

USG CORP  
Form DFAN14A  
April 17, 2018

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**USG CORPORATION**

(Name of Registrant as Specified In Its Charter)

**GEBR. KNAUF KG**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) \_\_\_\_\_ Title of each class of securities to which transaction applies:

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- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:
  - o Fee paid previously with preliminary materials.
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:

On April 16, 2018, Gebr. Knauf KG sent the following letter to the Board of Directors of USG Corporation.

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April 16, 2018

USG Corporation

550 West Adams Street

Chicago, IL 60661-3676

Attn: Steven F. Leer, Chairman of the Board of Directors

Michelle M. Warner, Senior Vice President, General Counsel and Corporate Secretary

Dear Members of the USG Board of Directors:

As a long-term shareholder of USG, we were deeply troubled that USG chose to deny our request for the Company's current stocklist materials—a routine matter that merely levels the playing field—so that we may communicate with our fellow USG shareholders. Questioning Knauf's ownership of USG stock and whether we have proper purpose for requesting these materials are the tactics of an entrenched management trying to thwart our right to communicate with fellow stockholders in connection with the annual meeting. These tactics are effectively preventing stockholders from sending a clear message to the Board regarding its refusal to engage related to Knauf's offer to purchase all outstanding shares of USG for \$42.00 per share in cash.

We believe USG's actions clearly violate our rights as a stockholder under Delaware law. If USG continues to deny or delay its response to our request, we will unfortunately have no choice but to commence an action in the Delaware courts to compel the prompt production of the requested information.

We write to the Board to ask whether you were made aware and whether you approved of these actions. We believe it is highly inappropriate for USG to engage in conduct designed to delay or restrict our communications with the actual owners of USG. We hope you share our disappointment in these obstructive actions, which raise significant legal and corporate governance concerns and needlessly waste corporate cash.

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However troubling, we will not be distracted by USG's latest actions. Our \$42 offer presents an immediate, high-value and cash-certain monetization opportunity for USG shareholders after a significant period of time without dividends or equivalent share price development. As the Board is aware, our offer has received public support from USG's largest shareholder and we remain unwavering in our focus to engage with all fellow shareholders and bring this transaction to fruition.

We would have hoped to have a constructive discussion directly with USG, and we still do. However, USG's numerous refusals to meaningfully engage with us despite our best efforts and the Company's attempts to restrict shareholder dialogue has forced us to continue to pursue the path of a withhold campaign, during which we are asking stockholders to vote against the reelection of the USG's director nominees as a message of frustration and disappointment with the entrenchment tactics employed by the Board and management. Nevertheless, it remains our strong preference to engage in constructive dialogue with USG to quickly reach an agreement on definitive documentation.

We look forward to the possibility of consummating a transaction in the near future.

Very truly yours,

Alexander Knauf  
General Partner

Manfred Grundke  
General Partner

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