



USG Corporation Second Quarter 2013 Earnings Conference Call and Webcast

July 25, 2013



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 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; 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; 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.

Agenda

- Overview
James S. Metcalf
Chairman, President and CEO
- Financial Results
Matthew F. Hilzinger
Executive VP, Chief Financial Officer
- Building on the Recovery
James S. Metcalf
Chairman, President and CEO
- Questions
- Closing Remarks
James S. Metcalf
Chairman, President and CEO



James S. Metcalf

Chairman, President and CEO



Second Quarter 2013 Results



\$ Millions	2Q13	2Q12 ¹	Change
Net Sales			
North American Gypsum	573	473	100
Worldwide Ceilings	159	150	9
Building Products Distribution	319	293	26
<u>Eliminations</u>	<u>(135)</u>	<u>(118)</u>	<u>(17)</u>
Total USG Corporation	916	798	118
Operating Profit/(Loss)			
North American Gypsum	67	31	36
Worldwide Ceilings	26	19	7
Building Products Distribution	1	(7)	8
<u>Corporate & Eliminations</u>	<u>(20)</u>	<u>(15)</u>	<u>(5)</u>
Total USG Corporation	74	28	46

Strategic Priorities



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





Matthew F. Hilzinger

Executive VP, Chief Financial Officer



Q2 2013 Consolidated Financial Results



\$ Millions (except EPS)	2Q 2013	2Q 2012 ¹
Net sales	916	798
Gross profit	151	102
% of net sales	17%	13%
SG&A	76	74
Operating profit	74	28
Interest expense	50	52
Net income/(loss)	25	(57)
Diluted EPS	0.22	(0.53)
Restructuring and impairment charges	1	-
Loss on extinguishment of debt	-	41
Adjusted net income/(loss)*	26	(18)

North American Gypsum

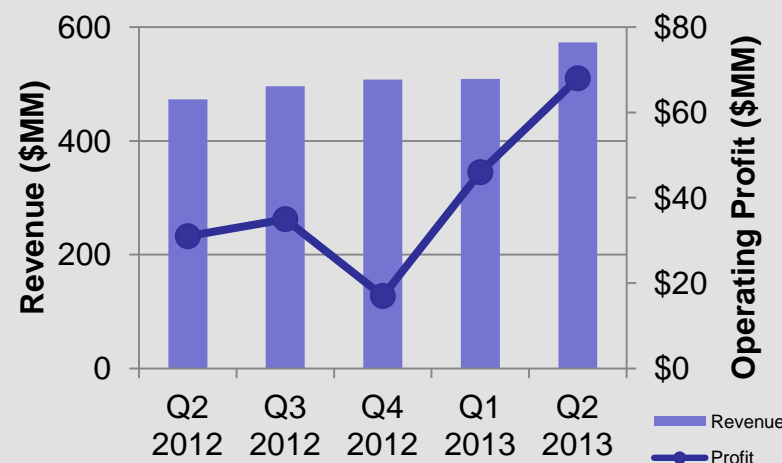


Q2 2013 Highlights

- Highest level of quarterly operating profit since Q2 2007
- Wallboard volume increase of 12%
- Joint Compound volume growth of 17%
- Durock volume gains of 29%

Q2 2012 Operating Profit	\$31
US Wallboard Margin	\$27
US Wallboard Volume	\$5
CGC/Mexico	\$5
GTL	\$5
<u>Natural Gas MTM/Other</u>	<u>(\$6)</u>
Q2 2013 Operating Profit	\$67

\$ (in millions)	Q2 2013	Q2 2012	Variance
Net Sales	\$573	\$473	\$100
Operating Profit	\$67	\$31	\$36
Restructuring/ Impairment	\$1	\$1	-
Adjusted Operating Profit*	\$68	\$32	\$36
DD&A	\$29	\$28	\$1



Worldwide Ceilings

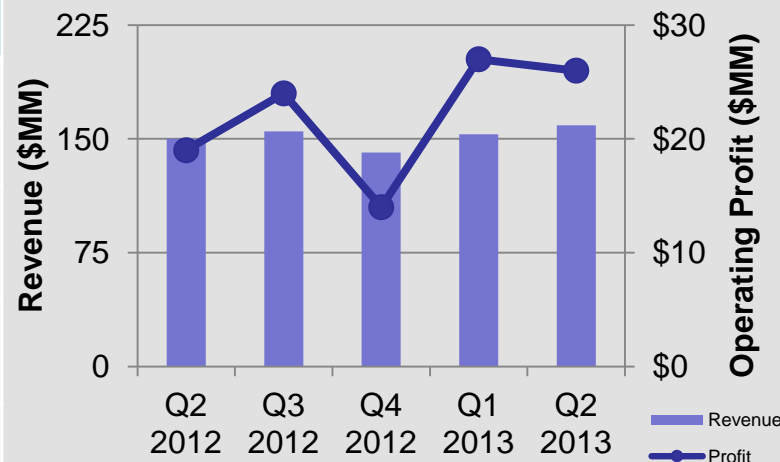


Q2 2013 Highlights

- Margin and volume improvement with both Tile and Grid
- Mix shift towards higher performing products
- 9% sales growth in USG International

Q2 2012 Operating Profit	\$19
Tile & Grid Volume	\$2
Tile & Grid Margin	\$5
Environmental	(\$3)
USG International	\$2
<u>Restructuring</u>	<u>\$1</u>
Q2 2013 Operating Profit	\$26

\$ (in millions)	Q2 2013	Q2 2012 ¹	Variance
Net Sales	\$159	\$150	\$9
Operating Profit	\$26	\$19	\$7
Restructuring/ Impairment	-	\$1	(\$1)
Adjusted Operating Profit*	\$26	\$20	\$6
DD&A	\$4	\$4	-



Building Products Distribution



Q2 2013 Highlights

- First quarter of operating profit since Q3 of 2008
- Same store sales up 13% vs. 2Q12
- \$5 million growth in non-wallboard operating profit

Q2 2012 Operating Loss	(\$7)
Wallboard	\$5
Non-wallboard products	\$5
<u>Restructuring</u>	<u>(\$2)</u>
Q2 2013 Operating Profit	\$1

\$ (in millions)	Q2 2013	Q2 2012	Variance
Net Sales	\$319	\$293	\$26
Operating Profit	\$1	(\$7)	\$8
Restructuring/ Impairment	-	(\$2)	\$2
Adjusted Operating Profit*	\$1	(\$9)	\$10
DD&A	\$3	\$3	-



USG Corporation

Other Consolidated Results



\$ Millions	6 months ended June 30, 2013	6 months ended June 30, 2012
Cash flow provided by (used for) operations	(45)	(17)
Capital Expenditures	(46)	(28)
Investments and Loans to JVs	(5)	(15)
Acquisition of Mining Rights	(17)	(16)
Other	(-)	(2)
Adjusted cash flow (used for) investing activities*	(68)	(61)
Cash flow (used for) financing activities	(3)	(41)
Effect of exchange rate on cash	(7)	2
Adjusted increase/(decrease) in cash and cash equivalents*	(123)	(117)
	6/30/13	6/30/12
Cash and cash equivalents and marketable securities	554	533
Total liquidity	846	745
Total debt	2,312	2,312

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



\$ Millions	2Q13	2Q12 ¹	Change
Adjusted operating profit (loss)			
North American Gypsum	68	32	36
Worldwide Ceilings	26	20	6
Building Products Distribution	1	(9)	10
Corporate & Eliminations	(20)	(15)	(5)
TOTAL	75	28	47
Restructuring and Asset Impairment Charges			
North American Gypsum	1	1	-
Worldwide Ceilings	-	1	1
Building Products Distribution	-	(2)	(2)
Corporate & Eliminations	-	-	-
TOTAL	1	-	(1)
Reported GAAP operating profit (loss)			
North American Gypsum	67	31	36
Worldwide Ceilings	26	19	7
Building Products Distribution	1	(7)	8
Corporate & Eliminations	(20)	(15)	(5)
TOTAL	74	28	46

* 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	2Q13	2Q12	Change
Net Income/(Loss) – GAAP Measure	25	(57)	82
Less:			
Income from discontinued operations, net of tax	-	(2)	2
Add Back:			
Restructuring Charges	1	-	1
Loss on extinguishment of debt	-	41	(41)
Adjusted Net Income/(Loss) – Non-GAAP Measure	26	(18)	44

* 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.



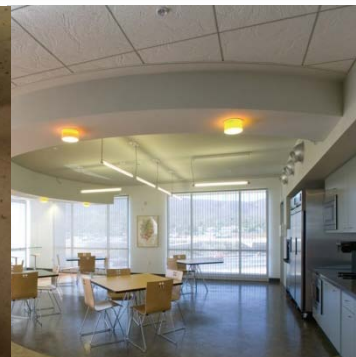
James S. Metcalf

Chairman, President and CEO



- Residential recovery remains intact, but headwinds may suppress the rate of recovery
- Well positioned to capture Repair and Remodel growth via big box partnerships
- Anticipate continued volatility in commercial segment, but well positioned for recovery

Questions?





James S. Metcalf

Chairman, President and CEO

