BUILDING THE USG OF THE FUTURE

IT'S YOUR WORLD. BUILD IT.

Investor Presentation
4th Quarter 2017 Update

Electronic version available at: http://investor.usg.com

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, advanced manufacturing investment and returns, M&A, cost structure and inflation, growth of our U.S. Performance Materials segment, the impact of USG Boral on our cyclicality, USG Boral's ability to self-fund, GDP growth rates, demand for USG Boral products, growth and improving demand, execution, funding and timing of USG's share repurchase program, the new employee retirement plan accounting, 2018 SG&A, 2018 financial and end-market outlooks, and the impact of tax reform. 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 levels, the availability of skilled labor, household formation, home ownership rate, new and existing home price trends, availability of mortgage financing, interest rates, deductibility of mortgage interest and real estate taxes, consumer confidence, job growth and discretionary business investment; competitive conditions and our ability to maintain or achieve price increases; the loss of one or more major customers, including L&W, and the increasing number of our customers with significant buying power; increased costs, or decreased availability, of key raw materials, transportation or energy; unexpected operational difficulties or catastrophic events at our facilities; 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; compliance with environmental and safety regulations or product safety concerns; 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; significant changes in factors and assumptions used to measure our defined benefit plan obligations; our ability to return capital to stockholders; the occurrence of an "ownership change" within the meaning of the Internal Revenue Code; our ability pursue strategic opportunities without increasing our debt and leverage ratio; the effects of acts of terrorism or war upon domestic and international economies and financial markets; and acts of God. 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.

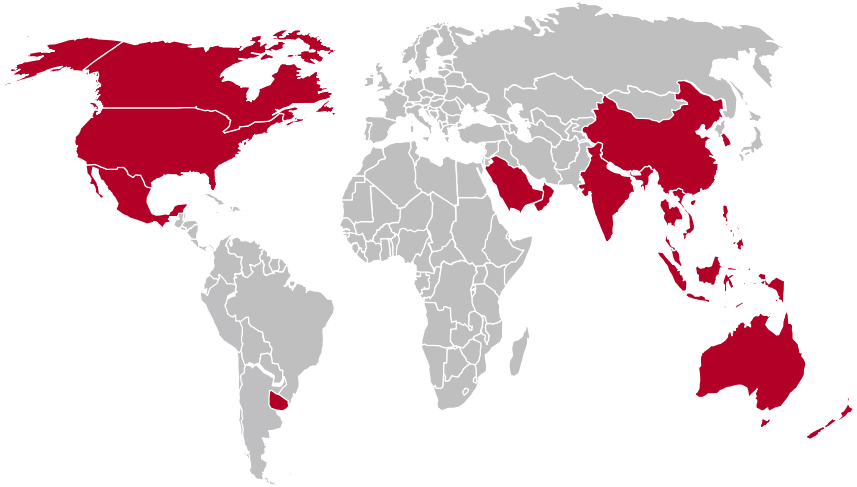
Discussion Points

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

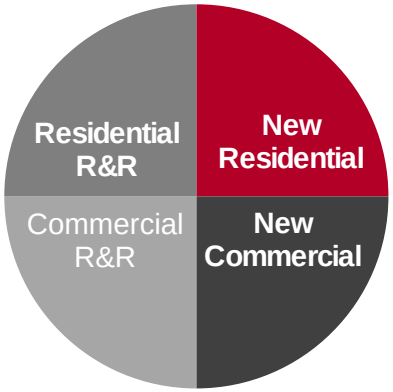
USG Profile

FOUNDED: 1902
NYSE: USG
LISTED: 1931

- **Industry leader; 2017 sales of $3.2 billion[1]**
- **Over 75 production facilities**
- **Diverse footprint with sales and operations in over 20 countries**
- **#1 or #2 in all businesses:**
  - **Gypsum –** Industry leading USG Sheetrock® brand gypsum wallboard portfolio and Surfaces portfolio
  - **Performance Materials** – Newly formed division highlights growth potential with #1 share positions in a number of products
  - **Ceilings –** Acoustical tile and ceiling suspension systems with architecturally recognized brands
  - **USG Boral –** 50/50 joint venture with market leading position and sales of $1.2 billion in Asia, Australasia, and the Middle East[1]



End Market Opportunity[2]



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

Re-aligned Operating Structure

Division	Product Categories	Products
Gypsum	Wallboard	USG Sheetrock® Brand UltraLight, EcoSmart, Mold Tough®, and Glass-Mat panels
	Surfaces	Joint treatment, Bead & Trim, Accessories and Industrial Products
Performance Materials	Underlayment	USG Durock™ & Fiberock® tile backers, USG Durock™ and Levelrock® self-leveling underlayments, waterproofing systems
	Building Envelope	Securock® Roof boards, Securock® ExoAir® 430 (air/water barrier integrated panel)
	Structural	USG Structural concrete panels
Ceilings	Tile & Grid	All Ceiling tile and grid products
	Ensemble (Acoustical Drywall)	USG Ensemble™
	Specialty	USG Ceilings Plus™
USG Boral	Wallboard, Surfaces, Performance Materials and Ceilings	Similar products offered within the USG Boral territories

STRUCTURED TO FOCUS ON THE CUSTOMER AND BE RESULTS ORIENTED

Overview of New Reportable Segments

2017 Annual Net Sales & AOP - $ in Millions

Prior Reportable Segments

Gypsum
Revenue:$2,704
AOP[2]: $365 | 13.5%

Ceilings
Revenue: $508
AOP[2]: $103 | 20.3%

USG Boral
Revenue: $1,200
AOP[1]: $169 | 14.1%

New Reportable Segments

U.S. Wallboard & Surfaces
Revenue:$1,916
AOP[1]: $321 | 16.8%

U.S. Performance Materials
Revenue: $373
AOP[1]: $28 | 7.5%

Canada
Revenue:$405
AOP[1]: $12 | 3.0%

U.S. Ceilings
Revenue:$477
AOP[1]: $97 | 20.3%

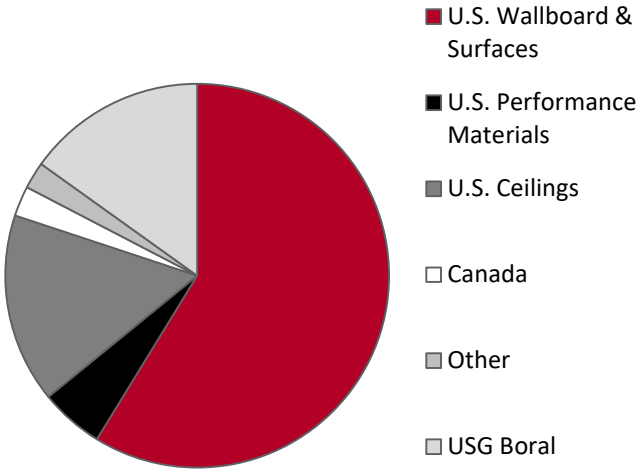
USG Boral
Revenue: $1,200
AOP[1]: $169 | 14.1%

1. See reconciliation to GAAP results in the Appendix 2. Non-GAAP metric. Operating profit for Gypsum and Ceilings under our prior reportable segments was $356 million and $101 million, respectively, and have been adjusted for pension settlement charges of $9 million (Gypsum) and $2 million (Ceilings).
Mexico/Latin America and Canada Mining were previously included in the prior reportable segments and are now included within “Other” under the new reportable segments.

FY 2017 Financial Overview

	Net Sales $Billions	Adjusted EBITDA[2] $Millions	Market Position4	Geographic Scope
U.S. Wallboard & Surfaces	$1.9	$416	#1	U.S.
U.S. Performance Materials	$0.4	$38	#1	U.S.
U.S. Ceilings	$0.5	$113	#2	U.S.
Canada	$0.4	$18	#2	Canada
USG Boral Building Products[1]	$1.2	$215	#1	Asia Australasia and Middle East

2017 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.
4. U.S. Performance Materials has the market leading position for certain products, but not for all products within the portfolio.

Discussion Points

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Four Pillars of USG Strategy

STRATEGIC INVESTMENTS TO GROW OPERATING PROFIT

2017 Highlights

Outstanding Finish to 2017

- Revenue and profitability up due to strong demand in the fourth quarter
- U.S. wallboard price was flat sequentially and we extended our share position
- Most profitable 4th quarter in U.S. Ceilings history
- L&W transition continues to exceed our expectations and we have broadened our customer base
- Macroeconomic and industry indicators favorable for growth in all end markets

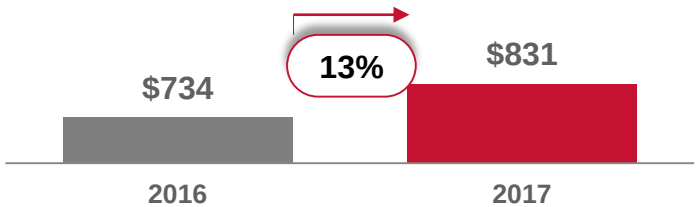
Positioned Ourselves for the Future

- Acquired Ceilings Plus, a leading specialty ceilings business, filling a critical portfolio gap
- Advanced Manufacturing is on pace to deliver expected 2018 benefits
- Returned $184 million to shareholders in 2017 and announced that we are increasing the repurchase authorization to $500 million
- Realigned our operating structure to focus on the customer and best execute our strategic plan
- New strategy pivots from addressing the balance sheet to making strategic investments to expand operating profit

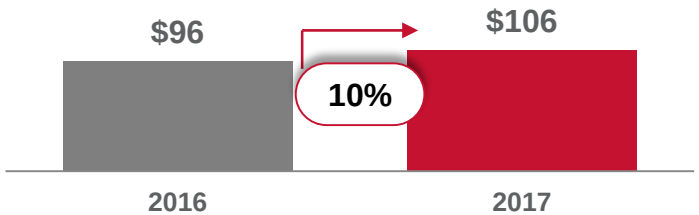
Q4 2017 Highlights

Q4 2017 Financial Results

Net Sales



Adjusted Operating Profit[1]



Adjusted Diluted Earnings Per Share[1]

Adjusted Operating Margins[1]

U.S. Wallboard & Surfaces	↓	40 bps	→	16.2%
U.S. Performance Materials	↓	400 bps	→	5.3%
U.S. Ceilings	↑	460 bps	→	21.3%
USG Boral	↓	120 bps	→	14.1%

Q4 2017 Operating Performance

- U.S. wallboard volumes up 14% to the highest volumes seen in 10 years
- U.S. wallboard invoice price flat since July 2017
- Surfaces volumes up 11% due to Sheetrock® joint treatment products
- U.S. Performance Materials margins contract due to higher freight and input costs
- U.S. Ceilings expands adjusted operating margin 460 basis points to 21.3%[1] due to improved price, volume and cost
- $1 million increase in adjusted equity method[1] income from USG Boral

1. See reconciliation to GAAP results in the Appendix.

Capital Allocation Framework

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 1.8x[1]
- Over $1 billion of debt repaid in 2016

Return Capital to Shareholders

- Announced $250 million share repurchase program in February 2017
- Repurchased $184 million in 2017
- Announced additional $250 million to program in February 2018

Reinvest for Lower Cost and Organic Growth

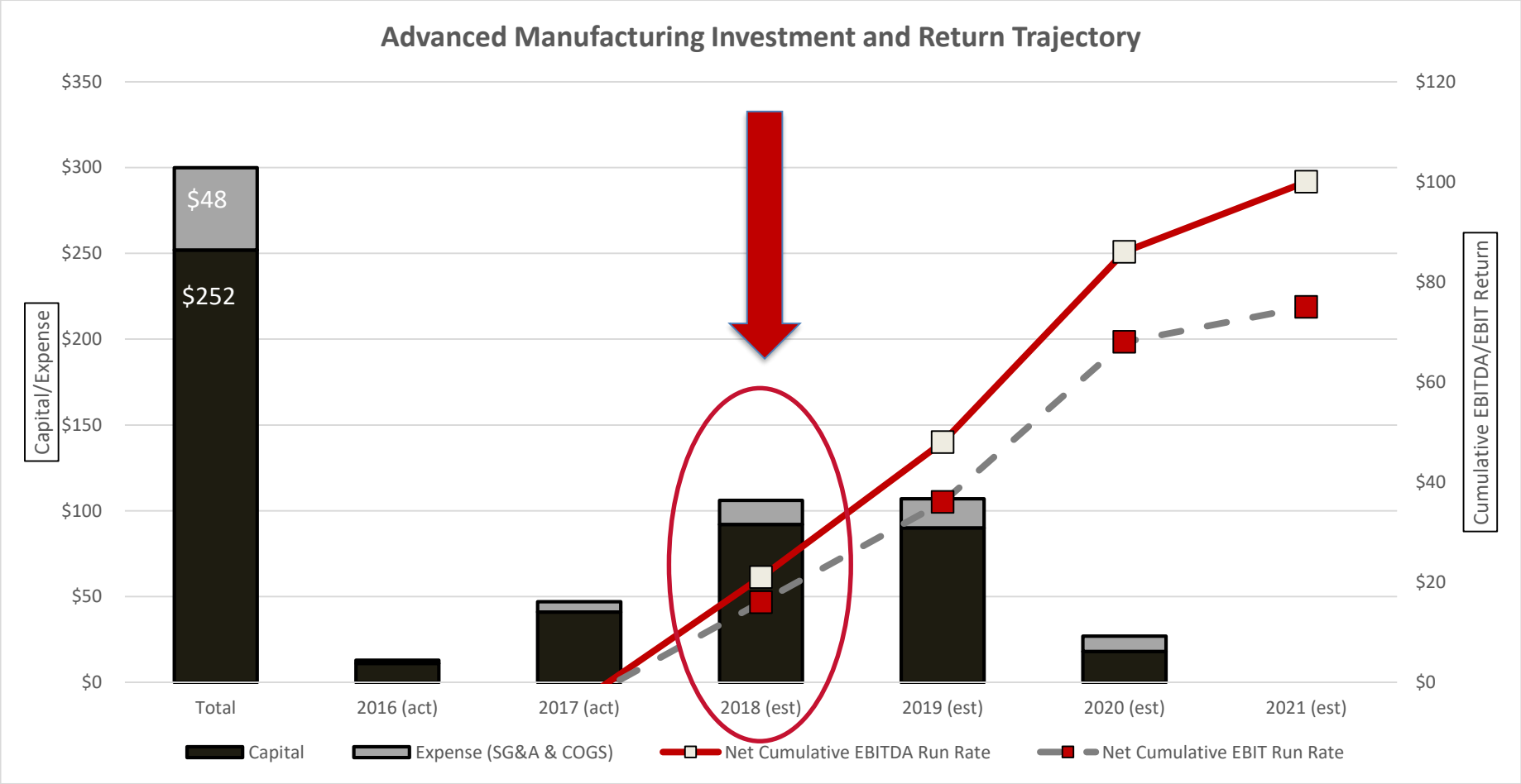
- Advanced Manufacturing – a strategic investment in our manufacturing operations to lower costs – expected to drive $100 million incremental EBITDA by end of 2020
- SG&A investments and capital expenditures for profitable growth – "Earn the Right to Grow"
- R&D and new product innovations

M&A

- 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.

Advanced Manufacturing – Investment and Returns



EXPECT YEAR OVER YEAR EBITDA SAVINGS OF $25 MILLION IN 2018

U.S. Wallboard & Surfaces

- **U.S. 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**

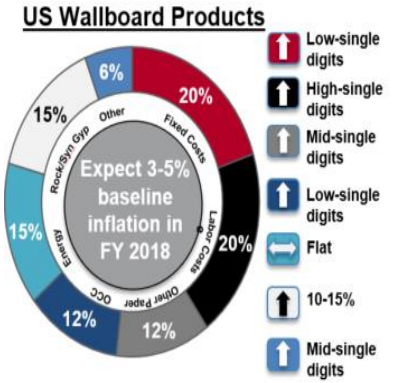
WALLBOARD

- 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
- Launched USG Sheetrock® brand EcoSmart Panels in 2017, which is industry's first architecturally specifiable wallboard and is up to 22% less weight

SURFACES

- Key products: Joint Compound, Corner Bead, Joint Tape, Plaster
- Surfaces sales growth of 3% in 2017
- Product adjacencies create growth opportunities and diversifies earnings

COST STRUCTURE[1] AND COST INFLATION ESTIMATES



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

U.S. Wallboard & Surfaces

FOURTH QUARTER

Best Quarterly Wallboard Volumes in a Decade

- **Segment adjusted operating margin contracts 40 bps to 16.2%[1]**
  - Wallboard volume up 14%; outperforming industry by 600 basis points
    - Organic growth drives half the increase and pre-buy ahead of January price increase drives remainder
  - Wallboard average realized selling price down 4% year over year; sequentially down 1%
    - Higher freight costs drive the sequential change in pricing
    - Held invoice price since July 2017
  - Wallboard costs increase by $1 million
    - $2 million of increased waste paper costs; all other manufacturing costs net to a $1 million benefit driven by manufacturing efficiencies
- Surfaces products contribute $2 million of profit improvement on 11% volume growth

U.S. Wallboard & Surfaces Segment

Q4 2016 Adjusted Operating Profit[1]	$73
Wallboard Price	($12)
Wallboard Cost	($1)
Wallboard Volume	$15
Surfaces	$2
SG&A	$4
Q4 2017 Adjusted Operating Profit[1]	$81

$ Millions	Q4 2017	Q4 2016	Variance
Net Sales	$499	$440	$59
Operating Profit	$80	$67	$13
Operating Profit Margin	16.0%	15.2%	0.8%
Adjusted Operating Profit[1]	$81	$73	$8
Adjusted Operating Profit Margin[1]	16.2%	16.6%	(0.4%)

1. See reconciliation to GAAP results in the Appendix.

U.S. Performance Materials

- **Newly formed division to highlight growth potential**
- **Products offer superior solutions to solve industry's largest challenges including job site efficiency, sustainability and high performing solutions**
- **Opportunity for significant market penetration in large addressable markets.**

Overview

- Mix of well established contractor preferred products and recently launched products that are disruptive to modern building practices
- Expect to gain substantial share in new channels with large addressable markets
- Margins will expand with scale, price improvement and operational efficiency including Advanced Manufacturing benefits

Underlayment, Building Envelope & Structural

- Leading brands including Durock™, Levelrock®, and Securock®
- Underlayment product category is responsible for approximately 75%[1] of sales
- Products are sold through a best in class distribution network
- Technology offered in many of the products is patent protected

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

U.S. Performance Materials

FOURTH QUARTER

Poised for Top & Bottom-Line Growth

- **Segment adjusted operating margin contracts 400 bps to 5.3%[1] due to input costs and freight**
  - 10% volume increase primarily due to growth across the Durock™ , Fiberock® and Levelrock® products
  - Average realized selling price down $1 million due to higher transportation costs
  - $1 million of higher costs driven by higher input costs
  - $1 million increase in SG&A due to marketing and selling investments to accelerate adoption of new products
  - $1 million of increased operational reserve adjustments

U.S. Performance Materials Segment

Q4 2016 Adjusted Operating Profit[1]	$8
Price	($1)
Cost	($1)
Volume	$1
SG&A	($1)
Operational Reserve Adjustment	($1)
Q4 2017 Adjusted Operating Profit[1]	$5

$ Millions	Q4 2017	Q4 2016	Variance
Net Sales	$95	$86	$9
Operating Profit	$5	$6	($1)
Operating Profit Margin	5.3%	7.0%	(1.7%)
Adjusted Operating Profit[1]	$5	$8	($3)
Adjusted Operating Profit Margin[1]	5.3%	9.3%	(4.0%)

1. See reconciliation to GAAP results in the Appendix.

U.S. Ceilings

TILE, GRID, SPECIALTY

- **#2 position with estimated 30-35% 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 for effective product promotion – 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
- Acquisition of Ceilings Plus™ in November 2017 expanded our presence in attractive, fast-growing segment of the Ceilings market.

U.S. Ceilings
FOURTH QUARTER

Improvement Across Segment for Q4

- **Segment adjusted operating margin improves 460 bps to 21.3%[1]**
  - U.S. tile up $6 million
    - Price up 2%; improved pricing in the distribution channel
    - Cost down $2 million driven by higher volumes and manufacturing efficiencies
    - Volume up 9% driven by 300 bps increase in shipments to hurricane impacted markets
  - U.S. grid up $2 million
    - Price up 6%; improved pricing in the distribution channel
    - Cost up 5% – steel cost inflation partially offset by manufacturing efficiencies
    - Volume up 7%; half is organic growth and other half due to higher shipments to meet year-end customer incentive targets
- **Ceilings Plus acquisition closed on November 30th; neutral impact to the quarter**

U.S. Ceilings Segment

Q4 2016 Adjusted Operating Profit[1]	$17
Tile Price	$2
Tile Cost	$2
Tile Volume	$2
Grid Price	$2
Grid Cost	($1)
Grid Volume	$1
SG&A	$1
Q4 2017 Adjusted Operating Profit[1]	$26

$ Millions	Q4 2017	Q4 2016	Variance
Net Sales	$122	$102	$20
Operating Profit	$25	$15	$10
Operating Profit Margin	20.5%	14.7%	5.8%
Adjusted Operating Profit[1]	$26	$17	$9
Adjusted Operating Profit Margin[1]	21.3%	16.7%	4.6%

1. See reconciliation to GAAP results in the Appendix.

USG Boral

Joint venture in Asia, Australasia, and the Middle East

- **50/50 joint venture with Boral Limited**
- **14 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**
- **$1.2 billion in annual revenue**
- **3,200 global employees**

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, performance materials and ceilings
- Expected to dampen cyclicality by 10-15%
- All capital expenditures expected to be self funding
- $42 million of cash dividends paid to USG in 2017; $59 million in adjusted equity income[2] for USG in 2017

GROWTH ENGINE IN ASIA AND AUSTRALIA

- 4.6%[1] weighted average GDP growth rate projected for USG Boral territories through 2022
- 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

1. Source: I.H.S. Markit
2. See reconciliation to GAAP results in Appendix

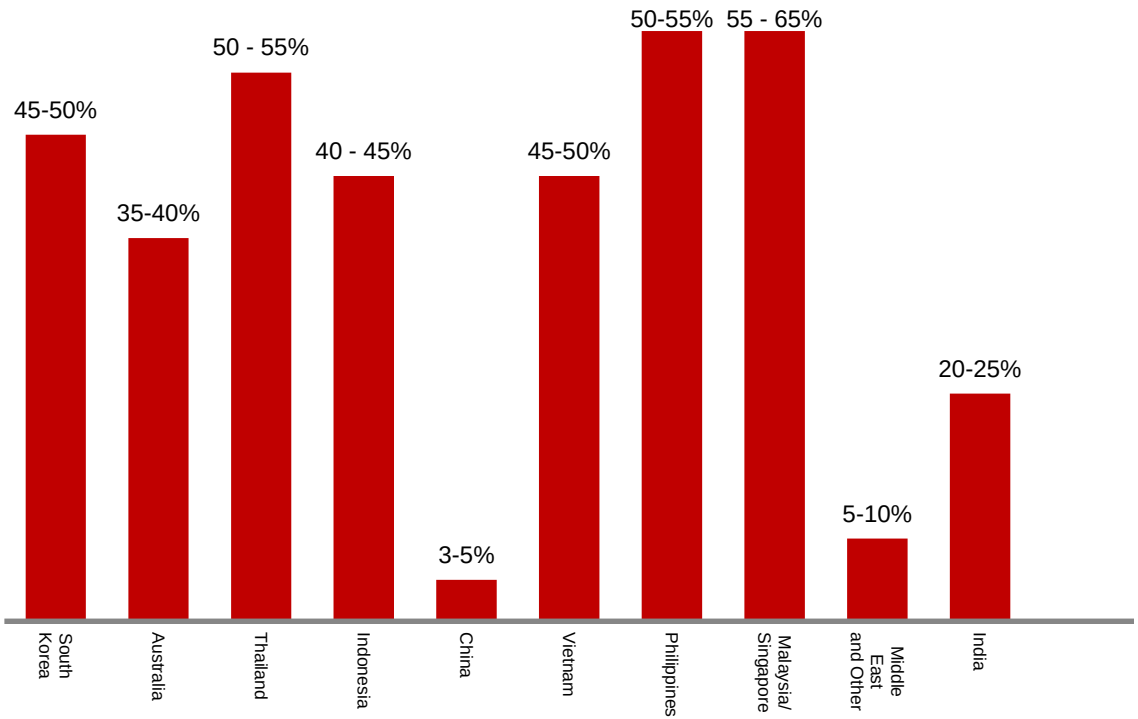
USG Boral

Plasterboard Market And Revenue by Country

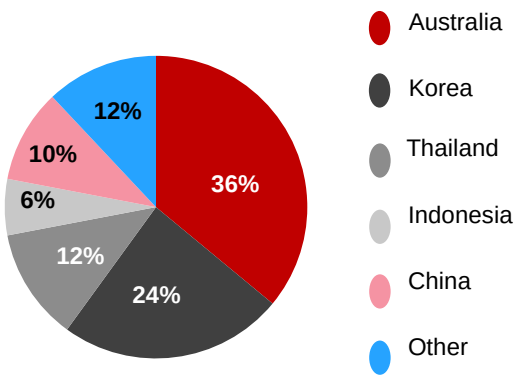
- **Excluding China, USG Boral market share across the JV region is 40%**
- **Total market size of ~24 BSF – roughly the same size as the United States**
- **USG Boral network-wide capacity utilization ~80% as of December 31, 2017**

Plasterboard Market Share 2017[1]

EBITDA contribution from largest to smallest



2017 Revenue Contribution by Country



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

USG Boral
FOURTH QUARTER

Price & Volume Improvement Offset by Cost Inflation

TOTAL (100%) USG BORAL JV RESULTS

- **Total JV adjusted operating margin contracted 120 bps to 14.1%[1]**
- **On a constant currency basis[2]:**
  - Net sales expand 9.5% to $300 million
  - Net income up $1 million to $33 million
- **Adjusted operating profit includes $1 million asset impairment**

BUSINESS HIGHLIGHTS

- Plasterboard price up 4% and volumes up 2%
- Continued growth in adjacent products:
  - Mineral fiber ceiling tiles volumes up 18% and steel studs up 8%
- Margin compression due to higher input costs, most notably waste paper and gypsum, which was met with price increases in key markets
- $19 million cash dividends paid to USG in Q4 totaling $42 million in 2017

Total (100%) USG-Boral JV Results

$ Millions	Q4 2017	Q4 2016	Variance
Total JV Net Sales	$313	$274	$39
Total JV Operating Profit	$42	$28	$14
Total JV Operating Profit Margin	13.4%	10.2%	3.2%
JV Asset Impairment Charges (Oman)	---	$14	($14)
Total JV Adjusted Operating Profit[1]	$44	$42	$2
Total JV Adjusted Operating Profit Margin[1]	14.1%	15.3%	(1.2%)
Total JV Adjusted Net Income[1]	$34	$32	$2

USG's 50% Portion of USG Boral Results

Q4 2016 USG's Share of Adjusted Equity Income[1]	$16
Foreign currency	$1
Core earnings	---
Q4 2017 USG's Share of Adjusted Equity Income[1]	$17

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 December 31, 2016.

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Consolidated Financial Results

$ Millions (except EPS)	Q4 2017	Q4 2016[1]	FY 2017	FY 2016[1]
Net sales	$831	$734	$3,204	$3,017
Gross profit	$170	$150	$665	$705
SG&A	$83	$91	$298	$304
Operating profit	$87	$59	$367	$394
Net interest expense	($13)	($29)	($65)	($141)
Income tax (expense) benefit	($162)	$15	($238)	($63)
Income (loss) and gain on sale of discontinued operations, net of tax	$1	$279	($9)	$299
GAAP net (loss)/income	($69)	$307	$88	$510
Diluted EPS (loss)	($0.49)	$2.07	$0.60	$3.46
Adjustments[2]	$146	($242)	176	($259)
Adjusted net income[2]	**$77**	**$65**	**$264**	**$251**
Adjusted diluted EPS[2]	**$0.53**	**$0.44**	**$1.80**	**$1.70**
OTHER NON-GAAP METRICS:				
Adjusted SG&A[2]	**$83**	**$77**	**$296**	**$290**
Adjusted operating profit[2]	**$106**	**$96**	**$438**	**$470**
Adjusted EBITDA[2]	**$158**	**$148**	**$636**	**$674**

1. As a result of the sale to ABC Supply, results for L&W Supply have been recorded as a discontinued operation for Q4 and FY 2016.
2. See reconciliation to GAAP results in the Appendix.

Quarterly Summary By Business Unit

$ Millions	Q4 2017	Q4 2016	Change ($)
U.S. Wallboard and Surfaces adjusted operating profit[1]	$81	$73	$8
U.S. Performance Materials adjusted operating profit[1]	$5	$8	($3)
U.S. Ceilings adjusted operating profit[1]	$26	$17	$9
Canada adjusted operating profit[1]	$5	$5	---
Adjusted equity income from USG Boral Building Products[1]	$17	$16	$1
Other adjusted operating profit[1]	$3	$2	$1
Corporate and eliminations adjusted operating loss[1]	($31)	($25)	($6)
USG Consolidated Adjusted Operating Profit[1]	**$106**	**$96**	**$10**
U.S. Wallboard and Surfaces DD&A	$24	$22	$2
U.S. Performance Materials DD&A	$2	$2	---
U.S. Ceilings DD&A	$3	$4	($1)
Canada DD&A	$1	$2	($1)
Other DD&A	$2	$1	$1
Corporate and eliminations DD&A[2]	$1	$3	($2)
USG Consolidated DD&A	**$33**	**$34**	**($1)**
U.S. Wallboard and Surfaces adjusted EBITDA[1]	$106	$96	$10
U.S. Performance Materials adjusted EBITDA[1]	$7	$10	($3)
U.S. Ceilings adjusted EBITDA[1]	$30	$21	$9
Canada adjusted EBITDA[1]	$6	$7	($1)
USG's share of USG Boral Building Products adjusted EBITDA[1]	$28	$26	$2
Other adjusted EBITDA[1]	$5	$3	$2
Corporate and eliminations adjusted EBITDA[1]	($24)	($15)	($9)
USG Consolidated Adjusted EBITDA[1]	**$158**	**$148**	**$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.

Full Year Summary by Business Unit

$ Millions	FY 2017	FY 2016	Change ($)
U.S. Wallboard and Surfaces adjusted operating profit[1]	$321	$329	($8)
U.S. Performance Materials adjusted operating profit[1]	$28	$43	($15)
U.S. Ceilings adjusted operating profit[1]	$97	$103	($6)
Canada adjusted operating profit[1]	$12	$26	($14)
Adjusted equity income from USG Boral Building Products[1]	$59	$57	$2
Other adjusted operating profit[1]	$11	$5	$6
Corporate and eliminations adjusted operating loss[1]	($90)	($93)	$3
USG Consolidated Adjusted Operating Profit[1]	**$438**	**$470**	**($32)**
U.S. Wallboard and Surfaces DD&A	$91	$87	$4
U.S. Performance Materials DD&A	$9	$9	---
U.S. Ceilings DD&A	$15	$15	---
Canada DD&A	$6	$6	---
Other DD&A	$4	$7	($3)
Corporate and eliminations DD&A[2]	$4	$6	($2)
USG Consolidated DD&A	**$129**	**$130**	**($1)**
U.S. Wallboard and Surfaces adjusted EBITDA[1]	$416	$420	($4)
U.S. Performance Materials adjusted EBITDA[1]	$38	$53	($15)
U.S. Ceilings adjusted EBITDA[1]	$113	$119	($6)
Canada adjusted EBITDA[1]	$18	$32	($14)
USG's share of USG Boral Building Products adjusted EBITDA[1]	$107	$101	$6
Other adjusted EBITDA[1]	$16	$9	$7
Corporate and eliminations adjusted EBITDA[1]	($72)	($60)	($12)
USG Consolidated Adjusted EBITDA[1]	**$636**	**$674**	**($38)**

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.

2017 Consolidated Cash Flow

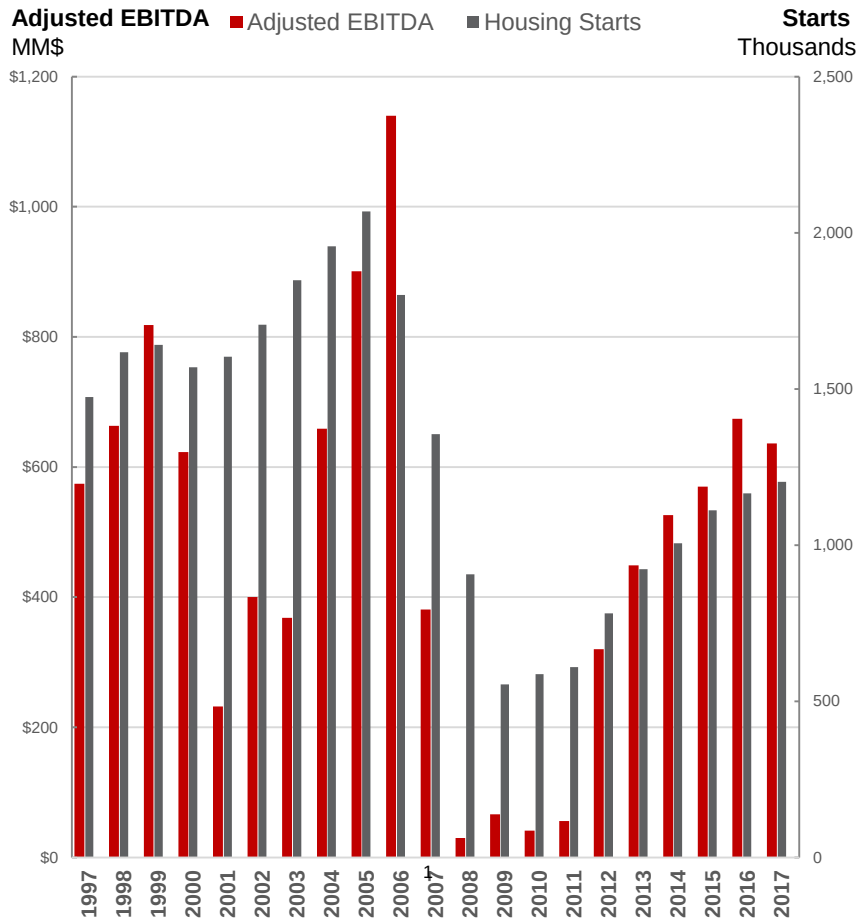
$ Millions	12 months ended December 31, 2017	12 months ended December 31, 2016
Cash flow from operations (CFFO)	**$382**	**$314**
– CAPEX	**($168)**	**($83)**
= Free cash flow[1]	**$214**	**$231**
Acquisition of Ceilings Plus	**($52)**	**---**
Cash flow (used for)/provided by other investing activities[2]	**($5)**	**$162**
Repurchase of common stock	**($184)**	**---**
Cash flow used for other financing activities	**($18)**	**($1,129)**
Effect of exchange rate on cash	**$6**	**($5)**
Discontinued operations	**$6**	**$726**
Decrease in cash and cash equivalents	**($33)**	**($15)**

	December 31, 2017	December 31, 2016
Cash, cash equivalents and marketable securities	$493	$518
Total liquidity	$648	$603
Total debt	$1,089	$1,089
Total adjusted net debt[3]	$1,165	$1,127
Leverage ratio[4]	1.8	1.7

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.

Improved Operating Leverage

ADJUSTED EBITDA[1] AND HOUSING STARTS



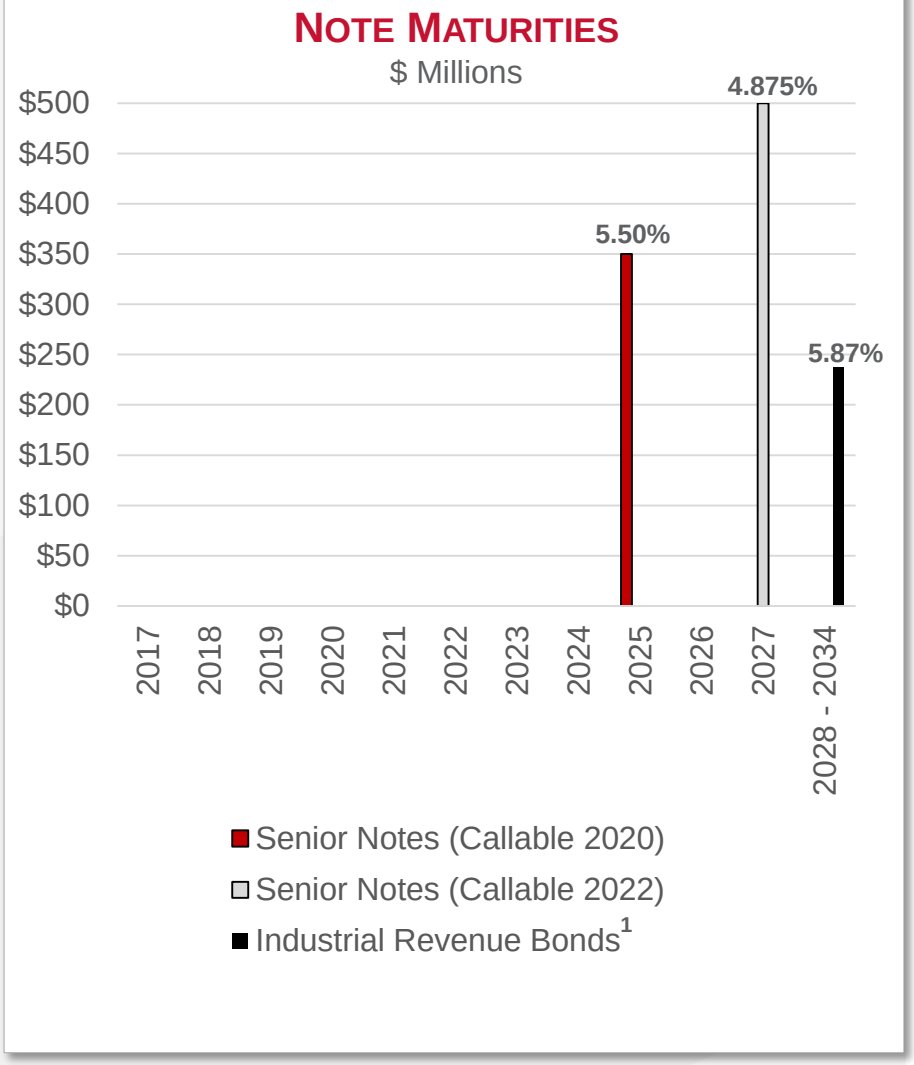
- **In 2017 we generated adjusted EBITDA similar to 2004 levels[1], a year that saw 1.9 million housing starts**
- **FY 2017 adjusted EBITDA of $636MM[1] is above our 20-year average adjusted EBITDA of $478MM[1] on about three-fourths of the mid-cycle opportunity**
- **Our cost management and Lean Six 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

- **$648 million of liquidity as of 12/31/17**
- **$1.1B U.S. tax loss net operating loss carry-forwards and credits will shield the next $1.1B in domestic earnings**
- **No principal payments due until 2025**
- **<u>Retired $1.1 billion of debt in 2016</u>**



1. Blended average of outstanding Industrial Revenue Bonds.

2018 Financial Outlook

SG&A

- Adjusted SG&A expected around $355 million due primarily to targeted growth investments to grow operating profit

Input Costs

- Expect 3-5% baseline inflation in manufacturing costs
  - Includes synthetic gypsum expected to be up about $10 million due to higher transportation costs
  - Does NOT include Advanced Manufacturing EBITDA savings (See slide 13) or all other cost reduction initiatives

Interest Expense

- Net interest expense expected to be $60 million

Capital Spending

- Expect full year capital spending around $250 million: ~$90 million for Advanced Manufacturing, ~$95 million for growth investments, ~$65 million for maintenance

Management's expectations as of the date of this presentation.

2018 End-Market Outlook

- ↑ **New Residential Starts: Around 1.25 million from 1.20 million**
- ↑ **Nonresidential Starts: Low-to-mid single digit growth**
- ↑ **Repair and Remodel: Mid single digit growth**
- ↑ **USG Ceiling Volumes: Low single digit growth**
- ↑ **USG's portion of USG Boral adjusted net income expected to increase in the mid single digit percentage range**

GROWTH EXPECTED FOR ALL END MARKETS

Management's expectations as of the date of this presentation.

2018 SG&A Rollforward

$ Millions

FY 2017 GAAP SG&A	**$298**
Employee retirement plan accounting reclassification	$7
Ceilings Plus SG&A	$8
Pro-Forma FY 2017 SG&A[1]	**$313**
General labor inflation (~2.5%) in 2018	$8
Increase in employee retirement plan expense due to lower discount rate	$3
Investments to support strategy	$31
FY 2018 Adjusted SG&A[1]	**$355**
Transaction Costs (Integration, BU Realignment)	$15
FY 2018 GAAP SG&A	**$370**

Management's expectations as of the date of this presentation
1. Non-GAAP metric

2018 SG&A Investments to Support Strategy

Putting Customers First

$ Millions	U.S. Wallboard & Surfaces	U.S. Performance Materials	U.S. Ceilings	Other	Total
Technical Sales Personnel	---	$4	$4	---	**$8**
Product Marketing	$1	$4	$2	---	**$7**
Customer Experience Platform	---	---	---	$7	**$7**
New Product Innovation	$2	$1	---	---	**$3**
Commercialization	$1	---	$1	---	**$2**
Pricing Analytics	---	---	---	$2	**$2**
Advanced Manufacturing[1]	$2	---	---	---	**$2**
Total	**$6**	**$9**	**$7**	**$9**	**$31**

1. Represents incremental spending over 2017 levels – no change from previous guidance.
Management's expectations as of the date of this presentation.

Discussion Points

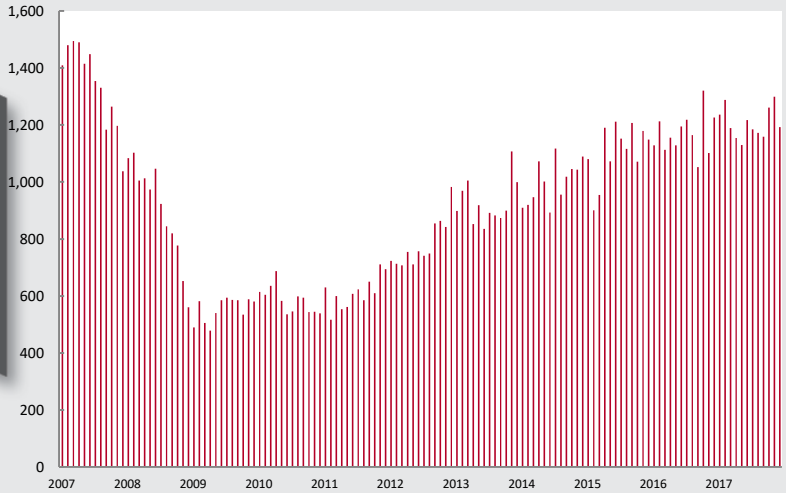
- USG Overview
- Strategy and Business Performance
- Financial Update
- Markets
- Appendix

Residential Construction

Key Residential Construction Drivers

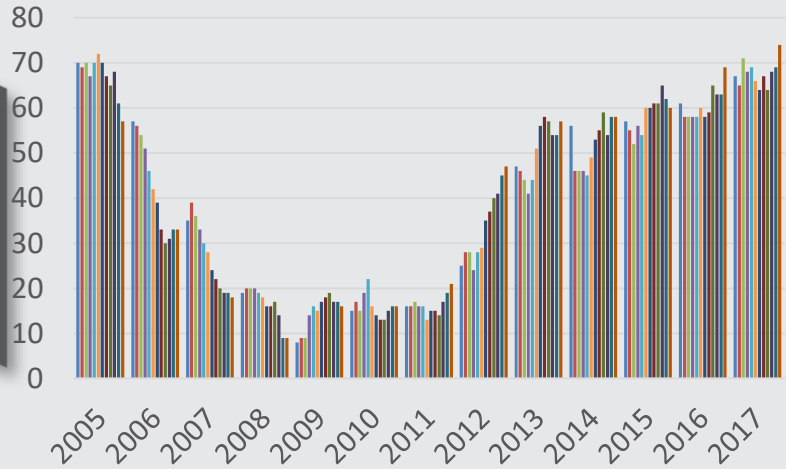
- Economic Growth
- Household Formation
- New and Existing Home Prices
- Employment Levels
- Wage Growth
- Rental Rates
- Mortgage Rates
- Inventory of Homes
- Population Age Distribution

RESIDENTIAL HOUSING STARTS



Source: U.S. Census Bureau

NAHB Housing Market Index



Source: NAHB/Wells Fargo Housing Market Index

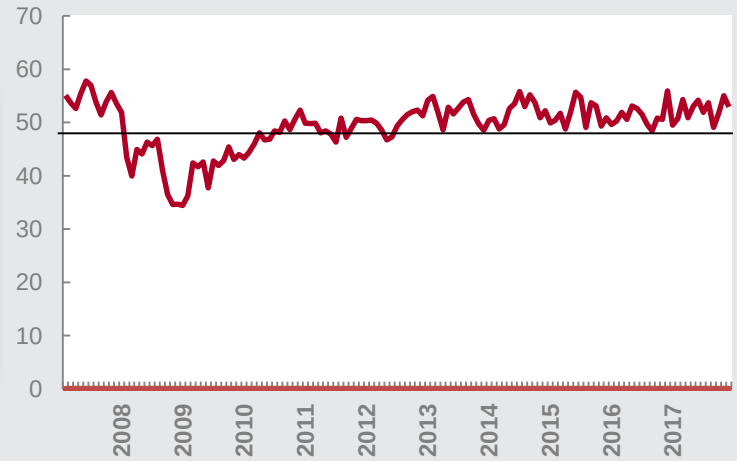
- December 2017 housing starts of 1.2 million from 1.17 million starts in 2016
- New residential starts remain well off the historical average of 1.44 million starts
- Household formation rates are up significantly after nine years of being below the historical trend line
- Housing affordability is still historically strong
- Residential activity improvements seen in all regions. USG is well positioned to capitalize on the continued recovery

Non-Residential Construction

Key Non-Residential Construction Drivers

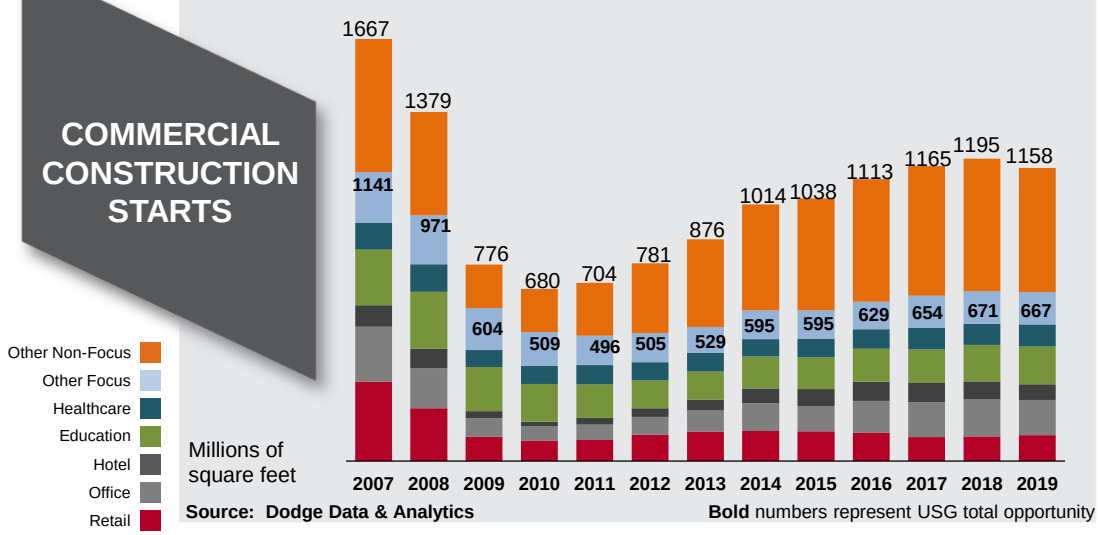
- **Economic Growth**
- **Demographics**
- **Commercial Building Type**
- **Age of Building Stock**
- **Government Spending**
- **Building Turnover**
- **Residential Activity**

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

COMMERCIAL CONSTRUCTION STARTS



Source: Dodge Data & Analytics

Bold numbers represent USG total opportunity

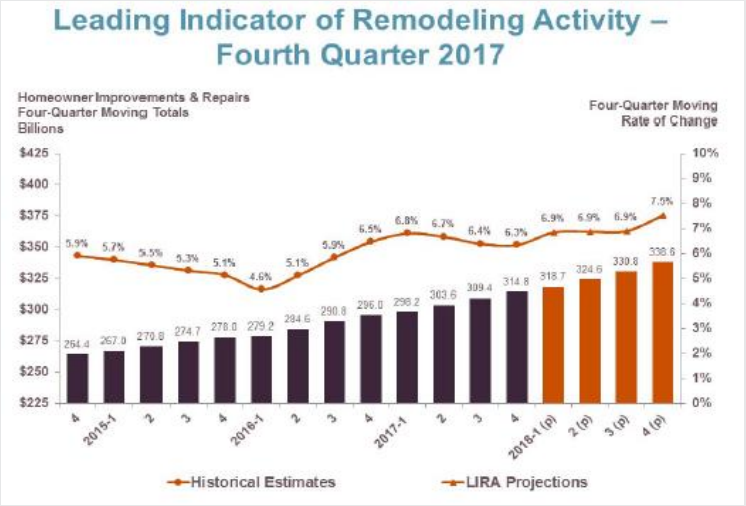
- We expect steady improvement coming off of 2017 with low-to-mid single digit growth in non-residential starts in 2018
- USG products ship approximately 12-18 months after a commercial start
- Non-residential segments–retail, office and hotels–expected to improve first, reflecting more private sector funding and supporting residential construction activity
- Institutional categories–education and healthcare–tied to financial health of federal, state and local governments

Repair and Remodel

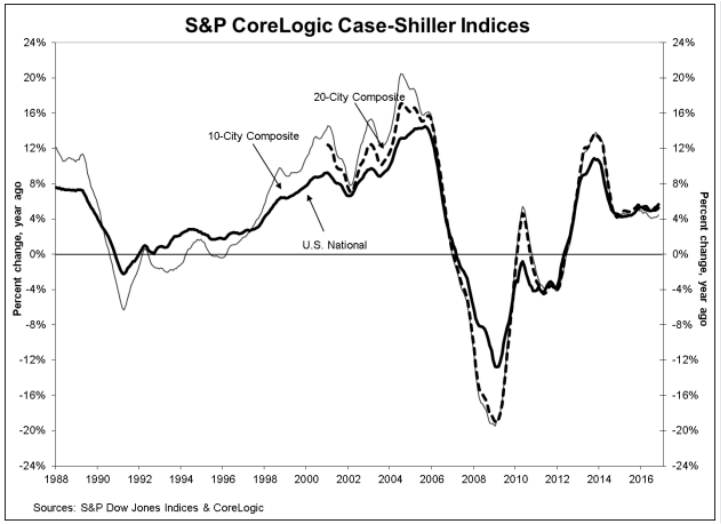
Key R&R Construction Drivers

- **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

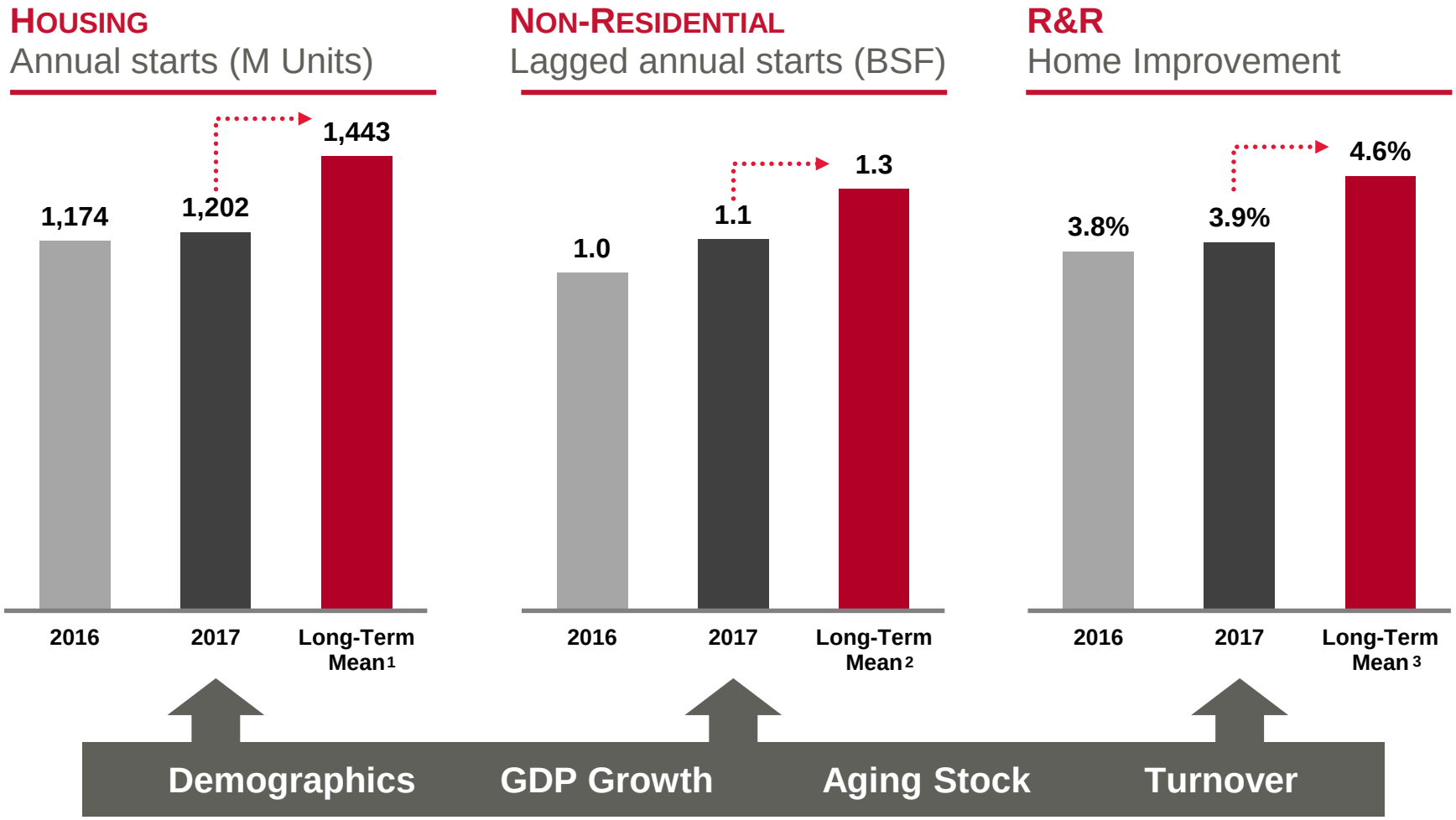


EXISTING HOME PRICES



- 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 2018

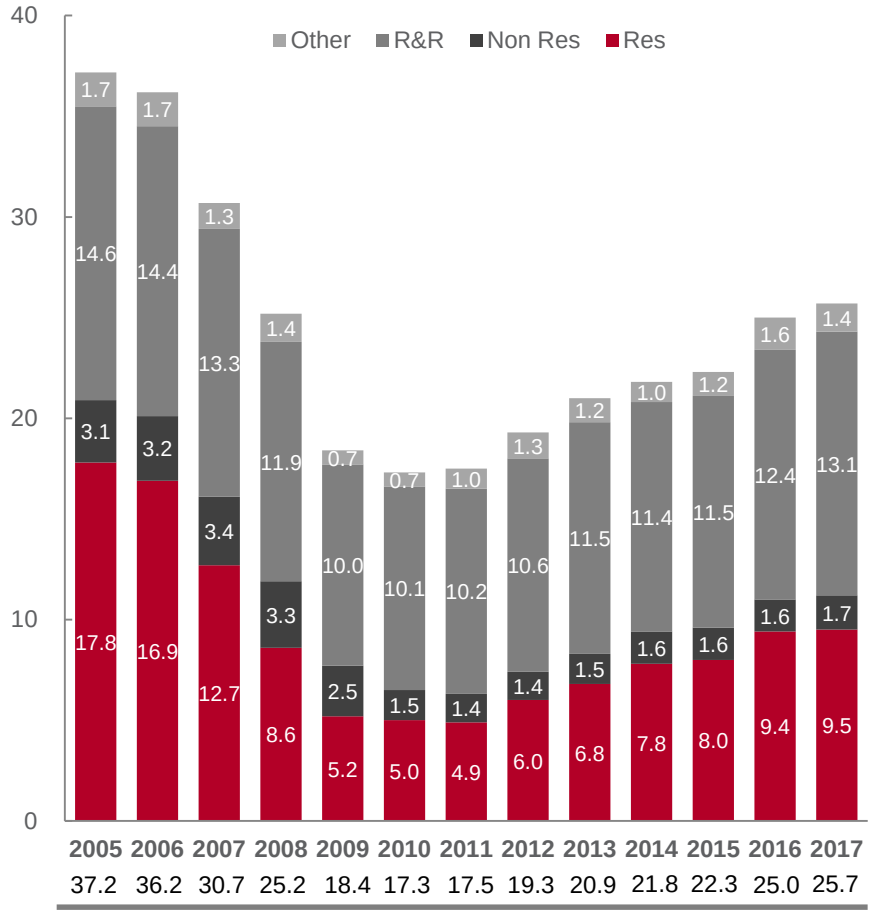
Moving Toward the Mean



1. Since 1960.
2. Since 1976.
3. Private residential fixed investment as a percent of GDP since 1950.

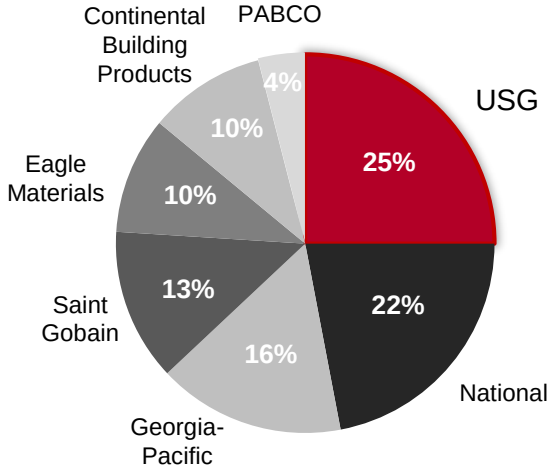
2017 U.S. Wallboard Market

U.S. Industry Wallboard Market

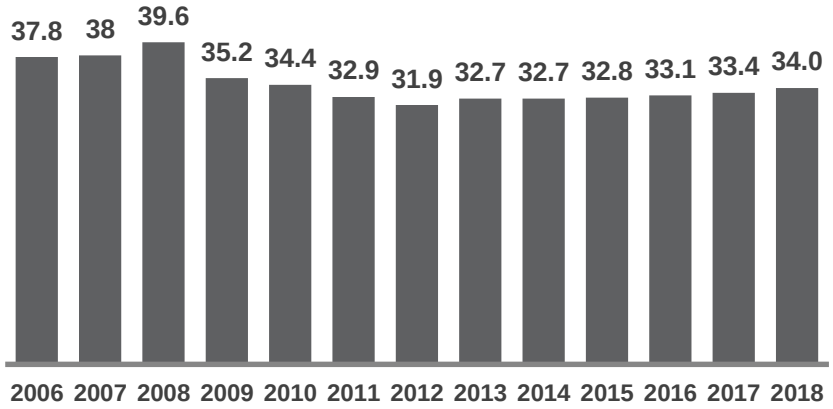


Total Industry Shipments (BSF)

Average Market Share



Industry Capacity (BSF)



Source: Gypsum Association, Company Sources

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Executive Compensation

Fixed Compensation (~30% of target annual comp)	Vehicle	Additional Details
	Base Salary	• Salaries for our named executives are generally around the median salaries for officers at ~22 comparative companies defined by industry, revenue, customers, cyclicality, and geography
	Benefits: Retirement, Health, and Welfare	• Medical, Dental, Vision, 401K, and other retirement benefits
	Executive Benefits and Other Perquisites	• 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		• Aligns management interests with those of the shareholders • Motivates management to achieve strategic growth 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%	• 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%	• Based on USG's share performance compared to the Dow Jones Construction Materials Index over a 3-year period
	Annual Incentive Program		• Rewards performance and operational excellence • Possible annual payout; targeted at 45-120% of base pay for executives
	Adjusted Net Earnings	50%	• Based on attaining adjusted consolidated net earnings goal; aligns awards with overall corporate results
	Strategic Operating Focus Targets	50%	• Based on attaining specific annual operating and financial objectives (operating margins, USG-Boral adjusted EBIT, U.S. wallboard cost, 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, adjusted average diluted common shares, adjusted SG&A, 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 Appendix.

Adjusted Operating Profit Reconciled to GAAP Operating Profit under New Reportable Segments

$ Millions	Q4 2017	Q4 2016	Change	FY 2017	FY 2016	Change
Reported GAAP Operating Profit (Loss)						
• U.S. Wallboard and Surfaces	$80	$67	$13	$314	$334	($20)
• U.S. Performance Materials	$5	$6	($1)	$26	$41	($15)
• U.S. Ceilings	$25	$15	$10	$95	$101	($6)
• Canada	$5	$5	—	$12	$26	($14)
• Other	$3	$2	$1	$11	($4)	$15
• Corporate & Eliminations	($31)	($36)	$5	($91)	($104)	$13
Total	**$87**	**$59**	**$28**	**$367**	**$394**	**($27)**
Adjustments to GAAP Operating Profit (Loss)						
• U.S. Wallboard and Surfaces – Pension settlement charge	$1	$6	($5)	$7	$6	$1
• U.S. Wallboard and Surfaces – Gain on sale of surplus property	—	—	—	—	($11)	$11
• U.S. Performance Materials – Pension settlement charge	—	$2	($2)	$2	$2	—
• U.S. Ceilings – Pension settlement charge	$1	$2	($1)	$2	$2	—
• Other – GTL recovery of receivables	—	—	—	—	($3)	$3
• Other – Asset impairment charges (Canada Mining)	—	—	—	—	$12	($12)
• Corporate & Eliminations – Pension settlement charge	—	$7	($7)	$1	$7	($6)
• Corporate & Eliminations – Exit of commercial office space	—	$4	($4)	—	$4	($4)
Total	**$2**	**$21**	**($19)**	**$12**	**$19**	**($7)**
Adjusted Operating Profit (Loss) – Non-GAAP measure						
• U.S. Wallboard and Surfaces	$81	$73	$8	$321	$329	($8)
• U.S. Performance Materials	$5	$8	($3)	$28	$43	($15)
• U.S. Ceilings	$26	$17	$9	$97	$103	($6)
• Canada	$5	$5	—	$12	$26	($14)
• Other	$3	$2	$1	$11	$5	$6
• Corporate & Eliminations	($31)	($25)	($6)	($90)	($93)	$3
Other Adjustments						
• Adjusted equity income from UBBP[1]	$17	$16	$1	$59	$57	$2
Total Adjusted Operating Profit	**$106**	**$96**	**$10**	**$438**	**$470**	**($32)**

1. See reconciliation to GAAP results in the Appendix.

Adjusted Net Income and Adjusted SG&A Reconciliations

$ Millions (except EPS)	Q4 2017	Q4 2016	FY 2017	FY 2016
GAAP Net (Loss)/Income	($69)	$307	$88	$510
(Income) loss and gain from discontinued operations, net of tax[1]	($1)	($279)	$9	($299)
Loss on debt extinguishment[1]	—	$32	$22	$37
Pension settlement charge[1]	$2	$17	$12	$17
Exit of commercial office space[1]	—	$4	—	$4
USG's share of USG Boral impairment charges	—	$4	—	$8
Gain on sale of surplus property	—	—	—	($11)
Recovery on shipping receivable / shipping operations	—	—	—	($8)
Long-lived asset impairment and severance charges	—	—	—	$12
Change in tax law	$145	—	$145	—
Tax effects of adjustments[2]	—	($20)	($12)	($19)
Adjusted Net Income	**$77**	**$65**	**$264**	**$251**

	Q4 2017	Q4 2016	FY 2017	FY 2016
GAAP Selling and Administrative Expense	$83	$91	$298	$304
Pension settlement charge[1]	—	($10)	($2)	($10)
Exit of commercial office space[1]	—	($4)	—	($4)
Adjusted Selling and Administrative Expense	**$83**	**$77**	**$296**	**$290**

1. 2016 item relates to or was driven by – in whole or in part – the sale of L&W Supply.
2. See Appendix for detail regarding tax effect of individual adjustments.

Quarterly Adjusted EBITDA Reconciled to Quarterly Operating Profit

$ Millions	Q4 2017							Q4 2016						
	U.S. W&S	U.S. PM	U.S. Ceilings	Canada	UBBP	Other/ Corp	Q4 2017	U.S. W&S	U.S. PM	U.S. Ceilings	Canada	UBBP	Other/ Corp/	Q4 2016
GAAP Operating profit/(loss)	**$80**	**$5**	$25	$5	—	**($28)**	**$87**	**$67**	**$6**	$15	$5	—	**($34)**	**$59**
Interest expense, net						($13)	($13)						($29)	($29)
Other income, net						$1	$1						$3	$3
Income tax (expense) benefit						($162)	($162)						$15	$15
USG's equity income from UBBP						$17	$17						$12	$12
Loss on extinguishment of debt						—	—						($32)	($32)
Income & gain from discontinued operations, net						$1	$1						$279	$279
Net (loss) income attributable to USG							**($69)**							**$307**
Less: Income and gain from disc ops, net of tax						($1)	($1)						($279)	($279)
Add: interest expense, net [1]						$13	$13						$29	$29
Add: income tax expense (benefit)[1]						$162	$162						($15)	($15)
Add: depreciation, depletion, and amortization[2]	$24	$2	$3	$1		$3	$33	$22	$2	$4	$2		$4	$34
EBITDA	**$104**	**$7**	**$28**	**$6**		**($7)**	**$138**	**$89**	**$8**	**$19**	**$7**		**($47)**	**$76**
Add: share-based compensation expense[1]						$5	$5						$4	$4
Add: ARO accretion expense	$1		$1				$2	$1					—	$1
Add: loss on extinguishment of debt						—	—						$32	$32
Add: exit of commercial office space						—	—						$4	$4
Add: pension settlement charges	$1		$1				$2	$6	$2	$2			$7	$17
Less: USG's equity income from UBBP						($17)	($17)						($12)	($12)
Add: USG's share of UBBP Adjusted EBITDA[3]					$28		$28					$26		$26
Adjusted EBITDA	**$106**	**$7**	**$30**	**$6**	**$28**	**($19)**	**$158**	**$96**	**$10**	**$21**	**$7**	**$26**	**($12)**	**$148**

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 Annual Operating Profit

$ Millions	FY 2017							FY 2016						
	U.S. W&S	U.S. PM	U.S. Ceilings	Canada	UBBP	Other/ Corp/	FY 17	U.S. W&S	U.S. PM	U.S. Ceilings	Canada	UBBP	Other/ Corp/	FY 16
GAAP Operating profit/(loss)	**$314**	**$26**	$95	$12	—	**($80)**	**$367**	**$334**	**$41**	$101	$26		**($108)**	**$394**
Interest expense, net						($65)	($65)						($141)	($141)
Other income, net						($4)	($4)						$9	$9
Income tax expense						($238)	($238)						($63)	($63)
USG's equity income from UBBP						$59	$59						$49	$49
Loss on extinguishment of debt						($22)	($22)						($37)	($37)
(Loss) income & gain from discontinued operations, net						($9)	($9)						$299	$299
Net income attributable to USG							**$88**							**$510**
Less: Income (loss) and gain from disc ops, net of tax						$9	$9						($299)	($299)
Add: interest expense, net [1]						$65	$65						$141	$141
Add: income tax expense [1]						$238	$238						$63	$63
Add: depreciation, depletion, and amortization[2]	$91	$9	$15	$6		$8	$129	$87	$9	$15	$6		$13	$130
EBITDA	**$405**	**$35**	**$110**	**$18**		**($39)**	**$529**	**$421**	**$50**	**$116**	**$32**		**($74)**	**$545**
Add: share-based compensation expense[1]						$18	$18						$18	$18
Add: ARO accretion expense	$4	$1	$1			$1	$7	$4	$1	$1			$1	$7
Add: loss on extinguishment of debt						$22	$22						$37	$37
Less: gain on sale of surplus property						—	—	($11)					—	($11)
Add: asset impairment charges and severance						—	—						$12	$12
Less: GTL EBITDA[3]						—	—						($7)	($7)
Add: exit of commercial office space						—	—						$4	$4
Add: pension settlement charges	$7	$2	$2			$1	$12	$6	$2	$2			$7	$17
Less: USG's equity income from UBBP						($59)	($59)						($49)	($49)
Add: USG's share of UBBP Adjusted EBITDA[3]					$107		$107					$101		$101
Adjusted EBITDA	**$416**	**$38**	**$113**	**$18**	**$107**	**($56)**	**$636**	**$420**	**$53**	**$119**	**$32**	**$101**	**($51)**	**$674**

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 EBITDA[1] Reconciled to Net Income/(Loss)

$ Millions	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
USG Net Income/(loss)	**$991**	**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	($15)	(12)	(2)	(21)															
Add: interest expense/(income)	$161	178	200	202	205	178	161	79	83	512	(5)	(1)	2	4	28	47	43	48	57
Add: income tax expense/(benefit)	($740)	7	11	12	(14)	(37)	450	(118)	11	193	(924)	197	79	117	36	(161)	263	202	172
Add: depreciation, depletion, and amortization[2]	$125	135	134	134	152	166	189	179	159	138	125	120	112	106	107	96	91	81	70
EBITDA	**$522**	**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	$14	20	17	17	21	23	21	24	20	17	-	-	-	-	-	-	-	-	-
Add: ARO accretion expense	$7	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	$19	-	-	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: KERP (Key Employee Retention Program)	-	-	-	-	-	-	-	-	-	13	23	16	23	20	-	-	-	-	-
Add/(Less): GTL Adjusted EBITDA[3]	($8)	45	(27)	(19)	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: gain on sale of surplus property/assets	($21)	(12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add/(Less): litigation settlement income/(expense)	-	48	-	-	-	-	(97)	-	-	-	-	-	-	-	-	-	-	-	-
Less: USG's equity income from UBBP	($48)	(60)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: USG's share of UBBP Adjusted EBITDA	$85	66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED EBITDA	**$570**	**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

	Q4 2017	Q4 2016	FY 2017	FY 2016
Net Sales – GAAP	**$313**	**$274**	**$1,200**	**$1,052**
Operating Profit – GAAP	**$42**	**$28**	**$160**	**$133**
Adjustments: Income from equity method investments owned by UBBP	$3	$2	$15	$11
Adjustments: Operating profit attributable to non-controlling interest, pre-tax	($1)	($2)	($6)	($6)
Adjustments: Long-lived asset impairment charges in Oman (50% JV) included in operating profit, pre-tax	—	$14	—	$14
Adjustments: Long-lived asset impairment and severance charges	—	—	—	$9
Adjusted Operating Profit – Non-GAAP	**$44**	**$42**	**$169**	**$161**
Net Income attributable to USG Boral Building Products – GAAP	**$34**	**$25**	**$117**	**$99**
Adjustments: Long-lived asset impairment charges and severance charges	—	$7	—	$16
Adjusted Net Income attributable to USG Boral Building Products – Non-GAAP	**$34**	**$32**	**$117**	**$115**
USG share of income from equity method investments – GAAP	**$17**	**$12**	**$59**	**$49**
Adjustments: USG's share of long-lived asset impairment charges	—	$4	—	$8
Adjusted equity income from USG Boral Building Products – Non-GAAP	**$17**	**$16**	**$59**	**$57**

USG Boral Building Products Adjusted EBITDA Reconciliation

$ Millions	Q4 2017	Q4 2016	FY 2017	FY 2016
GAAP Operating profit	**$42**	**$28**	**$160**	**$133**
Income tax expense	($10)	($10)	($53)	($44)
Income from equity method investments owned by UBBP, net of tax	$3	$2	$15	$11
Other expense	—	—	($1)	($2)
Net Income	**$35**	**$20**	**$121**	**$98**
Net income attributable to non-controlling interest	($1)	($2)	($4)	($6)
Oman net loss attributable to non-controlling interest	—	$7	—	$7
Net Income attributable to USG Boral Building Products	**$34**	**$25**	**$117**	**$99**
Adjustments: Long-lived asset impairment charges and severance charges, net of tax	—	$7	—	$16
Adjusted Net Income attributable to USG Boral Building Products	**$34**	**$32**	**$117**	**$115**
Add: income tax expense	$10	$10	$53	$44
Add: depreciation, depletion, and amortization	$12	$10	$45	$43
TOTAL USG Boral Building Products Adjusted EBITDA	**$56**	**$52**	**$215**	**$202**
USG's share of USG Boral Building Products Adjusted EBITDA	**$28**	**$26**	**$107**	**$101**

USG Boral Currency Impact

USG BORAL (100%)

	Fourth Quarter 2017			Full Year 2017		
	Q4 2017 as Reported	At Q4 2016 Rates[2]	Currency Impact	FY 2017 as Reported	At FY 2016 Rates[2]	Currency Impact
Net sales	$313	$300	$13	$1,200	$1,173	$27
Adjusted operating profit[1]	$44	$43	$1	$169	$167	$2
Adjusted operating profit margin[1]	14.1%	14.3%	(0.2%)	14.1%	14.2%	(0.1%)
Adjusted net income[1]	$34	$33	$1	$117	$115	$2

1. See reconciliation to GAAP results in the Appendix.
2. Non-GAAP metric. Current period results translated at the respective quarter-to-date or year-to-date average foreign currency exchange rates for the period ended December 31, 2016.

Adjusted Diluted EPS Reconciled to GAAP Diluted EPS

	Q4 2017	Q4 2016	FY 2017	FY 2016
Income/(Loss) per average diluted common share – GAAP	**($0.49)**	**$2.07**	**$0.60**	**$3.46**
Adjustments per average diluted common share:				
• (Income) loss from and gain on sale of discontinued operations	($0.01)	($1.88)	$0.06	($2.02)
• Loss on extinguishment of debt	—	$0.22	$0.15	$0.25
• Pension settlement charge	$0.01	$0.11	$0.08	$0.11
• Exit of commercial space	—	$0.03	—	$0.03
• USG's share of UBBP impairment charges	—	$0.02	—	$0.05
• Tax effect on adjustments	—	($0.13)	($0.08)	($0.13)
• Long-lived asset impairment charges	—	—	—	$0.08
• Gain on sale of surplus property	—	—	—	($0.08)
• GTL (recovery) of receivable / shipping operations	—	—	—	($0.05)
• Change in tax law	$1.02	—	$0.99	—
Adjusted earnings per adjusted average diluted common share – Non-GAAP	**$0.53**	**$0.44**	**$1.80**	**$1.70**
Average diluted common shares – GAAP	**141,277,091**	**148,327,939**	**146,710,846**	**147,660,979**
Adjustment to add common shares that would be dilutive based on adjusted net income	**1,833,704**	**—**	**—**	**—**
Adjusted Average diluted common shares – Non-GAAP	**143,110,795**	**148,327,939**	**146,710,846**	**147,660,979**

Adjusted Debt Reconciled to GAAP Debt

$ Millions

	December 31, 2017	December 31, 2016
Total short-term and long-term Debt – GAAP	**$1,089**	**$1,089**
Operating leases	$118	$106
Postretirement benefit obligations	$223	$202
Asset retirement obligations	$77	$73
Accrued interest not included in reported debt	$12	$31
Workers compensation/self insurance	$16	$14
Excess cash[1]	($370)	($388)
Total adjustments[2]	$76	$38
Adjusted Net Debt	**$1,165**	**$1,127**

	FY 2017	FY 2016
Adjusted EBITDA	**$636**	**$674**
Leverage Ratio	**1.8**	**1.7**

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.

Tax Effects of Net Income Adjustments

$ Millions (except EPS)	Q4 2017	Q4 2016	FY 2017	FY 2016
Loss on debt extinguishment	—	($12)	($8)	($14)
Pension settlement charge	—	($7)	($4)	($7)
Exit of commercial office space	—	($1)	—	($1)
Gain on sale of surplus property	—	—	—	$4
Recovery on shipping receivable / shipping operations	—	—	—	$3
Long-lived asset impairment and severance charges	—	—	—	($4)
Total Tax Effects of Adjustments	**—**	**($20)**	**($12)**	**($19)**

GTL EBITDA Reconciliation

$ Millions

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

Adjusted Operating Profit Rollforward

$ Millions

Adjusted Operating Profit – Three months ended December 31, 2016	**$96**
U.S. Wallboard	$2
U.S. Surfaces	$2
U.S. Ceilings	$8
U.S. Performance Materials	($2)
U.S. SG&A Expenses	$4
USG Boral Adjusted Equity Method Income	$1
Canada and Mexico	$1
Corporate	($6)
Adjusted Operating Profit – Three months ended December 31, 2017	**$106**

New Employee Retirement Plan Accounting

$ Millions – U.S. GAAP basis	Employee Retirement Plan Expense		Employee Retirement Plan Expense
	FY 2017 as Reported [3]	FY 2017 as Recast[4]	FY 2018 as Expected[1]
Cost of Sales	$24	$33	$38
SG&A	$8	$13	$16
Expense included in Operating Profit	$32	$46	$54
Net periodic postretirement benefit	---	($14)	($20)
Total Postretirement Expense [2]	$32	$32	$34

- Beginning in 2018, we are required to change the presentation of the expenses related to our employee retirement plans.
- Only the current year's service cost will be <u>included</u> within operating profit and all other components will be shown <u>below</u> operating profit.
- An amendment to our healthcare plan in 2011 resulted in a credit, which will now be shown below operating profit. The actuarial credit ends on December 31, 2019.

NO IMPACT TO NET INCOME OR CASH

1. Management's expectation as of the date of this presentation
2. Total postretirement expense does not include $11 million of expense in 2017 and a ($3) million benefit in 2018 for discontinued operations
3. $10 million of settlement expense in cost of sales and $2 million of settlement expense in SG&A
4. $12 million of settlement expense is included within the net periodic postretirement benefit