



USG Corporation Second Quarter 2012 Earnings Conference Call and Webcast

July 25, 2012



Forward-Looking 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 from management's expectations and, accordingly, may affect our sales and profitability or other results and liquidity. Actual results may differ 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; competitive conditions, such as price, service and product competition; shortages in raw materials; changes in raw material, energy, transportation and employee benefit costs; 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; changes in laws or regulations, including environmental and safety regulations; the outcome in contested litigation matters; our ability to complete surplus asset sales and other divestitures; 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.

Agenda

- Overview

James S. Metcalf
Chairman, President and CEO

- Financial Results

Matthew F. Hilzinger
Executive VP, Chief Financial Officer

- Questions

- Closing Remarks

James S. Metcalf
Chairman, President and CEO



James S. Metcalf

Chairman, President and CEO



Second Quarter 2012 Results



\$ Millions	2Q12	2Q11	Change
Net Sales			
North American Gypsum	473	420	53
Worldwide Ceilings	177	173	4
Building Products Distribution	293	270	23
Corporate & Eliminations	(118)	(102)	(16)
Total USG Corporation	825	761	64
Operating Profit/(Loss)			
North American Gypsum	31	(16)	47
Worldwide Ceilings	22	22	-
Building Products Distribution	(7)	(14)	7
Corporate & Eliminations	(15)	(13)	(2)
Total USG Corporation	31	(21)	52

Strategic Priorities



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



Diversify Our Earnings



- Oman Joint Ventures
 - Secures strategic rock asset in emerging market
 - Fastest entry to Indian wallboard market - ~2 BSF in 2020
 - Sell rock to established cement industry in India
 - Sell wallboard to current successful Middle East Joint Venture
- Approximately \$60 million in total investment over two years
- Quarry targeted to be operational in Q3 2013
- USG emerging market plant targeted to be operational in Q4 2013
- Exploring strategic alternatives for our European operations

Creating Our Own Recovery



- Indicators show modest market improvement
- Pricing strategy continues to contribute to the bottom line
- Volume remains steady
- Sustained penetration by Lightweight products
- Focus on cost reduction initiatives
- International expansion – Oman/India
- Maintain modest upward momentum



Matthew F. Hilzinger

Executive VP, Chief Financial Officer

Financial Results



Q2 2012 Consolidated Financial Results



\$ Millions (except EPS)	2Q 2012	2Q 2011
Net sales	825	761
Gross profit	109	53
% of net sales	13%	7%
SG&A	78	72
Operating profit (loss)	31	(21)
Interest expense	52	52
Net loss	(57)	(70)
Diluted EPS	(0.53)	(0.69)
Restructuring and impairment charges	-	2
Adjusted operating profit (loss)*	31	(19)

North American Gypsum

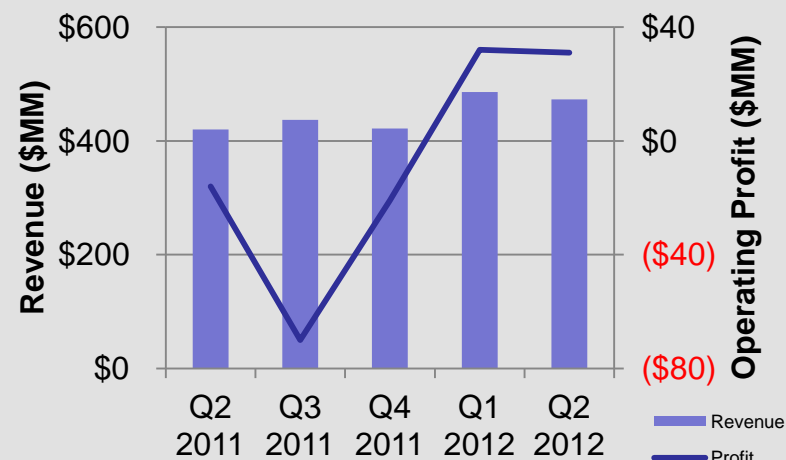


Q2 2012 Highlights

- Wallboard margin components all drive profitability – price, cost and volume
- Profits generated with new shipping contract
- SHEETROCK® UltraLight Panels volume continues to grow

Q2 2011 Operating Loss	(\$16)
US Wallboard Price	\$24
US Wallboard Cost	\$10
US Wallboard Volume	\$2
Gain on Asset Sale	\$3
Shipping Profit	\$2
Other	\$6
Q2 2012 Operating Profit	\$31

\$ (in millions)	Q2 2012	Q2 2011	Variance
Net Sales	\$473	\$420	\$53
Operating Profit/(Loss)	\$31	(\$16)	\$47
Restructuring/ Impairment	\$1	\$2	(\$1)
Adjusted Operating Profit/(Loss)*	\$32	(\$14)	\$46
DD&A	\$28	\$31	(\$3)



Worldwide Ceilings



Q2 2012 Highlights

- Mix shift to premium panels and grid
- Q2 opportunity down mid single digits
- Price improvements offset input cost increases

Q2 2011 Op. Profit (Loss)	\$22
US Tile Price/Mix	\$5
US Grid Price/Mix	\$2
CGC Ceilings	(\$1)
All Other Changes	(\$6)
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Q2 2012 Operating Profit	\$22

\$ (in millions)	Q2 2012	Q2 2011	Variance
Net Sales	\$177	\$173	\$4
Operating Profit	\$22	\$22	\$0
Restructuring/ Impairment	\$1	-	\$1
Adjusted Operating Profit*	\$23	\$22	\$1
DD&A	\$4	\$5	(\$1)



Building Products Distribution

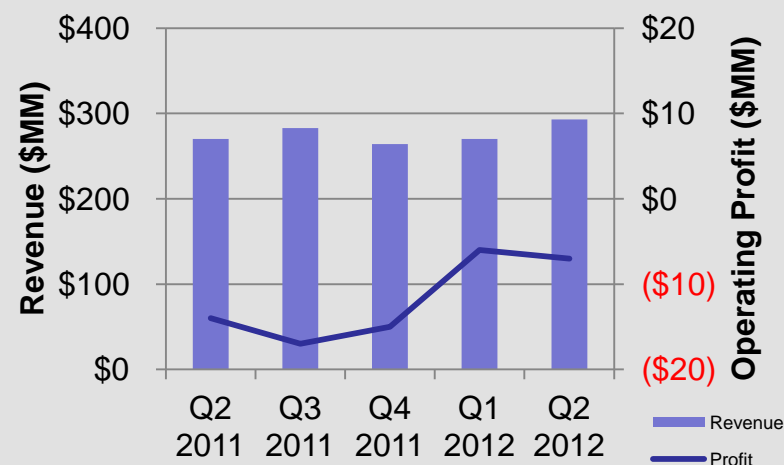


Q2 2012 Highlights

- Wallboard volume up 9% vs. Q2 2011
- Top line revenue up 10% YTD vs. 1H 2011
- Wallboard spread improves vs. Q2 2011

Q2 2011 Op. Profit/(Loss)	(\$14)
Wallboard Margin	\$4
Cost Reductions	\$1
<u>Restructuring</u>	<u>\$2</u>
Q2 2012 Op. Profit/(Loss)	(\$7)

\$ (in millions)	Q2 2012	Q2 2011	Variance
Net Sales	\$293	\$270	\$23
Operating Loss	(\$7)	(\$14)	\$7
Restructuring/ Impairment	(\$2)	-	(\$2)
Adjusted Operating Loss*	(\$9)	(\$14)	\$5
DD&A	\$3	\$3	-



USG Corporation

Other Consolidated Results



\$ Millions	6 months ending June 30, 2012	6 months ending June 30, 2011
Cash flow used for operations	(17)	(154)
Capital Expenditures	(28)	(25)
Investments and Loans to JVs	(15)	(4)
Acquisition of Mining Rights	(16)	-
Other	(2)	3
Cash flow used for investment activities*	(61)	(26)
Cash flow used for financing activities	(41)	(6)
Effect of exchange rate on cash	2	4
Decrease in cash and marketable securities	(117)	(182)
	6/30/12	6/30/11
Cash and cash equivalents and marketable securities	533	725
Total liquidity	745	923
Total debt	2,312	2,306

Adjusted Operating Profit/(Loss) Reconciled to GAAP Operating Profit/(Loss)



\$ Millions	2Q12	2Q11	Change
Adjusted operating profit (loss)			
North American Gypsum	32	(14)	46
Worldwide Ceilings	23	22	1
Building Products Distribution	(9)	(14)	5
Corporate & Eliminations	(15)	(13)	(2)
TOTAL	31	(19)	50
Restructuring and Asset Impairment Charges			
North American Gypsum	1	2	(1)
Worldwide Ceilings	1	-	1
Building Products Distribution	(2)	-	(2)
Corporate & Eliminations	-	-	-
TOTAL	-	2	(2)
Reported GAAP operating profit (loss)			
North American Gypsum	31	(16)	47
Worldwide Ceilings	22	22	0
Building Products Distribution	(7)	(14)	7
Corporate & Eliminations	(15)	(13)	(2)
TOTAL	31	(21)	52

Questions?





James S. Metcalf Chairman, President and CEO

Closing Remarks

