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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. 7)

USG CORPORATION

-----  
(Name of Issuer)

Common Stock, par value \$.10 per share

-----  
(Title of Class of Securities)

0009032931

-----  
(CUSIP Number)

David J. Greenwald, 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)

November 28, 1995

-----  
(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).

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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

	7	Sole Voting Power 1,950,937 shares of Common Stock
Number of Shares Beneficially Owned By Each Reporting Person With	8	Shared Voting Power 128,428
	9	Sole Dispositive Power 1,950,937 shares of Common Stock
	10	Shared Dispositive Power 128,428

11 Aggregate Amount Beneficially Owned by Each Reporting Person  
2,079,365 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)  
4.6%

14 Type of Reporting Person\*  
HC-BD-PN

- -----  
\* SEE INSTRUCTIONS BEFORE FILLING OUT!

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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

	7	Sole Voting Power	1,950,937 shares of Common Stock
Number of Shares			
Beneficially	8	Shared Voting Power	128,428
Owned By			
Each			
Reporting	9	Sole Dispositive Power	1,950,937 shares of Common Stock
Person			
With			
	10	Shared Dispositive Power	128,428

11 Aggregate Amount Beneficially Owned by Each Reporting Person  
2,079,365 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)  
4.6%

14 Type of Reporting Person\*  
HC-PN

- -----  
\* SEE INSTRUCTIONS BEFORE FILLING OUT!

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This statement constitutes Amendment No. 7 ("Amendment No. 7") to the Statement on Schedule 13D, dated May 17, 1993, as amended (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 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 not defined herein shall have the meaning ascribed to them in the Schedule 13D.

Item 5 is hereby amended as follows:

Item 5. Interest in Securities of the Issuer.  
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On November 28, 1995, the Reporting Persons distributed (the "Distribution") 658,995 shares of Common Stock owned by them to partners of Goldman Sachs and GS Group (the "Partners"). Immediately after the Distribution, Goldman Sachs and GS Group each ceased to be the beneficial owner of more than

5% of the outstanding shares of Common Stock.

As of the date hereof, Goldman Sachs beneficially owns 1,788,897 shares of Common Stock (including options to acquire 51,800 shares of Common Stock) and may be deemed to be the beneficial owner of 128,428 shares of Common Stock currently held in managed accounts (the "Managed Accounts") for which Goldman Sachs exercises voting and/or investment authority. In addition, as the general partner of Water Street, Goldman Sachs may be deemed to be the beneficial owner of Warrants to purchase 116,070 shares of Common Stock and 45,970 shares of Common Stock held by Water Street. In addition, GS Group may be deemed to be the beneficial owner of (i) the Warrants to purchase 116,070 shares of Common Stock and 45,970 shares of Common Stock held by Water Street, (ii) the 1,788,897 shares of Common Stock held by Goldman Sachs (including options to acquire 51,800 shares of Common Stock), and (iii) the 128,428 shares of Common Stock held in Managed Accounts with respect to which Goldman Sachs may be deemed to be the beneficial owner. Accordingly, Goldman Sachs and GS Group may be deemed to beneficially own (without giving effect to the Warrants owned by Water Street) 4.3% of the outstanding shares of Common Stock. Assuming that Water Street exercises all of its Warrants, but that no other Warrants are exercised, Goldman Sachs and GS Group may be deemed to beneficially own 4.6% of the outstanding shares of Common Stock. Goldman Sachs and GS Group each disclaims beneficial ownership of the shares of Common Stock held in Managed Accounts.

A schedule describing all transactions in the Common Stock effected by the Reporting Persons during the past sixty days is attached hereto as Exhibit L and incorporated by reference herein.

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SIGNATURE

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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.

GOLDMAN, SACHS & CO.

By:/s/Richard A. Friedman

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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: November 30, 1995

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Index to Exhibits

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L Schedule of Transactions

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Exhibit L  
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USG Corp.

Trade Date 29-SEP-95 thru 27-NOV-95 check thru 27-NOV-95

Off	RR Account	Account Name			
Cusip	Sid	Ticker			
Security	Description				
Sett/Date	Type	TradeDate			
	Ref. Num	RLT			
			Pur-	Sold	Price
			chased		
903293-40-5	0325M-0	USG	USG CORP (NEW)		
17-OCT-95	20-OCT-95	1017-270891-12 (12)		10,000	29.00
903293-40-5	0325M-0	USG	USG CORP (NEW)		
16-NOV-95	21-NOV-95	1116-270820-12 (12)		7,000	30.287
903293-40-5	0325M-0	USG	USG CORP (NEW)		
16-NOV-95	21-NOV-95	1116-270819-12 (12)		10,000	30.287
9PG756-48-5	921E8-8	USG04A6D	CALL	EX JAN 04, 96	28.5USD
USG OTC EURO					
10-OCT-95	13-OCT-95	1010-013160-12		518	1.15
(353)					
903293-40-5	0325M-0	USG	USG CORP (NEW)		
09-OCT-95	12-OCT-95	1009-013130-12 (12)		6,000	27 5/8
09-OCT-95	12-OCT-95	1009-013138-12 (12)		9,000	27 5/8
10-OCT-95	13-OCT-95	1010-013139-12 (12)		5,000	27 2/4
10-OCT-95	13-OCT-95	1010-013144-12 (12)		5,000	27 2/4
08-NOV-95	13-NOV-95	1108-013134-12 (12)		5,000	29 3/4
9PG756-48-5	921E8-8	USG04A6D	CALL	EX JAN 04, 96	28.5USD
USG OTC EURO					
10-OCT-95	13-OCT-95	1010-013160-13		518	1.15
(353)					
903293-40-5	0325M-0	USG	USG CORP (NEW)		
09-NOV-95	14-NOV-95	1109-080256-12 (12)	4,400		29 7/8
09-NOV-95	14-NOV-95	1109-080257-12 (12)	1,000		29 2/4
09-NOV-95	14-NOV-95	1109-080258-12 (12)	500		29 2/4
903293-40-5	0325M-0	USG	USG CORP (NEW)		
09-NOV-95	14-NOV-95	1109-080259-12 (12)	2,900		29 2/4
16-NOV-95	21-NOV-95	1116-092010-13 (350)		50,000	30.00
16-NOV-95	21-NOV-95	1116-092508-12 (12)	2,500		30.00
16-NOV-95	21-NOV-95	1116-092509-12 (12)	1,500		30.00
16-NOV-95	21-NOV-95	1116-092510-12 (12)	10,000		30 1/4
16-NOV-95	21-NOV-95	1116-092511-12 (12)	5,000		30 3/8
16-NOV-95	21-NOV-95	1116-092512-12 (12)	31,000		30 1/4
903293-40-5	0325M-0	USG	USG CORP (NEW)		
13-OCT-95	18-OCT-95	1013-300821-12 (12)	1,037		29 1/4
13-OCT-95	18-OCT-95	1013-300822-12 (12)		1,037	29.00

All transactions were effected by Goldman Sachs on the New York Stock Exchange.