

USG CORP
Form ARS
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Scenario Analysis and Examples at Maturity

The following table and hypothetical examples below illustrate the Payment at Maturity per \$10.00 Face Amount of Securities for a hypothetical range of performances for the Index from -100.00% to +100.00%, reflect the Multiplier of 3.00 and the Maximum Gain of 12.70% and assume an Initial Index Level of 2,000.00. The actual Initial Index Level is set forth in the "Final Terms" and on the cover of this pricing supplement. The hypothetical Payment at Maturity examples set forth below are for illustrative purposes only and may not be the actual returns applicable to a purchaser of the Securities. The actual Payment at Maturity will be determined based on the Final Index Level on the Final Valuation Date. You should consider carefully whether the Securities are suitable to your investment goals. The numbers appearing in the table and in the examples below may have been rounded for ease of analysis.

Final Index Level	Index Return (%)	Payment at Maturity (\$)	Return on Securities (%)
4,000.00	100.00%	\$11.27	12.70%
3,800.00	90.00%	\$11.27	12.70%
3,600.00	80.00%	\$11.27	12.70%
3,400.00	70.00%	\$11.27	12.70%
3,200.00	60.00%	\$11.27	12.70%
3,000.00	50.00%	\$11.27	12.70%
2,800.00	40.00%	\$11.27	12.70%
2,600.00	30.00%	\$11.27	12.70%
2,400.00	20.00%	\$11.27	12.70%
2,200.00	10.00%	\$11.27	12.70%
2,084.67	4.23%	\$11.27	12.70%
2,050.00	2.50%	\$10.75	7.50%
2,000.00	0.00%	\$10.00	0.00%
1,800.00	-10.00%	\$9.00	-10.00%
1,600.00	-20.00%	\$8.00	-20.00%
1,400.00	-30.00%	\$7.00	-30.00%
1,200.00	-40.00%	\$6.00	-40.00%
1,000.00	-50.00%	\$5.00	-50.00%
800.00	-60.00%	\$4.00	-60.00%
600.00	-70.00%	\$3.00	-70.00%
400.00	-80.00%	\$2.00	-80.00%
200.00	-90.00%	\$1.00	-90.00%
0.00	-100.00%	\$0.00	-100.00%

Example 1 — The Final Index Level of 2,050.00 is greater than the Initial Index Level of 2,000.00, resulting in an Index

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Return of 2.50%. Because 3.00 times the Index Return of 2.50% is less than the Maximum Gain of 12.70%, Deutsche Bank AG will pay you 3.00 times the Index Return for a Payment at Maturity of \$10.75 per \$10.00 Face Amount of Securities, calculated as follows:

$$\begin{aligned} & \$10.00 + (\$10.00 \times \text{the lesser of (i) Index Return} \times \text{Multiplier and (ii) Maximum Gain}) \\ & \$10.00 + (\$10.00 \times (2.50\% \times 3.00)) = \$10.00 + \$0.75 = \$10.75 \end{aligned}$$

Example 2 — The Final Index Level of 2,200.00 is greater than the Initial Index Level of 2,000.00, resulting in an Index Return of 10.00%. Because 3.00 times the Index Return of 10.00% is greater than the Maximum Gain of 12.70%, Deutsche Bank AG will pay you a Payment at Maturity of \$11.27 per \$10.00 Face Amount of Securities, calculated as follows:

$$\begin{aligned} & \$10.00 + (\$10.00 \times \text{the lesser of (i) Index Return} \times \text{Multiplier and (ii) Maximum Gain}) \\ & \$10.00 + (\$10.00 \times 12.70\%) = \$10.00 + \$1.27 = \$11.27 \end{aligned}$$

Example 3 — The Final Index Level of 1,000.00 is less than the Initial Index Level of 2,000.00, resulting in an Index Return of -50.00%. Because the Index Return is negative, Deutsche Bank AG will pay you less than your initial investment, resulting in a loss that is proportionate to the percentage decline in the level of the Index, and a Payment at Maturity of \$5.00 per \$10.00 Face Amount of Securities, calculated as follows:

$$\begin{aligned} & \$10.00 + (\$10.00 \times \text{Index Return}) \\ & \$10.00 + (\$10.00 \times -50.00\%) = \$5.00 \end{aligned}$$

If the Final Index Level is less than the Initial Index Level on the Final Valuation Date, you will be fully exposed to any negative Index Return, and, for each \$10.00 Face Amount of Securities, the Issuer will pay you less than the Face Amount, resulting in a loss on the Face Amount that is proportionate to the percentage decline in the level of the Index. In this circumstance, you will lose some or all of your initial investment at maturity. Any payment on the Securities is subject to the creditworthiness of the Issuer and if the Issuer were to default on its payment obligations or become subject to a Resolution Measure, you could lose your entire investment.

The S&P 500® Index

The S&P 500® Index is intended to provide a performance benchmark for the U.S. equity markets. The calculation of the level of the S&P 500® Index is based on the relative value of the aggregate market value of the shares of 500 companies as of a particular time as compared to the aggregate average market value of the shares of 500 similar companies during the base period of the years 1941 through 1943. On March 11, 2014, the sponsor of the S&P 500® Index announced that the sponsor will start including, on a case by case basis, multiple share class lines in the S&P 500® Index. This will result in the S&P 500® Index including more than 500 component shares while continuing to include only 500 component companies. The sponsor expects to revise the S&P 500® Index's methodology to fully reflect a multiple share class structure by September 2015. This is just a summary of the S&P 500® Index. For more information on the S&P 500® Index, including information concerning its composition, calculation methodology and adjustment policy, please see the section entitled "The S&P Dow Jones Indices – The S&P 500® Index" in the accompanying underlying supplement No. 1 dated October 1, 2012.

The graph below illustrates the performance of the S&P 500® Index from January 2, 2008 to February 10, 2015. The closing level of the S&P 500® Index on February 10, 2015 was 2,068.59. We obtained the historical closing levels of the S&P 500® Index from Bloomberg L.P., and we have not participated in the preparation of, or verified, such information. The historical closing levels of the S&P 500® Index should not be taken as an indication of future performance and no assurance can be given as to the Final Index Level or any future closing level of the S&P 500® Index. We cannot give you assurance that the performance of the S&P 500® Index will result in a positive return on your initial investment and you could lose some or all of your initial investment at maturity.

What Are the Tax Consequences of an Investment in the Securities?

In the opinion of our special tax counsel, Davis Polk & Wardwell LLP, which is based on prevailing market conditions, the Securities should be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt. Generally, if this treatment is respected, (i) you should not recognize taxable income or loss prior to the taxable disposition of your Securities (including at maturity) and (ii) the gain or loss on your Securities should be capital gain or loss and should be long-term capital gain or loss if you have held the Securities for more than one year. The IRS or a court might not agree with this treatment, however, in which case the timing and character of income or loss on your Securities could be materially and adversely affected.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether beneficial owners of these instruments should be required to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. persons should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose a notional interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Securities, possibly with retroactive effect.

You should review carefully the section of the accompanying product supplement entitled “U.S. Federal Income Tax Consequences.” The preceding discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel regarding the material U.S. federal income tax consequences of owning and disposing of the Securities.

Under current law, the United Kingdom will not impose withholding tax on payments made with respect to the Securities.

For a discussion of certain German tax considerations relating to the Securities, you should refer to the section in the accompanying prospectus supplement entitled “Taxation by Germany of Non-Resident Holders.”

You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the Securities (including possible alternative treatments and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Supplemental Plan of Distribution (Conflicts of Interest)

UBS Financial Services Inc. and its affiliates, and Deutsche Bank Securities Inc., acting as agents for Deutsche Bank AG, will receive or allow as a concession or reallowance to other dealers discounts and commissions of \$0.20 per \$10.00 Face Amount of Securities. We have agreed that UBS Financial Services Inc. may sell all or part of the Securities that it purchases from us to investors at the price to public indicated on the cover of this pricing supplement, or to its affiliates at the price to public indicated on the cover of this pricing supplement minus a concession not to exceed the discounts and commissions indicated on the cover. DBSI, one of the agents for this offering, is our affiliate. Because DBSI is both our affiliate and a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), the underwriting arrangement for this offering must comply with the requirements of FINRA Rule 5121 regarding a FINRA member firm’s distribution of the securities of an affiliate and related conflicts of interest. In accordance with FINRA Rule 5121, DBSI may not make sales in this offering of the Securities to any of its

discretionary accounts without the prior written approval of the customer. See “Underwriting (Conflicts of Interest)” in the accompanying product supplement.

Validity of the Securities

In the opinion of Davis Polk & Wardwell LLP, as special United States products counsel to the Issuer, when the Securities offered by this pricing supplement have been executed and issued by the Issuer and authenticated by the authenticating agent, acting on behalf of the trustee, pursuant to the senior indenture, and delivered against payment as contemplated herein, such Securities will be valid and binding obligations of the Issuer, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith) and possible judicial applications giving effect to governmental actions or foreign laws affecting creditors’ rights, provided that such counsel expresses no opinion as to the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above. This opinion is given as of the date hereof and is limited to the laws of the State of New York. Insofar as this opinion involves matters governed by German law, Davis Polk & Wardwell LLP has relied, without independent investigation, on the opinion of Group Legal Services of Deutsche Bank AG, dated as of January 1, 2015, filed as an exhibit to the letter of Davis Polk & Wardwell LLP, and this opinion is subject to the same assumptions, qualifications and limitations with respect to such matters as are contained in such opinion of Group Legal Services of Deutsche Bank AG. In addition, this opinion is subject to customary assumptions about the trustee’s authorization, execution and delivery of the senior indenture and the authentication of the Securities by the authenticating agent and the validity, binding nature and enforceability of the senior indenture with respect to the trustee, all as stated in the letter of Davis Polk & Wardwell LLP dated as of January 1, 2015, which has been filed by the Issuer on Form 6-K dated January 5, 2015.