USG CORP Form 4 May 10, 2006

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

January 31, Expires: 2005

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response... 0.5

Form 4 or Form 5 obligations may continue. See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Ac SCHAAL JC		rting Person *	2. Issuer Name and Ticker or Trading Symbol USG CORP [usg]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
(Last)	(First)	(Middle)	. 63			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	D: 100/ O		
USG CORPORATION, 125 S FRANKLIN STREET			(Month/Day/Year) 05/09/2006	Director 10% Owner X Officer (give title Other (specify below) Corporate Secretary		
(Street) CHICAGO, IL 60606			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		
			Filed(Month/Day/Year)			
(City)	(State)	(Zip)	Table I - Non-Derivative Securities Ac	quired, Disposed of, or Beneficially Owned		

(City)	(State)	(Zip) Tabl	le I - Non-l	Derivative	e Secu	rities Acqui	red, Disposed of,	or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any	3. 4. Securities Acquired (A) Transaction Disposed of (D) Code (Instr. 3, 4 and 5)				Securities Ownership Indire	7. Nature of Indirect Beneficial	
(mail: 5)		(Month/Day/Year)	(Instr. 8)	Amount	(A) or	Price	Owned Following Reported Transaction(s) (Instr. 3 and 4)	Direct (D) or Indirect (I) (Instr. 4)	Ownership (Instr. 4)
Common stock	05/09/2006		M	2,000	A	\$ 50.87	2,000	D	
Common stock	05/09/2006		S	2,000	D	\$ 111.018	0	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. Number out Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (righ to buy)	\$ 50.87	05/09/2006		M	2,000	01/02/2001	01/02/2009	Common stock	2,000

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

SCHAAL JOHN ERIC USG CORPORATION 125 S FRANKLIN STREET CHICAGO, IL 60606

Corporate Secretary

Signatures

Robert J. Burrell, Attorney-in-Fact 05/10/2006

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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