

Form 8-K for USG CORP

25-Feb-2010

Costs Associated with Exit or Disposal Activities

Item 2.05 Costs Associated with Exit or Disposal Activities.

As part of the Registrant's steps to adjust operations and staffing to adapt to market conditions, the Registrant determined on February 22, 2010 that its subsidiary, United States Gypsum Company, will temporarily close its wallboard manufacturing plant in Stony Point, New York. The closure is expected to be implemented in June.

In addition, on February 19, 2010, the Registrant's subsidiary, L&W Supply Corporation, initiated a program to further reduce its overhead costs that includes a further workforce reduction and the closure of three additional distribution centers.

The Registrant will record charges of approximately \$12.2 million in the current and future fiscal quarters related to the closures and workforce reduction. These charges include approximately \$5.7 million for termination benefits, \$2 million for equipment and distribution center lease terminations, \$3 million for cleanup and other associated costs and \$1.5 million for inventory and other asset write-offs. The Registrant estimates that it will incur cash expenditures of approximately \$10.2 million in the current and future fiscal quarters in connection with the closures and workforce reduction.
