

# Fourth Quarter and Full-Year 2007 Business Results

## *Positioned to Perform*

Mike Thaman, Chairman & CEO

Duncan Palmer, CFO

February 27, 2008



INNOVATIONS FOR LIVING™

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 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected in these statements. Such factors include competitive factors, pricing pressures, availability and cost of energy and materials, acquisitions and achievement of expected synergies therefrom, general economic conditions and factors detailed from time to time in the Company's Securities and Exchange Commission filings. The information in this presentation speaks as of the date February 27, 2008 and is subject to change. The Company does not undertake any duty to update or revise forward-looking statements. Any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.

Additional Company information is available on the Owens Corning Web site:

[www.owenscorning.com](http://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 on our Web site referenced above. Results for 2006 reflect the application of Fresh Start accounting as of October 31, 2006.



## Fourth Quarter and Full-Year 2007 Business Results

# Today's Presentation

---

- **The Year in Review** **Mike Thaman**
- **Financial Results** **Duncan Palmer**
- **Questions & Discussion**
- **Closing Remarks** **Mike Thaman**



INNOVATIONS FOR LIVING™

# 2007: The Year in Review

---

- **Results in line with our expectations**
- **Owens Corning delivered significant accomplishments**
  - Record safety performance
  - Acquisition of Saint-Gobain’s reinforcements and composite fabrics businesses
  - Divestitures
- **Aggressive actions taken to prepare for 2008**
  - Integration of acquired reinforcements and composite fabrics businesses, \$30 million of synergies expected in 2008
  - On track to deliver \$100 million in cost reductions in 2008
  - Creating a “re-insulating industry”
- **2008 adjusted EBIT should be at least \$240 million**



INNOVATIONS FOR LIVING™

# Key Financial Data

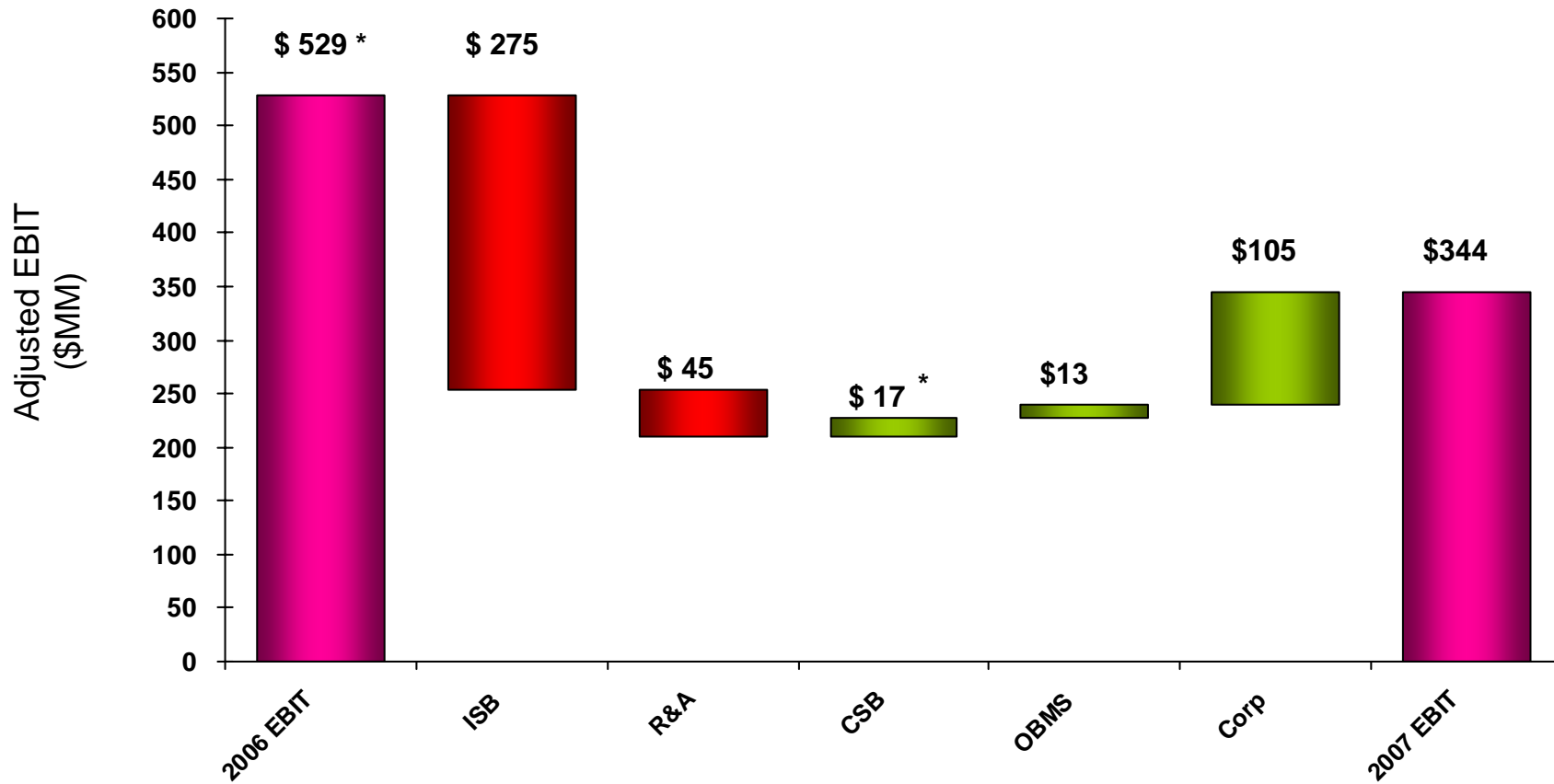
(in millions, except per share data)	2007	2006	Q4-2007	Q4-2006
Net sales	4,978	5,399	1,304	1,250
Net earnings	96	*	(46)	*
Earnings from continuing operations	27	*	(40)	*
Earnings from discontinued operations	69	*	(6)	*
Reported EPS (diluted) from continuing operations	0.21	*	(0.31)	*
Reported EPS (diluted) from discontinued operations	0.54	*	(0.05)	*
EBIT from continuing operations	145	407	(46)	(1)
Adjusted EBIT from continuing operations	344	529	85	137
Adjusted EPS (diluted) from continuing operations	1.21	*	0.36	*
Adjusted EBIT as a % of sales	6.9%	9.8%	6.5%	11.0%
Marketing and administrative expenses	498	494	133	117
D&A from continuing operations	333	268	100	91
Debt, net of cash	1,915	*	1,915	*

\* Data not comparable due to emergence from asbestos-related Chapter 11 proceedings in 2006



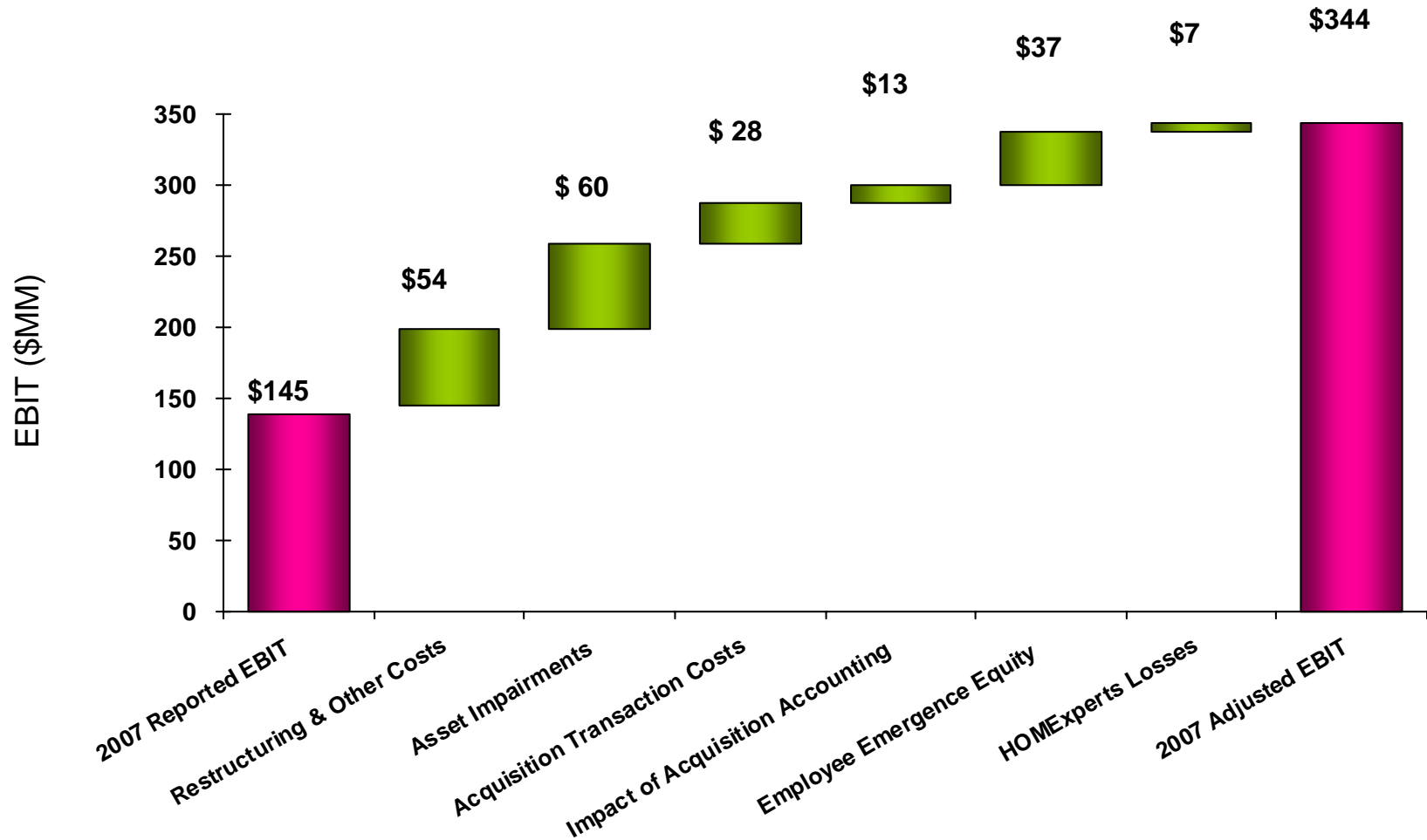
INNOVATIONS FOR LIVING™

# Adjusted EBIT by Business Segment



\* Excludes \$45MM of gains on sale of metal in 2006

# Reconciliation from Reported to Adjusted EBIT





INNOVATIONS FOR LIVING™

# Composite Solutions



## Q4 and Full-Year Highlights

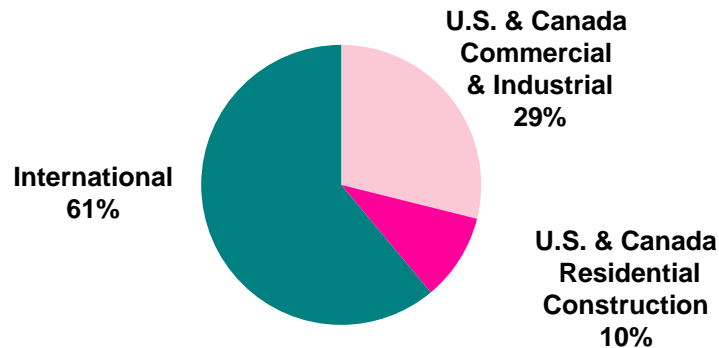
- Integration of acquired composites business proceeding well
- Volumes up in 2007
- Overall selling prices improved
- Sales up \$160 million in 2007 due to November and December operation of former Saint-Gobain assets

## Full-Year Financial Results

(\$ in Millions)	Full Year		
	2007	2006	% Chg.
<b>Net Sales</b>	\$ 1,695	\$ 1,382	23%
<b>EBIT</b>	126	154*	-18%
<b>EBIT as % of Sales</b>	7%	11%	
<b>% of All Segments</b>	35%	22%	
<b>D&amp;A</b>	104	90	16%

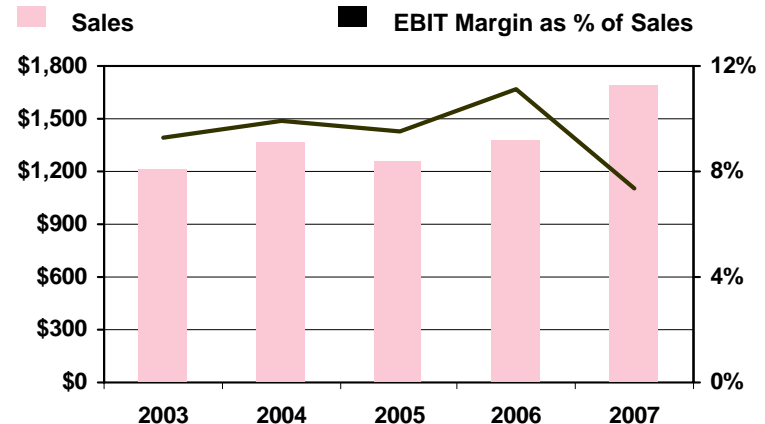
\*Includes gain on sale of metal of \$45MM

## 2007 Revenue by End Market



Company estimates

## Five-Year Financial Performance\*



\*Includes gains from the sale of metal (\$45 million in 2006, \$7 million in 2005)  
2003 & 2004 are not recast for the effect of discontinued operations



INNOVATIONS FOR LIVING™

# Insulating Systems



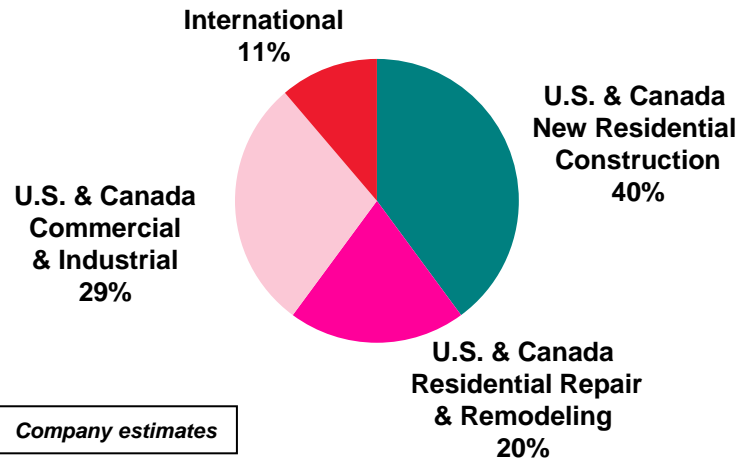
## Q4 and Full-Year Highlights

- U.S. housing starts down 25% in 2007 compared with 2006
- Residential insulation sales down
- Curtailed operating capacity
- Inventories in line with seasonal demand

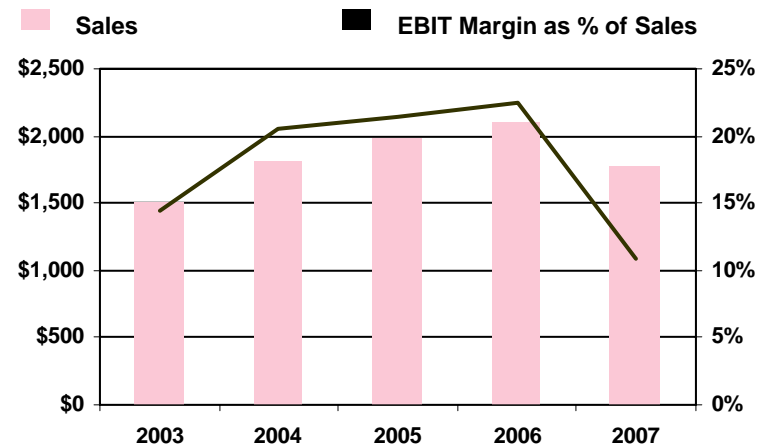
## Full-Year Financial Results

(\$ in Millions)	Full Year		
	2007	2006	% Chg.
<b>Net Sales</b>	\$ 1,776	\$ 2,097	-15%
<b>EBIT</b>	192	467	-59%
<b>EBIT as % of Sales</b>	11%	22%	
<b>% of All Segments</b>	53%	67%	
<b>D&amp;A</b>	125	85	47%

## 2007 Revenue by End Market



## Five-Year Financial Performance





INNOVATIONS FOR LIVING™

# Roofing & Asphalt



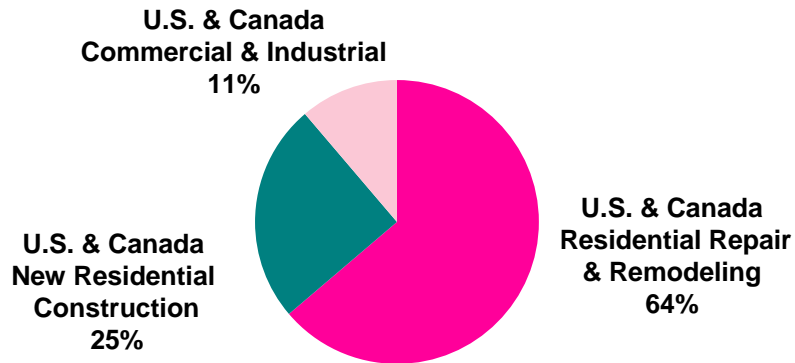
## Q4 and Full-Year Highlights

- National roll-out of Duration™ Series Shingle with SureNail technology completed 6 months ahead of schedule
- New and existing home sales slow, affecting shingle demand
- Storm-related demand below average
- Limited material cost inflation due to improved asphalt storage and purchases, and productivity gains in manufacturing

## Full-Year Financial Results

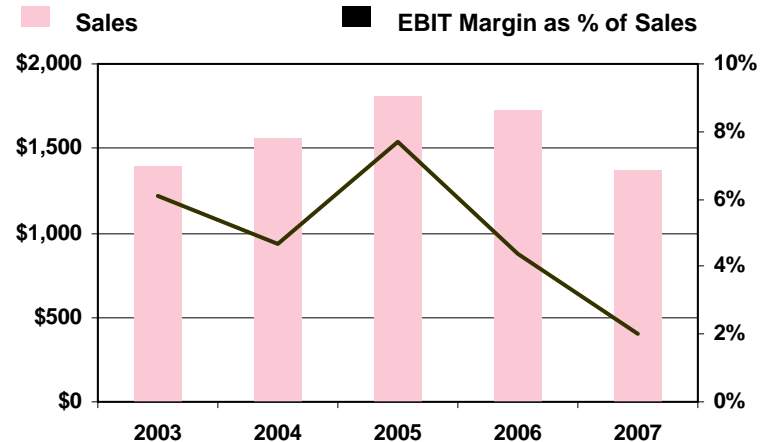
	Full Year		
(\$ in Millions)	2007	2006	% Chg.
<b>Net Sales</b>	\$ 1,375	\$ 1,723	-20%
<b>EBIT</b>	27	72	-63%
<b>EBIT as % of Sales</b>	2%	4%	
<b>% of All Segments</b>	8%	10%	
<b>D&amp;A</b>	40	33	21%

## 2007 Revenue by End Market



Company estimates

## Five-Year Financial Performance





INNOVATIONS FOR LIVING™

# Other Building Materials & Services



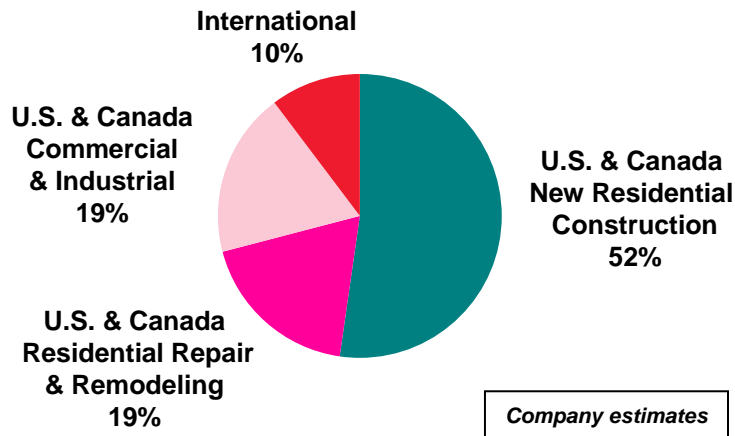
## Q4 and Full-Year Highlights

- Performance of the segment affected by sale of siding business in Q3
- Segment now comprised of Masonry products business and Construction Services
- EBIT improved by \$13 million, we are pleased to have turned this business around

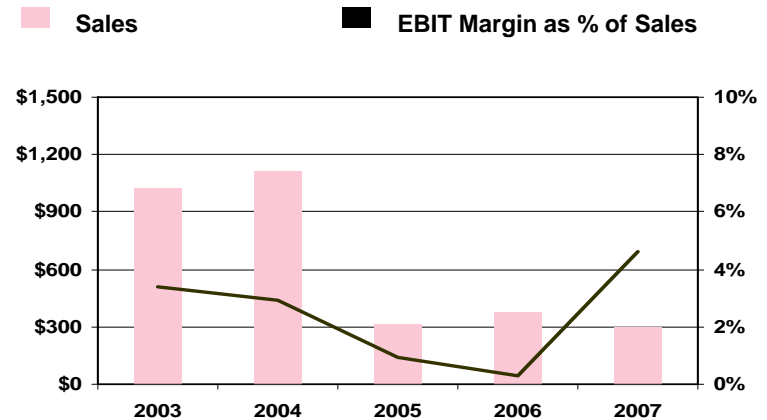
## Full-Year Financial Results

(\$ in Millions)	Full Year		
	2007	2006	% Chg.
<b>Net Sales</b>	\$ 301	\$ 377	-20.2%
<b>EBIT</b>	14	1	N/A
<b>EBIT as % of Sales</b>	5%	1%	
<b>% of All Segments</b>	4%	1%	
<b>D&amp;A</b>	10	12	-16.7%

## 2007 Revenue by End Market



## Five-Year Financial Performance\*



\* 2003 & 2004 not recast for the effect of discontinued operations



INNOVATIONS FOR LIVING™

# 2008 Owens Corning Guidance

---

- **Net debt likely to remain at about \$1.9 billion, before strategic opportunities**
- **Board of Directors authorization for repurchase of up to 5 percent of Company's common stock remains in place**
- **Depreciation and amortization of about \$315 million in 2008**
- **Capital expenditures expected to be \$325 million**
- **Net operating loss (NOL) of \$3.0 billion at end of 2007**
- **Global effective tax rate estimated at 30 percent, with estimated cash taxes less than the \$40 million paid in 2007**
- **Adjusted EBIT from 2008 onward to exclude financial cost of leasing precious metals**

# Questions & Discussion

Mike Thaman, Chairman & CEO

Duncan Palmer, CFO

February 27, 2008



INNOVATIONS FOR LIVING™

DELIVERING SOLUTIONS | TRANSFORMING MARKETS | ENHANCING LIVES

# Fourth Quarter and Full Year 2007 Business Results

## *Positioned to Perform*

Mike Thaman, Chairman & CEO

Duncan Palmer, CFO

February 27, 2008



INNOVATIONS FOR LIVING™

DELIVERING SOLUTIONS | TRANSFORMING MARKETS | ENHANCING LIVES