



Owens Corning Investor Day

Financial Strategy

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Chairman of the Board and CFO

DELIVERING SOLUTIONS | TRANSFORMING MARKETS | ENHANCING LIVES





Forward-looking Statement and Non-GAAP Measures

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these statements. The forward-looking statements speak as of the date May 16, 2007, hereof and are subject to change. The Company does not undertake any duty to update or revise forward-looking statements.

Further information on factors that could affect the Company's financial and other results is included in the Company's Forms 10-Q and 10-K, filed with the Securities and Exchange Commission. Additional Company information is available on the Owens Corning Web site: www.owenscorning.com.

Certain data included within this presentation contains "non-GAAP financial measures" as defined by the Securities and Exchange Commission. A reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles can be found in our most recent Form 10-K and on our Web site referenced above. Results for 2006 reflect the application of Fresh Start accounting as of October 31, 2006.



2006 At A Glance

- **Record sales of \$6.5 billion, up 2.2% over 2005**
- **Adjusted EBIT of \$569 million, up 4.6% compared with \$544 million in 2005**
- **Gross margin as a percent of sales, excluding Fresh-Start Accounting and other restructuring charges, 17.5% compared with 18.3% in 2005**
- **SG&A 8.3%, compared with 8.9% in 2005**





Reconciliation of 2006 Adjusted to Reported EBIT (\$MM)

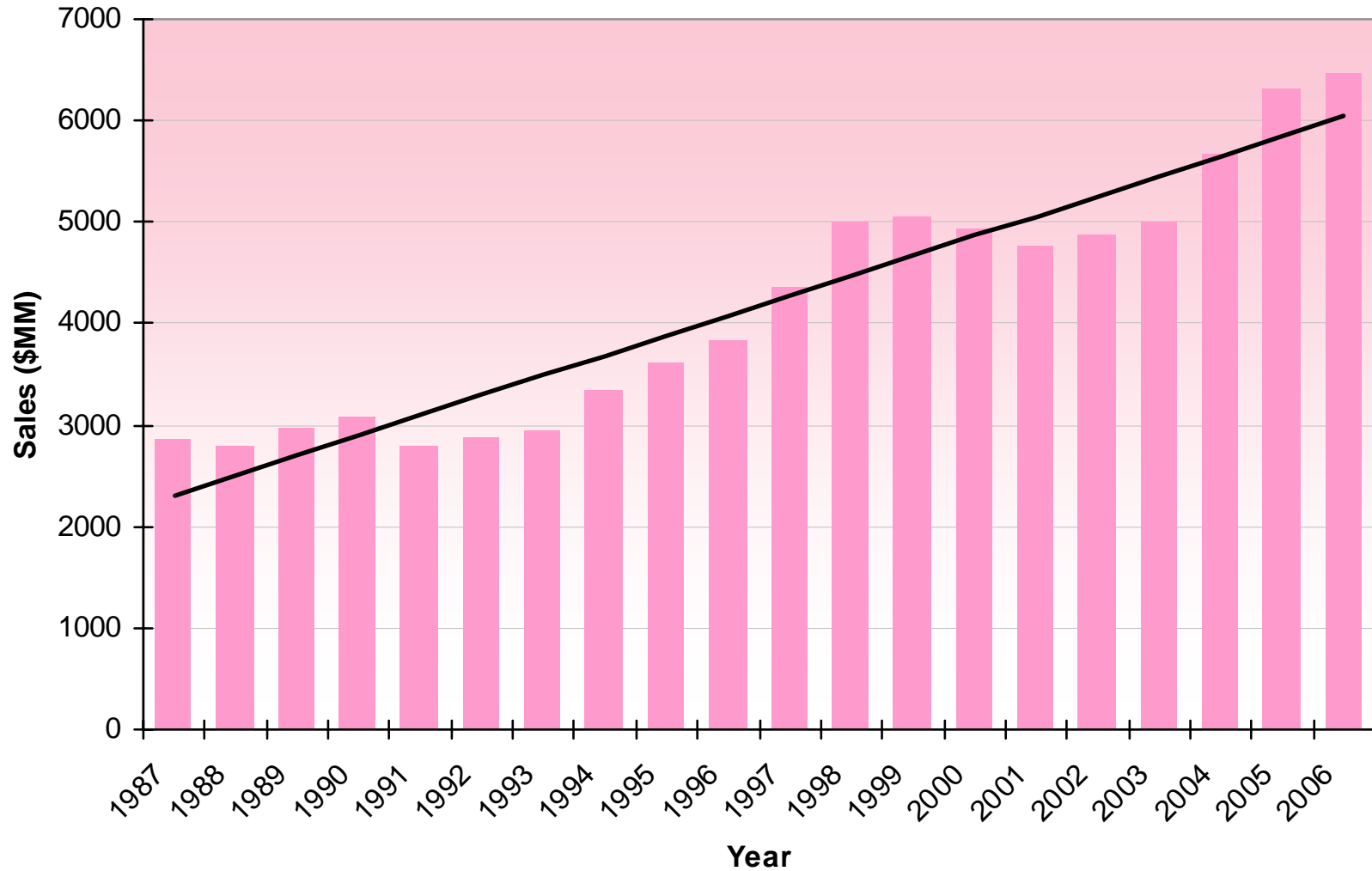
2006 Earnings Before Interest & Taxes (EBIT)	\$433
Adjustments to remove items impacting comparability	
<i>Provision for Asbestos Litigation</i>	(\$13)
<i>C-11 Related Reorganization Items</i>	\$55
<i>Other Items¹</i>	\$94
Total Adjustments	\$136
2006 Adjusted EBIT	\$569
2006 Depreciation and Amortiation²	\$278

¹ Includes the impact of inventory write-up of \$44MM; write-off of in-process R&D of \$21MM; restructuring activities of \$55MM; gain on sale of metals of (\$45MM); and other of \$19MM

² Includes \$21MM write-off of in-process R&D

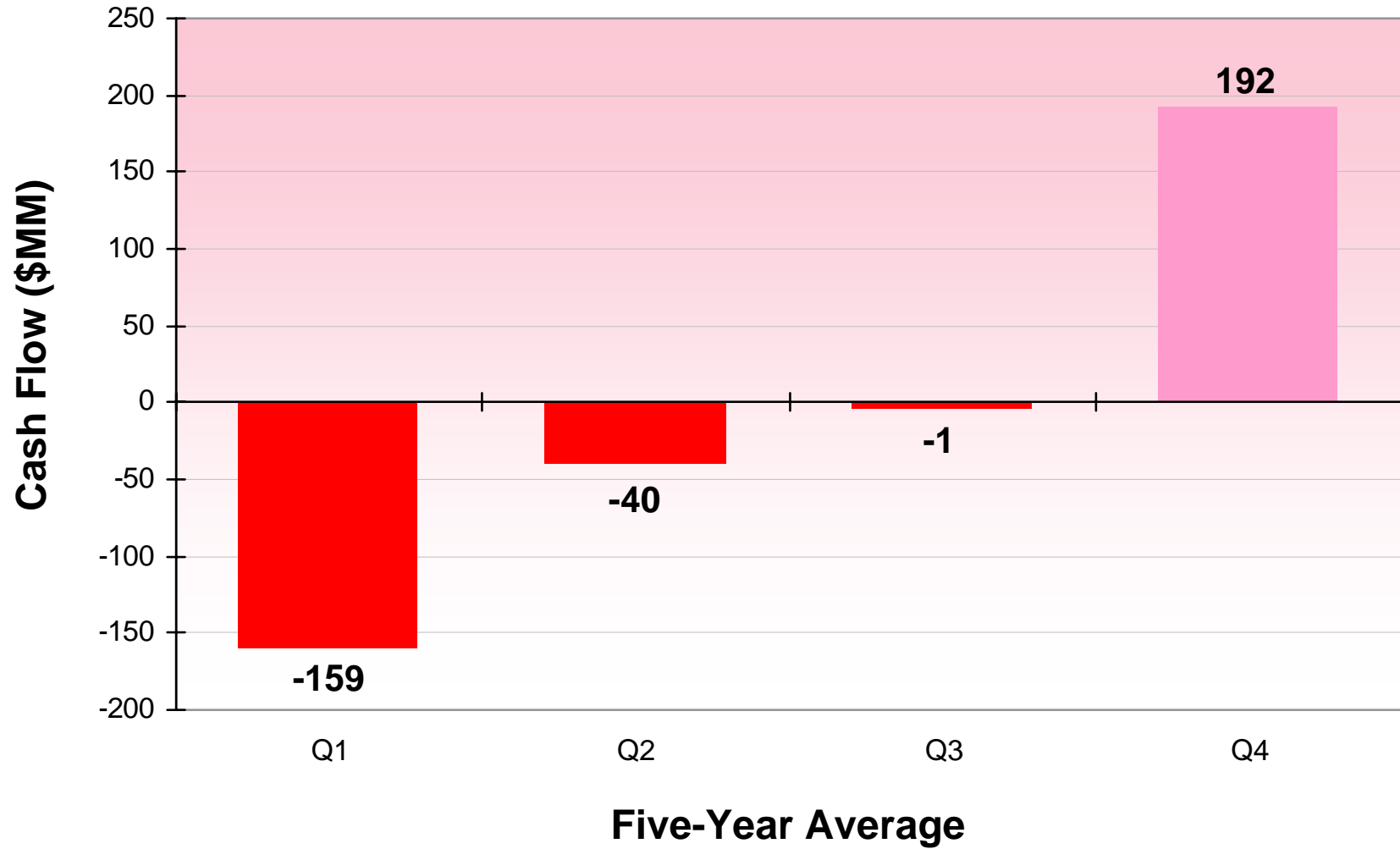


Owens Corning Annual Sales 1987 - 2006





Cash Flow Impact From Working Capital





Q1 2007 At A Glance

- **Sales of \$1.324 billion, compared with \$1.601 billion in Q1 2006, down 17%**
- **EBIT of \$33 million, compared with \$115 million in Q1 2006, down 71%**
- **Adjusted EBIT of \$61 million, compared with \$114 million in Q1 2006, down 46%**
- **Gross margin as a percent of sales 14.6%, compared with 16.8% in Q1 2006, down 2.2 percentage points**
- **Diluted Earnings Per Share 1 cent, 2006 N/M**
- **Adjusted Diluted Earnings Per Share 14 cents, 2006 N/M**



Reconciliation of Q1 2007 Adjusted to Reported EBIT (\$MM)

Q1 2007 EBIT	\$33
Adjustments to remove items impacting comparability	
<i>Chapter 11 related reorganization items</i>	\$3
<i>Restructuring credits and other credits</i>	(\$2)
<i>Employee emergence equity program</i>	\$8
<i>OCV Reinforcements joint venture transaction costs</i>	\$11
<i>Losses resulting from exiting HOMExperts service line</i>	\$8
Total Adjustments	\$28
Q1 2007 EBIT	\$61
Q1 2007 Depreciation and Amortization	\$77



Balance Sheet Snapshot and Credit Statistics

(MM)	Owens Corning	
	March 31, 2007	December 31, 2006 ⁽¹⁾
Cash	\$ 93	\$ 282
Total Debt	2,063	1,946
Shareholder Equity	3,712	3,686
Total Capitalization	5,775	5,632
Total Liquidity ⁽²⁾	848	1,058
Debt/Adjusted LTM EBITDA	2.54	2.30
Debt/Total Capitalization	36%	35%

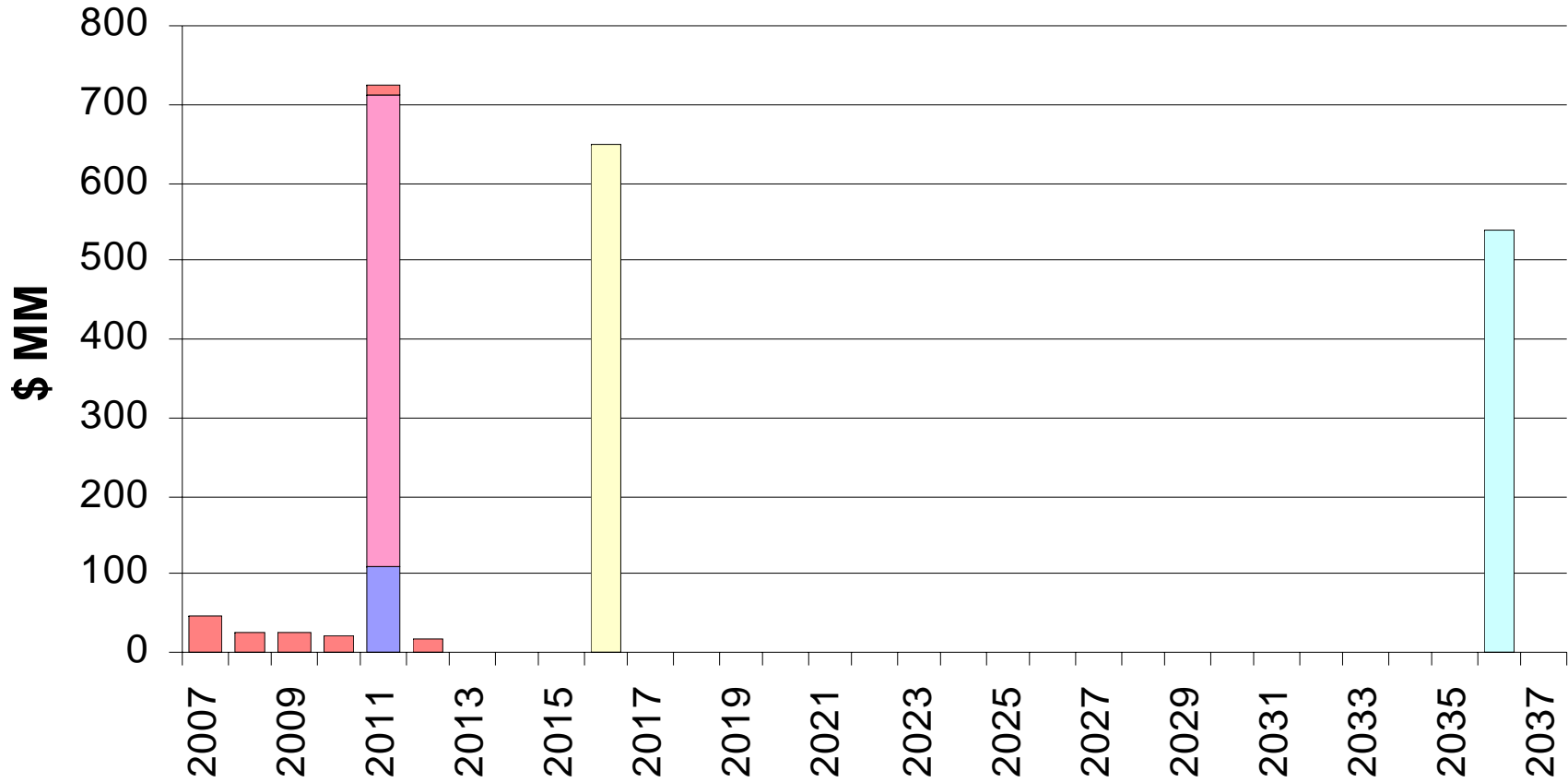
⁽¹⁾ December 2006 balance sheet adjusted for January distribution to 524(g) Trust

⁽²⁾ Unused portion of the \$1 billion revolving credit facility and cash on hand as of March 31, 2007



INNOVATIONS FOR LIVING™

Debt Maturity Schedule



■ \$110 MM Revolver Debt ■ \$600MM Term Loan ■ \$650MM 10yr Bonds
■ \$550MM 30yr Bonds ■ Other Debt



Current Macro Economic Conditions

- **Unemployment stable**
- **Interest rates stable**
- **30-year mortgage rates stable**
- **Concern over sub-prime market and implications**
- **U.S. housing starts at lower levels following steep decline, down 31% compared with Q1 2006 levels of 2.12**
- **New and existing home inventories high**
- **NAHB housing start forecast: 2007 1.45 and 1.52 in 2008**

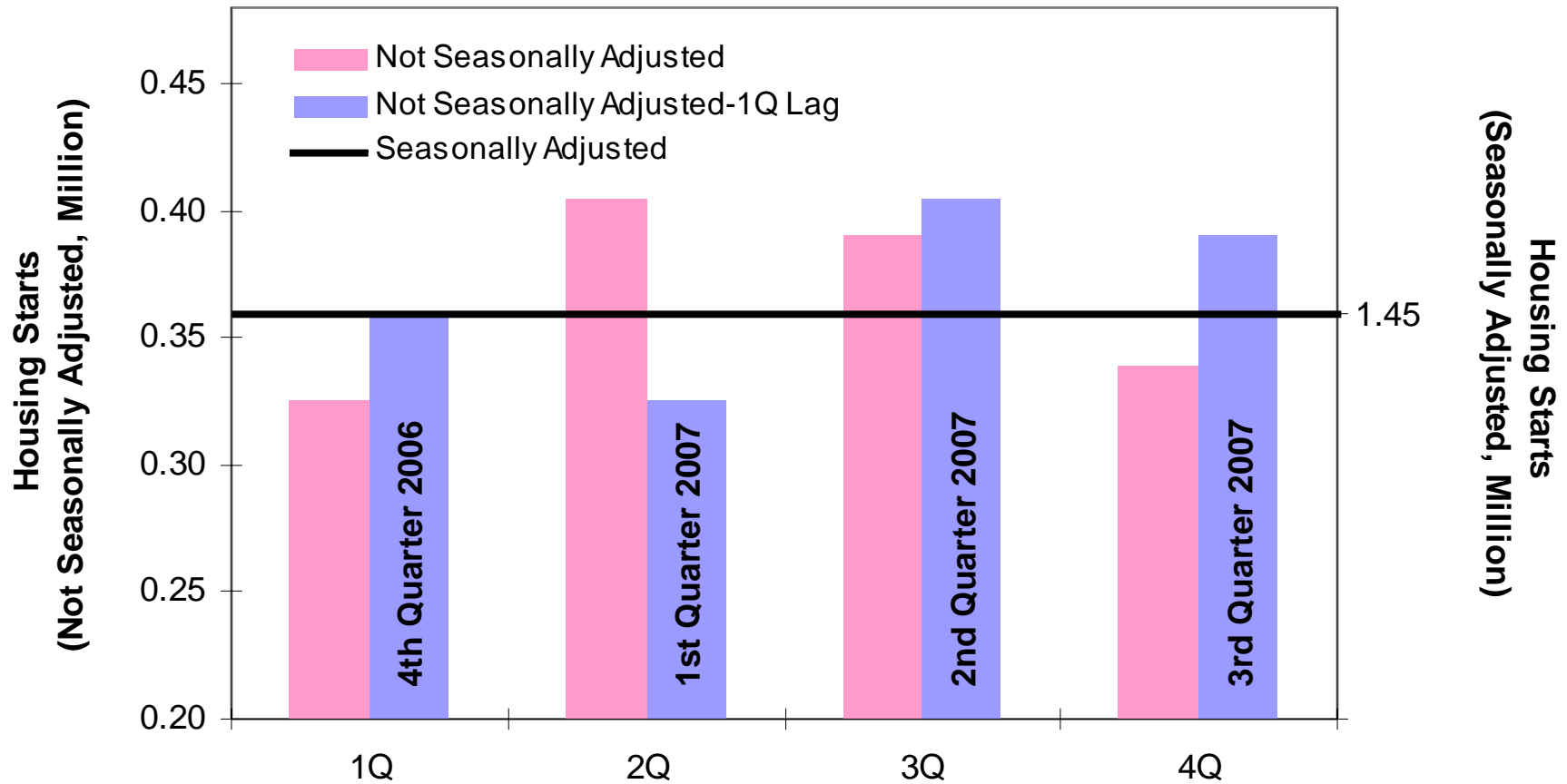


Strategic Actions Taken

- **Proposed Owens Corning, Vetrotex global joint venture**
- **Q4 2006 restructurings and subsequent announcements**
 - Exited HOMExperts® service line
 - Restructured Siding Solutions business
 - Roofing and Asphalt facilities closure and sale
 - Strategic review of Siding Solutions / Norandex Reynolds
 - Strategic review of Composite Solutions' Fabwel organization
- **Share buy back of up to 5% authorized by Board of Directors**



Estimated 2007 Housing Starts: Seasonally and Not Seasonally Adjusted





Guidance for 2007

- **Reaffirmed earlier guidance of 2007 adjusted EBIT to exceed \$415 million, based on 1.45 million housing starts**
- **Estimated effective tax rate 36.5%**
- **Estimated cash tax rate (due to the NOL) 10-15%**
- **Depreciation and amortization approximately \$300 million**



Segment Guidance for 2007

- **Insulating Systems business**

- Expect an upturn in the second half of 2007 due to construction seasonality
- Working to boost demand and leverage the sale of products not as sensitive to starts
- Will continue to manage capacity utilization based on demand for our products

- **Composite Solutions business**

- Expect continued business improvement given strength of global GDP
- Proposed JV: Great strategic opportunity

- **Roofing and Asphalt business**

- Sales and EBIT performance expected to show improvement through 2007
- Continued gains during current quarter
- Results in the second half of 2007 expected to show measurable improvement

- **Other Building Materials & Services**

- Strategic Review of Siding Solutions Business
- Strategic actions expected to result in significant performance improvement
- Continued growth expected in manufactured stone veneer



Financial Strategies

- **Financial performance and discipline**
 - Strong operational Cash Flow to foster growth and innovation
 - Continued focus on Return on Net Assets in excess of Cost of Capital
- **Balanced use of Free Cash Flow**
 - Maintain strong balance sheet and sustain investment-grade credit profile
 - Invest maintenance capital – estimated at 80% of depreciation
 - Invest remainder of depreciation to improve and grow operations
 - Focused and disciplined organic growth and acquisitions
 - Support shareholder returns



Housing Starts: A Long-Term View

- **NAHB Economic and Housing Forecast (2006)**
 - Demographic trends and utilization of existing housing stock are likely to lead to production levels over the next decade that exceed the average during the last
- **Harvard University Joint Center for Housing Studies (2006)**
 - Record levels of new construction and remodeling spending will be achieved during the next decade
 - Growth supports housing starts at average 1.80 - 1.85 million, net of manufactured housing



Managing Transition for Success

- **Chief Financial Officer**
- **Chief Executive Officer**



A Foundation for Tomorrow

- “The Owens Corning House”

