



USG Corporation Third Quarter 2013 Earnings Conference Call and Webcast

October 24, 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; 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.

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

James S. Metcalf

Chairman, President and CEO



Third Quarter 2013 Results



\$ Millions	3Q13	3Q12	Change
Net Sales			
North American Gypsum	577	496	81
Worldwide Ceilings	159	155	4
Building Products Distribution	331	300	31
Eliminations	(142)	(123)	(19)
Total USG Corporation	925	828	97
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 USG Corporation	75	29	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



Q3 2013 Consolidated Financial Results



\$ Millions (except EPS)	3Q 2013	3Q 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 charges	-	3
Income (loss) from discontinued operations	(1)	1
Adjusted net income/(loss)*	24	(27)

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
<u>Other Products</u>	<u>\$2</u>
Q3 2013 Operating Profit	\$76

\$ (in millions)	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)



Worldwide Ceilings

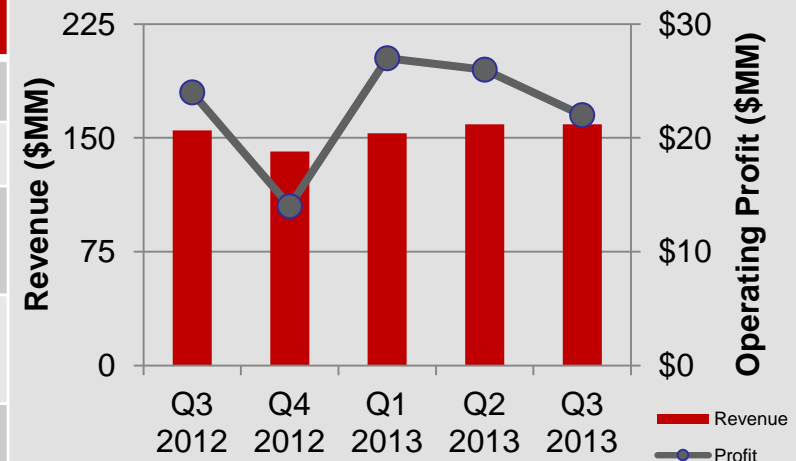


Q3 2013 Highlights

- 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)
<u>Environmental</u>	<u>(\$3)</u>
Q3 2013 Operating Profit	\$22

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



Building Products Distribution

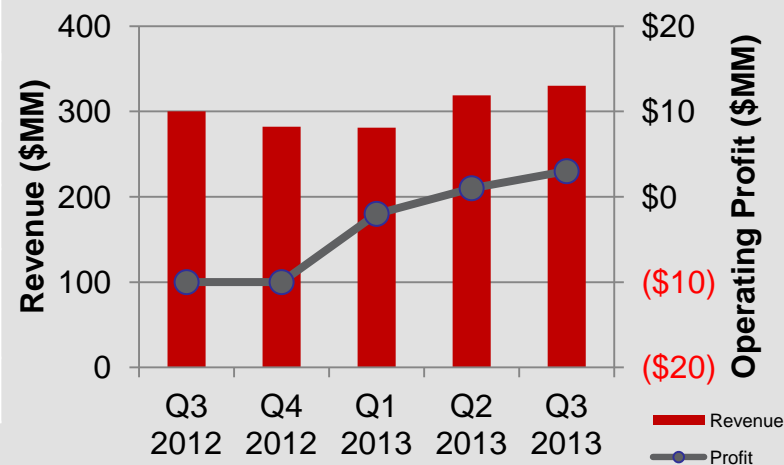


Q3 2013 Highlights

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

Q3 2012 Operating Loss	(\$10)
Wallboard Margin	\$7
Other Core Products	\$1
Restructuring	\$3
<u>Operating Expenses</u>	<u>\$2</u>
Q3 2013 Operating Profit	\$3

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



USG Corporation

Other Consolidated Results



\$ Millions	9 months ended September 30, 2013	9 months ended September 30, 2012
Cash flow provided by 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) investing activities*	(94)	(77)
Cash flow provided by (used for) financing activities	1	(40)
Net cash (used for) provided by discontinued operations	(1)	3
Effect of exchange rate changes on cash	(4)	5
Adjusted increase/(decrease) in cash and cash equivalents*	(86)	(82)
	9/30/13	9/30/12
Cash and cash equivalents and marketable securities	590	567
Total liquidity	873	781
Total debt	2,315	2,311

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



\$ Millions	3Q13	3Q12	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 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

* 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	3Q13	3Q12	Change
Net Income/(Loss) – GAAP Measure	23	(29)	52
Less:			
(Loss)/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.

James S. Metcalf

Chairman, President and CEO



- Residential faces short-term headwinds from rising interest rates and the US government shutdown, but long-term macro trends point towards a real recovery.
- Expected growth in 2013 repair and remodel is in the mid to upper single-digit range. USG well positioned to capitalize due to relationships with large, national retailers.
- Commercial remains choppy, but green shoots exist and future indicators are positive.

Questions?



James S. Metcalf

Chairman, President and CEO

