

Appendix 10

CANADA BORDER SERVICES AGENCY

**DUMPING AND SUBSIDIZATION OF CERTAIN GYPSUM BOARD ORIGINATING IN OR
EXPORTED FROM THE UNITED STATES OF AMERICA IMPORTED INTO CANADA FOR
USE OR CONSUMPTION WEST OF THE MANITOBA-ONTARIO BORDER**

APPENDIX 10

NORMAL VALUE, EXPORT PRICE, AND MARGIN OF DUMPING

Appendix 10 contains several tables used to calculate estimated normal values, export prices, and margins of dumping for 54" gypsum board products. Appendix 10 also includes four attachments that contain data and information used in the dumping calculations. Attachment 1 presents detailed prices of CTG US used for the purposes of estimating Normal Values. Attachment 2 provides another company's price list for gypsum panels. Attachment 3 is a confidential letter from the CBSA to M. Walker, dated Dec. 5, 2016. Finally, an excerpt from USG Corporation's 2017 Annual Report has been included as Attachment 4.

Non-Confidential Version

CONFIDENTIAL APPENDIX 10 contains commercially sensitive confidential business information in its entirety. We request that this information be treated as strictly confidential, as it would be harmful to CertainTeed Gypsum Canada Inc. and/or its members if it were disclosed or otherwise made available to the competitors of same. As such, portions of this exhibit are not included in the non-confidential (public) version.

Normal Value

CTG US Average Net Unit Selling Price for Domestic (i.e., U.S.) Sales of [] Board			
Month	Net Unit Selling Price (USD)	Exchange Rates (from BOC Website)	Net Unit Selling Price (CAD): Normal Value
Jan-17	[1.3193	[
Feb-17		1.3107	
Mar-17		1.3386	
Q1-2017 AVERAGE			
Apr-17		1.344	
May-17		1.3607	
Jun-17		1.3298	
Q2-2017 AVERAGE			
Jul-17		1.2689	
Aug-17		1.2605	
Sep-17		1.2283	
Q3-2017 AVERAGE			
Oct-17		1.2605	
Nov-17		1.2769	
Dec-17		1.2771	
Q4-2017 AVERAGE			
Jan-18		1.2427	
Feb-18		1.2586	
Jan-Feb 2018 AVERAGE]]

CTG US Average Net Unit Selling Price for Domestic (i.e., U.S.) Sales of [] Board			
Month	Net Unit Selling Price (USD)	Exchange Rates (from BOC Website)	Net Unit Selling Price (CAD): Normal Value
Jan-17	[1.3193	[
Feb-17		1.3107	
Mar-17		1.3386	
Q1-2017 AVERAGE			
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Oct-17		1.2605	
Nov-17		1.2769	
Dec-17		1.2771	
Q4-2017 AVERAGE			
Jan-18		1.2427	
Feb-18		1.2586	
Jan-Feb 2018 AVERAGE]]

See Attachment 1 for detailed prices of CTG US used for the purposes of estimating Normal Values.

Export Price

Product/Quarter		[] List Price*	Estimated Rebate Deductions (%)**	Estimated Rebate Deductions (\$)	[] Freight Deductions***	[] Freight Deductions**	Estimated Net Price	Amount for Profit (%)***	Amount for Profit (\$)	SG&A (%)***	SG&A (\$)	S. 25 Export Price
[]	Q1	[]										
	Q2											
	Q3											
	Q4											
[]	Q1											
	Q2											
	Q3											
	Q4]

* []
[] See Attachment 2.

** []
[]

*** [](see Attachment 4).

NON-CONFIDENTIAL

[] Value/MSF []								Value/MSF []		[]	
Month	HSCode	COO	ProvClrn	UOM	Quantity	Value	Year	MSF	\$/msf	Exclude?	
	201801 6809.11.00.11	[MTK	[
	201801 6809.11.00.11			MTK							
	201801 6809.11.00.11			MTK							
	201801 6809.11.00.11			MTK							
	201801 6809.11.00.11			MTK							
	201801 6809.11.00.11			MTK							
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	201802 6809.11.00.11			MTK							
	201802 6809.11.00.11]	MTK							
	201802 6809.11.00.11			MTK]	

2018 Jan-Feb Total for [] [] [] []

Margin of Dumping

Dumping Calculation for [] Board				
Period	Normal Value	Export Price	Margin of Dumping (\$)	Margin of Dumping (%)
Q1 2017	\$ []			
Q2 2017	\$			
Q3 2017	\$			
Q4 2017	\$			
Jan-Feb 2018	\$]

Dumping Calculation for [] Board				
Period	Normal Value	Export Price	Margin of Dumping (\$)	Margin of Dumping (%)
Q1 2017	\$ []			
Q2 2017	\$			
Q3 2017	\$			
Q4 2017	\$			
Jan-Feb 2018	\$]

ATTACHMENT 1

ATTACHMENT 2

ATTACHMENT 3

ATTACHMENT 4

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017

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 1-8864

USG CORPORATION

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

36-3329400

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

550 W. Adams Street, Chicago, Illinois

(Address of Principal Executive Offices)

60661-3676

(Zip Code)

Registrant's Telephone Number, Including Area Code: (312) 436-4000

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Exchange on Which Registered

Common Stock, \$0.10 par value

New York Stock Exchange
Chicago Stock ExchangePreferred Stock Purchase Rights (subject to Rights
Agreement dated December 21, 2006, as amended)New York Stock Exchange
Chicago Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐

(Do not check if smaller reporting company)

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 13(a) of the Exchange Act. ☐

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

The aggregate market value of the registrant's common stock held by non-affiliates computed by reference to the New York Stock Exchange closing price on June 30, 2017 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$2,461,833,172. Solely for this purpose, directors, executive officers and greater than 10% record shareholders are considered the affiliates of the registrant.

The number of shares of the registrant's common stock outstanding as of January 31, 2018 was 141,056,498.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses totaled \$298 million in 2017, \$304 million in 2016 and \$302 million in 2015. As a percentage of net sales, selling and administrative expenses decreased to 9.3% in 2017 compared to 10.1% in 2016 and 10.4% in 2015. The decrease of \$6 million in selling and administrative expenses for 2017 reflected lower pension settlement expense of \$11 million and the absence of \$4 million for the exit of commercial office space, which reflected the remaining lease term and accelerated depreciation, offset by higher costs for marketing and services including those in support of product growth initiatives.

The increase in selling and administrative expenses from 2015 to 2016 was driven by \$13 million in pension settlement charges and \$4 million for the remaining lease term and accelerated depreciation associated with the exit of commercial office space. Offsetting these charges are lower net compensation costs and lower marketing expenses.

LONG-LIVED ASSET IMPAIRMENT CHARGES

We recorded long-lived asset impairment charges of \$10 million in 2016. These charges resulted from the decision to indefinitely idle our mining operations in Little Narrows, Nova Scotia, Canada, after completing a review of our gypsum sourcing needs. See Note 12 to our consolidated financial statements in Part II, Item 8 of this report for additional information related to long-lived asset impairment charges.

RECOVERY ON RECEIVABLE

In 2016 and 2015, we recovered \$3 million and \$6 million, respectively, of a previously deemed uncollectible receivable through a settlement agreement. See Note 13 to our consolidated financial statements in Part II, Item 8 of this report for additional information.

GAIN ON DISPOSAL OF SHIPPING OPERATIONS, NET

During the second quarter of 2015, we recorded a net gain on the disposal of our shipping operations of \$1 million. This reflected a gain on sale of our two self-unloading vessels of \$7 million and charges to wind down our shipping operations of \$6 million. See Note 13 to our consolidated financial statements in Part II, Item 8 of this report for additional information.

INCOME FROM EQUITY METHOD INVESTMENTS

Income from equity method investments was \$59 million in 2017, \$49 million in 2016, and \$48 million in 2015. The increase from 2016 to 2017 was driven by an increase in the net income of UBBP, which was due to a favorable currency impact of \$2 million and the absence of \$8 million in impairment charges recorded in 2016.

The increase from 2015 to 2016 was driven by an increase in the net income of UBBP, which reflected higher sales and operating profit year over year offset by \$8 million of long-lived asset impairment charges in China and Oman. Foreign currency exchange rate fluctuations due to the strengthening of the U.S. dollar negatively impacted our share of equity earnings by \$1 million in 2016.

INTEREST EXPENSE

Interest expense was \$69 million in 2017, \$145 million in 2016 and \$163 million in 2015. The decrease in interest expense for both comparative periods primarily reflected lower debt levels and lower interest rates on our outstanding debt. The decline was driven by repayments of \$1.1 billion of debt in 2016 and \$21 million in 2015.

INCOME AND GAIN ON SALE FROM EQUITY METHOD INVESTMENT TO RELATED PARTY

In 2015, upon the sale of our 50% share of the Knauf-USG joint venture to Knauf, we recorded a gain of \$11 million, or \$6 million net of tax. Our share of the income from the equity method investment in 2015 through the date of sale amounted to \$2 million. See Note 4 to our consolidated financial statements in Part II, Item 8 of this report for additional information.

LOSS ON EXTINGUISHMENT OF DEBT

We recorded a loss on extinguishment of debt, including premiums and write-off of unamortized debt issuance costs, of \$22 million in 2017, \$37 million in 2016 and \$19 million in 2015. The loss in 2017 included \$21 million primarily for premiums paid as a result of a tender offer and repurchase of our 7.75% Senior Notes due 2018, referred to as our 7.75% Notes, and write-off of \$1 million for deferred fees upon the amendment of our credit facility. The loss in 2016 was a result of the early redemption of our 6.3% Senior Notes due 2016 throughout 2016 and repayment in December of our 7.875% Senior Notes due 2020 and 5.875% Senior Notes due 2021. The loss in 2015 resulted from the tender offer and repurchase of our 8.375% Senior Notes due 2018.