

BUILDING THE **USG OF THE FUTURE**

IT'S YOUR WORLD. BUILD IT.

Investor Presentation
2nd 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, our share repurchase program, manufacturing cost outlook, advanced manufacturing investment and return, 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, and 2017 end-market and financial outlooks. 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 USG Boral Building Products joint ventures, 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**



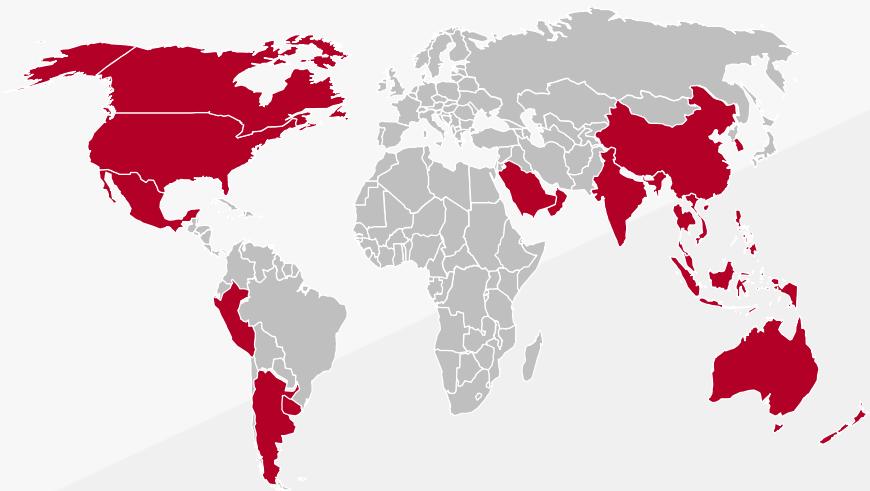
USG Profile

FOUNDED: 1902

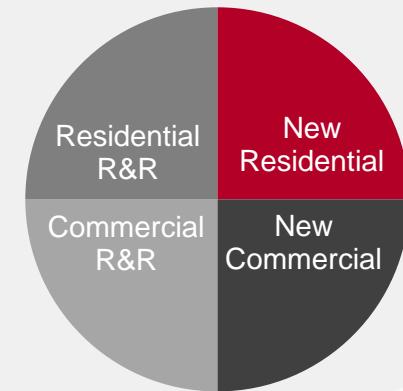
NYSE: USG

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



End Market Opportunity²



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

2. Estimated.

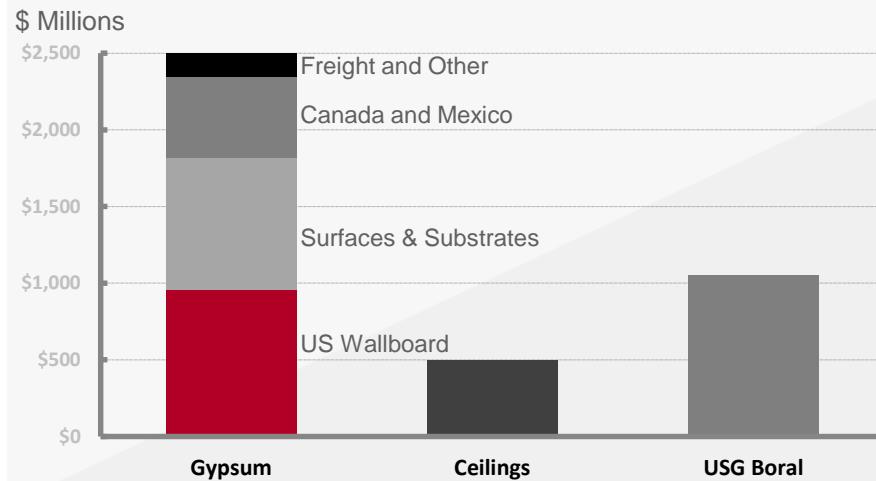


Financial Overview

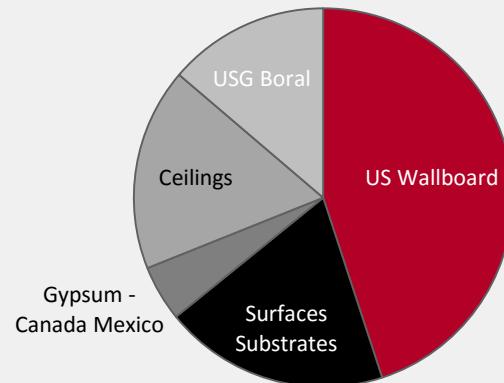
USG 2016 RESULTS

	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 Products ¹	\$1.1	\$202	#1	Asia Australasia and Middle East

2016 NET SALES SPLIT¹



2016 ADJUSTED EBITDA CONTRIBUTION^{2,3}



1. USG Boral is a 50/50 joint venture and its sales and adjusted 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

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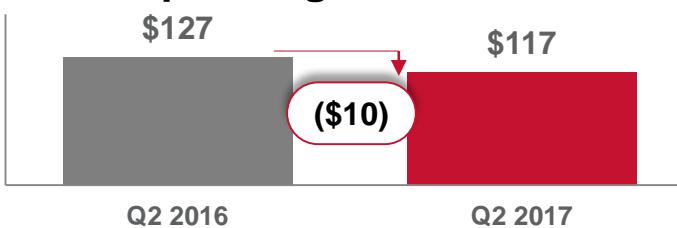
Q2 2017 Highlights

Q2 2017 FINANCIAL RESULTS

Net Sales



Adjusted Operating Profit¹



Adjusted Diluted Earnings Per Share¹



Segment Adjusted Operating Margins¹

Gypsum		210 bps		13.8%
Ceilings		470 bps		19.0%
USG Boral		80 bps		15.0%

Q2 2017 FINANCIAL DRIVERS

Gypsum

- US Wallboard volumes improve 10%
- US Wallboard price declines about 1% on competitive environment and L&W transition
- US Wallboard costs abate from Q1 but remain elevated from prior year
 - Other manufacturing costs flat, but paper costs continue to rise in Q2

Ceilings

- Competitive pricing landscape in Ceilings with normalizing steel costs

USG Boral

- Core results of USG Boral flat



Strategic Priorities

Maintain a Strong Balance Sheet



- Target leverage ratio of 1.5x to 2.0x Adjusted Debt/EBITDA at the mid-cycle
- Current leverage ratio of 1.8¹
- Over \$1 billion of debt repaid in 2016

Return Capital to Shareholders



- Announced \$250 million share repurchase program in February 2017
- Almost \$100 million of common stock repurchased through second quarter
- Expect to execute repurchases over a 12-18 month window from the initial date of announcement

Reinvest for Lower Cost and Organic Growth



- Advanced Manufacturing – a strategic investment in our manufacturing operations to lower costs – is on track
- Investing in profitable Surfaces and Substrates growth
- Continued product innovations – USG Ensemble™ Ceiling Systems and Sheetrock® Brand EcoSmart panels

M&A



- Pursue M&A as appropriate – where it can enhance our return on invested capital and drive growth in our core businesses

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



Mitigating an Inflationary Environment

MANUFACTURING COST OUTLOOK

US Wallboard Products



Mid-single digits

Substantially attributable to increased waste paper costs

US Surfaces & Substrates Products



Mid-single digits

Increases across several raw materials – paper, cement, packaging, additives

US Ceilings Products



Mid-single digits

Primarily normalizing steel costs

RECENT PRICING ANNOUNCEMENTS

US Wallboard Products

(Increasing price within not-to-exceed levels)

- All Sheetrock® brand wallboard products
- Securock® brand glass mat sheathing
- Glass mat tile backer
- Glass mat interior panels

US Surfaces & Substrates Products

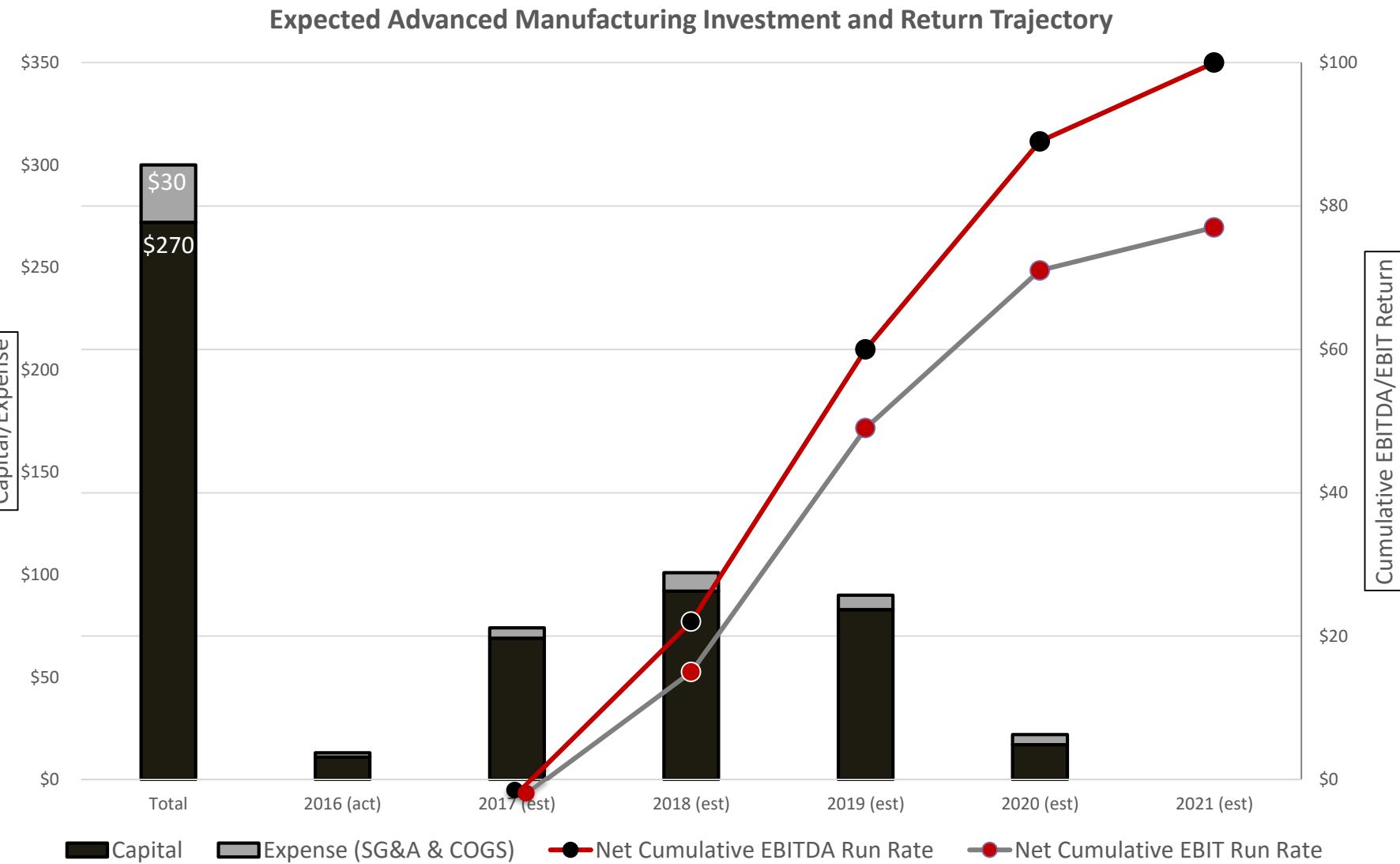
- All Durock® brand products
- All Fiberock® brand products
- All Interior Finishing products
- All trims, tapes, plasters, and accessories

US Ceilings Products

- All commercial and retail ceiling panel products
- All commercial and retail suspension systems (grid)



Advanced Manufacturing – Investment and Returns





Advanced Manufacturing – Examples

Quarry and Stockpile Mapping Drones



Automated Guided Vehicles / Forklifts



USG



Continuous Mining Equipment

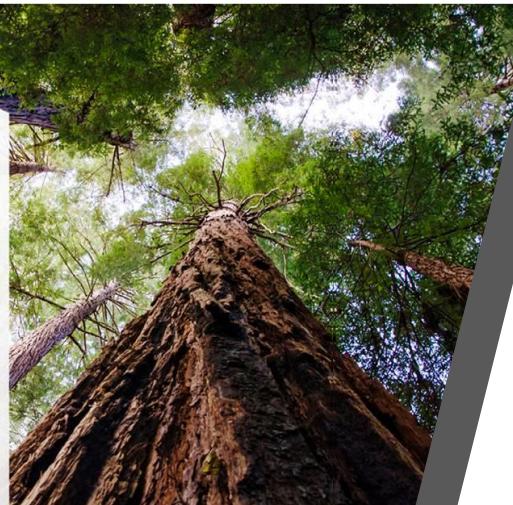


Advanced Wallboard Handling



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

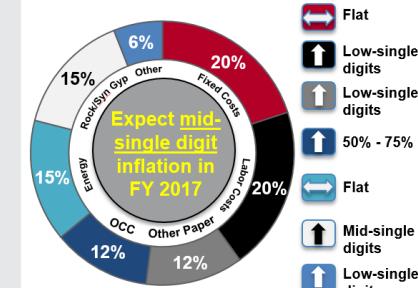
WALLBOARD

- 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 AND COST INFLATION ESTIMATES



1. Rounded approximations based on historical costs – management estimates based on the date of this presentation.



Gypsum – Second Quarter

- Segment adjusted operating margin contracts 210 bps to 13.8%¹**

- US wallboard volume up 10% – strongest volumes since the third quarter of 2008
- US wallboard price decrease (roughly 1%) on competitive environment and transitioning volumes from L&W Supply
- \$8 million of higher US Wallboard costs driven almost entirely by increased waste paper costs (\$7 million)
 - All other manufacturing costs essentially flat
 - Waste paper sensitivity: a \$10/ton increase in OCC drives ~\$1 million of incremental quarterly wallboard cost

Consolidated Gypsum Segment

Q2 2016 Adjusted Operating Profit¹	\$101
US Wallboard Price	(\$3)
US Wallboard Cost	(\$8)
US Wallboard Volume	\$11
US Surfaces & Substrates	(\$5)
US SG&A	(\$1)
Canada and Mexico	(\$1)
Foreign Currency²	(\$2)
Q2 2016 – US Operational Reserve Adj	\$2
Prior Year Adjustments for Disc Ops³	\$1
Q2 2017 Adjusted Operating Profit¹	\$95

\$ Millions	Q2 2017	Q2 2016	Variance
Net Sales	\$688	\$636	\$52
Operating Profit	\$90	\$112	(-\$22)
Operating Profit Margin	13.1%	17.6%	(4.5%)
Adjusted Operating Profit¹	\$95	\$101	(\$6)
Adjusted Operating Profit Margin¹	13.8%	15.9%	(2.1%)

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 June 30, 2016.

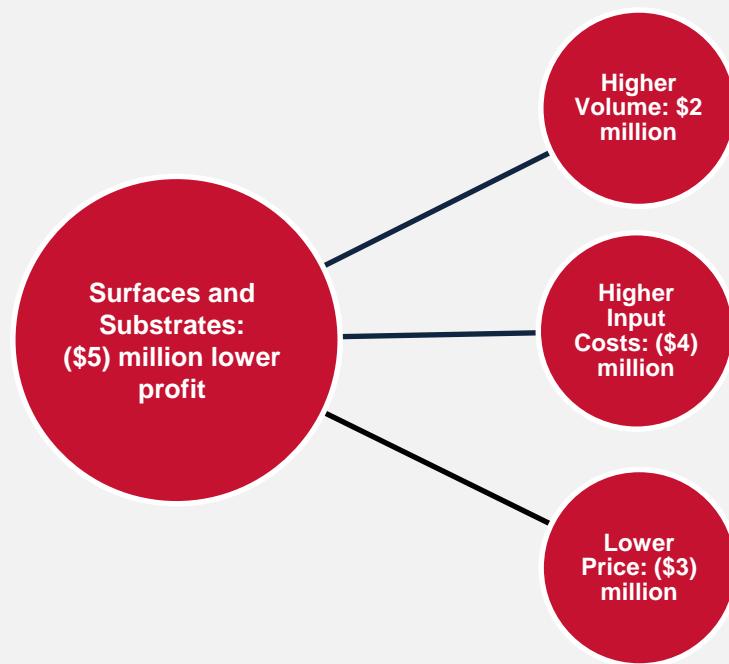
3. Prior year adjustments for discontinued operations: Recasted prior year operating profit decreased \$1 million due to timing differences on the recognition of sales made to L&W Supply.



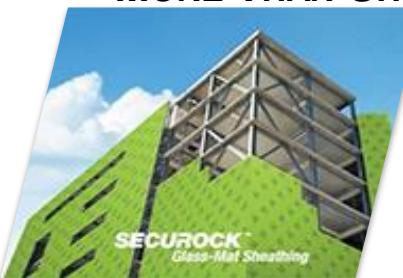
US Gypsum – Second Quarter Wallboard, Surfaces and Substrates

Q2 2017 PROFIT DRIVERS

- Surfaces and Substrates profitability primarily impacted by higher input costs and lower pricing on L&W transition
- July price increases announced for Durock®, Fiberock®, Surfaces products, and tile backers



US GYPSUM – MORE THAN SHEETROCK® WALLBOARD



Q2 2017 RESULTS¹

US Gypsum Sales (millions)	Q2 2017	Q2 2016	Variance (\$)	Variance (%)
US Wallboard	\$259	\$237	\$22	9%
US Surfaces & Substrates	\$227	\$223	\$4	2%
Profit Variance (Q2 2017 vs. Q2 2016)			\$	
US Wallboard	---			
US Surfaces & Substrates	(\$5)			

In Q2 2017, roughly 70% of US Gypsum's gross profit was generated by Wallboard with 30% driven by Surfaces & Substrates products.

¹. Freight revenue (\$72 million for Q2 2017, \$62 million for Q2 2016), other gypsum sales (\$24 million net for Q2 2017, \$16 million net for Q2 2016) and the impact of discontinued operations (\$1 million for Q2 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 – Second Quarter

- Segment adjusted operating margin contracts 470 bps to 19.0%¹ relative to record Q2 2016 quarter
 - US tile price down low-single digits on a competitive pricing environment
 - June 9, 2017 ceiling tile price increase announcement was effective July 24, 2017
 - Increased US grid costs driven by normalizing steel costs
 - US grid volume down low-single digits on competitive dynamics; US tile volumes essentially flat
 - Canada and Mexico down \$3 million on higher input costs and lower demand

Consolidated Ceilings Segment

	Q2 2016 Adjusted Operating Profit¹	\$32		
	Q2 2017 Adjusted Operating Profit¹	\$24		
	\$ Millions	Q2 2017	Q2 2016	Variance
US Tile Price				(-\$2)
US Tile Cost				--
US Tile Volume				--
US Grid Price				--
US Grid Cost				(\$3)
US Grid Volume				(\$1)
US SG&A				--
Canada and Mexico				(\$3)
Prior Year Adjustments for Disc Ops²				\$1
Q2 2016 Adjusted Operating Profit¹				
Net Sales	\$126	\$135		(-\$9)
Operating Profit	\$23	\$32		(\$9)
Operating Profit Margin	18.3%	23.7%		(5.4%)
Adjusted Operating Profit¹	\$24	\$32		(\$8)
Adjusted Operating Profit Margin¹	19.0%	23.7%		(4.7%)

1. See reconciliation to GAAP results in the Appendix.

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 cyclical 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

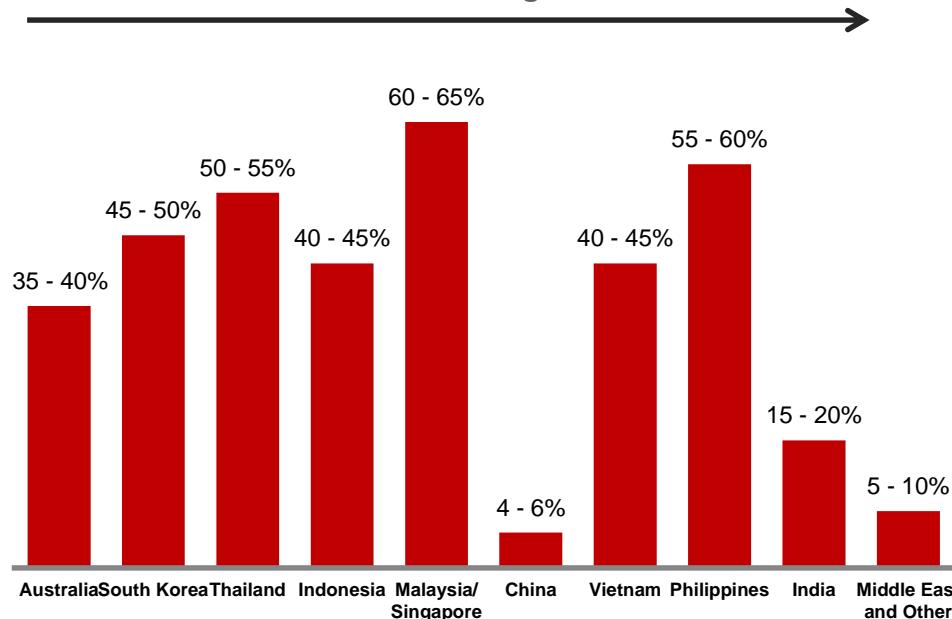


PLASTERBOARD MARKET AND REVENUE BY COUNTRY

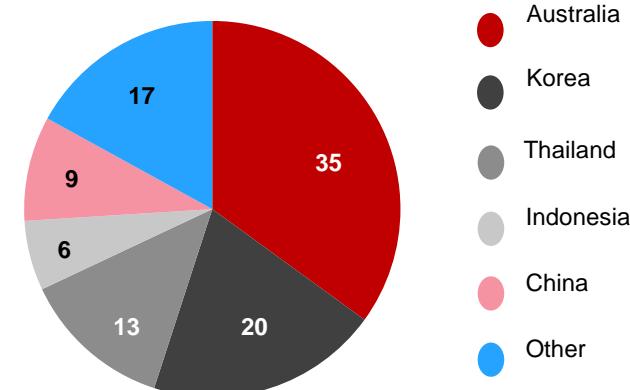
- Excluding China, USG Boral market share across the JV region is 40%
- Total market size of ~24 BSF – roughly the same size as the United States
- USG Boral network-wide capacity utilization of 78% as of December 31, 2016
- Expect mid-to-high single digit growth in plasterboard shipments in 2017

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 – Second Quarter

TOTAL (100%) USG BORAL JV RESULTS

- Total JV adjusted operating margin contracts 80 bps to 15.0%¹
- Core results flat from last year
- On a constant-currency basis², net sales expand 4% to \$285 million from \$273 million
- \$4 million of incremental withholding tax expense on special intercompany dividend

BUSINESS HIGHLIGHTS

- Plasterboard volumes up low-single digits
- Growth in adjacent products
 - Mineral fiber ceilings up almost 60 percent
- Higher plasterboard costs on uptick in commodity inflation
- \$23 million cash dividend paid to USG in second quarter
- Announced plans to build a new plasterboard plant in South India – capital self-funded by JV

Total (100%) USG-Boral JV Results

\$ Millions	Q2 2017	Q2 2016	Variance
Total JV Net Sales	\$287	\$273	\$14
Total JV Operating Profit	\$40	\$41	(\$1)
Total JV Operating Profit Margin	13.9%	15.0%	(1.1%)
Total JV Adjusted Operating Profit ¹	\$43	\$43	---
Total JV Adjusted Operating Profit Margin ¹	15.0%	15.8%	(0.8%)
Total JV Net Income	\$28	\$32	(\$4)
Total JV Adjusted Net Income ¹	\$28	\$32	(\$4)

USG's 50% Portion of USG Boral Results

Q2 2016 USG's Share of Equity Income	\$16
Foreign currency ²	---
Withholding taxes	(\$2)
Core results	---
Q2 2017 USG's Share of Equity Income	\$14

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 June 30, 2016.



Discussion Points

- USG Overview
- Strategy and Business Performance
- **Financial Update**
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Consolidated Financial Results

\$ Millions (except EPS)

	Q2 2017	Q2 2016 ¹
Net sales	\$811	\$769
Gross profit	\$168	\$193
SG&A	\$72	\$71
Operating profit	\$96	\$122
Net interest expense	(\$19)	(\$37)
Income tax expense	(\$20)	(\$34)
Income/(loss) from discontinued operations, net of tax	(\$10)	\$7
GAAP net income	\$36	\$74
Diluted EPS	\$0.24	\$0.50
Adjustments ²	\$28	(\$13)
Adjusted net income²	\$64	\$61
Adjusted diluted EPS²	\$0.44	\$0.42
OTHER NON-GAAP METRICS:		
Adjusted operating profit²	\$117	\$127
Adjusted EBITDA²	\$165	\$180

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

2. See reconciliation to GAAP results in the Appendix.



Quarterly Summary By Business Unit

\$ Millions

	Q2 2017	Q2 2016	Change (\$)	Change (%)
Gypsum adjusted operating profit¹	\$95	\$101	(\$6)	(6%)
Ceilings adjusted operating profit¹	\$24	\$32	(\$8)	(25%)
Adjusted equity income from USG Boral Building Products¹	\$14	\$16	(\$2)	(13%)
Corporate and eliminations adjusted operating loss¹	(\$16)	(\$22)	\$6	(27%)
USG Consolidated Adjusted Operating Profit¹	\$117	\$127	(\$10)	(8%)
Gypsum DD&A	\$26	\$27	(\$1)	(4%)
Ceilings DD&A	\$4	\$4	---	---
Corporate and eliminations DD&A²	\$1	\$1	---	---
USG Consolidated DD&A	\$31	\$32	(\$1)	(3%)
Gypsum adjusted EBITDA¹	\$123	\$130	(\$7)	(5%)
Ceilings adjusted EBITDA¹	\$28	\$36	(\$8)	(22%)
USG's share of USG Boral Building Products adjusted EBITDA¹	\$27	\$28	(\$1)	(4%)
Corporate and eliminations adjusted EBITDA¹	(\$13)	(\$14)	\$1	(7%)
USG Consolidated Adjusted EBITDA¹	\$165	\$180	(\$15)	(8%)

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.



Consolidated Cash Flow

\$ Millions

	6 months ended June 30, 2017	6 months ended June 30, 2016
Cash flow from continuing operations (CFFO)	\$129	\$151
- CAPEX	\$72	\$26
= Free cash flow ¹	\$57	\$125
Cash flow provided by other investing activities²	\$2	\$42
Repurchase of common stock	(\$97)	--
Cash flow used for other financing activities³	(\$29)	(\$141)
Effect of exchange rate on cash	\$6	--
Discontinued operations	\$5	\$11
(Decrease) increase in cash and cash equivalents	(\$56)	\$37
		June 30, 2017 June 30, 2016
Cash, cash equivalents and marketable securities	\$463	\$689
Total liquidity⁴	\$652	\$1,030
Total debt	\$1,089	\$2,051
Total adjusted net debt⁵	\$1,151	\$2,155
Leverage ratio⁶	1.8	3.4

1. Non-GAAP metric.

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

3. Consists primarily of issuance and repayment of debt.

4. Prior year amounts have not been recast to exclude discontinued operations.

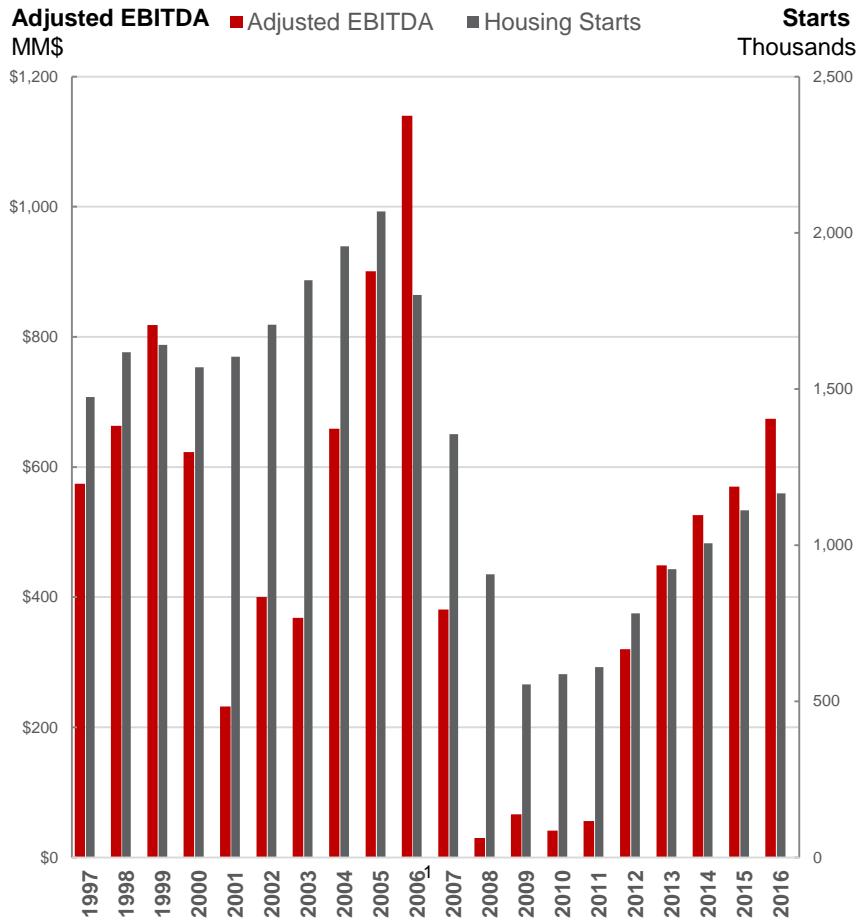
5. See reconciliation to GAAP results in the Appendix.

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



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.



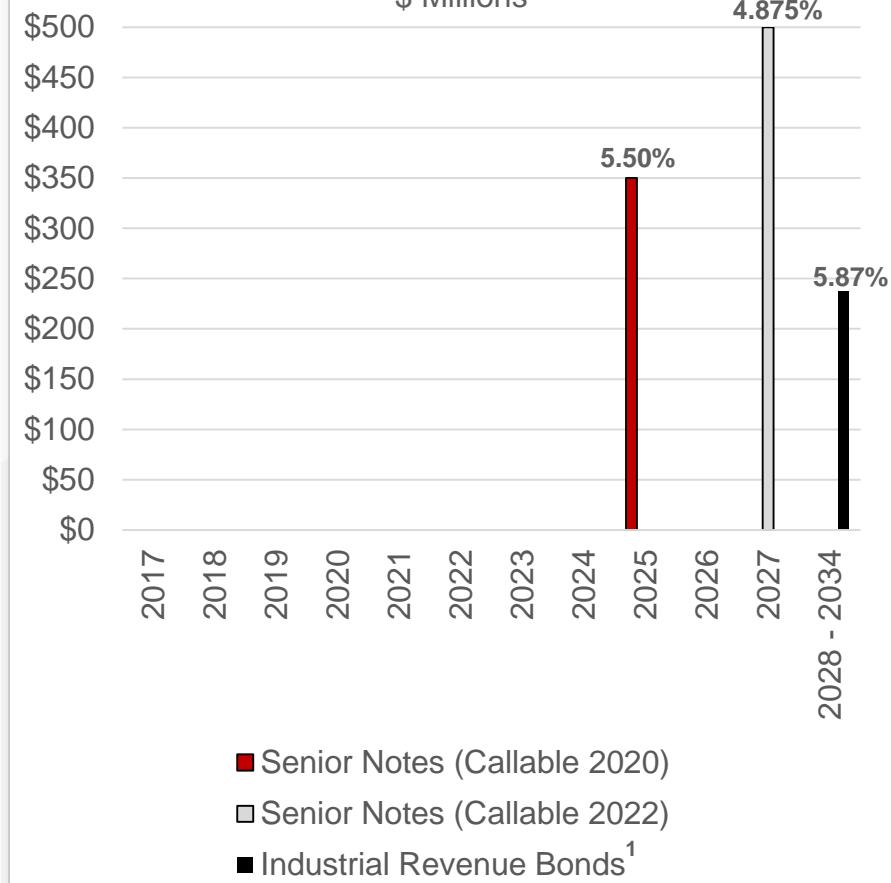
Balance Sheet and Capital Structure

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

- \$652 million of liquidity as of 6/30/17
- \$1.3B U.S. tax loss net operating loss carry-forwards and credits will shield the next \$1.3B in domestic earnings
- No principal payments due until 2025
- Retired \$1.1 billion of debt in 2016

NOTE MATURITIES

\$ Millions



1. Blended average of outstanding Industrial Revenue Bonds.



2017 Financial Outlook

- **Input Costs**
 - Expect mid-single digit net inflation in both Gypsum and Ceilings manufacturing costs
- **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 around \$65 million
- **Income Taxes**
 - Book taxes expected to be between 31 to 34 percent of 2017 pre-tax profits; no US cash income taxes
 - \$1.3 billion US cash tax shield – \$0.8 billion of NOL's and \$0.5 billion of tax credits as of Q2 2017
- **Foreign Exchange**
 - Anticipated full year 2017 unfavorable impact to net income of approximately \$5 million, subject to currency fluctuations



2017 End-Market Outlook

- **2017 New Residential Starts:** Around 1.2 million from 1.17 million
- **Commercial:** Low-to-mid single digit growth in square footage
- **Repair and Remodel:** Mid-single digit growth
- **2017 USG Ceilings Volumes:** Roughly flat
- **USG's portion of USG Boral 2017 adjusted net income expected to increase in the mid-single digit percentage range**



Discussion Points

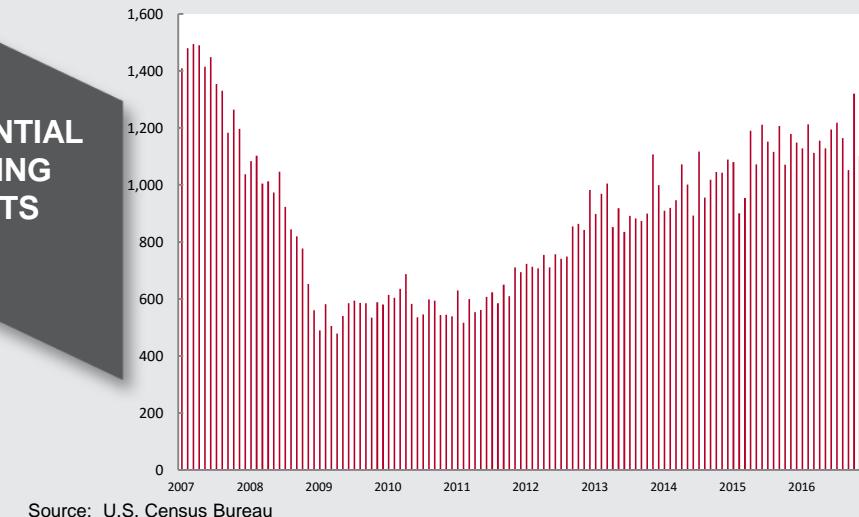
- USG Overview
- Strategy and Business Performance
- Financial Update
- Markets
- Appendix



Residential Construction

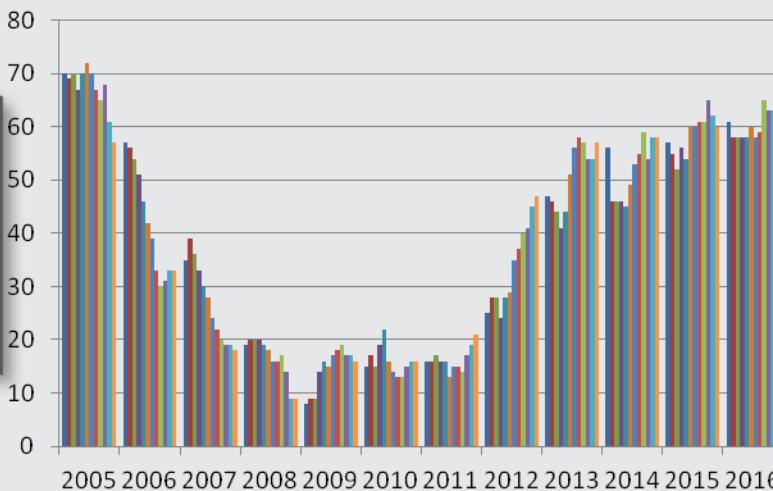
- Key Residential Construction Drivers**
- Economic Growth
 - Household Formation
 - New and Existing Home Prices
 - Employment Levels
 - Wage Growth
 - Rental Rates
 - Mortgage Rates
 - Inventory of Homes
 - Population Age Distribution

RESIDENTIAL HOUSING STARTS



- In 2017, we expect around 1.2 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
- 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

NAHB Housing Market Index



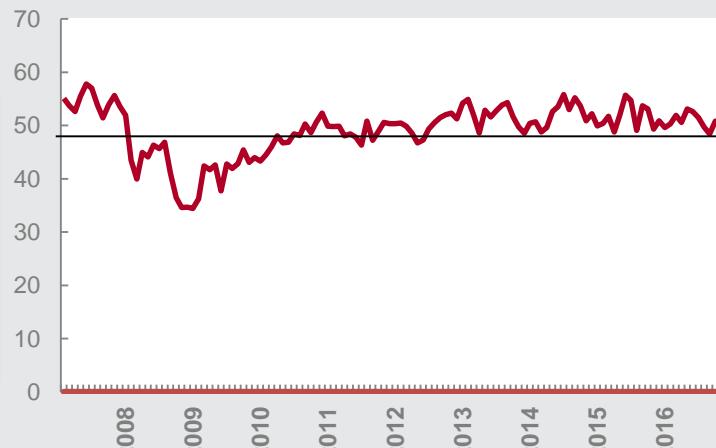


Commercial Construction

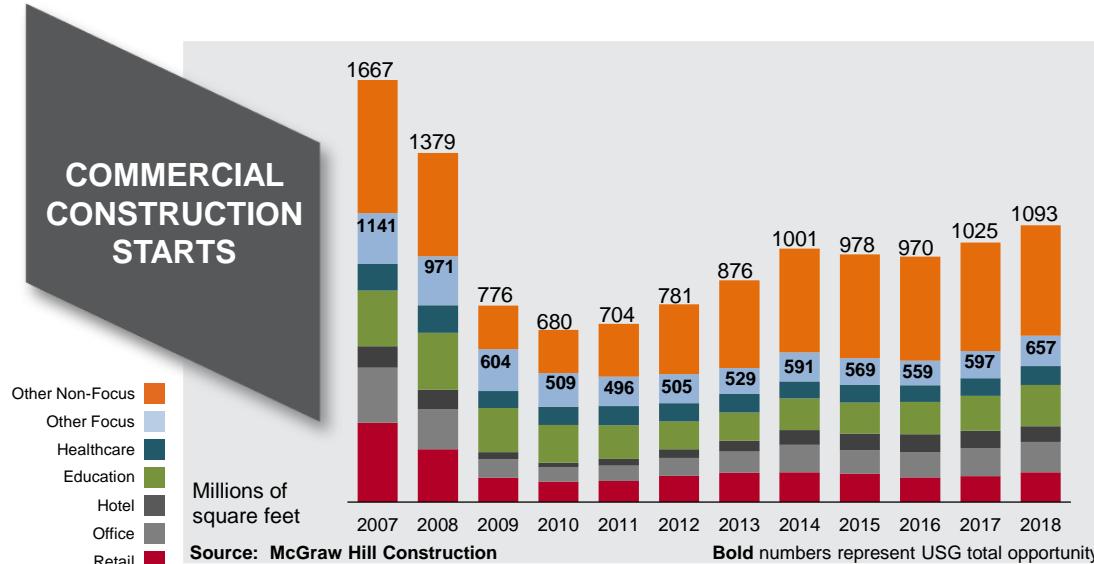
Key Commercial Construction Drivers

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

ARCHITECTURAL BILLINGS INDEX



COMMERCIAL CONSTRUCTION STARTS



- 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
- Institutional categories—education and healthcare—tied to financial health of federal, state and local governments



Repair and Remodel

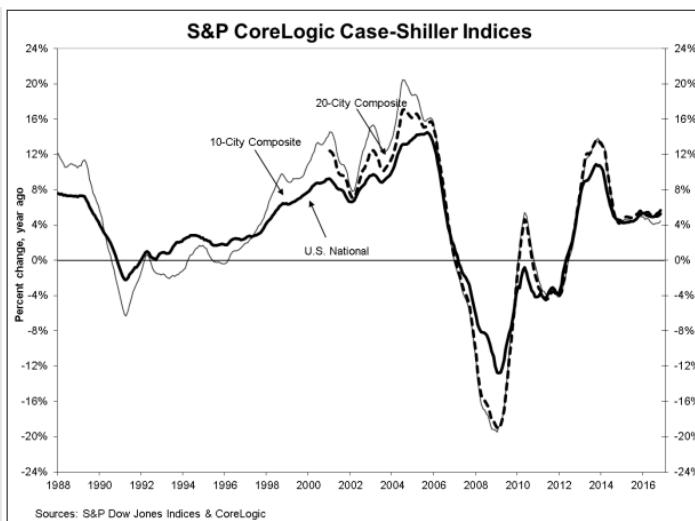
Key R&R Construction Drivers

- 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



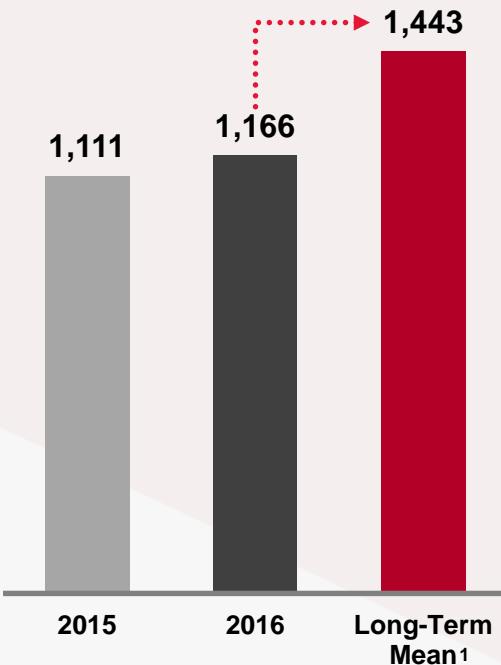
- Home prices continue to appreciate and homeowners equity has nearly recovered back to its prior peak levels - over \$12 trillion in aggregate homeowner equity in 2016 off a trough of \$6 trillion in 2009 – 2012
- Shifting housing preferences towards greater density and amenities bode well for R&R demand
- 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

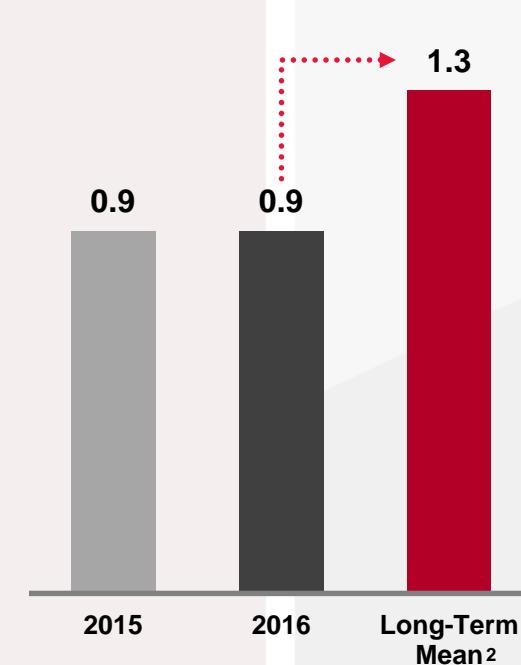
HOUSING

Annual starts (M Units)



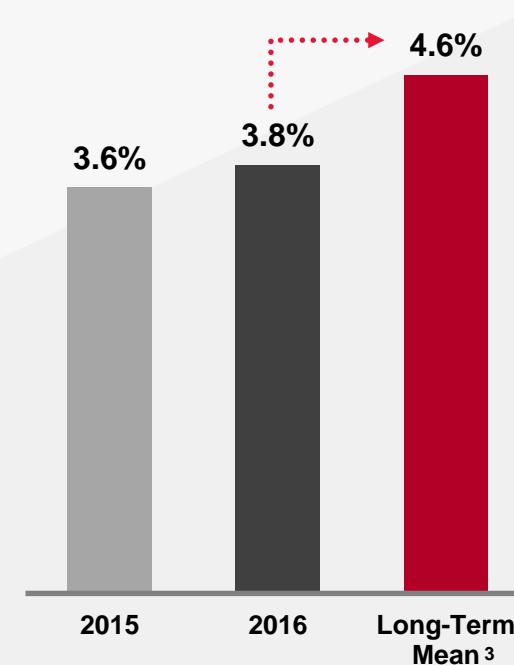
COMMERCIAL

Lagged annual starts (BSF)



R&R

Home Improvement



Demographics



GDP Growth



Aging Stock



Turnover

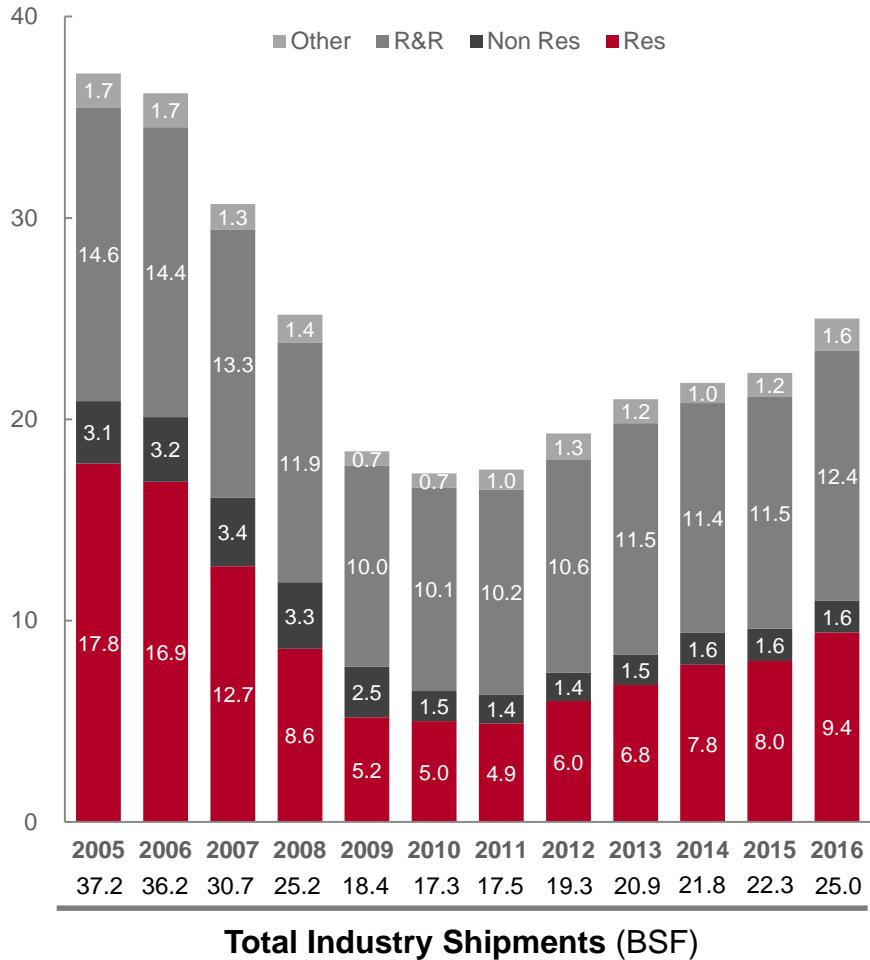
1. Since 1960.

2. Since 1976.

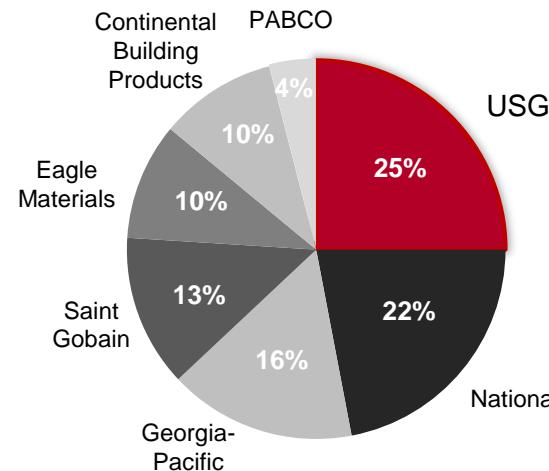
3. Private residential fixed investment as a percent of GDP since 1950.

2016 U.S. Wallboard Market

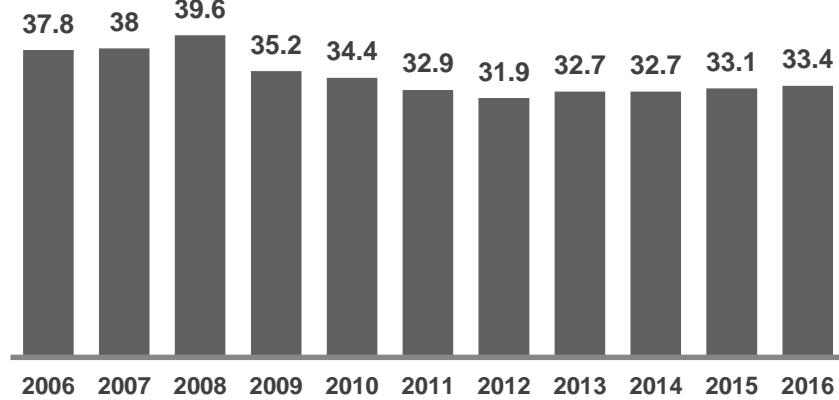
U.S. INDUSTRY WALLBOARD MARKET



AVERAGE MARKET SHARE



INDUSTRY CAPACITY (BSF)



Source: Gypsum Association, Company Sources



Discussion Points

- USG Overview
- Strategy and Business Performance
- Financial Update
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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, cyclicalities, 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)	<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	<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	<ul style="list-style-type: none"> Based on attaining adjusted consolidated net earnings goal; aligns awards with overall corporate results
	Strategic Operating Focus Targets	<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

	Q2 2017	Q2 2016	Change
Reported GAAP Operating Profit (Loss)			
Gypsum	\$90	\$112	(\$22)
Ceilings	\$23	\$32	(\$9)
Corporate & Eliminations	(\$17)	(\$22)	\$5
Total	\$96	\$122	(\$26)
Adjustments to GAAP Operating Profit (Loss)			
Pension settlement charge (US Gypsum: \$5, US Ceilings:\$1, Corporate:\$1)	\$7	---	\$7
US Gypsum – Gain on sale of surplus property	---	(\$11)	\$11
Total	\$7	(\$11)	\$18
Adjusted Operating Profit (Loss) – Non-GAAP measure			
Gypsum	\$95	\$101	(\$6)
Ceilings	\$24	\$32	(\$8)
Corporate & Eliminations	(\$16)	(\$22)	\$6
Other Adjustments			
Adjusted equity income from UBBP ¹	\$14	\$16	(\$2)
Total Adjusted Operating Profit – Non-GAAP measure	\$117	\$127	(\$10)

1. See reconciliation to GAAP results in the Appendix.



Adjusted Net Income Reconciliation

\$ Millions

	Q2 2017	Q2 2016
GAAP Net Income	\$36	\$74
Loss (income) from discontinued operations, net of tax	\$10	(\$7)
Loss on debt extinguishment	\$22	\$2
Pension settlement charge	\$7	---
Gain on sale of surplus property	---	(\$11)
Tax effects of adjustments	(\$11)	\$3
Adjusted Net Income – Non-GAAP measure	\$64	\$61

\$ Millions

	Q2 2017	Q2 2016
Loss on debt extinguishment	(\$8)	(\$1)
Pension settlement charge	(\$3)	---
Gain on sale of surplus property	---	\$4
Total Tax Effects of Adjustments	(\$11)	\$3



Quarterly Adjusted EBITDA Reconciled To Quarterly Operating Profit

\$ Millions

	Q2 2017					Q2 2016				
	Gyp	Ceilings	UBBP	Corp/ Elim	Q2 2017	Gyp	Ceilings	UBBP	Corp/ Elim	Q2 2016
GAAP Operating profit/(loss)	\$90	\$23		(\$17)	\$96	\$112	\$32		(\$22)	\$122
Interest expense, net				(\$19)	(\$19)				(\$37)	(\$37)
Other (expense) income, net				(\$3)	(\$3)				\$2	\$2
Income tax expense				(\$20)	(\$20)				(\$34)	(\$34)
USG's equity income from UBBP			\$14		\$14			\$16		\$16
Loss on extinguishment of debt				(\$22)	(\$22)				(\$2)	(\$2)
(Loss) income from discontinued operations, net				(\$10)	(\$10)				\$7	\$7
Net income attributable to USG					\$36					\$74
Less: Loss (income) from disc ops, net of tax				\$10	\$10				(\$7)	(\$7)
Add: interest expense, net ¹				\$19	\$19				\$37	\$37
Add: income tax expense ¹				\$20	\$20				\$34	\$34
Add: depreciation, depletion, and amortization ²	\$26	\$4		\$1	\$31	\$27	\$4		\$1	\$32
EBITDA	\$116	\$27	\$14	(\$41)	\$116	\$139	\$36	\$16	(\$21)	\$170
Add: share-based compensation expense ¹				\$5	\$5				\$5	\$5
Add: ARO accretion expense	\$2	---			\$2	\$2	---			\$2
Add: loss on extinguishment of debt				\$22	\$22				\$2	\$2
Subtract: gain on sale of surplus property	---	---	---		---	(\$11)	---	---		(\$11)
Add: pension settlement charges	\$5	\$1		\$1	\$7	---	---	---	---	---
Subtract: USG's equity income from UBBP			(\$14)		(\$14)			(\$16)		(\$16)
Add: USG's share of UBBP Adjusted EBITDA ³			\$27		\$27			\$28		\$28
Adjusted EBITDA	\$123	\$28	\$27	(\$13)	\$165	\$130	\$36	\$28	(\$14)	\$180

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
USG Net Income/(loss)	37	47	(126)	(390)	(405)	(787)	(463)	77	297	(1,436)	312	122	43	16	(259)	421	332	148
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
Add: income taxes/(benefit)	7	11	12	(14)	(37)	450	(118)	11	193	(924)	197	79	117	36	(161)	263	202	172
Add: depreciation, depletion, and amortization ²	135	134	134	152	166	189	179	159	138	125	120	112	106	107	96	91	81	70
EBITDA	345	390	201	(47)	(98)	13	(323)	330	1,140	(2,240)	628	315	270	187	(277)	818	663	447
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
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 EBITDA³	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

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. 3. GTL 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	Q2 2017	Q2 2016
Net Sales – GAAP	\$287	\$273
Operating Profit – GAAP	\$40	\$41
Adjustments: Income from equity method investments owned by UBBP	\$5	\$4
Adjustments: Operating profit attributable to non-controlling interest, pre-tax	(\$2)	(\$2)
Adjusted Operating Profit – Non-GAAP	\$43	\$43
Net Income attributable to USG Boral Building Products – GAAP	\$28	\$32
Adjustments	---	---
Adjusted Net Income attributable to USG Boral Building Products – Non-GAAP	\$28	\$32
USG share of income from equity method investments – GAAP	\$14	\$16
Less: Income from equity method investments – other joint ventures	---	---
Equity income from USG Boral Building Products – Non-GAAP	\$14	\$16



USG Boral Building Products

Adjusted EBITDA Reconciliation

\$ Millions

	Q2 2017	Q2 2016
GAAP Operating profit	\$40	\$41
Income tax expense	(\$16)	(\$12)
Income from equity method investments owned by UBBP, net of tax	\$5	\$4
Other (expense) income	(\$1)	\$1
Net Income	\$28	\$34
Less: Net income attributable to non-controlling interest	---	(\$2)
Net Income attributable to USG Boral Building Products	\$28	\$32
Adjustments:	---	---
Adjusted Net Income attributable to USG Boral Building Products	\$28	\$32
Add: income tax expense	\$16	\$12
Add: depreciation, depletion, and amortization	\$10	\$11
TOTAL USG Boral Building Products Adjusted EBITDA	\$54	\$55
USG's share of USG Boral Building Products Adjusted EBITDA	\$27	\$28



Adjusted Diluted EPS Reconciled To GAAP Diluted EPS

	Q2 2017	Q2 2016
Income per average diluted common share – GAAP	\$0.24	\$0.50
Adjustments per average diluted common share:		
• Loss (income) from discontinued operations, net of tax	\$0.07	(\$0.04)
• Loss on extinguishment of debt	\$0.15	\$0.02
• Pension settlement charge	\$0.05	---
• Gain on sale of surplus property	---	(\$0.08)
• Tax effect on adjustments	(\$0.07)	\$0.02
Adjusted earnings per average diluted common share – Non-GAAP	\$0.44	\$0.42
Average diluted common shares – GAAP	146,860,939	147,994,032



Adjusted Debt Reconciled To GAAP Debt

\$ Millions

	June 30, 2017	June 30, 2016
Total short-term and long-term Debt – GAAP	\$1,089	\$2,051
Operating leases	\$106	\$217
Postretirement benefit obligations	\$202	\$265
Asset retirement obligations	\$76	\$79
Accrued interest not included in reported debt	\$13	\$44
Workers compensation/self insurance	\$14	\$16
Excess cash ¹	(\$349)	(\$517)
Total adjustments²	\$62	\$104
Adjusted Net Debt	\$1,151	\$2,155

TTM = Trailing Twelve Months

TM = Trademark

GAAP = Generally Accepted Accounting Principles

EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization

L&W Supply = Ladd & Wilcox Supply Company, Inc.

Q2 = Second Quarter

2016 = Year Ended June 30, 2016

2017 = Year Ended June 30, 2017

2018 = Year Ended June 30, 2018

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2018 = Year Ended June 30, 2018

2019 = Year Ended June 30, 2019

2020 = Year Ended June 30, 2020

2021 = Year Ended June 30, 2021

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Quarterly Trailing Twelve Month Adjusted EBITDA Reconciled to Quarterly Operating Profit – Q2 2017

\$ Millions

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	TTM Q2 2017
GAAP Operating profit/(loss)	\$97	\$59	\$91	\$96	
Interest expense, net	(\$37)	(\$29)	(\$19)	(\$19)	
Other (expense) income, net	\$1	\$3	(\$1)	(\$3)	
Income tax (expense) benefit	(\$18)	\$15	(\$29)	(\$20)	
USG's equity income from UBBP	\$14	\$12	\$13	\$14	
Loss on extinguishment of debt	(\$1)	(\$32)		(\$22)	
Income/gain from discontinued operations, net	\$6	\$279		(\$10)	
Net income attributable to USG	\$62	\$307	\$55	\$36	
Less: Income/gain from disc ops, net of tax	(\$6)	(\$279)		\$10	
Add: interest expense, net ¹	\$37	\$29	\$19	\$19	
Add: income tax expense (benefit) ¹	\$18	(\$15)	\$29	\$20	
Add: depreciation, depletion, and amortization ²	\$32	\$34	\$32	\$31	
EBITDA	\$143	\$76	\$135	\$116	
Add: share-based compensation expense ¹	\$5	\$4	\$4	\$5	
Add: ARO accretion expense	\$2	\$1	\$1	\$2	
Add: Asset Impairment / (gain on sale of surplus property)	\$12	---	---	---	
Add: loss on extinguishment of debt	\$1	\$32	---	\$22	
Add: Pension/SERP settlement expense	---	\$17	---	\$7	
Add: Exit of commercial space	---	\$4	---	---	
Subtract: USG's equity income from UBBP	(\$14)	(\$12)	(\$13)	(\$14)	
Add: USG's share of UBBP Adjusted EBITDA	\$30	\$26	\$24	\$27	
Adjusted EBITDA	\$179	\$148	\$151	\$165	\$643

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.



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

\$ Millions	Q3 2015	Q4 2015	Q1 2016	Q2 2016	TTM Q2 2016
GAAP Operating profit/(loss)	\$94	\$94	\$116	\$122	
Interest expense, net	(\$40)	(\$39)	(\$38)	(\$37)	
Other income, net			\$3	\$2	
Income tax (expense) benefit	\$1	\$738	(\$26)	(\$34)	
USG's equity income from UBBP	\$12	\$15	\$7	\$16	
Income and gain from the sale of EMI to related party	\$1	\$11			
Loss on extinguishment of debt			(\$2)	(\$2)	
Income (loss) from discontinued operations, net	\$8	(\$7)	\$7	\$7	
Net income attributable to USG	\$76	\$812	\$67	\$74	
Less: Income (loss) from disc ops, net of tax	(\$8)	\$7	(\$7)	(\$7)	
Add: interest expense, net ¹	\$40	\$39	\$38	\$37	
Add: income tax expense (benefit) ¹	(\$1)	(\$738)	\$26	\$34	
Add: depreciation, depletion, and amortization ²	\$31	\$30	\$32	\$32	
EBITDA	\$138	\$150	\$156	\$170	
Add: share-based compensation expense ¹	\$3	\$5	\$4	\$5	
Add: ARO accretion expense	\$2	\$1	\$2	\$2	
Subtract: Gain on sale of EMI		(\$11)			
Subtract: Gain on sale of surplus property		(\$10)		(\$11)	
Add: loss on extinguishment of debt			\$2	\$2	
Subtract: GTL EBITDA		(\$6)	(\$7)		
Subtract: USG's equity income from UBBP	(\$12)	(\$15)	(\$7)	(\$16)	
Add: USG's share of UBBP Adjusted EBITDA	\$21	\$24	\$17	\$28	
Adjusted EBITDA	\$152	\$138	\$167	\$180	\$637

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

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



Adjusted Operating Profit Rollforward

\$ Millions

Adjusted Operating Profit – Three months ended June 30, 2016 \$127

US Wallboard

US Surfaces and Substrates

(\$5)

US Gypsum Selling and Administrative Expenses

(\$1)

US Gypsum Q2 2016 Operational Reserve Adjustment

\$2

US Ceilings

(\$6)

USG Boral Adjusted Equity Method Income

(\$2)

Canada and Mexico

(\$4)

Foreign Currency

(\$2)

Corporate

\$6

US Gypsum Prior Year Adjustments for Disc Ops

\$1

US Ceilings Prior Year Adjustments for Disc Ops

\$1

Adjusted Operating Profit – Three months ended June 30, 2017

\$117



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

\$ 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



USG Boral 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



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	
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.