USG CORPORATION
BOARD OF DIRECTORS

CORPORATE GOVERNANCE GUIDELINES

The most important corporate objective of USG Corporation (the "Corporation") is to conduct business activities so as to enhance the value of the enterprise. The Directors of the Corporation are elected by the stockholders with the responsibility to oversee and direct management to achieve this objective. The Board's responsibilities require regularly monitoring the effectiveness of management policies and decisions, including execution of its strategies, and holding senior management accountable for the pursuit of the corporate objective.

I. Composition of Board of Directors

A. *Size of the Board*. The Board's optimal size is approximately 10 to 12 members. The Board should be classified into three approximately equal classes. Each year one class of Directors is nominated for election for a three-year term.

B. *Mix of Employee and Independent Directors*. As a matter of policy, the Board will consist of not less than 80% of independent Directors, defined in accordance with the Corporation's By-laws and New York Stock Exchange independence standards. In addition to these standards for independence, the Corporation policy on relationships between the individual Director (or any entity for which he or she serves as a Director, officer or is a holder of 10% or more of the outstanding ownership interest) and the Corporation shall be that any relationship that accounts for more than 1% of the annual revenue and/or expenses of either the Corporation or the other entity or 5% of the ownership interest by one in the other shall cause such individual Director to not be

independent for purposes of these guidelines. In addition members of legal, accounting and auditing firms which provide services to the Corporation are not independent under the Corporation's By-laws. The determination that a Director is independent shall be made by the Board following a review of all relevant information and a recommendation by the Governance Committee. The Corporation will discuss its determination of Director "independence" in its annual proxy statement.

C. *Term Limits and Retirement*. The Board has not established term limits, but on a regular basis the Governance Committee, in consultation with the Chairman of the Board (the "Chairman"), will review each Director's continuation on the Board. The Board believes that the current requirement that a non-employee Director shall not serve as such beyond the first annual meeting of stockholders following the Director's 70th birthday unless a majority of the Board determines to suspend application of that limitation to the Director, as set forth in the Corporation's By-laws, is appropriate. The Corporation's By-laws provide that no employee Director shall serve as a Director after ceasing to be an officer.

D. *Approval of Certain Actions*. The approval of a majority of the independent Directors is required for certain matters, including the election of the Chairman and the Chief Executive Officer, the appointment of a Lead Director and members of certain Board Committees and remuneration of Directors.

II. Board Membership Criteria

The Board seeks a diverse group of candidates who possess the background, skills and expertise to make a significant contribution to the Board, to the Corporation and its stockholders. Desired qualities to be considered include:

Experience (in one or more of the following):

- high-level leadership experience in business or administrative activities;
- breadth of knowledge about issues affecting the Corporation; and
- ability and willingness to contribute special competencies to Board activities.

Personal attributes:

- personal integrity;
- loyalty to the Corporation and concern for its success and welfare;
- willingness to apply sound and independent business judgment;
- awareness of a Director's vital part in the Corporation's good corporate citizenship and the corporate image;
- time available for meetings and consultation on Corporation matters;
- willingness to assume broad fiduciary responsibility; and
- for non-management Directors, independence as that term is defined in the Corporation's by-laws and the rules of the Securities and Exchange Commission and the national securities exchange on which the Corporation's stock may be listed.

Qualified candidates for membership on the Board will be considered without regard to race, color, religion, sex, ancestry, national origin or disability. The Governance Committee will review the qualifications and backgrounds of the Directors, as well as the overall composition of the Board, and recommend to the full Board the slate of Directors to be nominated for election at the annual meeting of stockholders. Nominations to the Board may also be submitted to the Governance Committee by the Corporation's stockholders in accordance with the Corporation's

By-laws. The Chairman, acting on behalf of the full Board, will extend the formal invitation to become a nominee of the Board of Directors.

III. Role of the Board of Directors

The Board of Directors of the Corporation performs, among others, the following principal functions (some of which may be delegated to one or more committees or may require the approval of the independent Directors under the By-laws):

- approves a code of business conduct and ethics for Directors, officers and employees and any waivers of such code for Directors and executive officers;
- reviews and approves the corporate mission working in coordination with senior management;
- reviews and approves management's strategic and business plans and monitors corporate performance against them;
- oversees the auditing and accounting procedures in place to ensure the integrity of the Corporation's financial statements;
- oversees management's development and implementation of the Corporation's risk assessment and risk management policies and procedures;
- selects, evaluates and compensates the Chairman and the Chief Executive Officer;
- elects and compensates other Corporation officers;
- plans for senior management succession;
- monitors ethical behavior and compliance with laws and regulations, the Corporation's policies and procedures, and its own governing documents;
- retains consultants and advisers to assist in carrying out any of its principal functions or other responsibilities; and

- assesses its own effectiveness in fulfilling these and other Board responsibilities.

In general, the Board of Directors oversees all major actions proposed to be taken by senior management and reviews corporate policy regarding authorizations and approvals that commit the Corporation to a significant course of action.

IV. Director Compensation

The Governance Committee is responsible for recommending Board compensation. Management reviews with the Committee on a regular basis the status of Board total compensation relative to a peer industry survey group. The goal is to offer competitive compensation designed to attract and retain experienced, highly qualified Directors.

V. Share Ownership of Directors

The Board believes that Directors should be stockholders and have a financial stake in the Corporation. Directors are expected to develop a meaningful ownership position in the Corporation over time in accordance with ownership guidelines approved by the Board.

VI. Affiliations and Conflicts of Directors

It is the responsibility of each Director to advise the Chairman and the Governance Committee through its Chair of any affiliation with public or privately held businesses or enterprises that may create a potential conflict of interest, potential embarrassment to the Corporation or possible inconsistency with Corporation policies or values. The Corporation annually solicits information from Directors in order to monitor potential conflicts of interest and Directors are expected to be mindful of their fiduciary obligations to the Corporation.

Any actual or potential conflict of interest involving a Director will be reviewed by the Governance Committee, with management assistance as requested, to determine whether the affiliation or transaction reported impairs the Director's independence and whether it is likely to

adversely impact the Corporation. If the Governance Committee determines that the Director's independence would be impaired, or the affiliation or transaction would likely impact the Corporation adversely, the Director would generally be asked not to enter into, or to discontinue, the reported relationship or to resign from the Board. In other circumstances, the Governance Committee will generally determine what, if any, controls, reporting and/or monitoring procedures are appropriate for the Corporation's protection as a condition for approving the reported relationship or transaction. Relationships that give rise to potential conflicts of interest will generally not be considered to adversely impact the Corporation if they are not required to be disclosed pursuant to the related person transaction disclosure requirements of the Securities and Exchange Commission because

- the amount involved in the transaction is less than $120,000,
- the Director's only relationship to the other party involved in the transaction is as a director,
- the Director's interest arises solely from the ownership of the Corporation's stock and all holders of the Corporation's stock received the same benefit on a pro rata basis,
- the transaction involves rates or charges determined by competitive bids, or
- the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

There is no established limit on the number of other board memberships Directors may hold (subject to New York Stock Exchange rules regarding membership on audit committees), but such number is considered when evaluating a candidate for nomination to the Board. A Director should advise the Chairman of the Board and the Governance Committee in advance of accepting an invitation to serve on another public company board.

Any Director who experiences a significant change in such Director's principal business, occupation or position is expected to consult with the Chair of the Governance Committee on the potential impact, if any, the change may have on continued Board service and offer to resign from the Board. The Governance Committee will make a recommendation as to the continued Board service of the Director under such circumstances.

VII. Chairman of the Board

The Board should be free to select the Chairman of the Board and the Chief Executive Officer as it determines best for the Corporation at a given point in time. On the matter of whether the Chairman and Chief Executive Officer positions should be separate from each other, it is the Board's policy that this is a matter to be considered each time a new Chief Executive Officer is selected or at any other time in the Board's discretion, based upon the circumstances existing at that time.

VIII. Lead Director

If the positions of Chairman and Chief Executive Officer are held by one person, the independent Directors may by majority vote designate a Lead Director from among the independent Directors. The role of the Lead Director is to enhance the effectiveness of the Board's oversight role and the communications between the Board and the Chairman and Chief Executive Officer. In consultation with the other independent Directors, the Lead Director shall have the following responsibilities: consult with the Chairman and Chief Executive Officer regarding the schedule of Board and Board committee meetings; provide the Chairman and Chief Executive Officer with input regarding the agendas and materials for Board meetings; preside at all executive sessions of the independent Directors, except as otherwise provided in these guidelines, and at any Board meeting at which the Chairman and Chief Executive Officer is not

present and, as appropriate, apprise the Chairman and Chief Executive Officer of issues considered; serve as a liaison and supplemental channel of communication between the independent Directors and the Chairman and Chief Executive Officer without inhibiting direct communication between the Chairman and Chief Executive Officer and other Directors; be available to discuss with the other independent Directors any concerns they may have and, as appropriate, relay those concerns to the full Board; be available to serve as an adviser to the Chairman and Chief Executive Officer regarding his concerns and those of the independent Directors; be available for consultation and direct communication with major stockholders, as requested by the Chairman and Chief Executive Officer; and perform such other duties as the Board may from time to time delegate.

The designation of a Lead Director shall be made annually upon the recommendation of the Governance Committee coincident to the appointment of the Chairs of the Committees of the Board. Although the designation of the Lead Director is to be made annually, it is the expectation of the Board that the Lead Director will be re-appointed for multiple, consecutive one-year terms.

Upon the recommendation of the Governance Committee, the independent directors may by majority vote designate a replacement Lead Director at any time.

IX. New Director Orientation and Continuing Education

All new Directors must participate in the Corporation's orientation program, which will be conducted in a timely manner after the election of a new Director. This orientation will include extensive background materials, meetings with senior management to familiarize new Directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its internal policies and procedures, its principal officers and its internal and independent auditors. In addition, the orientation program will include visits to

Corporation headquarters and certain of the Corporation's significant facilities. Management will develop continuing education programs for the Directors which will provide individual opportunities for regular exposure to various aspects of the Corporation.

X. Board Meetings

A. *Number of Meetings*. The Board meets at regularly scheduled meetings approximately six times a year. Special meetings may be called to deal with significant matters which require immediate attention.

B. *Location of Meetings*. Meetings will generally take place at the Corporation's headquarters. However, to provide Directors with first-hand knowledge to make strategic decisions and for their continuing education about the environment in which the Corporation operates and competes, meetings are regularly held at locations other than the corporate headquarters.

C. *Board Agenda and Materials*. While the Board believes that a carefully planned agenda is important for effective Board meetings, the agenda is flexible enough to accommodate unexpected developments.

- The items on the agenda are typically determined by the Chairman in consultation with the Lead Director and the Board. Any Director may request that an item be included on the agenda, which request will in normal circumstances be granted. The present schedule of the Board includes meetings to review each year the annual strategic plan and separately the management succession plan.
- At Board meetings, ample time is scheduled to allow full discussion of important matters. Management presentations are scheduled to permit an appropriate portion of Board meeting time to be available for discussion and comments.

- It is important for Directors to receive information sufficiently in advance of Board meetings so they will have an opportunity to prepare for discussion of the items at the meeting. At each meeting, any written materials not available in advance will be provided to each Director. On those occasions where it may not be appropriate or practical to put the subject matter in writing, it will be presented and sufficiently discussed at the meeting. Significant items requiring Board approval may be reviewed in one or more meetings and voted upon in subsequent meetings, with the intervening time being used for clarification and discussion of relevant issues.
- The foregoing items within this guideline are equally applicable to Committee meetings.

D. *Executive Sessions*. Executive Sessions are those sessions including only the independent Directors and should be called by the Lead Director. These meetings occur at least twice a year. The independent Directors meet in executive session following the regular Board meetings in February and November and at such other times during the year as they may request. The Executive Session in February is conducted by the Chair of the Compensation and Organization Committee and reviews the report of that Committee evaluating the performance of the Chief Executive Officer. The Executive Session in November is conducted by the Chair of the Governance Committee and reviews the report of that Committee evaluating the Board's structure, processes and performance based upon the self-assessment survey administered by the Committee. Other Executive Sessions are conducted by the Lead Director.

E. *Regular Attendance*. Directors are expected to attend all Board meetings and the annual meeting of the Corporation's stockholders. The Chairman designates the management and guest attendees at any Board meeting who are present for the purpose of making presentations, responding to questions by the Directors, or providing counsel on specific matters within their areas of expertise. Such persons do not attend Executive Sessions unless their presence is requested.

XI. Corporate Support and Access to Management

The Corporate Secretary serves as secretary to the Board and its Committees and, at the request of the Chairman or the Lead Director, arranges meetings, suggests meeting agendas and facilitates the preparation and distribution of materials presented to the Board and its Committees. Directors have free access to other members of management and Corporation employees, but such access should be non-disruptive to operations and the Chief Executive Officer should normally be copied on relevant correspondence. The Board of Directors and its Committees may independently retain legal, accounting or other consultants, at the Corporation's expense, to advise or assist the Board or a Committee thereof.

XII. Board Committees

A. Number of Committees. The Board currently has four committees: Audit, Compensation and Organization, Finance and Governance. The Committees have their own charters which, among other things, set forth any allocation of responsibilities among the Committees and also between any Committee and the full Board. All of the members of these Committees are independent Directors under standards established by the New York Stock Exchange. The Board may from time to time establish or maintain additional committees as necessary or appropriate or, to

the extent permitted under the New York Stock Exchange listing standards or applicable legal requirements, combine or disband existing committees.

B. Audit Committee: The Audit Committee has ongoing responsibilities to assist the Board of Directors in monitoring the integrity of the financial statements of the Corporation, the Corporation's compliance with financial reporting and related legal and statutory requirements and the independence and performance of the Corporation's internal and external auditors, as well as the other duties set forth in its charter.

C. Compensation and Organization Committee. The Compensation and Organization Committee reviews and makes recommendations to the Board of Directors with respect to management organization, succession and development programs and, the election of corporate officers and their salaries and incentive compensation or bonus awards, as well as the other duties set forth in its charter.

D. Finance Committee. The Finance Committee reviews and makes recommendations to the Board of Directors on the Corporation's financing requirements and programs to obtain funds, relations with banks, bondholders, other creditors and equity holders, operating and capital expenditure budgets, dividend policy and acquisitions, divestitures and significant transactions affecting the Corporation's capital structure or ownership, as well as the other duties set forth in its charter.

E. Governance Committee: The Governance Committee makes recommendations to the Board of Directors concerning the size and composition of the Board and Committees of the Board, recommends nominees for election or re-election as Directors, and considers other matters pertaining to Board membership, such as retirement policy and

compensation of non-employee Directors, as well as the other duties set forth in its charter. The Committee shall be responsible for evaluating Board performance and reporting its findings to the Board of Directors and for reviewing and recommending changes to the Corporation's Corporate Governance Guidelines.

F. Committee Assignments. The Chairman, the Lead Director and the Governance Committee, considering to the extent practicable the desires of Board members, recommend Committee assignments to the full Board for approval. These assignments are made not less frequently than once a year, generally following the annual meeting of stockholders. Rotation of Committee members and Chairs should occur only if rotation is likely to enhance Committee performance or facilitate Committee work.

G. Committee Agendas. The Chairman of each Committee, in consultation with the Chairman and appropriate members of management, will develop the Committee's agenda. The frequency and length of the Committee's meetings will be consistent with any requirements set forth in the Committee's charter. Each Committee provides a report to the Board at the next Board meeting following the Committee meeting.

XIII. Evaluations and Other Matters

A. *Assessing the Board and Committee Performance*. The Board of Directors will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Governance Committee will receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. This assessment will be discussed with the full Board at an Executive Session following the regular November Board meeting each year. The assessment

will focus on the Board's and each Committee's contribution to the Corporation and specifically focus on areas in which the Board and each Committee believe it could improve. The Board does not believe that it is appropriate to conduct annual assessments of individual Director performance, but individuals are reviewed in connection with their nomination for election or re-election to the Board.

B. *Formal Evaluation of the Chief Executive Officer*. The Compensation and Organization Committee evaluates the Chief Executive Officer annually and reviews its evaluation with the Board of Directors. The Board communicates its views to the Chief Executive Officer through the Chairman of the Compensation and Organization Committee. The Compensation and Organization Committee's evaluation of the Chief Executive Officer is based upon review of the Corporation's and Chief Executive Officer's objectives for the year and their attainment of the same.

C. *Succession Planning and Management Development*. The Board, acting through and upon the recommendation of the Compensation and Organization Committee, reviews plans for succession. This review is done annually and includes succession to the positions of Chairman and Chief Executive Officer as well as certain other senior management positions. To assist in that planning, the Chief Executive Officer annually provides the Compensation and Organization Committee and the Board with an assessment of senior managers, their succession potential and their potential successors. The Chief Executive Officer also reports regularly to the Compensation and Organization Committee and the Board on management development activities.

D. *Securities Laws*. Each Director is required to complete a Directors' and Officers' Questionnaire in the form distributed by the Corporation in preparation for the annual

proxy statement filed with the Securities and Exchange Commission and distributed to the Corporation's stockholders. A questionnaire may also be circulated before the Corporation files any registration statement with the Securities and Exchange Commission. Each Director is expected to comply with the Corporation's policies on insider trading and reporting. It is a violation of Corporation policy to engage in any securities transaction involving Corporation securities without pre-approval. To comply with the deadlines to file Section 16 reports, each Director will be requested to sign a power of attorney authorizing certain employees of Corporation to prepare, sign and submit those reports on his/her behalf.

E. *Board Interaction with Institutional Investors, the Press, Customers, Etc.* The Board looks to management to speak for the Corporation, but recognizes that individual Directors may sometimes communicate with third parties on matters affecting the Corporation. Before doing so, to the extent feasible, Directors are encouraged to consult with management.

The Board of Directors believes that corporate governance is an evolving process and periodically reviews and updates these guidelines. These guidelines are reviewed annually by the Governance Committee with recommendations for any modifications to be included in the agenda of the Board meeting following the Committee meeting at which such recommendations are adopted. For the most recent guidelines, please see the Corporation's website at www.usg.com.

November 10, 2011