



Building Materials

Karel Czanderna
Group President,
Building Materials



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Forward-looking Statement and Non-GAAP Measures

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Residential and Commercial Building Materials

- Attractive building materials segments:
 - Insulating Systems
 - Roofing and Asphalt
 - Other Building Materials and Services
- Leading market shares
- Powerful brand
- Broad distribution
- Used in virtually every home built in America





Building Materials



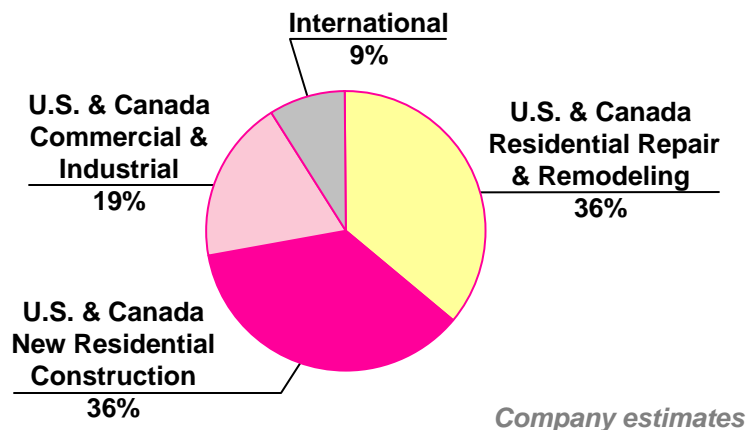
Current Market Environment

- Demand affected by prolonged weakness in housing starts – down 51% since the peak in 2005
- Higher selling prices have not offset inflationary pressures
- Current forecasts call for continued weakness in 2009

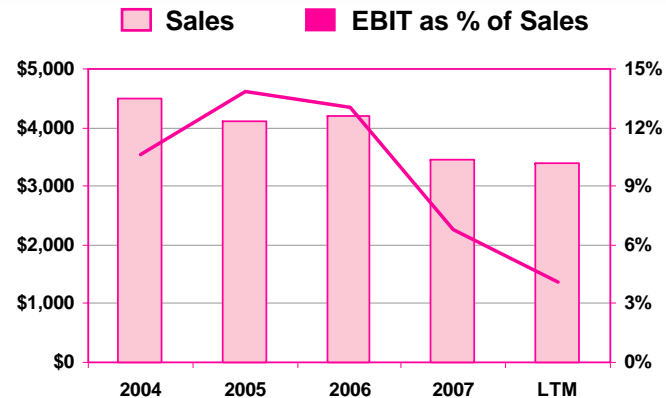
(\$ in millions)	1 st half 2008	1 st half 2007	% Change
Net sales	1,689	1,736	-3%
EBIT	35	127	-72%
EBIT as % of sales	2%	7%	-72%
D&A	83	85	

Net sales before inter-segment eliminations

Q2 2008 Revenue by End Market



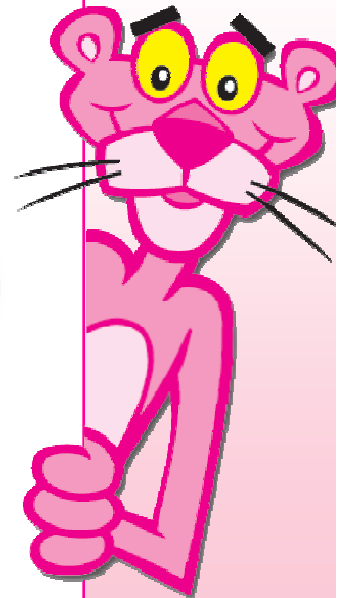
Four-Year and LTM Financial Performance



2004 is not recast for the effect of discontinued operations



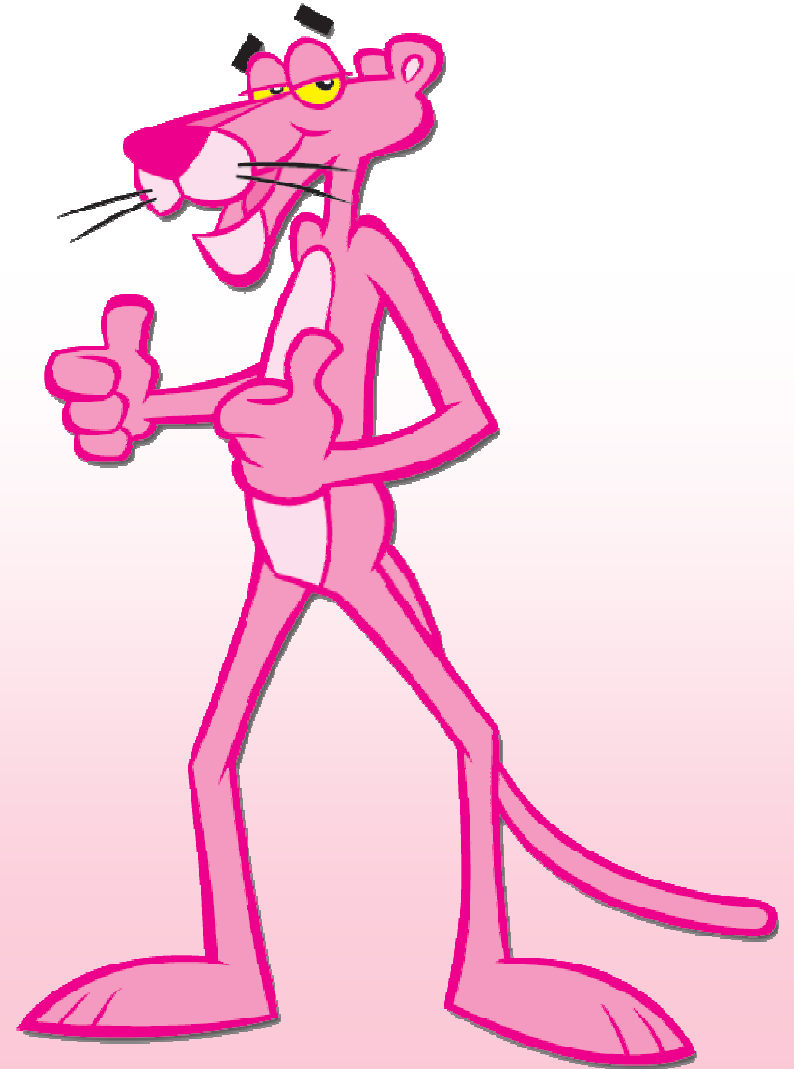
Building Materials Customers





Opportunities for Building Materials Growth

- Rebound of United States housing markets (new and existing)
- Strength of our channels and the Owens Corning brand
- Growth of our customers' businesses
 - Innovation
 - Energy efficiency





Roofing and Asphalt

Sheree Bargabos
President,
Roofing and Asphalt



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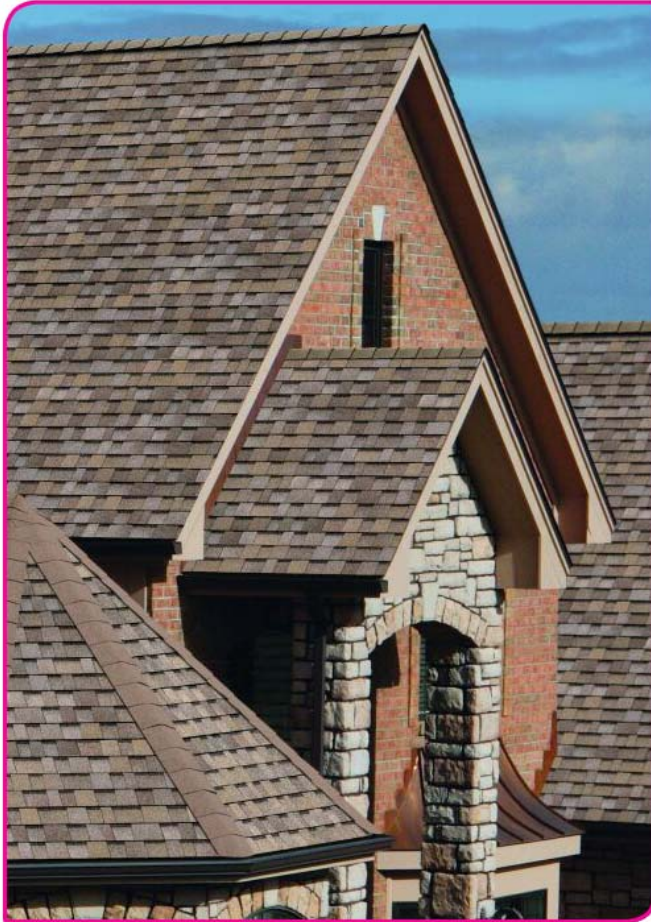
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Strategic Priorities

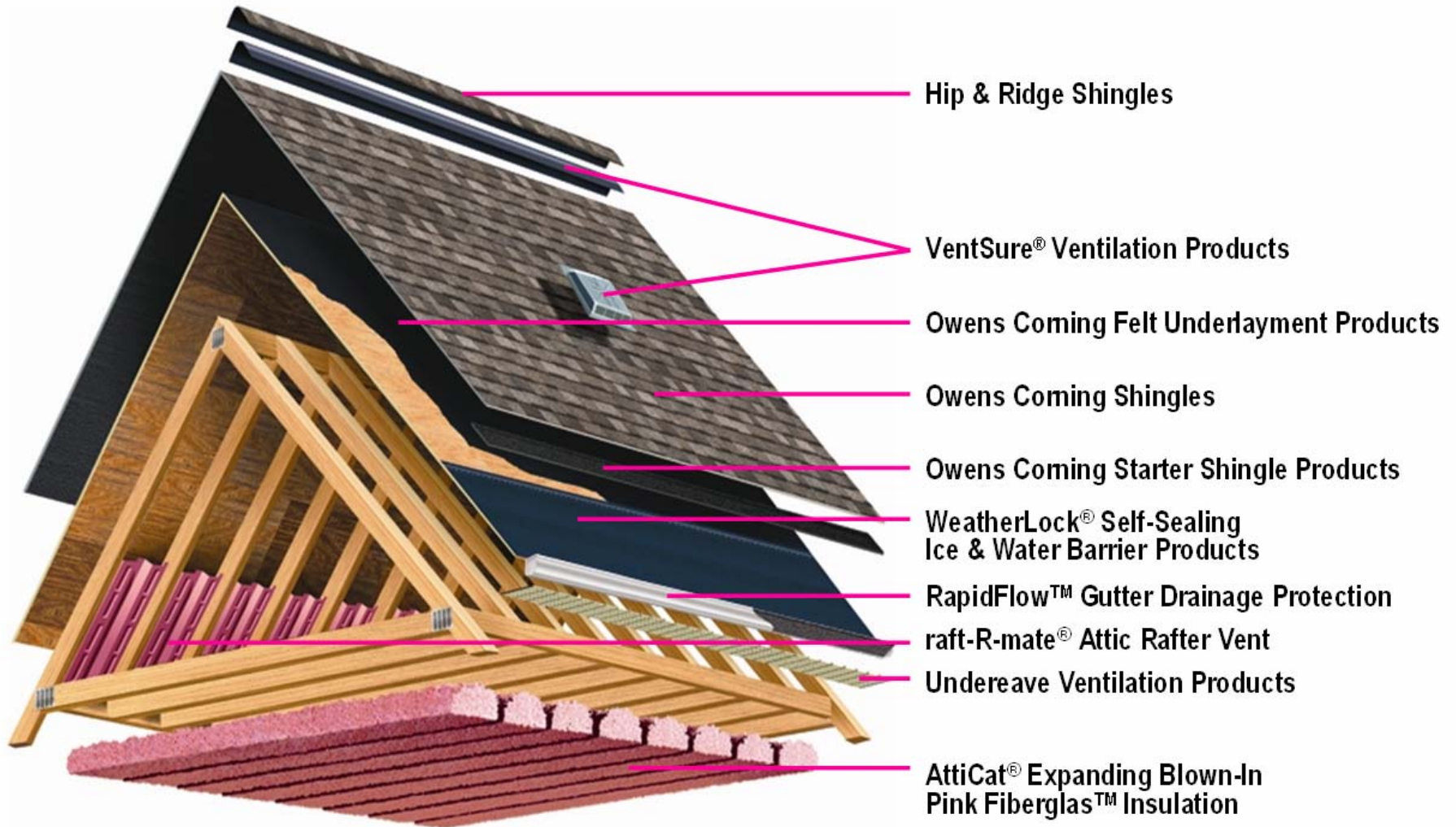


- Manage price to recover cost inflation
- Innovation fuels our customers' success
 - Duration® Series Shingle
 - Roofing accessories
 - Reinsulation opportunity
- Margin improvement
 - Enhance product mix
 - Increase roofing accessory sales
 - Relentless about cost reduction

Improved operating margin and return on invested capital



Providing “Top of the House” Solutions





Asphalt Roofing Industry is Attractive

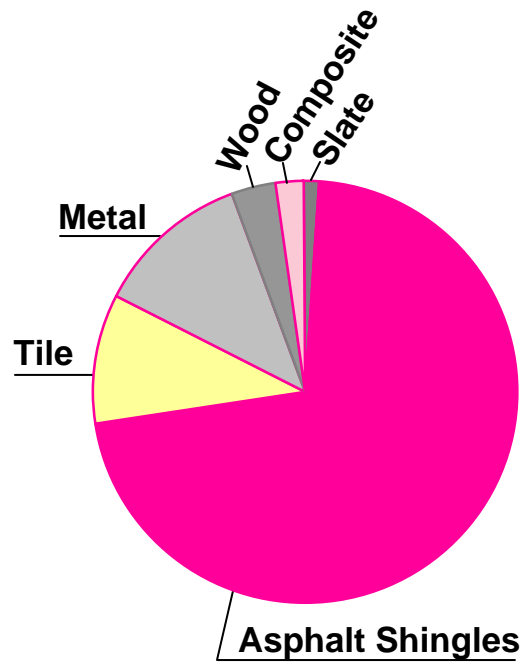
- More than \$7 billion market representing 75% of all residential roofing installed
- 75% – 80% re-roof; 20% – 25% new construction
- Market growth driven by aging of existing housing stock, new construction and storm activity
- Four national producers service more than 90% of the market



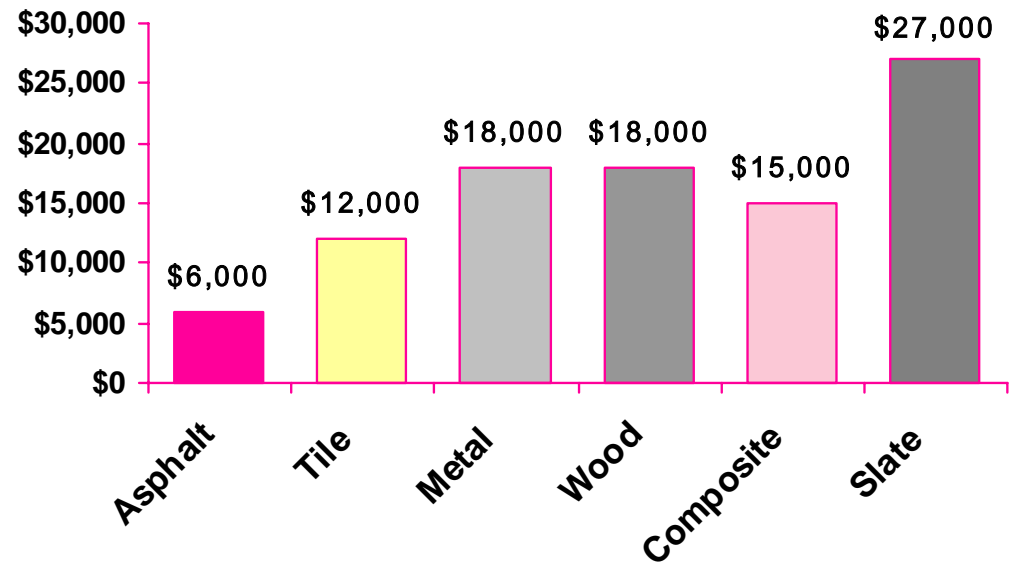


Asphalt Shingles Will Continue to be the Product of Choice

\$9+ Billion Market⁽¹⁾



Installed Cost of a Typical Roof⁽²⁾



(1) Market estimates based upon Principia Partners and The Freedonia Group studies for North America.

(2) Owens Corning estimates and average roof size of 30 squares. Does not include additional structural costs that might be associated with heavy-weight products.



Roofing and Asphalt

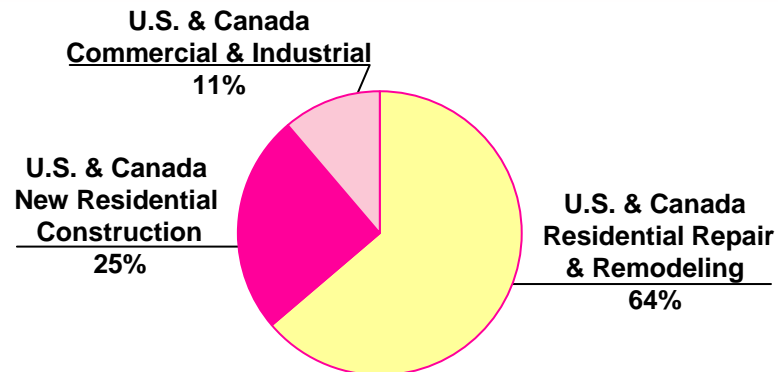
Current Market Environment

- Strong second quarter performance carrying into third quarter
- Inflation, primarily asphalt, partially offset by higher selling prices
- Weak demand associated with traditional home repair, remodel and new construction

(\$ in millions)	1 st Half 2008	1 st Half 2007	% Change
Net sales	781	720	8%
EBIT	20	21	-5%
EBIT as % of sales	3%	3%	-12%
D&A	19	20	

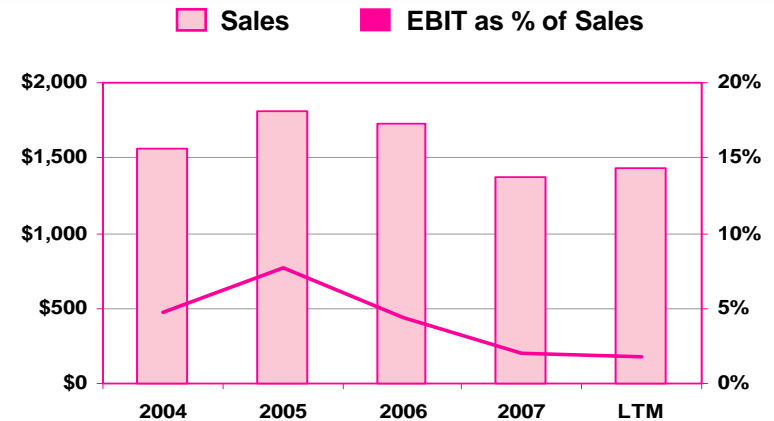
Net sales before inter-segment eliminations

Q2 2008 Revenue by End Market



Company estimates

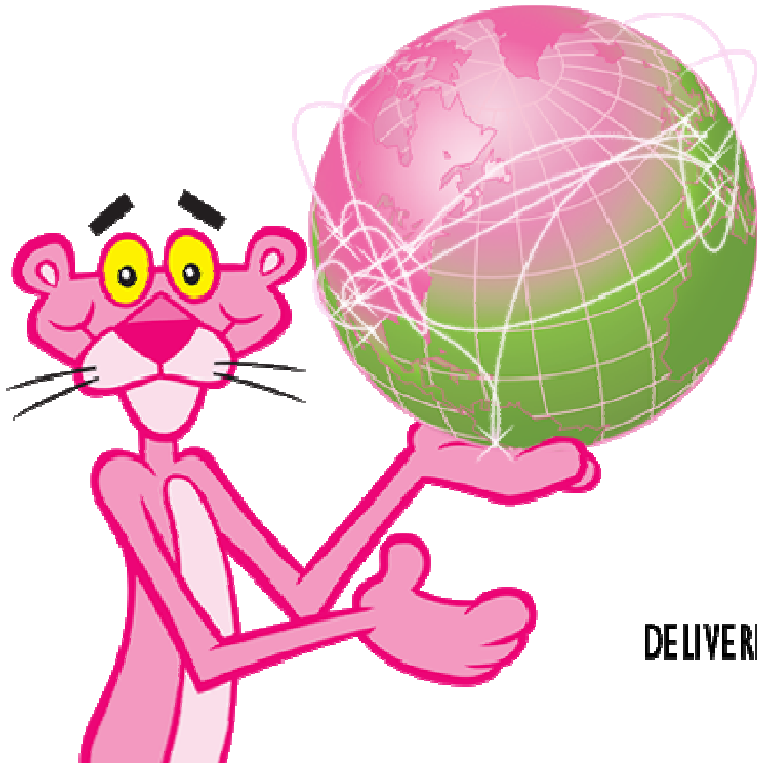
Four-Year and LTM Financial Performance





Insulating Systems

Roy Dean
President,
Insulating Systems



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Our Insulating Products



- **Residential Insulating Batt** – used in wall cavities of newly constructed and existing homes



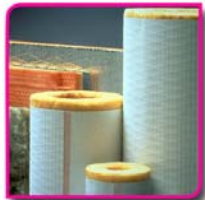
- **Foam Insulation** – used in above- and below-grade construction applications



- **Flexible Duct Media** – insulated duct used in new and existing homes as a more energy-efficient HVAC solution than metal ducts



- **Metal Building Insulation** – insulation used in commercial and industrial metal buildings



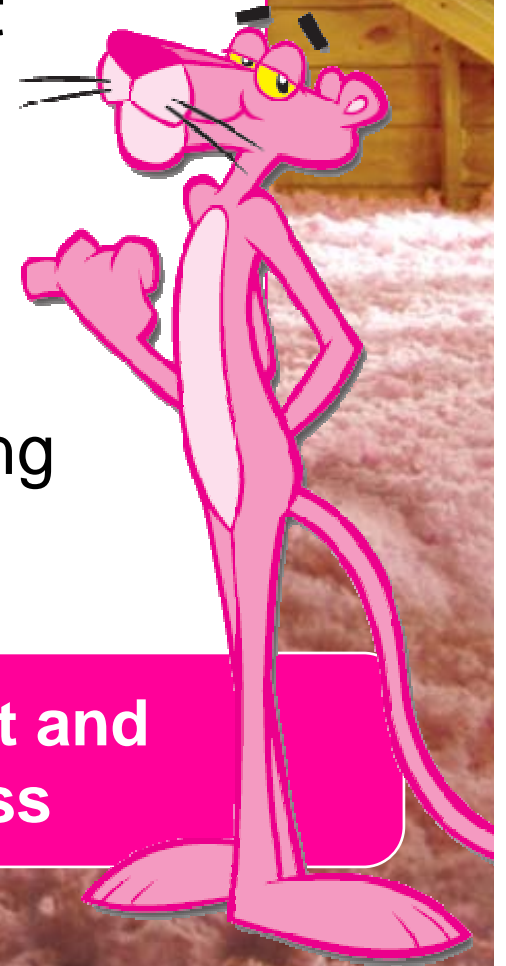
- **Commercial and Industrial Pipe Insulation** – fiberglass insulated pipe used in hot and cold industrial applications



Insulating Systems Strategic Priorities

- Remain profitable in a weak market
- Responsive capacity management
- Focus on operational execution
- Commercialize innovation supporting energy efficiency

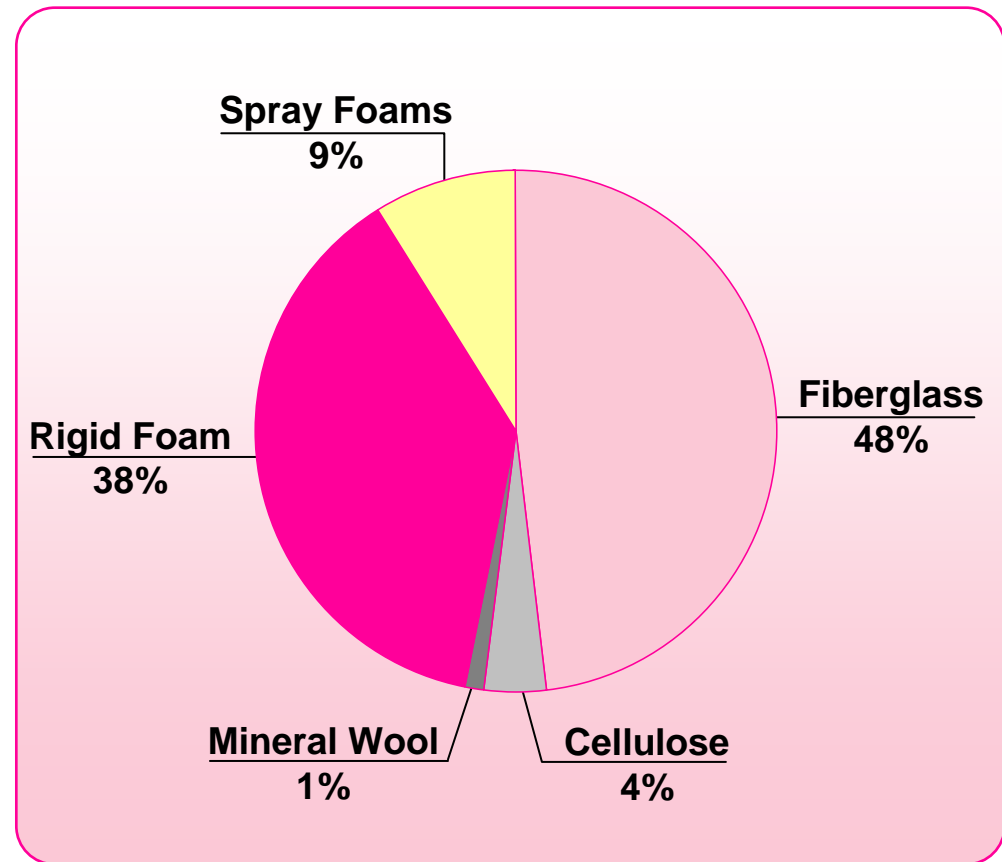
Customer focus, cycle management and innovation are key to our success





North American Insulation Market – Product Share

- Buildings are the #1 user of energy in the United States
- Building code adoption will continue to drive improved energy efficiency and insulation demand in new construction
- Nearly 80 million existing homes in the United States are under insulated



Owens Corning holds the leading market position in residential, commercial and industrial insulation



Attractive North American Fiberglass Insulation Market

- Three manufacturers account for about 80% of market share
- Residential, commercial and industrial market penetration provides good diversity in mix
- Customer and channel diversity gives us an advantage

Market is served by:

- Retail – Big Box
- Contractors

Market accessed through:

- Direct service
- Distribution
- Pro-oriented dealers
- Buying groups

**Average EBIT margin 2004-2008
of about 16%**





Insulating Systems



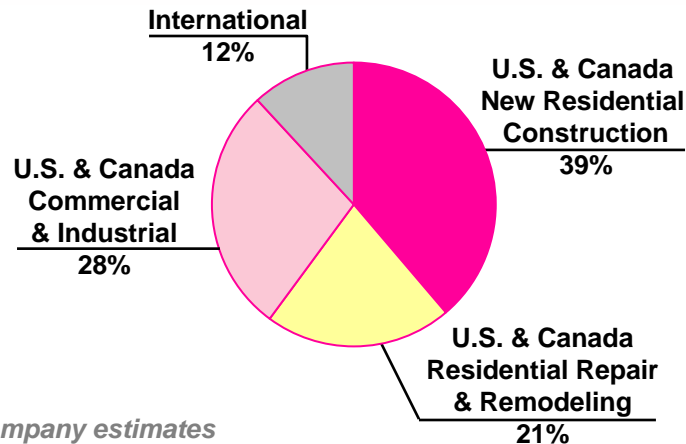
Current Market Environment

- Experiencing inflation, weak demand, low selling prices and capacity utilization in the 60% to 70% range
- Expect to remain profitable for the full year 2008

(\$ in millions)	1 st Half 2008	1 st Half 2007	% Change
Net sales	786	860	-9%
EBIT	23	95	-76%
EBIT as % of sales	3%	11%	-74%
D&A	58	61	

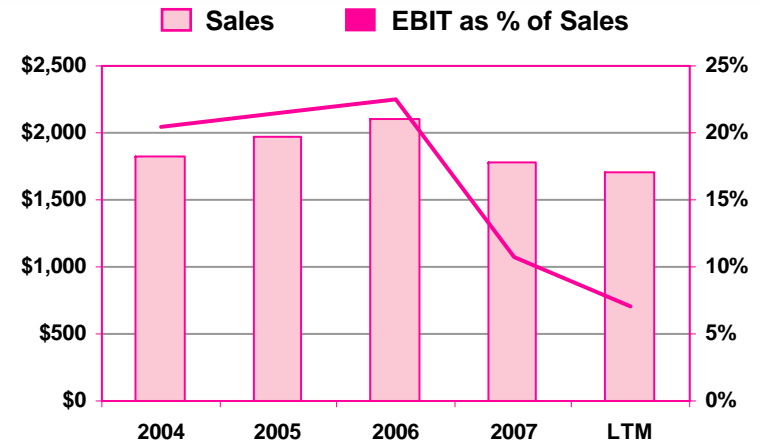
Net sales before inter-segment eliminations

Q2 2008 Revenue by End Market



Company estimates

Four-Year and LTM Financial Performance





Insulating Systems Profitable Growth

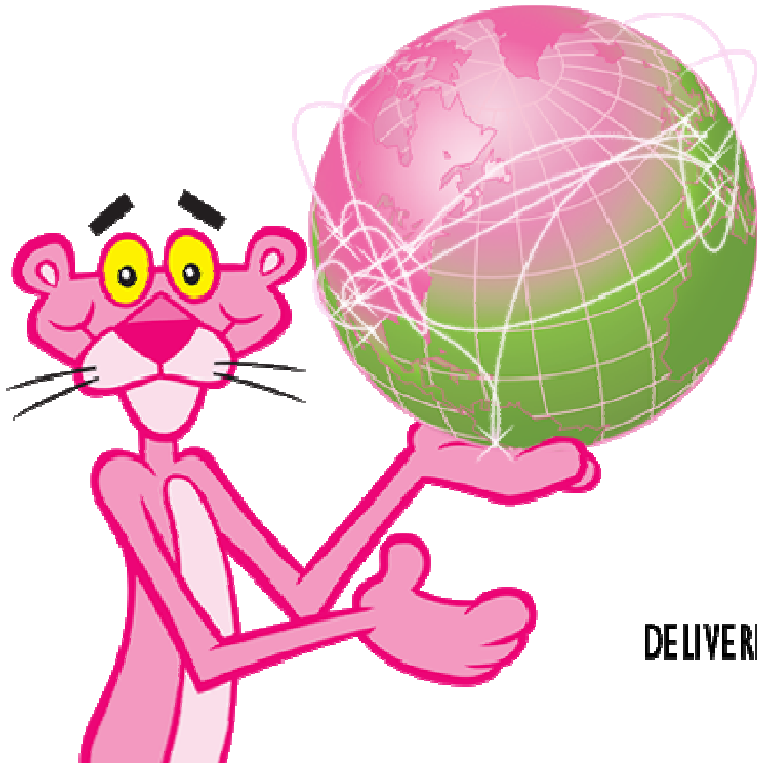
- The United States housing market will strengthen and we will be ready
- Growing our customers' businesses
 - Contemporary aisle logic, consumer-friendly packaging and innovative premium products for retail-facing customers
 - Building science and energy-efficiency training for contractors
 - Powerful Owens Corning brand recognition and promotions
- Expanding the energy-efficiency marketplace and creating a reinsulation industry





Creating a Reinsulation Market

Chuck Stein,
Chief Marketing Officer,
Building Materials



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The Reinsulation Market Opportunity

- 40% of all energy in the United States is used in buildings
 - More than industry and more than transportation
- Concern for energy efficiency and the environment is front-page news around the world
- Oil and natural gas prices are near historic highs
- Insulation is the single-most cost-effective solution in the world to reduce greenhouse gases*

**Nearly 80 million homes in United States
are under insulated**

**Source: McKinsey & Company*



The Reinsulation Financial Opportunity



**80 Million
Under Insulated
Homes⁽¹⁾**

X



**Up to \$1,500
per Home⁽²⁾**

=



**Owens Corning
Growth**

**Well less than 1% of the reinsulation
opportunity was captured in 2007**

(1) Source: Department of Energy and Claritas iXpress Studies

(2) Source: Owens Corning



Reinsulation: “Do It Yourself”

How to move “Do It Yourself” consumers into action

- Make the decision to insulate an easy one
- Quantify the benefit and savings
- Make the project execution seamless
- Help me understand what I need to get it done



How Owens Corning is capturing the opportunity

- Create the awareness of the need to insulate
- Make information easily available
- Clarify retail shopping experience





Reinsulation: “Do It For Me”

How to move “Do It For Me” consumers into action

- Make it easier for me to get the project done – this is not work I do myself
- Help me find contractors I trust to do the job
- Help me understand the benefit and savings

How Owens Corning is capturing the opportunity

- Expanding contractors’ ability to tap into the reinsulation market by providing business models, marketing tools and training
 - Hundreds of roofing and HVAC contractors upselling insulation while already in the home
 - Insulation contractors extending business into retrofit from new construction

Homeowners have simple and easy solution for energy efficiency upgrades





October is Energy Efficiency Month

- Leverage the brand
- Build awareness
- Drive customer sales



THE PINK PANTHER SPEAKS...



40% OF ALL ENERGY IS USED IN HOMES AND BUILDINGS

www.ItsEasyToInsulate.com



INNOVATIONS FOR LIVING®

Questions



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