BUILDING THE USG OF THE FUTURE

IT'S YOUR WORLD. BUILD IT.

Investor Presentation
2nd Quarter Update
2016

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, management's outlook for 2016 and expected costs. Actual business, market or other conditions may differ materially from management's expectations and, accordingly, may affect our sales and profitability or other results and liquidity. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. Actual results may differ materially due to various other factors, including: economic conditions, such as the levels of new home and other construction activity, employment levels, the availability of mortgage, construction and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates and consumer confidence; our ability to maintain or achieve price increases; our substantial indebtedness and our ability to incur substantial additional indebtedness; capital markets conditions and the availability of borrowings under our credit agreement or other financings; competitive conditions, such as price, service and product competition; certain of our customers having significant buying power; the loss of one or more major customers and our customers' ability to meet their financial obligations to us; shortages in raw materials or changes in raw material and energy costs; 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; volatility in the assumptions used to determine the funded status of our pension plans; our ability to protect our intellectual property and other proprietary rights; a security breach of company information; changes in laws or regulations, including environmental and safety regulations; the outcome in legal and governmental proceedings; the occurrence of an "ownership change" within the meaning of the Internal Revenue Code; 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, or the Rights Plan, established under the terms of a rights agreement dated December 21, 2006, as amended, with Computershare Trust Company N.A., as Rights Agent, or the Rights Agreement. The Rights Plan was intended to protect our stockholders from coercive takeover practices or takeover bids that are inconsistent with their best interests. In 2013 and 2015, our board of directors adopted amendments to the Rights Agreement, discussed below, intended to protect our substantial net operating losses, or NOL, carryforwards and related tax benefits. As discussed further below, our board of directors also recommended, and in 2013 and 2016 our stockholders approved, amendments to our Restated Certificate of Incorporation, also intended to protect our NOL carryforwards and related tax benefits.

On March 22, 2013, our board of directors approved an amendment to the Rights Agreement in an effort to protect our NOL carryforwards and related tax benefits. Our ability to use our NOLs could be substantially reduced 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 Agreement 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 the rules of Section 382 of the Code and the related regulations and guidance thereunder). Our stockholders ratified, on an advisory basis, the March 22, 2013 amendment to our Rights Agreement at our 2013 annual meeting of stockholders. The Rights Agreement, as amended, provides that if any person becomes the beneficial owner of 4.9% or more of our common stock, stockholders other than the 4.9% 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 Agreement, as amended, so long as they do not thereafter acquire additional common stock other than in certain specified exempt transactions. Our board of directors approved an amendment to the Rights Agreement in February 2015 to align the definitions of "Beneficial Owner" and "Beneficially Own" with Section 382 of the Code. The NOL protective provisions in the Rights Agreement adopted in 2013 were scheduled to expire on March 22, 2016 and the Rights Agreement was scheduled to expire on January 2, 2017. In connection with a required triennial review of the Rights Agreement, our board of directors approved, and on November 16, 2015 we entered into, another amendment to the Rights Agreement to extend the term of the Rights Agreement, as well as the NOL protective provisions adopted in 2013, to May 31, 2019, subject to other earlier termination events as described therein. Accordingly, the 4.9% threshold described above is now effective until the earlier of (i) the close of business on May 31, 2019, (ii) the close of business on the date on which our board of directors determines that the amendment is no longer necessary for the provision of certain tax benefits because of the repeal of Section 382 of the Code, (iii) the close of business on the first day of a taxable year as to which our board of directors determines that no tax benefits may be carried forward, or (iv) the close of business on such other date as our board of directors determines that the amendment is no longer necessary for the preservation of tax benefits. Our stockholders ratified, on an advisory basis, the November 16, 2015 amendment at our 2016 annual meeting of stockholders.

The rights issued pursuant to the Rights Agreement will expire on May 31, 2019. However, our board of directors has the power to accelerate or extend the expiration date of the rights. In addition, a board committee composed solely of independent directors reviews the Rights Agreement 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 as described above. The next review is required by the end of 2018.

On May 9, 2013, we filed an amendment to our Restated Certificate of Incorporation that restricted certain transfers of our common stock. On May 11, 2016 we filed another amendment to our Restated Certificate of Incorporation, or the Extended Protective Amendment, to continue to restrict certain transfers of our common stock. The Extended Protective Amendment is intended to protect the tax benefits of our NOL carryforwards. Subject to certain limited exceptions, the Extended Protective Amendment's 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 the Extended Protective Amendment 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 Extended Protective Amendment 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. The Extended Protective Amendment is effective until the earlier of (i) the close of business on May 31, 2019, (ii) the repeal of Section 382 of the Code if our board of directors determines that the Extended Protective Amendment is 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 our board of directors determines that no tax benefits may be carried forward, or (iv) such other date as determined by our board of directors pursuant to the Extended Protective Amendment. On May 11, 2016, our stockholders voted to approve the Extended Protective Amendment.

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 the Extended Protective Amendment or Rights Agreement, and may acquire beneficial ownership of more than 50% of our voting stock on a fully-diluted basis without triggering the ownership thresholds in the Extended Protective Amendment or Rights Agreement 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.

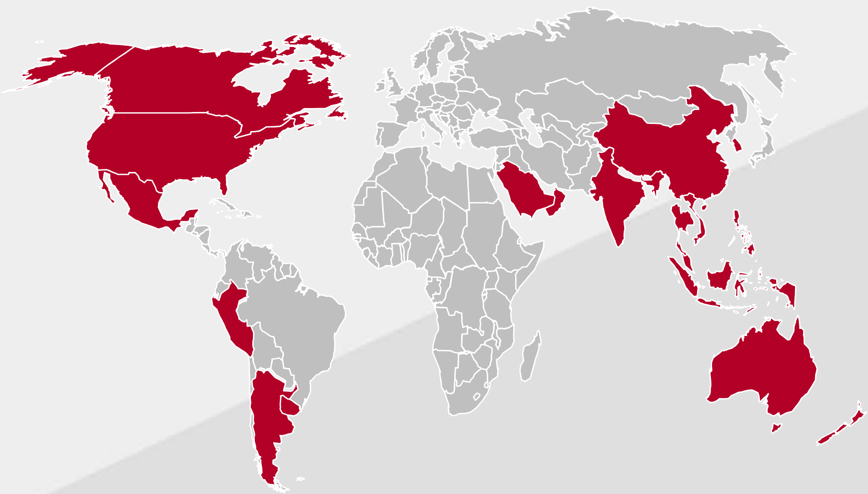
DISCUSSION POINTS

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

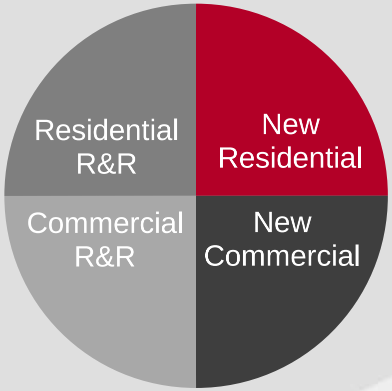
USG PROFILE

- FOUNDED: 1902
- NYSE: USG
- LISTED: 1931

- Industry leader; 2015 sales of $3.8 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 Sheetrock® brand gypsum wallboard portfolio and a growing Surfaces and Substrates portfolio of products
  - Ceilings – Acoustical tile and ceiling suspension systems with leading brands
  - Distribution – 136 building material distribution branches in 37 states
  - USG Boral – 50/50 joint venture with sales over $1 billion in Asia, Australasia, and the Middle East[1]



End Market Opportunity



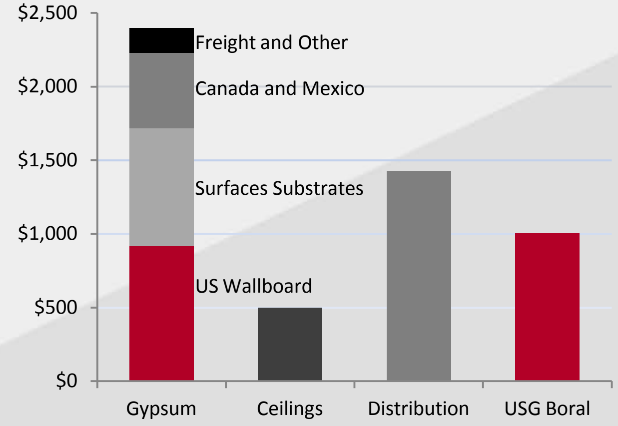
1. USG Boral is a 50/50 joint venture and its sales are not consolidated.

FINANCIAL OVERVIEW

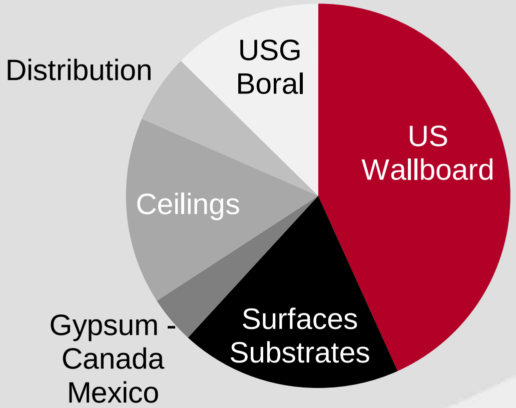
USG 2015 Results	Net Sales[1] $Billions	Adjusted EBITDA[2] $Millions	Market Position	Geographic Scope
Gypsum	$2.4	$441	#1	U.S. Canada Mexico and Latin America
Ceilings	$0.5	$106	#2	U.S. Canada Mexico and Latin America
Distribution	$1.4	$39	#2	U.S.
USG Boral Building Products[1]	$1.0	$85	#1	Asia Australasia and Middle East

2015 Net Sales Split[1]

($Millions)



YTD 2015 Adjusted EBITDA Contribution[2]



1. USG Boral is a 50/50 joint venture and its sales and EBITDA are not consolidated for GAAP purposes.
2. Excludes corporate and eliminations. See reconciliation to GAAP results included in the Appendix.

DISCUSSION POINTS

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

PLAN TO WIN

Strategy

- **Strengthen the core**
  - North American manufacturing and distribution
  - De-lever our balance sheet
  - Deliver organic growth opportunities
- **Diversify the sources of our earnings**
  - Strategic geographic extensions
  - USG Boral Building Products
  - Adjacent products/systems
- **Differentiate through innovation**
  - Differentiate USG in the market
  - Focus on high performance products and solutions that improve energy efficiency, sustainability, and speed of construction

2015 Accomplishments

- **Strengthen the core**
  - Strongest annual adjusted net income of $259 million[1] and adjusted EBITDA of $609 million[1] since 2006
  - Margin expansion in all of our businesses
  - 2015 SG&A spend under 2014 and 2013 levels
- **Diversify the sources of our earnings**
  - USG Boral generates $48 million of net income for USG, and pays $38 million of cash dividends
- **Differentiate through innovation**
  - Surfaces and Substrates drive $25 million of profit improvement
  - Introduced additional adjacent product technologies into the USG Boral joint venture

1. See reconciliation in the Appendix.

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

Cost Structure[1]

- Fixed: 20%
- Labor: 20%
- Paper: 20%
- Energy: 15%
- Rock: 15%
- Other: 10%

Total 100%

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 8% is double that of the wallboard business in 2015
- Product adjacencies create growth opportunities and diversifies earnings

- Since 2004, the average gross margin percentage on Wallboard is 10% higher than for Surfaces & Substrates
- Since 2004, the gross margin standard deviation for Surfaces & Substrates is substantially less volatile at 2% and 4%, respectively, compared to Wallboard at 17%

1. Rounded approximations based on historical costs.

GYPSUM

Q2 2016 Highlights

- Segment adjusted operating margin improves 40 bps to 16.1%
- US Gypsum adjusted operating margin[1] improvement of 20 bps to 17.8%
  - Domestic wallboard price up 3% sequentially
  - Wallboard volumes up 3% on organic growth
  - Inflation in paper, synthetic gypsum, and labor offset partially by favorable gas costs and lean six sigma efforts
- US Surfaces & Substrates: $8 million of profit improvement on 8% revenue growth with strength across the portfolio
- Lower costs drive improved profit in Canada and Mexico; offset by $3 million FX headwind
- Sale of excess property in Nevada yields $11 million of profit – excluded from adjusted results

Consolidated Gypsum Segment

Q2 2015 Adjusted Operating Profit[1]	**$97**
US Wallboard Price	($3)
US Wallboard Cost	($2)
US Wallboard Volume	$3
US Surfaces & Substrates	$8
US SG&A	$1
US Reserve Adjustments	($2)
Canada and Mexico	$3
Foreign Currency[2]	($3)
Q2 2016 Adjusted Operating Profit[1]	**$102**

$ Millions	Q2 2016	Q2 2015	Variance
Net Sales	$635	$617	$18
Operating Profit	$113	$98	$15
Operating Profit Margin	17.8%	15.9%	1.9%
Adjusted Operating Profit[1]	$102	$97	$5
Adjusted Operating Profit Margin	16.1%	15.7%	0.4%

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, 2015.

U.S. GYPSUM
Wallboard, Surfaces and Substrates

Q2 2016 Results[1]

Sales (millions)	Q2 2016	Q2 2015	Variance
US Wallboard	$237	$234	$3
US Surfaces & Substrates	$223	$207	$16

Profit Variance (Q2 2016 vs. Q2 2015)	$
US Wallboard	($2)
US Surfaces & Substrates	$8

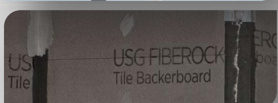
In Q2 2016, roughly 65% of US Gypsum's gross profit was generated by Wallboard with 35% driven by Surfaces and Substrates products.

This compares to Q2 2015, where roughly 70% of US Gypsum's gross profit was generated by Wallboard with 30% driven by Surfaces and Substrates products.

1. Freight revenue ($62 million for Q2 2016, $60 million for Q2 2015) and other gypsum sales ($16 million net for Q2 2016, $15 million for Q2 2015) – included in US Gypsum – are not included in the US Wallboard and Surfaces & Substrates tables.

SURFACES AND SUBSTRATES

Focus on high performance products and solutions that improve energy efficiency, sustainability and speed of construction

	Brand	Description	Application
	**USG Sheetrock® Brand**	Joint treatment, textures and plasters	Drywall joint finishing, textures and plasters for distinctive interior styling
	**USG Sheetrock® Brand, USG Beadex® Brand**	Corner bead, joint tapes, beads & trim and adhesives	Accessories used to finish interior walls
	**USG Durock® Brand**	Backerboards, shower system, floor prep and membranes	Interior wet areas and showers
	**USG Fiberock® Brand**	Gypsum fiber backerboard and underlayment	Interior wet area floor and wall applications
	**USG Levelrock® Brand**	Poured gypsum underlayment	Over concrete and wood interior subfloors
	**USG Securock® Brand**	Glass-mat roof board and sheathing	Exterior commercial roofing systems and under exterior claddings
	**Securock® ExoAir® 430**	Glass-mat faced air/water barrier integrated panel	Under exterior claddings where a conventional sheathing/air barrier has traditionally been used
	**USG Structural Systems**	Concrete subfloor, roof deck and foundation wall	Alternative to plywood, metal and poured concrete
	Industrial Products	Specialty products	Agriculture, fillers, etc.

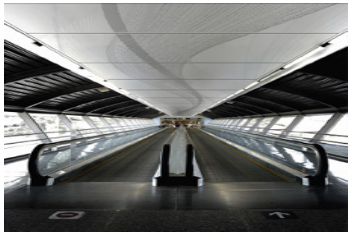
CEILINGS

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

MARGIN EXPANSION

- 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



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

CEILINGS

Q2 2016 Highlights

- Segment adjusted operating margin[1] improves 500 bps to 24.1%; sets another quarterly all-time record
- US Ceilings adjusted operating margin[1] improvement of 480 bps to 23.8%
  - Improved pricing in both tile and grid products
  - Low single digit volume improvement
  - Q2 costs tailwinds due primarily to lower steel costs – expect increased steel costs in the back half of 2016

Consolidated Ceilings Segment

Q2 2015 Adjusted Operating Profit[1]	$25
US Tile & Grid Price	$2
US Tile & Grid Cost	$2
US Tile & Grid Volume	$2
US SG&A	$1
Canada and Mexico	$2
Foreign Currency[2]	($1)
Q2 2016 Adjusted Operating Profit[1]	**$33**

$ Millions	Q2 2016	Q2 2015	Variance
Net Sales	$137	$131	$6
Operating Profit	$33	$25	$8
Adjusted Operating Profit[1]	$33	$25	$8
Adjusted Operating Profit Margin[1]	24.1%	19.1%	5.0%

1. Adjusted operating profit and margin equals operating profit and margin, respectively.
2. Current period results translated at the quarter-to-date average foreign currency exchange rates for the period ended June 30, 2015.

DISTRIBUTION

L&W Supply Corporation

L&W SUPPLY

NATIONWIDE STRENGTH
LOCAL COMMITMENT

- 136 branch locations in 37 states
- Serves two-thirds commercial opportunity; one third residential
- Industry leading service, a broad portfolio of high performance products and a wide array of contractor solutions
- Last mile logistics – safely deliver the right product, to the right place, at the right time

DIVERSIFY EARNINGS – PRODUCT ADJACENCIES

- 7 core products: wallboard, ceilings, joint treatment, insulation, exteriors, steel, fasteners
- 70% of revenue is from non-wallboard products
- 50% of revenues from non-USG products
- One of the largest ceilings distributors in the nation

KEY PARTNER TO GYPSUM AND CEILINGS BUSINESSES

- Supports USG strategy
- Serves as a dedicated platform for new USG product launches
- L&W's 35,000 customers provide a unique lens into the commercial contractor customer – helps drive innovation efforts
- Revenue base diversifies USG's earnings

DISTRIBUTION

Q2 2016 Highlights

- Adjusted operating margin[1] improves 140 bps to 3.9%
- Same store sales increased 8%
- Wallboard volumes improved by 8%
- Strong contribution from other core products, led by $3 million of profit improvement from steel studs
- Operational improvement initiatives continue to progress and drive improved results:
  - Inventory management
  - Truck utilization and turnaround
  - Price optimization

Q2 2015 Adjusted Operating Profit[1]	$9
Wallboard Margin and Volume	$4
Other Core Products	$5
Branch Overhead and SG&A	($2)
Delivery Costs	($1)
Q2 2016 Adjusted Operating Profit[1]	$15

$ Millions	Q2 2016	Q2 2015	Variance
Net Sales	$386	$364	$22
Operating Profit	$15	$9	$6
Adjusted Operating Profit[1]	$15	$9	$6
Adjusted Operating Profit Margin[1]	3.9%	2.5%	1.4%

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

USG BORAL

Joint venture in Asia, Australasia, and the Middle East

- 50/50 joint venture with Boral Limited
- 12 countries, 25 plasterboard lines, 37 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

- Gives USG critical mass in growth markets outside the US
- Manufactures and distributes same products as USG manufacturing businesses – wallboard, surfaces, substrates, and ceiling products
- Helps dampen cyclicality by 10-15%
- All capital expenditures self funding
- $50 million in expected synergies by 2017
- $38 million of cash dividends paid to USG in 2015; $48 million in equity income for USG

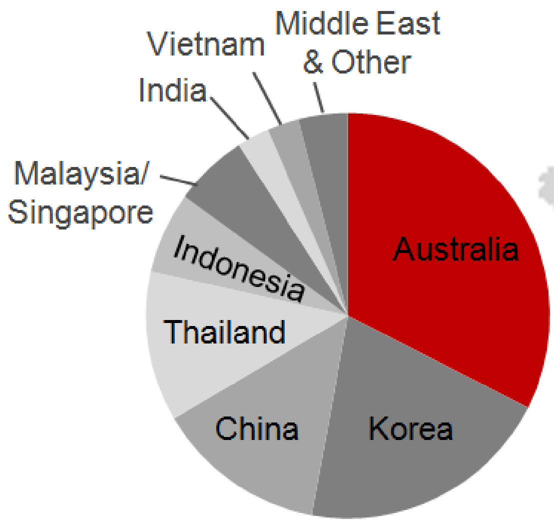
GROWTH ENGINE IN ASIA AND AUSTRALIA

- 4.5% weighted average GDP growth rate projected for USG Boral territories through 2020
- Consumption of gypsum in Asia: 9 sq. ft per capita vs. 65 sq. ft per capita in US
- High rates of urbanization coupled with the adoption of Western construction practices expected to increase the demand for USG Boral products

USG BORAL

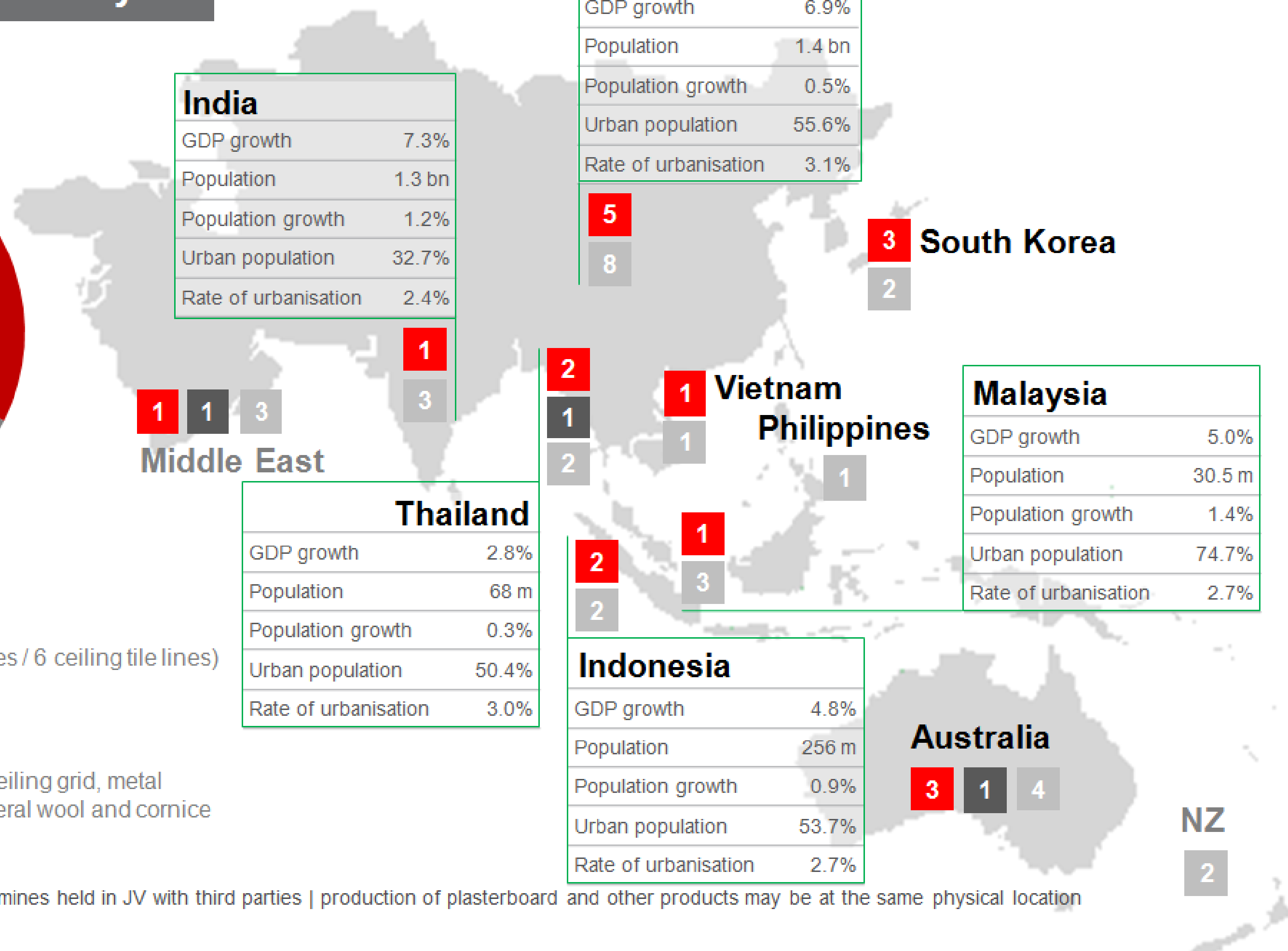
Diversify with Operations in High Growth Countries and New Products

Share of revenue by country



MANUFACTURING FOOTPRINT
(total number of operations)

19	**Plasterboard plants** 637m m^2 capacity (25 board lines / 6 ceiling tile lines)
3	**Gypsum mines**[1]
31	**Other plants**[1] mineral fiber ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production



China	
GDP growth	6.9%
Population	1.4 bn
Population growth	0.5%
Urban population	55.6%
Rate of urbanisation	3.1%

India	
GDP growth	7.3%
Population	1.3 bn
Population growth	1.2%
Urban population	32.7%
Rate of urbanisation	2.4%

Thailand	
GDP growth	2.8%
Population	68 m
Population growth	0.3%
Urban population	50.4%
Rate of urbanisation	3.0%

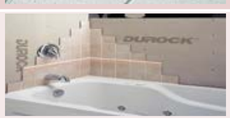
Malaysia	
GDP growth	5.0%
Population	30.5 m
Population growth	1.4%
Urban population	74.7%
Rate of urbanisation	2.7%

Indonesia	
GDP growth	4.8%
Population	256 m
Population growth	0.9%
Urban population	53.7%
Rate of urbanisation	2.7%

1. Certain manufacturing facilities and gypsum mines held in JV with third parties | production of plasterboard and other products may be at the same physical location
2. Source: CIA World Factbook, July 2016

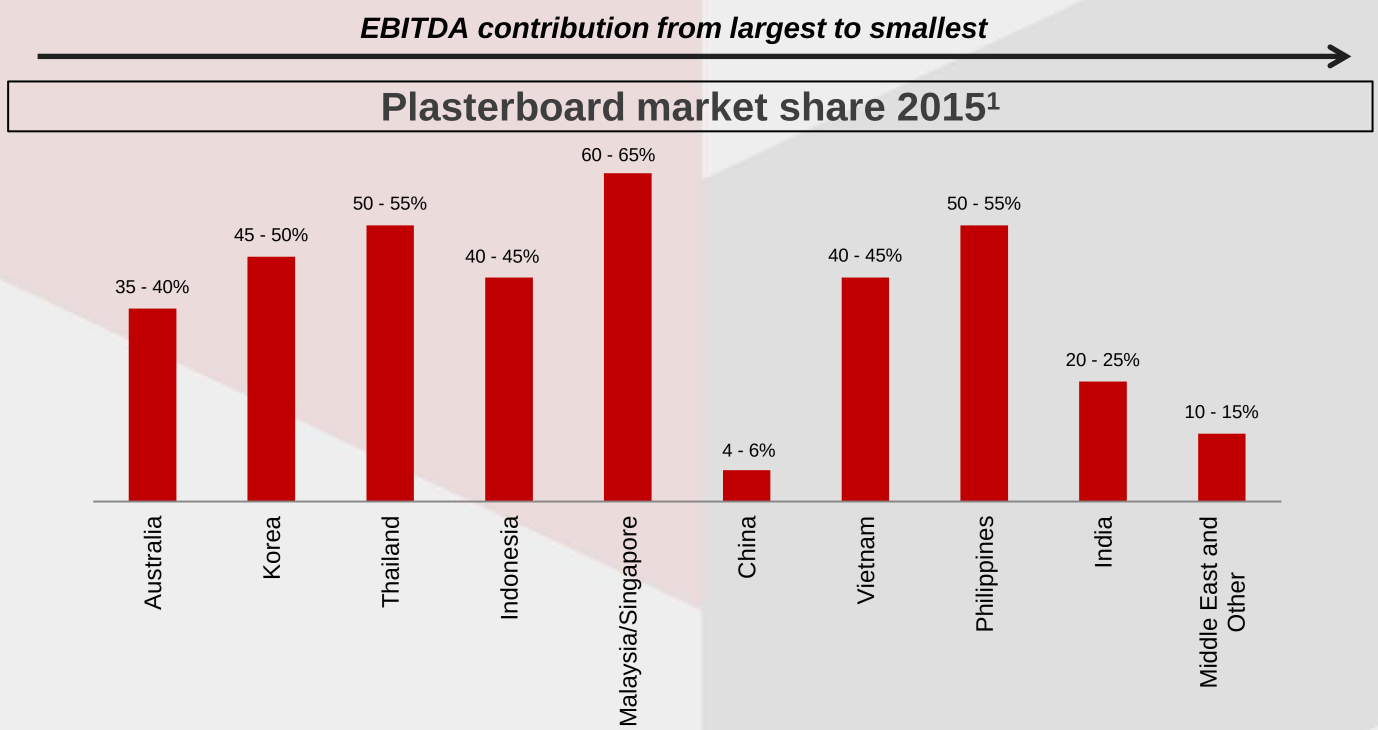
USG BORAL

Product Portfolio: Plasterboard and Adjacent Products

Product		Description	Application
Standard and NextGen Plasterboard		Plasterboard	Interior wall and ceilings
Cornice		Decorative cornice	Finishing for ceilings
Joint Compound		Jointing compounds, plasters, adhesives	Joints, skim finish, bonding
Metal Products		Metal products	Interior wall framing
Ceiling Tile and Grid Suspension Systems		Acoustical ceilings	Ceiling “lay in” tile and grid system
Durock®		Cement board	Tile-backer board – flooring and walls
Fiberock®		Gypsum fiber board	Flooring and technical wall - interior
Securock®		Gypsum roof board and exterior sheathing	High performance low-slope roof board and exterior membrane

USG BORAL
Plasterboard Market

- Excluding China, USG Boral market share across the JV region is roughly 40%
- Total market size of ~24 BSF – roughly the same size as the United States
- USG Boral network-wide capacity utilization of 70% as of December 31, 2015
- Expect continued growth in plasterboard shipments in 2016



1. Source: management estimates based on plasterboard sales volumes.

USG BORAL

Q2 2016 Highlights

Total USG Boral JV Results

- Total JV adjusted operating margin improved 250 bps to 15.8% – highest quarterly adjusted margin since inception of the JV
- On a constant-currency basis[2]:
  - Net sales expand 8% to $286 million from $264 million
  - Net income increases over 30% to $34 million from $26 million

USG's 50% Portion of USG Boral Results

- USG's Q2 2016 net income driven by $4 million of core results improvement
- $18 million cash dividend paid to USG through YTD 2016

Business Highlights

- Compound volumes up 11%, steel stud volumes up 13%
- Plasterboard volumes up 5%; plasterboard price up in top countries
- Continued manufacturing efficiencies and cost tailwinds

Total USG-Boral JV Results

$ Millions	Q2 2016	Q2 2015	Variance
Total JV Net Sales	$273	$264	$9
Total JV Operating Profit	$41	$34	$7
Total JV Operating Profit Margin	15.0%	12.9%	2.1%
Total JV Adjusted Operating Profit[1]	$43	$35	$8
Total JV Adjusted Operating Profit Margin	15.8%	13.3%	2.5%
Total JV Adjusted Net Income[1]	$32	$26	$6

USG's 50% Portion of USG Boral Results

$ Millions	Q2 2016	Q2 2015	Variance
USG's Adjusted Equity Income from USG Boral[1]	$16	$13	$3

Q2 2015 USG's Share of Adjusted Equity Income[1]	$13
Foreign currency	($1)
Core results improvement	$4
Q2 2016 USG's Share of Adjusted Equity Income[1]	$16

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, 2015.

DISCUSSION POINTS

- USG Overview
- Business Strategy
- Businesses
- **Financial Update**
- Markets
- Appendix

Q2 2016 HIGHLIGHTS

- **Adjusted operating profit[1] increases to $138 million from $118 million**
- **Adjusted EBITDA[1] increases to $194 million from $169 million**
- **Adjusted operating margin[1] expansion in all of our businesses**
  - US Gypsum – 20 bps improvement to 17.8%[2]
  - US Ceilings – 480 bps improvement to 23.8%
  - Distribution – 140 bps improvement to 3.9%
  - USG Boral – 250 bps improvement to 15.8%
- **Surfaces and Substrates – $8 million of improved profit**
- **Foreign currency[3] – Unfavorable impact to net income ($5 million) and sales ($10 million)**
- **Surplus asset disposition drives $11 million in cash proceeds**
- **On track to beat annual SG&A target – now expect 2016 SG&A just above $300 million**

1. See reconciliation to GAAP results in the Appendix.
2. Excludes $11 million gain from sale of surplus property.
3. Current period results translated at the quarter to date average foreign currency rates for the period ending June 30, 2015.

Q2 2016 CONSOLIDATED FINANCIAL RESULTS

$ Millions (except EPS)	Q2 2016	Q2 2015
Net sales	$1,002	$970
Gross profit	$212	$183
% of net sales	21.2%	18.9%
SG&A	$79	$79
Operating profit	$133	$105
Net interest expense	$37	$40
Income tax expense	$38	$1
GAAP net income	$74	$79
Diluted EPS	$0.50	$0.54
Gain on sale of surplus property[1]	($11)	—
Loss on debt extinguishment[2]	$2	—
GTL - shipping operations[3]	—	($1)
Tax effects of adjustments	$3	—
Adjusted net income[4]	$68	$78
Adjusted diluted EPS[4]	$0.46	$0.53
Other Non-GAAP Metrics		
Adjusted operating profit[4]	$138	$118
Adjusted EBITDA[4]	$194	$169

1. $4 million tax expense in Q2 2016.
2. ($1) million tax benefit in Q2 2016.
3. $0 tax in Q2 2015.
4. See reconciliation to GAAP results in the Appendix.

QUARTERLY SUMMARY BY BUSINESS UNIT

$ Millions	Q2 2016	Q2 2015	Change
Gypsum adjusted operating profit[1]	$102	$97	$5
Ceilings adjusted operating profit[1]	$33	$25	$8
Distribution adjusted operating profit[1]	$15	$9	$6
Adjusted equity income from USG Boral Building Products[1]	$16	$13	$3
Equity income from other joint ventures	—	1	($1)
Corporate and eliminations adjusted operating loss[1]	($28)	($27)	($1)
USG Consolidated Adjusted Operating Profit[1]	**$138**	**$118**	**$20**
Gypsum adjusted EBITDA[1]	$131	$126	$5
Ceilings adjusted EBITDA[1]	$37	$29	$8
Distribution adjusted EBITDA[1]	$18	$12	$6
USG's share of USG Boral Building Products adjusted EBITDA[1]	$28	$23	$5
Corporate and eliminations adjusted EBITDA[1]	($20)	($21)	$1
USG Consolidated Adjusted EBITDA[1]	**$194**	**$169**	**$25**

1. See reconciliation to GAAP results in the Appendix.

CURRENCY IMPACT

Consolidated Results	Q2 2016 as Reported	At Q2 2015 Rates[2]	Currency Impact
Net sales	$1,002	$1,012	($10)
Adjusted operating profit[1]	$138	$143	($5)
Adjusted operating profit margin[1]	13.8%	14.1%	(0.3%)
Adjusted net income[1]	$68	$73	($5)
Adjusted diluted EPS[1]	$0.46	$0.49	($0.03)
Adjusted EBITDA[1]	$194	$199	($5)
Gypsum Segment			
Net sales	$635	$644	($9)
Adjusted operating profit[1]	$102	$105	($3)
Adjusted operating profit margin[1]	16.1%	16.3%	(0.2%)
Ceilings Segment			
Net sales	$137	$138	($1)
Adjusted operating profit[1]	$33	$34	($1)
Adjusted operating profit margin[1]	24.1%	24.6%	(0.5%)
USG Boral Segment			
Net sales	$273	$286	($13)
Total adjusted operating profit[1]	$43	$45	($2)
Total adjusted operating profit margin[1]	15.8%	15.7%	0.1%
Total adjusted EBITDA[1]	$55	$57	($2)

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 exchange rates for the period ended June 30, 2015.

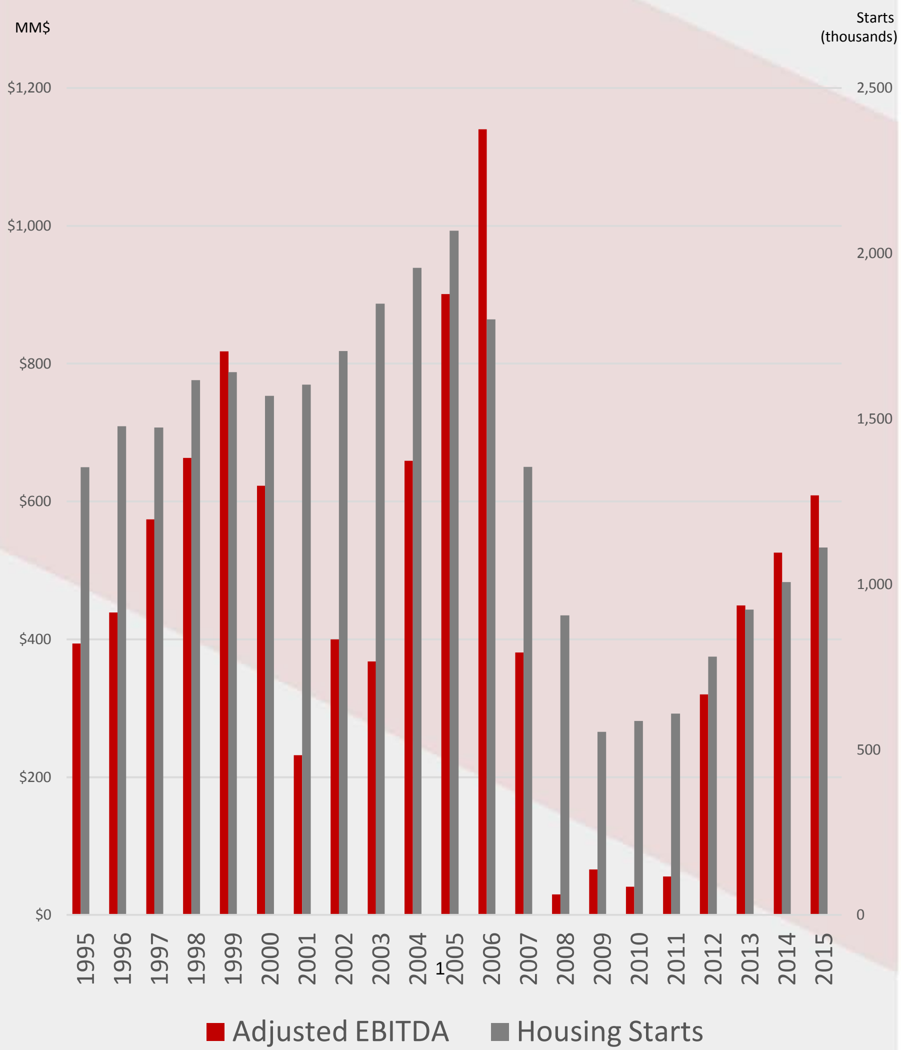
Q2 2016 CONSOLIDATED CASH FLOW

$ Millions	6 months ended June 30, 2016	6 months ended June 30, 2015
Free cash flow (CFFO – CapEx)[1]	***$136***	***($14)***
Cash flow from operations (CFFO)	**$164**	**$34**
• Capital expenditures (CapEx)	($28)	($48)
• Other[2]	$42	$66
Cash flow provided by investing activities	**$14**	**$18**
Cash flow used for financing activities	**($141)**	**($46)**
Effect of exchange rate on cash	**—**	**($3)**
Increase in cash and cash equivalents	**$37**	**$3**

	June 30, 2016	June 30, 2015
Cash and cash equivalents and marketable securities	$689	$313
Total liquidity	$1,030	$665
Total debt	$2,039	$2,173
Total adjusted debt[3]	$2,143	$2,647
Leverage ratio[4]	3.1	4.5

1. Non-GAAP metric.
2. Comprised primarily of cash used for or provided by the purchases or sales of marketable securities.
3. See reconciliation to GAAP results in the Appendix – see slide 25.
4. See slide 25.

Improved Operating Leverage



- **In 2015 we generated adjusted EBITDA similar to 2004 levels, a year that saw 1.8 million housing starts**
- FY 2015 adjusted EBITDA of $609MM[1] is above historic mid-cycle adjusted EBITDA of $461MM[2] on about three-fourths of the 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

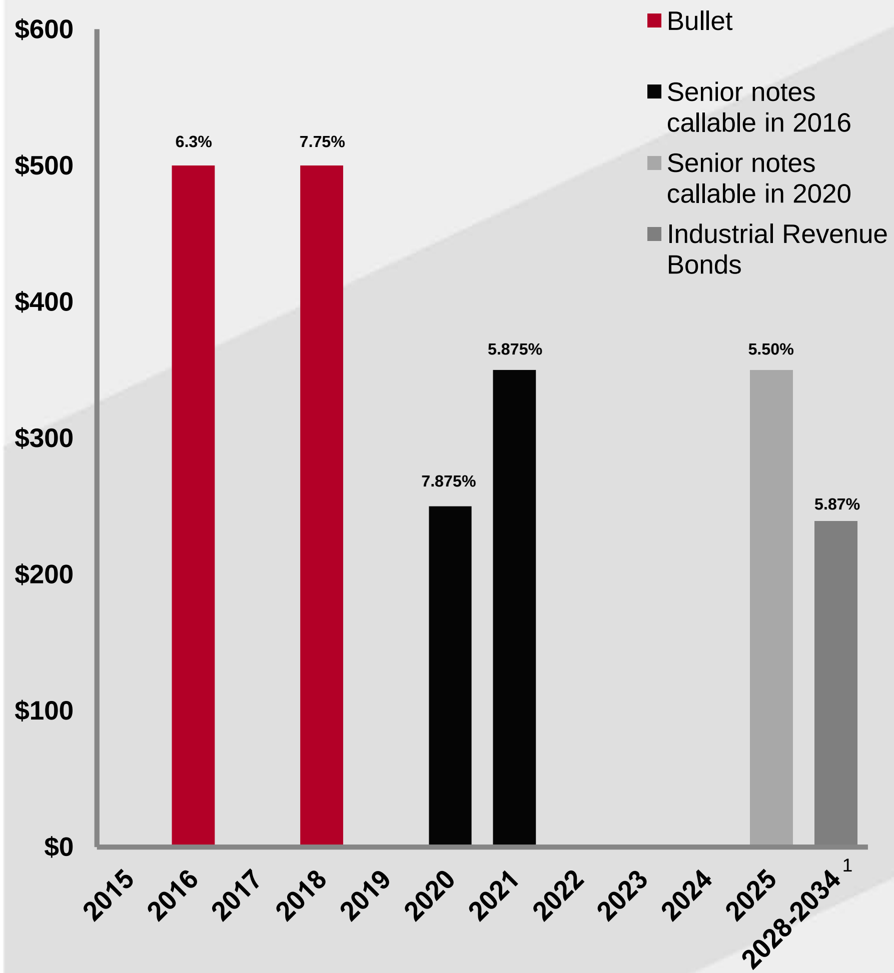
1. See reconciliation in the Appendix.
2. Mid-cycle adjusted EBITDA is the average of the prior 20 years of adjusted EBITDA, see reconciliation in the Appendix.
3. Mid-cycle housing is the average number of housing starts per year since 1959 – 1.45 million starts.

DE-LEVERING THE BALANCE SHEET AND OPTIMIZING CAPITAL STRUCTURE

Our target leverage ratio is 1.5x to 2.0x adjusted Debt/EBITDA at the mid-cycle

- $967 million of liquidity as of 12/31/15 compared to $673 million as of 12/31/14
- Free cash flow[2] improved to $237 million in FY 2015 from $41 million in FY 2014
- $1.7B U.S. tax loss net operating loss carry-forward – cash value of ~$1B and will shield the next $1.7B in domestic earnings
- We continually evaluate additional opportunities to further reduce our debt and interest levels
- **Retired $177 million of 6.3% notes due November 2016 via open market purchases through July 26th**

Senior Note Maturities ($ Millions)



1. Blended average of outstanding Industrial Revenue Bonds.
2. Non-GAAP metric. See calculation of free cash flow on the 'Q1 2016 consolidated cash flow' slide.

FY 2016 OUTLOOK

Volumes and End-Market
- Expect overall demand to increase more than 8%
- New residential to 1.2 million starts; expect commercial to increase at least 3% and R&R to increase mid single digits

Input Costs
- Inflation in labor, synthetic gypsum, paper, and transportation; deflation in natural gas
- All-in natural gas expected to be down 10 to 15 percent; 75% of anticipated volumes hedged for 2016

SG&A
- Expect 2016 SG&A to come in below 2015 levels (just above $300 million)

Income Taxes
- Book taxes expected to be between 30 to 33 percent of pre-tax profits
- No cash income taxes in US; foreign taxes at ~$2 million per quarter

USG Boral
- Wallboard shipments expected to increase; USG's portion of adjusted net income in 2015 ($48 million) expected to increase by around 10% in 2016, inclusive of foreign currency headwinds

Capital Spending
- $110 million of expected capital spending

Debt and Pension
- Net interest expense of $143 million absent further debt retirement or refinancing
- Pension contributions of $65 million

Note – Slide contains Management's expectations and beliefs for 2016.

DISCUSSION POINTS

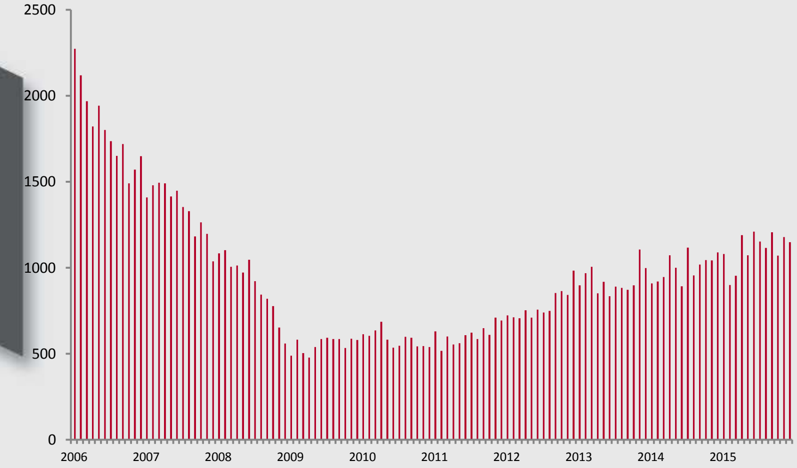
- USG Overview
- Business Strategy
- Businesses
- Financial Update
- **Markets**
- Appendix

RESIDENTIAL CONSTRUCTION

Key Residential Construction Drivers

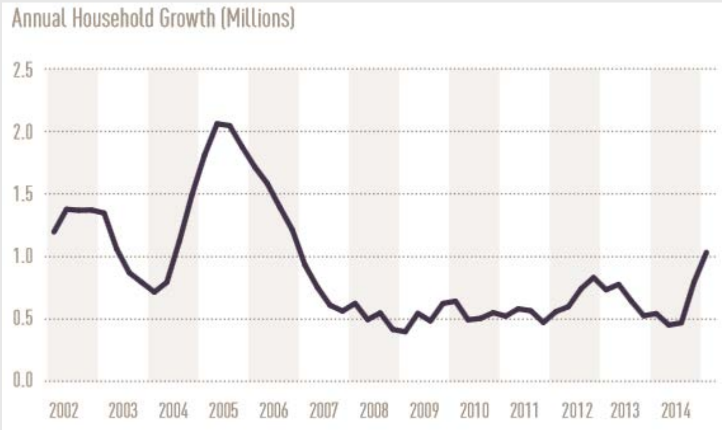
- Economic Growth
- Household Formation
- New and Existing Home Prices
- Employment Levels
- Wage Growth
- Rental Rates
- Mortgage Rates
- Inventory of Homes
- Population Age Distribution

RESIDENTIAL HOUSING STARTS



Source: U.S. Census Bureau

HOUSEHOLD FORMATIONS



Note: Estimates are four-quarter rolling averages of year-over-year growth.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

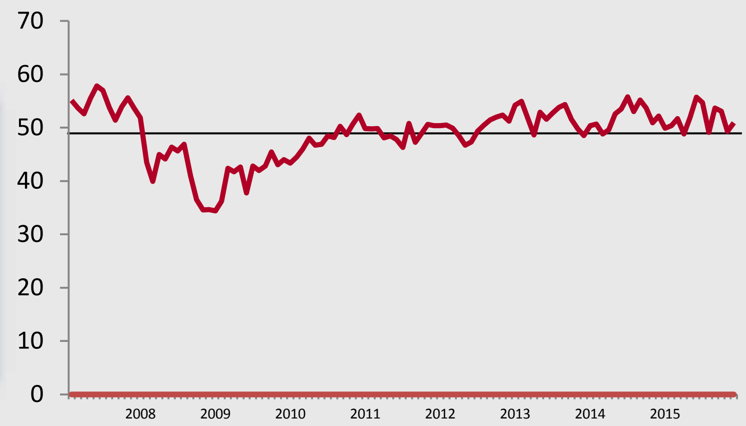
- In 2016, we expect 1.2 million housing starts – up from 1.1 million housing starts in 2015
- New residential starts remain well off the historical average of 1.44 million starts
- Household formation rates are up significantly after eight years of being below the historical trend line
- As of July 2016, homebuilder confidence has been 58 points or higher for the past fourteen months
- Housing affordability is still historically strong
- Residential activity improvements seen in all regions. USG is well positioned to capitalize on the continued recovery

COMMERCIAL CONSTRUCTION

Key Commercial Construction Drivers

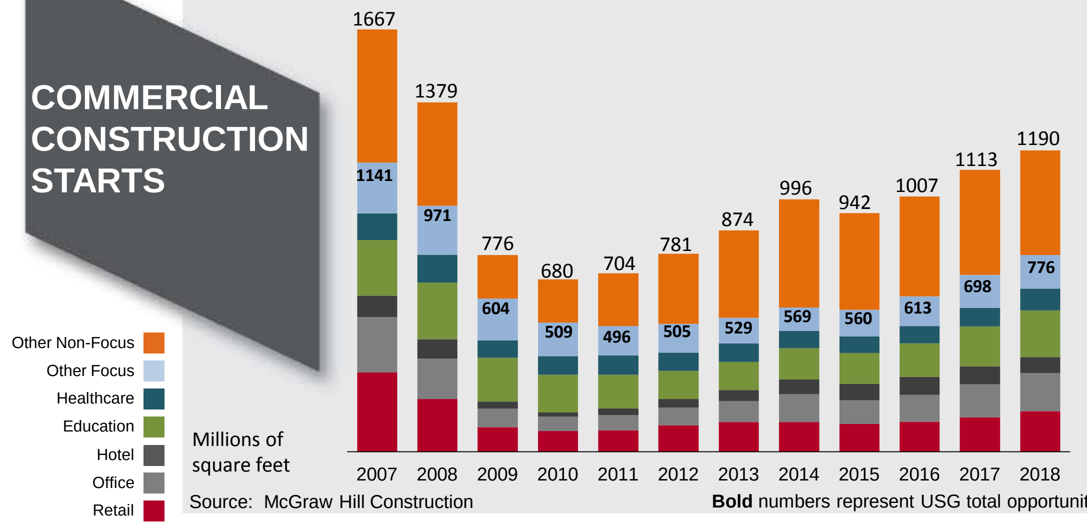
- Economic Growth
- Demographics
- Commercial Building Type
- Age of Building Stock
- Government Spending
- Building Turnover
- Residential Activity

ARCHITECTURAL BILLINGS INDEX



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

COMMERCIAL CONSTRUCTION STARTS



Source: McGraw Hill Construction

Bold numbers represent USG total opportunity

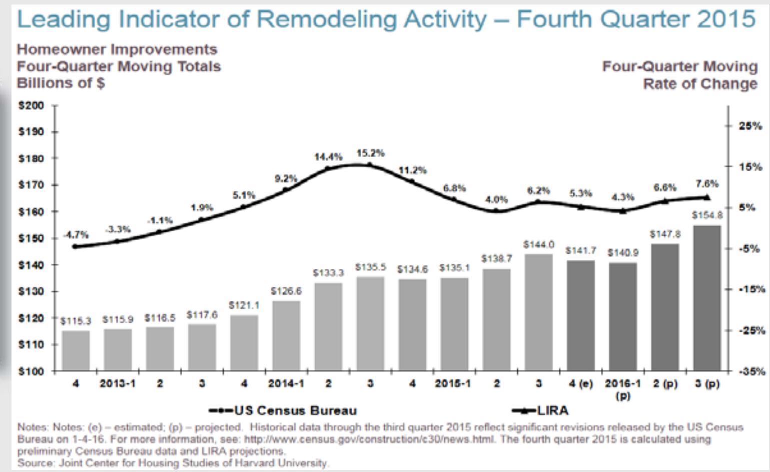
- We expect steady improvement coming off of 2015 with at least 3% growth in 2016
- USG products ship approximately 12-24 months after a commercial start
- Nonresidential construction growth influenced by fiscal policies, business investment and hiring
- Commercial segments–retail, office and hotels–expected 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
- As in past recoveries, nonresidential construction is projected to improve following more favorable residential activity

REPAIR AND REMODEL

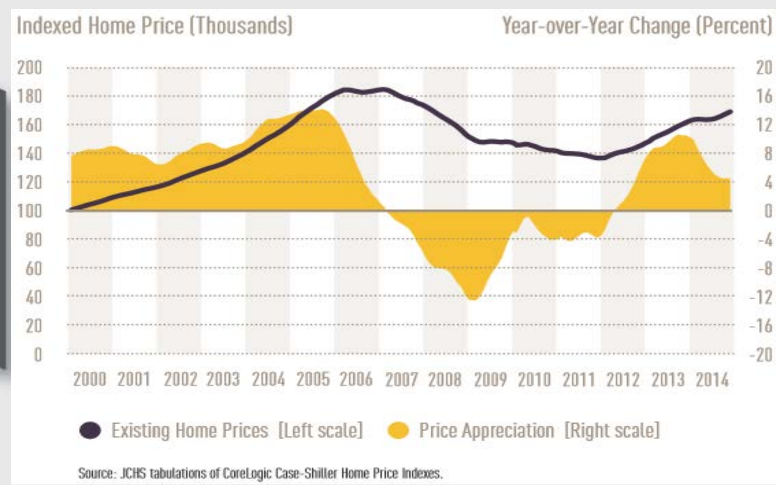
Key R&R Construction Drivers

- 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



"Ongoing gains in home prices and sales are encouraging more homeowners to pursue larger-scale improvement projects this year compared to last with permitted projects climbing at a good pace – the level of annual spending for remodeling and repairs is expected to reach nearly $325 billion nationally by early next year"

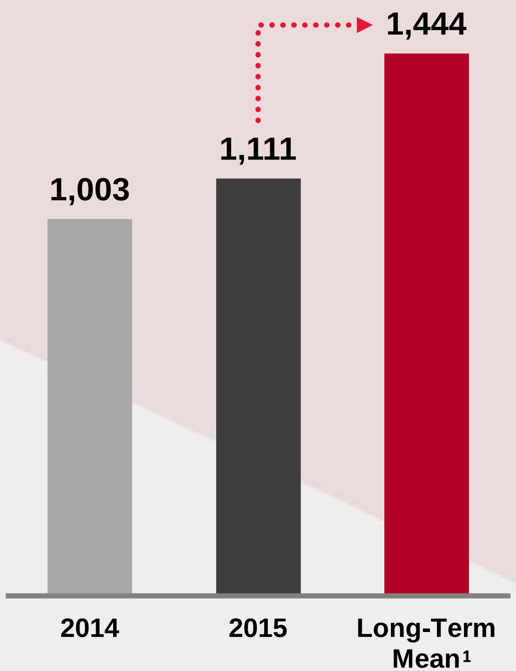
– Chris Herbert, Managing Director, LIRA, May 2016

"The remodeling market has steadily improved in recent years with homeowners incorporating larger, more discretionary projects into their home improvement priorities"

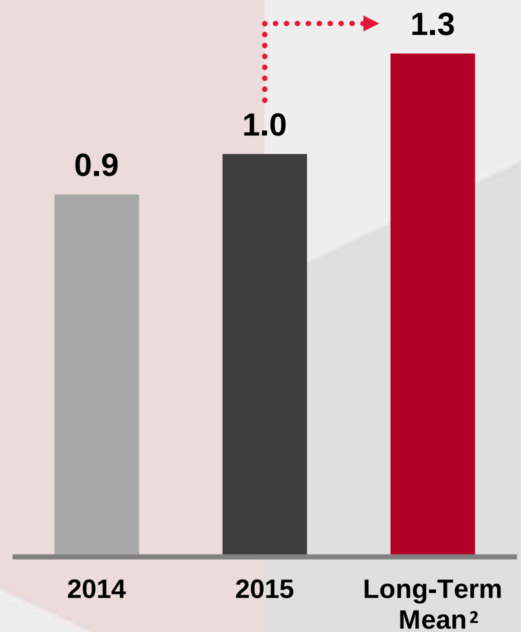
– Abbe Will, Remodeling Futures Program at the Joint Center for Housing Studies, January 2016

MOVING TOWARD THE MEAN

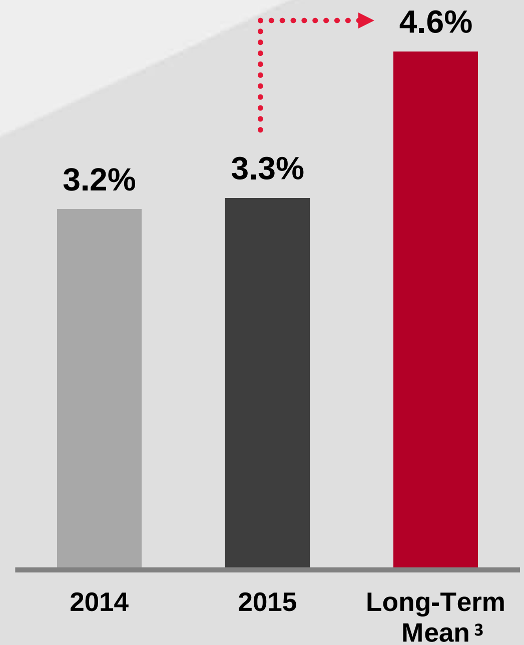
Housing
Annual starts (M Units)



Commercial
Lagged annual starts (BSF)

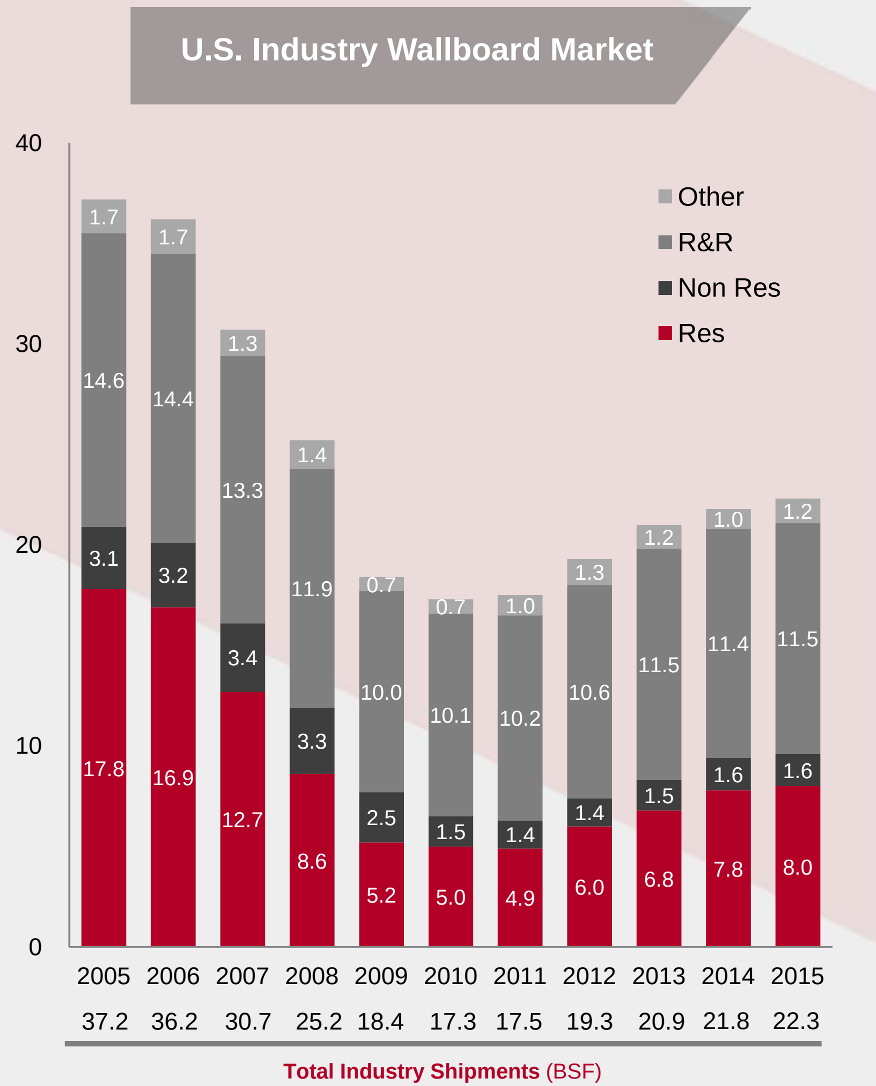


R&R
Home Improvement

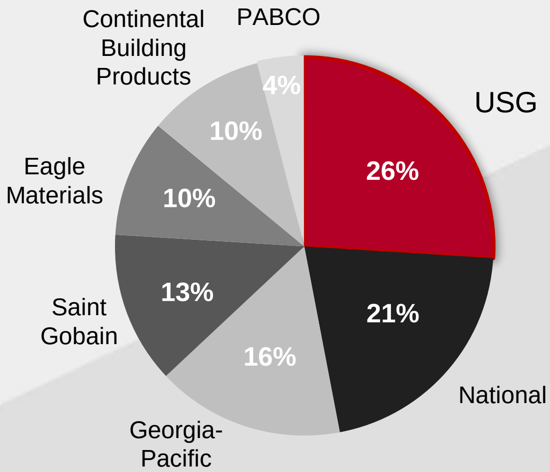


1. Since 1960.
2. Since 1976.
3. Private residential fixed investment as a percent of GDP since 1950.

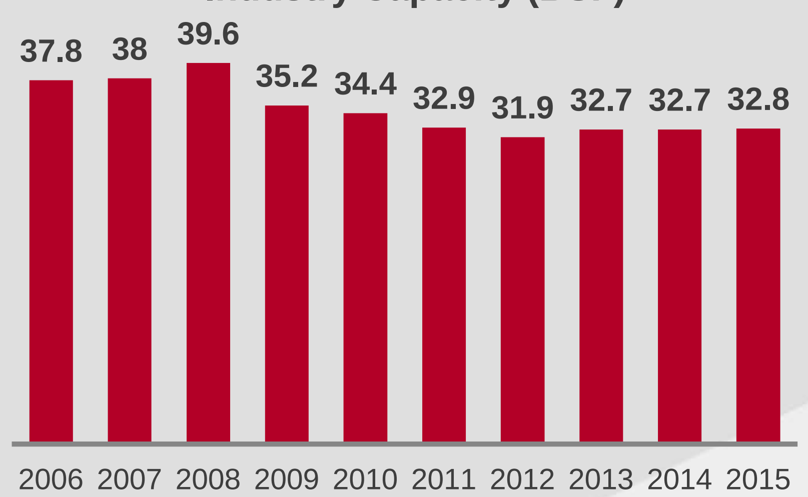
2015 U.S. WALLBOARD MARKET



Average Market Share



Industry Capacity (BSF)



Source: Gypsum Association, Company Sources

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- **Appendix**

EXECUTIVE COMPENSATION

Fixed Compensation (~30% of target annual comp)	Vehicle	Additional Details
	Base Salary	• Salaries are between 80%-115% of median salaries for officers at ~21 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	• Exec. 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 & annual operating objectives • Minimum stock ownership guidelines: 100,000 shares for the Chairman, 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 equity earnings, wallboard cost, SG&A and working capital/cash conversion cycle); 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 profit 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 2016	Q2 2015	Change	YTD 2016	YTD 2015	Change
Reported GAAP Operating Profit (Loss)						
• Gypsum	$113	$98	$15	$224	$166	$58
• Ceilings	$33	$25	$8	$62	$46	$16
• Distribution	$15	$9	$6	$26	$13	$13
• Corporate, Other & Eliminations	($28)	($27)	($1)	($52)	($44)	($8)
Total	**$133**	**$105**	**$28**	**$260**	**$181**	**$79**
Adjustments to GAAP Operating Profit (Loss)						
• US Gypsum – Gain on sale of surplus property	($11)	—	($11)	($11)	—	($11)
• GTL shipping operations	—	($1)	$1	($3)	($1)	($2)
Total	**($11)**	**($1)**	**($10)**	**($14)**	**($1)**	**($13)**
Adjusted Operating Profit (Loss) – Non-GAAP measure						
• Gypsum	$102	$97	$5	$210	$165	$45
• Ceilings	$33	$25	$8	$62	$46	$16
• Distribution	$15	$9	$6	$26	$13	$13
• Corporate, Other & Eliminations	($28)	($27)	($1)	($52)	($44)	($8)
Other Adjustments						
• Equity income from UBBP	$16	$13	$3	$23	$21	$2
• Equity income from other joint ventures	—	$1	($1)	—	$1	$(1)
Total Adjusted Operating Profit	**$138**	**$118**	**$20**	**$269**	**$202**	**$67**

ADJUSTED NET INCOME RECONCILED TO GAAP NET INCOME

$ Millions	Q2 2016	Q2 2015
Net Income – GAAP Measure	**$74**	**$79**
Adjustments:		
Gain on sale of surplus property[1]	($11)	—
Loss on extinguishment of debt[2]	$2	—
GTL - shipping operations[3]	—	($1)
Tax effects of adjustments	$3	—
Adjusted Net Income – Non-GAAP Measure	**$68**	**$78**

1. $4 million tax expense in Q2 2016.
2. ($1) million tax benefit in Q2 2016.
3. $0 tax in Q2 2015.

QUARTERLY ADJUSTED EBITDA RECONCILED TO QUARTERLY OPERATING PROFIT

$ Millions	Q2 2016						Q2 2015					
	Gyp	Ceilings	Distr.	UBBP	Corp/ Elim	Q2	Gyp	Ceilings	Distr.	UBBP	Corp/ Elim	Q2
GAAP Operating profit/(loss)	**$113**	**$33**	**$15**		**($28)**	**$133**	**$98**	**$25**	**$9**		**($27)**	**$105**
Interest expense, net					($37)	($37)					($40)	($40)
Other income, net					$2	$2					$1	$1
Loss on extinguishment of debt					($2)	($2)					—	—
Income tax expense					($38)	($38)					($1)	($1)
USG's equity income from UBBP					$16	$16					$13	$13
Income from other equity method investments					—	—					$1	$1
Net income attributable to USG						**$74**						**$79**
Add: interest expense, net [1]					$37	$37					$40	$40
Add: income tax expense [1]					$38	$38					$1	$1
Add: depreciation, depletion, and amortization[2]	$27	$4	$3		$1	$35	$27	$4	$3		$1	$35
EBITDA	**$140**	**$37**	**$18**		**($11)**	**$184**	**$125**	**$29**	**$12**		**($11)**	**$155**
Add: share-based compensation expense[1]					$5	$5					$3	$3
Add: ARO accretion expense	$2	—	—		—	$2	$2	—	—		—	$2
Add: loss on extinguishment of debt					$2	$2					—	—
Subtract: gain on sale of surplus property	($11)	—	—		—	($11)	—	—	—		—	—
Subtract: GTL EBITDA	—					—	($1)					($1)
Subtract: USG's equity income from UBBP					($16)	($16)					($13)	($13)
Add: USG's share of UBBP Adjusted EBITDA[3]				$28		$28				$23		$23
Adjusted EBITDA	**$131**	**$37**	**$18**	**$28**	**($20)**	**$194**	**$126**	**$29**	**$12**	**$23**	**($21)**	**$169**

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.

ADJUSTED EBITDA
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	1996	1995
USG Net Income/(loss)	**991**	**37**	**47**	**(126)**	**(390)**	**(405)**	**(787)**	**(463)**	**77**	**297**	**(1,436)**	**312**	**122**	**43**	**16**	**(259)**	**421**	**332**	**148**	**15**	**(32)**
Add: interest expense/(income)	161	178	200	202	205	178	161	79	83	512	(5)	(1)	2	4	28	47	43	48	57	73	93
Add: income taxes/(benefit)	(729)	7	11	12	(14)	(37)	450	(118)	11	193	(924)	197	79	117	36	(161)	263	202	172	117	97
Add: depreciation, depletion, and amortization[2]	137	146	145	146	152	166	189	179	159	138	125	120	112	106	107	96	91	81	70	65	67
EBITDA	**560**	**368**	**403**	**234**	**(47)**	**(98)**	**13**	**(323)**	**330**	**1,140**	**(2,240)**	**628**	**315**	**270**	**187**	**(277)**	**818**	**663**	**447**	**270**	**225**
Add: share-based compensation expense	15	21	19	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	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: restructuring, impairment, and amortization of excess reorganization value		30	3	18	75	110	80	98	26	-	-	-	-	-	33	50	-	-	127	169	169
Add: goodwill and int. asset impairment charges		-	-	-	-	-	43	226	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: asbestos claims provision (reversal)		-	-	-	-	-	-	-	-	(44)	3,100	-	-	-	-	850	-	-	-	-	-
Add: chapter 11 reorganization expense		-	-	-	-	-	-	-	-	10	4	12	11	14	12	-	-	-	-	-	-
Add: cumulative effect of accounting changes		-	-	-	-	-	-	-	-	-	11	-	16	96	-	-	-	-	-	-	-
Add: loss on extinguishment of debt	19	-	-	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: KERP (Key Employee Retention Program)		-	-	-	-	-	-	-	-	13	23	16	23	20	-	-	-	-	-	-	-
Add/(Subtract): GTL Adjusted EBITDA[1,3]	(8)	45	(27)	(19)	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtract: gain on sale of surplus property/assets	(21)	(12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add/(Subtract): litigation settlement income/(expense)		48	-	-	-	-	(97)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtract: USG's equity income from UBBP	(48)	(60)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: USG's share of UBBP Adjusted EBITDA[1]	85	66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED EBITDA	**609**	**526**	**422**	**301**	**58**	**41**	**66**	**30**	**381**	**1,140**	**901**	**659**	**368**	**400**	**232**	**623**	**818**	**663**	**574**	**439**	**394**

1. See reconciliation to GAAP results included in this Appendix.
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. See calculation included in this Appendix.

ADJUSTED FINANCIAL RESULTS OF USG BORAL BUILDING PRODUCTS

$ Millions	Q2 2016	Q2 2015	YTD 2016	YTD 2015
Operating Profit – GAAP	**$41**	**$34**	**$64**	**$57**
Adjustments: Income from equity method investments owned by UBBP	$4	$2	$6	$5
Adjustments: Operating profit attributable to non-controlling interest, pre-tax	($2)	($1)	($4)	($3)
Adjustments: Severance charges	—	—	$1	—
Adjusted Operating Profit – Non-GAAP	**$43**	**$35**	**$67**	**$59**
Net Income attributable to USG Boral Building Products – GAAP	**$32**	**$26**	**$46**	**$42**
Adjustments: Severance charges	—	—	$1	—
Adjusted Net Income attributable to USG Boral Building Products – Non-GAAP	**$32**	**$26**	**$47**	**$42**
USG share of income from equity method investments	**$16**	**$14**	**$23**	**$22**
Less: Income from equity method investments – other joint ventures	—	($1)	—	($1)
USG share of income from USG Boral Building Products	**$16**	**$13**	**$23**	**$21**

USG BORAL BUILDING PRODUCTS ADJUSTED EBITDA RECONCILIATION

$ Millions	Q2 2016	Q2 2015	YTD 2016	YTD 2015
GAAP Operating profit	**$41**	**$34**	**$64**	**$57**
Income tax expense	($12)	($8)	($21)	($16)
Income from equity method investments owned by UBBP	$4	$2	$6	$5
Other income	$1	—	—	—
Net Income	**$34**	**$28**	**$49**	**$46**
Net income attributable to non-controlling interest	($2)	($2)	($3)	($4)
Net Income attributable to USG Boral Building Products	**$32**	**$26**	**$46**	**$42**
Adjustments: Severance	—	—	$1	—
Adjusted Net Income attributable to USG Boral Building Products	**$32**	**$26**	**$47**	**$42**
Add: income tax expense	$12	$8	$21	$16
Add: depreciation, depletion, and amortization	$11	$11	$22	$21
TOTAL USG Boral Building Products Adjusted EBITDA	**$55**	**$45**	**$90**	**$79**
USG’s share of USG Boral Building Products Adjusted EBITDA	**$28**	**$23**	**$45**	**$40**

ADJUSTED DILUTED EPS
RECONCILED TO GAAP DILUTED EPS

	Q2 2016	Q2 2015
Income per average diluted common share – GAAP	**$0.50**	**$0.54**
Adjustments per average diluted common share:		
Gain on sale of surplus property	($0.08)	—
Loss on extinguishment of debt	$0.02	—
GTL – shipping operations	—	($0.01)
Tax effects of adjustment	$0.02	—
Adjusted earnings per adjusted average diluted common share – Non-GAAP	**$0.46**	**$0.53**
Average diluted common shares – GAAP	**147,994,032**	**146,990,178**
Adjustment to remove common shares that would be antidilutive based on adjusted net income	—	—
Adjusted average diluted common shares – Non-GAAP	**147,994,032**	**146,990,178**

GTL EBITDA RECONCILIATION

$ Millions	Q2 2016	Q2 2015	FY 2016	FY 2015
GAAP Operating profit	**—**	**$1**	**$3**	**$1**
Interest income (expense), net	—	—	$1	($1)
Other income, net	—	—	$4	
Income tax (expense)	—	—	($3)	—
Net income attributable to USG	—	$1	$5	—
Add: income tax expense	—	—	$3	—
Add: interest (income) expense, net	—	—	($1)	$1
Add: depreciation, depletion, and amortization	—	—	—	$1
EBITDA	**—**	**$1**	**$7**	**$2**

ADJUSTED DEBT RECONCILED TO GAAP DEBT

$ Millions	June 30, 2016	June 30, 2015
Total short-term and long-term Debt – GAAP	$2,039	$2,173
Operating leases	$217	$237
Postretirement benefit obligations	$265	$333
Asset retirement obligations	$79	$80
Accrued interest not included in reported debt	$44	$45
Workers compensation/self insurance	$16	$14
Excess cash[1]	($517)	($235)
Total adjustments[2]	$104	$474
Adjusted Debt	$2,143	$2,647

	TTM Q2 2016	TTM Q2 2015
Adjusted EBITDA	$684	$585

Leverage Ratio	3.1	4.5

1. Excess cash is based on a derived ratio of cash and cash equivalents.
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.

TTM = Trailing twelve months

ADJUSTED OPERATING PROFIT ROLLFORWARD

$ Millions

Adjusted Operating Profit – Three months ended June 30, 2015	**$118**
US Wallboard	($2)
US Surfaces and Substrates	$8
US Gypsum Selling, General, and Administrative Expenses	$1
US Gypsum Reserve Adjustments	($2)
US Ceilings	$6
US Ceilings Selling, General, and Administrative Expenses	$1
Distribution	$6
Canada, Mexico, Mining, and Foreign Currency	$1
USG Boral Equity Method Income	$3
Income from Other Equity Method Investments	($1)
Corporate and Eliminations	($1)
Adjusted Operating Profit – Three months ended June 30, 2016	**$138**

Adjusted Operating Profit – Six months ended June 30, 2015	**$202**
US Wallboard	$22
US Surfaces and Substrates	$20
US Gypsum Selling, General, and Administrative Expenses	$2
US Gypsum Reserve Adjustments	($2)
US Ceilings	$14
US Ceilings Selling, General, and Administrative Expenses	$1
Distribution	$13
Canada, Mexico, Mining, and Foreign Currency	$4
USG Boral Equity Method Income	$2
Income from Other Equity Method Investments	($1)
Corporate and Eliminations	($8)
Adjusted Operating Profit – Six months ended June 30, 2016	**$269**

FY 2015 AND FY 2014 ADJUSTED NET INCOME RECONCILED TO GAAP NET INCOME

$ Millions	FY 2015	FY 2014
Net Income – GAAP Measure	**$991**	**$37**
Adjustments:		
Gain on sale of surplus property, net of tax	($7)	($12)
Gain on sale of equity method investment, net of tax	($6)	—
Long-lived asset impairment charges	—	$90
Contract termination charge (recovery) loss on receivable	($6)	$15
Pension settlement charge	—	$13
GTL - Shipping operations	($1)	($22)
Reduction in valuation allowance for deferred tax assets	($731)	—
Loss from discontinued operations	—	$1
Litigation settlement charge	—	$48
USG's share of UBBP restructuring charges, net of tax	—	$2
Gain on deconsolidation of subsidiaries and joint ventures	—	($27)
Withholding tax on property contributed to UBBP	—	$1
Loss on extinguishment of debt	$19	—
Adjusted Net Income – Non-GAAP Measure	**$259**	**$146**

FY 2015 AND FY 2014 ADJUSTED EBITDA RECONCILED TO FULL YEAR OPERATING PROFIT

$ Millions	FY 2015						FY 2014					
	Gyp	Ceilings	Distr.	UBBP	Corp/ Elim	YTD 2015	Gyp	Ceilings	Distr.	UBBP	Corp/ Elim	YTD 2014
GAAP Operating profit/(loss)	$348	$89	$27		($83)	$381	$169	$87	$16		($110)	$162
Interest expense, net					($161)	($161)					($178)	($178)
Income tax benefit (expense)					$729	$729					($7)	($7)
USG's equity income from UBBP[4]					$48	$48					$33	$33
Income and gain from the sale of equity method investment to related party					$13	$13					$2	$2
Gain on deconsolidation of subsidiaries					—	—					$27	$27
Loss on extinguishment of debt					($19)	($19)					—	—
Loss from discontinued operations, net of tax					—	—					($1)	($1)
Net income attributable to non-controlling interest					—	—					($1)	($1)
Net income attributable to USG						$991						$37
Add: interest expense, net[1]					$161	$161					$178	$178
Add: income tax (benefit) expense[1]					($729)	($729)					$7	$7
Add: depreciation, depletion, and amortization[2]	$105	$16	$12		$4	$137	$118	$14	$11		$3	$146
EBITDA	$453	$105	$39		($37)	$560	$287	$101	$27		($47)	$368
Add: share-based compensation expense[1]					$15	$15					$21	$21
Add: ARO accretion expense	$6	$1	—		—	$7	$6	$1	—		—	$7
Add: loss on extinguishment of debt					$19	$19	—	—	—		—	—
Add: litigation settlement charge	—	—	—		—	—	$48	—	—		—	$48
Add: long-lived asset impairment charges	—	—	—		—	—	$30	—	—		—	$30
Subtract: gain on sale of equity method investment	—	—	—		($11)	($11)	—	—	—		—	—
Subtract: gain on sale of surplus property	($10)	—	—		—	($10)	($12)	—	—		—	($12)
(Subtract) Add: GTL EBITDA[3]	($8)					($8)	$45					$45
Add: pension settlement charges	—	—	—		—	—	—	—	—		$13	$13
Subtract: USG's equity income from UBBP[4]					($48)	($48)					($60)	($60)
Add: USG's share of UBBP Adjusted EBITDA[3]				$85		$85				$66		$66
Adjusted EBITDA	**$441**	**$106**	**$39**	**$85**	**($62)**	**$609**	**$404**	**$102**	**$27**	**$66**	**($73)**	**$526**

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 included in this Appendix.
4. USG's equity income from UBBP for YTD 2014 is comprised of USG's equity income from UBBP of $33 million and gain on deconsolidation of subsidiaries of $27 million.

FY 2015 AND 2014 USG BORAL BUILDING PRODUCTS ADJUSTED EBITDA RECONCILIATION

$ Millions	FY 2015	FY 2014[1]
GAAP Operating profit	**$124**	**$95**
Income tax expense	($31)	($29)
Income from equity method investments owned by UBBP	$9	$6
Other expense	($1)	—
Net Income	**$101**	**$72**
Net income attributable to non-controlling interest	($5)	($5)
Net Income attributable to USG Boral Building Products	**$96**	**$67**
Add back: Restructuring, net of tax	—	$5
Adjusted Net Income attributable to USG Boral Building Products	**$96**	**$72**
Add: income tax expense	$31	$29
Add: depreciation, depletion, and amortization	$43	$31
TOTAL USG Boral Building Products Adjusted EBITDA	**$170**	**$132**
USG's share of USG Boral Building Products Adjusted EBITDA	**$85**	**$66**

1. Results are presented for UBBP for the ten months ended December 31, 2014.

FY 2015 AND FY 2014 GTL EBITDA RECONCILIATION

$ Millions	FY 2015	FY 2014
GAAP Operating profit (loss)	**$7**	**($52)**
Interest income (expense), net	($1)	($1)
Net income attributable to non-controlling interest	—	($2)
Net income (loss) attributable to USG	$6	($55)
Add: interest (income) expense, net	$1	$1
Add: depreciation, depletion, and amortization	$1	$9
EBITDA	**$8**	**($45)**