



Q1 2021

This presentation shared at the following events:

03/09/21	OC (Virtual) Roadshow Hosted by Bank of America	Brian Chambers, Chairman & Chief Executive Officer
3/03/21	OC (Virtual) Roadshow Hosted by Zelman	Ken Parks, Chief Financial Officer

FOCUSED ON SHAREHOLDER VALUE



FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

This presentation and the associated remarks contain forward-looking statements. We caution you against relying on these statements as they involve risks and uncertainties that are difficult to predict and the Company's actual results may differ materially from those projected. Such risks and uncertainties include, without limitation: the severity and duration of the current COVID-19 pandemic on our operations, customers and suppliers, as well as related governmental actions; levels of residential, commercial and industrial construction activity; global industrial production; competitive and pricing factors; demand for our products and relationships with key customers; issues related to acquisitions, divestitures, joint ventures or expansions; industry, economic and political conditions, including new legislation, policies or other governmental actions in the U.S. or elsewhere; climate change, weather and storm activity; changes to tariff, trade or investment policies or law; uninsured losses, including those from natural disasters, pandemics, catastrophe, theft or sabotage; energy, transportation, raw material and other input availability, price volatility and cost issues; legal and regulatory, including environmental, disputes or proceedings; ability to protect our intellectual property and information technology systems; achievement of expected synergies or productivity improvements; the level of fixed costs required to run our business; currency, commodity and interest rate fluctuations; our level of indebtedness, liquidity, and the availability and cost of credit; levels of goodwill or other indefinite-lived intangible assets; ability to utilize our net operating loss carry-forwards; price volatility in U.S. wind energy markets; labor disputes or shortages, or loss of key employees; pension obligations; and factors detailed from time to time in the Company's SEC filings.

The terms "year to date" or last twelve months ("LTM") refer to the period ended on the last calendar day of the quarter preceding the date of the investor event referenced on the first page above. Otherwise the information in this presentation speaks as of the date of the investor event, and is subject to change. The Company assumes no obligation to update or revise forward-looking statements except as required by law. Any distribution of this presentation after the investor event is not intended and should not be construed as updating or confirming such information.

This presentation contains references to certain "non-GAAP financial measures" as defined by the SEC, which may be referenced in the Appendix or in the tables of our earnings press release. Adjusted EBIT, adjusted EBITDA, adjusted earnings, adjusted EPS and return on capital exclude certain items that management does not allocate to its segment results because it believes they are not representative of the Company's ongoing operations. When the company provides forward-looking expectations for non-GAAP measures, the most comparable GAAP measures and reconciliations to those GAAP measures are generally not available without unreasonable effort due to the variability, complexity and limited visibility of the adjusting items that would be excluded from the non-GAAP measures in future periods. The variability in timing and amount of adjusting items could have significant and unpredictable effects on future GAAP results.



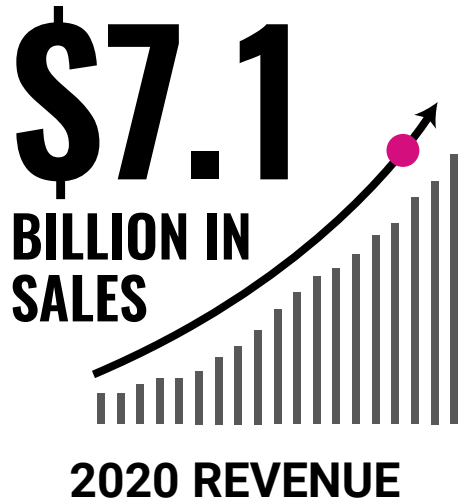
AGENDA

1 Investment highlights

2 Three strong businesses

3 Additional financial information

OWENS CORNING AT A GLANCE



Serving residential, commercial, and industrial markets

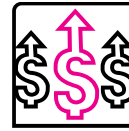
INSULATION | ROOFING | COMPOSITES

COMPELLING INVESTMENT THESIS

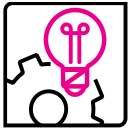
We are a global building and industrial materials leader that capitalizes on market-leading positions and innovative technologies to deliver substantial free cash flow and sustainable shareholder value



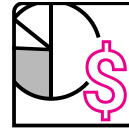
MARKET-LEADING POSITIONS



STRONG CASH FLOW GENERATION



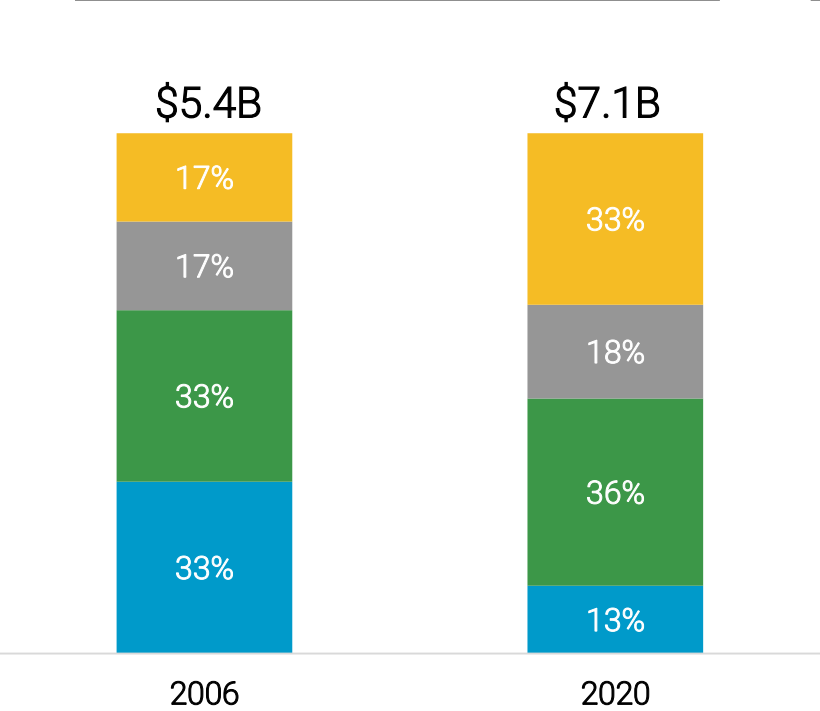
**INNOVATIVE PRODUCT &
PROCESS TECHNOLOGIES**



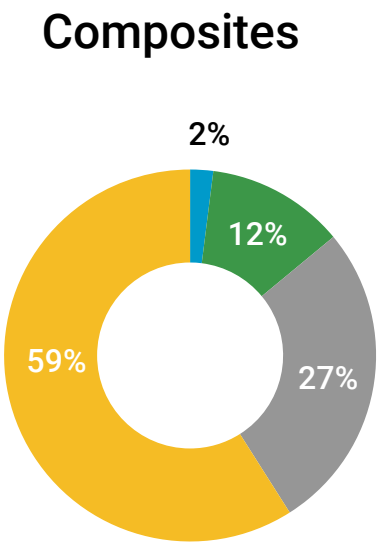
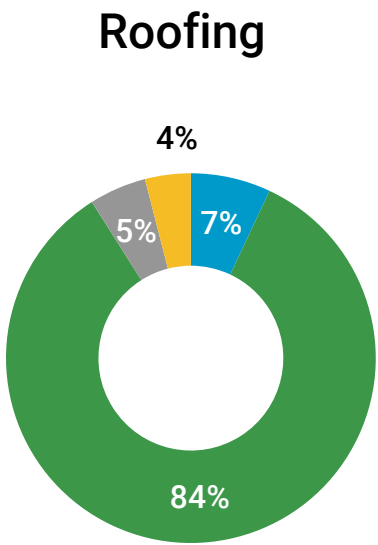
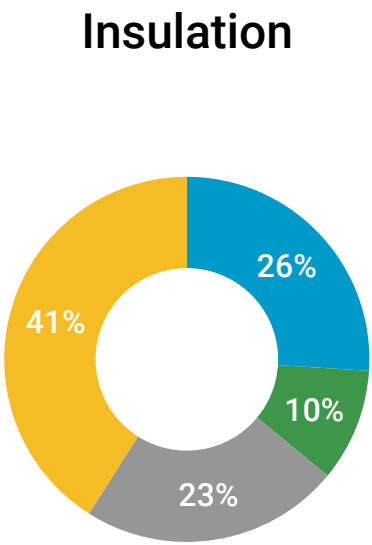
DISCIPLINED CAPITAL ALLOCATION

GLOBAL BUSINESSES IN ATTRACTIVE END MARKETS

Owens Corning
revenue by end market



2020 revenue by end market

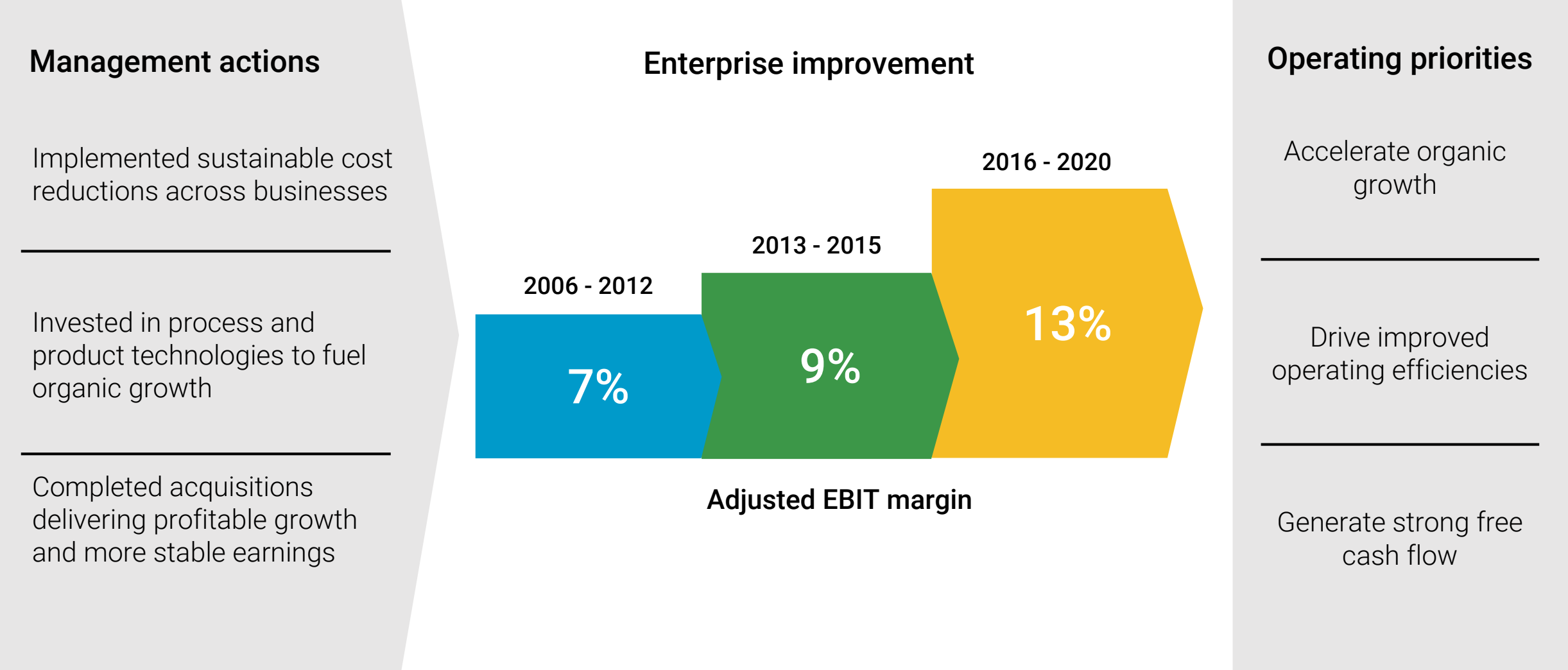


■ U.S. residential new construction ■ U.S. residential repair and remodeling ■ U.S. commercial and industrial ■ International



Consolidated figures eliminate intercompany net sales between reportable segments. Source: Owens Corning management estimates; estimated error margin +/- 5%. In the residential markets, certain products are used interchangeably in both new construction and repair and remodeling, and our customers typically sell into both markets. Due to these limitations, we have used management estimates and other assumptions to allocate residential market net sales

PURPOSEFUL ACTIONS HAVE RESULTED IN SUSTAINABLE IMPROVEMENT



COVID-19 UPDATE

Key priorities

Keeping our employees and other key stakeholders healthy and safe

Staying closely connected to our customers, our suppliers, and our markets

Rapidly adapting our business to near-term changes in market conditions while remaining focused on positioning the company for long-term success

Ensuring a strong balance sheet with access to capital as needed

Impact to near-term outlook

Key economic factors that impact the company's businesses are residential repair and remodeling activity, U.S. housing starts, global commercial construction activity, and global industrial production

The magnitude of the impact will depend on the depth and duration of the crisis, as well as the timing of the recovery in the markets we serve

Continue to closely manage our operating expenses and capital investments

Sustain strong conversion of adjusted earnings into free cash flow

INVESTMENT HIGHLIGHTS

THREE MARKET-LEADING BUSINESSES

OWENS CORNING		\$7,055	\$878	12%
		2020 NET SALES	2020 ADJ EBIT / EBIT	2020 ADJ EBIT / EBIT AS % OF NET SALES
Insulation	#1 in North American residential fiberglass A leader in technical insulation growth markets	\$2,607	\$250	10%
Roofing	#2 in attractive industry generating strong operating margins High margin Components business provides growth upside	\$2,695	\$591	22%
Composites	#1 in glass non-wovens #2 in global glass fiber market	\$1,960	\$165	8%



Sources: North American Insulation Manufacturers Association (NAIMA), Asphalt Roofing Manufacturers Association (ARMA), Fiber Economics Bureau, GlassFibreEurope (APFE), Global Trade Information Services, Inc. and Owens Corning management estimates. Owens Corning SEC filings. The Owens Corning row reflects total company Adjusted EBIT, which is reconciled to Owens Corning SEC filings in the Appendix.

WELL-POSITIONED TO CAPTURE GROWTH FROM KEY SECULAR TRENDS



ENERGY EFFICIENCY



Building code compliant

Full temperature range solutions



PRODUCT SAFETY & SUSTAINABILITY



Fire resistant

Recyclable



RENEWABLE ENERGY



Wind turbines

Solar homes



INVESTMENT IN INFRASTRUCTURE



Roads, bridges

Pipes / water management



RIISING LABOR COSTS & WORKER SHORTAGE



Easy and efficient installation

Pre-fabricated construction

INNOVATIVE PRODUCT & PROCESS TECHNOLOGIES DELIVERING REVENUE GROWTH, IMPROVED MARGINS, AND CAPITAL EFFICIENCY



DURATION® SHINGLES

Unique SureNail®
technology



Sustainable high
margins



SPECIALTY GLASS NON-WOVENS

Industry-leading
product designs



Highly-specified
applications



RESIDENTIAL FIBERGLASS INSULATION

Glass material
science



Advantaged cost
position

LEVERAGING ENTERPRISE CAPABILITIES

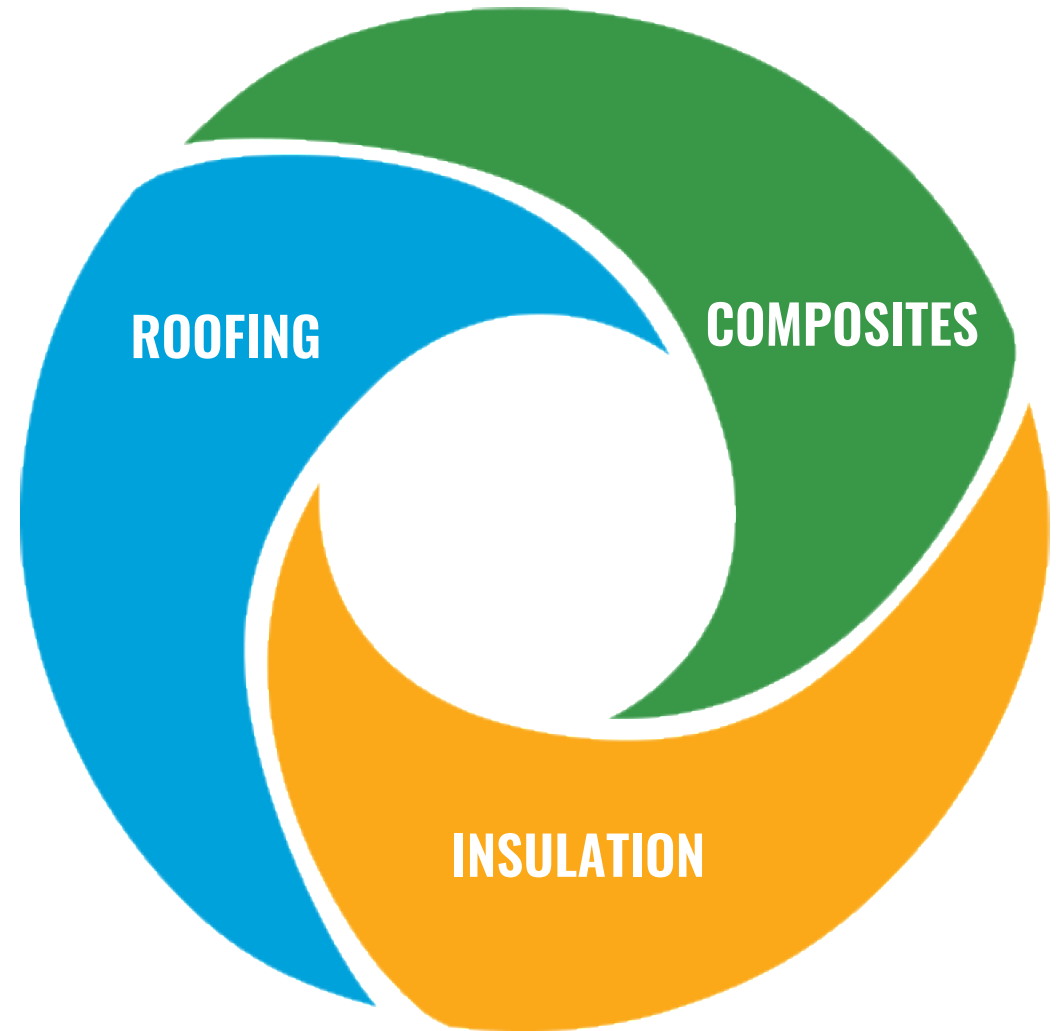
Commercial strength

Material science innovation

Manufacturing technologies

Global footprint and scale

Safety and sustainability



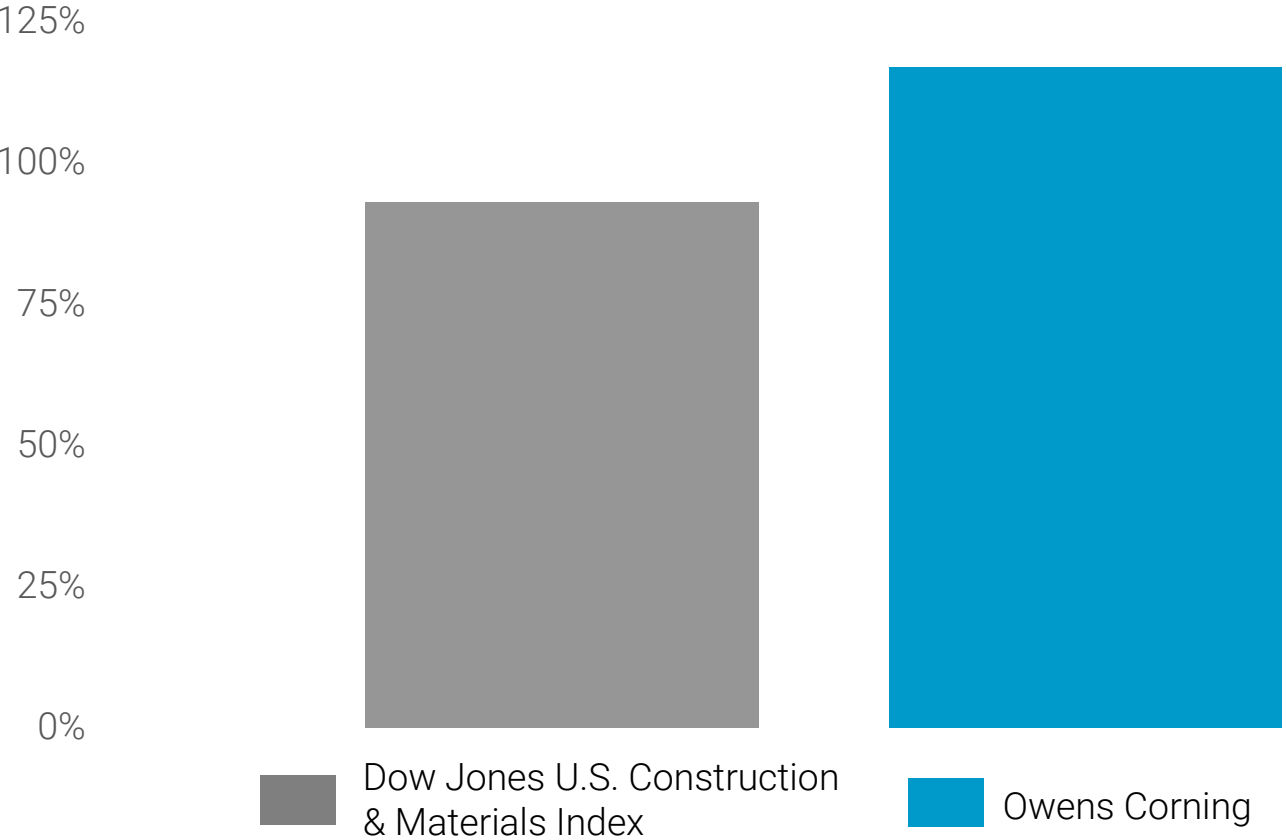
FREE CASH FLOW CONVERSION OUTPERFORMS PEER GROUP

Average 2016-2020 free cash flow conversion

Strong earnings performance

Purposeful working capital management

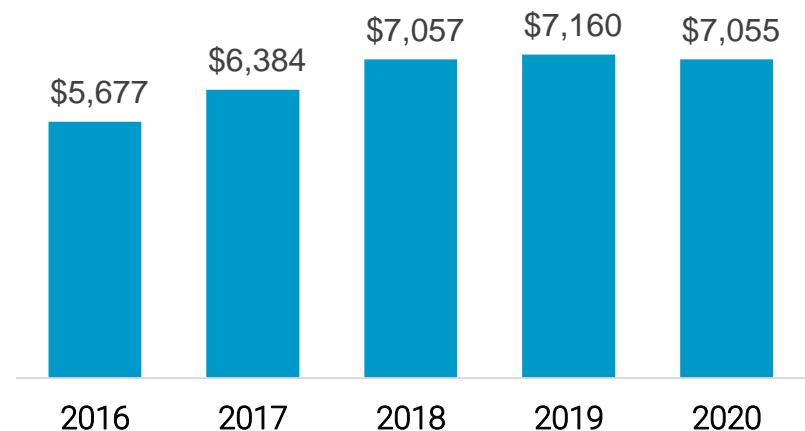
Focused on operating and capital efficiency



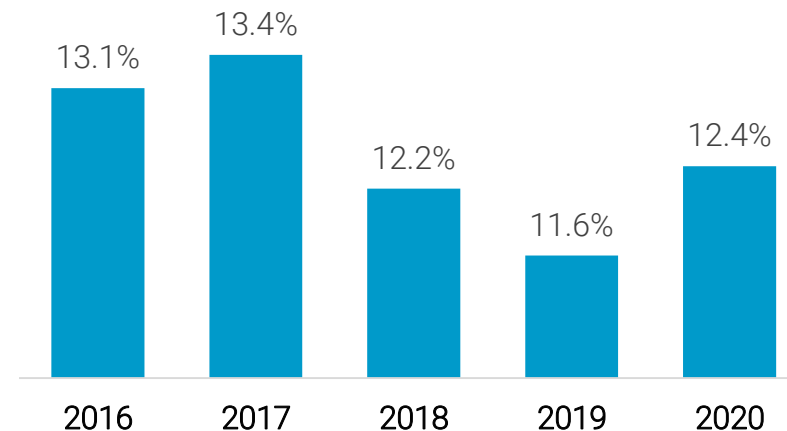
Free cash flow conversion defined as (cash flow from operating activities – capital expenditures)/(adjusted earnings)
Source: CapIQ data as of 02/26/2021; SEC filings, please refer to Appendix for reconciliation to Owens Corning SEC filings.
The DJUSCN average free cash flow and free cash flow conversion may differ from methods used by index constituents in similar disclosures.

FOCUSED ON KEY DRIVERS OF SHAREHOLDER VALUE CREATION

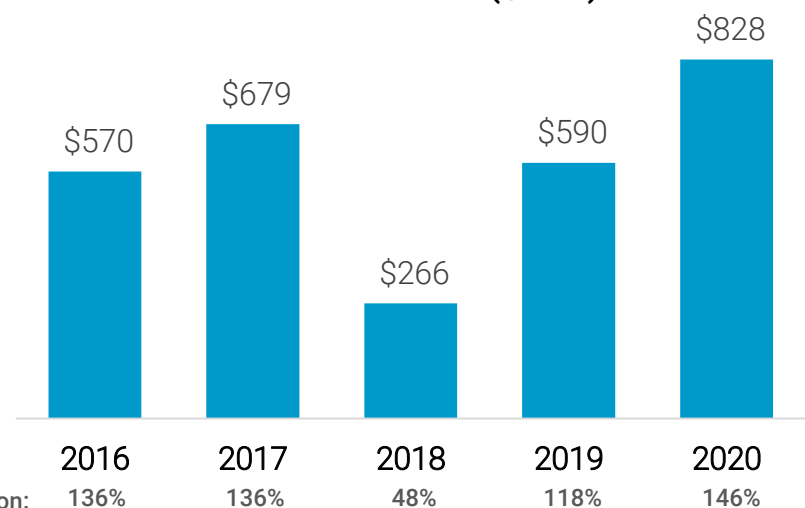
Revenue (\$mm)



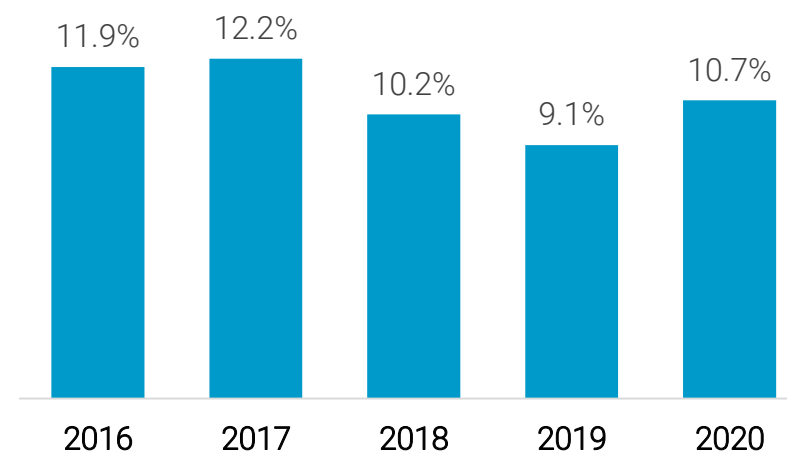
Adjusted EBIT margin



Free cash flow (\$mm)



Return on capital



FCF conversion:

136% 136% 48% 118% 146%



Source: Owens Corning SEC filings, please refer to Appendix for reconciliation to Owens Corning SEC filings.

CAPITAL ALLOCATION STRATEGY FOCUSES ON INCREASING TSR

2016-2020: RETURNED ~\$1.5B OF CASH AND OVER 50% OF FREE CASH FLOW TO SHAREHOLDERS

Capital allocation strategy

Maintain investment grade balance sheet

with flexibility to support growth and drive shareholder value

Maintain safe, sustainable, and productive operations

in our existing business

Invest in targeted growth opportunities

organic growth and bolt-on acquisitions

Return excess cash to shareholders

through dividends and share repurchases

Capital allocation targets over time

2-3X debt/EBITDA leverage

Deploy capital in line with D&A with a focus on productivity and organic growth investments

Return at least 50% of free cash flow to shareholders



Cash to shareholders reflects dividends paid plus share repurchases of outstanding common stock.
Source: Owens Corning SEC filings.

SIGNIFICANT RECOGNITION FOR ESG LEADERSHIP



Ranked Industry Leader seven years consecutively in the Building Products Group (top scores in environmental, social and economic for 3rd year in a row)



Included in CDP's **"A List"** for **climate change and water** for 2019



Ranked 1st among 100 Best Corporate Citizens for two consecutive years



Earned "Gold Class" score in 2020 for the 7th consecutive year



Earned the following ISS scores in 2019:

- **Environmental: 1**
- **Social: 1**
- **Governance: 2**



Obtained **a perfect score** on 2020 Corporate Equality Index for the 16th time



Recognized by Ethisphere as a **4-time honoree** in the Construction and Building Materials Industry



First company in the U.S. industrials sector to issue a **green bond**

THREE STRONG BUSINESSES

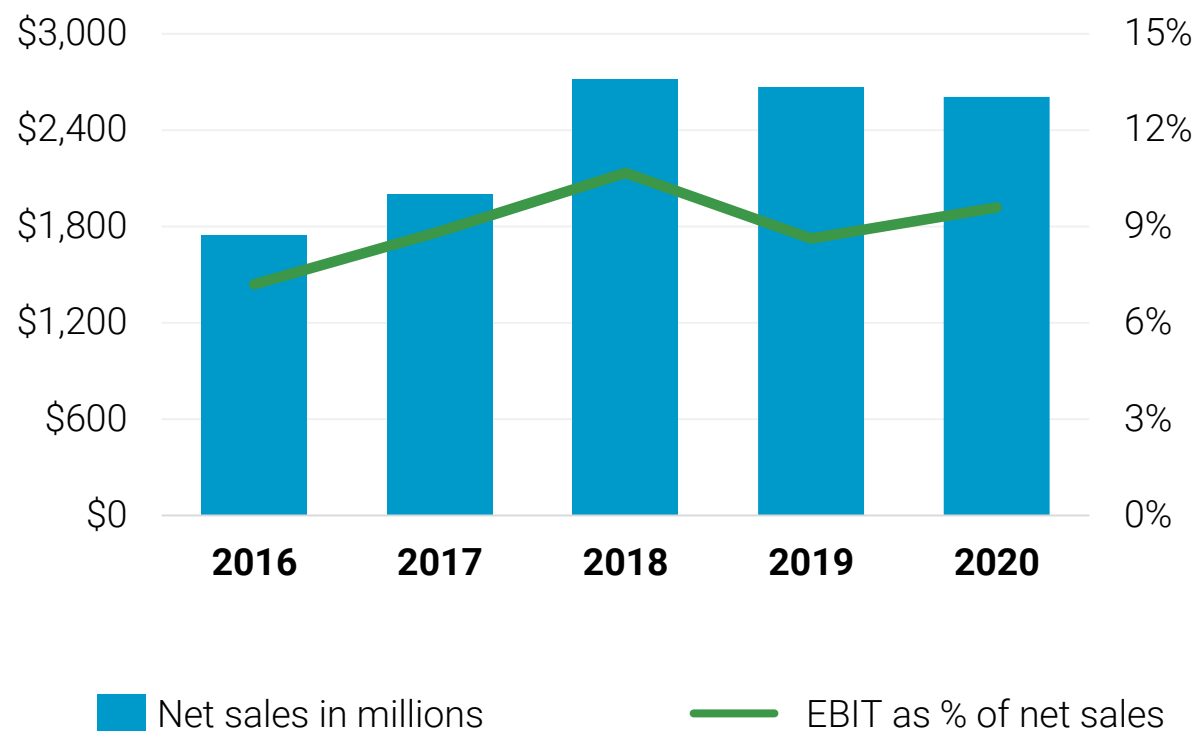
INSULATION BUSINESS

Leverage broad portfolio in commercial and industrial markets around the world

Strong market recovery in the North American residential fiberglass insulation business

Drive competitive advantage through operational and commercial technology

Five-year financial performance



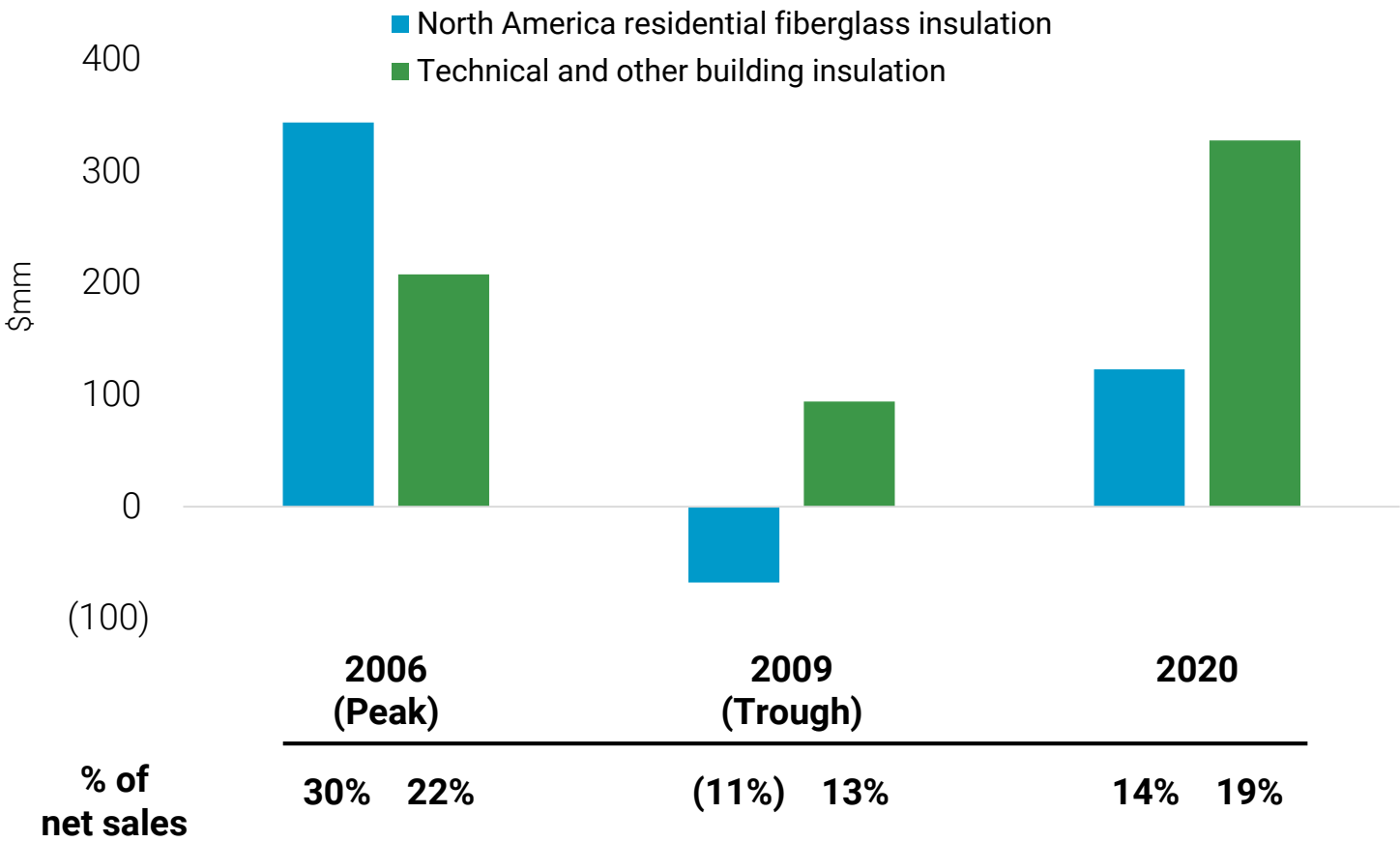
EXPANDED TECHNICAL AND OTHER BUILDING INSULATION TO DELIVER MORE STABLE AND ATTRACTIVE MARGINS

Insulation delivered 19% average EBITDA margin over the period 1985-2008

Acquisitions in technical insulation have grown and strengthened the business with attractive and stable margins

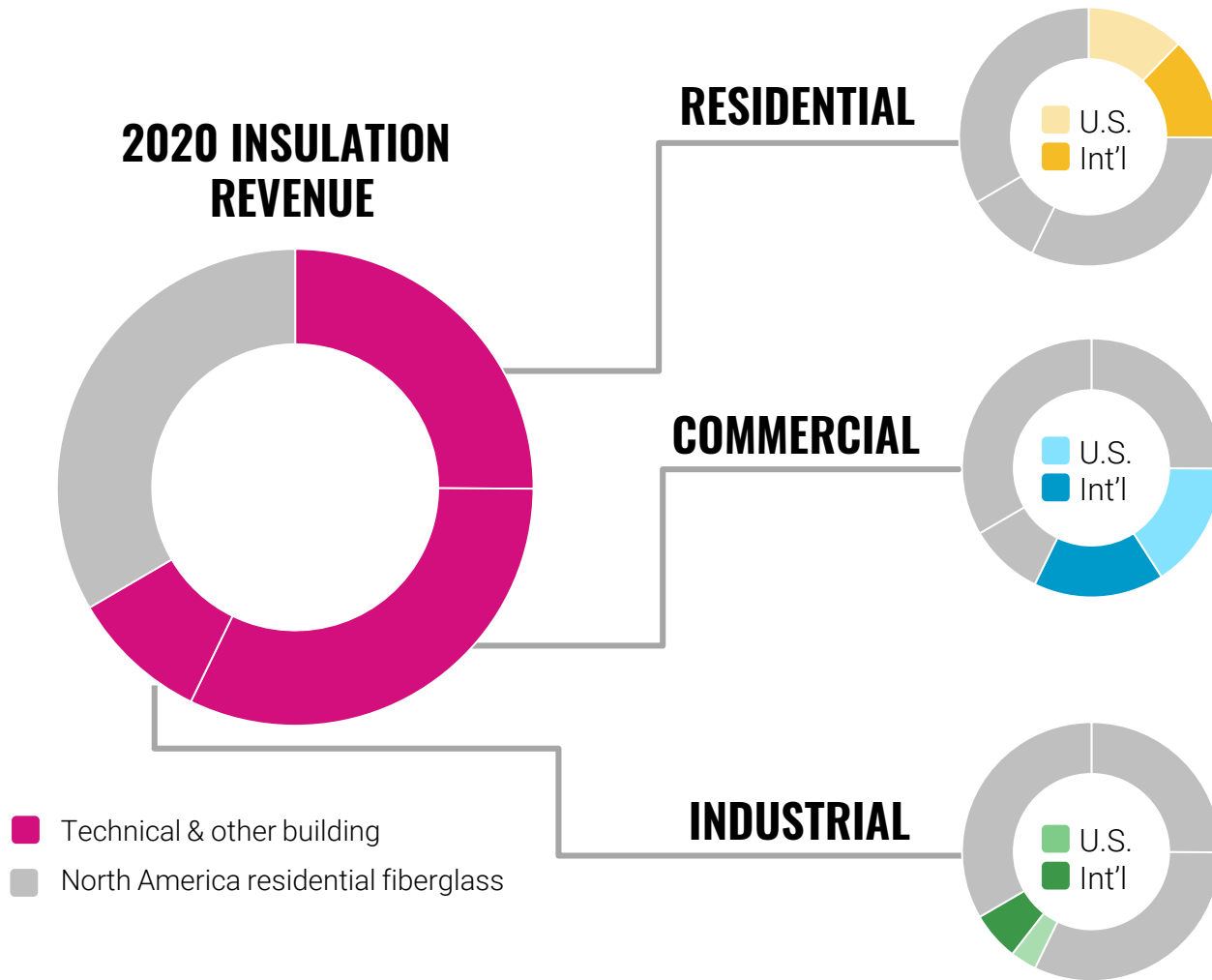
Investments in productivity and process technology enabling network optimization and a lower cost footprint

Insulation EBITDA and margins



North American residential fiberglass insulation includes batts & rolls and loosefill sold to insulation contractors and distributors, home centers, and manufactured housing producers in the U.S. and Canada. Technical and other building insulation includes pipe and flexible duct media insulation, cellular glass insulation, foam, mineral fiber, and all building material products sold to Europe, Latin America and Asia. Comparability may differ over time. Margin of error on intra-segment EBITDA estimated to be below \$15MM. Source: Historical data based on Owens Corning management estimates. Please refer to Appendix for reconciliation to Owens Corning SEC filings.

GLOBAL INSULATION BUSINESS: TECHNICAL & OTHER INSULATION 2020 REVENUES BY END MARKET



Source: Owens Corning management estimates; estimated error margin +/- 5%. Technical and other building insulation includes pipe and flexible duct media insulation, cellular glass insulation, foam, mineral fiber, and all other building material products sold to Europe, Latin America and Asia. The residential end market includes all global residential end uses except fiberglass building insulation in the U.S. and Canada. Comparability may differ over time. Certain products in the technical and other building insulation businesses are used interchangeably between end markets and some customers sell into more than one end market. Due to these limitations, we have used management estimates and other assumptions to allocate end market net sales.

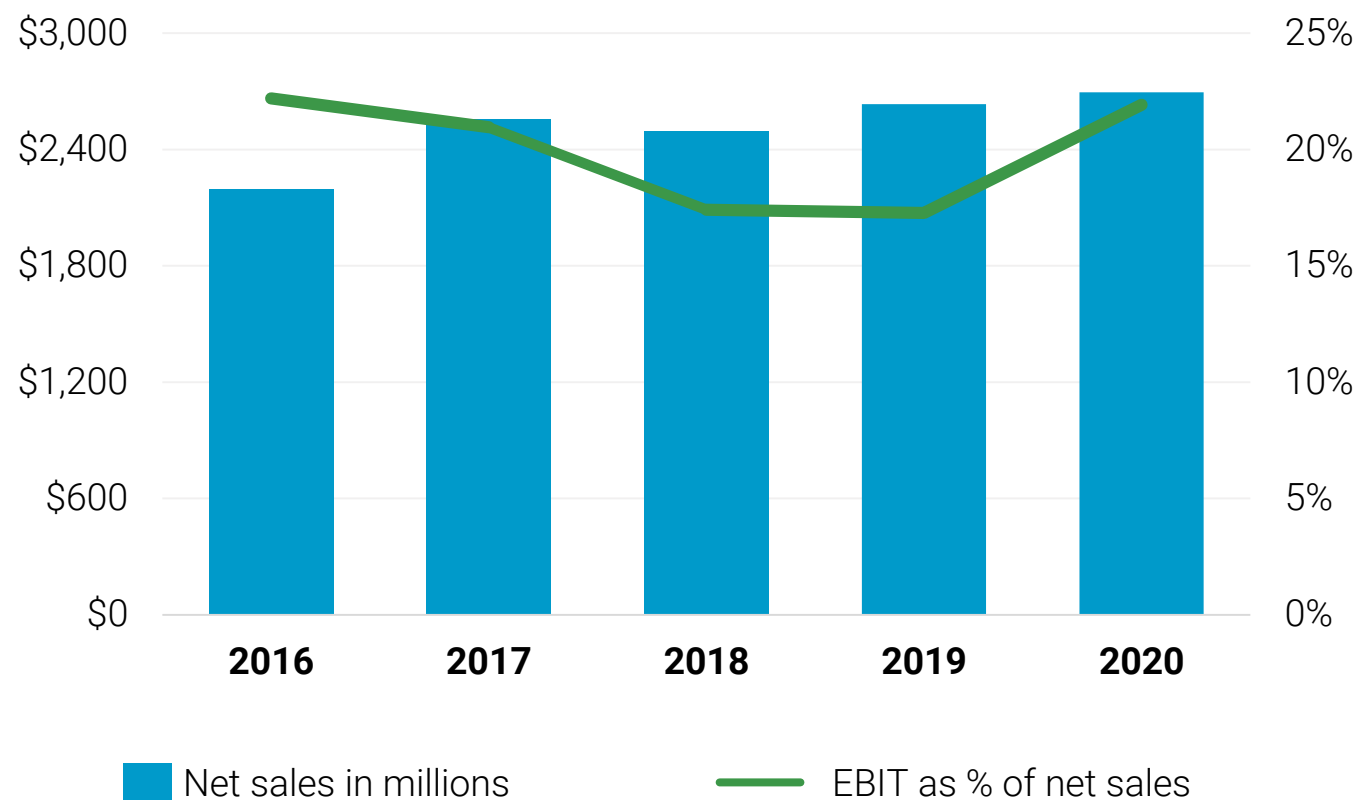
ROOFING BUSINESS

Track record of strong operating performance

Positive long-term outlook based on product preference and market drivers

Components business has grown above market with attractive margins

Five-year financial performance



DRIVERS FOR U.S. ASPHALT ROOFING DEMAND

Remodeling



Aging housing stock

Economic factors: existing home sales, home equity, consumer income

New construction



Housing activity provides growth opportunity

Major storms & weather events

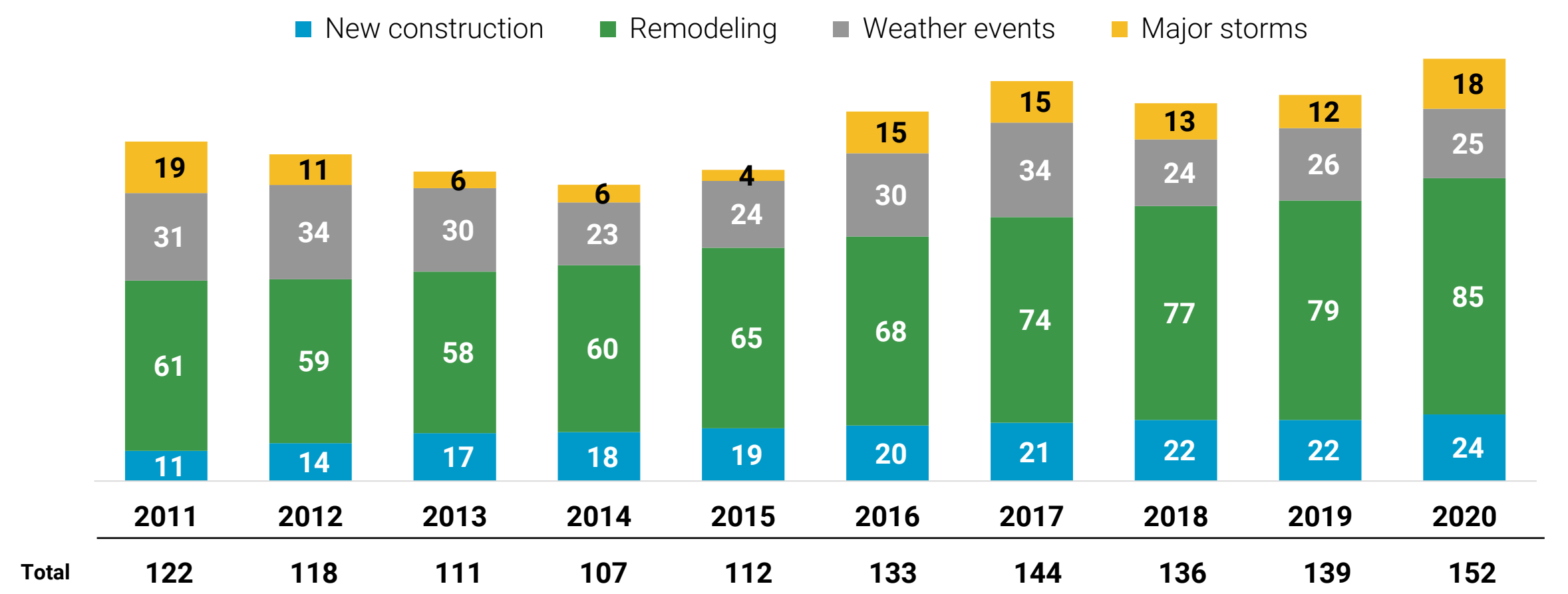


~40mm square average storm market in last 10 years

Weather events drive early replacement of roofs

REMODELING & NEW CONSTRUCTION MARKETS HAVE BEEN GROWING

U.S. asphalt shingle market in mm squares



Source: Owens Corning management estimates based on data provided by Asphalt Roofing Manufacturers Association - Summary of Asphalt Roofing Industry Shipments, National Oceanic and Atmospheric Administration, National Association of Realtors, U.S. Energy Information Administration, Moody's Analytics, Oxford Economics reports, U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis

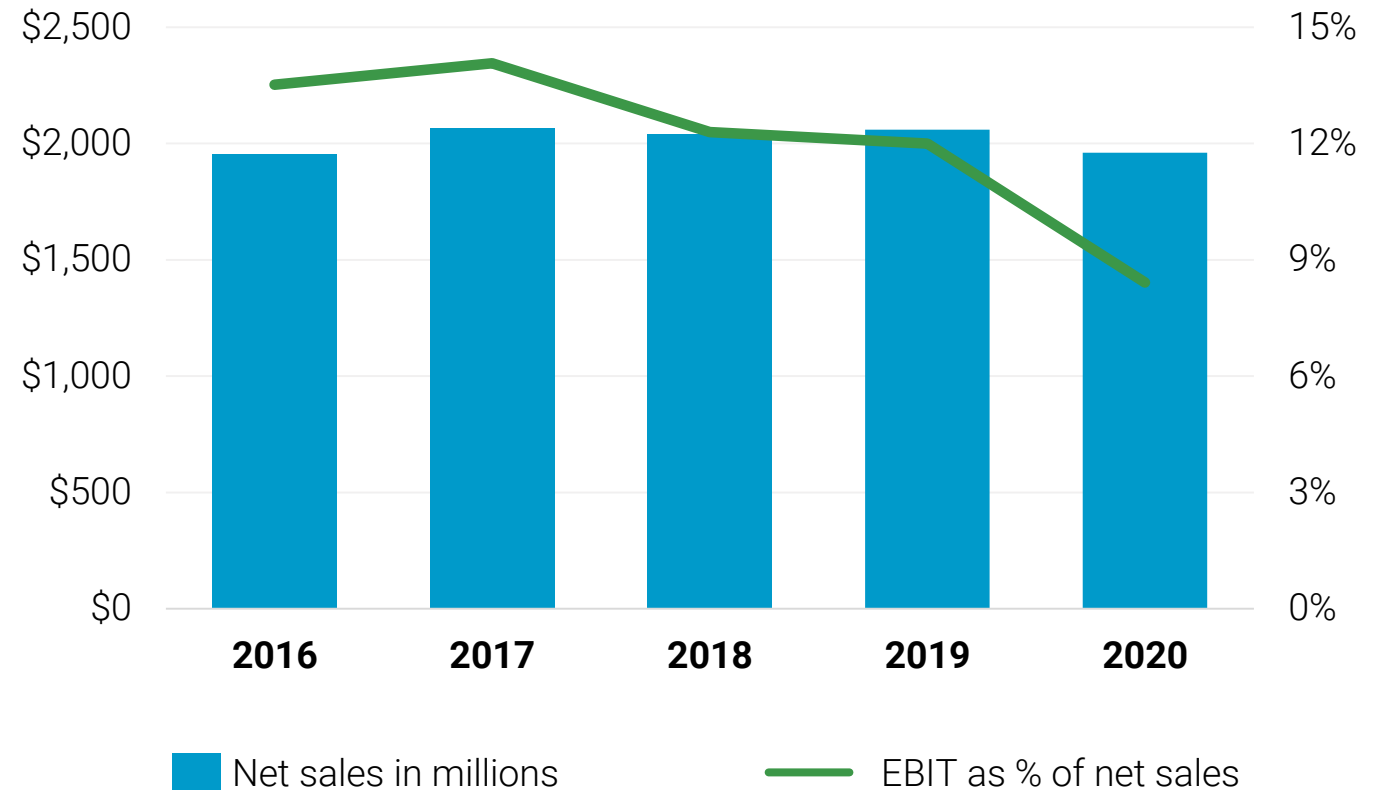
COMPOSITES BUSINESS

More than 50% of revenues driven by building and construction applications

Well-positioned to leverage market growth with a capital-efficient strategy

Glass non-wovens has been an attractive business with strong reinvestment economics

Five-year financial performance



GLASS FIBER – AN \$8B MARKET WITH FAVORABLE EXPOSURE

Building & Construction



Transportation



Consumer



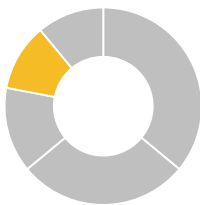
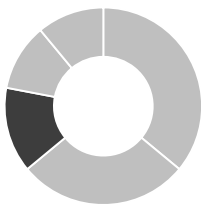
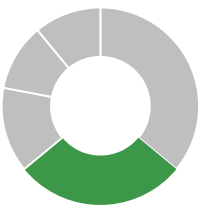
Industrial



Power & Energy



Market Size



OC vs. Market

Overweight

Underweight

Underweight

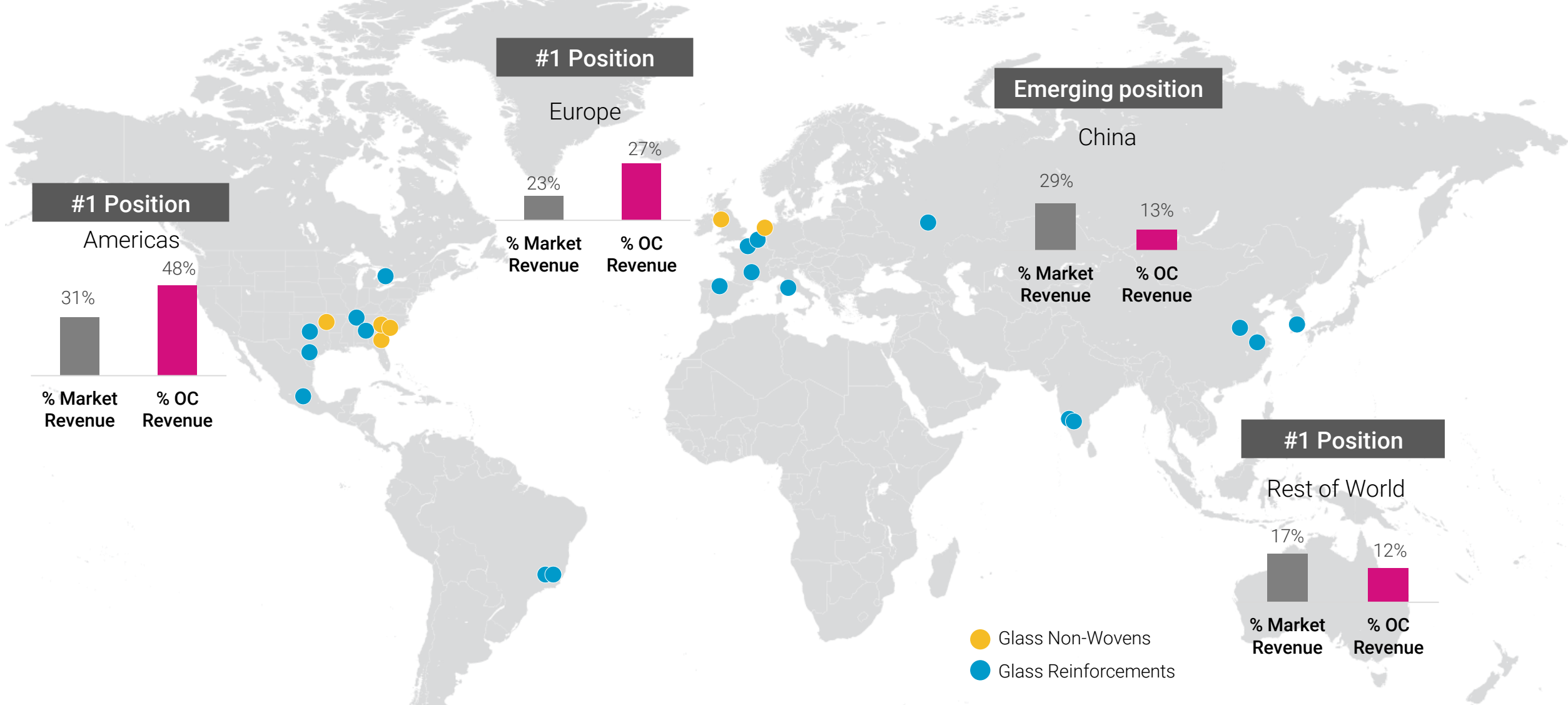
Sector weight

Overweight



Glass fiber market defined as glass fiber reinforcements and direct conversion products as consumed, excluding yarns.
Sources: Fiber Economics Bureau, GlassFibreEurope (APFE), Global Trade Information Services, Inc. and Owens Corning management estimates as of January 2021.

POSITIONED TO COMPETE ANYWHERE IN THE WORLD



% Market Revenue = market revenue in region as % of 2020 global market size; % OC Revenue = OC revenue in region as % of OC Composites global 2020 net sales; Glass reinforcements market defined as glass fiber reinforcements and direct conversion products as consumed, excluding yarns. Sources: Fiber Economics Bureau, GlassFibreEurope (APFE), Global Trade Information Services, Inc. and Owens Corning management estimates of 2020 global market.

ADDITIONAL FINANCIAL INFORMATION

APPENDIX A: KEY FINANCIAL DATA – CORPORATE

(\$ in millions, except per share data)	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales	1,925	1,692	7,055	7,160
Net earnings (loss) attributable to Owens Corning	232	73	(383)	405
Diluted earnings (loss) per common share (EPS) attributable to Owens Corning common stockholders	\$2.13	\$0.66	(\$3.53)	\$3.68
Earnings (loss) before interest and taxes (EBIT)	275	128	(124)	753
Earnings (loss) before interest, taxes, depreciation and amortization (EBITDA)	416	248	369	1,210
Adjusted EBIT	306	204	878	828
Adjusted EBITDA	428	315	1,351	1,276
Adjusted earnings	207	125	566	500
Adjusted EPS (diluted)	\$1.90	\$1.13	\$5.21	\$4.54
Adjusted EBIT as a % of net sales	16%	12%	12%	12%
Adjusted EBITDA as a % of net sales	22%	19%	19%	18%
Depreciation and amortization (D&A)	141	120	493	457
Net cash flow provided by operating activities	418	441	1,135	1,037
Free cash flow	314	308	828	590
Net debt	2,429	2,841	2,429	2,841



Source: Owens Corning SEC filings; please refer to Appendix for reconciliation to Owens Corning SEC filings.

APPENDIX A: KEY FINANCIAL DATA – BUSINESS

(\$ in millions)	Insulation		Roofing		Composites	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Net sales	728	723	702	529	547	480
EBIT	106	89	183	87	60	56
EBIT as % of net sales	15%	12%	26%	16%	11%	12%
D&A	52	48	15	14	42	40

(\$ in millions)	Insulation		Roofing		Composites	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Net sales	2,607	2,668	2,695	2,634	1,960	2,059
EBIT	250	230	591	455	165	247
EBIT as % of net sales	10%	9%	22%	17%	8%	12%
D&A	201	194	59	54	159	154



Source: Owens Corning SEC filings; reportable segment totals are shown in SEC filings before intercompany eliminations

APPENDIX A: KEY FINANCIAL DATA – DISAGGREGATED REVENUE

Twelve Months Ended December 31, 2020						
Reportable Segments						
(\$ in millions)						
Disaggregation Categories	Composites	Insulation	Roofing	Eliminations	Consolidated	
U.S. residential	\$ 272	\$ 949	\$ 2,450	\$ (204)	\$ 3,467	
U.S. commercial and industrial	538	603	133	-	1,274	
Total United States	810	1,552	2,583	(204)	4,741	
Europe	524	609	14	(1)	1,146	
Asia-Pacific	495	158	11	-	664	
Rest of world	131	288	87	(2)	504	
NET SALES	\$ 1,960	\$ 2,607	\$ 2,695	\$ (207)	\$ 7,055	

Twelve Months Ended December 31, 2019						
Reportable Segments						
(\$ in millions)						
Disaggregation Categories	Composites	Insulation	Roofing	Eliminations	Consolidated	
U.S. residential	\$ 269	\$ 927	\$ 2,375	\$ (195)	\$ 3,376	
U.S. commercial and industrial	614	643	143	-	1,400	
Total United States	883	1,570	2,518	(195)	4,776	
Europe	572	625	13	(1)	1,209	
Asia-Pacific	475	176	13	-	664	
Rest of world	129	297	90	(5)	511	
NET SALES	\$ 2,059	\$ 2,668	\$ 2,634	\$ (201)	\$ 7,160	



Source: Owens Corning SEC filings; 2020 Form 10-K

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 1

The reconciliation from net earnings (loss) attributable to Owens Corning to EBIT and Adjusted EBIT is shown in the table below (in millions):

	Predecessor Ten Months Ended October 31, 2006	Successor Two Months Ended December 31, 2006	Twelve Months Ended December 31,								Total of 2006 to 2012
	2006	2006	2006	2007	2008	2009	2010	2011	2012		
Net earnings (loss) attributable to Owens Corning	\$ 8,140	\$ (65)	\$8,075	\$ 95	\$ (813)	\$ 64	\$ 933	\$ 276	\$ (19)	\$ 8,611	
Less: net earnings attributable to non-controlling interests (a)	—	—	—	3	2	3	7	5	3	23	
Net earnings (loss)	8,140	(65)	8,075	98	(811)	67	940	281	(16)	8,634	
Earnings (loss) from and gain on sale of discontinued operations, net of tax	127	(11)	116	69	—	—	—	—	—	185	
Earnings (loss) from continuing operations	8,013	(54)	7,959	29	(811)	67	940	281	(16)	8,449	
Equity in net earnings (loss) of affiliates (a)	—	(4)	(4)	(1)	2	—	4	2	(4)	(1)	
Income tax expense (benefit)	980	(23)	957	(8)	931	14	(840)	74	(28)	1,100	
Earnings (loss) from continuing operations before taxes	8,993	(73)	8,920	22	118	81	96	353	(40)	9,550	
Interest expense, net	241	29	270	122	116	111	110	108	114	951	
Gain on settlement of liabilities subject to compromise	(5,864)	—	(5,864)	—	—	—	—	—	—	(5,864)	
Fresh-start accounting adjustments	(2,919)	—	(2,919)	—	—	—	—	—	—	(2,919)	
Loss on debt extinguishment	—	—	—	—	—	—	—	—	74	74	
Earnings (loss) from continuing operations before interest and taxes	451	(44)	407	144	234	192	206	461	148	1,792	
Adjusting items (b)	5	117	122	(201)	(94)	(116)	(175)	—	(145)	(609)	
Adjusted EBIT	\$ 456	\$ 73	\$ 529	\$ 345	\$ 328	\$ 308	\$ 381	\$ 461	\$ 293	\$ 2,645	
Net sales	\$ 4,627	\$ 772	\$5,399	\$4,978	\$5,847	\$4,803	\$4,997	\$5,335	\$5,172	\$36,531	
Adjusted EBIT as a % of Net sales			10 %	7 %	6 %	6 %	8 %	9 %	6 %	7 %	

(a) In 2006, net earnings attributable to non-controlling interests and equity in net loss of affiliates were presented as one line item on the consolidated financial statements. This amount is reflected in equity in net earnings (loss) of affiliates in the table above.

(b) Management excludes from net earnings (loss) attributable to Owens Corning certain items it believes are not representative of ongoing operations. Please refer to Table 5 of Appendix B for explanation of adjusting items.

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 2

The reconciliation from net earnings (loss) attributable to Owens Corning to EBIT and Adjusted EBIT is shown in the table below (in millions):

	Twelve Months Ended December 31,			Total of 2013 to		Twelve Months Ended December 31,				Total of 2016 to
	2013	2014	2015	2015	2016	2017	2018	2019	2020	2020
Net earnings (loss) attributable to Owens Corning	\$ 204	\$ 226	\$ 330	\$ 760	\$ 393	\$ 289	\$ 545	\$ 405	\$ (383)	\$ 1,249
Less: net earnings (loss) attributable to non-controlling interests	1	2	4	7	6	1	2	—	(2)	7
Net earnings (loss)	205	228	334	767	399	290	547	405	(385)	1,256
Earnings from and gain on sale of discontinued operations, net of tax	—	—	—	—	—	—	—	—	—	—
Earnings (loss) from continuing operations	205	228	334	767	399	290	547	405	(385)	1,256
Equity in net earnings (loss) of affiliates	—	1	1	2	(3)	—	(1)	1	—	(3)
Income tax expense	68	5	120	193	188	269	156	186	129	928
Earnings (loss) from continuing operations before taxes	273	232	453	958	590	559	704	590	(256)	2,187
Interest expense, net	112	114	100	326	108	107	117	131	132	595
Loss (gain) on debt extinguishment	—	46	(5)	41	1	71	—	32	—	104
Earnings (loss) from continuing operations before interest and taxes	385	392	548	1,325	699	737	821	753	(124)	2,886
Adjusting items (a)	(31)	(20)	(2)	(53)	(47)	(118)	(40)	(75)	(1,002)	(1,282)
Adjusted EBIT	\$ 416	\$ 412	\$ 550	\$ 1,378	\$ 746	\$ 855	\$ 861	\$ 828	\$ 878	\$ 4,168
Net sales	\$ 5,295	\$ 5,260	\$ 5,350	\$15,905	\$ 5,677	\$ 6,384	\$ 7,057	\$ 7,160	\$ 7,055	\$33,333
Net sales growth %	2.4 %	(0.7)%	1.7 %	n/a	6.1 %	12.5 %	10.5 %	1.5 %	(1.5)%	n/a
Adjusted EBIT as a % of Net sales	7.9 %	7.8 %	10.3 %	8.7 %	13.1 %	13.4 %	12.2 %	11.6 %	12.4 %	12.5 %

(a) Management excludes from net earnings (loss) attributable to Owens Corning certain items it believes are not representative of ongoing operations. Please refer to Table 5 of Appendix B for explanation of adjusting items.

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 3

The calculations of net operating profit after tax (NOPAT), total capital and return on capital (ROC) are shown in the table below (in millions):

	Twelve Months Ended December 31,					
	2020	2019	2018	2017	2016	2015
<u>Numerator</u>						
Adjusted EBIT (a)	\$ 878	\$ 828	\$ 861	\$ 855	\$ 746	\$ 550
Less: Taxes at pro forma tax rate (b)	(211)	(232)	(224)	(282)	(246)	(182)
Net operating profit after tax	\$ 667	\$ 596	\$ 637	\$ 573	\$ 500	\$ 368
<u>Denominator</u>						
Goodwill	\$ 989	\$ 1,932	\$ 1,949	\$ 1,507	\$ 1,336	\$ 1,167
Intangible assets, net	1,667	1,721	1,779	1,360	1,138	999
Less: Adjustment to exclude pre-emergence and fresh start goodwill and intangible assets, net and other non-acquisition intangibles (c)	(1,439)	(1,978)	(1,994)	(2,008)	(2,025)	(2,043)
Post-emergence goodwill and intangibles	1,217	1,675	1,734	859	449	123
Receivables, less allowances	919	770	794	806	678	709
Inventories	855	1,033	1,072	841	710	644
Less: Accounts payable	(875)	(815)	(851)	(834)	(615)	(535)
Property, plant and equipment, net	3,809	3,855	3,811	3,425	3,112	2,956
Total capital	\$ 5,925	\$ 6,518	\$ 6,560	\$ 5,097	\$ 4,334	\$ 3,897
Average of beginning and ending total capital (d)	\$ 6,222	\$ 6,539	\$ 6,251	\$ 4,716	\$ 4,188	n/a
Return on capital (NOPAT / Average total capital) (e)	10.7 %	9.1 %	10.2 %	12.2 %	11.9 %	n/a

(a) Please refer to Table 2 of Appendix B for the reconciliation of net earnings (loss) attributable to Owens Corning to Adjusted EBIT.

(b) To compute NOPAT, we apply a pro forma effective tax rate to Adjusted EBIT. The pro forma tax rate is equal to each year's effective tax rate, less the impact of significant valuation allowance reversals and deferred tax adjustments described in Table 6 of Appendix B. The following pro forma tax rates were used above: 24% in 2020, 28% in 2019, 26% in 2018, 33% in 2017, 33% in 2016, and 33% in 2015.

(c) Based on Owens Corning internal management reports for the remaining net book value of these respective assets.

(d) Includes Owens Corning management estimate to normalize the mid-year timing impact of the April 21, 2016 InterWrap acquisition on average total capital for 2016 and estimate to normalize early-year timing impact of the February 5, 2018 Paroc acquisition on average total capital for 2018. Accordingly, we added \$72 million to the average of beginning and ending total capital for 2016 and \$422 million to the average of beginning and ending total capital for 2018 to arrive at the figures above. No adjustment was applied to 2017 average total capital for the June 27, 2017 Pittsburgh Corning acquisition, due to the proximity of its acquisition date to mid-year.

(e) When used to discuss segment ROC, the measure differs from the total company ROC formula. Segment return on capital uses a business-specific tax rate and excludes fresh-start accounting adjustments from the numerator and the denominator.

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 4

The reconciliation from net cash flow provided by operating activities to free cash flow and the calculation of free cash flow conversion of adjusted earnings ("free cash flow conversion") are shown in the table below (in millions):

	Twelve Months Ended December 31,					Total of 2016 to 2020	Simple Average 2016 to 2020 (c)
	2016	2017	2018	2019	2020		
Net cash flow provided by operating activities	\$ 943	\$ 1,016	\$ 803	\$ 1,037	\$ 1,135	\$ 4,934	n/a
Less: Cash paid for property, plant and equipment	(373)	(337)	(537)	(447)	(307)	\$ (2,001)	n/a
Free cash flow (a)	\$ 570	\$ 679	\$ 266	\$ 590	\$ 828	\$ 2,933	n/a
Adjusted earnings (b)	\$ 419	\$ 498	\$ 550	\$ 500	\$ 566	\$ 2,533	n/a
Free cash flow conversion	136 %	136 %	48 %	118 %	146 %	116 %	117 %

(a) Free cash flow is a non-GAAP liquidity measure used by investors, financial analysts and management to help evaluate the Company's ability to generate cash to pursue opportunities that enhance shareholder value. Free cash flow is not a measure of residual cash flow available for discretionary expenditures due to the Company's mandatory debt service requirements.

(b) Please refer to Table 6 of Appendix B for the reconciliation from net earnings (loss) attributable to Owens Corning to adjusted earnings.

(c) To compute the simple average of free cash flow conversion for the Dow Jones U.S. Construction and Materials Index (DJUSCN) shown on slide 14, we compute the free cash flow conversion for each of the DJUSCN constituents each year based on comparable data pulled from CapIQ. We then average the free cash flow conversions of all constituents for each year, and compute the simple average of the annual averages from 2016 to 2020. For comparability, we similarly compute a simple average of the Company's free cash flow conversion from 2016 to 2020.

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 5

The adjusting income (expense) items to EBIT are shown in the tables below (in millions):

	Predecessor Ten Months Ended,	Successor Two Months Ended,	Twelve Months Ended December 31,														
	2006	2006	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Chapter 11 related reorganization items	\$ (45)	\$ (10)	\$ (55)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Asbestos litigation claims	13	—	13	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fresh-start accounting impact	—	(63)	(63)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Restructuring (costs) / gains	34	(32)	2	(54)	(7)	(53)	(40)	—	(136)	(26)	(36)	(2)	(28)	(48)	(22)	(28)	(41)
Acquisition-related costs	(7)	(6)	(13)	(101)	(85)	(33)	(13)	—	—	—	—	—	(9)	(15)	(16)	—	—
Recognition of acquisition inventory fair value step-up	—	—	—	—	—	—	—	—	—	—	—	—	(10)	(5)	(2)	—	—
Litigation settlement gain, net of legal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	29	—	—	—
Pension settlement losses	—	—	—	—	—	—	—	—	—	—	—	—	—	(64)	—	(43)	—
Environmental liability charges	—	—	—	—	—	—	—	—	—	—	—	—	—	(15)	—	(4)	—
(Losses) gains on asset sales, impairments, useful life changes and insurance activity	—	—	—	(12)	33	(1)	(120)	—	(9)	(5)	16	—	—	—	—	—	(961)
Net precious metal lease income / (expense)	—	—	—	3	(9)	—	(2)	—	—	—	—	—	—	—	—	—	—
Employee emergence equity program expense	—	(6)	(6)	(37)	(26)	(29)	—	—	—	—	—	—	—	—	—	—	—
Total adjusting items (a)	\$ (5)	\$ (117)	\$ (122)	\$ (201)	\$ (94)	\$ (116)	\$ (175)	\$ —	\$ (145)	\$ (31)	\$ (20)	\$ (2)	\$ (47)	\$ (118)	\$ (40)	\$ (75)	\$ (1,002)

(a) Please refer to each year's respective Form 10-K filing in the "Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT")" paragraph of Management's Discussion and Analysis for additional information on these adjusting items.

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 6

A reconciliation from net earnings (loss) attributable to Owens Corning to adjusted earnings and a reconciliation from diluted earnings (loss) per share to adjusted diluted earnings per share for selected periods are shown in the tables below (in millions, except per share data):

	Twelve Months Ended December 31,				
	2016	2017	2018	2019	2020
RECONCILIATION TO ADJUSTED EARNINGS					
Net earnings (loss) attributable to Owens Corning	\$ 393	\$ 289	\$ 545	\$ 405	\$ (383)
Adjustment to remove adjusting items (a)	47	189	40	107	1,002
Adjustment to remove tax benefit on adjusting items (b)	(11)	(62)	(12)	(24)	(20)
Adjustment to remove significant tax item (c)	(10)	82	(23)	12	(33)
ADJUSTED EARNINGS	\$ 419	\$ 498	\$ 550	\$ 500	\$ 566
RECONCILIATION TO ADJUSTED DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS					
DILUTED EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS	\$ 3.41	\$ 2.55	\$ 4.89	\$ 3.68	\$ (3.53)
Adjustment to remove adjusting items (a)	0.41	1.67	0.36	0.97	9.23
Adjustment to remove tax benefit on adjusting items (b)	(0.10)	(0.54)	(0.11)	(0.22)	(0.18)
Adjustment to remove significant tax items (c)	(0.09)	0.72	(0.20)	0.11	(0.31)
ADJUSTED DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS	\$ 3.63	\$ 4.40	\$ 4.94	\$ 4.54	\$ 5.21
RECONCILIATION TO DILUTED SHARES OUTSTANDING					
Weighted average shares outstanding used for basic earnings per share	114.4	111.5	110.4	109.2	108.6
Non-vested restricted shares and performance shares	0.8	1.5	0.8	0.7	—
Options to purchase common stock	0.2	0.2	0.2	0.2	—
Diluted shares outstanding	115.4	113.2	111.4	110.1	108.6

(a) Management excludes from net earnings (loss) attributable to Owens Corning certain items it believes are not representative of ongoing operations. Please refer to Table 5 of Appendix B for explanation of adjusting items.

(b) The tax impact of adjusting items is based on our expected tax accounting treatment and rate for the jurisdiction of each adjusting item.

(c) For 2020, significant tax items include the impact of a change in valuation allowances recorded against certain deferred tax assets, a change in estimate related to finalized regulations on global intangible low-taxed income (GILTI), part of the U.S. Tax Cuts and Jobs Act of 2017, and the recognition of a deferred tax asset resulting from the transfer of certain intellectual property rights held by wholly owned foreign subsidiaries to the U.S. For 2019, significant tax items include the impact of a change in estimate related to proposed regulations on GILTI, part of the U.S. Tax Cuts and Jobs Act of 2017. For 2018, significant tax items include the impact of our net charge related to the U.S. Tax Cuts and Jobs Act of 2017 and the \$32 million gain related to the settlement of an uncertain tax position in Finland. For 2017, significant tax items include the impact of our net charge related to the U.S. Tax Cuts and Jobs Act of 2017. For 2016, significant tax items include the reversal (recorded in the fourth quarter of 2016) of valuation allowances against certain European net deferred tax assets.

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 7

The reconciliation of Net earnings (loss) attributable to Owens Corning to Earnings (loss) before interest and taxes ("EBIT") and adjusted EBIT, and a reconciliation from EBIT to Earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA are shown in the table below (in millions):

	Twelve Months Ended December 31,	
	2020	2019
NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING	\$ (383)	\$ 405
Net loss attributable to noncontrolling interests	(2)	—
NET EARNINGS (LOSS)	(385)	405
Equity in net earnings of affiliates	—	1
Income tax expense	129	186
EARNINGS (LOSS) BEFORE TAXES	(256)	590
Interest expense, net	132	131
Loss on extinguishment of debt	—	32
EARNINGS (LOSS) BEFORE INTEREST AND TAXES	(124)	753
Adjusting items (a)	(1,002)	(75)
ADJUSTED EBIT	\$ 878	\$ 828
EARNINGS (LOSS) BEFORE INTEREST AND TAXES	\$ (124)	\$ 753
Depreciation and amortization	493	457
EBITDA	369	1,210
Adjusting items (a)	1,002	75
Accelerated depreciation included in restructuring	(20)	(9)
ADJUSTED EBITDA	\$ 1,351	\$ 1,276
Net Sales	7,055	7,160
ADJUSTED EBITDA as a % of Net Sales	19 %	18 %

(a) Please refer to Table 5 of Appendix B for detail of adjusting items to EBIT.

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 8

The calculation of Insulation EBITDA Margins is outlined below, dating back to 1985 (in millions):

Year	(A) Segment / Business EBIT	(A) Segment / Business D&A	Segment / Business EBITDA	Exclude Non- Insulation EBITDA	Insulation EBITDA	(A) Segment / Business Sales	Exclude Non- Insulation Sales	Insulation Sales	EBITDA Margin
1985	165	62	227	22	205	2,075	1,132	943	22%
1986	233	68	301	85	216	1,987	1,055	932	23%
1987	272	57	329	88	241	1,799	873	926	26%
1988	253	59	312	101	211	1,855	948	907	23%
1989	183	72	255	73	182	1,927	1,036	891	20%
1990	116	77	193	40	153	2,007	1,154	853	18%
1991	96	72	168	52	116	1,840	1,049	791	15%
1992	109	81	190	75	115	1,899	1,073	826	14%
1993	175	60	235	82	153	1,946	899	1,047	15%
1994	189	62	251	(15)	266	2,273	1,076	1,197	22%
1995	237	74	311	106	205	2,404	1,218	1,186	17%
1996	281	80	361	148	213	2,682	1,468	1,214	18%
1997	173	106	279	105	174	3,217	1,843	1,374	13%
1998	299	128	427	218	209	3,911	2,549	1,362	15%
1999	523	128	651	293	358	4,179	2,653	1,526	23%
2000	317	112	429	107	322	3,521	2,044	1,477	22%
2001	242	106	348	130	218	3,718	2,301	1,417	15%
2002	300	105	405	167	238	3,886	2,445	1,441	17%
2003	383	103	486	217	269	3,992	2,484	1,508	18%
2004	373	65	438	N/A	438	1,818	N/A	1,818	24%
2005	424	68	492	N/A	492	1,976	N/A	1,976	25%
2006	467	85	552	N/A	552	2,097	N/A	2,097	26%
2007	192	125	317	N/A	317	1,776	N/A	1,776	18%
2008	8	121	129	N/A	129	1,625	N/A	1,625	8%
2009	(96)	122	26	N/A	26	1,324	N/A	1,324	2%
1985-2008 Avg									19%

(a) From 2004-2009, Insulation was presented as its own reportable segment or disclosed as a business within a segment. Segment results from 1985-2003 reflect predecessor company segment structure (Construction Products, Building Products, Building Materials, and Building Materials Systems), with management estimates used to break out Insulation for comparability. 2006 data represents Insulation segment results for two months of predecessor company and ten months of successor company.

APPENDIX B: NON-GAAP RECONCILIATION – TABLE 9

Net debt (a non-GAAP financial measure) is defined by the Company as total borrowings, less cash and cash equivalents. The reconciliation from total debt to net debt is shown in the table below (in millions):

	December 31,	
	2020	2019
Short-term debt	\$ 1	\$ 20
Long-term debt - current portion	19	7
Long-term debt, net of current portion	3,126	2,986
Total debt	\$ 3,146	\$ 3,013
Less: Cash and cash equivalents	(717)	(172)
Net debt	\$ 2,429	\$ 2,841