



**The Otsego Mill**  
**“A Win-Win Story”**  
**Midwest Association of Rail Shippers**  
**January 15, 2009**

# USG Family Of Products



# USG's Businesses

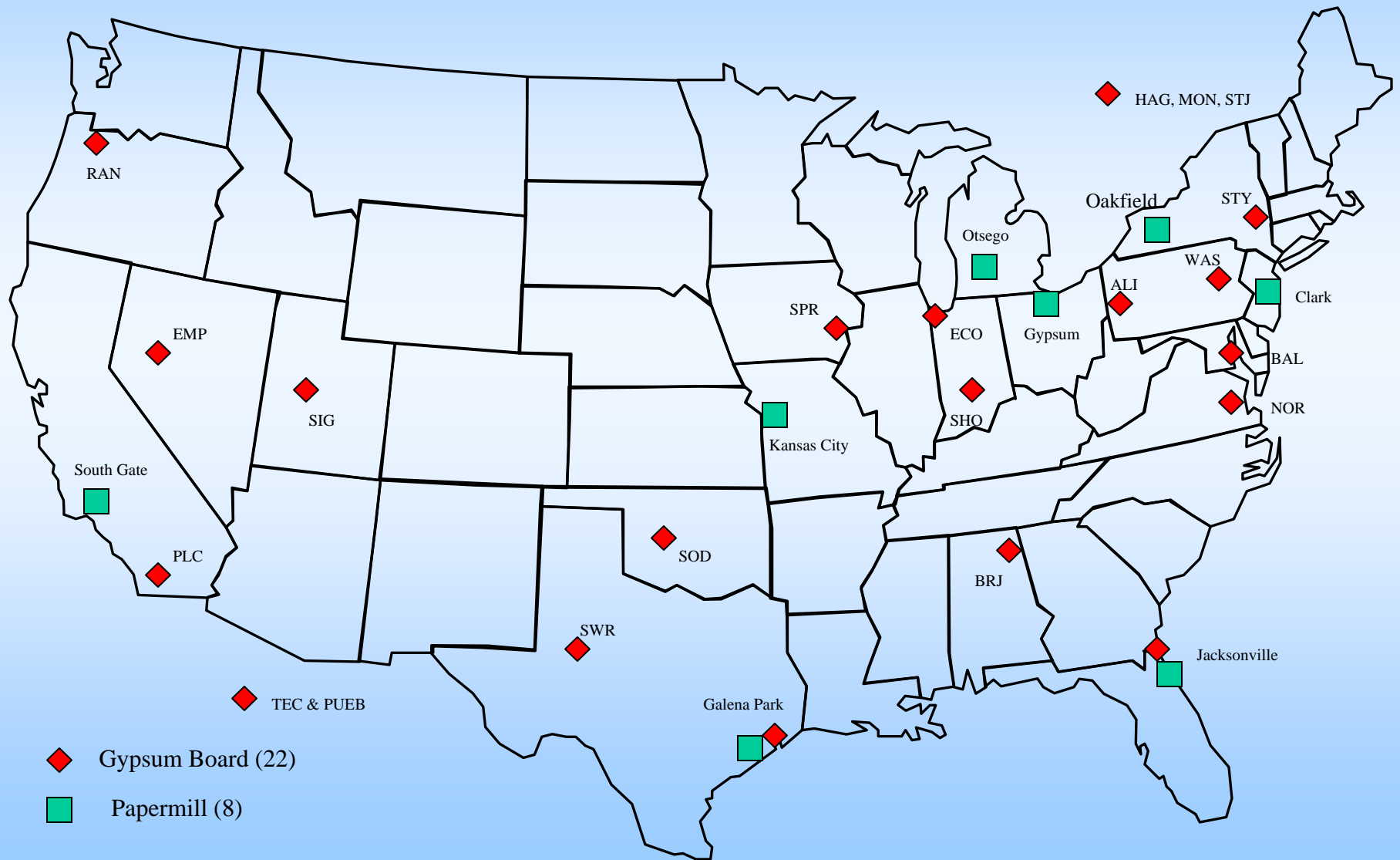
- North America's largest gypsum wallboard producer
- World's largest producer of joint compounds
- #2 Producer of acoustical ceiling tile in North America
- World's largest producer of ceiling tile grid
- North America's largest distributor of gypsum wallboard
- North America's largest producer of gypsum paper

# USG's Businesses

- **North America's largest wallboard producer**
- World's largest producer of joint compounds
- #2 Producer of acoustical ceiling tile in North America
- World's largest producer of ceiling tile grid
- North America's largest distributor of gypsum wallboard
- **North America's largest producer of gypsum paper**

# USG

## Gypsum Board and Papermill Network



# USG

## The Otsego Plant



# USG & NS Partnership

## Otsego Plant Timeline & Milestones

- January 2006 non-disclosure agreement
- Initial site visit April 2006
- Design exchanges May to October 2006
- March 2007 project review @ NS Norfolk
- June 2007 land use needs identified
- September 2007 easement resolution
- October 2007 car supply and service design
- February 2008 rail service start-up plan
- April 2008 mill start-up

# **USG & NS Partnership**

## **Process Flow Detail**

- Stakeholders
- Plant site design
- Business Strategy & Design
- Equipment Supply
- Local Service Plan
- Growth Plan

# USG & NS Partnership

## Define Key Stakeholders

- NS
  - Industrial Development
  - Sales
  - Marketing
  - Operations
- USG
  - Transportation
  - Engineering
  - Manufacturing
  - Sourcing

# Otsego Plant Site Design

## “A Joint Effort”

- Early railroad involvement
  - Plant layout
    - Inbound
    - Outbound
  - Material flows
  - Inbound and outbound car movement coordination
- Iterative Process
  - Design review & change (repeat)
  - Recommendations
- Site property agreements for construction
  - Easements
  - Trackage rights

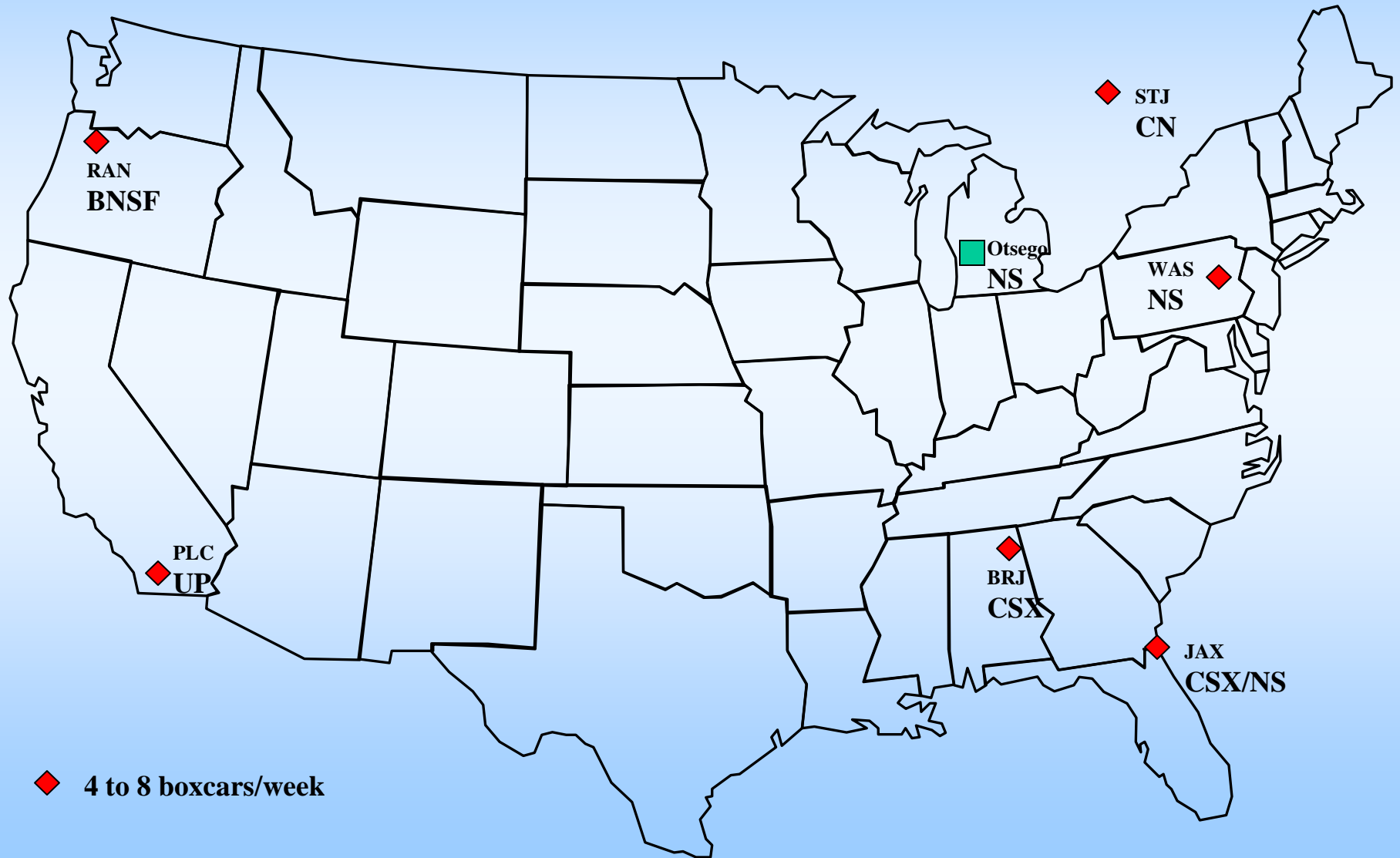
# Otsego Business Strategy & Design

## “A Joint Effort”

- Fiber requirement defined – OCC & Flyleaf
- Initial gypsum board plants customers & volume requirements defined
- Coordination of inbound & outbound

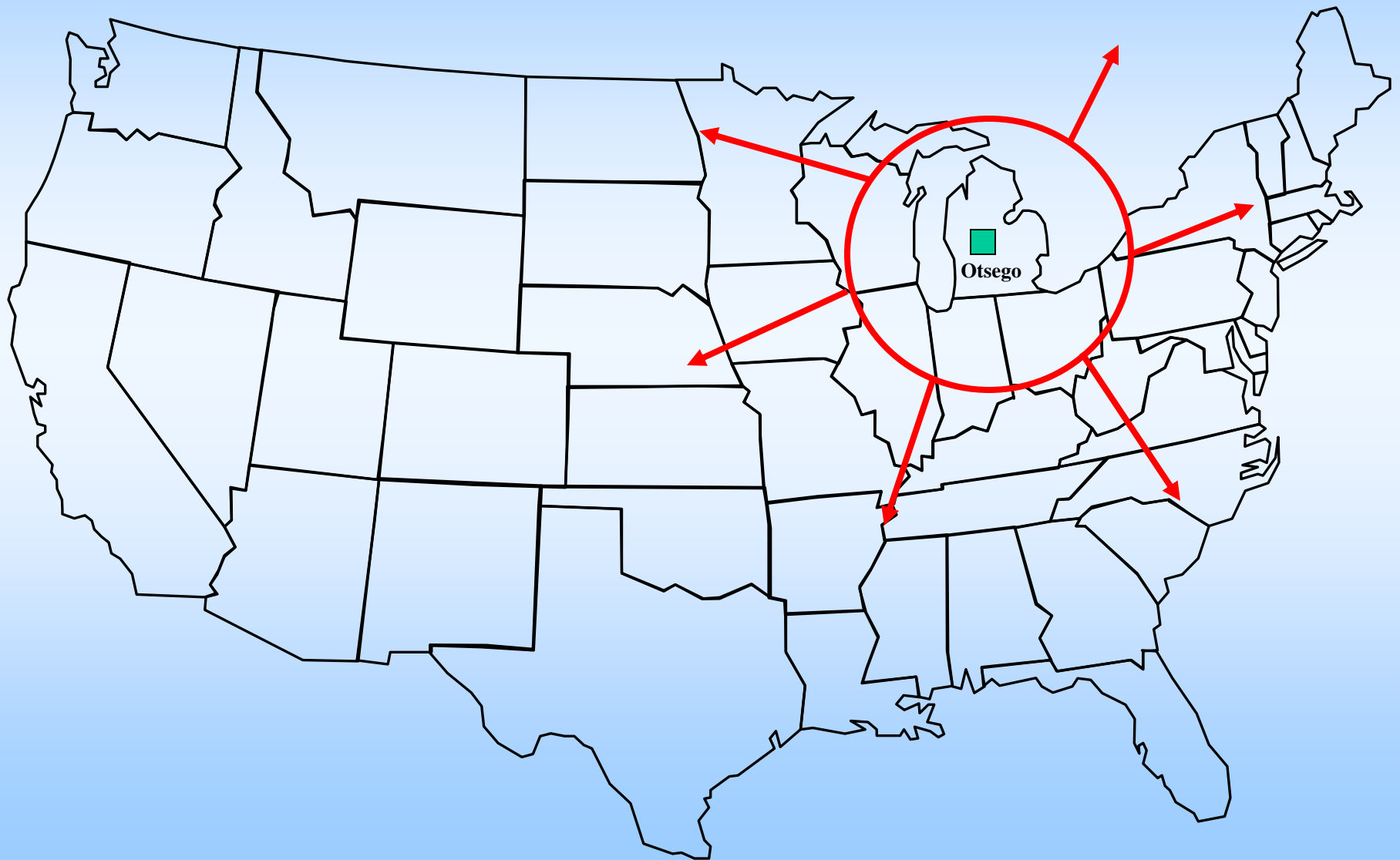
# USG

## Otsego Rail Customer Base



# USG

## Otsego Rail Fiber Base + 200 Miles



# Otsego Service Strategy & Design

## Car Strategy

- Outbound requirements:
  - Large rolls, 7500 lbs, 48” wide, 78” diameter
  - Large cars, 60’ hi-cube (TBOX)
- Inbound requirements:
  - OCC, 200-500 miles out
  - Flyleaf, 300-800 miles out
- Strategy:
  - Source inbound using TBOX equipment
  - Reload TBOX for outbound

# Otsego Service Strategy & Design

## Local Service Plan

- **Start-up:**
  - Service: 3 days
  - Open: Spot on arrival
  - Flexible & responsive
- **Current:**
  - Service: 5 days
  - Closed: Order in
  - Flexible & responsive

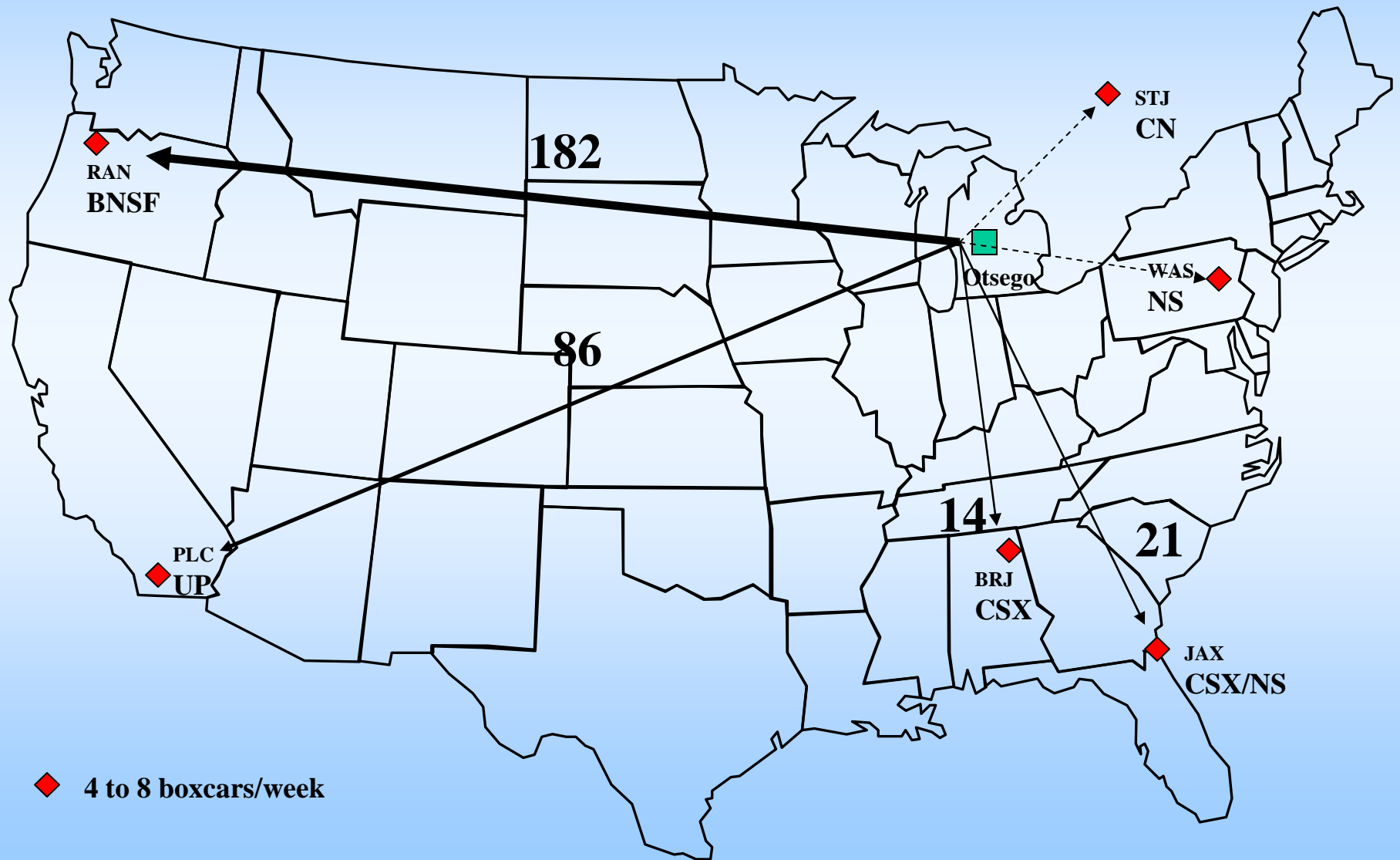
# USG Otsego

## Near Term Growth Opportunities

- Scale up shipments to Bridgeport and Jacksonville board plants
- Start shipments to Washingtonville & St. John board plants
- Develop strategy for 50' hi cube boxcar
- Logistics review of Otsego operations

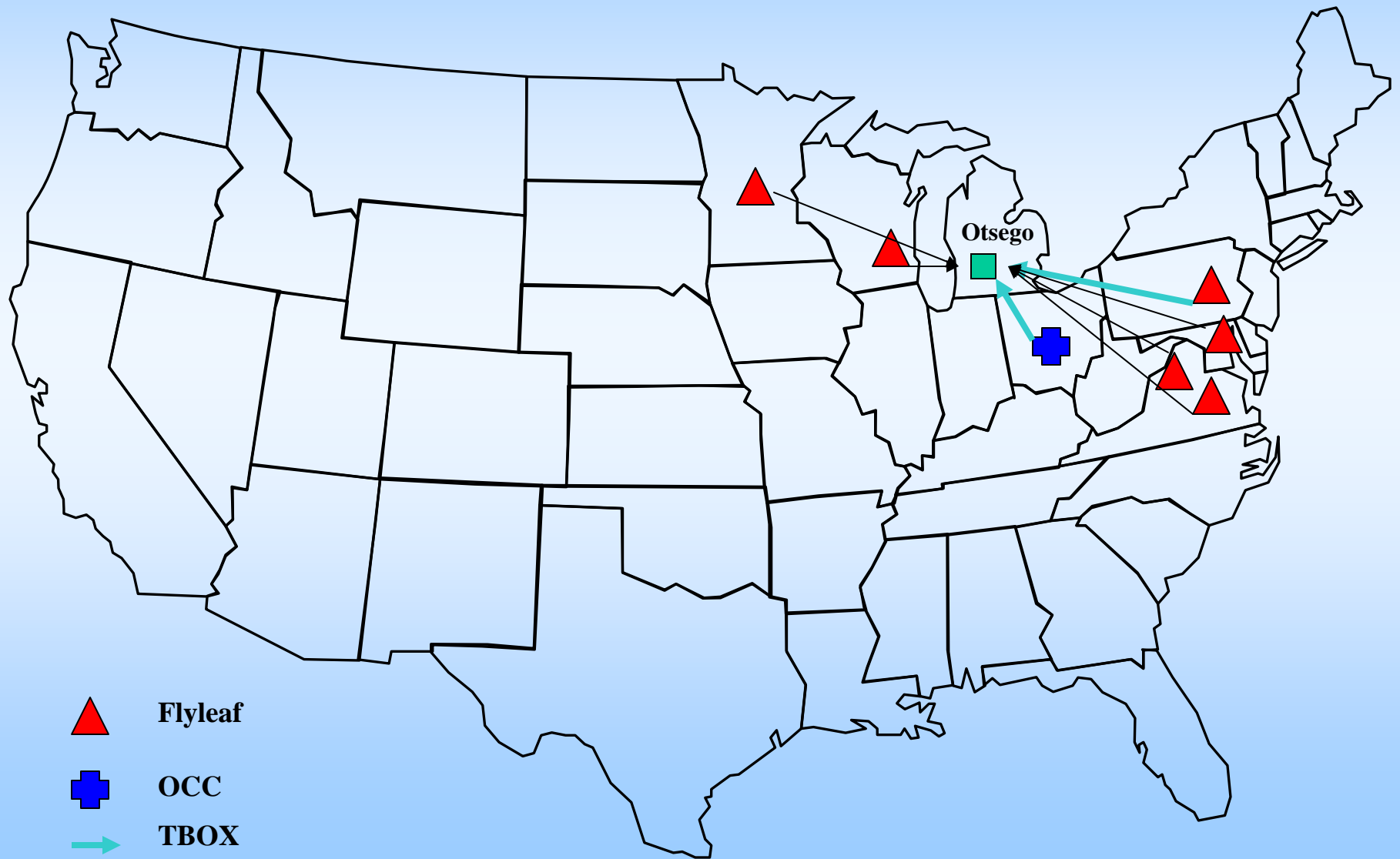
# USG

## Otsego Outbound To Date (303)



# USG

## Otsego Inbound To Date (100+)



# **USG Otsego**

## **Summary & Key Success Factors**

- **Commitment**
- **Common goals**
- **Coordination**
  - **Equipment supply**
  - **Sourcing**
- **OWNERSHIP**

# Ownership

“Synergy of Many”



BUILDING AMERICA™



North America's Railroad



**Thank You**

**Questions?**