

USG CORP
Form 8-K
December 23, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 21, 2010

USG CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

1-8864

36-3329400

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

**550 West Adams Street,
Chicago, Illinois**

60661-3676

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(312) 436-4000**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 1 Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

On December 21, 2010, USG Corporation (the Company) entered into the Third Amendment and Restatement Agreement, dated as of December 21, 2010 (the Restatement Agreement), among the Company, JPMorgan Chase Bank, N.A., as Administrative Agent, Issuing Agent and Swingline Lender (the Administrative Agent), and the lenders party thereto pursuant to which the Company's Second Amended and Restated Credit Agreement, dated as of January 7, 2009, was amended and restated as the Third Amended and Restated Credit Agreement, dated as of December 21, 2010 (the Credit Agreement), among the Company, as borrower, the Administrative Agent, the lenders party thereto and Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Syndication Agents. The Credit Agreement is secured by trade receivables and inventory of the Company and the Company's material domestic subsidiaries (the Guarantors). The Credit Agreement allows for revolving loans (the Revolving Loans) and letters of credit (up to \$250 million, in aggregate) in an aggregate principal amount not to exceed the lesser of (i) \$400 million and (ii) a borrowing base determined by reference to the trade receivables and inventory of the Company and the Guarantors (as more fully described in the Credit Agreement). The maximum allowable borrowings may be increased at the request of the Company and with the agreement of the lenders agreeing to provide increased or new lending commitments, provided that the maximum allowable borrowings after giving effect to the increase may not exceed \$600 million.

The Revolving Loans bear interest at a floating rate based upon the Alternate Base Rate or, at the option of the Company, the Adjusted LIBO rate (each as described in the Credit Agreement) plus 3.00%. The Company may prepay the Revolving Loans under the Credit Agreement in its discretion without premium or penalty. The Credit Agreement terminates on December 21, 2015 unless terminated earlier in accordance with its terms, including if by May 2, 2014 the Company's senior notes maturing in 2014 are not repaid, their payment is not provided for or their maturity has not been extended until at least 2016 unless the Company then has liquidity of at least \$500 million.

The Credit Agreement also provides for Revolving Loans that, at the request of the Company and in the Administrative Agent's discretion, result in borrowings that exceed the maximum allowable borrowings under the Credit Agreement (Overadvances). Overadvances may not exceed \$25 million, may not remain outstanding for more than 30 days and bear interest at a floating rate based upon the Alternate Base Rate plus 5.00%.

The Credit Agreement contains a covenant that would require the Company to maintain a minimum fixed charge coverage ratio of 1.1 to 1.0 if and for so long as Excess Availability (as defined in the Credit Agreement) is less than the greater of (a) \$40 million and (b) 15% of the lesser of (i) the aggregate revolving commitments at such time and (ii) the borrowing base at such time. The Credit Agreement also contains customary representations and warranties and usual and customary affirmative and negative covenants that, among other things, restrict the Company's and certain of its subsidiaries' ability, in certain circumstances, to (1) incur indebtedness, (2) create liens, (3) merge or consolidate with certain entities, (4) engage in any business other than business of the type or reasonably related to the type conducted on the date of the Credit Agreement, (5) sell, transfer, lease or otherwise dispose of all or substantially all of their assets, (6) issue or sell equity interests of certain of the Company's subsidiaries, (7) make certain investments, loans or advances, (8) engage in sale-leaseback transactions, (9) enter into certain swap or similar agreements, (10) make certain dividends, distributions, repurchases and other restricted payments and (11) engage in certain affiliate transactions. The Credit Agreement also contains certain customary events of default, including, but not limited to, the failure to make required payments, material breaches of representations or warranties, the failure to observe certain covenants or agreements, the failure to pay or default of certain other indebtedness, the failure to maintain the guarantee pursuant to the Guarantee Agreement described below, certain adverse material monetary judgments, bankruptcy, insolvency and a change of control. Borrowings under the Credit Agreement are subject to acceleration upon the occurrence of events of default.

In connection with the Credit Agreement, the Company and the Guarantors reaffirmed their obligations under the Guarantee Agreement, dated as of January 7, 2009 (the Guarantee Agreement), among the Company, the Guarantors and the Administrative Agent, pursuant to which the Company and the Guarantors guarantee the obligations of the Company under the Credit Agreement and the Guarantors under the Guarantee Agreement.

In connection with the Credit Agreement, the Company and the Guarantors also reaffirmed their obligations under the Pledge and Security Agreement, dated as of January 7, 2009 (the Pledge and Security Agreement), among the Company, the Guarantors and the Administrative Agent, pursuant to which the Company and Guarantors granted a security interest in all trade receivables and inventory, and proceeds in respect thereof, and all related deposit accounts to the Administrative Agent as collateral for borrowings under the Credit Agreement and the obligations under the Guarantee Agreement.

The Restatement Agreement and the Credit Agreement are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K. The Guarantee Agreement and the Pledge and Security Agreement were filed as Exhibits 10.3 and 10.4, respectively, to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010. The foregoing descriptions of the Restatement Agreement, the Credit Agreement, the Guarantee Agreement and the Pledge and Security Agreement are qualified in their entirety by reference to the full text of such documents, which are incorporated herein by reference thereto.

Section 2 Financial Information

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information disclosed under Item 1.01 of this Current Report on Form 8-K relating to the Credit Agreement is incorporated herein by reference.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Number	Description
10.1	Third Amendment and Restatement Agreement, dated as of December 21, 2010, among USG Corporation, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (Exhibit A to this agreement is filed as Exhibit 10.2 to this Report).
10.2	Third Amended and Restated Credit Agreement, dated as of December 21, 2010, among USG Corporation, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, the lenders party thereto and Bank of America, N.A. and Wells Fargo Bank, N.A., as co-syndication agents.

SIGNATURE

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

USG CORPORATION

By: /s/ Richard H. Fleming
Richard H. Fleming,
Executive Vice President and
Chief Financial Officer

Dated: December 23, 2010

EXHIBIT INDEX

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