



USG Corporation Announces Launch of Cash Tender Offer for \$500 Million Principal Amount of 7.75% Senior Notes Due 2018

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CHICAGO--(BUSINESS WIRE)--USG Corporation (NYSE: USG) (“USG”) today announced the commencement of a cash tender offer (the “Tender Offer”) for any and all of its outstanding 7.75% Senior Notes due 2018 (the “Notes”). The Tender Offer is being made on the terms and subject to the conditions set forth in the Offer to Purchase dated May 1, 2017 (the “Offer to Purchase”) and the related Letter of Transmittal (the “Letter of Transmittal”). The Tender Offer will expire at 11:59 p.m., New York City time, on May 26, 2017, unless extended or earlier terminated as described in the Offer to Purchase (such time and date, as they may be extended, the “Expiration Time”).

The total consideration (the “Total Consideration”) offered for each \$1,000 principal amount of Notes that are validly tendered (and not validly withdrawn) and accepted for purchase pursuant to the Tender Offer at or prior to 5:00 p.m., New York City time, on May 12, 2017, unless extended or earlier terminated as described in the Offer to Purchase (such time and date, as they may be extended, the “Early Tender Time”) is set forth in the table below. The Total Consideration includes the early tender premium (the “Early Tender Premium”) set forth in the table below. Holders of Notes that validly tender their Notes after the Early Tender Time, but at or prior to the Expiration Time, will receive the tender offer consideration (as set forth in the table below), but not the Early Tender Premium. In addition, accrued interest up to, but not including, the applicable settlement date of the Notes will be payable in cash on all validly tendered and accepted Notes. Validly tendered Notes may be validly withdrawn at any time at or prior to 5:00 p.m., New York City time, on May 12, 2017 (the “Withdrawal Deadline”), but not thereafter.

The following table sets forth the material pricing terms of the Tender Offer:

Title of Security	CUSIP Number/ISIN	Principal			
		Amount Outstanding	Tender Offer Consideration	Early Tender Premium	Total Consideration
7.75% Senior Notes due 2018(a)	903293AS7/ US903293AS74	\$500,000,000	\$1,014.30	\$30.00	\$1,044.30

(a) The 7.75% Senior Notes currently have an effective interest rate of 8.25%. The rate is subject to an adjustment of up to 2% if the debt rating is downgraded or subsequently upgraded by Moody’s Investors Service and Standard & Poor’s Global Ratings.

The Tender Offer is subject to the satisfaction or waiver of a number of conditions as set forth in the Offer to Purchase, including the receipt by USG of proceeds from a proposed debt financing on terms reasonably satisfactory to USG, in its sole discretion, generating net proceeds in an amount that USG deems sufficient, together with cash on hand, to effect the repurchase of the Notes validly tendered and accepted for purchase pursuant to the Tender Offer, including payment of any premiums, Accrued Interest (as defined in the Offer to Purchase) and costs and expenses incurred in connection therewith.

USG expects that the Final Settlement Date (as defined in the Offer to Purchase) will occur promptly following the Expiration Time, and it is currently anticipated that such payment will be made on May 30, 2017, the first business day after the Expiration Time. However, USG reserves the right, in its sole discretion, to accept for purchase and pay for any tendered Notes at any time after the Withdrawal Deadline, and from time to time thereafter prior to the Expiration Time (such acceptance and payment, an "Early Settlement"). If USG elects to proceed with an Early Settlement, USG would expect the first Early Settlement to occur on May 15, 2017, in which case all conditions to the Tender Offer will be deemed to be waived, and USG will thereafter accept for purchase and pay for any Notes validly tendered in the Tender Offer.

USG has retained Wells Fargo Securities, LLC to serve as dealer manager for the Tender Offer. USG has appointed Global Bondholder Services Corporation ("GBS") to serve as the depository and information agent for the Tender Offer.

For additional information regarding the terms of the Tender Offer, please contact Wells Fargo Securities, LLC at (866) 309-6316 (toll free) or (704) 410-4760 (collect). Requests for documents and questions regarding the Tender Offer should be directed to GBS at (212) 430-3774 (banks and brokers) or (866) 470-4200 (all others).

None of USG, its board of directors, the dealer manager, GBS or the trustee for the Notes, or any of their respective affiliates, is making any recommendation as to whether Holders should tender any Notes in response to the Tender Offer. Holders must make their own decision as to whether to tender any of their Notes and, if so, the principal amount of Notes to tender. Documents for the Tender Offer, including the Offer to Purchase and the related Letter of Transmittal, are available at www.gbsc-usa.com/USG/, and may also be obtained by contacting GBS by telephone.

This announcement is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell securities. The Tender Offer is being made solely by means of the Offer to Purchase and the related Letter of Transmittal. The Tender Offer is not being made to holders of Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. In those jurisdictions where the securities, blue sky or other laws require any tender offer to be made by a licensed broker or dealer, the Tender Offer will be deemed to be made on behalf of USG by the dealer manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

About USG Corporation

USG Corporation is an industry-leading manufacturer of building products and innovative solutions. Headquartered in Chicago, USG serves construction markets around the world through its United States Gypsum Company and USG Interiors, LLC subsidiaries and its international subsidiaries, including its USG Boral Building Products joint venture. Its wall, ceiling, flooring, sheathing and roofing products provide the solutions that enable customers to build the outstanding spaces where people live, work and play. Its USG Boral Building Products joint venture is a leading plasterboard and ceilings producer across Asia, Australasia and the Middle East.

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, including but not limited to, the terms and timing of the Tender Offer. Actual business, market or other conditions may differ materially from management's expectations and, accordingly, may affect USG's sales and profitability or other results and liquidity. Any forward-looking statements represent USG's views only as of today and should not be relied upon as representing USG's views as of any subsequent date and USG undertakes no obligation to update any forward-looking statement. Actual results may differ materially due to various other factors, including: economic conditions, such as employment, household formation, home ownership rate, existing home price trends, availability of mortgage financing, interest rates, consumer confidence, job growth and discretionary business investment; USG's ability to maintain or achieve price increases; the loss of one or more major customers; the impact on USG's performance and financial results due to the disposition of L&W Supply, one of USG's largest customers; competitive conditions, such as price, quality and range of products; unexpected operational difficulties or catastrophic events at USG's facilities; an increasing number of USG's customers having significant buying power; increased costs, or decreased availability, of key raw materials or energy; USG's ability to successfully operate the joint venture with Boral Limited, including risks that USG's joint venture partner, Boral Limited, may not fulfill its obligations as an investor or may take actions that are inconsistent with USG's objectives; exposure to risks of operating internationally; USG's ability to innovate and protect USG's intellectual property and other proprietary rights; USG's ability to make capital expenditures and achieve the expected return on investment; a disruption in USG's information technology systems; significant changes in factors and assumptions used to measure USG's defined benefit pension obligations; changes in la...

or regulations, including environmental and safety regulations; the outcome in legal and governmental proceedings; the ability of a small number of stockholders to influence USG's business and stock price; USG's ability to successfully pursue and complete acquisitions, joint ventures and other transactions to complement or expand USG's businesses; USG's ability to return capital to stockholders; the occurrence of an "ownership change" within the meaning of the Internal Revenue Code; ability to incur substantial additional indebtedness; the effects of acts of terrorism or war upon domestic and international economies and financial markets; and acts of God. USG assumes no obligation to update any forward-looking information contained in this press release. Additional information concerning these and other factors may be found in USG's filings with the Securities and Exchange Commission, including the "Risk Factors" in USG's most recent Annual Report on Form 10-K.

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