



# USG Corporation First Quarter 2012 Earnings Conference Call and Webcast

**April 17, 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.

- Overview

James S. Metcalf

*Chairman, President and CEO*

- Financial Results

Richard H. Fleming

*Executive VP, Chief Financial Officer*

- Questions

- Closing Remarks

James S. Metcalf

*Chairman, President and CEO*



# James S. Metcalf

## Chairman, President and CEO



# Management Transition



- Rick Fleming retiring after 20 years as Chief Financial Officer
- Matt Hilzinger joins USG as new Chief Financial Officer
  - Formerly CFO of Exelon Corporation

- SHEETROCK® Brand UltraLight Panels performing well
- Wallboard price improvement
- Modest wallboard volume improvement
- L&W Supply strategy contributing to improved performance
- Strong performance by Ceilings, Surfaces, Substrates

- \$118MM of 2014 9.75% notes validly tendered
- \$250MM of 2020 7.875% new notes successfully offered
- Debt refinancing extends maturity at a lower coupon
- Improves financial flexibility

# Strategic Priorities



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







# Richard H. Fleming Executive VP, Chief Financial Officer

## Financial Results



# Q1 2012 Consolidated Financial Results



\$ Millions (except EPS)	1Q12	1Q11
Net sales	812	721
Gross profit	110	36
% of net sales	14%	5%
Operating profit (loss)	27	(58)
Net loss	(27)	(105)
Diluted EPS	(0.26)	(1.01)
Adjusted operating profit (loss)*	29	(49)

*\*See reconciliation to GAAP operating loss on slide 12*

# Adjusted Operating Loss Reconciled to GAAP Operating Loss



\$ Millions	1Q12	1Q11	Favorable Change
Adjusted operating profit (loss)	29	(49)	78
Restructuring and impairment charges	2	9	7
Reported operating profit (loss)	27	(58)	85

# Incremental Operating Margin



- USG posts operating profit increase from Q1 2011
  - US Gypsum Co. realizes improved wallboard margins
  - L&W Supply reduces operating loss with higher prices
  - USG Interiors improves top-line growth & margins
  - Overhead reduction
  - Reduced restructuring charges
- \$85 million operating profit improvement on \$91 million of increased sales is a 93% incremental operating profit margin\*

*\*86% incremental operating profit margin excluding restructuring*

# Q1 2012 Segment Results



\$ Millions

	<i>Net Sales</i>		<i>Operating Profit (Loss)</i>	
	1Q12	1Q11	1Q12	1Q11
North American Gypsum	486	416	32	(29)
Building Products Distribution	270	243	(6)	(22)
Worldwide Ceilings	183	177	29	26
Eliminations/Corporate	(127)	(115)	(28)	(33)
<b>TOTAL</b>	<b>812</b>	<b>721</b>	<b>27</b>	<b>(58)</b>

# USG Corporation

## Other Consolidated Results



\$ Millions	1Q12	1Q11
SG&A	81	85
Restructuring and impairment charges	2	9
Interest expense	52	52
Capital expenditures	14	13

\$ Millions	3/31/12	3/31/11
Cash and cash equivalents and marketable securities	608	769
Total liquidity	827	958
Total debt	2,303	2,304

# Questions?





# James S. Metcalf Chairman, President and CEO

## Closing Remarks

