USG
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Sale of L&W Supply Investor Call

August 29, 2016

Cautionary 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, including but not limited to, the expected completion date of the Transaction and the effect of the Transaction on USG and its financial results. 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. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. Actual results may differ materially due to various other factors, including: the satisfaction of the conditions to closing, including receipt of regulatory approvals; ABC Supply and USG having the ability to consummate the Transaction; the impact on USG's performance and financial results due to the disposition of L&W Supply, one of USG's largest customers; and the expected timeline for completing the Transaction.. We assume no obligation to update any forward-looking information contained in this press release. Additional information concerning these and other risks and uncertainties affecting USG 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.

Executive Summary

Sale proceeds right-size USG's balance sheet accelerating profitable growth opportunities

- USG to sell L&W Supply to ABC Supply Co., Inc. for $670 million; net cash proceeds of around $650 million
- Purchase price is 12.9x L&W Supply's LTM EBITDA
- Cash proceeds used to:
  - Immediately reduce debt after transaction closes – drives net debt to EBITDA ratio to approximately 2.0x
  - Enable accelerated reinvestment in Advanced Manufacturing
  - Lay foundation for future return of capital to shareholders
- USG sales to legacy L&W business to be governed under a supply agreement
- Sale expected to close in the fourth quarter of 2016, subject to regulatory approvals and customary closing conditions, including typical working capital adjustments

Strategic Rationale

Redeploying assets into higher returning uses of capital

- ***New paths to our customers***: eliminates channel conflict in the Gypsum business
- ***Reduces USG's overall cyclicality*** – dampens historical operating profit volatility by more than 20%[1]
- ***Changing industry realities***: participating in industry consolidation not the highest returning use of USG capital
- ***Sharpens focus*** on higher returning manufacturing businesses
- ***Provides capital flexibility*** and a right-sized balance sheet
- ***Favorable timing*** for disposition within the current, elongated recovery

1 – Based on operating profit from 2000 - 2015

Supply Agreement, Impact to US Gypsum and US Ceilings

Supply Agreement provides orderly transition of volumes to ABC Supply

- Wallboard sales from USG to legacy L&W Supply branches to be stepped-down in an orderly manner over the near term

- Expect replacement of reduced L&W volumes by expanding existing customer volumes and new customer volumes
  - Transaction will eliminate channel conflict – specialty dealers more likely to purchase USG product with an independent L&W Supply
  - Some near-term margin headwind to US Gypsum possible as wallboard volumes are transitioned

- No expected material impact to Ceilings or Surfaces and Substrates

Anticipated Use of Proceeds

Achieve target leverage ratio, invest in high return Advanced Manufacturing, position for future return of capital to shareholders

- Accelerated debt retirement
  - Balance sheet optimization by retiring an additional $600 million in debt by calling notes due in 2020 and 2021
  - Expect ~2.0x net debt to EBITDA ratio shortly after the transaction closes

- Advanced Manufacturing and Innovation
  - Right-sized balance sheet enables accelerated investments back into our high returning businesses
  - Accelerate new product development

- Post-transaction capital structure provides flexibility to consider future capital returns to shareholders

USG Corporation Post Transaction

Consolidated margin profile improves substantially absent L&W

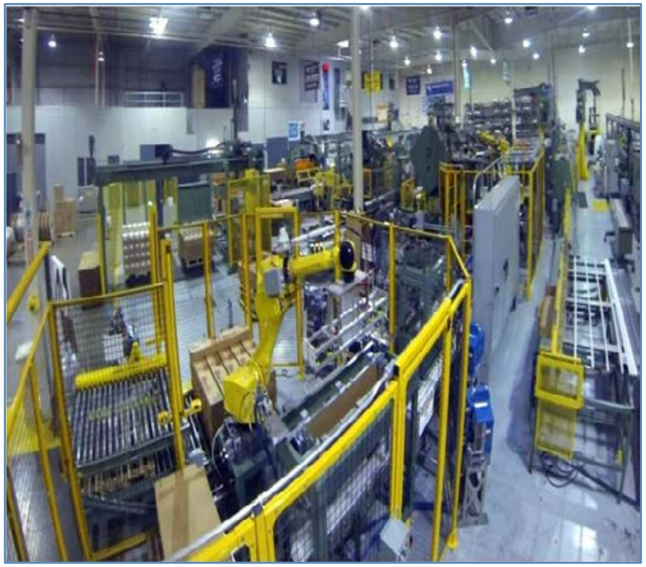
- Consolidated SG&A run rate expected to decrease by ~$15 million annually
- Minimal "stranded costs” expected in 2017, eliminated by 2018
- L&W to be presented as a discontinued operation beginning in Q3 2016
- Pro forma income statement for current year to be filed on Form 8-K after the close of the transaction

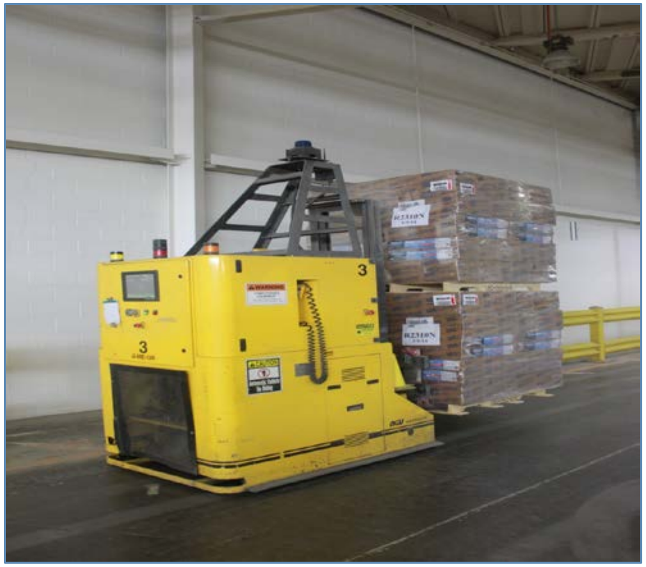
Advanced Manufacturing Overview

Advanced Manufacturing will drive down costs enabling margin expansion

- USG's Advanced Manufacturing initiative is the…
  - **Use of**: Information, automation, software, technology, and robotics
  - **To create**: Highly productive and efficient manufacturing systems
  - **To produce**: More products safer, faster, with higher quality and lower cost
- **Standardize** and **automate** production across Wallboard, Ceilings, and Surfaces and Substrates businesses – examples:
  - Forklifts → Automated guided vehicles
  - Optical quality inspection → Laser quality inspection
  - Manual raw material loading → Raw material, fill station automation
  - Manual packaging, palletizing → Automated packaging, palletizing
- A portfolio of **low-risk**, **high-reward** projects

Advanced Manufacturing Overview





Advanced Manufacturing – Expected Benefits

Accretive to EBITDA beginning in 2018; expect EBITDA to increase around $100 million annually at project conclusion around 2020

- Lowers manufacturing costs
- Mitigates future manufacturing labor availability constraints
- Enables margin expansion at all points in the cycle
- Advanced Manufacturing IRR north of 20%
- Slope of benefit realization dependant on the pace of capital investment

Advanced Manufacturing – Expected Investments

Advanced Manufacturing is a $300 million investment

- Total investment of around $300 million over the next three to four years
  - Primarily capital investment
  - Implementation expenses 10% to 15% of total investment
- Timing optionality – capital spending can be accelerated or decelerated based on the macro environment and pace of the recovery
- Represents a broad portfolio of discrete automation and manufacturing initiatives
  - Project types/areas are “in our wheelhouse”
  - Replication strategy – automation in one plant reproduced in others
  - Low execution risk – roll-out of established technologies

Concluding Thoughts

- Right-sized balance sheet
- Accelerated reinvestment back into manufacturing businesses and new product development
- Dampened cyclicality
- Clear strategic vision and focus on high returning manufacturing businesses
- Positioned for possible return of capital to shareholders in the future