

Appendix 32

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 1-8864

USG CORPORATION

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

36-3329-400

(I.R.S. Employer
Identification No.)

550 W. Adams Street, Chicago, Illinois

(Address of Principal Executive Offices)

60661-3676

(Zip Code)

Registrant's Telephone Number, Including Area Code: (312) 436-4000

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, \$0.10 par value	New York Stock Exchange Chicago Stock Exchange
Preferred Stock Purchase Rights (subject to Rights Agreement dated December 21, 2006, as amended)	New York Stock Exchange Chicago Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates computed by reference to the New York Stock Exchange closing price on June 30, 2015 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$2,397,161,732. Solely for this purpose, directors, executive officers and greater than 10% record shareholders are considered the affiliates of the registrant.

The number of shares of the registrant's common stock outstanding as of January 31, 2016 was 145,669,400.

Documents Incorporated By Reference: Certain sections of USG Corporation's definitive Proxy Statement for use in connection with its 2016 annual meeting of stockholders, to be filed subsequently, are incorporated by reference into Part III of this Form 10-K Report where indicated.

Segment Results of Operations

GYPSUM

Net sales and operating profit (loss) for the businesses comprising our Gypsum segment were as follows:

(millions)				Favorable (Unfavorable)			
	2015 (a)	2014(b)	2013(c)	2015 vs. 2014		2014 vs. 2013	
				\$	%	\$	%
Net Sales:							
United States	\$ 2,012	\$ 1,920	\$ 1,765	\$ 92	5 %	\$ 155	9 %
Canada	321	344	348	(23)	(7)%	(4)	(1)%
Mexico / Latin America	187	195	197	(8)	(4)%	(2)	(1)%
Gypsum Transportation Limited	10	81	81	(71)	(88)%	—	*
Canadian Mining	6	5	8	1	20 %	(3)	(38)%
Eliminations	(139)	(142)	(137)	3	2 %	(5)	(4)%
Total	\$ 2,397	\$ 2,403	\$ 2,262	\$ (6)	— %	\$ 141	6 %
Operating Profit (Loss):							
United States	\$ 316	\$ 192	\$ 214	\$ 124	65 %	\$ (22)	(10)%
Canada	7	13	17	(6)	(46)%	(4)	(24)%
Mexico / Latin America	24	19	21	5	26 %	(2)	(10)%
Gypsum Transportation Limited	7	(52)	20	59	*	(72)	*
Canadian Mining	(6)	(3)	(10)	(3)	(100)%	7	*
Eliminations	—	—	(1)	—	*	1	100 %
Total	\$ 348	\$ 169	\$ 261	\$ 179	*	\$ (92)	(35)%

* Not meaningful

- (a) Operating profit in 2015 includes \$1 million for the net gain on sale of the ships and costs to wind-up the Gypsum Transportation Limited business, a \$6 million recovery of a portion of the receivable deemed uncollectible in 2014 and a pre-tax gain on the sale of assets in Mexico of \$10 million (\$7 million net of tax).
- (b) Operating profit in 2014 included a litigation charge of \$48 million, which relates to the United States, long-lived asset impairment charges of \$90 million, of which \$30 million relates to United States and \$60 million relates to Gypsum Transportation Limited, and contract termination and loss on receivable of \$15 million, which relates to Gypsum Transportation Limited.
- (c) Operating profit in 2013 included restructuring charges of \$3 million, which all related to United States, and pension settlement charges of \$9 million, which primarily related to United States.

UNITED STATES

2015 COMPARED WITH 2014

Net sales in 2015 increased \$92 million, or 5%, compared with 2014. The net sales increase was due to the following:

(millions)	Sales		Volume		Price	
	\$	%	\$	%	\$	%
Change to 2015 from 2014						
Sheetrock® brand gypsum wallboard	33	4%	19	2%	14	2%
Sheetrock® brand joint compound	19	6%	14	5%	5	1%
Durock® brand cement board	10	9%	4	4%	6	5%
Roof board	8	18%	8	18%	—	—
Levelrock® brand poured flooring	8	18%	8	18%	—	—
Other	14	10%				
Total increase in net sales	\$ 92	5%				

Net sales of USG Sheetrock® brand gypsum wallboard increased \$33 million, or 4%, reflecting 2% increases in both volume and average gypsum wallboard selling prices. The increase in volume was driven by higher demand in nearly all channels, with the increase in average selling prices driven by the price increase put in place on January 1, 2015.