Owens Corning
Form 10-K
February 11, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2014
or

r 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:

Title of each class	Name of each exchange on which registered
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 þ No r

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

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 þ No r

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 þ No r

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. þ

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 þ Accelerated filer r Non-accelerated filer r Smaller reporting company r
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes r No þ

On June 30, 2014, 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 $4,578,079,225.

As of January 31, 2015, 117,747,548 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 16, 2015 (the "2015 Proxy Statement") are incorporated by reference into Part III hereof.

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PART I

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

In the fourth quarter of 2014, Owens Corning announced organizational changes to streamline the Company's management structure and reduce costs. As a result of this action, the Building Materials Group organizational structure was eliminated. The new management structure contains three reporting segments: Composites, which includes our Reinforcements and Downstream businesses, Insulation and Roofing. Our Composites, Insulation and Roofing reportable segments accounted for approximately 36%, 32% and 32% of our total reportable segment net sales, respectively, in 2014.

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 2014, 2013, and 2012.

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, consumer electronics, 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 segment.

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 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), Johns Manville, PPG Industries and Taishan Glass Fiber Co., Ltd.

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.

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, loosefill insulation, foam sheathing and accessories, and are sold under well-recognized

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brand names and trademarks such as Owens Corning PINK® FIBERGLAS™ Insulation. Our Insulation segment 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 segment 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 segment 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 segment include CertainTeed Corporation, Dow Chemical, Johns Manville, and Knauf Insulation.

Our Insulation segment 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 segment 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 segment, 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 segment 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.

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 segment 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 segment. 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 segment.

Our Roofing segment competes primarily with manufacturers in the United States. According to various industry reports and Company estimates, Owens Corning's Roofing segment 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, quality and price. Significant competitors in the Roofing segment include CertainTeed Corporation, GAF 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 segment 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 segment.

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ITEM 1. BUSINESS (continued)

GENERAL

Major Customers

No one customer accounted for more than 10% of our consolidated net sales for 2014. A significant portion of the net sales in our Insulation and Roofing segments are generated from large United States home improvement retailers.

Intellectual Property

The Company relies on a combination of intellectual property laws, as well as confidentiality procedures and contractual provisions, to protect our intellectual property, 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, the Company has registered, and applied for the registration of, U.S. and international trademarks, service marks, and domain names. Additionally, the Company has 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, the Company has assembled a portfolio of intellectual property rights including patents, trademarks, service marks, copyrights, domain names, know-how and trade secrets covering our products, services and manufacturing processes. Our proprietary technology is not dependent on any single or group of intellectual property rights and the Company does not expect the expiration of existing intellectual property to have a material adverse affect on the business as a whole. The Company believes the duration of our patents is adequate relative to the expected lives of our products. Although the Company protects its intellectual property and proprietary technology, any significant impairment of, or third-party claim against, our intellectual property rights could harm our business or our ability to compete.

Backlog

Our customer volume commitments are generally short-term, and the Company does 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):

Period	Research and Development Expense
Twelve Months Ended December 31, 2014	$76
Twelve Months Ended December 31, 2013	$77
Twelve Months Ended December 31, 2012	$79

Environmental Control

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

The Company has 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 2014. The Company continues 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. The Company expects passage and implementation of new laws and regulations specifically addressing climate change, toxic air emissions, ozone forming emissions and fine particulate matter 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.

The Company has 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. The

Company has also been deemed a PRP under similar state or local laws and in other instances other PRPs have brought suits against it as a PRP for contribution under such federal, state, or local laws. As of December 31, 2014, the Company had environmental remediation liabilities as a PRP at 21 sites where it has a continuing legal obligation to either complete remedial actions or contribute to the completion of remedial actions as part of a group of PRPs. Environmental liability estimates may be affected by changing determinations of what constitutes an environmental exposure or an acceptable level of cleanup. To the extent that the required remediation procedures or timing of those procedures change, additional contamination is identified, or the financial condition of other PRPs is adversely affected, the estimate of our environmental liabilities may change. For these sites the Company estimates a reserve to reflect environmental liabilities that have been asserted or are probable of assertion, in which liabilities are probable and reasonably estimable. As of December 31, 2014, our reserve for such liabilities was $3 million. Changes in required remediation procedures or timing of those procedures at existing legacy sites, or discovery of contamination at additional sites, could result in increases to our environmental obligations.

Number of Employees

As of December 31, 2014 Owens Corning had approximately 14,000 employees. Approximately 6,000 of such employees are subject to collective bargaining agreements. The Company believes that its relations with employees are good.

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. Lower demand in the regions and markets where our products are sold could result in lower revenues and lower profitability. Historically, construction activity has been cyclical and is influenced by prevailing economic conditions, including the level of interest rates and availability of financing, inflation, employment levels, consumer confidence and other macroeconomic 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

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customer represents more than 10% of our annual sales, our ability to sell some of the products in Insulation and Roofing are 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 commodity prices, and the effects of governmental initiatives to 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 flow 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.

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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. Additionally, severely low temperatures may lend to significant and immediate spikes in costs of natural gas, electricity and other commodities that could negatively affect our results of operation.
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 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 effectively 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 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 provide assurance that these measures will necessarily prevent violations of 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 by 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% 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.

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ITEM 1A.   RISK FACTORS (continued)

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

Owens Corning relies on its intellectual property, including numerous patents, registered trademarks, trade secrets, confidential information, 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 trade secrets and confidential information regarding our operations which could be disclosed improperly and in breach of contract to our competitors or otherwise used to harm us.

Third parties may also claim that we are infringing upon their intellectual property rights. If we are unable to successfully defend or license such alleged infringing intellectual property or if we are required to substitute similar technology from another source, our operations could be adversely affected. Even if we believe that such intellectual property claims are without merit, defending such claims can be costly, time consuming and require significant resources. Claims of intellectual property infringement also might require us to redesign affected products, pay costly damage awards, or face injunctions prohibiting us from manufacturing, importing, marketing or selling certain of our products. Even if we have agreements to indemnify us, indemnifying parties may be unable or unwilling to do so.

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.

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.

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 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

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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. Environmental liability estimates may be affected by changing determinations of what constitutes an environmental exposure or an acceptable level of cleanup. To the extent that the required remediation procedures or timing of those procedures change, additional contamination is identified, or the financial condition of other potentially responsible parties is adversely affected, the estimate of our environmental liabilities may change. Change in required remediation procedures or timing of those procedures at existing legacy sites, or discovery of contamination at additional sites, could result in increases to our environmental obligations. 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 globally 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.

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.

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;
- 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;
- potential loss of customers; and
- undisclosed or undiscovered liabilities or claims.

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.

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ITEM 1A. RISK FACTORS (continued)

As of December 31, 2014 and 2013, our U.S. and worldwide defined benefit pension plans were underfunded by a total of $444 million and $336 million, respectively and OPEB obligations were underfunded by $254 million and $244 million, respectively. 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.

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.

Since February 2014 the Board has declared a quarterly common stock dividend. The payment of any future cash dividends to our stockholders is not guaranteed and 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.

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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 the Company 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

Insulation

Our Insulation segment operates out of 31 manufacturing facilities. Principal manufacturing facilities for our Insulation segment, all of which are owned, include the following:

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

Roofing

Our Roofing segment operates out of 29 manufacturing facilities. Principal manufacturing facilities for our Roofing segment, all of which are owned by the Company, 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 the Company 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

The Company is involved in litigation from time to time in the regular course of its business. The Company believes that adequate provisions for resolution of all contingencies, claims and pending litigation have been made for probable losses that are reasonably estimable. The Company does not believe that the ultimate outcome of these actions will have a material adverse effect on its financial condition, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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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, 2015* 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.

Name and Age	Position**
Brian D. Chambers (48)	President, Roofing and Asphalt since October 2014; formerly Vice President and General Manager, Roofing and Asphalt (2013); Vice President and Managing Director, CSB (2011); Managing Director, Saint Gobain Building Distribution N.A. (2009).
John W. Christy (56)	Senior Vice President, General Counsel and Secretary since December 2011; formerly Vice President, Interim General Counsel and Secretary (2011), Vice President and Deputy General Counsel (2010), and Vice President and Assistant General Counsel, Transactions and Business (2004).
Julian Francis (48)	President, Insulation Business since October 2014; formerly Vice President and General Manager, Residential Insulation (2012); Vice President and General Manager, Glass Reinforcements (2011); National Sales Leader (2010).
Arnaud Genis (50)	Group President, Composite Solutions since December 2010; formerly Vice President and Managing Director, European Composite Solutions Business (2007).
Michael C. McMurray (49)	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).
Kelly J. Schmidt (49)	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 (49)	Senior Vice President, Organization and Administration since November 2014; formerly Senior Vice President, Information Technology and Human Resources since September 2009; formerly Executive Vice President/Chief Administrative Officer, Borders Group, Inc. (2009).
Michael H. Thaman (50)	President and Chief Executive Officer since December 2007 and Chairman of the Board since April 2002; Director since 2002.

* Charles E. Dana, 59, served as an Executive Officer until October 31, 2014. He served as Group President, Building Materials since December 2010; formerly Group President, Vice President and President, Composite Solutions Business (2003).

** 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.

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Part II

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, 2013 through December 31, 2014:

Period	High	Low	Declared Dividend
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	$—
First Quarter 2014	$46.64	$36.80	$0.16
Second Quarter 2014	$44.04	$38.10	$0.16
Third Quarter 2014	$39.44	$31.52	$0.16
Fourth Quarter 2014	$37.16	$28.38	$0.16

Holders of Common Stock

The number of stockholders of record of Owens Corning's common stock on January 31, 2015 was 466.

Cash Dividends

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, 2014:

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, 2014	3,117		$32.72	—	7,700,000
November 1-30, 2014	69		33.22	—	7,700,000
December 1-31, 2014	620		34.32	—	7,700,000
Total	3,806	*	$32.99	—	7,700,000

* The Company retained 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.

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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 ("OC"), the Standard & Poor's 500 Stock Index ("S&P 500") and the Dow Jones U.S. Building Materials & Fixtures Index ("DJ Bld. Mat.") on December 31, 2009, 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, 2014.

Performance Graph

	2009	2010	2011	2012	2013	2014
OC	$100	$121	$112	$144	$160	$142
S&P 500	$100	$115	$117	$136	$180	$205
DJ Bld. Mat.	$100	$117	$120	$183	$235	$260

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ITEM 6. SELECTED FINANCIAL DATA

	Twelve Months Ended				
	December 31, 2014(a)	December 31, 2013(b)	December 31, 2012(c)	December 31, 2011	December 31, 2010(d)
	(in millions, except per share amounts)				
Statement of Earnings (Loss) Data					
Net sales	$5,276	$5,295	$5,172	$5,335	$4,997
Gross margin	$976	$966	$797	$1,028	$956
Marketing and administrative expenses	$487	$530	$509	$525	$516
Earnings before interest and taxes	$392	$385	$148	$461	$206
Interest expense, net	$114	$112	$114	$108	$110
Loss on extinguishment of debt	$46	$—	$74	$—	$—
Income tax expense (benefit)	$5	$68	$(28)	$74	$(840)
Net earnings (loss)	$228	$205	$(16)	$281	$940
Net earnings (loss) attributable to Owens Corning	$226	$204	$(19)	$276	$933
Earnings (loss) per common share attributable to Owens Corning common stockholders					
Basic	$1.92	$1.73	$(0.16)	$2.25	$7.43
Diluted	$1.91	$1.71	$(0.16)	$2.23	$7.37
Weighted-average common shares					
Basic	117.5	118.2	119.4	122.5	125.6
Diluted	118.3	119.1	119.4	123.5	126.6
Balance Sheet Data					
Total assets	$7,555	$7,647	$7,568	$7,527	$7,158
Long-term debt, net of current portion	$1,991	$2,024	$2,076	$1,930	$1,629
Total equity	$3,730	$3,830	$3,575	$3,741	$3,686

(a) During 2014, the Company recorded $36 million of charges related to cost reduction actions and related items, comprised of $34 million of severance costs, $3 million of contract termination costs, and $(1) million net, of other charges/(gains), inclusive of $1 million of accelerated depreciation and $(2) million in other related charges/(gains). There was also a gain of $45 million related to the sale of the Hangzhou, China facility, a $20 million loss related to the sale of the European Stone Business, $3 million related to the impairment loss on Alcala, Spain facility, and $6 million related to Hurricane Sandy costs.

(b) 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.

(c) 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.

(d)

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").

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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. In the fourth quarter of 2014, Owens Corning announced organizational changes to streamline the Company's management structure and reduce costs. As a a result of this action, the Building Materials Group organizational structure was eliminated. The new management structure contains three reporting segments: Composites, Insulation and Roofing. Through these lines of business, the Company manufactures and sells products worldwide maintaining leading market positions in many of its major product categories.

EXECUTIVE OVERVIEW

The Company reported $392 million in earnings before interest and taxes ("EBIT") in 2014 compared to $385 million in 2013. The Company generated $412 million in adjusted earnings before interest and taxes ("Adjusted EBIT", see definition below) in 2014 compared to $416 million in 2013. Improved EBIT performance of $68 million in our Insulation segment and $51 million in our Composites segment were more than offset by the $154 million decrease in EBIT in our Roofing segment. Excluding restructuring actions and adjusting items, Corporate Adjusted EBIT losses decreased by $31 million.

In 2014, the Company adjusted $20 million of net charges out of reported EBIT to arrive at adjusted EBIT. Restructuring actions initiated in 2014 represented $36 million of the net charges, primarily comprised of $27 million of charges related to cost reduction actions and related items in our Composites business mainly associated with the decision to not rebuild two sub-scale high cost furnaces that will result in closing a facility in Japan and optimizing a facility in Canada. The remaining $9 million related to cost reduction actions was associated with our previously discussed fourth quarter organizational restructuring. Other adjusting items in 2014 included $16 million of net gains, primarily driven by a $45 million gain from the sale of our Hangzhou, China Composites glass reinforcements facility, partially offset by an impairment loss of $20 million related to the sale of our European Stone Business, $6 million of final clean up costs associated with the repair of our Kearny, New Jersey manufacturing facility that was damaged by the October 2012 Hurricane Sandy, and $3 million of losses related to the impairment of held for sale assets. See below for further information regarding Adjusted EBIT, including the reconciliation to net earnings attributable to Owens Corning.

In our Composites segment, EBIT in 2014 was $149 million compared to $98 million in 2013 driven primarily by higher selling prices. In our Insulation segment, EBIT in 2014 was $108 million compared to $40 million in 2013 driven primarily by higher selling prices. In our Roofing segment, EBIT in 2014 was $232 million compared to $386 million in 2013 driven primarily by lower sales volumes and lower selling prices.

The Company maintains 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 January 2018 maturity date. The Company issued $400 million of 2024 senior notes on November 12, 2014 at 4.20%. The proceeds of these notes were used primarily to repay portions of other senior notes, and the Company recorded a $46 million loss on extinguishment of debt in 2014 as a result of this repayment. The Company has no significant debt maturities before 2016.

In 2014, the Company generated $441 million in cash flow from operating activities compared to $407 million over the same period of 2013. This improvement was primarily from increased net earnings.

The Company repurchased 0.9 million shares of the Company’s common stock for $38 million in 2014 under a previously announced repurchase program. As of December 31, 2014, 7.7 million shares remain available for repurchase under the authorized program.

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

RESULTS OF OPERATIONS

Consolidated Results (in millions)

	Twelve Months Ended December 31,		
	2014	2013	2012
Net sales	$5,276	$5,295	$5,172
Gross margin	$976	$966	$797
% of net sales	18 %	18 %	15 %
Charges related to cost reduction actions	$37	$8	$51
Earnings before interest and taxes	$392	$385	$148
Interest expense, net	$114	$112	$114
Loss on extinguishment of debt	$46	$—	$74
Income tax expense (benefit)	$5	$68	$(28)
Net earnings (loss) attributable to Owens Corning	$226	$204	$(19)

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

2014 Compared to 2013: Net sales decreased by $19 million in 2014 as compared to 2013 primarily due to lower sales volumes and lower selling prices in our Roofing segment, partially offset by higher selling prices and higher sales volumes in our Composites and Insulation segments.

2013 Compared to 2012: Net sales increased by $123 million in 2013 as compared to 2012 primarily due to higher selling prices in our Insulation and Roofing segments and increased sales volumes in our Insulation segment, which were partially offset by lower sales volumes in our Roofing segment.

GROSS MARGIN

2014 Compared to 2013: Gross margin as a percentage of net sales in 2014 was flat compared to 2013. Restructuring actions and adjusting items that were recorded to cost of sales decreased by $58 million in 2014 as compared to 2013. In 2013, gross margin included $27 million in charges related to Hurricane Sandy, $20 million of accelerated depreciation related to our Cordele, Georgia facility, and $18 million related to our 2012 restructuring actions. In 2014, gross margin included $3 million of impairment losses on held for sale assets, $3 million of costs related to our 2014 restructuring actions, and $1 million of final costs for Hurricane Sandy. Excluding adjusting items, the remaining change was driven by increased contribution margins in our Composites and Insulation businesses that were more than offset by the impacts of lower sales volumes and lower selling prices in our Roofing business.

2013 Compared to 2012: Gross margin in 2013 increased 3 basis points as compared to 2012 primarily due to higher contribution margins in our Insulation and Roofing segments. 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.

CHARGES RELATED TO COST REDUCTION ACTIONS

During 2014, the Company took actions to reduce costs throughout our global Composites network, mainly through the decision to close a facility in Japan and optimize a facility in Canada, in addition to other cost reduction actions. The Company also took actions in 2014 to streamline its management structure and reduce costs, resulting in the elimination of the Building Materials Group organizational structure.

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.

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

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.

The following table presents the impact and respective location of charges related to cost reduction actions and related items on the Consolidated Statements of Earnings (Loss) (in millions):

	Twelve Months Ended December 31,		
Location	2014	2013	2012
Charges related to cost reduction actions	$(37)	$(8)	$(51)
Cost of sales	(3)	(18)	(85)
Other (expenses) income, net	4	—	—
Total charges related to cost reduction actions and related items	$(36)	$(26)	$(136)

EARNINGS BEFORE INTEREST AND TAXES

2014 Compared to 2013: EBIT increased by $7 million in 2014 compared to 2013. In our Composites segment, EBIT increased by $51 million compared to 2013. In our Insulation segment, EBIT increased by $68 million compared to 2013. In our Roofing segment, EBIT decreased by $154 million. Corporate EBIT losses during 2014 decreased by $42 million compared to 2013.

2013 Compared to 2012: EBIT increased by $237 million in 2013 compared to 2012. In our Composites segment, EBIT increased by $7 million compared to 2012. In our Insulation segment, EBIT increased by $78 million compared to 2012. In our Roofing segment, EBIT increased by $55 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.

INTEREST EXPENSE, NET

2014 Compared to 2013: Interest expense, net in 2014 was $2 million higher than in 2013 due primarily to decreased interest income, partially offset by reduced interest expense following the refinancing of portions of our Senior Notes due in 2016 and 2019.

2013 Compared to 2012: Interest expense, net in 2013 was $2 million lower than in 2012 due primarily to lower average interest rates on our outstanding debt.

LOSS ON EXTINGUISHMENT OF DEBT

In 2014, the Company recorded a $46 million loss on extinguishment of debt as a result of refinancing portions of our Senior Notes due in 2016 and 2019. For the year ended December 31, 2013, we did not record any losses related to the 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.

INCOME TAX EXPENSE

Income tax expense for 2014 was $5 million compared to $68 million in 2013.

The company's effective tax rate for 2014 was 2% on pre-tax income of $232 million. After adjusting for our loss on extinguishment of debt, restructuring and other adjusting items, the resolution of an uncertain tax position upon receiving final notification from the IRS that it had completed its audit examination for the taxable 2008 through 2010, and the reversal of a valuation allowance recorded in prior years against certain European net deferred tax assets which cumulatively totaled $86 million, the adjusted effective tax rate was 30% on adjusted pre-tax income of $298 million. The difference between the 30% adjusted effective tax rate and the statutory tax rate of 35% is primarily attributable to lower foreign tax rates and various tax planning initiatives.

The company's effective tax rate for 2013 was 25% 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 insurance settlement resulting from hurricane Sandy, the effective tax rate was 27% on adjusted pre-tax income of

$304 million. The difference between the

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

27% effective tax rate and the statutory tax rate of 35% is primarily attributable to lower foreign tax rates and various tax planning initiatives.

The company's effective tax rate for 2012 was 70% 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% on adjusted pre-tax income of $179 million. The difference between the 23% effective tax rate and the statutory tax rate of 35% is primarily attributable to lower foreign tax rates and various tax planning initiatives.

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 December 31,		
	2014	2013	2012
Charges related to cost reduction actions	$(37)	$(8)	$(51)
Other items related to cost reduction actions	1	(18)	(85)
Net loss on sale of European Stone Business	(20)	—	—
Impairment loss on Alcala, Spain facility held for sale	(3)	—	—
Gain on sale of Hangzhou, China facility	45	—	—
Net gain (loss) related to Hurricane Sandy insurance activity	(6)	15	(9)
Accelerated depreciation related to a change in the useful life of assets in Cordele, Georgia facility	—	(20)	—
Total adjusting items	$(20)	$(31)	$(145)

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

	Twelve Months Ended December 31,		
	2014	2013	2012
NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING	$226	$204	$(19)
Less: Net earnings attributable to noncontrolling interests	2	1	3
NET EARNINGS (LOSS)	228	205	(16)
Equity in net earnings of affiliates	1	—	(4)
Less: Income tax expense (benefit)	5	68	(28)
EARNINGS (LOSS) BEFORE TAXES	232	273	(40)
Interest expense, net	114	112	114
Loss on extinguishment of debt	46	—	74
EARNINGS BEFORE INTEREST AND TAXES	392	385	148
Less: adjusting items from above	(20)	(31)	(145)
ADJUSTED EBIT	$412	$416	$293

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.

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

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 December 31,					
	2014		2013		2012	
Net sales	$1,935		$1,845		$1,859	
% change from prior year	5	%	-1	%	-6	%
EBIT	$149		$98		$91	
EBIT as a % of net sales	8	%	5	%	5	%
Depreciation and amortization expense	$129		$130		$123	

NET SALES

2014 Compared to 2013: Net sales in our Composites business were $90 million higher in 2014 than in 2013. About half of the increase was driven by higher sales volumes. The remaining increase was driven about equally by higher selling prices of $32 million and favorable customer mix, partially offset by the impact of translating sales denominated in foreign currencies into United States dollars.

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 customer mix primarily related to the timing of shipments 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 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.

EBIT

2014 Compared to 2013: EBIT in our Composites segment was $51 million higher in 2014 than in 2013, primarily due to higher selling prices. About half of the remaining increase in EBIT was driven by the net impact of improved operating performance and favorable customer mix, partially offset by inflation and higher furnace-rebuild related costs. The remaining increase was driven about equally by higher sales volumes and the favorable resolution of a contract dispute.

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 customer mix related primarily to the timing of shipments. 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.

OUTLOOK

Global glass reinforcements market demand has historically grown on average with global industrial production and the Company believes this relationship will continue. In 2015, the Company expects moderate global industrial production growth.

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

Insulation

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

	Twelve Months Ended December 31,		
	2014	2013	2012
Net sales	$1,746	$1,642	$1,468
% change from prior year	6 %	12 %	7 %
EBIT	$108	$40	$(38)
EBIT as a % of net sales	6 %	2 %	-3 %
Depreciation and amortization expense	$101	$104	$105

NET SALES

2014 Compared to 2013: In our Insulation business, 2014 net sales were $104 million higher than in 2013, primarily due to higher selling prices of $52 million. The remaining increase was driven primarily by higher sales volumes of 2% and a full year of sales for our 2013 acquisition of Thermafiber, Inc.

2013 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.

EBIT

2014 Compared to 2013: In our Insulation business, EBIT increased $68 million in 2014 compared to 2013, primarily due to higher selling prices. Inflation was offset by favorable manufacturing performance and lower selling, general and administrative expenses. The remaining increase in EBIT was driven by higher sales volumes.

2013 Compared to 2012: 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.

OUTLOOK

During the fourth quarter of 2014, the average Seasonally Adjusted Annual Rate ("SAAR") of United States housing starts was approximately 1.075 million starts, up from an annual average of approximately 1.025 million starts in the fourth quarter of 2013. While the information on United States housing starts has been positive over the past couple of years, the timing and pace of recovery of the United States housing market remains uncertain.

The Company expects our Insulation business to benefit from an improving U.S. housing market, improved pricing, and continued operating leverage. 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.

Roofing

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

	Twelve Months Ended December 31,		
	2014	2013	2012
Net sales	$1,748	$1,967	$2,014
% change from prior year	-11 %	-2 %	-7 %
EBIT	$232	$386	$331
EBIT as a % of net sales	13 %	20 %	16 %
Depreciation and amortization expense	$39	$38	$38

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

NET SALES

2014 Compared to 2013: In our Roofing business, net sales were $219 million lower in 2014 than in 2013. The decline in net sales was driven primarily by a 9% decrease in sales volumes. Lower selling prices of $61 million were partially offset by favorable product mix. In 2014, sales volumes decreased compared to 2013 primarily as a result of a mid-single digit decline in the size of the United States shingle market. In addition, the Company's market share, which had declined earlier in 2014, returned to historical share levels in the second half of 2014.

2013 Compared to 2012: 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% 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.

EBIT

2014 Compared to 2013: In our Roofing business, EBIT was $154 million lower in 2014 than in 2013. Lower sales volumes and lower selling prices contributed about equally to the decline in EBIT. The remainder of the decline was primarily driven by inflation, mainly for asphalt. Production curtailments were largely offset by lower selling, general and administrative expenses.

2013 Compared to 2012: 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.

OUTLOOK

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.

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 December 31,		
	2014	2013	2012
Charges related to cost reduction actions	$(37)	$(8)	$(51)
Other items related to cost reduction actions	1	(18)	(85)
Net loss on sale of European Stone Business	(20)	—	—
Impairment loss on Alcala, Spain facility held for sale	(3)	—	—
Gain on sale of Hangzhou, China facility	45	—	—
Net gain (loss) related to Hurricane Sandy insurance activity	(6)	15	(9)
Accelerated depreciation related to a change in the useful life of assets in Cordele, Georgia facility	—	(20)	—
General corporate expense and other	(77)	(108)	(91)
EBIT	$(97)	$(139)	$(236)
Depreciation and amortization	$35	$60	$83

EBIT

2014 Compared to 2013: In Corporate, Other and Eliminations, EBIT losses in 2014 were $42 million lower than in 2013.

Excluding adjusting items, general corporate expense and other was $31 million lower primarily due to decreases in variable compensation expense. In addition, we realized a $5 million gain related to a fixed capacity Brazil energy contract for the net settlement of energy purchases and sales on this contract during the Brazil plant's furnace rebuild.

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

Adjusting items for 2014 included a total of $36 million related to cost reduction actions and related items, $23 million related to impairments on assets held for sale or sold, $6 million related to clean up costs associated with the repair of our Kearny, New Jersey manufacturing facility, and a $45 million gain related to the sale of our Hangzhou, China facility.

Depreciation and amortization in 2014 was $25 million lower than in 2013, primarily due to $29 million of accelerated depreciation in our 2013 results related to our European restructuring plan and a change in useful life of assets located at our incomplete Cordele, Georgia Insulation facility.

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.

OUTLOOK

In 2015, we expect general corporate expense to grow to approximately $120 and $130 million. The primary driver of the increase is higher incentive compensation expense commensurate with anticipated levels of performance. In addition, 2014 included a $5 million net settlement gain related to a fixed capacity Brazil energy contract that expired in 2014.

SAFETY

Working safely is a condition of employment at Owens Corning. The Company believes 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. 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, 2014, our RIR was 0.56 as compared to 0.47 in the same period a year ago.

LIQUIDITY, CAPITAL RESOURCES AND OTHER RELATED MATTERS

Liquidity

The Company's primary sources of liquidity are its senior revolving credit facility and its receivables securitization facility.

The Company has an $800 million senior revolving credit facility which matures in November 2018. 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.

The Company has a $250 million receivables securitization facility which matures in January 2018. 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. In January 2015, we amended the receivables securitization facility to extend its maturity to January 2018 and remove the seasonal reduction of the facility restoring the full $250 million of facility capacity during the months of November, December, and January.

As of December 31, 2014, the Company utilized its receivables securitization facility for $106 million of borrowings and $38 million of outstanding letters of credit, and had $56 million available on this facility. As of December 31, 2014, the Company had no borrowings on its senior revolving credit facility, $9 million of outstanding letters of credit, and had $791 million available on this facility.

The Company issued $400 million of 2024 senior notes on November 12, 2014 at 4.20%. The proceeds of these notes were used to repay $242 million of our 2016 senior notes at an average price equal to 111.46% of the principal amount, together with accrued interest of $7 million. In addition $105 million of our 2019 senior notes at an average price equal to 122.98% of the

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

principal amount, together with accrued interest of $4 million, were also repaid. The remaining funds were used to pay down our Senior Revolving Credit Facility, finance general working capital needs, and for general corporate purposes. Interest on the notes is payable semiannually in arrears on June 1 and December 1 each year, beginning on June 1, 2015.

The Company has no significant debt maturities before 2016. As of December 31, 2014, the Company had $2 billion of total debt and cash-on-hand of $67 million.

Cash and cash equivalents held by foreign subsidiaries may be subject to U.S. income taxes and foreign withholding taxes upon repatriation to the U.S. The Company does 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, 2014, and December 31, 2013, the Company had approximately $46 million and $49 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.

The Company expects its cash on hand, coupled with future cash flows from operations and other available sources of liquidity, including its senior revolving credit facility, to provide ample liquidity to meet its 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.

The Company has 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.

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. The Company was in compliance with these covenants as of December 31, 2014.

Cash flows

The following table presents a summary of our cash balance, cash flows, and availability on credit facilities (in millions):

	Twelve Months Ended December 31,		
	2014	2013	2012
Cash balance	$67	$57	$55
Cash provided by operating activities	$441	$407	$330
Cash used for investing activities	$(286)	$(307)	$(253)
Cash used for financing activities	$(142)	$(96)	$(76)
Availability on the senior revolving credit facility	$791	$773	$723
Availability on the receivables securitization facility	$56	$—	$—

Operating activities: In 2014, the Company generated $441 million of cash from operating activities compared to $407 million in 2013. This improvement was primarily from increased net earnings.

Investing activities: The $21 million decrease in cash used for investing activities in 2014 compared to 2013 was due to higher proceeds from the sales of assets or affiliates and alloy, offset by increased capital expenditures.

Financing activities: Cash used for financing activities in 2014 was $142 million compared to $96 million in 2013. The increase was primarily driven by a net decrease in borrowings and the initiation of dividend payments in 2014, partially offset by a decrease in amounts used to repurchase stock.

On February 5, 2015, the Board of Directors declared a quarterly dividend of $0.17 per common share payable on April 2, 2015 to shareholders of record as of March 13, 2015.

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

2015 Investments

Capital Expenditures: The Company will continue a balanced approach to the use of its cash flows. Operational cash flow will be used to fund the Company's growth and innovation. Capital expenditures in 2015 are expected to be approximately $355 million which is roughly $45 million greater than expected depreciation and amortization. Capital spending in excess of depreciation and amortization is primarily due to the construction of our non-woven 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.

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, 2014 and 2013, our federal tax net operating losses remaining were $2.2 billion. The federal net operating losses did not change materially from prior year. 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% 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 $2.4 billion and $0.9 billion as of December 31, 2014, respectively and $2.5 billion and $0.9 billion as of December 31, 2013, respectively. The state net operating losses decreased from prior year primarily from expiring loss years that were offset by a full valuation allowance. Foreign net operating losses did not materially change from prior year. 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 $2.4 billion, $2.6 billion and $0.9 billion, 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, 2014, 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 $227 million as of December 31, 2014.

Pension contributions

The Company has several defined benefit pension plans. The Company made cash contributions of $52 million and $39 million to the plans during the twelve months ended December 31, 2014 and 2013, respectively. The increase in pension contributions in 2014 was driven by higher pension contributions required to maintain our funded status. The Company expects to contribute $62 million in cash to its pension plans during 2015. 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.

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

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

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. The Company utilizes, among other strategies, interest rate swaps to achieve this balance in interest rate exposures.

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, 2014 are as follows (in millions):

	Payments due by period						
	2015	2016	2017	2018	2019	2020 and Beyond	Total
Long-term debt obligations	$3	$269	$—	$—	$143	$1,532	$1,947
Interest on fixed rate debt	106	104	94	93	87	814	1,298
Interest on variable rate debt (1)	3	2	2	1	—	—	8
Capital lease obligations	4	3	4	4	4	28	47
Operating lease obligations	53	44	32	20	14	37	200
Purchase obligations (2)	217	28	26	30	13	68	382
Deferred acquisition payments	—	6	9	—	—	—	15
Pension contributions (3)	62	—	—	—	—	—	62
Total (4)	$448	$456	$167	$148	$261	$2,479	$3,959

(1) Interest on variable rate debt is calculated using the weighted-average interest rate in effect as of December 31, 2014 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. The Company 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. The Company does not believe such purchase orders will adversely affect our liquidity position.

(3) Pension contributions include estimated contributions for our defined benefit pension plans. The Company is not presenting estimated payments in the table above beyond 2015 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, 2014 was $26 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.

The Company believes 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. The Company has three reporting units; Composites, Insulation and Roofing. Seventy-six percent or $888 million of recorded goodwill is allocated to our Insulation segment, nineteen percent or $223 million of recorded goodwill is allocated to our Roofing segment, and five percent or $57 million is allocated to our Composites segment.

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 2014, the Company has elected not to perform the qualitative approach, and proceeded 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, the Company evaluates 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, 2014. The fair value of each of our reporting units was in excess of its carrying value and thus, no impairment exists. The fair value of all three reporting units substantially exceeded the carrying value as of the date of our assessment.
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

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

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. The Company groups 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 temporary 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 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, 2014 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 3.85% at December 31, 2014 compared to 4.65% at December 31, 2013. A 25 basis point increase (decrease) in the discount rate would decrease (increase) the December 31, 2014 projected benefit obligation for the United States pension plans by approximately $39 million. A 25 basis point increase (decrease) in the discount rate would decrease (increase) 2015 net periodic pension cost by approximately $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. The Company uses 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% at the December 31, 2014 measurement date, which is used to determine net periodic pension cost for the year 2015. This assumption is flat and 0.50% lower than the 7.00% return and 7.50% return selected at the December 31, 2013 and December 31, 2012 measurement dates, respectively. A 25 basis point increase (decrease) in return on plan assets assumption would result in a respective decrease (increase) of 2015 net periodic pension cost by approximately $2 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 3.70% at December 31, 2014 compared to 4.35% at December 31, 2013. A 25 basis point increase (decrease) in the discount rate would decrease (increase) the United States postretirement benefit obligation by approximately $6 million and decrease (increase) 2015 net periodic

postretirement benefit cost by less than $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.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"). ASU 2014-08 changes the criteria for reporting discontinued operations and requires new disclosures for discontinued

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

operations and for significant disposals of components of an entity that do not qualify for discontinued operations reporting. The adoption impacted the presentation of the consolidated financial statements related to disposals in 2014.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," ("ASU 2014-09"). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnote disclosures. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is not permitted. Accordingly, the standard is effective for the Company on January 1, 2017.

ENVIRONMENTAL MATTERS

The Company has 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. The Company has also been deemed a PRP under similar state or local laws and in other instances other PRPs have brought suits against it as a PRP for contribution under such federal, state, or local laws. As of December 31, 2014, we had environmental remediation liabilities as a PRP at 21 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. Environmental liability estimates may be affected by changing determinations of what constitutes an environmental exposure or an acceptable level of cleanup. To the extent that the required remediation procedures or timing of those procedures change, additional contamination is identified, or the financial condition of other PRPs is adversely affected, the estimate of our environmental liabilities may change. For these sites the Company estimates a reserve to reflect environmental liabilities that have been asserted or are probable of assertion, in which liabilities are probable and reasonably estimable. As of December 31, 2014, our reserve for such liabilities was $3 million. Changes in required remediation procedures or timing of those procedures at existing legacy sites, or discovery of contamination at additional sites, could result in increases to our environmental obligations.

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," " "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 may 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 and pricing factors;
- levels of global industrial production;
- demand for our products;
- relationships with key customers;
- industry and economic conditions that affect the market and operating conditions of our customers, suppliers or lenders;
- our level of indebtedness;
- weather conditions;
- availability and cost of credit;
- availability and cost of energy and 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 and intellectual property protection;
- foreign exchange and commodity price fluctuations;
- interest rate movements;
- labor disputes, and litigation;
- uninsured losses;
- issues related to acquisitions, divestitures and joint ventures;
- 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 except as required by federal securities laws. 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 analysis 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 transactional 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 United States Dollar versus the Brazilian Real, Canadian Dollar, European Euro, Mexican Peso, and Russian Rouble exchange rates. The net fair value of financial instruments used to limit exposure to foreign currency risk was approximately $(2) million and $(1) million as of December 31, 2014 and 2013, respectively. The potential change in fair value at both December 31, 2014 and 2013 for such financial instruments from an increase (decrease) of 10% in quoted foreign currency exchange rates would be an increase (decrease) of approximately $5 million and $7 million, respectively. Our translation exposure resulting from translating the financial statements of foreign subsidiaries into United States dollars is not hedged. Our most significant translation exposures are the Canadian Dollar, Chinese Yuan, European Euro, and Russian Rouble in relation to the United States Dollar.

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, 2014, there were no amounts outstanding on the senior revolving credit facility and $106 million outstanding on the accounts receivables securitization facility, with the balance of other floating rate debt of $6 million. 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. Cash and cash equivalents were $67 million and $57 million at December 31, 2014 and 2013, respectively. A one percentage point increase (decrease) in interest rates at both December 31, 2014 and 2013 would increase (decrease) our annual net interest expense by $1 million and $2 million, respectively.

The fair market value of the Company's senior notes are subject to interest rate risk. It is estimated that at December 31, 2014, a one percentage point increase (decrease) in interest rates would (decrease) increase the fair market value of the notes due in 2016 by 2%, the notes due in 2019 by 3% and 6%, respectively, the notes due in 2022

by 6% and 7%, respectively, the notes due in 2024 by 8%, and the notes due in 2036 by 11% and 13%, respectively. At December 31, 2013, 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 3%, the notes due in 2019 by 3% and 7%, respectively, the notes due in 2022 by 4% and 7%, respectively and the notes due in 2036 by 11% and 13%, respectively.

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 at both December 31, 2014 and 2013 would decrease (increase) the fair value of the swaps by $8 million, and increase (decrease) annual interest expense by $1 million.

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

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, 2014 and 2013, the net fair value of such swap contracts was a liability of $8 million and an asset of $1 million, respectively. The potential change in fair value at December 31, 2014 and 2013 resulting from an increase (decrease) of 10% change in the underlying commodity prices would be an increase (decrease) of approximately $3 million. This amount excludes the offsetting impact of the price risk inherent in the physical purchase of the underlying commodities.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Pages 43 through 101 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.

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Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to directors and corporate governance will be presented in the 2015 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 2015 Proxy Statement under the section entitled “Executive Compensation,” exclusive of the subsection entitled “Compensation Committee Report,” and the section entitled “2014 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 2015 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 2015 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.

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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, 2014 and 2013 are as follows (in thousands):

	2014	2013
Audit Fees (1)	$4,626	$4,282
Audit-Related Fees (2)	30	443
Tax Fees	294	183
All Other Fees	10	107
Total Fees	$4,960	$5,015

(1) Amounts shown reflect fees for the years ended December 31, 2014 and 2013, respectively.

(2) The fees relate primarily to due diligence work and review of the Company's required franchise disclosure documents in 2014 and 2013.

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.

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Part IV

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	February 11, 2015
	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.

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/s/ Michael H. Thaman Michael H. Thaman, Chairman of the Board, President, Chief Executive Officer and Director	February 11, 2015
/s/ Michael C. McMurray Michael C. McMurray, Senior Vice President and Chief Financial Officer	February 11, 2015
/s/ Kelly J. Schmidt Kelly J. Schmidt, Vice President and Controller	February 11, 2015
/s/ Norman P. Blake, Jr. Norman P. Blake, Jr., Director	February 11, 2015
/s/ Cesar Conde Cesar Conde, Director	February 11, 2015
/s/ J. Brian Ferguson J. Brian Ferguson, Director	February 11, 2015
/s/ Ralph F. Hake Ralph F. Hake, Director	February 11, 2015
/s/ F. Philip Handy F. Philip Handy, Director	February 11, 2015
/s/ Ann Iverson Ann Iverson, Director	February 11, 2015

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/s/ Edward F. Lonergan Edward F. Lonergan, Director	February 11, 2015
/s/ James J. McMonagle James J. McMonagle, Director	February 11, 2015
/s/ W. Howard Morris W. Howard Morris, Director	February 11, 2015
/s/ Suzanne P. Nimocks Suzanne P. Nimocks, Director	February 11, 2015
/s/ Maryann T. Seaman Maryann T. Seaman, Director	February 11, 2015
/s/ John D. Williams John D. Williams, Director	February 11, 2015

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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, 2014 based on criteria established in the Internal Control-Integrated Framework in 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

PricewaterhouseCoopers LLP has audited the effectiveness of the internal controls over financial reporting as of December 31, 2014 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, 2014, the Company's internal control over financial reporting was effective.

/s/ Michael H. Thaman Michael H. Thaman, President and Chief Executive Officer	February 11, 2015
/s/ Michael C. McMurray Michael C. McMurray, Senior Vice President and Chief Financial Officer	February 11, 2015

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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, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 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, 2014, based on criteria established in the Internal Control-Integrated Framework (2013) 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, OH
February 11, 2015

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

	Twelve Months Ended December 31,		
	2014	2013	2012
NET SALES	$5,276	$5,295	$5,172
COST OF SALES	4,300	4,329	4,375
Gross margin	976	966	797
OPERATING EXPENSES			
Marketing and administrative expenses	487	530	509
Science and technology expenses	76	77	79
Charges related to cost reduction actions	37	8	51
Other expenses (income), net	(16)	(34)	10
Total operating expenses	584	581	649
EARNINGS BEFORE INTEREST AND TAXES	392	385	148
Interest expense, net	114	112	114
Loss on extinguishment of debt	46	—	74
EARNINGS (LOSS) BEFORE TAXES	232	273	(40)
Less: Income tax expense (benefit)	5	68	(28)
Equity in net earnings of affiliates	1	—	(4)
NET EARNINGS (LOSS)	228	205	(16)
Less: Net earnings attributable to noncontrolling interests	2	1	3
NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING	$226	$204	$(19)
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS			
Basic	$1.92	$1.73	$(0.16)
Diluted	$1.91	$1.71	$(0.16)
Dividend	$0.64	$—	$—
WEIGHTED AVERAGE COMMON SHARES			
Basic	117.5	118.2	119.4
Diluted	118.3	119.1	119.4

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

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

	Twelve Months Ended December 31,		
	2014	2013	2012
NET EARNINGS (LOSS)	$228	$205	$(16)
Currency translation adjustment	(134)	(28)	5
Pension and other postretirement adjustment (net of tax of $67, $(45) and $27, for the periods ended December 31, 2014, 2013 and 2012, respectively)	(113)	94	(56)
Deferred income (loss) on hedging (net of tax of $3, $(1) and $0, for the periods ended December 31, 2014, 2013 and 2012, respectively)	(6)	1	2
COMPREHENSIVE EARNINGS (LOSS)	(25)	272	(65)
Less: Comprehensive earnings attributable to noncontrolling interests	2	1	3
COMPREHENSIVE EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING	$(27)	$271	$(68)

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OWENS CORNING AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions)

	December 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$67	$57
Receivables, less allowances of $10 at December 31, 2014 and $14 at December 31, 2013	674	683
Inventories	817	810
Assets held for sale – current	16	29
Other current assets	233	269
Total current assets	1,807	1,848
Property, plant and equipment, net	2,899	2,932
Goodwill	1,168	1,166
Intangible assets	1,017	1,040
Deferred income taxes	444	436
Other non-current assets	220	225
TOTAL ASSETS	$7,555	$7,647
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$949	$988
Short-term debt	31	1
Long-term debt – current portion	3	3
Total current liabilities	983	992
Long-term debt, net of current portion	1,991	2,024
Pension plan liability	447	336
Other employee benefits liability	252	242
Deferred income taxes	22	23
Other liabilities	130	200
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	3,954	3,938
Accumulated earnings	805	655
Accumulated other comprehensive deficit	(550)	(297)
Cost of common stock in treasury (c)	(518)	(504)
Total Owens Corning stockholders' equity	3,692	3,793
Noncontrolling interests	38	37
Total equity	3,730	3,830
TOTAL LIABILITIES AND EQUITY	$7,555	$7,647

(a) 10 shares authorized; none issued or outstanding at December 31, 2014 and December 31, 2013
(b) 400 shares authorized; 135.5 issued and 117.8 outstanding at December 31, 2014 and December 31, 2013
(c) 17.7 shares at December 31, 2014 and December 31, 2013

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

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

	Common Stock Outstanding Shares	Par Value	Treasury Stock Shares	Cost	APIC (a)	Accumulated Earnings (Deficit)	AOCI (b)	NCI (c)	Total
Balance at December 31, 2011	120.9	$ 1	13.5	$ (362)	$ 3,907	$ 470	$ (315)	$ 40	$ 3,741
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	118.3	$ 1	17.3	$ (475)	$ 3,925	$ 451	$ (364)	$ 37	$ 3,575
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 gain on hedging transactions (net of tax)	—	—	—	—	—	—	1	—	1
Total comprehensive earnings									271
Stock issuance	0.5	—	(0.6)	17	(1)	—	—	—	16
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	117.8	$ 1	17.7	$ (504)	$ 3,938	$ 655	$ (297)	$ 37	$ 3,830
Comprehensive earnings:									
Net earnings attributable to Owens Corning						226		2	228
Currency translation adjustment							(134)	(1)	(135)
Pension and other postretirement adjustment (net of tax)							(113)		(113)
Deferred loss on hedging transactions (net of tax)							(6)		(6)
Total comprehensive earnings									(26)
Stock issuance	0.3		(0.3)	30	(16)				14
Purchases of treasury stock	(1.0)		1.0	(44)					(44)
Stock-based compensation	0.7		(0.7)	—	32				32
Dividends declared	—	—	—	—	—	(76)	—	—	(76)
Balance at December 31, 2014	117.8	$ 1	17.7	$ (518)	$ 3,954	$ 805	$ (550)	$ 38	$ 3,730

(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.

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

	Twelve Months Ended December 31,		
	2014	2013	2012
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES			
Net earnings (loss)	$228	$205	$(16)
Adjustments to reconcile net earnings (loss) to cash provided by operating activities:			
Depreciation and amortization	304	332	349
Gain on sale of assets or affiliates	(55)	(6)	(17)
Impairment of European Stone Business	20	—	—
Proceeds from Hurricane Sandy insurance claims	—	(58)	(20)
Deferred income taxes	(15)	54	(59)
Provision for pension and other employee benefits liabilities	18	23	36
Stock-based compensation expense	29	28	24
Other non-cash	(30)	(18)	(14)
Loss on extinguishment of debt	46	—	74
Change in working capital accounts:			
Changes in receivables, net	(10)	(77)	24
Changes in inventories	(29)	(27)	(4)
Changes in accounts payable and accrued liabilities	(8)	46	23
Changes in other current assets	(3)	4	(39)
Other	—	—	2
Pension fund contribution	(52		