



years ended December 31, dollars in millions	1998	1997	% Change
Net sales	\$3,130	\$2,874	9
Gross profit	884	787	12
% of net sales	28.2	27.4	
Selling and administrative expenses	299	281	6
% of net sales	9.6	9.8	
Net earnings	332	148	124 (a)
EBITDA (b)	659	572	15
% of net sales	21.1	19.9	
Capital expenditures	309	172	80
Total debt (as of December 31)	596	620	(4)
Stockholders' equity (as of December 31)	518	147	252

(a) Net earnings increased substantially in 1998, reflecting stronger results for each of USG's businesses. In addition, the impact of fresh start accounting charges reduced 1997 net earnings by \$127 million.

(b) EBITDA represents earnings before interest, taxes, depreciation, depletion, amortization and certain other income and expense items. EBITDA is helpful in understanding cash flow generated from operations that is available for taxes, debt service and capital expenditures. EBITDA should not be considered by investors as an alternative to net earnings as an indicator of the corporation's operating performance or to cash flows as a measure of its overall liquidity.