

Building On The Recovery

3rd Quarter Update
2013

CAUTIONARY STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 related to management's expectations about future conditions. Actual business, market or other conditions may differ materially from management's expectations and, accordingly, may affect our sales and profitability or other results and liquidity. Actual results may differ materially due to various other factors, including: economic conditions, such as the levels of new home and other construction activity, employment levels, the availability of mortgage, construction and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates and consumer confidence; capital markets conditions and the availability of borrowings under our credit agreement or other financings; our substantial indebtedness and our ability to incur substantial additional indebtedness; competitive conditions, such as price, service and product competition; shortages in raw materials; changes in raw material and energy costs; volatility in the assumptions used to determine the funded status of our pension plans; the loss of one or more major customers and our customers' ability to meet their financial obligations to us; capacity utilization rates for us and the industry; our ability to expand into new geographic markets and the stability of such markets; our ability to successfully enter into and operate the joint venture with Boral Limited, including risks that our joint venture partner, Boral Limited, may not fulfill its obligations as an investor or may take actions that are inconsistent with our objectives; our ability to protect our intellectual property and other proprietary rights; changes in laws or regulations, including environmental and safety regulations; the satisfactory performance of certain business functions by third party service providers; our ability to achieve anticipated savings from cost reduction programs; the outcome in contested litigation matters; the effects of acts of terrorism or war upon domestic and international economies and financial markets; and acts of God. We assume no obligation to update any forward-looking information contained in this presentation. Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the "Risk Factors" in our most recent Annual Report on Form 10-K.

DISCUSSION POINTS

- **USG Overview**
- Market Commentary
- Strategic Growth
- Financial Update
- Appendix

USG PROFILE

FOUNDED: 1902

NYSE: USG

LISTED: 1931

Industry Leader

#1 or #2 in all Core Businesses

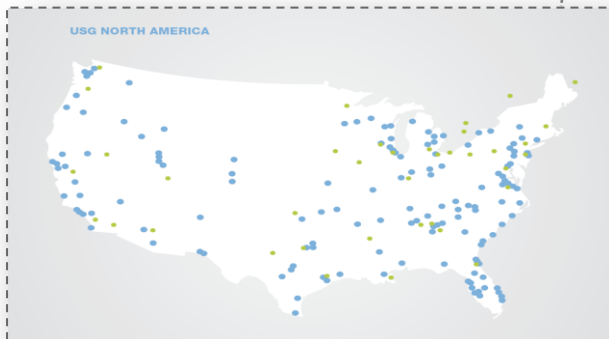
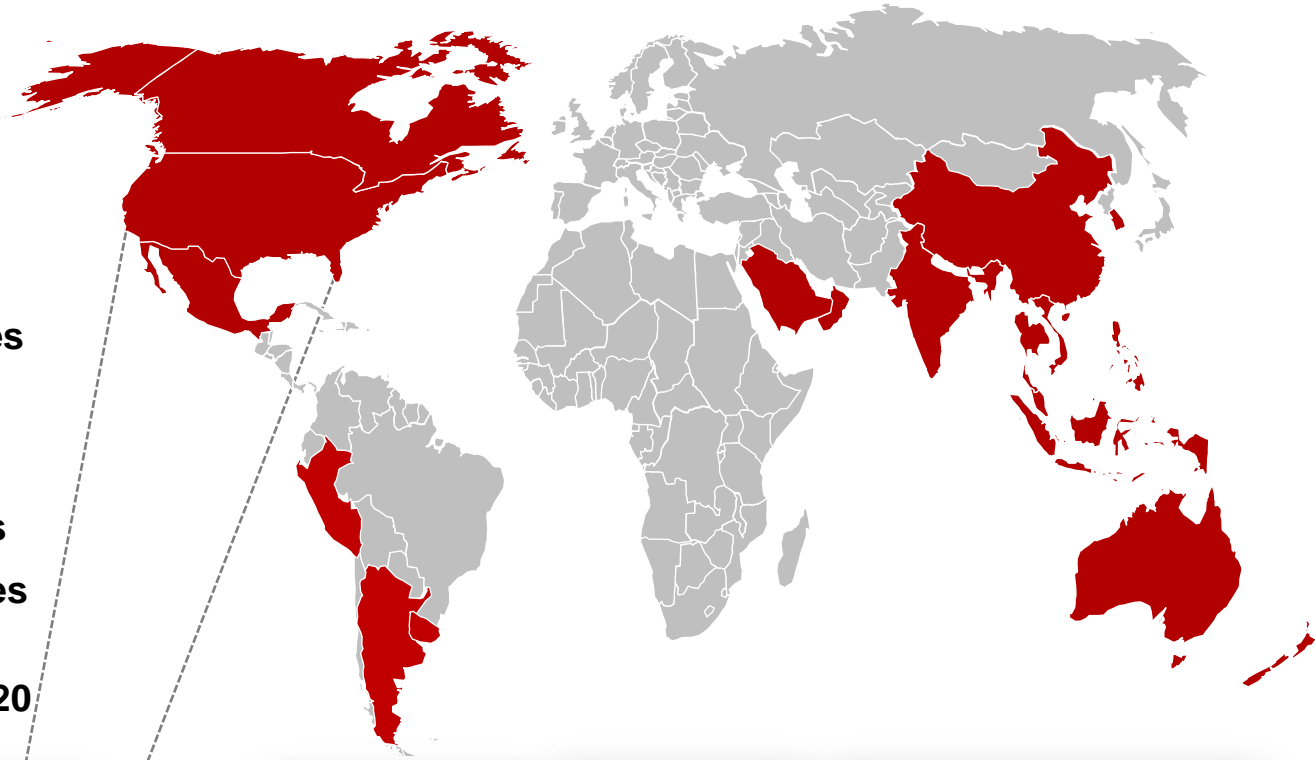
\$3.2 Billion – 2012 Sales

Vertically Integrated

Over 75 Production Facilities

Over 140 Distribution Branches
in 36 states

Sales and Operations in over 20
countries*



*Subject to finalization of joint venture with Boral Gypsum

USG AT HOME

JOINT TREATMENTS & FINISH PRODUCTS

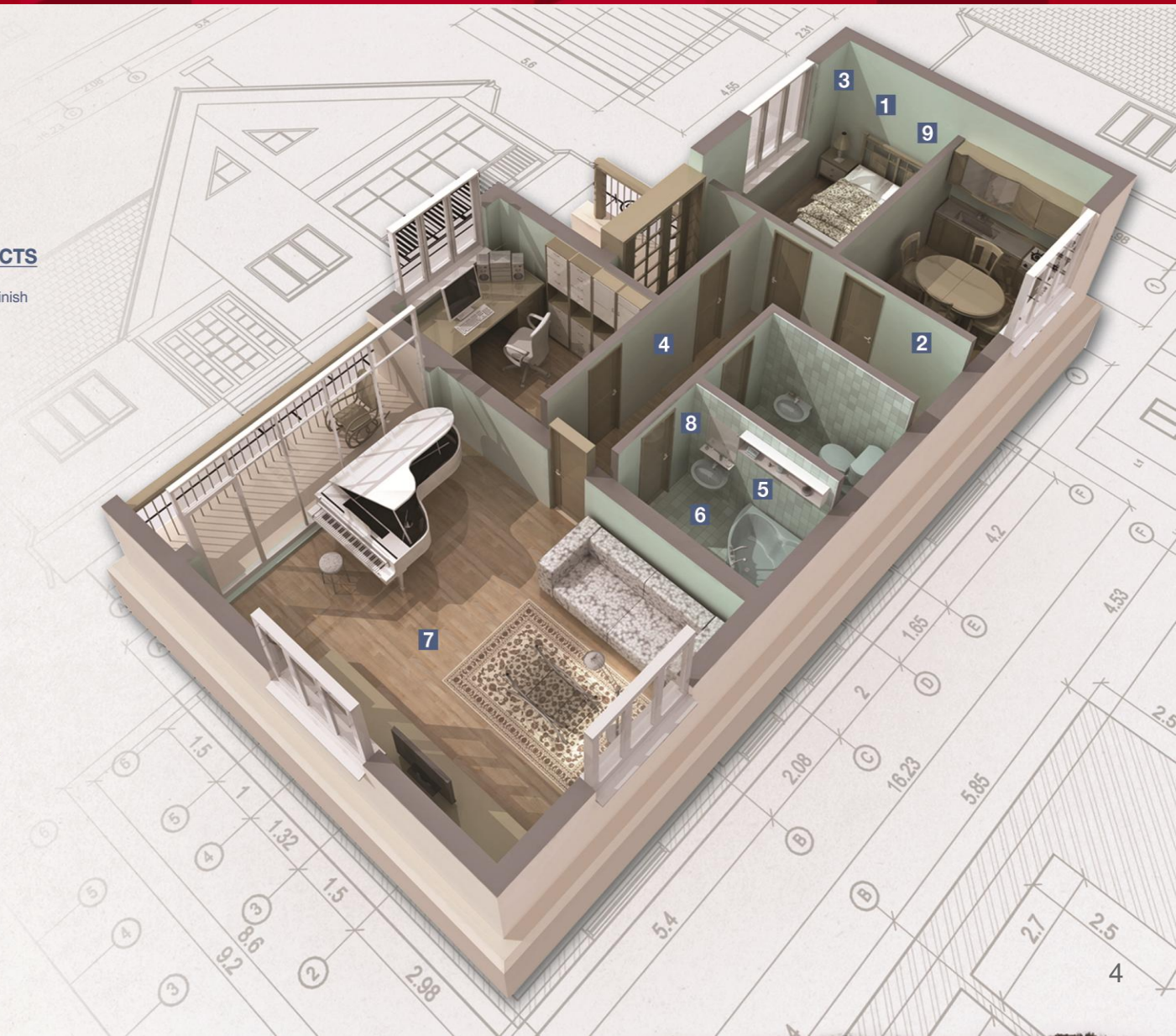
- 1 IMPERIAL® Gypsum Base with Diamond® Veneer Finish
- 2 SHEETROCK® Brand Joint Compounds
- 3 SHEETROCK® Brand Paper Faced Corner Bead
- 4 SHEETROCK® Brand Primer-Surfacer Tuff-Hide™
SHEETROCK® Brand First Coat Primer

TILE BACKERS/UNDERLAYMENTS

- 5 DUROCK® Cement Board Next Gen
FIBEROCK® Aqua-Tough™ Underlayment Panels
- 6 DUROCK® Underlayment
DUROCK™ Tile Membrane
- 7 LEVELROCK® Floor Underlayment

WALLBOARD

- 8 SHEETROCK® Brand Mold Tough® Gypsum Panels
- 9 SHEETROCK® Brand UltraLight Panels



USG AT WORK

CEILING

- 1 USG Drywall Suspension
- 2 DONN® Suspension System
USG Acoustical Ceiling Panels
- 3 USG Specialty Ceilings (not depicted)
- 4 HALCYON™ Acoustical Ceiling Panels (not depicted)
LOGIX™ Integrated Ceiling System (not depicted)

ADDITIONAL L&W SUPPLY

DISTRIBUTED PRODUCT CATEGORIES

- 17 Light Steel Framing
- 18 Insulation (Interior and Exterior)
- 19 Exterior Insulation Finishing System (EIFS)
- 20 Fasteners (Screws, Clips and Adhesives)
- ◆ Tools and Accessories (not listed)

JOINT TREATMENTS & FINISHING

- 5 IMPERIAL® Gypsum Base with Diamond® Veneer Finish
- 6 SHEETROCK® Brand Joint Compound
- 7 SHEETROCK® Brand Paper Faced Corner Bead
- 8 FIRECODE® Smoke-Sound Sealant
- 9 SHEETROCK® Brand Prime-Surfacers Tuff-Hide™

ROOF

- A SECUROCK® High-Performance Roof Boards
- B SECUROCK® Glass-Mat Sheathing Panels
DUROCK™ Cement Board Next Gen

TILE BACKERS/UNDERLAYMENTS

- 10 DUROCK® Cement Board Next Gen
FIBEROCK® Aqua-Tough™ Underlayment Panels
- 11 DUROCK® Underlayment
DUROCK™ Tile Membrane
- 12 LEVELROCK® Floor Underlayment
- 13 FIBEROCK® Aqua-Tough™ Underlayment Panels

WALLBOARD

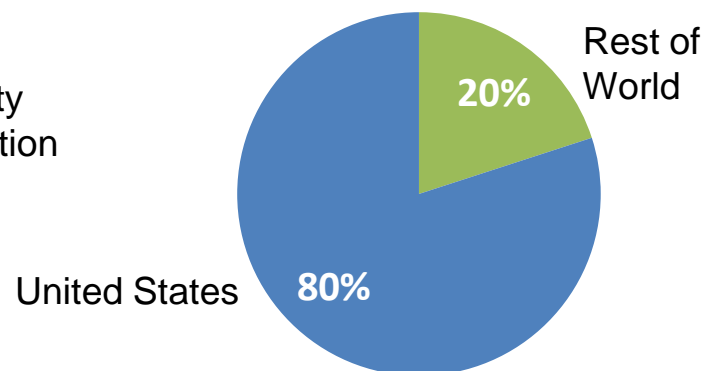
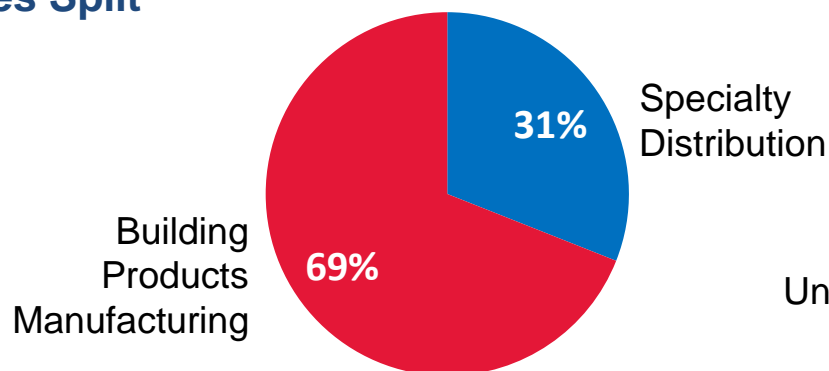
- 14 SHEETROCK™ Brand Mold Tough® Abuse Resistant Panels
- 15 SHEETROCK® Brand Glass-Mat Liner Panels
- 16 SHEETROCK® Brand UltraLight Panels FIRECODE® 30
SHEETROCK® Brand UltraLight Panels FIRECODE® X



USG OVERVIEW

		Net Sales* \$Billions	Market Position	Geographic Scope
Building Products Manufacturing	North American Gypsum • United States Gypsum Co. • CGC Gypsum (Canada) • USG Mexico	\$2.0	#1	U.S. Canada Mexico
	Worldwide Ceilings • USG Interiors, LLC • USG International • CGC Ceilings (Canada)	\$0.6	#2	North America and International
Specialty Distribution	Building Products Distribution • L&W Supply	\$1.1	#1	U.S.

Net Sales Split*



* Four quarters 2012, before inter-segment eliminations of \$484 million

NORTH AMERICAN GYPSUM Wallboard

- ✓ North American wallboard leader
- ✓ Leader in Quality, Service and Innovation
- ✓ SHEETROCK® is the most recognized, trusted and specified wallboard brand
- ✓ Most extensive portfolio of commercial and residential products



Committed to Innovation

- Leading manufacturing process technologies
- Creating solutions for emerging building trends
- Top Ten Industrial Materials Innovator



Low Delivered Cost

- World class logistics model
- Most modern network of high speed plants



Partnered with Channel Leaders

- L&W Supply
- Home Depot
- Independent specialty and pro dealers



SHEETROCK® Brand UltraLight Panels

- Portfolio of commercial & residential lightweight panels
- Contractor preferred

NORTH AMERICAN GYPSUM

Performance Surfaces

- ✓ Profitable business with stable margins through the cycle
- ✓ Only manufacturer with a nationwide footprint of plants
- ✓ Contractor focus – Key to success
- ✓ Innovative focus across the portfolio



Joint Compound

- Focus on innovation
- Contractor preferred brand and products
- Broadest distribution network



Plaster and Decorative Finishes

- Industry leader
- Consistent margin
- Excellent cash generation



Corner Bead

- Key growth opportunity
- Leverage SHEETROCK® brand
- Plastic innovation is the next growth platform



Partnered with Channel Leaders

- L&W Supply
- Home Depot
- Lowes
- Menards

NORTH AMERICAN GYPSUM

Performance Substrates

- ✓ Diverse portfolio of products with multiple uses and markets
- ✓ Innovative focus across the portfolio
- ✓ Profitable business with stable margins through the cycle
- ✓ First or second market share in all core products



Performance Flooring

- Tile and Flooring Premier Brands; DUROCK® & FIBEROCK®
- LEVELROCK®
- STRUCTO-CRETE®



Industrial Products

- Specialty applications
- Raw material focus
- 30+ varied markets
- Stable markets



Commercial Roof Boards

- SECUROCK® Brand Roof Board & Exterior Sheathing
- Gypsum-fiber, Glass-mat and Cement solutions
- Re-roof market currently dominates the available opportunity



Adjacencies

- Growth opportunities
- Building envelope and exterior systems development
- Innovative and sustainable product solutions
- Business incubator

NORTH AMERICAN GYPSUM

Q3 2013 Highlights

- Highest Q3 operating profit since 2006
- Continued strong performance across all product lines
- Timing of GTL profits fluctuate due to shipping volumes

Q3 2012 Operating Profit **\$35**

- US Wallboard Margin \$32
- US Wallboard Volume \$7
- GTL (\$4)
- ARO Adjustment \$4
- Other Products \$2

Q3 2013 Operating Profit **\$76**

\$ Millions

Q3 2013 | Q3 2012 | Variance

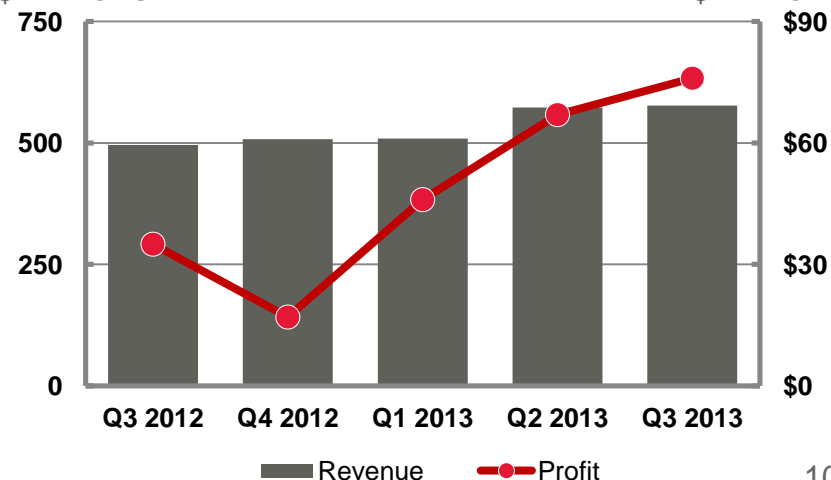
	Q3 2013	Q3 2012	Variance
Net Sales	\$577	\$496	\$81
Operating Profit	\$76	\$35	\$41
Restructuring	\$1	\$1	-
Adjusted Operating Profit*	\$77	\$36	\$41
DD&A	\$27	\$28	(\$1)

Revenue

\$ Millions

Operating Profit

\$ Millions



WORLDWIDE CEILINGS

- ✓ #2 Position in consolidated industry with leading brands
- ✓ International manufacturing and market coverage
- ✓ Profitable business with stable margins through the cycle
- ✓ Solutions focused on performance, sustainability, and aesthetics



Acoustical Tile

- Full line offering
- Sustainable solutions
- Specification focused



Specialty Solutions

- Innovator
- Leading brands
- End user focused



Suspension Systems

- Global brand: DONN® grid
- World class manufacturing
- Complete code approvals
- Partnered with GE for integrated lighting solution



Commercial Segments

- Specialty distribution
- Architect and designer
- Strategic owner accounts
- Strong in all key end use segments
- Extensive retail presence

WORLDWIDE CEILINGS

Q3 2013 Highlights

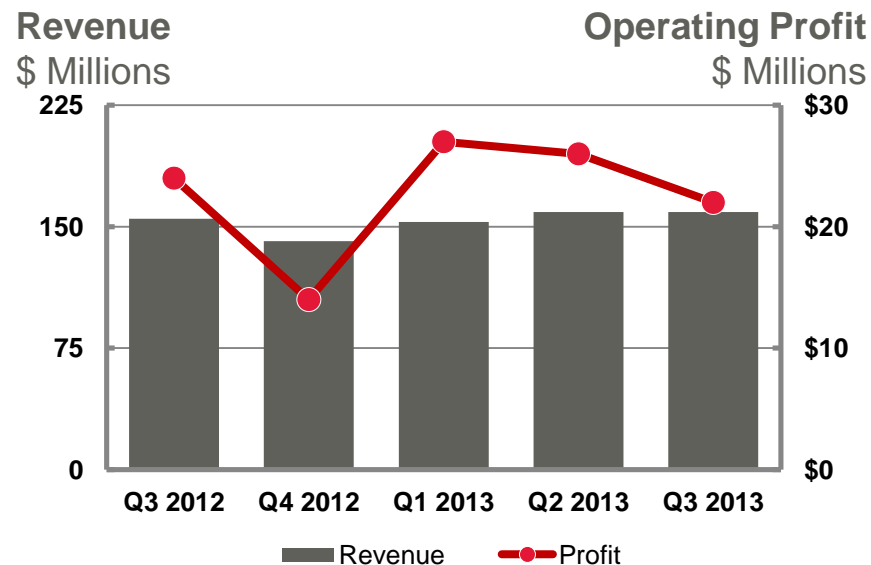
- Softer volumes in both ceiling tile and grid
- Continued margin improvement in nearly every product category
- Environmental charge on property sold in 1980s

Q3 2012 Operating Profit **\$24**

• Tile & Grid Margin	\$5
• Tile & Grid Volume	(\$2)
• USG International	(\$2)
• Environmental	(\$3)

Q3 2013 Operating Profit **\$22**

\$ Millions	Q3 2013	Q3 2012	Variance
Net Sales	\$159	\$155	\$4
Operating Profit/(Loss)	\$22	\$24	(\$2)
Restructuring/ Impairment	—	-	-
Adjusted Operating Profit*	\$22	\$24	(\$2)
DD&A	\$4	\$4	—



* See reconciliation to GAAP operating profit/(loss) on slide 41

BUILDING PRODUCTS DISTRIBUTION

L&W
SUPPLY

NATIONWIDE STRENGTH
LOCAL COMMITMENT



- Building Materials Wholesaler with industry leading service, a broad portfolio of high performance products and a wide array of business solutions
- Last mile logistics...safely to the jobsite
- Focused on making our +30,000 contractor customers successful everyday
- 70% of revenue from core products beyond wallboard
- Share-of-wallet focus across 7 core product categories
- Two-thirds of revenue is from commercial construction (new and tenant improvement)

BUILDING PRODUCTS DISTRIBUTION

Q3 2013 Highlights

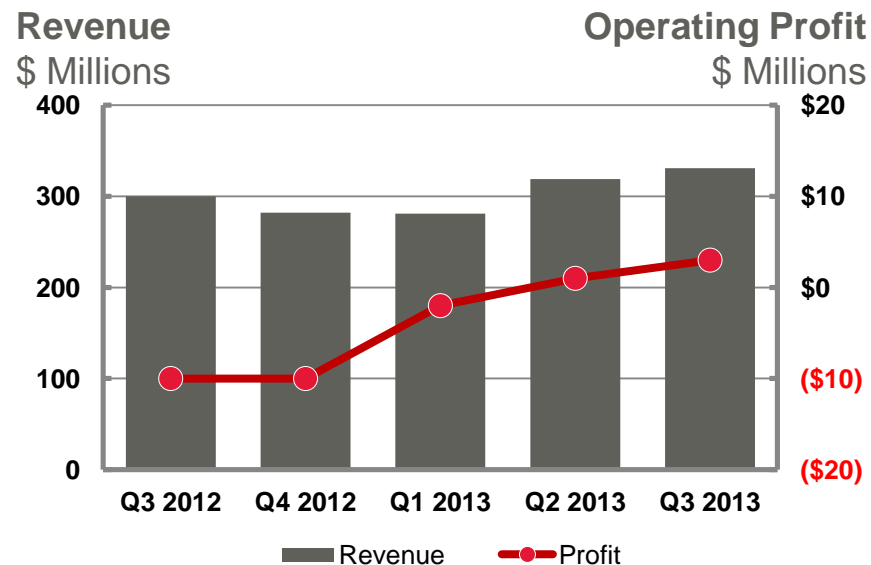
- Same store sales up 14%
- Wallboard sales up 23%
- Other core product sales up 5%

Q3 2012 Operating Loss (\$10)

• Wallboard	\$7
• Other Core Products	\$1
• Restructuring	\$3
• Operating Expenses	\$2

Q3 2013 Operating Profit \$3

\$ Millions	Q3 2013	Q3 2012*	Variance
Net Sales	\$331	\$300	\$31
Operating Profit/(Loss)	\$3	(\$10)	\$13
Restructuring/ Impairment	(\$1)	\$2	\$3
Adjusted Operating Loss	\$2	(\$8)	\$10
DD&A	\$3	\$3	—



* See reconciliation to GAAP operating profit/(loss) on slide 41

USG BORAL BUILDING PRODUCTS



Boral and USG are forming a US \$1.6 billion¹ plasterboard and ceilings joint venture, *USG Boral Building Products*, bringing together Boral's leading plasterboard manufacturing and distribution footprint in Asia and Australia with USG's world-leading building products technologies and strategic assets in Asia and the Middle East.

Substantial synergies expected from both the application of USG's gypsum technologies (manufacturing and freight cost savings plus revenue enhancements) and leveraging Boral's customer relationships and distribution platform (USG's adjacent products)



1. Asset value of US\$1.6bn subject to finalization of fair valuation, completion adjustments and final foreign exchange rates at the date of completion

USG BORAL BUILDING PRODUCTS

Estimated transaction value¹

- Estimated asset value of the joint venture is US\$1.6bn¹
 - US\$1.35bn for assets contributed by Boral; US\$0.25bn for assets contributed by USG
- USG's contributed assets include a perpetual licence in the JV's Territory to USG's current plasterboard technology, and the ceilings, joint compound and grid technologies currently used in the Territory (including improvements to current technologies)
- Up to US\$575m total payment from USG to Boral:
 - US\$500m cash upfront
 - Earn out payments totalling up to US\$75m² (net present value of ~US\$50m)

USD	BORAL		USG
Assets	\$1,350m ¹		\$250m ¹
Cash	(\$500m)	Balancing cash payment ←	\$500m
NPV of earn out	(\$50m) ²	From JV earnings	\$50m ²
Net contribution to JV	\$800m		\$800m

1. Subject to finalisation of fair valuation, completion adjustments and final foreign exchange rates at the date of completion
Including USG's and Boral's respective shares in non-controlling and controlled interests

2. Subject to achieving three- and five-year earnings targets

Anticipated synergies to exceed US\$50m per annum within 3 years of completing technology roll-out

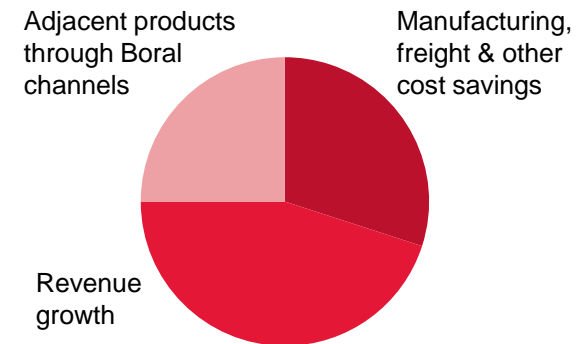
Expect substantial synergies from:

- Roll-out of USG's technologies:
 - lower manufacturing & freight costs
 - enhanced revenues through price premium
- Adjacent product sales through Boral market channels
 - ceiling products, metal products, cement and fibre board, joint compounds

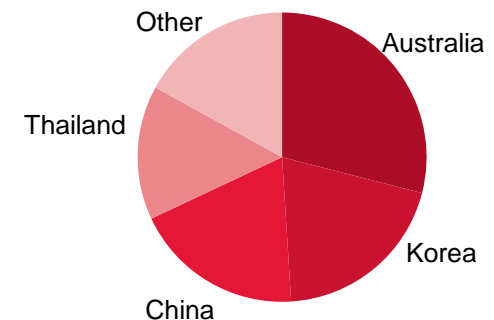
Synergies:

- Adjacent product synergies to commence immediately
- Other synergies to ramp up following 2 year phased technology roll-out and as market penetration increases
- Upfront operational expenditure expected to exceed synergies in first two years
- Based on extensive due diligence undertaken, including product testing

Targeted synergy breakdown



Synergies – geographic allocation



USG BORAL BUILDING PRODUCTS

USG funding and earnings implications

Calendar year 2014 expected impact to USG earnings¹

	US\$m
Projected JV earnings ²	\$35 - \$45
Adjustment for USG's contribution to the JV ³	(\$6 - \$8)
USG projected interest expense ⁴	(\$22 - \$25)
Total projected JV impact to USG's net income in CY2014⁵	\$7 - \$12

- **Accretive** – US\$7-\$12m expected contribution to USG bottom line in CY2014⁵. Results are expected to increase over time as technology is propagated and capabilities are optimised
- **NPV positive** – expected future returns exceed present value of cash contributions as synergies are realised
- **Balance Sheet neutral** – expected EBITDA to offset additional leverage, with higher cash contribution and lower debt/EBITDA over time
- USG expects to fund the joint venture through US\$350m in long-term debt and US\$150m of cash from its balance sheet, with earn out payments of up to US\$75m⁶

1. Guidance will not be provided on a quarterly or annual basis

2. JV results will be reflected in USG's Equity Method Income on its Statement of Operations, below the Operating Profit line and may vary based on finalization of fair valuation at the date of completion and foreign exchange rates

3. Represents full projected earnings contributions from USG's contributed entities in 2014

4. Expected interest payment related to the long-term debt used to fund the joint venture

5. Expected contribution is based on 12 months of operations, results may vary based on the actual commencement date of JV operations

6. \$75m earn out payments have a Net Present Value of \$50m based on the three- and five-year performance targets

USG BORAL BUILDING PRODUCTS

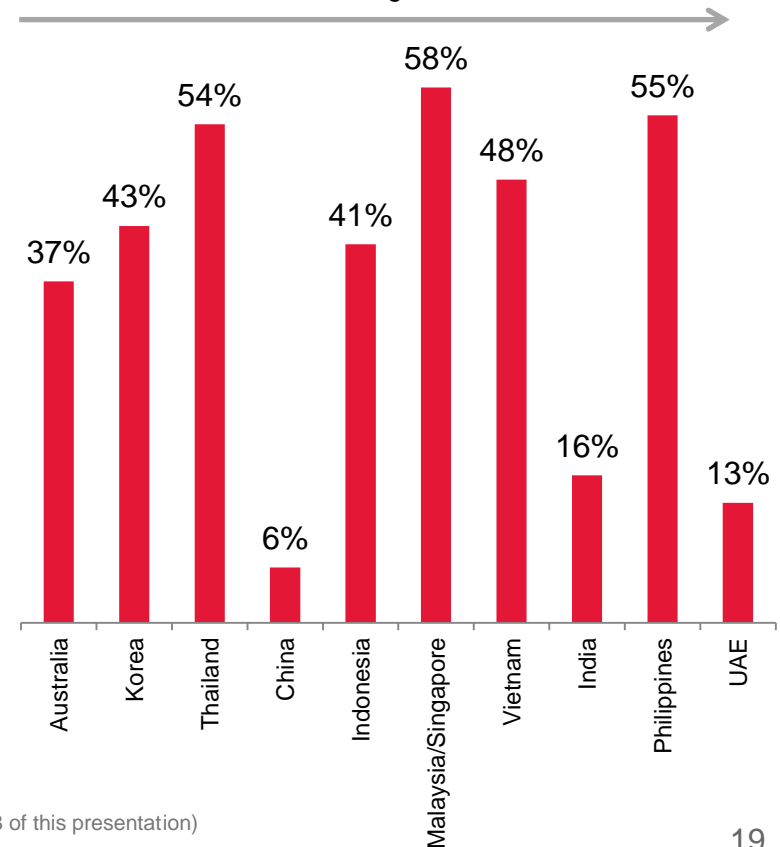
Joint venture market positions

Country	Board Capacity		Board lines	Non-board production ³	Sales offices	Gypsum mine
	(m m ²)	(BSF)				
China	155 ²	1.7 ¹	7 ¹	9 ³	7	-
Korea	153	1.6	4	3	6	-
Thailand	105	1.1	3	3	3	1
Australia	86	0.9	3	4 ³	9	1 ²
Indonesia	65	0.7	3	3	5	-
Vietnam	42 ¹	0.5 ¹	2 ¹	3	5	-
Malaysia/ Singapore	10	0.1	1	4 ³	4	-
India	9	0.1	1	3 ³	7	-
Other ⁴	-	-	-	1	8	-
New Zealand	-	-	-	1	1	-
Saudi Arabia	-	-	-	3 ³	3	-
Oman	8 ¹	0.1 ¹	1 ¹	-	-	1
Total	633	6.8	25	37	58	3

1. Production either online or expected to be online in CY2014
2. Includes metal stud, metal ceiling grid, joint compound, ceiling tile, cornice and/or mineral wool facilities
3. Certain manufacturing facilities and gypsum mines held in joint venture with third parties (refer to page 8 of this presentation)
4. Other includes metal plant in the Philippines and export business in UAE, Philippines, and Hong Kong
5. Source: management estimates based on plasterboard sales volume, excluding ceiling tiles

JV plasterboard market share 2013⁵

Revenue contribution from largest to smallest



DISCUSSION POINTS

- USG Overview
- **Market Commentary**
- Strategic Growth
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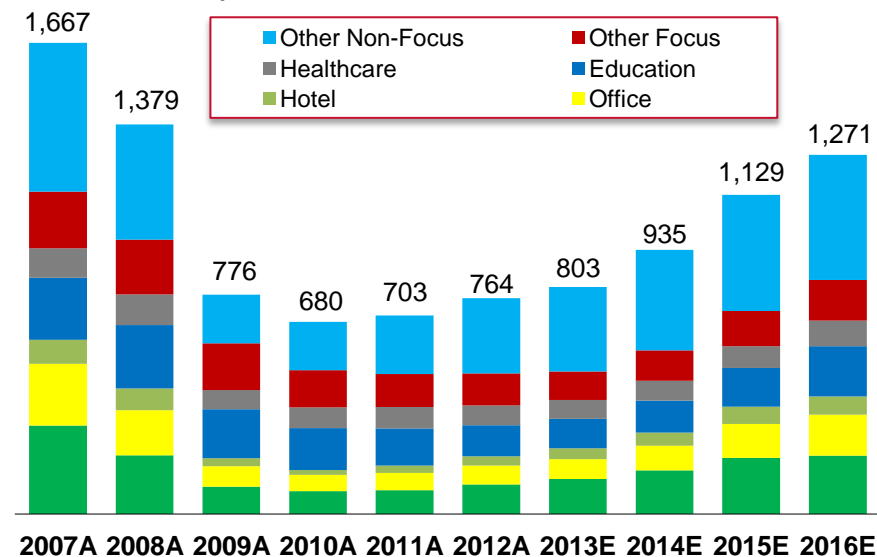
COMMERCIAL CONSTRUCTION

Key Commercial Construction Drivers

- Economic Growth
- Demographics
- Commercial Building Type
- Age of Building Stock
- Government Spending
- Building Turnover

Commercial Construction Starts

Millions of square feet



Source: McGraw Hill Construction

Architectural Billings Index



Note: Index higher than 50 reflects growth

Source: American Institute of Architects

- USG products ship approximately 12-18 months after a commercial start
- Nonresidential construction growth influenced by fiscal policies, business investment and hiring
- Commercial segments – retail, office and hotels – expected to improve first, reflecting more private sector funding and supporting residential construction activity
- Institutional categories – education and healthcare – tied to financial health of federal, state and local governments
- Demographics support need for more healthcare services

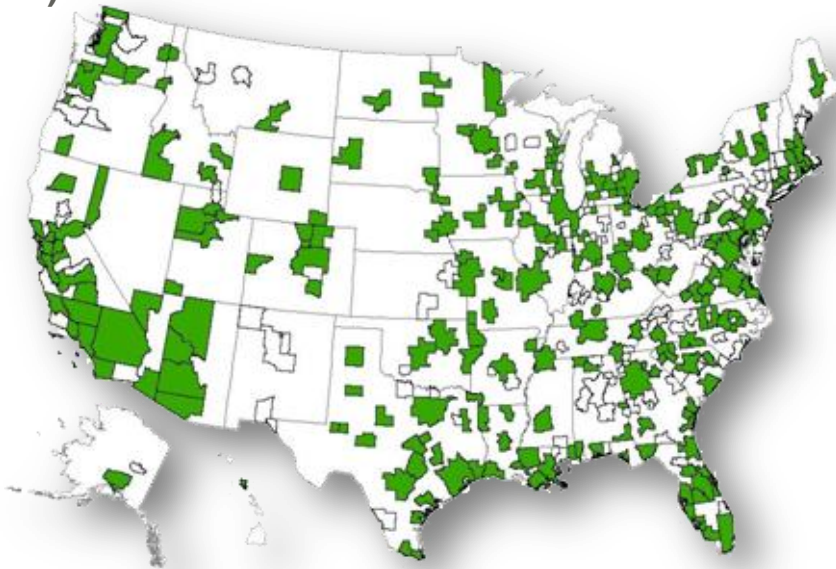
As in past recoveries, nonresidential construction is projected to improve following more favorable residential activity

RESIDENTIAL CONSTRUCTION

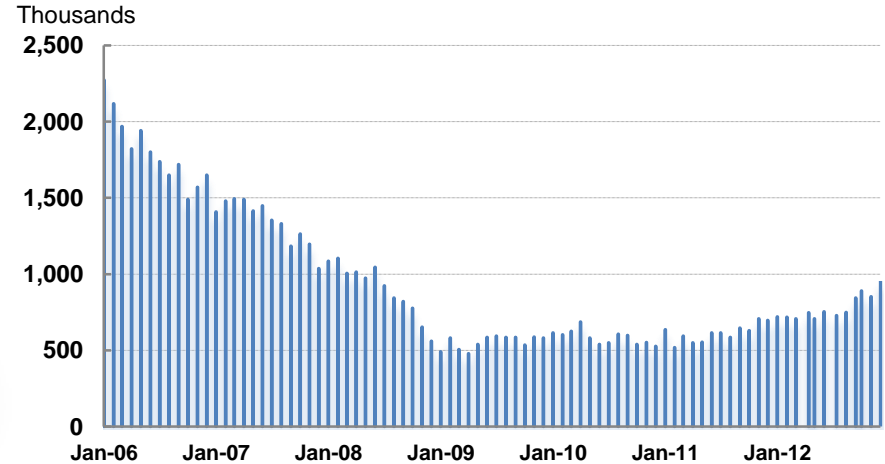
Key Commercial Construction Drivers

- Economic Growth
- Demographics
- Employment Situation
- Mortgage Rates
- Inventory of Homes
- Affordability

NAHB/First American Improving Markets Index (IMI)



Residential – Housing Starts (Seasonally Adjusted Annual Rate)



Source: U.S. Census Bureau

- Housing has gained momentum in 2013 and we expect 2014 to continue the positive trend
- Residential activity improvements seen in all regions
- Builders confidence at highest level since Spring 2006
- Inventory of newly constructed and move-in ready homes at historically low level
- Despite short-term headwinds, long-term macro trends point towards a real recovery

Residential construction is trending positively throughout more areas of the country. USG is well positioned to capitalize on this recovery.

REPAIR & REMODEL

Repair and Remodel Drivers

- Average age of US housing stock is 38 years old
- Commercial buildings in the US are, on average, in excess of 40 years old.
- In 2Q13, all factors in the NAHB Remodeling Index were over 50 for the first time in eight years.
- Lenders and new owners are rehabilitating millions of foreclosed properties

Repair and Remodel Activity

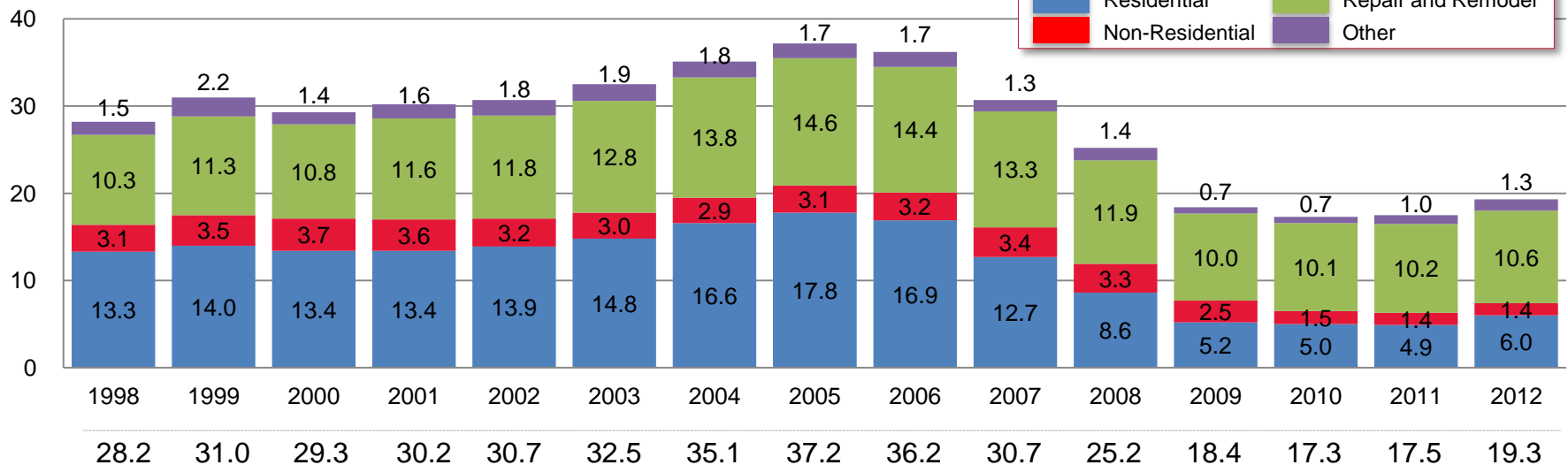
“General strengthening in the housing market over the past 18 months is translating into increased spending on home improvements.”

– Joint Center for Housing Studies of Harvard University
Leading Indicator of Remodeling Activity (LIRA)
July, 2013

“Remodelers are feeling optimistic about the home improvement market during what has turned out to be an uneven recovery”

– National Association of Home Builders
Remodeling Market Index (RMI)
July, 2013

U.S. Industry Wallboard Market



Total Industry Shipments (BSF)

MOVING TOWARD THE MEAN

ILLUSTRATIVE

Housing

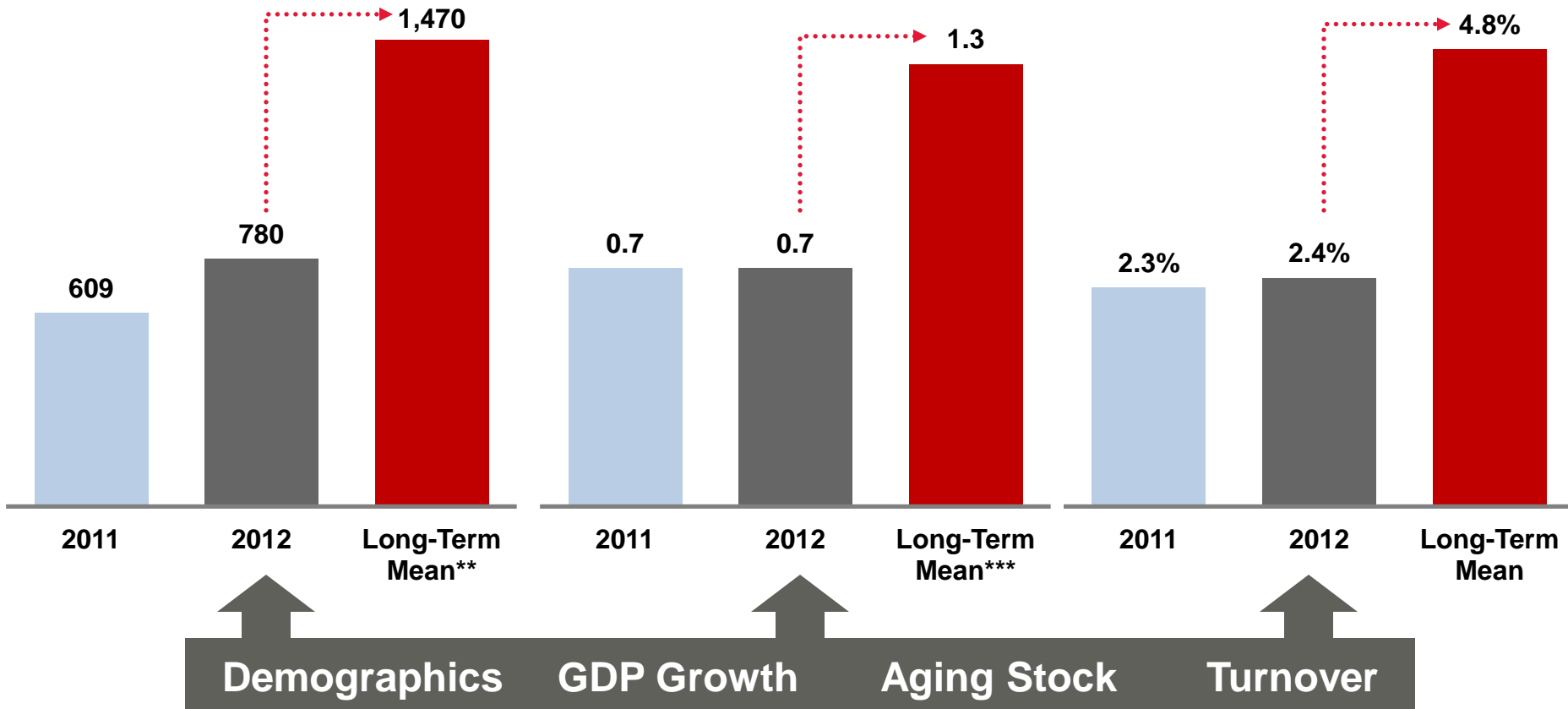
Annual starts (M Units)

Commercial

Annual starts (BSF)

R&R

Home Improvement*



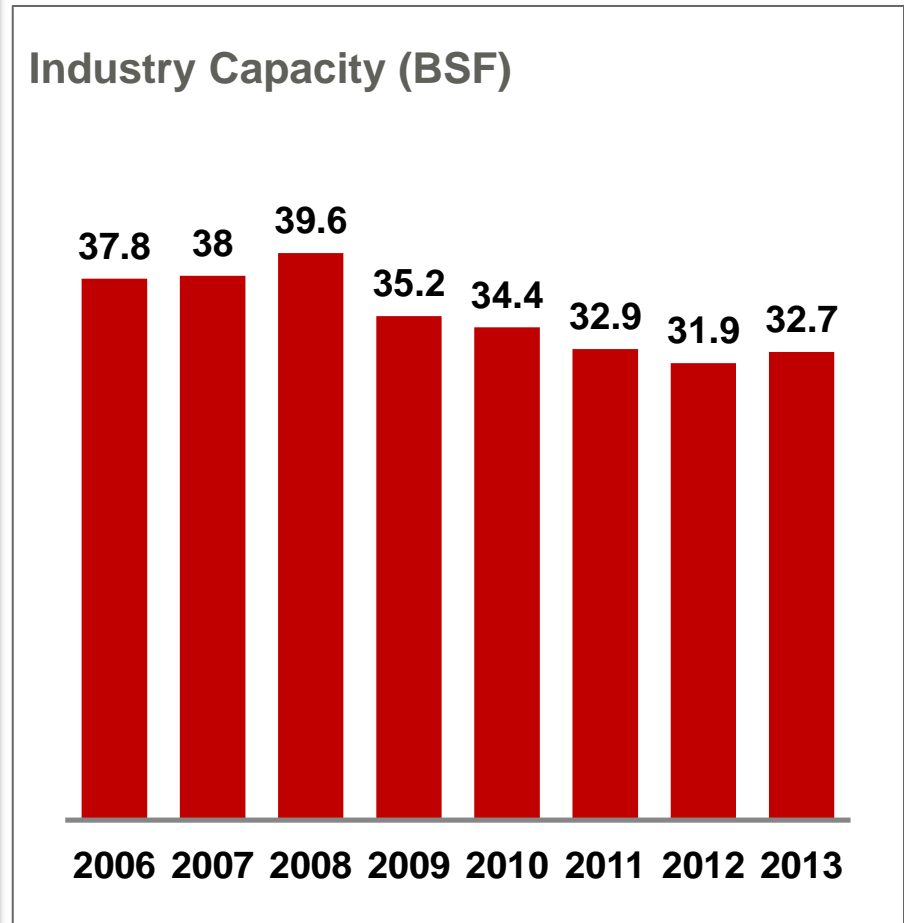
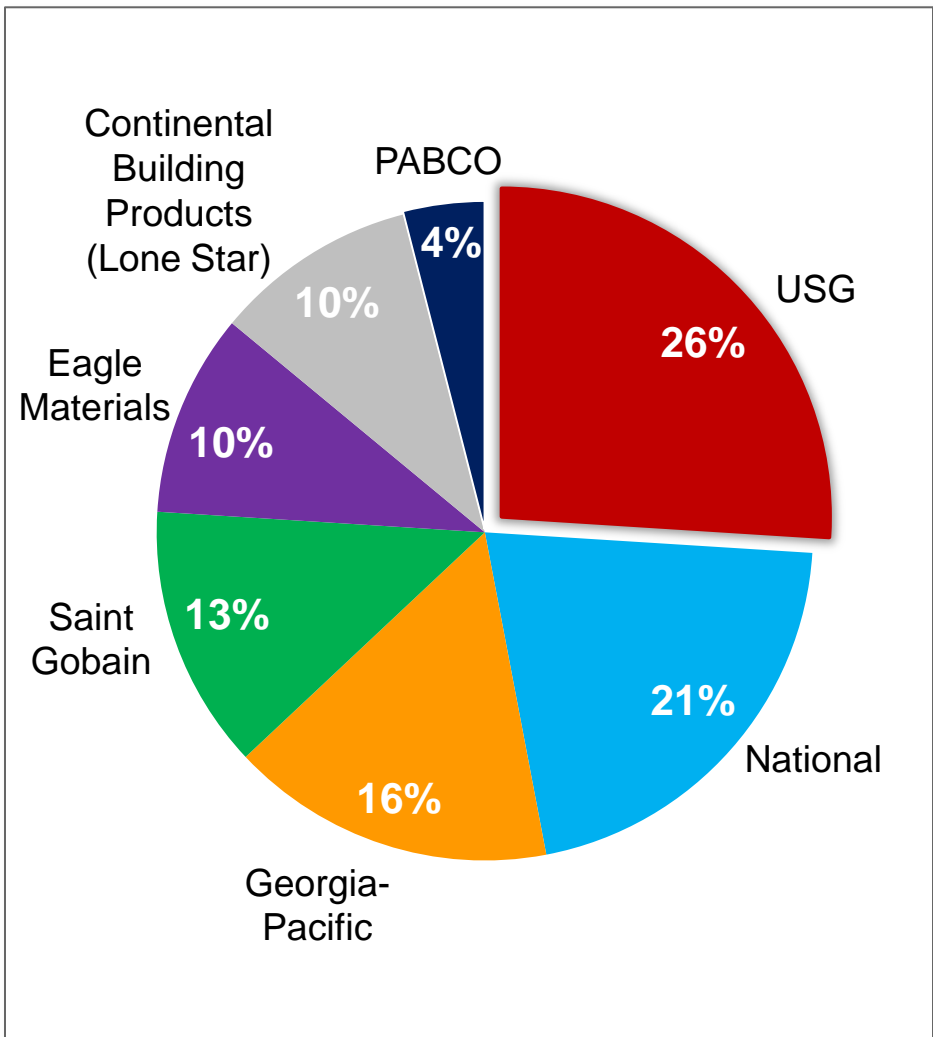
* Private residential fixed investment as a percent of GDP since 1950

** Since 1959

*** Since 1976

2012 AVERAGE U.S. MARKET SHARE

Wallboard & Gypsum Panels



Source: Gypsum Association, Company Sources

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STRATEGIC PRIORITIES



- Strengthen our core businesses
- Diversify the sources of our earnings
 - Select emerging markets
 - Adjacent products/systems
- Differentiate through innovation

STRENGTHEN THE CORE

Streamlining Operations

2007 ← CREATING OUR OWN RECOVERY → 2013

Manufacturing

- 3.8 BSF capacity reduction
- 14 wallboard lines idled
- 4 paper mills idled
- Focus on Lean Six Sigma to lower cost
- Record levels of safety and quality

Distribution

- Closed over 125 L&W Supply branches
- Structure of organization better aligned with customer needs
- Leveraged nationwide strength in sourcing
- Increased focus on non-wallboard products

Mining/Shipping

- Idled/closed 3 quarries
- Repurposed ships to generate revenue

Workforce

- Reduction of 4,830 positions
- Changed retiree medical benefit
- Outsourcing functions to lower cost
- Align organization structure with strategy

.....
\$516MM in cost reductions – SG&A at 2002 levels
.....

STRENGTHEN THE CORE

Synthetic Gypsum

Synthetic Gypsum provides strategic value for USG

- 38% of USG's total 2012 gypsum usage was synthetic gypsum
- USG's rock reserves among the largest in the industry
- 6 of 19 wallboard plants use synthetic gypsum for all of their needs, 6 additional use it for some production
- Synthetic gypsum contracts are of varying durations, up to 20+ years



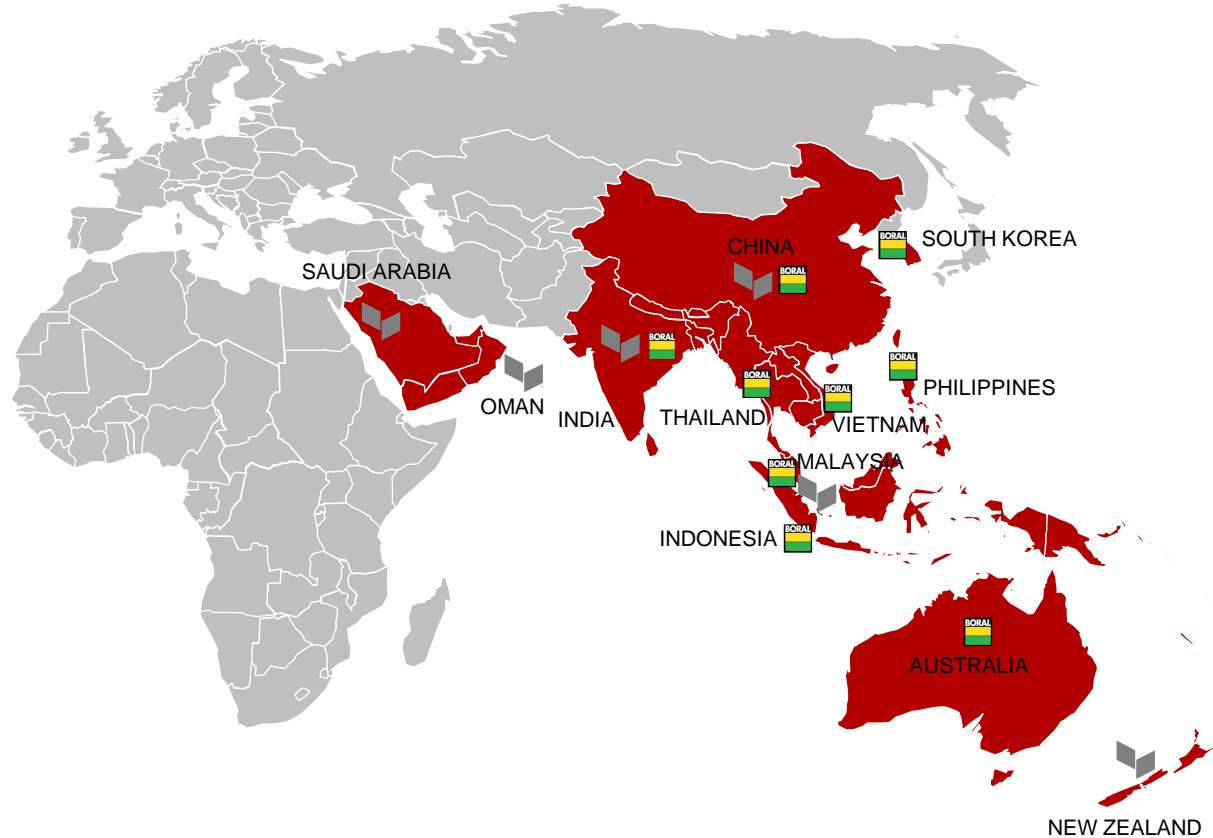
- Financial assurances from utilities exist in most of our major agreements for a steady supply
- Most plants are located near rail or waterways to allow for supply from multiple sources
- Some utilities are switching to lower cost, higher sulfur coal and running their higher efficiency plants with scrubbers more; this drives more synthetic gypsum production

DIVERSIFY EARNINGS

Build Critical Mass Outside of North America

USG

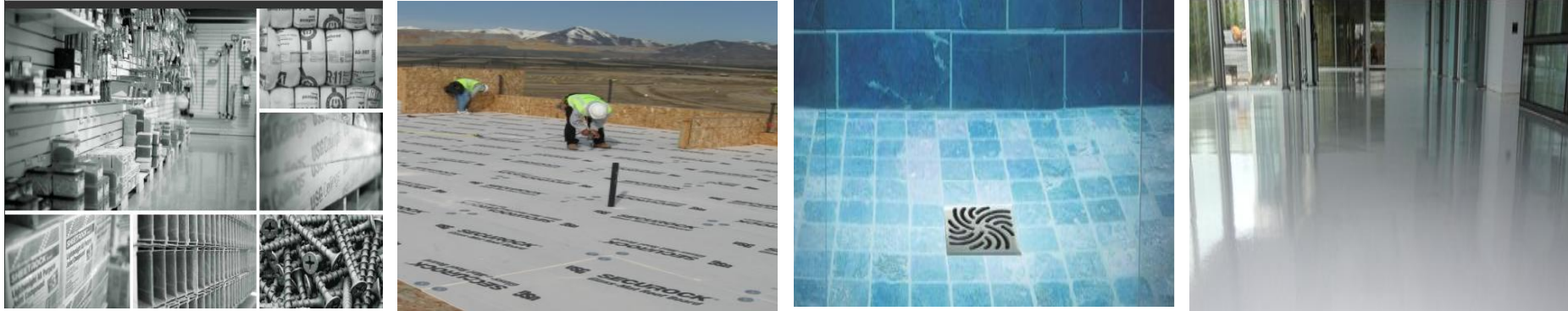
USG Boral Building Products



- Expected to help dampen some cyclicality in future earnings
- Total JV wallboard capacity of ~7 BSF
- 12 Countries with USG/Boral JV presence

DIVERSIFY EARNINGS

Product Adjacencies



Strategic objective of diversifying earnings through low-cost product adjacencies

L&W Supply

- 7 Core Product Strategy
 - Insulation
 - Ceilings
 - Joint Treatment
 - Wallboard
 - Fasteners
 - Exteriors
 - Steel

New Product Introductions

- Commercial Roofing Products:
 - Leverage existing product technologies through new channels
 - Have superior performance attributes over existing product /technologies
- Shower System:
 - USG Durock® Shower System
- Flooring:
 - Durock® Self Leveling Underlayment

DIFFERENTIATE THROUGH INNOVATION

1900



- Sheetrock®
- Sheetrock Gypsum Panels
- Pyrobar Gypsum Partition Tile

1920



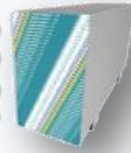
- Acoustone®
- Rocklath®
- Gyplap® Gypsum Sheathing
- Rocklath Gypsum Lath
- Acoustone Ceiling Tiles
- Perf-A-Tape® Joint Reinforcement

1940



- Pyrofill®
- Firecode®
- Structo-Gauge® Gauging Plaster
- Pyrofill® Poured Gypsum Roof Deck
- Water Repellent Wallboard
- Structo-Lite Perlited Plaster
- Sheetrock Firecode Core (Type X)
- Tapered Edge Panels
- Ready-Mixed Joint Compound
- 2" Solid Gypsum Wall Board System

1960



- Ultrawall®
- Structocore
- Structocore™ Wall System
- First Metal Stud Drywall System
- RC-1 Channel
- Sheetrock WR Gypsum Panels
- Chemically Hardening Joint Compound
- SW Gypsum Panels
- Blendtex Gypsum Panels
- Exterior Ceiling Board
- Ultrawall Relocatable Wall System
- USG Shaft Wall System
- Textone SW Gypsum Panels
- Area Separation Wall System
- Light Steel Framing

1980



- Durock®
- Fiberock®
- Structocore Security System
- Durock Cement Board
- Sheetrock Plus 3™ Joint Compound
- X-Technology Ceiling Panels
- Firecode® Compound
- 3/4" Ultracode® Core Gypsum Panels
- Compásso™ Suspension Trim
- Quick Release II Clip
- Cuvatura™ 3-D System
- Radar™ ClimaPlus™ Ceiling Panels
- Fiberock Panels
- USG Drywall Suspension System

2000



- Humitek®
- Levelrock®
- Next Generation Gypsum Panels
- Levelrock Floor Underlayment System
- USG™ Decorative Interior Finish System
- Geometrix™ Metal Ceiling Panels
- Astro™ ClimaPlus™ Ceiling Panels
- Translucents™ Luminous Panels
- Topo™ 3-D Ceiling Panels
- Humitek Gypsum Panels
- Securock® Roof Board
- Sheetrock® All Purpose Joint Compound with Dust Control
- Sheetrock® Mold-Tough panels
- Zero-emitting ceiling tiles
- High Recycled Content Suspension Systems
- True Wood Ceiling Panels
- Securock® Glass-Mat Sheathing
- Securock® Glass-Mat Liner Panels

2010



- Sheetrock® Brand UltraLight Panels
- Securock® Glass-Mat Roof Board
- Durock® Cement Board Next-Gen
- SHEETROCK® Brand UltraLightWeight All Purpose Joint Compound



USG has led every major industry innovation

**2000–2012:
1,100+ US Patents**

DIFFERENTIATE THROUGH INNOVATION

“Leader in Lightweight Innovation™”

2009

2010

2011

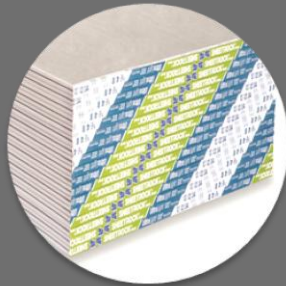
2012

2013



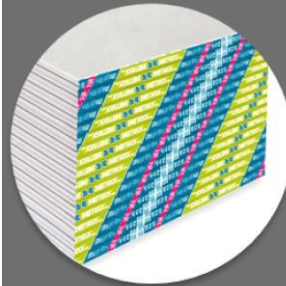
DUROCK® Next
Gen Cement
Board

Up to 25%
Lighter



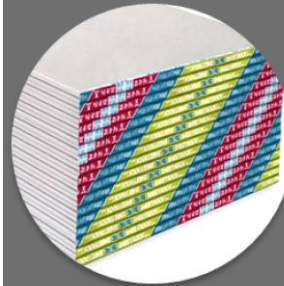
1/2"
SHEETROCK®
UltraLight
Panels

Up to 30%
Lighter



5/8"
SHEETROCK®
UltraLight
Firecode 30

Up to 30%
Lighter



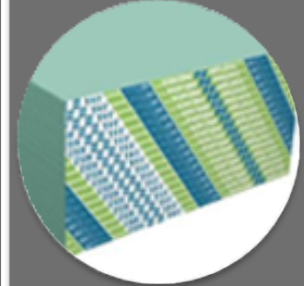
5/8"
SHEETROCK®
UltraLight
Firecode X

Up to 15%
Lighter



SHEETROCK®
Ultra
Lightweight
All Purpose

Up to 40%
Lighter



1/2"
SHEETROCK®
UltraLight
Mold Tough
Panels

Up to 20%
Lighter

5 Years of Lightweight Product Launches

DISCUSSION POINTS

- USG Overview
- Market Commentary
- Strategic Growth
- **Financial Update**
- Appendix

Q3 2013 CONSOLIDATED FINANCIAL RESULTS

\$ Millions (except EPS)

	Q3 2013	Q3 2012
Net Sales	\$925	\$828
Gross Profit	\$155	\$106
% of Net Sales	17%	13%
SG&A	\$80	\$74
Operating Profit	\$75	\$29
Interest Expense	\$51	\$50
Net Income/(Loss)	\$23	(\$29)
Diluted EPS	0.21	(0.28)
Restructuring and Impairment Charges	-	\$3
Income (loss) from discontinued operations	(\$1)	\$1
Adjusted Net Income/(Loss)*	\$24	(\$27)

* See reconciliation to GAAP operating profit/(loss) on slide 42

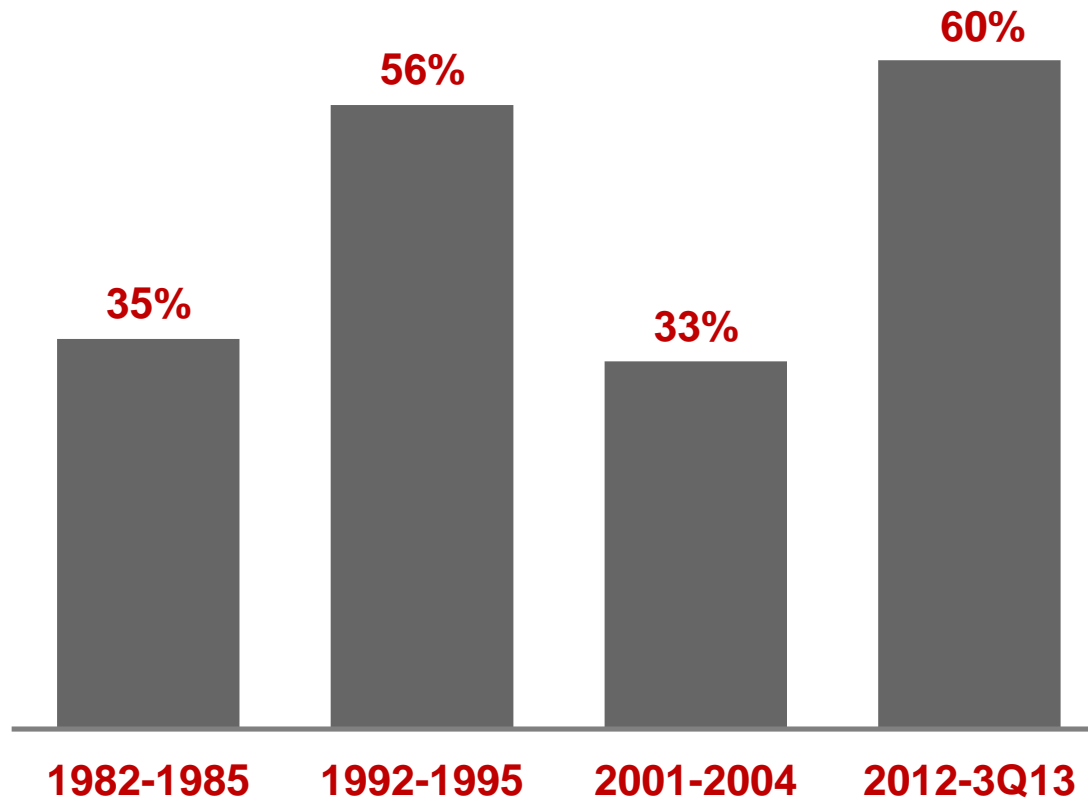
Q3 2013 CONSOLIDATED FINANCIAL RESULTS

\$ Millions	9 months ended September 30, 2013	9 months ended September 30, 2012
Cash flow provided by (used for) operations	\$12	\$27
▪ Capital Expenditures	(\$72)	(\$41)
▪ Investments and Loans to JVs	(\$5)	(\$18)
▪ Acquisition of Mining Rights	(\$17)	(\$16)
▪ Other	–	(\$2)
Adjusted cash flow (used for) investment activities*	(\$94)	(\$77)
Cash flow (used for) financing activities	\$1	(\$40)
Net Cash (used for) provided by discontinued operations	(\$1)	\$3
Effect of exchange rate on cash	(\$4)	\$5
Adjusted increase/(decrease) in cash and cash equivalents*	(\$86)	(\$82)
	September 30, 2013	September 30, 2012
Cash and cash equivalents and marketable securities	\$590	\$567
Total liquidity	\$873	\$781
Total debt	\$2,315	\$2,311

* US GAAP measure of net cash provided by (used for) investing activities was (\$75MM) in 2013 and \$96MM in 2012 and includes net (purchases)/sales of marketable securities of (\$7MM) in 2013 and \$157MM in 2012

U.S. GYPSUM CO. OPERATING LEVERAGE

Incremental Operating Profit Margin After a Trough



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**Incremental Operating Profit Margin for
USG Corporation is 60% since 2012**

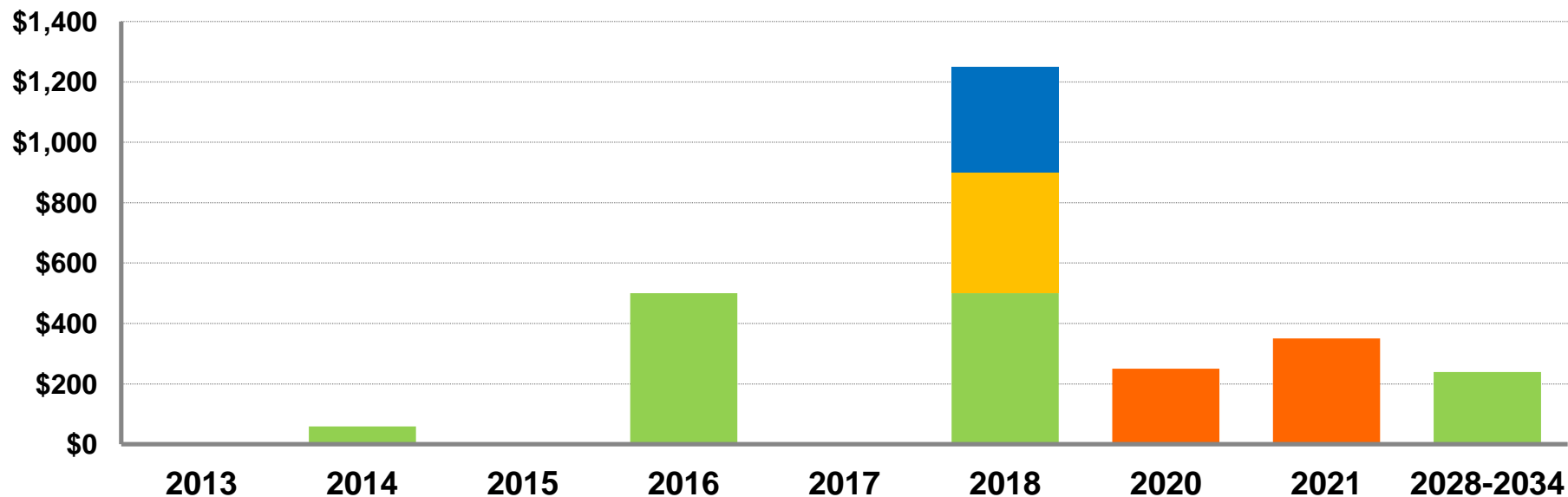
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FINANCIAL FLEXIBILITY

- \$873 million of liquidity as of 9/30/13 (\$874MM on 12/31/12)
- \$440 million U.S. and Canadian revolving credit facilities in place
- Capital spending, investments in and loans to joint ventures, including Oman capex, expected to be \$175MM in 2013
- \$2.1B U.S. Tax Loss Carryforward

Senior Note Maturities

\$ Millions



We are creating our own recovery by:

- **Continuing to strengthen our core businesses**
- **Diversifying earnings through select emerging markets and product adjacencies**
- **Differentiating through innovation**
- **Creating financial flexibility**

DISCUSSION POINTS

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TAX LOSS CARRYFORWARD

- **USG's current Federal Tax Loss Carryforward is \$2.1B**
- **The Tax Loss Carryforward will shelter the first \$2.1B of USG's U.S. domestic earnings in the recovery**
- **Due to cumulative losses, USG has a deferred tax valuation allowance for accounting purposes**
- **As a result, our book tax rate only reflects state and foreign taxes**
- **We are estimating total cash tax payments of \$8-12MM in 2013**

ADJUSTED OPERATING PROFIT/(LOSS) RECONCILED TO GAAP OPERATING PROFIT/(LOSS)*

\$ Millions	Q3 2013	Q3 2012	Change
Adjusted Operating Profit (Loss)			
▪ North American Gypsum	\$77	\$36	\$41
▪ Worldwide Ceilings	\$22	\$24	(\$2)
▪ Building Products Distribution	\$2	(\$8)	\$10
▪ Corporate & Eliminations	(\$26)	(\$20)	(\$6)
TOTAL	\$75	\$32	\$43
Restructuring and Asset Impairment Charges			
▪ North American Gypsum	\$1	\$1	—
▪ Worldwide Ceilings	—	—	—
▪ Building Products Distribution	(\$1)	\$2	(\$3)
▪ Corporate & Eliminations	—	—	—
TOTAL	—	\$3	(\$3)
Reported GAAP Operating Profit (Loss)			
▪ North American Gypsum	\$76	\$35	\$41
▪ Worldwide Ceilings	\$22	\$24	(\$2)
▪ Building Products Distribution	\$3	(\$10)	\$13
▪ Corporate & Eliminations	(\$26)	(\$20)	(\$6)
TOTAL	\$75	\$29	\$46

* All results from continuing operations

* References to Adjusted Operating Profit (Loss) are non-GAAP measures. Management believes this information provides investors with a more useful comparison of the corporation's ongoing business performance.

ADJUSTED NET INCOME/(LOSS) RECONCILED TO GAAP NET INCOME/(LOSS)*

\$ Millions

	Q3 2013	Q3 2012	Change
New Income/(Loss) – GAAP Measure	\$23	(\$29)	\$52
Less:			
Income from discontinued operations, net of tax	(\$1)	\$1	(\$2)
Add Back:			
Restructuring Charges	–	\$3	(\$3)
Adjusted Net Income/(Loss) – Non-GAAP Measure	\$24	(\$27)	\$51

* Adjusted Net Income (Loss) is a non-GAAP financial measure. We present Adjusted Net Income (Loss) to provide additional information regarding our current financial and operating performance because the measure excludes certain items that may not be indicative of the company's core operating results. In addition, Adjusted Net Income (Loss) is utilized by the company in evaluating operating performance.