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Owens Corning  
Form 10-Q  
April 24, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-33100

**Owens Corning**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**43-2109021**

*(I.R.S. Employer Identification No.)*

**One Owens Corning Parkway, Toledo, OH**

*(Address of principal executive offices)*

**43659**

*(Zip Code)*

**(419) 248-8000**

*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark 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

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one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of April 15, 2013, 118,883,615 shares of registrant's common stock, par value \$0.01 per share, were outstanding.

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**PART I****ITEM 1. FINANCIAL STATEMENTS****OWENS CORNING AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)****(unaudited)****(in millions, except per share amounts)**

	<b>Three Months Ended</b>	
	<b>Mar. 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>NET SALES</b>	\$ 1,350	\$ 1,346
<b>COST OF SALES</b>	1,137	1,160
Gross margin	213	186
<b>OPERATING EXPENSES</b>		
Marketing and administrative expenses	133	137
Science and technology expenses	18	19
Charges related to cost reduction actions	1	34
Other expenses	4	8
Total operating expenses	156	198
<b>EARNINGS (LOSS) BEFORE INTEREST AND TAXES</b>	57	(12)
Interest expense, net	29	28
<b>EARNINGS (LOSS) BEFORE TAXES</b>	28	(40)
Less: Income tax expense	6	5
Equity in net earnings of affiliates	-	-
<b>NET EARNINGS (LOSS)</b>	22	(45)
Less: Net earnings attributable to noncontrolling interests	-	1
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING</b>	\$ 22	\$ (46)
<b>EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS</b>		
Basic	\$ 0.19	\$ (0.38)
Diluted	\$ 0.18	\$ (0.38)
<b>WEIGHTED-AVERAGE COMMON SHARES</b>		
Basic	118.5	121.1
Diluted	119.6	121.1

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)****(unaudited)****(in millions)**

	<b>Three Months Ended Mar. 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>NET EARNINGS (LOSS)</b>	\$ 22	\$ (45)
Currency translation adjustment	(21)	24
Pension and other postretirement adjustment (net of tax of \$0 and \$0 for the periods ended March 31, 2013 and 2012, respectively)	2	(1)
Deferred income (loss) on hedging (net of tax of \$1 and \$0 for the periods ended March 31, 2013 and 2012, respectively)	2	(2)
<b>COMPREHENSIVE EARNINGS (LOSS)</b>	<b>5</b>	<b>(24)</b>
Less: Comprehensive earnings attributable to noncontrolling interests	-	1
<b>COMPREHENSIVE EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING</b>	<b>\$ 5</b>	<b>\$ (25)</b>

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

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**OWENS CORNING AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(unaudited)****(in millions)**

	<b>Mar. 31, 2013</b>	<b>Dec. 31, 2012</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 62	\$ 55
Receivables, less allowances of \$16 at Mar. 31, 2013 and \$17 at Dec. 31, 2012	884	600
Inventories	776	786
Other current assets	195	171
Total current assets	1,917	1,612
Property, plant and equipment, net	2,865	2,903
Goodwill	1,143	1,143
Intangible assets	1,038	1,045
Deferred income taxes	603	604
Other non-current assets	251	261
<b>TOTAL ASSETS</b>	<b>\$ 7,817</b>	<b>\$ 7,568</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 920	\$ 897
Short-term debt	10	5
Long-term debt - current portion	4	4
Total current liabilities	934	906
Long-term debt, net of current portion	2,301	2,076
Pension plan liability	462	480
Other employee benefits liability	271	274
Deferred income taxes	36	38
Other liabilities	219	219
<b>OWENS CORNING STOCKHOLDERS' EQUITY</b>		
Preferred stock, par value \$0.01 per share (a)	-	-
Common stock, par value \$0.01 per share (b)	1	1
Additional paid in capital	3,941	3,925
Accumulated earnings	473	451
Accumulated other comprehensive deficit	(375)	(364)
Cost of common stock in treasury (c)	(483)	(475)
Total Owens Corning stockholders' equity	3,557	3,538
Noncontrolling interests	37	37

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Total equity	3,594	3,575
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 7,817</b>	<b>\$ 7,568</b>

- (a) 10 shares authorized; none issued or outstanding at Mar. 31, 2013 and Dec. 31, 2012
- (b) 400 shares authorized; 135.5 issued and 118.9 outstanding at Mar. 31, 2013; 135.6 issued and 118.3 outstanding at Dec. 31, 2012
- (c) 16.6 shares at Mar. 31, 2013 and 17.3 shares at Dec. 31, 2012

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

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**OWENS CORNING AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

(in millions)

	Three Months Ended Mar. 31,	
	2013	2012
<b>NET CASH FLOW USED FOR OPERATING ACTIVITIES</b>		
Net earnings (loss)	\$ 22	\$ (45)
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	78	89
Gain on sale of businesses and fixed assets	-	(1)
Deferred income taxes	-	6
Provision for pension and other employee benefits liabilities	6	11
Stock-based compensation expense	7	7
Other non-cash	(2)	(4)
Change in working capital	(271)	(232)
Pension fund contribution	(12)	(18)
Payments for other employee benefits liabilities	(5)	(6)
Other	(2)	-
Net cash flow used for operating activities	(179)	(193)
<b>NET CASH FLOW USED FOR INVESTING ACTIVITIES</b>		
Additions to plant and equipment	(45)	(72)
Proceeds from the sale of assets or affiliates	-	4
Net cash flow used for investing activities	(45)	(68)
<b>NET CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>		
Proceeds from senior revolving credit and receivables securitization facilities	558	626
Payments on senior revolving credit and receivables securitization facilities	(331)	(352)
Payments on long-term debt	-	(2)
Net increase (decrease) in short-term debt	5	(6)
Purchases of treasury stock	(8)	(5)
Other	8	5
Net cash flow provided by financing activities	232	