

BUILDING THE USG OF THE FUTURE

IT'S YOUR WORLD. BUILD IT.

Investor Presentation
1st Quarter 2017 Update



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 execution, timing and funding of our share repurchase program, 2017 volumes, the impact of USG Boral on our cyclical, USG Boral's ability to self-fund, GDP growth rates, demand for USG Boral products, plasterboard shipments in 2017, growth and improving demand, intended debt refinancing, and 2017 end-market and financial outlooks and market estimates. 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 and we undertake no obligation to update any forward-looking statement. Actual results may differ materially due to various other factors, including: economic conditions, such as employment, household formation, home ownership rate, existing home price trends, availability of mortgage financing, interest rates, consumer confidence, job growth and discretionary business investment; our ability to maintain or achieve price increases; the loss of one or more major customers; the impact on our performance and financial results due to the disposition of L&W Supply, one of our largest customers; competitive conditions, such as price, quality and range of products; unexpected operational difficulties or catastrophic events at our facilities; an increasing number of our customers having significant buying power; increased costs, or decreased availability, of key raw materials or energy; our ability to successfully 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; exposure to risks

of operating internationally; our ability to innovate and protect our intellectual property and other proprietary rights; our ability to make capital expenditures and achieve the expected return on investment; a disruption in our information technology systems; significant changes in factors and assumptions used to measure our defined benefit plan obligations; changes in laws or regulations, including environmental and safety regulations; the outcome in legal and governmental proceedings; the ability of a small number of stockholders to influence our business and stock price; our ability to successfully pursue and complete acquisitions, joint ventures and other transactions to complement or expand our businesses; our ability to return capital to stockholders; the occurrence of an "ownership change" within the meaning of the Internal Revenue Code; ability to incur substantial additional indebtedness; 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.



STOCKHOLDER RIGHTS PLAN AND PROTECTIVE AMENDMENT

USG's Stockholder Rights Plan and Protective Amendment restricts beneficial ownership in excess of 4.9%

We have a stockholder rights plan that is intended to protect our substantial net operating losses, or NOL, carryforwards and related tax benefits. Under federal tax laws, we generally can use our NOLs and certain related tax credits to reduce ordinary income tax paid in our prior two tax years or on our future taxable income for up to 20 years, when they “expire” for such purposes.

Our ability to use our NOLs could be substantially limited if we experience an “ownership change,” as defined under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, and the rights plan has been designed to help prevent such an “ownership change.” Under Section 382 of the Code, an “ownership change” occurs if, over a rolling three-year period, there has been an aggregate increase of 50 percentage points or more in the percentage of our common stock owned by one or more of our “5-percent stockholders” (as determined under Section 382 of the Code). The rights plan provides that if any person becomes the beneficial owner (as defined in the Code) of 4.9% or more of our common stock, stockholders other than the triggering stockholder will have the right to purchase additional shares of our common stock at half the market price, thereby diluting the triggering stockholder; provided that stockholders whose beneficial ownership, as defined in Section 382 of the Code, exceeded 4.9% of our common stock outstanding on February 11, 2015 will not be deemed to have triggered the rights plan, so long as they do not thereafter acquire beneficial ownership of additional common stock other than in certain specified exempt transactions.

The rights will expire at the close of business on May 31, 2019, unless earlier redeemed or exchanged. Our Board of Directors has the power to accelerate or extend the expiration date of the rights. The NOL protective provisions of the rights plan described above will be effective until the earliest of the close of business on (i) May 31, 2019, (ii) the date on which the Board determines that these provisions are no longer necessary for the protection of certain tax benefits because of the repeal of Section 382 of the Code, (iii) the first day of a taxable year as to which the Board determines that no tax benefits may be carried forward, or (iv) such other date as the Board determines that these provisions are no longer necessary for the preservation of tax benefits, which period is referred to as the Special Period. After the end of the Special Period, the triggering threshold for the rights issued pursuant to the rights plan will revert to 15% of our outstanding common stock and the definition of “beneficial owner” will revert to definitions that do not track Section 382 of the Code. At our 2016 annual meeting our stockholders ratified, on an advisory basis, the extension of the term of the rights plan and the NOL protective provisions described above.

A Board committee composed solely of independent directors reviews the

rights plan at least once every three years to determine whether to modify the rights plan in light of all relevant factors. This review was most recently conducted in November 2015. The next review is required by the end of 2018.

Our Restated Certificate of Incorporation also restricts certain transfers of our common stock and includes provisions intended to further protect the tax benefits of our NOL carryforwards. Subject to certain limited exceptions, these transfer restrictions restrict any person from transferring our common stock (or any interest in our common stock) if the transfer would result in a stockholder (or several stockholders, in the aggregate, who hold their stock as a “group” under Section 382 of the Code) owning 4.9% or more of our common stock. Any direct or indirect transfer attempted in violation of these transfer restrictions would be void as of the date of the prohibited transfer as to the purported transferee, and the purported transferee would not be recognized as the owner of the shares attempted to be owned in violation of the transfer restrictions for any purpose, including for purposes of voting and receiving dividends or other distributions in respect of that common stock, or in the case of options, receiving our common stock in respect of their exercise. These transfer restrictions are effective until the earliest of (i) the close of business on May 31, 2019, (ii) the repeal of Section 382 of the Code if the Board determines that these restrictions are no longer necessary or desirable for the preservation of tax benefits, (iii) the close of business on the first day of a taxable year as to which the Board determines that no tax benefits may be carried forward, or (iv) such other date as determined by the Board pursuant to the provisions described above.

Pursuant to a Shareholder's Agreement reached in 2006, Berkshire Hathaway and certain of its affiliates may acquire beneficial ownership of up to 50% of our voting stock on a fully-diluted basis without triggering the ownership thresholds in our Restated Certificate of Incorporation or the rights plan, and may acquire beneficial ownership of more than 50% of our voting stock on a fully-diluted basis without triggering the ownership thresholds in our Restated Certificate of Incorporation or the rights plan through an offer to purchase all of our common stock that remains open for at least 60 days, in each case subject to specified exceptions.



DISCUSSION POINTS

- **USG Overview**
- **Strategy and Business Performance**
- **Financial Update**
- **Markets**
- **Appendix**



USG PROFILE

FOUNDED: 1902

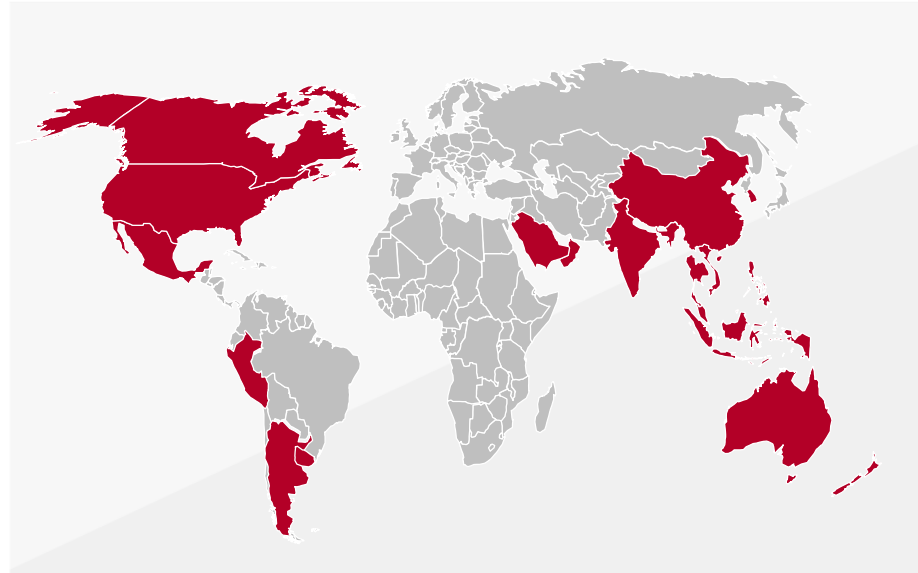
NYSE: USG

LISTED: 1931

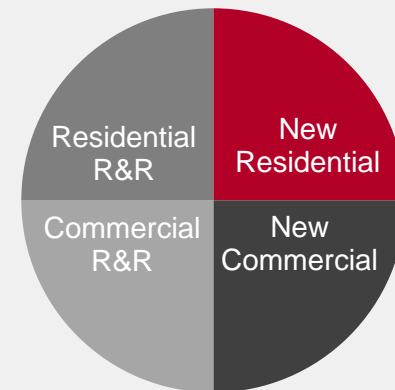
- Industry leader; 2016 sales of \$3 billion¹
- Over 75 production facilities
- Diverse footprint with sales and operations in over 20 countries
- #1 or #2 in all businesses:
 - **Gypsum** – Industry leading Sheetrock® brand gypsum wallboard portfolio and a growing Surfaces and Substrates portfolio
 - **Ceilings** – Acoustical tile and ceiling suspension systems with architecturally recognized brands
 - **USG Boral** – 50/50 joint venture with market leading position and sales over \$1 billion in Asia, Australasia, and the Middle East¹

1. USG Boral is a 50/50 joint venture and its sales are not consolidated.

2. Estimated.



End Market Opportunity²





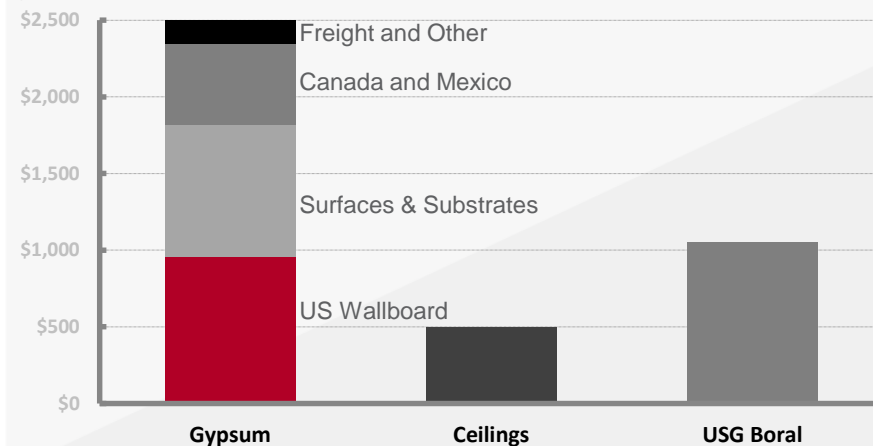
FINANCIAL OVERVIEW

USG 2016 RESULTS

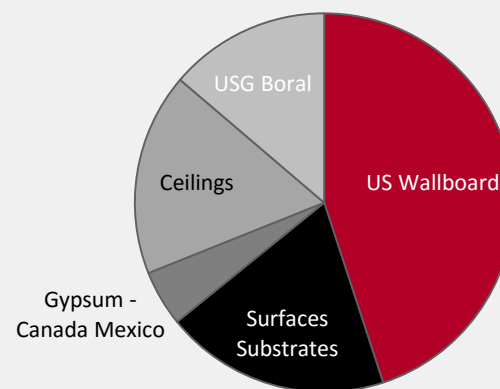
	Net Sales ¹ \$Billions	Adjusted EBITDA ² \$Millions	Market Position	Geographic Scope
Gypsum	\$2.5	\$506	#1	U.S. Canada Mexico and Latin America
Ceilings	\$0.5	\$127	#2	U.S. Canada Mexico and Latin America
USG Boral Building Products¹	\$1.1	\$202	#1	Asia Australasia and Middle East

2016 NET SALES SPLIT¹

\$ Millions



2016 ADJUSTED EBITDA CONTRIBUTION^{2,3}



1. USG Boral is a 50/50 joint venture and its sales and EBITDA are not consolidated for GAAP purposes - sales and Adjusted EBITDA represent 100% of the joint venture's contributions.

2. Excludes corporate and eliminations. See reconciliation to GAAP results included in the Appendix.

3. USG-Boral represents USG's portion of USG-Boral's adjusted EBITDA. Excludes corporate and eliminations. See reconciliation to GAAP in the Appendix.



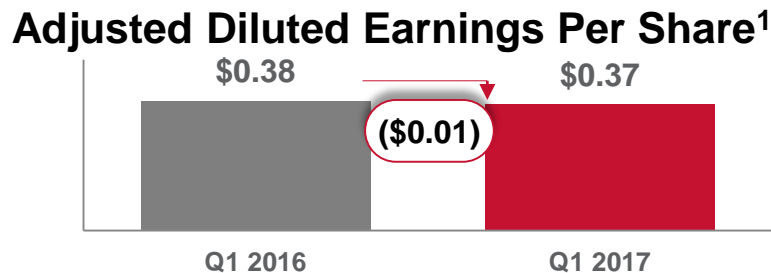
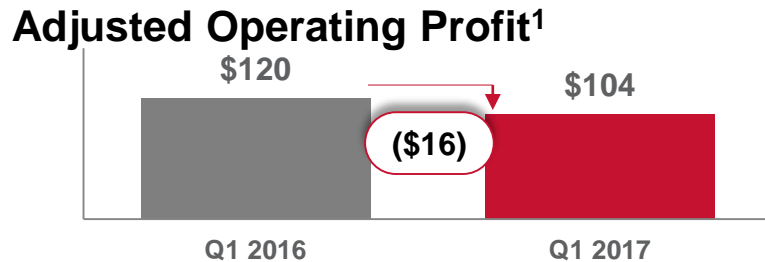
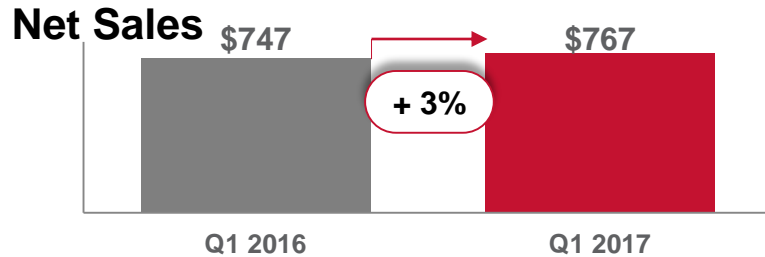
DISCUSSION POINTS

- USG Overview
- **Strategy and Business Performance**
- Financial Update
- Markets
- Appendix



Q1 2017 HIGHLIGHTS

Q1 2017 FINANCIAL RESULTS



Segment Adjusted Operating Margins¹

Gypsum	↓	290 bps	→	14.0%
Ceilings	↓	390 bps	→	19.2%
USG Boral	↑	290 bps	→	13.4%

Q1 2017 FINANCIAL DRIVERS

- 5% wallboard price improvement
- Uptick in commodity costs in Gypsum business – expect moderation through balance of year
- Normalizing steel costs a headwind to the Ceilings business
- 16% plasterboard volume growth in USG Boral

1. See reconciliation to GAAP results in the Appendix.



SHARE REPURCHASE PROGRAM

- **\$250 million of common stock authorized to be repurchased**
- **\$25 million of common stock repurchased in Q1 2017**
- **Expect to execute repurchases over the next 12-18 months from date of announcement (February 1, 2017)**
- **Represents roughly 8 million shares or 6% of market capitalization based on April 28, 2017 closing share price**
- **Repurchases expected to be funded through free cash flow**
- **Expect to make purchases in the open market including periodic use of 10b5-1 plans or in other privately negotiated transactions**



2017 Strategic Priorities



Improve our manufacturing cost structure

Advanced Manufacturing

- A strategic investment in our manufacturing operations that aligns with USG's commitment to lower costs while providing safer environments and a more efficient workplace
- \$300 million investment anticipated in 2017 through 2020 that is expected to generate an exit run-rate EBITDA of \$100 million annually
- 85% of expected investment and return expected in the Gypsum business – 15% in the Ceilings business
- Low execution risk – a broad portfolio of projects in our wheelhouse using proven technologies



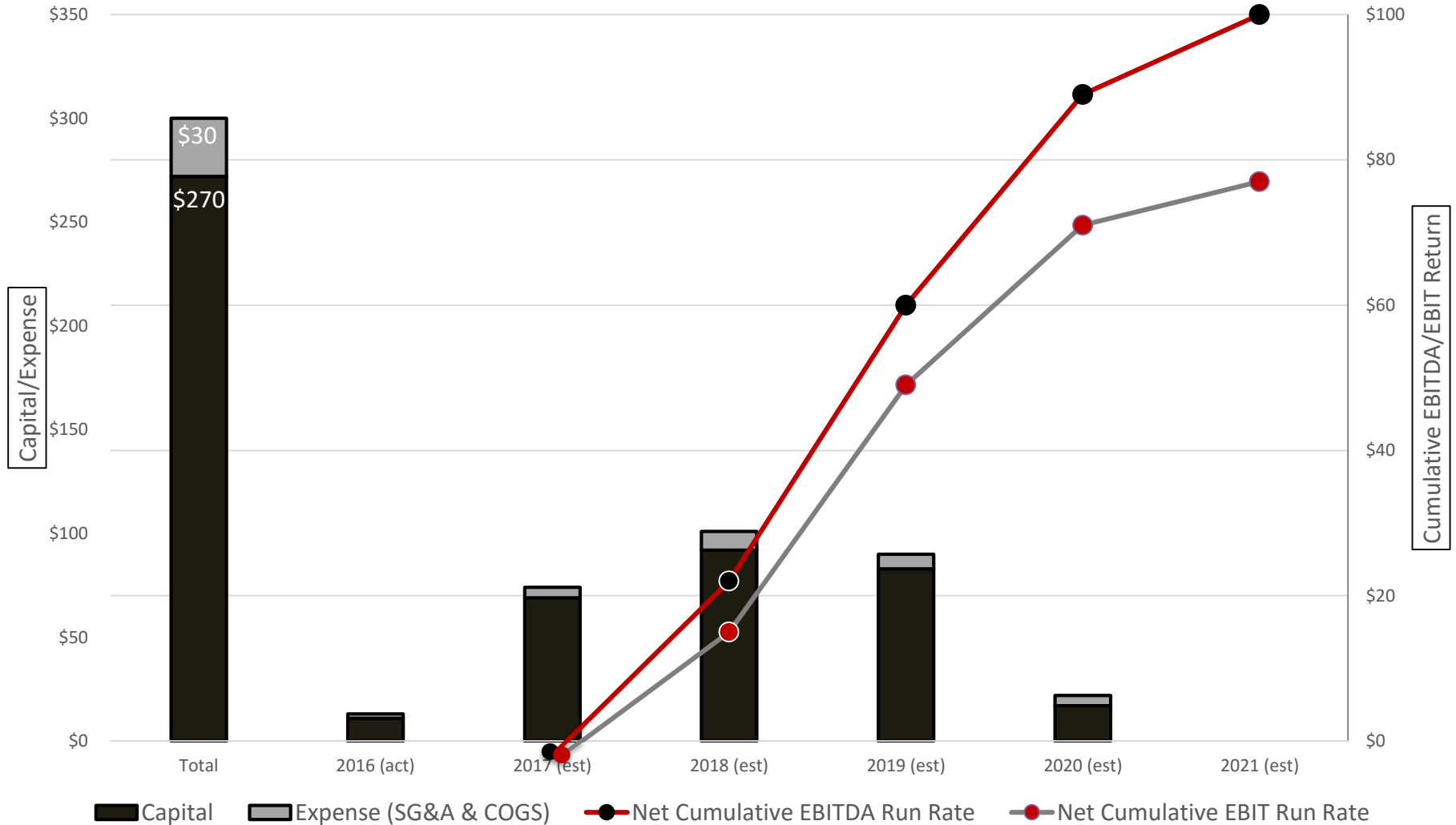
Strengthen wallboard through innovation

Continuous Innovation

- Strengthen core wallboard business through innovation
- Launched Sheetrock Brand EcoSmart Panels
- Product is 20% lighter and can generate 10% savings to our customers

Advanced Manufacturing – Investment and Returns

Expected Advanced Manufacturing Investment and Return Trajectory





Advanced Manufacturing – Examples

Quarry and Stockpile Mapping Drones



Automated Guided Vehicles / Forklifts



USG




Continuous Mining Equipment



Advanced Wallboard Handling



Sheetrock® Brand EcoSmart Panels

USG SHEETROCK® BRAND
ECOSMART PANELS
REDUCE CO₂
EMISSIONS BY OVER
2.8 BILLION POUNDS/YR.
EQUIVALENT TO TAKING MORE THAN
300,000
 OFF THE
ROAD.



USG SHEETROCK® BRAND
ECOSMART PANELS
FIRECODE 30®
(UL Type FC30) UP TO
30%
LESS WEIGHT*

USG SHEETROCK® BRAND
ECOSMART PANELS
FIRECODE® X
(UL Type ULIX) UP TO
22%
LESS WEIGHT*



*than standard 5/8 in. Type X gypsum panels





GYPSUM

Wallboard, Surfaces and Substrates

- North American leader - #1 or #2 market share across all core products
- Revolutionized the industry with the introduction of UltraLight building products
- Modern network of high speed plants
- Our Lean Six Sigma efforts have enabled us to lower our breakeven to ~18BSF

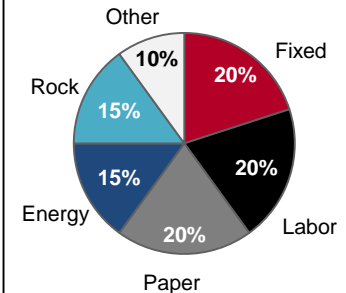
WALLBOARD

- Sheetrock® is the most recognized, trusted and specified wallboard brand in the world
- Best in class performance and easier to install
- Commands a price premium relative to all competing wallboard brands
- Largest portfolio of lightweight wallboard for use in commercial & residential buildings

SURFACES AND SUBSTRATES

- Key products: Joint Compound, Corner Bead, Joint Tape, Plaster, Durock®, Fiberock®, Levelrock®, SECUROCK® Glass Mat Sheathing and Roof Board
- Surfaces & Substrates sales growth of 7% in 2016
- Product adjacencies create growth opportunities and diversifies earnings

COST STRUCTURE¹



1. Rounded approximations based on historical costs.



GYPSUM – FIRST QUARTER

- **Segment adjusted operating margin contracts 290 bps to 14.0%¹**
 - January 23rd wallboard price increase drives 5% year-on-year pricing improvement
 - \$16 million of higher US Wallboard costs driven proportionally by three factors:
 - OCC waste paper pricing
 - Synthetic gypsum transportation costs
 - Other: mix, lower volumes, and planned advanced manufacturing investments
 - US Wallboard volume down 4%
 - Significant US wallboard cost and volume benefits in Q1 2016 skew comparative results

Consolidated Gypsum Segment

Q1 2016 Adjusted Operating Profit¹	\$106
US Wallboard Price	\$12
US Wallboard Cost	(\$16)
US Wallboard Volume	(\$5)
US Surfaces & Substrates	(\$1)
US SG&A	(\$3)
Canada and Mexico	\$1
Q1 2016 Canada Operational Reserve Adj	(\$3)
Foreign Currency ²	(\$2)
Prior Year Adjustments for Disc Ops ³	\$2
Q1 2017 Adjusted Operating Profit¹	\$91

\$ Millions	Q1 2017	Q1 2016	Variance
Net Sales	\$649	\$628	\$21
Operating Profit	\$91	\$109	(\$18)
Operating Profit Margin	14.0%	17.4%	(3.4%)
Adjusted Operating Profit ¹	\$91	\$106	(\$15)
Adjusted Operating Profit Margin ¹	14.0%	16.9%	(2.9%)

1. See reconciliation to GAAP results in the Appendix.

2. Current period results translated at the quarter-to-date average foreign currency exchange rates for the period ended March 31, 2016.

3. Prior year adjustments for discontinued operations: Recasted prior year operating profit decreased \$2 million due to timing differences on the recognition of sales made to L&W Supply.



US GYPSUM – FIRST QUARTER WALLBOARD, SURFACES, AND SUBSTRATES

US GYPSUM – MORE THAN SHEETROCK® WALLBOARD



**Surfaces and
Substrates:
(\$1) million lower
profit**

**Higher
Volumes:
\$3 million**

**Higher
Costs:
(\$4)
million**

Q1 2017 RESULTS¹

US Gypsum Sales (millions)	Q1 2017	Q1 2016	Variance (\$)	Variance (%)
US Wallboard	\$249	\$247	\$2	1%
US Surfaces & Substrates	\$223	\$215	\$8	4%

Profit Variance (Q1 2017 vs. Q1 2016)	\$
US Wallboard	(\$9)
US Surfaces & Substrates	(\$1)

***In Q1 2017, roughly 70% of US Gypsum's
gross profit was generated by Wallboard with
30% driven by Surfaces & Substrates
products.***

1. Freight revenue (\$65 million for Q1 2017, \$63 million for Q1 2016), other gypsum sales (\$18 million net for Q1 2017, \$18 million net for Q1 2016) and the impact of discontinued operations ((\$7) million for Q1 2016) – included in US Gypsum – are not included in the US Wallboard and Surfaces & Substrates sales tables.



CEILINGS

TILE, GRID, SPECIALTY

- #2 position with estimated 35% market share in consolidated industry with leading brands
- Used primarily in commercial applications
- Full ceiling tile and grid product portfolio
- Solutions focused on acoustic performance, sustainability, and aesthetics

EXCLUSIVE DISTRIBUTION, SPECIFIED PRODUCTS

- Vast majority of ceilings distributors carry one brand exclusively – ceilings distributors often carry wallboard products as well
- Architects are in control of ceiling product specifications – relationships with architects are key
- R&R business often awarded to the legacy ceilings system producer – more than half of the ceilings opportunity is currently R&R

HIGH PERFORMANCE CEILINGS

- Durable trend towards increased specification of higher performing – and higher margin – ceiling tile
- Commitment to innovation fueling the continued introduction of ceiling tile with better light reflexivity, sound absorption, and a smooth aesthetic





CEILINGS – FIRST QUARTER

- **Segment adjusted operating margin contracts 390 bps to 19.2%¹ relative to record Q1 2016 quarter**
 - Manufacturing costs increase on normalizing steel costs coupled with Advanced Manufacturing investments
 - Tile and grid volumes down mid-single digits in the first quarter due in part to a key customer rebalancing inventory – continue to expect full year Ceilings volumes up low-single digits
 - Flat pricing on customer mix and adjustments to rebate programs to drive growth



Consolidated Ceilings Segment

Q1 2016 Adjusted Operating Profit¹	\$28
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US Tile & Grid Price	—
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US Tile & Grid Cost	(\$4)
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US Tile & Grid Volume	(\$3)
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US SG&A	\$1
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Canada and Mexico	—
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Prior Year Adjustments for Disc Ops²	\$1
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Q1 2017 Adjusted Operating Profit¹	\$23
------------------------------------------------------	-------------

\$ Millions	Q1 2017	Q1 2016	Variance
Net Sales	\$120	\$121	(\$1)
Operating Profit	\$23	\$28	(\$5)
Operating Profit Margin	19.2%	23.1%	(3.9%)
Adjusted Operating Profit ¹	\$23	\$28	(\$5)
Adjusted Operating Profit Margin ¹	19.2%	23.1%	(3.9%)

1. Adjusted operating profit and margin equals GAAP operating profit and margin, respectively.

2. Prior year adjustments for discontinued operations: Recasted prior year operating profit decreased \$1 million due to timing differences on the recognition of sales made to L&W Supply.



- 50/50 joint venture with Boral Limited
- 12 countries, 23 plasterboard lines, 36 non-board lines
- 6.8 BSF of wallboard production capacity in a market of ~24BSF
- #1 or #2 market share in most markets
- Over \$1 billion in annual revenue
- 3,200 global employees
- JV formed in February 2014

USG BORAL: STRATEGIC FIT

- Provides USG critical mass in largest and fastest growing markets outside in the world
- Manufactures and distributes same products as USG manufacturing businesses – wallboard, surfaces, substrates, and ceiling products
- Expected to dampen cyclicity by 10-15%
- All capital expenditures expected to be self funding
- \$47 million of cash dividends paid to USG in 2016; \$57 million in adjusted equity income for USG in 2016



GROWTH ENGINE IN ASIA AND AUSTRALIA

- 4.4% weighted average GDP growth rate projected for USG Boral territories through 2021
- Consumption of gypsum in Asia: 9 sq. ft per capita vs. 65 sq. ft per capita in US
- High rates of urbanization coupled with the adoption of Western construction practices expected to increase the demand for USG Boral products





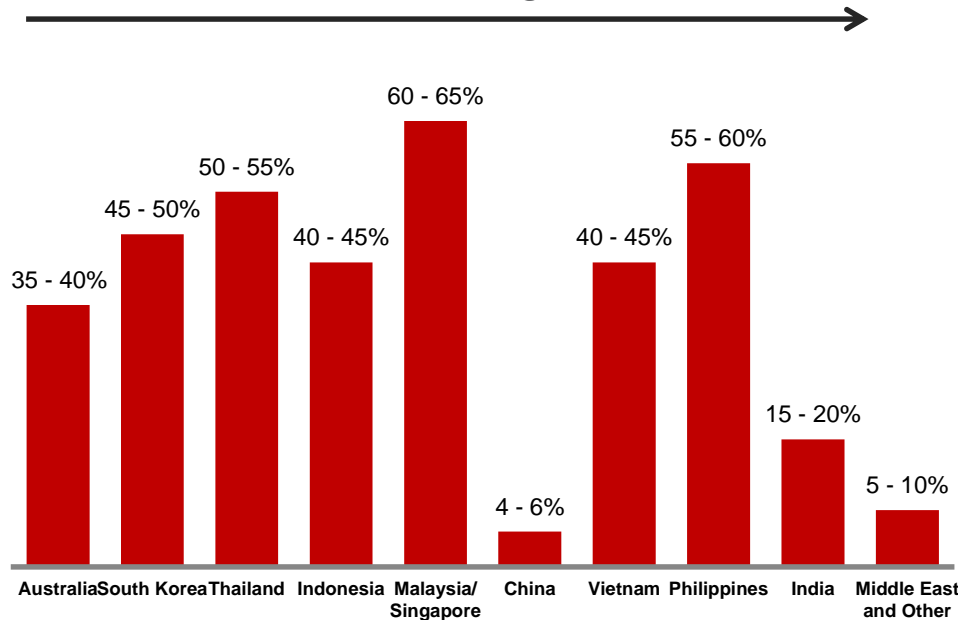
USG BORAL

PLASTERBOARD MARKET AND REVENUE BY COUNTRY

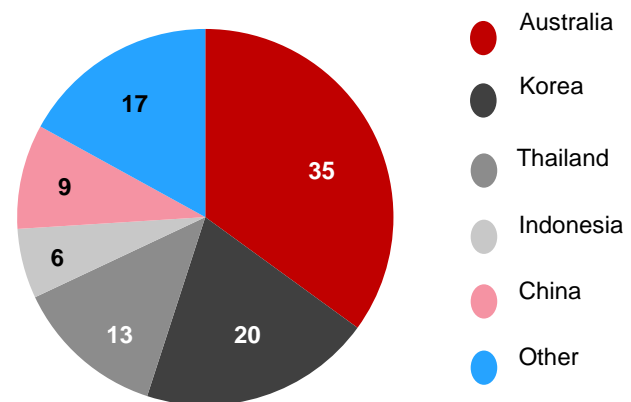
- Excluding China, USG Boral market share across the JV region is 40%
- Total market size of ~24 BSF – roughly the same size as the United States
- USG Boral network-wide capacity utilization of 78% as of December 31, 2016
- Expect mid-to-high single digit growth in plasterboard shipments in 2017

PLASTERBOARD MARKET SHARE 2016¹

EBITDA contribution from largest to smallest



2016 REVENUE CONTRIBUTION BY COUNTRY



1. Source – Management estimates based on plasterboard sales volumes.



USG BORAL – FIRST QUARTER

TOTAL (100%) USG BORAL JV RESULTS

- Total JV adjusted operating margin improved 290 bps to 13.4%¹
- On a constant-currency basis²:
 - Net sales expand to \$269 million from \$229 million
 - Net income increases to \$23 million from \$15 million

BUSINESS HIGHLIGHTS

- Plasterboard volumes up 16% led by:
 - Strong double-digit growth in Korea
 - Mid-single digit growth in Australia
- Plasterboard price up in top countries
- Growth in adjacent products
 - Mineral fiber ceilings up over 60%
 - Steel studs up 20%

Total (100%) USG-Boral JV Results

\$ Millions	Q1 2017	Q1 2016	Variance
Total JV Net Sales	\$276	\$229	\$47
Total JV Operating Profit	\$35	\$23	\$12
Total JV Operating Profit Margin	12.7%	10.0%	2.7%
Total JV Adjusted Operating Profit ¹	\$37	\$24	\$13
Total JV Adjusted Operating Profit Margin ¹	13.4%	10.5%	2.9%
Total JV Adjusted Net Income ¹	\$25	\$15	\$10

USG's 50% Portion of USG Boral Results

Q1 2016 USG's Share of Equity Income	\$7
Foreign currency ²	\$1
Core results improvement	\$5
Q1 2017 USG's Share of Equity Income	\$13

1. See reconciliation to GAAP results in the Appendix.

2. Non-GAAP metric. Current period results translated at the quarter-to-date average foreign currency rates for the period ended March 31, 2016.



DISCUSSION POINTS

- **USG Overview**
- **Strategy and Business Performance**
- **Financial Update**
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- **Appendix**



CONSOLIDATED FINANCIAL RESULTS

\$ Millions (except EPS)	Q1 2017	Q1 2016 ¹
Net sales	\$767	\$747
Gross profit	\$164	\$181
SG&A	\$73	\$68
Operating profit	\$91	\$116
Net interest expense	\$19	\$38
Income tax expense	(\$29)	(\$26)
Income from discontinued operations, net of tax	—	\$7
GAAP net income	\$55	\$67
Diluted EPS	\$0.37	\$0.46
Adjustments ²	—	(\$11)
Adjusted net income²	\$55	\$56
Adjusted diluted EPS²	\$0.37	\$0.38
OTHER NON-GAAP METRICS:		
Adjusted operating profit²	\$104	\$120
Adjusted EBITDA²	\$151	\$167

1. As a result of the sale to ABC Supply, results for L&W Supply have been recorded as a discontinued operation in the first quarter of 2016.

2. See reconciliation to GAAP results in the Appendix.



QUARTERLY SUMMARY BY BUSINESS UNIT

\$ Millions

	Q1 2017	Q1 2016	Change (\$)	Change (%)
Gypsum adjusted operating profit¹	\$91	\$106	(\$15)	(14%)
Ceilings adjusted operating profit³	\$23	\$28	(\$5)	(18%)
Adjusted equity income from USG Boral Building Products¹	\$13	\$7	\$6	86%
Corporate and eliminations adjusted operating loss¹	(\$23)	(\$21)	(\$2)	(10%)
USG Consolidated Adjusted Operating Profit¹	\$104	\$120	(\$16)	(13%)
Gypsum DD&A	\$27	\$27	—	—
Ceilings DD&A	\$4	\$4	—	—
Corporate and eliminations DD&A²	\$1	\$1	—	—
USG Consolidated DD&A	\$32	\$32	—	—
Gypsum adjusted EBITDA¹	\$119	\$131	(\$12)	(9%)
Ceilings adjusted EBITDA¹	\$27	\$32	(\$5)	(16%)
USG's share of USG Boral Building Products adjusted EBITDA¹	\$24	\$17	\$7	41%
Corporate and eliminations adjusted EBITDA¹	(\$19)	(\$13)	(\$6)	(46%)
USG Consolidated Adjusted EBITDA¹	\$151	\$167	(\$16)	(10%)

1. See reconciliation to GAAP results in the Appendix.

2. Depreciation, depletion and amortization for Corporate and Eliminations excludes amortization of debt discount which is included in interest expense.

3. Adjusted operating profit equals GAAP operating profit.



CONSOLIDATED CASH FLOW

\$ Millions

	3 months ended March 31, 2017	3 months ended March 31, 2016
Cash flow from operations (CFFO)	(\$29)	(\$46)
– CAPEX	\$39	\$14
= Free cash flow¹	(\$68)	(\$60)
Cash flow (used for) provided by other investing activities ²	(\$2)	\$14
Cash flow used for financing activities	(\$25)	(\$65)
Effect of exchange rate on cash	\$4	\$1
Discontinued operations	\$5	\$15
Decrease in cash and cash equivalents	(\$86)	(\$95)
	March 31, 2017	March 31, 2016
Cash, cash equivalents and marketable securities	\$434	\$573
Total liquidity ⁵	\$559	\$920
Total debt	\$1,089	\$2,126
Total adjusted net debt ³	\$1,173	\$2,309
Leverage ratio ⁴	1.8	3.8

1. Non-GAAP metric.

2. Consists primarily of purchases and sales of marketable securities.

3. See reconciliation to GAAP results in the Appendix.

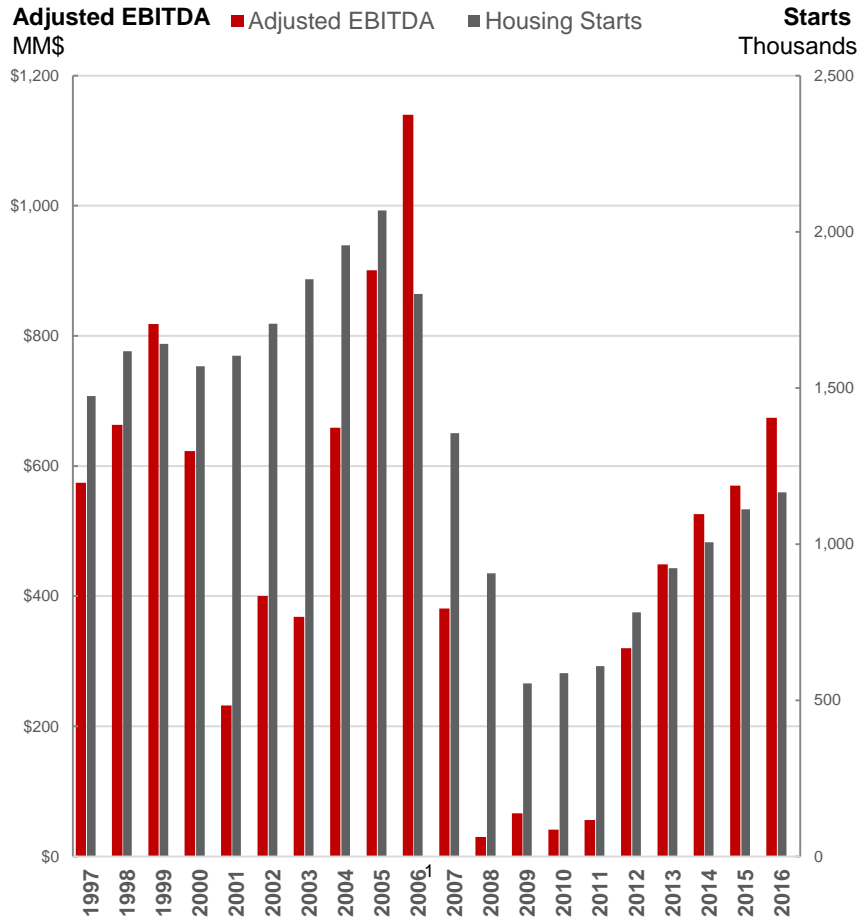
4. Net adjusted debt / adjusted EBITDA. See Appendix.

5. Amounts have not been recast to exclude discontinued operations.



IMPROVED OPERATING LEVERAGE

ADJUSTED EBITDA¹ AND HOUSING STARTS



- In 2016 we generated adjusted EBITDA similar to 2004 levels¹, a year that saw 1.9 million housing starts
- FY 2016 adjusted EBITDA of \$674MM¹ is above our 20-year average adjusted EBITDA of \$475MM¹ on about three-fourths of the mid-cycle opportunity
- Our cost management and Lean Six Sigma efforts have enabled us to lower our breakeven to ~18BSF of wallboard volume
- We are focused on keeping our breakeven low and are poised for growth as demand continues to improve

1. See reconciliation in the Appendix. Includes EBITDA contribution from L&W Supply prior to 2015, which was sold on October 31, 2016.

2. Mid-cycle housing is the average number of housing starts per year since 1959 – 1.44 million starts.

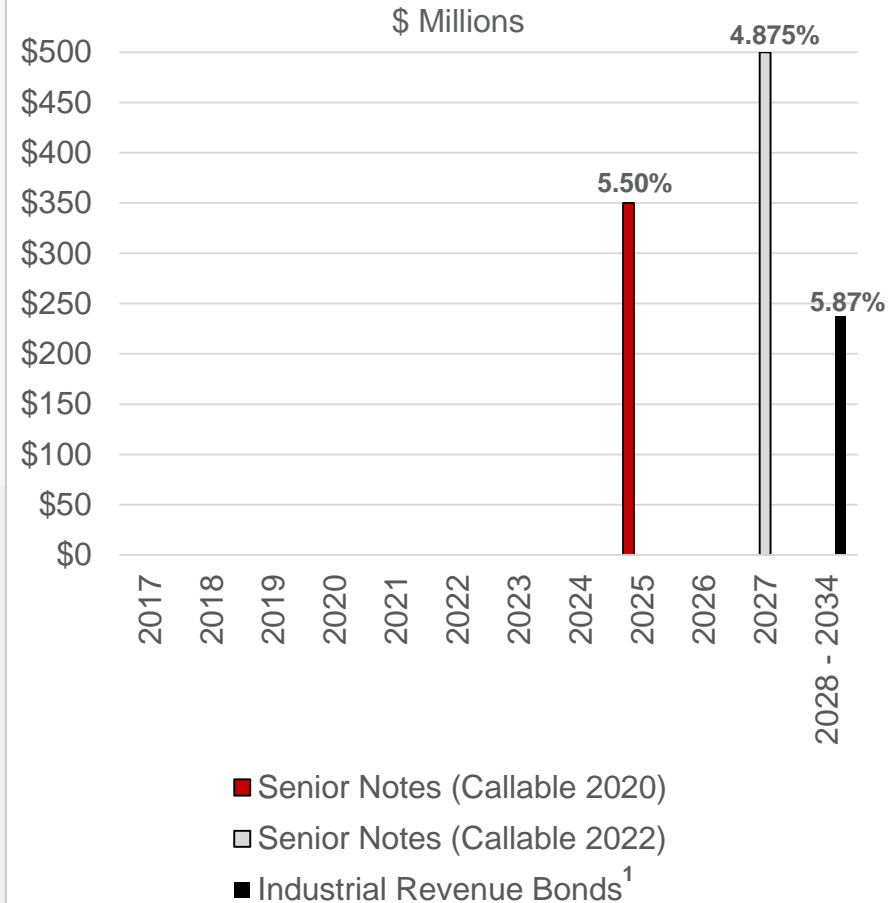


BALANCE SHEET AND CAPITAL STRUCTURE

**WE HAVE ACHIEVED OUR TARGET
LEVERAGE RATIO OF 1.5X TO 2.0X
ADJUSTED DEBT/EBITDA AT THE MID-
CYCLE**

- \$559 million of liquidity as of 3/31/17
- \$1.4B U.S. tax loss net operating loss carry-forwards and credits will shield the next \$1.4B in domestic earnings
- No principal payments due until 2025
- Retired \$1.1 billion of debt in 2016

NOTE MATURITIES





2017 FINANCIAL OUTLOOK

- **Input Costs**
 - Expect mid-single digit net inflation in both Gypsum and Ceilings manufacturing costs (revised upward from low-single digit net inflation)
- **SG&A**
 - Full year 2017 SG&A expected around \$300 million
- **Capital Spending**
 - Expect full year 2017 capital spending around \$200 million, including \$70 million for Advanced Manufacturing investments
- **Interest Expense**
 - 2017 net interest expense expected under \$75 million
- **Income Taxes**
 - Book taxes expected to be between 31 to 34 percent of 2017 pre-tax profits; no US cash income taxes
 - \$1.4 billion US cash tax shield – \$0.9 billion of NOL's and \$0.5 billion of tax credits
- **Foreign Exchange**
 - Anticipated full year 2017 unfavorable impact to net income of \$5 to \$10 million, subject to currency fluctuations



2017 END-MARKET OUTLOOK

- **2017 New Residential Starts:** Around 1.25 million from 1.17 million
- **Commercial:** Low-to-mid single digit growth in starts
- **Repair and Remodel:** Mid-single digit growth
- **2017 USG Ceiling Volumes:** Low-single digit growth
- **USG's portion of USG Boral 2017 adjusted net income expected to increase in the mid-single digit percentage range**



DISCUSSION POINTS

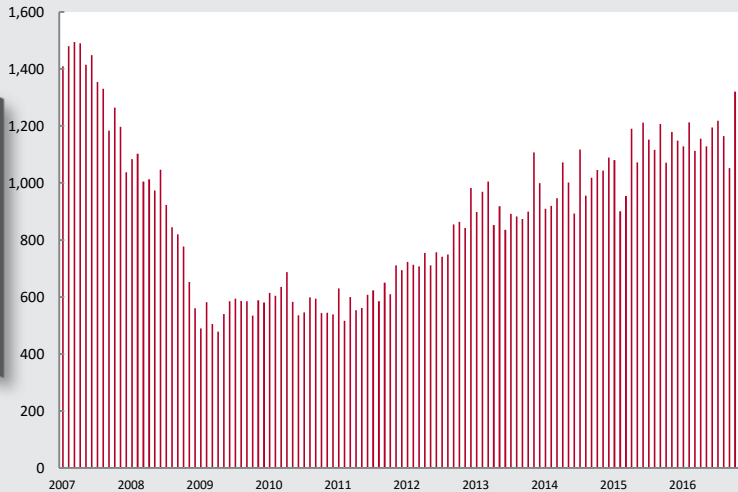
- **USG Overview**
- **Strategy and Business Performance**
- **Financial Update**
- **Markets**
- **Appendix**

RESIDENTIAL CONSTRUCTION

Key Residential Construction Drivers

- Economic Growth
- Household Formation
- New and Existing Home Prices
- Employment Levels
- Wage Growth
- Rental Rates
- Mortgage Rates
- Inventory of Homes
- Population Age Distribution

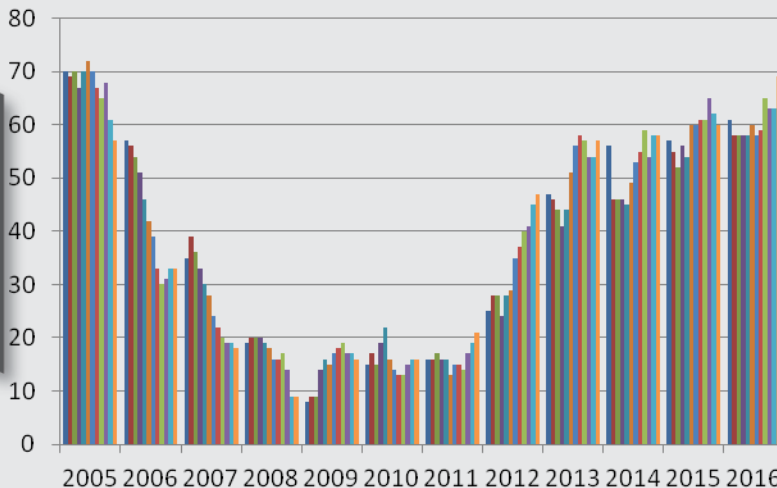
RESIDENTIAL HOUSING STARTS



Source: U.S. Census Bureau

- In 2017, we expect 1.25 million housing starts – up from 1.17 million housing starts in 2016
- New residential starts remain well off the historical average of 1.44 million starts
- Household formation rates are up significantly after nine years of being below the historical trend line

NAHB Housing Market Index



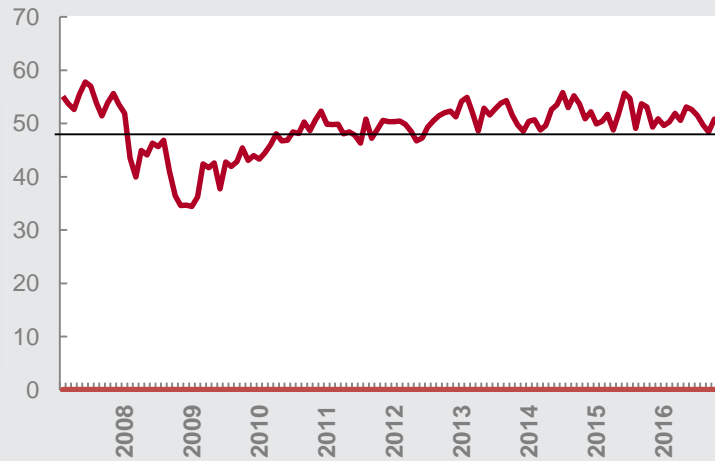
- March 2017 NAHB homebuilder confidence index rating of 71 is the highest monthly rating in 12 years
- Housing affordability is still historically strong
- Residential activity improvements seen in all regions. USG is well positioned to capitalize on the continued recovery

COMMERCIAL CONSTRUCTION

Key Commercial Construction Drivers

- Economic Growth
- Demographics
- Commercial Building Type
- Age of Building Stock
- Government Spending
- Building Turnover
- Residential Activity

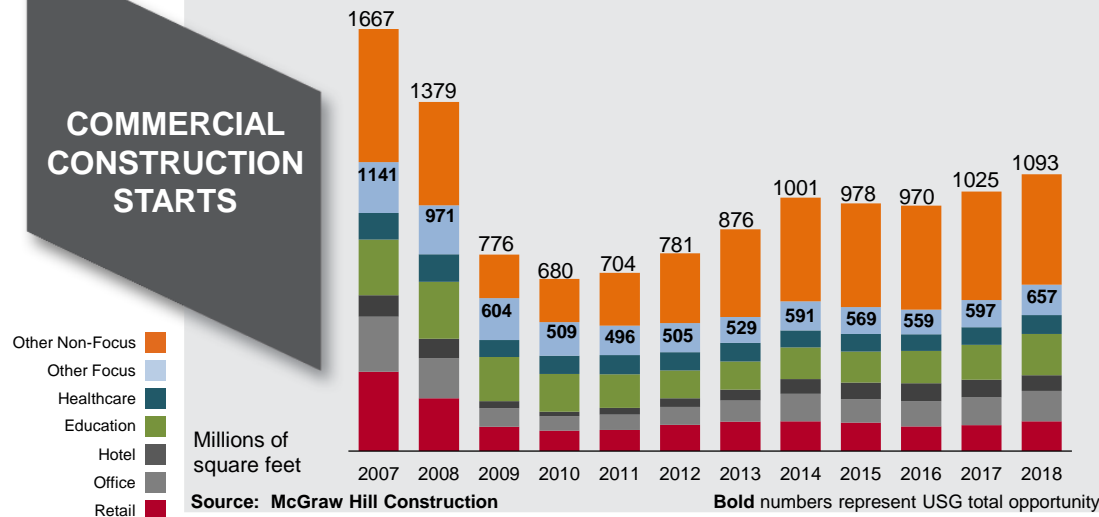
ARCHITECTURAL BILLINGS INDEX



Note: Index typically precedes a commercial construction start by 9-12 months, higher than 50 reflects growth
Source: American Institute of Architects

- We expect steady improvement coming off of 2016 with low-to-mid single digit growth in commercial starts in 2017
- USG products ship approximately 12-24 months after a commercial start
- Commercial segments—retail, office and hotels—expected to improve first, reflecting more private sector funding and supporting residential construction activity

COMMERCIAL CONSTRUCTION STARTS



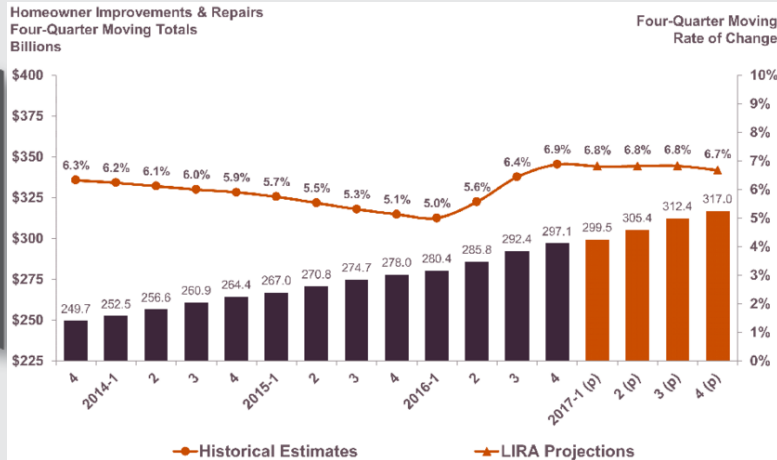
- Institutional categories—education and healthcare—tied to financial health of federal, state and local governments
- Current CRE (commercial real estate) loan demand is up and CRE loans outstanding suggest supportive non-residential construction activity in the near term – with a 20% YOY increase in CRE loans outstanding as of July 2016

REPAIR AND REMODEL

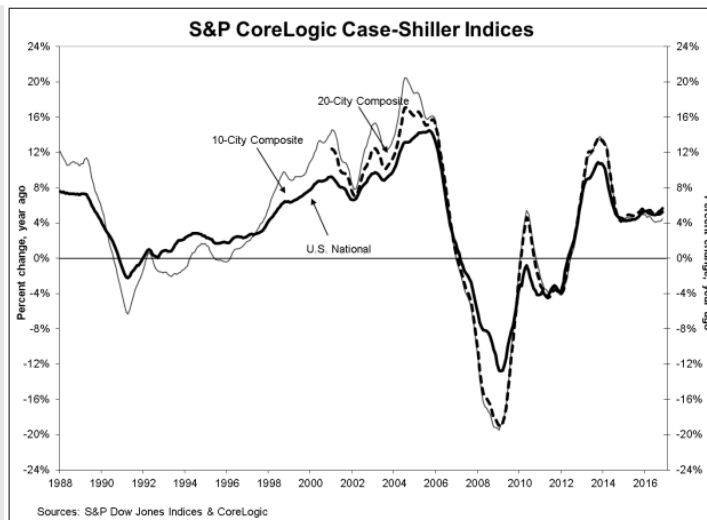
Key R&R Construction Drivers

- Average age of housing and commercial stock
- Existing home prices
- Existing home sales
- Consumer confidence
- LIRA remodeling index
- Office vacancy rates
- CEO/business confidence

LEADING INDICATOR OF REMODELING ACTIVITY



EXISTING HOME PRICES



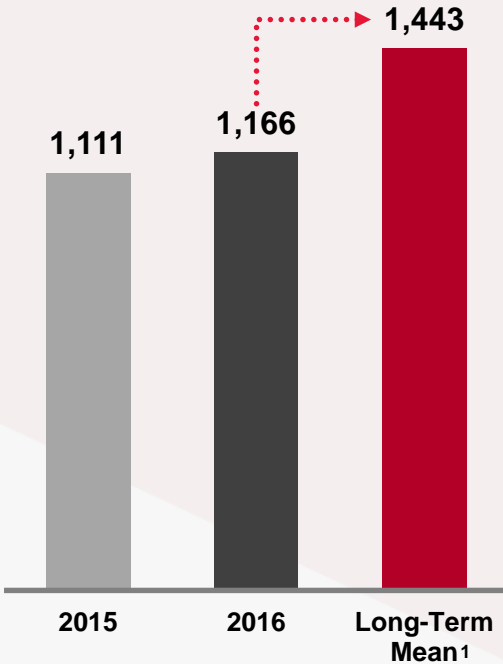
- Home prices continue to appreciate and homeowners equity has nearly recovered back to its prior peak levels - over \$12 trillion in aggregate homeowner equity in 2016 off a trough of \$6 trillion in 2009 – 2012
- Shifting housing preferences towards greater density and amenities bode well for R&R demand
- Cash-out refinancing tends to be a leading indicator for R&R spend, with cash-out HELOC's seeing a dramatic uptick in Q2, Q3, and Q4 2016 (bodes well for 2017 residential R&R spend)
- Home center organic sales, existing home transaction volumes both favorable indicators of R&R strength
- Expect overall R&R spending to increase by mid-single digits in 2017



MOVING TOWARD THE MEAN

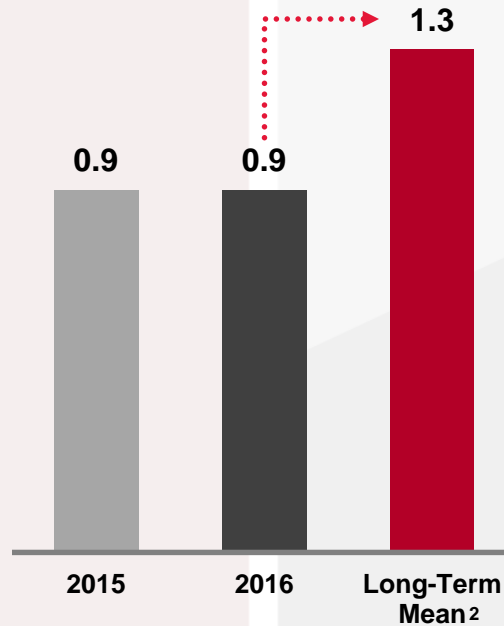
HOUSING

Annual starts (M Units)



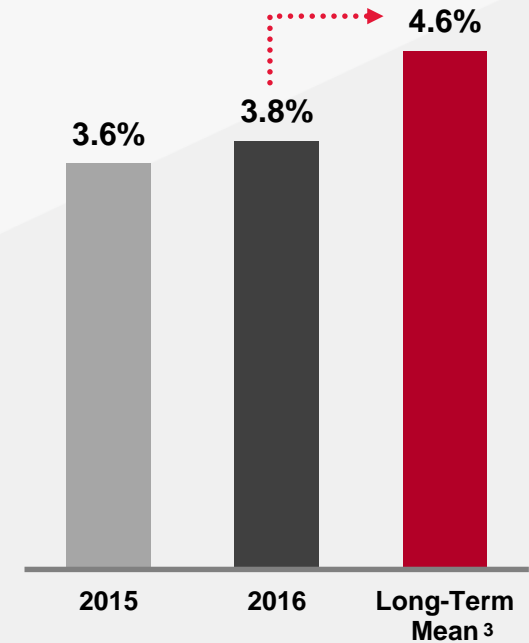
COMMERCIAL

Lagged annual starts (BSF)



R&R

Home Improvement



Demographics

GDP Growth

Aging Stock

Turnover

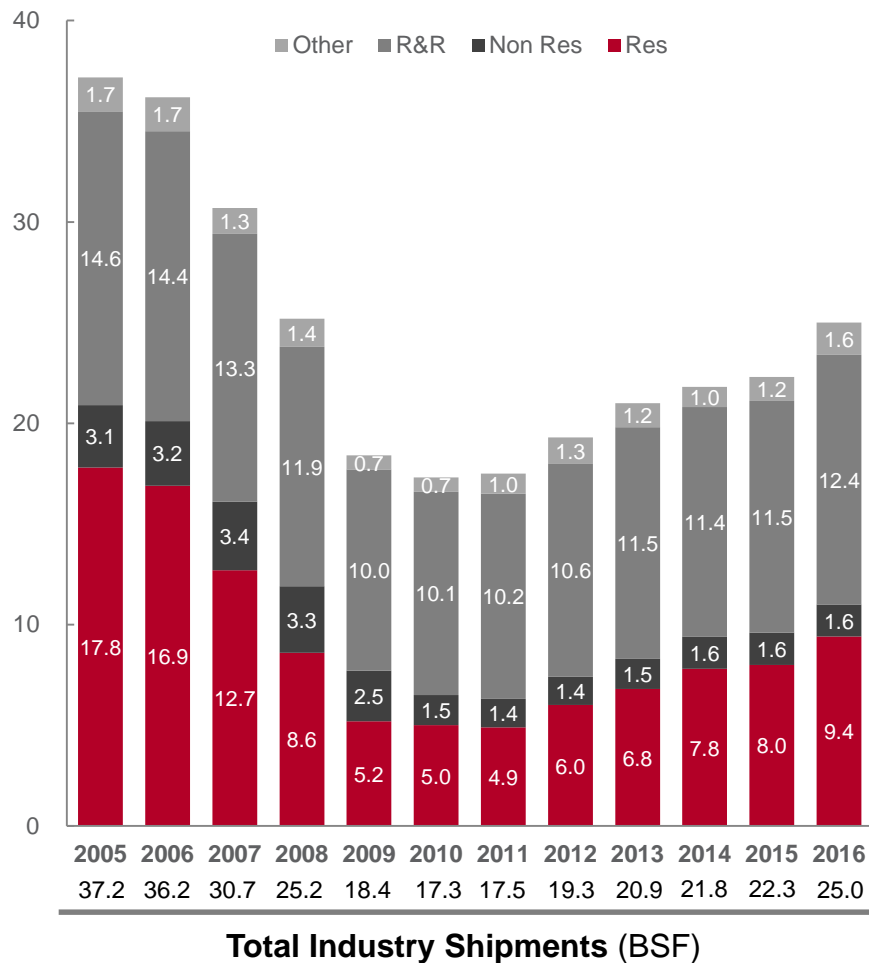
1. Since 1960.

2. Since 1976.

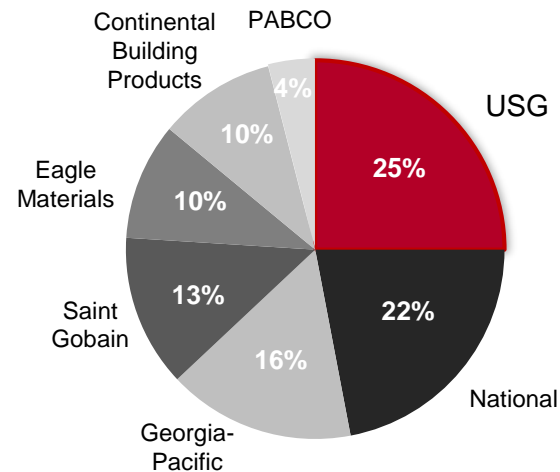
3. Private residential fixed investment as a percent of GDP since 1950.

2016 U.S. WALLBOARD MARKET

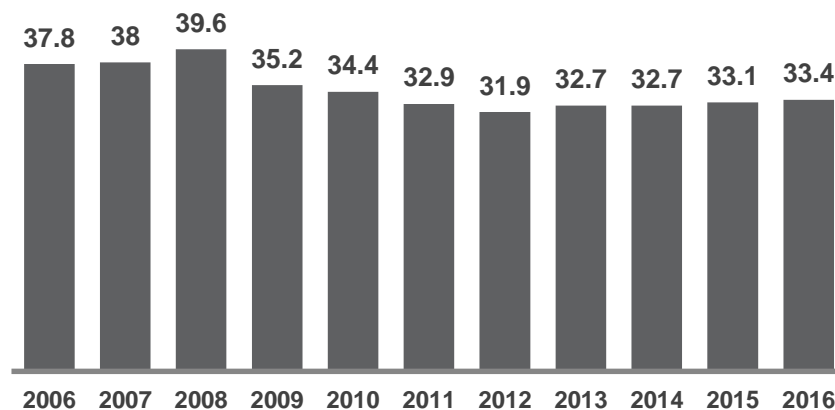
U.S. INDUSTRY WALLBOARD MARKET



AVERAGE MARKET SHARE



INDUSTRY CAPACITY (BSF)





DISCUSSION POINTS

- **USG Overview**
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EXECUTIVE COMPENSATION

Fixed Compensation (~30% of target annual comp)	Vehicle		Additional Details
	Base Salary		<ul style="list-style-type: none"> Salaries for our named executives are generally around the median salaries for officers at ~22 comparative companies defined by industry, revenue, customers, cyclicity, and geography
	Benefits: Retirement, Health, and Welfare		<ul style="list-style-type: none"> Medical, Dental, Vision, 401K, and other retirement benefits
	Executive Benefits and Other Perquisites		<ul style="list-style-type: none"> Executive officers are offered company vehicles with office parking, financial planning reimbursement, personal liability insurance and executive death benefit coverage, and annual medical exams
Performance -Based Compensation (~70% of total target annual comp)	Vehicle	Mix	Additional Details
	Long-Term Incentive Program		<ul style="list-style-type: none"> Aligns management interests with those of the shareholders Motivates management to achieve strategic growth & annual operating objectives Minimum stock ownership guidelines: 100,000 shares for the President & CEO, 35,000 for EVP's, 15,000 for SVP's, 10,000 for VP's, and 3,500 for Subsidiary VP / Directors
	Market Share Units (MSU's)	75%	<ul style="list-style-type: none"> Stock units linked to USG's stock price performance over a 3-year period; as USG's stock price rises/falls, more/fewer shares vest
	Performance Shares	25%	<ul style="list-style-type: none"> Based on USG's share performance compared to the Dow Jones Construction Materials Index over a 3-year period
	Annual Incentive Program		<ul style="list-style-type: none"> Rewards performance and operational excellence Possible annual payout; targeted at 45-120% of base pay for executives
	Adjusted Net Earnings	50%	<ul style="list-style-type: none"> Based on attaining adjusted consolidated net earnings goal; aligns awards with overall corporate results
	Strategic Operating Focus Targets	50%	<ul style="list-style-type: none"> Based on attaining specific annual operating and financial objectives (operating margins, USG-Boral adjusted EBIT, wallboard cost, SG&A and growth index); promotes balanced performance between operational and long-term growth objectives



NON-GAAP FINANCIAL MEASURES

In this presentation, the corporation's financial results are provided both in accordance with accounting principles generally accepted in the United States of America (GAAP) and using certain non-GAAP financial measures. In particular, the corporation presents the non-GAAP financial measures: EBITDA, adjusted EBITDA, adjusted operating profit, adjusted net income, adjusted equity income of USG Boral Building Products, or UBBP, impacts of foreign currency on current period results using prior period translation rates, adjusted operating margin, free cash flow, adjusted earnings per diluted share, and adjusted debt, which exclude certain items. The non-GAAP financial measures are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help investors' ability to analyze underlying trends in the corporation's business, evaluate its performance relative to other companies in its industry and provide useful information to both management and investors by excluding certain items that may not be indicative of the corporation's core operating results. Adjusted operating profit on a consolidated basis includes the

adjusted equity method income from UBBP and USG's income from other equity investments and adjusted EBITDA on a consolidated basis includes the corporation's share of UBBP's adjusted EBITDA because management views UBBP and its other equity investments as important businesses. Further, management believes it is appropriate to exclude the indicated items from UBBP equity income because the resulting UBBP adjusted equity income can be used to evaluate the financial performance of UBBP. Management also excludes EBITDA of Gypsum Transportation Limited because we exited that shipping operation in April 2015. In addition, the corporation uses adjusted operating margins and adjusted net income as components in the measurement of incentive compensation. The non-GAAP measures should not be considered a substitute for or superior to GAAP results and may vary from others in the industry. For further information related to the corporation's use of non-GAAP financial measures, and the reconciliations to the nearest GAAP measures, see the schedules attached hereto.



ADJUSTED OPERATING PROFIT RECONCILED TO GAAP OPERATING PROFIT

\$ Millions	Q1 2017	Q1 2016	Change
Reported GAAP Operating Profit (Loss)			
Gypsum	\$91	\$109	(\$18)
Ceilings	\$23	\$28	(\$5)
Corporate & Eliminations	(\$23)	(\$21)	(\$2)
Total	\$91	\$116	(\$25)
Adjustments to GAAP Operating Profit (Loss)			
Gypsum – GTL recovery of receivables	—	(\$3)	\$3
Total	—	(\$3)	\$3
Adjusted Operating Profit (Loss) – Non-GAAP measure			
Gypsum	\$91	\$106	(\$15)
Ceilings	\$23	\$28	(\$5)
Corporate & Eliminations	(\$23)	(\$21)	(\$2)
Other Adjustments			
Adjusted equity income from UBBP ¹	\$13	\$7	\$6
Total Adjusted Operating Profit	\$104	\$120	(\$16)

1. See reconciliation to GAAP results in the Appendix.



ADJUSTED NET INCOME RECONCILIATION

\$ Millions	Q1 2017	Q1 2016
GAAP Net Income	\$55	\$67
Income from discontinued operations, net of tax	—	(\$7)
Loss on debt extinguishment	—	\$2
Recovery on shipping receivable	—	(\$8)
Tax effects of adjustments ¹	—	\$2
Adjusted Net Income	\$55	\$56

1. See Appendix for detail regarding tax effect of individual adjustments.



QUARTERLY ADJUSTED EBITDA RECONCILED TO QUARTERLY OPERATING PROFIT

\$ Millions

	Q1 2017					Q1 2016				
	Gyp	Ceilings	UBBP	Corp/ Elim	Q1 2017	Gyp	Ceilings	UBBP	Corp/ Elim	Q1 2016
GAAP Operating profit/(loss)	\$91	\$23		(\$23)	\$91	\$109	\$28		(\$21)	\$116
Interest expense, net				(\$19)	(\$19)				(\$38)	(\$38)
Other (expense) income, net				(\$1)	(\$1)				\$3	\$3
Income tax expense				(\$29)	(\$29)				(\$26)	(\$26)
USG's equity income from UBBP				\$13	\$13				\$7	\$7
Loss on extinguishment of debt				—	—				(\$2)	(\$2)
Income from discontinued operations, net				—	—				\$7	\$7
Net income attributable to USG					\$55					\$67
Less: Income from disc ops, net of tax				—	—				(\$7)	(\$7)
Add: interest expense, net ¹				\$19	\$19				\$38	\$38
Add: income tax expense ¹				\$29	\$29				\$26	\$26
Add: depreciation, depletion, and amortization ²	\$27	\$4		\$1	\$32	\$27	\$4		\$1	\$32
EBITDA	\$118	\$27		(\$10)	\$135	\$136	\$32	—	(\$12)	\$156
Add: share-based compensation expense ¹				\$4	\$4				\$4	\$4
Add: ARO accretion expense	\$1	—		—	\$1	\$2	—		—	\$2
Add: loss on extinguishment of debt				—	—				\$2	\$2
Subtract: GTL EBITDA ³	—			—	—	(\$7)			—	(\$7)
Subtract: USG's equity income from UBBP				(\$13)	(\$13)				(\$7)	(\$7)
Add: USG's share of UBBP Adjusted EBITDA ³			\$24		\$24			\$17		\$17
Adjusted EBITDA	\$119	\$27	\$24	(\$19)	\$151	\$131	\$32	\$17	(\$13)	\$167

1. Interest, tax, and share-based compensation are not allocated to our reportable segments; therefore, these items are reflected in the column Corp/Elim.

2. Depreciation, depletion and amortization excludes the amortization of deferred financing fees which is included in interest expense.

3. See reconciliation to GAAP results in the Appendix.



FULL YEAR ADJUSTED EBITDA RECONCILED TO QUARTERLY OPERATING PROFIT

\$ Millions

	FY 2016					FY 2015				
	Gyp	Ceilings	UBBP	Corp/ Elim	FY 2016	Gyp	Ceilings	UBBP	Corp/ Elim	FY 2015
GAAP Operating profit/(loss)	\$389	\$109		(\$104)	\$394	\$361	\$88		(\$94)	\$355
Interest expense, net				(\$141)	(\$141)				(\$161)	(\$161)
Other income, net				\$9	\$9				—	—
Income tax benefit (expense)				(\$63)	(\$63)				\$740	\$740
USG's equity income from UBBP				\$49	\$49				\$48	\$48
Income and gain from sale of equity method investment				—	—				\$13	\$13
Loss on extinguishment of debt				(\$37)	(\$37)				(\$19)	(\$19)
Income and gain from discontinued operations, net of tax				\$299	\$299				\$15	\$15
Net income attributable to USG					\$510					\$991
Less: discontinued operations, net of tax				(\$299)	(\$299)				(\$15)	(\$15)
Add: interest expense, net ¹				\$141	\$141				\$161	\$161
Add: income tax (benefit) expense ¹				\$63	\$63				(\$740)	(\$740)
Add: depreciation, depletion, and amortization ²	\$108	\$16		\$6	\$130	\$105	\$16		\$4	\$125
EBITDA	\$497	\$125		(\$77)	\$545	\$466	\$104	—	(\$48)	\$522
Add: share-based compensation expense ¹				\$18	\$18				\$14	\$14
Add: ARO accretion expense	\$7	—		—	\$7	\$6	\$1		—	\$7
Add: loss on extinguishment of debt				\$37	\$37				\$19	\$19
Subtract: Gain on sale of surplus property	(\$11)	—		—	(\$11)	(\$10)	—		—	(\$10)
Subtract: Gain on sale of equity method investment				—	—				(\$11)	(\$11)
Add: Asset impairment charges and severance	\$12	—		—	\$12	—	—		—	—
(Subtract) Add: GTL EBITDA ³	(\$7)				(\$7)	(\$8)				(\$8)
Add: 10th floor charges				\$4	\$4					—
Add: pension settlement charges	\$8	\$2		\$7	\$17	—	—			—
Subtract: USG's equity income from UBBP				(\$49)	(\$49)				(\$48)	(\$48)
Add: USG's share of UBBP Adjusted EBITDA ³			\$101		\$101			\$85		\$85
Adjusted EBITDA	\$506	\$127	\$101	(\$60)	\$674	\$454	\$105	\$85	(\$74)	\$570

1. Interest, tax, and share-based compensation are not allocated to our reportable segments; therefore, these items are reflected in the column Corp/Elim.

2. Depreciation, depletion and amortization excludes the amortization of deferred financing fees which is included in interest expense.

3. See reconciliation to GAAP results in the Appendix.

HISTORICAL ADJUSTED EBITDA¹ RECONCILED TO NET INCOME/(LOSS)

\$ Millions	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
USG Net Income/(loss)	37	47	(126)	(390)	(405)	(787)	(463)	77	297	(1,436)	312	122	43	16	(259)	421	332	148	15	(32)
Less: (income) from discontinued operations, net of tax	(12)	(2)	(21)																	
Add: interest expense/(income)	178	200	202	205	178	161	79	83	512	(5)	(1)	2	4	28	47	43	48	57	73	93
Add: income taxes/(benefit)	7	11	12	(14)	(37)	450	(118)	11	193	(924)	197	79	117	36	(161)	263	202	172	117	97
Add: depreciation, depletion, and amortization ²	135	134	134	152	166	189	179	159	138	125	120	112	106	107	96	91	81	70	65	67
EBITDA	345	390	201	(47)	(98)	13	(323)	330	1,140	(2,240)	628	315	270	187	(277)	818	663	447	270	225
Add: share-based compensation expense	20	17	17	21	23	21	24	20	17	-	-	-	-	-	-	-	-	-	-	-
Add: ARO accretion expense	7	8	10	7	6	6	5	5	4	3	3	3	-	-	-	-	-	-	-	-
Add: pension settlement charges	13	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: restructuring, impairment, and amortization of excess reorganization value	30	4	18	75	110	80	98	26	-	-	-	-	-	33	50	-	-	127	169	169
Add: goodwill and int. asset impairment charges	-	-	-	-	-	43	226	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: asbestos claims provision (reversal)	-	-	-	-	-	-	-	-	(44)	3,100	-	-	-	-	850	-	-	-	-	-
Add: chapter 11 reorganization expense	-	-	-	-	-	-	-	-	10	4	12	11	14	12	-	-	-	-	-	-
Add: cumulative effect of accounting changes	-	-	-	-	-	-	-	-	-	11	-	16	96	-	-	-	-	-	-	-
Add: loss on extinguishment of debt	-	-	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: KERP (Key Employee Retention Program)	-	-	-	-	-	-	-	-	13	23	16	23	20	-	-	-	-	-	-	-
Add/(Subtract): GTL Adjusted EBITDA ³	45	(27)	(19)	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtract: gain on sale of surplus property/assets	(12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add/(Subtract): litigation settlement income/(expense)	48	-	-	-	-	(97)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtract: USG's equity income from UBBP	(60)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: USG's share of UBBP Adjusted EBITDA	66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED EBITDA	502	405	268	58	41	66	30	381	1,140	901	659	368	400	232	623	818	663	574	439	394

1. 1995 – 2011 include EBITDA contribution from L&W Supply, the Company's previously owned distribution business that was sold on October 31, 2016. 2. Depreciation, depletion and amortization excludes the amortization of deferred financing fees which is included in interest expense and operated as an internal cost center prior to 2011, and thus did not drive a material consolidated EBITDA impact.



ADJUSTED FINANCIAL RESULTS OF USG BORAL BUILDING PRODUCTS

\$ Millions	Q1 2017	Q1 2016
Net Sales – GAAP	\$276	\$229
Operating Profit – GAAP	\$35	\$23
Adjustments: Income from equity method investments owned by UBBP	\$3	\$2
Adjustments: Operating profit attributable to non-controlling interest, pre-tax	(\$1)	(\$2)
Adjustments: Severance charges	—	\$1
Adjusted Operating Profit – Non-GAAP	\$37	\$24
Net Income attributable to USG Boral Building Products – GAAP	\$25	\$14
Adjustments: Severance charges	—	\$1
Adjusted Net Income attributable to USG Boral Building Products – Non-GAAP	\$25	\$15
USG share of income from equity method investments – GAAP	\$13	\$7
Less: Income from equity method investments – other joint ventures	—	—
Equity income from USG Boral Building Products – Non-GAAP	\$13	\$7



USG BORAL BUILDING PRODUCTS ADJUSTED EBITDA RECONCILIATION

\$ Millions	Q1 2017	Q1 2016
GAAP Operating profit	\$35	\$23
Income tax expense	(\$12)	(\$9)
Income from equity method investments owned by UBBP, net of tax	\$3	\$2
Other expense	—	(\$1)
Net Income	\$26	\$15
Less: Net income attributable to non-controlling interest	\$1	\$1
Net Income attributable to USG Boral Building Products	\$25	\$14
Adjustments: Severance charges, net of tax	—	\$1
Adjusted Net Income attributable to USG Boral Building Products	\$25	\$15
Add: income tax expense	\$12	\$9
Add: depreciation, depletion, and amortization	\$11	\$11
TOTAL USG Boral Building Products Adjusted EBITDA	\$48	\$35
USG's share of USG Boral Building Products Adjusted EBITDA	\$24	\$17



USG BORAL BUILDING PRODUCTS ADJUSTED EBITDA RECONCILIATION

\$ Millions

	FY 2016	FY 2015
GAAP Operating profit	\$133	\$124
Income tax expense	(\$44)	(\$31)
Income from equity method investments owned by UBBP, net of tax	\$11	\$9
Other income (expense)	(\$2)	(\$1)
Net Income	\$98	\$101
Net income attributable to non-controlling interest	(\$6)	(\$5)
Oman net loss attributable to non-controlling interest	\$7	—
Net Income attributable to USG Boral Building Products	\$99	\$96
Adjustments: Long-lived asset impairment charges and severance charges, net of tax	\$16	—
Adjusted Net Income attributable to USG Boral Building Products	\$115	\$96
Add: income tax expense	\$44	\$31
Add: depreciation, depletion, and amortization	\$43	\$43
TOTAL USG Boral Building Products Adjusted EBITDA	\$202	\$170
USG's share of USG Boral Building Products Adjusted EBITDA	\$101	\$85



ADJUSTED DILUTED EPS RECONCILED TO GAAP DILUTED EPS

	Q1 2017	Q1 2016
Income per average diluted common share – GAAP	\$0.37	\$0.46
Adjustments per average diluted common share:		
• Income from discontinued operations, net of tax	—	(\$0.05)
• Loss on extinguishment of debt	—	\$0.01
• Tax effect on adjustments	—	\$0.01
• GTL recovery of receivable	—	(\$0.05)
Adjusted earnings per average diluted common share – Non-GAAP	\$0.37	\$0.38
Average diluted common shares – GAAP	148,730,354	146,986,392



ADJUSTED DEBT RECONCILED TO GAAP DEBT

\$ Millions	March 31, 2017	March 31, 2016
Total short-term and long-term Debt – GAAP	\$1,089	\$2,126
Operating leases	\$106	\$217
Postretirement benefit obligations	\$202	\$265
Asset retirement obligations	\$74	\$80
Accrued interest not included in reported debt	\$14	\$35
Workers compensation/self insurance	\$14	\$16
Excess cash ¹	(\$326)	(\$430)
Total adjustments²	\$84	\$183
Adjusted Net Debt	\$1,173	\$2,309

	TTM 2017	TTM 2016
Adjusted EBITDA	\$658	\$613
Leverage Ratio	1.8	3.8

1. Excess cash is based on a 75% ratio of cash, cash equivalents, and marketable securities.

2. Represents adjustments to GAAP debt and unadjusted EBITDA to arrive at a proxy for adjusted debt and adjusted EBITDA as used by the ratings agencies. Adjustments for Q1 2016 have not been recast to reflect the disposition of L&W Supply.

TTM = Trailing Twelve Months



ADJUSTED OPERATING PROFIT ROLLFORWARD

\$ Millions

Adjusted Operating Profit – Three months ended March 31, 2016	\$120
----------------------------------------------------------------------	--------------

US Wallboard	(\$9)
--------------	-------

US Surfaces and Substrates	(\$1)
----------------------------	-------

US Gypsum Selling and Administrative Expenses	(\$3)
-----------------------------------------------	-------

US Ceilings	(\$7)
-------------	-------

US Ceilings Selling and Administrative Expenses	\$1
-------------------------------------------------	-----

USG Boral Adjusted Equity Method Income	\$5
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Canada, Mexico, and Foreign Currency	(\$3)
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Corporate	(\$2)
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US Gypsum Prior Year Adjustments for Disc Ops	\$2
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US Ceilings Prior Year Adjustments for Disc Ops	\$1
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Adjusted Operating Profit – Three months ended March 31, 2017	\$104
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TAX EFFECTS OF NET INCOME ADJUSTMENTS

\$ Millions

Q1 2017

Q1 2016

Recovery on shipping receivable

—

\$3

Loss on debt extinguishment

—

(\$1)

Total Tax Effects of Adjustments

—

\$2



GTL EBITDA RECONCILIATION

\$ Millions

Q1 2016

GAAP Operating profit

\$3

Interest income, net

\$1

Other income, net

\$4

Income tax expense

(\$3)

Net income attributable to USG

\$5

Add: income tax expense

\$3

Add: interest income, net

(\$1)

Add: depreciation, depletion, and amortization

—

EBITDA

\$7



GTL EBITDA RECONCILIATION

\$ Millions

	FY 2016	FY 2015
GAAP Operating profit	\$3	\$7
• Interest income (expense), net	\$1	(\$1)
• Other income, net	\$4	—
• Income tax (expense)	(\$3)	—
Net income attributable to USG	\$5	\$6
• Add: income tax expense	\$3	—
• Add: interest (income) expense, net	(\$1)	\$1
• Add: depreciation, depletion, and amortization	—	\$1
EBITDA	\$7	\$8



ADJUSTED FINANCIAL RESULTS OF USG BORAL BUILDING PRODUCTS

\$ Millions	FY 2016
Net Sales – GAAP	\$1,052
Operating Profit – GAAP	\$133
Adjustments: Income from equity method investments owned by UBBP	\$11
Adjustments: Operating (profit) loss attributable to non-controlling interest, pre-tax	(\$6)
Adjustments: Long-lived asset impairment charges in Oman (<u>50% JV</u>) included in operating (profit) loss, pre-tax	\$14
Adjustments: Long-lived asset impairment and severance charges	\$9
Adjusted Operating Profit – Non-GAAP	\$161
Net Income attributable to USG Boral Building Products – GAAP	\$99
Adjustments: Long-lived asset impairment charges and severance charges	\$16
Adjusted Net Income attributable to USG Boral Building Products – Non-GAAP	\$115
USG share of income from equity method investments – GAAP	\$49
Less: Income from equity method investments – other joint ventures	—
Adjustments: USG's share of long-lived asset impairment charges	\$8
Adjusted equity income from USG Boral Building Products – Non-GAAP	\$57

QUARTERLY TRAILING TWELVE MONTH ADJUSTED EBITDA RECONCILED TO QUARTERLY OPERATING PROFIT – Q1 2017

\$ Millions

\$ Millions	Q2 2016				Q3 2016				Q4 2016				Q1 2017				TTM				
	Gyp	Ceilings	UBBP	Corp/ Elim	Q2 2016	Gyp	Ceilings	UBBP	Corp/ Elim	Q3 2016	Gyp	Ceilings	UBBP	Corp/ Elim	Q4 2016	Gyp	Ceilings	UBBP	Corp/ Elim	Q1 2017	Q1 2017
GAAP Operating profit/(loss)	\$112	\$32		(\$22)	\$122	\$89	\$33		(\$25)	\$97	\$79	\$16		(\$36)	\$59	\$91	\$23		(\$23)	\$91	
Interest expense, net				(\$37)	(\$37)				(\$37)	(\$37)				(\$29)	(\$29)				(\$19)	(\$19)	
Other (expense) income, net				\$2	\$2				\$1	\$1				\$3	\$3				(\$1)	(\$1)	
Income tax (expense) benefit				(\$34)	(\$34)				(\$18)	(\$18)				\$15	\$15				(\$29)	(\$29)	
USG's equity income from UBBP				\$16	\$16				\$14	\$14				\$12	\$12				\$13	\$13	
Loss on extinguishment of debt				(\$2)	(\$2)				(\$1)	(\$1)				(\$32)	(\$32)						
Income/gain from discontinued operations, net				\$7	\$7				\$6	\$6				\$279	\$279						
Net income attributable to USG					\$74					\$62					\$307					\$55	
Less: Income/gain from disc ops, net of tax				(\$7)	(\$7)				(\$6)	(\$6)				(\$279)	(\$279)						
Add: interest expense, net ¹				\$37	\$37				\$37	\$37				\$29	\$29				\$19	\$19	
Add: income tax expense (benefit) ¹				\$34	\$34				\$18	\$18				(\$15)	(\$15)				\$29	\$29	
Add: depreciation, depletion, and amortization ²	\$27	\$4		\$1	\$32	\$27	\$4		\$1	\$32	\$27	\$4		\$3	\$34	\$27	\$4		\$1	\$32	
EBITDA	\$139	\$36		(\$5)	\$170	\$116	\$37		(\$10)	\$143	\$106	\$20		(\$50)	\$76	\$118	\$27		(\$10)	\$135	
Add: share-based compensation expense ¹				\$5	\$5				\$5	\$5				\$4	\$4				\$4	\$4	
Add: ARO accretion expense	\$2				\$2	\$2				\$2	\$1				\$1	\$1				\$1	
Add: Asset Impairment / (gain on sale of surplus property)	(\$11)				(\$11)	\$12				\$12											
Add: loss on extinguishment of debt				\$2	\$2				\$1	\$1				\$32	\$32						
Add: Pension/SERP settlement expense											\$8	\$2		\$7	\$17						
Add: Exit of commercial space														\$4	\$4						
Subtract: USG's equity income from UBBP				(\$16)	(\$16)				(\$14)	(\$14)				(\$12)	(\$12)				(\$13)	(\$13)	
Add: USG's share of UBBP Adjusted EBITDA			\$28		\$28			\$30		\$30			\$26		\$26			\$24		\$24	
Adjusted EBITDA	\$130	\$36	\$28	(\$14)	\$180	\$130	\$37	\$30	(\$18)	\$179	\$115	\$22	\$26	(\$15)	\$148	\$119	\$27	\$24	(\$19)	\$151	\$658

- Interest, tax, and share-based compensation are not allocated to our reportable segments; therefore, these items are reflected in the column Corp/Elim.
- Depreciation, depletion and amortization excludes the amortization of deferred financing fees which is included in interest expense.

QUARTERLY TRAILING TWELVE MONTH ADJUSTED EBITDA RECONCILED TO QUARTERLY OPERATING PROFIT – Q1 2016

\$ Millions	Q2 2015				Q3 2015				Q4 2015				Q1 2016				TTM				
	Gyp	Ceilings	UBBP	Corp/ Elim	Q2 2015	Gyp	Ceilings	UBBP	Corp/ Elim	Q3 2015	Gyp	Ceilings	UBBP	Corp/ Elim	Q4 2015	Gyp		Ceilings	UBBP	Corp/ Elim	Q1 2016
GAAP Operating profit/(loss)	\$95	\$24		(\$24)	\$95	\$93	\$25		(\$24)	\$94	\$99	\$18		(\$23)	\$94	\$109	\$28		(\$21)	\$116	
Interest expense, net				(\$40)	(\$40)				(\$40)	(\$40)				(\$39)	(\$39)				(\$38)	(\$38)	
Other income, net				\$1	\$1														\$3	\$3	
Income tax (expense) benefit				(\$1)	(\$1)				\$1	\$1				\$738	\$738				(\$26)	(\$26)	
USG's equity income from UBBP				\$13	\$13				\$12	\$12				\$15	\$15				\$7	\$7	
Income and gain from the sale of EMI to related party				\$1	\$1				\$1	\$1				\$11	\$11						
Loss on extinguishment of debt																			(\$2)	(\$2)	
Income (loss) from discontinued operations, net				\$10	\$10				\$8	\$8				(\$7)	(\$7)				\$7	\$7	
Net income attributable to USG					\$79					\$76					\$812					\$67	
Less: Income (loss) from disc ops, net of tax				(\$10)	(\$10)				(\$8)	(\$8)				\$7	\$7				(\$7)	(\$7)	
Add: interest expense, net ¹				\$40	\$40				\$40	\$40				\$39	\$39				\$38	\$38	
Add: income tax expense (benefit) ¹				\$1	\$1				(\$1)	(\$1)				(\$738)	(\$738)				\$26	\$26	
Add: depreciation, depletion, and amortization ²	\$27	\$4		\$1	\$32	\$26	\$4		\$1	\$31	\$25	\$4		\$1	\$30	\$27	\$4		\$1	\$32	
EBITDA	\$122	\$28		(\$8)	\$142	\$119	\$29		(\$10)	\$138	\$124	\$22		\$4	\$150	\$136	\$32		(\$12)	\$156	
Add: share-based compensation expense ¹				\$3	\$3				\$3	\$3				\$5	\$5				\$4	\$4	
Add: ARO accretion expense	\$2				\$2	\$1	\$1			\$2	\$1				\$1	\$2				\$2	
Subtract: Gain on sale of EMI														(\$11)	(\$11)						
Subtract: Gain on sale of surplus property											(\$10)				(\$10)						
Add: loss on extinguishment of debt																			\$2	\$2	
Subtract: GTL EBITDA	(\$1)				(\$1)						(\$6)				(\$6)	(\$7)				(\$7)	
Subtract: USG's equity income from UBBP				(\$13)	(\$13)				(\$12)	(\$12)				(\$15)	(\$15)				(\$7)	(\$7)	
Add: USG's share of UBBP Adjusted EBITDA			\$23		\$23			\$21		\$21			\$24		\$24			\$17		\$17	
Adjusted EBITDA	\$123	\$28	\$23	(\$18)	\$156	\$120	\$30	\$21	(\$19)	\$152	\$109	\$22	\$24	(\$17)	\$138	\$131	\$32	\$17	(\$13)	\$167	\$613

1. Interest, tax, and share-based compensation are not allocated to our reportable segments; therefore, these items are reflected in the column Corp/Elim.

2. Depreciation, depletion and amortization excludes the amortization of deferred financing fees which is included in interest expense.