



OWENS-CORNING FIBERGLAS CORPORATION FIBERGLAS TOWER, TOLEDO, OHIO 43659, (419) 248-8000

RICHARD A. YUDKIN
Senior Vice President

April 26, 1978

Mr. James F. Brinkerhoff
Vice President and Chief
Financial Officer
The University of Michigan
Ann Arbor, Michigan 48109

Dear Mr. Brinkerhoff:

At the request of Mr. William W. Boeschstein and in his absence from Toledo, I am replying to your recent letter which identifies the University of Michigan as a shareholder in Owens-Corning Fiberglas Corporation and requests Owens-Corning to take certain actions which pertain to U. S. companies doing business in South Africa.

We are pleased, of course, that the University of Michigan is an owner of Owens-Corning Fiberglas stock. We understand also the concerns expressed in your letter and the problems in assessing the role of American business in the complex South African society.

Because we would like you to understand the character of our business involvement in South Africa, let me start by giving you some history and detail on our activity there. Our interest goes back over twenty years and came about as a result of a request for technical assistance by a company which had started a glass fiber manufacturing operation in South Africa. In agreeing to provide this technical assistance, we ultimately became an approximate twenty-five percent owner of the business, Fibreglass South Africa. This is our position today. The other owners are Pilkington Brothers, a major glass producer in the United Kingdom, and Plate Glass & Shatterprufe Industries Limited, a South African company. Pilkington's interest is approximately the same as ours, so the primary ownership, including the management responsibility, is in the hands of Plate Glass & Shatterprufe Industries. Our current involvement with Fibreglass South Africa continues to be essentially technical. Owens-Corning Fiberglas maintains no representation within the South African company; no Owens-Corning Fiberglas official sits on the board of the South African company; executives from our company visit the South African affiliate perhaps twice a year for periods of two to three days per visit. In terms of its size, Fibreglass South Africa is a small factor in our over-all international business.

NGH
Probably should be
removed from
list of companies
"doing business in
SA" KSL

Mr. James F. Brinkerhoff (continued)

Fibreglass South Africa, our affiliate, and Plate Glass & Shatterprufe Industries are both managed by English-speaking South Africans. Within the South African environment, they would be generally viewed as of liberal orientation. Of course, they remain South African citizens and their views and ours are sometimes at variance, with particular reference to social practices and individual rights. To the extent possible, our senior people who travel to South Africa have developed opportunity to convey the substance and temper of prevailing U. S. views on these subjects and to encourage progress. With our more than twenty year perspective in South Africa, we know that there has been substantial progress within this company, and that our associates have been constructive in fostering improved opportunity for those whom South Africa identifies as black, colored and Asiatics.

The fact remains that the progress that has been realized and the progress that will be realized within our South African affiliate are the result of policy and decision established by the management of that company, a management which is -- as already indicated -- moving constructively. We feel that there is basis to expect continued progress. We will avail ourselves of opportunities to encourage such progress.

To focus very directly on your request, we hope that you recognize that we do not, in fact, operate a business in South Africa, and in point of fact, this corporation has no employees in South Africa. Affirmation of the principles associated with Reverend Leon Sullivan necessarily establishes a responsibility and an accountability in assuring that those principles are fulfilled, as well as an explicit obligation to "implement" the principles. Given our position as a minority shareholder in the South African enterprise with no representation in management, there is clearly no way for us to assume the responsibility, the accountability or obligation to "implement." Because we have no employees in South Africa, there is equally no basis for us to endorse political, economic and social rights for such employees.

We recognize the repugnance which South Africa's apartheid policy inspires in our country. We have, on more than one occasion, considered the question as to whether our company or U. S. companies generally should withdraw from their participation in South African business. While such action might have emotional appeal, we have concluded that such withdrawal would be short-sighted and, indeed, counterproductive. We believe that the presence of U. S. companies in South Africa is and should continue to be a healthy and constructive influence with perhaps slow but clear long-term positive impacts. Our own experience, even from a minority position, strengthens this belief.

Sincerely,

James F. Brinkerhoff

RAY:whf