



USG Corporation First Quarter 2013 Earnings Conference Call and Webcast

April 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; 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.

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



First Quarter 2013 Results



\$ Millions	1Q13	1Q12*	Change
Net Sales			
North American Gypsum	509	486	23
Worldwide Ceilings	153	154	(1)
Building Products Distribution	281	270	11
Corporate & Eliminations	(129)	(127)	(2)
Total USG Corporation	814	783	31
Operating Profit/(Loss)			
North American Gypsum	46	32	14
Worldwide Ceilings	27	26	1
Building Products Distribution	(2)	(6)	4
Corporate & Eliminations	(22)	(28)	6
Total USG Corporation	49	24	25

Strategic Priorities



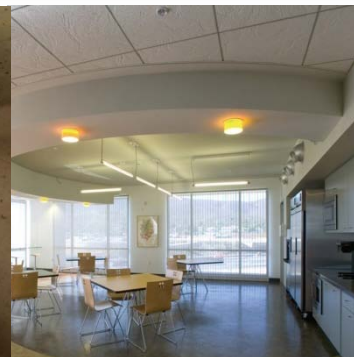
- Strengthen our core businesses
- Diversify the sources of our earnings
 - Select emerging markets
 - Adjacent products/systems
- Differentiate through innovation





Matthew F. Hilzinger

Executive VP, Chief Financial Officer



Q1 2013 Consolidated Financial Results



\$ Millions (except EPS)	1Q 2013	1Q 2012 ¹
Net sales	814	783
Gross profit	124	102
% of net sales	15%	13%
SG&A	73	76
Operating profit	49	24
Interest expense	50	52
Net income/(loss)	2	(27)
Diluted EPS	0.02	(0.26)
Restructuring and impairment charges	2	2
Adjusted net income/(loss)*	1	(27)

North American Gypsum



Q1 2013 Highlights

- Highest 1st quarter Operating Profit since 2007
- Successfully implemented wallboard pricing strategy with positive results in all channels
- Price improvement in all key product lines

Q1 2012 Operating Profit	\$32
US Wallboard Price	\$25
US Wallboard Cost	(\$3)
US Wallboard Volume	(\$2)
Joint Treatment Cost	(\$2)
<u>Restructuring/Other</u>	<u>(\$4)</u>
Q1 2013 Operating Profit	\$46

\$ (in millions)	Q1 2013	Q1 2012*	Variance
Net Sales	\$509	\$486	\$23
Operating Profit	\$46	\$32	\$14
Restructuring/ Impairment	\$1	\$2	(\$1)
Adjusted Operating Profit/(Loss)*	\$47	\$34	\$13
DD&A	\$28	\$28	-



Worldwide Ceilings



Q1 2013 Highlights

- Highest Operating Profit on record despite lower volumes in a soft market
- Margin improvement in nearly every line of the business
- Operating Profit up 93% from 4th quarter

Q1 2012 Operating Profit	\$26
Tile & Grid Volume	(\$2)
Tile and Grid Price	\$2
Other	\$1
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Q1 2013 Operating Profit	\$27

\$ (in millions)	Q1 2013	Q1 2012* ¹	Variance
Net Sales	\$153	\$154	(\$1)
Operating Profit	\$27	\$26	\$1
Restructuring/ Impairment	-	-	-
Adjusted Operating Profit	\$27	\$26	\$1
DD&A	\$4	\$4	-



Building Products Distribution



Q1 2013 Highlights

- Strong improvement in wallboard margins
- Improved margins in joint treatment and steel
- Our value proposition is well-positioned for improving velocity as commercial rebounds

Q1 2012 Operating Loss	(\$6)
Wallboard Margin	\$5
<u>Operating Expenses</u>	<u>(\$1)</u>
Q1 2013 Operating Loss	(\$2)

\$ (in millions)	Q1 2013	Q1 2012*	Variance
Net Sales	\$281	\$270	\$11
Operating Loss	(\$2)	(\$6)	\$4
Restructuring/ Impairment	-	-	-
Adjusted Operating Loss	(\$2)	(\$6)	\$4
DD&A	\$3	\$3	-



USG Corporation

Other Consolidated Results



\$ Millions	3 months ending March 31, 2013	3 months ending March 31, 2012
Cash flow provided by (used for) operations	(100)	(32)
Capital Expenditures	(25)	(13)
Investments and Loans to JVs	-	(7)
Acquisition of Mining Rights	(17)	-
Other	-	10
Adjusted cash flow (used for) investment activities*	(42)	(10)
Cash flow (used for) financing activities	(7)	(4)
Effect of exchange rate on cash	(1)	4
Adjusted increase/(decrease) in cash and cash equivalents*	(150)	(42)
	3/31/13	3/31/12
Cash and cash equivalents and marketable securities	526	608
Total liquidity	767	827
Total debt	2,309	2,303

USG Net Operating Loss Carryforward



- USG has a \$2.1B Federal net operating loss carryforward
- Management intends to use savings from this asset to de-lever the balance sheet and invest in strategic initiatives
- Limitations to how this asset may be used would apply if more than 50% of shares owned by 5% holders turn over within a rolling 3 year period
- To protect this asset, shareholders will have the opportunity to vote on two management proposals at the May Annual Meeting

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



\$ Millions	1Q13	1Q12 ¹	Change
Adjusted operating profit (loss)			
North American Gypsum	47	34	13
Worldwide Ceilings	27	26	1
Building Products Distribution	(2)	(6)	4
Corporate & Eliminations	(21)	(28)	7
TOTAL	51	26	25
Restructuring and Asset Impairment Charges			
North American Gypsum	1	2	(1)
Worldwide Ceilings	-	-	-
Building Products Distribution	-	-	-
Corporate & Eliminations	1	-	1
TOTAL	2	2	-
Reported GAAP operating profit (loss)			
North American Gypsum	46	32	14
Worldwide Ceilings	27	26	1
Building Products Distribution	(2)	(6)	4
Corporate & Eliminations	(22)	(28)	6
TOTAL	49	24	25

* 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	1Q13	1Q12	Change
Net Income/(Loss) – GAAP Measure	2	(27)	29
Less:			
Income from discontinued operations, net of tax	-	(2)	2
Reduction in valuation allowance for deferred tax assets	(3)	-	(3)
Add Back:			
Restructuring Charges	2	2	-
Adjusted Net Income/(Loss) – Non-GAAP Measure	1	(27)	28

* 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.



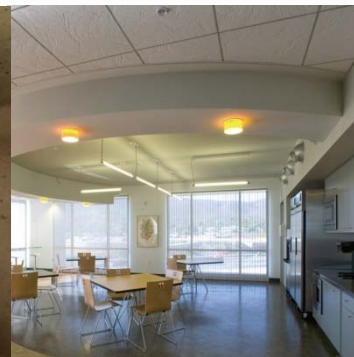
James S. Metcalf

Chairman, President and CEO



- Housing starts top 1 million for the first time since June 2008
- Mix between multi-family strength and slight decrease in single-family starts provides opportunity for L&W Supply
- Harvard Joint Center for Housing Studies Leading Indicator of Remodeling Activity projects mid-single digit increases throughout the year
- Commercial construction improving, but recovery choppy

Questions?





James S. Metcalf

Chairman, President and CEO

