HOVNANIAN ENTERPRISES INC
Form S-8
March 20, 2019
As filed with the Securities and Exchange Commission on March 20, 2019.

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

Hovnanian Enterprises, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**22-1851059**
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification Number)

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90 Matawan Road, Fifth Floor

Matawan, NJ 07747
(732) 747-7800

(Address of principal executive offices, including zip code and telephone number)

2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan

(Full title of the plan)

J. Larry Sorsby

Hovnanian Enterprises, Inc.

90 Matawan Road, Fifth Floor

Matawan, NJ 07747

(732) 747-7800

(Name and address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Marisa D. Stavenas, Esq.

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, New York 10017-3954

(212) 455-2000

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

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

If an emerging growth company indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of securities to be registered(1)	**Amount to be registered(1)(2)**	**Proposed maximum offering price per share(3)**	**Proposed maximum aggregate offering price(3)(4)**	**Amount of registration fee(3)(4)**
Class A Common Stock, par value $0.01 per share, and Class B Common Stock, par value $0.01 per share	5,300,000 shares	$0.58	$3,074,000	$373
Preferred Stock Purchase Rights(4)	—	—	—	—

(1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement also covers an indeterminate number of additional shares which may be offered and issued under the 2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan (the "2012 Amended and Restated Plan") to prevent dilution resulting from stock splits, stock dividends, anti-dilution provisions or similar transactions.

(2) This Registration Statement covers a maximum aggregate of 5,300,000 shares of Class A common stock, par value $0.01 per share ("Class A Common Stock"), and Class B common stock, par value $0.01 per share ("Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"), of Hovnanian Enterprises, Inc. (the "Company") approved for issuance under the 2012 Amended and Restated Plan.

(3) Pursuant to Rule 457(c) and 457(h) under the Securities Act, the proposed maximum offering price per share, the proposed maximum aggregate offering price and the amount of the registration fee have been computed on the basis of the average of the high and low prices per share of the Company's Class A Common Stock reported on the New York Stock Exchange on March 19, 2019. There is no established public trading market for the Company's Class B Common Stock and, in order to trade Class B Common Stock, the shares must be converted into Class A Common Stock on a one-for-one basis.

(4) Each share of Common Stock includes an associated Preferred Stock Purchase Right. Each Preferred Stock Purchase Right initially represents the right, if such Preferred Stock Purchase Right becomes exercisable, to purchase from the Company one ten-thousandth of a share of its Series B Junior Preferred Stock for each share of Common Stock. The Preferred Stock Purchase Rights currently cannot trade separately from the underlying Common Stock and, therefore, do not carry a separate price or necessitate an additional registration fee.

EXPLANATORY NOTE

On March 19, 2019 at the annual meeting of stockholders of Hovnanian Enterprises, Inc. (the “Company”), the Company’s stockholders approved the 2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan (the “2012 Amended and Restated Plan”) which increased the number of shares of the Company’s common stock, par value $0.01 per share (the “Shares”), that may be issued under the 2012 Amended and Restated Plan by 5,300,000 Shares from the 20,550,000 Shares which were previously authorized for issuance under the 2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan (as amended through January 2016) (the “Existing Plan”). As a result, the total number of Shares authorized for issuance is 25,850,000. This Registration Statement on Form S-8 relates to the additional 5,300,000 Shares authorized for issuance under the 2012 Amended and Restated Plan.

Pursuant to General Instruction E to Form S-8, the contents of the Registration Statements on Form S-8 with respect to the Existing Plan and the 2012 Hovnanian Enterprises, Inc. Stock Incentive Plan (Registration Nos. 333-210218, 333-194542 and 333-180668), filed with the Securities and Exchange Commission (the “Commission”) on March 15, 2016, March 13, 2014 and April 11, 2012, including the information contained therein, are hereby incorporated by reference into this Registration Statement on Form S-8 (the “Registration Statement”), except that the provisions contained in Part II of such earlier registration statements are modified as set forth in this Registration Statement.

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The information specified in Items 1 and 2 of Part I of Form S-8 is omitted from this Registration Statement in accordance with the provisions of Rule 428 under the Securities Act and the introductory note to Part I of Form S-8. The documents containing the information specified in Part I of Form S-8 will be delivered to the participants in the 2012 Amended and Restated Plan covered by this Registration Statement as required by Rule 428(b)(1).

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed with the Commission by the Company are hereby incorporated by reference in this Registration Statement:

a) the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2018 filed on December 20, 2018;

b) the Company’s Quarterly Report on Form 10-Q for the quarterly period ended January 31, 2019 filed on March 7, 2019;

c) the Company’s Current Reports on Form 8-K filed on December 3, 2018, January 11, 2019, January 17, 2019 and March 20, 2019;

d) The descriptions of the Company’s Class A Common Stock and Class B Common Stock contained in the Company’s Registration Statements on Form 8-A, each filed on March 13, 2001, and any amendment or report filed for the purpose of updating such descriptions; and

e) The descriptions of the Company’s Preferred Stock Purchase Rights contained in the Company’s Registration Statements on Form 8-A, filed on August 14, 2008, February 10, 2009, January 11, 2018 and January 12, 2018, and any amendment or report filed for the purpose of updating such descriptions.

All documents that the Company subsequently files pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 (as amended) (other than information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K, unless expressly stated otherwise therein) after the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 6. Indemnification of Directors and Officers.

The Company is a Delaware corporation. Section 145 of the General Corporation Law of the State of Delaware grants each corporation organized thereunder the power to indemnify any person who is or was a director, officer, employee or agent of a corporation or enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of being or having been in any such capacity, if he or she acted in good faith in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Section 102(b)(7) of the General Corporation Law of the State of Delaware enables a corporation in its certificate of incorporation or an amendment thereto validly approved by stockholders to limit or eliminate the personal liability of the members of its board of directors for violations of the directors' fiduciary duty of care.

Article FOUR of the Company's Amended and Restated By-Laws contains the following provisions with respect to indemnification:

The Corporation shall indemnify any current or former director or officer of the Corporation and his or her heirs, executors and administrators, and may, at the discretion of the Board of Directors, indemnify any current or former employee or agent of the Corporation and his or her heirs, executors and administers, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonable incurred by him or by his or her heirs, executors and administrators in connection with any threatened, pending or completed action, suit or proceeding (brought by or in the right of the Corporation or otherwise), whether civil, criminal, administrative or investigative, and whether formal or informal, including appeals, to which he was or is a party or is threatened to be made a party by reason of his or her current or former position with the Corporation or by reason of the fact that he is or was serving, at the request of the Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Notwithstanding the preceding sentence, except as otherwise provided in this Article IV, the Corporation shall be required to indemnify a director or officer of the Corporation and his or her heirs, executors and administrators in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by such person was authorized in the specific case by the Board of Directors of the Corporation.

Any indemnification pursuant to the provisions above shall be made by the Company unless a determination (as provided for in the Company's Amended and Restated By-Laws) is made that indemnification is not proper because the person has not met the applicable standards of conduct as set forth therein.

The Company maintains a liability insurance policy providing coverage for its directors and officers in an amount up to $65,000,000.

Item 8. Exhibits.

Exhibit Number	Description of Document
4.1	Restated Certificate of Incorporation of Hovnanian Enterprises, Inc. (1)
4.2	Certificate of Amendment of the Restated Certificate of Incorporation of Hovnanian Enterprises, Inc., dated March 13, 2018. (2)
4.3	Amended and Restated By-Laws of Hovnanian Enterprises, Inc. (3)
4.4	Specimen Class A Common Stock Certificate. (4)
4.5	Specimen Class B Common Stock Certificate. (4)
4.6	Certificate of Designations of the Series B Junior Preferred Stock of Hovnanian Enterprises, Inc., dated August 14, 2008. (5)
4.7	Rights Agreement, dated as of August 14, 2008, between Hovnanian Enterprises, Inc. and National City Bank, as Rights Agent, which includes the Form of Certificate of Designation as Exhibit A, Form of Right Certificate as Exhibit B and the Summary of Rights as Exhibit C. (6)
4.8	Amendment No. 1 to Rights Agreement, dated as of January 11, 2018, between Hovnanian Enterprises, Inc. and Computershare Trust Company, N.A. (as successor to National City Bank), as Rights Agent, which includes the amended and restated Form of Rights Certificate as Exhibit 1 and the amended and restated Summary of Rights as Exhibit 2. (7)
4.9	2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan. (8)
5.1 *	Opinion of Simpson Thacher & Bartlett LLP.
23.1 *	Consent of Deloitte & Touche LLP.
23.2 *	Consent of Deloitte & Touche LLP.
23.3 *	Consent of Deloitte & Touche LLP.
23.4 *	Consent of Simpson Thacher & Bartlett LLP (included as part of Exhibit 5.1).
24.1 *	Powers of Attorney.

* Filed herewith.

(1) Incorporated by reference to Exhibits to Current Report on Form 8-K of Hovnanian Enterprises, Inc., filed March 15, 2013.
(2) Incorporated by reference to Exhibits to Current Report on Form 8-K of Hovnanian Enterprises, Inc., filed March 14, 2018.
(3) Incorporated by reference to Exhibits to Current Report on Form 8-K of Hovnanian Enterprises, Inc., filed December 3, 2018.
(4) Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of Hovnanian Enterprises, Inc. for the quarter ended January 31, 2009.
(5) Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of Hovnanian Enterprises, Inc. for the quarter ended July 31, 2008.
(6) Incorporated by reference to Exhibits to the Registration Statement on Form 8-A of Hovnanian Enterprises, Inc., filed August 14, 2008.
(7) Incorporated by reference to Exhibits to Current Report on Form 8-K of Hovnanian Enterprises, Inc., filed January 11, 2018.
(8) Incorporated by reference to Appendix A to the definitive Proxy Statement of Hovnanian Enterprises, Inc. on Schedule 14A, filed February 4, 2019.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Scottsdale, State of Arizona on March 20, 2019.

HOVNANIAN ENTERPRISES, INC.

By: /s/ J. Larry Sorsby
Name: J. Larry Sorsby
Title: Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on March 20, 2019.

Signature	Title
/s/ Ara K. Hovnanian Ara K. Hovnanian	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
/s/ J. Larry Sorsby J. Larry Sorsby	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)
/s/ Brad G. O'Connor Brad G. O'Connor	Vice President, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)
* Robert B. Coutts	Director
* Edward A. Kangas	Director
* Joseph A. Marengi	Director
* Vincent Pagano Jr.	Director

* Director
Robin S. Sellers

* Director
Stephen D. Weinroth

* J. Larry Sorsby, by signing his name hereto, does hereby sign this document on behalf of himself and each of the above named directors of the Company pursuant to powers of attorney duly executed by such persons (set forth in Exhibit 24.1 to this Registration Statement).

/s/ J. Larry Sorsby
J. Larry Sorsby, Attorney-in-Fact

STYLE="BORDER-BOTTOM:1px solid #000000"> **Parent Guarantor Subsidiaries Non-Guarantor Subsidiaries Eliminations Consolidated**

NET SALES

$- $895 $485 $(104) $1,276

COST OF SALES

(3) 741 440 (104) 1,074

Gross margin

3 154 45 - 202

OPERATING EXPENSES

Marketing and administrative expenses

24 58 33 - 115

Science and technology expenses

- 15 5 - 20

Other expenses, net

(6) 24 (10) - 8

Total operating expenses

18 97 28 - 143

EARNINGS BEFORE INTEREST AND TAXES

(15) 57 17 - 59

Interest expense, net

27 - 2 - 29

EARNINGS BEFORE TAXES

(42) 57 15 - 30

Less: Income tax benefit

(16) 11 (9) - (14)

Equity in net earnings of subsidiaries

70 25 - (95) -

Equity in net earnings (loss) of affiliates

- (1) 1 - -

NET EARNINGS

44 70 25 (95) 44

Less: Net earnings attributable to noncontrolling interest

\- - - - -

NET EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 44	$ 70	$ 25	$(95)	$ 44

Table of Contents

- 28 -

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF EARNINGS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET SALES	$ -	$ 1,028	$ 507	$ (85)	$ 1,450
COST OF SALES	(6)	809	415	(85)	1,133
Gross margin	6	219	92	-	317
OPERATING EXPENSES					
Marketing and administrative expenses	14	68	37	-	119
Science and technology expenses	-	16	4	-	20
Other expenses, net	(24)	6	19	-	1
Total operating expenses	(10)	90	60	-	140
EARNINGS BEFORE INTEREST AND TAXES	16	129	32	-	177
Interest expense, net	25	1	2	-	28
EARNINGS BEFORE TAXES	(9)	128	30	-	149
Less: Income tax expense	(2)	26	(1)	-	23
Equity in net earnings of subsidiaries	131	30	-	(161)	-
Equity in net earnings (loss) of affiliates	-	(1)	1	-	-
NET EARNINGS	124	131	32	(161)	126
Less: Net earnings attributable to noncontrolling interest	-	-	2	-	2
NET EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 124	$ 131	$ 30	$ (161)	$ 124

Table of Contents

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF EARNINGS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET SALES	$ -	$ 2,846	$ 1,461	$ (294)	$ 4,013
COST OF SALES	-	2,353	1,327	(294)	3,386
Gross margin	-	493	134	-	627
OPERATING EXPENSES					
Marketing and administrative expenses	86	190	104	-	380
Science and technology expenses	-	47	13	-	60
Charges related to cost reduction actions	-	-	36	-	36
Other expenses, net	(25)	34	10	-	19
Total operating expenses	61	271	163	-	495
EARNINGS BEFORE INTEREST AND TAXES	(61)	222	(29)	-	132
Interest expense, net	76	2	7	-	85
EARNINGS BEFORE TAXES	(137)	220	(36)	-	47
Less: Income tax expense	(52)	56	4	-	8
Equity in net earnings (loss) of subsidiaries	122	(41)	-	(81)	-
Equity in net earnings (loss) of affiliates	-	(1)	1	-	-
NET EARNINGS	37	122	(39)	(81)	39
Less: Net earnings attributable to noncontrolling interest	-	-	2	-	2
NET EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 37	$ 122	$ (41)	$ (81)	$ 37

Table of Contents

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF EARNINGS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET SALES	$ -	$ 2,865	$ 1,527	$ (253)	$ 4,139
COST OF SALES	(19)	2,371	1,242	(253)	3,341
Gross margin	19	494	285	-	798
OPERATING EXPENSES					
Marketing and administrative expenses	40	248	107	-	395
Science and technology expenses	-	47	11	-	58
Other income, net	(81)	41	12	-	(28)
Total operating expenses	(41)	336	130	-	425
EARNINGS BEFORE INTEREST AND TAXES	60	158	155	-	373
Interest expense, net	79	(2)	4	-	81
EARNINGS BEFORE TAXES	(19)	160	151	-	292
Less: Income tax expense	(4)	35	32	-	63
Equity in net earnings (loss) of subsidiaries	241	118	-	(359)	-
Equity in net earnings of affiliates	-	(2)	3	-	1
NET EARNINGS	226	241	122	(359)	230
Less: Net earnings attributable to noncontrolling interest	-	-	4	-	4
	$ 226	$ 241	$ 118	$ (359)	$ 226

NET EARNINGS ATTRIBUTABLE TO OWENS CORNING

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET EARNINGS	$ 44	$ 70	$ 25	$ (95)	$ 44
Currency translation adjustment	28	-	-	-	28
Pension and other postretirement adjustment (net of tax)	(1)	-	-	-	(1)
Deferred income on hedging (net of tax)	2	-	-	-	2
COMPREHENSIVE EARNINGS	73	70	25	(95)	73
Less: Comprehensive earnings attributable to noncontrolling interest	-	-	-	-	-
NET EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 73	$ 70	$ 25	$ (95)	$ 73

Table of Contents

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET EARNINGS	$ 124	$ 131	$ 32	$ (161)	$ 126
Currency translation adjustment	(84)	-	-	-	(84)
Pension and postretirement adjustment (net of tax)	2	-	-	-	2
Deferred loss on hedging (net of tax)	(3)	-	-	-	(3)
COMPREHENSIVE EARNINGS	39	131	32	(161)	41
Less: Comprehensive earnings attributable to noncontrolling interest	-	-	2	-	2
COMPREHENSIVE EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 39	$ 131	$ 30	$ (161)	$ 39

Table of Contents

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET EARNINGS	$ 37	$ 122	$ (39)	$ (81)	$ 39
Currency translation adjustment	9	-	-	-	9
Pension and other postretirement adjustment (net of tax)	(2)	-	-	-	(2)
Deferred income on hedging (net of tax)	3	-	-	-	3
COMPREHENSIVE EARNINGS	47	122	(39)	(81)	49
Less: Comprehensive earnings attributable to noncontrolling interest	-	-	2	-	2
NET EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 47	$ 122	$ (41)	$ (81)	$ 47

Table of Contents

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET EARNINGS	$ 226	$ 241	$ 122	$ (359)	$ 230
Currency translation adjustment	(23)	-	-	-	(23)
Pension and postretirement adjustment (net of tax)	1	-	-	-	1
Deferred loss on hedging (net of tax)	(1)	-	-	-	(1)
COMPREHENSIVE EARNINGS	203	241	122	(359)	207
Less: Comprehensive earnings attributable to noncontrolling interest	-	-	4	-	4
COMPREHENSIVE EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 203	$ 241	$ 118	$ (359)	$ 203

Table of Contents

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

AS OF SEPTEMBER 30, 2012

(in millions)

ASSETS	**Parent**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
CURRENT ASSETS					
Cash and cash equivalents	$ -	$ -	$ 51	$ -	$ 51
Receivables, net	-	-	871	(101)	770
Due from affiliates	33	2,503	46	(2,582)	-
Inventories	-	466	327	-	793
Other current assets	(1)	60	96	-	155
Total current assets	32	3,029	1,391	(2,683)	1,769
Investment in subsidiaries	6,890	2,484	533	(9,907)	-
Due from affiliates	-	63	1,009	(1,072)	-
Property, plant and equipment, net	395	1,290	1,227	-	2,912
Goodwill	-	1,068	76	-	1,144
Intangible assets	-	944	313	(207)	1,050
Deferred income taxes	101	440	23	-	564
Other non-current assets	64	75	114	-	253
TOTAL ASSETS	$ 7,482	$ 9,393	$ 4,686	$ (13,869)	$ 7,692
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	$ 28	$ 514	$ 426	$ (101)	$ 867
Due to affiliates	1,371	-	1,211	(2,582)	-
Short-term debt	-	-	19	-	19
Long-term debt current portion	-	2	4	-	6
Total current liabilities	1,399	516	1,660	(2,683)	892
Long-term debt, net of current portion	1,958	29	204	-	2,191

Due to affiliates		-		1,009		63		(1,072)		-
Pension plan liability		281		-		139		-		420
Other employee benefits liability		-		238		21		-		259
Deferred income taxes		-		-		43		-		43
Other liabilities		199		178		37		(207)		207
Commitments and contingencies										
OWENS CORNING STOCKHOLDERS EQUITY										
Common stock		1		-		-		-		1
Additional paid in capital		3,917		6,539		2,040		(8,579)		3,917
Accumulated earnings		507		884		444		(1,328)		507
Accumulated other comprehensive deficit		(305)		-		-		-		(305)
Cost of common stock in treasury		(475)		-		-		-		(475)
Total Owens Corning stockholders equity		3,645		7,423		2,484		(9,907)		3,645
Noncontrolling interest		-		-		35		-		35
Total equity		3,645		7,423		2,519		(9,907)		3,680
TOTAL LIABILITIES AND EQUITY	$	7,482	$	9,393	$	4,686	$	(13,869)	$	7,692

Table of Contents

- 36 -

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

AS OF DECEMBER 31, 2011

(in millions)

ASSETS	**Parent**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
CURRENT ASSETS					
Cash and cash equivalents	$ -	$ -	$ 52	$ -	$ 52
Receivables, net	-	-	730	(120)	610
Due from affiliates	529	2,369	-	(2,898)	-
Inventories	-	447	348	-	795
Other current assets	1	75	103	-	179
Total current assets	530	2,891	1,233	(3,018)	1,636
Investment in subsidiaries	6,587	2,374	533	(9,494)	-
Due from affiliates	-	63	997	(1,060)	-
Property, plant and equipment, net	384	1,278	1,242	-	2,904
Goodwill	-	1,069	75	-	1,144
Intangible assets	-	959	352	(238)	1,073
Deferred income taxes	71	448	19	-	538
Other non-current assets	60	72	100	-	232
TOTAL ASSETS	$ 7,632	$ 9,154	$ 4,551	$ (13,810)	$ 7,527
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	$ 21	$ 553	$ 422	$ (120)	$ 876
Due to affiliates	1,676	25	1,197	(2,898)	-
Short-term debt	8	-	20	-	28
Long-term debt current portion	-	1	3	-	4
Total current liabilities	1,705	579	1,642	(3,018)	908
Long-term debt, net of current portion	1,709	29	192	-	1,930

Due to affiliates	-	997	63	(1,060)	-
Pension plan liability	293	-	142	-	435
Other employee benefits liability	-	247	20	-	267
Deferred income taxes	-	-	51	-	51
Other liabilities	224	182	27	(238)	195
Commitments and contingencies					
OWENS CORNING STOCKHOLDERS EQUITY					
Preferred stock	-	-	-	-	-
Common stock	1	-	-	-	1
Additional paid in capital	3,907	6,357	1,889	(8,246)	3,907
Accumulated earnings	470	763	485	(1,248)	470
Accumulated other comprehensive deficit	(315)	-	-	-	(315)
Cost of common stock in treasury	(362)	-	-	-	(362)
Total Owens Corning stockholders equity	3,701	7,120	2,374	(9,494)	3,701
Noncontrolling interest	-	-	40	-	40
Total equity	3,701	7,120	2,414	(9,494)	3,741
TOTAL LIABILITIES AND EQUITY	$ 7,632	$ 9,154	$ 4,551	$ (13,810)	$ 7,527

Table of Contents

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	$ (64)	$ 37	$ 120	$ -	$ 93
NET CASH FLOW USED FOR INVESTING ACTIVITIES					
Additions to plant and equipment	(22)	(123)	(90)	-	(235)
Proceeds from the sale of assets or affiliates	-	5	7	-	12
Net cash flow used for investing activities	(22)	(118)	(83)	-	(223)
NET CASH FLOW PROVIDED BY FINANCING ACTIVITIES					
Proceeds from senior revolving credit and receivables securitization facilities	1,089	-	116	-	1,205
Payments on senior revolving credit and receivables securitization facilities	(835)	-	(94)	-	(929)
Payments on long-term debt	(4)	-	(9)	-	(13)
Net decrease in short-term debt	(8)	-	(1)	-	(9)
Purchases of noncontrolling interest	-	(22)	-	-	(22)
Purchases of treasury stock	(113)	-	-	-	(113)
Other intercompany loans	(52)	103	(51)	-	-
Other	9	-	-	-	9
Net cash flow provided by financing activities	86	81	(39)	-	128
Effect of exchange rate changes on cash	-	-	1	-	1

Net decrease in cash and cash equivalents		-		-		(1)		-		(1)
Cash and cash equivalents at beginning of period		-		-		52		-		52
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	-	$	-	$	51	$	-	$	51

Table of Contents

OWENS CORNING AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

20. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (continued)

OWENS CORNING AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	$ (50)	$ 97	$ 12	$ -	$ 59
NET CASH FLOW USED FOR INVESTING ACTIVITIES					
Additions to plant and equipment	(3)	(155)	(145)	-	(303)
Investment in subsidiaries and affiliates, net of cash acquired	-	(84)	-	-	(84)
Proceeds from the sale of assets or affiliates	-	3	78	-	81
Net cash flow used for investing activities	(3)	(236)	(67)	-	(306)
NET CASH FLOW PROVIDED BY FINANCING ACTIVITIES					
Proceeds from senior revolving credit and receivables securitization facilities	805	-	202	-	1,007
Payments on senior revolving credit and receivables securitization facilities	(629)	-	-	-	(629)
Proceeds from long-term debt	-	-	6	-	6
Payments on long-term debt	-	-	(10)	-	(10)
Net decrease in short-term debt	-	-	17	-	17
Purchase of treasury stock	(138)	-	-	-	(138)
Other intercompany loans	50	139	(189)	-	-
Other	12	-	-	-	12
Net cash flow provided by financing activities	100	139	26	-.	265

Effect of exchange rate changes on cash		-		-		(20)		-	(20)
Net decrease in cash and cash equivalents		47		-		(49)		-	(2)
Cash and cash equivalents at beginning of period		3		-		49		-	52
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	50	$	-	$	-	$	-	$ 50

Table of Contents

- 39 -

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management s Discussion and Analysis (MD&A) is intended to help the reader 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.

GENERAL

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

EXECUTIVE OVERVIEW

We reported $59 million in earnings before interest and taxes (EBIT) for the third quarter 2012. We generated $81 million in adjusted earnings before interest and taxes (Adjusted EBIT) for the third-quarter 2012. Third quarter EBIT in our Building Materials segment declined by $58 million and EBIT in our Composites segment declined by $38 million compared to the same period in 2011. The repositioning of our European assets remains on track with $22 million of charges recorded during the third quarter. See below for further information regarding adjusted EBIT, including the reconciliation to net earnings attributable to Owens Corning.

In our Composites segment, EBIT in the third quarter 2012 was $11 million compared to $49 million in the same period in 2011 driven primarily by start-up costs related to our new low-cost capacity in Russia and Mexico, inflation and slightly lower selling prices.

In our Building Materials segment, EBIT in the third quarter 2012 was $86 million, compared to $144 million in the same period in 2011. In our Roofing business, EBIT declined $73 million on lower sales volumes driven by weakness in the U.S. roofing shingle market. Our Insulation business delivered EBIT of $3 million in the third quarter 2012 compared to a loss of $12 million in the same period in 2011, on the strength of higher sales volumes, manufacturing productivity and improved capacity utilization.

We maintain a strong balance sheet with ample liquidity. We have access to an $800 million senior revolving credit facility with a July 2016 maturity date and a $250 million receivables securitization facility with a December 2014 maturity date. We have no other significant debt maturities before 2016.

We repurchased 1.1 million shares of the Company s common stock for $31 million during the third quarter of 2012 under previously announced repurchase programs. As of September 30, 2012, 10 million shares remain available for repurchase under the authorized programs.

RECENT DEVELOPMENTS

On October 17, 2012, the Company issued $600 million of Senior Notes to refinance portions of our 2016 Senior Notes, our 2019 Senior Notes and pay down our Senior Revolving Credit Facility. Interest on the notes is payable semiannually in arrears on June 15 and December 15 each year, beginning on June 15, 2013. The notes have a 10 year maturity.

As a result of refinancing portions of our Senior Notes, we anticipate incurring a loss from debt extinguishment of approximately $75 million in the fourth quarter of 2012.

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

RESULTS OF OPERATIONS

Consolidated Results (in millions)

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2012	**2011**	**2012**	**2011**
Net sales	$ 1,276	$ 1,450	$ 4,013	$ 4,139
Gross margin	$ 202	$ 317	$ 627	$ 798
% of net sales	*16%*	*22%*	*16%*	*19%*
Charges related to cost reduction actions	$ -	$ -	$ 36	$ -
Earnings before interest and taxes	$ 59	$ 177	$ 132	$ 373
Interest expense, net	$ 29	$ 28	$ 85	$ 81
Income tax (income) expense	$ (14)	$ 23	$ 8	$ 63
Net earnings attributable to Owens Corning	$ 44	$ 124	$ 37	$ 226

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

Third quarter and year-to-date net sales decreased $174 million and $126 million, respectively, compared to the same periods in 2011. For both the third quarter and year-to-date comparisons, the decline in net sales was mainly due to lower sales volumes in our Roofing business, which were partially offset by higher sales volumes in our Insulation business, and the unfavorable impact of translating sales denominated in foreign currencies into United States dollars in our Composites segment.

GROSS MARGIN

Gross margin in both the third-quarter and year-to-date included a $22 million and $73 million charge resulting from our European restructuring actions, respectively, both of which are reflected in cost of sales. The primary contributors to the remaining change in gross margin for both periods was a decrease in gross margin in our Roofing business, partially offset by an increase in Insulation gross margin, and a decrease in gross margin in our Composites segment.

CHARGES RELATED TO COST REDUCTION ACTIONS

During the first quarter of 2012, we took actions to improve the competitive position of our global manufacturing network through the closure or optimization of certain facilities in Europe. As a result of these actions, in addition to the charges recorded in cost of sales, we recognized $36 million in severance charges year-to-date in 2012, none of which occurred in the third quarter. The total charges related to cost reduction actions and related items for the three and nine months ended September 30, 2012, were $22 million and $109 million, respectively. No charges were taken in 2011 as a result of cost reduction actions.

EARNINGS BEFORE INTEREST AND TAXES

EBIT decreased by $118 million and $241 million, respectively, for the third quarter and year-to-date 2012 compared to the same periods in 2011. Third quarter and year-to-date EBIT in our Composites segment decreased by $38 million and $84 million, respectively, and EBIT in our

Building Materials segment decreased by $58 million and $35 million, respectively, compared to the same periods in 2011. Corporate EBIT losses for the third quarter and year-to-date 2012 increased by $22 million and $122 million, respectively, compared to the same periods in 2011.

INTEREST EXPENSE, NET

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

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

INCOME TAX EXPENSE

The effective tax rate for the third quarter 2012 was negative 47 percent. The third quarter 2012 effective tax rate is reflective of a cumulative adjustment attributable to lower estimated tax expense for 2012. We estimate that the effective tax rate on adjusted earnings for the full year 2012 will be about 25 percent. The difference between the effective tax rate of 25 percent and the statutory rate of 35 percent 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 significant 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), which are related to our European restructuring actions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Charges related to cost reduction actions and related items	$ (22)	$ -	$ (109)	$ -
Total adjusting items	$ (22)	$ -	$ (109)	$ -

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
NET EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 44	$ 124	$ 37	$ 226
Less: Net earnings attributable to noncontrolling interests		2	2	4
NET EARNINGS	44	126	39	230
Equity in net earnings of affiliates	-	-	-	1
Income tax expense (benefit)	(14)	23	8	63
EARNINGS BEFORE TAXES	30	149	47	292
Interest expense, net	29	28	85	81
EARNINGS BEFORE INTEREST AND TAXES	59	177	132	373

Less: adjusting items from above		(22)		-		(109)		-
ADJUSTED EBIT	$	81	$	177	$	241	$	373

Segment Results

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

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Composites

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

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2012	**2011**	**2012**	**2011**
Net sales	$ 459	$ 496	$ 1,433	$ 1,517
% change from prior year	*-7%*	*4%*	*-6%*	*6%*
EBIT	$ 11	$ 49	$ 68	$ 152
EBIT as a % of net sales	*2%*	*10%*	*5%*	*10%*
Depreciation and amortization expense	$ 30	$ 31	$ 91	$ 97

NET SALES

Third quarter and year-to-date net sales in our Composites business decreased $37 million and $84 million, respectively, compared to the same periods in 2011. For both the third-quarter and year-to-date comparisons, net sales were unfavorably impacted by approximately $30 million and $70 million, respectively, as a result of translating sales denominated in foreign currencies into United States dollars. For the third quarter, favorable mix was more than offset by the impact of lower sales volumes and slightly lower selling prices. For the year-to-date comparison, higher sales volumes and favorable mix were offset by slightly lower selling prices. The year-to-date comparison was unfavorably impacted by approximately $20 million from the May 2011 divestiture of our glass reinforcements facility in Capivari, Brazil.

EBIT

EBIT in our Composites business decreased $38 million and $84 million, respectively, for the third quarter and year-to-date 2012 compared to the same periods in 2011. For the quarter, about $15 million of the decline was due to start-up costs for our low-delivered-cost facilities in Mexico and Russia, as well as planned maintenance costs at one of our North American facilities. The remaining decline was driven equally by slightly lower selling prices, inflation and the impact of rebalancing supply and demand in our manufacturing network. For the year-to-date comparison, in addition to the $15 million in start-up and planned maintenance costs discussed above, about $50 million of the decline in EBIT was driven equally by inflation and slightly lower selling prices. The remaining decline was due to the impact of rebalancing supply and demand in our manufacturing network and the benefit from resolution of an acquisition liability in the first quarter of 2011.

OUTLOOK

Global glass reinforcements market demand has grown on average with global industrial production and we believe this relationship will continue. In 2011, global glass reinforcements market demand grew less than the historical average of five percent driven by weaknesses in European industrial production. As previously announced, we took actions in the first quarter of 2012 to close or optimize certain facilities in Europe and other actions that align with our objectives in the region to improve our competiveness. We anticipate incurring charges of approximately $130 million related to these actions in 2012 and 2013. For the year-to-date, we recognized $109 million in charges associated with these actions.

For 2012, the current market outlook for Composites demand will be impacted by lower global industrial production, particularly in Europe, as well as the weaker U.S. roofing market. To respond to this weaker environment, we have initiated further production curtailments to bring inventories in line with previously discussed year-end targets. Based on these market conditions, we no longer expect second half 2012 financial performance to be stronger than the first half of the year.

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Building Materials

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

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2012	**2011**	**2012**	**2011**
Net sales				
Insulation	$ 384	$ 365	$ 1,055	$ 981
Roofing	471	644	1,664	1,785
Total Building Materials	$ 855	$ 1,009	$ 2,719	$ 2,766
% change from prior year	*-15%*	*36%*	*-2%*	*10%*
EBIT				
Insulation	$ 3	$ (12)	$ (47)	$ (97)
Roofing	83	156	289	374
Total Building Materials	$ 86	$ 144	$ 242	$ 277
EBIT as a % of net sales	*10%*	*14%*	*9%*	*10%*
Depreciation and amortization expense				
Insulation	$ 28	$ 30	$ 80	$ 89
Roofing	10	10	28	31
Total Building Materials	$ 38	$ 40	$ 108	$ 120

NET SALES

Third quarter and year-to-date net sales in our Building Materials segment decreased $154 million and $47 million, respectively, compared to the same periods in 2011. For the quarter, net sales decreased due primarily to lower sales volumes in our Roofing business. For the year-to-date comparison, higher sales volumes within our Insulation business were more than offset by lower sales volumes in our Roofing business.

In our Roofing business, net sales decreased $173 million and $121 million in the third quarter and year-to-date 2012, compared to the same periods in 2011, respectively. For the third quarter, lower sales volumes drove about a 20 percent decrease in net sales. The remaining difference was driven primarily by unfavorable mix. For the year-to-date comparison, the decline in net sales was due to lower sales volumes, which was partially offset by higher selling prices.

In our Insulation business, net sales increased $19 million and $74 million in the third quarter and year-to-date 2012, compared to the same periods in 2011. Sales volumes were higher by approximately $25 million in the third quarter and approximately $100 million year-to-date 2012. For both periods, the impact of higher sales volumes was partially offset by unfavorable mix. Our experience shows that our residential insulation demand lags United States housing starts by approximately three months.

EBIT

EBIT for our Building Materials segment decreased $58 million and $35 million in the third quarter and year-to-date 2012, compared to the same periods in 2011, respectively. Our Insulation business narrowed EBIT losses on higher sales volumes, favorable manufacturing productivity and improved capacity utilization; however this was more than offset by lower sales volumes and inflation costs within our Roofing business.

In our Roofing business, EBIT decreased $73 million and $85 million in the third quarter and year-to-date 2012 compared to the same periods in 2011, respectively. For the quarter, approximately three-quarters of the decrease in EBIT was driven by

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

lower sales volumes. Slightly lower selling prices and higher manufacturing costs contributed equally to the remaining decrease in the quarter. For the year-to-date comparison, higher selling prices were more than offset by lower sales volumes and raw material inflation, primarily asphalt.

In our Insulation business, we delivered $3 million in EBIT in the third quarter compared to a loss of $12 million in the same period in 2011, and we have narrowed EBIT losses by $50 million year-to-date 2012. For the third quarter, the increase in EBIT was about equally driven by higher sales volumes, manufacturing productivity and improved capacity utilization. For the year-to-date comparison the improvement in EBIT was about equally driven by manufacturing productivity and improved capacity utilization. Higher sales volumes during the year-to-date period were offset by unfavorable mix.

OUTLOOK

While the recent information on United States housing starts has been positive, the timing and pace of recovery remains uncertain.

In our Roofing business, weakness experienced during the latter part of the third quarter is not expected to improve for the remainder of the year. However, we expect the factors that have driven margins in recent years will continue to deliver profitability in this business. Uncertainties that may impact our Roofing margins include competitive pricing pressure and the cost and availability of raw materials, particularly asphalt.

In our Insulation business, the Company expects to continue to significantly narrow losses throughout the remainder of 2012 based on an improving U.S. housing market, as well as continued operating leverage in the business. We believe the geographic, product and channel mix of our portfolio may continue to moderate the impact of demand-driven weakness associated with United States new construction.

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):

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2012	**2011**	**2012**	**2011**
Charges related to cost reduction actions and related items	$ (22)	$ -	$ (109)	$ (17)
Gain on sale of Capivari, Brazil, facility	-	-	-	16
General corporate expense and other	(16)	(16)	(69)	(55)
EBIT	$ (38)	$ (16)	$ (178)	$ (56)
Depreciation and amortization	$ 21	$ 7	$ 70	$ 26

EBIT

In Corporate, Other and Eliminations, EBIT losses for the third quarter and year-to-date 2012 were $38 million and $178 million, respectively. For the third quarter and year-to-date periods, we recorded $22 million and $109 million in charges related to cost reduction actions and related items, respectively, to improve our competitive position in Europe, which consist primarily of severance and accelerated depreciation charges.

For the third quarter of 2012, general corporate expense and other was flat compared to the same period in 2011, as higher non-service pension costs were offset by reduced general corporate spending. For the year-to-date 2012 comparison, general corporate expense and other increased $14 million, compared to the same period in 2011. Incentive compensation expense decreased by approximately $5 million, which was more than offset by higher non-service pension costs of approximately

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

$10 million and reduced foreign currency gains of approximately $5 million. In addition, we also recognized gains from the sale of precious metal used in production tooling.

Depreciation and amortization increased $14 million for the third quarter and $44 million year-to-date 2012, compared to the same period in 2011. For both periods, the increase was due primarily to recognition of accelerated depreciation related to our European restructuring plan initiated during the first quarter of 2012.

LIQUIDITY, CAPITAL RESOURCES AND OTHER RELATED MATTERS

Liquidity

We have an $800 million senior revolving credit facility and a $250 million receivables securitization facility, which serve as our primary sources of liquidity. Our senior revolving credit facility matures in July 2016, and our receivables securitization facility matures in December 2014. We have no other significant debt maturities before 2016. As of September 30, 2012, the receivables securitization facility was fully utilized and we had $395 million available on the senior revolving credit facility. As of September 30, 2012, we had $ 2.2 billion of total debt and cash-on-hand of $51 million.

Cash and cash equivalents held by foreign subsidiaries may be subject to U.S. income taxation upon repatriation to the U.S. We do not provide for U.S. income taxes on the undistributed earnings of these subsidiaries as earnings are reinvested and, in the opinion of management, will continue to be reinvested indefinitely outside of the U.S. As of September 30, 2012, and December 31, 2011, we had approximately $48 and $46 million, respectively, in cash and cash equivalents in certain of our foreign subsidiaries where we consider undistributed earnings for these foreign subsidiaries to be permanently reinvested.

We expect that our cash on hand, coupled with future cash flows from operations and other available sources of liquidity, including our senior revolving credit facility, will provide ample liquidity to enable us to meet our cash requirements. Our anticipated uses of cash include capital expenditures, working capital needs, pension contributions, meeting financial obligations and reducing outstanding amounts under the senior revolving credit facility and receivables securitization facility. We have outstanding share repurchase authorizations 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.

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

The credit agreement 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 includes a maximum allowed leverage ratio and a minimum required interest expense coverage ratio. We were well within compliance with these covenants as of September 30, 2012.

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Cash Flows

The following table presents a summary of our cash balance and cash flows (in millions):

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2012	2011	2012	2011
Cash balance	$ 51	$ 50	$ 51	$ 50
Cash provided by operating activities	$ 133	$ 193	$ 93	$ 59
Cash used for investing activities	$ (67)	$ (171)	$ (223)	$ (306)
Cash provided by (used for) financing activities	$ (71)	$ -	$ 128	$ 265
Unused committed credit available under the senior revolving credit facility	$ 395	$ 612	$ 395	$ 612

Operating activities: For year-to-date 2012, we generated $93 million of cash for operating activities compared to $59 million in the same period in 2011. Cash used for both working capital requirements and pension contributions were lower in 2012 than in 2011.

Investing activities: For year-to-date 2012, cash flow used for investing activities decreased $83 million compared to the same period in 2011. In 2012, we spent $68 million less in additions to plant and equipment. In 2011, we acquired two North American Building Materials facilities for $84 million, which was partially offset by $55 million in proceeds from the sale of our Composites glass reinforcement facility in Capivari, Brazil.

Financing activities: Cash provided by financing activities was $137 million lower year-to-date 2012, compared to the same period in 2011. The decrease in cash provided by financing was due to fewer cash needs for working capital slightly offset by a reduction in share repurchases during 2012 compared to 2011. In 2012, we also purchased the noncontrolling interest of one of the Company s consolidated subsidiaries, Northern Elastomeric Incorporated (NEI), for $22 million.

2012 Investments

Capital Expenditures: The Company will continue a balanced approach to the use of its cash flow. Operational cash flow will be used to fund the Company s growth and innovation. Capital expenditures in 2012 are expected to be approximately $340 million, which will be higher than depreciation and amortization, excluding the impact of restructuring actions. 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 distribution of contingent stock and cash in January 2007, we generated a significant United States federal tax net operating loss of approximately $3 billion. As of September 30, 2012, our federal tax net operating losses remaining were $2.2 billion. Our net operating losses are subject to the limitations imposed under section 382 of the Internal Revenue Code. These limits are triggered when a change in control occurs, and are computed based upon several variable factors including the share price of the Company s common stock on the date of the change in control. A change in control is generally defined as a cumulative change of 50 percent or more in the ownership positions of certain stockholders during a rolling three-year period. Our initial three-year period for measuring an ownership change started at October 31, 2006.

In addition to the United States net operating losses described above, we have net operating losses in various state and foreign jurisdictions, which totaled $3.3 billion and $633 million, respectively, as of December 31, 2011. Our ability to utilize these net operating losses may be limited as a result of certain events, such as insufficient future taxable income prior to expiration of the net operating losses or changes in tax legislation. Should we determine that it is likely that our recorded net operating loss benefits are not realizable, we would be required to reduce the net operating loss tax benefits reflected on our Consolidated Financial Statements to the net realizable amount by establishing an accounting valuation allowance and

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

recording a corresponding charge to current earnings. To date, we have recorded valuation allowances against certain of these deferred tax assets.

Pension Contributions

The Company has several defined-benefit pension plans. The Company made cash contributions of approximately $42 million and $104 million to the plans during the nine months ended September 30, 2012 and 2011, respectively. In 2011, trends in interest rates led to increased pension contributions required to maintain our funded status. The effect of new legislation passed by United States Congress in June 2012 reduced our previously expected cash contributions by approximately $21 million during 2012. The Company now expects to contribute $53 million in cash to its global pension plans during 2012. See Note 12 for further discussion. Actual contributions to the plans may change as a result of several 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 certain energy and energy-related exposures. Going forward, the results of our hedging practice could be positive, neutral or negative in any period depending on price changes in the hedged exposures, and will tend to mitigate near-term volatility in the exposures hedged. The practice is neither intended nor expected to mitigate longer term exposures. See Note 4 to the Consolidated Financial Statements for further discussion.

Our current practice is to manage our interest rate exposure by balancing the mixture of our fixed- and variable-rate instruments. We utilize, among other strategies, interest rate swaps to achieve this balance in interest rate exposures. There are currently no derivatives outstanding which are related to balancing our fixed- and variable-rate instruments.

Fair Value Measurement

Items Measured at Fair Value

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

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

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

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

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 normal course of business, we enter into contractual obligations to make payments to third parties. During the nine months ended September 30, 2012, there were no material changes to such contractual obligations outside the ordinary course of our business.

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

SAFETY

Working safely is a condition of employment at Owens Corning. We believe this organization-wide expectation provides for a safer work environment for employees, improves our manufacturing processes, reduces our costs and enhances our reputation. Furthermore, striving to be a world-class leader in safety provides a platform for all employees to understand and apply the resolve necessary to be a high-performing global organization. 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. In the nine months ended September 30, 2012, our RIR remained consistent with our full year performance throughout 2011.

ADOPTION OF NEW ACCOUNTING STANDARDS

In July 2012, the Financial Accounting Standards Board issued updated guidance on the periodic testing of indefinite-lived intangible assets for impairment. The updated guidance gives companies the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount and, thus, whether further impairment testing is necessary. The updated accounting guidance is effective for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company believes there will be no impact on its Consolidated Financial Statements.

ENVIRONMENTAL MATTERS

We have been deemed by the Environmental Protection Agency (EPA) to be a Potentially Responsible Party (PRP) with respect to certain sites under the Comprehensive Environmental Response Compensation and Liability Act. We have also been deemed a PRP under similar state or local laws and in other instances other PRPs have brought suits against us as a PRP for contribution under such federal, state, or local laws. At September 30, 2012, we had environmental remediation liabilities as a PRP at 20 sites where we have a continuing legal obligation to either complete remedial actions or contribute to the completion of remedial actions as part of a group of PRPs. For these sites we estimate a reserve to reflect environmental liabilities that have been asserted or are probable of assertion, in which liabilities are probable and reasonably estimable. At September 30, 2012, our reserve for such liabilities was $6 million.

Table of Contents

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. Forward-looking statements present our current forecasts and estimates of future events. These statements do not strictly relate to historical or current results and can be identified by words such as anticipate, believe, estimate, expect, intend, likely, may, plan, p strategy, will and other terms of similar meaning or import in connection with any discussion of future operating, financial or other performance. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected in the statements. These risks, uncertainties and other factors include, without limitation:

economic and political conditions, including new legislation or other governmental actions;

levels of residential and commercial construction activity;

competitive factors;

pricing factors;

weather conditions;

our level of indebtedness;

industry and economic conditions that affect the market and operating conditions of our customers, suppliers or lenders;

availability and cost of raw materials;

availability and cost of credit;

interest rate movements;

issues related to expansion of our production capacity;

issues related to acquisitions, divestitures and joint ventures;

- our ability to utilize our net operating loss carryforwards;
- achievement of expected synergies, cost reductions and/or productivity improvements;
- issues involving implementation of new business systems;
- foreign exchange fluctuations;
- research and development activities;
- difficulties in managing production capacity; and
- labor disputes.

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

Table of Contents

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Please refer to the Company s 2011 annual report on Form 10-K for the Company s quantitative and qualitative disclosures about market risk.

ITEM 4. 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.

There have not been any changes in the Company s internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS
The Company has nothing to report under this Item.

ITEM 1A. RISK FACTORS
There have been no material changes to the risk factors as disclosed in the Company s annual report on Form 10-K for the year ended December 31, 2011.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS
Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Owens Corning has nothing to report under this Item.

Issuer Purchases of Equity Securities

The following table provides information about Owens Corning s purchases of its common stock during each month during the quarterly period covered by this report:

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 (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs**
July 1-31, 2012	1,073,093	$ 28.31	1,073,035	10,022,607
August 1-31, 2012	1,127	31.37	-	10,022,607
September 1-30, 2012	22,653	33.08	22,607	10,000,000
Total	1,096,873*	$ 28.41	1,095,642	

* The Company retained 1,231 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. This was in addition to the share buy-back program authorized in August, 2010 that had 3.7 million shares remaining as of April 25, 2012. Under the buy-back program, shares may be repurchased through open market, privately negotiated, or other transactions. The timing and actual number of shares repurchased will depend on market conditions and other factors and will be at the Company s discretion.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
The Company has nothing to report under this Item.

ITEM 4. MINE SAFETY DISCLOSURES
Not applicable.

ITEM 5. OTHER INFORMATION
The Company has nothing to report under this Item.

ITEM 6. EXHIBITS
See Exhibit Index below, which is incorporated here by reference.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Owens Corning has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

			OWENS CORNING
			Registrant
Date:	October 24, 2012	By:	/s/ Michael C. McMurray Michael C. McMurray Senior Vice President and Chief Financial Officer (as duly authorized officer)
Date:	October 24, 2012	By:	/s/ Kelly J. Schmidt Kelly J. Schmidt Vice President and Controller

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) (filed herewith).
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (filed herewith).
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (filed herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase