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EDITORIAL

FOCUSED ON SERVING YOUR NEEDS



It isn't news to anyone that the economic challenges we encountered during 2008 are continuing in 2009.

During the second half of last year, I worked with my leadership team to develop our business strategy for 2009 and beyond. The economic climate changed and we recognized that the impact on our business and yours is different depending on the markets you serve and where you are in the world. We know that one thing remains a constant no matter what the economic or business climate—our commitment to serving our customers.

Our customers are clearly the heart of our business. And in this time of uncertainty, I expect OCV employees to understand how to help your business and continue to meet your standards. The OCV businesses are committed to providing premium service and outstanding quality.

We continue our focus on innovation to find new applications to meet your needs and your customers' needs. This includes identifying opportunities to use composites in place of traditional materials. We will continue to leverage our global presence to serve you locally and efficiently. And we will be flexible, adapting to changing conditions in the global economy and marketplace.

In this issue, you will find candid discussions about the outlook for the coming year in the regions and OCV businesses. No one can predict when things will turn around, but they will. In the meantime, tell us what we can do to help you through the challenges you face.

We will continue to be a reliable partner and look forward to serving you this year.

A handwritten signature in black ink that reads "Chuck Dana". The signature is written in a cursive, flowing style.

Group President
Composite Solutions Business

03 Inside the Crystal Ball:

A report on the global economic outlook for 2009

Navigating Through Stormy Weather

This is the third annual global economic outlook report and clearly the most difficult to write.

The current situation is very fluid. This article was written in December to be included in this magazine distributed in January. That means it is likely to be wrong on some points by the time you read it; perhaps many points.

That said, there is no escaping the presence of a volatile environment in the first part of 2009. How long this stormy weather continues is anyone's guess, but most forecasters don't expect the decline to reach its bottom before the second quarter. Return to growth will be gradual, especially in North America.

We expect the overall market in 2009 to be flat to down globally. The greatest weaknesses are expected in Europe and Americas, offset by growth in Asia.

How are companies responding to the economic situation? These are some of the actions our customers are taking to manage their way through the storm.

- Shutting down operations to align raw material and finished goods inventories with demand
- Reducing receivables and other working capital to free up cash to finance their own business
- Shifting focus to more attractive growth markets
- Joining forces with other companies through alliances or mergers
- Understanding true customer needs and promoting composites to reduce costs or improve product performance

In the following pages, our business and regional leaders report what they are seeing as they work with customers around the world.

04 AMERICAS

A Market for Roller Coaster Lovers

*By Marcio Sandri
Vice President and Managing
Director, Americas
OCV™ Reinforcements*

For someone like me who enjoys visiting the amusement park known as the roller coaster capital of the world, 2008 was the perfect year. We had a soft start that grew quickly to make the second and third quarters very encouraging for volume, though not really better for profitability as costs kept rising as well. And then we experienced a fourth quarter with the worst slowdown in recent history with the demand run rate reduced to a five-year low.

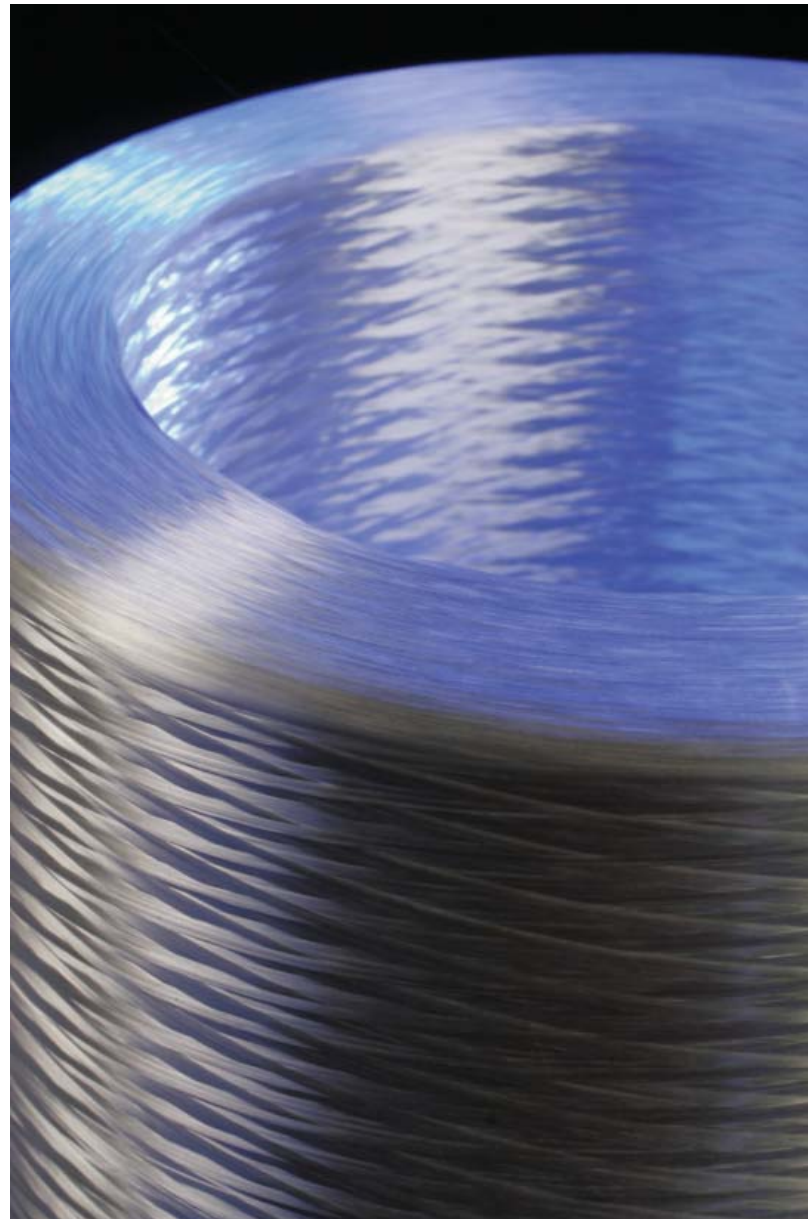
It is really tough to look into my broken crystal ball and try to figure out 2009. It will be a challenging year for sure. The “optimistic” thinking right now is that first quarter will see some significant slowdown that may continue into the second quarter. It is expected that many markets will find their bottom in the second quarter and some, such as power, energy and water distribution, could start to pick up as a consequence of an accommodation in the financing market.

The consensus among industry analysts at this point is that housing, transportation and consumer are the market segments that will be facing the toughest headwinds.

To weather the current economic storm, controlling overall costs and reviewing investments seems to be where everybody is heading. As we approached the end of 2008, we saw inventory adjustments playing big. Some companies are resuming short-term growth projects and partnering with others to get into specialty niches.

A critical consideration in 2009 will be balancing both short- and long-term thinking, and making the right choices as to what companies you will partner with downstream and upstream. Crazy and initially promising offers will be available to everyone, as

usually happens in this kind of environment. Some of them will be sustainable but not all of them will really be what they appear to be. Our team will be doing whatever we can to help our customers and earn their business now and in the future.



05 ASIA PACIFIC

We Are Shaping Our Future This Year

*By Sangkyoo Han, Ph.D.
Vice President and Managing
Director,
Asia Pacific
OCV™ Reinforcements*

The Asia Pacific region started 2008 with high inflation and growth, but after the summer vacation period, our markets began to deteriorate. The decline increased in October and our customers really struggled through the end of the year.

Because of inflation and shortages, businesses got into the habit of buying ahead of their needs. This made the downturn a double blow for many companies because there was too much inventory throughout the value chain and all of that excess inventory had to be worked off before any new orders would be placed. Automotive-related industries were hurt the most as cars sat on dealers' lots around the world and production stopped throughout the entire supply network. Extended year-end shutdowns were common.

**The big concern, of course, is how long
will this continue?**

Even markets that could be strong - such as wind energy in China and India - are having financing problems due to the credit shortage.

Governments are trying to help but their bureaucracies move slowly. By the time stimulus programs are approved, projects selected and bidding takes place, it will likely be the third quarter or later before any meaningful spending happens.

We are now focusing more than ever on our customers and joining forces with them to get through this situation. We are working to provide better products, better service and anything more we can think of to give them an edge with their customers.

This year will be painful and tough, but we are not alone. Our customers, competitors and suppliers are facing the same challenges. How well we work together to manage our way through this situation will determine our success when the global economy strengthens again.

06 THERMOPAL GmbH

Commercial Development Set for Panels

The OCV™ Non-Woven Technologies business has signed an agreement with Thermopal GmbH for the commercial development of high-pressure laminate (HPL) for fire-classified interior panels. A member of the Pfleiderer group, Thermopal is a leading supplier of high-pressure laminate for the interior panel market in Europe.

“Thermopal developed the first commercially available HPL material to achieve the long-sought-after A2 European norm SBI fire test classification,” said Russell Evans, market manager of the OCV Non-Woven Technologies specialties business. “The panels use innovative ‘ready to press’ impregnated glass technology from Owens Corning.”

Robert Huusken, OCV Non-Woven Technologies Science and Technology, Apeldoorn, Netherlands, led the impregnated glass development. Thermopal will source all non-woven glass needs from OCV Non-Woven Technologies.

The exclusive contract allows Thermopal to be the first company to launch the product in the market. It will officially be launched in January at the Bau 2009 building trade fair in Munich, Germany.

“The OCV Non-Woven Technologies science and technology and sales teams worked hard to achieve a unique solution which offers performance and fire-resistance properties to meet the market’s need,” said Etienne Chevallier, sales and marketing leader of the OCV Non-Woven Technologies specialties business. “This is the first-ever product where aesthetics and safety are combined

-enabling the transformation of the commercial panel and furniture markets.”

“This partnership brings the leading supplier of impregnated ‘ready-to-press’ glass non-woven materials and a leading laminate manufacturer together,” added Suman Raha, business manager for the OCV Non-Woven Technologies specialties business. “This is clearly aligned with the purpose of our business to leverage our processes, products and know-how and provide value to our customers.”

Leaders signed the agreement at the Thermopal headquarters in Leutkrich, Germany, the location where the fire-performance product range, named Fireprotect, will be manufactured.

www.thermopal.com

Aesthetics and safety are combined in Thermopal high-pressure laminates.



Suman Raha, general manager, OCV Non-Woven Technologies' specialties business, and Frank Fissel, general manager, Thermopal GmbH.



07 Non-Woven Technologies

Delivering Value

By *Steven Vermeulen*
Vice President and Managing Director
OCV™ Non-Woven Technologies

The non-woven business had significant growth in 2008 despite an increasingly challenging economic environment. Severe storm activity in the U.S. drove demand for residential roofing and our mat, a main component in a shingle. Also boosting sales were new specialty veils in wind power, composite pipe and batteries, and laminates for flooring and facade panels.

We are now beginning what promises to be an even more challenging year. Markets that were weak last year are still weak, e.g. residential construction, and markets that were stronger are declining, e.g. commercial construction. Europe is now faced with a tough economic environment as well and the emerging regions expect growth that is less significant than previous years.

Our response is to work even more closely with our customers

We will work to find ways to add value to their businesses and to help them weather the storm. We are providing value solutions that help our customers increase their competitive situation by improving the performance of their products, opening new markets and opportunities for them, and driving out waste and inefficiencies to maintain margins.

With businesses focused on driving cost out of the entire value chain, we have an enhanced opportunity for composites. To be successful, we first need to better understand our customers' needs and the needs of the markets they serve.

For example, with increasing pressure to lower emissions, car batteries need to be more robust to withstand frequent start-stop cycles that are in many new vehicles to reduce emissions. Our glass specialty non-wovens can extend battery life significantly.

In cushion-vinyl flooring, glass non-woven materials enhance impact resistance and fire ratings, and also provide dimensional stability that makes installation easier. As a result, this flooring product is one of the least impacted by the recession in the US.

We are going through a rough period but there are still big opportunities to help our customers bring value to end-users.



08 Technical Fabrics

Market Views Becoming Alike

By Geert de Landsheer
Managing Director
OCV™ Technical Fabrics

The fabrics business has recently consisted of two very different market segments - wind and non-wind. In the current economic environment the two are becoming much more similar.

The wind business had recently been sold out with backlogs of about two years. In the past couple of months, producers of blades and other composite parts have slowed their orders of raw materials to cut inventories and free up cash to finance their own growth. Financing issues are also delaying some projects and reducing demand estimates for 2009.

In 2008, the non-wind business started strong but began to slow down mid-year. Since then it has been going down, down, down. The biggest decline for the fabrics business is the marine market.

Looking ahead, we don't expect to see a quick recovery. No one really knows what will happen and we see conflicting signs around the world. Financing remains a problem, consumer confidence has been shaken and many companies are in serious financial trouble. At the same time, governments are talking about stimulating their economies.

“One outcome of the current economic situation may be a change in operating philosophy.”

During recent years when the global economy was stronger, some companies built large inventories of finished goods so they could respond quickly to demand. Other companies insisted on having sales contracts in hand before committing to production. The latter were chided for being conservative when business was good, but now they are in a much stronger position than the others.

Those of us with more than a little gray hair remember how the Great Depression affected the people who lived through that era. They carried that experience with them and it influenced decisions throughout their business careers. We may see that happening again to a new generation of business people.

Whichever path our customers take, we will continue to do our best to support and add value their businesses.



09 APATECH

Applying Composite Technology in Russia



Drafted Dec. 16, 2008

For the 2014 Winter Olympic Games in Sochi, Russia, additional rail lines are being extended to the host city. ApATeCh is busy making vacuum infused composite sea walls to protect the tracks.



ApATeCh is an unusual-looking name but the company it represents is becoming well known in Russia and beyond as it carries out the mission implied in the long version of its name - Applied Advanced Technologies.

Founded in 1991, Moscow-based ApATeCh has built a successful business applying composite technology.

“We are focused on the development and production of products not previously available in Russia,” says Andrey Ushakov, ApATeCh founder and general director.

“We are using composites to replace traditional material structures in some of the most conservative industries, such as railways and urban transport, municipal services, and motor road and bridge engineering.”

In 2007, ApATeCh became the first two-time winner of the Innovation Award at the JEC Show in Paris. The company had previously won in 2002. The second award was for glass fiber-reinforced water removal channels for railways.

“In the late 1990s, the Ministry for Railways Engineering decided to reconstruct the high-speed section of the line between Moscow and Saint Petersburg,” says Ushakov. “The Ministry insisted on absolutely new solutions. In response, ApATeCh developed and introduced composite water removal channels.”

Other popular railway applications from ApATeCh are sound walls and cable trays. The company also makes pedestrian bridges, power insulators, bus and railcar interiors, construction profiles and rail fishplates.

Pultrusion and vacuum infusion are two of the principal processes at ApATeCh. The company obtains fabrics, roving and technical support from OCV™ Technical Fabrics and OCV™ Reinforcements.

“Our future depends on our ability to continue the scientific and technological advancement of composites,” says Ushakov. “We will remain focused on designing, testing and producing advanced composite products.”

For more information, go to www.apatech.ru.

10 EUROPE

Coping With Abrupt Change

By *Arnaud Genis*
Vice President and Managing Director, Europe
OCV™ Reinforcements,
Global OCV™ Technical Fabrics and Specialties

The European composite market is not immune to the mechanisms and effects of the brutal world economic crisis.

The first six months of 2008 showed significant global market growth, unbalancing demand versus availability and adding to the raw material and energy inflation spiral. Then suddenly the summer financial crisis led to a double-digit negative trend compared to October 2007 and made every business switch to something like a “missing-market strategy.”

This was especially true in automotive and construction (23 percent of the market), freezing end-use customer spending, most notably in Spain, Italy, UK and Russia, and leading to significant cash issues in medium and small companies. Government efforts to ease the credit shortage could not prevent the general economical collapse and inventory adjustments throughout the whole value chain.

a long overheated economic period. The Russian economy will likely remain weakened by decreasing raw material prices.

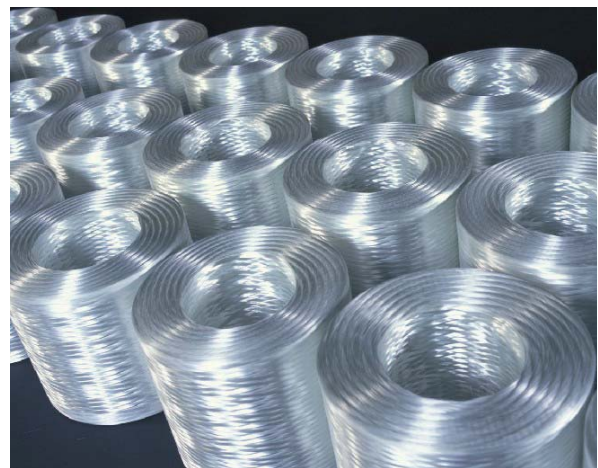
How will the OCV businesses stay the course?

Our European teams are focused on supporting our customers during this tough economical period. We are providing win-win solutions regarding receivables and working capital while preparing our facilities for immediate product delivery when recovery comes. We are continuing to modernize our plants and use our strong internal best-practice programs to improve product consistency.

We are also keeping our research and development investments consistent and focused on delivering innovative solutions to enhance our customers' application properties and add value in the future.

Which market should we expect to see in 2009?

We ended 2008 much worse than expected and the overall market this year will probably be slightly lower. Recovery will probably be driven by public works projects including pipelines thanks to governments boosting their investments. Renewable energy is expected to keep growing while building applications should return to growth except in Spain, which is recovering from



SELIP SPA

Working to Improve Knowledge

“Our main concern is knowledge of FRP. When the customer is well informed, quality is appreciated.



Composite chimneys are among the products made by Selip SpA.

For more information, visit the company's Web site at www.selip.it

When FRP is not well understood, low-cost producers can prevail. We are working to improve the knowledge of potential customers.”

The speaker is Nicola Avanzini, export manager for Selip SpA in Fontanellato, Italy, a market leader in composites and one of the most experienced European companies making tanks, scrubbers, chimneys, stacks, flue gas desulphurization (FGD) plants and special applications.

“Unfortunately, only a few suppliers give us support to improve the knowledge of FRP in the market,” adds Avanzini. “We appreciate OCV™ Reinforcements very much because they have always given their cooperation in such a difficult task.”

Selip has operated in the FRP and advanced composites sector since 1961 and had sales of €13 million in 2007. Their principal processes are filament winding, spray-up and hand lay-up.

Selip's headquarters and main factory are 20 kilometers from Parma. A subsidiary operates a manufacturing facility in Ariccia, 30 kilometers from Rome. About 30 percent of its business is outside Italy, exporting products to other European countries as well as Australia, China, India, Northern and Southern Africa, Thailand and the U.S.

“We use continuous research, development and engineering to develop new products made with composite materials,” says Avanzini. “We expect the use of composite materials to grow as a substitute for more traditional materials.”

Avanzini says the company spends a portion of its marketing effort educating potential customers.

12 Russian-Language Sites Available

Добро пожаловать на наш русскоязычный сайт!

(Welcome to our Web sites!)

To support the growth of the composites market in Russia, the OCV businesses are translating their Web sites into the Russian language. The information presented in Russian is a translation of the global English Web sites and introduces processes, applications and OCV products to visitors who prefer to read the information in Russian.

Please visit the site at www.owenscorning.com/composites.



The screenshot shows the Owens Corning website in Russian. The header includes the Owens Corning logo and the tagline 'INNOVATIONS FOR LIVING™'. A language dropdown menu is set to 'Russian'. The navigation bar contains links for 'Главная', 'О нас', 'Advantex®', 'Процессы', and 'Области применения'. The main content area is titled 'Области применения' and features a grid of application categories, each with a small image, a title, a short description, and a 'Далее...' link. The categories include: Судостроение (Shipbuilding), Инфраструктура и общественные сооружения (Infrastructure and public buildings), Тяжелый транспорт (Heavy transport), Товары для спорта и досуга (Sports and leisure goods), Автомобилестроение (Automotive), Потребительские товары и товары для бизнеса (Consumer goods and business goods), Электроника, электротехника и телекоммуникации (Electronics, electrical, and telecommunications), and Ветроэнергетика (Wind energy). The footer contains copyright information for 2001-2008 Owens Corning and links to 'OC Privacy Policy' and 'OC Copyright'.

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MARKET VISION FOR COMPOSITE SOLUTIONS

Published four times each year by Owens Corning Composite Materials, LLC. E-mail feedback and suggestions to MarketVision@owenscorning.com.

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