



PRESS RELEASE

17 October 2013

Boral Limited and USG Corporation to Form a World-Leading Plasterboard & Ceilings Joint Venture in Asia, Australasia & the Middle East

- Combines USG's best-in-class building products technologies and strategic assets in Asia, New Zealand and the Middle East with Boral's leading plasterboard manufacturing and distribution footprint in Asia and Australia
- Leading share positions in most markets served and uniquely positioned for synergistic expansion
- US\$1.6 billion¹ 50/50 joint venture with operations in 12 countries across Asia, Australasia and the Middle East
- USG to make upfront cash payment to Boral of US\$500 million on completion², with potential additional earn out payments to Boral of up to US\$75 million

Boral Limited (ASX:BLD) and USG Corporation (NYSE:USG) today announced that they have entered into agreements to form a strategic joint venture to create a world-leading building business, *USG Boral Building Products*. The 50/50 joint venture will leverage the two companies' iconic brands, complementary geographic footprints and technological expertise to deliver a unique portfolio of building products across Asia, Australasia and the Middle East.

Boral will contribute its Gypsum division to the joint venture, which includes its plasterboard operations in Australia and Asia. USG, the largest North American manufacturer of plasterboard, will contribute its Asian and Middle Eastern businesses, as well as exclusive access to its world-leading ceilings, cement board, fibre board, lightweight plasterboard and joint compound building products technologies in the joint venture's territory.

Bringing together the game-changing technologies and expertise of USG with Boral's leading manufacturing and distribution network in the region creates a vehicle that will deliver a superior offering to one of the fastest growing plasterboard regions in the world. This combination is expected to position the business with a significant competitive advantage and market leadership position for the long-term.

"The transaction is a major step forward for Boral and our vision is to create a world-leading interior linings business in Asia, Australasia and the Middle East," said Boral's CEO & Managing Director, Mike Kane. "The joint venture strategically aligns with Boral's goal to grow earnings from Asia over the longer-term by effectively leveraging our extensive distribution position with complementary building products and markets. In addition to equipping the Gypsum division for

¹ Asset value of US\$1.6bn is subject to finalisation of fair valuation and completion adjustments, and final foreign exchange rate at the date of completion

² Targeted completion is currently expected to occur in January 2014

long-term accelerated growth in Asia, the joint venture with USG creates a strong competitive advantage for the Australian plasterboard business through the application of game-changing technologies, significantly strengthens Boral's financial position and provides greater strategic flexibility to the Boral group. This joint venture will be value accretive for our shareholders."

USG's Chairman, President and CEO, Jim Metcalf, stated, "We are excited by the prospects for profitable growth through this strategic partnership. We have long been focused on our strategic plan to diversify our earnings and differentiate our business through innovation. The joint venture with Boral, Asia's leading plasterboard manufacturer and distributor, gives USG the reach to immediately expand our world-leading building products operations outside North America, and enables both companies to more effectively capitalize on market opportunities in some of the world's highest growth construction markets."

The roll-out of new technologies across the joint venture operations will be phased over two years and involve a total investment of approximately US\$50 million, which is expected to be self-funded through the joint venture.

The Joint Venture is anticipated to benefit from significant synergies, which will ramp up over time and are expected to exceed US\$50 million per annum within three years of the new technologies being rolled out. Synergies will come from manufacturing and freight cost savings and will also include revenue enhancements generated by a superior product offering and complementary products that will be sold through existing sales channels.

Frederic de Rougemont, CEO of Boral Gypsum and appointed CEO of the joint venture, said: "The combination of our gypsum and related businesses in Asia, Australasia and the Middle East provides an unparalleled manufacturing and distribution footprint, encompassing some of the highest growth markets in the world. The joint venture's access to USG's unrivalled technology and continued innovation will provide the business with superior performing products that are lighter, stronger and more efficient to manufacture, transport and install. This will build on Boral's well-established gypsum operations in the region, creating a formidable and sustainable leadership position."

The joint venture will be owned 50% by Boral and 50% by USG. In order to achieve an interest of 50% in the joint venture, USG will pay Boral total cash payments (equalisation payments) of up to US\$575 million. USG's equalisation payments to Boral will occur in tranches, with a portion conditional on the business meeting budgeted targets, as follows:

- US\$500 million upon deal agreement completion;
- US\$25 million on the 3rd anniversary of completion if joint venture earnings targets have been achieved at that time; and
- US\$50 million on the 5th anniversary of completion if joint venture earnings targets have been achieved at that time.

The joint venture will have 633 million m² (6.8 BSF) of plasterboard manufacturing capacity supplemented by an extensive portfolio of complementary building product operations spanning 12 countries. Management of the joint venture will be shared between Boral and USG with Frederic de Rougemont from Boral Gypsum appointed as CEO and Paul Monzella from USG Corporation appointed as CFO. USG will appoint the Chairman, Jennifer Scanlon, with the right to appoint chairman alternating every two years.

Targeted completion is currently anticipated to occur on or by 31 January 2014 and is subject to certain closing conditions, including Foreign Investment Review Board (FIRB) approval, third party consents, and other conditions precedent as are customary for this type of transaction.

Further detail about the transaction, the joint venture assets, agreed joint venture terms and company specific impacts are outlined in the accompanying presentation.

A joint-CEO presentation and conference call for investors will take place today at 10.30am (Australian Eastern Daylight Standard Time) / 6.30pm (US Central Standard Time).

Dial-in: Australia 1800 098 754 / +61 2 9338 7300; USA 1888 400 8039; Canada 1866 927 0848; Hong Kong 800 967 072; Singapore 800 616 2252; UK: 080 8234 2459.

Conference ID: 81902152

The presentation will also be webcast via www.boral.com.au and www.USG.com.

USG Corporation:

USG Corporation is a manufacturer and distributor of innovative, high-performance building systems through its United States Gypsum Company, USG Interiors, LLC, L&W Supply Corporation and other subsidiaries. Headquartered in Chicago, USG Worldwide operations serve the commercial, residential, and repair and remodel construction markets, enabling our customers to build the outstanding spaces where people live, work and play. USG wall, ceiling, exterior sheathing, flooring underlayment and roofing systems provide leading-edge building solutions, while L&W Supply branch locations efficiently stock and deliver building materials throughout the United States. USG and its subsidiaries are proud sponsors of the U.S Olympic and Paralympic teams and the Canadian Olympic team. For additional information, visit www.usg.com.

Boral:

Boral is a global building products and construction materials group, headquartered in Sydney, Australia. With leading positions in Cement & Construction Materials in Australia; Plasterboard in Australia and Asia; and Cladding and Roof Tiles in the USA, Boral produces and distributes a broad range of materials and products including quarry products, cement, fly ash, pre-mix concrete, asphalt, clay bricks, clay and concrete roof tiles, concrete masonry products, plasterboard, windows and timber. See www.boral.com.au for more information.

For more information:

| | |
|--|---|
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Boral Limited ABN: 13 008 421 761

USG Cautionary Statement:

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 related to management's expectations about future conditions. Actual business, market or other conditions may differ materially from management's expectations and, accordingly, may affect our sales and profitability or other results and liquidity. Actual results may differ materially due to various other factors, including: economic conditions, such as the levels of new home and other construction activity, employment levels, the availability of mortgage, construction and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates and consumer confidence; capital markets conditions and the availability of borrowings under our credit agreement or other financings; our substantial indebtedness and our ability to incur substantial additional indebtedness; competitive conditions, such as price, service and product competition; shortages in raw materials; changes in raw material and energy costs; volatility in the assumptions used to determine the funded status of our pension plans; the loss of one or more major customers and our customers' ability to meet their financial obligations to us; capacity utilization rates for us and the industry; our ability to expand into new geographic markets and the stability of such markets; our ability to successfully enter into and 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; our ability to protect our intellectual property and other proprietary rights; changes in laws or regulations, including environmental and safety regulations; the satisfactory performance of certain business functions by third party service providers; our ability to achieve anticipated savings from cost reduction programs; the outcome in contested litigation matters; the effects of acts of terrorism or war upon domestic and international economies and financial markets; and acts of God. We assume no obligation to update any forward-looking information contained in this press release. 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.

Creating a World Leading Joint Venture

Asia - Australasia - Middle East



Mike Kane
CEO & Managing Director

17 October 2013



Jim Metcalf
Chairman, President & CEO

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Boral and USG are forming a US \$1.6 billion¹ plasterboard and ceilings joint venture, *USG Boral Building Products*, bringing together Boral's leading plasterboard manufacturing and distribution footprint in Asia and Australia with USG's world-leading building products technologies and strategic assets in Asia and the Middle East.



1. Asset value of US\$1.6bn subject to finalisation of fair valuation, completion adjustments and final foreign exchange rates at the date of completion

Overview of the transaction

- 50:50 US\$1.6bn¹ plasterboard and ceilings joint venture, *USG Boral Building Products*, will encompass the following assets:
 - Boral's Gypsum operations in Asia and Australia, including its holdings in, or portions of, Gypsum Resources Australia (GRA) and Rondo joint ventures with CSR
 - USG's wholly owned operations in Asia, New Zealand, and its holdings in, or portions of, current joint ventures in the Middle East², Oman and China
 - Exclusive rights to use USG's intellectual property including its world-leading plasterboard, joint compound and ceilings technologies
- To achieve 50% ownership interest, USG will make a US\$500m upfront cash payment to Boral
 - Boral will also have the potential to receive earn out payments of up to US\$75m, based on three- and five-year earnings targets

1. US\$1.6bn asset valuation subject to finalisation of fair valuation, completion adjustments and final foreign exchange rates at the date of completion
2. Middle East joint venture refers to assets held in Saudi Arabia

Creating a leading building products partnership in Asia, Australasia and the Middle East

The joint venture will be the market leader in its Territory¹ in sales, scale, distribution, coverage (product and geography) and technology

- **USG** is a world leader in building products technologies with strategic assets in the Middle East, New Zealand and Asia
- **BORAL** has a leading plasterboard manufacturing and distribution footprint in Asia and Australia

Combined business delivers:

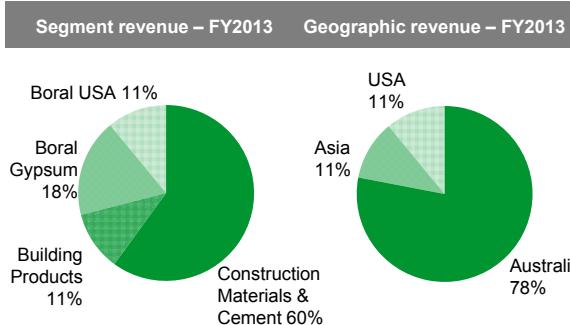
- #1 or #2 position in most markets served
- Sustainable long-term competitive advantage through game-changing technologies
- Substantial synergies, expected from
 - Roll-out of USG technology across Boral's Gypsum operations
 - Leveraging Boral's distribution network to offer USG's adjacent products
- Capability to pursue and self-fund new opportunities
- Over 150 years of combined industry leadership and experience

1. Includes Asia, Australasia and the Middle East

The joint venture partners

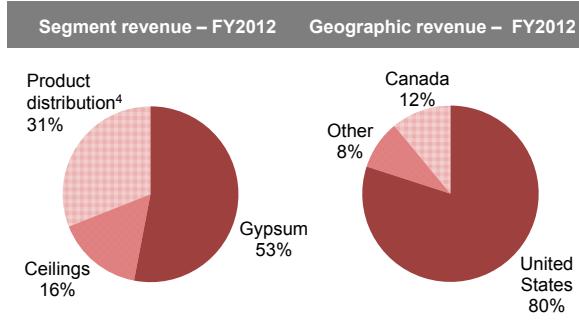
Overview of BORAL (ASX: BLD)

- A\$3.7bn market cap (US\$3.5bn)¹
- A\$5.3bn (US\$5.4bn)² revenue in FY2013³
- 12,610 employees as of 30 June 2013
- Construction Materials, Building Products and Gypsum
- Australia, Asia and US



Overview of USG (NYSE: USG)

- US\$3.0bn market cap¹
- US\$3.2bn revenue in FY2012³
- 8,500 employees as of 31 December 2012
- Gypsum, Ceilings and Product Distribution
- North America, South America, Asia and Middle East



1. Source: Company reports. Share price from IRESS and Factset as at 10 October 2013. Based on A\$/US\$ exchange rate of 0.95 as at 10 October 2013

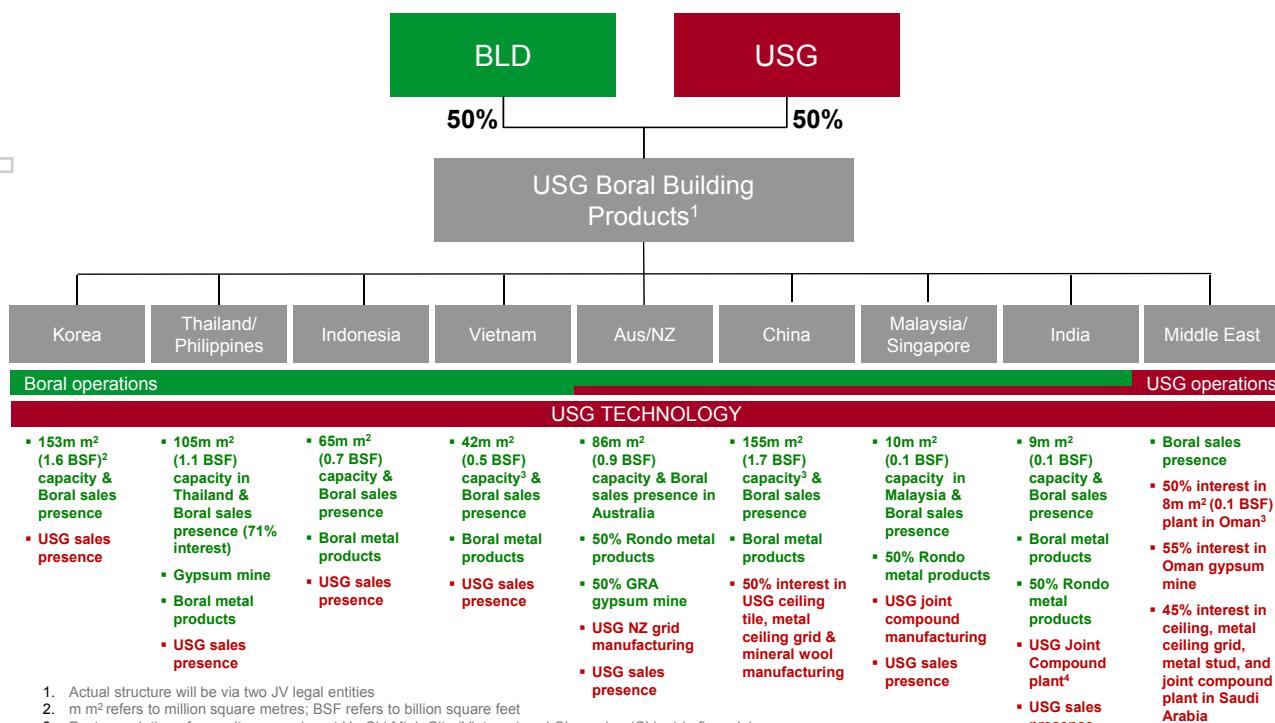
2. Based on average A\$/US\$ exchange rate of 1.02 for the year ended 30 June 2013

3. Boral's financial year ended 30 June 2013; USG's financial year ended 31 December 2012

4. USG's Product Distribution business outside Asia and the Middle East and Boral's Building Products division (which includes Bricks, Roofing, Timber & Windows) are not a part of the Joint Venture transaction

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Overview of joint venture operations in Asia, Australasia and the Middle East



1. Actual structure will be via two JV legal entities

2. m² refers to million square metres; BSF refers to billion square feet

3. Post completion of capacity expansion at Ho Chi Minh City (Vietnam) and Chongqing (China) in financial year ending 30 June 2014 and construction of new plant in Oman in calendar year 2014 (CY2014)

4. Post completion of manufacturing facility expected in 1Q CY2014

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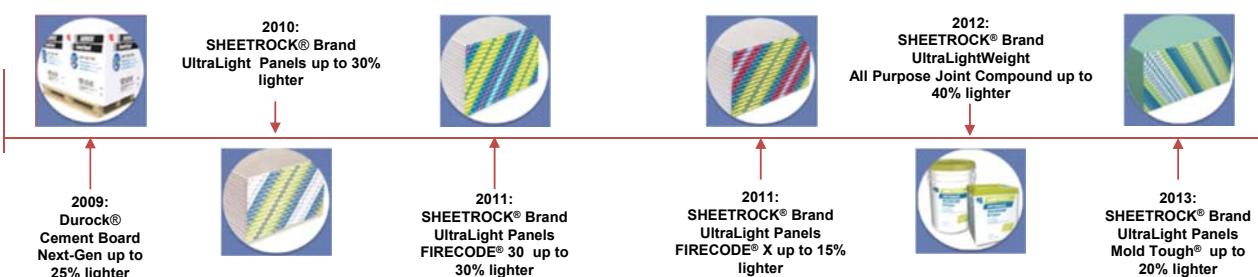
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USG: A history of differentiating through innovation

- USG has led every major industry innovation¹
 - US\$170m invested in R&D since 2003 with 2,000+ patents received
 - Dedicated research & development facility in Libertyville, Illinois, US
- Significant recognition received for innovations
 - 2011 – Global Gypsum Magazine's Product of the Year Award and The Home Depot's Product Innovation of the Year Award (SHEETROCK® Brand UltraLight Panels)
 - 2013 – Ranked a Top Innovator in the Industrial Materials Sector by the Patent Board
- Superior performing, lower weight products in plasterboard, cement board and joint compound
 - UltraLight products command a price premium, can be produced at equivalent cost² and reduce freight
 - Better score and snap, superior sag resistance, and lighter weight characteristics improve contractor and distributor productivities



1. See slide in appendix for an overview of USG's technology journey and leading innovations

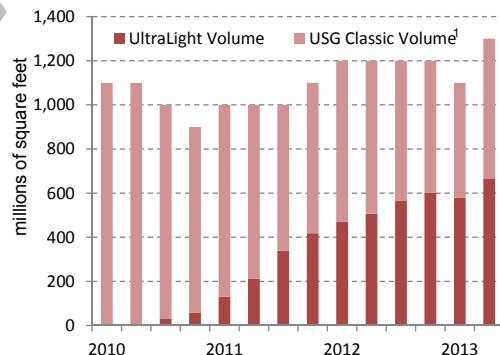
2. Equivalent cost compared to USG's previous generation technology plasterboard, but at a lower cost relative to industry standard / Boral Gypsum plasterboard

Strong market response and rapid adoption of UltraLight technology

United States

- 50% conversion across full USG plasterboard portfolio in 3 years
- ~80% of $\frac{1}{2}$ " wallboard converted to SHEETROCK® Brand UltraLight Panels
- Side by side comparison drives rapid adoption in the retail channel
- Superior performance attributes encourage residential adoption
- Productivity enhancements yield strong commercial conversion

US: Total Board Volumes



Mexico

- Improved performance attributes speeds adoption in emerging market
- Lighter weight generates freight savings and improved profitability
- Positioned as a premium price, superior performance product

Canada

- Strong conversion rate attributed to performance characteristics
- Lighter weight increases contractor productivity and profitability
- High adoption rates in all end use markets

1. Classic volume refers to USG's technologies preceding UltraLight third generation technology

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Customer testimonials illustrate the strong value proposition of USG's UltraLight portfolio

"When we started tracking board counts on this product we began seeing production rate increases"

– Commercial Contractor, US

"We will use the product whenever possible"

– Residential Contractor, US

"I could do easily 5-10 more sheets"

– Installer, US

"All attributes are excellent, I prefer this board"

– Contractor, Mexico

"Lighter, easier to screw, easier to install, and has no difficulty cutting"

– Contractor, Mexico

"Panel weight makes it easier to install & work with"

– Contractor, Mexico

"It just flows onto the walls"

– Contractor, US regarding SHEETROCK® Brand UltraLightweight Joint Compound



High-performance ceilings business provides a strong, complementary adjacency that further differentiates the joint venture

- ✓ #2 USG global share in the industry with leading brands
- ✓ International manufacturing and market coverage
- ✓ Profitable business with stable margins through the US cycle
- ✓ Solutions focused on performance, sustainability and aesthetics



Acoustical Tile

- Full-line high performance offering
- Sustainable solutions
- Architectural specification focused



Specialty Solutions

- Innovator
- Leading brands
- Enhances the aesthetics of finished space
- Creates a basis of design for the specifier



Suspension Systems

- Globally recognised DONN® grid
- World class manufacturing
- Complete code approvals
- Partnered with GE for integrated LED lighting solution



Commercial Segments

- Extends the portfolio for commercial projects
- Strong in all commercial segments
- Broadens the portfolio of product solutions for commercial projects

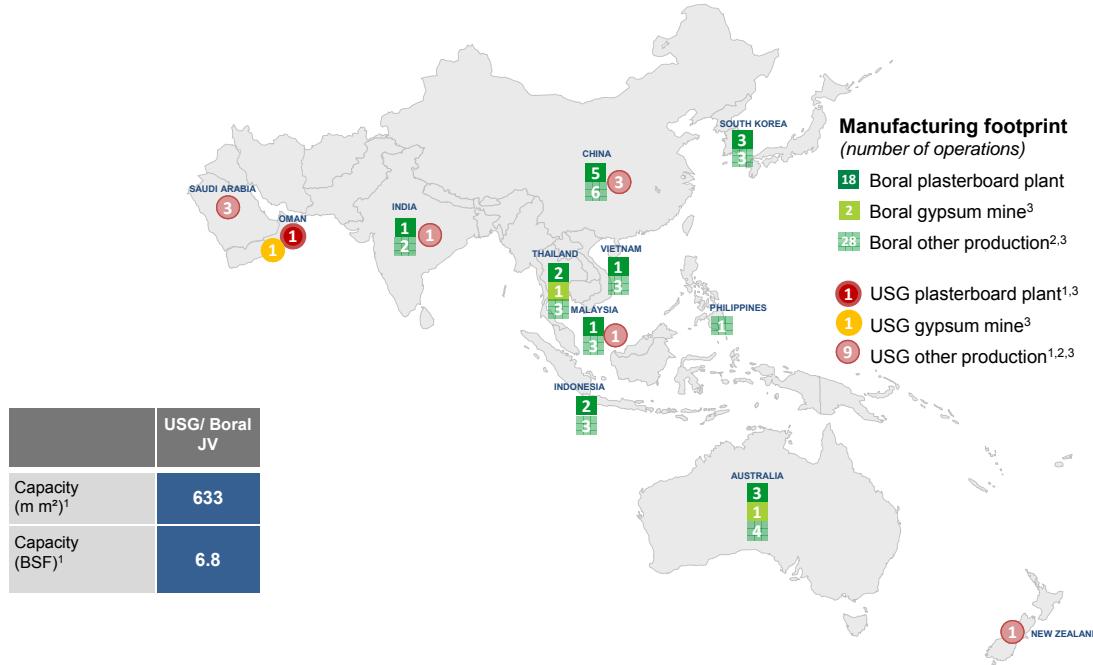
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Joint venture has leading positions across Asia, Australasia and the Middle East



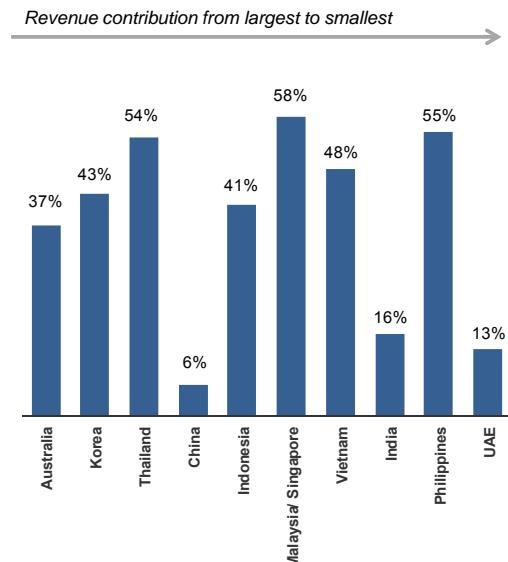
1. Production either online or expected to be online in CY2014
2. Production may be at the same physical location. Other production includes ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production
3. Certain manufacturing facilities and gypsum quarries held in joint venture with third parties (refer to page 8 of this presentation)

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Joint venture market positions

| Country | Board Capacity (m m ²) ¹ | Board capacity (BSF) ² | Board lines | Non-board production ³ | Sales offices | Gypsum mine |
|---------------------|---|-----------------------------------|----------------|-----------------------------------|---------------|----------------|
| China | 155 ² | 1.7 ¹ | 7 ¹ | 9 ³ | 7 | - |
| Korea | 153 | 1.6 | 4 | 3 | 6 | - |
| Thailand | 105 | 1.1 | 3 | 3 | 3 | 1 |
| Australia | 86 | 0.9 | 3 | 4 ³ | 9 | 1 ² |
| Indonesia | 65 | 0.7 | 3 | 3 | 5 | - |
| Vietnam | 42 ¹ | 0.5 ¹ | 2 ¹ | 3 | 5 | - |
| Malaysia/ Singapore | 10 | 0.1 | 1 | 4 ³ | 4 | - |
| India | 9 | 0.1 | 1 | 3 ³ | 7 | - |
| Other ⁴ | - | - | - | 1 | 8 | - |
| New Zealand | - | - | - | 1 | 1 | - |
| Saudi Arabia | - | - | - | 3 ³ | 3 | - |
| Oman | 8 ¹ | 0.1 ¹ | 1 ¹ | - | - | 1 |
| Total | 633 | 6.8 | 25 | 37 | 58 | 3 |

JV plasterboard market share 2013⁵

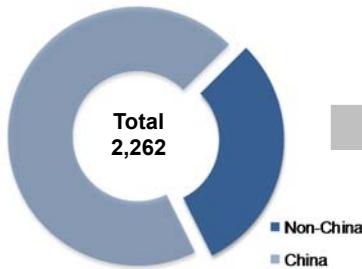


1. Production either online or expected to be online in CY2014
2. Includes metal stud, metal ceiling grid, joint compound, ceiling tile, cornice and/or mineral wool facilities
3. Certain manufacturing facilities and gypsum mines held in joint venture with third parties (refer to page 8 of this presentation)
4. Other includes metal plant in the Philippines and export business in UAE, Philippines, and Hong Kong
5. Source: management estimates based on plasterboard sales volume, excluding ceiling tiles

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Asian markets represent strong growth potential for JV building products

2013 Market size in JV region¹
(million m²)



2013 Market size in JV region – except China¹
(million m²)



Market Highlights

| | |
|--------------|--|
| Korea: | mature market with strong potential in residential wall penetration |
| Australia: | mature market with appetite for high performance and high quality products |
| Indonesia: | strong growth in third most populated country in Asia, with large consumer market |
| Thailand: | solid growth with opportunity to increase plasterboard penetration |
| China: | largest market with continued growth due to government limitations on brick and clay |
| India: | demand for faster building construction is accelerating modern product usage |
| Middle East: | steady growth resulting from strong government investment in numerous markets |

1. USG and Boral estimates for plasterboard market (excluding ceiling tiles)
2. Middle East defined as including UAE, Oman and Saudi Arabia

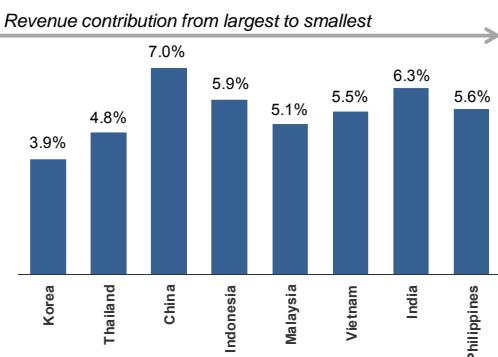
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Strong macro fundamentals driving growing market demand

Real GDP growth – Asian countries¹

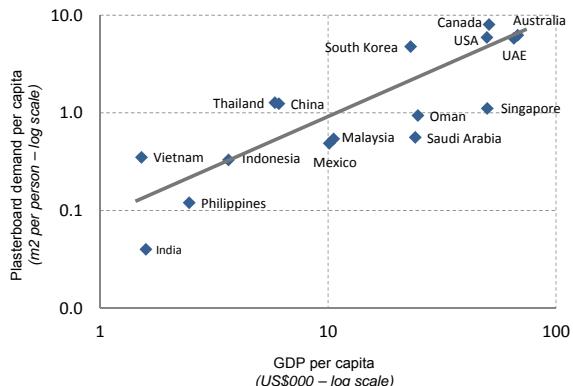
- Strong economic growth forecast across most Asian markets
- Increasing commercial projects expected to drive growth in non-residential construction
- Increasing urbanisation will drive growth in residential new build

Forecast real GDP growth – 5 year CAGR to 2018¹



Plasterboard demand/GDP per capita¹

- Historically plasterboard use starts in ceilings then moves to walls, and starts in commercial then moves to housing
- Lightweight, flexible and easy to install characteristics make plasterboard the interior lining product of choice
 - USG technology expected to enhance this attribute
- Asia expected to become the world's largest plasterboard market by 2015



1. Source: IMF data at October 2013

2. Boral management estimates for plasterboard demand. GDP per capital and population based on IMF 2013 forecast data.

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Substantial synergies expected from both the application of
USG's gypsum technologies (manufacturing and freight cost
savings plus revenue enhancements) and leveraging Boral's
customer relationships and distribution platform
(USG's adjacent products)



Anticipated synergies exceed US\$50m per annum within 3 years of completing technology roll-out

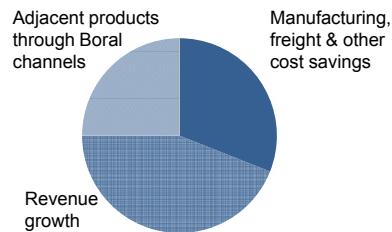
Expect substantial synergies from:

- Roll-out of USG's technologies:
 - lower manufacturing & freight costs
 - enhanced revenues through price premium
- Adjacent product sales through Boral market channels
 - ceiling products, metal products, cement and fibre board, joint compounds

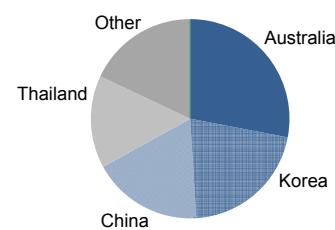
Synergies:

- Adjacent product synergies to commence immediately
- Other synergies to ramp up following 2 year phased technology roll-out and as market penetration increases
- Upfront operational expenditure will exceed synergies in first two years
- Based on extensive due diligence undertaken, including product testing

Targeted synergy breakdown



Synergies – geographic allocation



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Implementation of technology expected to be self-funded

- Targeted roll-out of technologies across all gypsum manufacturing lines
- Phased over approximately 2 years
- Approximately US\$50m of capital expenditure expected to implement technology upgrades
- Includes equipment modification, staff training, secondment of USG technology team and other upgrades
- Expected to be funded through JV cash flows



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Estimated transaction value¹

- Estimated asset value of the joint venture is US\$1.6bn¹
 - US\$1.35bn for assets contributed by Boral; US\$0.25bn for assets contributed by USG
- USG's contributed assets include a perpetual licence in the JV's Territory to USG's current plasterboard technology, and the ceilings, joint compound and grid technologies currently used in the Territory (including improvements to current technologies)
- Up to US\$575m total payment from USG to Boral:
 - US\$500m cash upfront
 - Earn out payments totalling up to US\$75m² (net present value of ~US\$50m)

| USD | BORAL | USG |
|-------------------------------|-----------------------|---------------------|
| Assets | \$1,350m ¹ | \$250m ¹ |
| Cash | (\$500m) | \$500m |
| NPV of earn out | (\$50m) ² | \$50m ² |
| Net contribution to JV | \$800m | \$800m |

Balancing cash payment
From JV earnings

1. Subject to finalisation of fair valuation, completion adjustments and final foreign exchange rates at the date of completion
Including USG's and Boral's respective shares in non-controlling and controlled interests

2. Subject to achieving three- and five-year earnings targets

Key transaction terms

| | |
|-------------------|--|
| Structure | <ul style="list-style-type: none"> ▪ USG's and Boral's respective assets to be contributed into the joint venture ▪ USG to make US\$500m initial payment, then two potential earn outs: US\$25m after 3 years and US\$50m after 5 years upon achieving earnings targets |
| Management | <ul style="list-style-type: none"> ▪ CEO will be Frederic de Rougemont, Boral Gypsum ▪ CFO will be Paul Monzella, USG Corporation ▪ Joe Holmes, Chief Technology Officer, and Bill Hogan, VP Product Adjacencies, from USG Corporation will be executives ▪ Finance and Technical Committees will provide oversight and assistance to joint venture management |
| Governance | <ul style="list-style-type: none"> ▪ Chairman will be Jennifer Scanlon, USG Corporation (no casting vote) ▪ Right to appoint chairman will rotate every two years ▪ Board will consist of equal nominee directors from Boral and USG for as long as they hold 50:50 interests |
| Funding | <ul style="list-style-type: none"> ▪ Joint venture expected to be self funding with ability to borrow in its own right, subject to JV Board approval ▪ Targeted dividend distribution of 50% of after-tax profit |

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Key transaction terms

| | |
|---|---|
| Intellectual Property | <ul style="list-style-type: none"> ▪ Joint venture granted exclusive royalty-fee rights in the Territory to current Boral IP and USG IP, including improvements to current technology ▪ Exclusive option during the term to licence future "breakthrough IP" developed by USG and Boral ▪ Exclusive option during the term to licence "adjacent IP" generated by USG |
| Distribution rights | <ul style="list-style-type: none"> ▪ Exclusive distribution rights for USG products in the JV Territory during the term |
| Non-compete | <ul style="list-style-type: none"> ▪ Joint venture parties will not compete with the joint venture in the defined Territory ▪ Party who exits the joint venture will not compete until the later of the third anniversary of their exit, or 10 years from the commencement of the joint venture |
| Transfer of interest / change of control | <ul style="list-style-type: none"> ▪ 7 year standstill on transfer of interest in joint venture ▪ Pre-emptive rights including right of first offer, last right to buy and tag-along right for non-selling party ▪ Change of control, which applies to any entity in the chain of ownership, including the parent companies, triggers a call option for the other party at fair market value |

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USG funding and earnings implications

Calendar year 2014 expected impact to USG earnings¹

| | US\$m |
|--|-------------------|
| Projected JV earnings ² | \$35 - \$45 |
| Adjustment for USG's contribution to the JV ³ | (\$6 - \$8) |
| USG projected interest expense ⁴ | (\$22 - \$25) |
| Total projected JV impact to USG's net income in CY2014⁵ | \$7 - \$12 |

- **Accretive** – US\$7-\$12m expected contribution to USG bottom line in CY2014⁵. Results are expected to increase over time as technology is propagated and capabilities are optimised
- **NPV positive** – expected future returns exceed present value of cash contributions as synergies are realised
- **Balance Sheet positive** – expected EBITDA to offset additional leverage, with higher cash contribution and lower debt/EBITDA over time
- USG expects to fund the joint venture through US\$350m in long-term debt and US\$150m of cash from its balance sheet, with earn out payments of up to US\$75m⁶

1. Guidance will not be provided on a quarterly or annual basis
 2. JV results will be reflected in USG's Equity Method Income on its Statement of Operations, below the Operating Profit line and may vary based on finalization of fair valuation at the date of completion and foreign exchange rates
 3. Represents full projected earnings contributions from USG's contributed entities in 2014
 4. Expected interest payment related to the long-term debt used to fund the joint venture
 5. Expected contribution is based on 12 months of operations, results may vary based on the actual commencement date of JV operations
 6. \$75m earn out payments have a Net Present Value of \$50m based on the three- and five-year performance targets

Strengthening BORAL's Balance Sheet

As at 30 June 2013 – Proforma Gearing

| | 30 June 2013 | Proforma ¹ |
|---|-----------------|-----------------------|
| Gearing (Net debt / net debt + equity) | 30% | 22% |
| Gearing (covenant calculation) | 40% | 29% |

- US\$500m upfront cash:
 - Majority of proceeds to be applied to reducing Boral's debt
 - May also consider capital management initiatives, subject to market conditions
- Reduction in proforma gearing reflects group net debt reducing to ~ A\$0.9bn
- JV self funding

Impact to financial statements

- Transaction will be reflected in Boral's accounts as an equity accounted interest (50%) in joint ventures following
 - De-consolidation of existing Australian and Asian subsidiaries
 - Recognition of single balance sheet asset, equity accounted investment in joint ventures, at fair value
- Final accounting impact will be finalised following transaction completion
- Value accretive for Boral shareholders

1. Illustrative impact on balance sheet ratios if the transaction had occurred on 30 June 2013. Unaudited figures for illustrative purposes only, assumes FX AUD/ USD of 0.9257.

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BORAL – impact on Income Statement

Year ended 30 June 2013 – Proforma Income Statement

Illustrative FY2013 Income Statement as if transaction had occurred on 1 July 2012

| | Group | Proforma adj ² | Proforma adj ³ | Proforma Group |
|-------------------------------------|------------|------------------------------|------------------------------|-------------------|
| Revenue | 5,286 | (919) | - | 4,367 |
| EBIT ¹ | 228 | (83) | 27 | 172 |
| Net interest | (97) | 4 | 20 | (73) |
| Income tax expense ¹ | (20) | 16 | (6) | (10) |
| Non-controlling interest | (6) | 8 | - | 2 |
| Profit after tax¹ | 104 | (55) | 41 | 91 |

- FY2013 proforma assumptions:

- Interest savings based on initial debt repayment of A\$250m⁴ and A\$250m⁴ cash on deposit
- Excludes: impact from USG contributed operations⁵, benefits from synergies, integration costs and any gain/ loss on disposal at date of transaction (after fair value adjustments) – will be treated as a significant item
- In FY2014, expect Boral's NPAT to reduce by around A\$15m
- Expect ~US\$35-\$45m⁶ as 50% share of JV post-tax earnings in first full year

1. Excluding significant items

2. Illustrative deconsolidation of Gypsum Australian and Asian entities

3. Illustrative impact of equity accounted post-tax earnings and interest savings (excludes earnings from USG entities and synergies)

4. Initial proceeds of US\$500m at July 2012 FX rate 1:1

5. Net contribution from USG in FY2013 is negligible

6. Assumes a negligible level of net debt within the JV

Figures may not add due to rounding.

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Content

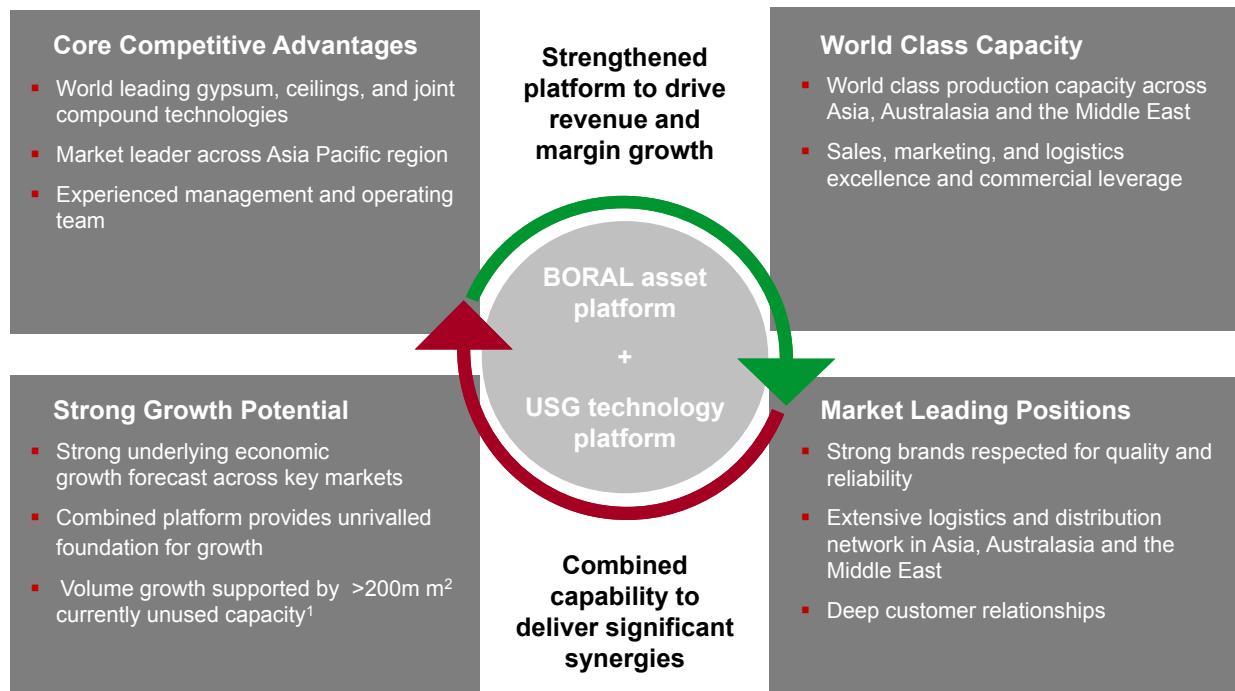


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Creating a world-leading plasterboard and ceilings partnership in Asia, Australasia and the Middle East



¹. Based on 69% asset utilisation for year ended 30 June 2013 and includes capacity expansion projects at Ho Chi Minh City (Vietnam) and Chongqing (China) and construction of new plant in Oman to be completed in CY2014

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QUESTIONS

Transaction completion targeted for January 2014



Build Something Great



It's your world. Build it.

APPENDIX



Build Something Great



It's your world. Build it.

Differentiate Through Innovation



Sept 2013, USG ranked 9th in innovation out of 112 companies in the Industrial Materials Industry by the Patent Board



2000 – 2012

1,100+ US Patents

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