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17 October 2013

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Level 14, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

**Boral Limited and USG Corporation to form a world-leading Plasterboard & Ceilings
Joint Venture in Asia, Australasia & the Middle East**

We attach a paper highlighting the key elements for Boral of the Boral USG Plasterboard
& Ceilings Joint Venture.

This should be read in conjunction with the accompanying joint Press Release and
Investor Presentation by Boral Limited and USG Corporation, lodged with ASX today.

Yours faithfully

Dominic Millgate
Company Secretary



Build something great™

KEY ELEMENTS FOR BORAL OF THE BORAL & USG PLASTERBOARD & CEILINGS JOINT VENTURE

*To be read in conjunction with the accompanying joint Press Release and Investor Presentation
issued by Boral Limited and USG Corporation*

17 October 2013

Strategic Rationale:

- Provides Boral with immediate access to world-leading, game changing technologies that could not otherwise be replicated
- Significantly improves the value proposition for customers by introducing a superior performing high-strength, low weight plasterboard product and an expanded product portfolio
- Secures and strengthens the long-term leadership and growth potential of Boral's gypsum business in Asia and Australia by accessing the world's most advanced technologies and R&D capabilities
- Brings together Boral's leading plasterboard manufacturing and distribution footprint in Asia and Australasia with USG's advanced technologies delivering an exceptional competitive advantage
- On completion, expected in January 2014, delivers additional immediate benefits of reducing debt, strengthening Boral's balance sheet and reducing business risk

Operating Benefits:

- Significant phased synergies >US\$50m p.a. within 3 years of 2-year technology roll-out
- Superior plasterboard products to be introduced to Boral's markets for the first time
- Expanded complementary product offering for customers
- Geographic expansion to Middle East and regional India

Financial Structure and Valuation:

- US\$500m upfront cash payment to Boral on completion (expected January 2014) plus a further US\$75m potential earn-out (US\$25m in 3 years and US\$50m in 5 years) if earnings targets are met
- US\$1.6bn valuation includes \$1.35bn for Boral's assets and US\$250m for USG's assets/IP
- Based on Boral Gypsum's FY2013 EBITDA A\$125m, implied EBITDA multiple paid of approximately 10.6x for Boral's assets (valued at ~US\$1.35bn)
- The transaction is value accretive for shareholders

Balance Sheet & Earnings Impacts:

- Majority of US\$500m proceeds to be applied to reducing Boral's debt
- Boral may also consider capital management initiatives following receipt of funds, subject to market conditions
- Proforma FY2013 gearing reduces from 30% to 22% Net Debt / Net Debt + Equity (based on upfront cash payment of US\$500m)
- Expect Boral's FY2014 NPAT to reduce by around A\$15m assuming JV completed in January 2014

Market Data:

- Operations in 12 countries across Asia, Australasia and the Middle East, leading market positions in most markets and 633m m² of plasterboard capacity on completion of current upgrades

Organisational Impact:

- Frederic de Rougemont, currently CEO Boral Gypsum, appointed CEO of *USG Boral Building Products* effective on completion; Jennifer Scanlon, currently SVP at USG, appointed Chairman
 - Two-year ~US\$50m capital program to roll out new technologies across 24 plasterboard lines
 - Introduction of complementary products and business rebranding from commencement of JV
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