

Reale John M
Form 4
December 27, 2018

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
Reale John M

(Last) (First) (Middle)
C/O USG CORPORATION, 550
WEST ADAMS STREET
(Street)

CHICAGO, IL 60661

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
USG CORP [USG]

3. Date of Earliest Transaction
(Month/Day/Year)
12/26/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
Senior Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount or Price | | |
| Common Stock | 12/26/2018 | | A | | 2,390 (1) (2) | A | \$ 0 20,330 D |
| Common Stock | 12/26/2018 | | F | | 1,011 (3) | D | \$ 42.85 19,319 D |
| Common Stock | 12/26/2018 | | M | | 4,884 (1) (4) | A | \$ 0 24,203 D |
| Common Stock | 12/26/2018 | | F | | 2,066 (5) | D | \$ 42.85 22,137 D |
| Common Stock | | | | | | | 1,786 I By 401(k) Plan |

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

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(9-02)

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. Transaction Code (Instr. 8) | 5. Number of 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) | 8. Price or Derivative Security (Instr. 3) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|
| Market Share Units | (1) (4) | 12/26/2018 | | M | 3,256 | (1)(4) (1)(4) | Common Stock | (1) (4) \$ |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Reale John M C/O USG CORPORATION 550 WEST ADAMS STREET CHICAGO, IL 60661 | | | Senior Vice President | |

Signatures

/s/ Jonathan Dorfman,
Attorney-In-Fact
12/27/2018

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).

(1) As previously disclosed, on November 8, 2018, the Board of Directors (the "Board") of USG Corporation (the "Company") approved the acceleration of the vesting of 90% of the Market Share Units and Performance Shares granted to the reporting person in 2016, as determined based on achievement of specified performance metrics, that were otherwise scheduled to vest between January 1, 2019 and March 30, 2019. The Board approved the accelerated vesting of such grants in order to mitigate the potential impact of Section 280G of the Internal Revenue Code of 1986, as amended, on the Company and the reporting person in connection with the pending merger of an indirect wholly-owned subsidiary of Gebr. Knauf KG with and into the Company.

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- (2) These Performance Shares were granted on February 10, 2016. As authorized by the Board, the Chairman of the Compensation and Organization Committee of the Board certified performance of these Performance Shares on December 26, 2018.
- (3) Shares withheld to satisfy tax withholding obligation with respect to Performance Shares that became earned.

These Market Share Units were granted on February 10, 2016. As authorized by the Board, the Chairman of the Compensation and Organization Committee of the Board certified performance of these Market Share Units on December 26, 2018 and the Company issued

- (4) to the reporting person 1.5 shares of the Company's common stock for the Market Share Units originally granted, based on the closing prices of shares of the Company's common stock on the New York Stock Exchange for the fifteen trading days immediately preceding December 3, 2018.
- (5) Shares withheld to satisfy tax withholding obligation with respect to Market Share Units that became earned.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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