

OWENS CORNING

FORM 10-K (Annual Report)

Filed 02/12/14 for the Period Ending 12/31/13

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|-------------|---|
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| Telephone | 419-248-8000 |
| CIK | 0001370946 |
| Symbol | OC |
| SIC Code | 3290 - Abrasive, Asbestos, And Miscellaneous |
| Industry | Personal & Household Prods. |
| Sector | Consumer/Non-Cyclical |
| Fiscal Year | 12/31 |

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-33100

Owens Corning

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

43-2109021
(I.R.S. Employer
Identification No.)

**One Owens Corning Parkway,
Toledo, OH**
(Address of principal executive offices)

43659
(Zip Code)

(419) 248-8000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Name of each exchange on which registered</u> |
|--|--|
| Common Stock, par value \$0.01 per share | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

On June 28, 2013, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of \$0.01 par value common stock (the voting stock of the registrant) held by non-affiliates (assuming for purposes of this computation only that the registrant had no affiliates) was approximately \$4,654,656,423.

As of January 31, 2014, 117,835,363 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Owens Corning's proxy statement to be delivered to stockholders in connection with the Annual Meeting of Stockholders to be held on April 17, 2014 (the "2014 Proxy Statement") are incorporated by reference into Part III hereof.

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ITEM 1. BUSINESS

OVERVIEW

Owens Corning was founded in 1938. Since then the Company has continued to grow as a market-leading innovator of glass fiber technology. Owens Corning is a world leader in composite and building materials systems, delivering a broad range of high-quality products and services. Our products range from glass fiber used to reinforce composite materials for transportation, electronics, marine, infrastructure, wind-energy and other high-performance markets to insulation and roofing for residential, commercial and industrial applications.

Unless the context indicates otherwise, the terms “Owens Corning,” “Company,” “we” and “our” in this report refer to Owens Corning and its subsidiaries. References to a particular year mean the Company’s year commencing on January 1 and ending on December 31 of that year.

SEGMENT OVERVIEW

We operate within two segments: Composites, which includes our Reinforcements and Downstream businesses; and Building Materials, which includes our Insulation and Roofing businesses. Our Composites and Building Materials reportable segments accounted for approximately 34 percent and 66 percent of our total reportable segment net sales, respectively, in 2013.

Note 2 to the Consolidated Financial Statements contains information regarding net sales to external customers and total assets attributable to each of Owens Corning’s reportable segments and geographic regions, earnings before interest and taxes for each of Owens Corning’s reportable segments, and information concerning the dependence of our reportable segments on foreign operations, for each of the years 2013, 2012 and 2011.

Composites

Owens Corning glass fiber materials can be found in over 40,000 end-use applications within seven primary markets: power and energy, housing, water distribution, industrial, transportation, consumer and aerospace/military. Such end-use applications include pipe, roofing shingles, sporting goods, computers, telecommunications cables, boats, aircraft, defense, automotive, industrial containers and wind-energy. Our products are manufactured and sold worldwide. We primarily sell our products directly to parts molders and fabricators. Within the building and construction market, our Composites segment sells glass fiber and/or glass mat directly to a small number of major shingle manufacturers, including our own Roofing business.

Our Composites segment is comprised of our Reinforcements and Downstream businesses. Within the Reinforcements business, the Company manufactures, fabricates and sells glass reinforcements in the form of fiber. Within the Downstream business, the Company manufactures and sells glass fiber products in the form of fabrics, mat, veil and other specialized products.

Demand for composites is driven by general global economic activity and, more specifically, by the increasing replacement of traditional materials such as aluminum, wood and steel with composites that offer lighter weight, improved strength, lack of conductivity and corrosion resistance. We estimate that over the last 15 years, on average, annual global demand for composite materials grew at about 1.5 times global GDP.

We compete with composite manufacturers worldwide. According to various industry reports and Company estimates, our Composites segment is a world leader in the production of glass fiber reinforcement materials. Primary methods of competition include innovation, quality, customer service and global geographic reach. For

ITEM 1. BUSINESS (continued)

our commodity products, price is also a method of competition. Significant competitors to the Composites segment include China Fiberglass Co., Ltd., Chongqing Polycom International Corporation Ltd (CPIC), PPG Industries, Taishan Glass Fiber Co., Ltd, and Johns Manville.

Our manufacturing operations in this segment are generally continuous in nature, and we warehouse much of our production prior to sale since we operate primarily with short delivery cycles.

Building Materials

Our Building Materials reportable segment is comprised of the following businesses:

Insulation

Our insulating products help customers conserve energy, provide improved acoustical performance and offer convenience of installation and use, making them a preferred insulating product for new home construction and remodeling. These products include thermal and acoustical batts, loose fill insulation, foam sheathing and accessories, and are sold under well-recognized brand names and trademarks such as Owens Corning PINK® FIBERGLAS™ Insulation. Our Insulation business also manufactures and sells glass fiber pipe insulation, energy efficient flexible duct media, bonded and granulated mineral wool insulation and foam insulation used in above- and below-grade construction applications. We sell our insulation products primarily to insulation installers, home centers, lumberyards, retailers and distributors in the United States and Canada.

Demand for Owens Corning's insulating products is driven by new residential construction, remodeling and repair activity, commercial and industrial construction activity, increasingly stringent building codes and the growing need for energy efficiency. Sales in this business typically follow seasonal home improvement, remodeling and renovation and new construction industry patterns. Demand for new residential construction typically follows on a three-month lagged basis. The peak season for home construction and remodeling in our geographic markets generally corresponds with the second and third calendar quarters, and therefore, our sales levels are typically higher during the second half of the year.

Our Insulation business competes primarily with manufacturers in the United States. According to various industry reports and Company estimates, Owens Corning is North America's largest producer of residential, commercial and industrial insulation, and the second-largest producer of extruded polystyrene foam insulation. Principal methods of competition include innovation and product design, service, location, quality, price and compatibility of systems solutions. Significant competitors in this business include CertainTeed Corporation, Johns Manville, Dow Chemical and Knauf Insulation.

Our Insulation business includes a diverse portfolio with a geographic mix of United States, Canada, Asia-Pacific, and Latin America, a market mix of residential, commercial, industrial and other markets, and a channel mix of retail, contractor and distribution.

Working capital practices for this business historically have followed a seasonal cycle. Typically, our insulation plants run continuously throughout the year. This production plan, along with the seasonal nature of the business, generally results in higher finished goods inventory balances in the first half of the year. Since sales increase during the second half of the year, our accounts receivable balances are typically higher during this period.

Roofing

Our primary products in the Roofing business are laminate and strip asphalt roofing shingles. Other products include oxidized asphalt and roofing accessories. We have been able to meet the growing demand for longer lasting, aesthetically attractive laminate products with modest capital investment.

ITEM 1. BUSINESS (continued)

We sell shingles and roofing accessories primarily through home centers, lumberyards, retailers, distributors and contractors in the United States and sell other asphalt products internally to manufacture residential roofing products and externally to other roofing manufacturers. We also sell asphalt to roofing contractors and distributors for built-up roofing asphalt systems and to manufacturers in a variety of other industries, including automotive, chemical, rubber and construction.

Demand for products in our Roofing business is generally driven by both residential repair and remodeling activity and by new residential construction. Roofing damage from major storms can significantly increase demand in this business. As a result, sales in this segment do not always follow seasonal home improvement, remodeling and new construction industry patterns as closely as our Insulation business.

Our Roofing business competes primarily with manufacturers in the United States. According to various industry reports and Company estimates, Owens Corning's Roofing business is the second largest producer of asphalt roofing shingles in the United States. Principal methods of competition include innovation and product design, proximity to customers and quality. Significant competitors in the Roofing business include GAF, CertainTeed Corporation and TAMKO.

Our manufacturing operations are generally continuous in nature, and we warehouse much of our production prior to sale since we operate with relatively short delivery cycles. One of the raw materials important to this business is sourced from a sole supplier. We have a long-term supply contract for this material, and have no reason to believe that any availability issues will exist. If this supply was to become unavailable, our production could be interrupted until such time as the supplies again became available or the Company reformulated its products. Additionally, the supply of asphalt, another significant raw material in this segment, has been constricted at times. Although this has not caused an interruption of our production in the past, prolonged asphalt shortages would restrict our ability to produce products in this business.

GENERAL

Major Customers

No one customer accounted for more than 10 percent of our consolidated net sales for 2013. A significant portion of the net sales in our Building Materials segment is generated from large United States home improvement retailers.

Intellectual Property

We rely on a combination of intellectual property laws, as well as confidentiality procedures and contractual provisions, to protect our proprietary technology and our brands. Through continuous and extensive use of the color PINK since 1956, Owens Corning became the first owner of a single color trademark registration. In addition to our Owens Corning and PINK brands, we have registered, and applied for the registration of, U.S. and international trademarks, service marks, and domain names. Additionally, we have filed U.S. and international patent applications, including numerous issued patents, covering certain of our proprietary technology resulting from research and development efforts. Over time, we have assembled a portfolio of intellectual property rights including patents, trademarks, service marks, copyrights, domain names, know-how and trade secrets covering our products and services. Our proprietary technology is not dependent on any single or group of intellectual property rights and we do not expect the expiration of existing intellectual property to have a material adverse affect on the business as a whole. We believe the duration of our patents is adequate relative to the expected lives of our products. Although we protect our proprietary technology, any significant impairment of, or third-party claim against, our intellectual property rights could harm our business or our ability to compete.

ITEM 1. BUSINESS (continued)

Backlog

Our customer volume commitments are generally short term, and we do not have a significant backlog of orders.

Research and Development

The Company's research and development expense during each of the last three years is presented in the table below (in millions):

| <u>Period</u> | <u>Research and Development Expense</u> |
|---------------------------------------|---|
| Twelve Months Ended December 31, 2013 | \$ 77 |
| Twelve Months Ended December 31, 2012 | \$ 79 |
| Twelve Months Ended December 31, 2011 | \$ 77 |

Environmental Control

Owens Corning is committed to complying with all environmental laws and regulations that are applicable to our operations. We are dedicated to continuous improvement in our environmental, health and safety performance.

We have not experienced a material adverse effect upon our capital expenditures or competitive position as a result of environmental control legislation and regulations. Operating costs associated with environmental compliance were approximately \$34 million in 2013. We continue to invest in equipment and process modifications to remain in compliance with applicable environmental laws and regulations worldwide.

Our manufacturing facilities are subject to numerous national, state and local environmental protection laws and regulations. Regulatory activities of particular importance to our operations include those addressing air pollution, water pollution, waste disposal and chemical control. The most significant current regulatory activity is the United States Environmental Protection Agency's ongoing evaluation of the past air emission and air permitting activities of the glass industry, including fiberglass insulation. We expect passage and implementation of new laws and regulations specifically addressing climate change, toxic air emissions, ozone forming emissions and fine particulate during the next two to five years. However, based on information known to the Company, including the nature of our manufacturing operations and associated air emissions, at this time we do not expect any of these new laws, regulations or activities to have a material adverse effect on our results of operations, financial condition or long-term liquidity.

We have been deemed by the United States Environmental Protection Agency to be a Potentially Responsible Party ("PRP") with respect to certain sites under the Comprehensive Environmental Response Compensation and Liability Act. We have also been deemed a PRP under similar state or local laws and in other instances other PRPs have brought suits against us as a PRP for contribution under such federal, state, or local laws. At December 31, 2013, we had environmental remediation liabilities as a PRP at 20 sites where we have a continuing legal obligation to either complete remedial actions or contribute to the completion of remedial actions as part of a group of PRPs. For these sites we estimate a reserve to reflect environmental liabilities that have been asserted or are probable of assertion, in which liabilities are probable and reasonably estimable. At December 31, 2013, our reserve for such liabilities was \$5 million.

Number of Employees

As of December 31, 2013 Owens Corning had approximately 15,000 employees. Approximately 7,000 of such employees are subject to collective bargaining agreements. We believe that our relations with employees are good.

ITEM 1. BUSINESS (continued)

AVAILABILITY OF INFORMATION

Owens Corning makes available, free of charge, through its website the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. These documents are available through the Investor Relations page of the Company's website at www.owenscorning.com.

ITEM 1A. RISK FACTORS

RISKS RELATED TO OUR BUSINESS AND OUR INDUSTRY

Low levels of residential or commercial construction activity can have a material adverse impact on our business and results of operations.

A large portion of our products are used in the markets for residential and commercial construction, repair and improvement, and demand for certain of our products is affected in part by the level of new residential construction in the United States, although typically not until a number of months after the change in the level of construction. Historically, construction activity has been cyclical and is influenced by prevailing economic conditions, including the level of interest rates and availability of financing and other factors outside our control.

We face significant competition in the markets we serve and we may not be able to compete successfully.

All of the markets we serve are highly competitive. We compete with manufacturers and distributors, both within and outside the United States, in the sale of building products and composite products. Some of our competitors may have superior financial, technical, marketing and other resources than we do. In some cases, we face competition from manufacturers in countries able to produce similar products at lower costs. We also face competition from the introduction by competitors of new products or technologies that may address our customers' needs in a better manner, whether based on considerations of pricing, usability, effectiveness, sustainability or other features or benefits. If we are not able to successfully commercialize our innovation efforts, we may lose market share. Price competition or overcapacity may limit our ability to raise prices for our products when necessary, may force us to reduce prices and may also result in reduced levels of demand for our products and cause us to lose market share. In addition, in order to effectively compete, we must continue to develop new products that meet changing consumer preferences and successfully develop, manufacture and market these new products. Our inability to effectively compete could result in the loss of customers and reduce the sales of our products, which could have a material adverse impact on our business, financial condition and results of operations.

Our sales may fall rapidly in response to declines in demand because we do not operate under long-term volume agreements to supply our customers and because of customer concentration in certain segments.

Many of our customer volume commitments are short-term; therefore, we do not have a significant manufacturing backlog. As a result, we do not benefit from the hedge provided by long-term volume contracts against downturns in customer demand and sales. Further, we are not able to immediately adjust our costs in response to declines in sales. In addition, although no single customer represents more than 10 percent of our annual sales, our ability to sell some of the products in our building materials product category is dependent on a limited number of customers, who account for a significant portion of such sales. The loss of key customers for these products, or a significant reduction in sales to those customers, could significantly reduce our revenues from these products. In addition, if key customers experience financial pressure, they could attempt to demand more favorable contractual terms, which would place additional pressure on our margins and cash flows. Lower demand for our products, loss of key customers and material changes to contractual terms could materially and adversely impact our business, financial condition and results of operations.

Worldwide economic conditions and credit tightening could have a material adverse impact on the Company.

The Company's business may be materially and adversely impacted by changes in United States or global economic conditions, including global industrial production rates, inflation, deflation, interest rates, availability of capital, consumer spending rates, energy availability and costs, and the effects of governmental initiatives to

ITEM 1A. RISK FACTORS (continued)

manage economic conditions. Volatility in financial markets and the deterioration of national and global economic conditions could materially adversely impact the Company's operations, financial results and/or liquidity including as follows:

- the financial stability of our customers or suppliers may be compromised, which could result in reduced demand for our products, additional bad debts for the Company or non-performance by suppliers;
- one or more of the financial institutions syndicated under the Credit Agreement applicable to our committed senior revolving credit facility may cease to be able to fulfill their funding obligations, which could materially adversely impact our liquidity;
- it may become more costly or difficult to obtain financing or refinance the Company's debt in the future;
- the value of the Company's assets held in pension plans may decline; and/or
- the Company's assets may be impaired or subject to write down or write off.

Uncertainty about global economic conditions may cause consumers of our products to postpone spending in response to tighter credit, negative financial news and/or declines in income or asset values. This could have a material adverse impact on the demand for our products and on our financial condition and operating results. A deterioration of economic conditions would likely exacerbate these adverse effects and could result in a wide-ranging and prolonged impact on general business conditions, thereby negatively impacting our operations, financial results and/or liquidity.

Our level of indebtedness could adversely impact our business, financial condition or results of operations.

Our debt level and degree of leverage could have important consequences, including the following:

- they may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- a substantial portion of our cash flows from operations could be required for the payment of principal and interest on our indebtedness and may not be available for other business purposes;
- certain of our borrowings are at variable rates of interest exposing us to the risk of increased interest rates;
- if due to liquidity needs we must replace any indebtedness upon maturity, we would be exposed to the risk that we may not be able to refinance such indebtedness;
- they may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt; and
- we may be vulnerable in a downturn in general economic conditions or in our business, or we may be unable to carry out important capital spending.

In addition, the credit agreement governing our senior credit facility, the indentures governing our senior notes and the Receivables Purchase Agreement governing our receivables securitization facility contain various covenants that impose operating and financial restrictions on us and/or our subsidiaries.

ITEM 1A. RISK FACTORS (continued)

Adverse weather conditions and the level of severe storms could have a material adverse impact on our results of operations.

Weather conditions and the level of severe storms can have a significant impact on the markets for residential and commercial construction, repair and improvement, which can in turn impact our business as follows:

- Generally, any weather conditions that slow or limit residential or commercial construction activity can adversely impact demand for our products.
- A portion of our annual product demand is attributable to the repair of damage caused by severe storms. In periods with below average levels of severe storms, demand for such products could be reduced.

Lower demand for our products as a result of either of these scenarios could adversely impact our business, financial condition and results of operations.

Our operations require substantial capital, leading to high levels of fixed costs that will be incurred regardless of our level of business activity.

Our businesses are capital intensive, and regularly require capital expenditures to expand operations, maintain equipment, increase operating efficiency and comply with applicable laws and regulations, leading to high fixed costs, including depreciation expense. Also, increased regulatory focus could lead to additional or higher costs in the future. We are limited in our ability to reduce fixed costs quickly in response to reduced demand for our products and these fixed costs may not be fully absorbed, resulting in higher average unit costs and lower gross margins if we are not able to offset this higher unit cost with price increases. Alternatively, we may be limited in our ability to quickly respond to unanticipated increased demand for our products, which could result in an inability to satisfy demand for our products and loss of market share.

We may be exposed to increases in costs of energy, materials and transportation or reductions in availability of materials and transportation, which could reduce our margins and have a material adverse impact on our business, financial condition and results of operations.

Our business relies heavily on certain commodities and raw materials used in our manufacturing processes. Additionally, we spend a significant amount on natural gas inputs and services that are influenced by energy prices, such as asphalt, a large number of chemicals and resins and transportation costs. Price increases for these inputs could raise costs and reduce our margins if we are not able to offset them by increasing the prices of our products, improving productivity or hedging where appropriate. Availability of certain of the raw materials we use has, from time to time, been limited, and our sourcing of some of these raw materials from a limited number of suppliers, and in some cases a sole supplier, increases the risk of unavailability. Despite our contractual supply agreements with many of our suppliers, it is possible that we could experience a lack of certain raw materials which could limit our ability to produce our products, thereby materially and adversely impact our business, financial condition and results of operations.

We are subject to risks relating to our information technology systems, and any failure to adequately protect our critical information technology systems could materially affect our operations.

We rely on information technology systems across our operations, including for management, supply chain and financial information and various other processes and transactions. Our ability to effectively manage our business depends on the security, reliability and capacity of these systems. Information technology system failures, network disruptions or breaches of security could disrupt our operations, causing delays or cancellation of customer orders or impeding the manufacture or shipment of products, processing of transactions or reporting of

ITEM 1A. RISK FACTORS (continued)

financial results. An attack or other problem with our systems could also result in the disclosure of proprietary information about our business or confidential information concerning our customers or employees, which could result in significant damage to our business and our reputation.

We have put in place security measures designed to protect against the misappropriation or corruption of our systems, intentional or unintentional disclosure of confidential information, or disruption of our operations. However, advanced cyber-security threats, such as computer viruses, attempts to access information, and other security breaches, are persistent and continue to evolve making them increasingly difficult to identify and prevent. Protecting against these threats may require significant resources, and we may not be able to implement measures that will protect against all of the significant risks to our information technology systems. In addition, we rely on a number of third party service providers to execute certain business processes and maintain certain IT systems and infrastructure, any breach of security on their part could impair our ability to affectively operate. Moreover, our operations in certain geographic locations, may be particularly vulnerable to security attacks or other problems. Any breach of our security measures could result in unauthorized access to and misappropriation of our information, corruption of data or disruption of operations or transactions, any of which could have a material adverse effect on our business.

We are subject to risks associated with our international operations.

We sell products and operate plants throughout the world. Our international sales and operations are subject to risks and uncertainties, including:

- difficulties and costs associated with complying with a wide variety of complex and changing laws, treaties and regulations;
- limitations on our ability to enforce legal rights and remedies;
- adverse economic and political conditions, business interruption, war and civil disturbance;
- tax rate changes;
- tax inefficiencies and currency exchange controls that may adversely impact our ability to repatriate cash from non-United States subsidiaries;
- the imposition of tariffs or other import or export restrictions;
- costs and availability of shipping and transportation;
- nationalization of properties by foreign governments; and
- currency exchange rate fluctuations between the United States dollar and foreign currencies.

As we continue to expand our business globally, we may have difficulty anticipating and effectively managing these and other risks that our international operations may face, which may adversely impact our business outside the United States and our business, financial condition and results of operations.

In addition, we operate in many parts of the world that have experienced governmental corruption and we could be adversely affected by violations of the Foreign Corrupt Practices Act (“FCPA”) and similar worldwide anti-corruption laws. The FCPA and similar anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Although we mandate compliance with these anti-corruption laws and maintain an anti-corruption compliance program, we cannot assure you that these measures will necessarily prevent violations of

ITEM 1A. RISK FACTORS (continued)

these laws by our employees or agents. If we were found to be liable for violations of anti-corruption, we could be liable for criminal or civil penalties or other sanctions, which could have a material adverse impact on our business, financial condition and results of operations.

The Company's income tax net operating loss carryforwards may be limited and our results of operations may be adversely impacted.

The Company has substantial deferred tax assets related to net operating losses (NOLs) for United States federal and state income tax purposes, which are available to offset future taxable income. However, the Company's ability to utilize or realize the current carrying value of the NOLs may be impacted as a result of certain events, such as changes in tax legislation or insufficient future taxable income prior to expiration of the NOLs or annual limits imposed under Section 382 of the Internal Revenue Code, or by state law, as a result of a change in control. A change in control is generally defined as a cumulative change of 50 percent or more in the ownership positions of certain stockholders during a rolling three year period. Changes in the ownership positions of certain stockholders could occur as the result of stock transactions by such stockholders and/or by the issuance of stock by the Company. Such limitations may cause the Company to pay income taxes earlier and in greater amounts than would be the case if the NOLs were not subject to such limitations.

Should the Company determine that it is likely that its recorded NOL benefits are not realizable, the Company would be required to reduce the NOL tax benefit reflected on its financial statements to the net realizable amount either by a direct adjustment to the NOL tax benefit or by establishing a valuation reserve and recording a corresponding charge to current earnings. The corresponding charge to current earnings would have an adverse effect on the Company's financial condition and results of operations in the period in which it is recorded. Conversely, if the Company is required to increase its NOL tax benefit either by a direct adjustment or reversing any portion of the accounting valuation against its deferred tax assets related to its NOLs, such credit to current earnings could have a positive effect on the Company's business, financial condition and results of operations in the period in which it is recorded.

Our intellectual property rights may not provide meaningful commercial protection for our products or brands, which could adversely impact our business, financial condition and results of operations.

Owens Corning relies on its proprietary intellectual property, including numerous registered trademarks, as well as its licensed intellectual property. We monitor and protect against activities that might infringe, dilute, or otherwise harm our patents, trademarks and other intellectual property and rely on the patent, trademark and other laws of the United States and other countries. However, we may be unable to prevent third parties from using our intellectual property without our authorization. To the extent we cannot protect our intellectual property, unauthorized use and misuse of our intellectual property could harm our competitive position and have a material adverse impact on our business, financial condition and results of operations. In addition, the laws of some non-United States jurisdictions provide less protection for our proprietary rights than the laws of the United States and we therefore may not be able to effectively enforce our intellectual property in these jurisdictions. If we are unable to maintain certain exclusive licenses, our brand recognition and sales could be adversely impacted. Current employees, contractors and suppliers have, and former employees, contractors and suppliers may have, access to information regarding our operations which could be disclosed improperly and in breach of contract to our competitors or otherwise used to harm us.

Our hedging activities to address energy price fluctuations may not be successful in offsetting increases in those costs or may reduce or eliminate the benefits of any decreases in those costs.

In order to mitigate short-term variation in our operating results due to commodity price fluctuations, we hedge a portion of our near-term exposure to the cost of energy, primarily natural gas. The results of our hedging practices could be positive, neutral or negative in any period depending on price changes of the hedged exposures.

ITEM 1A. RISK FACTORS (continued)

Our hedging activities are not designed to mitigate long-term commodity price fluctuations and, therefore, will not protect us from long-term commodity price increases. In addition, in the future, our hedging positions may not correlate to our actual energy costs, which would cause acceleration in the recognition of unrealized gains and losses on our hedging positions in our operating results.

We could face potential product liability and warranty claims, we may not accurately estimate costs related to such claims, and we may not have sufficient insurance coverage available to cover such claims.

Our products are used and have been used in a wide variety of residential and commercial applications. We face an inherent business risk of exposure to product liability or other claims in the event our products are alleged to be defective or that the use of our products is alleged to have resulted in harm to others or to property. We may in the future incur liability if product liability lawsuits against us are successful. Moreover, any such lawsuits, whether or not successful, could result in adverse publicity to us, which could cause our sales to decline.

In addition, consistent with industry practice, we provide warranties on many of our products and we may experience costs of warranty or breach of contract claims if our products have defects in manufacture or design or they do not meet contractual specifications. We estimate our future warranty costs based on historical trends and product sales, but we may fail to accurately estimate those costs and thereby fail to establish adequate warranty reserves for them. We maintain insurance coverage to protect us against product liability, warranty and breach of contract claims, but that coverage may not be adequate to cover all claims that may arise or we may not be able to maintain adequate insurance coverage in the future at an acceptable cost. Any liability not covered by insurance or that exceeds our established reserves could materially and adversely impact our business, financial condition and results of operations.

We may be subject to liability under and may make substantial future expenditures to comply with environmental laws and regulations.

Our manufacturing facilities are subject to numerous foreign, federal, state and local laws and regulations relating to the presence of hazardous materials, pollution and the protection of the environment, including those governing emissions to air, discharges to water, use, storage and transport of hazardous materials, storage, treatment and disposal of waste, remediation of contaminated sites and protection of worker health and safety.

Liability under these laws involves inherent uncertainties. Violations of environmental, health and safety laws are subject to civil, and, in some cases, criminal sanctions. As a result of these uncertainties, we may incur unexpected interruptions to operations, fines, penalties or other reductions in income which could adversely impact our business, financial condition and results of operations. Continued and increased government and public emphasis on environmental issues is expected to result in increased future investments for environmental controls at ongoing operations, which will be charged against income from future operations. Present and future environmental laws and regulations applicable to our operations, and changes in their interpretation, may require substantial capital expenditures or may require or cause us to modify or curtail our operations, which may have a material adverse impact on our business, financial condition and results of operations.

We will not be insured against all potential losses and could be seriously harmed by natural disasters, catastrophes or sabotage.

Many of our business activities involve substantial investments in manufacturing facilities and many products are produced at a limited number of locations. These facilities could be materially damaged by natural disasters such as floods, tornados, hurricanes and earthquakes or by sabotage. We could incur uninsured losses and liabilities arising from such events, including damage to our reputation, and/or suffer material losses in operational capacity, which could have a material adverse impact on our business, financial condition and results of operations.

ITEM 1A. RISK FACTORS (continued)

We depend on our senior management team and other skilled and experienced personnel to operate our business effectively, and the loss of any of these individuals or the failure to attract additional personnel could adversely impact our financial condition and results of operations.

We are highly dependent on the skills and experience of our senior management team and other skilled and experienced personnel. These individuals possess sales, marketing, manufacturing, logistical, financial, business strategy and administrative skills that are important to the operation of our business. We cannot assure that we will be able to retain all of our existing senior management personnel. The loss of any of these individuals or an inability to attract additional personnel could prevent us from implementing our business strategy and could adversely impact our business and our future financial condition or results of operations.

Downgrades of our credit ratings could adversely impact us.

Our credit ratings are important to our cost of capital. The major debt rating agencies routinely evaluate our debt based on a number of factors, which include financial strength and business risk as well as transparency with rating agencies and timeliness of financial reporting. A downgrade in our debt rating could result in increased interest and other expenses on our existing variable interest rate debt, and could result in increased interest and other financing expenses on future borrowings. Downgrades in our debt rating could also restrict our access to capital markets and affect the value and marketability of our outstanding notes.

Increases in the cost of labor, union organizing activity, labor disputes and work stoppages at our facilities could delay or impede our production, reduce sales of our products and increase our costs.

The costs of labor are generally increasing, including the costs of employee benefit plans. We are subject to the risk that strikes or other types of conflicts with personnel may arise or that we may become the subject of union organizing activity at additional facilities. In particular, renewal of collective bargaining agreements typically involves negotiation, with the potential for work stoppages or increased costs at affected facilities.

We are subject to litigation in the ordinary course of business and uninsured judgments or a rise in insurance premiums may adversely impact our business, financial condition and results of operations.

In the ordinary course of business, we are subject to various claims and litigation. Any such claims, whether with or without merit, could be time consuming and expensive to defend and could divert management's attention and resources. In accordance with customary practice, we maintain insurance against some, but not all, of these potential claims. In the future, we may not be able to maintain insurance at commercially acceptable premium levels at all. In addition, the levels of insurance we maintain may not be adequate to fully cover any and all losses or liabilities. If any significant judgment or claim is not fully insured or indemnified against, it could have a material adverse impact on our business, financial condition and results of operations.

If our efforts in acquiring and integrating other businesses, establishing joint ventures or expanding our production capacity are not successful, our business may not grow.

We have historically grown our business through acquisitions, joint ventures and the expansion of our production capacity. Our ability to grow our business through these investments depends upon our ability to identify, negotiate and finance suitable arrangements. If we cannot successfully execute on our investments on a timely basis, we may be unable to generate sufficient revenue to offset acquisition, integration or expansion costs, we may incur costs in excess of what we anticipate, and our expectations of future results of operations, including cost savings and synergies, may not be achieved. Acquisitions, joint ventures and production capacity expansions involve substantial risks, including:

- unforeseen difficulties in operations, technologies, products, services, accounting and personnel;
- diversion of financial and management resources from existing operations;

ITEM 1A. RISK FACTORS (continued)

- unforeseen difficulties related to entering geographic regions or markets where we do not have prior experience;
- risks relating to obtaining sufficient equity or debt financing;
- difficulty in integrating the acquired business' standards, processes, procedures and controls with our existing operations;
- potential loss of key employees; and
- potential loss of customers.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities, and harm our business generally. Future acquisitions and investments could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, or amortization expenses, or write-offs of goodwill, any of which could have a material adverse impact on our business, financial condition and results of operations. Also, the anticipated benefits of our investments may not materialize.

Our ongoing efforts to increase productivity and reduce costs may not result in anticipated savings in operating costs.

Our cost reduction and productivity efforts, including those related to our existing operations, production capacity expansions and new manufacturing platforms, may not produce anticipated results. Our ability to achieve cost savings and other benefits within expected time frames is subject to many estimates and assumptions. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. If these estimates and assumptions are incorrect, if we experience delays, or if other unforeseen events occur, our business, financial condition and results of operations could be adversely impacted.

Significant changes in the factors and assumptions used to measure our defined benefit plan obligations, actual investment returns on pension assets and other factors could have a negative impact on our financial condition or liquidity.

We have certain defined benefit pension plans and other postretirement benefit (“OPEB”) plans. Our future funding requirements for defined benefit pension and OPEB plans depend upon a number of factors and assumptions, including our actual experience against assumptions with regard to interest rates used to determine funding levels; return on plan assets; benefit levels; participant experience (e.g., mortality and retirement rates); health care cost trends; and applicable regulatory changes. To the extent actual results are less favorable than our assumptions, there could be a material adverse impact on our financial condition and results of operations.

Additional risks exist due to the nature and magnitude of our investments, including the implementation of or changes to the investment policy, insufficient market capacity to absorb a particular investment strategy or high volume transactions, and the inability to quickly rebalance illiquid and long-term investments.

As of December 31, 2013 and 2012, our U.S. and worldwide defined benefit pension plans were underfunded by a total of \$336 million and \$481 million and OPEB obligations were underfunded by \$244 million and \$273 million. If our cash flows and capital resources are insufficient to fund our pension or OPEB obligations, we could be forced to reduce or delay investments and capital expenditures, seek additional capital, or restructure or refinance our indebtedness.

ITEM 1A. RISK FACTORS (continued)

RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK

The market price of our common stock is subject to volatility.

The market price of our common stock could be subject to wide fluctuations in response to numerous factors, many of which are beyond our control. These factors include actual or anticipated variations in our operational results and cash flow, our earnings relative to our competition, changes in financial estimates by securities analysts, trading volume, sales by holders of large amounts of our common stock, short selling, market conditions within the industries in which we operate, seasonality of our business operations, the general state of the securities markets and the market for stocks of companies in our industry, governmental legislation or regulation and currency and exchange rate fluctuations, as well as general economic and market conditions, such as recessions.

We are a holding company with no operations of our own and depend on our subsidiaries for cash.

As a holding company, most of our assets are held by our direct and indirect subsidiaries and we will primarily rely on dividends and other payments or distributions from our subsidiaries to meet our debt service and other obligations and to enable us to pay dividends. The ability of our subsidiaries to pay dividends or make other payments or distributions to us will depend on their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization (which may limit the amount of funds available for the payment of dividends or other payments), agreements of those subsidiaries, agreements with any co-investors in non-wholly-owned subsidiaries, the terms of our credit facility and senior notes and the covenants of any future outstanding indebtedness we or our subsidiaries may incur.

Provisions in our amended and restated certificate of incorporation and bylaws or Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and therefore depress the trading price of our common stock.

Our amended and restated certificate of incorporation and bylaws contain provisions that could depress the trading price of our common stock through provisions that may discourage, delay or prevent a change in control of our company or changes in our management that our stockholders may deem advantageous.

Additionally, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder and which may discourage, delay or prevent a change in control of our company.

Dividends on our common stock are declared at the discretion of our Board of Directors.

On February 12, 2014, the Company announced the initiation of a quarterly common stock dividend for holders of record as of March 14, 2014. The payment of any future cash dividends to our stockholders will depend on decisions that will be made by our Board of Directors and will depend on then existing conditions, including our operating results, financial conditions, contractual restrictions, corporate law restrictions, capital agreements, applicable laws of the State of Delaware and business prospects.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Composites

Our Composites segment operates out of 29 manufacturing facilities. Principal manufacturing facilities for our Composites segment, all of which are owned by us except the Ibaraki, Japan facility, which is leased, include the following:

| | |
|--------------------------|-------------------|
| Amarillo, Texas | Kimchon, Korea |
| Anderson, South Carolina | L'Ardoise, France |
| Chambery, France | Rio Claro, Brazil |
| Guelph, Ontario, Canada | Taloja, India |
| Gous, Russia | Tlaxcala, Mexico |
| Jackson, Tennessee | Yuhang, China |

Building Materials

Our Building Materials segment operates out of 61 manufacturing facilities, primarily in North America. These facilities are summarized below by each of the businesses within our Building Materials segment.

Our Insulation business operates out of 32 manufacturing facilities. Principal manufacturing facilities for our Insulation business, all of which are owned, include the following:

| | |
|-----------------------------|--------------------------|
| Delmar, New York | Newark, Ohio |
| Edmonton, Alberta, Canada | Rockford, Illinois |
| Fairburn, Georgia | Santa Clara, California |
| Guangzhou, Guangdong, China | Tallmadge, Ohio |
| Kansas City, Kansas | Toronto, Ontario, Canada |
| Mexico City, Mexico | Wabash, Indiana |
| Mt. Vernon, Ohio | Waxahachie, Texas |

Our Roofing business operates out of 29 manufacturing facilities. Principal manufacturing facilities for our Roofing business, all of which are owned by us, include the following:

| | |
|-----------------------|--------------------|
| Atlanta, Georgia | Kearny, New Jersey |
| Compton, California | Medina, Ohio |
| Denver, Colorado | Portland, Oregon |
| Irving, Texas | Savannah, Georgia |
| Jacksonville, Florida | Summit, Illinois |

We believe that these properties are in good condition and well maintained, and are suitable and adequate to carry on our business. The capacity of each plant varies depending upon product mix.

Our principal executive offices are located in the Owens Corning World Headquarters, Toledo, Ohio, a leased facility of approximately 400,000 square feet.

Our research and development activities are primarily conducted at our Science and Technology Center, located on approximately 500 acres of land owned by us outside of Granville, Ohio. It consists of approximately 20 structures totaling more than 650,000 square feet. In addition, we have application development and other product and market focused research and development centers in various locations.

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ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

EXECUTIVE OFFICERS OF OWENS CORNING

The name, age and business experience during the past five years of Owens Corning's executive officers as of January 1, 2014 are set forth below. Each executive officer holds office until his or her successor is elected and qualified or until his or her earlier resignation, retirement or removal. All those listed have been employees of Owens Corning during the past five years except as indicated.

| <u>Name and Age</u> | <u>Position*</u> |
|--------------------------|---|
| John W. Christy (55) | Senior Vice President, General Counsel and Secretary since December 2011; formerly Vice President, Interim General Counsel and Secretary (2011), Vice President, Deputy General Counsel (2010) and Vice President and Assistant General Counsel, Transactions and Business. |
| Charles E. Dana (58) | Group President, Building Materials since December 2010; formerly Group President, Composite Solutions (2008) and Vice President and President, Composite Solutions Business. |
| Arnaud Genis (49) | Group President, Composite Solutions since December 2010; formerly Vice President and Managing Director, European Composite Solutions Business (2007), President of Saint-Gobain Reinforcement and Composites Business and Textile Solutions Business, Paris. |
| Michael C. McMurray (48) | Senior Vice President and Chief Financial Officer since August 2012; formerly Vice President Finance, Building Materials Group (2011), Vice President Investor Relations and Treasurer (2010), Vice President Finance and Treasurer (2008) and Finance Manager Royal Dutch Shell. |
| Kelly J. Schmidt (48) | Vice President, Controller since April 2011; formerly Vice President, Internal Audit (2010), Assistant Controller, Shared Business Services United Technologies Corporation ("UTC") (2009). |
| Daniel T. Smith (48) | Senior Vice President, Information Technology and Human Resources since September 2009; formerly Executive Vice President/Chief Administrative Officer, Borders Group, Inc. (2009), Executive Vice President, Human Resources, Borders Group, Inc. |
| Michael H. Thaman (49) | President and Chief Executive Officer since December 2007 and Chairman of the Board since April 2002; Director since January 2002. |

* Information in parentheses indicates year during the past five years in which service in position began. The last item listed for each individual represents the position held by such individual at the beginning of the five year period.

ITEM 5. MARKET FOR OWENS CORNING'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Owens Corning's common stock trades on the New York Stock Exchange under the symbol "OC." The following table sets forth the high and low sales prices per share of Owens Corning common stock for each quarter from January 1, 2012 through December 31, 2013:

| <u>Period</u> | <u>High</u> | <u>Low</u> |
|---------------------|-------------|------------|
| First Quarter 2012 | \$38.00 | \$29.32 |
| Second Quarter 2012 | \$35.85 | \$26.36 |
| Third Quarter 2012 | \$35.98 | \$25.70 |
| Fourth Quarter 2012 | \$37.42 | \$29.48 |
| First Quarter 2013 | \$43.88 | \$37.71 |
| Second Quarter 2013 | \$45.55 | \$36.88 |
| Third Quarter 2013 | \$41.33 | \$36.68 |
| Fourth Quarter 2013 | \$41.08 | \$35.23 |

Holders of Common Stock

The number of stockholders of record of Owens Corning's common stock on January 31, 2014 was 481.

Cash Dividends

Owens Corning did not pay cash dividends on its common stock during the two most recent years. On February 12, 2014, the Company announced the declaration of a common stock dividend for holders of record as of March 14, 2014. The payment of any future cash dividends to our stockholders will depend on decisions that will be made by our Board of Directors and will depend on then existing conditions, including our operating results, financial conditions, contractual restrictions, corporate law restrictions, capital agreements, and applicable laws of the State of Delaware and business prospects.

Under the credit agreement applicable to our senior revolving credit facility, the Company may not declare a cash dividend if a default or event of default exists or would come to exist at the time of declaration or if a dividend declaration violates the provisions of our formation documents or other material agreements.

The Company's subsidiaries are subject to certain restrictions on their ability to pay dividends under the agreements governing our senior revolving credit facility and our receivables securitization facility.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

None.

ITEM 5. MARKET FOR OWENS CORNING'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (continued)

Issuer Purchases of Equity Securities

The following table provides information about Owens Corning's purchases of its common stock during the three months ended December 31, 2013:

| Period | Total Number of Shares (or Units) Purchased | Average Price Paid per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs** | Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs** |
|---------------------|--|---|--|--|
| October 1-31, 2013 | 2,510 | \$ 37.52 | — | 8,600,000 |
| November 1-30, 2013 | 102 | 35.88 | — | 8,600,000 |
| December 1-31, 2013 | 728 | 38.90 | — | 8,600,000 |
| Total | 3,340* | \$ 37.77 | — | 8,600,000 |

* The Company retained 3,340 shares surrendered to satisfy tax withholding obligations in connection with the vesting of restricted shares granted to our employees.

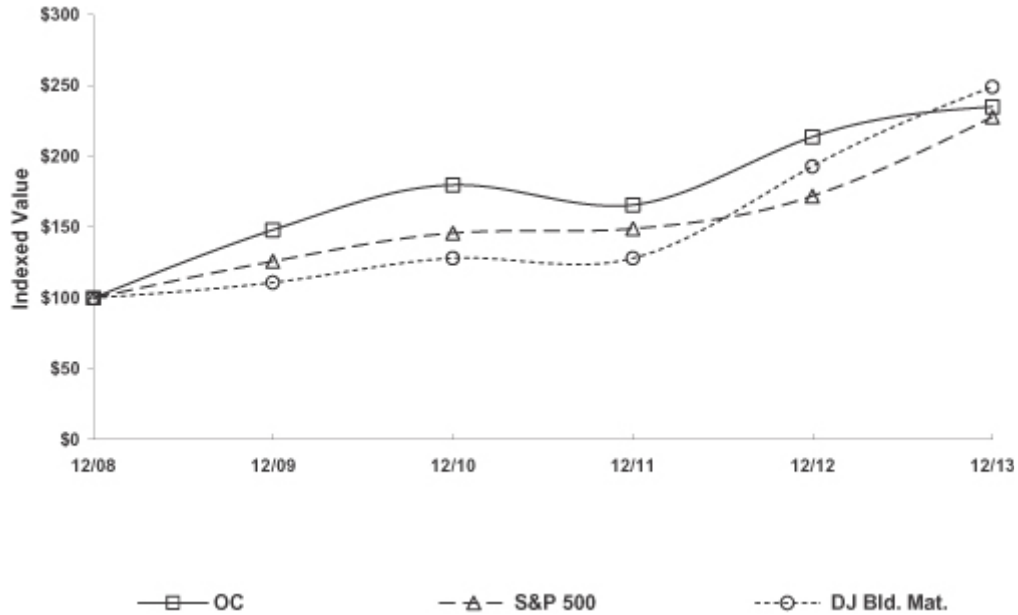
** On April 25, 2012, the Company announced a share buy-back program under which the Company is authorized to repurchase up to 10 million shares of Owens Corning's outstanding common stock. Under the buy-back program, shares may be repurchased through open market, privately negotiated, or other transactions. The timing and actual number of shares repurchased will depend on market conditions and other factors and will be at the Company's discretion.

ITEM 5. MARKET FOR OWENS CORNING'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (continued)

Performance Graph

The annual changes for the five-year period shown in the graph on this page are based on the assumption that \$100 had been invested in Owens Corning stock and the Standard & Poor's 500 Stock Index (S&P 500) on December 31, 2008, and that all quarterly dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on December 31, 2013.

Performance Graph



| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OC | \$100 | \$148 | \$180 | \$166 | \$214 | \$235 |
| S&P 500 | 100 | 126 | 146 | 149 | 172 | 228 |
| DJ Bld. Mat. | 100 | 111 | 128 | 128 | 193 | 249 |

ITEM 6. SELECTED FINANCIAL DATA

| | Twelve Months Ended | | | | |
|---|---|------------------|-----------------|-----------------|-----------------|
| | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, |
| | <u>2013 (a)</u> | <u>2012 (b)</u> | <u>2011</u> | <u>2010 (c)</u> | <u>2009 (d)</u> |
| | (in millions, except per share amounts) | | | | |
| Statement of Earnings (Loss) Data | | | | | |
| Net sales | \$ 5,295 | \$ 5,172 | \$ 5,335 | \$ 4,997 | \$ 4,803 |
| Gross margin | \$ 966 | \$ 797 | \$ 1,028 | \$ 956 | \$ 849 |
| Marketing and administrative expenses | \$ 530 | \$ 509 | \$ 525 | \$ 516 | \$ 522 |
| Earnings from continuing operations before interest and taxes | \$ 385 | \$ 148 | \$ 461 | \$ 206 | \$ 192 |
| Interest expense, net | \$ 112 | \$ 114 | \$ 108 | \$ 110 | \$ 111 |
| Loss on extinguishment of debt | \$ — | \$ 74 | \$ — | \$ — | \$ — |
| Income tax expense (benefit) | \$ 68 | \$ (28) | \$ 74 | \$ (840) | \$ 14 |
| Net earnings (loss) | \$ 205 | \$ (16) | \$ 281 | \$ 940 | \$ 67 |
| Net earnings (loss) attributable to Owens Corning | \$ 204 | \$ (19) | \$ 276 | \$ 933 | \$ 64 |
| Amounts attributable to Owens Corning common stockholders: | | | | | |
| Earnings (loss) from operations, net of tax | \$ 204 | \$ (19) | \$ 276 | \$ 933 | \$ 64 |
| Net earnings (loss) attributable to Owens Corning | <u>\$ 204</u> | <u>\$ (19)</u> | <u>\$ 276</u> | <u>\$ 933</u> | <u>\$ 64</u> |
| Basic earnings (loss) per common share attributable to Owens Corning common stockholders | | | | | |
| Earnings (loss) from operations | \$ 1.73 | \$ (0.16) | \$ 2.25 | \$ 7.43 | \$ 0.51 |
| Basic earnings (loss) per common share | <u>\$ 1.73</u> | <u>\$ (0.16)</u> | <u>\$ 2.25</u> | <u>\$ 7.43</u> | <u>\$ 0.51</u> |
| Diluted earnings (loss) per common share attributable to Owens Corning common stockholders | | | | | |
| Earnings (loss) from operations | \$ 1.71 | \$ (0.16) | \$ 2.23 | \$ 7.37 | \$ 0.50 |
| Diluted earnings (loss) per common share | <u>\$ 1.71</u> | <u>\$ (0.16)</u> | <u>\$ 2.23</u> | <u>\$ 7.37</u> | <u>\$ 0.50</u> |
| Weighted-average common shares | | | | | |
| Basic | 118.2 | 119.4 | 122.5 | 125.6 | 124.8 |
| Diluted | <u>119.1</u> | <u>119.4</u> | <u>123.5</u> | <u>126.6</u> | <u>127.1</u> |
| Balance Sheet Data | | | | | |
| Total assets | \$ 7,647 | \$ 7,568 | \$ 7,527 | \$ 7,158 | \$ 7,167 |
| Long-term debt, net of current portion | \$ 2,024 | \$ 2,076 | \$ 1,930 | \$ 1,629 | \$ 2,177 |
| Total equity | <u>\$ 3,830</u> | <u>\$ 3,575</u> | <u>\$ 3,741</u> | <u>\$ 3,686</u> | <u>\$ 2,853</u> |

No dividends were declared or paid for any of the periods presented above.

ITEM 6. SELECTED FINANCIAL DATA (continued)

- (a) During 2013, the Company recorded \$26 million of charges related to cost reduction actions and related items (comprised of \$8 million of severance costs and \$18 million of other costs, inclusive of \$9 million of accelerated depreciation and \$9 million in other related charges). There was also \$20 million in accelerated depreciation related to a change in the useful life of assets and a \$15 million net gain related to Hurricane Sandy insurance activity.
- (b) During 2012, the Company recorded \$136 million of charges related to cost reduction actions and related items (comprised of \$51 million of severance costs and \$85 million of other costs, inclusive of \$55 million of accelerated depreciation and \$30 million in other related charges). There was also \$9 million in losses related to Hurricane Sandy insurance activity.
- (c) During 2010, the Company recorded impairment charges of \$117 million, \$40 million of charges related to cost reduction actions and related items (comprised of \$29 million of severance costs and \$11 million of other costs), and charges of \$13 million of integration costs related to the acquisition of Saint-Gobain's reinforcement and composite fabrics business in 2007 ("2007 Acquisition").
- (d) During 2009, the Company recorded \$53 million of charges related to cost reduction actions and related items (comprised of \$34 million of severance costs, and \$19 million of other costs, inclusive of \$13 million of accelerated depreciation), charges of \$33 million of integration costs related to the 2007 Acquisition, and \$29 million for charges related to our employee emergence equity program.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management’s Discussion and Analysis (“MD&A”) is intended to help investors understand Owens Corning, our operations and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying Notes thereto contained in this report. Unless the context requires otherwise, the terms “Owens Corning,” “Company,” “we” and “our” in this report refer to Owens Corning and its subsidiaries.

GENERAL

Owens Corning is a leading global producer of glass fiber reinforcements and other materials for composites and of residential and commercial building materials. The Company’s business operations fall within two reportable segments, Composites and Building Materials. Composites includes our Reinforcements and Downstream businesses. Building Materials includes our Insulation and Roofing businesses. Through these lines of business, we manufacture and sell products worldwide. We maintain leading market positions in many of our major product categories.

EXECUTIVE OVERVIEW

We reported \$385 million in earnings before interest and taxes (“EBIT”) in 2013 compared to \$148 million in 2012. We generated \$416 million in adjusted earnings before interest and taxes (“Adjusted EBIT”, see definition below) in 2013. EBIT in our Building Materials segment increased by \$133 million and EBIT in our Composites segment increased by \$7 million compared to 2012.

In 2013, we have adjusted \$31 million of net charges out of reported EBIT to arrive at adjusted EBIT. Restructuring actions initiated in 2012 and 2013 represented \$26 million of the net charges, with the majority due to the repositioning of our European assets in our Composites business (see further discussion of these actions in Note 15 of the Consolidated Financial Statements). An additional charge of \$20 million of accelerated depreciation was recorded as a result of our assessment of the future utility of an incomplete Insulation facility located in Cordele, Georgia. These charges were partially offset by a net gain of \$15 million related to the final insurance settlement for flood damage sustained by our Kearny, New Jersey roofing manufacturing facility as a result of Hurricane Sandy in October 2012 (see further discussion in Note 19 of the Consolidated Financial Statements). The Kearny facility returned to full operating capacity in the third quarter of 2013. See below for further information regarding adjusted EBIT, including the reconciliation to net earnings attributable to Owens Corning.

In our Composites segment, EBIT in 2013 was \$98 million compared to \$91 million in 2012 driven primarily by higher capacity utilization and sales volumes being partially offset by inflation and unfavorable mix.

In our Building Materials segment, EBIT in 2013 was \$426 million compared to \$293 million in 2012. In our Roofing business, EBIT increased \$55 million on higher selling prices and lower manufacturing costs. This increase was partially offset by weaker volumes. Our Insulation business reported EBIT of \$40 million in 2013, an increase of \$78 million compared to the prior year on higher selling prices and sales volumes.

We maintain a strong balance sheet with ample liquidity. We have access to an \$800 million senior revolving credit facility with a November 2018 maturity date and a \$250 million receivables securitization facility with a July 2016 maturity date. We have no significant debt maturities before 2016.

In 2013, we generated \$418 million in cash flow from operating activities compared to \$330 million over the same period of 2012. This improvement was primarily from improved earnings, partially offset by increased investment in working capital.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

We repurchased 1.4 million shares of the Company's common stock for \$54 million in 2013 under a previously announced repurchase program. As of December 31, 2013, 8.6 million shares remain available for repurchase under the authorized program. In addition, in February 2014, our Board of Directors authorized a quarterly cash dividend of \$0.16 per share to be paid on April 3, 2014 to stockholders of record as of the close of business on March 14, 2014.

RESULTS OF OPERATIONS**Consolidated Results (in millions)**

| | Twelve Months Ended | | |
|---|----------------------------|-------------|-------------|
| | Dec. 31, | | |
| | 2013 | 2012 | 2011 |
| Net sales | \$5,295 | \$5,172 | \$5,335 |
| Gross margin | \$ 966 | \$ 797 | \$1,028 |
| <i>% of net sales</i> | <i>18 %</i> | <i>15 %</i> | <i>19 %</i> |
| Charges related to cost reduction actions | \$ 8 | \$ 51 | \$ — |
| Earnings before interest and taxes | \$ 385 | \$ 148 | \$ 461 |
| Interest expense, net | \$ 112 | \$ 114 | \$ 108 |
| Loss on extinguishment of debt | \$ — | \$ 74 | \$ — |
| Income tax expense (benefit) | \$ 68 | \$ (28) | \$ 74 |
| Net earnings (loss) attributable to Owens Corning | \$ 204 | \$ (19) | \$ 276 |

The Consolidated Results discussion below provides a summary of our results and the trends affecting our business, and should be read in conjunction with the more detailed Segment Results discussion that follows.

NET SALES

2013 Compared to 2012: Net sales increased by \$123 million in 2013 as compared to 2012 primarily due to higher selling prices across our Building Materials businesses and increased sales volumes in our Insulation business which were partially offset by lower sales volumes in our Roofing business.

2012 Compared to 2011: Net sales decreased by \$163 million in 2012 as compared to 2011 driven by lower sales volumes in our Roofing business, which were partially offset by higher sales volumes in our Insulation business, and the unfavorable impact of translating sales denominated in foreign currencies into United States dollars in our Composites segment.

GROSS MARGIN

2013 Compared to 2012: Gross margin in 2013 increased 3 percentage points as compared to 2012 primarily due to higher contribution margins in our Building Materials Segment. Gross margin also included \$18 million of charges in 2013 resulting from our 2012 restructuring actions as compared to \$85 million in 2012. Partially offsetting the improvement in gross margin was \$27 million of losses related to Hurricane Sandy, a \$21 million increase from the impact in 2012.

2012 Compared to 2011: Gross margin in 2012 included \$85 million in charges resulting from our European restructuring actions, which are reflected in cost of sales. The primary contributor to the remaining change in gross margin as a percentage of net sales was a decrease in gross margin in our Composites segment. Gross margin as a percentage of net sales decreased in our Roofing business; however this was partially offset by an increase in our Insulation business.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

CHARGES RELATED TO COST REDUCTION ACTIONS

During 2013, we entered into an agreement to sell our Composites glass reinforcements facility in Hangzhou, China to the Hangzhou Municipal Land Reservation Center and the Development and Construction Management Office of Taoyuan New Zone of Gongshu District in Hangzhou. This sale is expected to be complete in the first half of 2014. As a result of this action, we recognized \$6 million in charges related to severance costs in 2013.

During 2012, we took actions to improve the competitive position of our global Composites manufacturing network through the closure or optimization of certain facilities, with our most significant actions taking place in France, Spain and Italy. These actions were primarily due to market conditions that led to lower capacity requirements within the European region. As a result of these actions, in addition to the charges recorded in cost of sales discussed above, we recognized \$2 million and \$51 million in charges related to cost reduction actions in 2013 and 2012 respectively. The total charges related to cost reduction actions and related items associated with these actions for 2013 was \$20 million as compared to \$136 million in 2012.

No charges were taken in 2011 as a result of cost reduction actions.

EARNINGS BEFORE INTEREST AND TAXES

2013 Compared to 2012: EBIT increased by \$237 million in 2013 compared to 2012. In our Composites segment, EBIT increased by \$7 million and EBIT in our Building Materials segment increased by \$133 million compared to 2012. Corporate EBIT losses during 2013 decreased by \$97 million compared to 2012, primarily related to lower cost reduction actions and related items of \$110 million partially offset by higher incentive compensation costs.

2012 Compared to 2011: EBIT decreased by \$313 million in 2012 compared to 2011. In our Composites segment, EBIT decreased by \$110 million and EBIT in our Building Materials segment decreased by \$39 million compared to 2011. Corporate EBIT losses during 2012 increased by \$164 million compared to 2011, primarily related to cost reduction actions and related items of \$136 million.

INTEREST EXPENSE, NET

2013 Compared to 2012: Year-to-date 2013 interest expense was \$2 million lower than in 2012 due primarily to lower average interest rates on our outstanding debt.

2012 Compared to 2011: Year-to-date 2012 interest expense was higher than in 2011 due primarily to higher average borrowing levels.

LOSS ON EXTINGUISHMENT OF DEBT

In 2012, we recorded a \$74 million loss on extinguishment of debt as a result of refinancing portions of our Senior Notes due in 2016 and 2019. For the years ended December 31, 2013 and 2011, we did not record any losses related to the extinguishment of debt.

INCOME TAX EXPENSE

Income tax expense for 2013 was \$68 million compared to a benefit of \$28 million in 2012.

The company's effective tax rate for 2013 was 25 percent on pre-tax income of \$273 million. After adjusting for our restructuring actions, our acceleration of depreciation of an incomplete Insulation facility, and the gain on our

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

insurance settlement resulting from hurricane Sandy, the effective tax rate was 27 percent on adjusted pre-tax income of \$304 million. The difference between the 27 percent effective tax rate and the statutory tax rate of 35 percent is primarily attributable to lower foreign tax rates and various tax planning initiatives.

The company’s effective tax rate for 2012 was 70 percent on a pre-tax loss of \$40 million. After adjusting for our European restructuring actions, our extinguishment of debt, and the related tax planning initiatives during 2012, the effective tax rate was 23 percent on adjusted pre-tax income of \$179 million. The difference between the 23 percent effective tax rate and the statutory tax rate of 35 percent is primarily attributable to lower foreign tax rates and various tax planning initiatives.

Income tax benefit for 2011 was 21 percent. The difference between the 21 percent effective tax rate and the statutory rate of 35 percent is primarily attributable to the favorable impact of various tax planning strategies, lower foreign tax rates and the benefit of a favorable settlement of a long-standing claim with the United States Internal Revenue Service.

Adjusted Earnings Before Interest and Taxes (“Adjusted EBIT”)

Adjusted EBIT excludes certain items that management does not allocate to our segment results because it believes they are not a result of the Company’s current operations. Adjusted EBIT is used internally by the Company for various purposes, including reporting results of operations to the Board of Directors of the Company, analysis of performance and related employee compensation measures. Although management believes that these adjustments result in a measure that provides a useful representation of our operational performance, the adjusted measure should not be considered in isolation or as a substitute for net earnings attributable to Owens Corning as prepared in accordance with accounting principles generally accepted in the United States.

Adjusting items are shown in the table below (in millions):

| | Twelve Months Ended | | |
|--|----------------------------|-----------------|-------------|
| | Dec. 31, | | |
| | 2013 | 2012 | 2011 |
| Charges related to cost reduction actions and related items | \$ (26) | \$ (136) | \$ — |
| Net gain (loss) related to Hurricane Sandy insurance activity | 15 | (9) | — |
| Accelerated depreciation related to a change in the useful life of assets in Cordele, Georgia facility | (20) | — | — |
| Total adjusting items | <u>\$ (31)</u> | <u>\$ (145)</u> | <u>\$ —</u> |

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

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

| | Twelve Months Ended Dec. 31, | | |
|---|---------------------------------|---------------|---------------|
| | 2013 | 2012 | 2011 |
| NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING | \$ 204 | \$ (19) | \$ 276 |
| Less: Net earnings attributable to noncontrolling interests | 1 | 3 | 5 |
| NET EARNINGS (LOSS) | 205 | (16) | 281 |
| Equity in net earnings of affiliates | — | (4) | 2 |
| Income tax expense (benefit) | 68 | (28) | 74 |
| EARNINGS (LOSS) BEFORE TAXES | 273 | (40) | 353 |
| Interest expense, net | 112 | 114 | 108 |
| Loss on extinguishment of debt | — | 74 | — |
| EARNINGS BEFORE INTEREST AND TAXES | 385 | 148 | 461 |
| Less: adjusting items from above | (31) | (145) | — |
| ADJUSTED EBIT | <u>\$ 416</u> | <u>\$ 293</u> | <u>\$ 461</u> |

Segment Results

Earnings before interest and taxes (“EBIT”) by segment consists of net sales less related costs and expenses and are presented on a basis that is used internally for evaluating segment performance. Certain items, such as general corporate expenses or income and certain other expense or income items, are excluded from the internal evaluation of segment performance. Accordingly, these items are not reflected in EBIT for our reportable segments and are included in the Corporate, Other and Eliminations category, which is presented following the discussion of our reportable segments.

Composites

The table below provides a summary of net sales, EBIT and depreciation and amortization expense for our Composites segment (in millions):

| | Twelve Months Ended Dec. 31, | | |
|---------------------------------------|---------------------------------|---------------|---------------|
| | 2013 | 2012 | 2011 |
| Net sales | \$1,845 | \$1,859 | \$1,976 |
| <i>% change from prior year</i> | -1 % | -6 % | 4 % |
| EBIT | \$ 98 | \$ 91 | \$ 201 |
| <i>EBIT as a % of net sales</i> | 5 % | 5 % | 10 % |
| Depreciation and amortization expense | <u>\$ 130</u> | <u>\$ 123</u> | <u>\$ 128</u> |

NET SALES

2013 Compared to 2012: Net sales in our Composites business were \$14 million lower in 2013 than in 2012. For the nine months ended 2013, net sales were down \$49 million compared with the same period of 2012 driven about equally by unfavorable mix and the impact of translating sales denominated in foreign currencies into United States dollars. Selling prices were down slightly and volumes were relatively flat. In the fourth quarter of

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

2013, net sales were \$35 million higher in 2013 than in 2012. For the fourth quarter, the increase was primarily driven by higher sales volumes and higher selling prices which resulted in flat aggregate pricing year over year.

2012 Compared to 2011: Net sales in our Composites business were \$117 million lower in 2012 than in 2011. Net sales were unfavorably impacted by approximately \$85 million as a result of translating sales denominated in foreign currencies into United States dollars. Favorable mix and slightly higher sales volumes were more than offset by slightly lower selling prices. The 2012 comparison to 2011 was unfavorably impacted by approximately \$20 million from the May 2011 divestiture of our glass reinforcements facility in Capivari, Brazil.

EBIT

2013 Compared to 2012: EBIT in our Composites segment was \$7 million higher in 2013 than in 2012. For the nine months ended 2013, EBIT was \$6 million lower compared to the same period in 2012 primarily driven by unfavorable mix while improved capacity utilization and lower plant start up and maintenance costs were offset by inflation and slightly lower selling prices. In the fourth quarter of 2013, EBIT increased \$13 million compared to same period in 2012 driven primarily by improved manufacturing productivity and slightly higher selling prices. The impact of higher sales volumes in the fourth quarter was offset by inflation.

2012 Compared to 2011: EBIT in our Composites segment was \$110 million lower in 2012 than in 2011. Slightly lower selling prices and inflation contributed equally to approximately \$60 million of the decline in EBIT. Approximately \$30 million of EBIT decline was driven equally by the impact of rebalancing supply and demand in our manufacturing network along with planned start-up and maintenance costs at facilities in Russia, Mexico and the United States. The remaining decline was primarily due to the favorable resolution of an acquisition liability in the first quarter of 2011.

OUTLOOK

Global glass reinforcements market demand has historically grown on average with global industrial production and we believe this relationship will continue. In 2013, global glass reinforcements market demand grew less than the historical average of five percent driven by weaknesses in developing markets. In 2014, we expect moderate global industrial production growth.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Building Materials

The table below provides a summary of net sales, EBIT and depreciation and amortization expense (in millions) for the Building Materials segment and our businesses within this segment.

| | Twelve Months Ended | | |
|--|---------------------|----------------|----------------|
| | Dec. 31, | | |
| | 2013 | 2012 | 2011 |
| Net sales | | | |
| Insulation | \$1,642 | \$1,468 | \$1,368 |
| Roofing | 1,967 | 2,014 | 2,169 |
| Total Building Materials | <u>\$3,609</u> | <u>\$3,482</u> | <u>\$3,537</u> |
| <i>% change from prior year</i> | 4 % | -2 % | 9 % |
| EBIT | | | |
| Insulation | \$ 40 | \$ (38) | \$ (97) |
| Roofing | 386 | 331 | 429 |
| Total Building Materials | <u>\$ 426</u> | <u>\$ 293</u> | <u>\$ 332</u> |
| <i>EBIT as a % of net sales</i> | 12 % | 8 % | 9 % |
| Depreciation and amortization expense | | | |
| Insulation | \$ 104 | \$ 105 | \$ 116 |
| Roofing | 38 | 38 | 41 |
| Total Building Materials | <u>\$ 142</u> | <u>\$ 143</u> | <u>\$ 157</u> |

NET SALES

2013 Compared to 2012: Net sales in our Building Materials segment were \$127 million higher in 2013 than in 2012. Higher selling prices and sales volumes within our Insulation business were partially offset by lower sales volumes in our Roofing business.

In our Roofing business, 2013 net sales were \$47 million lower in 2013 than in 2012. The decline in net sales was driven primarily by a 5 percent decrease in sales volumes that included lower third-party asphalt sales, partially offset by higher selling prices. In 2013, sales volumes decreased as a result of a decline in the size of the United States shingle market compared to 2012.

In our Insulation business, 2013 net sales were \$174 million higher than in 2012. Higher selling prices contributed about \$80 million with the remainder being driven primarily by higher United States sales volumes. Our second quarter acquisition of Thermafiber Inc. contributed approximately \$25 million in net sales that were offset about equally by unfavorable mix and lower international sales.

2012 Compared to 2011: Net sales in our Building Materials segment were \$55 million lower in 2012 than in 2011. Higher sales volumes within our Insulation business were more than offset by lower sales volumes in our Roofing business.

In our Roofing business, 2012 net sales were \$155 million lower in 2012 than in 2011. The decline in net sales was driven by an 8 percent decrease in sales volumes, which was partially offset by favorable mix. In 2012, sales volumes decreased as a result of a decline in the size of the United States shingle market compared to 2011, largely resulting from lower year over year storm demand. Selling prices were slightly lower on a year-over-year basis.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

In our Insulation business, 2012 net sales were \$100 million higher in 2012 than in 2011. The increase was driven by an increase in sales volumes of about 9 percent partially offset by unfavorable mix.

EBIT

2013 Compared to 2012: EBIT for our Building Materials segment increased \$133 million in 2013 compared to the same period in 2012. This increase was primarily related to higher selling prices within both of our Roofing and Insulation businesses.

In our Roofing business, EBIT was \$55 million higher in 2013 than in 2012. The increase in EBIT was driven primarily by higher selling prices. For the year, lower production and operating costs were offset by lower sales volumes as a result of a decline in the size of the United States roofing market.

In our Insulation business, we increased EBIT \$78 million in 2013 compared to 2012. The increase in EBIT was primarily driven by an increase in selling prices. For the year, higher sales volumes and positive manufacturing productivity were offset by raw material inflation and unfavorable customer mix.

2012 Compared to 2011: EBIT in our Building Materials segment was \$39 million lower in 2012 than in 2011. Our Insulation business narrowed EBIT losses on higher sales volumes, favorable manufacturing productivity and improved capacity utilization; however this was more than offset by lower sales volumes and inflation costs within our Roofing business.

In our Roofing business, EBIT was \$98 million lower in 2012 than in 2011. The decline in EBIT was driven equally by lower sales volumes and raw material inflation, primarily asphalt. For the year, favorable product mix was offset by slightly lower selling prices.

In our Insulation business, we narrowed EBIT losses by \$59 million in 2012 compared to 2011. Approximately \$50 million of the increase in EBIT was the result of manufacturing productivity and improved capacity utilization. Unfavorable product mix was more than offset by higher sales volumes and slightly higher selling prices.

OUTLOOK

During the fourth quarter of 2013, the Seasonally Adjusted Annual Rate ("SAAR") of United States housing starts rose to approximately 1 million starts versus an annual average in 2013 of approximately 930 thousand starts. While the recent information on United States housing starts has been positive, the timing and pace of recovery of the United States housing market remains uncertain.

In our Roofing business, we expect the factors that have driven margins in recent years to continue to deliver profitability. Uncertainties that may impact our Roofing margins include competitive pricing pressure and the cost and availability of raw materials, particularly asphalt.

The Company expects our Insulation business to benefit from an improving U.S. housing market, improved pricing, and continued operating leverage. In 2013, we achieved our first full year of profitability since 2008. We believe the geographic, product and channel mix of our portfolio may continue to moderate the impact of any demand-driven variability associated with United States new construction.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Corporate, Other and Eliminations

The table below provides a summary of EBIT and depreciation and amortization expense for the Corporate, Other and Eliminations category (in millions):

| | Twelve Months Ended | | |
|--|----------------------------|-----------------|----------------|
| | Dec. 31, | | |
| | 2013 | 2012 | 2011 |
| Charges related to cost reduction actions and related items | \$ (26) | \$ (136) | \$ (17) |
| Net gain (loss) related to Hurricane Sandy insurance activity | 15 | (9) | — |
| Accelerated depreciation related to a change in the useful life of assets in Cordele, Georgia facility | (20) | — | — |
| Gains on sales of assets and related charges | — | — | 16 |
| General corporate expense | (108) | (91) | (71) |
| EBIT | \$ (139) | \$ (236) | \$ (72) |
| Depreciation and amortization | <u>\$ 60</u> | <u>\$ 83</u> | <u>\$ 33</u> |

EBIT

2013 Compared to 2012: In Corporate, Other and Eliminations, EBIT losses in 2013 were \$97 million lower than in 2012 primarily due to \$114 million of lower non operating related charges. During 2013, we recorded \$26 million in charges related to cost reduction actions and related items, primarily to improve our competitive position in Europe. These charges consist primarily of severance and accelerated depreciation charges. We also recorded a net gain of \$15 million related to the final insurance settlement for flood related damage to our Kearny, New Jersey roofing manufacturing facility as a result of Hurricane Sandy. Lastly, we recorded accelerated depreciation charges due to a change in the useful life of assets located at our incomplete Cordele, Georgia Insulation facility.

General corporate expense and other increased by \$17 million in 2013 compared to 2012. Higher expenses were primarily driven by an increase in overall compensation partially reduced by a decrease in non-service pension costs. Corporate cash incentive compensation was approximately \$16 million higher on stronger company performance in 2013 compared to 2012.

2012 Compared to 2011: In Corporate, Other and Eliminations, EBIT losses in 2012 were \$164 million higher than in 2011. During 2012, we recorded \$136 million in charges related to cost reduction actions and related items, primarily to improve our competitive position in Europe. These charges consist primarily of severance and accelerated depreciation charges. We also incurred \$9 million in property damage and related charges as a result of Hurricane Sandy’s impact on our Roofing facility in Kearny, New Jersey.

General corporate expense and other increased by \$20 million in 2012 compared to 2011, primarily related to approximately \$10 million of higher non-service pension costs and approximately \$10 million in reduced foreign currency gains. Corporate cash incentive compensation was approximately \$10 million lower on weaker company performance in 2012 compared to 2011, but was offset by higher stock compensation expense resulting from our company stock performance year-over-year. Company-wide cash incentive compensation was approximately \$20 million lower year-over-year and \$30 million lower than our target for the year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

OUTLOOK

In 2014, we expect general corporate expense to range between \$120 and \$130 million.

SAFETY

Working safely is a condition of employment at Owens Corning. We believe this organization-wide expectation provides for a safer work environment for employees, improves our manufacturing processes, reduces our costs and enhances our reputation. Furthermore, striving to be a world-class leader in safety provides a platform for all employees to understand and apply the resolve necessary to be a high-performing, global organization. In recognition for our commitment to safety, we have been nominated by the National Safety Council as the 2014 recipient of its Green Cross for Safety Medal in recognition of our "steadfast commitment to improving safety and health in the workplace and beyond".

We measure our progress on safety based on Recordable Incidence Rate ("RIR") as defined by the United States Department of Labor, Bureau of Labor Statistics. For the year ended December 31, 2013, our RIR was 0.47 and relatively flat compared to the same period a year ago.

LIQUIDITY, CAPITAL RESOURCES AND OTHER RELATED MATTERS

Liquidity

We have an \$800 million senior revolving credit facility and a \$250 million receivables securitization facility, which serve as our primary sources of liquidity. Our senior revolving credit facility matures in November 2018 and our receivables securitization facility matures in July 2016. In November 2013, we amended the \$800 million senior revolving credit facility to extend its maturity to November 2018 and reduce the letters of credit sublimit to \$100 million. In July 2013, we amended the receivables securitization facility to extend its maturity to July 2016 and to reduce the size of the facility to \$200 million during the months of November, December, and January each year. We have no significant debt maturities before 2016. As of December 31, 2013, the receivables securitization facility was fully utilized and we had \$773 million available on the senior revolving credit facility. As of December 31, 2013, we had \$2.0 billion of total debt and cash-on-hand of \$57 million.

Cash and cash equivalents held by foreign subsidiaries may be subject to U.S. income taxation upon repatriation to the U.S. We do not provide for U.S. income taxes on the undistributed earnings of these subsidiaries as earnings are reinvested and, in the opinion of management, will continue to be reinvested indefinitely outside of the U.S. As of December 31, 2013, and December 31, 2012, we had approximately \$49 million and \$41 million, respectively, in cash and cash equivalents in certain of our foreign subsidiaries where we consider undistributed earnings for these foreign subsidiaries to be permanently reinvested.

We expect our cash on hand, coupled with future cash flows from operations and other available sources of liquidity, including our senior revolving credit facility, will provide ample liquidity to allow us to meet our cash requirements. Our anticipated uses of cash include capital expenditures, working capital needs, pension contributions, meeting financial obligations, payments of quarterly dividends as authorized by our Board of Directors, and reducing outstanding amounts under the senior credit facility and the securitization facility.

We have an outstanding share repurchase authorization and will evaluate and consider repurchasing shares of our common stock as well as strategic acquisitions, divestitures, joint ventures and other transactions to create stockholder value and enhance financial performance. Such transactions may require cash expenditures beyond current sources of liquidity or generate proceeds.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

We are closely monitoring changes in the operating condition of our customers for the potential impact on our operating results. To date, changes in the operating condition of our customers have not had a material adverse impact on our operating results; however, it is possible that we could experience material losses in the future if current economic conditions worsen.

The credit agreements applicable to our senior revolving credit facility and the receivables securitization facility contain various covenants that we believe are usual and customary for agreements of these types. The senior revolving credit facility and the securitization facility each include a maximum allowed leverage ratio and a minimum required interest expense coverage ratio. We were in compliance with these covenants as of December 31, 2013.

Cash flows

The following table presents a summary of our cash balance, cash flows, and unused committed credit lines (in millions):

| | Twelve Months Ended | | |
|--|----------------------------|-------------|-------------|
| | Dec. 31, | | |
| | 2013 | 2012 | 2011 |
| Cash balance | \$ 57 | \$ 55 | \$ 52 |
| Cash provided by operating activities | \$ 418 | \$ 330 | \$ 289 |
| Cash used for investing activities | \$ (307) | \$ (253) | \$ (445) |
| Cash provided by (used for) financing activities | \$ (107) | \$ (76) | \$ 174 |
| Unused committed credit lines under the senior revolving credit facility | \$ 773 | \$ 723 | \$ 739 |

Operating activities: In 2013, we generated \$418 million of cash from operating activities compared to \$330 million in 2012. This improvement was primarily from improved earnings in our Building Materials segment, partially offset by an increase in working capital.

Investing activities: The \$54 million increase in cash used for investing activities in 2013 compared to 2012 was primarily the result of the acquisitions we made in the second quarter of 2013.

Financing activities: Cash used for financing activities in 2013 was \$107 million compared to \$76 million in 2012. In 2013, cash used for financing activities was primarily a result of paying down our revolving credit facilities and repurchasing treasury stock. In 2012, approximately \$600 million in proceeds generated by the issuance of our 2022 Senior Notes was used primarily to fund the tender of \$250 million of our 2016 Senior Notes, \$100 million of our 2019 Senior Notes and to pay down our Senior Revolving Credit Facility. We recognized a \$74 million loss on extinguishment of debt in connection with these actions and also purchased the noncontrolling interest of one of the Company’s consolidated subsidiaries, Northern Elastomeric Incorporated (“NEI”), for \$22 million.

2014 Investments

Capital Expenditures: The Company will continue a balanced approach to the use of its cash flow. Operational cash flow will be used to fund the Company’s growth and innovation. Capital expenditures in 2014 are expected to be \$400 million which is roughly \$75 million greater than depreciation and amortization. Capital spending in excess of depreciation and amortization is primarily due to the construction of our non-wovens composites plant in Gastonia, North Carolina. The Company will also continue to evaluate projects and acquisitions that provide opportunities for growth in our businesses, and invest in them when they meet our strategic and financial criteria.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Tax Net Operating Losses

Upon emergence and subsequent to the distribution of contingent stock and cash in January 2007, we generated a significant United States federal tax net operating loss of approximately \$3.0 billion. As of December 31, 2013 and 2012, our federal tax net operating losses remaining were \$2.2 billion and \$2.3 billion, respectively. The federal net operating losses decreased from prior year based on our estimate of 2013 taxable income. Our net operating losses are subject to the limitations imposed under section 382 of the Internal Revenue Code. These limits are triggered when a change in control occurs, and are computed based upon several variable factors including the share price of the Company's common stock on the date of the change in control. A change in control is generally defined as a cumulative change of 50 percent or more in the ownership positions of certain stockholders during a rolling three year period. Our initial three year period for measuring an ownership change started at October 31, 2006.

In addition to the United States net operating losses described above, we have net operating losses in various state and foreign jurisdictions which totaled \$2.5 billion and \$944 million as of December 31, 2013, respectively and \$2.6 billion and \$807 million as of December 31, 2012, respectively. The state net operating losses decreased from prior year based on our estimate of 2013 taxable income and expiring loss years that were offset by a full valuation allowance. Foreign net operating losses increased from prior year based on estimated 2013 losses in selected foreign jurisdictions. The evaluation of the amount of net operating losses expected to be realized necessarily involves forecasting the amount of taxable income that will be generated in future years. In assessing the realizability of our deferred tax assets, we have not relied on any material future tax planning strategies. We have forecasted future results using estimates management believes to be reasonable, which are based on independent evidence such as expected trends resulting from certain leading economic indicators such as global industrial production and new U.S. residential housing starts. In order to fully utilize our net operating losses, we estimate that the Company will need to generate future federal, state and foreign earnings before taxes of approximately \$2.7 billion, \$2.8 billion and \$944 million, respectively. Management believes the Company will generate sufficient future taxable income within the statutory limitations in order to fully realize the carrying value of its U.S. federal net operating losses. As of December 31, 2013, a valuation allowance was established for certain state and foreign jurisdictions' net operating loss carryforwards.

The realization of deferred income tax assets is dependent on future events. Actual results inevitably will vary from management's forecasts. Should we determine that it is likely that our deferred income tax assets are not realizable, we would be required to reduce our deferred tax assets reflected on our Consolidated Financial Statements to the net realizable amount by establishing an accounting valuation allowance and recording a corresponding charge to current earnings. Such adjustments could be material to the financial statements. To date, we have recorded valuation allowances against certain of these deferred tax assets totaling \$270 million as of December 31, 2013.

Pension contributions

The Company has several defined benefit pension plans. The Company made cash contributions of \$39 million and \$50 million to the plans during the twelve months ended December 31, 2013 and 2012, respectively. The decrease in pension contributions in 2013 was driven by lower pension contributions required to maintain our funded status. The Company expects to contribute \$55 million in cash to its pension plans during 2014. Actual contributions to the plans may change as a result of a variety of factors, including changes in laws that impact funding requirements. The ultimate cash flow impact to the Company, if any, of the pension plan liability and the timing of any such impact will depend on numerous variables, including future changes in actuarial assumptions, legislative changes to pension funding laws, and market conditions.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Derivatives

In the normal course of business, the Company is exposed to, among other risks, the impact of changes in commodity prices, foreign currency exchange rates and interest rates. To mitigate some of the near-term volatility in our earnings and cash flows, we use financial and derivative instruments to hedge certain exposures, principally currency- and energy-related. The Company does not enter into such transactions for trading purposes. Our current hedging practice is to hedge a variable percentage of certain energy and energy-related exposures. Going forward, the results of our hedging practice could be positive, neutral or negative in any period depending on price changes in the hedged exposures, and will tend to mitigate near-term volatility in the exposures hedged. The practice is neither intended nor expected to mitigate longer term exposures. See Note 4 to the Consolidated Financial Statements for further discussion.

Our current practice is to manage our interest rate exposure by balancing the mixture of our fixed- and variable-rate instruments. We utilize, among other strategies, interest rate swaps to achieve this balance in interest rate exposures. In 2013, we entered into interest rate swaps to convert \$100 million of our fixed rate debt due in 2022 to a variable rate based on LIBOR.

OFF BALANCE SHEET ARRANGEMENTS

The Company has entered into limited off-balance-sheet arrangements, as defined under Securities and Exchange Commission rules, in the ordinary course of business. The Company does not believe these arrangements will have a material effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CONTRACTUAL OBLIGATIONS

In the ordinary course of business, the Company enters into contractual obligations to make cash payments to third parties. The Company's known contractual obligations as of December 31, 2013 are as follows (in millions):

| | Payments due by period | | | | | | Total |
|------------------------------------|-------------------------------|--------------|--------------|--------------|--------------|-----------------|----------------|
| | 2019 and | | | | | | |
| | 2014 | 2015 | 2016 | 2017 | 2018 | Beyond | |
| Long-term debt obligations | \$— | \$— | \$577 | \$— | \$ 11 | \$ 1,391 | \$1,979 |
| Interest on fixed rate debt | 112 | 112 | 112 | 86 | 86 | 75 | 583 |
| Interest on variable rate debt (1) | 4 | 4 | 3 | 2 | 1 | — | 14 |
| Capital lease obligations | 3 | 3 | 3 | 4 | 4 | 32 | 49 |
| Operating lease obligations | 66 | 39 | 31 | 22 | 14 | 36 | 208 |
| Purchase obligations (2) | 154 | 43 | 24 | 20 | 21 | 49 | 311 |
| Deferred acquisition payments | 5 | — | 6 | 4 | — | — | 15 |
| Pension contributions (3) | 55 | — | — | — | — | — | 55 |
| Total (4) | \$399 | \$201 | \$756 | \$138 | \$137 | \$ 1,583 | \$3,214 |

- (1) Interest on variable rate debt is calculated using the weighted-average interest rate in effect as of December 31, 2013 for all future periods.
- (2) Purchase obligations are commitments to suppliers to purchase goods or services, and include take-or-pay arrangements, capital expenditures, and contractual commitments to purchase equipment. We did not include ordinary course of business purchase orders in this amount as the majority of such purchase orders may be canceled and are reflected in historical operating cash flow trends. We do not believe such purchase orders will adversely affect our liquidity position.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

- (3) Pension contributions include estimated contributions for our defined benefit pension plans. We are not presenting estimated payments in the table above beyond 2014 as funding can vary significantly from year to year based upon changes in the fair value of plan assets, funding regulations and actuarial assumptions.
- (4) The Company has not included its accounting for uncertainty in income taxes liability in the contractual obligation table as the timing of payment, if any, cannot be reasonably estimated. The balance of this liability at December 31, 2013 was \$28 million.

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments related to these assets, liabilities, revenues and expenses. We believe these estimates to be reasonable under the circumstances. Management bases its estimates and judgments on historical experience, expected future outcomes, and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe that the following accounting estimates are critical to our financial results:

Tax Estimates. The determination of our tax provision is complex due to operations in several tax jurisdictions outside the United States. We apply a more-likely-than-not recognition threshold for all tax uncertainties. Such uncertainties include any claims by the Internal Revenue Service for income taxes, interest, and penalties attributable to audits of open tax years.

In addition, we record a valuation allowance to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. We estimate future taxable income and the effect of tax planning strategies in our consideration of whether deferred tax assets will more likely than not be realized. In the event we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to reduce the net deferred tax assets would be charged to earnings in the period such determination was made. Conversely, if we were to determine that we would be able to realize our net deferred tax assets in the future in excess of their currently recorded amount, an adjustment to increase the net deferred tax assets would be credited to earnings in the period such determination was made.

Impairment of Assets. The Company exercises judgment in evaluating assets for impairment. Goodwill and other indefinite-lived intangible assets are tested for impairment annually, or when circumstances arise which indicate there may be an impairment. Long-lived assets are tested for impairment when economic conditions or management decisions indicate an impairment may exist. These tests require comparing recorded values to estimated fair values for the assets under review.

The Company has recorded its goodwill and conducted testing for potential goodwill impairment at a reporting unit level. Our reporting units represent a business for which discrete financial information is available and segment management regularly reviews the operating results. There are three reporting units within the Company, with over 90 percent of the goodwill recorded in two reporting units within the Building Materials operating segment.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Goodwill is an intangible asset that is not subject to amortization; however, annual tests are required to be performed to determine whether impairment exists. Prior to performing the two-step impairment process described in ASC 350-20, the guidance permits companies to assess qualitative factors to determine if it is more likely than not that a reporting unit's fair value is less than its carrying value. If it is more likely than not that a reporting unit's fair value is greater than its carrying value, then no additional testing is required. If it is more likely than not that a reporting unit's fair value is less than or close to its carrying value then step one of the impairment test must be performed to determine if impairment is required. In 2013, the Company has elected to skip step zero and proceed in performing a step one analysis.

As part of our quantitative testing process for goodwill we estimated fair values using a discounted cash flow approach from the perspective of a market participant. Significant estimates in the discounted cash flow approach are cash flow forecasts of our reporting units, the discount rate, the terminal business value and the projected income tax rate. The cash flow forecasts of the reporting units are based upon management's long-term view of our markets and are the forecasts that are used by senior management and the Board of Directors to evaluate operating performance. The discount rate utilized is management's estimate of what the market's weighted average cost of capital is for a company with a similar debt rating and stock volatility, as measured by beta. The projected income tax rates utilized are the statutory tax rates for the countries where each reporting unit operates. The terminal business value is determined by applying a business growth factor to the latest year for which a forecast exists. As part of our goodwill quantitative testing process, we would evaluate whether there are reasonably likely changes to management's estimates that would have a material impact on the results of the goodwill impairment testing.

Our annual test of goodwill for impairment was conducted as of October 1, 2013. The fair value of each of our reporting units was in excess of its carrying value and thus, no impairment exists.

Other indefinite-lived intangible assets are the Company's trademarks. Fair values used in testing for potential impairment of our trademarks are calculated by applying an estimated market value royalty rate to the forecasted revenues of the businesses that utilize those assets. The assumed cash flows from this calculation are discounted using the Company's weighted average cost of capital.

Fair values for long-lived asset testing are calculated by estimating the undiscounted cash flows from the use and ultimate disposition of the asset or by estimating the amount that a willing third party would pay. For impairment testing, long-lived assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. We group long-lived assets based on manufacturing facilities that produce similar products either globally or within a geographic region. Management tests asset groups for potential impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Current market conditions have caused the Company to have idle capacity. We consider such idled capacity to be unimpaired because there has not been a significant change in the forecasted long-term cash flows at the asset group level to indicate that the carrying values may not be recoverable. While management's current strategy is to utilize this capacity to meet expected future demand, any significant decrease in this expectation or change in management's strategy could result in future impairment charges related to this excess capacity. We evaluated and concluded that there are not any reasonably likely changes to management's estimates that would indicate that the carrying value of our long-lived assets is unrecoverable.

In addition, changes in management intentions, market conditions, operating performance and other similar circumstances could affect the assumptions used in these impairment tests. Changes in the assumptions could result in impairment charges that could be material to our Consolidated Financial Statements in any given period.

Pensions and Other Postretirement Benefits. Accounting for pensions and other postretirement benefits involves estimating the cost of benefits to be provided well into the future and attributing that cost over the time period

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

each employee works. To accomplish this, extensive use is made of assumptions about investment returns, discount rates, inflation, mortality, turnover, and medical costs. Changes in assumptions used could result in a material impact to our Consolidated Financial Statements in any given period.

Two key assumptions that could have a significant impact on the measurement of pension liabilities and pension expense are the discount rate and the expected return on plan assets. For our largest plan, the United States plan, the discount rate used for the December 31, 2013 measurement date was derived by matching projected benefit payments to bond yields obtained from the Towers Watson's proprietary United States RATE:Link 40-90 pension discount curve developed as of the measurement date. The Towers Watson United States RATE:Link 40-90 pension discount curve is based on certain corporate bonds rated Aa whose weighted average yields lie within the 40th to 90th percentiles of the bonds considered. Corporate bonds are treated as being Aa or better generally if at least half of the available ratings are Aa or better as determined by Moody's, Standard & Poor's, Fitch and Dominion Bond Rating Services. The result supported a discount rate of 4.65 percent at December 31, 2013 compared to 3.80 percent at December 31, 2012. A 25 basis point increase (decrease) in the discount rate would decrease (increase) the December 31, 2013 projected benefit obligation for the United States pension plans by approximately \$27 million. A 25 basis point increase (decrease) in the discount rate would decrease (increase) 2014 net periodic pension cost by approximately \$0.1 million.

The expected return on plan assets in the United States was derived by taking into consideration the target plan asset allocation, historical rates of return on those assets, projected future asset class returns and net outperformance of the market by active investment managers. We use the target plan asset allocation because we rebalance our portfolio to target on a quarterly basis. An asset return model was used to develop an expected range of returns on plan investments over a 20 year period, with the expected rate of return selected from a best estimate range within the total range of projected results. This process resulted in the selection of an expected return of 7.00 percent at the December 31, 2013 measurement date, which is used to determine net periodic pension cost for the year 2014. This assumption is 0.50 percent lower and 0.25 percent lower than the 7.50 percent return and 7.25 percent return selected at the December 31, 2012 and December 31, 2011 measurement dates, respectively. A 25 basis point increase (decrease) in return on plan assets assumption would result in a respective decrease (increase) of 2014 net periodic pension cost by approximately \$2.0 million.

The discount rate for our United States postretirement plan was selected using the same method as described for the pension plan. The result supported a discount rate of 4.35 percent at December 31, 2013 compared to 3.50 percent at December 31, 2012. A 25 basis point increase (decrease) in the discount rate would decrease (increase) the United States postretirement benefit obligation by approximately \$5 million and decrease (increase) 2014 net periodic postretirement benefit cost by less than \$0.1 million.

The methods corresponding to those described above are used to determine the discount rate and expected return on assets for non-U.S. pension and postretirement plans, to the extent applicable.

ADOPTION OF NEW ACCOUNTING STANDARDS

None.

ENVIRONMENTAL MATTERS

We have been deemed by the United States Environmental Protection Agency to be a Potentially Responsible Party ("PRP") with respect to certain sites under the Comprehensive Environmental Response Compensation and Liability Act. We have also been deemed a PRP under similar state or local laws and in other instances other PRPs have brought suits against us as a PRP for contribution under such federal, state, or local laws. At

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

December 31, 2013, we had environmental remediation liabilities as a PRP at 20 sites where we have a continuing legal obligation to either complete remedial actions or contribute to the completion of remedial actions as part of a group of PRPs. For these sites we estimate a reserve to reflect environmental liabilities that have been asserted or are probable of assertion, in which liabilities are probable and reasonably estimable. At December 31, 2013, our reserve for such liabilities was \$5 million.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Our disclosures and analysis in this report, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, contain 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, as amended. Forward-looking statements present our current forecasts and estimates of future events. These statements do not strictly relate to historical or current results and can be identified by words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “likely,” “may,” “plan,” “project,” “strategy,” “will” and other terms of similar meaning or import in connection with any discussion of future operating, financial or other performance. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected in the statements. These risks, uncertainties and other factors include, without limitation:

- levels of residential and commercial construction activity;
- competitive factors;
- levels of global industrial production;
- relationships with key customers;
- difficulties in managing production capacity;
- industry and economic conditions that affect the market and operating conditions of our customers, suppliers or lenders;
- availability and cost of credit;
- our level of indebtedness;
- weather conditions;
- pricing factors;
- availability and cost of raw materials;
- issues involving implementation and protection of information technology systems;
- international economic and political conditions, including new legislation or other governmental actions;
- our ability to utilize our net operating loss carryforwards;
- research and development activities;
- foreign exchange and commodity price fluctuations;
- interest rate movements;
- labor disputes;
- issues related to acquisitions, divestitures and joint ventures;
- uninsured losses;

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

- achievement of expected synergies, cost reductions and/or productivity improvements; and
- defined benefit plan funding obligations.

All forward-looking statements in this report should be considered in the context of the risk and other factors described above and as detailed from time to time in the Company's filings with the U.S. Securities and Exchange Commission. Any forward-looking statements speak only as of the date the statement is made and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. It is not possible to identify all of the risks, uncertainties and other factors that may affect future results. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, users of this report are cautioned not to place undue reliance on the forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to the impact of changes in foreign currency exchange rates, interest rates and the prices of various commodities used in the normal course of business. To mitigate some of the near-term volatility in our earnings and cash flows, the Company manages certain of our exposures through the use of certain financial contracts, contracts for physical delivery of a particular commodity, and derivative financial instruments. The Company's objective with these instruments is to reduce exposure to fluctuations in earnings and cash flows. The Company's policy enables the use of foreign currency, interest rate and commodity derivative financial instruments only to the extent necessary to manage exposures as described above. The Company does not enter into such transactions for trading purposes.

A discussion of the Company's accounting policies for derivative financial instruments, as well as the Company's exposure to market risk, is included in the Notes to the Consolidated Financial Statements.

For purposes of disclosing the market risk inherent in its derivative financial instruments the Company uses sensitivity analysis disclosures that express the potential loss in fair values of market rate sensitive instruments resulting from changes in interest rates, foreign currency exchange rates, and commodity prices that assume instantaneous, parallel shifts in exchange rates, interest rate yield curves, and commodity prices. The following analysis provides such quantitative information regarding market risk. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that exchange rates change instantaneously and that interest rates change in a parallel fashion. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled.

Foreign Exchange Rate Risk

The Company has foreign currency exposures related to buying, selling, and financing in currencies other than the local currencies in which it operates. The Company enters into various forward contracts, which change in value as foreign currency exchange rates change, to preserve the carrying amount of foreign currency-denominated assets, liabilities, commitments, and certain anticipated foreign currency transactions. Exposures are primarily related to the US Dollar versus the Japanese Yen, Chinese Yuan, Canadian Dollar, Mexican Peso, and European Euro exchange rates. The net fair value of financial instruments used to limit exposure to foreign currency risk was approximately \$(1) million and \$(2) million as of December 31, 2013 and 2012 respectively. The potential change in fair value at both December 31, 2013 and 2012 for such financial instruments from an increase (decrease) of 10 percent in quoted foreign currency exchange rates would be an increase (decrease) of approximately \$3 million and \$18 million, respectively.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (continued)

Interest Rate Risk

The Company is subject to market risk from exposure to changes in interest rates due to its financing, investing, and cash management activities. The Company has a revolving credit facility, receivables securitization facility, other floating rate debt and cash and cash equivalents which are exposed to floating interest rates and may impact cash flow. As of December 31, 2013, the Company had \$12 million and \$162 million outstanding on the senior revolving credit facility and accounts receivables securitization facility, respectively, with the balance of other floating rate debt of \$1 million. As of December 31, 2012, the balance of the senior term loan facility, and other floating rate debt was \$73 million, and \$141 million, respectively. Cash and cash equivalents were \$57 million and \$55 million at December 31, 2013 and 2012, respectively. A one percentage point increase (decrease) in interest rates at both December 31, 2013 and 2012 would increase (decrease) our annual net interest expense for each period by \$2 million.

The fair market value of the Company's senior notes are subject to interest rate risk. It is estimated that at December 31, 2013, a one percentage point increase (decrease) in interest rates would (decrease) increase the fair market value of the notes due in 2016 by 3 percent, the notes due in 2019 by 3 percent and 7 percent, respectively, the notes due in 2022 by 4 percent and 7 percent, respectively and the notes due in 2036 by 11 percent and 13 percent, respectively. At December 31, 2012, it was estimated that a one percentage point increase (decrease) in interest rates would decrease (increase) the fair market value of the notes due in 2016 by 4 percent, the notes due in 2019 by 7 percent, the notes due in 2022 by 6 percent and the notes due in 2036 by 13 percent.

In 2013, the Company entered into fixed to floating interest rate swaps totaling \$100 million, designated as a fair value hedge of the senior notes due in 2022. A one percentage point increase (decrease) in absolute interest rates would decrease (increase) the fair value of the swaps by \$8 million and increase (decrease) annual interest expense by \$1 million.

Commodity Price Risk

The Company is exposed to changes in prices of commodities used in its operations, primarily associated with energy, such as natural gas, and raw materials, such as asphalt and polystyrene. The Company enters into cash-settled natural gas, electricity and crude oil swap contracts to protect against changes in natural gas and energy prices that mature within 15 months; however, no financial instruments are currently used to protect against changes in raw material costs. At December 31, 2013 and 2012, the net fair value of such swap contracts was an asset of approximately \$1 million and a liability of approximately \$1 million, respectively. The potential change in fair value at December 31, 2013 and 2012 resulting from an increase (decrease) of 10 percent change in the underlying commodity prices would be an increase (decrease) of approximately \$3 million and \$3 million, respectively. This amount excludes the offsetting impact of the price risk inherent in the physical purchase of the underlying commodities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Pages 46 through 90 of this filing are incorporated here by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company maintains (a) disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, (the "Exchange Act")), and (b) internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

A report of the Company's management on the Company's internal control over financial reporting is contained on page 44 hereof and is incorporated here by reference. PricewaterhouseCoopers LLP's report on the effectiveness of internal control over financial reporting is included in the Report of Independent Registered Public Accounting Firm beginning on page 45 hereof.

ITEM 9B. OTHER INFORMATION

None.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to directors and corporate governance will be presented in the 2014 Proxy Statement in the sections entitled “Information Concerning Directors,” “Governance Information” and “Section 16(a) Beneficial Ownership Reporting Compliance,” and such information is incorporated herein by reference.

Information with respect to executive officers is included herein under Part I, “Executive Officers of Owens Corning.”

Code of Ethics for Senior Financial Officers

Owens Corning has adopted an Ethics Policy for Chief Executive and Senior Financial Officers that applies to our Chief Executive Officer, Chief Financial Officer and Controller. This policy is available on our website (<http://www.owenscorning.com>) under the tab “Corporate Governance”.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive officer and director compensation will be presented in the 2014 Proxy Statement under the section entitled “Executive Compensation,” exclusive of the subsection entitled “Compensation Committee Report,” and the section entitled “2013 Non-Employee Director Compensation,” and such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and related stockholder matters, as well as equity compensation plan information, will be presented in the 2014 Proxy Statement under the sections entitled “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans,” and such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions and director independence will be presented in the 2014 Proxy Statement under the sections entitled “Certain Transactions with Related Persons,” “Review of Transactions with Related Persons,” “Director Qualifications Standards” and “Director Independence,” and such information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The aggregate accounting fees billed and services provided by the Company's principal accountants for the years ended December 31, 2013 and 2012 are as follows (in thousands):

| | <u>2013</u> | <u>2012</u> |
|------------------------|----------------|----------------|
| Audit Fees (1) | \$4,282 | \$4,653 |
| Audit-Related Fees (2) | 443 | 257 |
| Tax Fees | 183 | 450 |
| All Other Fees | 107 | 16 |
| Total Fees | <u>\$5,015</u> | <u>\$5,376</u> |

- (1) Amounts shown reflect fees for the years ended December 31, 2013 and 2012, respectively.
(2) The fees relate primarily to due diligence work and review of the Company's required franchise disclosure documents in 2013 and 2012.

It is the Company's practice that all services provided the Company by its independent registered public accounting firm be pre-approved either by the Audit Committee or by the Chairman of the Audit Committee pursuant to authority delegated by the Audit Committee. No part of the independent registered public accounting firm services related to the Audit-Related Fees, Tax Fees, or All Other Fees listed in the table above was approved by the Audit Committee pursuant to the exemption from pre-approval provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) DOCUMENTS FILED AS PART OF THIS REPORT

1. See Index to Consolidated Financial Statements on page 43 hereof.
2. See Index to Financial Statement Schedules on page 102 hereof.
3. See Exhibit Index beginning on page 104 hereof.

Management contracts and compensatory plans and arrangements required to be filed as an exhibit pursuant to Form 10-K are denoted in the Exhibit Index by an asterisk (“*”).

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OWENS CORNING

By /s/ Michael H. Thaman Date February 12, 2014
Michael H. Thaman,
Chairman of the Board, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Michael H. Thaman Date February 12, 2014
Michael H. Thaman,
Chairman of the Board, President,
Chief Executive Officer and Director

/s/ Michael C. McMurray Date February 12, 2014
Michael C. McMurray,
Senior Vice President and
Chief Financial Officer

/s/ Kelly J. Schmidt Date February 12, 2014
Kelly J. Schmidt,
Vice President and Controller

/s/ Norman P. Blake, Jr. Date February 12, 2014
Norman P. Blake, Jr.,
Director

/s/ J. Brian Ferguson Date February 12, 2014
J. Brian Ferguson,
Director

/s/ Ralph F. Hake Date February 12, 2014
Ralph F. Hake,
Director

/s/ F. Philip Handy Date February 12, 2014
F. Philip Handy,
Director

/s/ Ann Iverson Date February 12, 2014
Ann Iverson,
Director

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| | |
|---|------------------------|
| <u>/s/ Edward F. Loneragan</u> Edward F. Loneragan Director | Date February 12, 2014 |
| <u>/s/ James J. McMonagle</u> James J. McMonagle, Director | Date February 12, 2014 |
| <u>/s/ W. Howard Morris</u> W. Howard Morris, Director | Date February 12, 2014 |
| <u>/s/ Joseph F. Neely</u> Joseph F. Neely, Director | Date February 12, 2014 |
| <u>/s/ Suzanne P. Nimocks</u> Suzanne P. Nimocks, Director | Date February 12, 2014 |
| <u>/s/ John D. Williams</u> John D. Williams, Director | Date February 12, 2014 |

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Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 1992 Internal Control-Integrated Framework.

PricewaterhouseCoopers LLP has audited the effectiveness of the internal controls over financial reporting as of December 31, 2013 as stated in their Report of Independent Registered Public Accounting Firm on page 45 hereof.

Based on our assessment, management determined that, as of December 31, 2013, the Company's internal control over financial reporting was effective.

/s/ Michael H. Thaman
Michael H. Thaman,
President and Chief Executive Officer

Date February 12, 2014

/s/ Michael C. McMurray
Michael C. McMurray,
Senior Vice President and Chief Financial Officer

Date February 12, 2014

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Owens Corning:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings (loss), comprehensive earnings (loss), stockholders' equity and cash flows present fairly, in all material respects, the financial position of Owens Corning and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in the 1992 *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Toledo, Ohio
February 12, 2014

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(in millions, except per share amounts)

| | Twelve Months Ended | | |
|--|---------------------|----------------|---------------|
| | Dec. 31, | | |
| | 2013 | 2012 | 2011 |
| NET SALES | \$5,295 | \$5,172 | \$5,335 |
| COST OF SALES | 4,329 | 4,375 | 4,307 |
| Gross margin | 966 | 797 | 1,028 |
| OPERATING EXPENSES | | | |
| Marketing and administrative expenses | 530 | 509 | 525 |
| Science and technology expenses | 77 | 79 | 77 |
| Charges related to cost reduction actions | 8 | 51 | — |
| Other expenses (income), net | (34) | 10 | (35) |
| Total operating expenses | 581 | 649 | 567 |
| EARNINGS BEFORE INTEREST AND TAXES | 385 | 148 | 461 |
| Interest expense, net | 112 | 114 | 108 |
| Loss on extinguishment of debt | — | 74 | — |
| EARNINGS (LOSS) BEFORE TAXES | 273 | (40) | 353 |
| Less: Income tax expense (benefit) | 68 | (28) | 74 |
| Equity in net earnings of affiliates | — | (4) | 2 |
| NET EARNINGS (LOSS) | 205 | (16) | 281 |
| Less: Net earnings attributable to noncontrolling interests | 1 | 3 | 5 |
| NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING | <u>\$ 204</u> | <u>\$ (19)</u> | <u>\$ 276</u> |
| EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS | | | |
| Basic | \$ 1.73 | \$ (0.16) | \$ 2.25 |
| Diluted | \$ 1.71 | \$ (0.16) | \$ 2.23 |
| WEIGHTED AVERAGE COMMON SHARES | | | |
| Basic | 118.2 | 119.4 | 122.5 |
| Diluted | 119.1 | 119.4 | 123.5 |

The accompanying Notes to the Consolidated Financial Statements are an integral part of this Statement.

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(in millions)

| | Twelve Months Ended | | |
|---|----------------------------|----------------|---------------|
| | Dec. 31, | | |
| | 2013 | 2012 | 2011 |
| NET EARNINGS (LOSS) | \$ 205 | \$ (16) | \$ 281 |
| Currency translation adjustment | (28) | 5 | (39) |
| Pension and other postretirement adjustment (net of tax of \$(45), \$27, and \$22 for the periods ended December 31, 2013, 2012 and 2011, respectively) | 94 | (56) | (80) |
| Deferred income (loss) on hedging (net of tax of \$(1), \$0, and \$1 for the periods ended December 31, 2013, 2012 and 2011, respectively) | <u>1</u> | <u>2</u> | <u>(2)</u> |
| COMPREHENSIVE EARNINGS (LOSS) | 272 | (65) | 160 |
| Less: Comprehensive earnings attributable to noncontrolling interests | <u>1</u> | <u>3</u> | <u>5</u> |
| COMPREHENSIVE EARNINGS (LOSS) | | | |
| ATTRIBUTABLE TO OWENS CORNING | <u>\$ 271</u> | <u>\$ (68)</u> | <u>\$ 155</u> |

The accompanying Notes to the Consolidated Financial Statements are an integral part of this Statement.

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions)

| | Dec. 31, | Dec. 31, |
|---|-----------------|-----------------|
| | 2013 | 2012 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 57 | \$ 55 |
| Receivables, less allowances of \$14 at Dec. 31, 2013 and \$17 at Dec. 31, 2012 | 683 | 600 |
| Inventories | 810 | 786 |
| Assets held for sale – current | 29 | — |
| Other current assets | 269 | 176 |
| Total current assets | 1,848 | 1,617 |
| Property, plant and equipment, net | 2,932 | 2,903 |
| Goodwill | 1,166 | 1,143 |
| Intangible assets | 1,040 | 1,045 |
| Deferred income taxes | 436 | 604 |
| Other non-current assets | 225 | 256 |
| TOTAL ASSETS | \$ 7,647 | \$ 7,568 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 988 | \$ 907 |
| Short-term debt | 1 | 5 |
| Long-term debt – current portion | 3 | 4 |
| Total current liabilities | 992 | 916 |
| Long-term debt, net of current portion | 2,024 | 2,076 |
| Pension plan liability | 336 | 480 |
| Other employee benefits liability | 242 | 274 |
| Deferred income taxes | 23 | 38 |
| Other liabilities | 200 | 209 |
| OWENS CORNING STOCKHOLDERS' EQUITY | | |
| Preferred stock, par value \$0.01 per share (a) | — | — |
| Common stock, par value \$0.01 per share (b) | 1 | 1 |
| Additional paid in capital | 3,938 | 3,925 |
| Accumulated earnings | 655 | 451 |
| Accumulated other comprehensive deficit | (297) | (364) |
| Cost of common stock in treasury (c) | (504) | (475) |
| Total Owens Corning stockholders' equity | 3,793 | 3,538 |
| Noncontrolling interests | 37 | 37 |
| Total equity | 3,830 | 3,575 |
| TOTAL LIABILITIES AND EQUITY | \$ 7,647 | \$ 7,568 |

(a) 10 shares authorized; none issued or outstanding at Dec. 31, 2013 and Dec. 31, 2012

(b) 400 shares authorized; 135.5 issued and 117.8 outstanding at Dec. 31, 2013; 135.6 issued and 118.3 outstanding at Dec. 31, 2012

(c) 17.7 shares at Dec. 31, 2013 and 17.3 shares at Dec. 31, 2012

The accompanying Notes to the Consolidated Financial Statements are an integral part of this Statement.

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions)

| | Common Stock Outstanding | | Treasury Stock | | APIC (a) | Accumulated | | | Total |
|--|--------------------------|-------------|----------------|----------------|-----------------|--------------------|-----------------|--------------|----------------|
| | Shares | Par Value | Shares | Cost | | Earnings (Deficit) | AOCI (b) | NCI (c) | |
| Balance at December 31, 2010 | <u>124.1</u> | <u>\$ 1</u> | <u>9.3</u> | <u>\$(229)</u> | <u>\$ 3,876</u> | <u>\$ 194</u> | <u>\$ (194)</u> | <u>\$ 38</u> | <u>\$3,686</u> |
| Comprehensive earnings: | | | | | | | | | |
| Net earnings attributable to Owens Corning | — | — | — | — | — | 276 | — | 5 | 281 |
| Currency translation adjustment | — | — | — | — | — | — | (39) | — | (39) |
| Pension and other postretirement adjustment (net of tax) | — | — | — | — | — | — | (80) | — | (80) |
| Deferred gain on hedging transactions (net of tax) | — | — | — | — | — | — | (2) | — | (2) |
| Total comprehensive earnings | | | | | | | | | 160 |
| Changes in subsidiary shares from noncontrolling interests | — | — | — | — | — | — | — | (3) | (3) |
| Stock issuance | 0.1 | — | — | — | 10 | — | — | — | 10 |
| Purchases of treasury stock | (4.2) | — | 4.2 | (133) | — | — | — | — | (133) |
| Stock-based compensation | 0.9 | — | — | — | 21 | — | — | — | 21 |
| Balance at December 31, 2011 | <u>120.9</u> | <u>\$ 1</u> | <u>13.5</u> | <u>\$(362)</u> | <u>\$ 3,907</u> | <u>\$ 470</u> | <u>\$ (315)</u> | <u>\$ 40</u> | <u>\$3,741</u> |
| Comprehensive earnings: | | | | | | | | | |
| Net loss attributable to Owens Corning | — | — | — | — | — | (19) | — | 3 | (16) |
| Currency translation adjustment | — | — | — | — | — | — | 5 | — | 5 |
| Pension and other postretirement adjustment (net of tax) | — | — | — | — | — | — | (56) | — | (56) |
| Deferred gain on hedging transactions (net of tax) | — | — | — | — | — | — | 2 | — | 2 |
| Total comprehensive earnings | | | | | | | | | (65) |
| Changes in subsidiary shares from noncontrolling interests | — | — | — | — | (16) | — | — | (6) | (22) |
| Stock issuance | 0.5 | — | — | — | 11 | — | — | — | 11 |
| Purchases of treasury stock | (3.8) | — | 3.8 | (113) | — | — | — | — | (113) |
| Stock-based compensation | 0.7 | — | — | — | 23 | — | — | — | 23 |
| Balance at December 31, 2012 | <u>118.3</u> | <u>\$ 1</u> | <u>17.3</u> | <u>\$(475)</u> | <u>\$ 3,925</u> | <u>\$ 451</u> | <u>\$ (364)</u> | <u>\$ 37</u> | <u>\$3,575</u> |
| Comprehensive earnings: | | | | | | | | | |
| Net earnings attributable to Owens Corning | — | — | — | — | — | 204 | — | 1 | 205 |
| Currency translation adjustment | — | — | — | — | — | — | (28) | (1) | (29) |
| Pension and other postretirement adjustment (net of tax) | — | — | — | — | — | — | 94 | — | 94 |
| Deferred loss on hedging transactions (net of tax) | — | — | — | — | — | — | 1 | — | 1 |
| Total comprehensive earnings | | | | | | | | | 271 |
| Purchase of subsidiary shares | 0.5 | — | (0.6) | 17 | (1) | — | — | — | 16 |
| Stock issuance | — | — | — | — | — | — | — | — | — |
| Purchases of treasury stock | (1.6) | — | 1.6 | (63) | — | — | — | — | (63) |
| Stock-based compensation | 0.6 | — | (0.6) | 17 | 14 | — | — | — | 31 |
| Balance at December 31, 2013 | <u>117.8</u> | <u>\$ 1</u> | <u>17.7</u> | <u>\$(504)</u> | <u>\$ 3,938</u> | <u>\$ 655</u> | <u>\$ (297)</u> | <u>\$ 37</u> | <u>\$3,830</u> |

(a) Additional Paid in Capital ("APIC")

(b) Accumulated Other Comprehensive Earnings (Deficit) ("AOCI")

(c) Noncontrolling Interest ("NCI")

The accompanying Notes to the Consolidated Financial Statements are an integral part of this Statement.

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

| | Twelve Months Ended Dec. 31, | | |
|--|---------------------------------|--------------|--------------|
| | 2013 | 2012 | 2011 |
| NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES | | | |
| Net earnings (loss) | \$ 205 | \$ (16) | \$ 281 |
| Adjustments to reconcile net earnings (loss) to cash provided by operating activities: | | | |
| Depreciation and amortization | 332 | 349 | 318 |
| Gain on sale of assets or affiliates | (6) | (17) | (30) |
| Proceeds from Hurricane Sandy insurance claims | (58) | (20) | — |
| Deferred income taxes | 54 | (59) | 55 |
| Provision for pension and other employee benefits liabilities | 23 | 36 | 36 |
| Stock-based compensation expense | 28 | 24 | 21 |
| Other non-cash | (18) | (14) | (22) |
| Loss on extinguishment of debt | — | 74 | — |
| Change in working capital accounts: | | | |
| Changes in receivables, net | (77) | 24 | (48) |
| Changes in inventories | (27) | (4) | (179) |
| Changes in accounts payable and accrued liabilities | 46 | 23 | (41) |
| Changes in other current assets | 4 | (39) | (35) |
| Other | — | 2 | 41 |
| Pension fund contribution | (39) | (50) | (117) |
| Payments for other employee benefits liabilities | (22) | (22) | (24) |
| Other | (27) | 39 | 33 |
| Net cash flow provided by operating activities | <u>418</u> | <u>330</u> | <u>289</u> |
| NET CASH FLOW USED FOR INVESTING ACTIVITIES | | | |
| Additions to plant and equipment (including alloy) | (353) | (332) | (442) |
| Proceeds from the sale of assets (including alloy) or affiliates | 16 | 59 | 81 |
| Investment in subsidiaries and affiliates, net of cash acquired | (62) | — | (84) |
| Proceeds from Hurricane Sandy insurance claims | 58 | 20 | — |
| Deposit related to sale of Hangzhou, China plant | 34 | — | — |
| Net cash flow used for investing activities | <u>(307)</u> | <u>(253)</u> | <u>(445)</u> |
| NET CASH FLOW PROVIDED BY (USED FOR) FINANCING ACTIVITIES | | | |
| Proceeds from senior revolving credit and receivables securitization facilities | 1,063 | 1,877 | 1,912 |
| Payments on senior revolving credit and receivables securitization facilities | (1,103) | (1,957) | (1,630) |
| Proceeds from long-term debt | — | 599 | 6 |
| Payments on long-term debt | (2) | (441) | (10) |
| Purchase of noncontrolling interest | — | (22) | — |
| Net increase (decrease) in short-term debt | (4) | (23) | 26 |
| Purchases of treasury stock | (63) | (113) | (138) |
| Other | 2 | 4 | 8 |
| Net cash flow provided by (used for) financing activities | <u>(107)</u> | <u>(76)</u> | <u>174</u> |
| Effect of exchange rate changes on cash | (2) | 2 | (18) |
| Net increase in cash and cash equivalents | 2 | 3 | — |
| Cash and cash equivalents at beginning of period | 55 | 52 | 52 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 57</u> | <u>\$ 55</u> | <u>\$ 52</u> |
| DISCLOSURE OF CASH FLOW INFORMATION | | | |
| Cash paid during the year for income taxes | \$ 29 | \$ 30 | \$ 24 |
| Cash paid during the year for interest | \$ 126 | \$ 122 | \$ 111 |

The accompanying Notes to the Consolidated Financial Statements are an integral part of this Statement.

**OWENS CORNING AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Owens Corning, a Delaware corporation, is a leading global producer of glass fiber reinforcements and other materials for composite systems and of residential and commercial building materials. The Company operates within two segments: Composites, which includes the Company's Reinforcements and Downstream businesses; and Building Materials, which includes the Company's Insulation and Roofing businesses. Through these lines of business, Owens Corning manufactures and sells products worldwide. The Company maintains leading market positions in all of its major product categories.

Basis of Presentation

Unless the context requires otherwise, the terms "Owens Corning," "Company," "we" and "our" in this report refer to Owens Corning and its subsidiaries.

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States.

Principles of Consolidation

The Consolidated Financial Statements of the Company include the accounts of majority-owned subsidiaries. Intercompany accounts and transactions are eliminated.

Reclassifications

Certain reclassifications have been made to the 2012 and 2011 Consolidated Financial Statements and Notes to the Consolidated Financial Statements to conform to the classifications used in 2013.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Revenue Recognition

Revenue is recognized when title and risk of loss pass to the customer and collectability is reasonably assured. Provisions for discounts and rebates to customers, returns, warranties and other adjustments are provided in the same period that the related sales are recorded and are based on historical experience, current conditions and contractual obligations, as applicable.

Cost of Sales

Cost of sales includes material, labor, energy and manufacturing overhead costs, including depreciation and amortization expense associated with the manufacture and distribution of the Company's products. Distribution costs include inbound freight costs; purchasing and receiving costs; inspection costs; warehousing costs; shipping and handling costs, which include costs incurred relating to preparing, packaging, and shipping products to customers; and other costs of the Company's distribution network. All shipping and handling costs billed to the customer are included as net sales in the Consolidated Statements of Earnings (Loss).

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Marketing and Administrative Expenses

Marketing and administrative expenses include selling and administrative costs, including depreciation and amortization expense, not directly associated with the manufacture and distribution of the Company's products.

Included in marketing and administrative expenses are marketing and advertising costs, which are expensed the first time the advertisement takes place. Marketing and advertising costs include advertising, and marketing communications. Marketing and advertising expenses for the years ended December 31, 2013, 2012, and 2011 were \$105 million, \$109 million and \$105 million, respectively.

Science and Technology Expenses

The Company incurs certain expenses related to science and technology. These expenses include salaries, building and equipment costs, utilities, administrative expenses, materials and supplies associated with the improvement and development of the Company's products and manufacturing processes. These costs are expensed as incurred.

Earnings (Loss) per Share

Basic earnings (loss) per share are computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share reflect the dilutive effect of common equivalent shares and increased shares that would result from the conversion of equity securities. The effects of anti-dilution are not presented.

Cash and Cash Equivalents

The Company defines cash and cash equivalents as cash and time deposits with original maturities of three months or less when purchased.

Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is an estimate of the amount of probable credit losses in our existing accounts receivable. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

Inventory Valuation

Inventory costs include material, labor, and manufacturing overhead costs, including depreciation and amortization expense associated with the manufacture and distribution of the Company's products. Inventories are stated at lower of cost or market value and expense estimates are made for excess and obsolete inventories. Cost is determined by the first-in, first-out ("FIFO") method.

Investments in Affiliates

The Company accounts for investments in affiliates of 20 percent to 50 percent ownership when the Company does not have a controlling financial interest using the equity method under which the Company's share of earnings and losses of the affiliate is reflected in earnings and dividends are credited against the investment in affiliate when declared. Investments in affiliates are recorded in other non-current assets on the Consolidated Balance Sheets and as of December 31, 2013 and 2012 the total value of investments was \$51 million.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill and Other Intangible Assets

Goodwill assets are not amortized but are tested for impairment on at least an annual basis. In the current year, as part of the annual assessment, the Company used a quantitative approach to determine whether the fair value of a reporting unit was less than its carrying amount.

As part of our testing process for goodwill we estimated fair values using a discounted cash flow approach from the perspective of a market participant. Significant estimates in the discounted cash flow approach are cash flow forecasts of our reporting units, the discount rate, the terminal business value and the projected income tax rate. The cash flow forecasts of the reporting units are based upon management's long-term view of our markets and are the forecasts that are used by senior management and the Board of Directors to evaluate operating performance. The discount rate utilized is management's estimate of what the market's weighted average cost of capital is for a company with a similar debt rating and stock volatility, as measured by beta. The projected income tax rates utilized are the statutory tax rates for the countries where each reporting unit operates. The terminal business value is determined by applying a business growth factor to the latest year for which a forecast exists. As part of our goodwill quantitative testing process, we would evaluate whether there are reasonably likely changes to management's estimates that would have a material impact on the results of the goodwill impairment testing.

Other indefinite-lived intangible assets are not amortized but are tested for impairment on at least an annual basis or when determined to have a finite useful life. Substantially all of the indefinite-lived intangible assets are in trademarks and trade names. The Company uses the royalty relief approach to determine whether it is more likely than not that the fair value of these assets is less than its carrying amount. This review is performed annually, or when circumstances arise which indicate there may be impairment. When applying the royalty relief approach, the Company performs a discounted cash flow analysis based on the value derived from owning these trademarks and trade names and being relieved from paying royalty to third parties. Significant assumptions used include projected cash flows, discount rate, projected income tax rate and terminal business value. These inputs are considered Level 3 inputs under the fair value hierarchy as they are the Company's own data, and are unobservable in the marketplace.

Identifiable intangible assets with a determinable useful life are amortized over that determinable life. Amortization expense for the years ended December 31, 2013, 2012 and 2011 was \$22 million, \$21 million and \$22 million, respectively. See Note 5 to the Consolidated Financial Statements for further discussion.

Properties and Depreciation

Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Property, plant and equipment accounts are relieved of the cost and related accumulated depreciation when assets are disposed of or otherwise retired.

Precious metals used in our production tooling are included in property, plant and equipment and are depleted as they are consumed during the production process. Depletion typically represents an annual expense of less than 3 percent of the outstanding value and is recorded in cost of sales on the Consolidated Statements of Earnings (Loss).

For the years ended December 31, 2013, 2012 and 2011 depreciation expense was \$310 million, \$328 million and \$296 million, respectively. In 2013, depreciation expense included \$20 million of accelerated depreciation

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

related to the change in useful life of assets recorded as a result of our assessment of the future utility of an incomplete Insulation facility located in Cordele, Georgia. In 2013 and 2012, depreciation expense also included \$9 million and \$55 million of accelerated depreciation related to cost reduction actions further explained in Note 15 to the Consolidated Financial Statements.

The range of useful lives for the major components of the Company’s plant and equipment is as follows:

| | |
|--------------------------------------|---------------|
| Buildings and leasehold improvements | 15 – 40 years |
| Machinery and equipment | |
| Furnaces | 4 – 15 years |
| Information systems | 5 – 10 years |
| Equipment | 5 – 20 years |

Expenditures for normal maintenance and repairs are expensed as incurred.

Asset Impairments

The Company evaluates tangible and intangible long-lived assets for impairment when triggering events have occurred. This requires significant assumptions including projected cash flows, projected income tax rate and terminal business value. These inputs are considered Level 3 inputs under the fair value hierarchy as they are the Company’s own data, and are unobservable in the marketplace. Changes in management intentions, market conditions or operating performance could indicate that impairment charges might be necessary that would be material to the Company’s Consolidated Financial Statements in any given period.

Income Taxes

The Company recognizes current tax liabilities and assets for the estimated taxes payable or refundable on the tax returns for the current year. Deferred tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax basis. Amounts are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. In addition, realization of certain deferred tax assets is dependent upon our ability to generate future taxable income. The Company records a valuation allowance to reduce its deferred tax assets to the amount that it believes is more likely than not to be realized. In addition, the Company estimates tax reserves to cover potential taxing authority claims for income taxes and interest attributable to audits of open tax years.

Taxes Collected from Customers and Remitted to Government Authorities and Taxes Paid to Vendors

Taxes are assessed by various governmental authorities at different rates on many different types of transactions. The Company charges sales tax or Value Added Tax (“VAT”) on sales to customers where applicable, as well as captures and claims back all available VAT that has been paid on purchases. VAT is recorded in separate payable or receivable accounts and does not affect revenue or cost of sales line items in the income statement. VAT receivable is recorded as a percentage of qualifying purchases at the time the vendor invoice is processed. VAT payable is recorded as a percentage of qualifying sales at the time an Owens Corning sale to a customer subject to VAT occurs. Amounts are paid to the taxing authority according to the method and collection prescribed by local regulations. Where applicable, VAT payable is netted against VAT receivable. The Company also pays sales tax to vendors who include a tax, required by government regulations, to the purchase price charged to the Company.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension and Other Postretirement Benefits

Accounting for pensions and other postretirement benefits involves estimating the cost of benefits to be provided well into the future and attributing that cost over the time period each employee works. To accomplish this, extensive use is made of assumptions about investment returns, discount rates, inflation, mortality, turnover and medical costs.

Derivative Financial Instruments

The Company recognizes all derivative instruments as either assets or liabilities at fair value on the balance sheet. To the extent that a derivative is effective as a cash flow hedge, the change in fair value of the derivative is deferred in accumulated other comprehensive income/deficit ("OCI"). Any portion considered to be ineffective is reported in earnings immediately. To the extent that a derivative is effective as a fair value hedge, the change in the fair value of the derivative is offset by the change in the fair value of the item being hedged in the Consolidated Statements of Earnings (Loss). See Note 4 to the Consolidated Financial Statements for further discussion.

Foreign Currency

The functional currency of the Company's subsidiaries is generally the applicable local currency. Assets and liabilities of foreign subsidiaries are translated into United States dollars at the period-end rate of exchange, and their Statements of Earnings (Loss) and Statements of Cash Flows are converted on an ongoing basis at the monthly average rate. The resulting translation adjustment is included in accumulated OCI in the Consolidated Balance Sheets and Consolidated Statements of Stockholders' Equity. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the Consolidated Statements of Earnings (Loss) as incurred. The Company recorded a foreign currency transaction loss of \$3 million, a loss of \$3 million and a gain of \$5 million during the years ended December 31, 2013, 2012, and 2011, respectively.

2. SEGMENT INFORMATION

The Company has two reportable segments: Composites and Building Materials. Accounting policies for the segments are the same as those for the Company. The Company's two reportable segments are defined as follows:

Composites – comprised of our Reinforcements and Downstream businesses. Within the Reinforcements business, the Company manufactures, fabricates and sells glass reinforcements in the form of fiber. Within the Downstream business, the Company manufactures and sells glass fiber products in the form of fabrics, mat, veil and other specialized products.

Building Materials – comprised of our Insulation and Roofing businesses. Within the Insulation business, the Company manufactures and sells fiberglass insulation into residential, commercial, industrial and other markets for both thermal and acoustical applications. It also manufactures and sells glass fiber pipe insulation, energy efficient flexible duct media, bonded and granulated mineral wool insulation and foam insulation used in above- and below-grade construction applications. Within the Roofing business, the Company manufactures and sells residential roofing shingles and oxidized asphalt materials used in residential and commercial construction and specialty applications.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SEGMENT INFORMATION (continued)

NET SALES

The following table summarizes our net sales by segment and geographic region (in millions). External customer sales are attributed to geographic region based upon the location from which the product is shipped to the external customer.

| | Twelve Months Ended | | |
|--|----------------------------|-----------------------|-----------------------|
| | Dec. 31, | | |
| | 2013 | 2012 | 2011 |
| <u>Reportable Segments</u> | | | |
| Composites | \$1,845 | \$1,859 | \$1,976 |
| Building Materials | 3,609 | 3,482 | 3,537 |
| Total reportable segments | 5,454 | 5,341 | 5,513 |
| Corporate eliminations | (159) | (169) | (178) |
| NET SALES | <u>\$5,295</u> | <u>\$5,172</u> | <u>\$5,335</u> |
| <u>External Customer Sales by Geographic Region</u> | | | |
| United States | \$3,644 | \$3,504 | \$3,552 |
| Europe | 545 | 558 | 619 |
| Asia Pacific | 627 | 639 | 674 |
| Canada and other | 479 | 471 | 490 |
| NET SALES | <u>\$5,295</u> | <u>\$5,172</u> | <u>\$5,335</u> |
| <u>Sales by Product Group</u> | | | |
| Composites | \$1,845 | \$1,859 | \$1,976 |
| Insulation | 1,642 | 1,468 | 1,368 |
| Roofing | 1,967 | 2,014 | 2,169 |
| Corporate Eliminations | (159) | (169) | (178) |
| NET SALES | <u>\$5,295</u> | <u>\$5,172</u> | <u>\$5,335</u> |

EARNINGS BEFORE INTEREST AND TAXES

Earnings before interest and taxes (“EBIT”) by segment consists of net sales less related costs and expenses and are presented on a basis that is used internally for evaluating segment performance. Certain items, such as general corporate expenses or income and certain other expense or income items, are excluded from the internal evaluation of segment performance. Accordingly, these items are not reflected in EBIT for our reportable segments and are included in the Corporate, Other and Eliminations category.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SEGMENT INFORMATION (continued)

The following table summarizes EBIT by segment (in millions):

| | Twelve Months Ended Dec. 31, | | |
|--|---------------------------------|---------------|---------------|
| | 2013 | 2012 | 2011 |
| Reportable Segments | | | |
| Composites | \$ 98 | \$ 91 | \$ 201 |
| Building Materials | 426 | 293 | 332 |
| Total reportable segments | <u>\$ 524</u> | <u>\$ 384</u> | <u>\$ 533</u> |
| Corporate, Other and Eliminations | | | |
| Charges related to cost reduction actions and related items (a) | \$ (26) | \$ (136) | \$ (17) |
| Net gain (loss) related to Hurricane Sandy property damage and insurance recovery | 15 | (9) | — |
| Accelerated depreciation related to a change in the useful life of assets at our incomplete Cordele, Georgia facility | (20) | — | — |
| Gain on sale of assets and related charges (b) | — | — | 16 |
| General corporate expense | (108) | (91) | (71) |
| EBIT | <u>\$ 385</u> | <u>\$ 148</u> | <u>\$ 461</u> |

(a) For 2013, 2012, and 2011, includes \$8 million, \$51 million, and \$0 million of charges related to cost reduction actions and \$18 million, \$85 million, and \$17 million of other related items.

(b) The gain on sale of assets and related charges for 2011 includes \$16 million gain on sale of Capivari, Brazil.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SEGMENT INFORMATION (continued)

TOTAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHIC REGION

The following table summarizes total assets by segment and property, plant and equipment by geographic region (in millions):

| <u>TOTAL ASSETS</u> | Dec. 31, | |
|--|-----------------------|-----------------------|
| | <u>2013</u> | <u>2012</u> |
| <u>Reportable Segments</u> | | |
| Composites | \$2,379 | \$2,414 |
| Building Materials | 4,011 | 3,896 |
| Total reportable segments | <u>\$6,390</u> | <u>\$6,310</u> |
| <u>Reconciliation to consolidated total assets</u> | | |
| Cash and cash equivalents | \$ 57 | \$ 55 |
| Current and noncurrent Deferred income taxes | 573 | 685 |
| Investments in affiliates | 51 | 51 |
| Assets held for sale – current | 29 | — |
| Corporate property, plant and equipment, other assets and eliminations | 547 | 467 |
| CONSOLIDATED TOTAL ASSETS | <u>\$7,647</u> | <u>\$7,568</u> |
| <u>PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHIC REGION</u> | | |
| United States | \$1,688 | \$1,708 |
| Europe | 520 | 513 |
| Canada | 131 | 150 |
| Asia Pacific | 375 | 350 |
| Other | 218 | 182 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | <u>\$2,932</u> | <u>\$2,903</u> |

Property, plant and equipment by geographic region as of December 31, 2012 has been recast to conform with the presentation as of December 31, 2013 due to a misclassification in the 2012 presentation.

PROVISION FOR DEPRECIATION AND AMORTIZATION

The following table summarizes the provision for depreciation and amortization by segment (in millions):

| | Twelve Months Ended | | |
|---|----------------------------|----------------------|----------------------|
| | Dec. 31, | | |
| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| <u>Reportable Segments</u> | | | |
| Composites | \$ 130 | \$ 123 | \$ 128 |
| Building Materials | 142 | 143 | 157 |
| Total reportable segments | <u>\$ 272</u> | <u>\$ 266</u> | <u>\$ 285</u> |
| General corporate depreciation and amortization (a) | \$ 60 | \$ 83 | \$ 33 |
| CONSOLIDATED PROVISION FOR DEPRECIATION AND AMORTIZATION | <u>\$ 332</u> | <u>\$ 349</u> | <u>\$ 318</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SEGMENT INFORMATION (continued)

- (a) 2013 includes \$9 million of accelerated depreciation related to cost reduction actions and \$20 million of accelerated depreciation related to the change in useful life of assets recorded as a result of our assessment of the future utility of an incomplete Insulation facility located in Cordele, Georgia. 2012 includes \$55 million of accelerated depreciation charges related to cost reduction actions.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

The following table summarizes additions to property, plant and equipment by segment (in millions):

| | Twelve Months Ended Dec. 31, | | |
|--|---------------------------------|---------------|---------------|
| | 2013 | 2012 | 2011 |
| Reportable Segments | | | |
| Composites | \$ 155 | \$ 167 | \$ 256 |
| Building Materials | 167 | 127 | 151 |
| Total reportable segments | <u>\$ 322</u> | <u>\$ 294</u> | <u>\$ 407</u> |
| General corporate additions | \$ 31 | \$ 38 | \$ 35 |
| CONSOLIDATED ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT | <u>\$ 353</u> | <u>\$ 332</u> | <u>\$ 442</u> |

3. INVENTORIES

Inventories consist of the following (in millions):

| | Dec. 31, | |
|------------------------|--------------|--------------|
| | 2013 | 2012 |
| Finished goods | \$580 | \$554 |
| Materials and supplies | 230 | 232 |
| Total inventories | <u>\$810</u> | <u>\$786</u> |

4. DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to, among other risks, the impact of changes in commodity prices, foreign currency exchange rates, and interest rates in the normal course of business. The Company's risk management program is designed to manage the exposure and volatility arising from these risks, and utilizes derivative financial instruments to offset a portion of these risks. The Company uses derivative financial instruments only to the extent necessary to hedge identified business risks, and does not enter into such transactions for trading purposes.

The Company generally does not require collateral or other security with counterparties to these financial instruments and is therefore subject to credit risk in the event of nonperformance; however, the Company monitors credit risk and currently does not anticipate nonperformance by other parties. Contracts with counterparties generally contain right of offset provisions. These provisions effectively reduce the Company's exposure to credit risk in situations where the Company has gain and loss positions outstanding with a single counterparty. It is the Company's policy to offset on the Consolidated Balance Sheets the amounts recognized for

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

derivative instruments with any cash collateral arising from derivative instruments executed with the same counterparty under a master netting agreement. As of December 31, 2013 and 2012, the Company did not have any amounts on deposit with any of its counterparties, nor did any of its counterparties have any amounts on deposit with the Company.

The following table presents the fair value and respective location of derivatives and hedging instruments on the Consolidated Balance Sheets (in millions):

| | Location | Fair Value at | |
|--|---|---------------|---------------|
| | | Dec. 31, 2013 | Dec. 31, 2012 |
| Derivative assets designated as hedging instruments: | | | |
| <u>Cash flow hedges:</u> | | | |
| Natural gas and electricity | Other current assets | \$ 1 | \$ — |
| Amount of gain recognized in OCI (effective portion) | OCI | \$ 1 | \$ — |
| Derivative liabilities designated as hedging instruments: | | | |
| <u>Cash flow hedges:</u> | | | |
| Natural gas and electricity | Accounts payable and accrued liabilities | \$ — | \$ 1 |
| Amount of loss recognized in OCI (effective portion) | OCI | \$ — | \$ 1 |
| <u>Fair value hedges:</u> | | | |
| Interest rate swaps | Accounts payable and accrued liabilities | \$ 3 | \$ — |
| Derivative assets not designated as hedging instruments: | | | |
| Foreign exchange contracts | Other current assets | \$ — | \$ 1 |
| Derivative liabilities not designated as hedging instruments: | | | |
| Foreign exchange contracts | Accounts payable and accrued liabilities | \$ 1 | \$ 3 |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following table presents the impact and respective location of derivative activities on the Consolidated Statements of Earnings (Loss) (in millions):

| | Location | Twelve Months Ended Dec. 31, | | |
|--|------------------------------|---------------------------------|-------|---------|
| | | 2013 | 2012 | 2011 |
| <u>Derivative activity designated as hedging instruments:</u> | | | | |
| <u>Natural gas and electricity:</u> | | | | |
| Amount of loss reclassified from OCI into earnings (effective portion) | Cost of sales | \$ 1 | \$ 5 | \$ 4 |
| <u>Interest rate swaps:</u> | | | | |
| Amount of (gain) loss recognized in earnings (ineffective portion) | Interest expense, net | \$ (1) | \$— | \$ 2 |
| <u>Derivative activity not designated as hedging instruments:</u> | | | | |
| <u>Natural gas and electricity:</u> | | | | |
| Amount of (gain) loss recognized in earnings | Other expenses (income), net | \$— | \$— | \$ (1) |
| <u>Foreign currency exchange contract:</u> | | | | |
| Amount of (gain) loss recognized in earnings (a) | Other expenses (income), net | \$ 12 | \$ 17 | \$ (14) |

(a) (Gains) / losses related to foreign currency derivatives were substantially offset by net revaluation impacts on foreign denominated balance sheet exposures, which were also recorded in Other (income) expenses, net.

Cash Flow Hedges

The Company uses forward and swap contracts, which qualify as cash flow hedges, to manage forecasted exposure to natural gas and electricity prices. The effective portion of the change in the fair value of cash flow hedges is deferred in accumulated OCI on the Consolidated Balance Sheets and is subsequently recognized in cost of sales on the Consolidated Statements of Earnings (Loss) for commodity hedges, when the hedged item impacts earnings. Changes in the fair value of derivative assets and liabilities designated as hedging instruments are shown in other within operating activities on the Consolidated Statements of Cash Flows. Any portion of the change in fair value of derivatives designated as hedging instruments that is determined to be ineffective is recorded in other expenses (income), net on the Consolidated Statements of Earnings (Loss).

The Company currently has natural gas and electricity commodity derivatives designated as hedging instruments that mature within 15 months. The Company's policy for natural gas exposures is to hedge up to 75 percent of its total forecasted exposures for the next two months, up to 50 percent of its total forecasted exposures for the following four months, and lesser amounts for the remaining periods. The Company's policy for electricity exposures is to hedge up to 75 percent of its total forecasted exposures for the current calendar year and up to 65 percent of its total forecasted exposures for the first calendar year forward. Based on market conditions, approved variation from the standard policy may occur. The Company performs an analysis for effectiveness of its derivatives designated as hedging instruments at the end of each quarter based on the terms of the contract and the underlying item being hedged.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

As of December 31, 2013, \$1 million of gains included in OCI on the Consolidated Balance Sheets relate to contracts that will impact earnings during the next 12 months. Transactions and events that are expected to occur over the next 12 months that will necessitate recognizing these deferred gains include the recognition of the hedged item through earnings.

Fair Value Hedges

The Company manages its interest rate exposure by balancing the mix of its fixed and variable rate instruments at certain times through interest rate swaps. The swaps are carried at fair value and recorded as other assets or liabilities, with the offset to long-term debt on the Consolidated Balance Sheets. Changes in the fair value of these swaps and that of the related debt are recorded in interest expense, net on the Consolidated Statements of Earnings (Loss).

Other Derivatives

The Company uses forward currency exchange contracts to manage existing exposures to foreign exchange risk related to assets and liabilities recorded on the Consolidated Balance Sheets. Gains and losses resulting from the changes in fair value of these instruments are recorded in other expenses (income), net on the Consolidated Statements of Earnings (Loss).

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets and goodwill consist of the following (in millions):

| | Weighted Average Useful Life | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
|-------------------------------------|---------------------------------------|-----------------------------|-----------------------------|---------------------------|
| Dec. 31, 2013 | | | | |
| Amortizable intangible assets: | | | | |
| Customer relationships | 19 | \$ 181 | \$ (68) | \$ 113 |
| Technology | 20 | 195 | (74) | 121 |
| Franchise and other agreements | 14 | 36 | (16) | 20 |
| Indefinite-lived intangible assets: | | | | |
| Trademarks | | 786 | — | 786 |
| Total intangible assets | | <u>\$ 1,198</u> | <u>\$ (158)</u> | <u>\$ 1,040</u> |
| Goodwill | | <u>\$ 1,166</u> | | |

| | Weighted Average Useful Life | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
|-------------------------------------|---------------------------------------|-----------------------------|-----------------------------|---------------------------|
| Dec. 31, 2012 | | | | |
| Amortizable intangible assets: | | | | |
| Customer relationships | 19 | \$ 169 | \$ (58) | \$ 111 |
| Technology | 20 | 198 | (64) | 134 |
| Franchise and other agreements | 15 | 37 | (14) | 23 |
| Indefinite-lived intangible assets: | | | | |
| Trademarks | | 777 | — | 777 |
| Total intangible assets | | <u>\$ 1,181</u> | <u>\$ (136)</u> | <u>\$ 1,045</u> |
| Goodwill | | <u>\$ 1,143</u> | | |

The changes in the net carrying amount of goodwill by segment are as follows (in millions):

| | Composites | Building Materials | Total |
|---------------------------------|--------------|-----------------------|----------------|
| Balance as of December 31, 2012 | \$ 56 | \$ 1,087 | \$1,143 |
| Acquisitions (see Note 9) | 2 | 22 | 24 |
| Foreign currency adjustments | (1) | — | (1) |
| Balance as of December 31, 2013 | <u>\$ 57</u> | <u>\$ 1,109</u> | <u>\$1,166</u> |

Other Intangible Assets

The Company amortizes the cost of other intangible assets over their estimated useful lives, which range up to twenty five years. The Company expects the ongoing amortization expense for amortizable intangible assets to be \$23 million in each of the next five fiscal years. The Company's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets. These costs are reported in Other expenses (income), net on the Consolidated Statements of Earnings (Loss) as incurred.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Goodwill and Indefinite-Lived Intangible Assets

The Company tests goodwill and indefinite-lived intangible assets for impairment as of October 1 each year, or more frequently should circumstances change or events occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The annual test performed in 2013 resulted in no impairment of goodwill.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following (in millions):

| | Dec. 31, | Dec. 31, |
|--------------------------------------|-----------------|-----------------|
| | <u>2013</u> | <u>2012</u> |
| Land | \$ 210 | \$ 222 |
| Buildings and leasehold improvements | 811 | 789 |
| Machinery and equipment | 3,353 | 3,223 |
| Construction in progress | 173 | 147 |
| | <u>4,547</u> | <u>4,381</u> |
| Accumulated depreciation | (1,615) | (1,478) |
| Property, plant and equipment, net | <u>\$ 2,932</u> | <u>\$ 2,903</u> |

Machinery and equipment includes certain precious metals used in the Company's production tooling, which comprise approximately 17 percent and 18 percent of total machinery and equipment as of December 31, 2013 and December 31, 2012, respectively. Precious metals used in our production tooling are depleted as they are consumed during the production process, which typically represents an annual expense of less than 3 percent of the outstanding carrying value.

7. CHANGES IN NONCONTROLLING INTERESTS

In the third quarter of 2012, the Company executed a purchase agreement for the remaining noncontrolling interest of Northern Elastomeric Incorporated ("NEI"), one of the Company's consolidated subsidiaries. As a result of the purchase agreement, NEI became a wholly-owned subsidiary of the Company, with the Company providing \$22 million in cash consideration. The transaction resulted in a \$6 million decrease in Noncontrolling interests on the Consolidated Balance Sheets.

The following table discloses the changes in noncontrolling interests on Owens Corning stockholders' equity and effects on net earnings attributable to Owens Corning (in millions):

| | Twelve Months Ended | | |
|--|---------------------|----------------|--------------|
| | Dec. 31, | | |
| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Net earnings (loss) attributable to Owens Corning | \$204 | \$ (19) | \$276 |
| Increase (decrease) in Owens Corning additional paid in capital for NEI purchase agreement | — | (16) | — |
| Change from net earnings (loss) attributable to Owens Corning and change in noncontrolling interests | <u>\$204</u> | <u>\$ (35)</u> | <u>\$276</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. INVESTMENTS IN AFFILIATES

At December 31, 2013 and 2012, the Company's ownership percentage in affiliates, which generally are engaged in the manufacture of fibrous glass and related products for the insulation, construction, reinforcements, and textile markets, included:

| | Dec. 31, | |
|--|----------|------|
| | 2013 | 2012 |
| Arabian Fiberglass Insulation Company, Ltd. (Saudi Arabia) | 49% | 49% |
| Fiberteq LLC (United States) | 50% | 50% |
| Neptco LLC (United States) | 50% | 50% |

The following tables provide summarized financial information on a combined 100 percent basis for the Company's affiliates accounted for under the equity method (in millions):

| | Dec. 31, | |
|-------------------------|----------|-------|
| | 2013 | 2012 |
| Current assets | \$ 50 | \$ 53 |
| Non-current assets | \$ 90 | \$ 85 |
| Current liabilities | \$ 25 | \$ 22 |
| Non-current liabilities | \$ 23 | \$ 24 |

| | Twelve Months Ended Dec. 31, | | |
|--------------|---------------------------------|--------|--------|
| | 2013 | 2012 | 2011 |
| Net sales | \$ 138 | \$ 140 | \$ 143 |
| Gross margin | \$ 7 | \$ 11 | \$ 14 |
| Net earnings | \$ 1 | \$ 5 | \$ 5 |

Dividends received from entities are accounted for under the equity method. There were no dividends received for the years ended 2013, 2012 and 2011. There were no undistributed earnings of affiliates for the year ended December 31, 2013.

9. ACQUISITIONS

During the third quarter of 2013, the Company made cash payments of \$10 million related to our July 31, 2011 acquisitions of FiberTEK Insulation West, LLC and FiberTEK Insulation, LLC. Deferred payments totaling \$15 million remain outstanding and are due in annual installments through 2018. As of December 31, 2013, the deferred payments are recorded at their net present value of \$5 million in accounts payable and accrued liabilities and \$8 million in other liabilities on the Consolidated Balance Sheets.

During the second quarter of 2013 the Company completed the acquisitions of Thermafiber Inc., a leading manufacturer of commercial and industrial mineral wool insulation products located in Indiana and Tanaka Kikinokoku (Suzhou) Co., Ltd, a producer of glass fiber bushings in China. The Company provided total consideration that had a fair value of \$52 million at the acquisition dates. The acquisitions resulted in the recognition of \$19 million in intangible assets; and \$24 million in goodwill. The pro-forma effect of these acquisitions on revenues and earnings was not material.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. DIVESTITURES

On September 13, 2013, the Company signed an agreement to sell its Composites glass reinforcements facility in Hangzhou, Peoples Republic of China for total compensation of approximately \$70 million to the Hangzhou Municipal Land Reservation Center and the Development and Construction Management Office of Taoyuan New Zone of Gongshu District in Hangzhou (“Hangzhou Government”), both of which are unrelated third party government entities. As of December 31, 2013 the Company received \$34 million in cash, which is recorded as a deposit on the sale. The balance of the compensation, approximately \$35 million, is payable upon returning the land to the Hangzhou Government, which is expected during the first half of 2014. The sale, which is expected to close in the first half of 2014, will result in a pre-tax gain of approximately \$30 million to \$40 million.

11. ASSETS HELD FOR SALE

During 2013, the Company closed its Hangzhou, Peoples Republic of China and Vado, Italy facilities. The assets held for sale consisted of \$21 million and \$8 million of Property, Plant and Equipment at the Hangzhou and Vado facilities, respectively. There were no other assets or liabilities held for sale related to these facilities as of December 31, 2013.

12. OPERATING LEASES

The Company leases certain equipment and facilities under operating leases expiring on various dates through 2023. Some of these leases include cost-escalation clauses. Such cost-escalation clauses are recognized on a straight-line basis over the lease term. Total rental expense was \$83 million, \$79 million and \$74 million in the years ended December 31, 2013, 2012 and 2011, respectively. At December 31, 2013, the minimum future rental commitments under non-cancelable operating leases with initial maturities greater than one year payable over the remaining lives of the leases are (in millions):

| Period | Minimum Future Rental Commitments |
|-----------------|--|
| 2014 | \$ 66 |
| 2015 | \$ 39 |
| 2016 | \$ 31 |
| 2017 | \$ 22 |
| 2018 | \$ 14 |
| 2019 and beyond | \$ 36 |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following (in millions):

| | Dec. 31, | |
|---|-----------------|--------------|
| | 2013 | 2012 |
| Accounts payable | \$547 | \$498 |
| Payroll, vacation pay, and incentive compensation | 161 | 115 |
| Payroll, property, and other taxes | 95 | 98 |
| Other employee benefits liabilities | 39 | 40 |
| Warranties (current portion) | 19 | 20 |
| Legal and audit fees | 7 | 11 |
| Accrued interest | 8 | 11 |
| Charges related to cost reduction actions | 26 | 45 |
| Deferred acquisition payments | 5 | 10 |
| Other | 81 | 59 |
| Total | <u>\$988</u> | <u>\$907</u> |

14. WARRANTIES

The Company records a liability for warranty obligations at the date the related products are sold. Adjustments are made as new information becomes available. A reconciliation of the warranty liability is as follows (in millions):

| | Dec. 31, | |
|----------------------------------|-----------------|--------------|
| | 2013 | 2012 |
| Beginning balance | \$ 41 | \$ 38 |
| Amounts accrued for current year | 21 | 24 |
| Settlements of warranty claims | (21) | (21) |
| Ending balance | <u>\$ 41</u> | <u>\$ 41</u> |

15. COST REDUCTION ACTIONS

2013 Cost Reduction Actions

As a result of the Company's decision to divest its Composites glass reinforcements facility in Hangzhou, Peoples Republic of China discussed in Note 10 to the Consolidated Financial Statements, we have recorded \$6 million in charges related to cost reduction actions on the Consolidated Statements of Earnings (Loss) for the twelve months ended December 31, 2013.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. COST REDUCTION ACTIONS (continued)

The following table summarizes the status of the unpaid liabilities from the Company's 2013 cost reduction actions (in millions):

| | Beginning | | | Ending | Cumulative |
|-----------|-----------|-------|----------|----------|------------|
| | Balance | Costs | Payments | Balance | |
| | Dec. 31, | | | Incurred | Dec. 31, |
| | 2012 | | 2013 | Incurred | |
| Severance | \$ — | \$ 6 | \$ — | \$ 6 | \$ 6 |
| Total | \$ — | \$ 6 | \$ — | \$ 6 | \$ 6 |

2012 Cost Reduction Actions*Composites*

As a result of evaluating market conditions in our Composites segment, we took actions to improve the competitive position of our global manufacturing network by closing certain facilities, with most significant actions taking place in France, Spain and Italy. These actions were primarily due to market conditions that led to lower capacity requirements within the European region. In conjunction with these actions, the Company recorded \$20 million and \$131 million in charges related to cost reduction actions and related items for the twelve months ended December 31, 2013 and 2012, respectively; of which, \$2 million and \$49 million, respectively, is related to severance and is included in charges related to cost reduction actions on the Consolidated Statements of Earnings (Loss). The \$18 million and \$82 million of other charges consist of \$9 million and \$55 million in accelerated depreciation due to the shortened expected useful life of the closed facilities and \$9 million and \$27 million in related other charges that primarily consisted of facility closure and related other exit costs, respectively.

Building Materials

In the first quarter of 2012, the Company's actions resulted in \$5 million in charges, comprised of \$2 million in severance costs and \$3 million of other charges.

The following table summarizes the status of the unpaid liabilities from the Company's 2012 cost reduction actions (in millions):

| | Beginning | | | Ending | Cumulative |
|-----------|-----------|-------|----------|----------|------------|
| | Balance | Costs | Payments | Balance | |
| | Dec. 31, | | | Incurred | Dec. 31, |
| | 2012 | | 2013 | Incurred | |
| Severance | \$ 45 | \$ 2 | \$ 21 | \$ 26 | \$ 53 |
| Total | \$ 45 | \$ 2 | \$ 21 | \$ 26 | \$ 53 |

OWENS CORNING AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. DEBT

Details of the Company's outstanding long-term debt are as follows (in millions):

| | Dec. 31, | Dec. 31, |
|---|-----------------|-----------------|
| | 2013 | 2012 |
| 6.50% senior notes, net of discount, due 2016 | \$ 400 | \$ 400 |
| 9.00% senior notes, net of discount, due 2019 | 248 | 247 |
| 4.20% senior notes, net of discount, due 2022 | 599 | 599 |
| 7.00% senior notes, net of discount, due 2036 | 540 | 540 |
| Accounts receivable securitization facility, maturing in 2016 | 162 | 141 |
| Senior revolving credit facility, maturing in 2018 | 12 | 73 |
| Various capital leases, due through and beyond 2050 | 49 | 52 |
| Various floating rate debt, maturing through 2017 | 1 | 2 |
| Fair value adjustment to debt | 16 | 26 |
| Total long-term debt | 2,027 | 2,080 |
| Less – current portion | 3 | 4 |
| Long-term debt, net of current portion | <u>\$ 2,024</u> | <u>\$ 2,076</u> |

Senior Notes

The Company issued \$600 million of 2022 senior notes on October 17, 2012. The proceeds of these notes were used to refinance \$250 million of our 2016 senior notes, \$100 million of our 2019 senior notes and pay down our Senior Revolving Credit Facility. Interest on the notes is payable semiannually in arrears on June 15 and December 15 each year, beginning on June 15, 2013.

The Company issued \$350 million of 2019 senior notes on June 3, 2009. On October 31, 2006, we issued \$650 million of 2016 senior notes and \$540 million of 2036 senior notes. The proceeds of these notes were used to pay certain unsecured and administrative claims, finance general working capital needs and for general corporate purposes.

Collectively, the notes above are referred to as the "Senior Notes." The Senior Notes are general unsecured obligations of the Company and rank *pari passu* with all existing and future senior unsecured indebtedness of the Company.

The Senior Notes are fully and unconditionally guaranteed by each of the Company's current and future domestic subsidiaries that are a borrower or guarantor under the Company's Credit Agreement (as defined below). The guarantees are unsecured and rank equally in right of payment with all other existing and future senior unsecured indebtedness of the guarantors. The guarantees are effectively subordinated to existing and future secured debt of the guarantors to the extent of the assets securing that indebtedness.

The Company has the option to redeem all or part of the Senior Notes at any time at a "make whole" redemption price. The Company is subject to certain covenants in connection with the issuance of the Senior Notes that it believes are usual and customary. The Company was in compliance with these covenants as of December 31, 2013.

In the fourth quarter of 2011, the Company terminated all interest rate swaps designated to hedge a portion of the 6.5 percent senior notes due 2016. The swaps were carried at fair value and recorded as other assets or liabilities,

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. DEBT (continued)

with a fair value adjustment to long-term debt on the Consolidated Balance Sheets. The fair value adjustment to debt will be amortized through 2016 as a reduction to interest expense in conjunction with the maturity date of the notes.

On June 28, 2013, the Company entered into interest rate swap agreements effective July 1, 2013 to manage its interest rate exposure by swapping \$100 million of fixed rate to variable rate exposure designated against our 4.2 percent senior notes due 2022. The swaps are carried at fair value and recorded as other assets or liabilities, with a fair value adjustment to long-term debt on the Consolidated Balance Sheets.

Senior Credit Facilities

In November 2013, the Company amended the credit agreement (the "Credit Agreement") for the \$800 million multi-currency senior revolving credit facility (the "Senior Revolving Credit Facility") to extend the maturity to November 2018 and reduce the letters of credit sublimit to \$100 million. The Senior Revolving Credit Facility includes both borrowings and letters of credit. Borrowings under the Senior Revolving Credit Facility may be used for general corporate purposes and working capital. The Company has the discretion to borrow under multiple options, which provide for varying terms and interest rates including the United States prime rate or LIBOR plus a spread.

The Senior Revolving Credit Facility contains various covenants, including a maximum allowed leverage ratio and a minimum required interest expense coverage ratio that the Company believes are usual and customary for a senior unsecured credit agreement. The Company was in compliance with these covenants as of December 31, 2013.

The Company had \$15 million of letters of credit outstanding under the Senior Revolving Credit Facility at December 31, 2013.

Receivables Securitization Facility

Included in long-term debt on the Consolidated Balance Sheets are amounts outstanding under a Receivables Purchase Agreement (the "RPA") that are accounted for as secured borrowings in accordance with ASC 860, Accounting for Transfers and Servicing. Owens Corning Sales, LLC and Owens Corning Receivables LLC, each a subsidiary of the Company, have a \$250 million RPA with certain financial institutions. The securitization facility was amended in the third quarter of 2013 to extend maturity to July 2016 and to reduce the size of the facility to \$200 million during the months of November, December, and January each year. At December 31, 2013, the Company utilized the full amount permitted under the terms of the receivables securitization facility. The Company had \$38 million of letters of credit outstanding under the receivables securitization facility at December 31, 2013.

The RPA contains various covenants, including a maximum allowed leverage ratio and a minimum required interest expense coverage ratio that the Company believes are usual and customary for a securitization facility. The Company was in compliance with these covenants as of December 31, 2013.

Owens Corning Receivables LLC's sole business consists of the purchase or acceptance through capital contributions of trade receivables and related rights from Owens Corning Sales, LLC and the subsequent retransfer of or granting of a security interest in such trade receivables and related rights to certain purchasers

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. DEBT (continued)

party to the RPA. Owens Corning Receivables LLC is a separate legal entity with its own separate creditors who will be entitled, upon its liquidation, to be satisfied out of Owens Corning Receivables LLC's assets prior to any assets or value in Owens Corning Receivables LLC becoming available to Owens Corning Receivables LLC's equity holders. The assets of Owens Corning Receivables LLC are not available to pay creditors of the Company or any other affiliates of the Company or Owens Corning Sales, LLC.

Debt Maturities

The aggregate maturities for all long-term debt issues for each of the five years following December 31, 2013 and thereafter are presented in the table below (in millions). The maturities are stated at total cash the Company is contractually obligated to pay third parties and are not stated net of discount. The effects of the interest rate swap are not included in the table below.

| <u>Period</u> | <u>Maturities</u> |
|----------------------|--------------------------|
| 2014 | \$ 3 |
| 2015 | 3 |
| 2016 | 580 |
| 2017 | 3 |
| 2018 | 15 |
| 2019 and beyond | 1,423 |
| Total | \$ 2,027 |

Short-Term Debt

At December 31, 2013 and December 31, 2012, short-term borrowings were \$1 million and \$5 million, respectively. The short-term borrowings for both periods consisted of various operating lines of credit and working capital facilities. Certain of these borrowings are collateralized by receivables, inventories or property. The borrowing facilities are typically for one-year renewable terms. The weighted average interest rate on all short-term borrowings was approximately 2.2 percent for December 31, 2013 and 4.5 percent for December 31, 2012.

17. PENSION PLANS

The Company sponsors defined benefit pension plans. Under the plans, pension benefits are based on an employee's years of service and, for certain categories of employees, qualifying compensation. Company contributions to these pension plans are determined by an independent actuary to meet or exceed minimum funding requirements. In our U.S. plan prior to 2013 and in all of our Non-U.S. plans, the unrecognized cost of any retroactive amendments and actuarial gains and losses are amortized over the average future service period of plan participants expected to receive benefits. As of January 1, 2013, an increase in the number of inactive participants in our U.S. plan resulted in substantially all of the plan participants being inactive. Accordingly, we elected to begin amortizing the unrecognized cost of any retroactive amendments and actuarial gains and losses over the average remaining life expectancy of the inactive participants as opposed to the average remaining service period of the active participants.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PENSION PLANS (continued)

The following tables provide a reconciliation of the change in the projected benefit obligation, the change in plan assets and the net amount recognized in the Consolidated Balance Sheets for the years ended December 31, 2013 and 2012 (in millions):

| | Dec. 31, 2013 | | | Dec. 31, 2012 | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | U.S. | Non-U.S. | Total | U.S. | Non-U.S. | Total |
| Change in Projected Benefit Obligation | | | | | | |
| Benefit obligation at beginning of period | \$1,187 | \$ 554 | \$1,741 | \$1,105 | \$ 503 | \$1,608 |
| Service cost | 9 | 6 | 15 | 9 | 5 | 14 |
| Interest cost | 44 | 21 | 65 | 49 | 23 | 72 |
| Actuarial (gain) loss | (91) | 3 | (88) | 111 | 34 | 145 |
| Currency (gain) loss | — | (8) | (8) | — | 16 | 16 |
| Benefits paid | (79) | (21) | (100) | (87) | (23) | (110) |
| Settlements / Curtailments | — | (7) | (7) | — | (6) | (6) |
| Other | — | (2) | (2) | — | 2 | 2 |
| Benefit obligation at end of period | <u>\$1,070</u> | <u>\$ 546</u> | <u>\$1,616</u> | <u>\$1,187</u> | <u>\$ 554</u> | <u>\$1,741</u> |
| Change in Plan Assets | | | | | | |
| Fair value of assets at beginning of period | \$ 856 | \$ 404 | \$1,260 | \$ 812 | \$ 360 | \$1,172 |
| Actual return on plan assets | 60 | 35 | 95 | 99 | 40 | 139 |
| Currency gain (loss) | — | (9) | (9) | — | 12 | 12 |
| Company contributions | 20 | 20 | 40 | 32 | 18 | 50 |
| Benefits paid | (79) | (21) | (100) | (87) | (23) | (110) |
| Settlements/curtailments | — | (7) | (7) | — | (3) | (3) |
| Other | 1 | — | 1 | — | — | — |
| Fair value of assets at end of period | <u>\$ 858</u> | <u>\$ 422</u> | <u>\$1,280</u> | <u>\$ 856</u> | <u>\$ 404</u> | <u>\$1,260</u> |
| Funded status | <u>\$ (212)</u> | <u>\$ (124)</u> | <u>\$ (336)</u> | <u>\$ (331)</u> | <u>\$ (150)</u> | <u>\$ (481)</u> |
| Amounts Recognized in the Consolidated Balance Sheets | | | | | | |
| | Dec. 31, 2013 | | | Dec. 31, 2012 | | |
| | U.S. | Non-U.S. | Total | U.S. | Non-U.S. | Total |
| Prepaid pension cost | \$ — | \$ 2 | \$ 2 | \$ — | \$ 1 | \$ 1 |
| Accrued pension cost – current | — | (2) | (2) | — | (2) | (2) |
| Accrued pension cost – non-current | (212) | (124) | (336) | (331) | (149) | (480) |
| Net amount recognized | <u>\$(212)</u> | <u>\$(124)</u> | <u>\$(336)</u> | <u>\$(331)</u> | <u>\$(150)</u> | <u>\$(481)</u> |
| Amounts Recorded in Accumulated OCI | | | | | | |
| Net actuarial loss | <u>\$(289)</u> | <u>\$ (78)</u> | <u>\$(367)</u> | <u>\$(396)</u> | <u>\$ (95)</u> | <u>\$(491)</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PENSION PLANS (continued)

The following table presents information about the projected benefit obligation, accumulated benefit obligation (“ABO”) and plan assets of the Company’s pension plans (in millions):

| | Dec. 31, 2013 | | | Dec. 31, 2012 | | |
|---|---------------|----------|---------|---------------|----------|---------|
| | U.S. | Non-U.S. | Total | U.S. | Non-U.S. | Total |
| Plans with ABO in excess of fair value of plan assets: | | | | | | |
| Projected benefit obligation | \$1,070 | \$406 | \$1,476 | \$1,187 | \$511 | \$1,698 |
| Accumulated benefit obligation | \$1,070 | \$392 | \$1,462 | \$1,187 | \$487 | \$1,674 |
| Fair value of plan assets | \$ 858 | \$293 | \$1,151 | \$ 856 | \$365 | \$1,221 |
| Plans with fair value of assets in excess of ABO: | | | | | | |
| Projected benefit obligation | \$ — | \$132 | \$ 132 | \$ — | \$ 43 | \$ 43 |
| Accumulated benefit obligation | \$ — | \$121 | \$ 121 | \$ — | \$ 33 | \$ 33 |
| Fair value of plan assets | \$ — | \$129 | \$ 129 | \$ — | \$ 39 | \$ 39 |
| Total projected benefit obligation | \$1,070 | \$538 | \$1,608 | \$1,187 | \$554 | \$1,741 |
| Total accumulated benefit obligation | \$1,070 | \$513 | \$1,583 | \$1,187 | \$520 | \$1,707 |
| Total plan assets | \$ 858 | \$422 | \$1,280 | \$ 856 | \$404 | \$1,260 |

Weighted-Average Assumptions Used to Determine Benefit Obligation

The following table presents weighted average assumptions used to determine benefit obligations at the measurement dates noted:

| | Dec. 31, | |
|--------------------------------|----------|-------|
| | 2013 | 2012 |
| United States Plans | | |
| Discount rate | 4.65% | 3.80% |
| Expected return on plan assets | 7.00% | 7.50% |
| Non-United States Plans | | |
| Discount rate | 4.45% | 4.10% |
| Expected return on plan assets | 6.38% | 6.13% |
| Rate of compensation increase | 3.94% | 3.50% |

Components of Net Periodic Pension Cost

The following table presents the components of net periodic pension cost for the periods noted (in millions):

| | Twelve Months Ended Dec. 31, | | |
|--------------------------------|------------------------------|-------|-------|
| | 2013 | 2012 | 2011 |
| Service cost | \$ 15 | \$ 15 | \$ 14 |
| Interest cost | 65 | 72 | 78 |
| Expected return on plan assets | (84) | (86) | (91) |
| Amortization of actuarial loss | 20 | 29 | 15 |
| Net periodic benefit cost | \$ 16 | \$ 30 | \$ 16 |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PENSION PLANS (continued)

Weighted-Average Assumptions Used to Determine Net Periodic Pension Cost

The following table presents weighted-average assumptions used to determine net periodic pension costs for the periods noted:

| | Twelve Months Ended Dec. 31, | | |
|--------------------------------|---|-------------|-------------|
| | 2013 | 2012 | 2011 |
| United States Plans | | | |
| Discount rate | 3.80% | 4.60% | 5.30% |
| Expected return on plan assets | 7.50% | 7.25% | 7.75% |
| Rate of compensation increase | N/A (a) | N/A (a) | N/A (a) |
| Non-United States Plans | | | |
| Discount rate | 4.10% | 4.65% | 5.21% |
| Expected return on plan assets | 6.13% | 7.23% | 7.25% |
| Rate of compensation increase | 3.50% | 3.75% | 3.86% |

(a) Not applicable due to changes in plan made on August 1, 2009 that were effective beginning January 1, 2010.

The expected return on plan assets assumption is derived by taking into consideration the target plan asset allocation, historical rates of return on those assets, projected future asset class returns and net outperformance of the market by active investment managers. An asset return model is used to develop an expected range of returns on plan investments over a 20 year period, with the expected rate of return selected from a best estimate range within the total range of projected results. The result is then rounded down to the nearest 25 basis points.

Accumulated Other Comprehensive Earnings (Deficit)

For the year ended December 31, 2013, the Company recorded other comprehensive income of \$81 million, net of tax, to OCI. Of the \$(367) million balance in OCI, \$11 million is expected to be recognized as net periodic pension cost during 2014. For the year ended December 31, 2012, the Company recorded a charge of \$44 million, net of tax, to OCI.

Items Measured at Fair Value

The Company classifies and discloses pension plan assets in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PENSION PLANS (continued)

Plan Assets

The following table summarizes the fair values, and levels within the fair value hierarchy in which the fair value measurements fall under United States pension plan assets at December 31, 2013 and 2012 (in millions):

| Asset Category | 2013 | | | Total |
|-----------------------------------|---------------|---------------|-------------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity | | | | |
| Domestic actively managed | \$ 100 | \$ 38 | \$ — | \$ 138 |
| Domestic passive index | — | 58 | — | 58 |
| International actively managed | 121 | — | — | 121 |
| International passive index | — | 25 | — | 25 |
| Fixed income and cash equivalents | | | | |
| Short-term debt | — | 27 | — | 27 |
| Corporate bonds | 240 | 27 | — | 267 |
| Government debt | 91 | — | — | 91 |
| Real estate investment trusts | 26 | — | — | 26 |
| Absolute return strategies | — | 80 | — | 80 |
| Real assets | — | 25 | — | 25 |
| Total United States plan assets | <u>\$ 578</u> | <u>\$ 280</u> | <u>\$ —</u> | <u>\$ 858</u> |

| Asset Category | 2012 | | | Total |
|-----------------------------------|---------------|---------------|-------------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity | | | | |
| Domestic actively managed | \$ 129 | \$ — | \$ — | \$ 129 |
| Domestic passive index | — | 55 | — | 55 |
| International actively managed | 122 | — | — | 122 |
| International passive index | — | 27 | — | 27 |
| Fixed income and cash equivalents | | | | |
| Cash and cash equivalents | 1 | — | — | 1 |
| Short-term debt | — | 24 | — | 24 |
| Corporate bonds | 246 | 28 | — | 274 |
| Government debt | 94 | — | — | 94 |
| Real estate investment trusts | 27 | — | — | 27 |
| Absolute return strategies | — | 76 | — | 76 |
| Real assets | — | 27 | — | 27 |
| Total United States plan assets | <u>\$ 619</u> | <u>\$ 237</u> | <u>\$ —</u> | <u>\$ 856</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PENSION PLANS (continued)

The following table summarizes the fair values, and levels within the fair value hierarchy in which the fair value measurements fall under non-United States pension plan assets at December 31, 2013 and 2012 (in millions):

| Asset Category | 2013 | | | Total |
|-------------------------------------|--------------|---------------|-------------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity | | | | |
| Domestic actively managed | \$ 30 | \$ 4 | \$ — | \$ 34 |
| Domestic passive index | — | 4 | — | 4 |
| International actively managed | — | 61 | — | 61 |
| International passive index | 2 | 26 | — | 28 |
| Fixed income and cash equivalents | | | | |
| Cash and cash equivalents | 3 | 22 | — | 25 |
| Corporate bonds | — | 162 | — | 162 |
| Government Debt | — | 7 | — | 7 |
| Absolute return strategies | — | 101 | — | 101 |
| Total non-United States plan assets | <u>\$ 35</u> | <u>\$ 387</u> | <u>\$ —</u> | <u>\$ 422</u> |

| Asset Category | 2012 | | | Total |
|-------------------------------------|--------------|---------------|-------------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity | | | | |
| Domestic actively managed | \$ 25 | \$ 4 | \$ — | \$ 29 |
| Domestic passive index | — | 4 | — | 4 |
| International actively managed | — | 50 | — | 50 |
| International passive index | 8 | 23 | — | 31 |
| Fixed income and cash equivalents | | | | |
| Cash and cash equivalents | 3 | 26 | — | 29 |
| Corporate bonds | — | 166 | — | 166 |
| Government Debt | — | 7 | — | 7 |
| Absolute return strategies | — | 88 | — | 88 |
| Total non-United States plan assets | <u>\$ 36</u> | <u>\$ 368</u> | <u>\$ —</u> | <u>\$ 404</u> |

Investment Strategy

The current investment policy for the United States pension plan is to have 38 percent of assets invested in equities, 3 percent in real estate, 6 percent in real assets, and 47 percent in intermediate and long-term fixed income securities, and 6 percent in absolute return strategies. Assets are rebalanced periodically to conform to policy tolerances. The Company actively evaluates the reasonableness of its asset mix given changes in the projected benefit obligation and market dynamics.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PENSION PLANS (continued)

Estimated Future Benefit Payments

The following table shows estimated future benefit payments from the Company's pension plans (in millions):

| <u>Year</u> | <u>Estimated Benefit Payments</u> |
|-------------|---|
| 2014 | \$98 |
| 2015 | \$100 |
| 2016 | \$102 |
| 2017 | \$102 |
| 2018 | \$101 |
| 2019-2023 | \$503 |

Contributions

Owens Corning expects to contribute \$35 million in cash to the United States pension plan during 2014 and another \$20 million to non-United States plans. Actual contributions to the plans may change as a result of a variety of factors, including changes in laws that impact funding requirements.

Defined Contribution Plans

The Company sponsors two defined contribution plans which are available to substantially all United States employees. The Company matches a percentage of employee contributions up to a maximum level and contributes 2 percent of an employee's wages regardless of employee contributions. The Company recognized expense of \$29 million, \$30 million and \$30 million during the years ended December 31, 2013, 2012 and 2011, respectively, related to these plans.

18. POSTEMPLOYMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company maintains health care and life insurance benefit plans for certain retired employees and their dependents. The health care plans in the United States are non-funded and pay either (1) stated percentages of covered medically necessary expenses, after subtracting payments by Medicare or other providers and after stated deductibles have been met, or (2) fixed amounts of medical expense reimbursement.

Employees become eligible to participate in the United States health care plans upon retirement if they have accumulated 10 years of service after age 45, 48 or 50, depending on the category of employee. For employees hired after December 31, 2005, the Company does not provide subsidized retiree health care. Some of the plans are contributory, with some retiree contributions adjusted annually. The Company has reserved the right to change or eliminate these benefit plans subject to the terms of collective bargaining agreements.

In the fourth quarter of 2011, the Company ratified certain plan amendments which reduced the projected benefit obligation at year end by approximately \$30 million. The Company implemented an Employee Group Waiver Plan (EGWP) effective January 1, 2013 to manage its prescription drug benefits for certain retiree groups. The Company also negotiated with certain unionized employees to increase the eligibility age for retiree medical benefits and to eliminate the post-65 retiree reimbursement account benefit for employees retiring on or after January 1, 2014.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. POSTEMPLOYMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (continued)

The following table provides a reconciliation of the change in the projected benefit obligation and the net amount recognized in the Consolidated Balance Sheets for the years ended December 31, 2013 and 2012 (in millions):

| | Dec. 31, 2013 | | | Dec. 31, 2012 | | |
|---|----------------|---------------|----------------|----------------|---------------|----------------|
| | U.S. | Non-U.S. | Total | U.S. | Non-U.S. | Total |
| <u>Change in Projected Benefit Obligation</u> | | | | | | |
| Benefit obligation at beginning of period | \$ 252 | \$ 21 | \$ 273 | \$ 244 | \$ 20 | \$ 264 |
| Service cost | 2 | 1 | 3 | 3 | — | 3 |
| Interest cost | 8 | 1 | 9 | 10 | 1 | 11 |
| Actuarial loss (gain) | (18) | (2) | (20) | 17 | — | 17 |
| Currency loss (gain) | — | — | — | — | 1 | 1 |
| Plan amendments | — | — | — | (3) | — | (3) |
| Benefits paid | (18) | (2) | (20) | (19) | (1) | (20) |
| Other | 2 | (3) | (1) | — | — | — |
| Benefit obligation at end of period | <u>\$ 228</u> | <u>\$ 16</u> | <u>\$ 244</u> | <u>\$ 252</u> | <u>\$ 21</u> | <u>\$ 273</u> |
| Funded status | <u>\$(228)</u> | <u>\$(16)</u> | <u>\$(244)</u> | <u>\$(252)</u> | <u>\$(21)</u> | <u>\$(273)</u> |
| <u>Amounts Recognized in the Consolidated Balance Sheets</u> | | | | | | |
| Accrued benefit obligation – current | \$ (20) | \$ — | \$ (20) | \$ (20) | \$ (1) | \$ (21) |
| Accrued benefit obligation – non-current | (208) | (16) | (224) | (232) | (20) | (252) |
| Net amount recognized | <u>\$(228)</u> | <u>\$(16)</u> | <u>\$(244)</u> | <u>\$(252)</u> | <u>\$(21)</u> | <u>\$(273)</u> |
| <u>Amounts Recorded in Accumulated OCI</u> | | | | | | |
| Net actuarial gain | \$ 21 | \$ 6 | \$ 24 | \$ 4 | \$ 5 | \$ 9 |
| Net prior service credit | 24 | — | 27 | 28 | — | 28 |
| Net amount recognized | <u>\$ 45</u> | <u>\$ 6</u> | <u>\$ 51</u> | <u>\$ 32</u> | <u>\$ 5</u> | <u>\$ 37</u> |

Weighted-Average Assumptions Used to Determine Benefit Obligations

The following table presents the discount rates used to determine the benefit obligations:

| | Dec. 31, | |
|-------------------------|----------|-------|
| | 2013 | 2012 |
| United States plans | 4.35% | 3.50% |
| Non-United States plans | 4.45% | 3.80% |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. POSTEMPLOYMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (continued)

Components of Net Periodic Postretirement Benefit Cost

The following table presents the components of net periodic postretirement benefit cost (in millions):

| | Twelve Months Ended Dec. 31, | | |
|--|---|-------------|--------------|
| | 2013 | 2012 | 2011 |
| Service cost | \$ 3 | \$ 3 | \$ 3 |
| Interest cost | 9 | 11 | 14 |
| Amortization of prior service cost | (4) | (4) | — |
| Amortization of actuarial gain | (1) | (3) | (1) |
| Curtailed gain | — | (1) | (2) |
| Net periodic postretirement benefit cost | <u>\$ 7</u> | <u>\$ 6</u> | <u>\$ 14</u> |

Weighted-Average Assumptions Used to Determine Net Periodic Postretirement Benefit Cost

The following table presents the discount rates used to determine net periodic postretirement benefit cost:

| | Twelve Months Ended Dec. 31, | | |
|-------------------------|---|-------------|-------------|
| | 2013 | 2012 | 2011 |
| United States plans | 3.50% | 4.35% | 5.05% |
| Non-United States plans | 3.80% | 4.10% | 4.80% |

The following table presents health care cost trend rates used to determine net periodic postretirement benefit cost, as well as information regarding the ultimate rate and the year in which their ultimate rate is reached:

| | Twelve Months Ended Dec. 31, | | |
|--|---|-------------|-------------|
| | 2013 | 2012 | 2011 |
| United States plans | | | |
| Initial rate at end of year | 7.00% | 7.00% | 7.00% |
| Ultimate rate | 5.00% | 5.00% | 5.00% |
| Year in which ultimate rate is reached | 2023 | 2022 | 2021 |
| Non-United States plans | | | |
| Initial rate at end of year | 6.23% | 6.50% | 6.80% |
| Ultimate rate | 4.79% | 4.80% | 4.80% |
| Year in which ultimate rate is reached | 2019 | 2019 | 2019 |

The health care cost trend rate assumption can have a significant effect on the amounts reported. To illustrate, a one-percentage point change in the December 31, 2013 assumed health care cost trend rate would have the following effects (in millions):

| | 1-Percentage Point | |
|--|---------------------------|-----------------|
| | Increase | Decrease |
| Increase (decrease) in total service cost and interest cost components of net periodic postretirement benefit cost | \$ 1 | \$ — |
| Increase (decrease) of accumulated postretirement benefit obligation | \$ 9 | \$ (8) |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. POSTEMPLOYMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (continued)

Accumulated Other Comprehensive Earnings (Deficit)

For the year ended December 31, 2013, the Company recorded other comprehensive income of \$7 million, net of tax, to OCI. Approximately \$6 million of the \$51 million balance in accumulated OCI is expected to be recognized as net periodic postretirement benefit during 2014. For the year ended December 31, 2012, the Company recorded other comprehensive income of \$14 million, net of tax, to OCI.

Estimated Future Benefit Payments

The following table shows estimated future benefit payments from the Company's postretirement benefit plans (in millions):

| <u>Year</u> | <u>Estimated Benefit Payments</u> |
|-------------|---|
| 2014 | \$ 21 |
| 2015 | \$ 21 |
| 2016 | \$ 21 |
| 2017 | \$ 21 |
| 2018 | \$ 20 |
| 2019-2023 | \$ 92 |

Postemployment Benefits

The Company may also provide benefits to former or inactive employees after employment but before retirement under certain conditions. These benefits include continuation of benefits such as health care and life insurance coverage. The accrued postemployment benefits liability at December 31, 2013 and 2012 was \$18 million and \$22 million, respectively. The net periodic postemployment benefit expense was \$1 million for each of the years ended December 31, 2013, 2012 and 2011, respectively.

19. CONTINGENT LIABILITIES AND OTHER MATTERS

The Company is involved in various legal proceedings relating to employment, product liability and other matters (collectively, "Proceedings"). The Company regularly reviews the status of such Proceedings along with legal counsel. Liabilities for such Proceedings are recorded when it is probable that the liability has been incurred and when the amount of the liability can be reasonably estimated. Liabilities are adjusted when additional information becomes available. Management believes that the amount of any reasonably possible losses in excess of any amounts accrued, if any, with respect to such Proceedings or any other know claim, including the matters described below under the caption Environmental Matters (the "Environmental Matters") will not be material to the Company's financial statements. Management believes that the ultimate disposition of the Proceedings and the Environmental Matters will not have a material adverse effect on the Company's operations or financial condition taken as a whole.

Litigation

The Company has nothing to report under this item.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. CONTINGENT LIABILITIES AND OTHER MATTERS (continued)

Environmental Matters

We have been deemed by the United States Environmental Protection Agency to be a Potentially Responsible Party (“PRP”) with respect to certain sites under the Comprehensive Environmental Response Compensation and Liability Act. We have also been deemed a PRP under similar state or local laws and in other instances other PRPs have brought suits against us as a PRP for contribution under such federal, state, or local laws. At December 31, 2013, we had environmental remediation liabilities as a PRP at 20 sites where we have a continuing legal obligation to either complete remedial actions or contribute to the completion of remedial actions as part of a group of PRPs. For these sites we estimate a reserve to reflect environmental liabilities that have been asserted or are probable of assertion, in which liabilities are probable and reasonably estimable. At December 31, 2013, our reserve for such liabilities was \$5 million.

Kearny, New Jersey Manufacturing Facility

During the week of October 29, 2012, the Company experienced a flood at its Kearny, New Jersey manufacturing facility as a result of Hurricane Sandy. This facility is insured for property damage and business interruption losses related to such events, subject to deductibles and policy limits. In December of 2013, the Company settled its insurance claims for a net \$78 million. Our Roofing facility returned to full operating capacity in the third quarter of 2013 and the Company anticipates an additional \$6 million in charges to be taken in 2014 related to final repairs at our Asphalt facility. The proceeds received on settlement will substantially cover all costs/losses incurred.

For the year ended December 31, 2013, the Company incurred losses related to clean up activities and business interruption in the amount of \$27 million reported in Costs of Sales, and \$16 million reported in Other expenses (income), net, on the Consolidated Statements of Earnings. These expenses were more than offset by the \$58 million of insurance proceeds recorded in Other expenses (income), net on the Consolidated Statements of Earnings.

For the year ended December 31, 2012, the Company incurred losses related to clean up activities and business interruption in the amount of \$6 million reported in Costs of Sales, and \$23 million reported in Other expenses (income), net, on the Consolidated Statements of Earnings, partially offset by \$20 million of insurance proceeds recorded in Other expenses (income), net on the Consolidated Statements of Earnings.

20. STOCK COMPENSATION

2013 Stock Plan

On April 18, 2013, the Company’s stockholders approved the Owens Corning 2013 Stock Plan (the “2013 Stock Plan”) which replaced the 2010 Stock Plan. The 2013 Stock Plan authorizes grants of stock options, stock appreciation rights, restricted stock awards, restricted stock units, bonus stock awards and performance stock awards. Under the 2013 Stock Plan, 1.5 million shares of common stock may be granted in addition to the shares of Company common stock that rolled over from the 2010 Stock Plan as of April 18, 2013. Such shares of common stock include shares that were available but not granted, or which were granted but were not issued or delivered due to expiration, termination, cancellation or forfeiture of such awards. There will be no future grants made under the 2010 Stock Plan. At December 31, 2013 the number of shares remaining available under the 2013 Stock Plan for all stock awards was 3.4 million.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. STOCK COMPENSATION (continued)

Stock Options

The Company has granted stock options under its stockholder approved stock plans. The Company calculates a weighted-average grant-date fair value using a Black-Scholes valuation model for options granted. Compensation expense for options is measured based on the fair market value of the option on the date of grant, and is recognized on a straight-line basis over a four year vesting period. In general, the exercise price of each option awarded was equal to the market price of the Company's common stock on the date of grant and an option's maximum term is 10 years. The volatility assumption was based on a benchmark study of our peers.

During 2013, 329,800 stock options were granted with a weighted-average grant date fair value of \$18.94. Assumptions used in the Company's Black-Scholes valuation model to estimate the grant date fair value were expected volatility of 45.3 percent, expected dividends of 0 percent, expected term of 6.25 years and a risk-free interest rate of 1.2 percent.

During 2012, 409,700 stock options were granted with a weighted-average grant date fair value of \$15.27. Assumptions used in the Company's Black-Scholes valuation model to estimate the grant date fair value were expected volatility of 45.8 percent, expected dividends of 0 percent, expected term of 6.26 years and a risk-free interest rate of 1.1 percent.

During 2011, 412,200 stock options were granted with a weighted-average grant date fair value of \$15.85. Assumptions used in the Company's Black-Scholes valuation model to estimate the grant date fair value were expected volatility of 44.3 percent, expected dividends of 0 percent, expected term of 6.26 years and a risk-free interest rate of 2.6 percent.

During the years ended December 31, 2013, 2012 and 2011, the Company recognized expense of \$5 million, \$5 million and \$4 million respectively, related to the Company's stock options. As of December 31, 2013 there was \$8 million of total unrecognized compensation cost related to stock options. That cost is expected to be recognized over a weighted-average period of 2.52 years. The total aggregate intrinsic value of options outstanding as of December 31, 2013, 2012, and 2011 was \$31 million, \$28 million and \$12 million, respectively. The total aggregate intrinsic value of options exercisable as of December 31, 2013, 2012, and 2011 was \$27 million, \$28 million and \$12 million, respectively. Cash received from option exercises was \$15 million, \$12 million and \$10 million for the years ended December 31, 2013, 2012 and 2011, respectively. Tax benefits realized from tax deductions associated with option exercises totaled \$3 million, \$2 million and \$1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

The following table summarizes the Company's stock option activity:

| | Twelve Months Ended Dec. 31, 2013 | | Twelve Months Ended Dec. 31, 2012 | | Twelve Months Ended Dec. 31, 2011 | |
|-------------------|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|
| | Number of Options | Weighted- Average Exercise Price | Number of Options | Weighted- Average Exercise Price | Number of Options | Weighted- Average Exercise Price |
| Beginning Balance | 3,025,220 | \$ 27.78 | 3,293,545 | \$ 26.26 | 3,397,858 | \$ 25.06 |
| Granted | 329,800 | 42.16 | 409,700 | 33.73 | 412,200 | 33.98 |
| Exercised | (549,800) | 26.88 | (520,120) | 22.65 | (374,738) | 25.78 |
| Forfeited | (56,500) | 34.58 | (157,905) | 28.48 | (141,775) | 21.19 |
| Ending Balance | <u>2,748,720</u> | <u>\$ 29.55</u> | <u>3,025,220</u> | <u>\$ 27.78</u> | <u>3,293,545</u> | <u>\$ 26.26</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. STOCK COMPENSATION (continued)

The following table summarizes information about the Company's options outstanding and exercisable:

| Range of Exercise Prices | Options Outstanding | | | Options Exercisable | | |
|--------------------------------|------------------------|----------------------------------|----------------|---|----------------------------------|----------------|
| | Options Outstanding | Weighted-Average | | Number Exercisable at Dec. 31, 2013 | Weighted-Average | |
| | | Remaining Contractual Life | Exercise Price | | Remaining Contractual Life | Exercise Price |
| \$13.89 - \$42.16 | 2,748,720 | 5.35 | \$ 29.55 | 1,939,145 | 4.20 | \$ 26.75 |

Restricted Stock Awards and Restricted Stock Units

The Company has granted restricted stock awards and restricted stock units (collectively referred to as "restricted stock") under its stockholder approved stock plans. Compensation expense for restricted stock is measured based on the market price of the stock at date of grant and is recognized on a straight-line basis over the four year vesting period. Stock restrictions are subject to alternate vesting plans for death, disability, approved early retirement and involuntary termination, over various periods ending in 2015.

During the years ended December 31, 2013, 2012 and 2011, the Company recognized expense of \$16 million, \$15 million and \$13 million respectively, related to the Company's restricted stock. As of December 31, 2013, there was \$25 million of total unrecognized compensation cost related to restricted stock. That cost is expected to be recognized over a weighted-average period of 2.59 years. The total grant date fair value of shares vested during the years ended December 31, 2013, 2012 and 2011, was \$16 million, \$12 million and \$9 million, respectively.

A summary of the status of the Company's plans that had restricted stock issued as of December 31, 2013, 2012 and 2011 and changes during the twelve months ended December 31, 2013, 2012 and 2011 are presented below:

| | Twelve Months Ended Dec. 31, 2013 | | Twelve Months Ended Dec. 31, 2012 | | Twelve Months Ended Dec. 31, 2011 | |
|-------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| | Number of Shares | Weighted- Average Grant Date | Number of Shares | Weighted- Average Grant Date | Number of Shares | Weighted- Average Grant Date |
| | | Fair Value | | Fair Value | | Fair Value |
| Beginning Balance | 1,875,065 | \$ 27.14 | 1,941,742 | \$ 23.83 | 1,987,705 | \$ 19.74 |
| Granted | 512,398 | 41.01 | 638,618 | 33.43 | 565,982 | 33.47 |
| Vested | (573,920) | 26.00 | (544,528) | 22.38 | (476,650) | 18.82 |
| Forfeited | (77,719) | 34.62 | (160,767) | 28.36 | (135,295) | 21.67 |
| Ending Balance | <u>1,735,824</u> | <u>\$ 32.49</u> | <u>1,875,065</u> | <u>\$ 27.14</u> | <u>1,941,742</u> | <u>\$ 23.83</u> |

Performance Stock Awards and Performance Stock Units

The Company has granted performance stock awards and performance stock units (collectively referred to as "PSUs") as a part of its long-term incentive plan. Outstanding grants issued in 2013 will be fully settled in stock and outstanding grants issued in 2011 and 2012 will be settled 50 percent in stock and 50 percent in cash. The amount of the stock and/or cash ultimately distributed is contingent on meeting various company or stockholder return goals.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. STOCK COMPENSATION (continued)

Compensation expense for PSUs settled in stock is measured based on the grant date fair value and is recognized on a straight-line basis over the vesting period. Compensation expense for PSUs settled in cash is measured based on the fair value at the end of each quarter and is recognized on a straight-line basis over the vesting period. Vesting will be pro-rated based on the number of full months employed during the performance period in the case of death, disability, change in control or involuntary termination, and pro-rated awards earned will be paid at the end of the three-year period.

During 2013, 2012, and 2011, the Company granted PSUs. The 2013, 2012, and 2011 grants vest after a three-year period based on the Company's total stockholder return relative to the performance of the components of the S&P 500 Index for the respective three-year period. The amount of PSUs earned will vary from 0 percent to 200 percent of PSUs awarded depending on the relative stockholder return performance.

For all PSUs, respectively, during the period ended December 31, 2013, 2012 and 2011, the Company recognized expense of \$7 million, \$13 million and \$7 million. As of December 31, 2013, there was \$11 million of total unrecognized compensation cost related to PSUs. That cost is expected to be recognized over a weighted-average period of 1.7 years. The total grant date fair value of shares vested during the years ended December 31, 2013, 2012 and 2011, was \$9 million, \$11 million and \$19 million, respectively.

2013 Grant

For the 2013 grant, the fair value of the portion of PSUs settled in stock was estimated at the grant date using a Monte Carlo simulation that used various assumptions that include expected volatility of 36.7 percent, a risk free interest rate of 0.4 percent and an expected term of 2.9 years. Expected volatility was based on a benchmark study of our peers. The risk-free interest rate was based on zero coupon United States Treasury bills at the grant date. The expected term represents the period from the grant date to the end of the three-year performance period.

2012 Grant

For the 2012 grant, the portion of the PSUs settled in cash will be revalued every reporting period until the award is fully vested. As a result, compensation expense recognized will be adjusted and previous surplus compensation expense recognized will be reversed or additional expense will be recognized. For the period ended December 31, 2012, the Company estimated the fair value of the cash PSUs granted using a Monte Carlo simulation that used various assumptions that include expected volatility of 25.73 percent, a risk free rate of 0.2 percent and an expected term of 1.00 year. Expected volatility was based on a benchmark study of our peers. The risk-free interest rate was based on zero coupon United States Treasury bills at the time of revaluation. The expected term represents the period beginning December 31, 2013 to the end of the three-year performance period.

For the 2012 grant, the fair value of the portion of PSUs settled in stock was estimated at the grant date using a Monte Carlo simulation that used various assumptions that include expected volatility of 48.2 percent, a risk free interest rate of 0.3 percent and an expected term of 2.91 years. Expected volatility was based on a benchmark study of our peers. The risk-free interest rate was based on zero coupon United States Treasury bills at the grant date. The expected term represents the period from the grant date to the end of the three-year performance period.

2011 Grant

For the 2011 grant, the portion of the PSUs settled in cash is revalued every reporting period until the award is fully vested. As a result, compensation expense recognized will be adjusted and previous surplus compensation

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. STOCK COMPENSATION (continued)

expense recognized will be reversed or additional expense will be recognized. For the period ended December 31, 2012, the Company estimated the fair value of the PSUs settled in cash using a Monte Carlo simulation that used various assumptions that include expected volatility of 24.84 percent, a risk-free interest rate of 0 percent and an expected term of 0 years, which is the remaining life of the grant. Expected volatility was based on a benchmark study of our peers. The risk-free interest rate was based on zero coupon United States Treasury bills at the time of revaluation. The expected term represents the period beginning December 31, 2013 to the end of the three-year performance period.

For the 2011 grant, the fair value of the portion of PSUs settled in stock was estimated at the grant date using a Monte Carlo simulation that used various assumptions that include expected volatility of 57.2 percent, a risk-free interest rate of 1.1 percent and an expected term of 2.9 years, which was the remaining life of the grant. Expected volatility was based on a benchmark study of our peers. The risk-free interest rate was based on zero coupon United States Treasury bills at the grant date. The expected term represents the period from the grant date to the end of the three-year performance period.

| | Twelve Months Ended Dec. 31, 2013 | | Twelve Months Ended Dec. 31, 2012 | | Twelve Months Ended Dec. 31, 2011 | |
|---------------------|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|
| | Number of PSUs | Weighted- Average Grant Date Fair Value | Number of PSUs | Weighted- Average Grant Date Fair Value | Number of PSUs | Weighted- Average Grant Date Fair Value |
| Beginning Balance | 412,910 | \$ 49.14 | 508,616 | \$ 42.24 | 754,603 | \$ 19.66 |
| Granted | 207,050 | 56.71 | 256,400 | 47.97 | 354,564 | 48.61 |
| Vested | (167,610) | 48.61 | (260,580) | 36.52 | (526,608) | 16.45 |
| Forfeited/cancelled | (41,850) | 50.39 | (91,526) | 43.45 | (73,943) | 25.98 |
| Ending Balance | <u>410,500</u> | <u>\$ 53.04</u> | <u>412,910</u> | <u>\$ 49.14</u> | <u>508,616</u> | <u>\$ 42.24</u> |

2013 Employee Stock Purchase Plan

On April 18, 2013, the Company's stockholders approved the Owens Corning Employee Stock Purchase Plan ("ESPP"). The ESPP is a tax qualified plan under Section 423 of the Internal Revenue Code. The purchase price of shares purchased under the ESPP is equal to 85 percent of the lower of the fair market value of shares of Owens Corning common stock at the beginning or ending of the offering period, which is a six month period ending on May 31 and November 30 of each year. There are 2 million shares available for purchase under the ESPP as of its approval date. During the year ended December 31, 2013, the Company recognized expense of \$1 million, related to the company's ESPP. For the year ended December 31, 2013, our employees purchased 0.1 million shares at an average price of \$33.29. Under the outstanding ESPP as of February 9, 2014, employees have contributed \$1 million to purchase shares at 85 percent of the stock's fair market value on the lower of the December 2nd, 2013 or May 31st 2014 stock price for the current purchase period. The company has \$1 million of total unrecognized compensation cost related to the ESPP.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. ACCUMULATED OTHER COMPREHENSIVE INCOME

A summary of the balances within each classification of accumulated OCI (deficit) as of December 31, 2013 and 2012

| | Cash Flow | Defined Benefit Pension Plan | OCI Valuation Allowance activity | Foreign Currency Translation Adjustment | Total |
|---|-------------------|---------------------------------------|---|--|---------|
| | Hedge Activity | Plan Activity | | | |
| Balance as of December 31, 2011, net of tax | \$ (3) | \$ (226) | \$ (111) | \$ 25 | \$(315) |
| Amounts classified into AOCI, net of tax | \$ 2 | \$ (140) | \$ (3) | \$ 5 | \$(135) |
| Amounts reclassified from AOCI, net of tax | — | 87 | — | — | 87 |
| Change in AOCI, net of tax | 2 | (53) | (3) | 5 | (48) |
| Balance as of December 31, 2012, net of tax | \$ (1) | \$ (279) | \$ (114) | \$ 30 | \$(364) |
| Amounts classified into AOCI, net of tax | \$ 1 | \$ 15 | \$ (1) | \$ (28) | \$ (13) |
| Amounts reclassified from AOCI, net of tax | — | 80 | — | — | 80 |
| Change in AOCI, net of tax | — | 95 | (1) | (28) | 67 |
| Balance as of December 31, 2013, net of tax | \$ 0 | \$ (184) | \$ (115) | \$ 2 | \$(297) |

The following table presents the impact and respective location of AOCI reclassifications on the Consolidated Statements of Earnings (Loss), net of tax (in millions):

| | Location | Twelve Months Ended | |
|---------------------------------------|---------------------------------------|---------------------|------------------|
| | | Dec. 31, 2013 | Dec. 31, 2012 |
| Cash flow hedge activity | Cost of sales | \$ 0 | \$ — |
| Defined benefit pension plan activity | Cost of sales | 61 | 66 |
| Defined benefit pension plan activity | Marketing and administrative expenses | 19 | 21 |
| Total reclassifications from AOCI | | \$ 80 | \$ 87 |

22. WARRANTS

The Company issued 17.5 million Series A warrants (representing the right to purchase one share of the Company's common stock for \$43.00) and 7.8 million Series B warrants (representing the right to purchase one share of the Company's common stock for \$45.25) on October 31, 2006, all of which expired on October 31, 2013 and are no longer outstanding as of December 31, 2013.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. EARNINGS PER SHARE

The following table summarizes the number of shares outstanding as well as our basic and diluted earnings per share for the years ended December 31, 2013, 2012 and 2011 (in millions, except per share amounts):

| | Twelve Months Ended | | |
|--|---------------------|------------------|----------------|
| | Dec. 31, | | |
| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Net earnings (loss) attributable to Owens Corning | \$ 204 | \$ (19) | \$ 276 |
| Weighted-average number of shares outstanding used for basic earnings per share | 118.2 | 119.4 | 122.5 |
| Non-vested restricted and performance shares | 0.4 | — | 0.7 |
| Options to purchase common stock | 0.5 | — | 0.3 |
| Weighted-average number of shares outstanding and common equivalent shares used for diluted earnings per share | <u>119.1</u> | <u>119.4</u> | <u>123.5</u> |
| Earnings (loss) per common share attributable to Owens Corning common stockholders: | | | |
| Basic | \$ 1.73 | \$ (0.16) | \$ 2.25 |
| Diluted | <u>\$ 1.71</u> | <u>\$ (0.16)</u> | <u>\$ 2.23</u> |

Basic earnings (loss) per share is calculated by dividing earnings (loss) attributable to Owens Corning by the weighted-average number of shares of the Company's common stock outstanding during the period. Outstanding shares consist of issued shares less treasury stock.

On April 19, 2012, the Company approved a new share buy-back program under which the Company is authorized to repurchase up to 10 million shares of the Company's outstanding common stock (the "2012 Repurchase Program"). The 2012 Repurchase Program is in addition to the share buy-back program announced August 4, 2010, (the "2010 Repurchase Program" and collectively with the 2012 Repurchase Program, the "Repurchase Programs"). The Repurchase Programs authorize the Company to repurchase shares through the open market, privately negotiated, or other transactions. The actual number of shares repurchased will depend on timing, market conditions and other factors and will be at the Company's discretion. During the year ended December 31, 2013, 1.4 million shares were repurchased under the Repurchase Programs. As of December 31, 2013, 8.6 million shares remain available for repurchase under the Repurchase Programs.

For the year ended December 31, 2013, the number of shares used in the calculation of diluted earnings (loss) per share did not include 0.6 million options to purchase common stock, due to their anti-dilutive effect.

For the year ended December 31, 2012, the number of shares used in the calculation of diluted earnings (loss) per share did not include 0.2 million performance shares, 0.5 million non-vested restricted shares, 0.6 million options to purchase common stock, 17.5 million common equivalent shares from Series A Warrants or 7.8 million common equivalent shares from Series B Warrants due to their anti-dilutive effect.

For the year ended December 31, 2011, the number of shares used in the calculation of diluted earnings (loss) per share did not include 0.8 million options to purchase common stock, 17.5 million common equivalent shares from Series A Warrants or 7.8 million common equivalent shares from Series B Warrants due to their anti-dilutive effect.

OWENS CORNING AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. FAIR VALUE MEASUREMENT**Items Measured at Fair Value**

The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following table summarizes the fair values, and levels within the fair value hierarchy in which the fair value measurements fall, for assets and liabilities measured on a recurring basis as of December 31, 2013 (in millions):

| | Total Measured at Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------|---|---|---|--|
| Assets: | | | | |
| Cash equivalents | \$ 20 | \$ 20 | \$ — | \$ — |
| Term deposits | 2 | 2 | | |
| Derivative assets | 1 | — | 1 | — |
| Total assets | <u>\$ 23</u> | <u>\$ 22</u> | <u>\$ 1</u> | <u>\$ —</u> |
| Liabilities: | | | | |
| Derivative liabilities | \$ (4) | \$ — | \$ (4) | \$ — |
| Total liabilities | <u>\$ (4)</u> | <u>\$ —</u> | <u>\$ (4)</u> | <u>\$ —</u> |

The following table summarizes the fair values, and levels within the fair value hierarchy in which the fair value measurements fall, for assets and liabilities measured on a recurring basis as of December 31, 2012 (in millions):

| | Total Measured at Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------|---|---|---|--|
| Assets: | | | | |
| Cash equivalents | \$ 1 | \$ 1 | \$ — | \$ — |
| Term deposits | 1 | 1 | — | |
| Derivative assets | 1 | — | 1 | — |
| Total assets | <u>\$ 3</u> | <u>\$ 2</u> | <u>\$ 1</u> | <u>\$ —</u> |
| Liabilities: | | | | |
| Derivative liabilities | \$ (4) | \$ — | \$ (4) | \$ — |
| Total liabilities | <u>\$ (4)</u> | <u>\$ —</u> | <u>\$ (4)</u> | <u>\$ —</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. FAIR VALUE MEASUREMENT (continued)

Cash equivalents, by their nature, utilize Level 1 inputs in determining fair value. The Company measures the value of its natural gas hedge contracts and foreign currency forward contracts using Level 2 inputs. The fair value of the Company's natural gas hedges is determined by a mark to market valuation based on forward curves using observable market prices and the fair value of its foreign currency forward contracts is determined using observable market transactions in over-the-counter markets.

Items Disclosed at Fair Value

Long-term notes receivable

The fair value has been calculated using the expected future cash flows discounted at market interest rates. The Company believes that the carrying amounts reasonably approximate the fair values of long-term notes receivable. Long-term notes receivable were \$6 million and \$53 million as of December 31, 2013 and December 31, 2012 respectively. These assets are included in other non-current assets on the Consolidated Balance Sheets. The decline in the fair value of long-term notes receivable was due to the reclassification of a receivable to other current assets related to the 2011 sale of our Stone business.

Long-term debt

The fair value of the Company's long-term debt has been calculated based on quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities.

As of December 31, 2013, the Company's 6.50 percent senior notes due 2016 were trading at approximately 111 percent of par value, the 7.00 percent senior notes due 2036 were trading at approximately 107 percent of par value, the 9.00 percent senior notes due 2019 were trading at approximately 125 percent of par value and the 4.20 percent senior notes due 2022 were trading at approximately 96 percent of par value. The Company determined that the book value of the remaining long-term debt instruments approximates market value. This approach, using level 1 inputs and utilizing indicative market rates for a new debt issuance, approximated the fair value of the remaining long-term debt at \$224 million.

As of December 31, 2012, the Company's 6.50 percent senior notes due 2016 were trading at approximately 112 percent of par value, the 7.00 percent senior notes due 2036 were trading at approximately 109 percent of par value, the 9.00 percent senior notes due 2019 were trading at approximately 127 percent of par value and the 4.20 percent senior notes due 2022 were trading at approximately 102 percent of par value. Using level 1 inputs and utilizing indicative market rates for a new debt issuance, approximated the fair value of the remaining long-term debt at \$268 million.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. INCOME TAXES

| | Twelve Months Ended Dec. 31, | | |
|------------------------------------|---------------------------------|----------------|---------------|
| | 2013 | 2012 | 2011 |
| Earnings before taxes: | | | |
| United States | \$ 196 | \$ 31 | \$ 202 |
| Foreign | 77 | (71) | 151 |
| Total | <u>\$ 273</u> | <u>\$ (40)</u> | <u>\$ 353</u> |
| Income tax expense (benefit): | | | |
| Current | | | |
| United States | \$ (2) | \$ 1 | \$ (14) |
| State and local | (2) | (2) | 2 |
| Foreign | 30 | 20 | 28 |
| Total current | <u>26</u> | <u>19</u> | <u>16</u> |
| Deferred | | | |
| United States | 56 | (22) | 61 |
| State and local | 2 | 2 | 7 |
| Foreign | (16) | (27) | (10) |
| Total deferred | <u>42</u> | <u>(47)</u> | <u>58</u> |
| Total income tax expense (benefit) | <u>\$ 68</u> | <u>\$ (28)</u> | <u>\$ 74</u> |

The reconciliation between the United States federal statutory rate and the Company's effective income tax rate from continuing operations is:

| | Twelve Months Ended Dec. 31, | | |
|--|---------------------------------|--------------|------------|
| | 2013 | 2012 | 2011 |
| United States federal statutory rate | 35% | (35)% | 35% |
| State and local income taxes, net of federal tax benefit | 2 | (5) | 2 |
| Foreign tax rate differential | (11) | (60) | (10) |
| US tax expense/benefit on foreign earnings/loss | (2) | (62) | (1) |
| Valuation allowance | 17 | 127 | 2 |
| Loss on liquidation | (10) | — | — |
| Uncertain tax positions and settlements | (1) | (2) | (3) |
| Other, net | (5) | (33) | (4) |
| Effective tax rate | <u>25%</u> | <u>(70)%</u> | <u>21%</u> |

As of December 31, 2013, the Company has not recorded a deferred tax liability of approximately \$264 million for foreign withholding and United States federal income taxes on approximately \$1.27 billion of accumulated undistributed earnings of its foreign subsidiaries and affiliates as they are considered by management to be permanently reinvested.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. INCOME TAXES (continued)

The cumulative temporary differences giving rise to the deferred tax assets and liabilities at December 31, 2013 and 2012 are as follows (in millions):

| | 2013 | | 2012 | |
|------------------------------|------------|--------------------------|------------|--------------------------|
| | Deferred | | Deferred | |
| | Tax Assets | Deferred Tax Liabilities | Tax Assets | Deferred Tax Liabilities |
| Other employee benefits | \$ 153 | \$ — | \$ 160 | \$ — |
| Pension plans | 115 | — | 161 | — |
| Operating loss carryforwards | 1,117 | — | 1,080 | — |
| Depreciation | — | 338 | — | 332 |
| Amortization | — | 370 | — | 373 |
| State and local taxes | 6 | — | 5 | — |
| Other | 135 | — | 173 | — |
| Subtotal | 1,526 | 708 | 1,579 | 705 |
| Valuation allowances | (270) | — | (228) | — |
| Total deferred taxes | \$ 1,256 | \$ 708 | \$ 1,351 | \$ 705 |

The Company had current deferred tax assets of \$138 million and \$80 million which are included in other current assets in the Consolidated Balance Sheets as of December 31, 2013 and 2012, respectively.

The following table summarizes the amount and expiration dates of our deferred tax assets related to operating loss and credit carryforwards at December 31, 2013 (in millions):

| | Expiration Dates | Amounts |
|---|------------------|----------|
| US federal loss carryforwards | 2026 – 2032 | \$ 719 |
| US state loss carryforwards (a) | 2014 – 2032 | 87 |
| Foreign loss and tax credit carryforwards | Indefinite | 128 |
| Foreign loss and tax credit carryforwards (a) | 2014 – 2033 | 141 |
| US alternative minimum tax credit | Indefinite | 29 |
| Other US federal and state tax credits | 2028 – 2033 | 13 |
| Total operating loss and tax credit carryforwards | | \$ 1,117 |

(a) As of December 31, 2013 \$6 million US state and \$9 million foreign deferred tax asset related to loss carryforwards are set to expire over the next three years.

At December 31, 2013, the Company had federal, state and foreign net operating loss carryforwards of \$2.2 billion, \$2.5 billion and \$944 million, respectively. In order to fully utilize our operating loss and tax credit carryforwards, the Company will need to generate federal, state, and foreign earnings before taxes of approximately \$2.7 billion, \$2.8 billion, and \$944 million, respectively. Certain of these loss carryforwards are subject to limitation as a result of the changes of control that resulted from the Company's emergence from bankruptcy in 2006 and the acquisition of certain foreign entities in 2007. However, the Company believes that these limitations on its loss carryforwards will not result in a forfeiture of any of the carryforwards.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. INCOME TAXES (continued)

Deferred income taxes are provided for temporary differences between amounts of assets and liabilities for financial reporting purposes and the basis of such assets and liabilities as measured under enacted tax laws and regulations, as well as NOLs, tax credit and other carryforwards. A valuation allowance will be recorded to reduce deferred tax assets if, based on all available evidence, it is considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. To the extent the reversal of deferred tax liabilities is relied upon in our assessment of the realizability of deferred tax assets, they will reverse in the same period and jurisdiction as the temporary differences giving rise to the deferred tax assets. As of December 31, 2013, the Company had federal, state, and foreign net deferred tax assets before valuation allowances of \$485 million, \$59 million, and \$274 million, respectively.

The valuation allowance of \$270 million as of December 31, 2013 related to tax assets of \$12 million and \$258 million for certain state and foreign jurisdictions, respectively. The valuation allowance of \$228 million as of December 31, 2012 related to tax assets of \$14 million and \$214 million for certain state and foreign jurisdictions, respectively.

The Company, or one of its subsidiaries, files income tax returns in the United States and other foreign jurisdictions. The Company is no longer subject to U.S. federal tax examinations for years before 2008 or state and foreign examinations for years before 2001. Due to the potential for resolution of federal, state and foreign examinations, and the expiration of various statutes of limitation, it is reasonably possible that the gross unrecognized tax benefits balance may change within the next 12 months by a range of zero to \$49 million.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

| | Twelve Months Ended | | |
|---|---------------------|---------------|---------------|
| | Dec. 31, | | |
| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Balance at beginning of period | \$ 161 | \$ 170 | \$ 210 |
| Tax positions related to the current year | | | |
| Gross additions | 2 | 12 | 8 |
| Tax positions related to prior years | | | |
| Gross additions | 4 | 7 | 6 |
| Gross reductions | (1) | (14) | (46) |
| Settlements | (3) | (13) | (7) |
| Lapses on statutes of limitations | (8) | (1) | (1) |
| Balance at end of period | <u>\$ 155</u> | <u>\$ 161</u> | <u>\$ 170</u> |

The Company classifies all interest and penalties as income tax expense. As of December 31, 2013, 2012 and 2011, the Company recognized \$6 million, \$10 million and \$13 million respectively, in liabilities for tax related interest and penalties on its Consolidated Balance Sheets and \$(3) million, \$(3) million and \$(15) million, respectively, of interest and penalty expense on its Consolidated Statements of Earnings (Loss). If these unrecognized tax benefits were to be recognized as of December 31, 2013, the Company's income tax expense would decrease by about \$128 million.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. QUARTERLY FINANCIAL INFORMATION (unaudited)

Select quarterly financial information is presented in the tables below for the quarterly periods of 2013 and 2012, respectively (in millions, except per share amounts):

| | Quarter | | | |
|---|----------------|--------------|--------------|----------------|
| | First | Second | Third | Fourth |
| 2013 | | | | |
| Net sales | \$1,350 | \$ 1,347 | \$1,320 | \$ 1,278 |
| Cost of sales | <u>1,137</u> | <u>1,080</u> | <u>1,067</u> | <u>1,045</u> |
| Gross margin | 213 | 267 | 253 | 233 |
| Earnings before interest and taxes | 57 | 118 | 106 | 104 |
| Interest expense, net | 29 | 29 | 29 | 25 |
| Income tax expense (benefit) | 6 | 39 | 26 | (3) |
| Net earnings attributable to Owens Corning | <u>\$ 22</u> | <u>\$ 49</u> | <u>\$ 51</u> | <u>\$ 82</u> |
| BASIC EARNINGS PER COMMON SHARE | | | | |
| ATTRIBUTABLE TO OWENS CORNING | | | | |
| COMMON STOCKHOLDERS | \$ 0.19 | \$ 0.41 | \$ 0.43 | \$ 0.70 |
| DILUTED EARNINGS PER COMMON SHARE | | | | |
| ATTRIBUTABLE TO OWENS CORNING | | | | |
| COMMON STOCKHOLDERS | \$ 0.18 | \$ 0.41 | \$ 0.43 | \$ 0.69 |
| | | | | |
| | Quarter | | | |
| | First | Second | Third | Fourth |
| 2012 | | | | |
| Net sales | \$1,346 | \$ 1,391 | \$1,276 | \$ 1,159 |
| Cost of sales | <u>1,160</u> | <u>1,152</u> | <u>1,074</u> | <u>989</u> |
| Gross margin | 186 | 239 | 202 | 170 |
| Earnings (loss) before interest and taxes | (12) | 85 | 59 | 16 |
| Interest expense, net | 28 | 28 | 29 | 29 |
| Income tax expense | 5 | 17 | (14) | (36) |
| Net earnings (loss) attributable to Owens Corning | <u>\$ (46)</u> | <u>\$ 39</u> | <u>\$ 44</u> | <u>\$ (56)</u> |
| BASIC EARNINGS (LOSS) PER COMMON SHARE | | | | |
| ATTRIBUTABLE TO OWENS CORNING | | | | |
| COMMON STOCKHOLDERS | \$(0.38) | \$ 0.32 | \$ 0.37 | \$ (0.47) |
| DILUTED EARNINGS (LOSS) PER COMMON SHARE | | | | |
| ATTRIBUTABLE TO OWENS CORNING | | | | |
| COMMON STOCKHOLDERS | \$(0.38) | \$ 0.32 | \$ 0.37 | \$ (0.47) |

During the first, second, third and fourth quarter 2012, the Company recorded additional pre-tax income (expense) of (\$4) million (\$3 million after tax expense), \$1 million (\$1 million after tax expense), (\$7) million (\$3 million after tax expense), and (\$3) million (\$2 million after tax expense) respectively; related to prior periods. The effect was not material to previously issued financial statements.

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

The following Condensed Consolidating Financial Statements present the financial information required with respect to those entities which guarantee certain of the Company's debt. The Condensed Consolidating Financial Statements are presented on the equity method. Under this method, the investments in subsidiaries are recorded at cost and adjusted for the Company's share of the subsidiaries' cumulative results of operations, capital contributions, distributions and other equity changes. The principal elimination entries eliminate investment in subsidiaries and intercompany balances and transactions.

Guarantor and Nonguarantor Financial Statements

The Senior Notes and the Senior Revolving Credit Facility are guaranteed, fully, unconditionally and jointly and severally, by each of Owens Corning's current and future 100 percent owned material domestic subsidiaries that is a borrower or a guarantor under Owens Corning's Credit Agreement, which permits changes to the named guarantors in certain situations (collectively, the "Guarantor Subsidiaries"). The remaining subsidiaries have not guaranteed the Senior Notes and the Senior Revolving Credit Facility (collectively, the "Nonguarantor Subsidiaries").

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF EARNINGS (LOSS)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
(in millions)

| | <u>Parent</u> | <u>Guarantor Subsidiaries</u> | <u>Non-Guarantor Subsidiaries</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|---------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| NET SALES | \$ — | \$ 3,730 | \$ 1,988 | \$ (423) | \$ 5,295 |
| COST OF SALES | (10) | 3,085 | 1,677 | (423) | 4,329 |
| Gross margin | 10 | 645 | 311 | — | 966 |
| OPERATING EXPENSES | | | | | |
| Marketing and administrative expenses | 123 | 267 | 140 | — | 530 |
| Science and technology expenses | — | 58 | 19 | — | 77 |
| Charges related to cost reduction actions | — | — | 8 | — | 8 |
| Other expenses (income), net | (27) | (39) | 32 | — | (34) |
| Total operating expenses | 96 | 286 | 199 | — | 581 |
| EARNINGS BEFORE INTEREST AND TAXES | (86) | 359 | 112 | — | 385 |
| Interest expense, net | 104 | 2 | 6 | — | 112 |
| EARNINGS (LOSS) BEFORE TAXES | (190) | 357 | 106 | — | 273 |
| Less: Income tax expense (benefit) | (72) | 121 | 19 | — | 68 |
| EARNINGS (LOSS) BEFORE EQUITY IN NET EARNINGS OF SUBSIDIARIES AND AFFILIATES | (118) | 236 | 87 | — | 205 |
| Equity in net earnings of subsidiaries | 322 | 86 | — | (408) | — |
| Equity in net earnings of affiliates | — | — | — | — | — |
| NET EARNINGS (LOSS) | 204 | 322 | 87 | (408) | 205 |
| Less: Net earnings attributable to noncontrolling interests | — | — | 1 | — | 1 |
| NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING | <u>\$ 204</u> | <u>\$ 322</u> | <u>\$ 86</u> | <u>\$ (408)</u> | <u>\$ 204</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF EARNINGS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
(in millions)

| | <u>Parent</u> | <u>Guarantor Subsidiaries</u> | <u>Non-Guarantor Subsidiaries</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|----------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| NET SALES | \$ — | \$ 3,616 | \$ 1,932 | \$ (376) | \$ 5,172 |
| COST OF SALES | (9) | 3,015 | 1,745 | (376) | 4,375 |
| Gross margin | 9 | 601 | 187 | — | 797 |
| OPERATING EXPENSES | | | | | |
| Marketing and administrative expenses | 112 | 259 | 138 | — | 509 |
| Science and technology expenses | — | 61 | 18 | — | 79 |
| Charges related to cost reduction actions | — | | 51 | — | 51 |
| Other expenses (income) | (37) | 24 | 23 | — | 10 |
| Total operating expenses | 75 | 344 | 230 | — | 649 |
| EARNINGS BEFORE INTEREST AND TAXES | (66) | 257 | (43) | — | 148 |
| Interest expense, net | 102 | 2 | 10 | — | 114 |
| Loss on extinguishment of debt | 74 | | | | 74 |
| EARNINGS (LOSS) BEFORE TAXES | (242) | 255 | (53) | — | (40) |
| Less: Income tax expense (benefit) | (92) | 64 | — | — | (28) |
| EARNINGS (LOSS) BEFORE EQUITY IN NET EARNINGS (LOSS) OF SUBSIDIARIES AND AFFILIATES | (150) | 191 | (53) | — | (12) |
| Equity in net earnings of subsidiaries | 131 | (55) | — | (76) | — |
| Equity in net earnings (loss) of affiliates | — | (5) | 1 | — | (4) |
| NET EARNINGS (LOSS) | (19) | 131 | (52) | (76) | (16) |
| Less: Net earnings attributable to noncontrolling interests | — | — | 3 | — | 3 |
| NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING | <u>\$ (19)</u> | <u>\$ 131</u> | <u>\$ (55)</u> | <u>\$ (76)</u> | <u>\$ (19)</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF EARNINGS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2011
(in millions)

| | <u>Parent</u> | <u>Guarantor Subsidiaries</u> | <u>Non-Guarantor Subsidiaries</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| NET SALES | \$ — | \$ 3,641 | \$ 2,018 | \$ (324) | \$ 5,335 |
| COST OF SALES | (23) | 3,015 | 1,639 | (324) | 4,307 |
| Gross margin | 23 | 626 | 379 | — | 1,028 |
| OPERATING EXPENSES | | | | | |
| Marketing and administrative expenses | 67 | 314 | 144 | — | 525 |
| Science and technology expenses | — | 61 | 16 | — | 77 |
| Other expenses (income), net | (88) | 15 | 38 | — | (35) |
| Total operating expenses | (21) | 390 | 198 | — | 567 |
| EARNINGS BEFORE INTEREST AND TAXES | 44 | 236 | 181 | — | 461 |
| Interest expense, net | 105 | (3) | 6 | — | 108 |
| EARNINGS (LOSS) BEFORE TAXES | (61) | 239 | 175 | — | 353 |
| Less: Income tax expense (benefit) | (23) | 72 | 25 | — | 74 |
| EARNINGS (LOSS) BEFORE EQUITY IN NET EARNINGS OF SUBSIDIARIES AND AFFILIATES | (38) | 167 | 150 | — | 279 |
| Equity in net earnings of subsidiaries | 314 | 149 | — | (463) | — |
| Equity in net earnings (loss) of affiliates | — | (2) | 4 | — | 2 |
| NET EARNINGS (LOSS) | 276 | 314 | 154 | (463) | 281 |
| Less: Net earnings attributable to noncontrolling interests | — | — | 5 | — | 5 |
| NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING | <u>\$ 276</u> | <u>\$ 314</u> | <u>\$ 149</u> | <u>\$ (463)</u> | <u>\$ 276</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS (LOSS)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
(in millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| NET EARNINGS (LOSS) | \$ 204 | \$ 322 | \$ 87 | \$ (408) | \$ 205 |
| Currency translation adjustment | (28) | — | — | — | (28) |
| Pension and other postretirement adjustment (net of tax) | 94 | — | — | — | 94 |
| Deferred income (loss) on hedging (net of tax) | 1 | — | — | — | 1 |
| COMPREHENSIVE EARNINGS (LOSS) | 271 | 322 | 87 | (408) | 272 |
| Less: Comprehensive earnings attributable to noncontrolling interests | — | — | 1 | — | 1 |
| COMPREHENSIVE EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING | <u>\$ 271</u> | <u>\$ 322</u> | <u>\$ 86</u> | <u>\$ (408)</u> | <u>\$ 271</u> |

OWENS CORNING AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
(in millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|----------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| NET EARNINGS (LOSS) | \$ (19) | \$ 131 | \$ (52) | \$ (76) | \$ (16) |
| Currency translation adjustment | 5 | — | — | — | 5 |
| Pension and other postretirement adjustment (net of tax) | (56) | — | — | — | (56) |
| Deferred income (loss) on hedging (net of tax) | 2 | — | — | — | 2 |
| COMPREHENSIVE EARNINGS (LOSS) | (68) | 131 | (52) | (76) | (65) |
| Less: Comprehensive earnings attributable to noncontrolling interests | — | — | 3 | — | 3 |
| COMPREHENSIVE EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING | <u>\$ (68)</u> | <u>\$ 131</u> | <u>\$ (55)</u> | <u>\$ (76)</u> | <u>\$ (68)</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
 CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2011
 (in millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---------------|---------------------------|-------------------------------|-----------------|---------------|
| NET EARNINGS (LOSS) | \$ 276 | \$ 314 | \$ 154 | \$ (463) | \$ 281 |
| Currency translation adjustment | (39) | — | — | — | (39) |
| Pension and other postretirement adjustment (net of tax) | (80) | — | — | — | (80) |
| Deferred income (loss) on hedging (net of tax) | (2) | — | — | — | (2) |
| COMPREHENSIVE EARNINGS (LOSS) | 155 | 314 | 154 | (463) | 160 |
| Less: Comprehensive earnings attributable to noncontrolling interests | — | — | 5 | — | 5 |
| COMPREHENSIVE EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING | <u>\$ 155</u> | <u>\$ 314</u> | <u>\$ 149</u> | <u>\$ (463)</u> | <u>\$ 155</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2013
(in millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|--|-----------------------|---------------------------|-------------------------------|---------------------------|------------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ — | \$ 3 | \$ 54 | \$ — | \$ 57 |
| Receivables, net | — | — | 683 | — | 683 |
| Due from affiliates | — | 2,664 | — | (2,664) | — |
| Inventories | — | 487 | 323 | — | 810 |
| Assets held for sale – current | — | — | 29 | — | 29 |
| Other current assets | 45 | 141 | 83 | — | 269 |
| Total current assets | 45 | 3,295 | 1,172 | (2,664) | 1,848 |
| Investment in subsidiaries | 7,228 | 2,557 | 558 | (10,343) | — |
| Due from affiliates | — | 67 | 959 | (1,026) | — |
| Property, plant and equipment, net | 362 | 1,313 | 1,257 | — | 2,932 |
| Goodwill | — | 1,127 | 39 | — | 1,166 |
| Intangible assets | — | 1,015 | 271 | (246) | 1,040 |
| Deferred income taxes | 14 | 416 | 6 | — | 436 |
| Other non-current assets | 31 | 64 | 130 | — | 225 |
| TOTAL ASSETS | <u>\$7,680</u> | <u>\$ 9,854</u> | <u>\$ 4,392</u> | <u>\$ (14,279)</u> | <u>\$ 7,647</u> |
| LIABILITIES AND EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 15 | \$ 608 | \$ 365 | \$ — | \$ 988 |
| Due to affiliates | 1,688 | — | 976 | (2,664) | — |
| Short-term debt | — | — | 1 | — | 1 |
| Long-term debt – current portion | — | 2 | 1 | — | 3 |
| Total current liabilities | 1,703 | 610 | 1,343 | (2,664) | 992 |
| Long-term debt, net of current portion | 1,814 | 26 | 184 | — | 2,024 |
| Due to affiliates | — | 959 | 67 | (1,026) | — |
| Pension plan liability | 213 | — | 123 | — | 336 |
| Other employee benefits liability | — | 226 | 16 | — | 242 |
| Deferred income taxes | — | — | 23 | — | 23 |
| Other liabilities | 158 | 246 | 42 | (246) | 200 |
| OWENS CORNING | | | | | |
| STOCKHOLDERS' EQUITY | | | | | |
| Preferred stock | — | — | — | — | — |
| Common stock | 1 | — | — | — | 1 |
| Additional paid in capital | 3,938 | 6,572 | 2,045 | (8,617) | 3,938 |
| Accumulated earnings | 655 | 1,215 | 513 | (1,728) | 655 |
| Accumulated other comprehensive deficit | (297) | — | — | — | (297) |
| Cost of common stock in treasury | (504) | — | — | — | (504) |
| Total Owens Corning stockholders' equity | 3,793 | 7,787 | 2,558 | (10,345) | 3,793 |
| Noncontrolling interests | — | — | 37 | — | 37 |
| Total equity | <u>3,793</u> | <u>7,787</u> | <u>2,595</u> | <u>(10,345)</u> | <u>3,830</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$7,681</u> | <u>\$ 9,854</u> | <u>\$ 4,393</u> | <u>\$ (14,281)</u> | <u>\$ 7,647</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2012
(in millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|-----------------------|---------------------------|-------------------------------|---------------------------|------------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ — | \$ 3 | \$ 52 | \$ — | \$ 55 |
| Receivables, net | — | — | 600 | — | 600 |
| Due from affiliates | — | 2,528 | — | (2,528) | — |
| Inventories | — | 473 | 313 | — | 786 |
| Other current assets | 5 | 75 | 96 | — | 176 |
| Total current assets | 5 | 3,079 | 1,061 | (2,528) | 1,617 |
| Investment in subsidiaries | 6,877 | 2,489 | 558 | (9,924) | — |
| Due from affiliates | — | 65 | 1,022 | (1,087) | — |
| Property, plant and equipment, net | 374 | 1,294 | 1,235 | — | 2,903 |
| Goodwill | — | 1,068 | 75 | — | 1,143 |
| Intangible assets | — | 939 | 302 | (196) | 1,045 |
| Deferred income taxes | 54 | 525 | 25 | — | 604 |
| Other non-current assets | 62 | 74 | 120 | — | 256 |
| TOTAL ASSETS | <u>\$7,372</u> | <u>\$ 9,533</u> | <u>\$ 4,398</u> | <u>\$ (13,735)</u> | <u>\$ 7,568</u> |
| LIABILITIES AND EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 8 | \$ 620 | \$ 279 | \$ — | \$ 907 |
| Due to affiliates | 1,419 | — | 1,109 | (2,528) | — |
| Short-term debt | — | — | 5 | — | 5 |
| Long-term debt – current portion | — | 2 | 2 | — | 4 |
| Total current liabilities | 1,427 | 622 | 1,395 | (2,528) | 916 |
| Long-term debt, net of current portion | 1,884 | 28 | 164 | — | 2,076 |
| Due to affiliates | — | 1,022 | 65 | (1,087) | — |
| Pension plan liability | 331 | — | 149 | — | 480 |
| Other employee benefits liability | — | 254 | 20 | — | 274 |
| Deferred income taxes | — | — | 38 | — | 38 |
| Other liabilities | 192 | 172 | 41 | (196) | 209 |
| OWENS CORNING STOCKHOLDERS' EQUITY | | | | | |
| Preferred stock | — | — | — | — | — |
| Common stock | 1 | — | — | — | 1 |
| Additional paid in capital | 3,925 | 6,541 | 2,062 | (8,603) | 3,925 |
| Accumulated earnings | 451 | 894 | 427 | (1,321) | 451 |
| Accumulated other comprehensive deficit | (364) | — | — | — | (364) |
| Cost of common stock in treasury | (475) | — | — | — | (475) |
| Total Owens Corning stockholders' equity | 3,538 | 7,435 | 2,489 | (9,924) | 3,538 |
| Noncontrolling interests | — | — | 37 | — | 37 |
| Total equity | <u>3,538</u> | <u>7,435</u> | <u>2,526</u> | <u>(9,924)</u> | <u>3,575</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$7,372</u> | <u>\$ 9,533</u> | <u>\$ 4,398</u> | <u>\$ (13,735)</u> | <u>\$ 7,568</u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
(in millions)

| | <u>Parent</u> | <u>Guarantor Subsidiaries</u> | <u>Non-Guarantor Subsidiaries</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES | \$ 126 | \$ 67 | \$ 225 | \$ — | \$ 418 |
| NET CASH FLOW USED FOR INVESTING ACTIVITIES | | | | | |
| Additions to plant and equipment | (10) | (143) | (200) | — | (353) |
| Proceeds from the sale of assets or affiliates | 16 | — | — | — | 16 |
| Investment in subsidiaries and affiliates, net | — | (51) | (11) | — | (62) |
| Proceeds from Hurricane Sandy insurance claims | — | 58 | — | — | 58 |
| Deposit related to sale of Hangzhou, China plant | — | — | 34 | — | 34 |
| Net cash flow used for investing activities | 6 | (136) | (177) | — | (307) |
| NET CASH FLOW PROVIDED BY (USED FOR) FINANCING ACTIVITIES | | | | | |
| Proceeds from senior revolving credit and receivables securitization facilities | 940 | — | 123 | — | 1,063 |
| Payments on senior revolving credit and receivables securitization facilities | (1,002) | — | (101) | — | (1,103) |
| Payments on long-term debt | — | — | (2) | — | (2) |
| Net increase (decrease) in short-term debt | — | — | (4) | — | (4) |
| Purchases of treasury stock | (63) | — | — | — | (63) |
| Other | 2 | — | — | — | 2 |
| Other intercompany loans | (9) | 69 | (60) | — | — |
| Net cash flow provided by (used for) financing activities | (132) | 69 | (44) | — | (107) |

| | | | | | |
|---|-------------|-------------|--------------|-------------|--------------|
| Effect of exchange rate changes on cash | — | — | (2) | — | (2) |
| Net increase in cash and cash equivalents | — | — | 2 | — | 2 |
| Cash and cash equivalents at beginning of period | — | 3 | 52 | — | 55 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ — | \$ 3 | \$ 54 | \$ — | \$ 57 |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
(in millions)

| | <u>Parent</u> | <u>Guarantor Subsidiaries</u> | <u>Non-Guarantor Subsidiaries</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|-----------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES | \$ (108) | \$ 239 | \$ 199 | \$ — | \$ 330 |
| NET CASH FLOW USED FOR INVESTING ACTIVITIES | | | | | |
| Additions to plant and equipment | (35) | (174) | (123) | — | (332) |
| Proceeds from the sale of assets or affiliates | 42 | 5 | 12 | — | 59 |
| Proceeds from Hurricane Sandy insurance claims | — | 20 | — | — | 20 |
| Net cash flow used for investing activities | 7 | (149) | (111) | — | (253) |
| NET CASH FLOW PROVIDED BY (USED FOR) FINANCING ACTIVITIES | | | | | |
| Proceeds from senior revolving credit and receivables securitization facilities | 1,564 | — | 313 | — | 1,877 |
| Payments on senior revolving credit and receivables securitization facilities | (1,627) | — | (330) | — | (1,957) |
| Proceeds from long-term debt | 599 | — | — | — | 599 |
| Payments on long-term debt | (430) | — | (11) | — | (441) |
| Purchase of noncontrolling interest | — | (22) | — | — | (22) |
| Net increase (decrease) in short-term debt | (8) | — | (15) | — | (23) |
| Purchases of treasury stock | (113) | — | — | — | (113) |
| Other | 4 | — | — | — | 4 |
| Other intercompany loans | 112 | (65) | (47) | — | — |
| Net cash flow provided by (used for) financing | | | | | |

| | | | | | |
|---|--------------------|--------------------|---------------------|--------------------|---------------------|
| activities | <u>101</u> | <u>(87)</u> | <u>(90)</u> | <u>—</u> | <u>(76)</u> |
| Effect of exchange rate changes on cash | <u>—</u> | <u>—</u> | <u>2</u> | <u>—</u> | <u>2</u> |
| Net increase in cash and cash equivalents | <u>—</u> | <u>3</u> | <u>—</u> | <u>—</u> | <u>3</u> |
| Cash and cash equivalents at beginning of period | <u>—</u> | <u>—</u> | <u>52</u> | <u>—</u> | <u>52</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u><u>\$ —</u></u> | <u><u>\$ 3</u></u> | <u><u>\$ 52</u></u> | <u><u>\$ —</u></u> | <u><u>\$ 55</u></u> |

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2011
(in millions)

| | <u>Parent</u> | <u>Guarantor Subsidiaries</u> | <u>Non- Guarantor Subsidiaries</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|---------------|-----------------------------------|--|---------------------|---------------------|
| NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES | \$ (70) | \$ 236 | \$ 123 | \$ — | \$ 289 |
| NET CASH FLOW USED FOR INVESTING ACTIVITIES | | | | | |
| Additions to plant and equipment | (7) | (222) | (213) | — | (442) |
| Proceeds from the sale of assets or affiliates | — | 3 | 78 | — | 81 |
| Investment in subsidiaries and affiliates, net | — | (84) | — | — | (84) |
| Net cash flow used for investing activities | (7) | (303) | (135) | — | (445) |
| NET CASH FLOW PROVIDED BY (USED FOR) FINANCING ACTIVITIES | | | | | |
| Proceeds from senior revolving credit facility | 1,547 | — | 365 | — | 1,912 |
| Payments on senior revolving credit facility | (1,423) | — | (207) | — | (1,630) |
| Proceeds from long-term debt | — | — | 6 | — | 6 |
| Payments on long-term debt | — | — | (10) | — | (10) |
| Net increase (decrease) in short-term debt | 8 | — | 18 | — | 26 |
| Purchase of treasury stock | (138) | — | — | — | (138) |
| Other | 8 | — | — | — | 8 |
| Other intercompany loans | 72 | 67 | (139) | — | — |
| Net cash flow provided by (used for) financing activities | 74 | 67 | 33 | — | 174 |
| Effect of exchange rate changes on cash | — | — | (18) | — | (18) |
| Net increase in cash and cash equivalents | (3) | — | 3 | — | — |
| Cash and cash equivalents at beginning of period | 3 | — | 49 | — | 52 |
| CASH AND CASH | | | | | |

**EQUIVALENTS AT END
OF PERIOD**

\$ —

\$ —

\$ 52

\$ —

\$ 52

OWENS CORNING AND SUBSIDIARIES

INDEX TO CONDENSED FINANCIAL STATEMENT SCHEDULE

| <u>Number</u> | <u>Description</u> | <u>Page</u> |
|----------------------|---|--------------------|
| II | Valuation and Qualifying Accounts and Reserves – for the years ended December 31, 2013, 2012 and 2011 | 112 |

OWENS CORNING AND SUBSIDIARIES

**SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES FOR THE YEARS ENDED December 31, 2013,
2012 AND 2011
(in millions)**

| | <u>Balance at Beginning of Period</u> | <u>Charged to Costs and Expenses</u> | <u>Charged to Other Accounts</u> | <u>Deductions</u> | <u>Acquisitions and Divestitures</u> | <u>Balance at End of Period</u> |
|---|---|--|--|-------------------|--|---|
| FOR THE YEAR ENDED DECEMBER 31, 2013 | | | | | | |
| Allowance for doubtful accounts | \$ 17 | \$ 3 | \$ — | \$ (6)(a) | \$ — | \$ 14 |
| Tax valuation allowance | \$ 228 | \$ 46 | \$ — | \$ (4) | \$ — | \$ 270 |
| FOR THE YEAR ENDED DECEMBER 31, 2012 | | | | | | |
| Allowance for doubtful accounts | \$ 15 | \$ 3 | \$ — | \$ (1)(a) | \$ — | \$ 17 |
| Tax valuation allowance | \$ 187 | \$ 51 | \$ — | \$ (10) | \$ — | \$ 228 |
| FOR THE YEAR ENDED DECEMBER 31, 2011 | | | | | | |
| Allowance for doubtful accounts | \$ 19 | \$ 3 | \$ — | \$ (7)(a) | \$ — | \$ 15 |
| Tax valuation allowance | \$ 174 | \$ 7 | \$ — | \$ 6 | \$ — | \$ 187 |

(a) Uncollectible accounts written off, net of recoveries.

EXHIBIT INDEX

Pursuant to the rules and regulations of the SEC, the Company has filed or incorporated by reference certain agreements as exhibits to this Annual Report on Form 10-K. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in the Company's public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe the Company's actual state of affairs at the date hereof and should not be relied upon.

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 3.1 | Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed November 2, 2006). |
| 3.2 | Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed November 2, 2006). |
| 4.1 | Indenture, dated as of October 31, 2006, by and among Owens Corning, each of the guarantors named therein and LaSalle Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed November 2, 2006). |
| 4.2 | First Supplemental Indenture, dated as of April 13, 2007, by and among Owens Corning, each of the guarantors named therein and LaSalle Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed April 13, 2007). |
| 4.3 | Second Supplemental Indenture, dated as of December 12, 2007, by and among Owens Corning, each of the guarantors named therein and LaSalle Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 to Owens Corning's Annual Report on Form 10-K (File No. 1-33100) for the year ended December 31, 2007). |
| 4.4 | Third Supplemental Indenture, dated as of April 24, 2008, by and among Owens Corning, each of the guarantors named therein and LaSalle Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Owens Corning's Quarterly Report on Form 10-Q (File No. 1-33100) for the quarter ended June 30, 2008). |
| 4.5 | Series A Warrant Agreement, dated as of October 31, 2006, between Owens Corning and American Stock Transfer & Trust Company, as Warrant Agent (incorporated by reference to Exhibit 10.3 to Owens Corning's Post-Effective Amendment No. 1 to Form S-1 Registration Statement (File No. 333-136363), filed December 8, 2006). |
| 4.6 | Series B Warrant Agreement, dated as of October 31, 2006, between Owens Corning and American Stock Transfer & Trust Company, as Warrant Agent (incorporated by reference to Exhibit 10.4 to Owens Corning's Post-Effective Amendment No. 1 to Form S-1 Registration Statement (File No. 333-136363), filed December 8, 2006). |
| 4.7 | Registration Rights Agreement, dated as of July 7, 2006, and the First Amendment thereto, dated as of October 27, 2006 (incorporated by reference to Exhibit 4.2 of Owens Corning's Post-Effective Amendment No. 1 to Form S-1 Registration Statement (File No. 333-136363), filed December 8, 2006). |

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- 4.8 Indenture, dated as of June 2, 2009, between Owens Corning, certain of Owens Corning's subsidiaries and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Owens Corning's Registration Statement on Form S-3 (File No. 333-159689), filed June 3, 2009).
- 4.9 Supplemental Indenture, dated June 8, 2009, between Owens Corning, the guarantors named therein and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed June 8, 2009).
- 4.10 Form of 9.000% Senior Notes due 2019 (incorporated by reference to Exhibit 4.2 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed June 8, 2009).
- 4.11 Form of 4.200% Senior Notes due 2022 (incorporated by reference to Exhibit 4.2 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed October 22, 2013).
- 4.12 Fourth Supplemental Indenture, dated as of May 26, 2010, by and among Owens Corning, certain subsidiaries, and Wells Fargo Bank, National Association, as successor Trustee (incorporated by reference to Exhibit 4.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed May 28, 2010).
- 4.13 Second Supplemental Indenture, dated as of May 26, 2010, by and among Owens Corning, certain subsidiaries, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed May 28, 2010).
- 4.14 Third Supplemental Indenture, dated as of October 22, 2012, by and among Owens Corning, certain subsidiaries, and Wells Fargo Bank, National Association, as successor Trustee (incorporated by reference to Exhibit 4.1 to Owens Corning's Current Form 8-K (File No. 1-33100), filed October 22, 2012).
- 10.1 Credit Agreement, dated as of May 26, 2010, by and among Owens Corning, certain of its subsidiaries, the lenders signatory thereto and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed May 28, 2010).
- 10.2 First amendment to Credit Agreement, dated as of March 24, 2011 (incorporated by reference to Exhibit 10.2 to Owens Corning's Current Report on Form 10-K (File 1-33100), filed February 15, 2012).
- 10.3 Second amendment to Credit Agreement, dated as of July 27, 2011 (incorporated by reference to Exhibit 10.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed July 29, 2011).
- 10.4 Third amendment to Credit Agreement, dated as of November 20, 2013 (incorporated by reference to Exhibit 10.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed November 21, 2013).
- 10.5 Purchase and Sale Agreement dated as of March 31, 2011 between Owens Corning Sales, LLC and Owens Corning Receivables LLC (incorporated by reference to Exhibit 10.2 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed April 5, 2011).
- 10.6 Amended and Restated Receivables Purchase Agreement dated as of December 16, 2011 (incorporated by reference to Exhibit 10.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed December 19, 2011).
- 10.7 Second Amendment to Amend and Restated Purchase Agreement dated as of July 26, 2013 (incorporated by reference to Exhibit 10.1 to Owens Corning Current Report on Form 8-K (File No. 1-33100), filed July 29, 2013).
- 10.8 Performance Guaranty dated as of March 31, 2011 (incorporated by reference to Exhibit 10.3 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed April 5, 2011).

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- 10.9 Key Management Severance Agreement with Charles E. Dana (incorporated by reference to Exhibit 10.18 to Owens Corning's annual report on Form 10-K (File No. 1-33100) for the year ended December 31, 2008).*
- 10.10 Form of Key Management Severance Agreement for Executive Officers* (filed herewith).
- 10.11 Amended and restated Key Management Severance Agreement with Michael H. Thaman (incorporated by reference to Exhibit 10 to Owens Corning Sales, LLC's Annual Report on Form 10-K (File No. 1-3660) for the year ended December 31, 2005).*
- 10.13 Form of Directors' Indemnification Agreement (incorporated by reference to Exhibit 10.2 of Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed November 2, 2006).
- 10.14 Owens Corning Long-Term Incentive Plan (incorporated by reference to Exhibit 10 to Owens Corning Sales, LLC's Quarterly Report on Form 10-Q (File No. 1-3660) for the quarter ended June 30, 2003).*
- 10.15 Owens Corning Executive Supplemental Benefit Plan, 2009 Restatement (incorporated by reference to Exhibit 10.28 to Owens Corning's annual report on Form 10-K (File No. 1-33100) for the year ended December 31, 2008).*
- 10.16 Corporate Incentive Plan Terms Applicable to Certain Executive Officers (incorporated by reference to Exhibit 10 to Owens Corning Sales, LLC's Quarterly Report on Form 10-Q (File No. 1-3660) for the quarter ended March 31, 1999).*
- 10.17 Amended and Restated Corporate Incentive Plan Terms Applicable to Certain Executive Officers (incorporated by reference to Annex B to Owens Corning's Proxy Statement (File No. 1-33100), filed March 16, 2011).*
- 10.18 Owens Corning Supplemental Executive Retirement Plan, as amended and restated, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.30 to Owens Corning's annual report on Form 10-K (File No. 1-33100) for the year ended December 31, 2008).*
- 10.19 Corporate Incentive Plan Terms Applicable to Key Employees Other Than Certain Executive Officers (incorporated by reference to Exhibit 10 to Owens Corning Sales, LLC's Quarterly Report on Form 10-Q (File No. 1-3660) for the quarter ended June 30, 1999).*
- 10.20 Owens Corning Deferred Compensation Plan, effective as of January 1, 2007 (incorporated by reference to Exhibit 10.5 to Owens Corning's Quarterly Report on Form 10-Q (File No. 1-33100) for the quarter ended March 31, 2007).*
- 10.21 First Amendment to the Owens Corning Deferred Compensation Plan, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.33 to Owens Corning's annual report on Form 10-K (File No. 1-33100) for the year ended December 31, 2008).*
- 10.22 Owens Corning Amended and Restated Deferred Compensation Plan, effective as of January 1, 2014 (filed herewith).
- 10.23 Owens Corning 2010 Stock Plan (incorporated by reference to Exhibit 10.1 to Owens Corning's Current Report on Form 8-K (File No. 1-33100), filed April 23, 2010).*
- 10.24 Owens Corning 2013 Stock Plan (incorporated by reference to Annex C to Owens Corning's Proxy Statement (File No 1-33100), filed March 14, 2013).*
- 10.25 Owens Corning Employee Stock Purchase Plan, effective as of April 18, 2013, (incorporated by reference to Annex B to Owens Corning' Proxy Statement (File No. 1-33100), filed March 14, 2013).*
- 10.26 Form of Owens Corning 2013 Stock Plan Deferred Stock Unit Award Agreement for Directors (filed herewith).

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| | |
|---------|---|
| 10.27 | Form of Owens Corning 2013 Long Term Incentive Program Award Agreement for Option Award (filed herewith). |
| 10.28 | Form of Owens Corning 2013 Long Term Incentive Program Award Agreement for Performance Share Unit (filed herewith). |
| 10.29 | Form of Owens Corning 2013 Long Term Incentive Program Award Agreement for Restricted Stock Unit (filed herewith). |
| 10.30 | Form of Owens Corning 2013 Long Term Incentive Program Award Agreement for Restricted Stock (filed herewith). |
| 21.1 | Subsidiaries of Owens Corning (filed herewith). |
| 23.1 | Consent of PricewaterhouseCoopers LLP (filed herewith). |
| 31.1 | Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) (filed herewith). |
| 31.2 | Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) (filed herewith). |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (filed herewith). |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (filed herewith). |
| 101.INS | XBRL Taxonomy Extension Schema |
| 101.SCH | XBRL Taxonomy Extension Schema |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |

* Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Form 10-K.

Owens Corning agrees to furnish to the Securities and Exchange Commission, upon request, copies of all instruments defining the rights of holders of long-term debt of Owens Corning where the total amount of securities authorized under each issue does not exceed ten percent of the total assets of Owens Corning and its subsidiaries on a consolidated basis.

KEY MANAGEMENT SEVERANCE AGREEMENT

This Severance Agreement (the “Agreement”) is made as of <<Date>> by and between OWENS CORNING, a Delaware corporation and its subsidiaries (the “Company”), and «FirstName» «MI» «LastName», an officer of the Company (“Executive”).

WHEREAS the Company desires to provide Executive with certain severance pay and benefits, and to expose Executive to confidential Company information, each in exchange for Executive’s commitment to keep such information confidential and to not engage in competitive activities with the Company for the duration of Executive’s employment and for two years thereafter;

WHEREAS the Compensation Committee of the Board of Directors of the Company (the “Committee”) has approved this Severance Agreement to provide Executive with certain severance pay, benefits and privileges on the termination of Executive’s employment as described below;

NOW THEREFORE, the parties hereto agree as follows:

1. Company Initiated Termination For Reasons Other than Cause and Unsatisfactory Performance If the Company terminates Executive’s employment for any reason other than Unsatisfactory Performance or Cause (as defined in paragraphs 10(g) and 10(b), respectively), or Executive voluntarily terminates Executive’s employment under circumstances involving a Constructive Termination, as defined in paragraph 10(d), Executive will be entitled to the following compensation, provided that Executive executes a Release and Non-Competition Agreement satisfactory to the Company:
 - a. Severance payment in an amount equal to Base Pay, as defined in paragraph 10(a); and
 - b. Separation Incentive Payment, as defined in paragraph 10(e).
2. Company Initiated Termination For Unsatisfactory Performance. If the Company terminates Executive’s employment for Unsatisfactory Performance, as defined in paragraph 10(g), Executive will be entitled only to the following compensation, provided that Executive executes a Release and Non-Competition Agreement satisfactory to the Company:
 - a. Severance payment equal to 50% of Base Pay, as defined in paragraph 10(a); and
 - b. Severance payment equal to 50% of a Separation Incentive Payment, as defined in paragraph 10(e).
3. Company Initiated Termination For Cause. If the Company terminates Executive’s employment for Cause, as defined in paragraph 10(b), Executive will be entitled only to base salary earned and as yet unpaid through the effective date of termination.
4. Timing of Payments. Except as otherwise delayed pursuant to this paragraph 4, compensation payable under paragraphs 1 or 2 above after a Change of Control shall be paid in a lump sum as soon as practicable after termination (no later than the 15th day of the third month following the termination). Compensation payable under paragraphs 1 or 2 above absent a Change of Control will be made through the normal payroll cycle over [12/24] months. All payments will be made minus applicable withholdings. To the extent that any payment hereunder would subject Executive to taxes or penalties under Section 409A of the Internal Revenue Code (“Section 409A”), such payment(s) shall be delayed until six (6) months after Executive’s separation from service (“Delayed Payments”). Executive shall receive a lump sum equivalent to the Delayed Payments on the six month anniversary of Executive’s separation from service, with the remaining compensation due under this Agreement being paid through the normal payroll cycle over the following [12/18] months.

5. Sale of Business. If Executive's employment ends under circumstances described in paragraph 1 above in connection with the sale by the Company of a subsidiary, business unit, division or facility, payments will be made under this Agreement only if Executive is not offered a position with materially equivalent base salary with the Company or with the new owner of the business (without regard to whether Executive accepts such a position). If Executive receives and accepts a suitable offer from the new owner of the business (the "Successor Employer") and is subsequently terminated within one year of the closing date of the sale under circumstances that would result in payment of benefits under this Agreement, Executive will be treated as though he had been terminated by the Company and receive the payments provided for in this Agreement, less any amounts or benefits provided by the Successor Employer in connection with Executive's termination, no later than the March 15th of the calendar year following the calendar year in which Executive's termination of employment from the Successor Employer occurs.
6. Termination For Other Reasons. If Executive voluntarily terminates employment including by reason of retirement (other than as provided in paragraph 1 above with regard to Constructive Termination), or if Executive's employment terminates due to death or Permanent Total Disability, Executive shall not be entitled to any benefits under this Agreement.
7. Continuation of Insurance Benefits. In the event Executive's employment terminates under the circumstances described in paragraph 1 or 2 of this Agreement, the Company will continue Executive's participation and coverage for a period of one year or six months, respectively (the "Severance Period") from Executive's last day of employment with the Company under the Company's medical and dental plans, in which Executive is participating immediately prior to such employment termination, subject to the Company's right to modify the terms of the plans or arrangements providing these benefits. If Executive is employed by another entity during the Severance Period, the Company will immediately become a secondary obligor.
8. Non-Duplication of Benefits. Any compensation or benefits payable under the terms of this Agreement will be offset and not augmented by other compensation or benefits of the same or similar type payable under local laws of the Executive's country, any existing plan or agreement of the Company or any other arrangement between Executive and the Company covering the Executive (including, but not limited to, any Company severance policy and the Company's Annual Incentive Plan). It is intended that this Agreement not duplicate benefits Executive is entitled to under country "redundancy" laws, the Company's regular severance policy, any related policies, or any other contracts, agreements or arrangements between Executive and the Company.
9. Term. This Agreement shall be effective from the date hereof throughout Executive's term of employment as an officer of the Company, but shall expire and be of no effect immediately after the second anniversary of either: (a) a Change of Control or (b) written notice of intent to terminate this Agreement by the Company's Chief Executive Officer, whichever shall occur first. Executive's Confidentiality, Non-Solicitation and Non-Competition obligations set forth herein shall survive the termination or expiration of this Agreement, provided however, that if Executive has become entitled to any payments pursuant to this Agreement before such second anniversary which have not been paid by such second anniversary, such payments shall be made pursuant to the terms of this Agreement.
10. Certain Defined Terms. As used herein, the following terms shall have the following meanings:
 - a) "Base Pay" shall mean the greater of two times the annual salary paid to Executive as of the date of termination or the date of a Change of Control, as the case may be, notwithstanding any pay reduction that may be related to a Constructive Termination.

-
- b) "Cause" shall mean:
- 1) Conviction of any felony or failure to contest prosecution of a felony; or
 - 2) Willful misconduct or dishonesty that is harmful to the Company's business or reputation; or
 - 3) Serious violation of the Company's Business Code of Conduct.
- c) "Change of Control" shall have the same meaning and definition as set forth in the 2010 Stock Plan approved by the shareholders, and is incorporated herein by reference. To the extent any amount payable under this Agreement constitutes nonqualified deferred compensation, within the meaning of Section 409A and would result in additional taxes or penalties to Executive under that section, then the timing of payments will be made as if there were no Change of Control.
- d) "Constructive Termination" shall be deemed to have occurred only if:
- 1) Prior to a Change of Control: Executive's Base Pay is materially reduced without Executive's written consent; or
 - 2) On or within a two-year period after a Change of Control: (A) Executive's Base Pay or annual incentive pay opportunity is materially reduced without Executive's written consent; (B) Executive is required by the Company to relocate to a new place of business that is more than fifty miles from Executive's place of business prior to the Change of Control (or the Company mandates a substantial increase in the amount of required business travel); or (C) there is a material adverse change in Executive's duties or responsibilities in comparison to the duties or responsibilities which Executive had prior to the Change of Control; and
 - 3) The amount, time and form of any payment on account of the constructive termination must be substantially identical to that which would be paid due to an actual involuntary termination, to the extent such a right exists; and
 - 4) The Executive is required to notify the Company that one of the constructive termination triggers described above exists within a period not to exceed 90 days of the time Executive becomes aware the trigger first existed and the Company has 30 days from such notice to cure any Constructive Termination.
- e) "Separation Incentive Payment" shall equal two times Executive's Target Incentive Level in the Company's annual, Corporate Incentive Plan (CIP) immediately prior to termination.
- f) "Target Incentive Level" shall be the greater of: (i) Executive's annual Base Pay multiplied by Executive's participation rate under the Company's Corporate Incentive Plan for the year of termination, or (ii) the payment Executive would have received under such Plan for the year of termination based on projected corporate performance for such year as determined by the Committee in its sole discretion at the time of termination.
- g) "Unsatisfactory Performance" shall exist if, prior to a Change in Control, Executive continuously fails to substantially satisfy performance expectations as an Executive of the Company, unless within three months after notice has been provided to Executive by the Company, Executive cures such continued failure to perform.
11. Unpaid Compensation. Regardless of the reason for Executive's termination of employment, in addition to any benefits that may be payable to Executive hereunder, Executive will be entitled to: (a) base salary earned but unpaid through Executive's last date of employment; (b) incentive

pay as yet unpaid from the prior years and the year of termination, prorated for the period of Executive's actual employment prior to termination, consistent with applicable plan documents; (c) benefits to which Executive is independently entitled under the terms of the Company's salaried employee benefit plans and (d) vesting of outstanding equity grants (if any) consistent with the applicable Stock Plan and any grant agreements executed by Executive. The amounts payable pursuant to clauses (a) and (b) of this paragraph 11 shall be paid within thirty (30) days of Executive's termination of employment.

12. Outplacement Assistance. The Company will arrange outplacement assistance for Executive in cases of terminations described in paragraphs 1 or 2 of this Agreement. Such assistance shall continue for up to one year following Executive's termination or until such time as suitable employment is attained, whichever is sooner. Outplacement costs incurred in this connection will be borne by the Company, but will not include costs of travel to/from the outplacement firm or in connection with job interviews, etc. In no event will the Company pay Executive cash in lieu of outplacement assistance.
13. Confidentiality. Consistent with Executive's preexisting legal and contractual obligations and in exchange for the consideration provided by the Company in this Agreement and for Executive's continued employment and exposure to confidential information at the Company, Executive agrees to hold in strict confidence and not to use or disclose to any other person any confidential or proprietary information of the Company, including, without limitation, trade secrets, formulas for Company products, production techniques or processes or methods and apparatus for producing any products of the Company, or other non-public information relating to the business, research and development, employees and/or customers of the Company and its subsidiaries and affiliates, except to the extent required by law, or with the written consent of the Company. Executive will, immediately on termination, deliver to the Company all files containing data, correspondence, books, notes, and other written, graphic or computer records and return any samples or other materials under Executive's control relating to the Company or its subsidiaries or affiliates, regardless of the media in which they are embodied or contained and delete any such information under Executive's control.
14. Agreement Not To Compete. In exchange for the consideration provided by the Company in this Agreement as well as Executive's continued employment and exposure to confidential information at the Company, Executive agrees not to, directly or indirectly, for a period of two years following Executive's termination of employment, engage or participate in any business that is involved in research or development activities or in the manufacturing or sale of any product or service which competes with any of the Company's products or services, except with the written consent of the Company. In accordance with paragraphs 1, 2 and 4 of this Agreement, upon resignation or termination, Executive agrees to execute a separate Release and Non-Competition Agreement in a form acceptable to the Company to memorialize this agreement and understands that the failure to do so will not alter the survival of Executive's non-compete obligation but will render Executive ineligible for any severance pay or other benefits, whether set forth in this Agreement or otherwise.
15. Agreement Not To Solicit Employees. In exchange for the consideration provided by the Company in this Agreement as well as Executive's continued employment and exposure to confidential information and employees of the Company, Executive shall not directly or indirectly solicit, induce, recruit, hire, or encourage any of the Company's employees to leave their employment for a period of two years following Executive's termination or resignation from employment.

16. Agreement Not To Solicit Customers, Business or Suppliers. In exchange for the consideration provided by the Company in this Agreement as well as Executive's continued employment and exposure to confidential information, for a period of two years following Executive's termination or resignation from employment Executive shall not directly or indirectly solicit, divert or take away, or attempt to solicit, divert or take away, any customers, business or suppliers of the Company upon whom Executive called, serviced, or solicited, or with whom Executive became acquainted as a result of Executive's employment with the Company.
17. No Disparagement. Executive shall not, at any time during or within two years following Executive's termination or resignation from employment: (i) make any public disclosures or publish any articles or books about Company, its business or any Company officer or employee, or grant an interview to any representative of the public media, without the prior written consent of the General Counsel, or (ii) publish any statement or make any disclosure about the Company, its business or any Company officer or employee that is disparaging, derogatory or otherwise casts a bad light on Company, its business or any Company officer or employee. The Company will likewise refrain from disparaging Executive.
18. Employment Relationship. This Agreement reflects the circumstances under which Executive may become entitled to certain severance pay and benefits, and does not alter the employment relationship. Executive may elect to terminate the employment relationship with the Company, with or without cause or notice, and the Company may do the same.
19. Mutual Release and Indemnity. In the event of Executive's termination under circumstances described in paragraphs 1 or 2 of this Agreement, the Company agrees to release and discharge Executive from any claim it may then or thereafter have against Executive with respect to employment with the Company (other than with regard to Executive's obligations under this Agreement), and agrees to indemnify Executive in accordance with its then current policies or practices for active employees for any claims made against Executive by third parties arising out of the proper performance of Executive's duties as an employee of the Company. In exchange for the consideration provided by the Company in this Agreement, together with the Company's release and indemnity, Executive agrees to release and discharge the Company, and its subsidiaries, affiliates, officers, directors, employees and agents (the "Released Persons") from any claim that Executive may then or thereafter have against the Company or such Released Persons (excluding any claim for the compensation, benefits and privileges described herein) arising out of or in connection with Executive's employment or termination of employment by the Company or any of its subsidiaries or affiliates. Executive agrees to execute a separate Release and Non-Competition Agreement in a form acceptable to the Company to memorialize this agreement and understands that the failure to do so will render Executive ineligible for any severance pay or benefits, whether set forth in this Agreement or otherwise. Executive will be given twenty-one (21) days to execute the separate Release and Non-Competition Agreement, and a seven (7) day revocation period. In the event the combined consideration and revocation periods extend beyond the end of a calendar year, payments to executive will not commence until the following year, regardless of how quickly Executive might execute and return said Release and Non-Competition Agreement.
20. Adequacy. Executive acknowledges and agrees that the restrictions contained in this Agreement are necessary to protect the legitimate interests of the Company, and impose no undue hardship on Executive and Executive further acknowledges and agrees the compensation provided hereunder as being adequate. Executive acknowledges and agrees that a breach or threatened breach of any of the provisions of this Agreement will result in irreparable injury to the Company and that remedies at law are inadequate, and the Company may seek the issuance of a restraining order, preliminary restraining order or injunction which arises or results from, or relates to, directly or indirectly, any violation of this Agreement. Additionally, the Company may proceed at law to obtain such other relief as may be available.

21. Severability. Whenever possible each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term, or the remaining provisions or terms of this Agreement. The parties recognize it is also to their mutual benefit to make certain conforming legal changes, such as those required by Section 409(a) of the Internal Revenue Code, in accordance with paragraph 22 of this Agreement.
22. Modification and Waiver of Breach. No waiver or modification of this Agreement shall be binding unless it is in writing, signed by the parties hereto. No waiver of a breach hereof shall be deemed to constitute a waiver of a further breach, whether of a similar or dissimilar nature.
23. Assignment. This Agreement shall be binding upon and inure to the benefit of any successors of the Company. As used herein, "successors" shall include any person, firm, corporation or other business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets or business of the Company. Executive's agrees that Company may assign or transfer its rights hereunder pursuant to a merger or consolidation in which the Company is not the continuing entity, or a sale, liquidation or other disposition of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and assumes the liabilities, obligations and duties of the Company under this Agreement, either contractually or as a matter of law. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive, without the Company's prior written consent, other than Executive's rights to compensation and benefits, which may be transferred only by will or operation of law; provided, however that the Executive shall be entitled, to the extent permitted under applicable law or relevant plans, to select and change a beneficiary or beneficiaries to receive any compensation or benefit hereunder following Executive's death by giving the Company written notice thereof. In the event of the Executive's death or a judicial determination of Executive's incompetence, references in this Agreement to the Executive shall be deemed, where appropriate, to refer to Executive's beneficiary or beneficiaries, estate or other legal representative.
24. Notice. Any written notice to be given hereunder to Executive may be delivered to Executive personally or shall be deemed to have been given upon deposit thereof in the U.S. mail, certified mail, postage prepaid, addressed to Executive at the address as it shall appear on the records of the Company.
25. Construction of Agreement. This Agreement is made and entered into in the State of Ohio and shall be construed under the laws of Ohio.
26. Section 409A. This Agreement is intended to comply with the requirements of Section 409A, and shall be interpreted and construed consistently with such intent. Each payment hereunder shall be considered a separate payment, and payments to Executive under this agreement are made pursuant to a "Separation from Service" as defined under Section 409A. The payments to Executive pursuant to this Agreement are intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury Regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury Regulation §1.409A-1(b)(4). In the event the terms of this Agreement would subject Executive to taxes or penalties under Section 409A of the Code ("409A Penalties"), the Company and Executive shall

cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible; provided that in no event shall the Company be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement.

27. Entire Agreement. This Agreement, consisting of 27 numbered paragraphs and seven pages, constitutes the entire understanding between the parties with respect to Executive's severance pay, benefits and privileges in the event of a termination of Executive's employment with the Company, superseding all negotiations, prior discussions and agreements, written or oral, concerning said severance arrangements. This Agreement may not be amended except in writing by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

OWENS CORNING,

/s/ Michael H. Thaman
Michael H. Thaman
Chairman of the Board and
Chief Executive Officer

Agreed to and accepted:

«FirstName» «MI» «LastName»

Date:

**OWENS CORNING
DEFERRED COMPENSATION PLAN**

(As amended and restated, effective January 1, 2014)

SECTION 1

General

1.1 Purpose. The Owens Corning Deferred Compensation Plan (the “Plan”) has been established by Owens Corning (the “Company”) to provide non-employee directors and certain management employees with an opportunity to save in a tax effective manner and thereby aiding in competitively attracting and retaining such non-employee directors and management employees of exceptional ability.

1.2 Effective Date. The “Effective Date” of the Plan was January 1, 2007, and is amended and restated, as set forth herein, effective January 1, 2014.

1.3 Operation and Administration. The authority to control and manage the operation and administration of the Plan shall be vested in the Compensation Committee (the “Committee”) of the Board of Directors of the Company (the “Board of Directors”). In controlling and managing the operation and administration of the Plan, the Committee shall have the rights, powers and duties, and may delegate such powers and duties, as set forth in Section 8. Capitalized terms in the Plan shall be defined as set forth in the Plan.

1.4 Plan Administrator. The “Plan Administrator” shall be the Committee and/or the persons/individuals to whom administrative duties have been delegated by the Committee.

1.5 Plan Year. The term “Plan Year” means the calendar year.

1.6 Applicable Law. The Plan shall be construed and administered in accordance with the laws of the State of Ohio to the extent that such laws are not preempted by the laws of the United States of America.

1.7 Number. Where the context admits, words in the singular shall include the plural and the plural shall include the singular.

1.8 Notices. Any notice or document required to be filed with the Plan Administrator or the Committee under the Plan will be properly filed if delivered or mailed to the Plan Administrator, in care of the Company, at its principal executive offices. The Plan Administrator may, by advance written notice to affected persons, revise such notice procedure from time to time. Any notice required under the Plan may be waived by the person entitled to notice.

1.9 Form and Time of Elections. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification or revocation thereof, shall be in writing filed with the Plan Administrator at such times, in such form, and subject to such restrictions and limitations as the Plan Administrator shall require. Any elections made online in an electronic format or through an online electronic system established by the Plan Administrator shall be considered to have been made in writing for all purposes under the Plan.

1.10 Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

1.11 Adjustments. In the event of any increase or decrease in the number of issued shares of common stock of the Company resulting from a subdivision or consolidation of shares or other capital adjustment, or the payment of a stock dividend or other increase or decrease in shares, effected without receipt of consideration by the Company, or other change in corporate or capital structure, the number of shares or representative share equivalents in Participants' Accounts shall be appropriately adjusted by the Committee; provided, however, that any fractional shares resulting from any such adjustment shall be eliminated. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

1.12 Intentions. The Plan is intended (a) to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and official guidance issued thereunder, and (b) to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

SECTION 2

Participation

2.1 Participant. Subject to the terms of the Plan, a director of the Company who is not an employee of the Company or any of its subsidiaries (a "Non-Employee Director") and such management level employees as shall be selected by the Committee (each, a "Management Employee") shall be eligible to make deferrals under the Plan.

2.2 Deferral Election. A Non-Employee Director or Management Employee shall become a "Participant" in the Plan by electing to defer payment of all or a portion of his or her Eligible Compensation, as defined below, pursuant to the terms of a "Deferral Election." Except as provided below, a Participant's Deferral Election with respect to Eligible Compensation for services to be performed in a Plan Year shall be filed before the end of the preceding Plan Year; provided, however, that the initial Deferral Election of a new Participant may be filed within 30 days after the date on which such individual first became eligible to become a Participant, to the extent permitted under Code section 409A, and shall be applicable only to Eligible Compensation for services to be performed by the Participant after the Deferral Election is filed. To the extent that a Participant is eligible to defer Eligible Compensation that qualifies as "performance-based compensation" under Code section 409A, as determined by the Plan Administrator, Deferral Elections with respect to such performance-based compensation must be filed at least six months prior to the end of the incentive performance period for such compensation, to the extent permitted under Code section 409A. Notwithstanding the preceding sentence, the Plan Administrator may require that, for such performance-based compensation, Deferral Elections must be made during the open enrollment period occurring in the Plan Year prior to the Plan Year in which the performance period ends.

2.3 Eligible Compensation. For purposes of the Plan, “Eligible Compensation” for a Plan Year means:

(a) for a Non-Employee Director, the Non-Employee Director’s cash compensation including the cash portion of the annual retainer, the chair retainer and the meeting fees for services performed in such Plan Year; and

(b) for a Management Employee, up to 100% of the Management Employee’s base salary and/or up to 100% of cash incentive compensation for the Plan Year including such payments payable under the Owens Corning Corporate Incentive Plan, the Owens Corning Sales Incentive Plan and the Owens Corning Long-Term Incentive Plan. Notwithstanding the foregoing, the Plan Administrator may limit the total percentage of base salary which may be deferred to less than 100% for purposes of payroll and administrative feasibility.

SECTION 3

Employer Contributions

3.1 Restoration of Employer Matching Contributions. Effective for Plan Years beginning on or after January 1, 2014, within 60 days after the end of each Plan Year, the Company shall credit to the Matching Restoration Account (as defined below) of each Participant who is a Management Employee as of the last day of such Plan Year an amount (a “Matching Restoration Contribution”) equal to the *excess of*:

(i) 100% of the sum of (a) the base salary and annual incentive compensation deferred by the Participant and credited to the Participant’s Deferral Account for such Plan Year pursuant to Section 2 of this Plan plus (b) the elective deferrals, other than catch-up contributions, credited to the Participant’s account for such Plan Year under the Owens Corning Savings Plan (the “Savings Plan”), in each case disregarding elective deferrals in excess of 6% of such Participant’s compensation, as defined in the Savings Plan but without regard to the limit imposed under Code section 401(a)(17), *over*

(ii) the matching contributions allocated to the Participant’s account for such Plan Year under the Savings Plan;

provided, however, that the amounts credited to the Participant’s Matching Restoration Account for any Plan Year pursuant to this Section 3.1 shall not exceed the total employer matching contributions that would be provided under the Savings Plan absent any plan-based restrictions that reflect limits on qualified plan contributions under the Code.

3.2 Restoration of Profit Sharing Contributions. Effective for Plan Years beginning on or after January 1, 2014, within 60 days after the end of each Plan Year, the Company shall credit to the Profit Sharing Restoration Account (as defined below) of each Participant who is a Management Employee as of the last day of such Plan Year an amount (a "Profit Sharing Restoration Contribution") equal to the *excess of*:

(i) 2% of the Participant's compensation for such Plan Year, as defined in the Savings Plan but without regard to the limit imposed under Code section 401(a)(17), *over*

(ii) the profit sharing contribution allocated to such Participant's account for such Plan Year under the Savings Plan.

3.3 Make-Up Contributions. Effective for Plan Years beginning on or after January 1, 2014, within 60 days after the end of each Plan Year, the Company shall credit to the Make-Up Account (as defined below) of each Participant who is a Management Employee as of the last day of such Plan Year an amount (a "Make-Up Contribution") equal to 6% of the amount of the base salary and annual incentive compensation credited to the Participant's Deferral Account for such Plan Year under Section 2 of this Plan. Such Make-Up Contribution is intended to make the Participant whole for the reduction in the Participant's compensation under the terms of the Savings Plan due to the elective deferrals elected by the Participant under Section 2 of this Plan.

SECTION 4

Plan Accounting

4.1 Deferred Compensation Accounts. Accounts shall be established on behalf of each Participant, which shall consist of the following subaccounts (collectively, the "Accounts"):

(a) A Deferral Account shall be maintained on behalf of each Participant for each Plan Year (referred to herein as a "class year") for which the Participant makes a Deferral Election, which shall be credited with the amount which would have been paid to the Participant as Eligible Compensation for such class year if it had not been deferred during such class year. Such crediting shall occur as of the date on which the Eligible Compensation would have been paid to the Participant if it had not been deferred. A Participant shall at all times be 100% vested in any amounts credited to his or her Deferral Account for each such class year.

(b) A Matching Restoration Account shall be maintained on behalf of each Participant for each class year in which a Matching Restoration Contribution is credited to such Participant's Account pursuant to Section 3.1. Such crediting shall occur within 60 days after the last day of the Plan Year to which the Matching Contribution applies. Subject to Section 5.10, a Participant shall at all times be 100% vested in any amounts credited to his or her Matching Restoration Account for each such class year.

(c) A Profit Sharing Restoration Account shall be maintained on behalf of each Participant for each class year in which a Profit Sharing Restoration Contribution is credited to such Participant's Account pursuant to Section 3.2. Such crediting shall occur within 60 days after the last day of the Plan Year to which the Profit Sharing Restoration Contribution applies. Subject to Section 5.10, a Participant shall at all times be 100% vested in any amounts credited to his or her Profit Sharing Restoration Account for each such class year.

(d) A Make-Up Account shall be maintained on behalf of each Participant for each class year in which a Make-Up Contribution is credited to such Participant's Account pursuant to Section 3.3. Such crediting shall occur within 60 days after the last day of the Plan Year to which the Make-Up Contribution applies. Subject to Section 5.10, a Participant shall at all times be 100% vested in any amounts credited to his or her Make-Up Account for each such class year.

4.2 Adjustment of Accounts. The Accounts of a Participant shall be adjusted from time to time in accordance with procedures established by the Committee to reflect the increase or decrease in value from the investment funds to which the Participant's Accounts are allocated. Each such account may be allocated to one or more investment funds. Investment funds may include a fund indexed to the value of Owens Corning common stock and any such other investment options that the Committee specifies from time to time. To the extent and in the manner permitted by the Committee, the Participant may elect to have different portions of his or her Account balances adjusted for any period on the basis of different investment elections made with respect to the Account for each class year. Notwithstanding the election by Participants of certain investments as described herein and the adjustment of their Accounts based on such investment decisions in accordance with uniform rules established by the Committee, the Plan does not require, and no trust or other instrument maintained in connection with the Plan shall require, that any assets or amounts which are set aside in trust or otherwise for the purpose of paying Plan benefits shall actually be invested in the investment alternatives selected by Participants. Such investment options may, at the discretion of the Committee be representative or hypothetical for purposes of the Plan. If no investment election has been made by the Participant, a Participant's Accounts shall be credited to a default investment fund as established from time to time by the Committee.

4.3 Statement of Accounts. As soon as practicable after the end of each Plan Year, and at such other times as determined by the Committee, the Company shall provide each Participant with a statement of the transactions in the Participant's Accounts during that Plan Year and the Participant's Account balance as of the end of the Plan Year. Alternatively, Account statements, transaction information and Account balance information shall be made available and accessible to Participants online through an electronic system established by the Plan Administrator.

SECTION 5

Distributions

5.1 General. Subject to this Section 5 and Section 6 (relating to distributions upon a change in control), the balance of each of a Participant's Accounts shall be distributed upon the Participant's "separation from service" (as defined under Code section 409A) with the Company if they are an employee or as a member of the Board of Directors if they are a Non-Employee Director, or upon the commencement date as elected by the Participant in the Participant's "distribution election" (as defined below) with respect to such Account. All such distributions shall commence and be made in compliance with Code section 409A and applicable regulations thereunder. Distribution shall be made in either (i) a single lump sum, (ii) in annual installments over 5 or 10 years or (iii) effective for amounts deferred in Plan Years beginning on or after January 1, 2014, in annual installments of a specified dollar amount (until the remaining balance of the amount subject to such election is less than such specified amount, following which the final installment shall be equal to such remaining balance), as elected by the Participant in the Participant's Distribution Election. Notwithstanding anything in this Plan or any Agreement to the contrary, distributions made on account of the death of the Participant shall be in the form of a lump sum. If no election is made with respect to an Account the default form of distribution shall be a single lump sum payment.

Notwithstanding the foregoing, distributions may not be made upon the separation from service of a Participant who is a “specified employee” (as defined in Code section 409A) before the date which is six months after the date of such Participant’s separation from service (or, if earlier, the date of death of the Participant). Any payments that would otherwise be made during this period of delay shall be accumulated and paid on the first day of the seventh month following the Participant’s separation from service (or, if earlier, the first day of the month after the Participant’s death).

5.2 Distribution Election. A Participant’s Deferral Election shall specify the number or dollar amount of payments in which the Participant’s Account with respect to the class year to which the Deferral Election relates shall be distributed and shall specify the commencement date for distribution of the deferred amounts (a “Distribution Election”). A Participant’s Distribution Election may independently specify either or both of the following: (i) a specific distribution commencement date, and/or (ii) distribution commencing upon the Participant’s separation from service or a specified anniversary of the Participant’s separation from service; provided that a Participant may elect to receive a distribution of his or her Matching Restoration Account, Profit Sharing Restoration Account and Make-Up Account only upon the Participant’s separation from service or a specified anniversary of such separation from service. Where a Participant has selected both a specific distribution date and distribution upon separation from service or an anniversary of such separation from service, the distribution shall commence upon the first such date to occur. A Participant’s Distribution Election may only be changed, subject to the following:

(a) Any such change in a Participant’s Distribution Election will not take effect until at least 12 months after the change is made;

(b) Payments under the changed Distribution Election may not begin until at least 5 years after the date when payments would otherwise have begun; and

(c) Any such change in a Participant’s Distribution Election must be made at least 12 months before the date distribution was scheduled to commence; and

(d) There shall be no more than two changes allowed to the Distribution Election applicable to any given class year.

(e) Participants shall be permitted to elect to change their Distribution Election as set forth above to further delay the deferred distribution date as specified in their Distribution Election. To be effective, an election to further delay the deferred distribution date must otherwise meet the requirements of this Section 5.2(a)-(d).

5.3 Cash-out of Small Accounts. Notwithstanding the date or form of payment elected by a Participant and to the extent permitted by Code section 409A without penalty or interest, if the vested balance of a Participant’s entire Account is less than or equal to the then-applicable limit under Code section 402(g) (\$17,500 for 2013) as of the last day of any Plan Year ending upon or following such Participant’s separation from service, such Account shall be paid to such Participant in a lump sum within 60 days after such date.

5.4 Medium of Payment. All distributions from Participants’ Accounts shall be distributed by the Company in cash only.

5.5 Beneficiary. Subject to the terms of the Plan, any benefits payable to a Participant under the Plan that have not been paid at the time of the Participant's death shall be paid at the time and in the form of a lump sum payment, determined in accordance with the foregoing provisions of the Plan, to the beneficiary designated by the Participant in writing filed with the Plan Administrator in such form and at such time as the Plan Administrator shall require. A beneficiary designation form will be effective only when the signed form is filed with the Plan Administrator while the Participant is alive and will cancel all beneficiary designation forms filed earlier. If a deceased Participant failed to designate a beneficiary, or if the designated beneficiary of a deceased Participant dies before the Participant or before complete payment of the Participant's benefits, the remaining unpaid amounts shall be paid, in a lump sum, to the legal representative or representatives of the estate of the last to die of the Participant and the Participant's designated beneficiary.

5.6 Distributions to Disabled Persons. Notwithstanding the provisions of this Section 5, if, in the Plan Administrator's opinion, a Participant or beneficiary is under a legal disability or is in any way incapacitated so as to be unable to manage such individual's financial affairs, the Plan Administrator may direct that payment be made to a relative or friend of such individual for such individual's benefit until claim is made by a conservator or other person legally charged with the care of such individual's person or estate, and such payment shall be in lieu of any such payment to such Participant or beneficiary. Thereafter, any benefit under the Plan to which such Participant or beneficiary is entitled shall be paid to such conservator or other person legally charged with the care of such individual's person or estate.

5.7 Benefits May Not be Assigned. Neither the Participant nor any other person shall have any voluntary or involuntary right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt of the amounts, if any, payable hereunder, or any part hereof, which are expressly declared to be unassignable and non-transferable. No part of the amounts payable shall be, prior to actual payment, subject to seizure or sequestration for payment of any debts, judgments, alimony or separate maintenance owed by the Participant or any other person, or be transferred by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency.

5.8 Effect of Taxation. If a portion of a Participant's Account balances is includible in income as a result of the Plan's failure to meet the requirements of Code section 409A, such portion shall be distributed immediately to the Participant.

5.9 Permitted Delays. Notwithstanding the foregoing, any payment to a Participant under the Plan shall be delayed to the extent that the Committee reasonably anticipates the occurrence of one or more of the following events:

(a) The Company's deduction with respect to such payment otherwise would be limited or eliminated by application of Code section 162(m); or

(b) The making of the payment would violate Federal securities laws or other applicable law;

provided, that any payment subject to this subsection 5.9 shall be paid in accordance with Code section 409A.

5.10 **Breach of Covenants.** If a Participant breaches any non-competition, non-disclosure, non-solicitation or similar obligation with the Company or is terminated by the Company for Cause, then all amounts contributed by the Company under this Plan (other than amounts deferred at the election of the Participant pursuant to Section 2.2), including Matching Restoration Contributions, Profit Sharing Restoration Contributions and Make-Up Contributions, and any earnings with respect to such contributions, shall be forfeited by the Participant. For purposes of this Plan, "Cause" shall have the meaning set forth in any employment agreement between the Company and the Participant or, if such term is not defined in any such employment agreement, "Cause" shall mean the Participant's (i) conviction of any felony or failure to contest prosecution of a felony, (ii) willful misconduct or dishonesty that is harmful to the Company's business or reputation or (iii) serious violation of the Company's Business Code of Conduct.

SECTION 6

Change in Control

6.1 In the event of a "change in control" (as defined in subsection 6.2 below), the balance of each of a Participant's Accounts shall be distributed in an immediate lump sum payment upon the "payment date" (as defined below); provided that such change in control also qualifies as a "change in control event" as described in IRS regulations under Code section 409A. Such distribution shall be made to the Participant regardless of any elections providing for later distribution that may otherwise be applicable under the Plan. The "payment date" upon a change in control will be within 30 days following the change in control.

6.2 A "change in control" shall have the same meaning as set forth in the Owens Corning 2013 Stock Plan. In all cases, a change in control under this section of the Plan shall be interpreted and administered in compliance with the terms and provisions of Code section 409A and regulations thereunder.

SECTION 7

Source of Benefit Payments

Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Company whatsoever, including, without limitation, any specific funds, assets, or other property which the Company, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the amounts, if any, payable under the Plan, unsecured by any assets of the Company. Nothing contained in the Plan shall constitute a guarantee by the Company that the assets of the Company shall be sufficient to pay any benefits to any person.

SECTION 8

Committee

8.1 Powers of Committee. Responsibility for the day-to-day administration of the Plan shall be vested in the “Plan Administrator,” which shall be the Committee. The authority to control and manage all other aspects of the operation and administration of the Plan shall also be vested in the Committee. The Committee is authorized to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan. Except as otherwise specifically provided by the Plan, any determinations to be made by the Committee under the Plan shall be decided by the Committee in its sole discretion. Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

8.2 Delegation by Committee. The Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

8.3 Information to be Furnished to Committee. The Company shall furnish the Committee with such data and information as may be required for it to discharge its duties. The records of the Company as to a Participant’s membership on the Board shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the Plan.

8.4 Liability and Indemnification of Committee. No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to such individual’s own fraud or willful misconduct; nor shall the Company be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Company. The Committee, the individual members thereof, and persons acting as the authorized delegates of the Committee under the Plan, shall be indemnified by the Company against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

SECTION 9

Claims for Benefits.

9.1 Filing a Claim. A Participant or his or her authorized representative may file a claim for benefits under the Plan. Any claim must be in writing and submitted to the Committee at such address as may be specified from time to time. Claimants will be notified in writing of approved claims, which will be processed as claimed. A claim is considered approved only if its approval is communicated in writing to a claimant.

9.2 Denial of Claim. In the case of the denial of a claim respecting benefits paid or payable with respect to a Participant, a written notice will be furnished to the claimant within 90 days of the date on which the claim is received by the Committee. If special circumstances (such as for a hearing) require a longer period, the claimant will be notified in writing, prior to the expiration of the 90-day period, of the reasons for an extension of time; provided, however, that no extensions will be permitted beyond 90 days after the expiration of the initial 90-day period.

9.3 Reasons for Denial. A denial or partial denial of a claim will be dated and signed by the Committee and will clearly set forth:

(a) the specific reason or reasons for the denial;

(b) specific reference to pertinent Plan provisions on which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) an explanation of the procedure for review of the denied or partially denied claim set forth below, including the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

9.4 Review of Denial. Upon denial of a claim, in whole or in part, a claimant or his or her duly authorized representative will have the right to submit a written request to the Committee for a full and fair review of the denied claim by filing a written notice of appeal with the Committee within 60 days of the receipt by the claimant of written notice of the denial of the claim. A claimant or the claimant's authorized representative will have, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits and may submit issues and comments in writing. The review will take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

If the claimant fails to file a request for review within 60 days of the denial notification, the claim will be deemed abandoned and the claimant precluded from reasserting it. If the claimant does file a request for review, his or her request must include a description of the issues and evidence he or she deems relevant. Failure to raise issues or present evidence on review will preclude those issues or evidence from being presented in any subsequent proceeding or judicial review of the claim.

9.5 Decision Upon Review. The Committee will provide a prompt written decision on review. If the claim is denied on review, the decision shall set forth:

(a) the specific reason or reasons for the adverse determination;

(b) specific reference to pertinent Plan provisions on which the adverse determination is based;

(c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and

(d) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures, as well as a statement of the claimant's right to bring an action under Section 502(a) of ERISA.

A decision will be rendered no more than 60 days after the Committee's receipt of the request for review, except that such period may be extended for an additional 60 days if the Committee determines that special circumstances (such as for a hearing) require such extension. If an extension of time is required, written notice of the extension will be furnished to the claimant before the end of the initial 60-day period.

9.6 Finality of Determinations; Exhaustion of Remedies. To the extent permitted by law, decisions reached under the claims procedures set forth in this Section shall be final and binding on all parties. No legal action for benefits under the Plan shall be brought unless and until the claimant has exhausted his or her remedies under this Section. In any such legal action, the claimant may only present evidence and theories which the claimant presented during the claims procedure. Any claims which the claimant does not in good faith pursue through the review stage of the procedure shall be treated as having been irrevocably waived. Judicial review of a claimant's denied claim shall be limited to a determination of whether the denial was an abuse of discretion based on the evidence and theories the claimant presented during the claims procedure.

9.7 Limitations Period. Any suit or legal action initiated by a claimant under the Plan must be brought by the claimant no later than one year following a final decision on the claim for benefits by the Committee. The one-year limitation on suits for benefits will apply in any forum where a claimant initiates such suit or legal action.

SECTION 10

Amendment and Termination

The Committee may, at any time, amend or terminate the Plan (including the rules for administration of the Plan), subject to the following:

(a) Subject to the following provisions of this Section 10, no amendment or termination may materially adversely affect the rights of any Participant or beneficiary under the Plan.

(b) The Committee may revoke the right to continue to defer Eligible Compensation under the Plan; provided that no such revocation shall apply mid-year to the Eligible Compensation of any Participant in the Plan Year such revocation is adopted. To the extent that the revocation is adopted by the Committee after the beginning of a Plan Year, the revocation shall apply commencing for the following Plan Year.

(c) Upon termination of the Plan, no further deferrals of Eligible Compensation shall be permitted; however, earnings, gains and losses shall continue to be credited to Accounts in accordance with Section 4 until the Account balances are fully distributed.

(d) The Plan may not be amended to delay the date on which benefits are otherwise payable under the Plan without the consent of each affected Participant and subject to restrictions on such delays under Code section 409A as set forth in subsection 5.2 above.

(e) Upon termination of the Plan, distribution of balances in Accounts shall be made to Participants and beneficiaries in the manner and at the time described in Section 5, unless the Committee determines in its sole discretion that all such amounts shall be distributed upon termination in accordance with the requirements under Code section 409A.

(f) The Board of Directors may, from time to time, substitute itself, or another committee of the Board, for the Committee under this Section 10. The Committee may delegate the authority to amend or restate the Plan as it deems necessary or appropriate.

* * *

By virtue and in exercise of the amending power reserved to the Company by Section 10 of the Plan and designated to the undersigned officer of the Company by resolution of the Company's Board of Directors, the Plan is hereby amended and restated in its entirety, effective January 1, 2014 (unless otherwise indicated), as reflected in this document entitled "Owens Corning Deferred Compensation Plan (As amended and restated, effective January 1, 2014)."

The Company has caused the aforementioned amendment and restatement to be executed on its behalf by the undersigned duly authorized officer this day of , 2013.

Owens Corning

By _____
Daniel T. Smith
Senior Vice President – Human Resources

OWENS CORNING 2013 STOCK PLAN

DEFERRED STOCK UNIT AWARD AGREEMENT

OWENS CORNING, a Delaware corporation (the "Company"), will grant to **[Participant Name]** (the "Holder"), **effective January 1, 2014**, pursuant to the provisions of the Owens Corning 2013 Stock Plan (the "Plan"), certain deferred stock units (the "Units") relating to shares of the Company's Common Stock, \$0.01 par value ("Stock"), upon and subject to the restrictions, terms and conditions set forth below (the "Award"). The Units reflect: (1) the Holder's election to defer receipt of shares granted to the Holder for service as a Non-Employee Director; and (2) the Holder's election to receive the Units in lieu of all or part of the Holder's cash retainer and meeting fees that would otherwise be payable to the Holder for the Holder's service as a Non-Employee Director. The Units that become subject to this Award shall be determined and granted to the Holder as of each date during **2014** on which shares of Stock or cash would have otherwise been issued or paid to the Holder if the Holder had not made an election to receive Units in lieu of such shares and cash payments (each, a "Grant Date"). The number of Units subject to this Award shall be equal to (i) the number of shares of Stock that otherwise would have been issued to the Holder as of the applicable Grant Date and (ii) the amount of cash that otherwise would have been paid to the Holder as of the applicable Grant Date divided by the Fair Market Value of a share of Stock as of such Grant Date. The parties intend for this Award Agreement to apply to all Units granted to the Holder in **2014** pursuant to the attached Election Form. Each Unit shall provide for the issuance and transfer to the Holder of one share of Stock. Upon issuance and transfer of the shares of Stock subject to the Units, the Holder shall have all rights incident to ownership of such shares, including but not limited to voting rights and the right to receive dividends. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Delivery of Certificates. Subject to the remainder of this Agreement, the Company shall deliver or cause to be delivered one or more certificates representing the number of whole shares of Stock represented by this Award on the distribution date and in the manner elected by the Holder in his or her **2014** Director's Compensation Stock/Cash Election Form (the "Election Form"). The distribution shall commence as soon as administratively practicable, but in no event later than 90 days, following the date elected by the Holder. Notwithstanding the foregoing, (i) in the event of the Holder's death, the shares of Stock subject to the Award shall be distributed to the Holder's Beneficiary in a lump sum within 90 days following the date of the Holder's death, (ii) in the event of a change in control event, within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the shares of Stock subject to the Award or, at the election of the Board as constituted immediately prior to such change in control event, a cash payment equal to the Fair Market Value of such shares shall be distributed to the Holder in a lump sum not later than five business days after the date of such change in control event [and (iii) as of the date of the Holder's separation from service, within the meaning of Section 409A of the Code, the Company shall make a cash payment to the Holder equal to the Fair Market Value of any fractional share of Stock subject to this Award].

2. Rights as a Stockholder. Prior to the settlement of this Award in accordance with this Agreement and the Election Form, the Holder will be credited with additional whole and fractional Units to reflect dividends payable with respect to the shares of Stock represented by the Units, with the increase in the number of Units equal to the number of shares of Stock that could be purchased with the dividends based on the value of the Stock at the time such dividends are paid. Units credited pursuant to the preceding sentence shall be paid to the Holder in the time and manner as provided under this Agreement and the attached Election Form. No dividends will be credited with respect to record dates occurring prior the applicable Grant Date. The Holder shall not be a shareholder of record with respect to the shares of Stock underlying the Units and shall have no voting rights with respect to such shares prior to the Holder's receipt of such shares. The Parties agree that in the absence of a specific agreement to the contrary, the Holder's rights as a shareholder for all prior equity grants and awards shall be subject to the same terms and conditions as set forth in this Section 2.

3. Additional Terms and Conditions of Units.

3.1 Nontransferability of Units. Prior to the settlement of the Award in accordance with this Agreement and the Election Form, the Units subject to the Award may not be transferred by the Holder other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing, prior to the settlement of the Award, the shares of Stock subject to the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process.

3.2 Adjustment. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Stock other than a regular cash dividend, the number and class of securities subject to the Award shall be appropriately adjusted by the Committee. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

3.3 Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares subject to the Units upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Units shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent or approval. Further, Holder agrees that to the extent issuance of shares in the Holder's jurisdiction is impossible, illegal, unauthorized, or in the Company's discretion is imprudent or is otherwise impracticable for any reason, that the Company may, in its discretion, either deem the Award to be a cash award of equivalent cash value or may direct the sale of all shares subject to the Award and settle the Award in cash locally with the Holder.

3.4 Award Confers No Rights to Continued Service. The granting of the Units does not entitle the Holder to any award other than that specifically granted under the Plan, nor to any future award under the Plan or any similar plan. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement, give or be deemed to give the Holder any right to continued service as a Non-Employee Director. The Holder hereby waives any and all rights to compensation or damages as a result of the termination of service with the Company for any reason whatsoever insofar as those rights result or may result from: (a) the loss or diminution in value of any rights under the Plan; or (b) the Holder ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.

3.5 Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Administration of the Award has been delegated to the Company. Any interpretation, determination or other action made or taken by the Board or the Committee, or the Company as its delegate, regarding the Plan or this Agreement shall be final, binding and conclusive.

3.6 Incorporation of the Plan. The Plan, as it exists on the date of this Agreement and as amended from time to time, is hereby incorporated by reference and made a part hereof, and the Award and this Agreement shall be subject to all terms and conditions of the Plan and any subsequent amendments to the Plan. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise. The Holder hereby acknowledges receipt of a copy of the Plan.

3.7 Value of Units and Stock. The Company makes no representation as to the value of the Units. The Company is not responsible for any fluctuations in the value of the Stock.

3.8 Investment Representation. The Holder hereby represents and covenants that (a) any shares of Stock acquired under the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities law; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (i) is true and correct as of the date of acquisition of any shares hereunder or (ii) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to the Holder of any shares subject to the Units, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Board or any committee authorized by the Board shall in its sole discretion deem necessary or advisable.

3.9 Notices and Electronic Delivery. The Company may, in its sole discretion, deliver any documents (other than certificates), notices or other communications related to the Units and the Holder's participation in the Plan by electronic means. The Holder hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Any documents, notices or other communications which are not delivered electronically pursuant to this section shall be in writing, and shall be deemed to have been duly given when received, if delivered personally, or when mailed, if sent by first class mail, postage paid, addressed as follows:

(a) if to the Company or the Committee, to the attention of the Vice President, Total Rewards, Owens Corning World Headquarters, One Owens Corning Parkway, Toledo, Ohio 43659, or to the attention of such other person or at such other address as the Company, by notice to the Holder, may designate in writing from time to time, and

(b) if to the Holder, at his address as shown on the records of the Company, or at such other address as the Holder, by notice to the Company, may designate in writing from time to time.

3.10 Miscellaneous.

(a) Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any right hereunder in accordance with the Plan.

(b) Entire Understanding. The Plan and this Agreement constitute the entire agreement and understanding between the parties with respect to the matters described herein and supersede all prior and contemporaneous agreements and understandings, oral and written, between the parties with respect to such subject matter.

(c) Modification. No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

(d) Waiver. The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(e) Fees and Expenses; Legal Compliance. The Company shall pay all fees and expenses necessarily incurred by the Company in connection with this Agreement and will from time to time use its reasonable efforts to comply with all laws and regulations which, in the opinion of counsel to the Company, are applicable thereto.

(f) Governing Law. This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the State of Delaware without reference to principles of conflict of laws.

(g) Data Privacy. By signing this Agreement, including by way of electronic acceptance by means acceptable to the Company of the Agreement, the Holder explicitly consents to the collection, processing, and transfer (electronically or otherwise) of personal data by the Company and any third parties as necessary. Moreover, the Holder explicitly acknowledges and agrees that personal data (including but not limited to Holder's name, home address, telephone number, and tax identification number) may be transferred to third parties assisting the Company with the implementation of the Plan. The Holder expressly authorizes such transfer to and processing by third parties. The Company will take reasonable measures to keep the Holder's personal data private, confidential, and accurate. The Holder may obtain details with respect to the collection and transfer of his or her personal data in relation to the Plan participation and may also request access to and updates of such personal data, if needed, by contacting Vice President, Total Rewards, Owens Corning World Headquarters, One Owens Corning Parkway, Toledo, Ohio 43659.

(h) Company to Reserve Shares. The Company shall at all times prior to the expiration or termination of the Units reserve and keep available, either in its treasury or out of its authorized but unissued shares of Stock, the full number of shares subject to the Units from time to time.

(j) Compliance with Section 409A of the Code. To the extent applicable, it is intended that the Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Holder. The Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Holder). Reference to Section 409A of the Code will also include any regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

ACCEPTED AND AGREED TO:

By: _____
(Name)

Date: December , 2013

**2013 LONG TERM INCENTIVE PROGRAM
AWARD AGREEMENT**

pursuant to the

**OWENS CORNING
2010 STOCK PLAN**

OPTION AWARD

OWENS CORNING, a Delaware corporation (the “Company”), hereby grants to **[Participant Name]** (the “Holder”), as of **[Grant Date]** (the “Grant Date”), pursuant to the provisions of the Owens Corning 2010 Stock Plan (the “Plan”), a non-qualified option to purchase from the Company (the “Option”) **[Number of Shares Granted]** shares of its Common Stock, \$0.01 par value (“Stock”), with an exercise price equal to **[Grant Price]** per share of Stock, which shall expire on the tenth anniversary of the Grant Date, upon and subject to the terms and conditions set forth below (the “Award”). References to employment by the Company shall also mean employment by a Subsidiary. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Time and Manner of Exercise of Option.

(a) Maximum Term of Option. In no event may the Option be exercised, in whole or in part, after the tenth anniversary of the Grant Date (the “Expiration Date”).

(b) Exercise of Option and Vesting. Except as otherwise provided in this Agreement and in Section 6.8 of the Plan, the Option shall vest and become exercisable as follows:

(i) 25% of the Option shall vest and become exercisable on each anniversary of the Grant Date (the “Vesting Dates”) until the award is fully vested, or earlier pursuant to this Agreement or in accordance with Section 6.8 of the Plan (the “Vesting Period”).

(ii) If the Holder’s employment with the Company terminates prior to the first anniversary of the Grant Date and prior to a Change in Control, the Option shall be forfeited.

(iii) If the Holder’s employment with the Company terminates on or after the first anniversary of the Grant Date and prior to a Change in Control by reason of death or Disability, the unvested portion of the Option shall vest in full as of the date of such termination. The portion of the Option vested at that time may thereafter be exercised by the Holder or the Holder’s Legal Representative until the earlier of the Expiration Date and the date which is two years following such termination date.

(iv) If the Holder’s employment with the Company terminates on or after the first anniversary of the Grant Date and prior to a Change in Control by reason of Cause, any unvested options shall be forfeited and any vested options shall expire immediately.

(v) If the Holder’s employment with the Company terminates on or after the first anniversary of the Grant Date for any reason other than Cause, death or Disability, the Option shall be exercisable only to the extent it is exercisable on the effective date of the Holder’s termination of employment and may thereafter be exercised by the Holder or the Holder’s Legal Representative until the earlier of the Expiration Date and the date which is 90 days (or 2 years for Holder’s who terminate under this paragraph by reason of Retirement) from the termination date. Any unvested portion of the Option shall be forfeited.

(vi) In the event of a Change in Control, as defined in the Plan, the Award shall immediately vest in full and become exercisable as provided in Section 6.8 of the Plan.

(c) Method of Exercise. Subject to the limitations set forth in this Agreement, the Option may be exercised by the Holder (1) by giving written notice in a manner as instructed and that is administratively acceptable to the Company or its agent specifying the number of whole shares of Stock to be purchased and accompanied by payment therefore in full (or arrangement made for such payment to the Company's satisfaction) either (i) in cash, (ii) for other than Canadian employees, by delivery (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Stock (for which the Holder has good title, free and clear of all liens and encumbrances) having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable pursuant to the Option by reason of such exercise, (iii) in cash by a broker-dealer acceptable to the Company to whom the Holder has submitted an irrevocable notice of exercise or (iv) a combination of (i) and (ii), and (2) by executing such documents as the Company may reasonably request. No certificate representing a share of Stock shall be delivered until the full purchase price therefore has been paid.

(d) Termination of Option. In no event may the Option be exercised after it terminates as set forth in this section. To the extent not exercised pursuant to this Section 1, the Option shall terminate as of the Expiration Date or such earlier date pursuant to this Agreement.

2. Withholding Taxes.

(a) As a condition precedent to the delivery of Stock upon exercise of the Option, the Holder agrees that, upon request by the Company, the Holder shall pay to the Company, in addition to the purchase price of the shares, such amount of cash as may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to such exercise of the Option. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Holder agrees that the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder. The Holder, other than a Holder subject to Section 16(b) of the Securities Exchange Act of 1934 and rules thereunder, also agrees that the Company may direct the sale of the number shares subject to the award sufficient to satisfy Required Tax Payments as the Company may deem necessary and subject to the limitations set forth in the Plan.

(b) The Company may direct or may permit the Holder to elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Company pursuant to Section 2(a), (2) for other than Canadian employees, delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Stock (for which the Holder has good title, free and clear of all liens and encumbrances) having an aggregate Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Option (the "Tax Date"), equal to the Required Tax Payments, (3) authorizing the Company to withhold whole shares of Stock which would otherwise be delivered to the Holder upon exercise of the Option having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments, (4) a cash payment by a broker-dealer acceptable to the Company to whom the Holder has submitted an irrevocable notice of exercise or (5) any combination of (1), (2) and (3). Notwithstanding any other provision of Section 2(a) and (b) of this Agreement, in the absence of any direction by the Company of permitted election by the Holder, the default method of satisfying the Required Tax Payments shall be through share withholding. No certificate representing a share of Stock shall be delivered to the Holder until the Required Tax Payments have been satisfied in full.

3. Delivery of Certificates.

Upon the exercise of the Option, in whole or in part, the Company shall deliver or cause to be delivered one or more certificates representing the number of shares purchased against full payment therefor. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as otherwise provided in Section 2.

4. Additional Terms and Conditions of Option.

4.1. Option Subject to Acceptance of Agreement. The Option shall be null and void unless the Holder shall accept this Agreement by executing it in an enforceable manner, including through an electronic acceptance, in such form as is determined to be acceptable within the discretion of the Committee.

4.2. Designation as Nonqualified Stock Option. The Option is hereby designated as not constituting an “incentive stock option” within meaning of section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). This Agreement shall be interpreted and treated consistently with such designation.

4.3. Option Confers No Rights as Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to shares of Stock subject to the Option unless and until purchased and delivered upon the exercise of the Option, in whole or in part, and the Holder becomes a stockholder of record with respect to such delivered shares; and the Holder shall not be considered a stockholder of the Company with respect to any such shares not so purchased and delivered.

4.4. Agreement Not To Compete. In exchange for the consideration provided by the Company in this Agreement, the Holder agrees that the Holder shall not, directly or indirectly, as an owner, officer, director, employee or consultant, engage in any a business that is substantially similar or competitive with the business of the Company, or engage in any business that is involved in research or development activities relating to, or in the manufacture or sale of, any product or services which compete with any of the Company’s products or services, for the period ending two years from Holder’s termination of employment with the Company, or the following, if later: (a) the last Vesting Date set forth in this Agreement, without regard to any earlier termination of the Holder’s employment, or (b) any vesting of the Award upon a Change in Control. Notwithstanding any provision of the Plan or of this Agreement to the contrary, violation of this section shall result in the immediate forfeiture and cancellation of the portion of the Award which is not vested as of such date.

4.5. Definitions. As used herein, (a) the term “vest” shall mean becoming exercisable, (b) the term “Retirement” shall mean termination of employment when retirement eligible on or after age 55 after a minimum of 5 years of service with the Company, (c) the term “Disability” shall mean disability as defined in Section 1.2 of the Plan and (d) the term “Legal Representative” shall mean an executor, administrator, guardian or similar person, or other legal representative.

4.6. Nontransferability of Option. The Option may not be transferred by the Holder other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing, the Option may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to sell, transfer, assign, pledge, hypothecate or encumber, or otherwise dispose of the Option, the Option shall immediately become null and void.

4.7. Adjustment. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Stock other than a regular cash dividend, the number and class of securities subject to the Option and the exercise price of each share subject to the Option shall be appropriately adjusted by the Committee without an increase in the aggregate purchase price. If any adjustment would result in a fractional security being subject to the Option, the Company shall pay the Holder in connection with the first exercise of the Option occurring after such adjustment, an amount in cash determined by multiplying (i) such fraction (rounded to the nearest hundredth) by (ii) the excess, if any, of (A) the Fair Market Value on the exercise date over (B) the exercise price of the Option. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

4.8. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares subject to the Option upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the purchase or delivery of shares subject to the Option, the Option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent or approval. Further, Holder agrees that to the extent issuance of shares in the Holder's jurisdiction is impossible, illegal, unauthorized, or in the Company's discretion is imprudent or is otherwise impracticable for any reason, that the Company may, in its discretion, either deem the Award to be a cash award of equivalent cash value and settle the Award in cash locally with the Holder.

4.9. Award Confers No Rights to Continued Employment. The granting of this Option does not entitle the Holder to any award other than that specifically granted under the Plan, nor to any future awards under the Plan or any similar plan. The Award does not become part of the contract of employment or any other employment relationship with the Holder's employer, and the Award is not a guarantee of continued employment. Moreover, the Award or any future awards do not become a term or condition of employment. The Holder understands and accepts that the awards granted under the Plan are entirely at the discretion of the Company and that the Company retains the right to amend or terminate the Plan and/or the Holder's participation therein, at any time, at the Company's sole discretion and without notice. The benefits and rights provided under the Plan are not, and should not be considered part of the Holder's salary or compensation for purposes of any other calculation, including calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind, except as required by applicable law. The Holder hereby waives any and all rights to compensation or damages as a result of the termination of employment with the Company for any reason whatsoever insofar as those rights result or may result from: (a) the loss or diminution in value of any rights under the Plan; or (b) the Holder ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.

4.10. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Administration of the Awards has been delegated to the Company. Any interpretation, determination or other action made or taken by the Board or the Committee, or the Company as its delegate, regarding the Plan or this Agreement shall be final, binding and conclusive.

4.11. Incorporation of the Plan. The Plan, as it exists on the date of this Agreement and as amended from time to time, is hereby incorporated by reference and made a part hereof, and the Award and this Agreement shall be subject to all terms and conditions of the Plan and any subsequent amendments to the Plan. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise. The Holder hereby acknowledges receipt of a copy of the Plan.

4.12. Value of Option and Common Stock. The Company makes no representation as to the value of the Option. The Company is not responsible for any fluctuations in the value of the Company's Common Stock for which the Option may be exercisable.

4.13. Investment Representation. The Holder hereby represents and covenants that (a) any shares of Stock acquired upon the exercise of the Option will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities law; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (i) is true and correct as of the date of acquisition of any shares hereunder or (ii) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to the Holder of any shares upon exercise of the Option, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Board or any committee authorized by the Board shall in its sole discretion deem necessary or advisable.

4.14. Notices and Electronic Delivery. The Company may, in its sole discretion, deliver any documents (other than certificates representing the shares purchased upon exercise of the Option), notices or other communications related to the Option and the Holder's participation in the Plan by electronic means. The Holder hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Any documents, notices or other communications which are not delivered electronically pursuant to this section shall be in writing, and shall be deemed to have been duly given when received, if delivered personally, or when mailed, if sent by first class mail, postage paid, addressed as follows:

- (i) if to the Company or the Committee, to the attention of the Vice President, Total Rewards, Owens Corning World Headquarters, One Owens Corning Parkway, Toledo, Ohio 43659, or to the attention of such other person or at such other address as the Company, by notice to the Holder, may designate in writing from time to time, and
- (ii) if to the Holder, at his address as shown on the records of the Company, or at such other address as the Holder, by notice to the Company, may designate in writing from time to time.

4.15. Miscellaneous.

(a) Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any right hereunder in accordance with the Plan.

(b) Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement.

(c) Entire Understanding. The Plan and this Agreement constitute the entire Agreement and understanding between the parties with respect to the matters described herein and supersede all prior and contemporaneous agreements and understandings, oral and written, between the parties with respect to such subject matter.

(d) Modification. No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

(e) Waiver. The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(f) Fees and Expenses; Legal Compliance. The Company shall pay all fees and expenses necessarily incurred by the Company in connection with this Agreement and will from time to time use its reasonable efforts to comply with all laws and regulations which, in the opinion of counsel to the Company, are applicable thereto.

(g) Governing Law. This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the State of Delaware without reference to principles of conflict of laws.

(h) Data Privacy. By signing this Agreement, including by way of electronic acceptance by means acceptable to the Company of the Agreement, the Holder explicitly consents to the collection, processing, and transfer (electronically or otherwise) of personal data by the Company, the Holder's employer, and any third parties as necessary. Moreover, the Holder explicitly acknowledges and agrees that personal data (including but not limited to Holder's name, home address, telephone number, employment status, tax identification number, and data for tax withholding purposes) may be transferred to third parties assisting the Company with the implementation of the Plan. The Holder expressly authorizes such transfer to and processing by third parties. Furthermore, the Holder explicitly consents to the transfer of the Holder's personal data to countries other than his or her country of employment. The Company will take reasonable measures to keep the Holder's personal data private, confidential, and accurate. The Holder may obtain details with respect to the collection and transfer of his or her personal data in relation to the Plan participation and may also request access to and updates of such personal data, if needed, by contacting his or her local Human Resources contact.

(i) Company to Reserve Shares. The Company shall at all times prior to the expiration or termination of the Option reserve and keep available, either in its treasury or out of its authorized but unissued shares of Stock, the full number of shares subject to the Option from time to time.

4.16. Provisions Relating to Non-U.S. Jurisdictions.

(a) Local Compliance. Certain methods of exercise may involve the transfer of funds to the United States or result in the Holder owning Common Stock. The Holder remains personally responsible for any local compliance requirements resulting from his or her receipt, ownership, and subsequent sale of Common Stock, as well as the transfer of funds abroad, the making of a foreign investment, and the opening or use of a U.S. brokerage account in relation to his or her receipt of Common Stock. These requirements may change from time to time, and the Company may at any time establish special terms

and conditions to the exercise of the Option and at any time terminate or limit the availability of exercise. Moreover, one or more exercise methods may not be available should the Company determine that its availability could violate relevant law or regulation. For Holder's whose Award under this Agreement is subject to China SAFE regulations, the Holder agrees to abide by applicable requirements for disposal of shares subject to the option following termination of employment and hereby affirmatively authorizes the Company to make any direction for sale or disposal of shares within 6 months following termination of employment in order to comply with these requirements.

(b) Exchange Rate Fluctuation. The Company is not responsible for any foreign exchange fluctuations between the Holder's local currency and the U.S. dollar.

(c) Language Translation. To the extent that the Holder has been provided with a translation of this Agreement, the English language version of this Agreement shall prevail in case of any discrepancies or ambiguities due to translation.

Sign Name

Print Name

Date

**2013 LONG TERM INCENTIVE PROGRAM
AWARD AGREEMENT**

pursuant to the

**OWENS CORNING
2010 STOCK PLAN**

PERFORMANCE SHARE UNIT AWARD

Owens Corning, a Delaware corporation (the "Company"), hereby grants to **[Participant Name]** (the "Holder"), as of **[Grant Date]**, (the "Grant Date"), pursuant to the provisions of the Owens Corning 2010 Stock Plan (the "Plan"), **[Number of Shares Granted]** share-settled Performance Share Units (the "Units") relating to shares of the Company's Common Stock, \$0.01 par value ("Stock"), upon and subject to the terms and conditions set forth below (the "Award"). The Units comprising the Award may be recorded in an unfunded Unit account in the Holder's name maintained by the Company. Units shall have no distribution, dividend or voting rights. The Holder will have no rights as a stockholder of the Company by virtue of any award of Units until shares of Stock, if any, are issued to the Holder as described in this Agreement. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Performance Criteria; Performance Targets; Performance Period.

(a) For purposes of the Award, performance criteria consist of one or more specific "Performance Measures," as defined in Section 1.2 of the Plan, which have been selected by the Compensation Committee (the "Committee") in accordance with the Plan. Based on such performance criteria, the Committee shall determine if, and to the extent, the Award shall become vested and payable to the Holder as a result of the achievement of performance targets which have been established by the Committee at the "Entry," "Target" and "Maximum" levels. These performance criteria and performance targets have been communicated to the Holder in a written document separate from the Award. The Award shall be payable as follows: (i) if the Entry level is not achieved, no amount shall be payable pursuant to this Award, (ii) if the Target level is achieved, the Target amount shall be payable pursuant to the Award, (iii) if the Maximum level is achieved, two times the Target amount shall be payable pursuant to the Award, and (iv) the amount payable pursuant to the Award shall be interpolated on a linear basis for achievement between the Entry level and the Target level and between the Target level and the Maximum level.

(b) The achievement of the performance targets specified in Section 1(a) hereof shall be for the performance period commencing as of January 1, 2013 and ending on December 31, 2015 (the "Performance Period") and such achievement shall be determined by the Committee as of December 31, 2015 (the "Determination Date").

2. Vesting.

(a) Continuous Service. Subject to the terms and conditions of this Agreement, the Units shall become fully vested on the Determination Date; provided that the Holder remains in continuous service with the Company or any subsidiary or affiliate of the Company as an employee, director or consultant ("Continuous Service") through and including the Determination Date.

(b) Termination of Continuous Service.

(i) If, after the Grant Date and prior to the Determination Date and prior to a Change in Control, the Holder's Continuous Service is terminated by reason of (A) death or (B) Disability, then the payment of the Award shall be determined in accordance with the achievement of the performance criteria, and the Holder shall at the time of such termination be vested in full. Settlement of the Units under this section, if any, shall be made as soon as practicable after the Determination Date, but in no event later than March 15, 2016.

(ii) If, after the Grant Date and prior to the Determination Date and prior to a Change in Control, the Holder's Continuous Service is terminated for any reason other than death or Disability, then the Holder shall forfeit the Award.

3. Payment. The Units that vest in accordance with the terms of Section 2 shall be paid to the Holder in shares of unrestricted Stock or deferred stock units pursuant to Section 6.14(k); provided, however, that no fractional share of Stock shall be issued pursuant to the Award. All shares of Stock payable pursuant to this Section 3 shall be paid to the Holder after the Determination Date but in no event later than March 15, 2016. Notwithstanding any provisions of this Agreement to the contrary, no payment shall occur pursuant to this Section 3 unless and until the Committee has certified that the applicable performance criteria have been satisfied, which certification shall occur within 60 days of the date on which the Performance Period ends.

4. Change in Control. In the event of a Change in Control, as defined in the Plan, after the Grant Date and prior to the Determination Date, the performance criteria shall be deemed to be satisfied at maximum level and the Units shall become fully vested. The Units vested in accordance with the terms of this Section 4 shall be paid to the Holder within 30 days following such Change in Control in shares of unrestricted Stock as provided in Section 3 hereof.

5. Withholding Taxes.

(a) As a condition precedent to the delivery to the Holder of any shares of Stock payable pursuant to the Award, the Holder agrees that, upon request by the Company, the holder shall pay to the Company such amount of cash as may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Holder agrees that the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder. The Holder, other than a Holder subject to Section 16(b) of the Securities Exchange Act of 1934 and rules thereunder, also agrees that the Company may direct the sale of the number shares subject to the award sufficient to satisfy Required Tax Payments as the Company may deem necessary and subject to the limitations set forth in the Plan.

(b) The Company may direct or may permit the Holder to elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Company pursuant to Section 5(a), (2) for other than Canadian employees, delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Stock (for which the Holder has good title, free and clear of all liens and encumbrances) having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Award (the "Tax Date"), equal to the Required Tax Payments, (3) authorizing the Company to withhold from the shares of Stock otherwise to be delivered to the Holder pursuant to the Award shares of Stock having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments, (4) a cash payment by a broker-dealer acceptable to the Company through whom the

Holder has sold the shares with respect to which the Required Tax Payments have arisen or (5) any combination of (1), (2) and (3). Notwithstanding any other provision of Section 2(a) and (b) of this Agreement, in the absence of any direction by the Company of permitted election by the Holder, the default method of satisfying the Required Tax Payments shall be through withholding shares. No certificate representing a share of Stock shall be delivered to the Holder until the Required Tax Payments have been satisfied in full.

6. Additional Terms and Conditions of Award.

6.1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder shall accept this Agreement by executing it in an enforceable manner, including through an electronic acceptance, in such form as is determined to be acceptable within the discretion of the Committee.

6.2. Agreement Not To Compete. In exchange for the consideration provided by the Company in this Agreement, the Holder agrees that the Holder shall not, directly or indirectly, as an owner, officer, director, employee or consultant, engage in any a business that is substantially similar or competitive with the business of the Company, or engage in any business that is involved in research or development activities relating to, or in the manufacture or sale of, any product or services which compete with any of the Company's products or services, for the period ending two years from Holder's termination of employment with the Company, or the following, if later: (a) the last Vesting Date set forth in this Agreement, without regard to any earlier termination of the Holder's employment, or (b) any vesting of the Award upon a Change in Control. Notwithstanding any provision of the Plan or of this Agreement to the contrary, violation of this section shall result in the immediate forfeiture and cancellation of the portion of the Award which is not vested as of such date.

6.3. Definitions. As used herein, (a) the term "vest" shall mean no longer subject to a substantial risk of forfeiture, (b) the term "Retirement" shall mean Retirement as defined in Section 1.2 of the Plan and (c) the term "Disability" shall mean Disability as defined in Section 1.2 of the Plan.

6.4. Nontransferability of Units. Prior to the Determination Date, the Units subject to the Award and not then vested may not be transferred by the Holder other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing, prior to the Determination Date, the shares of Stock subject to the Award and not then vested may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to sell, transfer, assign, pledge, hypothecate or encumber, or otherwise dispose of such Units, the Award shall immediately become null and void.

6.5. Adjustment. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Stock other than a regular cash dividend, the number of Units subject to the Award shall be appropriately adjusted by the Committee to reflect certain corporate transactions which affect the number, type or value of the Units. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

6.6. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting or delivery of shares hereunder, the Units subject to the Award shall not vest or be delivered, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions

not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent or approval. Further, Holder agrees that to the extent issuance of shares in the Holder's jurisdiction is impossible, illegal, unauthorized, or in the Company's discretion is imprudent or is otherwise impracticable for any reason, that the Company may, in its discretion, either deem the Award to be a cash award of equivalent cash value or may direct the sale of all shares subject to the Award and settle the Award in cash locally with the Holder.

6.7. Delivery of Certificates. The Company, subject to the withholding provisions of Section 5, shall promptly deliver or cause to be delivered one or more certificates representing the number of shares of Stock represented by the vested Units which are payable under Section 3. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as otherwise provided in Section 5.

6.8. Award Confers No Rights to Continued Employment. The granting of this Award does not entitle the Holder to any award other than that specifically granted under the Plan, nor to any future awards under the Plan or any similar plan. The Award does not become part of the contract of employment or any other employment relationship with the Holder's employer, and the Award is not a guarantee of continued employment. Moreover, the Award or any future awards do not become a term or condition of employment. The Holder understands and accepts that the awards granted under the Plan are entirely at the discretion of the Company and that the Company retains the right to amend or terminate the Plan and/or the Holder's participation therein, at any time, at the Company's sole discretion and without notice. The benefits and rights provided under the Plan are not, and should not be considered part of the Holder's salary or compensation for purposes of any other calculation, including calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind, except as required by applicable law. The Holder hereby waives any and all rights to compensation or damages as a result of the termination of employment with the Company for any reason whatsoever insofar as those rights result or may result from: (a) the loss or diminution in value of any rights under the Plan; or (b) the Holder ceasing to have any rights under, or ceasing to be entitled to any rights under the Plan as a result of such termination.

6.9. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Administration of the Awards has been delegated to the Company. Any interpretation, determination or other action made or taken by the Board or the Committee, or the Company as its delegate, regarding the Plan or this Agreement shall be final, binding and conclusive.

6.10. Incorporation of the Plan. The Plan, as it exists on the date of this Agreement and as amended from time to time, is hereby incorporated by reference and made a part hereof, and the Award and this Agreement shall be subject to all terms and conditions of the Plan and any subsequent amendments to the Plan. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise. The Holder hereby acknowledges receipt of a copy of the Plan.

6.11. Value of Units and Common Stock. The Company makes no representation as to the value of the Units. The Company is not responsible for any fluctuations in the value of the Company's Common Stock.

6.12. Investment Representation. The Holder hereby represents and covenants that (a) any shares of Stock acquired upon payment of the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state

securities law; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (i) is true and correct as of the date of acquisition of any shares hereunder or (ii) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to the Holder of any shares subject to the Award, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Board or any committee authorized by the Board shall in its sole discretion deem necessary or advisable.

6.13. Notices and Electronic Delivery. The Company may, in its sole discretion, deliver any documents (other than certificates), notices or other communications related to the Award and the Holder's participation in the Plan by electronic means. The Holder hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Any documents, notices or other communications which are not delivered electronically pursuant to this section shall be in writing and shall be deemed to have been duly given when received, if delivered personally, or when mailed, if sent by first class mail, postage paid, addressed as follows:

- (a) if to the Company or the Committee, to the attention of the Vice President, Total Rewards, Owens Corning World Headquarters, One Owens Corning Parkway, Toledo, Ohio 43659, or to the attention of such other person or at such other address as the Company, by notice to the Holder, may designate in writing from time to time, and
- (b) if to the Holder, at his address as shown on the records of the Company, or at such other address as the Holder, by notice to the Company, may designate in writing from time to time.

6.14. Miscellaneous.

(a) Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any right hereunder in accordance with the Plan.

(b) Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement.

(c) Entire Understanding. The Plan and this Agreement constitute the entire agreement and understanding between the parties with respect to the matters described herein and supersede all prior and contemporaneous agreements and understandings, oral and written, between the parties with respect to such subject matter.

(d) Modification. No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

(e) Waiver. The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(f) Fees and Expenses; Legal Compliance. The Company shall pay all fees and expenses necessarily incurred by the Company in connection with this Agreement and will from time to time use its reasonable efforts to comply with all laws and regulations which, in the opinion of counsel to the Company, are applicable thereto.

(g) Governing Law. This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the State of Delaware without reference to principles of conflict of laws.

(h) Data Privacy. By signing this Agreement, including by way of electronic acceptance by means acceptable to the Company of the Agreement, the Holder explicitly consents to the collection, processing, and transfer (electronically or otherwise) of personal data by the Company, the Holder's employer, and any third parties as necessary. Moreover, the Holder explicitly acknowledges and agrees that personal data (including but not limited to Holder's name, home address, telephone number, employment status, tax identification number, and data for tax withholding purposes) may be transferred to third parties assisting the Company with the implementation of the Plan. The Holder expressly authorizes such transfer to and processing by third parties. Furthermore, the Holder explicitly consents to the transfer of the Holder's personal data to countries other than his or her country of employment. The Company will take reasonable measures to keep the Holder's personal data private, confidential, and accurate. The Holder may obtain details with respect to the collection and transfer of his or her personal data in relation to the Plan participation and may also request access to and updates of such personal data, if needed, by contacting his or her local Human Resources contact.

(i) Company to Reserve Shares. The Company shall at all times prior to the expiration or termination of the Units reserve and keep available, either in its treasury or out of its authorized but unissued shares of Stock, the full number of shares subject to the Units from time to time.

(j) Compliance with Section 409A of the Code.

(i) To the extent applicable, it is intended that the Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Holder. The Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Holder).

(ii) To the extent the Holder has a right to receive payment pursuant to this Agreement, the payment is subject to Section 409A, and the event triggering the right to payment does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything to the contrary in Section 3 hereof, issuance of shares in payment of the Units will be made, to the extent necessary to comply with Section 409A of the Code, to the Holder on the earliest of: (1) the Determination Date; (2) the Holder's "separation from service" with the Company (determined in accordance with Section 409A of the Code), provided, that if the Holder is a "specified employee" (within the meaning of Section 409A of the Code), the Holder's date of payment of the Award pursuant to this clause (2) shall be the date that is six months after the date of the Holder's separation of service with the Company; (3) the Holder's death; (4) the Holder's permanent disability (within the meaning of Section 409A(a)(2)(C) of the Code); or (5) a change in control event (within the meaning of Section 409A of the Code).

(iii) Reference to Section 409A of the Code will also include any regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(k) Deferred Stock Units. Performance share units may be settled in the form of deferred stock units pursuant to a valid deferral election by the Holder. The Holder shall have all rights incident to ownership of such share units, including but not limited to voting rights and the right to receive dividends or dividend equivalents.

6.15. Non-U.S. Jurisdictions.

(a) Local Compliance. The Holder remains personally responsible for any local compliance requirements resulting from his or her receipt, ownership, and subsequent sale of Common Stock, as well as the transfer of funds abroad, the making of a foreign investment, and the opening or use of a U.S. brokerage account in relation to his or her receipt of Common Stock. For Holder's whose Award under this Agreement is subject to China SAFE regulations, the Holder agrees to abide by applicable requirements for disposal of vested shares following termination of employment and hereby affirmatively authorizes the Company to direct the sale or disposal of shares within 6 months following termination of employment in order to comply with these requirements.

(b) Exchange Rate Fluctuation. The Company is not responsible for any foreign exchange fluctuations between the Holder's local currency and the U.S. dollar.

(c) Language Translation. To the extent that the Holder has been provided with a translation of this Agreement, the English language version of this Agreement shall prevail in case of any discrepancies or ambiguities due to translation.

(d) Certain Requirements Relating to the French Plan. For grants made pursuant to the French Plan, where such grants are intended to be qualified grants under the terms of the French Plan, except in the event of death and except as otherwise provided by the French Commercial Code, the disposal of shares of Stock delivered is prohibited for a minimum period of two years beginning on their delivery. Once delivered, shares may not be sold within the periods as set forth in Article L. 225-197-1, I of the French Commercial Code.

(e) Cash Settlement Relating to Holders in certain Jurisdictions. For the Holder under the laws of their applicable jurisdiction, the delivery of shares of Stock under this Agreement, if any, shall be effective only at such time as counsel to the Company shall have determined that the issuance and delivery of such Stock is in compliance with all applicable laws and regulations of such jurisdiction and the requirements of any securities exchange on which such Stock is traded. Notwithstanding any other provision of the Plan or this Agreement to the contrary, if at any time it is determined by counsel to the Company that the issuance and delivery of shares of Stock pursuant to this Agreement to a Holder in such jurisdiction would for any reason be unenforceable or prohibited as a matter of law or would result in material adverse consequences for the Company or the Holder, then the portion of the Award that would have been settled in shares of Stock shall instead be settled in cash in an amount equal to the value of the shares of Stock that would have been delivered under the Award.

Sign Name

Print Name

Date

**2013 LONG TERM INCENTIVE PROGRAM
AWARD AGREEMENT**

pursuant to the

**OWENS CORNING
2010 STOCK PLAN**

RESTRICTED STOCK UNIT AWARD

OWENS CORNING, a Delaware corporation (the “Company”), hereby grants to **[Participant Name]** (the “Holder”), as of **[Grant Date]** (the “Grant Date”), pursuant to the provisions of the Owens Corning 2010 Stock Plan (the “Plan”), **[Number of Shares Granted]** restricted stock units (the “Units”) relating to shares of the Company’s Common Stock, \$0.01 par value (“Stock”), upon and subject to the restrictions, terms and conditions set forth below (the “Award”). Each Unit shall provide for the issuance and transfer to the Holder of one share of Stock upon the lapse of the restrictions set forth in Section 1 hereof. Upon issuance and transfer of the shares of Stock subject to the Units following the lapse of the Restriction Period, the Holder shall have all rights incident to ownership of such shares, including but not limited to voting rights and the right to receive dividends. References to employment by the Company shall also mean employment by a Subsidiary. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Restriction Period and Vesting.

(a) The Units shall vest and the restrictions shall lapse as follows: (i) 25% of the Units shall vest and restrictions shall lapse on each anniversary of the grant date (the “Vesting Dates”) until the award is fully vested, or (ii) earlier pursuant to this Agreement or in accordance with Section 6.8 of the Plan (the “Restriction Period”).

(b) If, prior to the end of the Restriction Period, the Holder’s employment with the Company terminates by reason of death or Disability, the Units that are then unvested shall vest in full, and restrictions shall lapse, as of the date of such termination.

(c) If, prior to the end of the Restriction Period, the Holder’s employment with the Company terminates for any reason other than death or Disability, the Units that are then unvested as of the effective date of the Holder’s termination of employment shall be forfeited by the Holder and such portion shall be cancelled by the Company.

(d) In the event of a Change in Control, as defined in the Plan, the Units shall immediately vest in full and the restrictions shall lapse as provided in Section 6.8 of the Plan; provided, however, that in the event that (i) the Units constitute the payment of nonqualified deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) the Change in Control does not constitute a “change in control event” within the meaning of Section 409A of the Code, the Units shall not immediately vest upon such Change in Control, but instead shall vest and be payable in accordance with the vesting schedule set forth in clause (i) of Section 1 (a) hereof, or earlier pursuant to Section 1(b) hereof.

2. Rights as a Stockholder.

During the Restricted Period, the Holder will be credited with additional Units to reflect dividends payable with respect to the shares of Stock represented by the Units, with the increase in the number of Units equal to the number of shares of Stock that could be purchased with the dividends based on the value of the Stock at the time such dividends are paid; provided, however, that in lieu of crediting a Unit with respect to a fraction of a share, the Company will be entitled to pay to the Holder an amount equal to the fair market value of such fractional share. Units credited pursuant to the preceding sentence shall be subject to the restrictions set forth in Section 1 hereof and shall be paid to the Holder in the time and manner as provided under this Agreement. No dividends will be credited with respect to record dates occurring prior the Grant Date, or with respect to record dates occurring after the Holder forfeits the Units. The Holder shall not be a shareholder of record with respect to the shares of Stock underlying the Units and shall have no voting rights with respect to such shares during the Restricted Period.

3. Withholding Taxes.

(a) As a condition precedent to the delivery to the Holder of any shares of Stock upon the lapse of the Restriction Period, the Holder agrees that, upon request by the Company, the Holder shall pay to the Company such amount of cash as may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to such Unit. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Holder agrees that the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder. The Holder, other than a Holder subject to Section 16(b) of the Securities Exchange Act of 1934 and rules thereunder, also agrees that the Company may direct the sale of the number shares subject to the award sufficient to satisfy Required Tax Payments as the Company may deem necessary and subject to the limitations set forth in the Plan.

(b) The Company may direct or may permit the Holder to elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Company pursuant to Section 3(a), (2) for other than Canadian employees, delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Stock (for which the Holder has good title, free and clear of all liens and encumbrances) having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Unit (the "Tax Date"), equal to the Required Tax Payments, (3) authorizing the Company to withhold from the shares of Stock otherwise to be delivered to the Holder pursuant to the Unit having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments, (4) a cash payment by a broker-dealer acceptable to the Company through whom the Holder has sold the shares with respect to which the Required Tax Payments have arisen or (5) any combination of (1), (2) and (3). Notwithstanding any other provision of Section 3(a) and (b) of this Agreement, in the absence of any direction by the Company of permitted election by the Holder, the default method of satisfying the Required Tax Payments shall be through share withholding. No certificate representing a share of Stock shall be delivered to the Holder until the Required Tax Payments have been satisfied in full.

4. Additional Terms and Conditions of Units.

4.1 Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder shall accept this Agreement by executing it in an enforceable manner, including through an electronic acceptance, in such form as is determined to be acceptable within the discretion of the Committee.

4.2 Agreement Not To Compete. In exchange for the consideration provided by the Company in this Agreement, the Holder agrees that the Holder shall not, directly or indirectly, as an owner, officer, director, employee or consultant, engage in any a business that is substantially similar or competitive with the business of the Company, or engage in any business that is involved in research or development activities relating to, or in the manufacture or sale of, any product or services which compete with any of the Company's products or services, for the period ending two years from Holder's termination of employment with the Company, or the following, if later: (a) the last Vesting Date set forth in this Agreement, without regard to any earlier termination of the Holder's employment, or (b) any vesting of the Award upon a Change in Control. Notwithstanding any provision of the Plan or of this Agreement to the contrary, violation of this section shall result in the immediate forfeiture and cancellation of the portion of the Award which is not vested as of such date.

4.3 Definitions. As used herein, (a) the term "vest" shall mean no longer subject to a substantial risk of forfeiture, (b) the term "Retirement" shall mean termination of employment when retirement eligible on or after age 55 after a minimum of 5 years of service with the Company and (c) the term "Disability" shall mean Disability as defined in Section 1.2 of the Plan.

4.4 Nontransferability of Units. During the Restriction Period, the Units subject to the Award and not then vested may not be transferred by the Holder other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing, during the Restriction Period, the shares of Stock subject to the Award and not then vested may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to sell, transfer, assign, pledge, hypothecate or encumber, or otherwise dispose of such Units, the Award shall immediately become null and void.

4.5 Adjustment. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Stock other than a regular cash dividend, the number and class of securities subject to the Units shall be appropriately adjusted by the Committee. If any adjustment would result in a fractional security being subject to the Units, the Company shall pay the Holder in connection with the vesting, if any, of such fractional security an amount in cash determined by multiplying such fraction (rounded to the nearest hundredth) by the Fair Market Value on the Vesting Date. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

4.6 Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares subject to the Units upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting or delivery of shares hereunder, the shares of Stock subject to the Units shall not vest or be delivered, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent or approval. Further, Holder agrees that to the extent issuance of shares in the Holder's jurisdiction is impossible, illegal, unauthorized, or in the Company's discretion is imprudent or is otherwise impracticable for any reason, that the Company may, in its discretion, either deem the Award to be a cash award of equivalent cash value or may direct the sale of all shares subject to the Award and settle the Award in cash locally with the Holder.

4.7 Delivery of Certificates. Subject to the foregoing paragraph, promptly following the vesting of the Units, in whole or in part, but in any event not more than two and one-half months thereafter, the Company, subject to the withholding provisions of Section 3, shall deliver or cause to be delivered one or more certificates representing the number of shares of Stock represented by the vested Units. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as otherwise provided in Section 3.

4.8 Award Confers No Rights to Continued Employment. The granting of the Units does not entitle the Holder to any award other than that specifically granted under the Plan, nor to any future award under the Plan or any similar plan. The Award does not become part of the contract of employment or any other employment relationship with the Holder's employer, and the Award is not a guarantee of continued employment. Moreover, the Award or any future awards do not become a term or condition of employment. The Holder understands and accepts that the Units granted under the Plan are entirely at the discretion of the Company and that the Company retains the right to amend or terminate the Plan and/or the Holder's participation therein, at any time, at the Company's sole discretion and without notice. The benefits and rights provided under the Plan are not, and should not be considered part of the Holder's salary or compensation for purposes of any other calculation, including calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind, except as required by applicable law. The Holder hereby waives any and all rights to compensation or damages as a result of the termination of employment with the Company for any reason whatsoever insofar as those rights result or may result from: (a) the loss or diminution in value of any rights under the Plan; or (b) the Holder ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.

4.9 Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Administration of the Awards has been delegated to the Company. Any interpretation, determination or other action made or taken by the Board or the Committee, or the Company as its delegate, regarding the Plan or this Agreement shall be final, binding and conclusive.

4.10 Incorporation of the Plan. The Plan, as it exists on the date of this Agreement and as amended from time to time, is hereby incorporated by reference and made a part hereof, and the Award and this Agreement shall be subject to all terms and conditions of the Plan and any subsequent amendments to the Plan. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise. The Holder hereby acknowledges receipt of a copy of the Plan.

4.11 Value of Units and Common Stock. The Company makes no representation as to the value of the Units. The Company is not responsible for any fluctuations in the value of the Company's Common Stock.

4.12 Investment Representation. The Holder hereby represents and covenants that (a) any shares of Stock acquired upon the vesting of the Units will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities law; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (i) is true and correct as of the date of acquisition of any shares hereunder or (ii) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to the Holder of any shares subject to the Units, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Board or any committee authorized by the Board shall in its sole discretion deem necessary or advisable.

4.13 Notices and Electronic Delivery. The Company may, in its sole discretion, deliver any documents (other than certificates), notices or other communications related to the Units and the Holder's participation in the Plan by electronic means. The Holder hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Any documents, notices or other communications which are not delivered electronically pursuant to this section shall be in writing, and shall be deemed to have been duly given when received, if delivered personally, or when mailed, if sent by first class mail, postage paid, addressed as follows:

(a) if to the Company or the Committee, to the attention of the Vice President, Total Rewards, Owens Corning World Headquarters, One Owens Corning Parkway, Toledo, Ohio 43659, or to the attention of such other person or at such other address as the Company, by notice to the Holder, may designate in writing from time to time, and

(b) if to the Holder, at his address as shown on the records of the Company, or at such other address as the Holder, by notice to the Company, may designate in writing from time to time.

4.14 Miscellaneous.

(a) Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any right hereunder in accordance with the Plan.

(b) Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement.

(c) Entire Understanding. The Plan and this Agreement constitute the entire agreement and understanding between the parties with respect to the matters described herein and supersede all prior and contemporaneous agreements and understandings, oral and written, between the parties with respect to such subject matter.

(d) Modification. No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

(e) Waiver. The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(f) Fees and Expenses; Legal Compliance. The Company shall pay all fees and expenses necessarily incurred by the Company in connection with this Agreement and will from time to time use its reasonable efforts to comply with all laws and regulations which, in the opinion of counsel to the Company, are applicable thereto.

(g) Governing Law. This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the State of Delaware without reference to principles of conflict of laws.

(h) Data Privacy. By signing this Agreement, including by way of electronic acceptance by means acceptable to the Company of the Agreement, the Holder explicitly consents to the collection, processing, and transfer (electronically or otherwise) of personal data by the Company, the Holder's employer, and any third parties as necessary. Moreover, the Holder explicitly acknowledges and agrees that personal data (including but not limited to Holder's name, home address, telephone number, employment status, tax identification number, and data for tax withholding purposes) may be transferred to third parties assisting the Company with the implementation of the Plan. The Holder expressly authorizes such transfer to and processing by third parties. Furthermore, the Holder explicitly consents to the transfer of the Holder's personal data to countries other than his or her country of employment. The Company will take reasonable measures to keep the Holder's personal data private, confidential, and accurate. The Holder may obtain details with respect to the collection and transfer of his or her personal data in relation to the Plan participation and may also request access to and updates of such personal data, if needed, by contacting his or her local Human Resources contact.

(i) Company to Reserve Shares. The Company shall at all times prior to the expiration or termination of the Units reserve and keep available, either in its treasury or out of its authorized but unissued shares of Stock, the full number of shares subject to the Units from time to time.

(j) Compliance with Section 409A of the Code.

(i) To the extent applicable, it is intended that the Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Holder. The Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Holder).

(ii) To the extent the Holder has a right to receive payment pursuant to this Agreement, the payment is subject to Section 409A, and the event triggering the right to payment does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything to the contrary in Section 4.7 hereof, issuance of shares in payment of the Units will be made, to the extent necessary to comply with Section 409A of the Code, to the Holder on the earliest of: (1) the date of the end of the Restriction Period with respect to such shares; (2) the Holder's "separation from service" with the Company (determined in accordance with Section 409A of the Code), provided, that if the Holder is a "specified employee" (within the meaning of Section 409A of the Code), the Holder's date of payment of the Award pursuant to this clause (ii) shall be the date that is six months after the date of the Holder's separation of service with the Company; (3) the Holder's death; (4) the Holder's permanent disability (within the meaning of Section 409A(a)(2)(C) of the Code); or (5) a change in control event (within the meaning of Section 409A of the Code).

(iii) Reference to Section 409A of the Code will also include any regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

5.15 Provisions Relating to Non-U.S. Jurisdictions.

(a) Local Compliance. The Holder remains personally responsible for any local compliance requirements resulting from his or her receipt, ownership, and subsequent sale of Common Stock, as well as the transfer of funds abroad, the making of a foreign investment, and the opening or use of a U.S. brokerage account in relation to his or her receipt of Common Stock. For Holder's whose Award under this Agreement is subject to China SAFE regulations, the Holder agrees to abide by applicable requirements for disposal of vested shares following termination of employment and hereby affirmatively authorizes the Company to direct the sale or disposal of shares within 6 months following termination of employment in order to comply with these requirements.

(b) Exchange Rate Fluctuation. The Company is not responsible for any foreign exchange fluctuations between the Holder's local currency and the U.S. dollar.

(c) Language Translation. To the extent that the Holder has been provided with a translation of this Agreement, the English language version of this Agreement shall prevail in case of any discrepancies or ambiguities due to translation.

(d) Cash Settlement Relating to Holders in certain Jurisdictions. For the Holder under the laws of their applicable jurisdiction, the delivery of shares of Stock under this Agreement, if any, shall be effective only at such time as counsel to the Company shall have determined that the issuance and delivery of such Stock is in compliance with all applicable laws and regulations of such jurisdiction and the requirements of any securities exchange on which such Stock is traded. Notwithstanding any other provision of the Plan or this Agreement to the contrary, if at any time it is determined by counsel to the Company that the issuance and delivery of shares of Stock pursuant to this Agreement to a Holder in such jurisdiction would for any reason be unenforceable or prohibited as a matter of law or would result in material adverse consequences for the Company or the Holder, then the Award shall instead be settled in cash in an amount equal to the value of the shares of Stock, determined using the closing price on the Vesting Date, that would have been delivered under the Award.

Sign Name

Print Name

Date

**2013 LONG TERM INCENTIVE PROGRAM
AWARD AGREEMENT**

pursuant to the

**OWENS CORNING
2010 STOCK PLAN**

RESTRICTED STOCK AWARD

OWENS CORNING, a Delaware corporation (the “Company”), hereby grants to **[Participant Name]** (the “Holder”), as of **[Grant Date]** (the “Grant Date”), pursuant to the provisions of the Owens Corning 2010 Stock Plan (the “Plan”), a restricted stock award (the “Award”) of **[Number of Shares Granted]** shares of the Company’s Common Stock, \$0.01 par value (“Stock”), upon and subject to the restrictions, terms and conditions set forth below. References to employment by the Company shall also mean employment by a Subsidiary or Affiliate. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Rights as a Stockholder.

The Holder shall have the right to vote the shares of Stock subject to the Award and to accrue cash dividends and other distributions thereon unless and until such shares are forfeited pursuant to this Agreement; provided, however, that during the Restriction Period, cash dividends or other distributions with respect to shares of Stock (including, without limitation, a Stock dividend or a Stock split) shall be delivered to the Company and shall be payable only upon vesting. Any right to receive cash dividends or other distributions with respect to shares of Stock which are accrued and credited pursuant to the preceding sentence shall be subject to the same restrictions and vesting period as the shares of Stock with respect to which such cash dividend or other distribution was made.

2. Custody and Delivery of Certificates Representing Shares.

The Holder shall execute and return this Agreement. As soon as practicable after the Holder has executed this Agreement and any stock power or powers as required by the Company and returned the same to the Company, the Company shall cause to be issued in the Holder’s name a stock certificate or certificates representing the total number of shares of Stock subject to the Award. The Company shall hold the certificate or certificates representing the shares of Stock subject to the Award until such Award shall have vested, in whole or in part, pursuant to this Agreement, and the Company shall as soon thereafter as practicable, subject to the terms, conditions and limitations of this Agreement, deliver the certificate or certificates for the vested shares to the Holder and destroy any stock power or powers relating to the vested shares. The Company may require the execution and delivery to the Company of one or more irrevocable stock powers to facilitate the transfer to the Company (or its assignee or nominee) of all or a portion of the shares subject to the Award if shares are forfeited pursuant to the vesting and forfeiture provisions of this Agreement or if required under applicable laws or regulations relating to any shares that are the subject of this Stock Award.

3. Restriction Period and Vesting.

(a) The Award shall vest and the restrictions shall lapse as follows: (i) 25% of the Award shall vest and restrictions shall lapse on each anniversary of the grant date (the “Vesting Dates”) until the award is fully vested, or earlier pursuant to this Agreement or in accordance with Section 6.8 of the Plan (the “Restriction Period”).

(b) If, prior to the end of the Restriction Period, the Holder's employment with the Company terminates by reason of death or Disability, the portion of the Award that is then unvested shall vest in full, and restrictions shall lapse, as of the date of such termination.

(c) If, prior to the end of the Restriction Period, the Holder's employment with the Company terminates for any reason other than death or Disability, the portion of the Award which is not vested as of the effective date of the Holder's termination of employment shall be forfeited by the Holder and such portion shall be cancelled by the Company.

(d) In the event of a Change in Control, as defined in the Plan, the Award shall immediately vest in full and the restrictions shall lapse as provided in Section 6.8 of the Plan.

4. Withholding Taxes.

(a) As a condition precedent to the delivery to the Holder of any shares of Stock upon the lapse of the Restriction Period, the Holder agrees that, upon request by the Company, the Holder shall pay to the Company such amount of cash as may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to such Unit. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Holder agrees that the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder. The Holder, other than a Holder subject to Section 16(b) of the Securities Exchange Act of 1934 and rules thereunder, also agrees that the Company may direct the sale of the number shares subject to the award sufficient to satisfy Required Tax Payments as the Company may deem necessary and subject to the limitations set forth in the Plan.

(b) The Company may direct or may permit the Holder to elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Company pursuant to Section 4(a), (2) for other than Canadian employees, delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Stock (for which the Holder has good title, free and clear of all liens and encumbrances) having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Award (the "Tax Date"), equal to the Required Tax Payments, (3) authorizing the Company to withhold from the shares of Stock otherwise to be delivered to the Holder pursuant to the Award having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments, (4) a cash payment by a broker-dealer acceptable to the Company through whom the Holder has sold the shares with respect to which the Required Tax Payments have arisen or (5) any combination of (1), (2) and (3). Notwithstanding any other provision of Section 4(a) and (b) of this Agreement, in the absence of any direction by the Company of permitted election by the Holder, the default method of satisfying the Required Tax Payments shall be through share withholding. No certificate representing a share of Stock shall be delivered to the Holder until the Required Tax Payments have been satisfied in full.

5. Additional Terms and Conditions of Award.

5.1 Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder shall accept this Agreement by executing it in an enforceable manner, including through an electronic acceptance, in such form as is determined to be acceptable within the discretion of the Committee.

5.2 Agreement Not To Compete. In exchange for the consideration provided by the Company in this Agreement, the Holder agrees that the Holder shall not, directly or indirectly, as an owner, officer, director, employee or consultant, engage in any a business that is substantially similar or competitive with the business of the Company, or engage in any business that is involved in research or development activities relating to, or in the manufacture or sale of, any product or services which compete with any of the Company's products or services, for the period ending two years from Holder's termination of employment with the Company, or the following, if later: (a) the last Vesting Date set forth in this Agreement, without regard to any earlier termination of the Holder's employment, or (b) any vesting of the Award upon a Change in Control. Notwithstanding any provision of the Plan or of this Agreement to the contrary, violation of this section shall result in the immediate forfeiture and cancellation of the portion of the Award which is not vested as of such date.

5.3 Definitions. As used herein, (a) the term "vest" shall mean no longer subject to a substantial risk of forfeiture, (b) the term "Retirement" shall mean termination of employment when retirement eligible on or after age 55 after a minimum of 5 years of service with the Company and (c), the term "Disability" shall mean Disability, as defined in Section 1.2 of the Plan.

5.4 Nontransferability of Award. During the Restriction Period, the shares of Stock subject to the Award and not then vested may not be transferred by the Holder other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing, during the Restriction Period, the shares of Stock subject to the Award and not then vested may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to sell, transfer, assign, pledge, hypothecate or encumber, or otherwise dispose of such shares, the Award shall immediately become null and void.

5.5 Adjustment. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Stock other than a regular cash dividend, the number and class of securities subject to the Award shall be appropriately adjusted by the Committee. If any adjustment would result in a fractional security being subject to the Award, the Company shall pay the Holder in connection with the vesting, if any, of such fractional security an amount in cash determined by multiplying such fraction (rounded to the nearest hundredth) by the Fair Market Value on the Vesting Date. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

5.6 Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting or delivery of shares hereunder, the shares of Stock subject to the Award shall not vest or be delivered, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent or approval. Further, Holder agrees that to the extent issuance of shares in the Holder's jurisdiction is impossible, illegal, unauthorized, or in the Company's discretion is imprudent or is otherwise impracticable for any reason, that the Company may, in its discretion, either deem the Award to be a cash award of equivalent cash value or may direct the sale of all shares subject to the Award and settle the Award in cash locally with the Holder.

5.7 Delivery of Certificates. Subject to Section 4, upon the vesting of the Award, in whole or in part, the Company shall deliver or cause to be delivered one or more certificates representing the number of vested shares. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as otherwise provided in Section 4.

5.8 Award Confers No Rights to Continued Employment. The granting of this Award does not entitle the Holder to any award other than that specifically granted under the Plan, nor to any future awards or under the Plan or any similar plan. The Award does not become part of the contract of employment any other employment relationship with the Holder's employer, and the Award is not a guarantee of continued employment. Moreover, the Award or any future awards do not become a term or condition of employment. The Holder understands and accepts that the awards granted under the Plan are entirely at the discretion of the Company and that the Company retains the right to amend or terminate the Plan and/or the Holder's participation therein, at any time, at the Company's sole discretion and without notice. The benefits and rights provided under the Plan are not, and should not be considered part of the Holder's salary or compensation for purposes of any other calculation, including calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind, except as required by applicable law. The Holder hereby waives any and all rights to compensation or damages as a result of the termination of employment with the Company for any reason whatsoever insofar as those rights result or may result from: (a) the loss or diminution in value of any rights under the Plan; or (b) the Holder ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.

5.9 Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Administration of the Awards has been delegated to the Company. Any interpretation, determination or other action made or taken by the Board or the Committee, or the Company as its delegate, regarding the Plan or this Agreement shall be final, binding and conclusive.

5.10 Incorporation of the Plan. The Plan, as it exists on the date of this Agreement and as amended from time to time, is hereby incorporated by reference and made a part hereof, and the Award and this Agreement shall be subject to all terms and conditions of the Plan and any subsequent amendments to the Plan. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise. The Holder hereby acknowledges receipt of a copy of the Plan.

5.11 Value of Common Stock. The Company makes no representation as to the value of the Award. The Company is not responsible for any fluctuations in the value of the Company's Common Stock.

5.12 Investment Representation. The Holder hereby represents and covenants that (a) any shares of Stock acquired upon the vesting of the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities law; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of acquisition of any shares hereunder or (y) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to the Holder of any shares subject to the Award, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Board or any committee authorized by the Board shall in its sole discretion deem necessary or advisable.

5.13 Notices and Electronic Delivery. The Company may, in its sole discretion, deliver any documents (other than certificates), notices or other communications related to the Award and the Holder's participation in the Plan by electronic means. The Holder hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Any documents, notices or other communications which are not delivered electronically pursuant to this section shall be in writing and shall be deemed to have been duly given when received, if delivered personally, or when mailed, if sent by first class mail, postage paid, addressed as follows:

- (a) if to the Company or the Committee, to the attention of the Vice President, Total Rewards, Owens Corning World Headquarters, One Owens Corning Parkway, Toledo, Ohio 43659, or to the attention of such other person or at such other address as the Company, by notice to the Holder, may designate in writing from time to time, and
- (b) if to the Holder, at his address as shown on the records of the Company, or at such other address as the Holder, by notice to the Company, may designate in writing from time to time.

5.14 Miscellaneous.

(a) Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any right hereunder in accordance with the Plan.

(b) Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement.

(c) Entire Understanding. The Plan and this Agreement constitute the entire agreement and understanding between the parties with respect to the matters described herein and supersede all prior and contemporaneous agreements and understandings, oral and written, between the parties with respect to such subject matter.

(d) Modification. No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

(e) Waiver. The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(f) Fees and Expenses; Legal Compliance. The Company shall pay all fees and expenses necessarily incurred by the Company in connection with this Agreement and will from time to time use its reasonable efforts to comply with all laws and regulations which, in the opinion of counsel to the Company, are applicable thereto.

(g) Governing Law. This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the laws of the State of Delaware without reference to principles of conflict of laws.

(h) Data Privacy. By signing this Agreement, including by way of electronic acceptance by means acceptable to the Company of the Agreement, the Holder explicitly consents to the collection, processing, and transfer (electronically or otherwise) of personal data by the Company, the Holder's employer, and any third parties as necessary. Moreover, the Holder explicitly acknowledges and agrees that personal data (including but not limited to Holder's name, home address, telephone number, employment status, tax identification number, and data for tax withholding purposes) may be transferred to third parties assisting the Company with the implementation of the Plan. The Holder expressly authorizes such transfer to and processing by third parties. Furthermore, the Holder explicitly consents to the transfer of the Holder's personal data to countries other than his or her country of employment. The Company will take reasonable measures to keep the Holder's personal data private, confidential, and accurate. The Holder may obtain details with respect to the collection and transfer of his or her personal data in relation to the Plan participation and may also request access to and updates of such personal data, if needed, by contacting his or her local Human Resources contact.

5.15 Provisions Relating to Non-U.S. Jurisdictions.

(a) Local Compliance. The Holder remains personally responsible for any local compliance requirements resulting from his or her receipt, ownership, and subsequent sale of Common Stock, as well as the transfer of funds abroad, the making of a foreign investment, and the opening or use of a U.S. brokerage account in relation to his or her receipt of Common Stock.

(b) Exchange Rate Fluctuation. The Company is not responsible for any foreign exchange fluctuations between the Holder's local currency and the U.S. dollar.

(c) Language Translation. To the extent that the Holder has been provided with a translation of this Agreement, the English language version of this Agreement shall prevail in case of any discrepancies or ambiguities due to translation.

Sign Name

Print Name

Date

Subsidiaries of Owens Corning (12/31/13)

| | <u>State or Other Jurisdiction Under the Laws of Which Organized</u> |
|---|---|
| American Rockwool, Inc. | North Carolina |
| CDC Corporation | Wisconsin |
| Crown Mfg. Inc. | Ontario |
| Dutch OC Cooperatief Invest U.A. | The Netherlands |
| Engineered Pipe Systems, Inc. | Delaware |
| EPS Holding AS | Norway |
| Eric Company | Delaware |
| European Owens Corning Fiberglas SPRL | Belgium |
| Instalaciones Especializadas en Confort Termoacustico y Ampliacion, S. de R.L. de C.V. | Mexico |
| Insul-Trade, LLC | Indiana |
| IP Owens Corning I, S. de R.L. de C.V. | Mexico |
| IPM Inc. | Delaware |
| Modulo SAS | France |
| Norske EPS BOT AS | Norway |
| Northern Elastomeric, Inc. | New Hampshire |
| OC Canada Finance Inc. | Canada |
| OC Canada Holdings Company | Nova Scotia |
| OC Canada Holdings General Partnership | Delaware |
| OC Celfortec Company | Nova Scotia |
| OC Latin American Holdings GmbH | Austria |
| OC NL Invest Cooperatief U.A. | The Netherlands |
| OC PRO CV | The Netherlands |
| OCCV1, Inc. | Delaware |
| OCCV2, LLC | Delaware |
| OCV (Thailand) Company Limited | Thailand |
| OCV Chambéry France | France |
| OCV Chambéry International | France |
| OCV Czech Sro | Czech Republic |
| OCV Distribution ANZ Pty-Limited | Australia |
| OCV Fabrics (Changzhou) Co., Ltd. | China |
| OCV Fabrics UK Ltd. | United Kingdom |
| OCV Finance, LLC | Delaware |
| OCV Holdings Belgium Sprl | Belgium |
| OCV Intellectual Capital, LLC | Delaware |
| OCV Italia Srl | Italy |
| OCV Mexico S. de R.L. de C.V. | Mexico |
| OCV Reinforcements (Beijing) Co., Ltd. | China |
| OCV Reinforcements (Hangzhou) Co., Ltd. | China |
| OCV Reinforcements Alcala Spain, S.L. | Spain |
| OCV Revetex Srl | Italy |
| OCV Servicios Mexico, S.A. de C.V. | Mexico |
| OCV Steklovolokno OAO | Russia |
| Owens Corning (China) Investment Company, Ltd. | China |
| Owens Corning (Guangzhou) Fiberglas Co., Ltd. | China |
| Owens Corning Japan, LLC | Japan |

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| Owens Corning (Nanjing) Building Materials Co., Ltd. | China |
| Owens-Corning (Shanghai) Fiberglas Co., Ltd. | China |
| Owens Corning (Shanghai) Trading Co., Ltd. | China |
| Owens Corning (Singapore) Pte Ltd | Singapore |
| Owens Corning (Tianjin) Building Materials Co., Ltd. | China |
| Owens Corning (Xi'an) Building Materials Co., Ltd. | China |
| Owens Corning Alloy Canada GP Inc. | Canada |
| Owens Corning Alloy Canada LP | Manitoba |
| Owens Corning Argentina Sociedad de Responsabilidad Limitada | Argentina |
| Owens Corning (Australia) Pty Limited | Australia |
| Owens Corning Automotive (UK) Ltd. | United Kingdom |
| Owens Corning BM (Korea), Ltd | Korea |
| Owens-Corning Britinvest Limited | United Kingdom |
| Owens Corning Building Materials Romania SRL | Romania |
| Owens Corning Canada GP Inc. | Canada |
| Owens Corning Canada Holdings B.V. | The Netherlands |
| Owens Corning Canada LP | Manitoba |
| Owens Corning Cayman (China) Holdings | Cayman Islands |
| Owens-Corning Cayman Limited | Cayman Islands |
| Owens Corning Celfortec Canada GP Inc. | Canada |
| Owens Corning Celfortec LP | Manitoba |
| Owens Corning Composites (China) Co., Ltd. | China |
| Owens Corning Composite Materials, LLC | Delaware |
| Owens Corning Composite Materials Canada GP Inc. | Nova Scotia |
| Owens Corning Composite Materials Canada LP | Manitoba |
| Owens Corning Construction Services, LLC | Delaware |
| Owens Corning DC Pension Plan Limited | United Kingdom |
| Owens Corning Elaminator Insulation Systems, LLC | Delaware |
| Owens Corning Enterprise (India) Pvt. Ltd. | India |
| Owens Corning Fabwel, LLC | Delaware |
| Owens Corning Fiberglas A.S. Limitada | Brazil |
| Owens Corning Fiberglas S.R.L. | Uruguay |
| Owens-Corning Fiberglas Deutschland GmbH | Germany |
| Owens Corning Fiberglas Espana, SL | Spain |
| Owens Corning Fiberglas France | France |
| Owens-Corning Fiberglas (U.K.) Pension Plan Ltd. | United Kingdom |
| Owens Corning Financial Services ULC | Nova Scotia |
| Owens Corning Foam Insulation, LLC | Delaware |
| Owens Corning Franchising, LLC | Delaware |
| Owens-Corning Funding Corporation | Delaware |
| Owens Corning GlassMetal Services (Suzhou) Co. Ltd. | China |
| Owens Corning Holdings 1 CV | The Netherlands |
| Owens Corning Holdings 3 CV | The Netherlands |
| Owens Corning Holdings 4 CV | The Netherlands |
| Owens Corning Holdings 5 CV | The Netherlands |
| Owens Corning Holdings Holland B.V. | The Netherlands |
| Owens Corning HOMEExperts, Inc. | Delaware |
| Owens Corning Hong Kong Limited | Hong Kong |
| Owens Corning HT, Inc. | Delaware |
| Owens-Corning (India) Private Limited | India |
| Owens Corning Industries (India) Private Limited | India |
| Owens Corning Insulating Systems, LLC | Delaware |

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| Owens Corning Insulating Systems Canada GP Inc. | Canada |
| Owens Corning Insulating Systems Canada LP | Manitoba |
| Owens Corning Intellectual Capital, LLC | Delaware |
| Owens Corning International Holdings C.V. | The Netherlands |
| Owens Corning Japanhold B.V. | The Netherlands |
| Owens Corning Kohold B.V. | The Netherlands |
| Owens Corning Korea | Korea |
| Owens Corning Mexico, S. de R.L. de C.V. | Mexico |
| Owens Corning Non-Woven Technology, LLC | Delaware |
| Owens Corning Receivables LLC | Delaware |
| Owens Corning Remodeling Canada GP Inc. | Canada |
| Owens Corning Remodeling Canada LP | Manitoba |
| Owens Corning Remodeling Systems, LLC | Delaware |
| Owens Corning Roofing and Asphalt, LLC | Delaware |
| Owens Corning Sales, LLC | Delaware |
| Owens Corning Science and Technology, LLC | Delaware |
| Owens Corning Sunrooms Franchising, LLC | Delaware |
| Owens Corning Supplementary Pension Plan Limited | United Kingdom |
| Owens-Corning Sweden AB | Sweden |
| Owens Corning Technical Fabrics, LLC | Delaware |
| Owens Corning US Holdings, LLC | Delaware |
| Owens-Corning Veil Netherlands B.V. | The Netherlands |
| Owens-Corning Veil U.K. Ltd. | United Kingdom |
| Soltech, Inc. | Kentucky |
| Tecnologia Owens Corning I, S. de R.L. de C.V. | Mexico |
| TF Holding Corp. | Delaware |
| Thermafiber, Inc. | Delaware |

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 and S-8 (Nos. 333-188091, 333-179542, 333-165008, 333-166347, 333-150770, 333-150771, 333-150772 and 333-138392) of Owens Corning of our report dated February 12, 2014 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10 K.

/s/ PricewaterhouseCoopers LLP
Toledo, Ohio
February 12, 2014

CERTIFICATION

I, Michael H. Thaman, certify that:

1. I have reviewed this annual report on Form 10-K of Owens Corning;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2014

/s/ Michael H. Thaman

Michael H. Thaman
Chief Executive Officer

CERTIFICATION

I, Michael C. McMurray certify that:

1. I have reviewed this annual report on Form 10-K of Owens Corning;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2014

/s/ Michael C. McMurray

Michael C. McMurray
Chief Financial Officer

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Owens Corning (the “Company”) on Form 10-K for the fiscal year ended December 31, 2013 (the “Report”), I, Michael H. Thaman, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael H. Thaman

Michael H. Thaman
Chief Executive Officer

February 12, 2014

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Owens Corning (the “Company”) on Form 10-K for the fiscal year ended December 31, 2013 (the “Report”), I, Michael C. McMurray, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael C. McMurray

Michael C. McMurray
Chief Financial Officer

February 12, 2014