PLAINTIFF'S EXHIBIT
GF-873

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 33-81808

BUILDING MATERIALS CORPORATION OF AMERICA
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	22-3276290
(STATE OF INCORPORATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
1361 ALPS ROAD WAYNE, NEW JERSEY	07470
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:

(973) 628-3000

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

None

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

None

SEE TABLE OF ADDITIONAL REGISTRANTS BELOW

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _

As of March 24, 2000, 1,020,985 shares of Class A Common Stock, $.001 par value, and 15,000 shares of Class B Common Stock, $.001 par value, of Building Materials Corporation of America were outstanding. There is no trading market for the common stock of Building Materials Corporation of America.

As of March 24, 2000, each of the additional registrants had the number of shares outstanding which is shown on the table below. No shares were held by non-affiliates.

ADDITIONAL REGISTRANTS

EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	NO. OF SHARES OUTSTANDING	COMMISSION FILE NO./ I.R.S. EMPLOYER IDENTIFICATION NO.	ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES
Building Materials Manufacturing Corporation........	Delaware	10	333-69749-01/ 22-3626208	1361 Alps Road Wayne, NJ 07470 (973) 628-3000
Building Materials Investment Corporation...........	Delaware	10	333-69749-02/ 22-3626206	300 Delaware Avenue Suite 303 Wilmington, DE 19801 (302) 427-5960

ITEM 1. BUSINESS

GENERAL

Building Materials Corporation of America ("BMCA") is a leading national manufacturer of a broad line of asphalt roofing products and accessories for the residential and commercial roofing markets. We also manufacture specialty building products and accessories for the professional and do-it-yourself remodeling and residential construction industries. BMCA, incorporated under the laws of Delaware in 1994, is, as of March 24, 2000, a 99.4%-owned subsidiary of BMCA Holdings Corporation, which is a 97%-owned subsidiary of GAF Building Materials Corporation. BMCA acquired the operating assets and certain liabilities of GAF Building Materials Corporation in 1994. GAF Building Materials Corporation is a wholly-owned subsidiary of GAF Fiberglass Corporation, which is a wholly-owned subsidiary of G Industries Corp. G Industries is a wholly-owned subsidiary of G-I Holdings Inc., which is a wholly-owned subsidiary of GAF Corporation. Samuel J. Heyman, Chairman of the Board of Directors, President and Chief Executive Officer of GAF Corporation, G-I Holdings and GAF Fiberglass, Chairman of the Board of Directors and Chief Executive Officer of BMCA and President and Chief Executive Officer of G Industries, GAF Building Materials Corporation and BMCA Holdings, beneficially owns (as defined in Rule 13d-3 of the Exchange Act) approximately 99% of GAF Corporation. BMCA does business under the name "GAF Materials Corporation."

Effective January 1, 1999, BMCA transferred all of its investment assets and intellectual property assets to Building Materials Investment Corporation, a newly-formed, wholly-owned subsidiary of BMCA. In connection with this transfer, Building Materials Investment Corporation agreed to guarantee all of BMCA's obligations under its credit agreement and all of its senior notes. BMCA also transferred all of its manufacturing assets, other than those located in Texas, to Building Materials Manufacturing Corporation, another newly-formed, wholly-owned subsidiary of BMCA. In connection with this transfer, Building Materials Manufacturing Corporation agreed to become a co-obligor on BMCA's 8% Senior Notes due 2007 and to guarantee BMCA's obligations under its credit agreement and all of its other senior notes. Building Materials Manufacturing Corporation and Building Materials Investment Corporation were incorporated in Delaware in 1998.

On January 1, 1997, GAF Corporation, our indirect parent, completed a series of transactions involving its subsidiaries, in which among other things, (1) we transferred our glass fiber manufacturing facility located in Nashville, Tennessee and certain related assets and liabilities to GAF Fiberglass Corporation, and (2) U.S. Intec, Inc., an indirect subsidiary of GAF Corporation, became one of our subsidiaries. In connection with these transactions, GAF Fiberglass entered into a long-term supply agreement with us pursuant to which GAF Fiberglass agreed to supply us with glass fiber. Effective August 18, 1999, GAF Fiberglass, in a series of transactions, contributed to us certain assets, including the Nashville glass fiber manufacturing facility, and certain related liabilities. See Item 13, "Certain Relationships and Related Transactions."

Our executive offices and the executive offices of Building Materials Manufacturing Corporation are located at 1361 Alps Road, Wayne, New Jersey 07470 and the telephone number is (973) 628-3000. The executive offices of Building Materials Investment Corporation are located at 300 Delaware Avenue, Suite 303, Wilmington, Delaware 19801 and the telephone number is (302) 427-5960.

RESIDENTIAL ROOFING

We are a leading manufacturer of a complete line of premium residential roofing products. Residential roofing product sales represented approximately 65% of our net sales in 1999. We have improved our sales mix of residential roofing products in recent years by increasing our emphasis on laminated shingles and accessory products which generally are sold at higher prices with more attractive profit margins than our standard strip shingle products. We believe that we are the largest manufacturer of laminated residential roofing shingles and the second largest manufacturer of strip shingles in the United States. (Statements contained in this report as to our competitive position are based on industry information which we believe is reliable.)

Our two principal lines of residential roofing shingles are the Timberline(R) series and the Sovereign(R) series. We also produce certain specialty shingles principally for regional markets.

The Timberline(R) Series. The Timberline(R) series offers a premium laminated product line that adds dramatic shadow lines and substantially improves the appearance of a roof. The series includes:

- o the Timberline(R)25 shingle, a mid-weight laminated shingle which serves as an economic trade-up for consumers, with a 25-year limited warranty;
- o the Timberline(R) shingle, with a 30-year limited warranty, offering a natural random wood shake appearance with superior fire resistance and durability; and
- o the Timberline Ultra(R) shingle, with a 40-year limited warranty, a super heavyweight laminated shingle with the same design features as the Timberline(R) 25 shingle, together with added durability.

The Sovereign(R)Series. The Sovereign(R)series includes:

- o the standard 3-tab Sentinel(R)shingle with a 20-year limited warranty;
- o the Royal Sovereign(R) shingle, a heavier 3-tab shingle with a 25-year limited warranty, designed to capitalize on the "middle market" for quality shingles; and
- o the Marquis(R) Weathermax(TM) shingle, a superior performing heavyweight 3-tab shingle with a 30-year limited warranty.

Specialty Shingles. Our specialty asphalt shingles include:

- o Slateline(R) and Slateline(R) Color Contrast(TM) shingles, offering the appearance of slate, labor savings in installation because of their larger size and a 40-year limited warranty;
- o the Grand Sequoia(R)shingle, a premier architectural shingle with a 40-year limited warranty; and
- o the Country Mansion(TM)shingle, a distinctive high-end architectural shingle with a limited lifetime warranty.

Weather Stopper(TM) Roofing System. In addition to shingles, we supply all the components necessary to install a complete roofing system. Our Weather Stopper(TM) Roofing System begins with Weather Watch(R) and Stormguard(TM) waterproof underlayments for eaves, valleys and flashings to prevent water seepage between the roof deck and the shingles caused by ice build-ups and wind-driven rains. Our Weather Stopper(TM) Roofing System also includes Shingle-Mate(R) glass reinforced underlayment, Timbertex(R), TimberRidge(TM) and Timberline(R) Hip and Ridge shingles, which are significantly thicker and larger than standard hip and ridge shingles and provide dramatic accents to the slopes and planes of a roof, and the Cobra(R) Ridge Vent, which provides attic ventilation.

COMMERCIAL ROOFING

We manufacture a full line of modified bitumen and asphalt built-up roofing products, liquid applied membrane systems and roofing accessories for use in the application of commercial roofing systems. We also market thermoplastic and elastomeric single-ply products. Commercial roofing represented approximately 27% of our net sales in 1999. We believe that we are the second largest manufacturer of asphalt built-up roofing products and the largest manufacturer of modified bitumen products in the United States.

We manufacture glass membranes under the trademarks GAFGLAS(R) and Permaglas(R), which are made from asphalt impregnated glass fiber mat for use as a component in asphalt built-up roofing systems. Most of our GAFGLAS(R) and Permaglas(R) products are assembled on the roof by applying successive layers of roofing membrane with asphalt and topped, in some applications, with gravel. Thermal insulation may be applied beneath the membrane. We also manufacture base sheets, flashings and other roofing accessories for use in these systems, the TOPCOAT(R) roofing system, a liquid-applied membrane system designed to protect and waterproof existing metal roofing, and roof maintenance products. In addition, we market perlite roofing insulation products, which consist of low thermal insulation that is installed as part of a commercial roofing application below the roofing membrane, isocyanurate foam as roofing insulation, packaged asphalt and accessories such as vent stacks, roof insulation fasteners, cements and coating.

We sell modified bitumen products under the Ruberoid(R) trademark, and U.S. Intec sells these products under the Brai(R) trademark. Modified bitumen products are used primarily in re-roofing applications or in combination with glass membranes in GAF CompositeRoof(TM) systems. These products consist of a roofing membrane utilizing polymer-modified asphalt, which strengthens and increases flexibility and is reinforced with a polyester non-woven mat or a glass mat. Modified bitumen systems provide high strength characteristics, such as weatherability, water resistance and labor cost savings due to ease of application.

SPECIALTY BUILDING PRODUCTS AND ACCESSORIES

We manufacture and market a variety of specialty building products and accessories for the professional and do-it-yourself remodeling and residential construction industries. Specialty building products and accessories represented approximately 8% of our net sales in 1999. These products primarily consist of residential attic ventilation systems, metal and fiberglass air distribution products for the HVAC industry and ornamental iron security products, including doors, windows and fencing.

MARKETING AND SALES

We have one of the industry's largest sales forces. A staff of technical professionals who work directly with architects, consultants, contractors and building owners provide support to the sales force. We market our roofing and specialty building products and accessories through our own sales force of approximately 200 experienced, full-time employees and independent sales representatives operating from six regional sales offices located across the United States. A major portion of our roofing product sales are to wholesale distributors who resell our products to roofing contractors and retailers. We believe that our nationwide coverage has contributed to certain of our roofing products being among the most recognized and requested brands in the industry.

Our Customer Advantage(TM) Program offers marketing and support services to a nationwide network of MasterElite(TM) residential roofing contractors and Authorized Installers. We view the Master Elite(TM) contractors and Authorized Installers as an effective extension of our sales force which takes our products directly to the homeowner. We also have established programs with approved MasterSelect(TM), Platinum(TM) and Pride (TM) contractors to promote premium warranty systems and service programs for our commercial roofing products.

No single customer accounted for 10% or more of our net sales in 1999, except for The Home Depot, Inc. and American Builders & Contractors Supply Company, Inc., which accounted for approximately 11% and 10%, respectively, of our 1999 net sales.

RAW MATERIALS

The major raw materials required for the manufacture of our roofing products are asphalt, mineral stabilizer, glass fiber, glass fiber mat, polyester mat and granules. Asphalt and mineral stabilizer are available from a large number of suppliers. We currently have contracts with several of these suppliers and others are available as substitutes. Prices of most raw materials have been relatively stable, rising moderately with general industrial prices, while the price of asphalt tends to move in step with the price of crude oil.

The major raw materials required for the manufacture of our specialty building products and accessories are steel tubes, sheet metal products, aluminum motors and cartons. These raw materials, other than motors, are commodity-type products, the pricing for which is driven by supply and demand. Prices of other raw materials used in the manufacture of specialty building products and accessories are more closely tied to movements in inflation rates. In 1999, substantially all of the motors used in our ventilation products were purchased from an overseas supplier. All of these raw materials, including motors, are available from a large number of suppliers.

Five of our roofing plants have easy access to deep water ports thereby permitting delivery of asphalt by ship, the most economical means of transport. Our Nashville, Tennessee plant manufactures a significant portion of our glass fiber requirements for use in our Chester, South Carolina plant which manufactures glass fiber mat substrate. We purchase all of our requirements for colored roofing granules from an affiliate, International Specialty Products Inc., under a requirements contract, except for the requirements of our California and Oregon roofing plants and a portion of the requirements of our Indiana roofing plant, which are supplied by a third party. This contract is subject to annual renewal unless terminated by either party to the agreement.

SEASONAL VARIATIONS AND WORKING CAPITAL

Sales of roofing and specialty building products and accessories in the northern regions of the United States generally decline during the winter months due to adverse weather conditions. Generally, our inventory practice includes increasing inventory levels in the first and the second quarter in order to meet peak season demand (June through November).

WARRANTY CLAIMS

We provide certain limited warranties covering most of our residential roofing products for periods generally ranging from 20 to 40 years. Although terms of warranties vary, we believe that our warranties generally are consistent with those offered by our competitors. We also offer limited warranties and guarantees of varying duration on our commercial roofing products and limited warranties covering most of our specialty building products and accessories for periods generally ranging from 5 to 10 years. From time to time, we review the reserves established for estimated probable future warranty claims.

COMPETITION

The roofing products industry is highly competitive and includes a number of national competitors. These competitors in the residential roofing and accessories markets are Owens-Corning, Tamko, Elcor and Celotex, and in the commercial roofing market are Johns Manville, Firestone and Carlisle. In addition, there are numerous regional competitors.

Competition is based largely upon products and service quality, distribution capability, price and credit terms. We believe that we are well positioned in the marketplace as a result of our broad product lines in both the residential and commercial markets, consistently high product quality, strong sales force and national distribution capabilities. As a result of the growth in demand for premium laminated shingles, a number of roofing manufacturers, including our company, have increased their laminated shingle production capacity in recent years. We have experienced increased competition in this area due to these factors.

Our specialty roofing products and accessories business is highly competitive with numerous competitors due to the breadth of the product lines we market. Major competitors include Certainteed, Solar Group, ATCO Rubber Products and Standex Air Distribution Products.

RESEARCH AND DEVELOPMENT

We primarily focus our research and development activities on the development of new products, process improvements and the testing of alternative raw materials and supplies. Our research and development activities, dedicated to residential, commercial and fiberglass products, are located at technical centers at Wayne, New Jersey and Nashville, Tennessee. Our research and development expenditures were approximately $5.4, $6.0 and $6.5 million in 1997, 1998 and 1999, respectively.

PATENTS AND TRADEMARKS

We own or license approximately 100 domestic and 100 foreign patents or patent applications. In addition, we own or license approximately 250 domestic and 80 foreign trademark registrations or applications. While we believe the patent protection covering certain of our products to be material to those products, we do not believe that any single patent, patent application or trademark is material to our business or operations. We believe that the duration of the existing patents and patent licenses is consistent with our business needs.

ENVIRONMENTAL COMPLIANCE

Since 1970, federal, state and local authorities have adopted and amended a wide variety of federal, state and local environmental laws and regulations relating to environmental matters. These laws and regulations affect us because of the nature of our operations and that of our predecessor and certain of the substances that are, or have been used, produced or discharged at our or its plants or at other locations. We made capital expenditures of approximately $1.4 million in the aggregate in 1999 relating to environmental compliance in connection with the two new manufacturing facilities we are building in Shafter, California and Michigan City, Indiana. In addition, we made capital expenditures of approximately $1.3 million in the aggregate in 1999 relating to environmental compliance in all other locations. In 1998 and 1997, we made capital expenditures of less than $0.6 million in each year relating to environmental compliance. These expenditures are included in additions to property, plant and equipment. We anticipate that aggregate capital expenditures relating to environmental compliance in 2000 and 2001 will be approximately $2.6 and $1.2 million, respectively.

The environmental laws and regulations deal with air and water emissions or discharges into the environment, as well as the generation, storage, treatment, transportation and disposal of solid and hazardous waste, and the remediation of any releases of hazardous substances and materials to the environment. We believe that our manufacturing facilities comply in all material respects with applicable laws and regulations. Although we cannot predict whether more burdensome requirements will be adopted in the future, we believe that any potential liability for compliance with the laws and regulations will not materially affect our business, liquidity or financial position.

See Item 3, "Legal Proceedings--Environmental Litigation."

EMPLOYEES

At December 31, 1999, we employed approximately 3,500 people worldwide, approximately 1,000 of which were subject to 14 union contracts. The contracts are effective for three- to four-year periods. During 1999, two labor contracts expired and were renegotiated. We believe that our relations with our employees and their unions are satisfactory.

ITEM 2. PROPERTIES

Our corporate headquarters and principal research and development laboratories are located at a 100-acre campus-like office and research park owned by a subsidiary of International Specialty Products Inc., at 1361 Alps Road, Wayne, New Jersey 07470. We occupy our headquarters pursuant to our management agreement with ISP. See Item 13, "Certain Relationships and Related Transactions."

We own or lease the principal real properties described below. Unless otherwise indicated, the properties are owned in fee. In addition to the principal facilities listed below, we maintain sales offices and warehouses, substantially all of which are in leased premises under relatively short-term leases.

LOCATION	FACILITY
Alabama	
Mobile..............	Plant, Warehouses*
California	
Compton.............	Plant*, Warehouse*
Fontana.............	Plant, Sales Office
Hollister...........	Plant, Plant*
Shafter.............	Plant (under construction)
Stockton............	Plant, Plant, Warehouse*
Florida	
Tampa...............	Plant, Sales Office
Georgia	
Atlanta.............	Administrative Offices*; Sales Office*
Monroe..............	Plant, Warehouse*
Savannah............	Plant, Sales Office
Indiana	
Mount Vernon........	Plant, Sales Office, Plant (under construction)
Michigan City.......	Plant (under construction)
Illinois	
Romeoville..........	Sales Office*

LOCATION	FACILITY
Maryland	
Baltimore...........	Plant
Massachusetts	
Millis..............	Plant, Sales Office, Warehouse*
Walpole.............	Plant*
Minnesota	
Minneapolis.........	Plant, Sales Office
Mississippi	
Purvis..............	Plant
New Jersey	
North Branch........	Plant, Warehouse*
North Brunswick.....	Sales Office*, Warehouse*
Wayne...............	Headquarters*, Corporate Administrative Offices*, Research Center*
New Mexico	
Albuquerque.........	Plant
North Carolina	
Burgaw..............	Plant
Goldsboro...........	Plant
Ohio	
Wadsworth...........	Plant*
Oregon	
Corvallis...........	Plant
Pennsylvania	
Erie................	Plant, Sales Office, Warehouse*
Wind Gap............	Plant
South Carolina	
Chester.............	Plant
Tennessee	
Nashville...........	Plant, Research Center*
Texas	
Dallas..............	Plant, Sales Office, Warehouse*
Fannett.............	Warehouse
Port Arthur.........	Plant, Plant, Sales Office

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* Leased Property

We believe that our plants and facilities, which are of varying ages and are of different construction types, have been satisfactorily maintained, are in good condition, are suitable for their respective operations and generally provide sufficient capacity to meet production requirements. Each plant has adequate transportation facilities for both raw materials and finished products. In 1999, we made capital expenditures of $45.3 million relating to plant, property and equipment.

ITEM 3. LEGAL PROCEEDINGS

Bodily Injury Claims. In connection with its formation, BMCA contractually assumed and agreed to pay the first $204.4 million of liabilities for asbestos-related bodily injury claims relating to the inhalation of asbestos fiber of its parent, GAF Building Materials Corporation. As of March 30, 1997, BMCA had paid all of its assumed asbestos-related liabilities. G-I Holdings and GAF Building Materials Corporation have jointly and severally agreed to indemnify BMCA against any other existing or future claims related to asbestos-related liabilities if asserted against BMCA. We frequently refer to asbestos-related bodily injury claims relating to the inhalation of asbestos fiber in this report as "Asbestos Claims."

GAF Corporation has advised that, as of December 31, 1999, it was defending approximately 115,000 pending alleged Asbestos Claims, having received notice of approximately 43,100 new Asbestos Claims during 1999. GAF has advised that the Center for Claims Resolution ("CCR"), a non-profit organization set up to administer and handle asbestos-related personal injury claims against the participating companies and in which GAF Corporation was a member, terminated GAF's membership, effective January 17, 2000. GAF has advised the CCR that such termination was unauthorized and that it intends to take appropriate measures to protect its rights to pursue claims against the CCR and its member companies arising out of this improper termination and for other improper actions. Currently, the disputes between GAF and the CCR are the subject of pending Alternative Dispute Proceedings.

GAF Corporation has confirmed that it has experienced a significant increase in the rate of new Asbestos Claims, principally involving claimants without any asbestos-related impairment, and amounts demanded to settle these claims. GAF anticipates that these trends could well continue for the foreseeable future, and that the percentage of Asbestos Claims filed by individuals with no physical impairment will remain high. GAF has advised that it expects an increasingly adverse litigation environment in particular jurisdictions. GAF believes that these trends and the CCR's termination of GAF's membership resulted from, or were induced by, in no small part, retaliatory actions taken by asbestos lawyers against GAF in connection with GAF's active support of proposed legislation currently pending in Congress to address the national asbestos litigation crisis.

GAF Corporation has stated that it is committed to effecting a comprehensive resolution of Asbestos Claims, and that it is exploring options to accomplish this resolution, including the support of the proposed Congressional legislation, but there can be no assurance that these efforts will be successful.

We believe that we will not sustain any additional liability in connection with asbestos-related claims. While we cannot predict whether any asbestos-related claims will be asserted against us or our assets or the outcome of any litigation relating to those claims, we believe that we have meritorious defenses to any claim that could be so asserted. In addition, G-I Holdings and GAF Building Materials Corporation have jointly and severally indemnified us with respect to asbestos-related claims, and G-I Holdings has advised us that it believes it has and will have sufficient resources to enable it to satisfy any indemnification obligations. However, GAF has advised us that depending upon whether the trends described above continue, whether other retaliatory actions are taken, the ultimate resolution of the disputes between GAF and the CCR, and whether the proposed legislation currently pending in Congress is enacted into law, its financial condition could be materially adversely affected by one or more of these factors. Should GAF Corporation or GAF Building Materials Corporation be unable to satisfy judgments against it in asbestos-related lawsuits, its judgment creditors might seek to enforce their judgments against the assets of GAF Corporation, including its holdings of G-I Holdings common stock, or GAF Building Materials Corporation, including its holdings of our common stock. This enforcement could result in a change of control with respect to our company. See Notes 10 and 15 to Consolidated Financial Statements.

Asbestos-in-Building Claims. GAF Corporation has also been named as a co-defendant in asbestos-in-buildings cases for economic and property damage or other injuries based upon an alleged present or future need to remove asbestos containing materials from public and private buildings. We refer to the asbestos-in-building claims in this report as the "Building Claims." Since these actions were first initiated approximately 18 years ago, GAF Corporation has not only successfully disposed of approximately 145 of these cases, but is a co-defendant in only three remaining lawsuits, one of which has been dormant. No new Building Claims were filed in 1999. BMCA has not assumed any liabilities with respect to Building Claims, and G-I Holdings and GAF Building Materials Corporation have jointly and severally agreed to indemnify BMCA against those liabilities in the event any claims are asserted against it.

Insurance Matters. GAF Corporation and G-I Holdings had available, as of December 31, 1999, to pay asbestos-related bodily injury claims aggregate insurance coverage of approximately $84.0 million before discounting certain coverage, which amount is reduced as asbestos-related liabilities are satisfied.

In January 1993, GAF Corporation filed an action in the United States District Court in Philadelphia against certain product liability insurers whose policies will or may be called upon to respond to asbestos-related bodily injury claims. This action sought a declaratory judgment against various third-party defendant product liability insurers to the effect that those insurers are obligated to provide coverage for Asbestos Claims. In March 2000, GAF Corporation reached a settlement with the final remaining insurer who was a defendant in GAF Corporation's amended complaint and anticipates that it will dismiss this action.

In October 1983, GAF Corporation filed a lawsuit in Los Angeles, California Superior Court against its past insurance carriers to obtain a judicial determination that those carriers were obligated to defend and indemnify it for Building Claims. GAF Corporation is seeking declaratory relief as well as compensatory damages. This action is presently in the pre-trial pleading stage. The parties have agreed to hold this action in abeyance until such time as they are better able to evaluate developments as they may occur in the Building Claims. Because this litigation is in the early stages and evidence and interpretations of important legal questions are presently unavailable, it is not possible to predict the future of this litigation.

In all the Building Claims, GAF Corporation's defense costs have been paid by one of its primary carriers. While GAF Corporation expects that this primary carrier will continue to defend and indemnify GAF Corporation, this primary carrier has reserved its rights to later refuse to defend and indemnify GAF Corporation and to seek reimbursement for some or all of the fees paid to defend and resolve the Building Claims. GAF Corporation believes that it will be able to resolve those cases for amounts within the total indemnity obligations available from this primary carrier.

ENVIRONMENTAL LITIGATION

We, together with other companies, are a party to a variety of proceedings and lawsuits involving environmental matters under the Comprehensive Environmental Response Compensation and Liability Act and similar state laws, in which recovery is sought for the cost of cleanup of contaminated sites, a number of which are in the early stages or have been dormant for protracted periods. We refer to these proceedings and lawsuits below as "Environmental Claims."

In connection with its formation, BMCA contractually assumed all environmental liabilities of GAF Building Materials Corporation relating to existing plant sites and the business of BMCA as then conducted. The estimates referred to below reflect those environmental liabilities assumed by BMCA and other environmental liabilities of our company. The environmental liabilities of GAF Building Materials Corporation which were not assumed by BMCA, for which G-I Holdings and GAF Building Materials Corporation have agreed to indemnify BMCA, relate primarily to closed manufacturing facilities. G-I Holdings estimates that, as of December 31, 1999, its liability in respect of the environmental liabilities of GAF Building Materials Corporation not assumed by BMCA was approximately $10.5 million, before insurance recoveries reflected on its balance sheet of $8.6 million. BMCA estimates its liability as of December 31, 1999 in respect of assumed and other environmental liabilities is $0.8 million, and expects insurance recoveries reflected on its balance sheet, as discussed below, of $0.8 million. Insurance recoveries reflected on these balance sheets relate to both past expenses and estimated future liabilities. We refer to these recoveries below as "estimated recoveries".

At most sites, BMCA anticipates that liability will be apportioned among the companies found to be responsible for the presence of hazardous substances at the site. Although it is difficult to predict the ultimate resolution of these claims, based on BMCA's evaluation of the financial responsibility of the parties involved and their insurers, relevant legal issues and cost sharing arrangements now in place, BMCA estimates that its liability in respect of all Environmental Claims, including certain environmental compliance expenses, will be as discussed above. For information relating to other environmental compliance expenses, see Item 1, "Business--Environmental Compliance."

After considering the relevant legal issues and other pertinent factors, BMCA believes that it will receive the estimated recoveries and the legal expenses incurred by GAF Corporation on BMCA's behalf. We also believe that recoveries could be well in excess of the estimated recoveries for all Environmental Claims, although there can be no assurances in this regard. BMCA believes it is entitled to substantially full defense and indemnity under its insurance policies for most Environmental Claims, although BMCA's insurers have not affirmed a legal obligation under the policies to provide indemnity for those claims.

In March 1995, GAF Corporation commenced litigation on behalf of itself and its predecessors, successors, subsidiaries and related corporate entities in the United States District Court for the District of New Jersey seeking amounts substantially in excess of the estimated recoveries. The court dismissed this action in December 1997 for lack of federal jurisdiction, and defendant insurers appealed the dismissal. The appeal was denied by the Third Circuit Court of Appeals in March 1999. In June 1997, GAF Corporation filed a similar action against the insurers in the Superior Court of New Jersey, Somerset County, which action is pending. While BMCA believes that its claims are meritorious, there can be no assurance that BMCA will prevail in its efforts to obtain amounts equal to, or in excess of, the estimated recoveries.

We believe that we will not sustain any liability for environmental liabilities of GAF Building Materials Corporation other than those that we have contractually assumed or that relate to the operations of our business. While we cannot predict whether any claims for non-assumed environmental liabilities will be asserted against us or our assets, or the outcome of any litigation relative to those claims, we believe that we have meritorious defenses to those claims. In addition, G-I Holdings and GAF Building Materials Corporation have jointly and severally indemnified us with respect to those claims. G-I Holdings has advised us that it believes it has and will have sufficient resources to enable it to satisfy these indemnification obligations, if any. For the possible consequences to us of the failure of G-I Holdings and GAF Building Materials Corporation to satisfy judgments against them in environmental-related lawsuits or otherwise, see the last paragraph of "--Bodily Injury Claims" above.

OTHER LITIGATION

Litigation is pending between us and Elk Corporation of Dallas in the United States District Court for the Northern District of Texas relating to certain aspects of our laminated shingles, which Elk claims infringe design and utility patents issued to it. Elk also asserts that we have appropriated the trade dress of Elk's product. Elk seeks injunctive relief, damages and attorneys' fees. We have sued for a declaration that Elk's patents are invalid and unenforceable and that our shingles do not infringe any of Elk's rights, and have sought money damages for Elk's unfair competition. On October 10, 1997, the court issued an opinion holding that Elk's design patent is unenforceable because it was obtained through inequitable conduct. On February 11, 1999, the United States Court of Appeals for the Federal Circuit affirmed the lower court's ruling of enforceability. Elk filed a petition for rehearing on February 25, 1999, which was denied by the court, and subsequently filed a petition for a writ of certiorari in the United States Supreme Court, which also was denied. We believe that we will prevail on Elk's remaining claims in the United States District Court.

On or about April 29, 1996, an action was commenced in the Circuit Court of Mobile County, Alabama against GAF Building Materials Corporation on behalf of a purported nationwide class of purchasers of, or current owners of, buildings with certain asphalt shingles manufactured by GAF Building Materials Corporation. The action alleged, among other things, that those shingles were defective and sought unspecified damages on behalf of the purported class. On September 25, 1998, we agreed to settle this litigation on a national, class-wide basis for asphalt shingles manufactured between January 1, 1973 and December 31, 1997. Following a fairness hearing, the court granted final approval of the class-wide settlement in April 1999. Under the terms of the settlement, we will provide property owners whose shingles were manufactured during this period and which suffer certain damages during the term of their original warranty period, and who file a qualifying claim, with an opportunity to receive certain limited benefits beyond those already provided in their existing warranty. In October and December 1998, the separate actions commenced in 1997 in the Superior Court of New Jersey, Middlesex County, the Superior Court of New Jersey, Passaic County and the Supreme Court of the State of New York, County of Nassau, and in 1996 in Pointe Coupee Parish, Louisiana, on behalf of purported classes alleging that our shingles were defective and seeking unspecified damages, were stayed pending the outcome of the fairness hearing on the settlement agreement in the Mobile County, Alabama action. The Middlesex County, New Jersey and the Pointe Coupee Parish, Louisiana actions have been dismissed in light of the final approval of the settlement agreement in the Mobile County, Alabama action, and we expect that the remaining two actions also will be dismissed.

In October 1998, GAF Corporation brought suit in the Superior Court of New Jersey, Middlesex County, on behalf of itself and on our behalf, against certain of its insurers for recovery of the defense costs in connection with the Mobile County, Alabama class action and a declaration that the insurers are obligated to provide indemnification for all damages paid pursuant to the settlement of this class action and for other damages. This action is pending.

* * *

We believe that the ultimate disposition of the cases described above under "Environmental Litigation," "Asbestos-in-Building Claims" and "Other Litigation" will not, individually or in the aggregate, have a material adverse effect on our liquidity, financial position or results of operations.

TAX CLAIM AGAINST GAF CORPORATION

On September 15, 1997, GAF Corporation received a notice from the Internal Revenue Service of a deficiency in the amount of $84.4 million (after taking into account the use of net operating losses and foreign tax credits otherwise available for use in later years) in connection with the formation in 1990 of Rhone-Poulenc Surfactants and Specialties, L.P., a partnership in which GAF Fiberglass held an interest. The claim of the IRS for interest and penalties, after taking into account the effect on the use of net operating losses and foreign tax credits, could result in GAF Corporation incurring liabilities significantly in excess of the deferred tax liability of $131.4 million that it recorded in 1990 in connection with this matter. GAF Corporation has advised us that it believes that it will prevail in this matter, although we cannot assure you that will be the result. We believe that the ultimate disposition of this matter will not have a material adverse effect on our business, financial position or results of operations. GAF, G-I Holdings and certain subsidiaries of GAF Corporation have agreed to jointly and severally indemnify us against any tax liability associated with the surfactants partnership, for which we would be severally liable, together with GAF Corporation and several current and former subsidiaries of GAF Corporation, should GAF Corporation be unable to satisfy this liability. For the possible consequences to us of the failure of GAF Corporation to satisfy this liability and other information relating to GAF, see the last paragraph of "--Bodily Injury Claims" above.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

PART II

ITEM 5. MARKETS FOR REGISTRANT'S COMMON EQUITY AND RELATED MATTERS

There is no trading market for BMCA's common stock. As of March 24, 2000, there were 14 holders of record of BMCA's Class A common stock and one holder of record of its Class B common stock. See Item 12, "Security Ownership of Certain Beneficial Owners and Management."

ITEM 6. SELECTED FINANCIAL DATA

See page F-7.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

See page F-2.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Financial Condition--Market-Sensitive Instruments and Risk Management" on page F-5.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index on page F-1 and Financial Statements and Supplementary Data on pages F-9 to F-41.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the name, age, position and other information with respect to the directors and executive officers of BMCA, Building Materials Manufacturing Corporation and Building Materials Investment Corporation. Under the By-laws of each of these companies, each director and executive officer continues in office until that company's next annual meeting of stockholders and until his or her successor is elected and qualified. On July 15, 1998, ISP merged with and into its parent, ISP Holdings Inc., and ISP Holdings changed its name to International Specialty Products Inc. As used in this section, "ISP" refers to both companies.

NAME AND POSITION HELD	AGE	PRESENT PRINCIPAL OCCUPATION AND FIVE-YEAR EMPLOYMENT HISTORY
Samuel J. Heyman .... Chairman of the Board and Chief Executive Officer	61	Mr. Heyman has been a director and Chairman of the Board of BMCA since its formation and Chief Executive Officer of BMCA since July 1999, which position he also held from June 1996 to January 1999. Mr. Heyman also has been Chief Executive Officer of Building Materials Manufacturing Corporation and Building Materials Investment Corporation since July 1999 and has been Chief Executive Officer and President of GAF Building Materials Corporation since May 1994 and July 1999, respectively. He has served as a director and Chairman of the Board of ISP since its formation and has held the same offices with GAF Corporation, G-I Holdings and certain of its subsidiaries for more than five years. Mr. Heyman was Chief Executive Officer of ISP from its formation to June 1999. Mr. Heyman is also the Chief Executive Officer, Manager and General Partner of a number of closely held real estate development companies and partnerships whose investments include commercial real estate and a portfolio of publicly traded securities.
William W. Collins .... President and Chief Operating Officer	49	Mr. Collins has been President and Chief Operating Officer of BMCA, Building Materials Manufacturing Corporation and Building Materials Investment Corporation since February 2000 and a director of such companies since July 1999. He was Executive Vice President and Chief Operating Officer of the same companies from July 1999 to February 2000. Mr. Collins also was Senior Vice President-Marketing and Sales, Residential Roofing Products of BMCA from November 1997 to July 1999 and held the same position with Building Materials Manufacturing Corporation and Building Materials Investment Corporation from their formation to July 1999. He was Vice President-Marketing and Sales, Commercial Roofing Products of BMCA from March 1996 to November 1997, Vice President-Sales, Commercial of BMCA from December 1995 to March 1996, Director of Insulation, Accessories and Cobra(R) Products of BMCA from February 1995 to December 1995 and Director of Special Projects of BMCA from July 1992 to February 1995. Mr. Collins also has been a director of GAF Corporation since July 1999.
William C. Lang .... Executive Vice President, Chief Administrative Officer and Chief Financial Officer	56	Mr. Lang has been a director and Executive Vice President, Chief Administrative Officer and Chief Financial Officer of BMCA, Building Materials Manufacturing Corporation and Building Materials Investment Corporation since July 1999. He was Senior Vice President and Chief Financial Officer of BMCA from April 1997 to July 1999 and held the same position with Building

NAME AND POSITION HELD	AGE	PRESENT PRINCIPAL OCCUPATION AND FIVE-YEAR EMPLOYMENT HISTORY
		Materials Manufacturing Corporation and Building Materials Investment Corporation from their formation to July 1999. He was Senior Vice President and Chief Financial Officer of Duane Reade, a regional drug store chain, from 1993 to 1996.
Richard A. Weinberg .... Executive Vice President, General Counsel and Secretary	40	Mr. Weinberg has been Executive Vice President, General Counsel and Secretary of BMCA since May 1998 and was Senior Vice President, General Counsel and Secretary of BMCA from May 1996 to May 1998. He also has been Executive Vice President, General Counsel and Secretary of Building Materials Manufacturing Corporation and Building Materials Investment Corporation since their formation. He has served as Executive Vice President, General Counsel and Secretary of GAF Corporation, G-I Holdings, ISP and certain of their subsidiaries since May 1998 and was Senior Vice President, General Counsel and Secretary of these companies from May 1996 to May 1998. He was Vice President and General Counsel of BMCA from September 1994 to May 1996. Mr. Weinberg also has served as a director of GAF Corporation and certain of its subsidiaries since February 2000 and May 1996, respectively, and of GAF Building Materials Corporation since May 1996.
Kem Scott .... Senior Vice President and General Manager, Commercial Roofing Products, BMCA; President and Chief Operating Officer, U.S. Intec, Inc.	51	Mr. Scott has been President and Chief Operating Officer of U.S. Intec, Inc., one of BMCA's subsidiaries, and Senior Vice President and General Manager, Commercial Roofing Products of BMCA since October 1998. He also has been Senior Vice President and General Manager, Commercial Roofing Products of Building Materials Manufacturing Corporation and Building Materials Investment Corporation since their formation. From 1973 to October 1998, Mr. Scott held various executive positions with the Carlisle group of companies, a manufacturer of elastomeric roofing systems, including President, Carlisle Syntec Inc. and most recently from July 1997 to October 1998, President of Carlisle Europe.
Steven R. Olsen .... President and Chief Operating Officer, LL Building Products Inc.	37	Mr. Olsen has been President and Chief Operating Officer of LL Building Products Inc., one of BMCA's subsidiaries, since June 1999 and October 1998, respectively. He was Vice President, Corporate Development and Vice President and General Manager, Accessories and Specialty Products, of BMCA from May 1997 to October 1998 and also was Director, Operational Planning of BMCA from December 1993 to May 1997.
Susan B. Yoss .... Senior Vice President and Treasurer	41	Ms. Yoss has been Senior Vice President and Treasurer of BMCA, Building Materials Manufacturing Corporation and Building Materials Investment Corporation since July 1999 and was Vice President and Treasurer of the same companies from February 1998 to July 1999. She also has been Senior Vice President and Chief Financial Officer of GAF Corporation and certain of its subsidiaries and Senior Vice President and Treasurer of ISP and certain of its subsidiaries since July 1999. She was Vice President and Treasurer of ISP from February 1998 to July 1999. Ms. Yoss was Assistant Treasurer of Joseph E. Seagram & Sons, Inc., a global beverage and entertainment company, for more than five years until February 1998.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth the cash and non-cash compensation for each of the last three fiscal years awarded to or earned by the Chief Executive Officer and the four other most highly compensated executive officers of BMCA as of December 31, 1999, together with any person who served as BMCA's Chief Executive Officer in 1999. The salaries and other compensation of Messrs. Heyman and Weinberg and Ms. Yoss for services provided by them to our company are paid by ISP in accordance with a management agreement between ISP and our company. See Note (6) to the table below.

		ANNUAL COMPENSATION		LONG TERM COMPENSATION		
NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS(1)	RESTRICTED STOCK AWARDS	SECURITIES UNDERLYING OPTIONS (O)/ SARS(1)	ALL OTHER COMPENSATION
Samuel J. Heyman	1999	(6)	(6)		(6)	(6)
Chairman of the Board and	1998	(6)	(6)		(6)	(6)
Chief Executive Officer	1997	(6)	(6)		(6)	(6)
William W. Collins	1999	$194,750	$100,000		5,000(O)	$ 15,463(2)
President and Chief	1998	168,000	69,871		3,000(O)	14,899(2)
Operating Officer	1997	148,242	57,497		8,218(O)	14,509(2)
William C. Lang	1999	$242,500	$100,000		5,000(O)	$ 20,871(3)
Executive Vice President,	1998	207,083	94,145		4,200(O)	17,465(3)
Chief Administrative Officer and Chief Financial Officer	1997	133,888(3)	87,094(3)		3,837(O)(3)	5,682(3)
Kem Scott	1999	$230,000	$ 44,027		1,500(O)	$ 11,449(4)
Senior Vice President and	1998	55,878(4)	25,000(4)		4,600(O)(4)	1,065(4)
General Manager, Commercial Roofing Products, BMCA; President and Chief Operating Officer, U.S. Intec, Inc.	1997	(4)	(4)		(4)	(4)
Steven R. Olsen	1999	$156,000	$ 45,409		1,500(O)	$ 12,037(5)
President and Chief Operating	1998	138,283	45,072		3,000(O)	14,472(5)
Officer, LL Building Products Inc.	1997	117,161	54,618		7,246(O)	8,609(5)
Sunil Kumar	1999	$158,325	--		--	$ 610,846(7)
President and Chief	1998	305,325	$250,000	$2,490,000(7)	--	1,444,887(7)
Executive Officer(7)	1997	293,550	256,238		7,609(O)	16,737(7)

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(1) Bonus amounts are payable pursuant to BMCA's Executive Incentive Compensation Program, except that a portion of the bonus amounts paid to Mr. Lang in 1997 and 1998, Mr. Scott in 1999 and to Mr. Olsen in 1997 represented special bonus awards to those executive officers. The options (O) relate to shares of redeemable convertible preferred stock of BMCA. See "--Options/SARs".

(2) Included in "All Other Compensation" for Mr. Collins are: $11,450, $11,450 and $11,513, representing BMCA's contribution under the Capital Accumulation Plan for Employees of GAFMC and ISP in 1999, 1998 and 1997, respectively; $2,484, $2,122 and $1,884 for the premiums paid by BMCA for a life insurance policy in 1999, 1998 and 1997, respectively; and $1,529, $1,327 and $1,112 for the premiums paid by BMCA for a long-term disability policy in 1999, 1998 and 1997, respectively. As of December 31, 1999, Mr. Collins was Executive Vice President and Chief Operating Officer of BMCA, a position he held until February 2000. In February 2000, Mr. Collins was elected President and Chief Operating Officer of BMCA.

(3) Included in "All Other Compensation" for Mr. Lang are: $11,700, $11,200 and $2,010, representing BMCA's contribution under the Capital Accumulation Plan for Employees of GAFMC and ISP in 1999, 1998 and 1997, respectively; $7,267, $4,459 and $2,583 for the premiums paid by BMCA for a life

(Footnotes continued on next page)

(Footnotes continued from previous page)

insurance policy in 1999, 1998 and 1997, respectively; and $1,904, $1,806 and $1,089 for the premiums paid by BMCA for a long-term disability policy in 1999, 1998 and 1997, respectively. Mr. Lang commenced employment with us in April 1997.

(4) Included in "All Other Compensation" for Mr. Scott are: $4,632, representing BMCA's contribution under the Capital Accumulation Plan for Employees of GAFMC and ISP in 1999; $5,011 and $626 for the premiums paid by BMCA for a life insurance policy in 1999 and 1998, respectively; and $1,806 and $439 for the premiums paid by BMCA for a long-term disability policy in 1999 and 1998, respectively. Mr. Scott commenced employment with us in October 1998.

(5) Included in "All Other Compensation" for Mr. Olsen are: $10,058, $12,726 and $8,609, representing BMCA's contribution under the Capital Accumulation Plan for Employees of GAFMC and ISP in 1999, 1998 and 1997, respectively; $754 and $660 for the premiums paid by BMCA for a life insurance policy in 1999 and 1998, respectively; and $1,225 and $1,086 for the premiums paid by BMCA for a long-term disability policy in 1999 and 1998, respectively.

(6) The salary and other compensation of Messrs. Heyman and Weinberg and Ms. Yoss are paid by ISP pursuant to our management agreement with ISP, except that BMCA granted to Mr. Weinberg options to purchase 6,453 shares of redeemable convertible preferred stock of BMCA in 1999. See "-- Options/SARs." No allocation of compensation for services to BMCA is made pursuant to the management agreement, except that BMCA reimbursed ISP $133,989 under the management agreement in respect of a bonus amount earned by Mr. Weinberg for 1997 in connection with services performed by him for BMCA during that year. In addition, BMCA reimburses ISP, through payment of the management fees payable under the management agreement, for the estimated costs ISP incurs for providing the services of these officers. See Item 13, "Certain Relationships and Related Transactions--Management Agreement." As of December 31, 1999, Mr. Heyman was Chairman of the Board, President and Chief Executive Officer of BMCA. He resigned from the position of President in February 2000.

(7) Mr. Kumar resigned as our President and Chief Executive Officer, effective June 30, 1999. Included in "All Other Compensation" for Mr. Kumar are: $8,581, $11,450 and $11,450, representing BMCA's contribution under the Capital Accumulation Plan for Employees of GAFMC and ISP in 1999, 1998 and 1997, respectively; $2,736, $3,316 and $3,324 for the premiums paid by BMCA for a life insurance policy in 1999, 1998 and 1997, respectively; and $1,237, $1,963 and $1,963 for the premiums paid by BMCA for a long-term disability policy in 1999, 1998 and 1997, respectively. In connection with the July 1998 merger of ISP Holdings and ISP, all options to purchase shares of redeemable convertible preferred stock of ISP Holdings and stock appreciation rights relating to ISP Holdings common stock, including options and stock appreciation rights held by Mr. Kumar, were cancelled. In consideration for this cancellation, Mr. Kumar was granted 15,000 shares of Class A common stock of BMCA and 15,000 shares of Class B common stock of BMCA (a portion of which were subsequently transferred to trusts for the benefit of Mr. Kumar's children) and, subject to satisfaction of certain future vesting requirements through December 2003 and to his remaining our employee at such vesting periods, Mr. Kumar was entitled to receive cash payments of $5,073,212 in the aggregate. Mr. Kumar received $598,292 and $1,428,158 of these cash payments in 1999 and 1998, respectively. In connection with Mr. Kumar's termination of employment, our obligation to pay the balance of these cash payments was terminated. Included in "Restricted Stock Awards" for 1998 is the value of the common stock granted to Mr. Kumar as of the date of grant. In September 1999, Mr. Kumar and the trusts for the benefit of his children contributed all of their shares of our common stock to our parent, BMCA Holdings Corporation, for equity interests in BMCA Holdings. See Note 5 to Consolidated Financial Statements.

OPTIONS/SARS

The following table summarizes options to acquire BMCA's redeemable convertible preferred stock granted during 1999 to the executive officers named in the Summary Compensation Table above and the potential realizable value of those options held by those persons. In addition to the grants described below, Mr. Weinberg, our Executive Vice President, General Counsel and Secretary, was granted an option to purchase 6,453 shares of BMCA's redeemable convertible preferred stock. This option represented 7.9% of the total options granted to employees in the fiscal year 1999 and had potential realizable value at a 5% and 10% assumed annual rate of book value appreciation of $309,366 and $761,983, respectively.

BMCA PREFERRED STOCK OPTION GRANTS IN 1999(1)

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL 1999	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF BOOK VALUE APPRECIATION	
			5%	10%
William W. Collins...	5,000	6.1%	$239,705	$ 590,404
William C. Lang......	5,000	6.1	239,705	590,404
Kem Scott............	1,500	1.8	71,911	177,121
Stephen R. Olsen.....	1,500	1.8	71,911	177,121
Sunil Kumar..........	11,616	14.3	556,887	1,371,640

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(1) The BMCA preferred stock options represent options to purchase shares of redeemable convertible preferred stock of BMCA. Each share of preferred stock is convertible, at the holder's option, into shares of Class A common stock of BMCA at a formula price based on Book Value (as defined in the option agreement) as of the date of grant. The options vest over five years from the date of grant. Dividends will accrue on the preferred stock from the date of issuance at the rate of 6% per annum. The preferred stock is redeemable, at BMCA's option, for a redemption price equal to the exercise price per share plus accrued and unpaid dividends. The Class A common stock of BMCA issuable upon conversion of the preferred stock is subject to repurchase by BMCA under certain circumstances at a price equal to its then current Book Value. The exercise price of the options is equal to the fair value per share of the preferred stock at the date of grant. The options expire nine years after the date of grant.

BMCA PREFERRED STOCK OPTIONS/GAF CORPORATION STOCK APPRECIATION RIGHTS AND OPTIONS/SAR
EXERCISE AND VALUES AT DECEMBER 31, 1999

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED BMCA PREFERRED OPTIONS(O)/GAF CORPORATION SARS(S) AT 12/31/99 EXERCISABLE/UNEXERCISABLE(1)	VALUE OF UNEXERCISED IN-THE-MONEY BMCA PREFERRED OPTIONS (O)/GAF CORPORATION SARS(S) AT 12/31/99 EXERCISABLE/UNEXERCISABLE(2)
William W. Collins........	--	--	4,427/12,691(O)	$90,882/$122,258(O)
William C. Lang...........	--	--	2,375/10,662(O)	45,769/80,500(O)
Kem Scott.................	--	--	920/5,180(O)	0/0(O)
Stephen R. Olsen...	--	--	3,858/8,488(O)	72,437/102,099(O)
Sunil Kumar.	4,358	$113,648	0/0(O)	--
	--	--	12,526/5,284(S)	13,254/18,502(S)

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(1) None of the options for 6,453 shares of preferred stock held by Mr. Weinberg were exercisable at December 31, 1999. The stock appreciation rights relating to GAF Corporation common stock represent the right to receive a cash payment based upon the appreciation in value of the specified number of shares of common stock of GAF Corporation over the determined initial book value per share of common stock of GAF Corporation, adjusted for the separation transactions, and interest on such book value at a specified rate. The GAF Corporation stock appreciation rights vest over a five-year period, subject to earlier vesting under certain circumstances, including in connection with a change of control, and have no expiration date.
(2) Options for 12,118, 8,037, 0 and 10,846 shares of preferred stock were in-the-money for Messrs. Collins, Lang, Scott and Olsen, respectively, at December 31, 1999. None of the options for 6,453 shares of preferred stock held by Mr. Weinberg were in-the-money at December 31, 1999.

COMPENSATION OF DIRECTORS

The directors of BMCA do not receive any compensation for their services as such.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATIONS

We do not have a separate compensation committee. Compensation decisions are determined by our Board of Directors, each member of which is also one of our executive officers. Mr. Heyman is also a director and executive officer of ISP. See Item 13, "Certain Relationships and Related Transactions."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of March 24, 2000, approximately 99.4% of our outstanding Class A common stock and all of our outstanding Class B common stock are owned of record by BMCA Holdings Corporation. Approximately 97% of the outstanding capital stock of BMCA Holdings is owned of record by GAF Building Materials Corporation, 1.5% of the outstanding capital stock of BMCA Holdings is owned of record by Sunil Kumar and 1.5% of the outstanding capital stock of BMCA Holdings is owned of record by trusts for the benefit of Mr. Kumar's children. All of the outstanding common stock of GAF Building Materials Corporation is owned of record by GAF Fiberglass Corporation, which is 100%-owned by G Industries. G Industries is 100%-owned by G-I Holdings, which in turn is 100%-owned by GAF Corporation.

The following table sets forth information with respect to the ownership of BMCA's common stock, as of March 24, 2000, by each other person known to us to own beneficially more than 5% of either class of BMCA's common stock outstanding on that date, by each of our directors and by all of our executive officers and directors as a group.

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER(1)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS	TOTAL VOTING POWER
Class A Common Stock...	Samuel J. Heyman	1,015,010(2)	99.4%	98%
	All directors and executive cfficers of BMCA as a group (7 persons)	1,015,010(2)	99.4%	98%
Class B Common Stock...	Samuel J. Heyman	15,000(2)	100.0%	1.4%
	All directors and executive officers of BMCA as a group (7 persons)	15,000(2)	100.0%	1.4%

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(1) The business address for Mr. Heyman is 1361 Alps Road, Wayne, New Jersey 07470.

(2) The number of shares shown as being beneficially owned (as defined in Rule 13d-3 of the Securities Exchange Act of 1934, as amended) by Mr. Heyman and by all directors and executive officers of BMCA as a group attributes ownership of the shares of BMCA common stock owned by BMCA Holdings Corporation, an indirect 97%-owned subsidiary of GAF Corporation, to Mr. Heyman. As of March 24, 2000, Mr. Heyman beneficially owned (as defined in Rule 13d-3 of the Exchange Act) approximately 99% of the capital stock of GAF Corporation. In addition to Mr. Heyman, as of March 24, 2000, Mr. Kumar beneficially owned 1.5% of each class of common stock of BMCA Holdings Corporation. These shares of BMCA Holdings common stock are held subject to BMCA Holdings' right to acquire them under certain circumstances. Mr. Kumar disclaims beneficial ownership of half of these shares. Mr. Kumar also beneficially owned, as of March 24, 2000, less than 1% of our Class A common stock, subject to our right to acquire the shares under certain circumstances.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

MANAGEMENT AGREEMENTS

Pursuant to a management agreement which expires December 31, 2000, International Specialty Products Inc. (of which our Chairman and Chief Executive Officer, Samuel J. Heyman, beneficially owns (as defined in Rule 13d-3 of the Exchange Act) approximately 76%) provides certain general management, administrative, legal, telecommunications, information and facilities services to us, including the use of our headquarters in Wayne, New Jersey. ISP charged us $5.3 million in 1999 for providing these services. These charges consist of management fees and other reimbursable expenses attributable to us, or incurred by ISP for our benefit. They are based on an estimate of the costs ISP incurs to provide such services. Effective January 1, 2000, the term of the management agreement was extended through the end of 2000, and the management fees payable under the agreement were increased. We also allocate a portion of the management fees payable by us under the management agreement to separate lease payments for the use of our headquarters. Based on the services provided by ISP in 1999 under the management agreement, the aggregate amount payable by us to ISP under the management agreement for 2000 is expected to be approximately $6.0 million. Certain of our executive officers receive their compensation from ISP. ISP is indirectly reimbursed for this compensation through payment of the management fee and other reimbursable expenses payable under the management agreement.

As of January 1, 1997, we entered into a separate management agreement with GAF Fiberglass under which we provided certain general management, administrative and financial services to GAF Fiberglass. Under the management agreement, which terminated upon the August 1999 contribution by GAF Fiberglass to us of certain assets, including our Nashville glass fiber manufacturing facility, and certain related liabilities, GAF Fiberglass paid to us approximately $0.7 million as a management fee in 1999.

Due to the unique nature of the services provided under the management agreements, comparisons with third party arrangements are difficult. However, we believe that the terms of each of the management agreements taken as a whole are no less favorable to us than could be obtained from an unaffiliated third party.

CERTAIN PURCHASES

We purchase all of our colored roofing granules requirements from ISP under a requirements contract, except for the requirements of our California and Oregon roofing plants and a portion of the requirements of our Indiana roofing plant, which are supplied by a third party. Effective January 1, 1999, this contract was amended to cover, among other things, purchases of colored roofing granules by our subsidiaries. This contract is subject to annual renewal, unless terminated by either party to the agreement. In 1999, BMCA and its subsidiaries purchased in the aggregate approximately $57.3 million of mineral products from ISP.

Effective August 18, 1999, GAF Fiberglass, in a series of transactions, contributed to us certain assets, including the Nashville glass fiber manufacturing facility, and certain related liabilities. Prior to this contribution, GAF Fiberglass manufactured a significant portion of our glass fiber requirements pursuant to a supply agreement on terms which we believe were at least as favorable to us as could be obtained from an unaffiliated third party. We purchased approximately $19.6 million of glass fiber from GAF Fiberglass in 1999.

TAX SHARING AGREEMENT

We have entered into a tax sharing agreement dated January 31, 1994 with GAF Corporation and G-I Holdings with respect to the payment of federal income taxes and certain related matters. During the term of the tax sharing agreement, which is effective for the period during which we or any of our domestic subsidiaries is included in a consolidated federal income tax return filed by GAF Corporation, we are obligated to pay G-I Holdings an amount equal to those federal income taxes we would have incurred if we, on behalf of ourselves and our domestic subsidiaries, filed our own federal income tax return. Unused tax attributes will carry forward for use in reducing amounts payable by us to G-I Holdings in future years, but cannot be carried back. If we ever were to leave the GAF Corporation consolidated tax group, we would be required to pay to G-I Holdings the value of any tax attributes to which we would succeed under the consolidated return regulations to the extent the tax attributes reduced the amounts otherwise payable by us under the tax sharing agreement. Under certain circumstances, the provisions of the tax sharing agreement could result in us having a greater liability under the agreement than we would have had if we and our domestic subsidiaries had filed our own separate federal income tax return. Under the tax sharing agreement, we and each of our domestic subsidiaries are responsible for any taxes that would be payable by reason of any adjustment to the tax returns of GAF Corporation or its subsidiaries for years prior to the adoption of the tax sharing agreement that relate to our business or assets or the business or assets of any of our domestic subsidiaries. Although, as a member of the GAF tax group, we are severally liable for all federal income tax liabilities of the GAF tax group, including tax liabilities not related to our business, G-I Holdings and GAF Corporation have agreed to indemnify us and our subsidiaries for all tax liabilities of the GAF tax group other than tax liabilities arising from our operations and the operations of our domestic subsidiaries and tax liabilities for tax years pre-dating the tax sharing agreement that relate to our business or assets and the business or assets of any of our domestic subsidiaries. See Item 3, "Legal Proceedings--Bodily Injury Claims." The tax sharing agreement provides for analogous principles to be applied to any consolidated, combined or unitary state or local income taxes. Under the tax sharing agreement, GAF Corporation makes all decisions with respect to all matters relating to taxes of the GAF tax group. The provisions of the tax sharing agreement take into account both the federal income taxes we would have incurred if we filed our own separate federal income tax return and the fact that we are a member of the GAF tax group for federal income tax purposes.

INTERCOMPANY BORROWINGS

BMCA makes loans to, and borrows from, G-I Holdings and its subsidiaries from time to time at prevailing market rates. No loans were made by BMCA to G-I Holdings during 1999, and no loans were made to BMCA by G-I Holdings and its subsidiaries during 1999. As of December 31, 1999, no loans were owed to BMCA by G-I Holdings, and no loans were owed by BMCA to affiliates. In addition, BMCA makes non-interest bearing advances to affiliates, of which $59.1 million were outstanding at December 31, 1999. In 1999, BMCA made a distribution of $60.0 million to its parent company. See Note 14 to Consolidated Financial Statements.

PART IV

ITEM 14. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(a)(1) Financial Statements: See Index on page F-1.

(a)(2) Financial Statement Schedules: See Index on page F-1.

(a)(3) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
2.1	-- Reorganization Agreement, dated as of December 31, 1998, by and among BMCA, Building Materials Manufacturing Corporation and Building Materials Investment Corporation (incorporated by reference to Exhibit 2.1 to BMCA's Registration Statement on Form S-4 (Registration No. 333-69749) (the "2008 Notes S-4")).
3.1	-- Amended and Restated Certificate of Incorporation of BMCA.
3.2	-- By-laws of BMCA (incorporated by reference to Exhibit 3.2 to BMCA's Registration Statement on Form S-4 (Registration No. 33-81808) (the "Deferred Coupon Note Registration Statement")).
3.3	-- Certificate of Incorporation of Building Materials Manufacturing Corporation (incorporated by referenced to Exhibit 3.3 to BMCA's Annual Report on Form 10-K for the year ended December 31, 1998 (the "1998 Form 10-K")).
3.4	-- By-laws of Building Materials Manufacturing Corporation (incorporated by reference to Exhibit 3.4 to the 1998 Form 10-K).
3.5	-- Certificate of Incorporation of Building Materials Investment Corporation (incorporated by reference to Exhibit 3.5 to the 1998 Form 10-K).
3.6	-- By-laws of Building Materials Investment Corporation (incorporated by reference to Exhibit 3.6 to the 1998 Form 10-K).
4.1	-- Indenture, dated as of December 3, 1998, between BMCA and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to the 2008 Notes S-4).
4.2	-- First Supplemental Indenture, dated as of January 1, 1999, to Indenture, dated as of December 3, 1998, among BMCA, as issuer, Building Materials Manufacturing Corporation and Building Materials Investment Corporation, as guarantors, and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.4 to the 2008 Notes S-4).
4.3	-- Indenture, dated as of December 9, 1996, between BMCA and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to BMCA's Registration Statement on Form S-4 (Registration No. 333-20859) (the "2006 Notes Registration Statement")).
4.4	-- Indenture, dated as of October 20, 1997, between BMCA and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to BMCA's Registration Statement on Form S-4 (Registration No. 333-41531) (the "8% Notes Registration Statement")).
4.5	-- Indenture, dated as of July 17, 1998, between BMCA and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to BMCA's Registration Statement on Form S-4 (Registration No. 333-60633) (the "2005 Notes S-4")).
4.6	-- First Supplemental Indenture, dated as of January 1, 1999, to Indenture, dated as of December 9, 1996, among BMCA, as issuer, Building Materials Manufacturing Corporation and Building Materials Investment Corporation, as guarantors, and The Bank of New York, as trustee (incorporated by reference to Exhibit 10.7 to the 2008 Notes S-4).
4.7	-- First Supplemental Indenture, dated as of January 1, 1999, to Indenture, dated as of October 20, 1997, among BMCA, as issuer, Building Materials Manufacturing Corporation, as co-obligor, Building Materials Investment Corporation, as guarantor, and The Bank of New York, as trustee (incorporated by reference to Exhibit 10.8 to the 2008 Notes S-4).

4.8	--	First Supplemental Indenture, dated as of January 1, 1999, to Indenture, dated as of July 17, 1998, among BMCA, as issuer, Building Materials Manufacturing Corporation and Building Materials Investment Corporation, as guarantors, and The Bank of New York, as trustee (incorporated by reference to Exhibit 10.9 to the 2008 Notes S-4).
10.1	--	Amended and Restated Management Agreement, dated as of January 1, 1999 (the "Management Agreement"), among GAF, G-I Holdings, G Industries, Merick Inc., GAF Fiberglass, ISP, GAF Building Materials Corporation, GAF Broadcasting Company, Inc., BMCA and ISP Opco Holdings Inc. (incorporated by reference to Exhibit 10.1 to the 1998 Form 10-K).
10.2	--	Amendment No. 1 to the Management Agreement (incorporated by reference to Exhibit 10.2 to International Specialty Products Inc. Annual Report on Form 10-K for the year ended December 31, 1999).
10.3	--	Form of Option Agreement relating to Series A Cumulative Redeemable Convertible Preferred Stock (incorporated by reference to Exhibit 10.9 to BMCA's Form 10-K for the year ended December 31, 1996 (the "1996 Form 10-K")).*
10.4	--	Forms of Amendment to Option Agreement relating to Series A Cumulative Redeemable Convertible Preferred Stock (incorporated by reference to Exhibit 10.12 to BMCA's Form 10-K for the year ended December 31, 1997 (the "1997 Form 10-K")).*
10.5	--	Form of Option Agreement relating to Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 10.13 to the 1997 Form 10-K).*
10.6	--	BMCA Preferred Stock Option Plan (incorporated by reference to Exhibit 4.2 to BMCA's Registration Statement on Form S-8 (Registration No. 333-60589)).*
10.7	--	Tax Sharing Agreement, dated as of January 31, 1994, among GAF, G-I Holdings and BMCA (incorporated by reference to Exhibit 10.6 to the Deferred Coupon Note Registration Statement).
10.8	--	Reorganization Agreement, dated as of January 31, 1994, among GAF Building Materials Corporation, G-I Holdings and BMCA (incorporated by reference to Exhibit 10.9 to the Deferred Coupon Notes Registration Statement).
21	--	Subsidiaries of BMCA.
23	--	Consent of Arthur Andersen LLP.
27.1	--	Financial Data Schedule for fiscal year 1999, which is submitted electronically to the Securities and Exchange Commission for information only.
27.2	--	Restated Financial Data Schedule for fiscal year 1998, which is submitted electronically to the Securities and Exchange Commission for information only.
27.3	--	Restated Financial Data Schedule for fiscal year 1997, which is submitted electronically to the Securities and Exchange Commission for information only.

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* Management and/or compensation plan or arrangement.

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BUILDING MATERIALS CORPORATION OF AMERICA

By: /s/ WILLIAM C. LANG
William C. Lang
Executive Vice President, Chief Administrative Officer and Chief Financial Officer

Date: March 30, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ SAMUEL J. HEYMAN Samuel J. Heyman	Chairman of the Board and Chief Executive Officer; Director (Principal Executive Officer)	March 30, 2000
/s/ WILLIAM W. COLLINS Wi`` am W. Collins	President and Chief Operating Officer; Director	March 30, 2000
/s/ WILLIAM C. LANG William C. Lang	Executive Vice President, Chief Administrative Officer and Chief Financial Officer; Director (Principal Financial Officer)	March 30, 2000
/s/ JAMES T. ESPOSITO James T. Esposito	Vice President and Controller (Principal Accounting Officer)	March 30, 2000

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BUILDING MATERIALS MANUFACTURING CORPORATION

By: /s/ WILLIAM C. LANG

William C. Lang
Executive Vice President, Chief Administrative
Officer and Chief Financial Officer

Date: March 30, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ SAMUEL J. HEYMAN Samuel J. Heyman	Chief Executive Officer (Principal Executive Officer)	March 30, 2000
/s/ WILLIAM W. COLLINS William W. Collins	President and Chief Operating Officer; Director	March 30, 2000
/s/ WILLIAM C. LANG William C. Lang	Executive Vice President, Chief Administrative Officer and Chief Financial Officer; Director (Principal Financial Officer)	March 30, 2000
/s/ JAMES T. ESPOSITO James T. Esposito	Vice President and Controller (Principal Accounting Officer)	March 30, 2000

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BUILDING MATERIALS INVESTMENT CORPORATION

By: /s/ WILLIAM C. LANG

William C. Lang
Executive Vice President, Chief Administrative Officer and Chief Financial Officer

Date: March 30, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ SAMUEL J. HEYMAN Samuel J. Heyman	Chief Executive Officer (Principal Executive Officer)	March 30, 2000
/s/ WILLIAM W. COLLINS William W. Collins	President and Chief Operating Officer; Director	March 30, 2000
/s/ WILLIAM C. LANG William C. Lang	Executive Vice President, Chief Administrative Officer and Chief Financial Officer; Director (Principal Financial Officer)	March 30, 2000
/s/ BARRY A. CROZIER Barry A. Crozier	Director	March 30, 2000
/s/ JAMES T. ESPOSITO James T. Esposito	Vice President and Controller (Principal Accounting Officer)	March 30, 2000

BUILDING MATERIALS CORPORATION OF AMERICA
FORM 10-K

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BUILDING MATERIALS CORPORATION OF AMERICA

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Building Materials Corporation of America (the "Company"), an indirect subsidiary of GAF Corporation ("GAF") and G-I Holdings Inc. ("G-I Holdings"), was formed in January 1994 to acquire the operating assets and certain liabilities of GAF Building Materials Corporation ("GAFBMC"), a parent of the Company. See Note 1 to Consolidated Financial Statements.

RESULTS OF OPERATIONS

1999 Compared With 1998

The Company recorded net income in 1999 of $24.0 million compared with a net loss of $9.8 million in 1998. The net income in 1999 and the net loss in 1998 included pre-tax nonrecurring charges of $2.7 million ($1.7 million after-tax) and $27.6 million ($17.1 million after-tax), respectively, and after-tax extraordinary losses of $1.3 million and $18.1 million, respectively. Excluding the extraordinary losses and nonrecurring charges in both years, net income would have been $27.0 million in 1999 compared with $25.4 million in 1998, an increase of 6.3%, with the increase primarily attributable to higher operating income and lower interest expense, partially offset by lower investment income.

Net sales for 1999 were $1,140.0 million, a 4.8% increase over net sales for 1998 of $1,088.0 million. The sales growth was primarily due to the inclusion of the LL Building Products Inc. business, acquired in June 1998, for the full year (see Note 4 to Consolidated Financial Statements), together with net sales gains in premium residential roofing products, partially offset by lower net sales in commercial roofing products. The increase in net sales of premium residential roofing products resulted from higher sales volumes and average selling prices, while the decline in net sales of commercial roofing products resulted from lower average selling prices.

Operating income, before the impact of nonrecurring charges, for 1999 was $85.7 million, a 14.2% increase over the $75.1 million for 1998 and, as a percentage of sales, improved to 7.5% in 1999 from 6.9% in 1998. The increase in operating income in 1999 was primarily attributable to higher net sales for the Company's premium residential roofing products, the inclusion of the LL Building Products Inc. business, acquired in June 1998, for the full year, and a modest improvement in commercial roofing products, primarily the result of lower selling, general and administrative expenses and manufacturing costs.

The Company recorded pre-tax nonrecurring charges in 1999 of $2.7 million related to the settlement of a legal matter and, in 1998, $27.6 million, of which $20.0 million related to the settlement of a national class action lawsuit involving asphalt shingles, and $7.6 million related to a grant to the Company's former President and Chief Executive Officer of restricted common stock of the Company and certain cash payments to be made over a specified period of time (substantially all of which was earned) in connection with the termination by an affiliate of preferred stock options and stock appreciation rights held by such officer (see Note 5 to Consolidated Financial Statements).

Interest expense declined to $48.3 million for 1999 from $50.0 million in 1998, due primarily to a lower average interest rate, partially offset by higher average borrowings. The lower average interest rate resulted primarily from the refinancing of $310 million in aggregate principal amount at maturity of the Company's 11 3/4% Senior Deferred Coupon Notes due 2004 (the "Deferred Coupon Notes") with substantially all of the net proceeds from the issuances of $150 million in aggregate principal amount of the Company's 7 3/4% Senior Notes due 2005 (the "2005 Notes"), $155 million in aggregate principal amount of the Company's 8% Senior Notes due 2008 (the "2008 Notes") and a $31.9 million Term Loan (the "Term Loan") in July 1998, December 1998 and August 1999, respectively. In connection with the above refinancing, the Company recorded after-tax extraordinary losses of $1.3 million in 1999 and $18.1 million in 1998 related to premiums paid to repurchase the Deferred Coupon Notes.

Other income, net, was $5.4 million in 1999 compared with $15.9 million in 1998. The decline was principally due to $10.3 million lower investment income.

1998 Compared With 1997

The Company recorded a net loss in 1998 of $9.8 million compared with net income of $27.8 million in 1997. The net loss in 1998 reflected the impact of $27.6 million of pre-tax nonrecurring charges ($17.1 million after-tax) and after-tax extraordinary losses of $18.1 million. Excluding the effect of these charges and losses, the Company's results reflected higher operating and other income, partially offset by increased interest expense.

Net sales for 1998 were $1,088.0 million, a 15.2% increase over net sales for 1997 of $944.6 million, principally due to increased sales in the residential roofing products and the acquisition of the LL Building Products Inc. business in June 1998 (see Note 4 to Consolidated Financial Statements), partially offset by lower sales in commercial roofing products. The increase in residential roofing sales resulted from higher unit volumes and average selling prices, while the commercial roofing products experienced declines in both unit volumes and average selling prices.

Operating income, before the impact of the nonrecurring charges, was $75.1 million for 1998, a 2.6% increase over the $73.2 million recorded in 1997. This increase in operating income was primarily attributable to improved gross profit margins due to increased plant capacity utilization and the inclusion of the LL Building Products Inc. business after its acquisition in June 1998. Partially offsetting these improvements were higher distribution costs due to rail carrier service problems in the first nine months of 1998 and higher selling, general and administrative expenses resulting from broader marketing efforts.

The Company recorded pre-tax nonrecurring charges in 1998 (see Note 5 to Consolidated Financial Statements) aggregating $27.6 million, of which $20.0 million related to the settlement of a national class action lawsuit involving asphalt shingles manufactured between January 1, 1973 and December 31, 1997. Under the terms of the September 1998 settlement, the Company will provide property owners whose GAF shingles were manufactured during this period and which suffer certain damages during the term of their original warranty period, and who file a qualifying claim, with an opportunity to receive certain limited benefits beyond those already provided in their existing warranty. In July 1998, the Company recorded a pre-tax nonrecurring charge of $7.6 million related to a grant to its President and Chief Executive Officer of 30,000 shares of restricted common stock of the Company and related cash payments to be made over a specified period of time (substantially all of which was earned) in connection with the termination by an affiliate of preferred stock options and stock appreciation rights held by such officer.

Interest expense increased from $43.0 million in 1997 to $50.0 million in 1998, primarily due to higher debt levels, partially offset by a lower average interest rate. The lower average interest rate resulted from the refinancing of $279.7 million in aggregate principal amount at maturity of the Company's Deferred Coupon Notes with substantially all of the net proceeds from the issuances of the 2005 Notes and the 2008 Notes in July and December 1998, respectively. See the discussion below under Liquidity and Financial Condition. In connection with these transactions, the Company recorded after-tax extraordinary losses of $18.1 million related to premiums paid to purchase the Deferred Coupon Notes.

Other income, net, was $15.9 million in 1998 compared with $15.5 million in 1997, with the improvement due primarily to the absence of a $3.0 million provision recorded in 1997 for estimated obligations related to product warranty claims for a discontinued product, and lower other miscellaneous expenses, partially offset by $4.2 million lower investment income.

LIQUIDITY AND FINANCIAL CONDITION

Net cash inflow during 1999 was $84.8 million before financing activities, and included $82.5 million of cash generated from operations, the reinvestment of $45.3 million for capital programs, and the generation of $48.2 million from net sales of available-for-sale and held-to-maturity securities and other short-term investments.

Cash invested in additional working capital (excluding the non-cash leasing transactions described below) totaled $26.2 million during 1999, primarily reflecting increases in accounts receivable and inventories of $11.3 and $14.9 million, respectively, and a decrease in accrued liabilities of $11.3 million (after non-cash transactions), partially offset by a $9.9 million increase in accounts payable. Cash from operating activities also reflected a $48.8 million cash outflow from related party transactions (net of a $60 million distribution to parent company), a $103.6 million cash inflow from net sales of trading securities, a $14.3 million cash outflow for product warranty claims and $10.2 million of cash outflow from a decrease in other assets, other liabilities and other operating activities, including $2.2 million of capitalized software.

In connection with the construction of two new manufacturing facilities, the Company entered into two leases for certain machinery and equipment to be utilized at the Company's plants under construction in Michigan City, Indiana and Shafter, California, which leases meet the criteria of operating leases under Statement of Financial Accounting Standards ("SFAS") No. 13 "Accounting for Leases". In connection therewith, at December 31, 1999, property, plant and equipment, net, and accrued liabilities included $65.6 million of assets under such leases. Such amounts will be reversed when the related plants become fully operational, which is expected to occur in 2000. This $65.6 million increase in accrued liabilities was offset by other reductions aggregating $10.4 million.

Net cash used in financing activities totaled $53.9 million in 1999. The Company generated $5.6 million of proceeds from the sale of the Company's trade receivables and $37.9 million of proceeds from the issuance of long-term debt, including $31.9 million from the Term Loan used to refinance the remaining amount of Deferred Coupon Notes outstanding, $3.5 million from an industrial revenue bond and $1.8 million from a promissory note. Offsetting such cash inflows was $36.0 million of repayments of long-term debt, principally the repurchase of the remaining $29.9 million in aggregate principal amount of the Deferred Coupon Notes, a $60.0 million distribution to parent company, and $2.4 million in financing fees and expenses.

As a result of the foregoing factors, cash and cash equivalents increased by $31.0 million during 1999 to $56.0 million, excluding $32.0 million of trading and available-for-sale securities and other short-term investments.

In August 1999, the Company entered into a new three-year bank credit facility (the "Credit Agreement"). The terms of the Credit Agreement provide for a $110 million revolving credit facility, the full amount of which is available for letters of credit, provided that total borrowings and outstanding letters of credit may not exceed $110 million in the aggregate. As of December 31, 1999, $27.1 million of letters of credit and no borrowings were outstanding under the Credit Agreement. Under the terms of the Credit Agreement, the Company is subject to certain financial covenants, including interest coverage and leverage ratios, along with a limitation on the amount of dividends and other restricted payments made to affiliates. As of December 31, 1999, the Company was in compliance with all such covenants.

Additional borrowings by the Company are subject to certain covenants contained in the indentures relating to the 8 5/8% Senior Notes due 2006, the 8% Senior Notes due 2007, the 2005 Notes, the 2008 Notes (collectively, the "Other Senior Notes"), the Credit Agreement and the Term Loan.

See Note 10 to Consolidated Financial Statements for further information regarding the debt instruments of the Company.

Upon its formation on January 31, 1994, the Company assumed the first $204.4 million of GAFBMC's liabilities relating to then-pending cases and previously settled asbestos-related bodily injury cases, all of which were paid as of March 30, 1997. See Item 3, "Legal Proceedings" for further information regarding asbestos-related matters. At December 31, 1999, the Company had total outstanding consolidated indebtedness of $606.9 million, of which $6.1 million matures prior to December 31, 2000, and stockholders' equity of $21.7 million. The Company anticipates funding such obligations principally from its cash and investments, operations and/or borrowings, which may include borrowings from affiliates.

In March 1993, the Company sold its trade accounts receivable ("receivables") to a trust, without recourse, pursuant to an agreement which provided for a maximum of $75 million in cash to be made available to the Company based on eligible receivables outstanding from time to time. In November 1996, the Company repurchased the receivables sold pursuant to the 1993 agreement and sold them to a special purpose subsidiary of the Company, BMCA Receivables Corporation, without recourse, which in turn sold them to a new trust, without recourse, pursuant to new agreements. The new agreements provide for a maximum of $115 million in cash to be made available to the Company based on eligible receivables outstanding from time to time. This facility expires in December 2001.

The Company makes loans to, and borrows from, G-I Holdings and its subsidiaries at prevailing market rates. As of December 31, 1999, no loans were owed to the Company by G-I Holdings and no loans were owed by the Company to affiliates. In addition, the Company makes non-interest bearing advances to affiliates, of which $59.1 million were outstanding at December 31, 1999.

The parent corporations of the Company are essentially holding companies without independent businesses or operations and, as such, are presently dependent upon the earnings and cash flows of their subsidiaries, principally the Company, in order to satisfy their obligations, including asbestos-related and other claims and certain potential tax liabilities including tax liabilities relating to Rhone-Poulenc Surfactants & Specialties, L.P., a Delaware limited partnership which operates, among other businesses, GAF Fiberglass Corporation's ("GFC") former surfactants chemicals business. The parent corporations of the Company are GAF, G-I Holdings, G Industries Corp., GFC, GAFBMC and BMCA Holdings Corporation. GAF has advised the Company that it expects to obtain funds to satisfy such obligations from, among other things, dividends and loans from subsidiaries, principally the Company, payments pursuant to the Tax Sharing Agreement between GAF and the Company and proceeds from insurance recoveries. The indentures relating to the Other Senior Notes, the Credit Agreement and the Term Loan contain restrictions on the amount of dividends, loans and other restricted payments, as defined therein, which may be paid by the Company. As of December 31, 1999, after giving effect to the most restrictive of the aforementioned restrictions, the Company could have paid dividends and other restricted payments of up to $76.1 million. The Company does not believe that the dependence of its parent corporations on the cash flows of their subsidiaries should have a material adverse effect on the operations, liquidity or capital resources of the Company. For further information, see Notes 3, 6, 10, 14 and 15 to Consolidated Financial Statements.

The Company uses capital resources to maintain existing facilities, expand its operations and make acquisitions. In 2000, the Company expects to complete construction of a new fiberglass roofing mat manufacturing facility in Shafter, California and a new residential roofing shingle manufacturing facility in Michigan City, Indiana. In addition, the Company expects to build a manufacturing facility for a single ply commercial membrane roofing system in 2000. Funding for the Company's capital program is expected to be generated from results of operations and leasing transactions.

The Company utilizes interest rate swap agreements ("swaps") to lower funding costs, diversify sources of funding and manage interest rate exposure. In June 1998, the Company terminated its outstanding swaps related to its Deferred Coupon Notes with an aggregate ending notional principal amount of $60.0 million, resulting in gains of $0.7 million. The gains were deferred and amortized as a reduction of interest expense over the remaining original life of the swaps. By utilizing swaps, the Company reduced its interest expense by $2.0, $1.9 and $0.2 million in 1997, 1998 and 1999, respectively. See Note 10 to Consolidated Financial Statements.

The Company does not believe that inflation has had an effect on its results of operations during the past three years. However, there can be no assurance that the Company's business will not be affected by inflation in the future, or by the increase in cost of asphalt purchases used in the Company's manufacturing process principally due to rising oil prices.

Market-Sensitive Instruments and Risk Management

The Company's investment strategy is to seek returns in excess of money market rates on its available cash while minimizing market risks. There can be no assurance that the Company will be successful in implementing such a strategy. The Company invests primarily in international and domestic arbitrage and securities of companies involved in acquisition or reorganization transactions, including at times, common stock short positions which are offset against long positions in securities which are expected, under certain circumstances, to be exchanged or converted into the short positions. With respect to its equity positions, the Company is exposed to the risk of market loss. See Note 2 to Consolidated Financial Statements.

The Company enters into financial instruments in the ordinary course of business in order to manage its exposure to market fluctuations on its short-term investments. The financial instruments the Company employs to reduce market risk include hedging instruments. The counterparties to these financial instruments are major financial institutions with high credit standings. The amounts subject to credit risk are generally limited to the amounts, if any, by which the counterparties' obligations exceed the obligations of the Company. The Company controls credit risk through credit approvals, limits and monitoring procedures. The Company does not anticipate nonperformance by counterparties to these instruments.

	DECEMBER 31, 1998		DECEMBER 31, 1999	
	NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
	(MILLIONS)			
Equity-related financial instruments	$178.4	$ 0	$0.9	$ 0

All of the financial instruments in the above table have a maturity of less than one year. As of December 31, 1999, equity-related financial instruments employed by the Company to reduce market risk include long contracts valued at $0.9 million, which are marked-to-market each month, with unrealized gains and losses included in results of operations. As such, there is no economic cost at December 31, 1999 to terminate these instruments and therefore the fair market value is zero.

Year 2000 Compliance

During 1999, the Company completed a formal year 2000 program (the "Year 2000 Program") to address the potential issues relating to the inability of some of its information technology ("IT") and non-IT equipment, including embedded technology, to accurately read and process certain dates, including dates in the year 2000 and afterwards (the "Year 2000 Issues"). As part of the Year 2000 Program, the Company also requested information on the Year 2000 Issues of third parties significant to the Company's business and, accordingly, developed contingency plans to minimize the impact of Year 2000 Issues on its business. The costs to complete the Year 2000 Program were not material to the Company's financial position or results of operations. To date, the Company has not experienced any significant consequences related to Year 2000 Issues, and the Company reasonably believes that potential undiscovered Year 2000 Issues will not have a material effect on its business, financial condition or results of operations.

* * *

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act and section 21E of the Exchange Act. These forward-looking statements are only predictions and generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee" or other similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals also are forward-looking statements. The Company's operations are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. The forward-looking statements included herein are made only as of the date of this Annual Report on Form 10-K and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. No assurances can be given that projected results or events will be achieved.

BUILDING MATERIALS CORPORATION OF AMERICA

SELECTED FINANCIAL DATA

The following table presents the selected consolidated financial data of the Company. As of January 1, 1997, G-I Holdings contributed all of the capital stock of U.S. Intec, Inc. ("U.S. Intec") to BMCA. Accordingly, the Company's historical consolidated financial statements include U.S. Intec's results of operations from the date of its acquisition by G-I Holdings (October 20, 1995), including sales of $21.8 and $99.0 million for the years ended December 31, 1995 and 1996, respectively, and net income (loss) of $(0.5) and $1.3 million, respectively. See Note 1 to Consolidated Financial Statements. The results for the year ended December 31, 1997 include the results of the Leatherback Industries business from the date of its acquisition (March 14, 1997), including sales of $30.2 million. The results for the year ended December 31, 1998 include the results of the LL Building Products Inc. business from the date of its acquisition (June 1, 1998), including net sales of $53.3 million.

	YEAR ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
			(MILLIONS)		
Operating Data:					
Net sales	$687.2	$852.0	$944.6	$1,088.0	$1,140.0
Operating income	45.9	61.4	73.2	47.5*	83.1*
Interest expense	24.8	32.0	43.0	50.0	48.3
Income before income taxes and extraordinary losses	16.5	27.9	45.7	13.5	40.2
Income before extraordinary losses	10.1	17.1	27.8	8.4	25.3
Net income (loss)	10.1	17.1	27.8	(9.8)	24.0

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* After nonrecurring charges of $27.6 and $2.7 million in 1998 and 1999, respectively.

	DECEMBER 31,				
	1995	1996	1997	1998	1999
			(MILLIONS)		
Balance Sheet Data:					
Total working capital	$ 54.6	$247.3	$283.1	$ 220.1	$ 109.9
Total assets	560.5	702.0	829.7	867.0	895.1
Long-term debt less current maturities	310.3	405.7	563.9	596.9	600.7
Total stockholders' equity	15.8	143.2	89.5	52.2	21.7

	YEAR ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
			(MILLIONS)		
Other Data:					
Depreciation	$ 20.3	$ 23.9	$ 25.0	$ 28.9	$ 33.0
Goodwill amortization	1.2	1.7	1.9	2.1	2.0
Capital expenditures and acquisitions	54.1	25.6	82.2	134.5	45.8

BUILDING MATERIALS CORPORATION OF AMERICA

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Building Materials Corporation of America:

We have audited the accompanying consolidated balance sheets of Building Materials Corporation of America (a Delaware corporation) and subsidiaries as of December 31, 1998 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, appearing on pages F-9 to F-40 of this Form 10-K, present fairly, in all material respects, the financial position of Building Materials Corporation of America and subsidiaries as of December 31, 1998 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule appearing on page S-1 of this Form 10-K is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Roseland, New Jersey
February 24, 2000

BUILDING MATERIALS CORPORATION OF AMERICA
CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
		(THOUSANDS)	
Net sales	$944,629	$1,087,957	$1,140,039
Costs and expenses:			
Cost of products sold	682,855	774,339	812,697
Selling, general and administrative	186,653	236,416	239,560
Goodwill amortization	1,891	2,111	2,034
Nonrecurring charges	--	27,563	2,650
Total costs and expenses	871,399	1,040,429	1,056,941
Operating income	73,230	47,528	83,098
Interest expense	(43,042)	(49,954)	(48,317)
Other income, net	15,462	15,895	5,440
Income before income taxes and extraordinary losses	45,650	13,469	40,221
Income taxes	(17,803)	(5,118)	(14,882)
Income before extraordinary losses	27,847	8,351	25,339
Extraordinary losses, net of income tax benefits of $11,101 and $761, respectively	--	(18,113)	(1,296)
Net income (loss)	$ 27,847	$ (9,762)	$ 24,043

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

BUILDING MATERIALS CORPORATION OF AMERICA
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1998	DECEMBER 31, 1999
	(THOUSANDS)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 24,989	$ 55,952
Investments in trading securities	95,134	687
Investments in available-for-sale securities	56,461	29,702
Investments in held-to-maturity securities	6,358	--
Other short-term investments	22,671	1,590
Accounts receivable, trade, less reserve of $4,035 and $4,019, respectively	24,249	22,938
Accounts receivable, other	55,912	62,892
Receivable from related parties	860	59,132
Inventories	93,703	108,615
Other current assets	4,866	4,239
Total Current Assets	385,203	345,747
Property, plant and equipment, net	332,348	410,703
Excess of cost over net assets of businesses acquired, net of accumulated amortization of $10,891 and $12,925, respectively	72,093	70,408
Deferred income tax benefits	58,974	45,561
Other assets	18,410	22,693
Total Assets	$867,028	$895,112
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 4,273	$ 6,149
Accounts payable	74,417	84,334
Payable to related party	5,545	15,024
Accrued liabilities	60,665	115,828
Reserve for product warranty claims	20,239	14,500
Total Current Liabilities	165,139	235,835
Long-term debt less current maturities	596,913	600,745
Reserve for product warranty claims	28,393	19,814
Other liabilities	24,366	17,029
Commitments and Contingencies		
Stockholders' Equity:		
Series A Cumulative Redeemable Convertible Preferred Stock, $.01 par value per share; 200,000 and 400,000 shares authorized, respectively; no shares issued	--	--
Class A Common Stock, $.001 par value per share; 1,300,000 shares authorized: 1,015,010 and 1,019,621 shares issued and outstanding, respectively	1	1
Class B Common Stock, $.001 par value per share; 100,000 shares authorized; 15,000 shares issued and outstanding	--	--
Additional paid-in capital	94,189	40,632
Accumulated deficit	(22,089)	--
Accumulated other comprehensive loss	(19,884)	(18,944)
Total Stockholders' Equity	52,217	21,689
Total Liabilities and Stockholders' Equity	$867,028	$895,112

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

BUILDING MATERIALS CORPORATION OF AMERICA

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
		(THOUSANDS)	
Cash and cash equivalents, beginning of year	$ 124,560	$ 12,924	$ 24,989
Cash provided by (used in) operating activities:			
Net income (loss)	27,847	(9,762)	24,043
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Extraordinary losses	--	18,113	1,296
Depreciation	25,049	28,935	32,986
Goodwill and other amortization	1,891	2,312	2,675
Deferred income taxes	17,524	4,538	14,132
Noncash interest charges	27,222	23,877	3,321
(Increase) decrease in working capital items	17,788	(15,962)	(26,200)
Increase (decrease) in product warranty claims	(6,688)	11,651	(14,318)
Purchases of trading securities	(123,483)	(189,197)	(139,522)
Proceeds from sales of trading securities	55,378	124,931	243,097
(Increase) decrease in other assets	1,773	282	(4,501)
Increase (decrease) in other liabilities	(2,482)	3,267	(2,335)
Change in net receivable from/payable to related parties	(40,237)	42,635	(48,793)
Other, net	(7,434)	11,272	(3,404)
Net cash provided by (used in) operating activities	(5,852)	56,892	82,477
Cash provided by (used in) investing activities:			
Capital expenditures	(51,297)	(75,334)	(45,322)
Acquisitions	(30,861)	(59,187)	(515)
Proceeds from sale of assets	--	29,019	--
Purchases of available-for-sale securities	(223,804)	(89,324)	(76,048)
Purchases of held-to-maturity securities	(4,591)	(6,357)	(2,349)
Proceeds from sales of available-for-sale securities	173,547	170,055	97,400
Proceeds from held-to-maturity securities	11,361	499	7,758
Proceeds from sales of other short-term investments	--	--	21,421
Net cash provided by (used in) investing activities	(125,645)	(30,629)	2,345
Cash provided by (used in) financing activities:			
Proceeds (repayments) from sale of accounts receivable	(35,332)	30,578	5,640
Increase (decrease) in short-term debt	26,944	(26,944)	--
(Increase) decrease in loan receivable from related party	(6,152)	6,152	--
Proceeds from issuance of long-term debt	99,916	304,019	37,943
Increase (decrease) in borrowings under revolving credit facility	34,000	(34,000)	--
Repayments of long-term debt	(3,521)	(287,904)	(35,954)
Distributions to parent company	(91,000)	--	(60,000)
Proceeds from issuance of common stock	--	--	870
Payments of asbestos claims	(3,062)	--	--
Financing fees and expenses	(1,932)	(6,099)	(2,358)
Net cash provided by (used in) financing activities	19,861	(14,198)	(53,859)
Net change in cash and cash equivalents	(111,636)	12,065	30,963
Cash and cash equivalents, end of year	$ 12,924	$ 24,989	$ 55,952

BUILDING MATERIALS CORPORATION OF AMERICA
CONSOLIDATED STATEMENTS OF CASH FLOWS--(CONTINUED)

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
		(THOUSANDS)	
Supplemental Cash Flow Information:			
Effect on cash from (increase) decrease in working capital items*:			
Accounts receivable	$ 7,785	$ (40,467)	$ (11,309)
Inventories	8,108	(10,707)	(14,912)
Other current assets	(2,849)	2,032	1,423
Accounts payable	9,989	10,062	9,917
Accrued liabilities	(5,245)	23,118	(11,319)
Net effect on cash from (increase) decrease in working capital items	$ 17,788	$ (15,962)	$ (26,200)
Cash paid during the period for:			
Interest (net of amount capitalized)	$ 14,259	$ 19,994	$ 44,109
Income taxes (including taxes paid pursuant to the Tax Sharing Agreement)	346	1,174	1,250
Acquisition of Leatherback Industries business, net of $8 cash acquired:			
Fair market value of assets acquired	$ 27,167		
Purchase price of acquisition	25,531		
Liabilities assumed	$ 1,636		
Acquisition of LL Building Products Inc. business:			
Fair market value of assets acquired		$ 59,318	
Purchase price of acquisition		43,468	
Liabilities assumed		$ 15,850	

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* Working capital items exclude cash and cash equivalents, short-term investments, short-term debt and net receivables from/payables to related parties. Working capital acquired in connection with acquisitions is reflected in "Acquisitions". The effects of reclassifications between noncurrent and current assets and liabilities are excluded from the amounts shown above. In addition, the increase in receivables shown above does not reflect the cash proceeds from the sale of certain of the Company's receivables (see Note 7); such proceeds are reflected in cash from financing activities. See Note 1 for a description of the non-cash contribution of certain assets, including the glass fiber manufacturing facility located in Nashville, Tennessee, and certain related liabilities. See Note 5 for a description of non-cash capital contributions. See Note 9 for a description of non-cash leasing transactions.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

BUILDING MATERIALS CORPORATION OF AMERICA

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

	CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	ACCUMULATED DEFICIT	COMPREHENSIVE INCOME (LOSS)
		(THOUSANDS)		
Balance, December 31, 1996	$182,700	$ 711	$ (40,174)	
Comprehensive income--year ended December 31, 1997:				
Net income	--	--	27,847	$ 27,847
Other comprehensive income, net of tax:				
Unrealized holding gains arising during the period, net of income taxes of $5,043	--	7,886	--	7,886
Less: Reclassification adjustment for losses included in net income, net of income tax effect of $1,548	--	(2,422)	--	(2,422)
Change in unrealized gains on available-for-sale securities	--	10,308	--	10,308
Minimum pension liability adjustment	--	(848)	--	(848)
Comprehensive income				$ 37,307
Distributions to parent company	(91,000)	--	--	
Balance, December 31, 1997	$ 91,700	$ 10,171	$ (12,327)	
Comprehensive loss--year ended December 31, 1998:				
Net loss	--	--	(9,762)	$ (9,762)
Other comprehensive income, net of tax:				
Unrealized holding losses arising during the period, net of income tax benefit of $10,409	--	(16,504)	--	(16,504)
Less: Reclassification adjustment for gains included in net loss, net of income tax effect of $7,064	--	11,526	--	11,526
Change in unrealized losses on available-for-sale securities	--	(28,030)	--	(28,030)
Minimum pension liability adjustment	--	(2,025)	--	(2,025)
Comprehensive loss				$ (39,817)
Issuance of 30,000 shares of restricted common stock	2,490	--	--	
Balance, December 31, 1998	$ 94,190	$ (19,884)	$ (22,089)	
Comprehensive income-year ended December 31, 1999:				
Net income	--	--	24,043	$ 24,043
Other comprehensive income, net of tax:				
Unrealized holding gains arising during the period, net of income taxes of $1,270	--	1,424	--	1,424
Less: Reclassification adjustment for gains included in net income, net of income tax effect of $1,227	--	2,089	--	2,089
Change in unrealized losses on available-for-sale securities	--	(665)	--	(665)
Minimum pension liability adjustment	--	1,605	--	1,605
Comprehensive income				$ 24,983
Distributions to parent company	(58,046)	--	(1,954)	
Capital contributions	3,619	--	--	
Exercise of stock options	870	--	--	
Balance, December 31, 1999	$ 40,633	$ (18,944)	$ --	

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

BUILDING MATERIALS CORPORATION OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Building Materials Corporation of America (the "Company") was formed on January 31, 1994 and is a 99.6%-owned subsidiary of BMCA Holdings Corporation ("BHC"), which is a 97%-owned subsidiary of GAF Building Materials Corporation ("GAFBMC"), which is a wholly-owned subsidiary of GAF Fiberglass Corporation ("GFC"), which is a wholly-owned subsidiary of G Industries Corp. ("G Industries"), which is a wholly-owned subsidiary of G-I Holdings Inc. ("G-I Holdings"), which is a wholly-owned subsidiary of GAF Corporation ("GAF").

NOTE 1. FORMATION OF THE COMPANY

Effective as of January 31, 1994, GAFBMC transferred to the Company all of its business and assets, other than three closed manufacturing facilities, certain deferred tax assets and receivables from affiliates. The Company recorded the assets and liabilities related to such transfer at GAFBMC's historical costs. The Company contractually assumed all of GAFBMC's liabilities, except (i) all of GAFBMC's environmental liabilities, other than environmental liabilities relating to the Company's plant sites and its business as then-conducted, (ii) all of GAFBMC's tax liabilities, other than tax liabilities arising from the operations or business of the Company and (iii) all of GAFBMC's asbestos-related liabilities, other than the first $204.4 million of such liabilities (whether for indemnity or defense) relating to then-pending asbestos-related bodily injury cases and previously settled asbestos-related bodily injury cases which the Company contractually assumed and agreed to pay. G-I Holdings and GAFBMC have agreed, jointly and severally, to indemnify the Company from liabilities not assumed by the Company, including asbestos-related and environmental liabilities not expressly assumed by the Company. See Note 3.

In October 1995, G-I Holdings acquired all of the outstanding shares of U.S. Intec, Inc. ("U.S. Intec"), which manufactures commercial roofing products, for a purchase price of $27.5 million and assumed $35.0 million of U. S. Intec's indebtedness. As of January 1, 1997, U.S. Intec became a wholly-owned subsidiary of the Company through a capital contribution to the Company by G-I Holdings. Accordingly, the Company's historical consolidated financial statements include U.S. Intec's results of operations and cash flows from the date of its acquisition by G-I Holdings (October 20, 1995). The Company recorded the assets and liabilities of U.S. Intec at G-I Holdings' purchase accounting basis.

On January 1, 1997, GAF effected a series of transactions involving its subsidiaries (the "Separation Transactions") that resulted in, among other things, (i) the approximately 83.5% of the issued and outstanding common stock of International Specialty Products Inc. ("ISP"), an affiliate, owned by a subsidiary of GAF, being distributed to ISP Holdings Inc., a subsidiary of GAF, and the capital stock of ISP Holdings being distributed to the stockholders of GAF, (ii) the Company's glass fiber manufacturing facility in Nashville, Tennessee (the "Nashville facility"), and certain related assets and liabilities, being transferred to GAF Fiberglass Corporation ("GFC"), (iii) U.S. Intec becoming a subsidiary of the Company and (iv) G-I Holdings making a contribution to the Company in December 1996 of $82.5 million in cash and short-term investments. As a result of the Separation Transactions, ISP Holdings and ISP are no longer direct or indirect subsidiaries of GAF, while the Company and GFC have remained subsidiaries of GAF. On July 15, 1998, ISP merged with and into ISP Holdings and ISP Holdings changed its name to International Specialty Products Inc. The Company recorded the transfer of the Nashville facility as a distribution to its indirect parent, G-I Holdings, at its net book value. G-I Holdings then made a capital contribution to GFC equal to such net book value.

Effective August 18, 1999, GFC, in a series of transactions, contributed certain assets, including the Nashville facility, and certain related liabilities to the Company. Accordingly, the Company's historical consolidated financial statements for 1997 and 1998 have been restated to include the results of operations, cash flows and assets and liabilities of the Nashville facility. The Nashville facility was included in the Company's financial statements prior to 1997. For financial reporting purposes, the contribution of the Nashville facility was recorded by the Company at the historical cost of $9.3 million. The increase in net income resulting from the contribution of the Nashville facility for the years ended December 31, 1997 and 1998 was $1.7 and $0.8 million, respectively.

NOTE 1. FORMATION OF THE COMPANY--(CONTINUED)

The parent corporations of the Company are GAF, G-I Holdings, G Industries, GFC, GAFBMC and BHC. As a result of the Separation Transactions, dividends from ISP are not available to GAF and G-I Holdings, and loans from ISP to GAF, G-I Holdings and the Company are prohibited by certain of ISP's debt instruments.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

All subsidiaries are consolidated and intercompany transactions have been eliminated.

Financial Statement Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates. Actual results could differ from those estimates. In the opinion of management, the financial statements herein contain all adjustments necessary to present fairly the financial position and the results of operations and cash flows of the Company for the periods presented. The Company has a policy to review the recoverability of long-lived assets and identify and measure any potential impairments. The Company does not anticipate any changes in management estimates that would have a material impact on operations, liquidity or capital resources, subject to the matters discussed in Note 15 (Commitments and Contingencies).

Short-term Investments

For securities classified as "trading" (including short positions), unrealized gains and losses are reflected in income. For securities classified as "available-for-sale," unrealized gains and losses, net of income tax effect, are included in a separate component of stockholders' equity, "Accumulated other comprehensive loss," and were $(16.9) and $(17.6) million as of December 31, 1998 and 1999, respectively. Investments classified as "held-to-maturity" securities are carried at amortized cost in the Consolidated Balance Sheets.

"Other income, net" includes $26.4, $21.5 and $12.8 million of net realized and unrealized gains on securities in 1997, 1998 and 1999, respectively. The determination of cost in computing realized gains and losses is based on the specific identification method.

As of December 31, 1998 and 1999, the market value of the Company's equity securities held long was $172.5 and $30.5 million, respectively, and the Company had $144.1 and $1.5 million, respectively, of short positions in common stocks, based on market value. As of December 31, 1998 and 1999, the market value of the Company's held-to-maturity securities was $6.4 million and $0, respectively. The Company enters into equity-related financial instruments with off-balance-sheet risk as a means to manage its exposure to market fluctuations on its short-term investments. As of December 31, 1998 and 1999, the market value of equity-related short contracts was $143.2 million and $0, respectively, while the value of equity-related long contracts was $35.2 and $0.9 million, respectively, both of which are marked-to-market each month, with unrealized gains and losses included in results of operations. The market values referred to above are based on quotations as reported by various stock exchanges and major broker-dealers. With respect to its investments in securities, the Company is exposed to the risk of market loss.

"Other short-term investments" are investments in limited partnerships which are accounted for by the equity method. Gains and losses are reflected in "Other income, net." Liquidation of partnership interests generally require a 30 to 45 day notice period.

Cash and cash equivalents include cash on deposit and debt securities purchased with original maturities of three months or less.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--(CONTINUED)

Inventories

Inventories are stated at the lower of cost or market. The LIFO (last-in, first-out) method is utilized to determine cost for a portion of the Company's inventories. All other inventories are determined principally based on the FIFO (first-in, first-out) method.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method based on the estimated economic lives of the assets. The Company uses an economic life of 5-25 years for land improvements, 10-40 years for buildings and building equipment and 3-20 years for machinery and equipment, which includes furniture and fixtures. Certain interest charges are capitalized during the period of construction as part of the cost of property, plant and equipment.

Excess of Cost Over Net Assets of Businesses Acquired ("Goodwill")

Goodwill is amortized on the straight-line method over a period of approximately 40 years. The Company believes that the goodwill is recoverable. To determine if goodwill is recoverable, the Company compares the net carrying amount to undiscounted projected cash flows of the underlying businesses to which the goodwill pertains. If goodwill is not recoverable, the Company would record an impairment based on the difference between the net carrying amount and fair value.

Debt Issuance Costs

Debt issuance costs are amortized to expense over the life of the related debt.

Software Development Costs

Included in other assets at December 31, 1998 and 1999 were $1.7 and $3.3 million, respectively, of capitalized software development costs. Such costs are amortized over a 5 year period. For 1998 and 1999, the Company amortized $0.2 and $0.6 million, respectively, related to such costs.

Revenue Recognition

Revenue is recognized at the time products are shipped to the customer.

Interest Rate Swaps

Gains (losses) on interest rate swap agreements ("swaps") are deferred and amortized as a reduction (increase) of interest expense over the shorter of the remaining life of the swaps or the remaining period to maturity of the debt issue with respect to which the swaps were entered.

Research and Development

Research and development expenses are charged to operations as incurred and were $5.4, $6.0 and $6.5 million in 1997, 1998 and 1999, respectively.

Warranty Claims

The Company provides certain limited warranties covering most of its residential roofing products for periods ranging from 20 to 40 years. The Company also offers limited warranties and guarantees of varying duration on its commercial roofing products and limited warranties covering most of its specialty building products and accessories for periods ranging from 5 to 10 years. Income from warranty contracts related to

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--(CONTINUED)

commercial roofing products is recognized over the life of the agreements. The Company believes that the reserves established for estimated probable future warranty claims are adequate.

The Company's 1997 Consolidated Statement of Operations includes a provision of $3.0 million in connection with the Company's estimated obligations related to product warranty claims for a discontinued product. See also Note 5.

Environmental Liability

The Company, together with other companies, is a party to a variety of proceedings and lawsuits involving environmental matters. The Company estimates that its liability in respect of such environmental matters, and certain other environmental compliance expenses, as of December 31, 1999, is $0.8 million, before reduction for insurance recoveries reflected on its balance sheet of $0.8 million. The Company's liability is reflected on an undiscounted basis. See Item 3, "Legal Proceedings--Environmental Litigation," which is incorporated herein by reference, for further discussion with respect to environmental liabilities and estimated insurance recoveries.

Accumulated Other Comprehensive Income

In 1997, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," which establishes standards for reporting comprehensive income and its components in annual and interim financial statements. In the Company's case, comprehensive income includes net income, unrealized gains and losses from investments in available-for-sale securities, net of income tax effect, and minimum pension liability adjustments. The Company has chosen to disclose comprehensive income in the Consolidated Statements of Stockholders' Equity.

Changes in the components of "Accumulated other comprehensive income (loss)" for the years 1997, 1998 and 1999 are as follows:

	UNREALIZED GAINS (LOSSES) ON AVAILABLE-FOR-SALE SECURITIES	MINIMUM PENSION LIABILITY ADJUSTMENT	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
		(THOUSANDS)	
Balance, December 31, 1996	$ 794	$ (83)	$ 711
Change for the year 1997	10,308	(848)	9,460
Balance, December 31, 1997	$ 11,102	$ (931)	$ 10,171
Change for the year 1998	(28,030)	(2,025)	(30,055)
Balance, December 31, 1998	$(16,928)	$ (2,956)	$ (19,884)
Change for the year 1999	(665)	1,605	940
Balance, December 31, 1999	$(17,593)	$ (1,351)	$ (18,944)

New Accounting Standard

In 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement.

SFAS No. 133, as amended by SFAS No. 137, is effective for fiscal years beginning after June 15, 2000, but may be adopted earlier. The Company has not yet determined the effect of adoption of SFAS No. 133 and has not determined the timing or method of adoption of the statement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--(CONTINUED)

Reclassifications

Certain reclassifications have been made to conform to current year presentation.

NOTE 3. RESERVE FOR ASBESTOS-RELATED BODILY INJURY CLAIMS

In connection with its formation, the Company contractually assumed and agreed to pay the first $204.4 million of liabilities for asbestos-related bodily injury claims relating to the inhalation of asbestos fiber ("Asbestos Claims") of its parent, GAFBMC. As of March 30, 1997, the Company had paid all of its assumed asbestos-related liabilities. See also Note 1. G-I Holdings and GAFBMC have jointly and severally agreed to indemnify the Company against any other existing or future claims related to asbestos-related liabilities if asserted against the Company.

GAF has advised the Company that, as of December 31, 1999, it is defending approximately 115,000 pending alleged Asbestos Claims, having received notice of approximately 43,100 new Asbestos Claims during 1999. GAF has advised that the Center for Claims Resolution ("CCR"), a non-profit organization set up to administer and handle asbestos-related personal injury claims against the participating companies and in which GAF was a member, terminated GAF's membership, effective January 17, 2000. GAF has advised the CCR that such termination was unauthorized and that it intends to take appropriate measures to protect its rights to pursue claims against the CCR and its member companies arising out of this improper termination and for other improper actions. Currently, the disputes between GAF and the CCR are the subject of pending Alternative Dispute Proceedings.

GAF has confirmed that it has experienced a significant increase in the rate of new Asbestos Claims, principally involving claimants without any asbestos-related impairment, and amounts demanded to settle these claims. GAF anticipates that these trends could well continue for the foreseeable future, and that the percentage of Asbestos Claims filed by individuals with no physical impairment will remain high. GAF has advised that it expects an increasingly adverse litigation environment in particular jurisdictions. GAF believes that these trends and the CCR's termination of GAF's membership resulted from, or were induced by, in no small part, retaliatory actions taken by asbestos lawyers against GAF in connection with GAF's active support of proposed legislation currently pending in Congress to address the national asbestos litigation crisis.

GAF has stated that it is committed to effecting a comprehensive resolution of Asbestos Claims and that it is exploring options to accomplish such resolution, including the support of the proposed Congressional legislation, but there can be no assurance that these efforts will be successful.

The Company believes that it will not sustain any additional liability in connection with asbestos-related claims. While the Company cannot predict whether any asbestos-related claims will be asserted against it or its assets or the outcome of any litigation relating to those claims, the Company believes that it has meritorious defenses to any claim that could be so asserted. In addition, G-I Holdings and GAFBMC have jointly and severally indemnified the Company with respect to asbestos-related claims, and G-I Holdings has advised the Company that it believes it has and will have sufficient resources to enable it to satisfy any indemnification obligations. However, GAF has advised the Company that depending upon whether the trends described above continue, whether other retaliatory actions are taken, the ultimate resolution of the disputes between GAF and the CCR, and whether the proposed legislation currently pending in Congress is enacted into law, its financial condition could be materially adversely affected by one or more of these factors. Should GAF or GAFBMC be unable to satisfy judgments against it in asbestos-related lawsuits, its judgment creditors might seek to enforce their judgments against the assets of GAF, including its holdings of G-I Holdings common stock, or GAFBMC, including its holdings of the Company's common stock. This enforcement could result in a change of control with respect to the Company. See Notes 10 and 15 regarding the Company's debt instruments and facilities and contingencies.

NOTE 3. RESERVE FOR ASBESTOS-RELATED BODILY INJURY CLAIMS--(CONTINUED)

For a further discussion with respect to the history of the foregoing litigation and asbestos-related matters, see Item 3, "Legal Proceedings," which is incorporated herein by reference.

NOTE 4. ACQUISITIONS AND DISPOSITION

On March 14, 1997, the Company acquired the assets of the Leath rback Industries division of Hollinee Corporation, which is engaged in the manufacture and sale of asphalt-saturated felts and other felt and construction paper products. The acquisition was accounted for under the purchase method of accounting. Accordingly, the purchase price was allocated to the estimated fair values of the identifiable net assets acquired, and the excess was recorded as goodwill. The results of the Leatherback business, including net sales of $30.2 million for 1997, are included from the date of acquisition. The net effects of this acquisition were not material to 1997 results of operations.

Effective June 1, 1998, the Company purchased for approximately $43.5 million substantially all of the assets of Leslie-Locke Inc. ("LL Building Products Inc."), a wholly-owned subsidiary of Leslie Building Products Inc., which manufactures and markets a variety of specialty building products and accessories for the professional and do-it-yourself remodeling and residential construction industries from manufacturing facilities in Burgaw, North Carolina and Compton, California. The acquisition was accounted for under the purchase method of accounting. Accordingly, the purchase price was allocated to the estimated fair values of the identifiable net assets acquired, and the excess was recorded as goodwill. The results of the LL Building Products Inc. business, including net sales of $53.3 million for 1998, are included from the date of acquisition. The net effects of this acquisition were not material to 1998 results of operations.

Effective December 1, 1998, the Company sold its perlite insulation manufacturing assets to Johns Manville Corporation for net cash proceeds of approximately $29.0 million. The pre-tax gain as a result of this sale was not significant to the Company's results of operations. In addition, as part of the transaction, Johns Manville and the Company entered into a long-term agreement to supply the Company with perlite insulation products, which will enable the Company to continue to serve its commercial roofing customers. As a result, the sale did not have a material impact on the Company's results of operations.

NOTE 5. NONRECURRING CHARGES

The Company recorded pre-tax nonrecurring charges in the third quarter of 1998 aggregating $27.6 million, of which $20.0 million related to the settlement of a national class action lawsuit involving asphalt shingles manufactured between January 1, 1973 and December 31, 1997. Following a fairness hearing, the court granted final approval of the class-wide settlement in April 1999. Under the terms of the September 1998 settlement, the Company will provide property owners whose GAF shingles were manufactured during this period and which suffer certain damages during the term of their original warranty period, and who file a qualifying claim, with an opportunity to receive certain limited benefits beyond those already provided in their existing warranty. Two of the four separate class actions that had been brought against GAFBMC and stayed pending the outcome of the fairness hearing have been dismissed in light of the final approval of the settlement agreement described above, and the Company expects that the remaining two actions also will be dismissed.

In July 1998, the Company recorded a pre-tax nonrecurring charge of $7.6 million related to a grant to its former President and Chief Executive Officer of 30,000 shares of restricted common stock of the Company (a portion of which such officer transferred to trusts for the benefit of his children) and related cash payments to be made over a period of time (substantially all of which was earned) in connection with the termination by an affiliate of preferred stock options and stock appreciation rights held by such officer. Of the $7.6 million charge, $2.5 million represented the value as of the date of grant of the 30,000 shares of restricted common stock, and $5.1 million represented the aggregate amount of the cash payments to which such officer was entitled (subject to certain future vesting requirements). The shares of restricted stock were subject to certain rights of the Company to purchase, and of such officer and the trusts to sell to the Company, such shares at Book Value (as defined).

NOTE 5. NONRECURRING CHARGES--(CONTINUED)

Effective June 30, 1999, such officer terminated his employment with the Company. For 1999, through the date of his termination, the net book value of the 30,000 shares of restricted common stock held by such officer appreciated $0.6 million. In connection with this termination, the Company's obligation to such officer to pay an aggregate of $3.0 million (representing the balance of the cash payments described above) was cancelled and was treated as an additional capital contribution.

Effective September 30, 1999, the agreement between the Company and such former officer and the trusts relating to the restricted common stock was terminated. Such officer and the trusts contributed such stock to BHC in consideration for equity interests in BHC. As a result of this transaction, the $0.6 million appreciation in the net book value of the restricted common stock described above, was treated as an additional capital contribution.

In connection with the settlement of a legal matter, the Company recorded a nonrecurring charge of $2.7 million in September 1999. Such amount includes legal expenses incurred to defend such action.

NOTE 6. INCOME TAXES

Income tax provision, which has been computed on a separate return basis, consists of the following:

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
		(THOUSANDS)	
Federal--deferred	$(15,032)	$(4,513)	$(13,682)
State and local:			
Current	(279)	(580)	(750)
Deferred	(2,492)	(25)	(450)
Total state and local	(2,771)	(605)	(1,200)
Income tax provision	$(17,803)	$(5,118)	$(14,882)

The differences between the income tax provision computed by applying the statutory Federal income tax rate to pre-tax income, and the income tax provision reflected in the Consolidated Statements of Operations are as follows:

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
		(THOUSANDS)	
Statutory provision	$(15,978)	$(4,714)	$(14,077)
Impact of:			
State and local taxes, net of Federal benefits	(1,801)	(393)	(780)
Nondeductible goodwill amortization	(564)	(641)	(275)
Other, net	540	630	250
Income tax provision	$(17,803)	$(5,118)	$(14,882)

NOTE 6. INCOME TAXES--(CONTINUED)

The components of the net deferred tax assets are as follows:

	DECEMBER 31, 1998	DECEMBER 31, 1999
	(THOUSANDS)	
Deferred tax liabilities related to property, plant and equipment......	$(16,256)	$(15,475)
Deferred tax assets related to:		
Expenses not yet deducted for tax purposes...........................	47,507	43,335
Net operating losses not yet utilized under the Tax Sharing Agreement..	27,723	17,701
Total deferred tax assets..	75,230	61,036
Net deferred tax assets..	$ 58,974	$ 45,561

As of December 31, 1999, the Company had $47.8 million of net operating loss carryforwards available to offset future taxable income, as follows:

YEAR OF EXPIRATION	(THOUSANDS)
2009....	$ 1,590
2010....	4,271
2011....	41,982
	$47,843

Management has determined, based on the Company's history prior earnings and its expectations for the future, that future taxable income will more likely than not be sufficient to utilize fully the deferred tax assets recorded.

The Company and its subsidiaries entered into a tax sharing agreement (the "Tax Sharing Agreement") dated January 31, 1994 with GAF and G-I Holdings under which the Company is obligated to pay G-I Holdings an amount equal to those Federal income taxes the Company would have incurred if the Company (on behalf of itself and its subsidiaries) filed its own Federal income tax return. Unused tax attributes will carry forward for use in reducing amounts payable by the Company to G-I Holdings in future years, but cannot be carried back. If the Company were no longer a member of the GAF consolidated tax group (the "GAF Group"), it would be required to pay to G-I Holdings the value of any tax attributes it would succeed to under the consolidated return regulations to the extent such attributes reduced the amounts otherwise payable by the Company under the Tax Sharing Agreement. Under certain circumstances, the provisions of the Tax Sharing Agreement could result in the Company having a greater liability thereunder than it would have had if it (and its subsidiaries) had filed its own separate Federal income tax return. Under the Tax Sharing Agreement, the Company and each of its subsidiaries are responsible for any taxes that would be payable by reason of any adjustment to the tax returns of GAF or its subsidiaries for years prior to the adoption of the Tax Sharing Agreement that relate to the business or assets of the Company or any subsidiary of the Company. Although, as a member of the GAF Group, the Company is severally liable for all Federal income tax liabilities of every member of the GAF Group, including tax liabilities not related to the business of the Company, G-I Holdings and GAF have agreed to indemnify the Company and its subsidiaries for all tax liabilities of the GAF Group other than tax liabilities (i) arising from the operations of the Company and its subsidiaries and (ii) for tax years pre-dating the Tax Sharing Agreement that relate to the business or assets of the Company and its subsidiaries. The Tax Sharing Agreement provides for analogous principles to be applied to any consolidated, combined or unitary state or local income taxes. Under the Tax Sharing Agreement, GAF makes all decisions with respect to all matters relating to taxes of the GAF Group. The provisions of the Tax Sharing Agreement take into account both the Federal income taxes the Company would have incurred if it filed its own separate Federal income tax return and the fact that the

NOTE 6. INCOME TAXES--(CONTINUED)

Company is a member of the GAF Group for Federal income tax purposes. In accordance with the Tax Sharing Agreement, effective January 31, 1994, tax benefits generated by net operating losses and credits will reduce future tax sharing payments to G-I Holdings.

On September 15, 1997, GAF received a notice from the Internal Revenue Service (the "Service") of a deficiency in the amount of $84.4 million (after taking into account the use of net operating losses and foreign tax credits otherwise available for use in later years) in connection with the formation in 1990 of Rhone-Poulenc Surfactants and Specialties, L.P. (the "surfactants partnership"), a partnership in which a subsidiary of GAF, GFC, held an interest. The claim of the Service for interest and penalties, after taking into account the effect on the use of net operating losses and foreign tax credits, could result in GAF incurring liabilities significantly in excess of the deferred tax liability of $131.4 million that it recorded in 1990 in connection with this matter. GAF has advised the Company that it believes that it will prevail in this matter, although there can be no assurance in this regard. However, if GAF is unsuccessful in challenging its tax deficiency notice, the ability of GAF to satisfy its tax obligation would be dependent on the cash flows of the Company and GFC. The Company believes that the ultimate disposition of this matter will not have a material adverse effect on its business, financial position or results of operations. GAF, G-I Holdings and certain subsidiaries of GAF have agreed to jointly and severally indemnify the Company against any tax liability associated with the surfactants partnership, which the Company would be severally liable for, together with GAF and several current and former subsidiaries of GAF, should GAF be unable to satisfy such liability. See Note 3.

NOTE 7. SALE OF ACCOUNTS RECEIVABLE

In March 1993, the Company sold its trade accounts receivable ("receivables") to a trust, without recourse, pursuant to an agreement which provided for a maximum of $75 million in cash to be made available to the Company based on eligible receivables outstanding from time to time. In November 1996, the Company entered into new agreements, pursuant to which it sold the receivables to a special purpose subsidiary of the Company, BMCA Receivables Corporation, without recourse, which in turn sold them to a new trust, without recourse. The new agreements provide for a maximum of $115 million in cash to be made available to the Company based on eligible receivables outstanding from time to time. This facility expires in December 2001. The excess of accounts receivable sold over the net proceeds received is included in "Accounts receivable, other." The effective cost to the Company varies with LIBOR and is included in "Other income, net" and amounted to $5.1, $5.1 and $5.5 million in 1997, 1998 and 1999, respectively.

NOTE 8. INVENTORIES

At December 31, 1998 and 1999, $10.2 and $8.9 million, respectively, of inventories were valued using the LIFO method. Inventories consist of the following:

	DECEMBER 31,	
	1998	1999
	(THOUSANDS)	
Finished goods	$58,266	$ 68,878
Work-in-process	8,488	13,974
Raw materials and supplies	27,635	27,462
Total	94,389	110,314
Less LIFO reserve	(686)	(1,699)
Inventories	$93,703	$108,615

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	DECEMBER 31, 1998	DECEMBER 31, 1999
	(THOUSANDS)	
Land and land improvements	$ 27,154	$ 29,005
Buildings and building equipment	59,158	67,220
Machinery and equipment	237,362	300,846
Construction in progress	80,268	115,458
Total	403,942	512,529
Less accumulated depreciation and amortization	(71,594)	(101,826)
Property, plant and equipment, net	$332,348	$410,703

Included in the net book value of machinery and equipment at December 31, 1998 and 1999 was $12,468 and $10,508, respectively, for assets under capital leases.

During 1999, in connection with the construction of two new manufacturing facilities, the Company entered into two leases for certain machinery and equipment, which leases meet the criteria of operating leases under SFAS No. 13 "Accounting for Leases." In connection therewith, at December 31, 1999, property, plant, and equipment, net, and accrued liabilities included $65.6 million of assets under such leases. Such amounts will be reversed when the manufacturing facilities become fully operational, which is expected to occur in 2000. These leases require quarterly rental payments and are for a ten-year period expiring in December 2009.

NOTE 10. LONG-TERM DEBT

Long-term debt consists of the following:

	DECEMBER 31, 1998	DECEMBER 31, 1999
	(THOUSANDS)	
11 3/4% Senior Deferred Coupon Notes due 2004	$ 28,273	$ --
7 3/4% Senior Notes due 2005	149,401	149,493
8 5/8% Senior Notes due 2006	99,604	99,654
8% Senior Notes due 2007	99,343	99,418
8% Senior Notes due 2008	154,165	154,249
Term Loan due 2004	--	31,850
Industrial revenue bonds with various interest rates and maturity dates to 2019	19,625	23,125
Obligations on equipment loans	3,248	2,225
Obligations under capital leases (Note 15)	46,814	43,787
Other notes payable	713	3,093
Total	601,186	606,894
Less current maturities	(4,273)	(6,149)
Long-term debt less current maturities	$596,913	$600,745

In August 1999, the Company entered into a $31.9 million bank term loan maturing on July 1, 2004 (the "Term Loan"). The Term Loan bears interest at a floating rate based on the bank's base rate, the federal funds rate, or LIBOR, at the option of the Company. Under the Term Loan, the principal amount outstanding will convert, subject to the satisfaction of certain conditions, no later than July 6, 2000, to senior notes with a maturity date of December 1, 2008. The senior notes will bear interest at a rate that will be set at the time of conversion. The Company used all of the net proceeds of the Term Loan to purchase, and subsequently cancel, the remaining $29.9 million in aggregate

NOTE 10. LONG-TERM DEBT--(CONTINUED)

principal amount of the Company's outstanding 11 3/4% Senior Deferred Coupon Notes due 2004 (the "Deferred Coupon Notes"). The redemption price was 105.875% of the principal amount outstanding, and the premium was recorded as an extraordinary loss, net of tax, of approximately $1.3 million.

On December 3, 1998, the Company issued $155 million in aggregate principal amount of 8% Senior Notes due 2008 (the "2008 Notes"). The Company used substantially all of the net proceeds from such issuance to purchase, and subsequently cancel, $147.1 million in aggregate principal amount at maturity of the Company's Deferred Coupon Notes. In connection with this purchase, the Company recorded an after-tax extraordinary loss of $8.8 million.

On July 17, 1998, the Company issued $150 million in aggregate principal amount of 7 3/4% Senior Notes due 2005 (the "2005 Notes"). The Company used substantially all of the net proceeds from such issuance to purchase, and subsequently cancel, $132.6 million in aggregate principal amount at maturity of the Company's Deferred Coupon Notes. In connection with this purchase, the Company recorded an after-tax extraordinary loss of $9.3 million.

In October 1997, the Company issued $100 million in aggregate principal amount of 8% Senior Notes due 2007 (the "2007 Notes"). In December 1996, the Company issued $100 million in aggregate principal amount of 8 5/8% Senior Notes due 2006 (the "2006 Notes"). Holders of the 2005 Notes, the 2007 Notes, the 2008 Notes and the 2006 Notes have the right under the indentures governing such notes to require the Company to purchase the 2005 Notes, the 2007 Notes, the 2008 Notes and the 2006 Notes (collectively, the "Other Senior Notes") at a price of 101% of the principal amount thereof, and the Company has the right to redeem the Other Senior Notes at a price of 101% of the principal amount thereof, plus, in each case, the Applicable Premium (as defined therein), together with any accrued and unpaid interest, in the event of a Change of Control (as defined therein).

The indentures relating to the Other Senior Notes, the Credit Agreement (see below) and the Term Loan contain covenants that, among other things, limit the ability of the Company and its subsidiaries to pay certain dividends or make certain other restricted payments and restricted investments, incur liens, engage in transactions with affiliates, and agree to certain additional limitations on dividends and other payment restrictions affecting subsidiaries. As of December 31, 1999, after giving effect to the most restrictive of the aforementioned restrictions, the Company could have paid dividends and made other restricted payments of up to $76.1 million. Additional borrowings by the Company are subject to certain covenants contained in the indentures relating to the Other Senior Notes, the Credit Agreement and the Term Loan.

In connection with the Deferred Coupon Notes, the Company entered into interest rate swap agreements ("swaps") with banks, with an aggregate ending notional principal amount of $142.0 million and a final maturity of July 1, 1999, all of which were terminated as of June 28, 1998. In 1997, the Company terminated swaps with an aggregate ending notional principal amount of $82.0 million, resulting in gains totaling $2.1 million. In June 1998, the Company terminated swaps with an aggregate ending notional principal amount of $60.0 million, resulting in gains of $0.7 million. The gains were deferred and were amortized as a reduction of interest expense over the remaining original life of the swaps. As a result of the swaps, the effective interest cost to the Company of the portion of the Deferred Coupon Notes covered by the swaps varied at a fixed spread over LIBOR.

In August 1999, the Company entered into a new three-year bank credit facility (the "Credit Agreement"). The terms of the Credit Agreement provide for a $110 million revolving credit facility, the full amount of which is available for letters of credit, provided that total borrowings and outstanding letters of credit may not exceed $110 million in the aggregate. As of December 31, 1999, $27.1 million of letters of credit and no borrowings were outstanding under the Credit Agreement. Under the terms of the Credit Agreement, the Company is subject to certain financial covenants, including interest coverage and leverage ratios, along with a limitation on the amount of dividends and other restricted payments made to affiliates. Additionally, if a change of control (as defined in the Credit Agreement) occurs, the Credit Agreement could be terminated and the loans thereunder accelerated by the lenders party thereto, an event which could also cause the Company's outstanding senior notes

NOTE 10. LONG-TERM DEBT--(CONTINUED)

to be accelerated. As of December 31, 1999, the Company was in compliance with all such covenants. The Credit Agreement replaced a previous bank credit facility which provided up to $75 million in total borrowings and outstanding letters of credit.

In December 1995, the Company consummated a $40 million sale-leaseback of certain equipment located at its Chester, South Carolina roofing facility, in a transaction accounted for as a capital lease, and the gain has been deferred. The lessor was granted a security interest in certain equipment at the Chester facility. The lease term extends to December 2005. In December 1994, the Company consummated a $20.4 million sale-leaseback of certain equipment located at its Baltimore, Maryland roofing facility, in a transaction accounted for as a capital lease, and the gain has been deferred. The lessor was granted a security interest in the land, buildings and certain equipment at the Baltimore facility. The lease term extends to December 2004. In December 1993, the Company obtained a loan of $7.3 million, which is secured by manufacturing equipment located at its Dallas plant. The loan is being repaid over a seven-year period and has a fixed interest rate. The Company has four industrial revenue bond issues outstanding, which bear interest at short-term floating rates. Interest rates on the foregoing obligations ranged between 3.80% and 5.20% as of December 31, 1999.

The Company believes that the fair value of its non-public indebtedness approximates the book value of such indebtedness, because the interest rates on substantially all such indebtedness are at floating short-term rates. With respect to the Company's publicly traded debt securities, the Company has obtained estimates of the fair values from an independent source believed to be reliable. The estimated fair value of the Company's indebtedness at December 31, 1998 and 1999 are as follows:

	DECEMBER 31,	
	1998	1999
	(THOUSANDS)	
Deferred Coupon Notes	$ 28,838	$ --
2005 Notes	147,160	136,039
2006 Notes	101,347	94,671
2007 Notes	99,095	89,973
2008 Notes	154,751	139,210

The aggregate maturities of long-term debt as of December 31, 1999 for the next five years are as follows:

	(THOUSANDS)
2000	$ 6,149
2001	5,946
2002	14,988
2003	20,235
2004	31,850

In the above table, maturities for the year 2002 include $11.7 million related to the Baltimore manufacturing facility capital lease. Maturities for the year 2003 include $20.2 million related to the Chester glass mat manufacturing facility capital lease.

NOTE 11. BENEFIT PLANS

Eligible, full-time employees of the Company are covered by various benefit plans, as described below.

Defined Contribution Plan

The Company provides a defined contribution plan for eligible employees. The Company contributes up to 7% of participants' compensation and also contributes fixed amounts, ranging from $50 to $750 per year depending on age, to the accounts of participants who are not covered by a Company-provided postretirement medical benefit plan. The aggregate contributions by the Company were $3.5, $4.2 and $4.4 million for 1997, 1998 and 1999, respectively.

U.S. Intec provides a defined contribution plan for eligible employees. U.S. Intec may contribute a discretionary matching contribution equal to 100% of each participant's eligible contributions each year up to a maximum of $750 for each participant. Such contributions by U.S. Intec were $0.1, $0.1 and $0.2 million for 1997, 1998 and 1999, respectively.

Defined Benefit Plans

The Company provides noncontributory defined benefit retirement plans for certain hourly and salaried employees (the "Retirement Plans"). Benefits under these plans are based on stated amounts for each year of service. In 1998, the Company acquired LL Building Products Inc. which has pension plans for its hourly and salaried employees. The LL Building Products Inc. plans were curtailed in 1998. The Company's funding policy is consistent with the minimum funding requirements of ERISA.

The Company's net periodic pension cost for the Retirement Plans included the following components:

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
		(THOUSANDS)	
Service cost	$ 658	$ 754	$ 804
Interest cost	754	842	949
Expected return on plan assets	(1,034)	(1,296)	(1,270)
Amortization of unrecognized prior service cost	30	31	31
Amortization of net losses from earlier periods	--	--	107
Net periodic pension cost	$ 408	$ 331	$ 621

NOTE 11. BENEFIT PLANS--(CONTINUED)

The following tables set forth, for the years 1998 and 1999, reconciliations of the beginning and ending balances of the benefit obligation, fair value of plan assets, funded status, amounts recognized in the Consolidated Balance Sheets and changes in accumulated other comprehensive income (loss) related to the Retirement Plans:

	DECEMBER 31,	
	1998	1999
	(THOUSANDS)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$11,817	$17,865
Service cost	754	804
Interest cost	842	1,243
Actuarial losses (gains)	492	(1,739)
Benefits paid	(450)	(572)
Benefit obligation at end of year	$13,455	$17,601
Change in plan assets:		
Fair value of plan assets at beginning of year	$11,472	$16,248
Actual return on plan assets	(237)	1,920
Employer contributions	757	752
Benefits paid	(450)	(572)
Fair value of plan assets at end of year	$11,542	$18,348
Reconciliation of funded status:		
Funded status	$(1,913)	$ 746
Unrecognized prior service cost	277	247
Unrecognized actuarial losses	2,956	1,351
Net amount recognized in Consolidated Balance Sheets	$ 1,320	$ 2,344
Amounts recognized in Consolidated Balance Sheets:		
Prepaid (accrued) benefit cost	$(1,913)	$ 746
Intangible asset	277	247
Accumulated other comprehensive loss	2,956	1,351
Net amount recognized	$ 1,320	$ 2,344
Change for the year in accumulated other comprehensive (income) loss:		
Change in intangible asset	$ 30	$ 30
Change in additional minimum liability	1,995	(1,635)
Total	$ 2,025	$(1,605)

In determining the projected benefit obligation, the weighted average assumed discount rate was 7% and 7.75% for 1998 and 1999, respectively. The expected long-term rate of return on assets, used in determining net periodic pension cost, was 11% for 1998 and 1999.

The Company also provides a nonqualified defined benefit retirement plan for certain key employees. Expense accrued for this plan was immaterial for 1997, 1998 and 1999.

NOTE 11. BENEFIT PLANS--(CONTINUED)

Book Value Appreciation Unit Plan

A Book Value Appreciation Unit Plan was implemented effective January 1, 1996. Under the plan, employees were granted units which vest over five years. Upon exercise, employees were entitled to receive a cash payment based on the increase in Book Value (as defined in the plan). This plan was terminated in 1999 with all eligible employees receiving their respective vested cash payments. Expense accrued under this plan was $0.4, $1.3 and $1.2 million for 1997, 1998 and 1999, respectively.

Postretirement Medical and Life Insurance

The Company generally does not provide postretirement medical and life insurance benefits, although it subsidizes such benefits for certain employees and certain retirees. Such subsidies were reduced or ended as of January 1, 1997.

Net periodic postretirement benefit cost included the following components:

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
		(THOUSANDS)	
Service cost	$ 98	$ 104	$ 114
Interest cost	554	467	476
Amortization of unrecognized prior service cost	(88)	(88)	(88)
Amortization of net gains from earlier periods	(186)	(240)	(209)
Net periodic postretirement benefit cost	$ 378	$ 243	$ 293

The following table sets forth, for the years 1998 and 1999, reconciliations of the beginning and ending balances of the postretirement benefit obligation, funded status and amounts recognized in the Consolidated Balance Sheets related to postretirement medical and life insurance benefits:

	DECEMBER 31,	
	1998	1999
	(THOUSANDS)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 7,926	$ 7,135
Service cost	104	114
Interest cost	467	476
Actuarial (gains) losses	(905)	(1,179)
Benefits paid	(457)	(523)
Benefit obligation at end of year	$ 7,135	$ 6,023
Change in plan assets:		
Fair value of plan assets at beginning of year	$ --	$ --
Employer contributions	457	523
Benefits paid	(457)	(523)
Fair value of plan assets at end of year	$ --	$ --
Reconciliation of funded status:		
Funded status	$ (7,135)	$ (6,023)
Unrecognized prior service cost	(702)	(614)
Unrecognized actuarial losses	(3,431)	(4,400)
Net amount recognized in Consolidated Balance Sheets as accrued benefit cost	$(11,268)	$(11,037)

NOTE 11. BENEFIT PLANS--(CONTINUED)

For purposes of calculating the accumulated postretirement benefit obligation, the following assumptions were made. Retirees as of December 31, 1999 who were formerly salaried employees (with certain exceptions) were assumed to receive a Company subsidy of $700 to $1,000 per year. For retirees over age 65, this subsidy may be replaced by participation in a managed care program. With respect to retirees who were formerly hourly employees, most such retirees are subject to a $5,000 per person lifetime maximum benefit. Subject to such lifetime maximum, an 11% and 6% annual rate of increase in the Company's per capita cost of providing postretirement medical benefits was assumed for 2000 for such retirees under and over age 65, respectively. To the extent that the lifetime maximum benefits have not been reached, the foregoing rates were assumed to decrease gradually to an ultimate rate of 7% and 6%, respectively, by the year 2003 and remain at that level thereafter. The weighted average assumed discount rate used in determining the accumulated postretirement benefit obligation was 7% and 7.75% for 1998 and 1999, respectively.

The health care cost trend rate assumption has an effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 1998 and 1999 by $90,000 and $76,000, respectively, and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost for the years 1998 and 1999 by $6,000 and $5,000, respectively. A decrease of one percentage point in each year would decrease the accumulated postretirement benefit obligation as of December 31, 1998 and 1999 by $80,000 and $68,000, respectively, and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost for the years 1998 and 1999 by $6,000 and $5,000, respectively.

NOTE 12. PREFERRED STOCK OPTION PLAN

On January 1, 1996, the Company established a plan to issue options to certain employees to purchase shares of redeemable convertible preferred stock ("Preferred Stock") of the Company, exercisable at a price of $100 per share. Each share of Preferred Stock is convertible, at the holder's option, into shares of common stock of the Company at a formula price based on Book Value (as defined in the option agreement) as of the date of grant. The options vest rateably over five years and expire after nine years. Dividends will accrue on the Preferred Stock from the date of issuance at the rate of 6% per annum. The Preferred Stock is redeemable, at the Company's option, for a redemption price equal to $100 per share plus accrued and unpaid dividends. The Preferred Stock, and common stock issuable upon conversion of Preferred Stock into common stock, is subject to repurchase by the Company under certain circumstances, at a price equal to current Book Value (as defined in the option agreement). The exercise price of the options to purchase Preferred Stock was equal to the estimated fair value per share of the Preferred Stock at the date of grant. The options exercised in 1999 were converted into 4,611 shares of common stock. No expense is recorded in connection with the Preferred Stock options.

The following is a summary of transactions pertaining to the plan:

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
	(NUMBER OF SHARES)		
Outstanding, January 1	23,290	102,595	140,052
Granted	84,953	57,073	81,405
Exercised	--	--	(8,704)
Forfeited	(5,648)	(19,616)	(44,942)
Outstanding, December 31	102,595	140,052	167,811
Options exercisable, December 31	4,278	20,663	45,337

NOTE 13. BUSINESS SEGMENT INFORMATION

The Company is a leading national manufacturer of a broad line of asphalt roofing products and accessories for the residential and commercial roofing markets. The Company also manufactures and markets specialty building products and accessories for the professional and do-it-yourself remodeling and residential construction industries. The residential roofing product line primarily consists of premium laminated shingles, strip shingles and certain specialty shingles principally for regional markets. Sales of residential roofing products represented approximately 65% of the Company's net sales in 1999. The Company's commercial roofing product line includes a full line of modified bitumen products, asphalt built-up roofing, liquid applied membrane and roofing accessories. Sales of commercial roofing products and accessories represented approximately 27% of the Company's net sales in 1999. Sales of the specialty building products and accessories product line represented approximately 8% of the Company's net sales in 1999.

In 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which establishes standards for companies to report information about operating segments in annual financial statements, based on the approach that management utilizes to organize the segments within the Company for management reporting and decision making. In accordance with the provisions of SFAS No. 131, the Company aggregates the residential and commercial product lines into one operating segment, since they have similar economic characteristics and are similar in each of the following areas: (i) the nature of the products and services are similar in that they perform the same function--the protection and covering of residential and commercial roofs; (ii) the nature of the production processes are similar; (iii) the type or class of customer for their products and services are similar; (iv) the residential and commercial products have the same distribution channels, whereby the main customers are wholesalers or distributors; and (v) regulatory requirements are generally the same for both the residential and commercial product lines. The specialty building products and accessories product line did not meet quantitative thresholds in 1999 to be considered as a reportable segment.

Net revenues included sales to The Home Depot, Inc. in 1999 and American Builders & Contractors Supply Co., Inc. in 1998 and 1999, which accounted for approximately 11%, and 11% and 10%, respectively, of the Company's net sales. No other customer accounted for as much as 10% of net sales in 1998 or 1999.

NOTE 14. RELATED PARTY TRANSACTIONS

Included in the Consolidated Balance Sheets are the following receivable (payable) balances with related parties, which arise from operating and financing transactions between the Company and its affiliates:

	DECEMBER 31, 1998	DECEMBER 31, 1999
	(THOUSANDS)	
Receivable from (payable to):		
GAF/G-I Holdings/G Industries	$ 251	$53,007
GAFBMC	1,168	221
GFC	(559)	5,904
Receivable from related parties	$ 860	$59,132
Payable to related party--ISP	$5,545	$15,024

The Company makes loans to, and borrows from, G-I Holdings and its subsidiaries at prevailing market rates (between 5.82% and 5.96% during 1998). The highest amount of loans made by the Company to G-I Holdings during 1998 and 1999 was $6.2 million and $0, respectively. No loans were made to the Company by G-I Holdings and its subsidiaries during 1998 and 1999. In addition, the Company advances funds on a non-interest bearing basis to GAF, G-I Holdings and their subsidiaries. The net balance of such advances as of December 31, 1998 and 1999 was $0.9 and $59.1 million, respectively. During 1998 and 1999, the Company made distributions of $0 and $60.0 million, respectively, to its parent company.

NOTE 14. RELATED PARTY TRANSACTIONS--(CONTINUED)

Mineral Products: The Company and its subsidiaries purchase all of their colored roofing granules requirements (except for the requirements of its California and Oregon roofing plants and a portion of the requirements of its Indiana roofing plant, which are supplied by a third party) from ISP under a requirements contract. This contract is subject to annual renewal unless terminated by either party to such agreement. Such purchases by the Company and its subsidiaries totaled $51.1, $62.6 and $57.3 million for 1997, 1998 and 1999, respectively. The amount payable to ISP at December 31, 1998 and 1999 for such purchases was $4.9 and $2.9 million, respectively.

Management Agreements: The Company is a party to a Management Agreement with ISP (the "Management Agreement"), which expires December 31, 2000, pursuant to which ISP provides certain general management, administrative, legal, telecommunications, information and facilities services to the Company (including the use of the Company's headquarters in Wayne, New Jersey). Charges to the Company by ISP for providing such services aggregated $4.8, $4.3 and $5.3 million for 1997, 1998 and 1999, respectively. Such charges consist of management fees and other reimbursable expenses attributable to, or incurred by ISP for the benefit of, the Company. Effective January 1, 2000, the term of the Management Agreement was extended through the end of 2000, and the management fees payable thereunder were increased. The Company and ISP also allocate a portion of the management fees payable by the Company under the Management Agreement to separate lease payments for the use of BMCA's headquarters. Based on the services provided by ISP to the Company in 1999 under the Management Agreement, the aggregate amount payable by the Company to ISP under the Management Agreement for 2000 is expected to be approximately $6.0 million. Certain of the Company's executive officers receive their compensation from ISP, with ISP being indirectly reimbursed therefore by virtue of the management fee and other reimbursable expenses payable under the Management Agreement.

Tax Sharing Agreement: See Note 6.

NOTE 15. COMMITMENTS AND CONTINGENCIES

The discussions as to legal matters involving the Company contained in Item 3, "Legal Proceedings--Environmental Litigation" and--"Other Litigation" are incorporated herein by reference.

GAF, G-I Holdings, G Industries, GFC, GAFBMC, and BHC are presently dependent upon the earnings and cash flows of their subsidiaries, principally the Company, in order to satisfy their net obligations, including the asbestos-related liability (discussed in Note 3), various tax and other liabilities (net of certain insurance receivables), including tax liabilities relating to the surfactants partnership (discussed in Note 6) and advances payable to the Company (discussed in Note 14). GAF has advised the Company that it expects to obtain funds to satisfy such obligations from, among other things, dividends and loans from subsidiaries (principally the Company), as to which there are restrictions under the indentures relating to the Other Senior Notes, the Credit Agreement and the Term Loan, from payments pursuant to the Tax Sharing Agreement between GAF and the Company and from proceeds from insurance recoveries. During the twelve months ending December 31, 2000, the Company expects to make distributions and/or advances to its parent to satisfy the obligations discussed above. The Company does not believe that the dependence of its parent corporations on the cash flows of their subsidiaries should have a material adverse effect on the operations, liquidity or capital resources of the Company. See Notes 3, 6 and 10.

The leases for certain property, plant and equipment at certain of the Company's roofing facilities are accounted for as capital leases (see Note 10). The Company is also a lessee under operating leases principally for warehouses, production machinery and equipment, and transportation and computer equipment. Rental expense on operating leases was $9.2, $11.0 and $15.5 million for 1997, 1998 and 1999, respectively. Future minimum

NOTE 15. COMMITMENTS AND CONTINGENCIES--(CONTINUED)

lease payments for properties which were held under long-term noncancellable leases as of December 31, 1999 were as follows:

	CAPITAL LEASES	OPERATING LEASES
	(THOUSANDS)	
2000	$ 7,463	$14,291
2001	8,108	11,758
2002	17,558	10,203
2003	21,406	9,413
2004	--	8,942
Thereafter	--	40,094
Total minimum payments	54,535	$94,701
Less interest included above	10,748	
Present value of net minimum lease payments	$43,787	

NOTE 16. GUARANTOR FINANCIAL INFORMATION

Effective January 1, 1999, Building Materials Corporation of America (the "Company" or "Parent Company") transferred all of its investment assets and intellectual property assets to Building Materials Investment Corporation ("BMIC"), a newly-formed, wholly-owned subsidiary. In connection with this transfer, BMIC agreed to guarantee all of the Company's obligations under the Company's then existing bank credit facility and the Other Senior Notes. The Company also transferred all of its manufacturing assets, other than those located in Texas, to Building Materials Manufacturing Corporation ("BMMC"), another newly-formed, wholly-owned subsidiary. In connection with this transfer, BMMC agreed to become a co-obligor on the 2007 Notes and to guarantee the Company's obligations under the then existing credit facility, the Deferred Coupon Notes and the Other Senior Notes. In addition, in August 1999, BMIC and BMMC guaranteed the Company's obligations under the Credit Agreement and the Term Loan. The guarantees of BMIC and BMMC are full, unconditional and joint and several.

In addition, in connection with the above transactions, the Company and BMMC entered into license agreements, effective January 1, 1999, for the right to use intellectual property, including patents, trademarks, know-how, and franchise rights owned by BMIC for a license fee stated as a percentage of net sales. The license agreements are for a period of one year and can be terminated with 60 days written notice. Also, effective January 1, 1999, BMMC will sell all finished goods to the Company at a manufacturing profit.

Presented below is condensed consolidating financial information for BMIC and BMMC, prepared on a basis which retroactively reflects the formation of such companies, as discussed above, for all periods presented. This financial information should be read in conjunction with the Consolidated Financial Statements and other notes related thereto. Separate financial information for BMIC and BMMC is not included herein because management has determined that such information is not material to investors.

NOTE 16. GUARANTOR FINANCIAL INFORMATION--(CONTINUED)

BUILDING MATERIALS CORPORATION OF AMERICA
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1997
(THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Net sales	$793,566	$ --	$151,063	$ --	$944,629
Intercompany net sales	2,683	516,315	64,699	(583,697)	--
Total net sales	796,249	516,315	215,762	(583,697)	944,629
Costs and expenses:					
Cost of products sold	606,405	489,950	170,197	(583,697)	682,855
Selling, general and administrative	128,153	26,365	32,135		186,653
Goodwill amortization	641		1,250		1,891
Total costs and expenses	735,199	516,315	203,582	(583,697)	871,399
Operating income	61,050	--	12,180	--	73,230
Equity in earnings of subsidiaries	13,839			(13,839)	--
Interest expense, net	(26,258)	(6,068)	(10,716)		(43,042)
Other income (expense), net	(11,830)	27,292			15,462
Income before income taxes	36,801	21,224	1,464	(13,839)	45,650
Income taxes	(8,954)	(8,278)	(571)		(17,803)
Net income	$ 27,847	$ 12,946	$ 893	$ (13,839)	$ 27,847

BUILDING MATERIALS CORPORATION OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

NOTE 16. GUARANTOR FINANCIAL INFORMATION--(CONTINUED)

BUILDING MATERIALS CORPORATION OF AMERICA
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1997
(THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	CONSOLIDATED
Cash and cash equivalents, beginning of year	$ 2	$ 122,584	$ 1,974	$ 124,560
Cash provided by (used in) operating activities:				
Net income	14,008	12,946	893	27,847
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation	3,062	16,802	5,185	25,049
Goodwill amortization	641		1,250	1,891
Deferred income taxes	17,524			17,524
Noncash interest charges	27,222			27,222
(Increase) decrease in working capital items	29,743	(16,518)	4,563	17,788
Increase in product warranty claims	(3,732)		(2,956)	(6,688)
Purchases of trading securities		(123,483)		(123,483)
Proceeds from sales of trading securities		55,378		55,378
(Increase) decrease in other assets	3,735	(1,924)	(38)	1,773
Increase (decrease) in other liabilities	(3,504)		1,022	(2,482)
Change in net receivable from/payable to related parties	46,456	(94,360)	7,667	(40,237)
Other, net	3,749	(7,807)	(3,376)	(7,434)
Net cash provided by (used in) operating activities	138,904	(158,966)	14,210	(5,852)
Cash provided by (used in) investing activities:				
Capital expenditures	(5,436)	(30,502)	(15,359)	(51,297)
Acquisitions	(30,861)			(30,861)
Purchases of available-for-sale securities		(223,804)		(223,804)
Purchases of held-to-maturity securities		(4,591)		(4,591)
Proceeds from sales of available-for-sale securities		173,547		173,547
Proceeds from held-to-maturity securities		11,361		11,361
Net cash used in investing activities	(36,297)	(73,989)	(15,359)	(125,645)
Cash provided by (used in) financing activities:				
Repayments from sale of accounts receivable	(35,332)			(35,332)
Increase in short-term debt		26,944		26,944
Increase in loan receivable from related party	(6,152)			(6,152)
Proceeds from issuance of debt		99,916		99,916
Increase in borrowings under revolving credit facility	34,000			34,000
Repayments of long-term debt	(1,028)	(2,493)		(3,521)
Distributions to parent company	(91,000)			(91,000)
Payments of asbestos claims	(3,062)			(3,062)
Financing fees and expenses		(1,932)		(1,932)
Net cash provided by (used in) financing activities	(102,574)	122,435	--	19,861
Net change in cash and cash equivalents	33	(110,520)	(1,149)	(111,636)
Cash and cash equivalents, end of year	$ 35	$ 12,064	$ 825	$ 12,924

NOTE 16. GUARANTOR FINANCIAL INFORMATION--(CONTINUED)

BUILDING MATERIALS CORPORATION OF AMERICA
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1998
(THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Net sales	$885,364	$ --	$202,593	$ --	$1,087,957
Intercompany net sales	3,413	569,469	72,188	(645,070)	--
Total net sales	888,777	569,469	274,781	(645,070)	1,087,957
Costs and expenses:					
Cost of products sold	657,018	535,930	226,461	(645,070)	774,339
Selling, general and administrative	155,184	33,539	47,693		236,416
Goodwill amortization	641		1,470		2,111
Nonrecurring charges	27,563				27,563
Total costs and expenses	840,406	569,469	275,624	(645,070)	1,040,429
Operating income (loss)	48,371	--	(843)	--	47,528
Equity in loss of subsidiaries	(755)			755	--
Interest expense, net	(26,535)	(11,280)	(12,139)		(49,954)
Other income (expense), net	(7,150)	23,114	(69)		15,895
Income (loss) before income taxes and extraordinary losses	13,931	11,834	(13,051)	755	13,469
Income tax (provision) benefit	(5,580)	(4,497)	4,959		(5,118)
Income (loss) before extraordinary losses	8,351	7,337	(8,092)	755	8,351
Extraordinary losses, net of income tax benefits	(18,113)				(18,113)
Net income (loss)	$ (9,762)	$ 7,337	$ (8,092)	$ 755	$ (9,762)

NOTE 16. GUARANTOR FINANCIAL INFORMATION--(CONTINUED)

BUILDING MATERIALS CORPORATION OF AMERICA
CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1998
(THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 3	$ 21,748	$ 3,238	$ --	$ 24,989
Investments in trading securities		95,134			95,134
Investments in available-for-sale securities		56,461			56,461
Investments in held-to-maturity securities		6,358			6,358
Other short-term investments		22,671			22,671
Accounts receivable, trade			24,249		24,249
Accounts receivable, other	52,806	1,440	1,666		55,912
Receivable from related parties	860				860
Inventories	44,886	19,164	29,653		93,703
Other current assets	125	3,615	1,126		4,866
Total Current Assets	98,680	226,591	59,932	--	385,203
Investment in subsidiaries	249,825			(249,825)	--
Intercompany loans including accrued interest	140,298		(140,298)		--
Due from (to) subsidiaries, net	(19,694)	35,297	(15,603)		--
Property, plant and equipment, net	34,620	185,535	112,193		332,348
Excess of cost over net assets of businesses acquired, net	19,380		52,713		72,093
Deferred income tax benefits	58,974				58,974
Other assets	14,844	3,229	337		18,410
Total Assets	$596,927	$450,652	$ 69,274	$ (249,825)	$867,028
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Current maturities of long-term debt	$ 1,170	$ 3,016	$ 87	--	$ 4,273
Accounts payable	22,688	36,052	15,677		74,417
Payable to related party	1,128	4,203	214		5,545
Accrued liabilities	20,257	26,953	13,455		60,665
Reserve for product warranty claims	19,139		1,100		20,239
Total Current Liabilities	64,382	70,224	30,533	--	165,139
Long-term debt less current maturities	433,929	162,765	219		596,913
Reserve for product warranty claims	24,159		4,234		28,393
Other liabilities	22,240		2,126		24,366
Total Liabilities	544,710	232,989	37,112	--	814,811
Total Stockholders' Equity, net	52,217	217,663	32,162	(249,825)	52,217
Total Liabilities and Stockholders' Equity	$596,927	$450,652	$ 69,274	$ (249,825)	$867,028

NOTE 16. GUARANTOR FINANCIAL INFORMATION--(CONTINUED)

BUILDING MATERIALS CORPORATION OF AMERICA
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1998
(THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	CONSOLIDATED
Cash and cash equivalents, beginning of year	$ 35	$ 12,064	$ 825	$ 12,924
Cash provided by (used in) operating activities:				
Net income (loss)	(9,007)	7,337	(8,092)	(9,762)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Extraordinary losses	18,113			18,113
Depreciation	3,383	18,573	6,979	28,935
Goodwill and other amortization	641	201	1,470	2,312
Deferred income taxes	4,538			4,538
Noncash interest charges	23,877			23,877
(Increase) decrease in working capital items	(37,888)	37,025	(15,099)	(15,962)
Increase (decrease) in product warranty claims	13,220		(1,569)	11,651
Purchases of trading securities		(189,197)		(189,197)
Proceeds from sales of trading securities		124,931		124,931
(Increase) decrease in other assets	(482)	560	204	282
Increase in other liabilities	1,487		1,780	3,267
Change in net receivable from/payable to related parties	26,828	5,913	9,894	42,635
Other, net	3,702	9,016	(1,446)	11,272
Net cash provided by (used in) operating activities	48,412	14,359	(5,879)	56,892
Cash provided by (used in) investing activities:				
Capital expenditures	(4,799)	(49,898)	(20,637)	(75,334)
Acquisitions	(59,187)			(59,187)
Proceeds from sale of assets			29,019	29,019
Purchases of available-for-sale securities		(89,324)		(89,324)
Purchases of held-to-maturity securities		(6,357)		(6,357)
Proceeds from sales of available-for-sale securities		170,055		170,055
Proceeds from held-to-maturity securities		499		499
Net cash provided by (used in) investing activities	(63,986)	24,975	8,382	(30,629)
Cash provided by (used in) financing activities:				
Repayments from sale of accounts receivable	30,578			30,578
Decrease in short-term debt		(26,944)		(26,944)
Decrease in loan receivable from related party	6,152			6,152
Proceeds from issuance of debt	304,019			304,019
Decrease in borrowings under revolving credit facility	(34,000)			(34,000)
Repayments of long-term debt	(285,108)	(2,706)	(90)	(287,904)
Financing fees and expenses	(6,099)			(6,099)
Net cash used in financing activities	15,542	(29,650)	(90)	(14,198)
Net change in cash and cash equivalents	(32)	9,684	2,413	12,065
Cash and cash equivalents, end of year	$ 3	$ 21,748	$ 3,238	$ 24,989

BUILDING MATERIALS CORPORATION OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

NOTE 16. GUARANTOR FINANCIAL INFORMATION--(CONTINUED)

BUILDING MATERIALS CORPORATION OF AMERICA
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1999
(THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Net sales	$920,692	$ --	$219,347	$ --	$1,140,039
Intercompany net sales	7,230	655,041	76,271	(738,542)	--
Total net sales	927,922	655,041	295,618	(738,542)	1,140,039
Costs and expenses:					
Cost of products sold	702,957	595,022	253,260	(738,542)	812,697
Selling, general and administrative	157,372	40,440	41,748		239,560
Goodwill amortization	641		1,393		2,034
Transition service agreement (income) expense	(500)	500			--
Nonrecurring charges	2,650				2,650
Total costs and expenses	863,120	635,962	296,401	(738,542)	1,056,941
Operating income (loss)	64,802	19,079	(783)	--	83,098
Equity in loss of subsidiaries	23,370			(23,370)	--
Intercompany licensing income (expense), net	(27,622)	27,622			--
Interest expense, net	(26,565)	(9,662)	(12,090)		(48,317)
Other income (expense), net	(7,489)	12,929			5,440
Income (loss) before income taxes and extraordinary losses	26,496	49,968	(12,873)	(23,370)	40,221
Income tax (provision) benefit	(1,157)	(18,488)	4,763	--	(14,882)
Income (loss) before extraordinary losses	25,339	31,480	(8,110)	(23,370)	25,339
Extraordinary losses, net of income tax benefits	(1,296)				(1,296)
Net income (loss)	$ 24,043	$ 31,480	$ (8,110)	$ (23,370)	$ 24,043

BUILDING MATERIALS CORPORATION OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

NOTE 16. GUARANTOR FINANCIAL INFORMATION--(CONTINUED)

BUILDING MATERIALS CORPORATION OF AMERICA
CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1999
(THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 81	$ 53,184	$ 2,687	$ --	$ 55,952
Investments in trading securities		687			687
Investments in available-for-sale securities		29,702			29,702
Other short-term investments		1,590			1,590
Accounts receivable, trade	1,590		21,348		22,938
Accounts receivable, other	57,200	348	5,344		62,892
Receivable from related parties	59,132				59,132
Inventories	52,903	23,210	32,502		108,615
Other current assets	1,208	2,199	832		4,239
Total Current Assets	172,114	110,920	62,713	--	345,747
Investment in subsidiaries	273,195			(273,195)	--
Intercompany loans including accrued interest	166,762		(166,762)		--
Due from (to) subsidiaries, net	(146,942)	161,660	(14,718)		--
Property, plant and equipment, net	32,821	256,542	121,340		410,703
Excess of cost over net assets of businesses acquired, net	18,739		51,669		70,408
Deferred income tax benefits	45,561				45,561
Other assets	15,454	6,901	338		22,693
Total Assets	$577,704	$536,023	$ 54,580	$ (273,195)	$895,112
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Current maturities of long-term debt	$ 2,333	$ 3,729	$ 87	$ --	$ 6,149
Accounts payable	41,799	28,146	14,389		84,334
Payable to related party	12,382	2,583	59		15,024
Accrued liabilities	19,695	87,228	8,905		115,828
Reserve for product warranty claims	13,400		1,100		14,500
Total Current Liabilities	89,609	121,686	24,540		235,835
Long-term debt less current maturities	435,398	165,194	153		600,745
Reserve for product warranty claims	16,127		3,687		19,814
Other liabilities	14,881		2,148		17,029
Total Liabilities	556,015	286,880	30,528	--	873,423
Total Stockholders' Equity, net	21,689	249,143	24,052	(273,195)	21,689
Total Liabilities and Stockholders' Equity	$577,704	$536,023	$ 54,580	$ (273,195)	$895,112

NOTE 16. GUARANTOR FINANCIAL INFORMATION--(CONTINUED)

BUILDING MATERIALS CORPORATION OF AMERICA
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1999
(THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	CONSOLIDATED
Cash and cash equivalents, beginning of year	$ 3	$ 21,748	$ 3,238	$ 24,989
Cash provided by (used in) operating activities:				
Net income (loss)	673	31,480	(8,110)	24,043
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Extraordinary losses	1,296			1,296
Depreciation	2,628	21,752	8,606	32,986
Goodwill and other amortization	1,282		1,393	2,675
Deferred income taxes	14,131			14,131
Noncash interest charges	3,321			3,321
Decrease in working capital items	(2,248)	(14,782)	(9,170)	(26,200)
Decrease in product warranty claims	(13,771)		(547)	(14,318)
Purchases of trading securities		(139,522)		(139,522)
Proceeds from sales of trading securities		243,097		243,097
Increase in other assets	(828)	(3,672)	(1)	(4,501)
Increase (decrease) in other liabilities	(2,357)		22	(2,335)
Change in net receivable from/payable to related parties	53,715	(127,932)	25,424	(48,793)
Other, net		(3,054)	(349)	(3,403)
Net cash provided by operating activities	57,842	7,367	17,268	82,477
Cash provided by (used in) investing activities:				
Capital expenditures	(829)	(27,255)	(17,238)	(45,322)
Acquisitions			(515)	(515)
Purchases of available-for-sale securities		(76,048)		(76,048)
Purchases of held-to-maturity securities		(2,349)		(2,349)
Proceeds from sales of available-for-sale securities		97,400		97,400
Proceeds from held-to-maturity securities		7,758		7,758
Proceeds from sales of other short-term investments		21,421		21,421
Net cash provided by (used in) investing activities	(829)	20,927	(17,753)	2,345
Cash provided by (used in) financing activities:				
Repayments from sale of accounts receivable	5,640			5,640
Proceeds from issuance of long-term debt	31,850	6,093		37,943
Repayments of long-term debt	(32,937)	(2,951)	(66)	(35,954)
Distributions to parent company	(60,000)			(60,000)
Proceeds from issuance of common stock	870			870
Financing fees and expenses	(2,358)			(2,358)
Net cash provided by (used in) financing activities	(56,935)	3,142	(66)	(53,859)
Net change in cash and cash equivalents	78	31,436	(551)	30,963
Cash and cash equivalents, end of year	$ 81	$ 53,184	$ 2,687	$ 55,952

BUILDING MATERIALS CORPORATION OF AMERICA

SUPPLEMENTARY DATA (UNAUDITED)

QUARTERLY FINANCIAL DATA (UNAUDITED)

	1998 BY QUARTER				1999 BY QUARTER			
	FIRST	SECOND	THIRD	FOURTH	FIRST	SECOND	THIRD	FOURTH
	(MILLIONS)							
Net sales	$212.4	$286.2	$313.6	$275.7	$262.9	$310.5	$312.8	$253.8
Cost of products sold	156.2	201.0	219.6	197.5	190.2	216.8	219.2	186.4
Gross profit	$ 56.2	$ 85.2	$ 94.0	$ 78.2	$ 72.7	$ 93.7	$ 93.6	$ 67.4
Operating income (loss)*	$ 7.5	$ 26.0	$ (.9)	$ 14.8	$ 15.7	$ 30.4	$ 25.5	$ 11.5
Interest expense	$ 12.7	$ 12.8	$ 12.4	$ 12.1	$ 11.9	$ 12.9	$ 12.3	$ 11.2
Income (loss) before income taxes and extraordinary losses	$ 5.1	$ 17.3	$ (6.7)	$ (2.3)	$ 3.3	$ 24.6	$ 13.7	$ (1.4)
Income tax (provision) benefit	(2.0)	(6.7)	2.7	0.9	(1.2)	(9.1)	(5.0)	0.4
Income (loss) before extraordinary losses	3.1	10.6	(4.0)	(1.4)	2.1	15.5	8.7	(1.0)
Extraordinary losses	--	--	(9.3)	(8.8)	--	--	(1.3)	--
Net income (loss)	$ 3.1	$ 10.6	$(13.3)	$(10.2)	$ 2.1	$ 15.5	$ 7.4	$ (1.0)

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* The operating loss for the third quarters of 1998 and 1999 reflect $27.6 and 2.7 million, respectively, of nonrecurring charges. See Note 5 to Consolidated Financial Statements.

BUILDING MATERIALS CORPORATION OF AMERICA

VALUATION AND QUALIFYING ACCOUNTS

YEAR ENDED DECEMBER 31, 1997
(THOUSANDS)

DESCRIPTION	BALANCE JANUARY 1, 1997	CHARGED TO SALES OR EXPENSES	DEDUCTIONS	OTHER	BALANCE DECEMBER 31, 1997
Valuation and Qualifying Accounts Deducted from Assets To Which They Apply:					
Allowance for doubtful accounts	$ 1,974	$ 2,224	$ 1,530(a)	$ 84(c)	$ 2,752(b)
Allowance for discounts	22,468	80,989	88,443	4,389(c)	19,403
Reserve for inventory market valuation	2,509	821	1,824	--	1,506

YEAR ENDED DECEMBER 31, 1998
(THOUSANDS)

DESCRIPTION	BALANCE JANUARY 1, 1998	CHARGED TO SALES OR EXPENSES	DEDUCTIONS	OTHER	BALANCE DECEMBER 31, 1998
Valuation and Qualifying Accounts Deducted from Assets To Which They Apply:					
Allowance for doubtful accounts	$ 2,752	$ 1,419	$ 486	$ 350(c)	$ 4,035(b)
Allowance for discounts	19,403	91,569	87,109	--	23,863
Reserve for inventory market valuation	1,506	1,458	918	500(c)	2,546

YEAR ENDED DECEMBER 31, 1999
(THOUSANDS)

DESCRIPTION	BALANCE JANUARY 1, 1999	CHARGED TO SALES OR EXPENSES	DEDUCTIONS	OTHER	BALANCE DECEMBER 31, 1999
Valuation and Qualifying Accounts Deducted from Assets To Which They Apply:					
Allowance for doubtful accounts	$ 4,035	$ 484	$ 500	$ --	$ 4,019
Allowance for discounts	23,863	96,645	97,280	(33)	23,195
Reserve for inventory market valuation	2,546	2,794	3,623	--	1,717

Notes:

(a) Represents write-offs of uncollectible accounts net of recoveries.

(b) The balances at December 31, 1997, 1998 and 1999 primarily reflect a reserve for receivables sold to a trust (see Note 7 to Consolidated Financial Statements).

(c) Represents balance acquired through acquisitions.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
2.1	-- Reorganization Agreement, dated as of December 31, 1998, by and among BMCA, Building Materials Manufacturing Corporation and Building Materials Investment Corporation (incorporated by reference to Exhibit 2.1 to BMCA's Registration Statement on Form S-4 (Registration No. 333-69749) (the "2008 Notes S-4")).
3.1	-- Amended and Restated Certificate of Incorporation of BMCA.
3.2	-- By-laws of BMCA (incorporated by reference to Exhibit 3.2 to BMCA's Registration Statement on Form S-4 (Registration No. 33-81808) (the "Deferred Coupon Note Registration Statement")).
3.3	-- Certificate of Incorporation of Building Materials Manufacturing Corporation (incorporated by referenced to Exhibit 3.3 to BMCA's Annual Report on Form 10-K for the year ended December 31, 1998 (the "1998 Form 10-K")).
3.4	-- By-laws of Building Materials Manufacturing Corporation (incorporated by reference to Exhibit 3.4 to the 1998 Form 10-K).
3.5	-- Certificate of Incorporation of Building Materials Investment Corporation (incorporated by reference to Exhibit 3.5 to the 1998 Form 10-K).
3.6	-- By-laws of Building Materials Investment Corporation (incorporated by reference to Exhibit 3.6 to the 1998 Form 10-K).
4.1	-- Indenture, dated as of December 3, 1998, between BMCA and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to the 2008 Notes S-4).
4.2	-- First Supplemental Indenture, dated as of January 1, 1999, to Indenture, dated as of December 3, 1998, among BMCA, as issuer, Building Materials Manufacturing Corporation and Building Materials Investment Corporation, as guarantors, and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.4 to the 2008 Notes S-4).
4.3	-- Indenture, dated as of December 9, 1996, between BMCA and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to BMCA's Registration Statement on Form S-4 (Registration No. 333-20859) (the "2006 Notes Registration Statement")).
4.4	-- Indenture, dated as of October 20, 1997, between BMCA and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to BMCA's Registration Statement on Form S-4 (Registration No. 333-41531) (the "8% Notes Registration Statement")).
4.5	-- Indenture, dated as of July 17, 1998, between BMCA and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to BMCA's Registration Statement on Form S-4 (Registration No. 333-60633) (the "2005 Notes S-4")).
4.6	-- First Supplemental Indenture, dated as of January 1, 1999, to Indenture, dated as of December 9, 1996, among BMCA, as issuer, Building Materials Manufacturing Corporation and Building Materials Investment Corporation, as guarantors, and The Bank of New York, as trustee (incorporated by reference to Exhibit 10.7 to the 2008 Notes S-4).
4.7	-- First Supplemental Indenture, dated as of January 1, 1999, to Indenture, dated as of October 20, 1997, among BMCA, as issuer, Building Materials Manufacturing Corporation, as co-obligor, Building Materials Investment Corporation, as guarantor, and The Bank of New York, as trustee (incorporated by reference to Exhibit 10.8 to the 2008 Notes S-4).

4.8	--	First Supplemental Indenture, dated as of January 1, 1999, to Indenture, dated as of July 17, 1998, among BMCA, as issuer, Building Materials Manufacturing Corporation and Building Materials Investment Corporation, as guarantors, and The Bank of New York, as trustee (incorporated by reference to Exhibit 10.9 to the 2008 Notes S-4).
10.1	--	Amended and Restated Management Agreement, dated as of January 1, 1999 (the "Management Agreement"), among GAF, G-I Holdings, G Industries, Merick Inc., GAF Fiberglass, ISP, GAF Building Materials Corporation, GAF Broadcasting Company, Inc., BMCA and ISP Opco Holdings Inc. (incorporated by reference to Exhibit 10.1 to the 1998 Form 10-K).
10.2	--	Amendment No. 1 to the Management Agreement (incorporated by reference to Exhibit 10.2 to International Specialty Products Inc. Annual Report on Form 10-K for the year ended December 31, 1999).
10.3	--	Form of Option Agreement relating to Series A Cumulative Redeemable Convertible Preferred Stock (incorporated by reference to Exhibit 10.9 to BMCA's Form 10-K for the year ended December 31, 1996 (the "1996 Form 10-K")).*
10.4	--	Forms of Amendment to Option Agreement relating to Series A Cumulative Redeemable Convertible Preferred Stock (incorporated by reference to Exhibit 10.12 to BMCA's Form 10-K for the year ended December 31, 1997 (the "1997 Form 10-K")).*
10.5	--	Form of Option Agreement relating to Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 10.13 to the 1997 Form 10-K).*
10.6	--	BMCA Preferred Stock Option Plan (incorporated by reference to Exhibit 4.2 to BMCA's Registration Statement on Form S-8 (Registration No. 333-60589)).*
10.7	--	Tax Sharing Agreement, dated as of January 31, 1994, among GAF, G-I Holdings and BMCA (incorporated by reference to Exhibit 10.6 to the Deferred Coupon Note Registration Statement).
10.8	--	Reorganization Agreement, dated as of January 31, 1994, among GAF Building Materials Corporation, G-I Holdings and BMCA (incorporated by reference to Exhibit 10.9 to the Deferred Coupon Notes Registration Statement).
21	--	Subsidiaries of BMCA.
23	--	Consent of Arthur Andersen LLP.
27.1	--	Financial Data Schedule for fiscal year 1999, which is submitted electronically to the Securities and Exchange Commission for information only.
27.2	--	Restated Financial Data Schedule for fiscal year 1998, which is submitted electronically to the Securities and Exchange Commission for information only.
27.3	--	Restated Financial Data Schedule for fiscal year 1997, which is submitted electronically to the Securities and Exchange Commission for information only.

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* Management and/or compensation plan or arrangement.

EXHIBIT 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

BUILDING MATERIALS CORPORATION OF AMERICA

(Pursuant to Section 245 of the General Corporation Law of Delaware)

Building Materials Corporation of America, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The Certificate of Incorporation of the Corporation was filed with the Secretary of State of Delaware on January 31, 1994. The Corporation was formerly known as GAF Newco Inc.

2. The Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

"FIRST: The name of the Corporation is Building Materials Corporation of America.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1013 Centre Road, City of Wilmington, County of New Castle, State of Delaware. The name of the registered agent of the Corporation in the State of Delaware at such address is The Prentice-Hall Corporation System, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as from time to time amended.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is One Million Eight Hundred Thousand (1,800,000) shares, consisting of:

(a) One Million Four Hundred Thousand (1,400,000) shares of common stock, par value $.001 per share (hereinafter referred to as "Common Stock"), and which shares shall be divided into two classes, consisting of One Million Three Hundred Thousand (1,300,000) shares of Class A Common Stock (hereinafter referred to as "Class A Common Stock") and One Hundred Thousand (100,000) shares of Class B Common Stock (hereinafter referred to as "Class B Common Stock"); and

(b) Four Hundred Thousand (400,000) shares of preferred stock, par value $.01 per share (hereinafter referred to as "Preferred Stock").

A. PREFERRED STOCK: Shares of Preferred Stock may be issued from time to time in one or more series, as may from time to time be determined by the Board of Directors, each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph C of this Article FOURTH, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(a) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes or series of the same or other classes of stock and whether such dividends shall be cumulative or non-cumulative;

(c) The right, if any, of the holders of Preferred Stock of such series to convert the same into, or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(d) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices, including, without limitation, cash, property, or rights (including securities of the Corporation or any other corporation), and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed;

(e) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up of the Corporation;

(f) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(g) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing, include the right, voting as a series by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such other circumstances and on such conditions as the Board of Directors may determine.

B. COMMON STOCK

1. After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of Paragraph A of this Article FOURTH), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of Paragraph A of this Article FOURTH), and subject further to any other conditions which may be fixed in accordance with the provisions of Paragraph A of this Article FOURTH, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors, provided that so long as any shares of Class B Common Stock shall be outstanding, the holders of such Class B Common Stock shall be entitled to receive, when and as declared by the Board of Directors from time to time, out of any funds legally available therefor, dividends in such amounts as the Board of Directors shall determine at the time of any such declaration before dividends of any kind may be declared upon the Class A Common Stock.

2. After distribution in full of the preferential amount, if any (fixed in accordance with the provisions of Paragraph A of this Article FOURTH), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of the Common Stock, subject to the rights, if any, of the holders of Preferred Stock to participate therein (fixed in accordance with Paragraph A of the Article FOURTH), shall be entitled to receive, ratably in proportion to the number of shares of Common Stock held by them (and not ratably in proportion to the number of shares of each class of such Common Stock), all the remaining assets of the Corporation, tangible and intangible, of whatever kind, as are available for distribution to stockholders.

C. OTHER PROVISIONS

1. No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to a resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms, as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

2. The relative powers, preferences and rights of each series of Preferred Stock in relation to the powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in Paragraph A of this Article FOURTH, and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any

of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to Paragraph A of this Article FOURTH that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

3. Subject to the provisions of subparagraph 2 of this Paragraph C, shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

4. Shares of Common Stock of either class may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

5. The authorized amount of shares of Common Stock or of either class of Common Stock or of Preferred Stock, without a class or series vote, may be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

FIFTH: In furtherance and not in limitation of the powers conferred by law, subject to any limitations contained elsewhere in this Certificate of Incorporation, By-laws of the Corporation may be adopted, amended or repealed by a majority of the Board of Directors of the Corporation, but any By-laws adopted by the Board of Directors may be amended or repealed by the stockholders entitled to vote thereon. Election of directors need not be by written ballot.

SIXTH: (a) A director of the Corporation shall not be personally liable either to the Corporation or to any stockholder for monetary damages for breach of fiduciary duty as a director, except (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, or (ii) for acts or omissions which are not in good faith or which involve intentional misconduct or knowing violation of the law, or (iii) for any matter in respect of which such director shall be liable under Section 174 of Title 8 of the General Corporation Law of the State of Delaware or any amendment thereto or successor provision thereto, or (iv) for any transaction from which the director shall have derived an improper personal benefit. Neither amendment nor repeal of this paragraph (a) nor the adoption of any provision of the Certificate of Incorporation inconsistent with this paragraph (a) shall eliminate or reduce the effect of this paragraph (a) in respect of any matter occurring, or any cause of action, suit or claim that, but for this paragraph (a) of this Article, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to, or testifies in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding to the full extent permitted by law, and the Corporation may adopt By-laws or enter into agreements with any such person for the purpose of providing for such indemnification."

3. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has duly executed this Amended and Restated Certificate of Incorporation on this 23rd day of December, 1999.

/s/ William C. Lang

William C. Lang
Executive Vice President,
Chief Administrative Officer and
Chief Financial Officer

CERTIFICATE OF DESIGNATIONS
OF BUILDING MATERIALS CORPORATION OF AMERICA

Pursuant to Section 151 of the General
Corporation Law of the State of Delaware

We, the undersigned, Senior Vice President and Secretary, respectively, of Building Materials Corporation of America (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "General Corporation Law"), in accordance with the provisions of Section 151 thereof, do hereby certify that the Board of Directors of the Corporation duly adopted the following resolutions by unanimous consent dated as of August 15, 1996:

RESOLVED, that, pursuant to the authority expressly granted to and vested in the Board of Directors of the Corporation by the provisions of the Certificate of Incorporation of the Corporation, this Board of Directors hereby creates and authorizes the issuance of a series of Series A Cumulative Redeemable Convertible Preferred Stock, par value $.01 per share, and hereby fixes the designation, dividend rate, redemption provisions, voting powers, rights on liquidation, dissolution or winding up, and other preferences and relative, participating, optional or other special rights, and the qualifications, limitations, or restrictions thereof, as follows:

1. Designation. The Preferred Stock created and authorized hereby shall be designated as the "Series A Cumulative Redeemable Convertible Preferred Stock" (the "Series A Preferred Stock"). The number of shares of Series A Preferred Stock shall be 50,000. The liquidation preference of the Series A Preferred Stock shall be $100 per share (the "Liquidation Preference").

2. Dividends.

(a) Each holder of a share of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the funds of the Corporation legally available therefor pursuant to the General Corporation Law (the "Legally Available Funds"), cumulative cash dividend payments of $2.00 per share for each full Quarterly Dividend Period (as defined in Section 2(f) hereof) that such share of Series A preferred Stock is outstanding; provided, if a share of Series A Preferred Stock is not outstanding for a full Quarterly Dividend Period, the dividend payment per share in respect of such partial Quarterly Dividend Period shall be equal to $2.00 multiplied by a fraction, the number of which is the number of days such share was outstanding (but not more than 30 days for any calendar month fully occurring in such portion), and the denominator of which is 90. Such dividends, if and to the extent declared, shall be payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year (each, a "Dividend Payment Date"); provided that if any such date is not a Business Day (as defined in Section 2(f) hereof), then the applicable dividend shall be payable, if and to the extend declared, on the next succeeding Business Day. Such dividends shall be fully cumulative.

(b) Dividends shall accrue (whether or not declared or paid) on each share of Series A Preferred Stock from the date on which such share is issued.

(c) Quarterly dividends, if and to the extent declared, shall be paid to the holders of record of shares of Series A Preferred Stock as they appear on the stock register of the Corporation on the record date therefor, which record date shall be the December 15, March 15, June 15 and September 15 immediately preceding the Dividend Payment Date relating thereto.

(d) If dividends are not paid in full, or not declared in full and sums set apart for the payment thereof, on the Series A Preferred Stock and any Capital Stock (as defined in Section 2(f) hereof) of the Corporation ranking on a parity with the Series A Preferred Stock as to the payment of dividends, all dividends declared upon shares of Series A Preferred Stock and shares of such other stock shall be declared pro rata so that in all cases the amount of dividends declared per share on the Series A Preferred Stock and such other stock shall bear to each other the same ratio that accumulated, unpaid dividends per share on the Series A Preferred Stock and such other stock shall bear to each other. Except as provided in the preceding sentence, unless full cumulative dividends on the Series A Preferred Stock have been paid or declared in full and sums set aside for the payment thereof, no dividends shall be declared or paid or set aside for payment, or other distribution made, on any Capital Stock of the Corporation ranking on a parity with or junior to the Series A Preferred Stock as to the payment of dividends, nor shall any such stock be purchased, redeemed or otherwise acquired, except as provided in Section 2(e) hereof, for any consideration (or any payment made to or available for a sinking fund for the redemption of any such stock).

(e) Except as provided in Section 2(d) hereof, the Corporation may not pay cash dividends or make cash distributions on, or repurchase, redeem or otherwise acquire (except in exchange for shares of Capital Stock ranking junior to the Series A Preferred Stock as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up of the Corporation or options, rights or warrants to acquire such shares) any of its Capital Stock other than Capital Stock ranking senior to the Series A Preferred Stock as to the payment of dividends, if, at such date, there are accumulated, unpaid dividends on the Series A Preferred Stock; provided that the Corporation may purchase outstanding shares of Common Stock and Series A Preferred Stock from the holders thereof in accordance with the terms and conditions of the Option Agreements (as defined in Section 2(f)).

(f) The following terms shall have the meanings set forth below:

"Book Value" shall mean, as of any date of determination, (x) shareholder's equity of the Corporation as of that date determined in accordance with generally accepted accounting principles, but adding back (A) the charge to shareholder's equity relating to the assumption by the Corporation of certain asbestos-related liabilities of GAF Building Materials Corporation in connection with the Corporation's formation, (B) the reduction in shareholder's equity resulting from purchases of the capital stock of GAF Corporation ("GAF") by persons who participated in promoting the management buy-out of GAF in March 1989 (the "Acquisition") (predecessor cost basis adjustment) and (C) any amounts reflecting the liquidation preferences of any outstanding preferred stock of the Corporation and excluding, to the extent occurring after December 31, 1995, (1) nonrecurring non-operating losses and charges to stockholder's equity and nonrecurring non-operating gains and increases in stockholder's equity, including any further charge relating to asbestos-related liabilities and any increase in stockholder's equity attributable to a public offering of capital stock of the Corporation, (2) net gains or losses in respect of dispositions of assets by the Corporation other than in the ordinary course of business, and (3) any charges relating to amortization of goodwill and other intangibles arising from the Acquisition divided by (y) 1,000,000. Any adjustments to Book Value shall include the tax effects, if any, associated therewith. If the Series A Preferred Stock or Common Stock are converted or exchanged for other securities or property pursuant to a recapitalization, stock split, combination, reorganization, merger, exchange or similar transaction, or if a sale of all or substantially all of the Common Stock of the Corporation shall occur or be pending, Book Value shall be modified by the Board of Directors in such manner as is reasonable under the circumstances. All determinations by the Board of Directors hereunder shall be made in good faith and shall be binding and conclusive.

"Business Day" means any day other than a Saturday, a Sunday or any other day on which commercial banking institutions in the City of New York are authorized by law to be closed.

"Capital Stock" of any person means any and all shares, interests, participations or other equivalents (however designated) of equity interests in such person.

"Common Stock" means the Corporation's common stock, par value $.001 per share, and any securities or property into which the Corporation's Common Stock may be converted or exchange pursuant to a recapitalization, stock split, combination, reorganization, merger, exchange or similar transaction.

"Corporation" means the party named as such in the preamble to this Certificate.

"Option Agreements" means option agreements between the Corporation and employees of the Corporation or U.S. Intec, Inc. relating to the Series A Preferred Stock.

"Person" means any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or agency, department or instrumentality thereof.

"Quarterly Dividend Period" means the applicable period from January 1, through the next March 31, from April 1 through the next June 30, from July 1 through the next September 30 or from October 1 through the next December 31.

3. Redemption.

(a) The Series A Preferred Stock shall be redeemable, at any time in whole or from time to time in part, out of Legally Available Funds, at the option of the Corporation, upon giving notice as provided in Section 3(b) hereof, at the Liquidation Preference thereof plus accumulated but unpaid dividends to the date of redemption.

(b) At least 30 days but not more than 60 days prior to the date fixed for the redemption of shares of the Series A Preferred Stock pursuant to Section 3(a) hereof (each a "Redemption Date"), written notice of such redemption shall be mailed to each holder of record of shares of Series A Preferred Stock to be redeemed in a postage prepaid envelope addressed to such holder at his mailing address as shown on the records of the Corporation; provided, however, that no failure of any holder of Series A Preferred Stock to receive such notice nor any defect therein shall affect the validity of the proceeding for the redemption of the shares of Series A Preferred Stock, to be redeemed. Each such notice shall state (i) the Redemption Date; (ii) the number of shares of Series A Preferred Stock to be redeemed and, if fewer than all of the shares held by such holder are to be redeemed from such holder, the number of shares to be redeemed from such holder; (iii) the cash redemption price being paid; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed shall cease to accrue on the Redemption Date. On or after the Redemption Date, each holder of shares of Series A Preferred Stock to be redeemed shall present and surrender his certificate or certificates for such shares to the Corporation at the place designated in such notice and thereupon the redemption price of such shares shall be paid to the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In case fewer than all of the shares represented by such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares. From and after the Redemption Date (unless default shall be made by the Corporation in payment of the redemption price) all dividends on the shares of Series A Preferred Stock designated for redemption in such notice shall cease to accrue and all rights of the holders thereof as stockholders of the Corporation, except the right to receive the redemption price thereof, without interest, upon the surrender of certificates representing the same, shall cease and terminate and such shares shall not thereafter be transferred (except with the written consent of the Corporation) on the books of the Corporation and such shares shall not be deemed to be outstanding for any purpose whatsoever.

(c) If fewer than all of the shares of Series A Preferred Stock are to be redeemed, the Board of Directors of the Corporation shall select the shares to be redeemed on such basis as the Board of Directors shall determine in its sole discretion. The Board of Directors shall not be required to redeem shares of Series A Preferred Stock on a pro rata basis. The Board of Directors may elect to redeem shares of Series A Preferred Stock held by one holder or group of holders and elect not to redeem shares of Series A Preferred Stock held by other holders. Regardless of the method used, the calculation of the number of shares to be redeemed shall be based upon whole shares, such that the Corporation shall in no event be required to issue fractional shares of Series A Preferred Stock or cash in lieu thereof. In the event a method requiring proration is used, the number of shares to be redeemed from a holder shall be rounded downward to the nearest whole number of shares. The holders of Series A Preferred Stock shall have no right to request the Corporation to redeem such shares at any time, and the Corporation shall have no obligation to honor any such request if made.

4. Voting Rights. The holders of Series A Preferred Stock shall be entitled to one vote for each share held on all matters to be voted on by the stockholders of the Corporation and shall vote together with the holders of Common Stock and the holders of any other class of stock entitled to vote in such manner. The holders of Series A Preferred Stock shall not, except as required by law, be entitled to vote as a separate class. Without limiting the generality of the preceding sentence, a class vote or the consent of the holders of the outstanding shares of Series A Preferred Stock as a separate class shall not be required in connection with: (i) the creation of any class or series of Capital Stock of the Corporation; (ii) any merger, consolidation or transfer of all or substantially all the assets of the Corporation or other transaction involving the Corporation and a third party in which the Corporation is the survivor or in which the Corporation is not the survivor and in which the Series A Preferred Stock shall (a) remain outstanding as an equivalent security of the survivor with no adverse change to the powers, preferences or special rights provided for in this Certificate or (B) be redeemed for an amount per share equal to the Liquidation Preference plus accrued and unpaid dividends; or (iii) any increase in the total number of authorized or issued shares of Capital Stock of any class, including without limitation Series A Preferred Stock.

5. Priority of Series A Preferred Stock in Event of Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of the Series A Preferred Stock shall be entitled to receive, out of the remaining net assets of the Corporation, an amount per share in cash equal to the Liquidation Preference plus all dividends accrued and unpaid on each such share up to the date fixed for distribution before any distribution shall be made to the holders of any Capital Stock of the Corporation ranking junior to the Series A Preferred Stock as to the distribution of assets upon the liquidation, dissolution or winding up of the Corporation. If, upon any liquidation, dissolution or winding up of the Corporation, the assets distributable among the holders of Series A Preferred Stock and any Capital Stock of the Corporation ranking on a parity with the Series A Preferred Stock as to the distribution of assets upon the liquidation, dissolution or winding up of the Corporation shall be insufficient to permit the payment in full to the holders of the Series A Preferred Stock and such other stock of all preferential amounts payable to all such holders, then the assets thus distributable shall be distributed ratably among the holders of the Series A Preferred Stock and any Capital Stock of the Corporation ranking on a parity with the Series A Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up of the Corporation in proportion to the respective amounts that would be payable per share if such assets were sufficient to permit payment in full. Except as otherwise provided in this Section 5, holders of Series A Preferred Stock shall not be entitled to any distribution in the event of liquidation, dissolution or winding up of the affairs of the Corporation. For the purposes of this Section 5, neither the voluntary sale, lease, conveyance, exchange or transfer (for cash, securities or other consideration) of all or substantially all the property or assets of the Corporation, nor the consolidation or merger of the Corporation with one or more

other corporations, shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

6. Conversion.

(a) The holders of shares of Series A Preferred Stock shall have the right, at any time or from time to time, at their option, to convert all or any portion of such shares into shares of Common Stock on the following basis: Each share of Series A Preferred Stock shall be convertible into the number of shares of Common Stock equal to 100 divided by 115% of Book Value as of December 31, 1995. The Corporation may, at its option, pay to any holder cash in lieu of any fractional share of Common Stock issuable upon conversion of shares of Series A Preferred Stock.

(b) In the case of a redemption pursuant to Section 3 hereof of any shares of Series A Preferred Stock, the right of conversion under this Section 6 shall cease and terminate, as to the shares to be redeemed, at the close of business on the second day preceding the date fixed for such redemption, unless default shall be made in the payment of the Redemption Price for the shares to be so redeemed.

(c) In order to convert shares of Series A Preferred Stock into shares of Common Stock pursuant to the right of conversion set forth in Section 6(a), the holder thereof shall surrender the certificate or certificates representing Series A Preferred Stock, duly endorsed to the Corporation or in blank, at the principal office of the Corporation and shall give written notice the Corporation that such holder elects to convert the same. Within five business days, the Corporation shall deliver at said office to such holder of Series A Preferred Stock a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Shares of Series A Preferred Stock shall be deemed to have been converted as of the date of the surrender of such shares for conversion as provided above, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares covered by a certificate representing shares of Series A Preferred Stock surrendered for conversion, the Corporation shall issue and deliver to the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series A Preferred Stock representing the unconverted portion of the certificate so surrendered, which new certificate shall entitle the holder thereof to the rights of the shares of Series A Preferred Stock represented thereby to the same extent as if the certificate theretofore covering such unconverted shares had not been surrendered for conversion.

(d) The issuance of certificates for shares of Common Stock upon the conversion of shares of Series A Preferred Stock shall be made without charge to the converting stockholder for any original issue or transfer tax in respect of the issuance of such certificates and any such tax shall be paid by the Corporation.

(e) The Corporation shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of Series A Preferred Stock, the full number of shares of Common Stock then deliverable upon the conversion of all shares of Series A Preferred Stock at the time outstanding. The Corporation shall take at all times such corporate action as shall be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock upon the conversion of Series A Preferred Stock in accordance with the provisions hereof, free from all taxes, liens, charges and security interests with respect to the issue thereof. The Corporation will, at its expense, use its best efforts to cause such shares to be listed (subject to issuance or notice of issuance) on all stock exchanges, if any, on which the Corporation's Common Stock may become listed.

7. Cancellation of Reacquired Series A Preferred Stock. Shares of Series A Preferred Stock which have been issued and reacquired in any manner, including shares purchased or redeemed, shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of preferred stock undesignated as to series and may be redesignated and reissued as part of any series of preferred stock.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be duly executed on its behalf, this 26th day of August, 1996.

Building Materials Corporation of America

By: /s/ James P. Rogers

James P. Rogers
Senior Vice President

ATTEST:

/s/ Richard A. Weinberg

Richard A. Weinberg,
Secretary
(Corporate Seal)

AMENDED CERTIFICATE OF DESIGNATION
OF
BUILDING MATERIALS CORPORATION OF AMERICA
CERTIFICATE OF DESIGNATION OF
SERIES A CUMULATIVE REDEEMABLE CONVERTIBLE
PREFERRED STOCK, PAR VALUE $.01 PER SHARE

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

It is hereby certified that:

FIRST: The name of the corporation (hereinafter called the "Corporation") is Building Materials Corporation of America.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 31, 1994. The Corporation was formerly known as GAF Newco Inc.

THIRD: The Certificate of Designations (the "Certificate of Designations") of Series A Cumulative Redeemable Convertible Preferred Stock, par value $.01 per share (the "Preferred Stock"), of the Corporation was filed with the Secretary of State of the State of Delaware on August 27, 1996.

FOURTH: No shares of Preferred Stock have been issued.

FIFTH: The Board of Directors of the Corporation has duly adopted the following resolution amending the Certificate of Designation, by unanimous consent dated as of December 19, 1996:

RESOLVED, that pursuant to authority expressly granted to the Board of Directors by the Certificate of Incorporation, the definition of

"Book Value" contained in Section 2(f) as the Certificate of Designation shall be amended to read as follows:

"Book Value" shall mean, as of December 31, 1995, (x) the combined shareholder's equity of the Corporation and U.S. Intec, Inc. as of that date determined in accordance with generally accepted accounting principles and treating U.S. Intec Holdings as a wholly-owned subsidiary of the Corporation after December 31, 1996, but adding back (A) the charge to shareholder's equity relating to the assumption by the Corporation of certain asbestos-related liabilities of GAF Building Materials Corporation in connection with the Corporation's formation, (B) the reduction in shareholder's equity resulting from purchases of the capital stock of GAF Corporation ("GAF") by persons who participated in promoting the management buy-out of GAF in March 1989 (the "Acquisition") (predecessor cost basis adjustment) and (C) any amounts reflecting the liquidation preferences of any outstanding preferred stock of the Corporation and excluding, to the extent occurring after December 31, 1995, (1) non-recurring non-operating losses and charges to stockholder's equity and non-recurring non-operating gains and increases in stockholder's equity, including any further charge relating to asbestos-related liabilities and any increase in stockholder's equity attributable to a public offering of capital stock of the Corporation, (2) net gains or losses in respect of disposition of assets by the Corporation other than in the ordinary course of business, and (3) any charges relating to amortization of goodwill and other intangibles arising from the Acquisition divided by (y) 1,000,000. Any adjustments to Book Value shall include the tax effects, if any, associated therewith.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed this 24th day of December 1996.

BUILDING MATERIALS CORPORATION OF AMERICA

By: /s/Richard A. Weinberg

Richard A. Weinberg
Secretary

CERTIFICATE OF AMENDMENT
OF
BUILDING MATERIALS CORPORATION OF AMERICA
CERTIFICATE OF DESIGNATIONS OF
SERIES A CUMULATIVE REDEEMABLE CONVERTIBLE
PREFERRED STOCK, PAR VALUE $.01 PER SHARE

Adopted in accordance with the provisions of
Section 242 of the General Corporation Law
of the State of Delaware

It is hereby certified that:

FIRST: The name of the corporation (hereinafter called the "Corporation") is Building Materials Corporation of America.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 31, 1994.

THIRD: The Certificate of Designations of Series A Cumulative Redeemable Convertible Preferred Stock, par value $.01 per share (the "Certificate of Designations") of the Corporation was filed with the Secretary of State of the State of Delaware on August 27, 1996.

FOURTH: The defined term "Book Value" contained in this Section 2(f) of the Certification of Designations has been amended by:

(i) deleting the first sentence thereof and replacing it with the following new sentence:

"'Book Value' shall mean, as of any date of determination, (x) the sum of (i) shareholder's equity of the Corporation (of, in the case of Book Value as of December 31, 1995, the combined shareholder's equity of the Corporation and U.S. Intec, Inc.) as of that date determined in accordance with generally accepted accounting principles and treating U.S. Intec Holdings Inc. as a wholly-owned subsidiary of the Corporation after December 31, 1995 and (ii) the cumulative operating profit (or loss) of the Nashville, Tennessee fiberglass manufacturing facility (the "Nashville Facility") of GAF Fiberglass Corporation ("GAF Fiberglass") during the period commencing January 1, 1997 through the date of determination, and adding back (A) the charge to shareholder's equity relating to the assumption by the Corporation of certain asbestos-related liabilities of GAF Building Materials Corporation in connection with the Corporation's formation, (B) the reduction in shareholder's equity resulting from purchases of the capital stock of GAF Corporation ("GAF") by persons who participated in promoting the management buy-out of GAF in March 1989 (the "Acquisition") (predecessor cost basis adjustment) and (C) any amounts reflecting the liquidation preferences of any outstanding preferred stock of the Corporation and excluding, to the extent occurring after December 31, 1995, (1) nonrecurring non-operating losses and nonrecurring non-operating gains, including any further charge relating to asbestos-related liabilities, (2) net gains or losses in respect of dispositions of assets by the Corporation other than in the ordinary course of business, and (3) any charges relating to amortization of goodwill and other intangibles arising from the Acquisition divided by (y) in the case of Book Value as of December 31, 1995, 1,000,000 and, in the case of all other calculations of Book Value, the number of shares of Common Stock of the Corporation outstanding on the date of determination."; and

(ii) by adding the following phrases after the phrase "exchange or similar transaction," in the penultimate sentence thereof, "if GAF Fiberglass becomes a direct or indirect subsidiary of the Corporation, if the Corporation directly or indirectly acquires the Nashville Facility".

FIFTH: Written consent to the adoption of this amendment to the Certificate of Designations has been given in accordance with Section 228 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by a duly authorized officer thereof on this 13th day of May 1997.

/s/ Richard A. Weinberg

Name: Richard A. Weinberg
Title: Senior Vice President and Secretary

CERTIFICATE OF AMENDMENT
OF
BUILDING MATERIALS CORPORATION OF AMERICA
CERTIFICATE OF DESIGNATIONS OF
SERIES A CUMULATIVE REDEEMABLE CONVERTIBLE
PREFERRED STOCK, PAR VALUE $.01 PER SHARE

Adopted in accordance with the provisions of
Section 242 of the General Corporation Law
of the State of Delaware

It is hereby certified that:

FIRST: The name of the corporation (hereinafter called the "Corporation") is Building Materials Corporation of America.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 31, 1994.

THIRD: The Certificate of Designations of Series A Cumulative Redeemable Convertible Preferred Stock, par value $.01 per share (the "Certificate of Designations") of the Corporation was filed with the Secretary of State of the State of Delaware on August 27, 1996.

FOURTH: Section 1 of the Certificate of Designations is hereby amended to read in its entirety as follows:

> "1. Designation. The Preferred Stock created and authorized hereby shall be designated as the "Series A Cumulative Redeemable Convertible Preferred Stock" (the "Series A Preferred Stock"). The number of shares of Series A Preferred Stock shall be 100,000. The liquidation preference of the Series A Preferred Stock shall be $100 per share (the "Liquidation Preference")."

FIFTH: Written consent to the adoption of this amendment to the Certificate of designations has been given in accordance with Section 228 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by a duly authorized officer thereof on this 6th day of August, 1997.

/s/ Richard A. Weinberg

Name: Richard A. Weinberg
Title: Senior Vice President
and Secretary

CERTIFICATE OF AMENDMENT
OF
BUILDING MATERIALS CORPORATION OF AMERICA
CERTIFICATE OF DESIGNATIONS OF
SERIES A CUMULATIVE REDEEMABLE CONVERTIBLE
PREFERRED STOCK, PAR VALUE $.01 PER SHARE

Adopted in accordance with the provisions of
Section 242 of the General Corporation Law
of the State of Delaware

It is hereby certified that:

FIRST: The name of the corporation (hereinafter called the "Corporation") is Building Materials Corporation of America.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 31, 1994.

THIRD: The Certificate of Designations of Series A Cumulative Redeemable Convertible Preferred Stock, par value $.01 per share (the "Certificate of Designations") of the Corporation was filed with the Secretary of State of the State of Delaware on August 27, 1996.

FOURTH: Section 2(a) of the Certificate of Designations has been amended to delete the phrase "$2.00 per share" from the fourth and eighth lines thereof and to replace it with the phrase "$1.50 per share".

FIFTH: The defined term "Book Value" contained in Section 2(f) of the Certification of Designations has been amended by:

(i) deleting the first two sentences thereof and replacing them with the following:

"'Book Value' shall mean, as of any date of determination, (x) the sum of (i) the combined shareholder's equity of the Corporation and U.S. Intec, Inc. as of December 31, 1995 determined in accordance with generally accepted accounting principles, (ii) the cumulative consolidated net income or loss of the Corporation (treating U.S. Intec Holdings Inc. as a wholly-owned subsidiary of the corporation for all periods) for the period January 1, 1996 through the date of determination and (iii) the cumulative operating income (or loss), net of an amount equal to imputed income taxes on such operating income calculated at the same tax rate as is accrued as an expense by the Corporation in its income statement for the applicable period, of GAF Fiberglass Corporation ("GAF Fiberglass") for the period January 1, 1997 through the date of determination, and adding back (A) the charge to shareholder's equity relating to the assumption by the Corporation of certain asbestos-related liabilities of GAF Building Materials Corporation in connection with the Corporation's formation and (B) the reduction in shareholder's equity resulting from purchases of the capital stock of GAF Corporation ("GAF") by persons who participated in promoting the management buy-out of GAF in March 1989 (the "Acquisition") (predecessor cost basis adjustment), and excluding, to the extent occurring after December 31, 1995, (1) nonrecurring non-operating losses and nonrecurring non-operating gains, including any further charge relating to asbestos-related liabilities, (2) net gains or losses in respect of dispositions of assets by the Corporation other than in the ordinary course of business, (3) any dividends or distributions paid to the holders of the Corporation's capital stock, (4) any capital contributions made to the Corporation by its stockholders, (5) any amounts received by the Corporation for shares of its capital stock (including from the exercise of options or warrants to purchase capital stock or from the conversion into capital stock of convertible debt or convertible preferred stock) and (6) any charges relating to amortization of goodwill and other intangibles arising from the Acquisition divided by (y) 1,000,010. There shall be deducted from Book Value an amount equal to a 15% per annum charge on the aggregate capital contributions made to the Corporation by its stockholders during the period commencing October 1, 1997, and ending with the date of determination (the "Period"), amounts received by the Corporation during the Period for shares of its capital stock and, to the extent not actually charged to the Corporation, on the outstanding principal amount of loans and other advances made to the Corporation by affiliates (excluding subsidiaries of the Corporation) during the Period. There shall be added to Book Value a 15% per annum credit on the aggregate dividends or distributions made by the Corporation to its stockholders during the Period and, to the extent not actually charged to the borrower, on the outstanding principal amount of loans and other advances made by the Corporation to affiliates (excluding subsidiaries of the Corporation) during the Period. Any adjustments to Book Value (including the 15% charge and credit referred to in the preceding two sentences) shall include the tax effects, if any, associated therewith."; and

(ii) by adding the following at the end thereof:

"The 'Nashville Facility' shall mean the Nashville, Tennessee manufacturing facility of GAF Fiberglass."

FIFTH: Written consent to the adoption of this amendment to the Certificate of Designations has been given in accordance with Section 228 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by a duly authorized officer thereof on this 9th day of March 1998.

BUILDING MATERIALS CORPORATION OF AMERICA

By: /s/ Richard A. Weinberg

Name: Richard A. Weinberg
Title: Senior Vice President and Secretary

CERTIFICATE OF AMENDMENT
OF
BUILDING MATERIALS CORPORATION OF AMERICA
CERTIFICATE OF DESIGNATIONS OF
SERIES A CUMULATIVE REDEEMABLE CONVERTIBLE
PREFERRED STOCK, PAR VALUE $.01 PER SHARE

ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF
SECTION 242 OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE

It is hereby certified that:

FIRST: The name of the corporation (hereinafter called the "Corporation") is Building Materials Corporation of America.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 31, 1994. The Corporation was formerly known as "GAF Newco Inc."

THIRD: The Certificate of Designations (the "Certificate of Designations") of Series A Cumulative Redeemable Convertible Preferred Stock, par value $.01 per share (the "Preferred Stock"), of the Corporation was filed with the Secretary of State of the State of Delaware on August 27, 1996.

FOURTH: The defined term "Common Stock" in Section 2(f) of the Certificate of Designation shall be amended and restated to read in its entirety as follows:

"'Common Stock' means the Corporation's Class A common stock, par value $.01 per share, and any securities or property into which the Common Stock may be converted or exchanged pursuant to a recapitalization, stock split, combination, reorganization, merger, exchange or similar transaction."

FIFTH: Written consent to the adoption of this amendment to the Certificate of Designations has been given in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed this fifteenth day of July, 1998.

BUILDING MATERIALS
CORPORATION OF AMERICA

By /s/ Richard A. Weinberg

Richard A. Weinberg
Executive Vice President,
Secretary and General
Counsel

CERTIFICATE OF AMENDMENT
OF
BUILDING MATERIALS CORPORATION OF AMERICA
CERTIFICATE OF DESIGNATIONS OF
SERIES A CUMULATIVE REDEEMABLE CONVERTIBLE
PREFERRED STOCK, PAR VALUE $ .01 PER SHARE

Adopted in accordance with the provisions of
Section 242 of the General Corporation Law
of the State of Delaware

It is hereby certified that:

FIRST: The name of the Corporation (hereinafter called the "Corporation") is Building Materials Corporation of America.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 31, 1994. The Corporation was formerly known as GAF Newco Inc.

THIRD: The Certificate of Designations of Series A Cumulative Redeemable Convertible Preferred Stock, par value $ .01 per share (the "Certificate of Designations") of the Corporation was filed with the Secretary of State of the State of Delaware on August 27, 1996.

FOURTH: Section 1 of the Certificate of Designations is hereby amended to read in its entirety as follows:

> "1. Designation. The Preferred Stock created and authorized hereby shall be designated as the "Series A Cumulative Redeemable Convertible Preferred Stock" (the "Series A Preferred Stock"). The number of shares of Series A Preferred Stock shall be Two Hundred Thousand (200,000). The liquidation preference of the Series A Preferred Stock shall be $100.00 per share (the "Liquidation Preference")."

FIFTH: Written consent to the adoption of this amendment to the Certificate of Designations has been given in accordance with Section 228 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by a duly authorized officer thereof on this 1st day of October 1998.

/s/ Richard A. Weinberg

RICHARD A. WEINBERG
Executive Vice President,
General Counsel & Secretary

CERTIFICATE OF AMENDMENT
OF
BUILDING MATERIALS CORPORATION OF AMERICA
CERTIFICATE OF DESIGNATIONS OF
SERIES A CUMULATIVE REDEEMABLE CONVERTIBLE
PREFERRED STOCK, PAR VALUE $ .01 PER SHARE

Adopted in accordance with the provisions of
Section 242 of the General Corporation Law
of the State of Delaware

It is hereby certified that:

FIRST: The name of the Corporation (hereinafter called the "Corporation") is Building Materials Corporation of America.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 31, 1994. The Corporation was formerly known as GAF Newco Inc.

THIRD: The Certificate of Designations of Series A Cumulative Redeemable Convertible Preferred Stock, par value $ .01 per share (the "Certificate of Designations") of the Corporation was filed with the Secretary of State of the State of Delaware on August 27, 1996.

FOURTH: Section 1 of the Certificate of Designations is hereby amended to read in its entirety as follows:

> "1. Designation. The Preferred Stock created and authorized hereby shall be designated as the "Series A Cumulative Redeemable Convertible Preferred Stock" (the "Series A Preferred Stock"). The number of shares of Series A Preferred Stock shall be Four Hundred Thousand (400,000). The liquidation preference of the Series A Preferred Stock shall be $100.00 per share (the "Liquidation Preference")."

FIFTH: The defined term "Common Stock" in Section 2(f) of the Certificate of Designations is hereby amended to read in its entirety as follows:

> " "Common Stock" means the Corporation's Class A common stock, par value $.001 per share, and any securities or property into which the Common Stock may be converted or exchanged pursuant to a recapitalization, stock split, combination, reorganization, merger, exchange or similar transaction."

SIXTH: Written consent to the adoption of this amendment to the Certificate of Designations has been given in accordance with Section 228 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by a duly authorized officer thereof on this 28th day of September 1999.

/s/ Richard A. Weinberg

RICHARD A. WEINBERG
Executive Vice President, General
Counsel & Secretary

EXHIBIT 21

BUILDING MATERIALS CORPORATION OF AMERICA

LIST OF SUBSIDIARIES

COMPANY	STATE OF INCORPORATION
BMCA Goldsboro, Inc.	Delaware
BMCA Insulation Products Inc.	Delaware
BMCA Receivables Corporation	Delaware
BMCA Sales (Barbados) Inc.	Barbados
BMC Warehousing Inc.	Delaware
Building Materials Investment Corporation	Delaware
Building Materials Manufacturing Corporation	Delaware
GAF Kalamazoo Acquisition Corp.	Delaware
GAF Leatherback Corp.	Delaware
GAF Materials Corporation (Canada)	Delaware
GAF Premium Products Inc.	Delaware
Wind Gap Real Property Acquisition Corp.	Delaware
GAF Real Properties, Inc.	Delaware
GAFTECH Corporation	Delaware
LL Building Products Inc.	Delaware
Ductwork Manufacturing Corporation	Delaware
Pequannock Valley Claim Service Company, Inc.	Delaware
South Ponca Realty Corp.	Delaware
TOPCOAT, Inc.	Delaware
U.S. Intec Holdings Inc.	Delaware
U.S. Intec, Inc.	Texas
Exterior Technologies Inc.	Texas
Intec Marine Inc.	Texas
USI Materials Inc.	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 24, 2000, included in this Form 10-K, into Building Materials Corporation of America's previously filed Registration Statement on Form S-8 File No. 333-60589.

ARTHUR ANDERSEN LLP

Roseland, New Jersey
March 30, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE 1999 ANNUAL REPORT ON FORM 10-K OF BUILDING MATERIALS CORPORATION OF AMERICA AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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