USG CORP
Form DEF 14A
March 31, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

USG CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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USG Corporation

550 West Adams Street

Chicago, Illinois 60661

Founded in 1902

March 31, 2016

Dear Fellow Stockholder:

It is a pleasure to invite you to the 2016 USG Corporation annual meeting of stockholders. The meeting will be held at 9:00 a.m., Chicago time, on Wednesday, May 11, 2016 at our corporate headquarters located at 550 West Adams Street, Chicago, Illinois 60661-3676. The attached Notice of Annual Meeting of Stockholders and Proxy Statement discuss the items scheduled for a vote by stockholders at the meeting.

Securities and Exchange Commission rules allow companies to furnish proxy materials to their stockholders over the Internet. As a result, most of our stockholders will receive in the mail a notice regarding availability of the proxy materials for the annual meeting on the Internet instead of paper copies of those materials. The notice regarding availability of proxy materials contains instructions on how to access the proxy materials over the Internet. The notice also contains instructions on how stockholders can receive paper copies of the proxy materials, including a proxy or voting instruction form. This process expedites stockholders receipt of proxy materials, lowers the cost of our annual meeting and helps to conserve natural resources.

It is important that your shares be represented at the annual meeting, whether or not you plan to attend the meeting. Please vote your shares over the Internet or by telephone. If you received paper copies of the proxy materials by mail, you may also vote by mail by following the instructions on the proxy or voting instruction form you received. **Brokers may not vote your shares on the election of directors, the approval of the USG Corporation 2016 Long-Term Incentive Plan, the approval of the amendments to our Restated Certificate of Incorporation or the ratification, by advisory vote, of an amendment to our Rights Agreement, in the absence of specific voting instructions from you.**

Please vote your shares as soon as possible. This is your annual meeting, and your participation is important.

Sincerely,

James S. Metcalf

Chairman of the Board, President

and Chief Executive Officer

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550 West Adams Street

Chicago, Illinois 60661-3676

NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

The 2016 USG Corporation annual meeting of stockholders will be held at our corporate headquarters located at 550 West Adams Street, Chicago, Illinois 60661-3676 on Wednesday, May 11, 2016 at 9:00 a.m., Chicago time, for the following purposes:

1. to elect three directors for a three-year term;

2. to approve the USG Corporation 2016 Long-Term Incentive Plan;

3. to ratify the Audit Committee s appointment of Deloitte & Touche LLP as our independent registered public accountants for the fiscal year ending December 31, 2016;

4. to approve an amendment to our Restated Certificate of Incorporation, or the Committee Amendment, to remove the requirement that we maintain a Finance Committee, in order to make our governance structure more efficient;

5. to approve an amendment to our Restated Certificate of Incorporation, or the Extended Protective Amendment, to continue to restrict certain transfers of our common stock until May 31, 2019, in order to protect the tax benefits of our net operating loss carryforwards;

6. to ratify, by advisory vote, an amendment to our Rights Agreement, or the Rights Agreement Amendment, to continue to restrict certain transfers of our common stock until May 31, 2019, in order to protect the tax benefits of our net operating loss carryforwards; and

7. to transact any other business that may properly come before the meeting or any adjournment or postponement thereof.

Pursuant to our By-laws, any matter to be presented for consideration at the meeting must have satisfied the procedural and legal requirements referred to in the accompanying proxy statement.

Only stockholders of record at the close of business on March 14, 2016 will be entitled to vote at the annual meeting.

An admission ticket (or other proof of stock ownership) and a form of photo identification will be required for admission to the annual meeting. If your shares are registered in your name and you received your proxy materials by mail, please mark the space on your proxy form if you plan to attend the annual meeting. An admission ticket is attached to your proxy form. If your shares are registered in your name and you received or accessed your proxy materials electronically over the Internet, click the appropriate box on the electronic proxy form or follow the telephone instructions when prompted and an admission ticket will be held for you at the registration desk at the annual meeting. If you hold shares through a broker, bank or other nominee, you will be required to present a statement from that institution reflecting your ownership of shares of our stock as of the record date, the notice regarding the availability of proxy materials you received or the non-voting portion of the voting instruction form you received.

By order of the Board of Directors,

MICHELLE M. WARNER

Senior Vice President, General Counsel

and Corporate Secretary

March 31, 2016

YOUR VOTE IS IMPORTANT

Brokers may not vote your shares on the election of directors, approval of the USG Corporation 2016 Long-Term Incentive Plan, approval of the Committee Amendment or the Extended Protective Amendment or the ratification, by advisory vote, of the Rights Agreement Amendment in the absence of specific voting instructions from you. Please vote your shares promptly by using the Internet or the telephone. If you received a paper copy of a proxy or voting instruction form for the annual meeting by mail, you may submit that form by completing, signing, dating and returning it in the pre-addressed envelope provided.

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SUMMARY OF 2016 PROXY STATEMENT

Annual Meeting Information

Time and Date	9:00 a.m., Chicago time, on Wednesday, May 11, 2016
Location	USG Corporation Headquarters 550 West Adams Street Chicago, Illinois 60661-3676
Record Date	March 14, 2016
Voting	Stockholders as of the close of business on the record date are entitled to vote. Each share of common stock is entitled to one vote for each matter presented at the annual meeting.
Attendance	An admission ticket (or other proof of stock ownership) and a form of photo identification will be required for admission to the annual meeting. If you hold shares through a broker, bank or other nominee, you will be required to present a statement from that institution reflecting your ownership of shares of our stock as of the record date, the notice regarding the availability of proxy materials you received or the non-voting portion of the voting instruction form you received.

Agenda and Voting Recommendations

Proposal	Board Recommendation	Page
Election of Three Directors	FOR each nominee	17
Approval of the USG Corporation 2016 Long-Term Incentive Plan	FOR	79
Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accountants for 2016	FOR	99
Approval of the Committee Amendment of our Restated Certificate of Incorporation	FOR	101
Approval of the Extended Protective Amendment of our Restated Certificate of Incorporation	FOR	105
Ratification, by advisory vote, of the Rights Agreement Amendment	FOR	111

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Business Highlights

Our strategy, called the Plan to Win, has three pillars: Strengthening Our Core Businesses, Diversifying Our Earnings, and Differentiating Our Products and Services Through Innovation. In 2015, we continued to make progress on all three strategic priorities of our Plan to Win. The annual highlights include:

Strengthening Our Core Businesses	Total operating profit of $381 million, more than double 2014 Expanded operating margins in all of our core businesses Strong cost performance with SG&A below 2014 and 2013 levels L&W same store sales were up 6% and operating profit was up 69% year-on-year
Diversifying Our Earnings	We completed our first full calendar year with USG Boral Building Products, or UBBP, our 50/50 strategic joint ventures with Boral Limited, which generated $48 million in equity method income for us in 2015
Differentiating Our Products and Services Through Innovation	Introduction of over 25 new products, including four high-performance ceilings products and our structural panel line, which is seeing record sales and profits

Our improved operational results in 2015 reflect management s continued focus on growing our businesses, increasing operating margins and controlling costs. The cost reductions we have implemented over the last several years

contributed to our improved operating results. We also continue to focus on operational excellence with near-record performance in safety, quality, customer satisfaction and operating efficiency.

Executive Compensation Highlights

Our executive compensation program is designed to attract, motivate, engage and retain talented executives and align their interests with those of stockholders. We use a combination of base salary, annual and long-term incentive awards, retirement and other benefits and limited perquisites to link executive pay with our financial and operating objectives. Our compensation program for executive officers, including our named executive officers, drives

the achievement of our Plan to Win. The program places the greatest emphasis on performance-based incentives. Nearly 86% of our Chairman, President and CEO s target total 2015 pay mix, and more than 72% of the average target total 2015 pay mix of our other named executive officers, excluding any one-time special grants, was at risk, and more than half is in stock-based compensation to create alignment with stockholders.

Chairman, President & CEO 2015 Target Pay Mix

Other NEO Average 2015 Target Pay Mix [(1)]

(1) Excluding any one-time special grants.

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Governance Highlights

The Company is committed to good corporate governance, which promotes the long-term interests of stockholders, strengthens Board and management accountability and helps build public trust.

Independence	Eight of our nine directors are independent Our CEO is the only management director All of our Board committees are comprised of only independent directors
Lead Director	An independent Lead Director is designated annually The Lead Director serves as a liaison between our CEO and the independent directors
Executive Sessions	The independent directors regularly meet in executive sessions The Lead Director generally presides at executive sessions of the independent directors
Board Oversight of Risk Management	Our Audit Committee annually reviews our guidelines and policies that govern the process by which we assess and manage our exposure to risk Our Compensation and Organization Committee reviews the annual compensation risk assessment and retains an independent compensation consultant We have recoupment or clawback provisions to recover certain executive pay We have a prohibition on hedging and speculative transactions involving our securities

Stock Ownership Requirements	Our non-employee directors must hold at least three times the sum of the annual cash retainer and annual equity grant, or 15,000 shares and deferred stock units, whichever is less, within five years of joining the Board Our CEO must hold our common stock equal to the lesser of 100,000 shares or five times his base salary within five years of attaining the position Our other executive officers are also subject to minimum stock ownership guidelines

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USG Corporation

550 West Adams Street

Chicago, Illinois 60661-3676

PROXY STATEMENT

The accompanying proxy is solicited on behalf of our Board of Directors, or the Board, for use at our annual meeting of stockholders to be held on Wednesday, May 11, 2016 in accordance with the accompanying notice. This proxy statement and the accompanying proxy were first made available to our stockholders on or about March 31, 2016.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

General

What is a proxy statement?

A proxy statement provides you with information related to the matters upon which you are asked to vote as a stockholder to assist you in voting your shares. We are required to make this proxy

statement available to you under rules of the Securities and Exchange Commission in connection with our solicitation of your proxy.

Why did I receive a notice in the mail regarding the Internet availability of the proxy statement and related proxy materials instead of a paper copy of the proxy materials?

Securities and Exchange Commission rules allow companies to furnish proxy materials to their stockholders over the Internet. As a result, most of our stockholders are receiving in the mail a notice regarding the availability of proxy materials on the Internet instead of paper copies of the notice of annual meeting and proxy statement, our 2015 annual report on Form 10-K and a letter from our Chairman, President and Chief Executive Officer. All stockholders

receiving the notice will be able to access the

notice of annual meeting, proxy statement, annual report and letter over the Internet and to request paper copies of those documents by mail. Instructions on how to access those documents over the Internet or to request paper copies of them may be found in the notice. In addition, the notice contains instructions on how you may request to receive proxy materials in printed form by mail or through e-mail access on an ongoing basis.

Why did I not receive a notice in the mail about the Internet availability of the proxy statement and related proxy materials?

Stockholders who have previously requested to receive proxy materials in paper form or through e-mail access are being provided copies of the proxy materials in the format previously requested instead of receiving the notice

regarding Internet availability of the proxy materials. In addition, stockholders who hold USG Corporation, or USG, shares in their USG Corporation Investment Plan, or the Investment Plan, may receive materials by either e-mail or in paper.

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How may I obtain a paper copy of the proxy statement and proxy materials?

Stockholders receiving a notice regarding the Internet availability of the proxy materials will find instructions about how to obtain a paper copy of the proxy materials in the notice. Stockholders receiving e-mail notification of the availability of the proxy materials will find

instructions about how to obtain a paper copy of the proxy materials in that e-mail. Stockholders who do not receive a notice or an e-mail will receive a paper copy of the proxy materials by mail.

Who is entitled to vote at the annual meeting?

All record holders of our common stock at the close of business on our record date of March 14, 2016 are entitled to vote their shares at the annual meeting. On that date, there were 145,846,581 shares of our common stock issued and outstanding and entitled to vote. Each share

is entitled to one vote on each matter presented at the annual meeting. The shares of common stock are our only securities entitled to vote at the annual meeting.

How do I vote?

We have both stockholders of record, or registered stockholders, and street name stockholders. If your shares are registered in your name with Computershare Trust Company N.A., our transfer agent, you are a stockholder of record or registered stockholder. You are a stockholder of record, for example, if you hold a certificate for your shares. If your shares are held in the name of a broker, bank or other nominee, you are a street name holder.

Whether you hold shares directly as a stockholder of record or as a street name holder, you may direct how your shares are voted by proxy without attending the annual meeting. There are three ways to vote by proxy:

By Internet You can vote over the Internet at www.proxyvote.com by following the instructions on the notice regarding Internet availability of proxy materials or the proxy or voting instruction form you received;

By telephone You can vote by telephone by calling 1-800-690-6903 and following the instructions on the notice regarding Internet availability of proxy materials or the proxy or voting instruction form you received; or

By mail If you received your proxy materials by mail, you can vote by mail by signing, dating and mailing the enclosed proxy or voting instruction form.

If you are a street name holder and you wish to vote your shares in person at the annual meeting, you must obtain a proxy from your broker, bank or other nominee giving you the right to vote your shares at the meeting.

Fidelity Management Trust Company, as trustee of the Investment Plan, or the Trustee, held 369,453 shares of our common stock on the record date. Only the Trustee, as of the record date, can vote the shares held by the Investment Plan. However, the Investment Plan provides that Investment Plan participants are entitled to instruct the Trustee how the shares allocated to their accounts under the Investment Plan are to be voted. The Investment Plan also provides that unallocated shares and shares for which no instructions are received by the Trustee will be voted by the Trustee in the same proportion as those shares for which instructions are received, unless otherwise required by law. Thus, Investment Plan participants will be exercising power and control as a named fiduciary of the Investment Plan not only over the shares allocated to their own accounts, but also over a

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portion of the undirected shares. By submitting voting instructions over the Internet, by telephone or by signing and returning the proxy voting form accompanying this proxy statement, an Investment Plan participant will be directing the Trustee to vote the shares allocated to his or her account under the Investment Plan, in person or by proxy, as instructed, at the annual meeting of stockholders. Investment Plan participants may revoke previously submitted voting instructions by phone, Internet or filing with Broadridge Financial Solutions, 51 Mercedes Way, Edgewood, New York 11717, the Investment Plan proxy tabulator, either a written notice of revocation or a properly completed and signed proxy form bearing a later date.

If you own shares through the Investment Plan and you are also a stockholder of record, your proxy form will allow you to designate the

manner in which you want both the shares registered in your name and the shares in the Investment Plan voted at the annual meeting. If you hold shares through the Investment Plan, but you do not own any shares of our common stock as a stockholder of record, you will be able to designate the manner in which you want those shares voted at the annual meeting by voting as described above.

Unless you hold your shares through the Investment Plan, you may vote via the Internet or by phone until 11:59 p.m. Eastern Time, on May 10, 2016, or the company s agent must receive your paper proxy card on or before May 10, 2016. If you hold any of your shares through the Investment Plan, you may vote via the Internet or by phone until 11:59 p.m., Eastern Time, on May 8, 2016, or the company s agent must receive your paper proxy card on or before May 8, 2016.

What does it mean to vote by proxy?

It means that you give someone else the right to vote your shares in accordance with your instructions. We are asking you to give your proxy to our Chairman and our Corporate Secretary. In this way, you ensure that your vote will be counted even if you are unable to attend the annual meeting.

If you sign and submit your proxy or voting instruction form without giving specific instructions on how to vote your shares, in accordance with the recommendation of the Board, either our Chairman or our Corporate Secretary will vote your shares in the following manner:

FOR the election of the Board s nominees for director;

FOR the approval of the USG Corporation 2016 Long-Term Incentive Plan;

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accountants for 2016;

FOR the approval of the amendment, or the Committee Amendment, of our Restated Certificate of Incorporation, or the Certificate, to remove the requirement that we maintain a Finance Committee, in order to make our governance structure more efficient;

FOR the approval of the amendment, or the Extended Protective Amendment, of our Certificate to continue to restrict certain transfers of our common stock until May 31, 2019, in order to protect the tax benefits of our net operating loss carryforwards, or NOLs, within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended, or the Code; and

FOR the ratification, by advisory vote, of the amendment, or the Rights Agreement Amendment, of the Rights Agreement, dated as of December 21, 2006, as amended, with Computershare Investor Services, LLC, as Rights Agent, or the Rights Agreement, to continue to restrict certain transfers of our common stock until May 31, 2019, in order to protect the tax benefits of our NOLs.

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What happens if other matters are presented at the annual meeting?

If other matters are properly presented at the annual meeting, either our Chairman or our Corporate Secretary will have discretion to vote your shares for you on those matters in

accordance with its best judgment if you have granted a proxy. However, we have not received timely notice from any stockholder of any other matter to be presented at the annual meeting.

What are my choices when voting?

You may cast your vote in favor of electing one or more of the nominees for director or to withhold authority to vote for one or more of the

nominees. You may cast your vote for or against, or you may abstain from voting your shares on, each other proposal.

What if I submit a proxy and later change my mind?

If you have given your proxy and wish to revoke it and change your vote, you may do so by (i) giving written notice to our Corporate Secretary, (ii) voting in person at the annual meeting, (iii) granting a subsequent proxy over

the Internet or by telephone or (iv) if you received your proxy materials by mail, submitting another signed proxy form with a date later than your previously delivered proxy.

What vote is required to approve each matter?

Assuming a quorum is present at the annual meeting, each of the matters specified in the notice of the annual meeting, other than approval of the Committee Amendment and the Extended Protective Amendment, requires the affirmative vote of a majority of the shares actually voted at the meeting in person or by proxy. The affirmative vote of 80% of the outstanding shares of our common stock is required for the approval of the Committee Amendment to remove the requirement that we maintain a Finance Committee. The affirmative vote of a majority of the outstanding shares of our common stock is required for the approval of

the Extended Protective Amendment to continue to restrict certain transfers of our common stock in order to protect the tax benefits of our NOLs.

The ratification, on an advisory basis, of the Rights Agreement Amendment to continue to restrict certain transfers of our common stock in order to protect the tax benefits of our NOLs is non-binding. However, our Board will review the results of such vote and will take them into account in determining whether the Rights Agreement Amendment should continue or be rescinded.

What constitutes a quorum?

A quorum is present if a majority of the outstanding shares of our common stock is present or represented by proxy at the annual

meeting. A quorum is required to conduct the annual meeting.

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How are broker non-votes and abstentions treated?

Broker non-votes occur when nominees, such as brokers and banks, holding shares on behalf of street name owners do not receive voting instructions from those owners regarding a matter and do not have discretionary authority to vote on the matter under the rules of the New York Stock Exchange, or the NYSE. Those rules allow nominees to vote in their discretion on routine matters, such as the ratification of the appointment of our independent registered public accountants, even if they do not receive voting instructions from the street name holder. On non-routine matters, such as the election of directors, the approval of the USG Corporation 2016 Long-Term Incentive Plan, the approval of the Committee Amendment, the approval of the Extended Protective Amendment and the advisory vote on the ratification of the Rights Agreement Amendment, nominees cannot vote unless they receive instructions from the street name owner. The failure to receive such instructions as to a non-routine matter results in a broker non-vote. Broker non-votes are counted for purposes of determining whether a quorum is

present at the annual meeting, but because they are not votes they will not affect the outcome of the vote on any matter presented at the annual meeting other than the approval of the Committee Amendment and the Extended Protective Amendment. Broker non-votes will have the same effect as a vote against the approval of the Committee Amendment and the Extended Protective Amendment.

Abstentions are counted for purposes of determining whether a quorum is present, but they are not treated as votes cast, except with respect to approval of the USG Corporation 2016 Long-Term Incentive Plan, the Committee Amendment and the Extended Protective Amendment. Accordingly, abstentions will have the same effect as a vote against the USG Corporation 2016 Long-Term Incentive Plan, the Committee Amendment and the Extended Protective Amendment, but will have no effect on the other matters presented at the annual meeting.

What if I receive more than one notice or e-mail regarding the Internet availability of the proxy materials or more than one paper copy of the proxy materials?

Receiving more than one notice, e-mail or paper copy means your shares are registered in two or more accounts. To vote all of your shares by proxy, please complete, sign, date and return each proxy and voting instruction form that you receive, or vote the shares in each account to

which those forms relate by Internet or telephone, and vote by Internet or telephone the shares in each account for which you receive a notice or e-mail regarding Internet availability of the proxy materials and do not request and receive a proxy or voting instruction form.

What is Householding ?

Unless you advised otherwise, if you hold your shares in street name and other residents at your mailing address share the same last name and also own shares of USG common stock in an account at the same broker, bank or other nominee, your nominee delivered a single notice or set of proxy materials to your address. This method of delivery is known as householding. Householding reduces the number of mailings you receive, saves on printing and postage costs and helps the environment. Stockholders

who participate in householding continue to receive separate voting instruction cards and control numbers for voting electronically.

A stockholder who wishes to receive a separate copy of the notice or proxy materials, now or in the future, should submit this request by writing Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, New York, 11717, or calling 1-866-540-7095. Beneficial owners sharing an

address who are receiving multiple copies of the proxy materials and wish to receive a single copy of these materials in the future should contact their broker, bank or other nominee to make this request.

If you are a registered stockholder or hold shares in the Investment Plan, we sent you and each registered Investment Plan holder at your address separate notices or sets of proxy materials.

Who will count the vote?

A representative or representatives of Broadridge Financial Solutions, Inc. will count the votes and serve as Inspector of Election.

The Inspector of Election will be present at the annual meeting.

Who pays the cost of this solicitation?

USG is paying the cost of this proxy solicitation. Upon request, we will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses they incur in forwarding proxy material to street name holders.

We have retained Alliance Advisors, LLC to aid in soliciting votes for the annual meeting for a fee of approximately $12,000 plus out-of-pocket expenses.

What if I have a question regarding my shares or my mailing address?

If you are a registered stockholder, please contact Computershare Trust Company N.A. directly at 211 Quality Circle, Suite 210, College

Station, Texas 77845. If you are a street name holder, please contact your broker, bank or other nominee directly.

The 2016 USG Corporation Long-Term Incentive Plan

What is the purpose of the 2016 USG Corporation Long-Term Incentive Plan?

We have historically granted equity awards under various incentive compensation plans, including the USG Corporation Long-Term Incentive Plan, or the Current LTIP. The Current LTIP is scheduled to expire on May 10, 2016, after which no further awards may be made under the Current LTIP. If the 2016 USG Corporation Long-Term Incentive Plan, or the New LTIP, is not approved, we will no longer be able to grant any equity awards. In order to provide a competitive compensation opportunity that enables us to attract, retain and motivate talented employees, we may have to significantly increase the salary, annual incentive or other elements of our employee compensation. As a result, our overall compensation program would not align employee interests with the long-term interests of our stockholders as well as the alignment provided by equity-based awards. Replacing equity awards with cash would also increase cash compensation expense and divert

cash away from more impactful uses, such as investments in growing our businesses. Further, we would be at a competitive disadvantage if we could not use equity-based awards to recruit, motivate and retain our officers and certain other employees, as other companies with whom we compete for talent do.

In addition to enabling us to make equity awards in the future, the New LTIP increases the number of shares of our common stock available for issuance as described below and enables the Board, acting through the Compensation and Organization Committee, or the Committee, to design compensation programs that allow us to effectively attract, retain and recruit talented employees, effectively link pay with performance and align the interests of management and our non-employee directors with those of our other stockholders.

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How many shares are available under the New LTIP?

Subject to adjustment as provided in the New LTIP, total awards that may be granted under the New LTIP are limited to 6.025 million shares minus the number of shares subject to awards granted under the Current LTIP between March 14, 2016 and the effective date of the New LTIP.

The New LTIP also contains a number of limits on the number of common shares that can be issued, including to any one participant in a calendar year.

What types of awards are authorized under the New LTIP?

The New LTIP authorizes the Committee to provide equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units,

performance shares, performance units, dividend equivalents, and other stock or stock-based awards and cash incentive awards.

Who is eligible to receive awards under the New LTIP?

Officers and other employees of ours and our subsidiaries, or any person who has agreed to commence serving in any of those capacities within 90 days of the date of grant, as well as our directors and persons who provide services to us or one of our subsidiaries that are

equivalent to those typically provided by any employee (provided that such person satisfies the definition of an employee under Form S-8), may be selected by the Committee to receive awards under the New LTIP.

The Committee Amendment

What is the purpose of the Committee Amendment?

In connection with a restructuring of our debt in 1993, we granted rights to certain of our security holders to nominate members of our Board and the Finance Committee until June 22, 1997. Our Certificate was revised to implement these selection procedures by requiring that we maintain a Finance Committee that, until June 22, 1997, must be comprised of four non-employee directors.

Although the rights of those security holders to appoint directors and members of the Finance Committee expired in 1997, the Finance Committee provision of our Certificate remains

in effect. Further, we are not required by the Securities and Exchange Commission or the NYSE to have a Finance Committee.

If approved, the Board would have the flexibility to eliminate the Finance Committee in the future. Because certain matters currently require the separate review or approval of the Finance Committee in addition to the approval of the Board, elimination of the Finance Committee could simplify our governance structure and provide for a more efficient organizational decision-making process.

Who would assume the responsibilities of the Finance Committee if it is eliminated?

If eliminated, many responsibilities of the Finance Committee would be assumed by the full Board, while the remainder would be

assumed by the Audit Committee or another existing committee of the Board.

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Section 382 and NOLs Generally

What is Section 382?

Section 382 is a provision of the Code that would impose limitations on the future use of our

NOLs if we undergo an ownership change as defined in Section 382.

How important are our NOLs?

As of December 31, 2015 we had approximately $1.755 billion in pre-tax Federal NOLs. These NOLs, along with our state NOLs, are significant assets that could save up to $844 million in federal and state taxes over the next 20 years. Because our NOLs expire between now and 2035, we will strive to manage our Section 382 risk for a significant period of time. Because the amount and timing of our future taxable income,

if any, cannot be accurately predicted, we cannot estimate the exact amount of NOLs that we will ultimately use to reduce our future income tax liability. The Board believes that the provisions of the Extended Protective Amendment and the Rights Agreement Amendment are important tools in avoiding adverse impacts from Section 382 limitations.

Why is the Board recommending approval of the Extended Protective Amendment and ratification of the Rights Agreement Amendment?

On May 9, 2013, our stockholders approved an amendment to the Certificate, or the Original Protective Amendment, and ratified an amendment to our Rights Agreement, or the Original Rights Agreement Amendment, both of which were designed to protect our substantial NOLs. The Original Protective Amendment is scheduled to expire on May 9, 2016, and the Original Rights Agreement Amendment was scheduled to expire on March 22, 2016, in each case subject to other earlier termination events as described in the documents. The Board unanimously approved the Rights Agreement Amendment, which, among other items, extends the termination date of the Rights Agreement to May 31,

2019, and recommended that stockholders approve the Extended Protective Amendment, which proposes to extend the termination date of the Original Protective Amendment to May 31, 2019, in order to continue to protect our NOLs. The Board believes that both the Extended Protective Amendment and the Rights Agreement

Amendment, employed together, provide the most effective protection for our NOLs and, accordingly, recommends that our stockholders approve both. The Extended Protective Amendment provides a mechanism to continue to block an attempted transfer of shares of our common stock that would exceed the defined threshold; however, under the Delaware General Corporation Law, the Extended Protective Amendment may only be enforceable against stockholders with respect to shares that are voted in favor of the Extended Protective Amendment and certain purported transferees of those shares. In contrast, while the Rights Agreement Amendment provides a strong deterrent to acquisitions of our common stock above the threshold specified, it does not include a mechanism to block the acquisition. As a result, the Board is recommending the Extended Protective Amendment to buttress the Rights Agreement Amendment.

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The Extended Protective Amendment

What is the purpose of the Extended Protective Amendment?

The Original Protective Amendment was approved by stockholders at our 2013 annual meeting and is scheduled to expire on May 9, 2016. The purpose of both the Original Protective Amendment and Extended Protective Amendment is to help preserve the long-term value to us of our NOLs by limiting direct or indirect transfers of our common stock that would affect the percentage of stock that is

treated as being owned by 5-percent stockholders within the meaning of Section 382. Changes in ownership of our 5-percent stockholders and the creation of new 5-percent stockholders could result in limitations on our ability to use our NOLs to reduce future income tax liability. If approved, the Extended Protective Amendment would extend these protections until May 31, 2019.

What transfers will the Extended Protective Amendment prohibit?

Subject to certain limited exceptions, the Original Protective Amendment restricts any person from transferring our common stock (or any interest in our common stock) if the transfer would result in a stockholder (or several

stockholders, in the aggregate, who hold their stock as a public group under Section 382) owning 4.9% or more of our common stock. The Extended Protective Amendment would extend those transfer restrictions until May 31, 2019.

Do all investors who file a Schedule 13G or 13D count in the Section 382 ownership change calculation?

No, some investors who file a Schedule 13G or 13D are not 5-percent stockholders under the Section 382 definition and therefore would not affect our ownership shift for purposes of Section 382. However, for purposes of determining the existence and identity of, and the amount of common stock owned by, any

stockholder, we will be entitled to rely on the existence or absence of filings with the Securities and Exchange Commission of Schedules 13D and 13G (or similar filings) as of any date, subject to our actual knowledge of the ownership of our common stock.

How does the Extended Protective Amendment affect me if I vote for it and I already own more than 4.9% of the common stock?

If you already own more than 4.9% of our common stock, you would be able to transfer your shares of common stock if both of the following conditions are met: (i) such transfer does not increase the percentage stock ownership of another holder of 4.9% or more of our common stock or create a new holder of

4.9% or more of our common stock (other than certain transfers that create a new public group) and (ii) the stock that is the subject of the transfer was acquired prior May 9, 2013. Shares acquired in any such transfer will be subject to the transfer restrictions.

Will the Extended Protective Amendment apply to me if I vote for it and I own less than 4.9% of the Company s common stock?

Yes, but there will be no restrictions on the sale of our common stock by a stockholder who owns less than 4.9% of our common stock. You will be

able to acquire additional shares of our common stock as long as those acquisitions result in your owning less than 4.9% of our common stock.

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What happens if I vote No on this proposal? Am I still subject to the transfer restriction?

Delaware law provides that transfer restrictions with respect to shares of our common stock issued prior to the effectiveness of the Extended Protective Amendment generally will be effective against (i) stockholders with respect to shares that were voted in favor of the adoption of the Extended Protective Amendment and (ii) purported transferees of those shares if (A) the transfer restriction is conspicuously noted on the certificate(s) representing those shares or (B) the transferee had actual knowledge of the transfer restrictions (even absent such conspicuous notation). We intend to cause shares of our common stock issued after the effectiveness of the Extended Protective Amendment to be issued with the relevant transfer restriction conspicuously noted on the certificate(s) representing such shares, and therefore under Delaware law any newly issued shares will be subject to the transfer restriction. We also intend to disclose these restrictions to

persons holding our common stock in uncertificated form. For the purpose of determining whether a stockholder is subject to the Extended Protective Amendment, we intend to take the position that all shares issued prior to effectiveness of the Extended Protective Amendment that are proposed to be transferred were voted in favor of the Extended Protective Amendment unless the contrary is established. We may also assert the position that stockholders have waived the right to challenge or are estopped from challenging the enforceability of the Extended Protective Amendment, unless a stockholder establishes that it did not vote in favor of the Extended Protective Amendment. Nonetheless, a court could find that the Extended Protective Amendment is unenforceable, either in general or as applied to a particular stockholder or fact situation.

Is the Board able to make exceptions for transfers that would otherwise be restricted?

Yes, the Board will have the discretion to approve transfers that would otherwise be restricted by the Extended Protective

Amendment if it determines that the approval is in our and our stockholders best interests.

What are some of the factors I should consider in deciding how to vote?

Some of the factors you should consider before making your voting decision are discussed under the heading Certain Considerations

Related to the Extended Protective Amendment and the Rights Agreement Amendment, beginning on page 116 of this proxy statement.

How long would the Extended Protective Amendment be in place?

The Original Protective Amendment is currently scheduled to expire on May 9, 2016, subject to other earlier termination events as described in the Original Protective Amendment. If approved, the Extended Protective Amendment would extend the protections set forth in the Original Protective Amendment and expire on the earliest of (i) May 31, 2019, (ii) the date of the Board s determination that the Extended

Protective Amendment is no longer necessary for the preservation of our NOLs because of the repeal of Section 382 or any successor statute, (iii) the first day of our taxable year as to which the Board determines that none of our NOLs may be carried forward and (iv) such date as the Board determines that the Extended Protective Amendment is no longer necessary for the preservation of our NOLs.

Why does the Extended Protective Amendment generally expire on May 31, 2019?

The Board proposes that the Extended Protective Amendment expire on May 31, 2019 so that (i) its protections coincide with the term of the NOL protective provisions in the Rights Agreement Amendment, described below, which protections also generally expire on May 31, 2019, and (ii) in the event the Board

recommends our stockholders further extend the term of the Extended Protective Amendment past May 31, 2019, which extension would require the approval of our stockholders, we have the flexibility to schedule our 2019 annual meeting at any time in May.

The Rights Agreement Amendment

What is the purpose of the Rights Agreement Amendment?

The purpose of the Rights Agreement Amendment is to help preserve the long-term value to us of our NOLs. The Original Rights Agreement Amendment was scheduled to expire on March 22, 2016, subject to other earlier termination events as described in the Rights Agreement. The Rights Agreement Amendment

adopted by the Board extends until May 31, 2019 the protections designed to deter the acquisition of our common stock in excess of amounts that, because of Section 382, could inhibit our ability to use our NOLs to reduce our future income tax liability.

What acquisitions do the Rights Agreement deter?

Subject to certain limited exceptions, during the Special Period (defined below), the Rights Agreement restricts any person from acquiring beneficial ownership of our common stock if the acquisition would result in a stockholder (or several stockholders, in the aggregate, who hold their stock as a public group under Section 382) owning 4.9% or more of our

outstanding common stock. After the end of the Special Period, the triggering threshold, or the Trigger Threshold, for the rights issued pursuant to the Rights Agreement will revert to 15% of our outstanding common stock and the definition of Beneficial Owner and Beneficially Own will revert to definitions that do not track Section 382 of the Code.

How does the Rights Agreement affect me if I already own 4.9% or more of the common stock?

Subject to certain specified exceptions, holders of 4.9% or more of our common stock as of February 11, 2015, are not able to acquire beneficial ownership of additional shares of our

common stock during the Special Period without triggering the dilutive effect of the Rights Agreement.

Does the Rights Agreement restrict my ability to acquire additional shares of common stock if I own less than 4.9% of the common stock?

No, unless you enter into a transaction or other agreement by which you would beneficially own

4.9% or more of our common stock.

Will the Board be able to make exceptions for acquisitions that would otherwise be restricted?

Yes, the Board may, in its sole discretion, exempt any person or group from triggering the

dilutive effect of the Rights Agreement.

What are some of the factors I should consider in deciding how to vote?

Some of the factors you should consider before making your voting decision are discussed under the heading Certain Considerations Related to the Extended Protective Amendment

and the Rights Agreement Amendment, beginning on page 116 of this proxy statement.

What is the duration of the Special Period?

The Special Period is the period beginning on March 22, 2013 and ending at the earliest of (i) May 31, 2019, (ii) the date of the Board s determination that the Rights Agreement is no longer necessary for the preservation of our NOLs because of the repeal of Section 382 or any successor statute, (iii) the first day of our

taxable year as to which the Board determines that none of our NOLs may be carried forward and (iv) such date as the Board otherwise determines that the Rights Agreement is no longer necessary for the preservation of our NOLs.

Important Notice Regarding the Availability of the Proxy Materials for the

Stockholder Meeting to be held on

May 11, 2016

This proxy statement and our 2015 annual report on Form 10-K are

available to you on the Internet at www.proxyvote.com.

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PROPOSAL 1   ELECTION OF DIRECTORS

Our Board currently consists of nine directors divided into three classes, with each class elected for a three-year term. Three nominees comprise the class of directors to be elected at the annual meeting. The other two classes will be elected in 2017 and 2018.

The three candidates nominated by the Board for election as directors at the annual meeting are identified below. If any of those nominees

becomes unavailable prior to the annual meeting, the Board will (i) reduce the size of the Board to eliminate that position, (ii) nominate a candidate in place of the unavailable nominee, in which case all shares represented by proxies received by the Board will be voted for election of the substitute nominee, unless authority to vote for all candidates nominated by the Board is withheld, or (iii) leave the position vacant until a later date.

Director Nominees and Directors Continuing in Office

As evidenced by the director biographical information provided below, our directors have significant experience in chief executive or other senior level operating, financial, and international management positions. In addition, a majority of our directors have experience in cyclical businesses, which we believe will assist the Board in management s development and implementation of our growth strategies. These directors also have extensive familiarity with us and our industry, which provides them with a longer-term perspective about strategic, operational and financial issues associated with the cyclicality of our business.

Seven of our nine directors also serve as a director of other public companies, which provides them with diverse experiences that can enhance their contribution to our Board governance practices. Also, Messrs. Armario and Hernandez, who are of Hispanic descent, Mr. Carter, who is African American, and Ms. Haggerty provide ethnic and gender

diversity to our Board that supports our commitment to diversity as a core value in our efforts to attract and retain a diverse workforce as well as to enhance our relationship with an increasingly diverse customer base.

Set forth below is information regarding the nominees for election as directors and information regarding the directors in each class continuing in office after the annual meeting. Also discussed below are specific experience, qualifications, attributes and skills of our current directors considered by the Governance Committee as part of its review of our Board s membership and in connection with its nomination of the candidates for election to the Board at the annual meeting. Additionally, the Governance Committee considered the qualities for directors set out in our Corporate Governance Guidelines and the cooperative manner in which the directors interact and conduct the Board s deliberations.

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NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

FOR A THREE-YEAR TERM TO EXPIRE IN 2019

The Board recommends a vote FOR the election of each of the nominees for director.

THOMAS A. BURKE, 58, has been President and Chief Executive Officer of Modine Manufacturing Company, a publicly-traded manufacturer of thermal management systems and components, for the past eight years. Mr. Burke serves as a director of Modine Manufacturing Company and as a director of the National Association of Manufacturers. Mr. Burke has been a director since September 2013. He is a member of the Board s Audit and Governance Committees.

Mr. Burke has experience managing cyclical businesses and international operations as the President, Chief Executive Officer and board member of Modine Manufacturing Company. He also has valuable insights regarding the manufacturing industry from his service on the board of the National Association of Manufacturers.

BRIAN A. KENNEY, 56, is Chairman, President and Chief Executive Officer of GATX Corporation, a publicly-traded global railcar lessor, and has held this position since 2005. Mr. Kenney serves on the Board of Trustees of the Shedd Aquarium in Chicago and the Advisory Board for the Kellogg Institute of International Studies at the University of Notre Dame. Mr. Kenney has been a director since February 2011. He is Chair of the Board s Finance Committee and a member of its Governance Committee.

As Chairman, President and Chief Executive Officer of GATX Corporation, Mr. Kenney has obtained extensive strategic, operational, financial and international investment experience and corporate governance insights. The similarity of the cyclical nature of our business and GATX Corporation s business provides Mr. Kenney with an understanding of the challenges recent economic conditions present for our businesses.

STEVEN F. LEER, 63, retired as Chairman of Arch Coal, Inc., a publicly-traded coal producing company, in 2014 after having served in that position since April 2006. He was also the Chief Executive Officer of Arch Coal, Inc. until April 2012. Mr. Leer is a director of Norfolk

Southern Corporation, Cenovus Energy Inc. and Parsons Corporation. He is a former director of the Greater St. Louis Area Boy Scouts of America and the National Association of Manufacturers and currently serves on the Board of Regents of Washington University in St. Louis. Mr. Leer has been a director since June 2005. He is the Board s Lead Director, Chair of its Governance Committee and a member of its Compensation and Organization Committee.

Mr. Leer provides corporate governance insights from his service as Chairman of Arch Coal, Inc. and as a director of other public companies and particular insights regarding business conditions and developments in the United States from his service on the board of the National Association of Manufacturers.

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Directors Continuing in Office (Terms Expiring in 2017)

MATTHEW CARTER JR., 55, has been President and Chief Executive Officer of Inteliquent, Inc., a publicly-traded provider of voice telecommunications services, since June 2015. He served as President of the Sprint Enterprise Solutions business unit of Sprint Corporation, a publicly-traded telecommunications company, from September 2013 until January 2015 and as President, Sprint Global Wholesale & Emerging Solutions at Sprint Nextel Corporation from January 2010 until September 2013. Mr. Carter is a director of Apollo Education Group, Inc. He has been a director since September 2012. Mr. Carter is a member of the Board s Compensation and Organization and Governance Committees.

Mr. Carter has significant marketing, technology and international experience, including management oversight for all of Inteliquent, Inc. s operations, and insights as a director and member of the audit and finance committees of another public company.

RICHARD P. LAVIN, 63, served as President and Chief Executive Officer of Commercial Vehicle Group, Inc., a publicly-traded supplier of cab-related products and systems for the global commercial vehicle market, from May 2013 until November 2015. Mr. Lavin had previously served as Group President of Caterpillar Inc., a publicly-traded manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives, until his retirement in December 2012, after having worked for Caterpillar for nearly 29 years. Mr. Lavin also serves as a director for ITT Corporation and Allison Transmission Holdings, Inc. and previously served as a director of Commercial Vehicle Group, Inc. Mr. Lavin has been a director since November 2009. He is Chair of the Board s Compensation and Organization Committee and a member of its Finance Committee.

Mr. Lavin gained experience managing cyclical, global manufacturing businesses as the President and Chief Executive Officer of Commercial Vehicle Group, Inc. and prior thereto as Group President of Caterpillar Inc. He also has a diverse legal and human resources background.

JAMES S. METCALF, 58, is our Chairman, President and Chief Executive Officer. He was elected Chairman effective December 1, 2011. He has served as our Chief Executive Officer and President since

January 2011 and was our President and Chief Operating Officer from January 2006 until becoming Chief Executive Officer. He is a director of Tenneco Inc. and the National Association of Manufacturers and previously served as a director of Molex Corporation. Mr. Metcalf has been a director since May 2008.

Mr. Metcalf has served as an executive officer for more than 15 of his almost 35 years with USG, with direct management responsibility during his career for our North American Gypsum, Building Products Distribution and Worldwide Ceilings businesses. He provides governance insights from his past and present service as a director of another public company and particular insights regarding business conditions and developments in the United States from his service on the board of the National Association of Manufacturers.

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Directors Continuing in Office (Terms Expiring in 2018)

JOSE ARMARIO, 56, retired as Executive Vice President of Worldwide Supply Chain, Development, and Franchising of McDonald s Corporation, a publicly-traded restaurant operator and franchisor, in October 2015, after having held that position since August 2011. He served as Group President, McDonald s Canada and Latin America of McDonald s Corporation from February 2008 to August 2011. Mr. Armario is a director of the International Advisory Board and President s Council of the University of Miami. He also is a director of The Chicago Council on Global Affairs. Mr. Armario has been a director since January 2007. He is a member of the Board s Audit and Compensation and Organization Committees.

Mr. Armario has extensive global consumer products marketing, branding, supply chain and Latin American markets expertise gained in his roles at McDonald s Corporation.

GRETCHEN R. HAGGERTY, 60, retired as the Executive Vice President and Chief Financial Officer of United States Steel Corporation, a publicly-traded integrated steel producer, in August 2013, after having held that position for more than the past five years. Ms. Haggerty is a director of the Strategic Investment Fund and the United Way of Allegheny County. Ms. Haggerty has been a director since May 2011. She is a member of the Board s Audit and Finance Committees.

Ms. Haggerty spent more than ten years as chief financial officer of United States Steel Corporation, and also has substantial international and cyclical business experience.

WILLIAM H. HERNANDEZ, 67, retired as Senior Vice President, Finance and Chief Financial Officer of PPG Industries, Inc., a publicly-traded manufacturer of coatings, chemical and industrial products, specialty materials and glass products, in 2009. He is a director of Black Box Corporation, Albemarle Corporation and Northrop Grumman Corporation and previously served as a director of the Eastman Kodak Company. Mr. Hernandez has been a director since September 2009. He is Chair of the Board s Audit Committee and is a member of its Finance Committee.

Mr. Hernandez spent more than 15 years as chief financial officer of PPG Industries, Inc. and has substantial experience as a director, Board leadership as Chair of the Audit Committee and insights as a director and member of the audit committees of two other public companies, on both of which he serves as chair. He also has significant cyclical business experience.

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Director Independence

The listing standards of the NYSE require that a majority of our directors and all members of our Audit, Compensation and Organization and Governance Committees be independent. Our Corporate Governance Guidelines provide that, as a matter of policy, at least 80% of our directors should be independent in accordance with the NYSE listing standards and our By-laws.

Under the NYSE listing standards, a director is considered independent only if the Board affirmatively determines that the director has no material relationship with [us] (either directly or as a partner, shareholder or officer of an organization that has a relationship with [us]). A director is not independent if the director does not meet certain standards specifically set out in the NYSE listing standards. Our By-laws provide that members of legal, accounting or auditing firms providing services to us are also not independent.

Using the standards for determining the independence of its members described above, and based upon information provided by each of our directors and the recommendation of the Governance Committee of our Board, the Board has determined that each of our directors, except Mr. Metcalf, our Chairman, President and Chief Executive Officer, is independent as defined by the NYSE listing standards and our By-laws and Corporate Governance Guidelines.

In making this determination, the Board considered the following transactions, relationships and arrangements involving the directors identified below:

- Jose Armario was an executive officer of a corporation to which we sell building materials;

- Matthew Carter Jr. was an executive officer of Sprint, from which we purchase communication services and equipment, and he is an executive officer of Inteliquent, Inc., which agreed, prior to the time Mr. Carter was associated with Inteliquent, to sublease office space from us;

- Gretchen R. Haggerty s brother is a partner at a firm used by UBBP for tax compliance services;

- William H. Hernandez is a director of a corporation from which we purchase communication equipment;

- Brian A. Kenney is an executive officer and a director of GATX Corporation, from which we lease railcars;

- Richard P. Lavin is a director of a corporation from which we purchase equipment; and

- Steven F. Leer is a director of a corporation from which we purchase rail transportation services.

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Meetings of the Board of Directors

The Board held six meetings, and its committees held a total of 18 meetings, during 2015. Each director attended at least 93% of the meetings of the Board and the committees on which he or she served.

Two executive sessions of the Board are required to be held annually by our Corporate Governance Guidelines. The Board met in executive session at each of its six regularly scheduled meetings.

Board Leadership

Mr. Metcalf is Chairman of the Board, President and Chief Executive Officer. He has been our Chief Executive Officer since January 1, 2011 and became Chairman of the Board on December 1, 2011. Our Corporate Governance Guidelines provide that it is the Board s policy that the matter of whether the Chairman and Chief Executive Officer positions should be separate is one to be considered when a new Chief Executive Officer is selected, unless the Board believes consideration of the matter is warranted at another time based on then-existing circumstances. The Governance Committee and the Board discussed board leadership alternatives on a number of occasions during 2011 before deciding to recombine the Chairman and Chief Executive Officer roles.

As a result of Mr. Metcalf s long tenure at USG, including five years as President and Chief Operating Officer, the Board believes he is uniquely qualified through his experience and expertise to be the person who generally sets the agenda for, and leads discussions of, strategic issues. The Board also believes that Mr. Metcalf s serving as both Chairman and Chief Executive Officer is appropriate taking into consideration the size and nature of our businesses, Mr. Metcalf s established working relationship and open communication with our independent directors, the significant board-level experience of our independent directors as a whole, the strong independent leadership and

accountability to stockholders provided by more than 80% of our directors being independent, the independent leadership provided by our Committee chairs and our Board culture in which Mr. Metcalf and the other directors are able to debate different points of view and reach consensus in an efficient manner.

In deciding that a combined Chairman and Chief Executive Officer position is the appropriate leadership structure for the Company at this time, the Governance Committee and Board also recognized the benefit of independent leadership to enhance the effectiveness of the Board s oversight role and communications between the Board and Mr. Metcalf. Our Corporate Governance Guidelines provide that in the event the Chairman and Chief Executive Officer positions are held by one person, our independent directors may designate a Lead Director from among the independent

directors. The designation of the Lead Director is to be made annually, although with the expectation of the Board that the Lead Director will be re-appointed for multiple, consecutive one-year terms. Steven F. Leer was designated as our first Lead Director in 2012, and has remained in the position for each subsequent year. The responsibilities of the Lead Director include:

- consulting with the Chairman and Chief Executive Officer regarding the schedule of Board and Committee meetings;

providing the Chairman and Chief Executive Officer with input regarding the agendas and materials for Board meetings;

presiding at executive sessions of the independent directors, except as otherwise provided in our Corporate Governance Guidelines, and at any Board meeting at which the Chairman and Chief Executive Officer is not present;

serving as an adviser to the Chairman and Chief Executive Officer regarding his concerns and those of the independent directors;

serving as a liaison and supplemental channel of communication between the Chairman and Chief Executive Officer and the independent directors; and

consulting and communicating with major stockholders, as requested by the Chairman and Chief Executive Officer.

Committees of the Board of Directors

The Board has four standing committees. They are the

Audit Committee,

Compensation and Organization Committee,

Finance Committee, and

Governance Committee.

Each committee has a charter that requires its members to be independent as defined in the NYSE listing standards and our By-laws and Corporate Governance Guidelines. The following table indicates the current members of each Board committee.

Name	Audit	Finance	Governance

	Compensation and Organization
Jose Armario	
Thomas A. Burke	
Matthew Carter Jr.	
Gretchen R. Haggerty	
William H. Hernandez	
Brian A. Kenney	
Richard P. Lavin	
Steven F. Leer	

Chairperson Member

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Audit Committee

The Audit Committee s responsibilities include:

- assisting the Board in monitoring the integrity of our financial statements, our compliance with financial reporting and related legal and statutory requirements and the independence and performance of our internal and external auditors; and
- selecting and employing a firm of independent registered public accountants to audit our financial statements and internal control over financial reporting each year, which firm is ultimately accountable to the Audit Committee and the Board.

The Board has determined that Ms. Haggerty and Messrs. Armario, Burke and Hernandez are audit committee financial experts as defined by the rules of the Securities and Exchange Commission. The Board has also determined that each member of the Audit Committee is independent as defined by the applicable NYSE and Securities and Exchange Commission rules. The Audit Committee met seven times during 2015.

Compensation and Organization Committee

The Compensation and Organization Committee s responsibilities include:

- reviewing and making recommendations to the Board regarding management organization, succession and development programs, and the election of corporate officers;
- reviewing and approving, or recommending for approval, officers salaries, incentive compensation and bonus awards;
- making, itself or through a subcommittee, the decisions required by a committee of the Board under all equity compensation plans we have adopted;
- approving and reporting to the Board changes in salary ranges for all major position categories and changes in our retirement, group insurance, investment, management incentive compensation and other benefit plans;

and

reviewing, and reporting to the Board regarding, activities with respect to employee safety and occupational health, diversity and equal employment opportunity and corporate contributions.

The Board has determined that each member of the Compensation and Organization Committee is independent as defined by the applicable NYSE and Securities and Exchange Commission rules. The Compensation and Organization Committee met five times during 2015.

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Finance Committee

The Finance Committee s responsibilities include:

- providing review and oversight of, and making recommendations to the Board regarding, material financing requirements and funding programs, including debt issuances and repurchases, dividend policy and acquisitions, divestitures and significant transactions affecting our capital structure or ownership; and
- reviewing and making recommendations to the Board regarding the funding of our qualified retirement plans in excess of minimum amounts required by law and authorizing necessary or desirable changes in actuarial assumptions for funding those retirement plans.

The Board has determined that each member of the Finance Committee is independent as defined by the applicable NYSE and Securities and Exchange Commission rules. The Finance Committee met three times during 2015.

As discussed under Proposal 4 Approval of Committee Amendment on page 101 of this proxy statement, our Certificate currently requires that we maintain a Finance Committee. If the Committee Amendment is approved by our stockholders, the Board will have the flexibility to eliminate the Finance Committee, in order to make our governance structure more efficient. If eliminated, many responsibilities of the Finance Committee would be assumed by the full Board, while the remainder would be assumed by the Audit Committee or another existing committee of the Board.

Governance Committee

The Governance Committee s responsibilities include:

- making recommendations to the Board concerning the size and composition of the Board and its committees;
- recommending nominees for election or reelection as directors;
- considering other matters pertaining to Board membership, such as the retirement policy and compensation of non-employee directors; and

evaluating Board performance and assessing the adequacy of, and compliance with, our Corporate Governance Guidelines and Code of Business Conduct.

The Board has determined that each member of the Governance Committee is independent as defined by the applicable NYSE and Securities and Exchange Commission rules. The Governance Committee met three times during 2015.

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Stockholder Nominee Recommendations and Criteria for Board Membership

The Governance Committee considers director nominee recommendations submitted by our stockholders. Director nominee recommendations from stockholders must be in writing and include a brief account of the nominee s business experience during the past five years, including principal occupations and employment during that period and the name and principal business of any corporation or organization of which the nominee is a director. Stockholder director nominee recommendations should be sent to the Governance Committee, USG Board of Directors, c/o Corporate Secretary, 550 West Adams Street, Chicago, Illinois 60661-3676. Recommendations may be submitted at any time, but will not be considered by the Governance Committee in connection with an annual meeting unless received on or before the date prior to the annual meeting determined as provided in our By-laws. The director nominee recommendation submission deadline for the 2017 annual meeting of stockholders is described under the heading Deadline for Stockholder Proposals on page 119 of this proxy statement.

Our process for reviewing and selecting new director nominees involves seeking out a diverse group of candidates who possess the background, skills and expertise to make a significant contribution to the Board, USG and our stockholders. Desired qualities for our directors, including those recommended for nomination by our stockholders, are described in our Corporate Governance Guidelines and on our website www.usg.com. Those qualities include high-level leadership experience in business or administrative activities, breadth of knowledge about issues affecting USG, ability and willingness to contribute special

competencies to Board activities and personal attributes such as integrity, willingness to apply sound and independent business judgment and assume broad fiduciary responsibility and awareness of a director s vital contribution to our corporate image. Additional search criteria may be determined by the Governance Committee. We do not have a formal policy with regard to the consideration of diversity in identifying directors. Our Corporate Governance Guidelines provide that candidates for Board membership will be considered without regard to race, color, religion, gender, ancestry, national origin, sexual orientation or disability. When seeking new director candidates, the Governance Committee considers the subject matter expertise and geographic experience of existing Board members to determine whether a candidate with a particular expertise or experience set would be desirable. The Committee seeks to have a mix of directors with experience in one or more areas relevant to our businesses, including operations, manufacturing, marketing, finance, human resources, engineering, technology and innovation and international, as well as experience with cyclical businesses. It may also decide to seek a qualified candidate who is female or adds to the ethnic diversity of the Board.

Generally, to fill a vacancy or to add an additional director, the Governance Committee retains an executive search firm to assist in identifying and recruiting appropriate candidates. Any director candidate selected by this process or as a result of a stockholder recommendation is expected to meet with a number of directors, including the Chair of the Governance Committee, prior to any decision to nominate the candidate for election to the Board.

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Communications with Directors

Stockholders and other interested parties may send communications to our directors as a group or individually by addressing them to the director or directors at USG Corporation, c/o Corporate Secretary, 550 West Adams Street, Chicago, IL 60661-3676. Stockholder communications will be reviewed by the

Corporate Secretary for relevance to our business and then forwarded to the intended director(s), as appropriate. As a matter of policy, all directors are expected to attend the annual meeting. All directors serving at the time attended the 2015 annual meeting.

Risk Oversight

The NYSE listing requirements provide that our Audit Committee must discuss our guidelines and policies that govern the process by which we assess and manage our exposure to risk. Consistent with this requirement, the Audit Committee s charter provides that the Committee s responsibilities include discussing our risk assessment and risk management policies. This discussion takes place at least once each year as part of our review of our enterprise risk management (ERM) program. That review includes discussion of management delegations of responsibility for the principal financial, governance, legal and operational risk exposures identified as part of our ERM program and delegations of responsibility for oversight of those risks to Board committees and/or the full Board. The Board committees consider risks related to matters within the scope of their responsibilities as part of their regular meeting agendas, and the committee chairs report to the full Board regarding matters considered by their committees following each committee meeting. Management also formally reviews strategic risks with the full Board at least once each year, typically as part of our strategic planning review with the Board. The Board also reviews individual risks as they relate to specific issues presented to the Board throughout the year.

In early 2016 management updated and reviewed with the Compensation and Organization Committee a risk assessment of our compensation policies and practices for all employees, including our executive officers. As part of its assessment, management reviewed our compensation programs for certain design features that commentators have identified as

having the potential to encourage excessive risk-taking, including:

- too much focus on equity awards;

- total compensation opportunity that is overly weighted toward annual incentives;
- highly leveraged payout curves and uncapped payouts;
- unreasonable goals or thresholds; and
- steep payout cliffs at certain performance levels that may encourage short-term business decisions to meet payout thresholds.

In its assessment, management noted several design features of our compensation programs that reduce the likelihood of excessive risk-taking, including:

- the program design for executive officers and other senior managers provides a balanced mix of cash and equity awards, annual and long-term incentives and operating and financial performance metrics that promote a focus on long-term performance without undue emphasis on short-term results;
- maximum payout levels under most of our annual incentive programs are capped at 200% of target, or par;

- our annual incentive program performance targets for business unit heads include non-business unit targets in order help incentivize business unit head participants to properly consider our overall corporate performance when making decisions;
- the Compensation and Organization Committee has downward discretion over annual incentive program payouts;
- the annual incentive program for our executive officers, and the agreements evidencing their equity awards for 2016 and the seven prior years, allow the Board to clawback payments made to them under certain circumstances;
- we introduced the use of market share units in our long-term incentive plan because they may retain some value in a depressed market so that their holders are less likely to take unreasonable risks than they would to get or keep options in the money ;
- our equity awards generally are granted on an annual basis with long-term, overlapping vesting periods to motivate award holders to focus on sustained stock price appreciation; and
- the stock ownership requirements for our executive officers and other senior managers align the interests of the holders of those awards with the interests of our stockholders.

Based on its assessment, management concluded that our compensation programs promote value creation, do not encourage excessive risk and are not reasonably likely to have a material adverse effect on us. The Compensation and Organization Committee and its consultant concurred with that conclusion based on management s review of its assessment with them.

Corporate Governance

Our By-laws, Corporate Governance Guidelines and Code of Business Conduct, and the charters of our Board committees, are posted on our website www.usg.com. The information on our website is not, and will not be deemed to be, a

part of this proxy statement or incorporated into any of our other filings with the Securities and Exchange Commission except where we expressly incorporated such information.

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SECURITIES OWNERSHIP

Directors and Executive Officers

The following table sets forth information as of the record date regarding beneficial ownership of our common stock by each director and each executive officer named in the Summary Compensation Table and all directors and executive officers as a group, including any shares held by executive officers through the Investment Plan.

Name	Common Shares Beneficially Owned, Excluding Shares Subject to Options and Restricted Stock Units (a)	Shares Subject to Vested Options and Options and Restricted Stock Units that Vest Within 60 Days	Deferred Stock Units (b)	Total Beneficial Stock and Stock Unit Holdings	Percent of Class
Jose Armario (c)	1,944		71,149	73,093	*
Thomas A. Burke	710		9,209	9,919	*
Matthew Carter Jr.			12,774	12,774	*
Dominic A. Dannessa	62,093	112,125		174,218	*
Stanley L. Ferguson (d)	106,589	79,493		186,082	*
Christopher R. Griffin (e)	108,575			108,575	*
Gretchen R. Haggerty	34,496			34,496	*
William H. Hernandez	17,905		19,833	37,738	*
Matthew F. Hilzinger (f)	64,270	120,419		184,689	*
Brian A. Kenney	29,442			29,442	*
Richard P. Lavin	29,440			29,440	*
Steven F. Leer	5,818		80,151	85,969	*
James S. Metcalf	309,728	288,213		597,941	*
Jennifer F. Scanlon	32,588	64,395		96,983	*
All directors and executive officers as a group (22 persons)	988,193	879,952	193,116	2,061,261	1.40%

* Less than one percent

(a) Unless otherwise noted, each individual or member of the group has sole voting power and investment power with respect to the shares shown in this column.

(b) Indicates the non-voting deferred stock units credited to the account of the individual director or members of the group under current and past director compensation programs. The units increase and decrease in value in direct proportion to the market value of our common stock and are paid in cash or stock following termination of Board service.

(c) Includes 1,131 shares held by trusts for the benefit of Mr. Armario s children.

(d) Mr. Ferguson s holdings are as of December 31, 2015, the date of his retirement from the Company.

(e) Mr. Griffin s holdings are as of July 31, 2015, the date on which he ceased to be an employee of the Company, taking into account stock options that were exercised, forfeited or expired after that date.

(f) Includes 54,969 shares held by the M&S Hilzinger Family, LP, over which Mr. Hilzinger and his wife share voting and investment power.

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Principal Stockholders

The following table provides information regarding the beneficial ownership of our common stock by all persons known by us to be the beneficial owner of more than 5% of our common stock on the record date. This information is based upon statements on Schedule 13D or 13G or Form 3 or 4 filed by those persons with the Securities and Exchange Commission.

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
Berkshire Hathaway Inc. [a] 1440 Kiewit Plaza Omaha, Nebraska 68131	43,387,980	29.75%
C & G Verwaltungs GmbH [b] Am Bahnhof 7 97346 Iphofen Federal Republic of Germany	14,757,258	10.12%

(a) The number of shares shown as beneficially owned includes (a) 17,072,192 shares held by National Indemnity Company, a Nebraska insurance corporation (NICO), which is an indirect subsidiary of Berkshire Hathaway, Inc., a Delaware corporation (Berkshire Hathaway), (b) 14,035,088 shares (the BH Nebraska Shares) held by Berkshire Hathaway Life Insurance Company of Nebraska, a Nebraska corporation (BH Nebraska), (c) 7,894,736 shares (the BH Assurance Shares, and together with the BH Nebraska Shares, the Nebraska/Assurance Shares) held by Berkshire Hathaway Assurance Corporation, a New York corporation (BH Assurance), and (d) 4,385,964 shares (the General Re Life Shares) held by General Re Life Corporation, a Connecticut corporation (General Re Life). Mr. Buffett may be deemed to control Berkshire Hathaway, which controls BH Nebraska, BH Assurance and General Re Life. Thus, both Mr. Buffett and Berkshire Hathaway may be considered to have beneficial ownership of the Nebraska/Assurance Shares and the General Re Life Shares. NICO, a direct subsidiary of Berkshire Hathaway and the direct parent company of BH Nebraska and BH Assurance, also may be considered to have beneficial ownership of the Nebraska/Assurance Shares. General Reinsurance Corporation, a Delaware corporation (General Reinsurance), an indirect subsidiary of Berkshire Hathaway and the direct parent company of General Re Life, also may be considered to have beneficial ownership of the General Re Life Shares. General Re Corporation, a Delaware corporation (General Re), a direct subsidiary of Berkshire Hathaway and the direct parent company of General Reinsurance, also may be considered to have beneficial ownership of the General Re Life Shares. BH Nebraska has voting and investment power with respect to the BH Nebraska Shares. BH Assurance has voting and investment power with respect to the BH Assurance Shares. However, Mr. Buffett, Chairman of the Board of Directors of Berkshire Hathaway, who may be deemed to control BH Nebraska and BH

Assurance, directs the investment of BH Nebraska and BH Assurance. Thus, Mr. Buffett, Berkshire Hathaway, and NICO share voting and investment power with respect to the Nebraska/Assurance Shares. General Re Life has voting and investment power with respect to General Re Life Shares. However, Mr. Buffett, Chairman of the Board of Directors of Berkshire Hathaway, who may be deemed to control General Re Life, directs the investment of General Re Life. Thus, Mr. Buffett, Berkshire Hathaway, General Reinsurance and General Re share voting and investment power with respect to the General Re Life Shares.

(b) C & G Verwaltungs GmbH, a limited liability company organized under the laws of the Federal Republic of Germany (C&G), is an indirect subsidiary of Gebr. Knauf Verwaltungsgesellschaft KG, a limited partnership organized under the laws of the Federal Republic of Germany (Gebr. Knauf) controlled by members of the Knauf family. Hans Peter Ingenillem and Martin Stürmer are the general managers of C&G, and Mr. Ingenillem and Manfred Grundke are the general partners of Gebr. Knauf. C&G and Gebr. Knauf both report that they have sole voting and dispositive power with respect to all of the reported shares.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policies and Procedures Regarding Related Party Transactions

Our Code of Business Conduct provides that all of our employees, including our executive officers, and our directors, must avoid conflicts of interest - situations where their personal interest may be inconsistent with our interest and may interfere (or appear to interfere) with the employee s or director s objectivity in making business decisions on our behalf. A conflict of interest may exist, for example, when an employee, officer or director (or one of their family members) has a financial interest in a company with which we do business or if an employee, officer or director in a position to influence business dealings with a company (a) has a direct or indirect interest in that company that would reasonably be viewed as significant to that person and (b) the amount of business done between us and that company is significant.

All of our employees and directors are required to report conflicts of interest so that we may address the situation properly. After disclosure, some conflicts of interest can be resolved through implementing appropriate controls for our protection. Where an appropriately disclosed conflict of interest is minor and not likely to adversely impact us, we may consent to the activity. In other cases where appropriate controls are not feasible, the person involved will be requested not to enter into, or to discontinue, the relevant transaction or relationship.

All of our executive officers and other salaried employees are required to disclose actual or potential conflicts of interest in which they may be personally involved in an annual certification reviewed by our Internal Audit and Legal Departments. In addition, all of our executive officers are required to disclose actual or potential conflicts of interest by quarterly certifications. Employees who complete these certifications are also required to promptly report

in writing to the Internal Audit Department any conflict of interest situations that arise during the period between certifications.

Conflict of interest situations reported by employees are addressed by our Business Ethics Committee made up of representatives from our Internal Audit, Legal and Human Resources Departments, and, where appropriate, by senior management. If the conflict of interest involves one of our executive officers, the situation will be addressed by our Board or the Audit Committee of the Board. Quarterly reports of employee conflicts of interest and the resolution of them are provided to our Disclosure Committee and Chief Executive Officer in accordance with our disclosure controls and procedures.

We recognize that directors may be connected with other organizations with which we have business dealings from time to time. Under our Corporate Governance Guidelines, it is the responsibility of each director to advise the Chairman of the Board and the Governance Committee of the Board, 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 us, or possible inconsistency with our policies or values. Directors are also to advise the Chairman of the Board and the Governance Committee in advance of accepting an invitation to serve on the board of another public company.

We annually solicit information from our directors in order to monitor potential conflicts of interest. In accordance with our Corporate Governance Guidelines, any actual or potential conflict of interest involving a director will be

investigated 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 us. If the Committee determines that the director s independence would be impaired, or the affiliation or transaction would likely impact us 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 Committee will generally determine what, if any, controls, reporting and/or monitoring procedures are appropriate for our protection as a condition for approving the reported relationship or transaction. Relationships that give rise to potential conflicts of interest are generally not considered to adversely impact us if they are not required to be disclosed pursuant to Item 404(a) of the Securities and Exchange Commission s Regulation S-K 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 our stock and all holders of our 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.

In connection with our businesses, we enter into thousands of transactions every year involving thousands of customers. In order to conduct those businesses, we also procure goods and services from thousands of vendors. Some of those customers and vendors may be affiliated with members of our Board or our 5% stockholders. We believe that all such sales and procurement transactions have been conducted on an arm s length basis and involved terms no less favorable to us than those that we believe we would have obtained in the absence of such affiliation. It is our management s policy to bring to the attention of our Governance Committee any transaction with a related party, even if the transaction arises in the ordinary course of business, if the terms of the transaction would be less favorable to us than those to which we would agree to in normal commercial circumstances. For additional information regarding our transactions with companies of which certain of our non-employee directors are executive officers, see Director Independence above.

Compensation of all of our executive officers is approved by our Compensation and Organization Committee or the Board and compensation of our directors is approved by the Board.

Issuance, and Call for Redemption, of Convertible Senior Notes

In November 2008, we issued $400 million aggregate principal amount of 10% Contingent Convertible Senior Notes due 2018 to affiliates of Berkshire Hathaway, among others. Berkshire Hathaway beneficially owns more than 5% of our common stock.

In November 2013, we issued a notice of redemption to redeem $325 million in aggregate principal amount of the notes. The notes called for redemption could either be (1) redeemed at a stated redemption price or (2) converted into shares of USG common stock. The holders of all $325 million in notes called for redemption elected to convert their notes into shares of USG s common stock. Accordingly, in December 2013 we issued an additional 28,508,768 shares of common stock to the holders of the notes called for redemption, including affiliates of Berkshire Hathaway.

In March 2014, we issued a notice of redemption to redeem the remaining $75 million in aggregate principal amount of outstanding notes. Again, the notes called for redemption could either be (1) redeemed at a stated redemption price or (2) converted into shares of USG common stock. The holders of all $75 million in notes called for redemption elected to convert their notes into shares of USG s common stock. Accordingly, in April 2014 we issued an additional 6,578,946 shares of common stock to the holders of the notes called for redemption, including affiliates of Berkshire Hathaway.

In connection with the 2008 issuance of notes, we entered into a registration rights agreement with Berkshire Hathaway. Under the registration rights agreement, we granted Berkshire Hathaway demand and piggyback registration rights with respect to all of the shares of common stock held by it and specified affiliates from time to time. The registration rights agreement entitles Berkshire Hathaway to make three demands for registration of all or part of the common stock held by it and its affiliates, subject to certain conditions and exceptions. The registration rights agreement also provides that, subject to certain conditions and exceptions, if we propose to file a registration statement under the Securities Act of 1933, as amended, with respect to an offering of securities on a form that would permit registration of the shares of common stock that are held by Berkshire Hathaway or the specified affiliates, then we will offer Berkshire Hathaway and its specified affiliates the opportunity to register all or part of its shares of common stock on the terms and conditions set forth in the registration rights agreement. The registration rights agreement with Berkshire Hathaway amended and restated the registration rights agreement we entered into with Berkshire Hathaway in January 2006.

The registration rights agreement and the notices of redemption issued with respect to the notes in November 2013 and March 2014 were approved by our Board. Copies of the agreements referred to in this section and other related agreements are included in a report we filed with the Securities and Exchange Commission on November 26, 2008.

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Shareholder s Agreement with Berkshire Hathaway

In connection with the equity commitment agreement we entered into with Berkshire Hathaway in January 2006, we entered into the Shareholder s Agreement with Berkshire Hathaway pursuant to which Berkshire Hathaway agreed that during the time that Berkshire Hathaway owns our equity securities, Berkshire Hathaway will be exempted from our stockholder rights plans, including the Rights Agreement, the Original Protective Amendment and the Extended Protective Amendment,

except that such plans may require that Berkshire Hathaway does not acquire (although it may continue to hold) beneficial ownership of more than 50% of our voting securities, on a fully-diluted basis, other than pursuant to an offer to acquire all shares of our common stock that is open for at least 60 calendar days.

The Shareholder s Agreement was approved by our Board.

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Transactions with Principal Stockholders

We purchase products, principally fiberglass and insulation, and services, including pipeline services and insurance services, and lease equipment from subsidiaries of Berkshire Hathaway in the ordinary course of our business. The aggregate amount of those purchases and lease transactions in 2015 was approximately $40.4 million. In addition, we sell roofing and other building products to subsidiaries of Berkshire Hathaway. The aggregate amount of these sales in 2015 was $12.4 million.

We purchase products, principally insulation, from affiliates of Gebr. Knauf in the ordinary course of business. Those purchases aggregated approximately $2.5 million in 2015. We sold approximately $2.1 million of products to affiliates of Gebr. Knauf in 2015.

In September 2015, we and our indirect wholly-owned subsidiary, USG Ventures-Europe GmbH, entered into an Interest and Share Purchase Agreement (ISPA) with Knauf Aquapanel GmbH, an affiliate of Gebr. Knauf (collectively, Knauf), pursuant to which USG Ventures-Europe GmbH sold to Knauf its 50% share of its interests in Knauf/USG Verwaltungs GmbH and Knauf/USG Systems GmbH & Co. KG (collectively, the Knauf-USG Joint Venture) for a total price of 48 million in cash. The Knauf-USG Joint Venture has manufactured and distributed Aquapanel® brand cement panels throughout Europe (excluding Turkey) and all countries that were part of the former Soviet Union since 2001. The sale was consummated in December 2015. USG recorded a $6 million net gain on the disposition. The sale of our interests in the Knauf-USG Joint Venture was approved by our Board.

In 2012, we and our wholly-owned subsidiaries, USG Foreign Investments, Ltd. and USG (UK) Ltd., collectively the Sellers, entered into a Share and Asset Purchase Agreement (SAPA) with Knauf International GmbH and Knauf AMF Ceilings Ltd., affiliates of Knauf, pursuant to which the Sellers sold to Knauf certain of their wholly-owned European business operations. The sale was approved by our Board.

There are continuing indemnification obligations under the ISPA and SAPA pursuant to which we may be obligated to pay money to, or entitled to receive money from, certain entities affiliated with Knauf.

We and our subsidiary L&W Supply Corporation were named as defendants in lawsuits relating to Chinese-made wallboard installed in homes primarily in the southeastern United States in 2006 and 2007. Most of the lawsuits against us related to wallboard manufactured by Knauf Plasterboard (Tianjin) Co., an affiliate of Gebr. Knauf. Those lawsuits have been resolved, and we have reached an agreement with Gebr. Knauf and their affiliates that limits our responsibility for claims against us for homes to which we delivered Knauf Plasterboard (Tianjin) Co. wallboard. In accordance with the agreement, an affiliate of Gebr. Knauf will fund the costs of resolving the claims, excluding legal fees. L&W Supply estimates that its gross liability for resolving claims relating to wallboard manufactured by Knauf Plasterboard (Tianjin) Co. is approximately $710,000.

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COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

Named Executive Officers

Our Compensation Discussion and Analysis describes our executive compensation philosophy and programs which are governed by the Compensation and Organization Committee of our Board, or the Committee. The Compensation Discussion and Analysis includes 2015 total compensation for our named executive officers listed below:

Named Executive Officer	Title
James S. Metcalf	Chairman, President and Chief Executive Officer
Matthew F. Hilzinger	Executive Vice President and Chief Financial Officer
Dominic A. Dannessa	Executive Vice President, Chief Operations and Innovation Officer
Stanley L. Ferguson (1)	Executive Vice President, General Counsel and Secretary
Christopher R. Griffin (2)	Executive Vice President and Chief Operating Officer
Jennifer F. Scanlon	Executive Vice President; President, International; President L&W Supply Corporation

(1) Mr. Ferguson retired from the Company effective December 31, 2015.
(2) Mr. Griffin ceased to be an executive officer as of July 31, 2015.

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Executive Summary

Our executive compensation program is designed to attract, motivate, engage and retain talented executives and align their interests with those of stockholders. We use a combination of base salary, annual and long-term incentive awards, retirement and other benefits and limited perquisites to link executive pay with our financial and operating objectives. Our strategy, called the Plan to Win, has three pillars: Strengthening Our Core Businesses, Diversifying Our Earnings, and Differentiating Our Products and Services Through Innovation.

Our compensation program for executive officers, including our named executive officers, drives the achievement of our Plan to Win. The program places the greatest emphasis on performance-based incentives. Nearly 86% of our Chairman, President and CEO s target total 2015 pay mix, and more than 72% of the average target total 2015 pay mix of our other named executive officers, excluding any one-time special grants, was at risk, and more than half is in stock-based compensation to create alignment with stockholders.

Chairman, President & CEO 2015 Target Pay Mix

Other NEOs Average 2015 Target Pay Mix [(1)]

(1) Excluding any one-time special grants.

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2015 Performance and Executive Compensation

In 2015, we continued to make progress on all three strategic priorities of our Plan to Win. The annual highlights include:

Strengthening Our Core Businesses	Total operating profit of $381 million, more than double 2014 Expanded operating margins in all of our core businesses Strong cost performance with SG&A below 2014 and 2013 levels L&W same store sales were up 6% and operating profit was up 69% year-on-year
Diversifying Our Earnings	We completed our first full calendar year with USG Boral Building Products, or UBBP, our 50/50 strategic joint ventures with Boral Limited, which generated $48 million in equity method income for us in 2015
Differentiating Our Products and Services Through Innovation	Introduction of over 25 new products, including four high-performance ceilings products and our structural panel line, which is seeing record sales and profits

Our improved operational results in 2015 reflect management s continued focus on growing our businesses, increasing operating margins and controlling costs. The cost reductions we have implemented over the last several years contributed to our improved operating results. We also continue to focus on operational excellence with near-record performance in safety, quality, customer satisfaction and operating efficiency.

Compensation for 2015 for our named executive officers reflects the improvement in our results and the achievement of key performance metrics as discussed below.

Base Salary In 2015, we increased salaries for our named executive officers, as well as all other salaried employees, to account for our named executive officers expanded responsibilities, individual performance, internal equity and/or retention considerations. The increase for our Chief Executive Officer was approximately 5.2%, and the average increase for the other named executive officers was approximately 4.6%.

Annual Incentive Awards 50% of the annual incentive award opportunity is based on the achievement of the adjusted net earnings threshold for 2015 set by the Committee. The balance of the award opportunity is based on the achievement of annual operating and financial objectives, or Focus Targets. Annual incentive awards for our named executive officers in 2015 ranged from 95.5% to 121.5% of target due to our exceeding the adjusted net earnings and Focus Target thresholds, as discussed below. For services performed in 2015, we gave our executive officers currently employed by us the option of receiving up to 25% of their net annual incentive award in shares of our common stock.

Long-Term Incentive Awards Annual equity awards granted in 2015 were comprised of market share units and performance shares. In 2013, the Committee replaced stock options and restricted stock units with market share units for our annual grants for the reasons discussed below under

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Elements of Total Compensation Long-Term Incentive . The entire annual long-term incentive award granted to an executive is now at risk and performance-based, as discussed below. The portion of the market share units awarded in 2013 that were earned as of December 31, 2015 resulted in a 77% payout percentage, while the
performance shares granted in 2013 vested at 0% of target. In addition to the annual long-term incentive awards granted to all participants, a small number of executives who received promotions during the year were awarded one-time special grants consisting of time-based restricted stock units.

Compensation Governance

Our executive compensation practices include governance features that support our pay-for-performance philosophy, including:

- the Committee is comprised solely of independent directors with whom stockholders may communicate as discussed under Communications with Directors on page 27 of this proxy statement;

- the Committee retained Willis Towers Watson as its independent compensation consultant;

- the Committee has reviewed compensation-related risk with management and Willis Towers Watson and concurs with management s conclusion that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on us;

- long-term incentive awards are subject to double-trigger vesting upon a change in control, beginning with the 2013 grants, as discussed below; and

- all Employment and Change in Control Severance Agreements entered into since 2012 do not contain provisions providing for modified tax gross-ups or additional service and age credits under our retirement plans.

These governance practices are complemented by compensation program designs that align the programs with stockholder interests and

encourage management not to take excessive risks, including:

stock ownership guidelines for our executive officers and non-employee directors, as described on pages 53 and 77, respectively, of this proxy statement;

compensation recoupment, or clawback, provisions that allow our Board to recoup excess incentive compensation paid to an executive officer if our financial statements are restated due to fraud or intentional wrongdoing of the executive officer;

a limit on the payout under the annual Management Incentive Program to a maximum of two times the par, or target, incentive award;

an annual long-term incentive award program that is 100% performance-based consisting of (i) market share units that are earned based on our stock price performance over a three-year period, and (ii) performance share awards that are earned based on a comparison of our total stockholder return over a three-year period to the total stockholder return for the companies in the Dow Jones U.S. Construction and Materials Index, or the Index; and

a prohibition on our executive officers engaging in speculative transactions involving our securities, including participating in hedging activities or buying or selling puts or calls and short sales.

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Compensation Philosophy and Objectives

Our executive compensation philosophy is to provide a competitive total compensation package that:

Aligns management s interests with those of our stockholders by using equity-based long-term incentive awards, including awards that vest only upon the achievement of performance objectives, maintaining stock ownership guidelines and restricting hedging activity.

Motivates management to achieve our strategic growth and annual operating objectives through compensation programs that reward performance. Over 78% of the targeted compensation opportunity for our named executive officers as a group is variable based on achievement of an adjusted net earnings target, annual operating and financial targets, our stock price performance and total stockholder return. The annual operating and financial targets are selected to motivate management to take actions that benefit both short-term operating objectives and implement our Plan to Win.
We attract and retain talented managers by ensuring that compensation opportunity is competitive in relation to similar positions in similar organizations. In setting compensation opportunity for our executive officers, we use the median level of compensation opportunity for a comparator group of companies as the reference point. We generally seek to set the target compensation opportunity for an individual executive officer within a band of 75% to 125% of the median based on the executive officer s performance, experience and skill. We also adjust compensation levels based on internal equity to appropriately reward the contributions of our executives and to facilitate succession planning objectives.

Committee Position on Incentives and Excessive Risk

The Committee believes that the design of our annual compensation programs, which balances salary, short-term incentives and long-term incentives, does not encourage management to take excessive risks to maximize earnings or meet performance objectives in a single year at the expense of our long-term objectives.

The annual incentive program has a mix of financial and operating objectives, a limitation on the amount of payments and a clawback feature described on page 39 of this proxy statement. The Long-Term Incentive Plan, or Current LTIP, uses a variety of equity compensation awards (market share units, performance shares and restricted stock units)

that have extended vesting periods and provide different incentives. Awards under the Current LTIP include a clawback feature, and since 2013 contain a double-trigger vesting provision. The proposed New LTIP contains similar provisions, as discussed under Proposal 2 Approval of USG Corporation 2016 Long-Term Incentive Plan on page 79

of this proxy statement. Together with our stock ownership guidelines and a prohibition on hedging and speculative transactions involving our securities, this balanced array of incentives encourages management to implement our Plan to Win by achieving both short-term operating and financial and long-term strategic objectives identified by the Committee as being important.

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The Committee and its consultant annually review a risk assessment of our compensation programs, and they believe that these programs

do not create risks that are reasonably likely to have a material adverse effect on us.

Compensation and Organization Committee

Our executive compensation programs are overseen by the Committee. The Committee is comprised solely of independent directors, as defined by the NYSE listing standards. The current Committee members are Richard P. Lavin (Chair), Jose Armario, Matthew Carter Jr., and Steven F. Leer. The Committee s charter charges it with various accountabilities, including:

- to review and make recommendations to the Board with respect to management organization, succession and development programs, and the election of corporate officers;
- to review and approve, or recommend for approval, officers salaries, incentive compensation and bonus awards;
- to make, itself or through a subcommittee, the decisions required by a committee of the Board under all equity compensation plans we have adopted;
- to approve and report to the Board changes in salary ranges for all other major position categories and changes in our retirement, group insurance, investment, management incentive compensation and other benefit plans; and
- sole authority to retain or obtain the advice of any compensation consultant or other adviser after taking into consideration the adviser s independence from management.

The Committee s charter can be found on our website www.usg.com.

Committee Calendar and Meetings

Normally the Committee meets between four and six times a year. In 2015, the Committee held five meetings. The agendas for meetings and the annual Committee calendar are developed by management in consultation with the Committee Chair. The Committee has retained an independent compensation consultant, and one of its representatives attended all Committee meetings held during

2015. The Committee periodically holds meetings or executive sessions to review matters with its compensation consultant without management present. The Committee also periodically holds meetings or executive sessions with neither its independent compensation consultant nor management present.

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Management s Role in Compensation

Our Human Resources Department is responsible for the administration of our executive compensation, benefits and related programs. The Executive Vice President and Chief Administrative Officer is accountable for making proposals to the Committee for changes in compensation and benefit programs at the request of either management or the Committee and is the primary management contact for the Committee Chair.

Our Chairman, President and Chief Executive Officer, Executive Vice President and Chief Administrative Officer and Senior Vice President, Human Resources usually attend Committee meetings to present matters for consideration by the Committee and to answer questions regarding those matters. Other executive officers and senior managers may attend meetings at the request of either management or the Committee to provide information and answer questions relevant to the Committee s consideration of matters presented to it.

The Chief Executive Officer recommends to the Committee any changes in compensation for executive officers (other than himself) based on his assessment of each individual s

performance, contribution to our results and potential for future contributions to our success. The Committee meets in executive session without any members of management present to review the performance and compensation of the Chief Executive Officer, to evaluate compensation proposals made by management and to make decisions with respect to those proposals.

Once each year (typically in July) management provides the Committee with an overview of all compensation and benefit plans pertaining to executive officers, including the purpose and cost of the programs and the value delivered to the participants by the programs. The Committee uses this information when evaluating subsequent compensation proposals by management and in developing its own proposals for changes to executive officer compensation. The Chief Executive Officer and the Executive Vice President and Chief Administrative Officer also lead an annual review for the Board of our management succession plans. This review provides the Committee and other Board members with information regarding the performance and potential of our management team that can be taken into account when executive compensation decisions are made.

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Compensation Consultants

The Committee has retained Willis Towers Watson as a compensation consultant to provide the Committee with an independent review of our executive compensation program. Willis Towers Watson was selected by the Committee and works under the direction of the Committee Chair. The Committee has assessed the independence of Willis Towers Watson and did not identify any conflict of interest that would prevent Willis Towers Watson from independently representing the Committee.

Willis Towers Watson s primary role is to provide an independent analysis of competitive market data and to assist the Committee in evaluating compensation proposals made by management. Willis Towers Watson also assists the Committee in developing the compensation package for our Chief Executive Officer. Willis Towers Watson s fees for its services provided to the Committee in 2015 were $34,743.

Willis Towers Watson provided services to management during 2015 to advise regarding broad-based benefit plans, to provide retiree benefits services and casualty insurance programs and to provide non-customized surveys regarding compensation of non-officer salaried employees. Its fees for those services were $863,602. At the direction of the Committee Chair, Willis Towers Watson may meet with management and/or management s

consultant to review management s proposals prior to the Committee s review. A representative of Willis Towers Watson attended all the Committee meetings held in 2015. USG pays Willis Towers Watson s fees for consulting services provided to the Committee after approval of those fees by the Committee Chair.

Management also uses consultants to provide analysis and advice with respect to executive compensation programs and practices. Management s primary advisor for compensation-related matters is Exequity, LLP. Exequity assists management in analyzing competitive market practices and benchmark data and in developing proposals for review by the Committee. It does not provide any services to USG other than executive compensation consulting. Management also contracts with Aon Hewitt to conduct an annual competitive review of our executive compensation pay practices compared to those of a comparator group of companies. The study assists management in comparing compensation levels for our executive officers to compensation levels of the comparator group. Aon Hewitt does not assist management in formulating proposals for compensation changes for executive officers. Aon Hewitt provides other services to us related to the administration of our retirement, health and welfare benefit plans.

Setting Compensation Levels Compensation and Organization Committee Annual Review

In February of each year, the Committee sets the level of each element of compensation for our executive officers. As part of this process, the Committee considers market competitiveness,

current market conditions, performance for the prior year, succession plans and internal equity.

Market Competitiveness

Since 2003, management has engaged Aon Hewitt to conduct an annual Executive Compensation Competitive Review to compare compensation opportunity for our executive officers to the compensation opportunity

provided for similar positions by 20-25 industrial and/or Chicago-based companies. Each executive officer s position, including the Chief Executive Officer s position, is compared to positions with similar responsibilities or at an

equivalent level in this comparator group in terms of base salary, annual incentive, long-term incentive and total compensation. If there is no comparable position in the comparator group, the Committee generally sets compensation opportunity for the executive officer based on internal equity.

The review provides the Committee with market information that enables it to evaluate total compensation opportunity, the mix of fixed and performance-based compensation elements and how total compensation is divided between the various elements. The Committee uses that information to evaluate recommendations made by management with respect to compensation of

our executive officers other than the Chief Executive Officer and to develop its own recommendations with respect to the compensation of the Chief Executive Officer.

We select our comparator companies from among those for which data is available in Aon Hewitt s Total Compensation Measurement data base, based on their similarity to USG in terms of industry, annual revenue, complexity of operations, business cyclicality and geographic location. They are the types of companies with which we compete for talent. Our comparator group did not change in 2015 and was comprised of:

A.O. Smith Corporation	Fortune Brands Home & Security, Inc.	Mohawk Industries, Inc.
Armstrong World Industries, Inc.	Foster Wheeler	Mueller Water Products, Inc.
Ball Corporation	Kennametal Inc.	Owens Corning
Boise Cascade Company	Lennox International, Inc.	The Sherwin-Williams Company
BorgWarner, Inc.	Martin Marietta Materials, Inc.	The Valspar Corp.
Brunswick Corporation	Masco Corporation	Vulcan Materials Company
Dover Corporation	MeadWestvaco Corporation	W.W. Grainger, Inc.

We have designed our executive compensation packages to be market competitive in total. Our objective is to provide executive officers with a targeted total compensation opportunity generally within a band of 75% to 125% of the median of the comparator group for their individual positions. Median compensation data for our comparator group is derived by using regression analysis to size adjust comparator group data. For 2015, the comparator group data was size adjusted to a revenue of $4.37 billion, which approximated what our 2014 annual revenues would have been at the time the analysis was completed if we had included 50% of total revenues from UBBP.

Total compensation opportunity for each executive officer is set based on performance, experience, skill and internal equity. In circumstances where the scope of one of our

executive s position differs significantly from the scope of responsibility of similarly titled positions in the comparator group companies, the Committee may set the targeted compensation opportunity for that executive outside the 75% to 125% of median range. Executives who are new in a position may be below the median for one or more elements of compensation. To reward extraordinary accomplishments, to promote retention and succession planning objectives and/or to maintain internal equity, we may pay an element of compensation in excess of 125% of the median. The Committee is comfortable with setting one or more elements of an executive s compensation opportunity outside this range because the Committee is more concerned with the competitiveness of our executive officers total compensation opportunity than the opportunity represented by any one individual element of compensation.

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Total target net compensation base salary, target annual incentive opportunity and the grant date value of long-term incentive awards for each of our named executive officers for 2015 was set as follows:

Named Executive Officer	Percentage of 2014 Median
Mr. Metcalf	111%
Mr. Hilzinger	108%
Mr. Dannessa	117%
Mr. Ferguson	122%
Mr. Griffin	101%
Ms. Scanlon	118%

Performance

The Committee assesses the performance of the Chief Executive Officer in executive session at the February Committee meeting and makes recommendations to the Board regarding the Chief Executive Officer s compensation. The Chief Executive Officer conducts a similar assessment of the performance of the other executive officers and summarizes the results for the Committee when making his compensation recommendations to the Committee at the February Committee meeting.

The Committee s determination of our executive officers compensation adjustments is based on its assessment of each executive officer s contribution to our overall financial results for the year and to the accomplishment of our annual operating and financial objectives as well as internal equity. Among the 2014 accomplishments considered by the Committee in February 2015 in making its recommendation to the Board regarding 2015 compensation levels for our named executive officers were:

net sales of approximately $3.7 billion, an increase of approximately 4% compared to 2013;

consolidated operating profit of $162 million;

net income of $37 million;

operating profit at L&W Supply, our distribution subsidiary of $16 million, a $10 million increase over 2013;
creation of our 50/50 strategic joint ventures, USG Boral Building Products;

record safety and near-record quality and operating efficiencies in our manufacturing and distribution businesses;

the extension of our UltraLight technology via a national rollout of our new Sheetrock UltraLight Mold Tough panels;

our customers validating our efforts to provide excellent service, with USG being named Vendor of the Year in the U.S. by True Value and Do It Best and in Canada by the Home Depot, and L&W Supply being named a Partner of Choice by David Weekly Homes in Florida;

increasing the use of Lean Six Sigma in the corporate and manufacturing areas, leading to 225 projects completed in 2014 for a savings of more than $14 million;

conversion of the remaining $75 million of our outstanding 10% convertible senior notes into equity; and

the repayment of the remaining $59 million of our 9.75% senior notes due 2014.

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Internal Equity

The Committee also considers the level of compensation opportunity of executive officers based on its judgment of the relative importance of the responsibilities of each executive officer position to USG and each executive officer s contribution to corporate results. In addition, adjustments may be made to further our succession planning philosophy of developing and promoting talent from within USG. The Chief Executive Officer s compensation opportunity

has historically been significantly higher than that of our other named executive officers based on our philosophy of paying market competitive compensation and reflects his broader accountability and the greater percentage of his total compensation that is performance-based. We do not set the compensation level of our executive officers as a multiple of the compensation of any other employee or group of employees.

Advisory Votes Related to Named Executive Officer Compensation

At our annual meeting of stockholders held in May 2011, the recommendation of the Board to hold an advisory vote regarding the compensation of our named executive officers every three years received the support of almost two-thirds of the votes cast by our stockholders. Taking into consideration that support, the Board determined to hold future stockholder advisory votes regarding the compensation of our named executive officers every three years until the next required vote regarding that frequency in

2017. At our annual meeting of stockholders held in May 2014, the compensation of our named executive officers set forth in the proxy statement for that meeting was approved, on an advisory basis, by more than 98% of the votes cast by our stockholders. After taking into account the substantial stockholder support of the compensation described in the proxy statement for our 2014 annual meeting, the Committee did not implement changes to our executive compensation program.

Elements of Total Compensation

Our total compensation program consists of the following elements:

- base salary;
- annual incentive;
- long-term incentive; and
- benefits and perquisites.

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Base Salary

The starting point for determining base salaries for our executive officers is the annual Aon Hewitt Executive Compensation Competitive Review. Individual salaries for our named executive officers range between approximately 95% and 109% of the median for the comparator

group. Factors that warrant paying above the median include: individual performance, as assessed by the Chief Executive Officer (or in the case of the Chief Executive Officer, the Committee and Board), experience, skills, internal equity and retention considerations.

The Committee approved salary increases for 2015 for all salaried employees, including the following increases for our named executive officers:

Named Executive Officer	Percentage Increase
Mr. Metcalf	5.2%
Mr. Hilzinger	4.1%
Mr. Dannessa	3.8%
Mr. Ferguson	3.0%
Mr. Griffin	7.8%
Ms. Scanlon	4.0%

Annual Incentive

Our annual Management Incentive Program, or MIP, provides a variable reward opportunity based on adjusted net earnings and the achievement of operating and financial objectives aimed at implementing our Plan to Win and derived from the annual operating plan. We pay annual incentive awards in the first quarter of the year following the year in which they are earned.

The target annual incentive opportunity for participants in the MIP is expressed as a percentage of base salary. For 2015, the target annual incentive opportunity for named executive officers ranged from 60% of base salary to 120% of base salary for our Chief Executive Officer. The amount of the target annual incentive opportunity for each of our named executive officers for 2015 is indicated

under the heading Estimated Possible Payouts Under Non-Equity Incentive Plan Awards in the 2015 Grants of Plan-Based Awards Table on page 62 of this proxy statement.

In 2015, Mr. Metcalf s target annual incentive was increased from 115% of base salary to 120% of base salary. This change was made to appropriately reflect the scope of his responsibilities and to ensure the compensation opportunity provided is market competitive. Our Chief Executive Officer s annual incentive opportunity is higher than the opportunity for our other executive officers in 2015 in recognition of the broader scope of his responsibilities and impact on corporate performance, and based on market data regarding compensation of chief executive officers of the companies in our comparator group.

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For 2015, the annual incentive award opportunity was comprised of the following segments that are designed to provide an incentive to maximize earnings and pursue operational excellence.

Adjusted Net Earnings: 50% of the 2015 MIP target award opportunity for our executive officers was based on achievement of an adjusted net earnings target. Taking into account that net earnings, as adjusted for incentive plan purposes, were $154 million in 2014, the Board determined that participants could earn a par award for this segment of the MIP in 2015 if consolidated net earnings, as adjusted for incentive plan purposes, were $250 million, a 62% increase from the actual adjusted net earnings in 2014. The minimum amount of adjusted net earnings required for any payment under this segment for 2015 was $200 million. Straight-line interpolation is used to determine values between performance thresholds.

The Committee determined that, for 2015, net earnings, as adjusted for incentive plan purposes, were $259 million. In making its determination, as provided in the MIP approved by the Committee at the beginning of the year, the Committee determined that certain adjustments to net earnings were appropriate because the events were nonrecurring and non-operational in nature and the accounting effects of these items were not indicative of the performance of our named executive officers during 2015. For 2015, net earnings as reported was $991 million and was adjusted to exclude (i) a $19 million loss on extinguishment of debt and (ii) $751 million in gains, comprised of $731 million in tax valuation allowance release, $7 million in gains attributable to a settlement and $13 million in gains related to sales of non-core assets. The release of the valuation allowance,

which was precipitated by our positive cumulative earnings over the past several years, drove a $731 million non-cash income statement benefit with an offsetting increase in our net deferred tax assets on our balance sheet. The Committee did not think it was appropriate to include this significant non-cash benefit in calculating 2015 MIP bonuses. All of these adjustments were consistent with the types of adjustments allowed for under the MIP. Since we reported consolidated net earnings, as adjusted by the Committee, in excess of $200 million for the year, participants received awards equal to 117% of par for this segment of the 2015 MIP.

Focus Targets: 50% of the 2015 MIP target award opportunity for our executive officers was based on the achievement of annual operating and financial objectives, called Focus Targets. We use broad, high impact measures such as business unit profitability, selling, general and administrative expenses, or SG&A, and manufacturing costs that are designed to promote a balanced performance between operational and financial objectives and to reward achievements that contribute to our profitability. The targets are derived from our annual planning process and are measurable and verifiable. The payout can range from zero to 200%.

The Committee approves the Focus Target minimum, par and maximum performance levels for each measure early in the year. In February of the following year, the Committee reviews the prior year s performance, including the degree of achievement of each of the Focus Targets and the degree of achievement under the adjusted net earnings target.

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Our objectives for 2015 were centered on implementing our Plan to Win by increasing profitability through revenue growth and cost containment. The Focus Targets for our named executive officers for 2015 were chosen to support these objectives. We believe these targets were effective because during 2015 we

increased our net sales by 1.4% and were successful in lowering our 2015 SG&A from our 2014 SG&A. These achievements contributed to the performance in relation to the 2015 Focus Targets for our named executive officers reflected in the table below, which also sets forth other information regarding those 2015 targets.

Measure	Minimum	Target	Maximum	2015 Performance	2015 Performance % of Target	Payout Earned % of Par
North American Operations Adjusted Operating Profit ($ in millions) (1)	$385	$440	$500	$421	96%	82%
L&W Supply Adjusted Operating Profit ($ in millions) (2)	$17	$24	$30	$27	113%	148%
USG Boral Building Products Adjusted Equity Income ($ in millions) (3)	$40	$55	$70	$48	87%	74%
Selling and Administrative Expense ($ in millions) (4)	$335	$325	$315	$313	104%	200%
U.S. Wallboard Cost		(5)			102%	126%

(1) North American operating profit was $437 million for 2015 and has been adjusted to exclude the following non-operational charges: a $10 million gain on the sale of non-core assets and a $7 million recovery of a portion of the receivable owed to our shipping business by its trading partner that was fully reserved for in 2014. These adjustments were consistent with the types of adjustments allowed for under the MIP.

(2) Operating profit for L&W Supply (our Distribution segment) was $27 million for 2015. No adjustments were made to this amount.

(3) Equity income from USG Boral Building Products was $48 million for 2015. No adjustments were made to this amount.

(4) Selling and administrative expense was $317 million for 2015 and has been adjusted to exclude $4 million in restructuring severance expense.

(5) We do not publicly disclose U.S. Wallboard Cost because that information constitutes confidential commercial and financial information, the disclosure of which would cause us competitive harm. The target level for this Focus Target was set at a challenging, but achievable, level.

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For 2015, the named executive officers were assigned the following Focus Targets with the weightings indicated below:

	North America Operations Adjusted Operating Profit	L&W Supply Adjusted Operating Profit	UBBP Adjusted Equity Income	SG&A	U.S. Wallboard Cost
Mr. Metcalf	10%	10%	10%	10%	10%
Mr. Hilzinger	10%	10%	10%	10%	10%
Mr. Dannessa	20%		20%		10%
Mr. Ferguson	10%	10%	10%	10%	10%
Mr. Griffin	20%	20%		10%	
Ms. Scanlon			50%		

Achievement of the Focus Target segment of the 2015 MIP resulted in awards on average of approximately 118.6% of par for our named executive officers. On an individual basis, the payouts ranged from approximately 95.5% to 121.5% of par for our named executive officers other than Mr. Griffin. Because Mr. Griffin was no longer employed by us on December 31, 2015 his award under the MIP was pro-rated in accordance with the MIP based on the number of full months employed during 2015. Mr. Griffin s pro-rated payout was 124.5%.

For services performed in 2015, we gave our executive officers currently employed by us the option of receiving up to 25% of their net annual incentive awards in shares of our common stock. Messrs. Metcalf, Hilzinger and Dannessa each elected to receive 25% of his net award in stock and Ms. Scanlon elected to receive 10% of her net award in stock.

Long-Term Incentive

The purpose of our equity-based Current LTIP is to motivate management to build the value of the enterprise, to align management s interests with those of our stockholders and to provide a competitive compensation opportunity that enables us to attract and retain talented employees.

For 2015, the annual awards consisted of market share units, or MSUs, and performance shares. These awards are performance based or at risk , based on both our absolute stock performance with MSUs (as measured by our stock price) and relative stock performance with performance shares (as measured by our total stockholder return compared to certain other companies). We believe combining elements of both absolute stock performance and relative stock performance provides the best incentive for management to increase stockholder value.

The portion of the MSUs awarded in 2013 that were earned as of December 31, 2015 resulted in a 77% payout percentage, while the performance shares granted in 2013 vested at 0% of target. The Current LTIP, in addition to the proposed New LTIP, also provides for the use of stock options, stock appreciation rights, restricted stock units, or RSUs, restricted stock, performance units and other stock and cash awards.

In 2013, the Committee and the Board approved a change to our Current LTIP awards to further align executive pay and stockholder value. Our equity award agreements historically provided for the immediate and full vesting of all awards upon a change in control as defined in the Current LTIP, or single-trigger vesting. Effective with the 2013 grants, our equity award agreements are now double trigger and

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provide for vesting upon a change in control in most circumstances only if there is also a related loss of employment or diminution of duties. The proposed New LTIP also includes double-trigger change in control provisions.

At their regularly scheduled meetings in February 2015, the Committee and Board approved annual awards under the Current LTIP for 2015. For executive officers:

75% of the grant date value of the total award was provided in the form of MSUs. MSUs are stock units earned based on the stock market performance of our common stock as measured over a three-year period. The actual number of shares of common stock to be issued can range from zero to 150% of the number of MSUs awarded based on the percentage change in the price of our common stock over the three-year vesting period. If the stock price increases during the vesting period, both the value and number of shares that vest increases. If the stock price declines, both the value and number of units that are eligible to vest will be reduced.

The use of MSUs for named executive officers was first approved by the Committee and Board in 2013. In previous years, the value of the annual grants to executive officers under the Current LTIP was comprised of 37.5% from stock options, 37.5% from RSUs and 25% from performance shares. MSUs have several advantages compared to the combination of non-qualified stock options and RSUs, as follows:

We prefer MSUs over time-based restricted share units because we believe that MSUs better link pay with performance. We use stock price as a proxy for our enterprise value, and therefore we believe MSUs provide a strong incentive for our participants to achieve results that increase value for our stockholders. A 10% increase in the stock price is required to earn even a target number of MSUs. A drop in stock of more than 50% over the vesting period results in the forfeiture of the MSUs.

We prefer MSUs over stock options because we believe MSUs are a more effective incentive for employees in a cyclical business like ours. In our experience, when stock options are underwater , they have little motivational or retention value for employees.

MSUs granted in 2015 will be earned on December 31, 2017 according to the schedule below, with a 10% appreciation in the Market Value of our common stock, as defined below, required for vesting of the target number of shares. On the Start Date, as defined below, the Market Value of the MSUs granted in 2015 was $28.60. In general, earning MSUs requires continued employment through the measurement dates. In the case of termination of employment due to death, disability or retirement during the performance period, vesting will be pro-rated based on the number of full months employed during 2015 in accordance with the MSU award agreements at the end of the performance period. The MSUs will vest upon a change in control in most circumstances only if there is also a related loss of employment or diminution of duties.

Performance of Market Value on End Date compared to the Start Date	Percentage of Target Shares Earned on December 31, 2017 (1)
More than 50% decrease in Market Value	0%
50% decrease in Market Value	50%
No change in Market Value	92%

10% increase in Market Value	100%
50% or more increase in Market Value	150%

(1) Straight-line interpolation is used to determine values between performance thresholds.

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Market Value of our common stock is determined on the applicable date as set forth below:

	Start Date **(Grant on February 11, 2015)**	**End Date** **January 2018**
Market Value measurement methodology on applicable dates	Average of the closing prices of our common stock over the first fifteen trading days in January 2015	Average of the closing prices of our common stock over the first fifteen trading days in January 2018

As an example, if an employee is granted 100 target MSUs, and the average of the closing prices of our common stock for the first 15 trading days in January 2015 (the Start Date) is $25, with the average of the closing prices of our common stock for the first 15 trading days in January 2018 (the End Date) remaining $25 (a scenario where the Market Value does not change), then the employee would receive 92% of the target shares, or 92 shares of common stock worth $2,300 on the End Date. If the Start Date price is $25 and the End Date stock price increases to $37.50 (a 50% increase in Market Value), then the employee would receive 150% of the target shares, or 150 shares of common stock worth $5,625 on the End Date. However, if the End Price decreases to $12.50 (a 50% decrease in Market Value), then the employee would receive 50 shares of common stock worth $625 on the End Date. An ending stock price below $12.50 would result in no shares vesting.

The MSUs awarded in February 2013, the year that we transitioned to MSUs, were earned half as of December 31, 2014 and half as of December 31, 2015. The portion of the MSUs awarded in 2013 that were earned as of December 31, 2015 resulted in a 77% payout percentage, with the Market Value for that tranche comparing the closing prices of our common stock for the first seven trading days in February 2013 to the average of the closing prices of our common stock during the month of December 2015. Because Mr. Griffin was no

longer employed by us on December 31, 2015 the MSUs granted to him in 2013 were forfeited.

The remaining 25% of the grant date value of the total award was provided in the form of performance shares. Performance shares are earned based on a comparison of our total stockholder return over a three-year vesting period to the total stockholder return for the companies in the Index. The actual number of shares of common stock to be issued can range from zero to 200% of the number of performance shares awarded. Adjustments may be made to the Index to reflect changes in the companies included in the Index during the vesting period. We use this Index because it is comprised of companies that participate in similar markets as our operating businesses and, therefore, provides an appropriate benchmark to measure the relative performance of our stock. We also use this Index in the performance graph included in our annual report on Form 10-K.

Vesting will be pro-rated based on the number of full months employed during the performance period in the event of death, disability or retirement, and pro-rated awards will be paid at the end of the three-year performance period. The performance shares will vest upon a change in control in most circumstances only if there is also a related loss of employment or diminution of duties.

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Total USG Stockholder Return Relative to Index	Percent of Award Earned (1)
Below 35th percentile	0%
35th percentile	35%
50th percentile	100%
75th percentile	150%
90th percentile or above	200%

(1) Straight-line interpolation is used to determine values between vesting tiers.

The performance shares granted in February 2013 vested at 0% of target due to USG s stockholder return relative to the Index performing at the 17th percentile during the three-year period ending December 31, 2015. Because Mr. Griffin was no longer employed by us on December 31, 2015 the performance shares granted to him in 2013 were forfeited.

During 2015, the Committee and Board also approved special awards of 10,000 RSUs to each of Mr. Dannessa and Ms. Scanlon in

recognition of their substantial increase in responsibilities following Mr. Griffin s departure from the Company. One-half of these RSU awards vest on the second anniversary of the grant date and the other one-half will vest on the fourth anniversary of the grant date. The RSUs may vest earlier in the event of death or disability. The RSUs will vest upon a change in control in most circumstances only if there is also a related loss of employment or diminution of duties.

Stock Ownership Guidelines

We have stock ownership guidelines for our executive officers and other senior managers. Participants are expected to own at a minimum the lesser of their salary multiple or the fixed number of shares set forth below:

Participant	Minimum No. of Shares	Multiple of Base Salary

Chairman, President and Chief Executive Officer	100,000	5X
Executive Vice President	35,000	4X
Senior Vice President	15,000	3X
Vice President	10,000	2X
Director/Subsidiary VP	3,500	1X

All of our named executive officers meet or exceed their stock ownership guidelines. The guidelines were set at these levels to ensure management owns meaningful levels of stock, taking into account competitive market practice. We expect all participants to reach at least the minimum level of ownership for their position level within five years after their appointment to

that position. Shares owned, shares held in the Investment Plan, performance shares and MSUs that have vested and unvested RSUs count towards satisfaction of the guidelines. If a participant fails to meet or show sustained progress toward meeting these ownership requirements, we may reduce future long-term incentive program awards to that participant.

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Benefits and Perquisites

Broad-Based Retirement, Health and Welfare Benefits

We provide a comprehensive health and welfare package to all of our full-time employees. Our executive officers are eligible to participate in these plans on the same basis as other eligible employees. The package includes the following benefits:

- *Medical, Dental and Vision Plans:* All participants contribute a portion of the cost of the coverage for the medical, dental and vision plans. We do not provide any supplemental medical coverage or subsidy to any executive officer. Employees hired prior to January 1, 2002 are eligible for retiree medical subsidies.

- *USG Corporation Investment Plan (401(k) Plan):* This qualified defined contribution plan allows employees to invest up to 75% of salary and annual incentive awards (subject to the maximum level of contribution set by the Internal Revenue Service) in twelve target date funds or ten core investment alternatives. Employees can contribute on a pre-tax basis and/or a Roth after-tax basis. We match employee contributions $0.25 per dollar on the first 6% of employee pay contributed.
- *USG Corporation Retirement Plan:* For employees hired before January 1, 2011, this qualified defined benefit plan provides a pension benefit based on the participant s years of credited service in the plan and the participant s final average pay. The plan requires participants to contribute 2% of pensionable earnings toward benefits. Participants can elect early retirement, with the benefit reduced 5% for each year earlier than age 65 at retirement. Participants who have a combined number of years of age and service equaling 90 can retire at age 62 without a reduction in the benefit or can retire earlier than age 62 with a 3% reduction per year. We amended the plan to replace the final average pay formula with a cash balance formula for employees hired after December 31, 2010. The cash balance pension benefit is based on the participant s years of credited service in the plan and the participant s age. Mr. Hilzinger is the only named executive officer with the cash balance formula.

We also provide the following plans for our more highly compensated employees, including our executive officers, that provide benefits to supplement those provided under our Investment Plan and Retirement Plan.

Supplemental Retirement Plan

Approximately 85 employees, including our executive officers, participate in the USG Corporation Supplemental Retirement Plan. This plan restores the benefits which otherwise would be delivered under the USG Corporation Retirement Plan but for the limits on pensionable compensation set by the Internal Revenue Service. The provisions of this plan mirror those of the Retirement Plan, including benefit formulas, definition of final average pay (without

Internal Revenue Service limits) and the requirement for the contribution of 2% of pensionable earnings. Further information regarding our retirement plans and the present value of the qualified and supplemental pension benefits for our named executive officers appears under the heading 2015 Pension Benefits Table beginning on page 67 of this proxy statement.

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Deferred Compensation Plan

Approximately 47 employees, including one of our named executive officers, participate in the USG Corporation Deferred Compensation Plan. Due to the contribution limits set by the Internal Revenue Service applicable to the USG Corporation Investment Plan, this nonqualified plan is designed to allow highly compensated employees the opportunity to defer compensation (and thus current income tax) generally until after termination of employment with USG. We do not match deferred amounts. Those amounts are invested as directed by the

participant into investment options that are similar to those of the USG Corporation Investment Plan. We are obligated to pay the deferred amounts, plus or minus any accumulated earnings or losses on those amounts, to the participants following the termination of the deferral period. Further information regarding the deferred compensation plan for our named executive officers appears under the heading 2015 Nonqualified Deferred Compensation Table on page 70 of this proxy statement.

Perquisites and Other Benefits

We make certain perquisites and other benefits available to our executive officers as part of providing them a competitive total compensation package and to facilitate their attention to the demands of our business. Executive officers are offered a company automobile and office parking, partial reimbursement for financial

planning services, personal liability insurance and executive death benefit coverage, an annual medical examination, and on a limited basis, membership in luncheon clubs. The value of these benefits is described in more detail in the table titled Supplemental Table on page 61 of this proxy statement.

Employment Security and Potential Post-Employment Payments

We provide all of our named executive officers with two employment security arrangements an employment agreement and a change-in-control severance agreement. These agreements help us to attract and retain talented

executives, protect our intellectual property, reduce the potential for employment litigation and avoid the loss of executives to our competitors and other corporations.

Employment Agreements

We provide employment agreements to assist in attracting and retaining executives, to protect our assets and intellectual property and to reduce the potential for litigation related to termination of employment. By setting the terms for the involuntary termination of an executive officer in advance of the termination, these agreements facilitate the Board s and the Chief Executive Officer s ability to effectuate smooth transitions in the executive team. The employment agreements generally provide named executive officers with two years of salary and bonus and lump sum payments equal to the cost of continued medical benefits for 18 months and, except for Mr. Hilzinger s agreement and any executive officers appointed thereafter, the present value of providing an additional two years of service and two years of

age credit under our retirement plans. The agreements provide these benefits only upon an involuntary termination of the named executive officer s employment without cause. These agreements renew for successive one-year terms effective January 1 of each year unless 120 days notice of termination is provided before expiration of the current term. We established these benefit levels after reviewing competitive market practices for employment agreements used by similar types of organizations for executives at similar levels.

We believe that the level of benefits provided by our agreements is in line with market practice for those companies that use employment agreements. Consistent with our paying two years compensation as severance, the

agreements include a requirement that after termination of employment, the executive officer will not compete with us for two years or solicit our employees for three years. Executive officers are required to sign a release waiving potential claims against us before any payments are made.

Mr. Griffin served as our Chief Operating Officer through July 31, 2015. On that date, Mr. Griffin ceased to be an executive officer as a result of an involuntary termination without cause. Accordingly, in 2015 Mr. Griffin obtained the right to receive payments in the aggregate amount of $2,678,331. These payments were comprised of amounts determined in accordance with his employment agreement, including: (a) a $2,226,000 cash payment equal to two times the sum of his annual salary plus target annual incentive award, (b) a $263,717 cash payment representing the value of the additional retirement benefits he would have been entitled to receive if he had an additional two years of age and credited service under our retirement plans, and (c) a $38,614 cash payment representing the cost of continuing

Mr. Griffin s welfare benefits for a period of 18 months. Mr. Griffin was also entitled to outplacement services and tax preparation services following termination. In addition, a $150,000 cash payment was made to Mr. Griffin in order to help ensure a timely resolution of all matters reasonably related to his departure. No further payments are due Mr. Griffin under the terms of his employment agreement. Mr. Griffin s unvested RSUs, stock options, MSUs and performance shares were forfeited upon his termination of employment. Vested stock options held by Mr. Griffin at the time of his termination expired on January 31, 2016. Mr. Griffin is also eligible to receive his vested benefits under our Retirement Plan, Supplemental Retirement Plan and Investment Plan, which are discussed further in the 2015 Pension Benefits Table on page 67 of this proxy statement. A copy of the Agreement and General Release entered into with Mr. Griffin was filed with our Quarterly Report on Form 10-Q for the quarter ended September 30, 2015.

Change-In-Control Severance Agreements

We provide change-in-control severance agreements to promote neutrality of our named executive officers during potential change in control transactions so they will make the best decision for our stockholders, to retain the executive team, to protect our intellectual property and to reduce the potential for litigation related to termination of employment. The agreements in effect for our named executive officers provide three years (for Messrs. Metcalf and Ferguson) or two years (for Messrs. Hilzinger and Dannessa and Ms. Scanlon) of salary and bonus and lump sum payments equal to the cost of continued medical benefits for 18 months and the present value of providing an additional three years of service and three years of age credit (for Messrs. Metcalf and Ferguson) or an additional two years of service and two years of age credit (for Mr. Dannessa and Ms. Scanlon) under our retirement plans. Mr. Hilzinger s agreement does not provide for any payment for additional service or age credit.

The agreements provide these benefits only in the event that there is both a change in control and an involuntary termination of the named executive officer s employment by the Company without cause or by the executive for good reason. The definition of change in control is generally the same as in the New LTIP. Good reason includes, among other things, a reduction in salary or a material diminution in duties, responsibilities or total compensation. The agreements, other than Mr. Hilzinger s, include a modified gross up provision. If the total amounts payable to the

executive officer would constitute a parachute payment resulting in the imposition of an excise tax, the payment will be reduced to the extent necessary to avoid being a parachute payment, unless the reduction would be more than 10% of the total amounts payable. In that case, the payment will be increased to provide the executive officer a net after tax amount equal to the value of the excise tax imposed. Mr. Hilzinger s agreement includes an alternative cap provision which

provides that if the total amounts payable would constitute a parachute payment resulting in the imposition of an excise tax, the payment will be reduced to the extent necessary to avoid being a parachute payment, unless Mr. Hilzinger would receive a better after-tax benefit if the payment were not reduced and he paid the resulting excise tax directly.

As with our employment agreements, we established these benefits after reviewing competitive market practices for change-in-control agreements used by similar types of organizations for similar purposes. We believe that the level of benefits provided by our change-in-control severance agreements is also in line with market practice for organizations that use change-in-control agreements. In consideration of our paying severance compensation, these agreements include a

requirement that after termination of employment, the named executive officer will not compete with us for one year or solicit our employees for three years (two years for Messrs. Hilzinger and Dannessa and Ms. Scanlon). Executive officers are required to sign a release waiving potential claims against us before any payments are made under these agreements. Further information regarding the benefits our current named executive officers could receive under these agreements is provided in the tables titled Potential Payments Upon Termination or Change in Control beginning on page 71 of this proxy statement.

Because Mr. Griffin was no longer employed by us on December 31, 2015 as a result of an involuntary termination without cause, he received the payments described above under Employment Agreements.

Tax and Accounting Implications

Management and the Committee reviewed and considered the deductibility of payments under our executive compensation program under Internal Revenue Code Section 162(m) and the regulations promulgated thereunder, which generally limit deductibility of compensation to $1 million for certain employees. However, the $1 million limit does not apply to performance-based compensation that is paid pursuant to stockholder-approved plans and is approved by directors who qualify as outside directors within the meaning of Internal Revenue Code Section 162(m).

The Compensation Committee generally structures and administers executive compensation plans and arrangements so that they will not be subject to the 162(m) deduction

limit. However, to maintain flexibility in structuring appropriate compensation programs in the interest of stockholders, the Committee may from time to time approve payments that cannot be deducted. For example, RSU awards made to certain employees may not be deductible for federal income tax purposes, depending on the amount and type of other compensation these employees receive.

Management and the Committee reviewed all executive compensation programs and arrangements under Internal Revenue Code Section 409A, related to the deferral of compensation, and the current and future year accounting impact of the 2015 Current LTIP awards when it considered and approved those awards.

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Compensation and Organization Committee Report

USG s Compensation and Organization Committee has reviewed and discussed the Compensation Discussion and Analysis section with our management. Based on that review and

discussion, the Compensation and Organization Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION AND ORGANIZATION COMMITTEE

Richard P. Lavin, Chair

Jose Armario

Matthew Carter Jr.

Steven F. Leer

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Compensation Tables

2015 Summary Compensation Table

The Summary Compensation Table below reflects total compensation earned by or paid to our principal executive and financial officers and our other most highly compensated executive officers for the last three years. Information is provided for Ms. Scanlon only for 2015 because she was not a named executive officer in 2013 or 2014.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)(7)	Total ($)
James S.	2015	$1,011,667		$5,180,422		$1,487,160	$2,050,152	$68,318	$9,797,719
Metcalf, Chairman, President and Chief Executive	2014	964,167		5,251,740		856,704	4,890,717	77,337	12,040,665
Officer	2013	925,000		4,299,440		1,465,613	2,069,325	78,144	8,837,522
Matthew F.	2015	576,167		1,243,295		528,525	56,092	38,241	2,442,320
Hilzinger, Executive Vice President and Chief Financial	2014	554,292		1,137,879		320,832	82,372	40,644	2,136,019
Officer	2013	538,125		1,018,283		539,398	47,589	34,294	2,177,689
Dominic A.	2015	402,500		1,021,538		248,589	670,702	36,858	2,380,187
Dannessa,	2014	383,240		816,957		179,244	1,334,214	50,882	2,764,537
Executive	2013	347,200		678,902		309,464	282,134	45,608	1,663,308

Vice President, Chief Operations and Innovation Officer							
Stanley L. Ferguson Executive Vice President, General Counsel and Secretary (1)	2015	486,600	880,691	415,895		51,309	1,834,495
	2014	472,287	1,202,527	255,145	931,203	47,048	2,908,210
	2013	457,767	820,291	459,568		38,978	1,776,604
Christopher R. Griffin, Executive Vice President, Chief Operating Officer (2)	2015	363,333	1,554,142	346,421	409,367	2,698,687	5,371,950
	2014	580,833	1,517,173	307,538	805,889	25,450	3,236,883
	2013	462,917	1,192,379	476,009	271,016	41,018	2,443,339
Jennifer F. Scanlon, Executive Vice President; President, International; President, L&W Supply Corporation	2015	404,417	1,021,538	233,211	212,942	32,316	1,904,424

(1) Mr. Ferguson retired from the Company effective December 31, 2015.

(2) Mr. Griffin ceased to be an executive officer as of July 31, 2015.

(3) The amounts shown in this column reflect the aggregate grant date fair values computed in accordance with FASB ASC Topic 718 for MSUs and performance shares granted under our Current LTIP and, for Mr. Dannessa and Ms. Scanlon in 2015, include the value of special awards of RSUs granted in recognition of their substantial increase in responsibilities following Mr. Griffin s departure from the Company. However, for purposes of this table, estimates of forfeitures have been removed. A Monte Carlo simulation has been chosen for both the MSU and performance share valuations. The assumptions used in valuing the MSUs and performance shares are described in Note 10 to our consolidated financial statements included in our 2015 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 10, 2016. The grant date fair value for each RSU is equal to the closing market price of our common stock on the date of grant. Expense is recognized over the period from the grant date to the end of the performance or vesting period. Awards under the Current LTIP are described further under Long-Term Incentive in the Compensation Discussion and Analysis beginning on page 50 of this proxy statement.

(4) We did not grant any stock options in 2015, 2014 or 2013.

(5) The amounts shown in this column include payments under our annual Management Incentive Program, or MIP, for services performed in the year indicated. Because Mr. Griffin was no longer employed by us on December 31, 2015 his award under the MIP was pro-rated in accordance with the MIP based on the number of full months employed during 2015. For services performed in 2015, we gave our executive officers currently employed by us the option of receiving up to 25% of their net annual incentive award in shares of our common stock. Messrs. Metcalf, Hilzinger and Dannessa each elected to receive 25% of his net award in stock and Ms. Scanlon elected to receive 10% of her net award in stock.

(6) The amounts in this column reflect the aggregate change in the actuarial present value of accumulated benefits under our defined benefit pension plans from December 31, 2014 through December 31, 2015, the plan measurement dates used for financial statement reporting purposes. The named executive officers had no above-market or preferential earnings on deferred compensation. No amount is reflected in this column for Mr. Ferguson for 2013 and 2015 because the aggregate change in the actual present value of his accumulated benefit in such years was negative $36,375 and $94,157, respectively.

(7) The amounts in this column reflect all other compensation for 2015 that could not properly be reported in any other column. Details regarding all other compensation components are provided in the supplemental table below. Several of the benefits listed in the table result in imputed income to the named executive officer. In the case of company provided automobiles, the amounts shown reflect the cost attributed to personal use of the vehicle by the named executive officer, including the cost of lease payments, fuel, insurance, license and title, maintenance and repairs, less any gain we realized upon sale of the vehicle. All other items are valued at actual cost. We also provide additional executive death and disability benefit coverage to our executive officers on a self-insured basis. There is a small incremental cost to us for providing this additional coverage. From time to time, executive officers may use our tickets to sporting venues for personal use. We believe there is no incremental cost associated with our executive officers using our tickets to sporting venues for personal use because the tickets are purchased in advance for the entire season with the intention that they be used for business purposes, they cannot be returned for a refund if they are unused and use for personal purposes occurs only if the tickets have not been reserved for use for a business purpose. No value is attributed in the 2015 Summary Compensation Table to personal benefits for which we incur no incremental cost.

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Supplemental Table

Item	James S. Metcalf	Matthew F. Hilzinger	Dominic A. Dannessa	Stanley L. Ferguson	Christopher R. Griffin	Jennifer F. Scanlon
Financial Planning Services	$16,000	$8,998	$7,680	$16,000		
Personal Liability Insurance	535	535	535	535	$535	$535
Executive Death and Disability Coverage	661	449	365	406	476	366
Executive Health Program	7,085		5,256	1,690	8,777	4,853
Luncheon Club	6,944		2,790			
Company Automobile (personal use)	28,918	20,084	12,057	24,503	3,618	18,387
Parking	4,200	4,200	4,200	4,200	2,450	4,200
Investment Plan Matching Contributions	3,975	3,975	3,975	3,975	4,500	3,975
Severance and Other (a)					2,678,331	
Total	**$68,318**	**$38,241**	**$36,858**	**$51,309**	**$2,698,687**	**$32,316**

(a) This amount is the amount accrued or paid for severance arrangements pursuant to Mr. Griffin s Employment Agreement and Agreement and General Release, both of which are described further under Employment Agreements in the Compensation Discussion and Analysis beginning on page 55 of this proxy statement. The amount includes a continuation of benefits gross-up payment of $17,647 paid pursuant to Mr. Griffin s employment agreement.

The employment agreements entered into with each of our named executive officers are described under Employment Agreements in the Compensation Discussion and Analysis beginning on page 55 of this proxy statement.

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2015 Grants of Plan-Based Awards Table

The 2015 Grants of Plan-Based Awards Table below reflects equity and non-equity incentive plan awards made to each of the named executive officers during 2015. Equity awards include MSUs, performance shares (PS) and RSUs.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (2)			Estimated Future Payouts Under Equity Incentive Plan Awards (3)(4)			Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Stock Option Awards
Name	Award Type	Grant Date (1)	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)(5)	($)(6)
James S. Metcalf	MSU	02/11/2015				59,809	119,617	179,426		$ 3,595,687
	PS	02/11/2015				18,108	51,738	103,476		1,584,735
	MIP			$ 1,224,000	$ 2,448,000					
Matthew F. Hilzinger	MSU	02/11/2015				14,354	28,708	43,602		862,962
	PS	02/11/2015				4,346	12,417	24,834		380,333
	MIP			435,000	870,000					
Dominic A. Dannessa	MSU	02/11/2015				8,373	16,746	25,119		503,385
	PS	02/11/2015				2,535	7,243	14,486		221,853
	MIP			243,000	486,000					
	RSU	09/01/2015							10,000	296,300
Stanley L. Ferguson	MSU	02/11/2015				10,168	20,335	30,503		611,270
	PS	02/11/2015				3,079	8,796	17,592		269,421
	MIP			342,300	684,600					
Christopher R. Griffin	MSU	02/11/2015				17,943	35,885	53,828		1,078,703
	PS	02/11/2015				5,433	15,522	31,044		475,439
	MIP			477,000	954,000					
Jennifer F. Scanlon	MSU	02/11/2015				8,373	16,746	25,119		503,385
	PS	02/11/2015				2,535	7,243	14,486		221,853

MIP		244,200	488,400
RSU	09/01/2015		