



United States Gypsum Company

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Founded in 1902

September 28, 2011

To Our Customers:

The construction industry has been in decline since mid-2006. During this period, U.S. wallboard demand has decreased over 50%. Over the last five years, USG Corporation has aggressively sized its wallboard business to reflect the lower demand levels. We have undertaken the following cost reduction initiatives:

- 3.8 billion feet wallboard capacity reduction
- Idled 14 wallboard lines, 4 paper mills, 2 quarries and 1 specialty line
- Over \$450 million in cost reductions, including the reduction of 5,000 employees

During this same period we have continued to invest in technologies that have resulted in a number of exciting new products for our customers including: Sheetrock Brand UltraLight® panels, SECUROCK® glass mat panels, Sheetrock Mold Tough and other value added products. We have a solid pipeline of new products that will come to market over the next few years.

One aspect of our business that has not been effectively updated for today's market conditions is the use of job quotes. Job quotes were originally developed to provide price certainty for large jobs bid far into the future, but few such jobs exist today. Our past job quote policy is no longer appropriate as we seek to improve the consistency and administrative efficiency of our pricing policies.

In light of the changing market, USG will no longer offer job quotes and/or price protection on wallboard, effective immediately. USG will establish new pricing which will be effective on all wallboard purchases beginning January 1, 2012. The price established on January 1 will be guaranteed for all of 2012, which will provide our customers with price certainty as they bid projects throughout the year. We will notify you of our new price schedule on December 1.

USG will honor any job quotes that have been committed to USG with a purchase order by October 15, 2011. We will have future communications providing guidance to our customers for projects that extend into 2013. Your USG Sales Representative will be in contact with you shortly to review this change in policy.

Sincerely,

**Greg Salah**  
**Senior Vice President**  
**Sales & National Accounts**