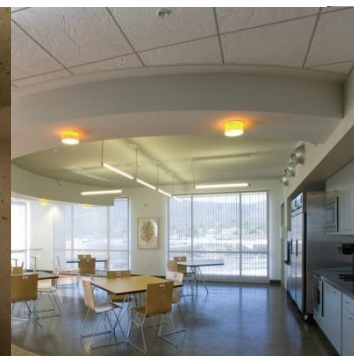




USG Corporation Third Quarter 2012 Earnings Conference Call and Webcast

October 18, 2012



Forward-Looking Statements



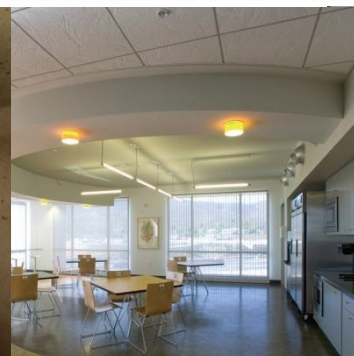
This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 related to management's expectations about future conditions. Actual business, market or other conditions may differ from management's expectations and, accordingly, may affect 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
- Looking to 2013
James S. Metcalf
Chairman, President and CEO
- Questions
- Closing Remarks
James S. Metcalf
Chairman, President and CEO



James S. Metcalf Chairman, President and CEO



Third Quarter 2012 Results



\$ Millions	3Q12	3Q11	Change
Net Sales*			
North American Gypsum	496	437	59
Worldwide Ceilings	155	154	1
Building Products Distribution	300	283	17
Corporate & Eliminations	(123)	(111)	(12)
Total USG Corporation	828	763	65
Operating Profit/(Loss)*			
North American Gypsum	35	(70)	105
Worldwide Ceilings	24	22	2
Building Products Distribution	(10)	(17)	7
Corporate & Eliminations	(20)	(14)	(6)
Total USG Corporation	29	(79)	108

Strategic Priorities



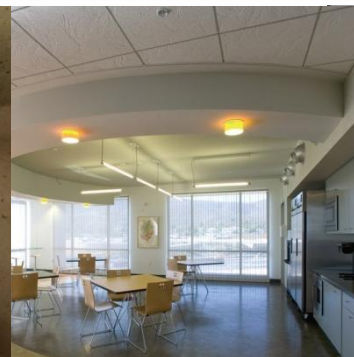
- Strengthen our core businesses
- Diversify the sources of our earnings
 - Select emerging markets
 - Adjacent products/systems
- Differentiate through innovation





Matthew F. Hilzinger Executive VP, Chief Financial Officer

Financial Results



Q3 2012 Consolidated Financial Results



\$ Millions (except EPS)	3Q 2012	3Q 2011
Net sales ¹	828	763
Gross profit ¹	106	46
% of net sales ¹	13%	6%
SG&A ¹	74	66
Operating profit (loss) ¹	29	(79)
Interest expense ¹	50	54
Net loss ²	(29)	(115)
Diluted EPS ²	(0.28)	(1.09)
Restructuring and impairment charges ¹	3	59
Adjusted operating profit (loss)* ¹	32	(20)

North American Gypsum

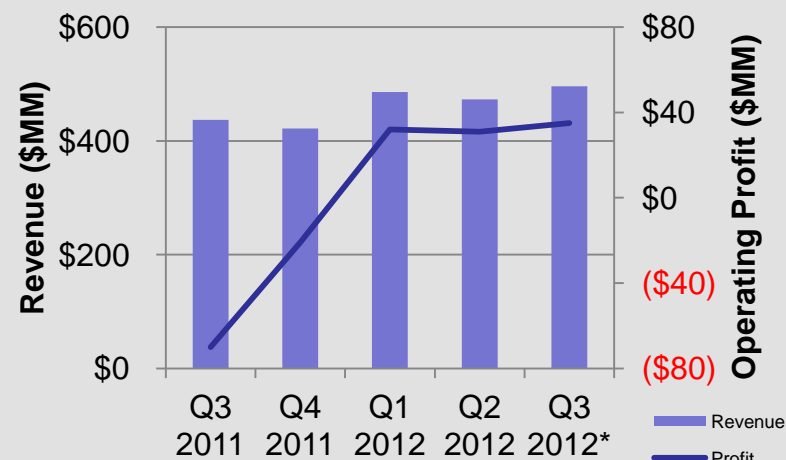


Q3 2012 Highlights

- New wallboard pricing approach and increased demand drive increased profit
- All other core products show improvement
- Gypsum Transportation Limited (GTL) shipping contract generated profit

Q3 2011 Operating Loss	(\$70)
US Wallboard Price	\$24
US Wallboard Cost	\$10
US Wallboard Volume	\$2
Joint Compound	\$3
GTL Profit	\$8
Other ¹	\$58
Q3 2012 Operating Profit	\$35

\$ (in millions)	Q3 2012	Q3 2011	Variance
Net Sales	\$496	\$437	\$59
Operating Profit/(Loss)	\$35	(\$70)	\$105
Restructuring/ Impairment	\$1	\$52	(\$51)
Adjusted Operating Profit/(Loss)*	\$36	(\$18)	\$54
DD&A	\$28	\$29	(\$1)



Worldwide Ceilings



Q3 2012 Highlights

- Pending sale of European assets removes their contribution from results – moved to discontinued operations
- Profit improved as customers shift to product solutions focused on acoustics, sustainability and aesthetics

Q3 2011 Operating Profit	\$22
U.S. Tile	\$2
U.S. Grid	\$1
<u>CGC Ceilings/Other</u>	<u>(\$1)</u>
Q3 2012 Operating Profit	\$24

\$ (in millions)	Q3 2012	Q3 2011	Variance
Net Sales	\$155	\$154	\$1
Operating Profit	\$24	\$22	\$2
Restructuring/ Impairment	-	-	-
Adjusted Operating Profit	\$24	\$22	\$2
DD&A	\$4	\$4	-



Building Products Distribution

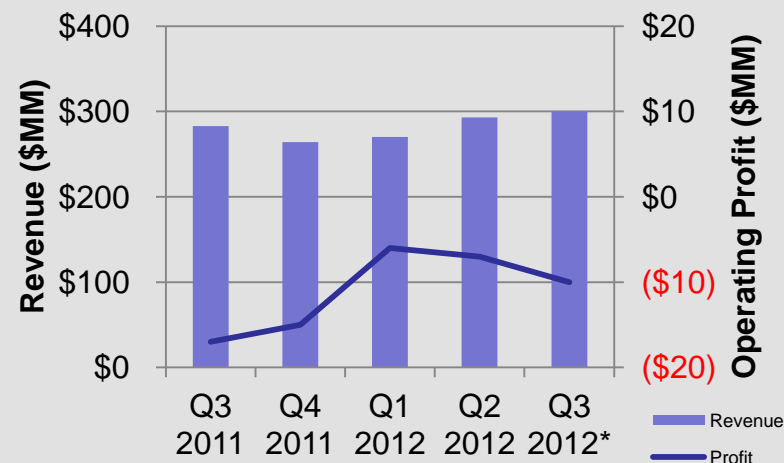


Q3 2012 Highlights

- Wallboard volume increased by 5% and spread increased by 10% vs. Q3 2011
- All other core products show sales improvement
- Reduction in branch footprint by 12 branches

Q3 2011 Operating Loss	(\$17)
Wallboard Margin	\$3
Other Core Products	\$4
Lower Restructuring	\$5
Non-operational Costs	(\$3)
<u>Overhead</u>	<u>(\$2)</u>
Q3 2012 Operating Loss	(\$10)

\$ (in millions)	Q3 2012	Q3 2011	Variance
Net Sales	\$300	\$283	\$17
Operating Loss	(\$10)	(\$17)	\$7
Restructuring/ Impairment	\$2	\$7	(\$5)
Adjusted Operating Loss*	(\$8)	(\$10)	\$2
DD&A	\$3	\$3	-



USG Corporation

Other Consolidated Results



\$ Millions	9 months ending September 30, 2012	9 months ending September 30, 2011
Cash flow provided by (used for) operations	27	(180)
Capital Expenditures	(41)	(37)
Investments and Loans to JVs	(18)	(4)
Acquisition of Mining Rights	(16)	-
Other	(2)	5
Adjusted cash flow used for investment activities*	(77)	(36)
Cash flow used for financing activities	(40)	(8)
Effect of exchange rate on cash	5	(11)
<u>Discontinued operations</u>	<u>3</u>	<u>6</u>
Adjusted increase/(decrease) in cash and cash equivalents*	(82)	(229)
	9/30/12	9/30/11
Cash and cash equivalents and marketable securities	567	677
Total liquidity	781	883
Total debt	2,311	2,298

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

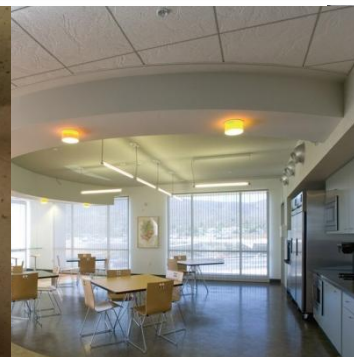


\$ Millions	3Q12	3Q11	Change
Adjusted operating profit (loss)			
North American Gypsum	36	(18)	54
Worldwide Ceilings	24	22	2
Building Products Distribution	(8)	(10)	2
Corporate & Eliminations	(20)	(14)	(6)
TOTAL	32	(20)	52
Restructuring and Asset Impairment Charges			
North American Gypsum	1	52	(51)
Worldwide Ceilings	-	-	-
Building Products Distribution	2	7	(5)
Corporate & Eliminations	-	-	-
TOTAL	3	59	(56)
Reported GAAP operating profit (loss)			
North American Gypsum	35	(70)	105
Worldwide Ceilings	24	22	2
Building Products Distribution	(10)	(17)	7
Corporate & Eliminations	(20)	(14)	(6)
TOTAL	29	(79)	108



James S. Metcalf Chairman, President and CEO

Closing Remarks



- Residential growth strongest, leading commercial and repair & remodel
- Growth may experience headwinds due to:
 - Availability of labor - Contractors, drivers, laborers, trades
 - Availability of credit - working capital, contractor receivables, home mortgages
- Commercial construction improves in some segments but remains flat in others

Questions?





James S. Metcalf Chairman, President and CEO

Closing Remarks

