humanity,* GREEN school/science program, Junior Achievement and The United Way* receive considerable employee support.

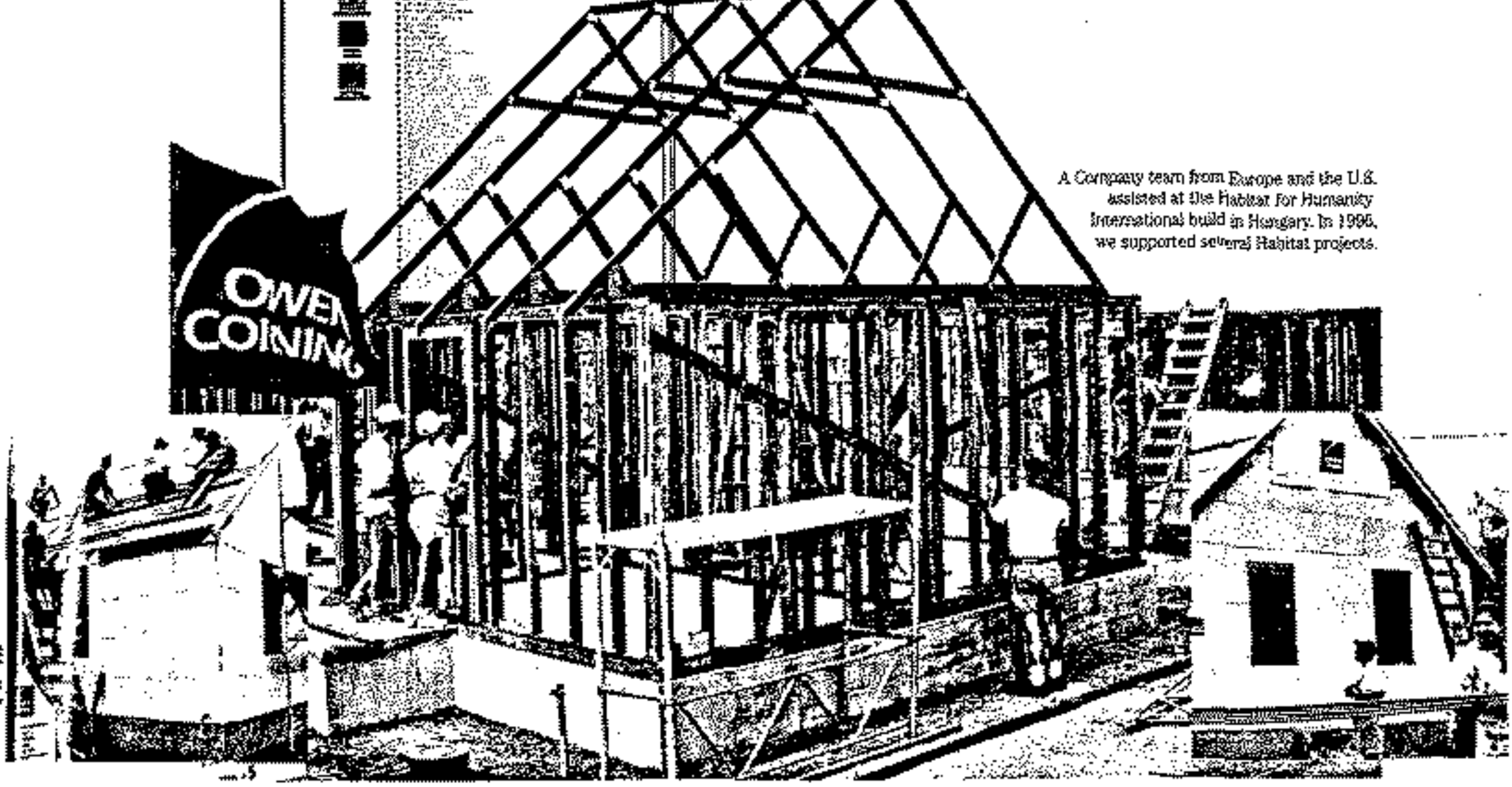
We've used some 4 billion pounds of recycled glass in just the past 10 years.



At our Waxahachie, Texas, insulation facility, tons of waste material from other Owens Corning plants are recycled daily.

Hundreds of pages of information about Owens Corning's technologies, products, systems, businesses and financial performance can easily be accessed at the Company's Internet world wide web site: http://www.owenscorning.com

Owens Corning scientists developed TruMelt,™ a new zero-waste container. Made of asphalt, it replaces paper buckets and is completely meltable with the product it stores.



A Company team from Europe and the U.S. assisted at the Habitat for Humanity International build in Hungary. In 1996, we supported several Habitat projects.

In 1996, more than 700 computers replaced by our Advantage 2000 initiative were contributed to dozens of schools.

System Thinking℠: Application Development

A systems perspective led to Owens Corning's innovation of glass fiber composites nearly 60 years ago.

Today, as materials technologies continue as the critical agents of change in tens of thousands of products across almost every industry, *System Thinking* is more important than ever.

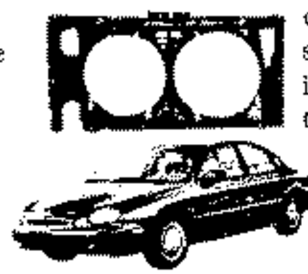
Owens Corning glass fiber reinforcement and textile product systems take form in a matrix of unique compositions and processes. They add strength, lower weight and resist corrosion for automotive, marine, household, recreational and industrial applications.

Through enabling technologies and processes, our composite systems combine with customer systems to advance the state of the art and to provide integrated solutions to complex design and engineering challenges.

In the award-winning Ford Taurus radiator support, Owens Corning glass fibers enabled a composite material to replace metal, yet support the weight of several radiator components. The design flexibility and *structural integrity available with* composites enabled Ford to consolidate what formerly required 23 separate parts into a two-piece modular assembly.

Heinz-J. Otto, president, Composites, is leading the growth of our glass fiber composites business with an aggressive focus on new products and new applications.

Our own operating performance and productivity improvements were evident in 1996 as Composite's earnings from ongoing operations were up 4 percent while sales were down 5 percent. The downturn reflected continued economic deterioration in Europe and some softness in U.S. markets.



Ford eliminated 21 parts and major assembly steps with its glass fiber-reinforced SMC radiator support system.

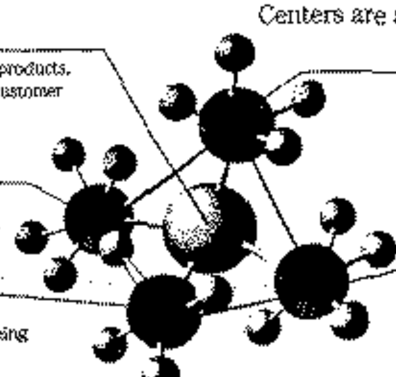
An important growth area for composites is in the building and rebuilding of the world's infrastructure. Success breeds success as the world's developing nations employ glass fiber composites to meet the rigorous demands of outdoor, civil engineering and industrial environments. Proven performance and *System Thinking* are expanding the use of glass fiber-reinforced products in such areas as reinforcing rod for concrete systems, poles for lighting systems and cabling for telecommunications systems.

Winner of the Owens Corning Global Design Challenge, the "Kangaroo" bike is made with glass fiber and features a unique design, adjustable for comfort for 95% of the world's people.

In May 1996, a group of students from Universidade de São Paulo in Brazil completed a project spanning six months to win the Gold Medal in Owens Corning's Global Design Challenge. Eight schools from around the world participated in the challenge to design a "world bike."

With innovative design and the use of glass fiber materials, the students exceeded the competition's goal of creating a bicycle affordable for 85% of the world's population. The design has since attracted widespread interest from the bicycle industry.

In 1996, Owens Corning continued to show its strong commitment to grow markets in partnership with customers by opening a new Application Development Center in Bangalore, India. The Center complements our Composites manufacturing joint-venture in India. *System Thinking* and our advanced materials technology are merged there with customer designs and processes. It's positioned to lead market change and growth by translating our global composites and building materials experience and applications locally. Application Development Centers are also planned for China and Brazil.



Customer Application System

Connects Owens Corning's unique combination of products, experience and knowledge for technical solutions to customer objectives and expectations.

Technology System

Enables the Company to leap forward with the innovation of new composite materials and processes.

Product System

The fiber-reinforced composite materials, resins and enabling processes common to every Owens Corning Composite's system.

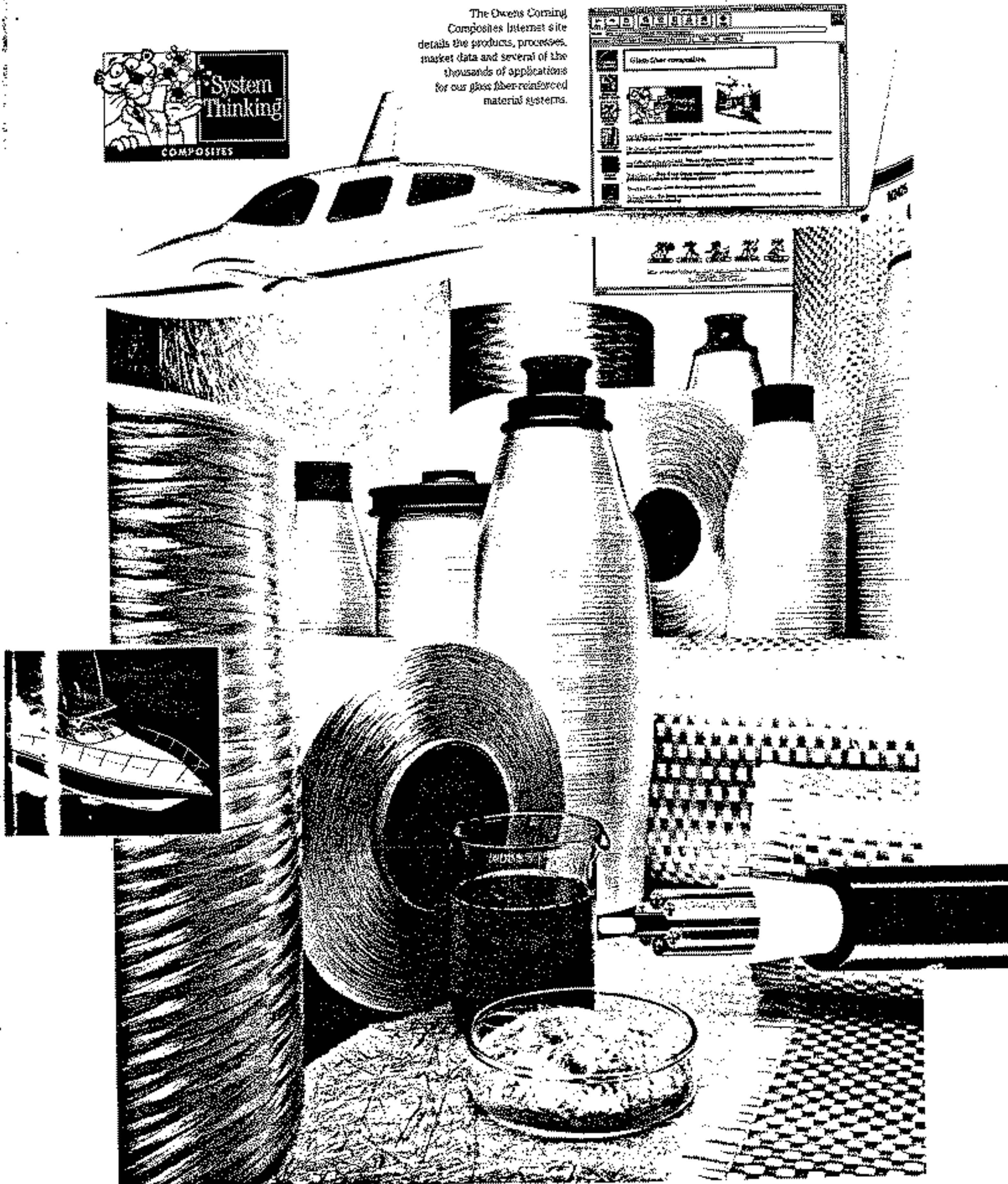
Service System

Leverages Owens Corning's capabilities to implement advanced product development solutions and added value services in support of customers.

Stewardship System

Owens Corning understands and is able to take a proactive approach to meeting and exceeding the environmental and safety demands of tomorrow's markets.

The Owens Corning Composites Internet site details the products, processes, market data and several of the thousands of applications for our glass fiber-reinforced material systems.

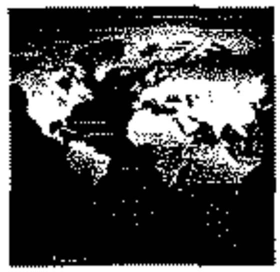


Owens Corning innovation has led every major glass fiber industry advance in the past 60 years.

System Thinking™: Market Development

One of the most pressing priorities in the modernization of emerging global economies is the development of water transportation systems.

Owens Corning's Engineered Pipe & Fabrication Systems business has utilized *System Thinking* to help more than 40 countries in Africa, Asia, Europe and Latin America to specify, design and install major systems to provide critical water and waste services to millions of people.



Engineered Pipe & Fabrication Systems is currently involved in some of the world's most important water projects including the 250 kilometer North/South Carrier in Botswana, the 70 kilometer Mutare project in Zimbabwe and the 35 kilometer IVAR project in Norway.

Manufactured as a structural composite in diameters from 10 centimeters to 360 centimeters, Owens Corning pipe is strong, lightweight and resists corrosion.

Mike Thaman, president, Engineered Pipe & Fabrication Systems, is responsible for directing the growth agenda of two developing businesses.

The pipe is part of a system which includes the local soil base, couplings and fittings, along with the water source and distribution infrastructure.

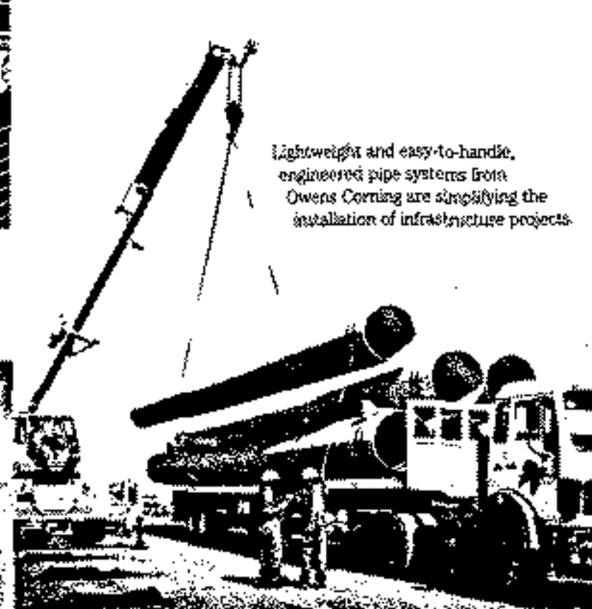
In Botswana, the light weight pipe is made in longer 18-meter length sections (versus typical 12-meter lengths), to provide for easier transport and on-site handling. It also offers the advantage of being able to use less sections and fittings than other pipe.

Combined with its weight advantages, its longer life-cycle cost benefits to the customer have made Owens Corning pipe a very competitive alternative to traditional iron and concrete pipe.

In 1996, new Engineered Pipe & Fabrication Systems joint-ventures in Colombia, Turkey and Egypt were added to our global network.

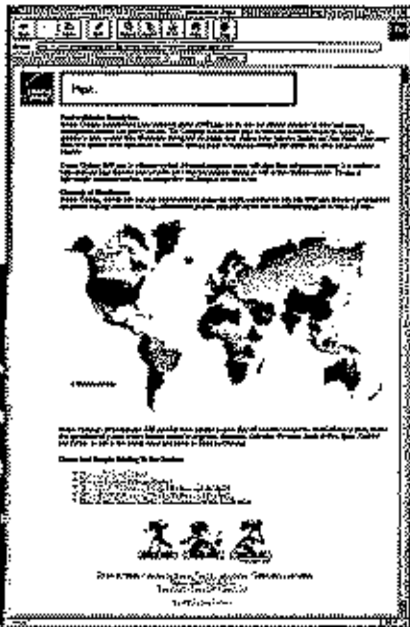
The Owens Corning OEM Solutions Group was formed to meet the demands of automotive, appliance, office furnishing and HVAC original equipment manufacturers for custom-engineered solutions to thermal and acoustical insulation challenges.

The Group merges the resources and experience of Science & Technology's OEM and Acoustical laboratories, our Design Center and our Fabrication Centers, with the design and fabrication capabilities of our Soltech and Fiber-Lite acquisitions. This new, one-of-a-kind group now provides fully-integrated solutions which are helping the target industries with single-source access for cost reduction and speed-to-market.

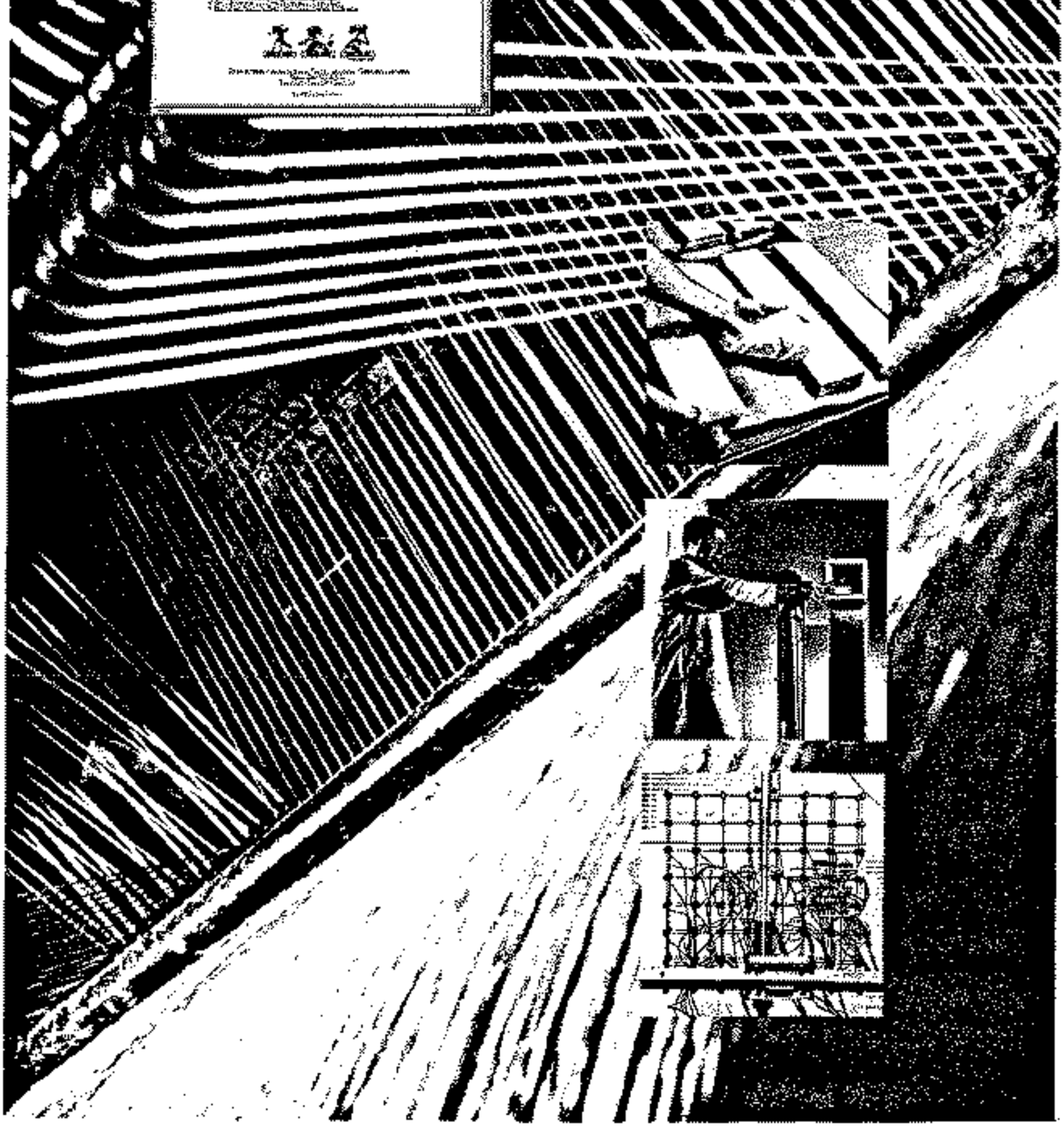


Lightweight and easy-to-handle, engineered pipe systems from Owens Corning are simplifying the installation of infrastructure projects.

Hundreds of kilometers of engineered pipe systems are being installed across the globe to build major water transport systems.



The expanding network of global pipe facilities and installations is illustrated along with other information on Owens Corning's unique pipe materials systems and growth.



The OEM Solutions Group combines a broad processing and finishing capability with expertise in material systems to solve thermal and acoustical design and manufacturing problems.

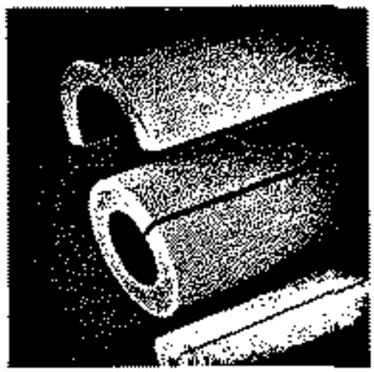
System Thinking for the Home™

System Thinking for the Home is focused on educating and helping consumers understand how their home works and how to make it work better.

The combination of Owens Corning's exceptional brand recognition, our extensive building-envelope product portfolio and our technical expertise in thermal, acoustical and moisture-barrier systems translates to high customer value.

In September, Owens Corning introduced four systems designed to deliver not just products but integrated solutions to help make homes a better place to live:

- Insulating System – for total home energy-efficiency and comfort
- Roofing System – for ultimate protection from the elements plus performance and aesthetics
- Sound Control System – for a far quieter, more peaceful home
- Exterior System – for maximizing a home's beauty while minimizing its maintenance time and expense.



In acquiring the insulation business of Partek, the Company has extended its commercial insulation product line to include mineral wool pipe, board and flexible batt insulations which operate at temperatures up to 1200°F/649°C.

Efthimios Vidalis, president, Insulation, brings valuable global experience to the worldwide expansion of our insulation business.

For the majority of homeowners, home improvement and maintenance are complicated, time-consuming and costly. They want an integrated system of products backed by useful, practical information.

Owens Corning has long been acknowledged as an industry leader in consumer education. To answer today's marketplace demands to simplify the process and reduce the overall expense of home improvement and maintenance, a major component of *System Thinking for the Home* includes a package of homeowner information literature. A comprehensive, "how-to" brochure is available from our popular 1-800-GET-PINK Answer Center.

By leveraging Owens Corning's 1-to-1 brand recognition, our new vinyl windows and siding are developing momentum as important components of our building-envelope systems.

Owens Corning's Building Materials portfolio continues to expand with the introduction of new products. In 1996, QuietZone™ noise-absorbing acoustic batts and PinkSeal™ expanding foam sealant were introduced.

Introduced in 1994, Miraflex™ fiber enjoyed added recognition for its innovation as this past year's recipient of the National Energy Research Organization R&D Award, and the *Popular Science* "Best of What's New Award."

New 3-Pak packaging for PINKPlus™ insulat featuring Miraflex™ fib makes storage and ha easier for retailers an consumers.

Our new composite shake-style MiraVista™ roofing product is our first entry into the $2.4 billion specialty roofing market. Expanded production and geographic availability for this unique residential roof covering are underway following its successful 1996 market introduction in Southern California.

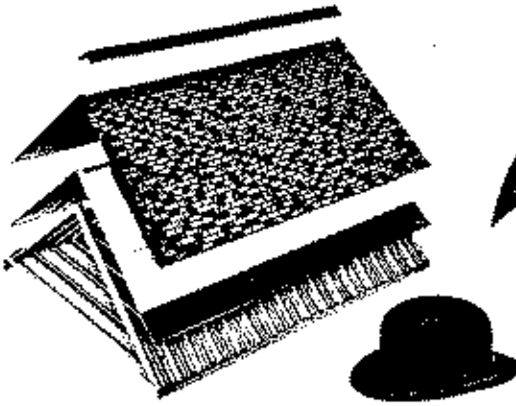
Throughout 1996, Prominence® shingles continued as the most successful new product introduction in our history. *Prominence* shingles are projected to generate a 65% sales increase in 1997.

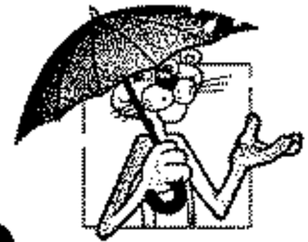
New product and mark development are the focus of Dom Cecere, president, Roofing/Asphalt. For example, the shake-style and Class A fire rating of the new MiraVista™ roofing product give consumers *the distinctive appearance they want* with the safety demanded by building codes.

As a whole new way of doing business, *System Thinking for the Home* supports the Company's professional contractor, builder and retailer customers. It will help build market demand which can increase their sales, and our collective sales-per-home, *in the new* construction and home improvement segments.

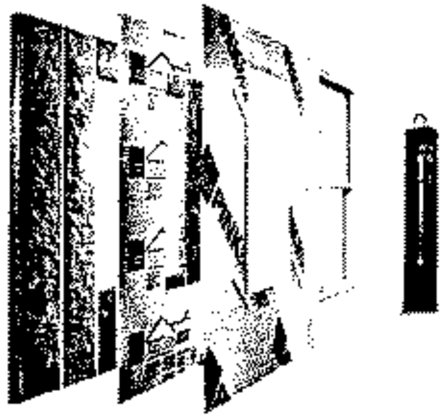
On the strength of branding and integrating recent acquisitions and new products into Owens Corning's established distribution channels, Building Materials sales increased by 12 percent and earnings from ongoing operations increased 14 percent for the year.

The System Thinking for the Home Internet site and a brochure, entitled "Understanding how your house works and how to make it work better," help homeowners plan and complete their building and remodeling projects.

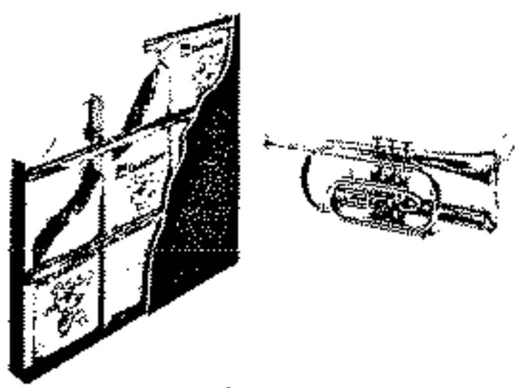




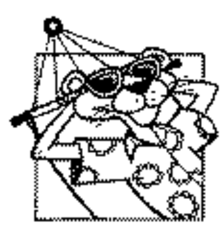
ROOFING SYSTEM



INSULATING SYSTEM



SOUND CONTROL SYSTEM



EXTERIOR SYSTEM

System Thinking℠: Global Expansion

The spirit of urgency and the satisfaction of closure continued to mark Owens Corning's global growth agenda in 1996.

Warren Knowlton, president, Building Materials Europe & Africa, has combined several businesses to increase market share and grow across two continents.

The Company's global expansion is characterized by *System Thinking* with a clear balance in new geographic opportunities and a matrix of products broadened by acquisitions.

The Owens Corning mark and the Pink Panther are establishing our identity and building our global brand recognition. In 1996, the Pink Panther made its debut as Owens Corning's "spokes-critter" in Europe, China and Latin America to leverage the differentiation of our PINK brand signal in new *geographic markets.*

Unprecedented political and economic stability and investment in the region are generating many Building Materials and Composites growth opportunities for the business led by Rick DiPasquale, president, Latin America.

We focus on niche acquisitions which complement our product systems and offer immediate opportunities for new global sales. The success of that strategy continued to result in very positive growth during the past year.

The Specialty and Foam Products Business was formed by organizing several successful acquisitions into a business unit – and in 1996, Linpac and Celfortec, former rigid foam licensees in Europe and Canada, respectively, were added. In addition, *the business includes Owens* Corning's windows unit, also enhanced by acquisition. Collectively, the business will contribute approximately $250 million in sales this year to Owens Corning's growth. And, it has extended our reach into several countries and markets.

A strategy of geographic expansion, retail channel expansion and acquisition is driving growth for the businesses led by Jerry Weinstein, president, Specialty and Foam Products.

Owens Corning acquired a majority interest in Acoustical Fibreglass Insulation of South Africa. A long-standing licensee of our technology, AFI facilities produce glass fiber building insulation, composites and rock mineral wool products. The new entity, Owens Corning South Africa, provides a market leader position to participate in the region's growth and development.

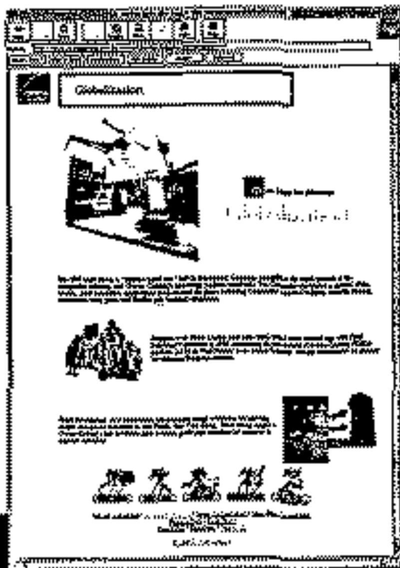
The Asia Pacific region is growing at twice the rate of the world's industrial economies. And, Owens Corning has a strategic sales and manufacturing infrastructure in place to take advantage of the great opportunities for growth.

Aggressive market development and brand building in our Asia Pacific building materials and composites businesses are expected to grow our 1996 sales of $35 million to $250 million in 1999.

With extensive Composites and Building Materials experience, Carl Hedlund, president, Asia Pacific, spearheads our efforts *to develop the enormous* growth opportunities of the world's most dynamic region.

We will soon have four plants in China and have already been awarded Recommended Products Supplier Status by the government. We are actively developing new insulation applications by conducting country-wide energy conferences and by helping to establish model building codes.

The international trade agreements being forged today are opening the markets of tomorrow for companies pursuing a strong global position, including Owens Corning. 1997 promises to be an important year for international trade *issues and legislation. We* encourage our employees, customers, suppliers and shareholders to join our Company in support of these critical growth activities.



A world of news and information on Owens Corning's globalization are available at the Company's world wide web Internet site.

By acquiring Linpac in Europe and Celfortec of Canada, former licensees of our extruded polystyrene foam technology, we have reduced the risk and accelerated the time to expand our product portfolio into new geographies.

The new Application Development Center in Bangalore, India, translates the Company's global application experience to this growing regional market and supports our manufacturing joint venture.

The Pink Panther is Owens Corning's ambassador for brand growth as we expand our PINK presence and our product marketing in the world's emerging economies.

System Thinking℠: Business Services

To lead the markets of today and the future, products alone are insufficient to build and sustain competitive advantage.

While our high-quality product systems provide a better home envelope, our menu of added-value business services and resources is also broad and deep.

In 1996, Owens Corning redefined its *System Thinking* business services for customers in its contractor, builder and retailer channels. The leading-edge services include sales, technical and installation training, as well as complete systems for electronic commerce and information-driven processes.

The Sagamore Hill home is one of 24 *System Thinking* homes being built with Scholz Design throughout the U.S. to provide a showcase for builder and home-buyer education.

Owens Corning's Contractor Success System offers remodeling and specialty contractors selling, information, marketing and financing arrangements to help them build and close more sales.

With a focus on helping customers increase their sales and reduce their costs, Building Materials Sales & Distribution is driving growth for our expanded product portfolio, led by Dave Brown, president, Building Materials Sales & Distribution.

The System Thinking℠ *Builder Alliance* is another comprehensive program of educational and sales tools designed to help new home builders leverage *System Thinking* to sell more homes.

One of the more visible examples of *System Thinking's* value will be seen in the 24 Scholz Design Inc. demonstration homes being built across North America. The Scholz homes feature all four of Owens Corning's building materials systems and provide a showcase for consumers and professionals to learn more about better construction with *System Thinking*.

The Owens Corning Marketing Solutions Center is a retail laboratory for developing merchandising programs to help our Building Materials customers increase sales.

Increased point-of-purchase merchandising, training and traffic-building promotions, plus important information-driven services such as category management and vendor managed inventory, provide high-value assistance to home improvement retailers for space and merchandise management, forecasting and logistics.

The Customer Solutions Center extends the non-product value advantages of *System Thinking* by simplifying and speeding customer transactions and administrative activities.

The process streamlining of our Advantage 2000 information technology initiative and the productivity systems of our new World Headquarters have also increased our ability to satisfy our customers. Already it has helped us to centralize our North American customer service function by using its commonality and tools to eliminate redundancy, while providing realtime data to speed our response.

Again in 1996, our financial group, led by David Devonshire, chief financial officer, was honored with the *CFO Magazine* REACH award as one of America's Best Reengineering teams.

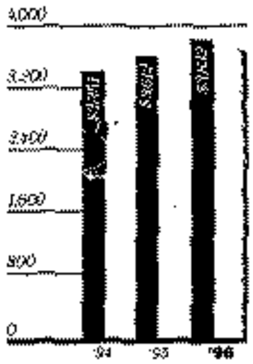
Linked with *System Thinking*, our new business tools and work environment enhance our common, simple, global solutions.

Five significant influences govern the new business processes enabled by the contemporary work systems of Advantage 2000 and our new World Headquarters: Customer Focus, Teaming, Learning, Paperfree and Mobile/Global.

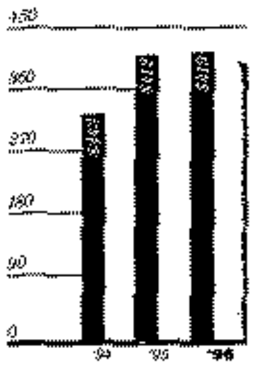
Management's Discussion and Analysis

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

Net Sales
(In millions of dollars)

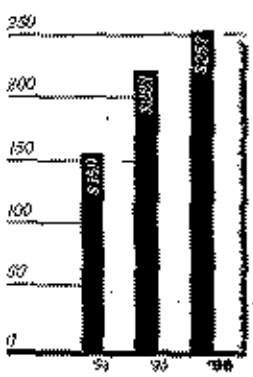


Income from Ongoing Operations*
(In millions of dollars)



*Excludes special items

Net Income from Ongoing Operations*
(In millions of dollars)



*Excludes special items

Results of Operations

Net sales were $3.832 billion for the year ended December 31, 1996, reflecting a 6% increase from the 1995 level of $3.612 billion. Net sales in 1994 were $3.351 billion. Most of the 1996 growth is attributable to volume increases in the Building Materials segment, particularly in North America, as well as incremental sales growth resulting from 1995 and 1996 acquisitions. Please see Notes 1 and 5 to the Consolidated Financial Statements. Sales outside the U.S. represented 25% of total sales for the year ended December 31, 1996, compared to 27% and 24% for the years 1995 and 1994, respectively. The strength of U.S. Building Materials sales in combination with sluggish European Composites business contributed to the slightly lower percentage of sales outside the U.S. when compared to 1995. Gross margin for each of the years ended December 31, 1996 and 1995 was 26%, up from 24% in 1994. Gross margin in 1996 was adversely impacted by the lower sales volume in the European Composites business.

For the year ended December 31, 1996, the Company reported a net loss of $284 million, or $5.50 per share, compared to net income of $231 million, or $4.40 per share, and net income of $159 million, or $3.35 per share, for the years ended December 31, 1995 and 1994, respectively. The 1996 net loss reflects a net after-tax charge of $542 million, or $10.49 per share, for asbestos litigation claims that may be received after 1999 and probable additional insurance recovery; after-tax special charges totaling $27 million or $.52 per share including valuation adjustments associated with prior divestitures, major product line productivity initiatives and a contribution to the Owens-Corning Foundation; an after-tax charge of $26 million or $.50 per share for restructuring and other actions; a $27 million or $.52 per share reduction of tax reserves due to favorable legislation; and an after-tax gain of $27 million or $.52 per share from the sale of the Company's interest in its former Japanese affiliate, Asahi Fiber Glass Co. Ltd. The net loss created by the special items mentioned above caused common stock equivalents and convertible securities to be excluded from the number of fully diluted shares reported in 1996 due to their anti-dilutive effect. For comparative purposes, these anti-dilutive shares have been included in the calculation of fully diluted net income per share from ongoing operations in 1996 and represent a difference of $.32 per share. Net income from ongoing operations was $257 million, or $4.65 per share, for the year ended December 31, 1996, compared to $223 million, or $4.25 per share in 1995, discussed below. The 15% increase in net income from ongoing operations in 1996 over 1995 reflects the benefits of acquisitions, strong results from Building Materials in North America, particularly in the roofing and foam businesses, and a favorable litigation settlement with a former supplier, offset in part by increased administrative costs from regional expansion into Asia Pacific and globally within the engineered pipe system business. Please see Notes 8, 12, 18 and 21 to the Consolidated Financial Statements.

Net income of $231 million, or $4.40 per share, for the year ended December 31, 1995 reflects a one time gain of $8 million, or $.15 per share, resulting from a tax loss carryback. Net income from ongoing operations for the year ended December 31, 1995, was $223 million, or $4.25 per share. Please see Note 8 to the Consolidated Financial Statements.

Net income of $159 million for the year ended December 31, 1994 included the following special items: an after-tax gain of $123 million, or $2.45 per share, reflecting a change to the capital method of accounting for the rebuilding of glass melting facilities; an after-tax charge of $85 million, or $1.69 per share, for productivity initiatives and other actions; a non-cash, after-tax charge of $10 million, or $.20 per share, to reflect adoption of Statement of Financial Accounting Standards (SFAS) No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, for plans outside the United States; and a non-cash, after-tax charge of $28 million, or $.56 per share, to reflect adoption of SFAS No. 112, *Employers' Accounting for Postemployment Benefits*. Please see Notes 6, 18 and 19 to the Consolidated Financial Statements.

Our web site provides a comprehensive view of the Company's finances with downloadable spreadsheets and a user-driven graphing feature.

Industry Segment Data
(In millions of dollars)

Net Sales **$3,832**

Building Materials	$2,687
Composite Materials	$1,145

Income from Ongoing Operations* **$503**

Building Materials	$269
Composite Materials	$234

**Includes general corporate expense of $84, see Note 1 to the Consolidated Financial Statements*

In the Building Materials segment, sales increased 12% for the year ended December 31, 1996 compared to 1995. This growth reflects volume increases, particularly in North America, as well as incremental sales from 1995 and 1996 acquisitions offset by a slight decline in prices, particularly in Canada. Income from ongoing operations for Building Materials increased 14% from 1995 levels due to acquisitions, increased sales volumes and the improving performance in our Asia Pacific operation.

Building Materials sales in the U.S. increased 11% and Canada also posted improvement in 1996. This improvement in the North American markets is being driven by the Company's integration of its expanded product line from acquisitions and branded products into the Company's well established channels of distribution. The expanded product line includes Luminess™ vinyl windows, Transitions® vinyl siding and FOAMULAR® rigid polystyrene foam insulation. The third quarter 1996 acquisition of Celfortec, a Canadian producer of FOAMULAR® insulation, also contributed to Building Materials growth in North America. Building Materials Europe sales increased 11% over 1995, primarily from the second quarter 1996 acquisition of the extruded polystyrene foam business of Linpac Insulation, with production facilities in the U.K. and Spain. With these acquisitions in the extruded polystyrene foam operations in Europe and Canada and the joint venture announced in 1996 to produce foam insulation in China, the Company has significantly expanded its global position in the foam insulation business as part of the Company's global building systems strategy.

In 1996, the Company's roofing business continued to increase sales and improve margins through volume increases and productivity initiatives. The window business also continued to experience significant sales growth and productivity improvements during the year. Additionally, in second quarter 1996 the Company acquired the U.S. assets of Partek Insulation, a producer of rock mineral wool insulation, which has expanded the Company's insulation product offering into the high temperature insulation market. The Company further expanded its Building Materials multi-product offering in 1996 with the introduction of the branded products, Bild-R-Tape® used to seal sheathing joints and PinkSeal™ foam sealant.

In the Composite Materials segment, sales decreased 5% for the year ended December 31, 1996. This sales decrease is primarily the result of sluggish European reinforcements business as well as a decline in the Canadian market, while in the U.S., composites sales remained relatively flat. Income from ongoing operations posted a 4% increase over the prior year, reflecting improved operating performance and productivity improvements, particularly in the U.S.

In 1996, the Company announced three new large diameter glass reinforced plastic (GRP) pipe joint ventures, one in Colombia, Egypt and Turkey. GRP pipe is used primarily in water and wastewater systems. In addition to these ventures, the Company also formed an application development center in India and announced plans for similar such centers in Brazil and China, to develop and promote the use of composite materials as a replacement of more traditional materials.

At the end of 1996, the Company announced the acquisition of the remainder of the equity interest in Knytex®, a manufacturer of specialty glass fiber fabrics. This business which knits, weaves, stitches or bonds glass fiber to provide value-added performance characteristics, will be combined with the Company's existing European specialty fabrics business to form Owens Corning Fabrics.

The Company's cost of borrowed funds for the year ended December 31, 1996 was $77 million, $10 million lower than 1995. The average total debt outstanding during the year decreased substantially in 1996 compared to 1995 as the result of the mid-year 1995 conversion of $173 million of the Company's 8% convertible junior subordinated debentures into shares of common stock, combined with the issuance of $200 million of convertible preferred securities. In 1996, the Company averaged short-term debt of $129 million, approximately $55 million lower than in 1995. The average debt reduction, together with lower average short-term interest rates, contributed to

Geographic Segment Data
(In millions of dollars)

Net Sales **$3,832**

United States	$2,866
Europe	$694
Canada and other	$272

Income from Ongoing Operations* **$503**

United States	$405
Europe	$67
Canada and other	$31

*Excludes general corporate expense of $84, see Note 1 to the Consolidated Financial Statements

the lower cost of borrowed funds in 1996. Additionally, due to several large construction projects, interest capitalized in 1996 increased about $4 million over 1995. Please see Notes 2 and 3 to the Consolidated Financial Statements.

At December 31, 1996, certain of the Company's foreign subsidiaries and state tax jurisdictions, have combined tax net operating loss carryforwards, the benefit of which is approximately $63 million. The Company has $580 million in net deferred tax assets at December 31, 1996, all of which management expects will be realized through future income from operations. Please see Note 8 to the Consolidated Financial Statements.

Liquidity, Capital Resources and Other Related Matters

Cash flow from operations, excluding proceeds from insurance and payments for asbestos litigation claims, was $501 million for 1996, compared to $342 million for 1995. The increase in cash flow from operations in 1996 relates to an increase in accounts payable and accrued liabilities offset in part by an increase in inventory. Additionally, 1995 cash flow from operations was reduced by $64 million for the December 1995 funding of a Voluntary Employee's Beneficiary Association (VEBA) trust. The 1996 cash flow from operations reflects the disbursements for benefits from the VEBA trust and collection of a tax receivable. Please see Note 6 to the Consolidated Financial Statements.

At December 31, 1996, the Company's net working capital and current ratio were negative $163 million and .85, compared to negative $9 million and .99 at December 31, 1995, and negative $143 million and .87 at December 31, 1994, respectively. The decrease in 1996 was primarily due to increased accounts payable and accrued liabilities, and also a larger current asbestos liability, offset somewhat by increased inventories. Excluding the impact of short-term borrowings used to finance a $110 million U.K. acquisition in June 1994, the Company's net working capital was negative $33 million and its current ratio was .97 at December 31, 1994.

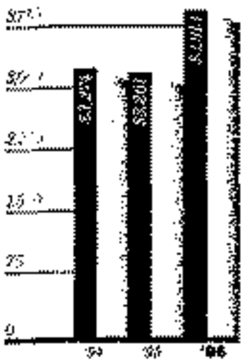
The Company's total borrowings at December 31, 1996, were $934 million, $41 million higher than at year-end 1995, still within the Company's target debt levels. The increase in debt is primarily the result of acquisitions and increases in inventory levels.

During 1995, virtually all of the Company's $173 million issue of 8% convertible junior subordinated debentures were converted. Debentures not converted were redeemed for cash. The conversion resulted in the issuance of 5.8 million new shares of common stock. Also in 1995, Owens-Corning Capital, L.L.C., a Delaware limited liability company, of which all of the common limited company interests are indirectly owned by the Company, issued $200 million of 6.5% cumulative convertible preferred securities. The proceeds from the issuance were loaned to the Company and partially used to repay a short-term credit facility. Please see Note 4 to the Consolidated Financial Statements.

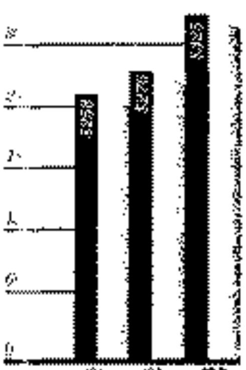
As of December 31, 1996, the Company had unused lines of credit of $440 million available under long-term bank credit facilities and an additional $195 million under short-term facilities, compared to $358 million and $239 million, respectively, at year-end 1995. The net increase in unused available lines of credit reflects primarily a decrease in outstanding letters of credit supporting appeals from asbestos trials. Such letters of credit reduce credit availability under the Company's long-term U.S. credit facility.

Capital spending for property, plant and equipment, excluding acquisitions, was $325 million during 1996. The Company anticipates 1997 capital spending, exclusive of acquisitions and investment in affiliates, will be approximately $210 million. The Company expects that funding for these expenditures will be from the Company's operations and external sources as required.

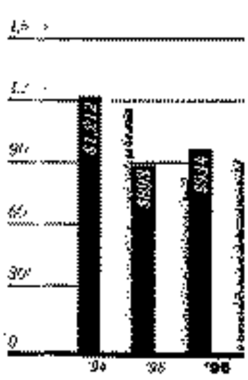
Total Assets
(In millions of dollars)



Capital Spending
(In millions of dollars)



Total Debt
(In millions of dollars)



Gross payments for asbestos litigation claims during 1996, including $44 million in defense costs and $11 million for appeal bond and other costs, were $267 million. Proceeds from insurance were $101 million resulting in a net pretax cash outflow of $166 million, or $100 million after-tax. During 1996, the Company received approximately 36,400 new asbestos personal injury cases and closed approximately 22,700 cases. During 1997, the Company's total payments for asbestos litigation claims, including defense costs, are expected to be approximately $300 million. Proceeds from insurance of $100 million are expected to be available to cover these costs, resulting in a net pretax cash outflow of $200 million, or $120 million after-tax. Please see Note 21 to the Consolidated Financial Statements.

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

In June 1996 the Company filed a lawsuit in federal court in New Orleans alleging a massive scheme to defraud the Company in connection with asbestos litigation cases. The suit alleges that medical test results in tens of thousands of asbestos litigation claims were falsified by the owners and operators of certain pulmonary function testing laboratories. A second lawsuit, alleging similar practices, was filed against the owner and operator of an additional testing laboratory in February 1997. The Company believes that at least 40,000 claims in its current backlog involve plaintiffs whose pulmonary function tests were improperly administered or manipulated by the testing laboratories or otherwise inconsistent with proper medical practice.

The Company has been deemed by the Environmental Protection Agency (EPA) to be a potentially responsible party (PRP) with respect to certain sites under the Comprehensive Environmental Response, Compensation and Liability Act (Superfund). The Company has also been deemed a PRP under similar state or local laws, including two state Superfund sites where the Company is the primary generator. In other instances, other PRPs have brought suits or claims against the Company as a PRP for contribution under such federal, state or local laws. During 1996, the Company was designated as a PRP in such federal, state, local or private proceedings for five additional sites. At December 31, 1996, a total of 39 such PRP designations remained unresolved by the Company, some of which designations the Company believes to be erroneous. The Company is also involved with environmental investigation or remediation at a number of other sites at which it has not been designated a PRP. The Company has established a $17 million reserve for its Superfund (and similar state, local and private action) contingent liabilities. Based upon information presently available to the Company, and without regard to the application of insurance, the Company believes that, considered in the aggregate, the additional costs associated with such contingent liabilities, including any related litigation costs, will not have a materially adverse effect on the Company's results of operations, financial condition or long-term liquidity.

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

Ten-Year Summary of Operations

(In millions of dollars, except share data)

	1996[a]	1995[b]	1994[c]	1993[d]	1992[e]	1991[f]	1990[g]	1989[h]	1988[i]	1987[j]
Net Sales	**$3,832**	$3,612	$3,351	$2,944	$2,878	$2,783	$3,069	$2,964	$2,798	$2,857
Cost of Sales	**2,834**	2,670	2,536	2,266	2,234	2,186	2,304	2,161	1,999	2,129
Marketing, Administrative and Other Expenses	**1,418**	452	518	373	366	1,171	414	323	278	258
Science and Technology Expenses	**84**	78	71	69	65	54	58	48	44	43
Income (Loss) from Operations	**(504)**	412	226	236	213	(628)	293	432	477	427
Cost of Borrowed Funds	**77**	87	94	89	110	131	165	166	170	221
Income (Loss) before Provision for Income Taxes	**(581)**	325	132	147	103	(759)	128	266	301	343
Provision (Credit) for Income Taxes	**(288)**	106	58	47	33	(238)	58	103	127	136
Net Income (Loss)	**(284)**	231	159	131	73	(742)	73	172	189	200
Net Income (Loss) per Share (Fully Diluted)	**(5.50)**	4.40	3.35	2.81	1.67	(18.13)	1.73	4.08	4.51	4.81
Weight Average Number of Fully Diluted Shares Outstanding (in Thousands)	**51,722**	54,106	50,025	49,410	48,844	40,924	42,019	42,170	41,856	41,583
Net Cash Flow from Operations	**335**	285	233	253	192	253	361	395	360	290
Capital Spending	**325**	276	258	178	144	114	146	143	145	106
Total Assets	**3,913**	3,261	3,274	3,013	3,162	3,511	1,807	1,924	1,596	1,590
Total Debt	**934**	893	1,212	1,004	1,099	1,172	1,306	1,482	1,444	1,635
Average Number of Employees (in Thousands)	**19**	17	17	17	17	17	18	20	20	21

(a) During 1996, the Company recorded a pre-tax charge of $43 million for restructuring and other actions; a net pre-tax charge of $875 million for asbestos litigation claims that may be received after 1999 and probable additional insurance recovery; a pre-tax gain of $37 million from the sale of the Company's ownership interest in its Japanese affiliate Asahi Fiber Glass Co. Ltd.; and special charges totaling $42 million including valuation adjustments associated with prior divestitures, major product line productivity initiatives and a contribution to the Owens-Corning Foundation.

(b) During 1995, the Company recorded a one time $8 million tax credit as a result of a tax loss carryback.

(c) During 1994, the Company recorded a $117 million charge ($85 million after-tax) for productivity initiatives and other actions. The Company also recorded a $10 million after-tax charge for the adoption of SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" for its non-U.S. plans, a $28 million after-tax charge for the adoption of SFAS 112, "Employers' Accounting for Postemployment Benefits," and a $123 million after-tax credit for the change in accounting method for rebuilding furnaces.

(d) During 1993, the Company recorded a $23 million charge for the restructuring of its European operations, an $8 million charge ($5 million after-tax) for the writedown of its hydrocarbon ventures to their net realizable value, a $26 million credit for the adoption of SFAS 109, "Accounting for Income Taxes," and a $14 million credit for the revaluation of deferred taxes.

(e) During 1992, the Company recorded a $16 million charge ($11 million after-tax) to reorganize the Company's Building Materials segment and to centralize the Company's accounting and information systems. The Company also recorded a net extraordinary gain of $1 million resulting from the utilization of tax loss carryforwards, partially offset by a loss on the early retirement of debt.

(f) During 1991, the Company recorded a non-recurring $824 million charge ($542 million after-tax) for asbestos litigation claims and a $227 million after-tax charge for the adoption of SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" for its U.S. plans.

(g) During 1990, the Company recorded a $65 million restructuring charge and a $24 million pre-tax charge for asbestos litigation claims.

(h) During 1989, the Company recorded an additional $50 million in its existing asbestos-related claims reserves, a $50 million credit resulting from a settlement reached with the IRS, and a restructuring charge of $30 million.

(i) During 1988, the Company recorded an $8 million extraordinary loss resulting from the early retirement of debt.

(j) During 1987, the Company recorded a gain of $141 million resulting from the sale of the Aerospace and Strategic Materials Group and a $20 million extraordinary loss resulting from the early retirement of debt.

Price Range of Common Stock

	1996		1995		1994	
	High	**Low**	High	Low	High	Low
First Quarter	**46**	**39¼**	36¾	30⅝	46	33⅜
Second Quarter	**43½**	**37⅝**	40	34⅝	36⅝	30⅝
Third Quarter	**43**	**36**	47⅞	36⅝	36¼	30⅝
Fourth Quarter	**43½**	**36¼**	46¾	40⅛	33⅝	27¾

In June 1996, the Board of Directors of the Company approved an annual dividend policy of $.25 per share of common stock and declared a dividend of $.0625 per share of common stock to stockholders of record on September 30, 1996, paid on October 15, 1996. The Company had not previously declared any dividends since 1986. In December 1996, the Board of Directors of the Company declared a dividend of $.0625 per share of common stock to stockholders of record on December 31, 1996, paid on January 15, 1997.

To the Stockholders of Owens Corning:

Report of Independent Public Accountants

We have audited the accompanying consolidated balance sheet of OWENS CORNING (a Delaware corporation) and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996. 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 and subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

As discussed in Notes 6 and 19 to the consolidated financial statements, effective January 1, 1994, the Company changed its methods of accounting for postretirement benefits other than pensions for its non-U.S. plans, postemployment benefits and furnace rebuilds.

Arthur Andersen LLP

January 18, 1997
Toledo, Ohio

Management's Report

The financial statements of Owens Corning 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 vice president 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

David W. Devonshire
Senior Vice President and
Chief Financial Officer

Steven J. Strobel
Vice President and Controller

Consolidated Balance Sheet

December 31, 1996 and 1995 (In millions of dollars)

Assets	**1996**	1995
Current		
Cash and cash equivalents	**$ 45**	$ 18
Receivables, less allowances of $17 million in 1996 and $19 million in 1995 (Note 10)	**314**	314
Inventories (Note 11)	**340**	253
Insurance for asbestos litigation claims – current portion (Note 21)	**100**	100
Deferred income taxes (Note 8)	**106**	70
VEBA trust (Note 6)	**19**	51
Income tax receivable	**4**	50
Investment in affiliate held for sale (Note 12)	**—**	36
Other current assets	**30**	35
Total current	**958**	927
Other		
Insurance for asbestos litigation claims (Note 21)	**454**	330
Deferred income taxes (Note 8)	**474**	252
Goodwill, less accumulated amortization of $26 million in 1996 and $19 million in 1995 (Note 5)	**286**	249
Investments in affiliates (Notes 5 and 12)	**64**	50
Other noncurrent assets (Notes 6 and 7)	**155**	147
Total other	**1,433**	1,028
Plant and Equipment, at cost		
Land	**58**	52
Buildings and leasehold improvements	**614**	581
Machinery and equipment	**2,384**	2,266
Construction in progress	**285**	168
	3,341	3,067
Less: Accumulated depreciation	**(1,819)**	(1,761)
Net plant and equipment	**1,522**	1,306
Total Assets	**$ 3,913**	$ 3,261

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

Consolidated Balance Sheet

December 31, 1996 and 1995 (In millions of dollars)

Liabilities and Stockholders' Equity	**1996**	1995
Current		
Accounts payable and accrued liabilities (Note 13)	**$ 705**	$ 587
Reserve for asbestos litigation claims – current portion (Note 21)	**300**	250
Short-term debt (Note 3)	**96**	64
Long-term debt – current portion (Note 2)	**20**	35
Total current	**1,121**	936
Long-Term Debt (Note 2)	**818**	794
Other		
Reserve for asbestos litigation claims (Note 21)	**1,670**	887
Other employee benefits liability (Note 6)	**349**	367
Pension plan liability (Note 7)	**63**	75
Other (Note 20)	**161**	220
Total other	**2,243**	1,549
Commitments and Contingencies (Notes 15, 20 and 21)		
Company Obligated Convertible Security of Subsidiary Holding Solely Parent Debentures (MIPS, Note 4)	**194**	194
Minority Interest	**21**	—
Stockholders' Equity		
Preferred stock, no par value; authorized 8 million shares, none outstanding (Note 17)		
Common stock, par value $.10 per share; authorized 100 million shares; issued 1996 – 52.1 million and 1995 – 51.4 million shares (Notes 2, 5 and 16)	**606**	579
Deficit	**(1,072)**	(781)
Foreign currency translation adjustments	**(1)**	9
Other (Note 7)	**(17)**	(19)
Total stockholders' equity	**(484)**	(212)
Total Liabilities and Stockholders' Equity	**$ 3,913**	$ 3,261

Consolidated Statement of Stockholders' Equity

For the years ended December 31, 1996, 1995 and 1994 (In millions of dollars)

	1996	1995	1994
Common Stock			
Balance beginning of year	**$ 579**	$ 348	$ 315
Issuance of stock for:			
Conversion of debt (Note 2)	**—**	173	—
Acquisitions (Note 5)	**20**	42	27
Awards under stock compensation plans (Note 16)	**7**	16	6
Balance end of year	**606**	579	348
Deficit			
Balance beginning of year	**(781)**	(1,012)	(1,171)
Net income (loss)	**(284)**	231	159
Cash dividends declared	**(7)**	—	—
Balance end of year	**(1,072)**	(781)	(1,012)
Foreign Currency Translation Adjustments			
Balance beginning of year	**9**	(1)	5
Translation adjustments	**(10)**	10	(6)
Balance end of year	**(1)**	9	(1)
Other			
Balance beginning of year	**(19)**	(15)	(18)
Net increase (decrease)	**2**	(4)	3
Balance end of year	**(17)**	(19)	(15)
Stockholders' Equity	**$ (484)**	$ (212)	$ (680)

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

Consolidated Statement of Cash Flows

For the years ended December 31, 1996, 1995 and 1994 (In millions of dollars)

	1996	1995	1994
Net Cash Flow from Operations			
Net income (loss)	$ (284)	$ 231	$ 159
Reconciliation of net cash provided by operating activities:			
Noncash items:			
Provision for asbestos litigation claims (Note 21)	875	—	—
Cumulative effect of accounting changes (Notes 6 and 19)	—	—	(85)
Provision for depreciation and amortization	132	125	118
Provision (credit) for deferred income taxes (Note 8)	(258)	142	59
Other	7	5	9
(Increase) decrease in receivables (Note 10)	20	36	21
(Increase) decrease in inventories	(71)	(15)	17
Increase (decrease) in accounts payable and accrued liabilities	103	(50)	53
Disbursements (funding) of VEBA trust (Note 6)	45	(64)	—
Proceeds from insurance for asbestos litigation claims (Note 21)	101	251	87
Payments for asbestos litigation claims (Note 21)	(267)	(308)	(215)
Other	(68)	(68)	10
Net cash flow from operations	335	285	233
Net Cash Flow from Investing			
Additions to plant and equipment	(325)	(276)	(258)
Investment in subsidiaries, net of cash acquired (Note 5)	(70)	(81)	(120)
Proceeds from the sale of affiliate (Note 12)	55	—	—
Other	(20)	(4)	23
Net cash flow from investing	(360)	(361)	(355)
Net Cash Flow from Financing (Notes 2, 3 and 4)			
Net additions to long-term credit facilities	39	55	10
Other additions to long-term debt	22	9	145
Other reductions to long-term debt	(43)	(128)	(51)
Net increase (decrease) in short-term debt	32	(94)	69
Issuance of preferred stock of subsidiary, net of fees	—	194	—
Dividends paid	(3)	—	—
Other	3	—	5
Net cash flow from financing	50	36	178
Effect of exchange rate changes on cash	2	(1)	—
Net increase (decrease) in cash and cash equivalents	27	(41)	56
Cash and cash equivalents at beginning of year	18	59	3
Cash and cash equivalents at end of year	$ 45	$ 18	$ 59

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

Notes to Consolidated Financial Statements

1. Segment Data

The Company operates in two industry segments, Building Materials and Composite Materials, and reports its results in two ways: by industry segment and by geographic segment. See Note 5 for detail of 1996, 1995 and 1994 acquisitions and divestitures of businesses.

The industry segments are defined as follows:

Building Materials
Production and sale of glass wool fibers formed into thermal and acoustical insulation and air ducts; extruded and expanded polystyrene insulation; roofing shingles and asphalt materials; windows; and the branded sale of patio doors, vinyl siding and housewrap.

Composite Materials
Production and sale of glass fiber yarns; rovings, mats and veils; strand and reinforcement products; glass reinforced plastic pipe; and polyester and vinyl ester resins.

Geographic segment reporting combines the two industry segments within the major regions: United States, Europe, and Canada and other.

Intersegment sales are generally recorded at market or equivalent value. Income (loss) from operations by industry and geographic 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 and geographic segments have been allocated to those segments.

Income from operations for the year ended December 31, 1996 includes a pretax charge of $43 million for restructuring and other actions (Note 18); a net pretax charge of $875 million for asbestos litigation claims that may be received after 1999 and probable additional insurance recovery (Note 21); a pretax gain of $37 million from the sale of the Company's interest in its former Japanese affiliate Asahi Fiber Glass Co. Ltd. (Note 12); and charges totaling $42 million including valuation adjustments associated with prior divestitures, major product line productivity initiatives and a contribution to the Owens-Corning Foundation. The impact of these special items was to reduce income from operations for Building Materials in the United States, Europe, and Canada and other by $42 million, $5 million and $3 million, respectively; Composite Materials in the United States and Europe by $5 million and $7 million, respectively; and to increase general corporate expense by $861 million.

During the first quarter of 1994, the Company recorded a $117 million pretax charge for productivity initiatives and other actions (Note 18). The impact of this charge was to reduce income from operations for Building Materials in the United States, and Canada and other by $50 million and $20 million, respectively; Composite Materials in the United States, Europe, and Canada and other by $6 million, $13 million, and $3 million, respectively; and to increase general corporate expense by $25 million.

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

1. Segment Data (Continued)

(In millions of dollars)	**1996**	1995	1994
Net Sales			
Industry Segments			
Building Materials			
United States	**$ 2,253**	$ 2,033	$ 1,952
Europe	**294**	264	182
Canada and other	**140**	107	139
Total Building Materials	**2,687**	2,404	2,273
Composite Materials			
United States	**613**	610	595
Europe	**400**	459	355
Canada and other	**132**	139	128
Total Composite Materials	**1,145**	1,208	1,078
Intersegment Sales			
Building Materials	**—**	—	—
Composite Materials	**110**	96	99
Eliminations	**(110)**	(96)	(99)
Net sales	**$ 3,832**	$ 3,612	$ 3,351
Geographic Segments			
United States	**$ 2,866**	$ 2,643	$ 2,547
Europe	**694**	723	537
Canada and other	**272**	246	267
	3,832	3,612	3,351
Intersegment Sales			
United States	**98**	54	43
Europe	**37**	21	22
Canada and other	**81**	88	91
Eliminations	**(216)**	(163)	(156)
Net sales	**$ 3,832**	$ 3,612	$ 3,351

(In millions of dollars)	**1996**	1995	1994
Income (Loss) from Operations			
Industry Segments			
Building Materials			
United States	**$ 193**	$ 195	$ 145
Europe	**16**	29	26
Canada and other	**10**	13	18
Total Building Materials	**219**	237	189
Composite Materials			
United States	**165**	135	108
Europe	**39**	64	(8)
Canada and other	**18**	26	9
Total Composite Materials	**222**	225	109
General corporate expense	**(945)**	(50)	(72)
Income (loss) from operations	**(504)**	412	226
Cost of borrowed funds	**(77)**	(87)	(94)
Income (loss) before provision for income taxes	**$ (581)**	$ 325	$ 132
Geographic Segments			
United States	**$ 358**	$ 330	$ 253
Europe	**55**	93	18
Canada and other	**28**	39	27
General corporate expense	**(945)**	(50)	(72)
Income (loss) from operations	**(504)**	412	226
Cost of borrowed funds	**(77)**	(87)	(94)
Income (loss) before provision for income taxes	**$ (581)**	$ 325	$ 132

(In millions of dollars)	**1996**	1995	1994
Identifiable Assets at December 31			
Industry Segments			
Building Materials			
United States	**$ 971**	$ 893	$ 718
Europe	**239**	170	162
Canada and other	**277**	194	136
Total Building Materials	**1,487**	1,257	1,016
Composite Materials			
United States	**385**	361	326
Europe	**455**	388	335
Canada and other	**239**	145	160
Total Composite Materials	**1,079**	894	821
General corporate	***1,283***	*1,024*	*1,363*
	3,849	3,175	3,200
Investments in affiliates accounted for under the equity method	**64**	86	74
Total assets	**$ 3,913**	$ 3,261	$ 3,274
Geographic Segments			
United States	**$ 1,356**	$ 1,254	$ 1,044
Europe	**694**	558	497
Canada and other	**516**	339	296
General corporate	**1,283**	1,024	1,363
	3,849	3,175	3,200
Investments in affiliates accounted for under the equity method	**64**	86	74
Total assets	**$ 3,913**	$ 3,261	$ 3,274

(In millions of dollars)	**1996**	1995	1994
Provision for Depreciation and Amortization			
Industry Segments			
Building Materials			
United States	**$ 52**	$ 49	$ 48
Europe	**14**	11	6
Canada and other	**6**	8	8
Total Building Materials	**72**	68	62
Composite Materials			
United States	**22**	22	22
Europe	**18**	*18*	*17*
Canada and other	**8**	7	8
Total Composite Materials	**48**	47	47
General corporate	**12**	10	9
Total provision for depreciation and amortization	**$ 132**	$ 125	$ 118
Geographic Segments			
United States	**$ 74**	$ 71	$ 70
Europe	**32**	29	23
Canada and other	**14**	15	16
General corporate	**12**	10	9
Total provision for depreciation and amortization	**$ 132**	$ 125	$ 118

1. Segment Data (Continued)

(In millions of dollars)	1996	1995	1994
Additions to Plant and Equipment			
Industry Segments			
Building Materials			
United States	**$ 95**	$ 60	$ 85
Europe	**10**	36	41
Canada and other	**36**	33	7
Total Building Materials	**141**	129	133
Composite Materials			
United States	**63**	37	41
Europe	**30**	39	35
Canada and other	**34**	18	26
Total Composite Materials	**127**	94	102
General corporate	**57**	53	23
Total additions	**$ 325**	$ 276	$ 258
Geographic Segments			
United States	**$ 158**	$ 97	$ 126
Europe	**40**	75	76
Canada and other	**70**	51	33
General corporate	**57**	53	23
Total additions	**$ 325**	$ 276	$ 258

2. Long-Term Debt

(In millions of dollars)	1996	1995
Unsecured U.S. credit facility due in 1999, variable	**$ 35**	$ 55
Unsecured U.K. credit facility due through 2001, variable	**59**	—
Unsecured European credit facilities due through 2002, variable	**41**	40
Unsecured Canadian credit facility due in 1999, variable	**—**	—
Guaranteed debentures due in 2001, 10%	**150**	150
Debentures due in 2002, 8.875%	**150**	150
Debentures due in 2012, 9.375%	**150**	150
Guaranteed debentures due in 1998, 9.8%	**100**	100
Eurobonds due through 2001, 9.814% (Note 20)	**54**	63
Bonds due in 2000, 7.25%, payable in Deutsche marks (Note 20)	**50**	50
Notes due through 2002, 6.06% to 8.50%, payable in foreign currencies	**14**	26
Other long-term debt due through 2012, at rates from 5.375% to 12.47%	**35**	45
	838	829
Less: Current portion	**(20)**	(35)
Total long-term debt	**$ 818**	$ 794

The U.S. credit facility has a maximum commitment of $475 million at December 31, 1996, of which $109 million was used for standby letters of credit and $331 million was unused. The rate of interest is either the bank's base rate, or .31% over the certificate of deposit rate, or .5% over the London Interbank Offered Rate (LIBOR). The rate of interest on this facility was 6.125% at December 31, 1996. A commitment fee of 1/5 of 1% is charged on the unused portions of this facility.

The U.K. credit facility, payable in British pounds, has a commitment of 35 million British pounds ($59 million U.S. dollars) all of which was used at December 31, 1996. The rate of interest on the facility was 6.61% at December 31, 1996. The commitment fee on any unused portion of the facility was .31% at December 31, 1996.

The European credit facilities, payable in Belgian francs, have an aggregate commitment of 1.6 billion Belgian francs ($51 million U.S. dollars) of which 300 million Belgian francs ($10 million U.S. dollars) was unused at December 31, 1996. The rate of interest on the facilities ranges from 3.78% to 3.89% at December 31, 1996. The commitment fee on the unused portions of the facilities range from 3/20 to 1/4 of 1%.

The Canadian credit facility is payable in Canadian dollars and has a maximum commitment of 135 million Canadian dollars ($99 million U.S. dollars), all of which was unused at December 31, 1996. The rate of interest is either .59% over the Canadian cost of funds rate, or .5% over LIBOR on U.S. deposits, or .6% over the Canadian bankers' acceptance rate. A commitment fee of 1/5 of 1% is charged on the unused portions of this facility.

As is typical for bank credit facilities, the agreements relating to the facilities described above contain restrictive covenants, including requirements for the maintenance of working capital, interest coverage, and minimum coverage of fixed charges; and limitations on the early retirement of subordinated debt, additional borrowings, payment of dividends, and purchase of Company stock. The agreements include a provision which would result in all of the unpaid principal and 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.

During 1995, the Company's $173 million issue of 8% convertible junior subordinated debentures were converted. The conversion resulted in the issuance of 5.8 million new shares of common stock. In conjunction with the conversion of the debentures, the Company paid fees of approximately $3 million which are reflected as other expenses on the Company's consolidated statement of income for the year ended December 31, 1995.

In November 1994, Owens-Corning Finance (U.K.) plc, a wholly-owned subsidiary of the Company, issued $140 million of Eurobonds. These bonds are convertible into fixed rate preference shares of Owens-Corning Finance (U.K.) plc in November 2004 and may be redeemed at any time, at a premium, at the option of the Company. The bonds are guaranteed by the Company as to payments of principal and interest and rank similarly with all other senior unsecured debt of the Company. In May 1995, the Company repurchased a portion of the $140 million issue of Eurobonds for $77 million.

The aggregate maturities and sinking fund requirements for all long-term debt issues for each of the five years following December 31, 1996 are:

(In millions of dollars)	Credit Facilities	Other Long-Term Debt
1997	$ 8	$ 12
1998	17	115
1999	62	22
2000	27	73
2001	21	171

3. Short-Term Debt

(In millions of dollars)	**1996**	1995
Balance outstanding at December 31	**$ 96**	$ 64
Weighted average interest rates on short-term debt outstanding at December 31	**6.2%**	7.5%

In 1996 and 1995 the Company entered into two revolving credit agreements. During each quarter the Company may borrow up to a predetermined amount from $5 million to $6 million in 1996 and $13 million to $16 million in 1995. The amount borrowed may be repaid in U.S. dollars at less than or equal to the original borrowing, based upon predetermined British pound or Belgian franc currency exchange rates. The agreements are in effect through 1997 and bear interest at market rates in effect at the time of each borrowing.

The Company had unused short-term lines of credit totaling $195 million and $239 million at December 31, 1996 and 1995, respectively.

In May 1995 the Company repaid its unsecured, variable rate, short-term bank credit facility that was used to finance the 1994 U.K. acquisition (Note 5). This facility had a maximum commitment of $110 million at December 31, 1994.

4. Convertible Monthly Income Preferred Securities (MIPS)

In May 1995, Owens-Corning Capital, L.L.C. ("OC Capital"), a Delaware limited liability company, all of the common limited liability company interests in which are owned indirectly by the Company, completed a private offering of 4 million shares of Convertible Monthly Income Preferred Securities ("preferred securities"). The aggregate purchase price for the offering was $200 million. In conjunction with the offering, the Company incurred $6 million in issuance costs.

The preferred securities are guaranteed in certain respects by the Company and are convertible, at the option of the holders, into Company common stock at the rate of 1.1416 shares of Company common stock for each preferred security (equivalent to a conversion price of $43.80 per common share). OC Capital cannot initiate any action relating to conversion until after June 1, 1998. Distributions on the preferred securities are cumulative and are payable at the annual rate of 6-1/2 percent of the liquidation preference of $50 per preferred security. Distributions of $13 million and $8 million have been recorded as other expenses on the Company's consolidated statement of income for the years ended December 31, 1996 and 1995, respectively.

The Company issued $200 million of 6-1/2 percent Convertible Subordinated Debentures due 2025 to OC Capital, which represents the sole asset of OC Capital, in exchange for the proceeds of the offering. The Company used the proceeds to repay the $110 million short-term bank credit facility utilized for the 1994 U.K. acquisition (Note 5), with the balance used to reduce borrowings under the Company's revolving credit facilities.

5. Acquisitions and Divestitures of Businesses

During 1996, 1995 and 1994, the Company made several acquisitions in the Building Materials segment in the United States and Europe which were consummated through the exchange of various combinations of common stock and cash. The aggregate purchase price including possible subsequent contingent consideration was $89 million, $126 million and $155 million for 1996, 1995 and 1994, respectively. The 1996 acquisitions exchanged 472,250 shares of the Company's common stock and $69 million in cash. The 1995 acquisitions exchanged 946,922 shares of the Company's common stock and $82 million in cash of which $1 million was paid in the first quarter of 1996. The 1994 acquisitions exchanged 855,556 shares of the Company's common stock and $120 million in cash, net of cash acquired, for all of the assets and liabilities of the companies acquired. The incremental sales from the acquisitions, in the year of acquisition, were $47 million, $41 million and $134 million for the years ended December 31, 1996, 1995 and 1994, respectively.

The largest of these acquisitions was the $110 million 1994 acquisition of Pilkington Insulation Limited and Kitsons Insulation Products Limited, the United Kingdom based insulation manufacturing and industrial supply businesses of Pilkington PLC.

The initial purchase price allocations were based on preliminary estimates of fair market value and are subject to revision. The 1996 acquisitions include goodwill of $32 million. The 1995 acquisitions included goodwill of $97 million and non-competition agreements of $3 million. The 1994 acquisitions included goodwill of $78 million and non-competition agreements of $6 million. The goodwill and non-competition agreements are being amortized on a straight-line basis over 40 years and seven years, respectively.

All acquisitions were accounted for under the purchase method of accounting, whereby the assets acquired and liabilities assumed have been recorded at their fair values and the results of operations for the acquisitions have been included in the Company's consolidated financial statements subsequent to the acquisition dates. The pro forma effect of the acquisitions was not material to net income for the years ended December 31, 1996, 1995 or 1994.

On September 30, 1994, the Company entered into a joint venture with Alpha Corporation of Tennessee, whereby the two companies combined their existing resin businesses to form Alpha/Owens-Corning, L.L.C., the largest manufacturer of polyester resins in North America. This joint venture is being accounted for under the equity method. For the nine months ended September 30, 1994 resin sales totaled $58 million and were included in the Composite Materials segment.

Late in the fourth quarter of 1994, the Company completed the sale of its underground storage tank manufacturing business. Sales for this business totaled $41 million in 1994 and were included in the Building Materials segment.

6. Postemployment and Postretirement Benefits Other Than Pensions

The Company and its subsidiaries maintain health care and life insurance benefit plans for certain retired employees and their dependents. The health care plans in the U.S. are unfunded and pay either 1) stated percentages of covered medically necessary expenses, after subtracting payments by Medicare or other providers and after stated deductibles have been met, or, 2) fixed amounts of medical expense reimbursement. Employees become eligible to participate in the health care plans upon retirement under one of the Company's pension plans if they have accumulated 10 years of service after age 45. 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.

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions* for its non-U.S. plans. Accordingly, the projected cost of postretirement benefits is charged to expense during the years in which eligible employees render service. The cumulative effect of the adoption of this standard was a charge of $10 million, or $.20 per share. (The Company adopted Statement No. 106 for its U.S. plans effective January 1, 1991.)

The following table reconciles the status of the accrued postretirement benefits cost liability at October 31, 1996 and 1995, as reflected on the balance sheet at December 31, 1996 and 1995:

(In millions of dollars)	**1996**	1995
Accumulated Postretirement Benefits Obligation:		
Retirees	**$ (191)**	$ (194)
Fully eligible active plan participants	**(28)**	(21)
Other active plan participants	**(58)**	(54)
Funded status	**(277)**	(269)
Unrecognized net gain	**(10)**	(11)
Unrecognized net reduction in prior service cost	**(52)**	(72)
Benefit payments subsequent to the valuation date	**4**	3
Accrued postretirement benefits cost liability (includes current liabilities of $22 million and $19 million in 1996 and 1995, respectively)	**$ (335)**	$ (349)

The net postretirement benefits cost for 1996, 1995 and 1994 included the following components:

(In millions of dollars)	**1996**	1995	1994
Service cost	**$ 8**	$ 7	$ 8
Interest cost on accumulated postretirement benefits obligation	**19**	19	19
Net amortization and deferral	**(20)**	(24)	(20)
Net postretirement benefits cost	**$ 7**	$ 2	$ 7

For measurement purposes, a 10% annual rate of increase in the per capita cost of covered health care claims was assumed for 1997. The rate was assumed to decrease to 9.5% for 1998, then decrease gradually to 6.0% by 2005. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by one percentage point in each year would increase the accumulated postretirement benefits obligation as of October 31, 1996, by $16 million and the aggregate of the service and interest cost components of net postretirement benefits cost for the year then ended by $2 million. The discount rate used in determining the accumulated postretirement benefits obligation was 7.8% in 1996, 7.5% in 1995, and 8.5% in 1994.

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 112, *Employers' Accounting for Postemployment Benefits.* This standard requires the Company to recognize the obligation to provide benefits to former or inactive employees after employment but before retirement under certain conditions. These benefits include, but are not limited to, salary continuation, supplemental unemployment benefits, severance benefits, disability-related benefits (including workers' compensation), job training and counseling, and continuation of benefits such as health care and life insurance coverage. The cumulative effect of the adoption of this standard was an undiscounted charge of $28 million, or $.56 per share, net of related income taxes of $18 million.

6. Postemployment and Postretirement Benefits Other Than Pensions (Continued)

The following table reconciles the status of the accrued postemployment benefits cost liability at October 31, 1996 and 1995, as reflected on the balance sheet at December 31, 1996 and 1995:

(In millions of dollars)	1996	1995
Funded status	$ (34)	$ (40)
Unrecognized net gain	(6)	(2)
Benefit payments subsequent to the valuation date	—	1
Accrued postemployment benefit cost liability (includes current liabilities of $4 million in 1996 and 1995)	$ (40)	(41)

The net postemployment benefits expense was $2 million, $2 million and $3 million for 1996, 1995 and 1994, respectively.

In December 1995, the Company established a Voluntary Employees' Beneficiary Association (VEBA) trust to cover certain employee welfare and postretirement benefits to be paid in 1996 and early 1997. The funded status of the trust at December 31, 1996, is $19 million, all of which is current. At December 31, 1995 the funded status of the trust was $64 million, of which $13 million was classified as long-term.

7. Pension Plans

The Company has several defined benefit pension plans covering most employees. Under the plans, pension benefits are generally based on an employee's number of years of service. Company contributions to these pension plans are based on the calculations of independent actuaries using the projected unit credit method. Plan assets consist primarily of 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 period of plan participants expected to receive benefits.

In August of 1995, the Company amended the pension plan for U.S. salaried employees to change from a final average pay formula to a cash balance formula. The new plan provisions became effective on January 1, 1996. The change resulted in a reduction in the projected benefit obligation of $20 million. The change is expected to reduce pension expense in the future through the amortization of the reduction in the projected benefit obligation, reduced service cost and reduced interest cost on the projected benefit obligation. The reduction in pension expense for 1996 and 1995 was $13 million and $4 million, respectively.

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

(In millions of dollars)	1996	1995	1994
Service cost	$ 14	$ 20	$ 22
Interest cost on projected benefit obligation	62	64	58
Actual return on plan assets	(106)	(114)	(13)
Net amortization and deferral	25	30	(64)
Net pension expense	$ (5)	$ —	$ 3

The funded status at October 31, 1996 and 1995 is as follows:

(In millions of dollars)	1996		1995	
	Over Funded	Under Funded	Over Funded	Under Funded
Vested benefit obligation	$ 679	$ 19	$ 359	$ 312
Accumulated benefit obligation	$ 757	$ 21	$ 395	$ 355
Plan assets at fair value	$ 839	$ 10	$ 500	$ 316
Projected benefit obligation	805	29	447	365
Plan assets in excess of (less than) projected benefit obligation	34	(19)	53	(49)
Unrecognized loss	53	9	15	59
Unrecognized prior service cost	(55)	1	(30)	(31)
Unrecognized transition amount	(41)	—	(35)	(11)
Adjustment to minimum liability	—	(5)	—	(7)
Net pension liability (includes current liabilities of $3 million in 1996 and $2 million in 1995 and noncurrent assets of $43 million in 1996 and $41 million in 1995)	$ (9)	$ (14)	$ 3	$ (39)

The 1996, 1995 and 1994 primary actuarial assumptions used for pension plans were:

	1996	1995	1994
Discount rate	**7.8%**	7.5%	8.5%
Expected long-term rate of return on plan assets	**9.0%**	9.0%	9.5%
Rate of compensation increase	**5.1%**	5.1%	5.1%

The Company also sponsors defined contribution plans available to substantially all U.S. employees. Company contributions for the plans are based on matching a percentage of employee savings up to a maximum savings level. The Company's contributions were $10 million in 1996, $12 million in 1995, and $10 million in 1994.

8. Income Taxes

(In millions of dollars)	1996	1995	1994
Income (loss) before provision (credit) for income taxes:			
U.S.	**$ (622)**	$ 226	$ 119
Foreign	**41**	99	13
Total	**$ (581)**	$ 325	$ 132
Provision (credit) for income taxes:			
Current			
U.S.	**$ (36)**	$ (45)	$ (2)
State and local	**(6)**	(4)	(7)
Foreign	**12**	13	5
Total current	**(30)**	(36)	(4)
Deferred			
U.S.	**(211)**	113	51
State and local	**(48)**	15	13
Foreign	**1**	14	(2)
Total deferred	**(258)**	142	62
Total provision (credit) for income taxes	**$ (288)**	$ 106	$ 58

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

	1996	1995	1994
U.S. federal statutory rate	**(35)%**	35%	35%
State and local income taxes	**(6)**	2	3
Adjustment of tax reserves due to favorable legislation	**(5)**	—	—
Operating losses of foreign subsidiaries	**—**	—	7
Utilization of research and development credits	**—**	(3)	—
Utilization of operating loss carryforwards	**(1)**	—	(7)
Utilization of tax loss carryback	**—**	(2)	—
Adjustment of valuation allowances	**(1)**	—	—
Other	**(2)**	1	6
Effective tax rate	**(50)%**	33%	44%

As of December 31, 1996, the Company has not provided for withholding or U.S. federal income taxes on approximately $211 million of accumulated undistributed earnings of its foreign subsidiaries as they are considered by management to be permanently reinvested. If these undistributed earnings were not considered to be permanently reinvested, approximately $22 million of deferred income taxes would have been provided.

During 1996 and 1995, the Company utilized tax net operating loss carryforwards for certain of its foreign subsidiaries and certain of its state tax jurisdictions of approximately $7 million and $2 million, respectively. At December 31, 1996 the Company had tax net operating loss carryforwards for certain of its foreign subsidiaries and certain of its state tax jurisdictions of approximately $63 million, of which $40 million expire through 2011, and the remaining $23 million of which have an indefinite carryforward.

8. Income Taxes (Continued)

The cumulative temporary differences giving rise to the deferred tax assets and liabilities at December 31, 1996 and 1995 are as follows:

(In millions of dollars)	**1996**		1995	
	Deferred Tax Assets	**Deferred Tax Liabilities**	Deferred Tax Assets	Deferred Tax Liabilities
Asbestos litigation claims	**$ 525**	**$ —**	$ 244	$ —
Other employee benefits	**157**	**—**	160	—
Pension plans	**22**	**11**	23	13
Depreciation	**—**	**200**	—	169
Operating loss carry-forwards	**63**	**—**	42	—
State and local taxes	**—**	**38**	—	21
Other	**140**	**56**	102	26
Subtotal	**907**	**305**	571	229
Valuation allowances	**(22)**	**—**	(20)	—
Total deferred taxes	**$ 885**	**$ 305**	$ 551	$ 229

Management fully expects to realize its net deferred tax assets through income from future operations.

9. Science and Technology Expenses

Science and technology expenses include research and development costs of $78 million in 1996, $69 million in 1995, and $64 million in 1994. 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.

10. Accounts Receivable Securitization

In 1996 and 1995, the Company sold certain accounts receivable of its Building Materials operations to a 100% owned subsidiary, Owens-Corning Funding Corporation ("OC Funding"). In December 1994, OC Funding entered into a three-year agreement whereby it can sell, on a revolving basis, an undivided percentage ownership interest in a designated pool of accounts receivable up to a maximum of $100 million. At December 31, 1996 and 1995, $100 million have been sold under this agreement and the sale has been reflected as a reduction of accounts receivable in the Company's consolidated balance sheet. The discount of $6 million on the receivables sold has been recorded as other expenses on the Company's consolidated statement of income for the years ended December 31, 1996 and 1995.

The Company maintains an allowance for doubtful accounts based upon the expected collectibility of all consolidated trade accounts receivable, including receivables sold by OC Funding.

11. Inventories

Inventories are summarized as follows:

(In millions of dollars)	**1996**	1995
Finished goods	**$ 273**	$ 210
Materials and supplies	**149**	127
FIFO inventory	**422**	337
Less: Reduction to LIFO basis	**(82)**	(84)
	$ 340	$ 253

Approximately $216 million and $175 million of FIFO inventories were valued using the LIFO method at December 31, 1996 and 1995, respectively.

During 1995 and 1994, 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 1995 and 1994 cost of sales by $7 million and $3 million, respectively.

12. Investments in Affiliates

At December 31, 1996 and 1995, the Company's affiliates, which generally are engaged in the manufacture of fibrous glass and related products for the insulation, construction, reinforcements, and textile markets, include:

	Percent Ownership 1996	1995
Alpha/Owens-Corning, L.L.C. (USA)	**50%**	50%
Amiantit Fiberglass Industries, Ltd. (Saudi Arabia)	**30%**	30%
Arabian Fiberglass Insulation Company, Ltd. (Saudi Arabia)	**49%**	49%
Asahi Fiber Glass Company, Ltd. (Japan)	**—**	28%
Knytex Company, L.L.C. (USA)	**50%**	50%
LG Owens-Corning Corp. (Korea)	**30%**	31%
OC Andercol Tuberias S.A. (Colombia)	**50%**	—
OC India (India)	**49%**	—
OC Yapi Merkezi Boru Sanayi Ve'Ficaret (Turkey)	**50%**	—
Owens-Corning Caños, S.A. (Argentina)	**50%**	50%
Owens-Corning Eternit Rohre GmbH (Germany)	**50%**	50%
Owens-Corning Pipe Botswana (Pty.), Ltd. (Botswana)	**49%**	49%
Owens-Corning Tubs S.A. (Spain)	**50%**	50%
Siam Fiberglass Co., Ltd. (Thailand)	**17%**	20%
Vitro-Fibras, S.A. (Mexico)	**40%**	40%

Early in 1996, the Company sold its ownership interest in its Japanese affiliate Asahi Fiber Glass Co. Ltd., and recorded a pretax gain of $37 million.

The following table provides summarized financial information on a combined 100% basis for the Company's affiliates accounted for under the equity method:

(In millions of dollars)	1996	1995	1994
At December 31:			
Current assets	**$ 200**	$ 338	$ 328
Noncurrent assets	**259**	503	513
Current liabilities	**149**	340	331
Noncurrent liabilities	**168**	236	250
For the year:			
Net sales	**516**	962	630
Gross margin	**126**	178	96
Net income	**36**	47	7

The Company's equity in undistributed net income of affiliates was $3 million at December 31, 1996.

13. Accounts Payable and Accrued Liabilities

(In millions of dollars)	1996	1995
Accounts payable	**$ 379**	$ 302
Payroll and vacation pay	**84**	87
Payroll, property, and miscellaneous taxes	**35**	39
Other employee benefits liability (Note 6)	**26**	23
Other	**181**	136
	$ 705	$ 587

14. Consolidated Statement of Cash Flows

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

(In millions of dollars)	1996	1995	1994
Income taxes	**$ (25)**	$ (34)	$ (4)
Cost of borrowed funds	**86**	94	97

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

See Notes 2 and 5 for supplemental disclosure of non-cash investing and financing activities.

15. Leases

The Company leases certain manufacturing equipment and office and warehouse facilities under operating leases, some of which include cost escalation clauses, expiring on various dates through 2015. Total rental expense charged to operations was $87 million in 1996, $63 million in 1995, and $54 million in 1994. At December 31, 1996, the minimum future rental commitments under noncancelable leases payable over the remaining lives of the leases are:

(In millions of dollars)	Minimum Future Rental Commitments
1997	$ 66
1998	57
1999	41
2000	28
2001	17
2002 through 2015	107
	$ 316

16. Stock Compensation Plans

The Company has four stock-based compensation plans. The Company's Stock Performance Incentive Plan ("SPIP") grants stock options, restricted stock, performance restricted stock and phantom performance units. The Owens-Corning 1995 Stock Plan ("95 Stock Plan") grants options and restricted stock. SPIP and the 95 Stock Plan (collectively, the "Plans"), permit up to two percent and one percent, respectively, of common shares outstanding at the beginning of each calendar year to be awarded as stock options and restricted stock (with 25% of this amount as the maximum permitted number of restricted stock awards). The Company may carry forward, independently for each plan, unused shares from prior years and may increase the shares available for awards in any calendar year through an advance of up to 25% of the subsequent year's allocation (determined by using 25% of the current year's allocation). These shares are also subject to the 25% limit for restricted stock awards. During 1996 and 1995, the total number of shares available under the Plans for stock awards was 2,236,577 and 1,924,271 shares, respectively. During 1995 an advance of 54,355 shares was taken from the 1996 allocation for SPIP. The following are descriptions of the awards granted under the Plans:

Stock Options

Under the Plans, the exercise prices of each option equal the market price of the Company's common stock on the date of grant and an option's maximum term is 10 years. Shares issued from the exercise of options are recorded in the common stock accounts at the option price. The awards and vesting periods of such awards are determined at the discretion of the compensation committee of the Board of Directors. During 1996 and 1995, respectively, 1,102,510 and 1,006,950 stock options were awarded under the Plans.

Restricted Stock Awards

Under the Plans, compensation expense is measured based on the market price of the stock at the date of grant and is recognized on a straight-line basis over the vesting period. Stock restrictions lapse, subject to alternate vesting plans for death, disability, approved early retirement and involuntary termination, over various periods ending in 2006. At December 31, 1996, the Company had 376,409 shares of restricted stock outstanding. During 1996 and 1995, 78,510 and 148,924 shares of restricted stock were granted, respectively. The weighted-average grant-date fair value for shares granted was $42.67 and $40.78 for 1996 and 1995, respectively.

Performance Restricted Stock Awards

Under the Plans, certain officers are awarded performance shares. Performance shares represent the opportunity to earn up to a specified number of shares of the Company's common stock, if the Company achieves specified performance goals during the designated performance period. Officers, other than the Chief Executive Officer, earn any portion of their award not earned during the performance period seven years after the end of the performance period, if their employment continues until that time. Compensation expense is measured based on market price of the Company's common stock on the date of grant and is amortized over the performance period, approximately three years. At December 31, 1996, the Company had 63,300 units outstanding. During 1996 and 1995, respectively, 38,200 and 27,300 performance shares were granted. The weighted-average grant-date fair value for shares granted was $43.79 and $45.00 for 1996 and 1995, respectively.

Phantom Performance Units

Under the Plans, certain officers are awarded phantom performance units. Each unit provides the holder the opportunity to earn a cash award equal to the fair market value of the Company's common stock upon the attainment of certain performance goals. Officers, other than the Chief Executive Officer, earn any portion of their award not earned during the performance period seven years after the end of the performance period, if their employment continues until that time. Compensation expense is measured based on market price of the Company's common stock and is amortized over the performance period, approximately three years. At December 31, 1996, the Company had 124,600 units of phantom performance units outstanding. During 1996 and 1995, 79,600 and 56,000 units, respectively, were awarded.

The Company also has a plan to award stock, receipt of which may be deferred at the discretion of the directors, and stock options to nonemployee directors, of which 70,000 shares were available for this purpose as of December 31, 1996. In 1996, 30,000 options and 4,000 stock awards were granted, of which 1,000 were issued in conjunction with the plan for nonemployee directors. In 1995, 10,000 options and 4,000 stock awards were granted, of which 2,000 were issued in conjunction with the plan for nonemployee directors. The weighted-average grant-date fair value for shares granted was $39.63 and $35.25 for 1996 and 1995, respectively.

Under a prior plan the Company had 5,417 and 7,211 deferred stock awards outstanding, at December 31, 1996 and 1995, respectively. Under the terms of this plan, no further awards may be made.

The Company applies Financial Accounting Standards Board Statement No. 123 (SFAS 123) in accounting for its stock based compensation plans. In accordance with SFAS 123 the Company applies Accounting Principles Board Opinion No. 25 and related Interpretations for expense recognition. All stock options issued by the Company are exercisable at a price equal to the market price at the date of grant. Accordingly, no compensation cost has been recognized for any of the options granted under the plans. The compensation cost that has been recorded for awards other than options was $8 million and $3 million in 1996 and 1995, respectively.

A summary of the status of the Company's plans that issue options as of December 31, 1996 and 1995 and changes during the years ending on those dates is presented below:

	1996		1995	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Beginning of year	**3,943,110**	**$ 33.34**	3,290,454	$ 31.55
Options granted	**1,132,510**	**$ 42.92**	1,016,950	$ 37.46
Options exercised	**(142,232)**	**$ 30.60**	(300,663)	$ 27.18
Options canceled	**(38,949)**	**$ 41.01**	(63,631)	$ 35.67
End of year	**4,894,439**	**$ 35.59**	3,943,110	$ 33.34
Exercisable	**2,872,156**	**$ 32.66**	2,107,427	$ 30.97
Weighted-average fair-value of options granted during the year		**$ 12.50**		$ 11.24

The following table summarizes information about options outstanding at December 31, 1996:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	**Number Outstanding at 12/31/96**	**Weighted-Average Remaining Contractual Life**	**Weighted-Average Exercise Price**	**Number Exercisable At 12/31/96**	**Weighted Average Exercise Price**
$ 17.86 – 26.875	**666,035**	**3.8**	**$ 23.08**	**666,035**	**$ 23.08**
27.00 – 31.50	**564,321**	**5.0**	**$ 30.63**	**551,655**	**$ 30.62**
31.625 – 34.875	**831,006**	**7.0**	**$ 32.25**	**561,350**	**$ 32.21**
35.00 – 40.50	**1,707,092**	**7.3**	**$ 38.75**	**1,035,088**	**$ 39.53**
40.625 – 47.00	**1,125,985**	**9.1**	**$ 43.15**	**58,028**	**$ 43.95**

16. Stock Compensation Plans (Continued)

The fair value of each option grant is estimated on the date of grant using the *Black-Scholes option-pricing* model with the following weighted average assumptions by year:

Assumptions	1996	1995
Risk-free interest rate	**6.04%**	5.96%
Expected life	**5 years**	5 years
Expected volatility	**24.39%**	26.25%
Expected dividends	**1.43%**	1.43%

Had compensation cost for the Plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method described in SFAS 123, *Accounting for Stock-Based Compensation,* the *Company's net income and earnings per share* would have been reduced to the pro forma amounts indicated below:

(In millions of dollars, except per share data)	1996	1995
Net income		
As reported	**$ (284)**	$ 231
Pro forma	**(288)**	230
Primary earnings per share		
As reported	**(5.50)**	4.64
Pro forma	**(5.57)**	4.62
Fully diluted earnings per share		
As reported	**(5.50)**	4.40
Pro forma	**(5.57)**	4.38

The Company cautions that the pro forma net income and per share results in the initial years of adoption are overstated due to the recognition of pro forma compensation cost over the vesting period.

17. Share Purchase Rights

In December 1996, the Company's Board of Directors *declared a dividend distribution of one preferred share* purchase right for each share of the Company's common stock. The new rights replaced preferred share purchase rights issued in 1986, which expired on December 30, 1996. 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 $190. The Board of Directors has designated 750,000 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 business days after a person or group acquires, or announces a tender offer for 15% or more of the Company's outstanding shares of common stock. The rights expire on December 30, 2006, unless redeemed earlier by the Company. The rights are redeemable by the Company at one cent each at any time prior to public *announcement or notice to the Company that an acquiring* person or group has purchased 15% or more of the Company's outstanding common stock (an "Acquisition Event"). At any time after an Acquisition Event and prior to the acquisition by such person or group of 50% or more of the Company's outstanding common stock, the Board of Directors may exchange one share of common stock for each right outstanding, other than rights held by the acquiring person or group. At any time after an Acquisition Event and the rights become exercisable, each right, other than rights held by the acquiring person or group, would *entitle its holder to buy common stock of the Company* (or, if the Company is subsequently acquired in a merger or other business combination, such shares of the acquiring or surviving company) having a market value of twice the exercise price of the right.

18. Restructuring of Operations and Other Actions

During the fourth quarter of 1996, the Company recorded a $43 million pretax charge for restructuring and other actions which includes the costs associated with a work force realignment, a replacement of computer technology as well as asset valuations and expenses related to exited businesses. The $43 million pretax charge was comprised of a $38 million restructure charge and a $5 million charge related to an exited business. The components of the restructure charge include $20 million for personnel reductions, $8 million in computer technology and $10 million for asset valuations and exited businesses. The $20 million for personnel reductions represents severance costs associated with the elimination of nearly 400 positions worldwide. The primary employee group affected is manufacturing personnel.

During 1994, the Company recorded a $117 million pretax charge for productivity initiatives and other actions aimed at reducing costs and enhancing the Company's speed, focus and efficiency. This $117 million pretax charge was comprised of an $89 million charge associated with the restructuring of the Company's business segments, as well as a $28 million charge, primarily composed of costs associated with the administration of the Company's former commercial roofing business. The components of the $89 million restructure included: $44 million for personnel reductions, $20 million for divestiture of non-strategic businesses and facilities, $22 million for business realignments, and $3 million for other actions. The $44 million cost for personnel reductions primarily represents severance costs associated with the elimination of nearly 400 positions worldwide. The primary employee groups affected included science and technology, field sales, corporate administrative, and commercial roofing and resin business personnel.

19. Glass Melting Furnace Rebuilds

Effective January 1, 1994, the Company adopted the capital method of accounting for the cost of rebuilding glass melting furnaces. Under this method, costs are capitalized when incurred and depreciated over the estimated useful lives of the rebuilt furnaces. Previously, the Company established a reserve for the future rebuilding costs of its glass melting furnaces through a charge to earnings between dates of rebuilds. The change to the capital method provides a more appropriate measure of the Company's capital investment and is consistent with industry practice. The cumulative effect of this change in accounting method in 1994 was an increase to earnings of $123 million, or $2.45 per share, net of related income taxes of $54 million. The effect of this change in accounting method was to increase depreciation expense and eliminate furnace rebuild provision.

20. Derivative Financial Instruments and Fair Value of Financial Instruments

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 and interest 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 engage in trading activities with these financial instruments and does not generally require collateral or other security to support these financial instruments. The notional amounts of derivatives summarized in the foreign exchange risk and interest rate risk management section below do not generally represent the amounts exchanged by the parties and, thus, are not a measure of the exposure of the Company through its use of derivatives. The amounts exchanged are calculated on the basis of the notional amounts and the other terms of the derivatives, which relate to interest rates, exchange rates, securities prices, or financial or other indexes.

20. Derivative Financial Instruments and Fair Value of Financial Instruments (Continued)

Foreign Exchange Risk and Interest Rate Risk Management

The Company enters into various types of derivative financial instruments to manage its foreign exchange risk and interest rate risk, as indicated in the following table.

(In millions of dollars)	**Notional Amount December 31, 1996**	Notional Amount December 31, 1995
Forward currency exchange contracts	**$ 128**	$ 234
Combined interest rate currency swaps	**120**	70
Options purchased	**22**	25
Currency swaps	**120**	120
Interest rate swaps	**50**	150
Treasury rate locks	**29**	—

The Company enters into forward currency exchange contracts to manage its exposure against foreign currency fluctuations on certain assets and liabilities denominated in foreign currencies. As of December 31, 1996, the Company has 31 forward currency exchange contracts maturing in 1997 which exchange 3.9 billion Belgian francs, 33 million U.S. dollars, 17 million British pounds, 89 million French francs, 12 billion Italian lira, and various other currencies. As of December 31, 1995, the Company had 21 forward currency exchange contracts which matured in 1996 and exchanged 2.7 billion Belgian francs, 19 million U.S. dollars, 11 million British pounds, 117 million French francs, 17 billion Italian lira, and various other currencies. Gains and losses on these foreign currency hedges are included in the carrying amount of the related assets and liabilities. At December 31, 1996 and 1995, deferred gains and losses on these foreign currency hedges are not material to the consolidated financial statements.

The Company entered into forward currency exchange contracts to hedge its equity investments in certain foreign subsidiaries and to manage its exposure against fluctuations in foreign currency rates. As of December 31, 1995, the Company had two forward currency exchange contracts that matured in 1996 which exchanged 1 billion Belgian francs against approximately 34 million U.S. dollars to hedge its equity investments in certain of its European subsidiaries. At December 31, 1995, losses of $4 million on hedges of net investments in foreign subsidiaries were included in stockholders' equity.

The Company entered into forward currency exchange contracts to reduce its exposure to currency fluctuations on the proceeds of the sale of its investment in Asahi Fiber Glass Company, Ltd. (Note 12). Gains of $4 million are included in other income in 1996 as part of the total gain on the sale.

The Company entered into forward currency exchange contracts to reduce its exposure to currency fluctuations on the anticipated 1995 earnings of certain European subsidiaries. The nine forward currency exchange contracts which matured in 1995, exchanged 412 million Belgian francs and 8 million British pounds against approximately 25 million U.S. dollars. Gains and losses on these foreign currency hedges were included in income in the period in which the exchange rates changed. Gains on these forward currency exchange contracts were not material to the consolidated financial statements.

The Company enters into combined interest rate currency swaps to hedge its equity investments in certain foreign subsidiaries to manage its exposure against fluctuations in foreign currency rates. As of December 31, 1996, the Company has three combined interest rate currency swaps maturing in 1999 to manage this exposure. These contracts exchange 921 million Belgian francs, 50 million French francs and 17 million Dutch guilders. Gains and losses on the currency swap portions of these contracts are included in stockholders' equity. The differential interest to be paid or received on the interest rate swap portion of these contracts is accrued as interest rates change and is recognized over the life of these agreements. The deferred gains and losses on the differential interest rate changes are not material to the consolidated financial statements in 1996.

The Company enters into option contracts to hedge anticipated transactions with certain of its foreign subsidiaries. As of December 31, 1996, the Company has eight currency option contracts maturing in 1997 which hedge the 1997 royalty payments of the Company's European subsidiaries. As of December 31, 1996, the currency option contracts exchanged 446 million Belgian francs and 5 million British pounds against approximately 22 million U.S. dollars. As of December 31, 1995, the Company had eight currency option contracts which exchanged 526 million Belgian francs and 6 million British pounds against approximately 25 million U.S. dollars. Gains on the Company's hedges of these anticipated transactions are included as deferred revenue. At December 31, 1996 and 1995, deferred gains on option contracts are not material to the consolidated financial statements.

In 1994, the Company entered into two currency swap transactions to manage its exposure against foreign currency fluctuations on the principal amount of its guaranteed 9.814% Eurobonds (Note 2). During 1995, the Company terminated these swaps. The termination of these swaps exchanged 140 million U.S. dollars for approximately 89 million British pounds, resulting in a gain of approximately 10 million U.S. dollars. At that time, the Company entered into a combined interest rate currency swap and a currency swap exchanging U.S. dollars into British pounds to hedge the interest and principal payments of the remaining Eurobonds through 2002. These agreements also convert part of the fixed rate interest into variable rate interest. The gain on the exercised swaps is being amortized over the life of the original hedge. At December 31, 1996 and 1995, $5 million and $7 million, respectively, of unamortized gain on the four cross-currency interest rate swaps is included in other liabilities.

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%.

The Company enters into interest rate swaps to manage its interest rate risk. As of December 31, 1996, the Company has one interest rate swap agreement to convert $50 million in equipment lease payments from a floating LIBOR to a fixed rate of 5.52%. The differential interest to be paid or received is accrued as interest rates change and is recognized over the life of the agreement. As of December 31, 1996, this amount was not material to the consolidated financial statements. As of December 31, 1995, the Company had four interest rate swap agreements to reduce the interest rates on its fixed rate borrowings. These agreements, which were terminated in 1996, effectively converted an aggregate principal amount of $150 million of fixed rate long-term debt into variable rate borrowings. The $8 million gain recognized from the termination of these swaps is being amortized over the remaining life of the debt.

As of December 31, 1996, the Company has one cash-settled treasury rate lock as a hedge against interest rate fluctuations on a lease commitment. This contract effectively locks in a treasury rate of 6.015% on a notional amount of $29 million. The differential interest to be paid or received at the contract termination date, March 1997, will be deferred and amortized over the life of the lease.

Other Financial Instruments with
Off-Balance-Sheet Risk

As of December 31, 1996 and 1995, the Company is contingently liable for guarantees of indebtedness owed by certain unconsolidated affiliates of $57 million and $44 million, respectively. The Company is of the opinion that its unconsolidated affiliates will be able to perform under their respective payment obligations in connection with such guaranteed indebtedness and that no payments will be required and no losses will be incurred by the Company under such guarantees.

Concentrations of Credit Risk

As of December 31, 1996 and 1995, the Company has no significant group concentrations of credit risk.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each category of financial instruments.

Cash and short-term financial instruments

The carrying amount approximates fair value due to the short maturity of these instruments.

Long-term notes receivable

The fair value has been estimated using the expected future cash flows discounted at market interest rates.

Long-term debt

The fair value of the Company's long-term debt has been estimated based on quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities.

Foreign currency swaps and interest rate swaps

The fair values of foreign currency swaps and interest rate swaps have been estimated by traded market values or by obtaining quotes from brokers.

20. Derivative Financial Instruments and Fair Value of Financial Instruments (Continued)

Forward currency exchange contracts, option contracts, and financial guarantees

The fair values of forward currency exchange contracts, option contracts, and financial guarantees are based on fees currently charged for similar agreements or on the estimated cost to terminate these agreements or otherwise settle the obligations with the counter parties at the reporting date.

The estimated fair values of the Company's financial instruments as of December 31, 1996 and 1995, which have fair values different than their carrying amounts, are as follows:

	1996		1995	
(In millions of dollars)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Assets				
Long-term notes receivable	**$ 23**	**$ 21**	$ 24	$ 22
Liabilities				
Long-term debt	**818**	**881**	794	875
Off-Balance-Sheet Financial Instruments – Unrealized gains				
Foreign currency swaps	**—**	**32**	—	39
Interest rate swaps	**—**	**1**	—	14
Combined interest rate currency swaps	**—**	**1**	—	—

As of December 31, 1996 and 1995, the Company is contingently liable for guarantees of indebtedness owed by certain unconsolidated affiliates. There is no market for these guarantees and they were issued without explicit cost. Therefore, it is not practicable to establish their fair value.

As of December 31, 1996 and 1995, the Company has also entered into certain forward currency exchange option contracts and treasury rate locks, the fair values of which are not material to the consolidated financial statements.

21. Contingent Liabilities

Asbestos Liabilities

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

Status

As of December 31, 1996, approximately 157,900 asbestos personal injury claims were pending against the Company, of which 36,400 were received in 1996. The Company received approximately 55,900 such claims in 1995, and 29,100 in 1994.

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

During 1996, the Company was engaged in discussions with a group of approximately 30 leading plaintiffs' law firms to explore approaches toward resolution of its asbestos liability. The discussions involved the possible resolution of both pending claims and claims that may be filed in the future. The law firms involved in the talks agreed to refrain from serving any further asbestos claims on the Company unless they involved malignancies. This agreement, which expired as to certain of the firms on November 1, 1996, was extended until January 1, 1997, by firms representing a substantial majority of the cases historically filed by the group. This agreement may have impacted the number of cases received by the Company during the second, third and fourth quarters of 1996.

Through December 31, 1996, the Company had resolved (by settlement or otherwise) approximately 183,300 asbestos personal injury claims, including the dismissal in May 1996, for lack of medical proof, of approximately 15,000 maritime cases which named Owens Corning as a defendant, resulting in an 11,700 case reduction in the backlog after reduction for duplicate cases and cases previously settled. During 1994, 1995, and 1996, the Company resolved approximately 60,600 asbestos personal injury claims, over 99% without trial, and incurred total indemnity payments of $626 million (an average of about $10,300 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, sold or installed by the Company; the extent of the claimant's exposure to asbestos-containing products manufactured, sold or installed by other Producers; the number and financial resources of other Producer defendants; the jurisdiction of suit; the presence or absence of other possible causes of the claimant's illness; the availability or not of legal defenses such as the statute of limitations or state of the art; whether the claim was resolved on an individual basis or as part of a group settlement; and whether the claim proceeded to an adverse verdict or judgment.

Insurance

As of December 31, 1996, the Company had approximately $329 million in unexhausted insurance coverage (net of deductibles and self-insured retentions and excluding coverage issued by insolvent carriers) under its liability insurance policies applicable to asbestos personal injury claims. This insurance, which is substantially confirmed, includes both products hazard coverage and primary level non-products coverage. Portions of this coverage are not available until 1997 and beyond under agreements with the carriers confirming such coverage. All of the Company's liability insurance policies cover indemnity payments and defense fees and expenses subject to applicable policy limits.

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

Reserve

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

21. Contingent Liabilities (Continued)

law firms referred to above, the results of its continuing investigations of medical screening practices of the kind at issue in the federal PFT lawsuit, recent developments as to the prospects for federal and state tort reform, the continued rate of case filings at historically high levels, additional information on filings received during the 1993-1995 period and other factors. As a result of the review, the Company took a non-recurring, noncash charge to earnings of $1.1 billion in the second quarter of 1996. This charge represented the Company's estimate of the indemnity and defense costs associated with unasserted asbestos personal injury claims that may be received by the Company in years subsequent to 1999.

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

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

(In millions of dollars)	**December 31, 1996**	December 31, 1995
Reserve for asbestos litigation claims		
Current	**$ 300**	$ 250
Other	**1,670**	887
Total Reserve	**1,970**	1,137
Insurance for asbestos litigation claims		
Current	**100**	100
Other	**454**	330
Total Insurance	**554**	430
Net Asbestos Liability	**$1,416**	$ 707

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

Management Opinion

Although any opinion is necessarily judgmental and must be based on information now known to the Company, in the opinion of management, while any additional uninsured and unreserved costs which may arise out of pending personal injury and property damage asbestos claims and additional similar asbestos claims filed in the future may be substantial over time, management believes that any such additional costs will not impair the ability of the Company to meet its obligations, to reinvest in its businesses or to take advantage of attractive opportunities for growth.

Non-Asbestos Liabilities

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

22. Quarterly Financial Information (Unaudited)

(In millions of dollars, except share data)	Quarter First	Second	Third	Fourth
1996				
Net sales	**$ 849**	**$ 956**	**$ 1,025**	**$ 1,002**
Cost of sales	**631**	**701**	**752**	**750**
Gross margin	**$ 218**	**$ 255**	**$ 273**	**$ 252**
Net income (loss)	**$ 39**	**$ (473)**	**$ 80**	**$ 70**
Net income (loss) per share:				
Primary net income per share	**$ .75**	**$ (9.19)**	**$ 1.53**	**$ 1.32**
Fully diluted net income per share	**$ .73**	**$ (9.19)**	**$ 1.44**	**$ 1.25**
1995				
Net sales	$ 844	$ 877	$ 927	$ 964
Cost of sales	630	639	684	717
Gross margin	$ 214	$ 238	$ 243	$ 247
Net income	$ 33	$ 63	$ 70	$ 66
Net income per share:				
Primary net income per share	$ .71	$ 1.25	$ 1.35	$ 1.27
Fully diluted net income per share	$ .68	$ 1.20	$ 1.28	$ 1.21

Net income 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 per share may not equal the per share total for the year.

Directors

Norman P. Blake, Jr.
1,2,3

Chairman of the Board, Chief Executive Officer and President of USF&G Corporation, insurance and financial services, Baltimore, Maryland.

Director since 1992.
Birth Date: November 8, 1941

Leonard S. Coleman, Jr.
3,5

President, The National League of Professional Baseball Clubs, professional sports, New York, New York.

Director since 1996.
Birth Date: February 17, 1949

William W. Colville
1,4

Consultant to and formerly Senior Vice President, General Counsel and Secretary of Owens Corning, New York, New York.

Director since 1995.
Birth Date: December 11, 1934

John H. Dasburg
2,5

President and Chief Executive Officer, Northwest Airlines Corporation, a transportation company, St. Paul, Minnesota.

Director since 1996.
Birth Date: January 7, 1943

Landon Hilliard
2,3,5

Partner, Brown Brothers Harriman & Co., private bankers, New York, New York.

Director since 1988.
Birth Date: April 13, 1939

Glen H. Hiner
4

Chairman of the Board and Chief Executive Officer, Owens Corning, Toledo, Ohio.

Director since 1992.
Birth Date: July 22, 1934

Sir Trevor Holdsworth
1,2,4

Former Chairman of National Power plc., an electricity generator company, London, England.

Director since 1994.
Birth Date: May 29, 1927

Jon M. Huntsman, Jr.
3,4,5

Vice Chairman, Huntsman Corporation, manufacturer of petrochemicals, Salt Lake City, Utah. Former U.S. Ambassador to Singapore.

Director since 1993.
Birth Date: March 26, 1960

Ann Iverson
1,4

Group Chief Executive, Laura Ashley Holdings plc., women's clothing and home furnishings, London, England.

Director since 1996.
Birth Date: February 25, 1944

W. Walker Lewis
1,3,5

Senior Advisor, to Dillon, Read & Co. Inc., an investment banking firm, New York, New York, and Senior Advisor to Marakon Associates, a consulting firm, Stamford, Connecticut.

Director since 1993.
Birth Date: September 15, 1944

Furman C. Moseley, Jr.
2,4,5

Director, Simpson Investment Company, a holding company for subsidiaries manufacturing wood, pulp and paper products, Seattle, Washington.

Director since 1983.
Birth Date: July 29, 1934

W. Ann Reynolds
1,2,3

Chancellor of City University of New York, higher education, New York, New York.

Director since 1993.
Birth Date: November 3, 1937

Pink Panther

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

1. Audit Committee
   Norman P. Blake, Jr.
   Chairman
2. Compensation Committee
   Landon Hilliard
   Chairman
3. Corporate Governance Committee
   W. Walker Lewis
   Chairman
4. Executive Committee
   Glen H. Hiner
   Chairman
5. Finance Committee
   Furman C. Moseley, Jr.
   Chairman

Senior Officers

Glen H. Hiner
Chairman of the Board and
Chief Executive Officer

Charles H. Dana
Executive Vice President

BUSINESSES

David T. Brown
Vice President and President,
Building Materials Sales and
Distribution – North America

Domenico Cecere
Vice President and President,
Roofing/Asphalt

Richard DiPasquale
Vice President and President,
Latin America

Robert D. Heddens
Vice President and President,
Western Fiberglass Group

Carl B. Hedlund
Vice President and President,
Asia Pacific

Warren D. Knowlton
Vice President and President,
Building Materials – Europe
and Africa

Heinz-J. Otto
Vice President and President,
Composites

Michael H. Thaman
Vice President and President,
Engineered Pipe & Fabrication
Systems

Efthimios O. Vidalis
Vice President and President,
Insulation

Jerry L. Weinstein
Vice President and President,
Specialty and Foam Products

PROCESSES

Alan D. Booth
Vice President and
Process Executive,
Customer Fulfillment Process

Christian L. Campbell
Senior Vice President,
General Counsel and
Corporate Secretary

David W. Devonshire
Senior Vice President and
Chief Financial Officer

Richard L. Hottinger
Vice President and
Chief Procurement Officer

Robert C. Lonergan
Vice President,
Science & Technology

Michael I. Miller
Vice President and
Treasurer

Bradford C. Oelman
Senior Vice President,
Government and Public Affairs

Michael D. Radcliff
Vice President and
Chief Information Officer

Steven J. Strobel
Vice President and Controller

Gregory M. Thomson
Senior Vice President,
Human Resources

System Thinking™: Information Access

Corporate Address
Owens Corning World Headquarters
One Owens Corning Parkway
Toledo, Ohio U.S.A. 43659
419.248.8000

Shareholder Services
Owens Corning maintains a Shareholder Services Office at World Headquarters in Toledo, Ohio, to assist shareholders. Inquiries are welcome at the World Headquarters address.

Direct Stock Purchase Plan
Owens Corning shares may be purchased through the Company under the ChaseMellon Investor Services Program by phoning 1.800.472.2210.

Transfer Agent and Registrar
ChaseMellon Shareholder Services acts as primary 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 ChaseMellon Shareholder Services L.L.C., Overpeck Center, 85 Challenger Road, Ridgefield Park, New Jersey 07660, or by phoning 1.800.953.2596, or at http://www.cmssonline.com.

The R-M Trust Co. is a co-agent in Toronto.

Auditors
Arthur Andersen LLP, 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 ChaseMellon Shareholder Services L.L.C., Overpeck Center, 85 Challenger Road, Ridgefield Park, New Jersey 07660; or by phoning 1.800.953.2596, or at http://www.cmssonline.com

Owens Corning is a proud sponsor of Own Your Share of America.

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 1996 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission. Requests should be addressed to Owens Corning, Document Center 3, One Owens Corning Parkway, Toledo, Ohio 43659 or call 1.800.GET.PINK.

Annual Meeting
The annual shareholders' meeting of Owens Corning will be held at the Company's World Headquarters at One Owens Corning Parkway, Toledo, Ohio, at 2 p.m. Thursday, April 17, 1997.

Stock Exchange
Owens Corning stock is listed for trading on the New York Stock Exchange and the Toronto Stock Exchange under the symbol OWC.

Toll-Free Numbers and Electronic Mail Addresses
Investor Relations
419.248.8803
investor@owenscorning.com

Product Information\Literature Requests
1.800.GET.PINK
Outside U.S.:
904.636.3286 (English-speaking)
doccenter@owenscorning.com

Copies of Owens Corning's recent news releases are available by fax by calling Company News On-Call at 1.800.758.5804, extension 677350. This electronic menu-driven service of PR Newswire is available 24 hours a day, seven days a week, at no charge to callers.

Internet
Owens Corning's Home Page and hundreds of pages of Company and product information are available at our World Wide Web Site using the following address:
http://www.owenscorning.com

OWENS CORNING WORLD HEADQUARTERS
ONE OWENS CORNING PARKWAY
TOLEDO, OHIO, U.S.A. 43659