

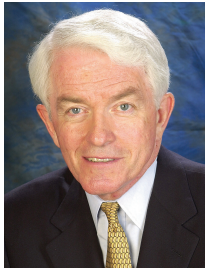
Q4
2017

USG CORPORATION + U.S. CHAMBER OF COMMERCE

Commercial Construction Index

POWERED BY
DODGE DATA & ANALYTICS

THE USG CORPORATION + U.S. CHAMBER OF COMMERCE COMMERCIAL CONSTRUCTION INDEX



Thomas J. Donohue
President and CEO
U.S. Chamber of
Commerce

We are pleased to share the results of the USG Corporation + U.S. Chamber of Commerce Commercial Construction Index for the fourth quarter of 2017. Contractors are ending the year on a high note, with continued demand for construction, steady margins and belief that there will be growth over the next 12 months.



Jennifer F. Scanlon
President and CEO
USG Corporation

One year into launching this Index, we've gained important insights into the health and outlook of the commercial construction industry, its challenges and opportunities, as well as its impact on our nation's economy. The results have shown steady optimism from contractors about revenue forecasts and their backlog of work, yet concerns about the availability, training and cost of skilled workers have remained high throughout all four quarters of the year.

For example, last quarter we found that over 90 percent of contractors are concerned about workforce readiness. Contractors need employees with safety, technical and communications skills. However, only 11 percent have a formal skills development program and just 23 percent require employee training on a regular basis.

This quarter, we asked contractors about one of their major concerns: jobsite efficiency. Not surprisingly, labor productivity was the most often cited area of opportunity. In our view, their responses indicate a clear and urgent need for industry leaders to address this issue through workforce development programs and industry innovations, such as improved building processes and materials.

More than three million people are employed in the commercial construction industry and the sector contributes more than \$700 billion in construction spending to the U.S. economy. The commercial construction industry strengthens the U.S. economy by building businesses, promoting job creation and boosting wages that improve the standard of living for many Americans.

When the construction industry is healthy, our country grows and creates real employment opportunities. We hope this Index continues to shine a light on the things we can all do to ensure prosperity in the commercial construction industry and foster broad economic growth.

Sincerely,

Thomas J. Donohue

A handwritten signature in black ink, appearing to read "J. Donohue", written over a white background.

Jennifer F. Scanlon

A handwritten signature in black ink, appearing to read "Jennifer F. Scanlon", written over a white background.

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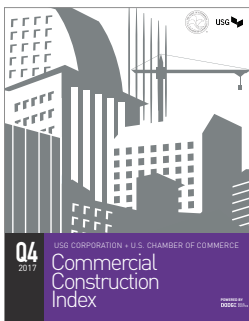
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5 METHODOLOGY



The USG Corporation + U.S. Chamber of Commerce Commercial Construction Index (CCI) is a quarterly economic index designed to gauge the outlook for and resulting confidence in the commercial construction industry. Recognizing a need to highlight the important contributions of this sector to the nation's economy, USG Corporation and the U.S. Chamber of Commerce partnered to produce this first-of-its-kind index. Each quarter, contractors across the country are surveyed in order to better understand their levels of confidence in the industry and top-of-mind concerns.

COMMERCIAL CONSTRUCTION INDUSTRY SEES CONTINUED OPTIMISM AS REVENUE FORECASTS IMPROVE, WHILE CONCERNS ABOUT SKILLED LABOR ISSUES PERSIST.

OVERVIEW

Contractors in the U.S. commercial construction industry report ongoing optimism about the current state and forward-looking health of the sector. Minor changes are evident in the key indicators used to compute the USG Corporation + U.S. Chamber of Commerce Commercial Construction Index (CCI)—backlog levels, new business opportunities and revenue expectations—but contractor beliefs about revenue forecasts are the only driver of confidence that rose this quarter.

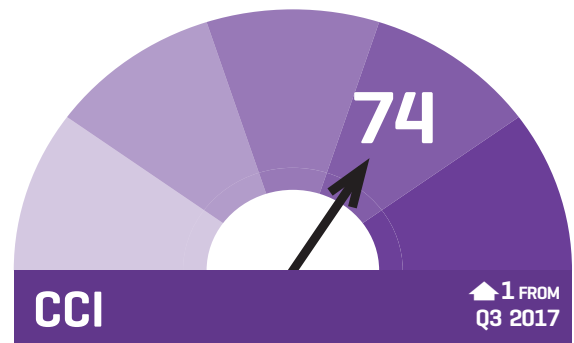
KEY DRIVERS OF CONFIDENCE

More than three-quarters (79%) of contractors continue to report steady or increasing backlogs, a slight increase from Q3 (77%). However, the average ideal backlog estimate also increased to 12.5 months, creating a slightly lower ratio of current to ideal backlog for Q4.

Respondents report the same level of optimism about their business prospects in the next 12 months as they did in Q3. Revenue forecasts are up compared with Q3 and remain consistent with the strong outlook seen in previous quarters. *See Drivers of Confidence on pages 4–6.*

QUARTERLY SPOTLIGHT

This quarter's spotlight questions focus on jobsite efficiency. Labor productivity is identified by respondents as the key means to achieve jobsite efficiency. Jobsite logistics and project



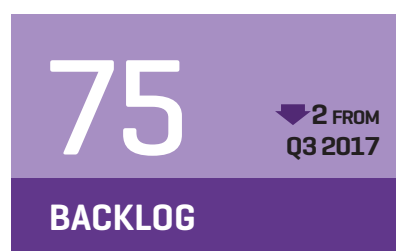
management methods are also reported to be important means of increasing efficiency.

Most contractors report using prefabricated components and improved training and communication to improve these factors. Labor is the biggest expense and most challenging variable in construction—by improving labor productivity contractors could see the biggest impact on efficiency. *See Quarterly Spotlight on pages 7–11.*

MARKET TRENDS

The availability, skill level and cost of skilled workers continue to be the biggest concerns among the contractors surveyed. However, most contractors expect to employ more workers in the next six months and believe they will see revenue and profit margins increase or hold steady over the next year. A strong outlook for new business coupled with an expected increase in spending on tools and equipment is another sign of optimism. *See Market Trends on pages 12–17.*

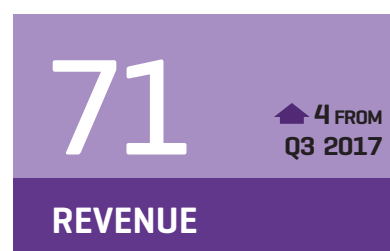
KEY DRIVERS OF CONTRACTOR CONFIDENCE



The ratio between actual and stated ideal backlog is at 75 in Q4, with the current average of 9.4 months of backlog relatively close to the average stated ideal level of 12.5 months.



Contractors have high confidence in the market's ability to provide new business for the next 12 months, equal with the level reported in Q3.



Most contractors believe that they will see revenue growth in the next year, an increase from Q3.

ADDITIONAL MARKET TRENDS



HIRING

The number of contractors who expect to employ more workers in the next six months rose to 57%, up from 53% in Q3. *See page 12 for more details.*



SKILL LEVEL

Nearly all contractors [92%] are at least moderately concerned about the skill levels of the workforce; nearly the same as the previous quarter [91%]. *See page 14 for more details.*



FINANCING

Almost three-quarters [71%] believe owner financing will remain accessible or become easier to obtain in the next six months, a return to Q2 levels of 70% after spiking to 78% in Q3. *See page 15 for more details.*



TOOLS & EQUIPMENT

Contractors expect to spend more on tools and equipment, with 55% expecting to increase expenditures, as compared to 52% in the previous quarter. *See page 16 for more details.*

Most contractors continue to report increased or stable backlogs, signaling ongoing healthy demand for commercial construction projects.

CHANGE OVER LAST QUARTER

More than three-quarters [79%] of contractors report a stable or increased backlog, with a shift upward of 5% in those who report an increased backlog quarter-over-quarter. While fluctuations have occurred throughout the year between increased or stable backlogs, overall positive findings have been consistent throughout 2017.

CURRENT BACKLOG

Contractors report an average backlog of 9.4 months in Q4, which is 75% of the average ideal backlog of 12.5 months. Overall, the market continues to be stable, although there is room for growth.

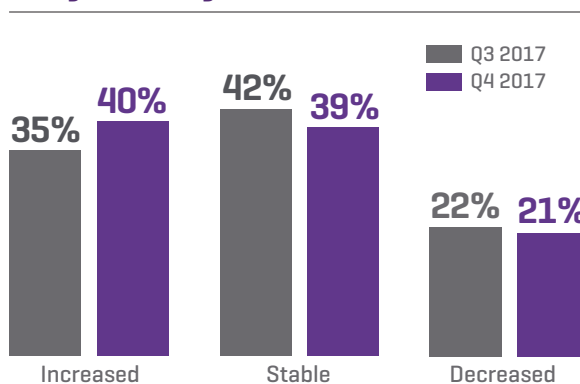
AMOUNT OF BACKLOG REPORTED The amount of backlog contractors report in Q4 remains largely consistent with Q3. However, there is a shift in the number of respondents reporting 9 to 17 months of backlog [down from 27% in Q3 to 22% in Q4].

VOICE OF THE CONTRACTOR

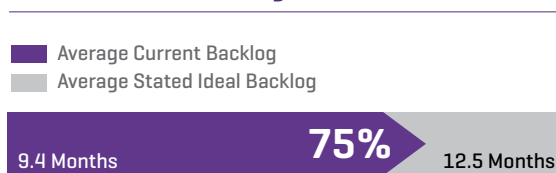
"[There is] lots of new construction starting in the Mid-Atlantic which will afford us the ability to be more selective with what work we pursue."

—CCI Survey Respondent

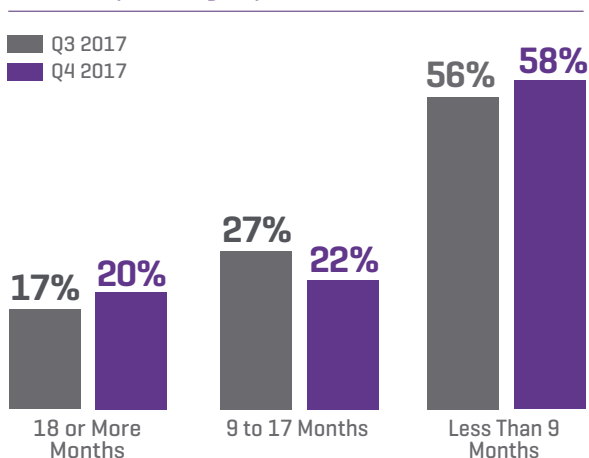
Change in Backlog in the Last Three Months



Current vs. Ideal Backlog



Amount of Backlog Reported



Ninety-nine percent of contractors feel confident in the demand for new commercial construction over the next 12 months.

12-MONTH OUTLOOK

Nearly all [99%] of respondents report high or moderate confidence that the market will provide sufficient new business opportunities. This is a two percentage point rise from last quarter [97%].

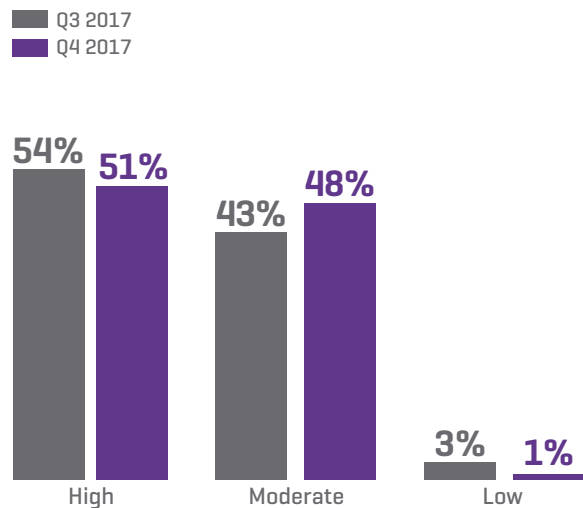
CHANGE OVER LAST QUARTER There is a slight shift from high to moderate confidence between Q3 and Q4, continuing a trend observed in previous quarters. This does not represent a notable change in the way contractors regard the market, given the stability of the new business driver [75].

24-MONTH OUTLOOK

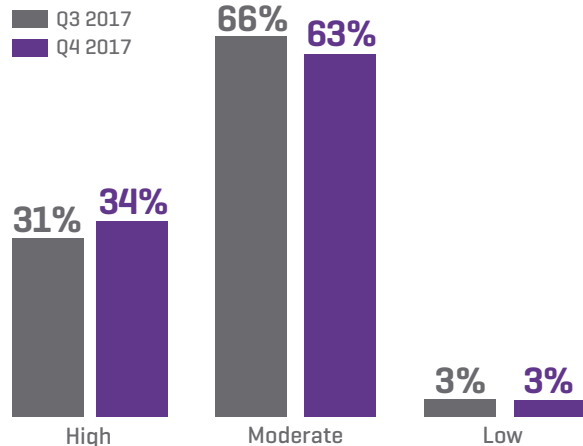
Approximately one-third [34%] of respondents continue to believe that the market will provide strong opportunities for the next 24 months, with nearly all others at least moderately confident. Since Q1 2017, low confidence levels have remained at 5% or below, demonstrating that contractors do not expect serious disruptions to their business.

Degree of Confidence That the Market Will Provide Sufficient New Business Opportunities

Next 12 Months



Next 24 Months



Note: Percentages are based on ratings using a 10-point scale, where the three points at the bottom [1-3] indicate a low level of confidence and the three points at the top [8-10] indicate a high level of confidence.

Profit outlook remains consistent quarter-over-quarter, but more contractors are optimistic about revenue increases over the next year.

REVENUE IN THE NEXT 12 MONTHS

Nearly all [98%] of contractors expect revenue to stay the same or increase in the next 12 months, a slight increase from the 95% reported in Q3.

PERCENT INCREASE IN REVENUE OVER THE NEXT 12 MONTHS Among the contractors expecting a revenue increase, 62% anticipate increases of 4% or more—consistent with the results seen in Q3.

PROFIT MARGINS IN THE NEXT 12 MONTHS

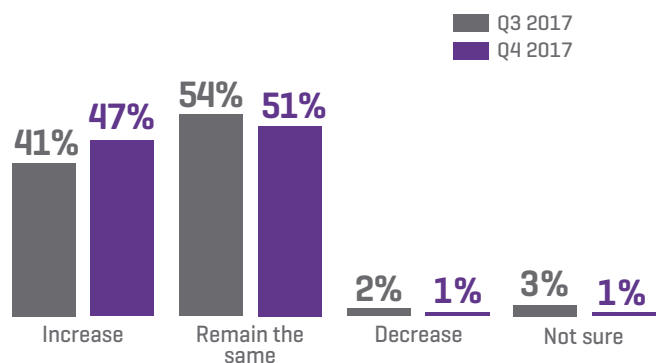
Nearly all [98%] contractors expect profit margins to remain the same or increase in the next year, with about one-third [35%] expecting an increase. The ongoing optimism about profit margins and revenue likely contributes to the higher level of optimism that contractors report in the market.

VOICE OF THE CONTRACTOR

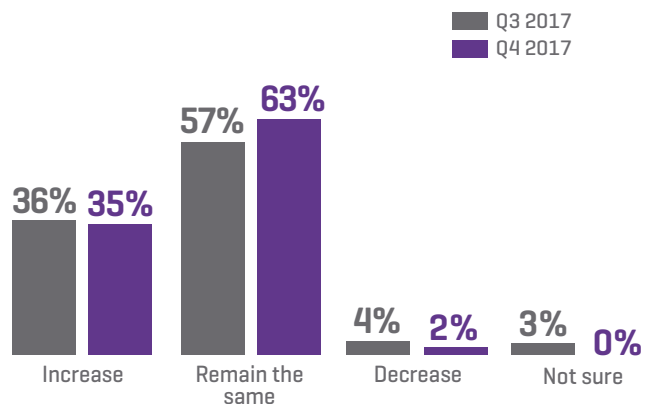
"Local revenue continues to consistently spur new projects throughout the region. [The] challenge will be capturing those projects with the threat of new competition." —CCI Survey Respondent

Note: Percentages for revenue and profit margins are based on ratings using a 10-point scale, where the three points at the bottom indicate a decrease, three points in the middle indicate it has stayed about the same and four points at the top indicate an increase.

Expected Changes in Revenue



Expected Changes in Profit Margins



Only one in 10 contractors consider jobsites to be very efficient; labor productivity seen as the top driver of increased jobsite efficiency.

CONTRACTOR VIEWS ON JOBSITE EFFICIENCY

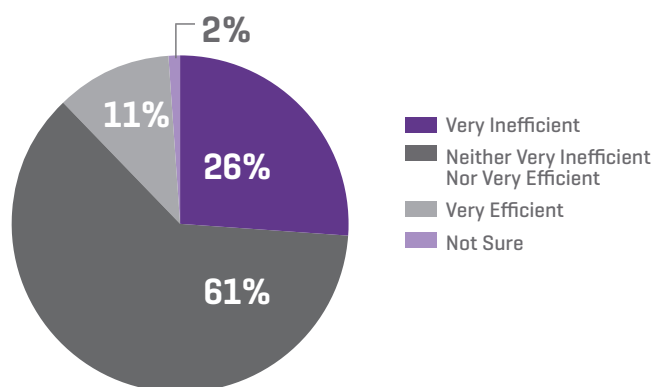
About one-quarter (26%) of contractors consider construction jobsites to be very inefficient, and only 11% consider them to be very efficient. The majority (61%) believe that jobsites are neither very efficient nor very inefficient, suggesting room for improvement.

TOP WAYS TO IMPROVE JOBSITE EFFICIENCY

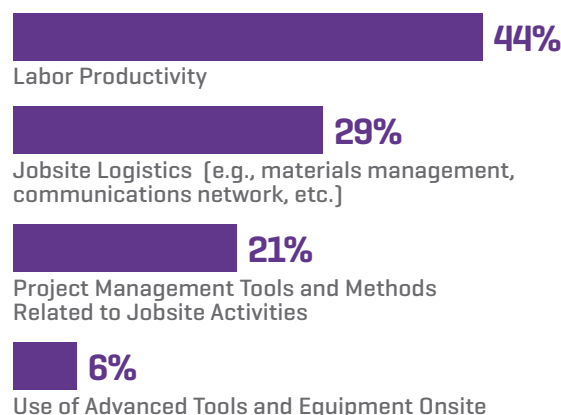
Contractors most frequently rank labor productivity first for needing improvement to increase jobsite efficiency when compared with jobsite logistics, project management tools, and the use of advanced tools and equipment onsite. Labor is the biggest expense and most challenging variable in construction, especially given the prevalence of skilled worker shortages. Therefore, improving labor productivity could have the biggest impact on efficiency.

Jobsite logistics and project management tools and methods are also widely recognized as needing improvement, but few contractors prioritize the use of advanced tools and equipment as needed to improve efficiency.

Belief About Efficiency of Jobsites



Issues Impacting Jobsite Efficiency



The use of prefabricated components and better training on the jobsite reported to be key to improving labor productivity and logistics.

CONTRACTORS' TOP MEANS OF IMPROVING LABOR PRODUCTIVITY

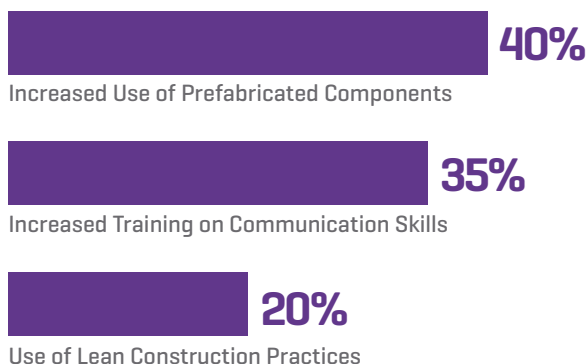
Contractors identify increased use of prefabricated components as the top means of improving labor productivity. Using prefabrication allows for more work to be done offsite in a controlled environment, helping reduce the number of workers on a jobsite.

Contractors also select communications skills training and use of Lean construction as effective means of improving labor productivity, even more than technologies like automated heavy equipment, use of building information modeling (BIM) or reality capture.

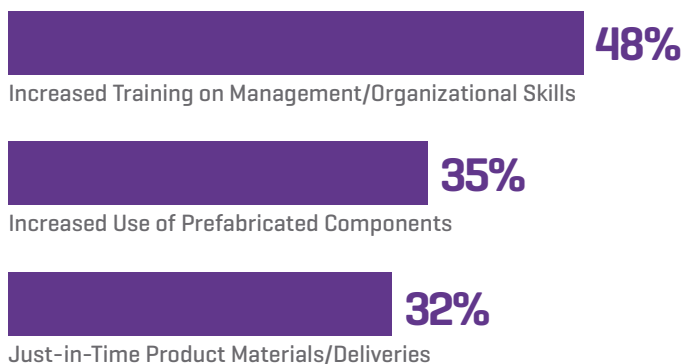
TOP MEANS OF IMPROVING JOBSITE LOGISTICS

More contractors identify increased training on management/organizational skills as one of the top means of improving logistics, along with prefabricated components and just-in-time product materials/deliveries.

Top Three Means of Improving Labor Productivity



Top Three Means of Improving Jobsite Logistics (e.g., materials management, communications network)





Management and communication skills ranked as valuable means of improving project management on jobsites.

CONTRACTORS' TOP METHODS FOR IMPROVING PROJECT MANAGEMENT

Management and organizational skills-based training is the most valuable tool for improving project management on jobsites, according to contractors. Improved communication is also considered critical to improving project management, with 32% ranking communication skills training as a top means and the use of digital communication tools a close third at 30%.

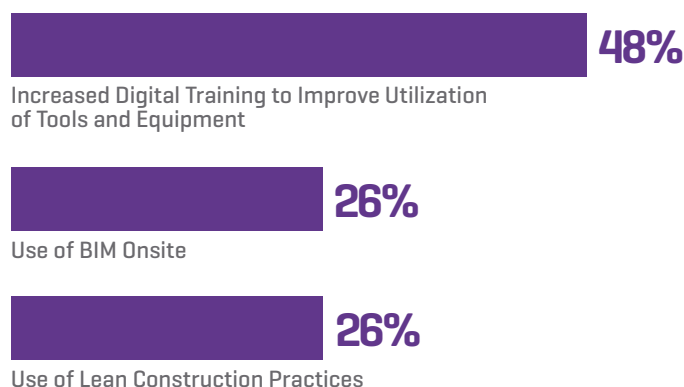
TOP MEANS OF IMPROVING THE USE OF ADVANCED TOOLS AND EQUIPMENT

By far, the highest percentage of contractors rank increased digital training as important to improve the use of advanced tools and equipment onsite. BIM use is also considered important, likely as a means of best integrating data gathered from tools into the project. Surprisingly, Lean construction practices are also seen as important in this category, more so than technologies like sensors or robotics.

Top Three Means of Improving Project Management Tools and Methods Related to Jobsite Activities



Use of Advanced Tools and Equipment Onsite



Improved profit margins and an increased competitive advantage drive investments in processes, tools and equipment that promote efficiency.

DRIVERS FOR INVESTMENTS TO PROMOTE JOBSITE EFFICIENCY

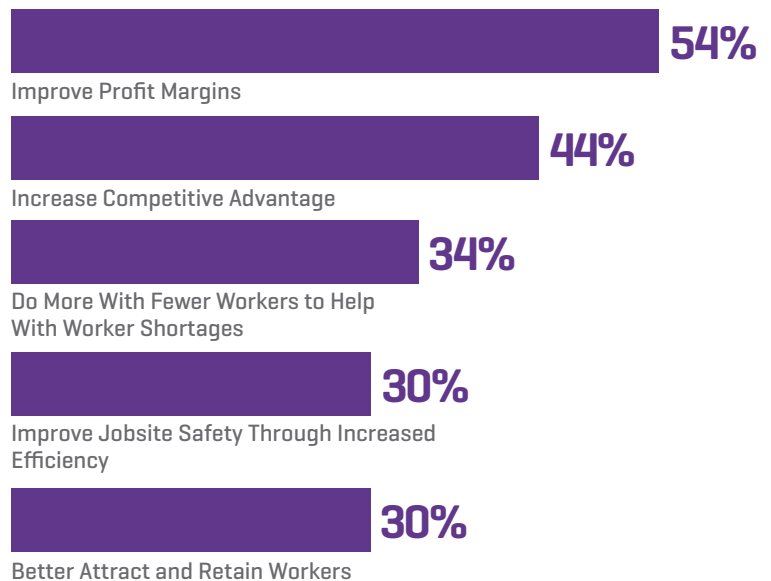
Over half (54%) of contractors select improving profit margins as one of the top three reasons to invest in processes, tools and equipment that promote jobsite efficiency.

Nearly half (44%) of contractors also consider competitive advantage a top driver. The ability to increase efficiency could allow them to win more bids.

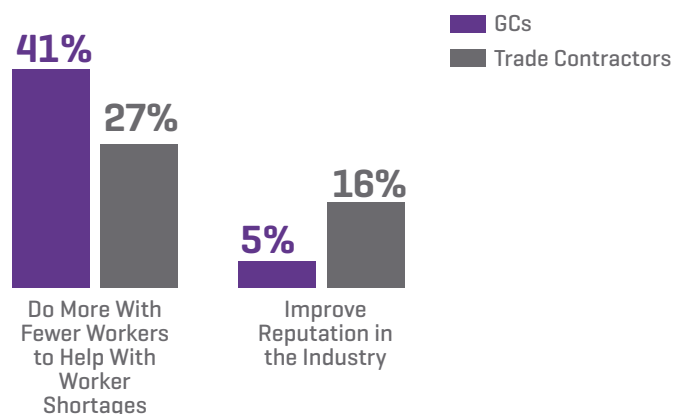
Other factors that emerge as important drivers are the ability to deal with ongoing skilled worker shortages, the ability to improve safety performance and to attract and retain workers.

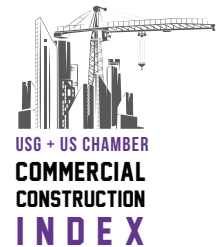
VARIANCE BY FIRM TYPE General contractors (GCs) are more motivated to invest in efficiency to deal with worker shortages than trade contractors. Trade contractors are more motivated to improve reputation in the industry, likely the result of the impact of reputation on their ability to procure work.

Top Drivers for Investments in Processes, Tools and Equipment That Promote Jobsite Efficiency



Drivers for Investments to Promote Jobsite Efficiency [By Contractor Type]





Time constraints and change management are the biggest obstacles to investments in jobsite efficiency.

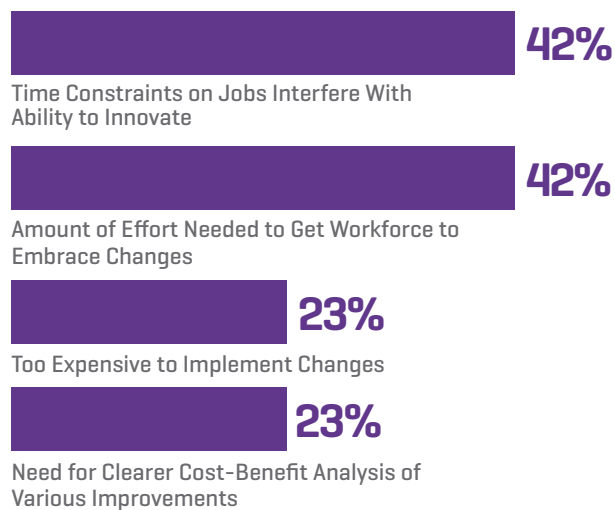
TOP OBSTACLES TO INCREASED INVESTMENT IN JOBSITE EFFICIENCY

The biggest obstacles preventing all contractors from investing more in jobsite efficiency include finding sufficient time during tight project schedules to innovate, and the effort required to get a workforce to embrace change.

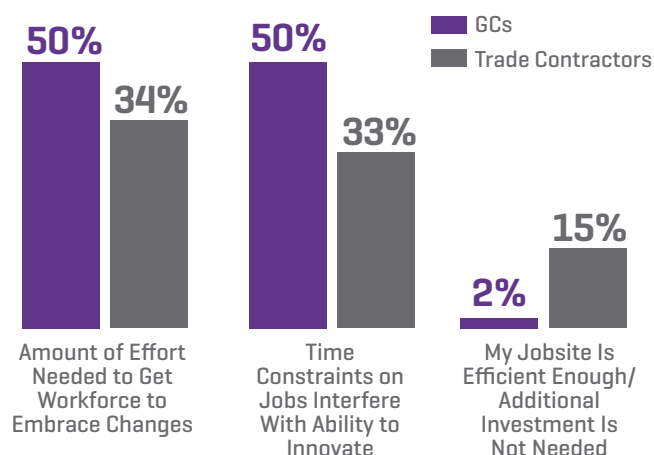
Nearly one-quarter of contractors also cite business factors, including perceived expense and cost-benefit analysis, as key obstacles preventing greater investment in jobsite efficiency.

VARIANCE BY FIRM TYPE GCs are more concerned about the challenges of implementing change than trade contractors. Trade contractors are less convinced than GCs that their jobsites are inefficient enough to require investment to improve.

Top Obstacles Preventing Greater Investment in Jobsite Efficiency (According to All Contractors)



Obstacles Preventing Greater Investment in Jobsite Efficiency (By Contractor Type)



More contractors expect to increase hiring in the next six months despite ongoing concerns around access to skilled labor.

HIRING IN THE NEXT SIX MONTHS

More than half [57%] of contractors in Q4 expect to hire additional workers in the next six months, representing an increase from Q3 [53%], while most of the remaining contractors expect to keep employment levels steady.

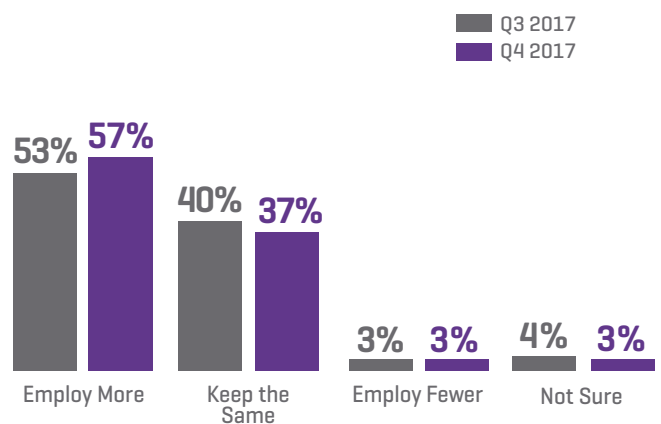
However, the gains in Q4 did not bring the percentage of those expecting to employ more back up to the roughly two-thirds who expected to employ more workers in the first two quarters of 2017, suggesting some modulation in expectations over the course of the year.

DIFFICULTY FINDING SKILLED WORKERS

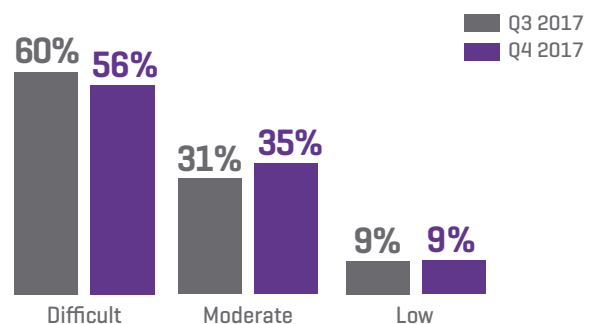
Contractors remain remarkably consistent in their degree of concern about the challenge of finding skilled workers, with 56% reporting challenges in Q4. These findings have been largely consistent over the past three quarters.

VARIANCE BY SIZE More than two-thirds [67%] of small contractors [revenues less than \$10 million] have difficulty finding skilled workers, compared with less than half [42%] of large contractors [revenues of \$100 million or more].

Contractor Hiring Plans Over the Next Six Months



Difficulty Finding Skilled Workers



Note: Percentages for difficulty levels are based on ratings using a 10-point scale, where the three points at the bottom [1-3] indicate a high level of difficulty and the three points at the top [8-10] indicate a low level of difficulty.

Contractors report increased scarcity of plaster and drywall workers, while shortages in concrete, electrical and masonry trades persist.

TRADES WITH GREATEST LABOR SHORTAGES

Contractors report a shortage of concrete workers in Q4, consistent with results seen throughout 2017. This quarter, a high percentage also report a problem finding plaster and drywall workers, a factor rated much lower in the past.

Electrical, masonry and interior finish workers have also been consistently difficult to secure.

CONCERN OVER THE COST OF SKILLED LABOR

Concerns about the cost of skilled labor remained steady across all four quarters of 2017, with roughly one-third reporting high concerns, and about one-half moderately concerned.

VARIANCE BY SIZE Almost half (49%) of small contractors (revenues less than \$10 million) express high concern about skilled labor costs, compared with less than a third (31%) of large contractors (revenues of \$100 million or more).

VOICE OF THE CONTRACTOR

"[My single most important concern about my business in the next 12 months is the] shortage of skilled field and office labor at a reasonable price point!"

—CCI Survey Respondent

Note: Percentages for degree of concern contractors have about the cost of skilled labor are based on ratings using a 10-point scale, where the three points at the bottom [1-3] indicate a high level of concern and the three points at the top [8-10] indicate a low level of concern.

Top Categories of Skilled Labor With Greatest Shortages

[According to General Contractors Reporting Difficulty Finding Skilled Labor]

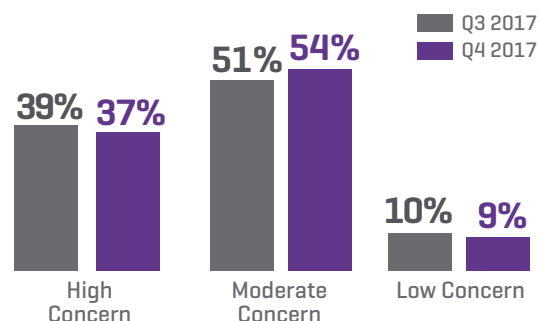
Skilled Labor Shortage Ranking		Current Ranking	Previous Ranking
		Q4 2017	Q3 2017
Concrete	=	1	1
Electrical	=	2	2
Masonry	=	3 tie	3
Steel Erection	▲	3 tie	4 tie
Plaster and Drywall	▲	4	9
Interior Finishes/ Millwork		4 tie	4 tie
Plumbing	=	5 tie	5
HVAC	▲	5 tie	6
Mechanical	▲	5 tie	7 tie
Sheet Metal	▲	6 tie	7 tie
Roofing	▲	6 tie	8

▲ Shortage Increased Since Last Period

= Shortage Remained the Same

▼ Shortage Reduced Since Last Period

Degree of Concern Contractors Have About the Cost of Skilled Labor



Access to and adequacy of skilled labor expected to remain a challenge through the fourth quarter.

WORKER SKILL LEVEL

Similar to skilled worker costs, concerns about the adequacy of worker skills have remained steady in all four quarters of 2017. Between 52% and 58% of contractors reported a high level of concern about this issue over the past three quarters, culminating with 58% in Q4. In the Q3 2017 survey, contractors ranked safety and technical proficiency as the most valued skills for jobsite workers.

HIRING ENVIRONMENT

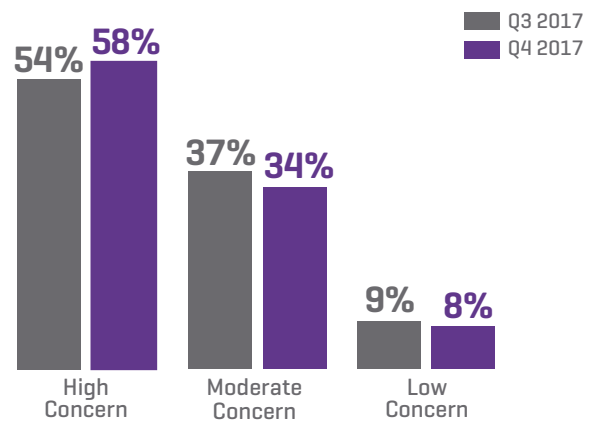
Contractors expect the challenges they face in finding skilled workers over the next six months to stay relatively consistent with the challenges they faced during the previous six months.

CHANGE OVER PREVIOUS QUARTERS In Q4, 31% of contractors report worsening conditions in the skilled labor market over the previous six months, a decline from the 40% reported in Q3 and Q2, but close to the 34% who reported this in Q1.

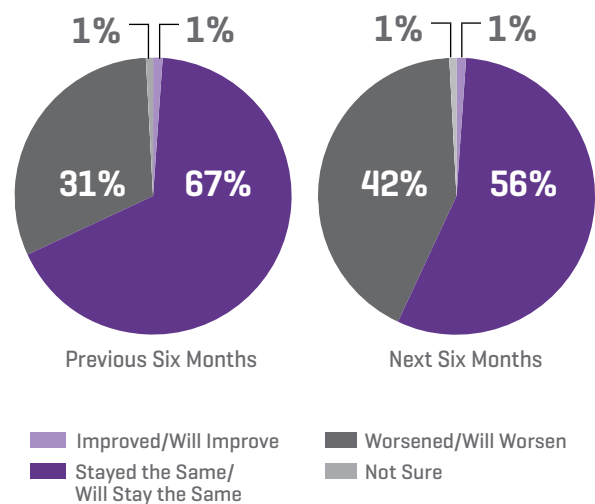
In the next six months, 42% of contractors predict worsening conditions, falling between the 39% who felt this was likely in Q3 and the 47% in Q2.

Note: Percentages for degree of contractor concern about workers having adequate skill levels are based on ratings using a 10-point scale, where the three points at the bottom [1-3] indicate a high level of concern and the three points at the top [8-10] indicate a low level of concern.

Degree of Contractor Concerns About Workers Having Adequate Skill Levels



Problems With Finding Skilled Workers

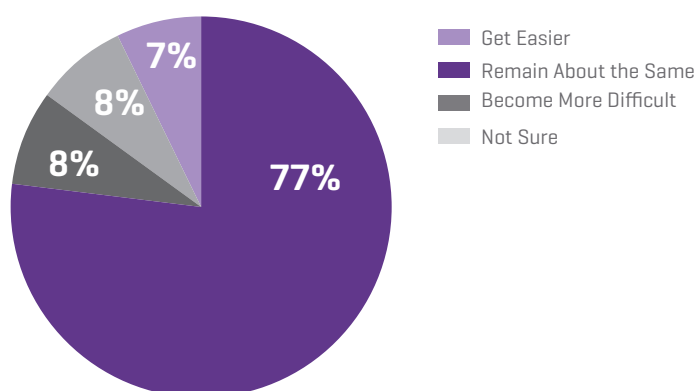


More than 80% of contractors predict access to working capital will improve or remain stable.

CONTRACTOR WORKING CAPITAL

A high percentage [84%] of contractors in Q4 believe that their access to working capital financing will remain the same or get easier, a finding that has remained relatively consistent throughout 2017. Reliable access to financing has no doubt contributed to the healthy level of optimism expressed overall, and may contribute to the slight uptick in the ideal average backlog reported this quarter.

Expected Change in Access to Working Capital Financing by Contractors in the Next Six Months

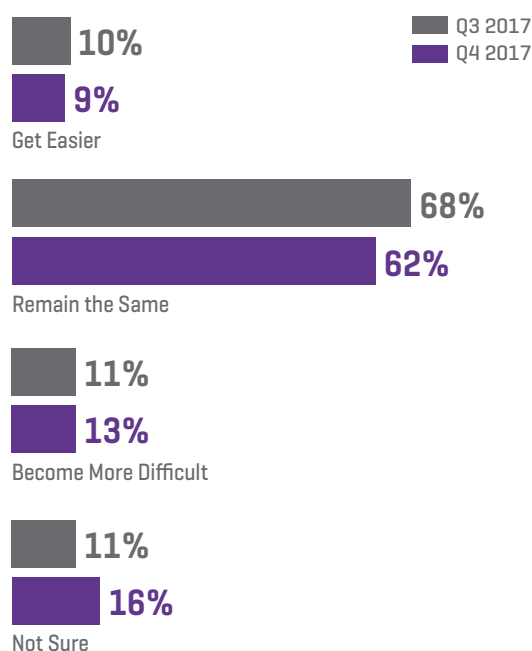


CONSTRUCTION FINANCING

Contractors' confidence in the ability of owners to gain access to financing remains strong in Q4, with 71% reporting that owner access to financing will likely either remain the same or get easier. This finding is directly related to contractors' confidence that the market will provide them with sufficient business opportunities in the near future.

VARIANCE BY REGION Nearly one-quarter [22%] of contractors in the Northeast believe that owner financing will be easier to obtain in the next six months, significantly more than those in the South [3%] and directionally more than those in the West [6%] or Midwest [11%]. See page 17 for more regional data.

Expected Change in Building Owner Access to Financing in the Next Six Months



Contractors prepare to spend more on tools and equipment, while apprehensions increase over the impact of materials shortages.

SPENDING ON TOOLS AND EQUIPMENT

More than half (55%) of contractors expect to spend more on tools and equipment in the next six months. This is another indicator of their confidence in new business opportunities and comfort with existing backlogs. It is also a notable increase over Q1, when 47% expected to be investing more. However, it is a slight drop back from the 58% with those plans in Q2.

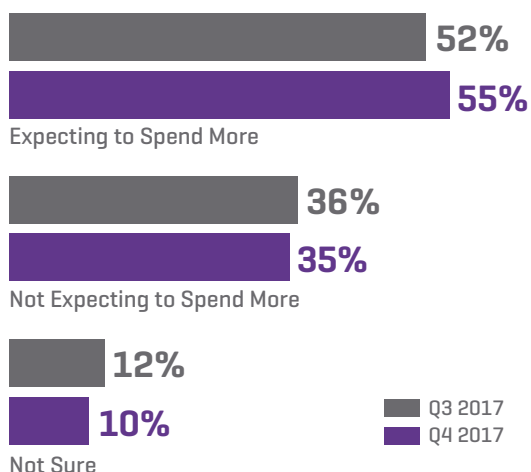
VARIANCE BY FIRM TYPE Nearly three-quarters (70%) of trade contractors plan to spend more on tools and equipment in the next six months, compared with only 41% of general contractors.

IMPACT OF MATERIALS SHORTAGES ON CONTRACTORS

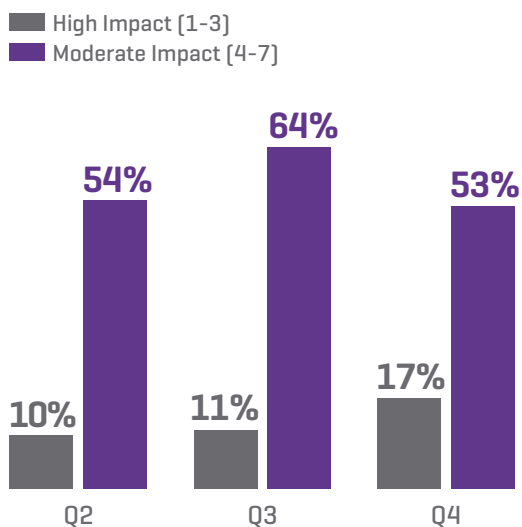
There is a notable jump in Q4 in the number of contractors who expect to see materials shortages have a high impact on their company. In fact, in Q1, only 4% expected such a high level of impact. It is likely that materials shortages from the hurricanes in Q3 2017 are exacerbating these concerns, and unlike labor shortages, materials shortages may not be confined to the region in which the disaster occurred.

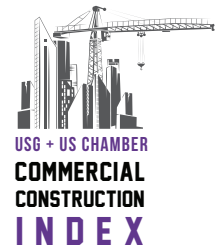
Note: Percentages for expected materials shortages' impact on contractors are based on ratings using a 10-point scale, where the three points at the bottom indicate a high impact and the three points at the top indicate a low impact.

Contractors Expecting to Spend More on Tools and Equipment in the Next Six Months



Expected Materials Shortages Impact on Contractors





Northeastern contractors are the least optimistic on new business opportunities, but report the lowest difficulty finding skilled workers.

12-MONTH NEW BUSINESS OUTLOOK

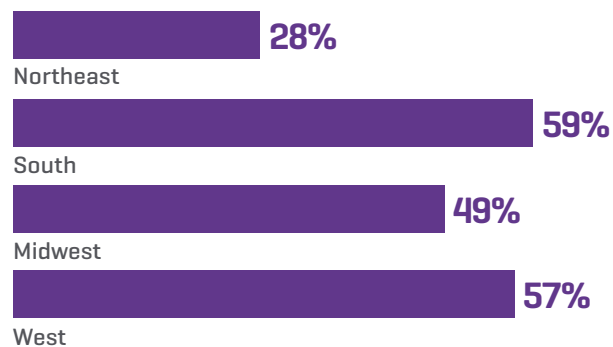
While around half of respondents in the South [59%], Midwest [49%] and West [57%] are confident that they will have sufficient new business opportunities in the next 12 months, only about a quarter of those in the Northeast [28%] share that confidence.

CHALLENGES IN FINDING SKILLED WORKERS

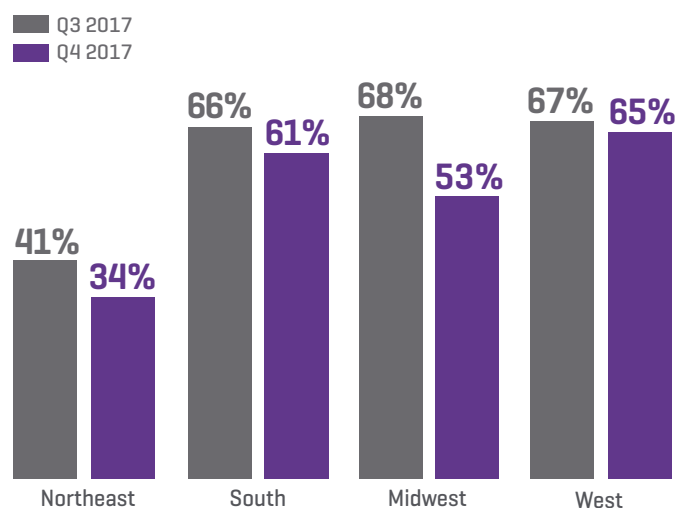
Far fewer respondents in the Northeast [34%] report difficulty finding skilled workers than those in the South [61%], Midwest [53%] or West [65%]. This gap has remained consistent since Q2 2017.

However, a notable decline of 15% occurred in the Midwest between Q3 and Q4 in the percentage who report difficulty finding skilled workers. This result will be monitored going forward to determine if concerns in the Midwest are truly declining, or if this is an adjustment after higher than average third quarter findings on this issue.

Very Confident the U.S. Market Will Provide Sufficient New Business Opportunities in the Next 12 Months



Report Difficulty Finding Skilled Workers



Note: Percentages for report difficulty finding skilled workers are based on ratings using a 10-point scale, where the three points at the bottom indicate a high level of difficulty and the three points at the top indicate a low level of difficulty.

Dodge Data & Analytics (DD&A) in partnership with USG Corporation and the U.S. Chamber of Commerce conducts the Commercial Construction Index Survey on a quarterly basis with the DD&A Contractor Panel. The majority of data represented in this report is from the Q4 2017 survey conducted online from September 22 to October 2, 2017.

DD&A CONTRACTOR PANEL

In order to enable reliable market research in the construction industry, DD&A maintains a panel of more than 2,700 decision makers that includes general contractors, construction managers, design-builders and trade contractors. This panel allows DD&A to provide findings that are representative of the entire U.S. construction industry by geography, and by size and type of company.

FOURTH QUARTER SURVEY DEMOGRAPHICS

201 contractors who do projects in the commercial and institutional sectors (including multifamily residential) responded to the survey.

TYPE OF COMPANY 51% of respondents are prime contractors (including general contractors, construction managers, design-builders and remodelers) and 49% are trade contractors.

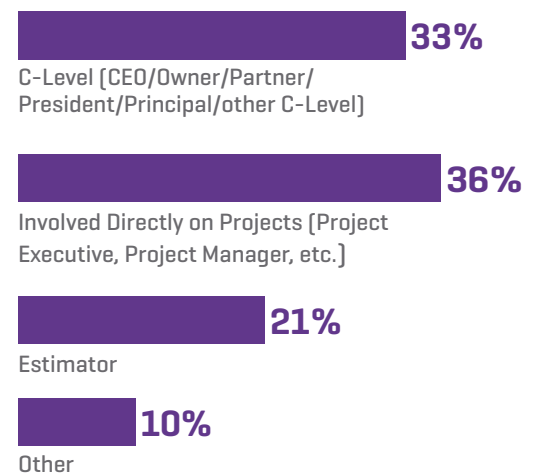
JOB FUNCTION Most are in leadership roles or engaged in projects.

SIZE OF COMPANY The percentage of small and midsize contractors is slightly higher than that of large companies.

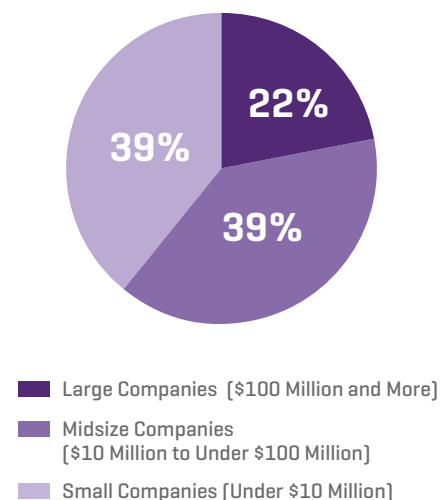
LOCATION Analysis by region is based on companies working primarily in one region: 26% in the Northeast; 21% in the South; 31% in the Midwest; and 21% in the West.

The analysis includes comparisons to previous surveys conducted online with the DD&A Contractor panel in January, May and July 2017.

Job Functions of Respondents



Size of Company [by Annual Revenue]



COMMERCIAL CONSTRUCTION INDEX

The Commercial Construction Index is an indicator of the health of the contractor segment of the U.S. building industry. It is comprised of three specific components reflecting aspects of the commercial contractors' situation.

THE FIRST COMPONENT calculates each respondent's ratio of current backlog to optimal backlog. It takes the mean of the ratio across all survey respondents.

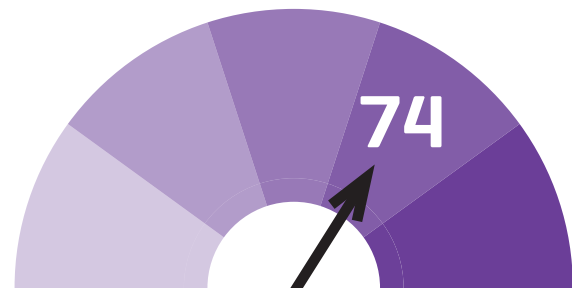
THE SECOND COMPONENT is the mean of all responses, on a scale of 1-10, to the question "How confident are you that the U.S. market will provide your company with sufficient new business opportunities?"

THE THIRD COMPONENT compiles contractors' ranges of expected revenue growth/decline and transposes those to a 10-point scale, then takes the mean of responses on that scale.

Each measure is drawn from the quarterly survey responses, and they are weighted evenly by one third [33.3%] to create the composite index.

DEFINING COMMERCIAL CONSTRUCTION

For purposes of the CCI we define commercial construction as the following types of buildings: Office, Retail, Hospitality, Education, Healthcare, Multifamily Residential [mid-and high-rise], Government, Warehouses, Airport Terminals and other Transportation Buildings.



The Commercial Construction Index is 74 for the fourth quarter of 2017.



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

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors and regions, as well as state and local chambers and industry associations. Its International Affairs division includes more than 70 regional and policy experts and 25 country- and region-specific business councils and initiatives. The U.S. Chamber also works closely with 117 American Chambers of Commerce abroad.

Dodge Data & Analytics is North America's leading provider of analytics and software-based workflow integration solutions for the construction industry. Building product manufacturers, architects, engineers, contractors and service providers leverage Dodge to identify and pursue unseen growth opportunities and execute on those opportunities for enhanced business performance. Whether it's on a local, regional or national level, Dodge makes the hidden obvious, empowering its clients to better understand their markets, uncover key relationships, size growth opportunities and pursue those opportunities with success. The company's construction project information is the most comprehensive and verified in the industry. Dodge is leveraging its 100-year-old legacy of continuous innovation to help the industry meet the building challenges of the future. To learn more, visit www.construction.com.

This report is intended for general informational purposes only. It is not intended to support an investment decision with respect to USG Corporation, nor is it intended to be used for marketing purposes to any existing or prospective investor of USG. This report is not a forecast of future results for USG and actual results of USG may differ materially from those of the commercial construction industry.



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