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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 5)

USG CORPORATION
(Name of Issuer)

Common Stock, par value \$.10 per share
(Title of Class of Securities)

0009032931
(CUSIP Number)

James B. McHugh, Esq.
The Goldman Sachs Group, L.P.
85 Broad Street
New York, NY 10004
(212) 902-1000
(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

March 22, 1994
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on
Schedule 13G to report the acquisition which is the subject
of this Schedule 13D, and is filing this schedule because of
Rule 13d-1(b)(3) or (4), check the following box. []

Check the following box if a fee is being paid with the
statement. [] (A fee is not required, only if the reporting
person: (1) has a previous statement on file reporting
beneficial ownership of more than five percent of the class
of securities described in Item 1; and (2) has filed no
amendment subsequent thereto reporting beneficial ownership
of five percent or less of such class.) (See Rule 13d-7.)

Note: Six copies of this statement, including all exhibits,
should be filed with the Commission. See Rule 13d-1(a) for
other parties to whom copies are to be sent.

The remainder of this cover page shall be filled out for a
reporting person's initial filing on this form with respect
to the subject class of securities, and for any subsequent
amendment containing information which would alter
disclosures provided in a prior cover page.

The information required on the remainder of this cover page
shall not be deemed to be "filed" for the purpose of
Section 18 of the Securities Exchange Act of 1934 ("Act") or
otherwise subject to the liabilities of that section of the

Act but shall be subject to all other provisions of the Act
(however, see the Notes).

1

Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
Water Street Corporate Recovery Fund I, L.P.

2

Check the Appropriate Box if a Member of a Group*

(a)
(b)

3

SEC Use Only

4

Source of Funds
00-WC

5

Check Box if Disclosure of Legal Proceedings is
Required Pursuant to Items 2(d) or 2(E)

6

Citizenship or Place of Organization
Delaware

Number of
Shares
Beneficially
Owned By
Each
Reporting
Person
With

7

Sole Voting Power
9,534,301 shares of Common Stock

8

Shared Voting Power
- - 0 -

9

Sole Dispositive Power
9,534,301 shares of Common Stock

10

Shared Dispositive Power
- - 0 -

11

Aggregate Amount Beneficially Owned by Each Reporting Person
9,534,301 shares of Common Stock

12

Check Box if the Aggregate Amount in Row (11)
Excludes Certain Shares* []

13

Percent of Class Represented by Amount in Row (11)

21.1%

14

Type of Reporting Person*

PN

1

Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
Goldman, Sachs & Co.

2

Check the Appropriate Box if a Member of a Group*

(a) []

(b) []

3

SEC Use Only

4

Source of Funds

00-WC

5

Check Box if Disclosure of Legal Proceedings is
Required Pursuant to Items 2(d) or 2(E) []

6

Citizenship or Place of Organization

New York

Number of
Shares
Beneficially
Owned By
Each
Reporting
Person
With

7

Sole Voting Power
9,630,840 shares of Common Stock

8

Shared Voting Power
- - 0 -

9

Sole Dispositive Power
9,630,840 shares of Common Stock

10

Shared Dispositive Power
- - 0 -

11

Aggregate Amount Beneficially Owned by Each Reporting Person
9,630,840 shares of Common Stock

12

Check Box if the Aggregate Amount in Row (11)
Excludes Certain Shares* []

13

Percent of Class Represented by Amount in Row (11)
21.3%

14

Type of Reporting Person*
HC-BD-PN

1

Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person
The Goldman Sachs Group, L.P.

2

Check the Appropriate Box if a Member of a Group*
(a) []
(b) []

3

SEC Use Only

4

Source of Funds
00

5

Check Box if Disclosure of Legal Proceedings is
Required Pursuant to Items 2(d) or 2(E) []

6

Citizenship or Place of Organization

Delaware

Number of
Shares
Beneficially
Owned By
Each
Reporting
Person
With

7

Sole Voting Power
9,630,840 shares of Common Stock

8

Shared Voting Power
- - 0 -

9

Sole Dispositive Power
9,630,840 shares of Common Stock

10

Shared Dispositive Power
- - 0 -

11

Aggregate Amount Beneficially Owned by Each Reporting Person
9,630,840 shares of Common Stock

12

Check Box if the Aggregate Amount in Row (11)
Excludes Certain Shares* []

13

Percent of Class Represented by Amount in Row (11)
21.3%

14

Type of Reporting Person*
HC-PN

This statement constitutes Amendment No. 5 ("Amendment No. 5") to the Statement on Schedule 13D, dated May 17, 1993, as amended by Amendment No. 1, dated January 10, 1994, Amendment No. 2, dated February 22, 1994, Amendment No. 3, dated March 14, 1994 and Amendment No. 4, dated March 17, 1994 (collectively, the "Schedule 13D"), filed by Water Street Corporate Recovery Fund I, L.P. ("Water Street"), Goldman, Sachs & Co. ("Goldman Sachs") and The Goldman Sachs Group, L.P. ("GS Group" and together with Water Street and Goldman Sachs, the "Reporting Persons") in respect of the beneficial ownership by the Reporting Persons of shares of the common stock, par value \$.10 per share (the "Common Stock"), of USG Corporation, a Delaware corporation (the "Company"). Capitalized terms used but otherwise not defined herein shall have the meaning ascribed to them in the Schedule 13D.

Item 4 is hereby amended as follows:

Item 4. Purpose of the Transaction.

On March 17, 1994, the underwriters in the Offering of Common Stock exercised in full their overallotment options to purchase an additional 900,000 shares of Common Stock from the Company and 975,000 shares of Common Stock from Water Street, in each case, at the public offering price per share of \$29.875. The closing of that offering (the "Additional Offering") was consummated on March 22, 1994.

Item 5 is hereby amended as follows:

Item 5. Interest in Securities of the Issuer.

On March 22, 1994, the Additional Offering was consummated resulting in the sale of 900,000 shares of Common Stock by the Company and 975,000 shares of Common Stock by Water Street. Water Street received aggregate proceeds of approximately \$28 million, net of the underwriting discount (but before payment of Water Street's other expenses), or \$28.531 per share.

As of the date hereof, Water Street beneficially owns 9,418,231 shares of Common Stock and Warrants to purchase 116,070 shares of Common Stock. As of the date hereof, Goldman Sachs beneficially owns 96,539 shares of Common Stock and, as the general partner of Water Street, may be deemed to be the beneficial owner of the 9,418,231 shares of Common Stock and Warrants to purchase 116,070 shares of Common Stock held by Water Street. In addition, GS Group may be deemed to be the beneficial owner of (i) the 9,418,231 shares of Common Stock and Warrants to purchase 116,070 shares of Common Stock held by Water Street and (ii) the 96,539 shares of Common Stock held by Goldman Sachs. Accordingly, Water Street, Goldman Sachs and GS Group beneficially own (without giving effect to the Warrants owned by Water Street) 21% of the outstanding shares of Common Stock. Assuming that Water

Street exercises all of its Warrants, but that no other Warrants are exercised, Water Street, Goldman Sachs and GS Group would beneficially own 21% of the outstanding shares of Common Stock.

SIGNATURE

Each of the undersigned certifies, after reasonable inquiry and to the best of its knowledge and belief, that

the information set forth in this statement is true,
complete and correct.

WATER STREET CORPORATE RECOVERY FUND I, L.P.

By: GOLDMAN, SACHS & CO.
General Partner

By: /s/ Richard A. Friedman
Name: Richard A. Friedman
Title: General Partner

GOLDMAN, SACHS & CO.

By: /s/ Richard A. Friedman
Name: Richard A. Friedman
Title: General Partner

THE GOLDMAN SACHS GROUP, L.P.

By: /s/ Richard A. Friedman
Name: Richard A. Friedman
Title: General Partner

Dated: March 23, 1994