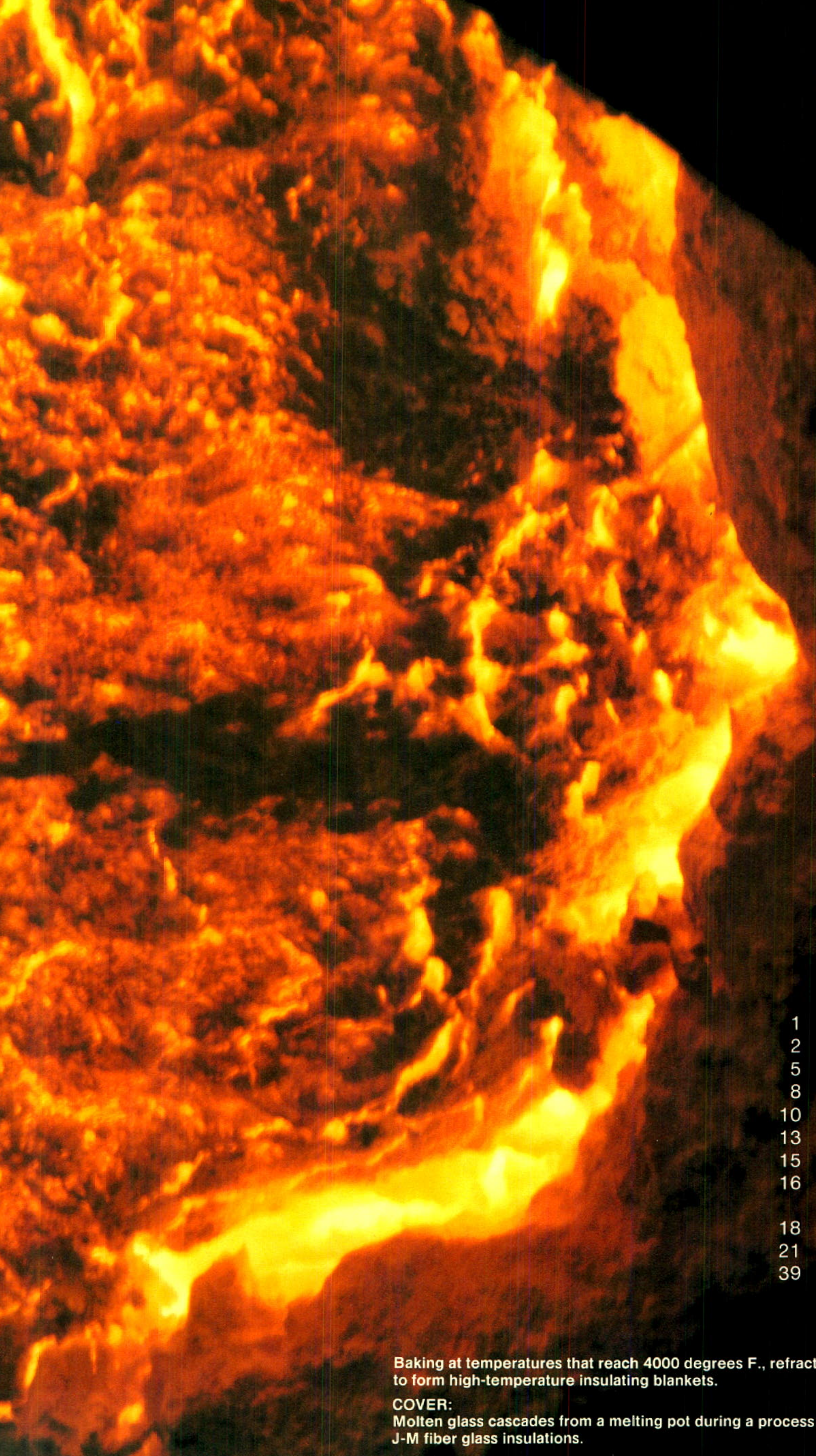
Johns-Manville Corporation

1977 Annual Report



The Company
Johns-Manville is a diversified worldwide manufacturing and mining corporation with six newly defined major businesses: Fiber Glass Products, Non-Fiber Glass Insulations, Pipe Products and Systems, Roofing Products, Asbestos Fiber, and Industrial and Specialty Products and Services.

Products
The company produces and markets the most diverse line of insulation products in the world. In addition, J-M is a leading supplier of Fiber Glass, Polyvinyl Chloride Plastic Pipe, Asbestos-Cement Pipe, Roofing and Asbestos Fiber Products. Its technologies are marketed through worldwide licensing and technical assistance agreements.

Employees
The company has 25,400 employees working at plants, mines and sales offices throughout the world.

CONTENTS

Baking at temperatures that reach 4000 degrees F., refractory fiber is melted in electric furnaces to form high-temperature insulating blankets.

COVER:
Molten glass cascades from a melting pot during a process basic but critical to the production of J-M fiber glass insulations.

Financial Highlights

(All dollar figures except per share are in thousands)	1977	1976
REVENUES		
Net Sales	$1,461,432	$1,308,771
Other, net	17,474	12,388
Total	1,478,906	1,321,159
EARNINGS BEFORE UNUSUAL NONOPERATING CHARGES*	190,658	131,180
EARNINGS BEFORE INCOME TAXES	191,547	101,221
NET EARNINGS	102,627	53,417
Net Earnings Per Share	4.78	2.64
AVERAGE SHARES OUTSTANDING (000 omitted)	21,453	20,231
CASH DIVIDENDS PAID	$ 33,259	$ 27,251
Dividends Per Share	1.55	1.35
CAPITAL EXPENDITURES	95,501	69,517
WORKING CAPITAL	366,182	311,809
SHAREHOLDERS' EQUITY	742,411	672,015

MARKET PRICES	1977 High	1977 Low	1976 High	1976 Low
FOR THE QUARTERS ENDED:				
March 31	33-1/2	27-3/8	31-7/8	23
June 30	37-1/4	32-1/8	32-1/2	26-3/8
September 30	38-1/4	31	31-1/4	26-3/4
December 31	34-1/2	30	35-7/8	28-3/4

	1977	1976
NUMBER OF SHAREHOLDERS	28,000	28,300
NUMBER OF EMPLOYEES	25,400	24,800

RESULTS BY MAJOR BUSINESS SEGMENTS (All dollar figures are in thousands)

	Revenues		Income (Loss) from Operations	
	1977	1976	1977	1976
Fiber Glass Products	$ 407,242	$ 357,823	$ 81,661	$ 59,823
Pipe Products and Systems	273,512	217,526	23,552	(2,688)
Roofing Products	203,612	171,197	13,754	8,363
Non-Fiber Glass Insulations	195,223	158,721	28,237	18,457
Asbestos Fiber	160,682	154,625	59,815	60,237
Industrial and Specialty Products and Services	301,173	309,450	25,431	18,741
Adjustments and Eliminations	(74,096)	(55,568)	3,492	1,997
Corporate	11,558	7,385	(25,179)	(18,597)
Total	$1,478,906	$1,321,159	$210,763	$146,333

*The unusual nonoperating charges consisted of asset dispositions, reduction of intangible assets and the provision for Flextran claims.

See page 23 for management analysis and discussion of operations.

President's Review

Francis H. May, Jr., (Left) Executive Vice President, Finance and Administration; John A. McKinney, (Center) President and Chief Executive Officer and Fred L. Pundsack, Executive Vice President, Operations.

The key element in the company's 1977 success story was that net earnings from U.S. operations were more than double 1976 levels. Total J-M sales and earnings reached record highs.

It's important to understand how this was accomplished. The earnings gain was not derived from ideal manufacturing conditions or exceptional physical volume gains; elsewhere in this report you'll read about a prolonged fiber glass strike and some capacity constraints that actually limited J-M physical volume gains in the U.S. to about eight percent for the year.

Our U.S. earnings advanced primarily because we did what we knew we had to do—improve the relationship between the pricing of J-M products and the cost of their manufacture in those businesses most critical to the future of the company. This also provided a better return on your investment.

The benefits resulting from this effort were threefold. First, to accomplish it, new management planning and control systems were developed and put in place. These systems, which performed well during 1977, will continue to improve operating margins and overall profitability and should also minimize the effects of any possible future downturns in the economy. We believe we can further improve the fundamental economics of a number of our operations and we will be working toward that end in the year to come.

The second benefit came from the need to focus primary attention on the company's major operations. Opportunities for improving profitability in pipe, roofing and insulations were identified and capitalized on in 1977. Asbestos fiber, while contributing substantially to earnings, has assumed a less important position with the earnings growth of our other basic businesses. Although its profitability is expected to improve in the long term with reviving European economies, we do not expect asbestos fiber to dominate J-M earnings to the extent that it has in the past.

We have also consolidated and repositioned some businesses for more profitable growth and phased out others not important to the future direction of the company. You will see in this report that we have redefined our six major businesses so they are more closely aligned with the internal operating organization and, hopefully, now will be more easily understood by stockholders, financial analysts and the general public.

Finally, as earnings generate greater cash flow, we can address more fully the long-range development of J-M. It has already become apparent that our company, properly managed, will provide ample capital to support significant future growth; so we have begun aggressively to seek out opportunities for growth. One example is the previously announced $200 million capital expansion program which will, by 1980, double U.S. fiber glass capacity over the 1976 levels. The timing of this program allows periodic reassessment of our commitment as market and competitive activity develop, thus largely eliminating the danger of an overcapacity position. We are convinced that fiber glass will remain the preferred insulation product long after its growth rate slows in about five years. Fiber glass mat for roofing and other uses will provide additional growth opportunities.

We continue seeking still other growth possibilities that would markedly change the Johns-Manville profile, possibly through substantial acquisitions. Our strategic planning process has been restructured to more readily accommodate this kind of thinking and we are prepared to commit both the capital funds and technical expertise to take advantage of every key opportunity we can identify.

We began 1977 with a promise that we would meet the problems confronting us head-on and with the understanding that success would require a coordinated effort by all three elements of the company—manufacturing, marketing and support people. We believed the main thing we needed was to "get it all together," to use the modern phrase. In retrospect, I believe the most appropriate way to characterize the year just ended—from the improved cost/price relationship of our products to the effective repositioning and strategic planning of our businesses—is to say it was a year when J-M people did get it all together in a superb manner. I am, personally, tremendously proud of their efforts and their achievements.

As for the year ahead, it is the current consensus among economists that the major markets affecting J-M will perform well. New home construction will continue strong, though possibly tapering off somewhat from the levels of last year. We should see significant improvement in non-residential building activity; contract awards are already beginning to revive. Likewise, a recovery in spending by states and municipalities should bolster demand for pipe and other construction materials in the coming months.

Consumer confidence shows many signs of remaining strong. The step up in U.S. business investment should begin extending into Canada, Japan and Western Europe in the foreseeable future.

Our main thrust in 1978 will be to continue improving profitability by maintaining our expense control and pricing vigilance, by adding volume to below-capacity businesses, by better utilizing existing capacity and by adding capacity in sold-out businesses. The company achieved its 1977 goals as quickly as it did because there were people in every segment of our operations who willingly gave that extra time, that extra effort, to really make things happen. Applying that same kind of spirit in 1978 should ensure that we will build on the success of the year just ended.

J A McKinney

John A. McKinney
President and Chief Executive Officer

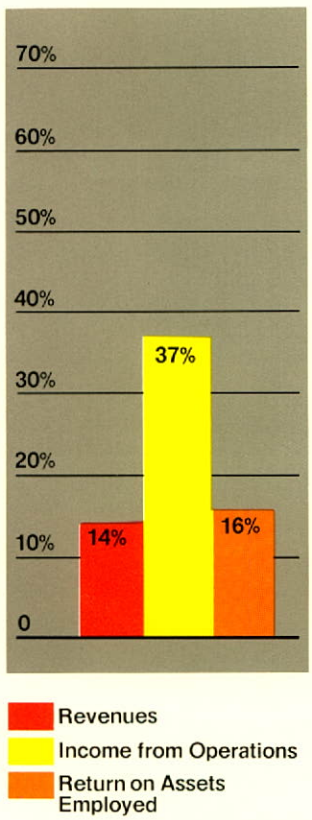
Fiber Glass Products

Products

Piping Insulations
Air Conditioning Duct Wrap
Insulating Boards
Air Conditioning Duct Systems
Automotive Hood Liners, Topliners & Molded Parts
Appliance Insulations
Aerospace Insulations
Mats for Roofing & Industrial Uses
Building Insulations
Air Filtration Media
Filter Tubes & Cartridges
Rovings, Sliver & Yarns
Chopped Strand
Marbles & Pellets
Acoustical Ceiling Panels

An operator aligns primary fiber as it's drawn from the melting pot prior to attenuation by high velocity burners into fine insulation fibers.

Fiber Glass Products Percentage Increases (1977 over 1976)



Fiber Glass Products comprise one of J-M's most valuable profit centers, a fact that was reaffirmed by the 1977 performance of this business.

Total revenues climbed to a record $407 million, up 14 percent over 1976. Likewise, income from operations reached $82 million, an increase of 37 percent on a year-to-year basis.

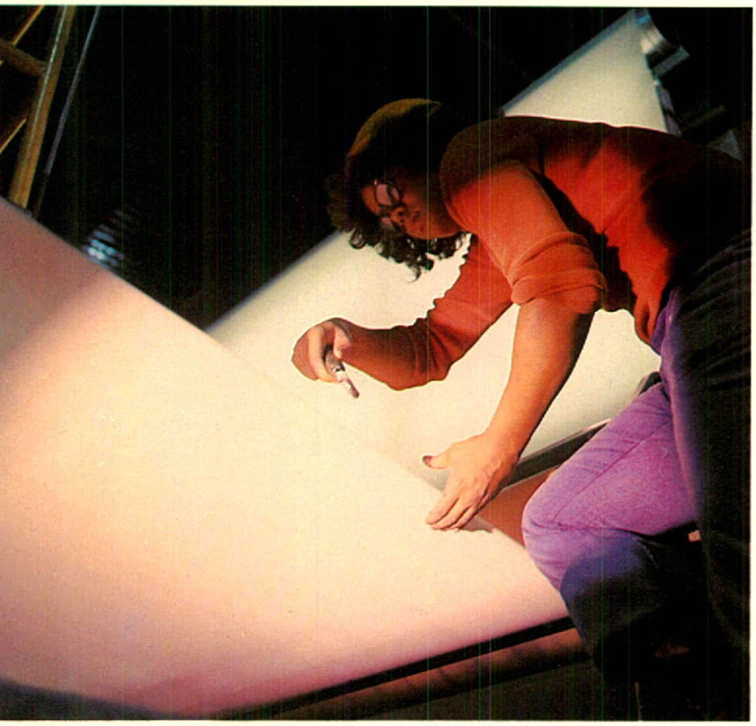
About 80 percent of total J-M sales to customers in this group is for fiber glass insulation products in residential, commercial and industrial markets. The remainder consists primarily of fiber glass mat and specialty fiber glass.

Demand far outpaced the industry's ability to supply fiber glass insulation products, stimulated primarily by continuing national and worldwide concern for energy conservation. The exceptionally high rate of new housing starts, coupled with the desire of homeowners to upgrade their present insulation standards and a heavy surge in commercial and industrial markets serviced by fiber glass products, also were contributing factors.

Profit margins were substantially improved by greater production efficiency, reflecting higher capacity utilization and better expense control in the insulation lines plus improved product pricing.

As reported by the national media, the Federal Trade Commission is currently studying pricing and licensing practices as they relate to the insulation industry. J-M's pricing strategy is designed to ensure its stockholders an adequate return on investment, a factor especially critical in the capital-intensive fiber glass business. Historically, cash flow has been negative in this area and in order to justify the substantial new investments currently being made, pricing becomes an ever-more-critical factor.

J-M's record sales and earnings levels were achieved despite a three week strike at the Cleburne, Texas facility during the first quarter and a three and one-half month strike that disrupted operations at three J-M fiber glass plants at Defiance, Ohio throughout the third



Thickness of fiber glass mat is carefully inspected as it emerges from a dryer. Demand for this specialized mat was accelerated in 1977 by the increased popularity of fiber glass roofing products in which it is used as a base.

quarter. The Cleburne and Defiance strikes resulted in a total loss to 1977 net earnings of \$7 million or \$.33 per share, including start-up costs.

Adverse weather conditions early in the year were successfully countered by a self-help energy program that kept J-M fiber glass plants open while some competitors were forced to close. Since the program's inception in 1975, J-M has drilled 110 oil and gas wells in Ohio, of which 79 were completed, resulting in the delivery of 2.5 billion cubic feet of natural gas to J-M plants. A second self-help program has been started near the McPherson, Kansas plant. Thus far four wells have been drilled, with three completed. The drilling program has extended into 1978 and other means of meeting J-M energy needs are also being investigated.

J-M reaffirmed its commitment to the fiber glass business during 1977 with the announcement of a four-year, \$200 million expansion program intended to double its U.S. fiber glass production capacity by 1980. The immediate result was that capacity expansions were accomplished at six U.S. plants during 1977. The program will provide approximately 15 percent additional domestic fiber glass insulation capacity in 1978.

A substantial portion of J-M's domestic and international fiber glass production now features a highly advanced electric-melt rotary process. Utilizing this proprietary method, J-M plants produce more energy-saving fiber glass insulation while consuming fewer BTUs per pound than previously used in production. Already in large-scale pilot operation at J-M's Richmond, Indiana facility, the process went on-line in successful commercial production at the new insulations plant at Innisfail, Alberta, Canada in 1977. Additional units are being installed at the Winder, Georgia; McPherson, Kansas; Willows, California and St. Avold, France plants.

Fiber glass mat produced in Germany is used in roofing, resilient flooring and specialty papers, while domestically produced fiber glass mat is almost entirely devoted to production of fiber glass roofing shingles. Demand for J-M's highly specialized mat was accelerated by the roofing market's ready acceptance of the fiber glass shingle.

Programs to alleviate the shortage of fiber glass mat proceeded in 1977, with capacity expansion underway in both U.S. and German manufacturing facilities. Early in 1978, J-M purchased a large manufacturing plant near Etowah, Tennessee for use as a fiber glass mat facility with production start-up scheduled for mid-1979. The Etowah facility will be the largest single producing location of fiber glass mat in the U.S.

The outlook for this business is excellent. Continued high levels of new home construction and maintenance activity as well as heightened awareness of energy conservation in the residential, commercial and industrial markets ensure a profitable year. Despite capacity expansions mentioned above, it is anticipated that J-M fiber glass plants will continue to run at capacity in 1978 and that most products will again be on allocation. These factors, together with the impact of productivity, control of costs and an adequate pricing policy, should make 1978 an excellent year for Fiber Glass Products.

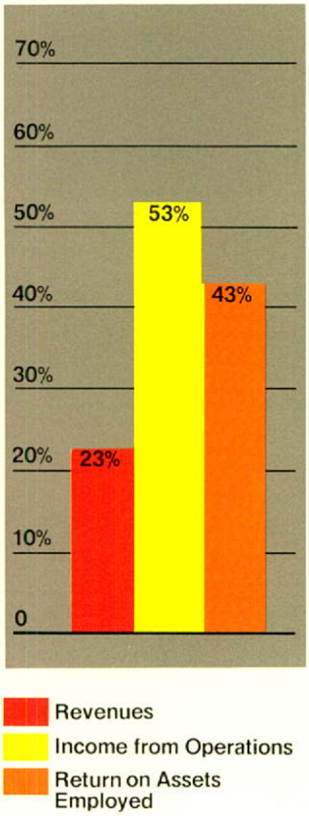
Checking the "nerve center" of a fiber glass mat machine; virtually all electrical circuits are monitored from this panel, which controls the entire mat manufacturing process.

Non-Fiber Glass Insulations

Products

Refractory Fiber, Blankets & Special Shapes
Insulating Fire Brick
Marine & Commercial Insulation Boards
Asbestos Paper & Millboard
Calcium Silicate Insulations & Accessories
Metal-Clad Aerospace & Industrial Insulations
Perlite Roof Insulating Boards
Asphalt Insulating Siding
Reflective Insulations
Insulation Contracting

Non-Fiber Glass Insulations Percentage Increases (1977 over 1976)



Johns-Manville produces and markets the most diverse line of insulation products in the world, and the breadth and balance of its Non-Fiber Glass Insulations business was clearly demonstrated in 1977. Led by a sharp increase in earnings derived from FESCO BOARD and FESCO FOAM commercial and industrial roof insulation sales, the Non-Fiber Glass Insulation segment posted record sales and earnings for the year.

Revenues were $195 million, an increase of 23 percent over 1976. Income from operations totalled $28 million, up 53 percent from the previous year.

Demand for these insulations was strongly influenced by market factors similar to those affecting Fiber Glass Products, particularly the awareness of energy conservation needs world-wide. Market gains made by the unique FESCO BOARD and FESCO FOAM insulating products, however, were impressive in view of the relatively modest advances made by non-residential building construction in 1977. Both FESCO products feature good insulating value and fire retardant characteristics.

With the strong demand evidenced throughout the year, pricing for these products moved ahead at a satisfactory level, keeping pace with escalating cost and inflationary factors.

The majority of J-M's domestic non-fiber glass insulation lines closed out the year running near capacity. Two of the three FESCO roof insulation facilities operated at capacity for the entire year with the third reaching that level by mid-year. Early in 1978, the Board of Directors approved a $6.9 million capital expenditure to install a second FESCO FOAM line at the Natchez, Mississippi plant.

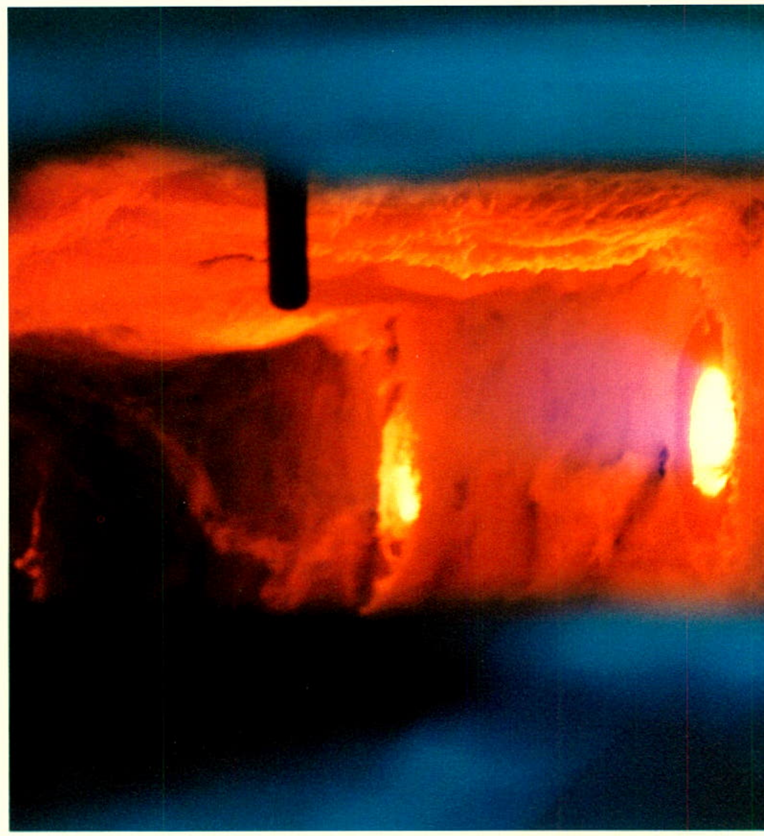
Calcium silicate and refractory fiber insulations were also near capacity throughout the year. These two rapidly growing industrial insulations are finding increased acceptance as energy conservers in the metal-processing, chemical, petro-chemical and utility industries. Refractory fiber product sales benefited in 1977 from market recognition of their insulating value and from application engineering advances resulting in more widespread use. Last year's demand for THERMO-12 calcium silicate insulation is attributed to the economic incentive of using greater thicknesses of insulation per application to offset rising industrial energy costs.

The J-M refractory fibers business has experienced steady growth for the last five years. To ensure an adequate supply, an additional production line is being installed at Waukegan, Illinois that will make new capacity available by the close of 1978.

As in other J-M businesses, manufacturing programs stressing expense control contributed to the profitability of these products. Insulation contract operations also achieved record earnings largely through better control of costs. These operations, accounting for about 17 percent of Non-Fiber Glass Insulations sales, continue to improve in profitability.

It is anticipated that this widely diverse line of insulation products will continue to perform well in 1978. Increasing industrial activity will support demand for them while the continuing revival in capital spending plus new non-residential building activity should add greatly to insulation sales in both the commercial and industrial sectors.

Overall, then, market conditions are expected to support sales advances in 1978, while earnings will be bolstered by higher levels of capacity utilization and cost controls.



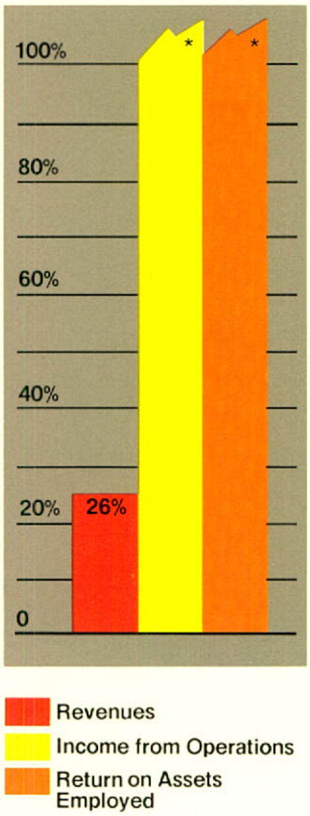
Specialty insulation fiber blankets are cured in high-intensity heat treating furnaces.

Pipe Products and Systems

Products

Asbestos-Cement Air Vent Duct
Asbestos-Cement Water & Sewer Pipe
Polyvinyl Chloride Plastic Water & Sewer Pipe
Fiber Glass Reinforced Water & Sewer Pipe
Asbestos-Cement Electrical & Telephone Duct
Polyvinyl Chloride Plastic Electrical & Telephone Duct
Sewer Pipe Fittings
Insulated Pipe
Agricultural & Turf Irrigation Sprinklers, Valves & Controllers
Backflow Prevention Devices

Pipe Products and Systems Percentage Increases (1977 over 1976)



*Percentage gain in Income and Return is in excess of 100% due to losses incurred in 1976.

The Pipe Products and Systems business turned around dramatically in 1977.

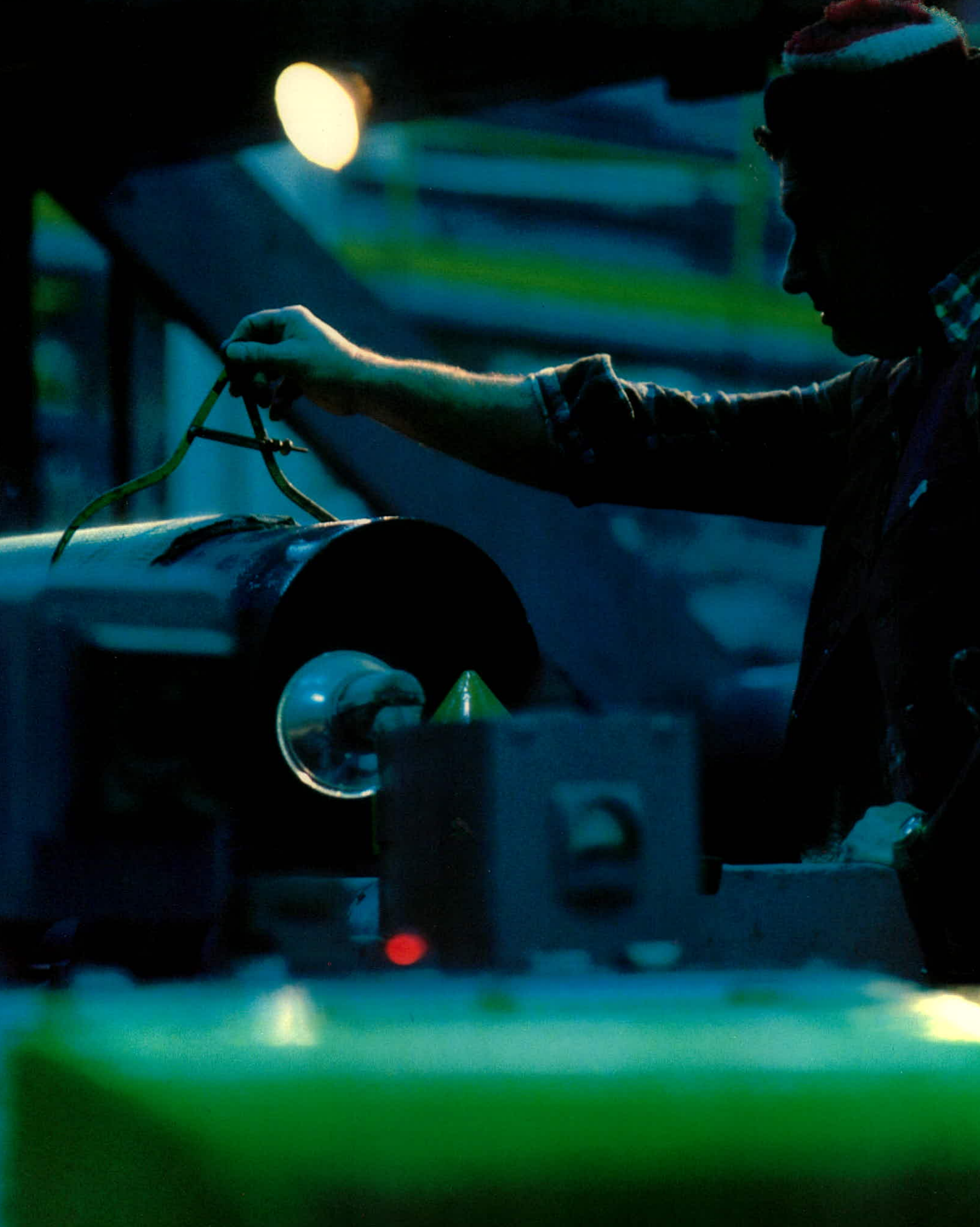
Revenues were a record $274 million compared with $218 million in 1976, an increase of 26 percent. More significantly, income from operations rebounded from a loss of $3 million in 1976 to a gain of $24 million in 1977.

Primary market factors associated with the pipe business were positive. The sharp gain in housing construction had an effect on commercial building activity, with construction of stores and office buildings up modestly. Spending by states and municipalities on public works projects moved upward through the year.

The more direct reasons for the sharply improved profitability of J-M's pipe business, however, were found in improved pricing policies in polyvinyl chloride (PVC) plastic pipe and better capacity utilization in asbestos-cement (A/C) pipe. Production of PVC pipe, which accounted for about 40 percent of J-M's total dollar volume of pipe sales, ran at capacity for the second consecutive year. The difference in 1977 was in prices, which remained above the softened levels of 1976. Raw material costs, notably those for resin, held steady throughout the year.

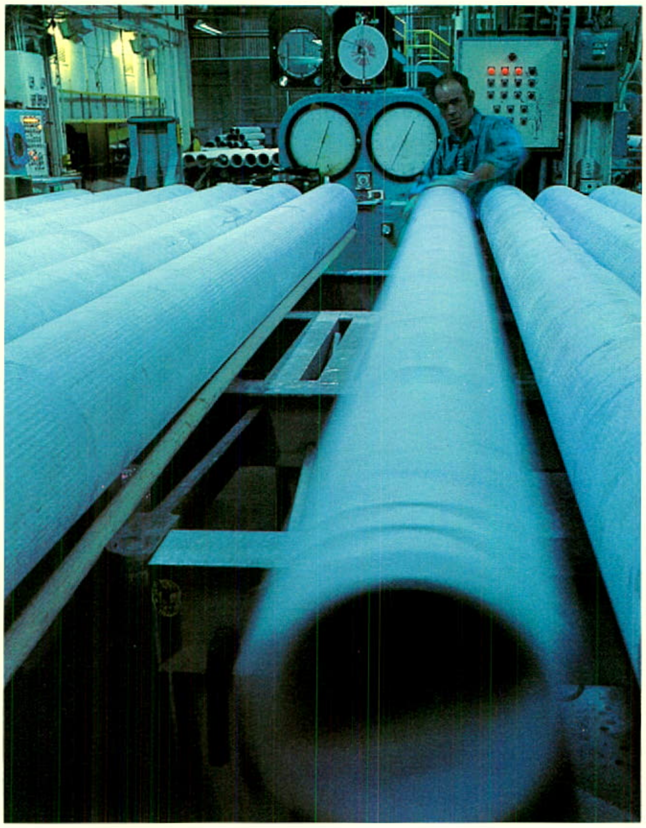
Gains in the A/C pipe group, on the other hand, can be attributed to better capacity utilization. A/C pipe production responded to renewed demand from the marketplace by advancing to a utilization rate of about 70 percent of six-day capacity compared with 55 percent in 1976. This factor, coupled with moderate price advances, led to improved earnings. The A/C product group represents about 60 percent of total dollar volume of pipe sales.

An operator measures the outside diameter of TRANSITE asbestos-cement pipe to assure that it meets manufacturing specifications.



The company's marketing strategy continued to stress its high-performance pipe products, offering a balanced PVC-A/C product mix to water, sewer and industrial markets. A program to increase penetration into industrial areas was initiated during the year with considerable success. Further gains are expected in this market during 1978.

Current economic predictions indicate that the markets critical to the pipe business will continue strong throughout 1978. J-M's expectations for the success of its pipe business, therefore, continue at a high level.

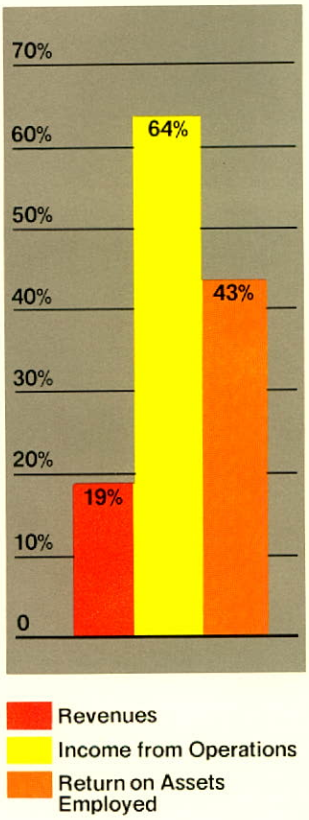


(Above:)
Asbestos-cement pipe is dimensionally and visually inspected following beam testing for flexural strength.

Products

Residential Asphalt Shingles
Saturated & Coated Felts
Built-Up Roofing Systems
Roof Coatings & Accessories

Roofing Products Percentage Increases (1977 over 1976)



The performance of the Roofing Products business during 1977 was characterized by a high level of demand resulting in record sales and earnings. Most roofing products were on allocation throughout the latter part of the year, with demand extending well into the fourth quarter to offset the seasonal decline normally experienced by this business.

Revenues amounted to $204 million, a 19 percent increase over 1976 results. Income from operations was $14 million, up 64 percent.

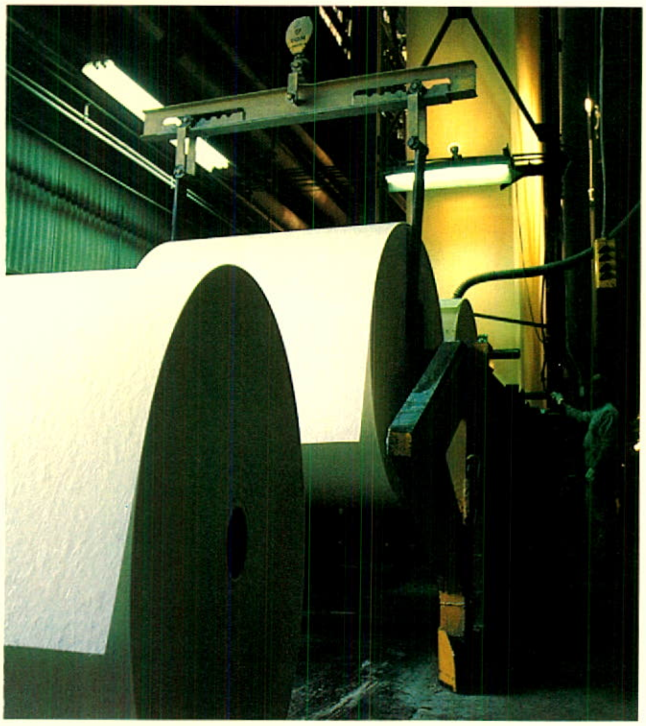
Two-thirds of the company's 1977 roofing sales were in residential markets, one-third in non-residential. Residential roofing markets were especially active during 1977 due to both sustained re-roofing activity and a high rate of new housing starts. This resulted in residential roofing sales closing out the year 15 percent higher than in 1976. Earnings followed suit, registering a 55 percent increase on a year-to-year basis. It is estimated that re-roofing, a highly stable market, accounts for about 60 percent of residential roofing sales.

Built-up roofing demand remained exceptionally strong throughout the year, sustained by maintenance and repair activity that offset the modest improvements in non-residential building. Built-up roofing sales have consistently out-performed the overall non-residential construction market.

Pursuing a strategy first implemented in the early 1970s, Johns-Manville continued to emphasize fiber glass products in residential roofing lines. The use of a fiber glass mat base yields a higher performance product. Forty-three percent of J-M residential roofing sales in 1977 was in fiber glass shingles, despite constraints caused by limited availability of fiber glass mat.

Additional mat will be available in 1978 with the start-up of another mat machine at Waterville and increased imports from J-M's Schuller subsidiary at Wertheim, Germany. As mentioned

(Left:)
An operator inspects the application of mylar release film to the back of fiber glass shingle sheets. The film prevents shingles from sticking together when bundled during storage.

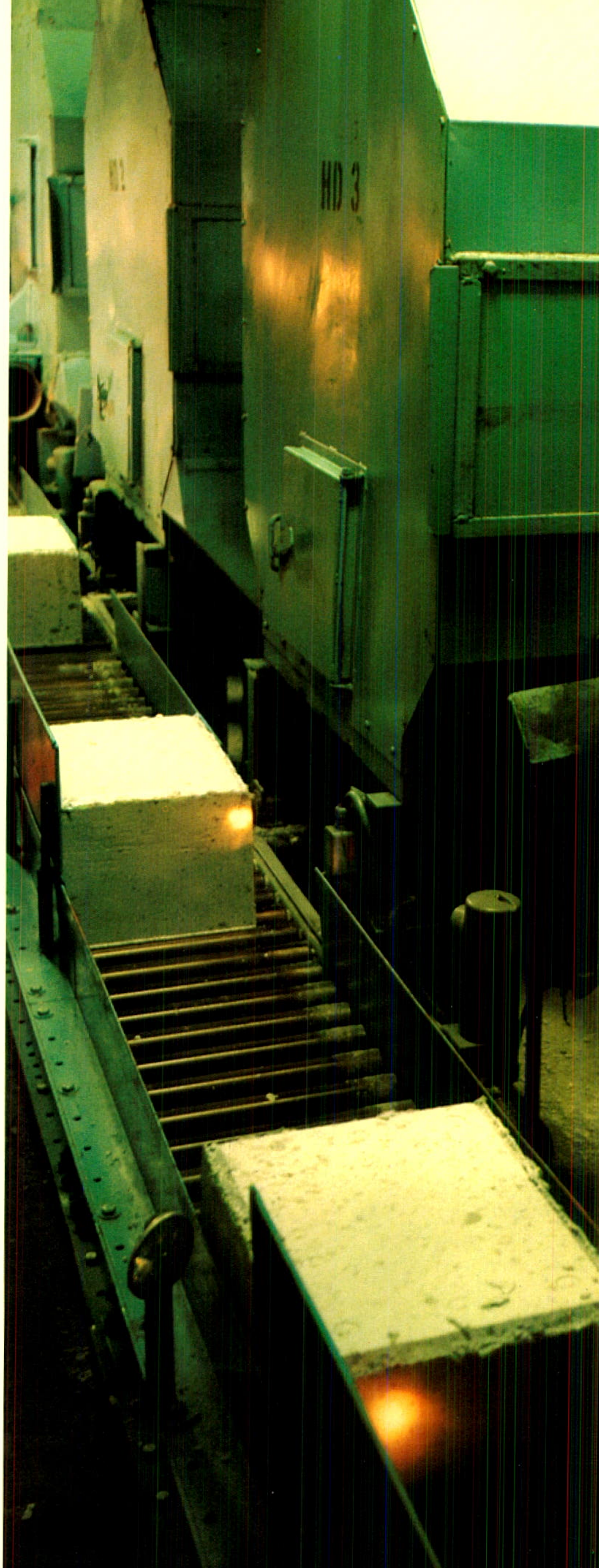


(Below:)
Rolls of fiber glass mat are continually fed into a dry mat accumulator during the initial stages of fiber glass shingle production.

earlier in this report, the company will install the largest single production facility for fiber glass mat in the U.S. at Etowah, Tennessee.

Pricing improved over 1976 levels in both residential and non-residential roofing products.

Looking to the future, it seems certain that J-M's Roofing Products business will continue to experience favorable market conditions. Re-roofing should be a strong supporting factor and the rate of new housing starts will most likely ensure adequate capacity utilization. Non-residential building is expected to show appreciable gains during 1978. Finally, the consistently strong performance of J-M built-up roofing systems and the market's enthusiastic acceptance of the fiber glass shingle seem to ensure that J-M will maintain its position as a leader in the roofing industry.

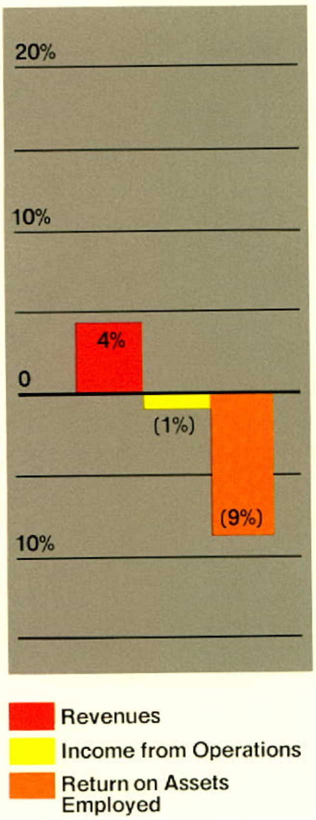


Asbestos Fiber

Product

Asbestos Fiber

Asbestos Fiber Percentage Increases (1977 over 1976)



(Left:) High-density asbestos blocks produced on this line make the packaging and handling of asbestos fiber safer and easier. Each block is approximately 40 percent the size of a bag containing the same amount of loose asbestos fiber.

J-M's Asbestos Fiber business accounted for a lesser portion of total company sales and earnings in 1977 due to both the softened demand for asbestos overseas and to the growth of J-M's other businesses.

Revenues were \$161 million compared with \$155 million in 1976. Income from operations totalled \$60 million.

Weakened demand, particularly in Western European markets, began to affect asbestos sales negatively in mid-year. This reflected both customers' decisions to reduce inventory stockpiles accumulated during the previous year's shortage and generally lagging economic recoveries throughout Western Europe and Japan. For the most part, pricing did not suffer any erosion as a consequence of reduced demand but costs did increase.

Total shipments of asbestos from the Jeffrey Mine in Quebec were about 85 percent of capacity during 1977. The \$77 million, five-year capital expenditure program, designed to ensure continuing profitable and safe mining operations at Jeffrey for the next 15 years, completed its second year on schedule.

During the year, the company continued its programs aimed at heightening employee and customer awareness of safe handling techniques for asbestos fiber and asbestos-containing products.

The Quebec government's announced policy toward the asbestos industry is designed to increase employment by encouraging greater conversion of fiber into finished product in the Province. The company stands ready to cooperate with government officials in achieving this objective.

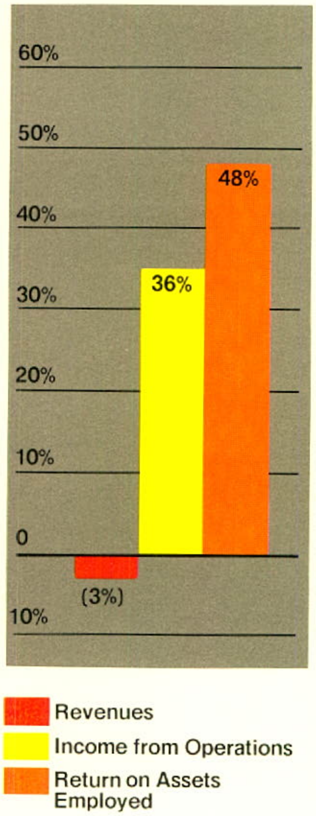
As for the future, J-M believes that the Asbestos Fiber business will continue to be a good profit contributor although its overall impact on company earnings will diminish as other J-M businesses improve their profitability. The slackening in demand experienced in 1977 appears to be short-term and demand should again outpace supply in the future.

Industrial and Specialty Products and Services

Products

Vinyl Siding
Diatomite Filter Aids & Filler Materials
Synthetic Silicates
Cellulose Filter Aids
Perlite Ore
Mechanical & Molded Packings
Oil Seals
Rope & Sheet Packing
Expansion Joints
Golf Carts
Engineering Services
Industrial & Architectural Asbestos-Cement Sheets
Asbestos Felts, Papers & Textiles
Asbestos-Cement Shingles
Industrial, Commercial Highway & Outdoor Lighting Products
Emergency Lighting & Power Supply Products
Acoustical & Integrated Ceiling Products & Systems
Pre-Cast Concrete Construction Products
Electrical Insulating Tapes, Papers & Boards
Airline Services

Industrial and Specialty Products and Services Percentage Increases (1977 over 1976)



Revenue generated by the diverse Industrial and Specialty Products and Services business segment amounted to $301 million, a decrease from $309 million in 1976. Income from operations was $25 million, an increase of 36 percent.

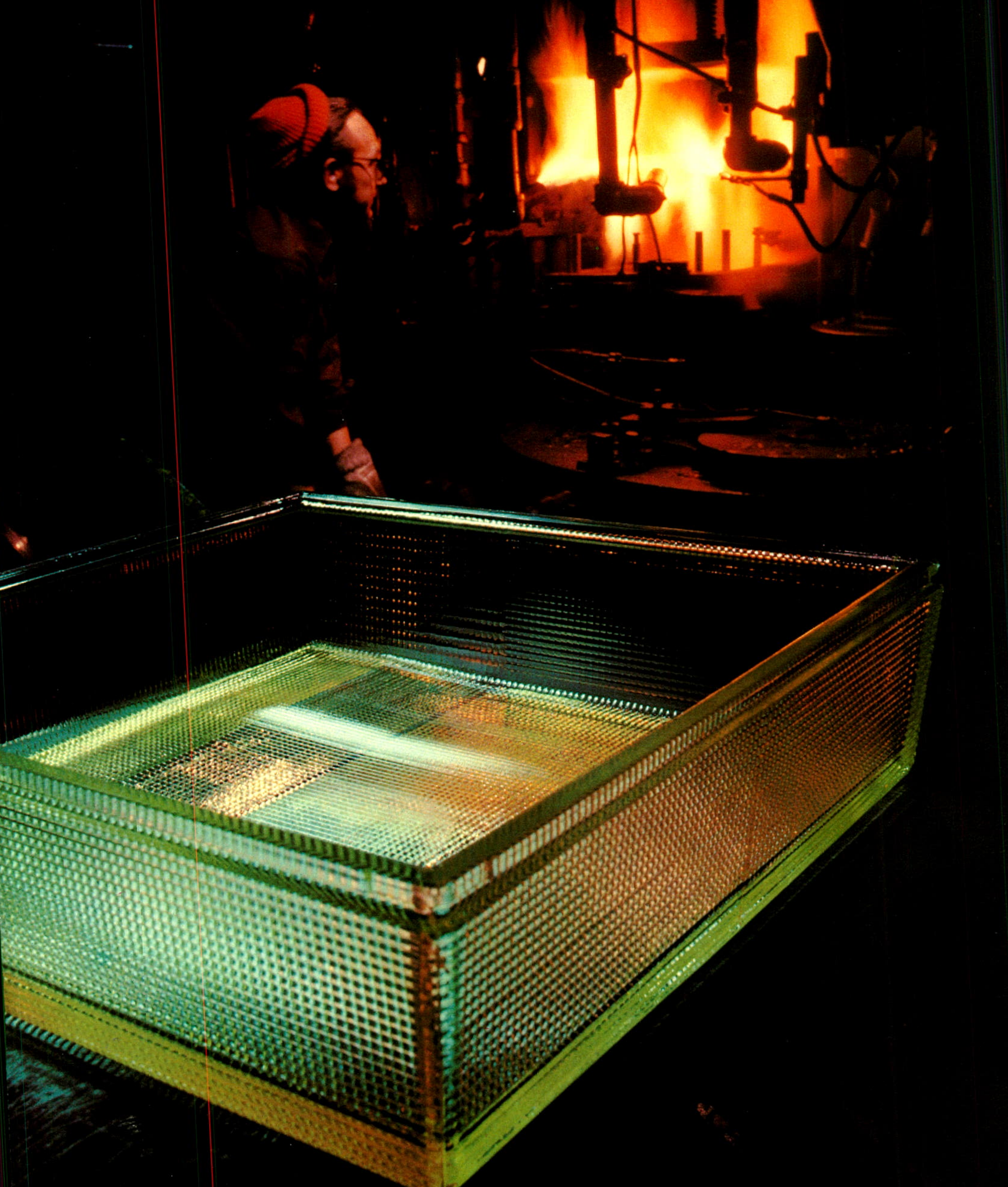
This business segment provides a good illustration of J-M's current management philosophy at work —many of the businesses now included were consolidated and repositioned for more profitable growth. Others were closed out or divested.

Holophane lighting products, the largest of these businesses, posted moderate sales gains for the year, influenced by the earlier drop in new non-residential building construction. The Holophane-Australia operation was divested, the Barbourville, Kentucky lighting plant closed.

Heightened awareness of energy conservation needs had a mixed impact on lighting. The initial effect was a drop in the sales of fixtures for the new construction market. However, with the development of more energy-efficient lamps, relighting and life-cycle costing had a positive influence on sales as customers discovered they could increase lighting levels without substantially adding to costs.

J-M's mineral products serve a wide range of market segments. Diatomite is used as a filter aid by the food, beverage, pharmaceutical, chemical, dry cleaning and swimming pool industries and also as a flattening agent in paints. Perlite ore is expanded and used in insulating board, acoustical tile, lightweight concrete and horticultural and cryogenic applications.

Just emerged from the glass furnace in the background, a newly-pressed refractor for an outdoor modular light awaits processing for stress removal.



Demand for these materials generally reflected the economy's steady rate of advance. Industrial production supported an increased demand for diatomite filter aids and fillers. New construction and maintenance projects boosted demand for perlite ore as well.

Market conditions for industrial specialties were, likewise, generally favorable. This group features sealing components, packings, pipe rings and expansion joints for process equipment and public utility markets.

In 1977, sales of sealing components totalled $31 million, an increase of 10 percent over 1976. These gains can be attributed both to capital spending for new equipment and to maintenance activity. Cost inflation was offset by price increases.

The pipe protection materials market flattened in 1977 as indecision on natural gas deregulation and energy policies in general discouraged new oil and gas exploration projects. New pipeline construction projects were not initiated as expected during the year, adversely affecting pipe protection materials sales. J-M products did, nonetheless, successfully maintain market share.

The company made the decision to move out of several businesses not profitable or central to its future direction, including: wood fiber board plants in Ontario, Canada and Jarratt, Virginia; an acoustical ceiling-tile production facility in Alexandria, Indiana, a pre-stressed concrete business with four operating locations in the U.S. and the Barbourville, Kentucky Holophane lighting plant previously mentioned.

Consistent with reviving market activity predicted for non-residential and industrial markets, the outlook for Industrial and Specialty Products and Services in 1978 appears to be favorable.

J-M International Hampered by Lagging Overseas Economies

J-M's international operations were hampered in 1977 by lagging economic recovery in Canada and Europe and by labor problems in France. Because of these factors, operating earnings dropped slightly, with Latin American and Far Eastern markets experiencing strong demand for J-M products.

Johns-Manville manufactures and sells products through an international network of 22 plants and mines, 25 sales offices and more than 175 distributors. An analysis of international performance factors by geographic area is presented below and a financial review is contained on page 36.

Canada Recovering Slowly

- At year-end, with the Canadian Anti-Inflation Board (A.I.B.) still in operation, GNP growth was under 3 percent, unemployment was over 8.4 percent and inflation was near 10 percent.
- Demand for insulation products was strong and new operations were started up at Innisfail, Alberta (an $18-million fiber glass insulation facility), and at Montreal (a new automated pipe insulation machine). Capacity of the large residential insulation machine at Montreal was also increased.
- Gradual improvement is expected in the Canadian economy during 1978, particularly with the lifting of A.I.B. controls and the anticipated government stimulation of the economy. It is predicted that real growth will rise by 4.5 percent.

Latin America/Far East Earnings Improve

- Most J-M subsidiaries reported substantial earnings growth and showed substantially higher sales in Latin America and the Far East.
- The progress toward stabilization of Argentina's economy led J-M operations in that country to report the Latin America/Far East group's largest sales and earnings improvement.

Johns-Manville President and Chief Executive Officer John McKinney was featured in a series of advertisements designed to increase public awareness of safer asbestos packaging and handling techniques developed by the company.

- The J-M Brazilian subsidiary will more than double its output of high temperature insulation as the result of a new manufacturing facility announced in 1977.
- The Latin America/Far East performance should continue improving in 1978.

Recessionary Effects Linger in Europe

- European economic recovery has been slower than anticipated.
- J-M's French subsidiary experienced slightly lower sales and earnings declined also due to strikes at the St. Marcellin and St. Avold plants.
- Sales and earnings of both the J-M Great Britain and J-M Belgian subsidiaries showed improvement, the latter due to better market penetration in Europe and the Middle East.
- The German Glaswerk Schuller subsidiary ran at capacity throughout the year. In December, the largest fiber glass mat machine in the world began operation.
- Market prospects are for moderate growth in Europe during 1978 with continued strength expected in the Middle East.

Exports Continue Record Pace

- The company's U.S. export sales and earnings extended their strong performance of recent years. Demand for J-M products was particularly strong in Middle East markets.

J-M Continues Commitment to Health, Safety and Environment

J-M's continuing commitment to protect the physical well-being of employees and the general public made several advances in 1977:

- A "No Smoking" policy—first developed in 1976—was implemented at three company locations where asbestos is handled. Additional U.S. plants will join the program by year-end. The basis of the policy is research showing that asbestos workers who smoke have a 92 times greater chance of developing lung cancer than those who do not smoke, whereas asbestos workers who do not smoke have no greater risk of lung cancer than the general non-smoking public.
- J-M established a sputum cytology testing program for asbestos workers in 1976 as part of a research effort to detect cancer during its early stages. This program is part of broader national research being conducted by the Mayo Clinic, Johns-Hopkins, Memorial Sloan-Kettering Cancer Center, the University of California at San Francisco, and St. Mary's Hospital in Grand Junction, Colorado, to evaluate the use of sputum cytology as a screening tool in high-risk populations.
- The National Institute of Occupational Safety and Health (NIOSH) issued a document in 1977 reporting that occupational exposure to fiber glass is not a cancer hazard. J-M cooperated with NIOSH in reviewing the medical literature in this research project.
- J-M continued its active support of the Environmental Cancer Therapy Research Center at City University of New York's Mount Sinai School of Medicine. The Center was

founded in 1977 with the joint support of J-M and the International Association of Heat & Frost Insulators & Asbestos Workers.

- In accordance with the increasing scope of J-M's preventive medicine and corrective health care activities, William Paul, M.D. was appointed Corporate Medical Director.

John McKinney Named C.E.O.

The naming of John A. McKinney to the position of Chief Executive Officer headed the list of changes made in the executive organization during the year. Mr. McKinney, who has been President since September 1976, was appointed C.E.O. by the Board of Directors at its May 6, 1977 meeting. Other appointments included: John B. Dorsey to Vice President, Corporate Marketing and Growth Planning; William A. Sells to Vice President, Production and Engineering; and Everett C. Truax to Vice President and Division General Manager, Fiber Glass Manufacturing Division.

Dental Plan Adopted; Retirement Improved

Two major improvements affecting salaried employee benefits were announced during the year. A dental insurance plan was adopted for U.S. and Canadian employees, effective January 1, 1978 and the retirement plan for these employees was improved.

New Labor Agreements Reached

Thirty-two labor agreements were negotiated during 1977 with unions representing some 8,800 employees in the United States and Canada. Work stoppages affected production in fiber glass and international operations. In total, Johns-Manville deals with 22 international unions.

Regional Sales Office Program Completed

The program to consolidate J-M domestic sales offices on a regional basis was completed with the opening of the Western Regional Sales Office in San Mateo, California early in 1977. J-M's sales activities are now consolidated into five such regional offices located in principal marketing areas throughout the United States.

Economic Education Emphasizes Competitive Enterprise System

As part of its continuing program to provide economic information to varied audiences, J-M in 1977 sponsored ten-session seminars on The American Competitive Enterprise System for teachers in Defiance, Ohio and the Denver, Colorado metropolitan area.

Technology Sales Continue Strong

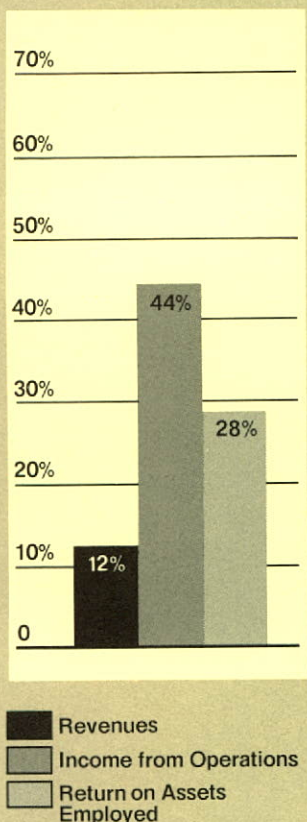
The company continued the sale of its technology worldwide. Licensing income was derived from the signing of four major agreements on fiber glass insulation technology with overseas companies and royalties from past insulation licensees whose markets increased substantially in the last year. Requests for licensing agreements, both in the U.S. and overseas, increased substantially in 1977.

Government Activity Increases

In response to increasing government intervention in business affairs, J-M's Washington Public Affairs office became an active arena for the interchange of information and ideas between the company and government units. Employee and stockholder involvement programs are being developed to facilitate the expression of opinion by business-oriented citizens.

1977 Financial Review

Johns-Manville Corporation Percentage Increases (1977 over 1976)



Contents

Five-year Summary of Operations

(All dollar figures except per share are in thousands)

SUMMARY OF EARNINGS	1977	1976	1975	1974	1973
Revenues:					
Net Sales	$1,461,432	$1,308,771	$1,107,012	$1,105,508	$905,417
Other, net	17,474	12,388	10,005	12,359	10,089
Total	1,478,906	1,321,159	1,117,017	1,117,867	915,506
Costs and Expenses:					
Cost of Sales	1,066,310	983,431	852,786	838,462	674,130
Selling, General and Administrative	173,659	166,159	151,842	152,010	135,227
Research, Development and Engineering	28,174	25,236	24,393	18,807	17,203
Total	1,268,143	1,174,826	1,029,021	1,009,279	826,560
Income from Operations	210,763	146,333	87,996	108,588	88,946
Gain (Loss) on Dispositions of Assets	2,578	(19,735)	732	(5,628)	6,291
Reduction of Intangible Assets	(1,689)	(6,124)			
Provision for Flextran Claims		(4,100)			
Interest Expense	(20,105)	(15,153)	(18,990)	(15,798)	(8,966)
Earnings Before Income Taxes and Extraordinary Item	191,547	101,221	69,738	87,162	86,271
Income Taxes	88,920	47,804	31,325	36,549	30,487
Earnings Before Extraordinary Item	102,627	53,417	38,413	50,613	55,784
Extraordinary Item				21,270	
Net Earnings	$ 102,627	$ 53,417	$ 38,413	$ 71,883	$ 55,784
Per Share Data:					
Earnings Before Extraordinary Item	$4.78	$2.64	$2.04	$2.73	$3.04
Extraordinary Item				1.15	
Net Earnings	$4.78	$2.64	$2.04	$3.88	$3.04
Dividends	$1.55	$1.35	$1.20	$1.20	$1.20

See page 23 for management analysis and discussion of operations and the summary of significant accounting policies, other financial information and unaudited financial information on pages 31 through 37.

(All dollar figures except per share are in thousands)

OTHER FINANCIAL INFORMATION	1977	1976	1975	1974	1973
Percentage of Earnings Before Extraordinary Item to Total Revenues	6.9	4.0	3.4	4.5	6.1
Percentage of Earnings Before Extraordinary Item to Shareholders' Equity at Beginning of Year	15.3	9.2	6.8	10.0	11.7
Shareholders' Equity	$742,411	$672,015	$580,512	$561,437	$505,857
Book Value Per Share	$ 34.58	$ 31.37	$ 30.81	$ 30.04	$ 27.58
Dividends Paid	$ 33,259	$ 27,251	$ 22,589	$ 22,239	$ 21,854
Capital Expenditures	$ 95,501	$ 69,517	$110,333	$105,576	$106,228
Depreciation and Depletion	$ 38,575	$ 34,403	$ 31,114	$ 28,329	$ 25,538
Shares Outstanding at End of Year (000 omitted)	21,471	21,421	18,842	18,690	18,339
Number of Shareholders at End of Year	28,000	28,300	29,100	29,900	27,900
Number of Employees at End of Year	25,400	24,800	24,000	26,600	26,300
Wages, Salaries and Employee Benefits	$453,400	$419,100	$365,100	$374,500	$330,300

MANAGEMENT ANALYSIS AND DISCUSSION OF OPERATIONS

Culminating 1977 with a strong fourth quarter, the Company achieved a record **net sales** level of $1.46 billion, up 11.7% from the $1.3 billion level reached in 1976, which in turn represented an 18% increase over the $1.1 billion in 1975. Most of this sales growth occurred in the United States, where unit volume of shipments of U.S. manufactured products increased by 8% between 1976 and 1977 while prices in 1977 averaged 8% higher than the prior year. Canadian sales declined by 2.6% from 1976 to 1977, reflecting lower worldwide asbestos fiber shipments and the sluggish Canadian economy. Sales by overseas subsidiaries were only 2.9% higher than in 1976, resulting from the economic slowdown experienced by many European countries.

Other revenues continued to increase in 1977 reaching $17.5 million and exceeding levels for the previous two years by $5.1 million and $7.5 million, respectively. The increases resulted primarily from higher interest income on marketable securities.

During 1977 the Company realigned its reported business segments to conform to new accounting requirements of the Financial Accounting Standards Board. After a careful evaluation of existing businesses and future plans for growth, Management has determined that the Company's operations are most appropriately aggregated into six reportable business segments: Fiber Glass Products, Pipe Products and Systems, Roofing Products, Non-Fiber Glass Insulations, Asbestos Fiber, and Industrial and Specialty Products and Services. Financial information reported by business segment or product group in prior years is not fully comparable to the 1977 business segment disclosures in the financial statements; consequently, 1976 data under the realigned segments is being presented for comparison purposes. Management has also determined that the Company's operations outside the United States can be categorized into two groups: Canada and Overseas. The Overseas operations consist principally of European subsidiaries.

Revenues for each of the Company's business segments increased during 1977, except for a slight decline in Industrial and Specialty Products and Services caused primarily by the disposition of the Jarratt wood fiber insulating board plant in March 1977. The Pipe Products and Systems and Non-Fiber Glass Insulations segments were particularly strong, registering 26% and 23% year-to-year revenue increases, respectively.

The ratio of **cost of sales** to net sales continued its downward trend, reaching 73% in 1977 in contrast to 75.1% for 1976 and 77% for 1975. Several factors contributed to this improved performance, including improved pricing practices, greater manufacturing efficiencies and more stringent cost control programs.

The ratio of **selling, general and administrative** expenses to total revenues was 11.7% in 1977 compared to 12.6% in 1976 and 13.6% in 1975. This reduction reflects the Company's ongoing efforts in controlling overhead expenses.

In attempting to improve or maintain its competitive position in its major markets, the Company has undertaken substantial capital expenditure and research and development programs in recent years. Continued accelerated activities in product and process development have resulted in expenditures for **research, development** and **engineering** growing from $24.4 million in 1975 to $28.2 million for 1977.

Significant sales growth coupled with improved cost and expense controls have resulted in a substantial increase in the Company's **income from operations**, which rose 44% and 140% over 1976 and 1975, respectively. Income from operations for each quarter of 1977 exceeded the amount for the comparable quarter of 1976, with the fourth quarter registering an impressive 96% improvement over the corresponding quarter in 1976. The 1977 performance is particularly noteworthy in light of the negative factors impacting on operating results. A three week strike occurred at the Cleburne, Texas facility and a three and one half month strike disrupted operations at the Defiance, Ohio fiber glass manufacturing complex. These strikes reduced income from operations by more than $13 million from the amounts anticipated had the locations been in full operation. Also adversely affecting 1977 results was an estimated provision of $9 million for identified product liability and workers' compensation related health costs pertaining to conditions existent in prior years.

Income from operations rose sharply in five business segments, with Roofing Products and Non-Fiber Glass Insulations increasing 64% and 53%, respectively, Fiber Glass Products and Industrial and Specialty Products and Services each posting advances in excess of 35%, and Pipe Products and Systems moving from a loss position to a solid earnings contribution. These performances reflected continuing strong demand for virtually all product lines in these business segments. The sole business segment not experiencing a substantial improvement in income from operations between 1976 and 1977 was Asbestos Fiber, which resulted from the market weaknesses previously described.

The Company's **unusual nonoperating charges and credits** resulted largely from its program of divesting operations which do not conform to the Company's future plans for growth. As part of this program, during the past two years over 25 separate manufacturing and mining facilities have been identified for shutdown or disposition. The majority of these locations were in the Industrial and Specialty Products and Services business segment. Dispositions of assets resulted in pre-tax gains of $2.6 million and $.7 million in 1977 and 1975, respectively, and in a pre-tax loss of $19.7 million in 1976. The Company has also reduced the carrying amounts of certain purchased intangibles by $1.7 million in 1977 and $6.1 million in 1976. These purchased intangibles were considered to have diminished in value as a result of current and anticipated operating results, and the operations to which they relate have been identified for divestment.

Interest expense increased to $20.1 million in 1977 after having decreased from $19.0 million in 1975 to $15.2 million in 1976. The 1977 increase was primarily attributable to mortgage interest on the Company's new World Headquarters building occupied in mid-1976. The reduction between 1975 and 1976 occurred principally because of short-term debt repayments in 1976 with the proceeds from the public offering of 2.5 million shares of the Company's common stock in June 1976.

Income taxes were 46.4% of pre-tax earnings in 1977, versus 47.2% in 1976 and 44.9% in 1975. Excluding the tax effects on unusual nonoperating items, the effective income tax rates were 46.9%, 45.0% and 45.4% in 1977, 1976 and 1975, respectively, with the 1977 increase resulting from higher earnings levels without a proportionate increase in tax credits (depletion and investment tax credit).

Net earnings of $102.6 million in 1977 were 92% higher than in 1976 ($53.4 million) and 167% greater than in 1975 ($38.4 million). This sharp increase in 1977 net earnings resulted substantially from U.S. operations, which more than doubled their contribution to net earnings during the year. The following table presents the components of net earnings:

	1977		1976		1975	
	Millions of $	**Per Share**	**Millions of $**	**Per Share**	**Millions of $**	**Per Share**
Net earnings before unusual nonoperating charges and credits	$101.2	$4.72	$ 72.1	$3.56	$ 37.7	$2.00
Net effect of unusual nonoperating charges and credits:						
Gain (loss) on dispositions of assets	2.3	.10	(13.0)	(.64)	.7	.04
Reduction of intangible assets	(.9)	(.04)	(3.6)	(.17)		
Provision for Flextran claims			(2.1)	(.11)		
Total	1.4	.06	(18.7)	(.92)	.7	.04
Net Earnings	$102.6	$4.78	$53.4	$2.64	$38.4	$2.04
Weighted average shares outstanding	21,453,000		20,231,000		18,804,000	

Results for the fourth quarter of 1977 compared with the same period in 1976 are presented below (thousands of dollars, except per share amounts):

	Three Months Ended December 31, 1977	(unaudited)	1976
Revenues			
Net sales	$394,332		$357,217
Other, net	5,803		3,328
Total	400,135		360,545
Costs and Expenses			
Cost of sales	282,271		274,845
Selling, general and administrative	46,356		44,765
Research, development and engineering	6,214		7,693
Total	334,841		327,303
Income from Operations	65,294		33,242
Loss on Dispositions of Assets	(8,310)		(19,555)
Reduction of Intangible Assets	(1,689)		(6,124)
Interest Expense	(5,342)		(4,404)
Earnings Before Income Taxes	49,953		3,159
Income Taxes	23,780		1,715
Net Earnings	$ 26,173		$ 1,444
Net Earnings Per Share	$1.22		$.07

Net sales attained record levels in the fourth quarter and were 10.4% higher than the fourth quarter of 1976.

The decreases between the fourth quarter of 1976 and the fourth quarter of 1977 in the ratio of cost of sales to net sales (76.9% versus 71.6%) and in the ratio of selling, general and administrative expenses to total revenues (12.4% versus 11.6%) resulted principally from the same factors previously discussed for the year-to-year changes in these ratios.

Please note the revised and expanded presentation of results by major business segments included in the Other Financial Information section of the consolidated financial statements.

Johns-Manville Corporation
and Subsidiary Companies

Consolidated Balance Sheet

(Thousands of Dollars)

ASSETS	December 31 1977	1976
CURRENT ASSETS		
Cash (including time deposits of $19,450,000 in 1977, $9,580,000 in 1976)	$ 39,471	$ 25,064
Marketable securities, at cost (approximates market)	120,553	66,132
Accounts receivable (net of allowances of $5,497,000 in 1977, $4,909,000 in 1976)	262,655	239,318
Inventories	148,711	144,379
Prepaid expenses (principally deferred income taxes)	29,872	26,084
Total Current Assets	601,262	500,977
INVESTMENTS IN AND ADVANCES TO ASSOCIATED COMPANIES (principally outside U.S.)	25,003	28,794
INVESTMENT IN AND ADVANCES TO REAL ESTATE SUBSIDIARY	34,894	34,088
PROPERTY, PLANT AND EQUIPMENT, at cost		
Land and land improvements	63,674	63,918
Buildings	263,938	259,157
Machinery and equipment	642,384	597,816
	969,996	920,891
Less, Accumulated depreciation and depletion	336,648	326,887
	633,348	594,004
DEFERRED CHARGES AND OTHER ASSETS	39,293	30,337
	$1,333,800	$1,188,200

The summary of significant accounting policies, other financial information and

LIABILITIES	(Thousands of Dollars) December 31 1977	1976
CURRENT LIABILITIES		
Short-term debt	$ 18,459	$ 20,380
Accounts payable	68,657	57,954
Wages and compensation	36,845	31,582
Income taxes	56,973	31,506
Other taxes	11,102	10,747
Other accrued liabilities	43,044	36,999
Total Current Liabilities	235,080	189,168
LONG-TERM DEBT	203,249	208,161
OTHER NON-CURRENT LIABILITIES	23,301	10,731
DEFERRED INCOME TAXES	129,759	108,125
	591,389	516,185

SHAREHOLDERS' EQUITY	1977	1976
COMMON STOCK, $2.50 par, 50,000,000 shares authorized, 21,703,235 shares issued	188,493	188,493
EARNINGS REINVESTED	561,019	492,153
	749,512	680,646
Less, Cost of treasury stock, 1977—232,199 shares, 1976—282,127 shares	7,101	8,631
	742,411	672,015
	$1,333,800	$1,188,200

unaudited financial information on pages 31 through 37 are an integral part of these statements.

Consolidated Earnings and Earnings Reinvested

(Thousands of Dollars, except Per Share Amounts)

EARNINGS	1977	1976
REVENUES		
Net sales	$1,461,432	$1,308,771
Interest income	7,564	3,417
Royalties and fees	5,067	5,113
Equity in earnings of associated companies	2,688	2,721
Other income, net	2,155	1,137
Total	1,478,906	1,321,159
COSTS AND EXPENSES		
Cost of sales	1,066,310	983,431
Selling, general and administrative	173,659	166,159
Research, development and engineering	28,174	25,236
Total	1,268,143	1,174,826
INCOME FROM OPERATIONS	210,763	146,333
GAIN (LOSS) ON DISPOSITIONS OF ASSETS	2,578	(19,735)
REDUCTION OF INTANGIBLE ASSETS	(1,689)	(6,124)
PROVISION FOR FLEXTRAN CLAIMS		(4,100)
INTEREST EXPENSE	(20,105)	(15,153)
EARNINGS BEFORE INCOME TAXES	191,547	101,221
INCOME TAXES		
Current	69,048	38,589
Deferred	19,872	9,215
Total	88,920	47,804
NET EARNINGS	$ 102,627	$ 53,417
NET EARNINGS PER SHARE	$4.78	$2.64

EARNINGS REINVESTED	1977	1976
EARNINGS REINVESTED AT BEGINNING OF YEAR	$ 492,153	$ 466,916
NET EARNINGS	102,627	53,417
	594,780	520,333
DIVIDENDS ($1.55 per share in 1977 and $1.35 per share in 1976)	(33,259)	(27,251)
LOSS ON DISPOSITIONS OF TREASURY STOCK	(502)	(929)
EARNINGS REINVESTED AT END OF YEAR	$ 561,019	$ 492,153

The summary of significant accounting policies, other financial information and

Changes in Consolidated Financial Position

(Thousands of Dollars)

FUNDS PROVIDED BY	1977	1976
OPERATIONS		
NET EARNINGS	$102,627	$ 53,417
ITEMS NOT REQUIRING WORKING CAPITAL		
DEPRECIATION AND DEPLETION	38,575	34,403
DEFERRED INCOME TAXES (non-current portion)	21,634	15,844
PROVISIONS FOR THE DISPOSITIONS OF ASSETS	6,319	16,127
AMORTIZATION AND REDUCTION OF INTANGIBLE ASSETS	2,800	7,798
Total	171,955	127,589
DISPOSITIONS OF PROPERTY, PLANT AND EQUIPMENT	18,626	14,801
PROCEEDS FROM THE ISSUANCE OF LONG-TERM DEBT	15,795	32,081
INCREASE IN OTHER NON-CURRENT LIABILITIES	12,570	1,504
DECREASE IN INVESTMENTS IN AND ADVANCES TO ASSOCIATED COMPANIES	3,493	7,331
COST OF TREASURY STOCK ISSUED	1,530	2,408
NET PROCEEDS FROM THE PUBLIC OFFERING OF 2,500,000 SHARES OF COMMON STOCK		63,858
Total	$223,969	$249,572

FUNDS USED FOR		
DIVIDENDS	$ 33,259	$ 27,251
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT	100,153	73,067
REDUCTION OF LONG-TERM DEBT	20,707	10,242
INCREASE IN DEFERRED CHARGES AND OTHER ASSETS	14,169	948
INCREASE IN INVESTMENT IN AND ADVANCES TO REAL ESTATE SUBSIDIARY	806	12,511
LOSS ON DISPOSITIONS OF TREASURY STOCK	502	929
NET INCREASE IN WORKING CAPITAL (see page 30)	54,373	124,624
Total	$223,969	$249,572

unaudited financial information on pages 31 through 37 are an integral part of these statements.

Changes in Consolidated Financial Position (continued)

WORKING CAPITAL CHANGES (Thousands of Dollars)	1977	1976
CURRENT ASSETS		
Cash	$ 14,407	$ 1,083
Marketable securities	54,421	65,741
Accounts receivable	23,337	33,534
Inventories	4,332	(1,084)
Prepaid expenses	3,788	5,480
Net Increase	100,285	104,754
CURRENT LIABILITIES		
Commercial paper		43,075
Short-term debt	1,921	6,872
Accounts payable	(10,703)	(4,677)
Wages and compensation	(5,263)	(308)
Income taxes	(25,467)	(9,756)
Other taxes	(355)	(1,636)
Other accrued liabilities	(6,045)	(13,700)
Net Increase (Decrease)	(45,912)	19,870
Net Increase in Working Capital	$ 54,373	$124,624

The summary of significant accounting policies, other financial information and unaudited financial information on pages 31 through 37 are an integral part of these statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries, except the Company's real estate subsidiary which is recorded on the equity basis since it is dissimilar to the other operations of the Company.

Investments in associated companies in which the Company's voting stock interest is 50% or less, and where it is deemed that the Company's ownership gives it significant influence over operating and financial policies, are recorded on the equity basis. All other investments are carried at the lower of cost or net realizable value.

Inventories

Inventories are stated at the lower of cost (principally on the last-in, first-out basis) or market.

Property, Plant and Equipment and Depreciation

Gains and losses from the normal retirement or replacement of property, plant and equipment are reflected in accumulated depreciation with no effect on current period earnings. Gains and losses arising from abnormal dispositions are included in earnings currently.

Depreciation and amortization are computed using the straight-line method based on estimated useful lives of the related assets. Depletion of mineral properties is calculated using the unit-of-production method. While replacements and betterments are capitalized, expenditures for maintenance and repairs are charged against earnings as incurred except the estimated future costs associated with the rebuilding of glass melting furnaces, which are accrued and charged to earnings on a straight-line basis over the estimated period between required rebuilds.

Pensions

The Company and its subsidiaries have pension plans covering substantially all of their employees, who are generally eligible to participate in these plans after one year of service. Pension costs, as actuarially determined under the aggregate cost method, are funded as accrued.

Income Taxes

Income taxes are provided at rates applicable in the countries in which the income is earned.

The investment tax credit is accounted for as a reduction of income tax expense in the year in which the related capital expenditure becomes eligible for investment benefit under applicable tax regulations.

Deferred income taxes are provided on items recognized in different periods for financial reporting purposes than for income tax purposes. Deferred income taxes result principally from the use of accelerated methods of depreciation for tax purposes.

Deferred income taxes are also provided on such undistributed earnings of subsidiaries outside the United States as the Company anticipates it will receive as dividends as well as on undistributed earnings of associated companies in which investments are recorded on the equity basis. However, deferred taxes have not been provided on a portion of the undistributed earnings of subsidiaries outside the United States and a domestic international sales corporation, since it is intended that such earnings are permanently reinvested in these companies.

Earnings per Share

Earnings per share are computed using the weighted average number of shares outstanding during the applicable period.

Inventories

The major classes of inventories were as follows:

	(Thousands of Dollars) 1977	1976
Finished goods and goods-in-process, including contracts in progress, less advance billings of $15,722,000 in 1977 and $16,557,000 in 1976	$ 88,737	$ 85,628
Raw materials	49,650	47,667
Supplies	10,324	11,084
	$148,711	$144,379

Inventories stated at current value would be approximately $83,673,000 and $79,059,000 greater than the above amounts at December 31, 1977 and 1976, respectively.

Long-Term Debt

Long-term debt consisted of the following:

	(Thousands of Dollars) 1977	1976
Sinking fund debentures, 7.85%, due 2004, $3,000,000 annual sinking fund payments, commencing in 1985	$ 75,000	$ 75,000
Mortgage loan on World Headquarters building, 9.375%, semi-annual payments through 2011	69,565	69,861
Capitalized lease obligations (principally related to industrial revenue bonds at 4.5% to 7.8%), maturing serially from 1978 through 2002	35,256	33,567
Mortgages and loans (principally foreign subsidiaries), 4.0% to 16.5%, due 1978 through 1994	30,890	21,779
Japanese bank loan, 7.75%, paid in 1977		15,000
	210,711	215,207
Less, current maturities	7,462	7,046
	$203,249	$208,161

Long-term debt maturities are as follows:

	(Thousands of Dollars)
1978	$ 7,462
1979	6,198
1980	6,018
1981	5,175
1982	5,153
After 1982	180,705
	$210,711

Capital Stock

The Company has 10,000,000 shares of Cumulative Preferred Stock, $1.00 par value, authorized, of which none has been issued. Activity relating to Common Stock and Treasury Stock was as follows:

	Common Stock Shares	(Thousands of Dollars) Amount	Treasury Stock Shares	(Thousands of Dollars) Amount
Balance at January 1, 1976	19,203,235	$124,635	360,841	$11,039
Common stock issued in public offering	2,500,000	63,858		
Treasury stock issued in connection with:				
Deferred compensation plans			(3,514)	(108)
Exercise of stock options			(75,200)	(2,300)
Balance at December 31, 1976	21,703,235	188,493	282,127	8,631
Return to treasury of shares previously in escrow			7,000	212
Treasury stock issued in connection with:				
Deferred compensation plans			(3,628)	(111)
Exercise of stock options			(53,300)	(1,631)
Balance at December 31, 1977	21,703,235	$188,493	232,199	$ 7,101

At December 31, 1977, there were 15,106 shares of common stock contingently issuable under deferred compensation plans.

Under the Company's Executive Incentive Program, qualified stock options and non-qualified stock options may be granted to officers and key employees to purchase shares of the Company's common stock. At December 31, 1977, 26,750 qualified options and 364,200 non-qualified options to purchase shares of the Company's common stock at prices ranging from $16.25 to $39.875 were outstanding under the Program. All outstanding options were exercisable at December 31, 1977. Options were exercised for 53,300 shares in 1977 and 75,200 shares in 1976 at a total option price of $1,083,000 and $1,390,000, respectively. There were 80,550 shares reserved for future grants under the Program.

There was no material dilution of earnings per share with respect to shares issuable under the above plans. Weighted average shares outstanding used to compute earnings per share were 21,453,000 and 20,231,000 in 1977 and 1976, respectively.

Pensions

Total pension expense was $15,388,000 in 1977 and $12,049,000 in 1976. Unfunded past service cost and the difference between the actuarially computed value of vested benefits and the amounts in the pension funds are not material.

Leases

Total rental expense was $18,356,000 in 1977 and $16,624,000 in 1976. At December 31, 1977, minimum rental commitments of the Company and its subsidiaries under long-term noncancelable operating leases are as follows:

	(Thousands of Dollars)
1978	$ 9,131
1979	6,982
1980	4,190
1981	2,911
1982	2,639
After 1982	8,299
	$34,152

Minimum rental commitments under long-term noncancelable operating leases by major categories of properties are as follows:

	(Thousands of Dollars)
Land	$ 480
Buildings	19,582
Machinery and equipment	14,090
	$34,152

Exchange Adjustments

Gains of $583,000 and $986,000 resulting from foreign exchange adjustments were included in earnings in 1977 and 1976, respectively.

Income Taxes

Income tax expense consisted of the following:

	(Thousands of Dollars) 1977	1976
Current:		
U.S. Federal	$34,599	$ 9,695
U.S. State and Local	3,860	2,155
Foreign		
Canadian Federal and Provincial	12,842	10,911
Canadian Provincial Mines	10,705	8,893
Other	7,042	6,935
	69,048	38,589
Deferred:		
U.S.	11,464	5,190
Foreign		
Canadian Federal and Provincial	4,764	(973)
Canadian Provincial Mines	1,553	3,141
Other	2,091	1,857
	19,872	9,215
	$88,920	$47,804

The investment tax credit amounted to $3,720,000 in 1977 and $3,915,000 in 1976.

The cumulative amount of the portion of undistributed earnings of subsidiaries outside the United States and of a domestic international sales corporation on which the Company has not provided deferred income taxes at December 31, 1977 was approximately $272,700,000.

The effective income tax rate on consolidated pretax earnings differs from the U.S. Federal income tax rate of 48% for the following reasons:

	% of Pre-Tax Earnings 1977	1976
U.S. Federal income tax statutory rate	48.00%	48.00%
Increase (decrease) resulting from:		
Investment tax credit on assets	(1.94)	(3.87)
Excess of tax over financial statement depletion (principally Canadian)	(2.65)	(4.41)
Difference between U.S. Federal statutory rate and foreign effective rates, excluding depletion	3.64	3.37
Other, net	(.63)	4.14
	46.42%	47.23%

Asset Dispositions

The Company has substantially completed a program of divesting operations which do not conform to the Company's future plans for growth. This program has resulted in management decisions to dispose of or close down certain Company operations. These dispositions increased net earnings by $2,290,000, or $.10 per share, in 1977 and reduced net earnings by $12,962,000, or $.64 per share, in 1976.

Reduction of Intangible Assets

The Company has reduced the carrying amounts of certain purchased intangible assets which were considered to have diminished in value as a result of current and anticipated operating results. In 1977 the Company reduced net earnings by $878,000, or $.04 per share, to reflect a lower value of intangibles related to its integrated ceiling systems operations and in 1976 reduced net earnings by $3,616,000, or $.17 per share, for the intangible assets connected with its structural concrete business.

Provision for Flextran Claims

In April 1976, the Company reached an agreement with United Technologies Corporation to settle litigation with United, from whom the Company obtained technology for the manufacture of a reinforced plastic mortar pipe produced by the Company prior to the fall of 1971 and sold under the name Flextran. As a consequence of this agreement, the Company recorded a provision in 1976 for the estimated cost of disposition of all claims and potential liabilities arising from the sale and installation of allegedly defective Flextran pipe. This provision reduced 1976 net earnings by $2,132,000, or $.11 per share.

Business Segment Information

The following tables summarize financial information for 1977 and 1976 relating to the Company's operations within different industries (thousands of dollars):

Year Ended December 31, 1977:	Fiber Glass Products	Pipe Products and Systems	Roofing Products	Non-Fiber Glass Insulations	Asbestos Fiber	Industrial and Specialty Products and Services	Adjustments and Eliminations	Consolidated Total
Revenues:								
Net sales	$384,256	$273,335	$202,433	$196,187	$124,607	$280,614		$1,461,432
Intersegment sales	20,626		530		35,308	17,632	($74,096)	
Other revenues (expenses), net	2,360	177	649	(964)	767	2,927		5,916
	$407,242	$273,512	$203,612	$195,223	$160,682	$301,173	($74,096)	1,467,348
Corporate revenues:								
Interest income								7,564
Equity in earnings of associated companies								2,688
Other, net								1,306
Total								$1,478,906
Income from Operations	$ 81,661	$ 23,552	$ 13,754	$ 28,237	$ 59,815	$ 25,431	$ 3,492	$ 235,942
Corporate revenues								11,558
Corporate expenses								(36,737)
Total								$ 210,763
Depreciation and Depletion:								
Identifiable assets	$ 13,716	$ 5,698	$ 1,818	$ 4,175	$ 5,674	$ 5,198		$ 36,279
Corporate assets								2,296
Total								$ 38,575
Additions to Property, Plant and Equipment:								
Identifiable assets	$ 57,791	$ 6,624	$ 3,707	$ 6,974	$ 10,232	$ 9,389		$ 94,717
Corporate assets								5,436
Total								$ 100,153
At December 31, 1977:								
Identifiable assets	$361,545	$197,138	$ 83,404	$130,868	$141,034	$177,199	($78,882)	$1,012,306
Corporate assets								321,494
Total								$1,333,800

Year Ended December 31, 1976:	Fiber Glass Products	Pipe Products and Systems	Roofing Products	Non-Fiber Glass Insulations	Asbestos Fiber	Industrial and Specialty Products and Services	Adjustments and Eliminations	Consolidated Total
Revenues:								
Net sales	$341,775	$217,547	$170,155	$158,758	$124,512	$296,024		$1,308,771
Intersegment sales	13,304		255		29,186	12,823	($55,568)	
Other revenues (expenses), net	2,744	(21)	787	(37)	927	603		5,003
	$357,823	$217,526	$171,197	$158,721	$154,625	$309,450	($55,568)	1,313,774
Corporate revenues:								
Interest income								3,417
Equity in earnings of associated companies								2,721
Other, net								1,247
Total								$1,321,159
Income (Loss) from Operations	$ 59,823	($ 2,688)	$ 8,363	$ 18,457	$ 60,237	$ 18,741	$ 1,997	$ 164,930
Corporate revenues								7,385
Corporate expenses								(25,982)
Total								$ 146,333
Depreciation and Depletion:								
Identifiable assets	$ 10,598	$ 5,795	$ 1,688	$ 4,149	$ 4,743	$ 5,274		$ 32,247
Corporate assets								2,156
Total								$ 34,403
Additions to Property, Plant and Equipment:								
Identifiable assets	$ 20,224	$ 8,685	$ 4,034	$ 5,579	$ 9,419	$ 10,693		$ 58,634
Corporate assets								14,433
Total								$ 73,067
At December 31, 1976:								
Identifiable assets	$308,043	$188,772	$ 72,838	$122,265	$129,582	$194,078	($72,704)	$ 942,874
Corporate assets								245,326
Total								$1,188,200

The following tables set forth the Company's operations by geographic area (thousands of dollars):

Year Ended December 31, 1977:	United States	Canada	Overseas	Adjustments and Eliminations	Consolidated Total
Revenues:					
Net sales	$1,112,767	$197,415	$151,250		$1,461,432
Intergeographic sales	28,751	72,477	2,050	($103,278)	
Other revenues (expenses), net	6,162	618	(864)		5,916
	$1,147,680	$270,510	$152,436	($103,278)	1,467,348
Corporate revenues:					
Interest income					7,564
Equity in earnings of associated companies					2,688
Other, net					1,306
Total					$1,478,906
Income from Operations	$ 157,902	$ 54,571	$ 19,978	$ 3,491	$ 235,942
Corporate revenues					11,558
Corporate expenses					(36,737)
Total					$ 210,763
At December 31, 1977:					
Identifiable assets	$ 722,479	$216,162	$152,734	($ 79,069)	$1,012,306
Corporate assets					321,494
Total					$1,333,800

Year Ended December 31, 1976:	United States	Canada	Overseas	Adjustments and Eliminations	Consolidated Total
Revenues:					
Net sales	$ 959,222	$202,594	$146,955		$1,308,771
Intergeographic sales	33,363	65,601	328	($ 99,292)	
Other revenues (expenses), net	4,546	(572)	1,029		5,003
	$ 997,131	$267,623	$148,312	($ 99,292)	1,313,774
Corporate revenues:					
Interest income					3,417
Equity in earnings of associated companies					2,721
Other, net					1,247
Total					$1,321,159
Income from Operations	$ 84,723	$ 53,987	$ 24,254	$ 1,966	$ 164,930
Corporate revenues					7,385
Corporate expenses					(25,982)
Total					$ 146,333
At December 31, 1976:					
Identifiable assets	$ 676,011	$206,850	$132,935	($ 72,922)	$ 942,874
Corporate assets					245,326
Total					$1,188,200

Intersegment and intergeographic sales are accounted for at prices approximating arm's length transactions. These intersegment and intergeographic sales are eliminated when reconciling business segment and geographic revenues to consolidated revenues.

Reconciling business segment and geographic income from operations and identifiable assets to the corresponding consolidated amounts require elimination of intersegment and intergeographic inventory profits and adjustment of business segment and geographic inventories, which are carried at standard costs, to the historical cost inventory bases used in consolidation.

Corporate assets are principally cash and marketable securities, prepaid income taxes and investments in and advances to associated companies and the real estate subsidiary.

Replacement Cost

The Securities and Exchange Commission (SEC) requires the disclosure of current replacement cost information for certain of the Company's assets, costs and expenses in its annual report on Form 10-K filed with the Commission. The SEC and Management caution against simplistic use of the data due to the subjective judgements inherent in its determination and the fact that the data may not be fully comparable among companies.

The replacement of inventories and plant and equipment reflected on the accompanying balance sheets would generally require a substantially greater investment than the historical cost reflected for these assets. Consequently, the amounts of the cost of sales and depreciation expense associated with the replacement cost of these assets are generally higher than the comparable historical amounts reflected in the accompanying financial statements. The Company has historically been able to compensate for such cost increases by increasing selling prices.

Interim Results

Results for the four quarters of 1977 and 1976 are shown below (thousands, except per share amounts):

	1977 Three Months Ended				1976 Three Months Ended			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenues								
Net sales	$394,332	$384,505	$375,469	$307,126	$357,217	$352,876	$310,385	$288,293
Other, net	5,803	6,194	2,998	2,479	3,328	2,939	3,692	2,429
Total	400,135	390,699	378,467	309,605	360,545	355,815	314,077	290,722
Costs and Expenses	334,841	335,300	322,834	275,168	327,303	313,737	276,205	257,581
Income from Operations	65,294	55,399	55,633	34,437	33,242	42,078	37,872	33,141
Gain (Loss) on Dispositions of Assets	(8,310)	(69)	1,191	9,766	(19,555)	1,375	(1,460)	(95)
Reduction of Intangible Assets	(1,689)				(6,124)			
Provision for Flextran Claims								(4,100)
Interest Expense	(5,342)	(4,931)	(4,983)	(4,849)	(4,404)	(3,094)	(3,593)	(4,062)
Earnings Before Income Taxes	49,953	50,399	51,841	39,354	3,159	40,359	32,819	24,884
Income Taxes	23,780	23,831	23,985	17,324	1,715	18,969	15,425	11,695
Net Earnings	$ 26,173	$ 26,568	$ 27,856	$ 22,030	$ 1,444	$ 21,390	$ 17,394	$ 13,189
Weighted Average Shares Outstanding	21,472	21,467	21,445	21,428	21,414	21,395	19,505	18,854
Net Earnings Per Share	$1.22	$1.24	$1.30	$1.03	$.07	$1.00	$.89	$.70

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles and all known material facts have been accounted for or disclosed. These financial statements have been examined by Coopers & Lybrand, Independent Certified Public Accountants, whose report is presented below.

The representations in the financial statements, and the fairness and integrity of such statements, are the responsibility of Management. To ensure compliance with Management's standards, the Company maintains a program of internal audits which governs and sustains these standards and procedures.

The Company's Board of Directors, through its Audit Committee, meets periodically with financial management, internal auditors and the independent accountants to ensure that each is meeting its responsibilities.

ACCOUNTANTS' REPORT

To the Shareholders and Directors of
Johns-Manville Corporation:

We have examined the consolidated balance sheets of Johns-Manville Corporation and subsidiary companies as of December 31, 1977 and 1976, and the related consolidated statements of earnings and earnings reinvested and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of Canadian subsidiaries, which reflect total assets and net sales constituting 18% and 14%, respectively, in 1977 and 1976 of the related consolidated totals, were examined by other auditors whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to amounts included for Canadian subsidiaries examined by other auditors, is based solely upon their reports.

In our opinion, based upon our examinations and the reports of other auditors, the aforementioned financial statements present fairly the consolidated financial position of Johns-Manville Corporation and subsidiary companies at December 31, 1977 and 1976, and the consolidated results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

COOPERS & LYBRAND

Denver, Colorado
February 6, 1978

Executive Organization

1977

Board of Directors

J. Jacques Beauchemin, Q.C.	*President, Sullivan Mining Group Ltd.*
George C. Dillon	*Chairman of the Board and President, Butler Manufacturing Company*
Robert L. Geddes	*Dean, School of Architecture and Urban Planning, Princeton University; Partner, Geddes Brecher Qualls Cunningham: Architects, Princeton, N.J.*
William C. Janss	*President, Sun Valley Co., Inc. Sun Valley, Idaho*
John A. Love	*President and Chief Executive Officer, Ideal Basic Industries, Inc.*
Francis H. May, Jr.	*Executive Vice President, Finance and Administration, Johns-Manville Corporation*
William F. May	*Chairman and Chief Executive Officer, American Can Company*
John A. McKinney	*President and Chief Executive Officer, Johns-Manville Corporation*
George B. Munroe	*Chairman of the Board, Phelps Dodge Corporation*
Fred L. Pundsack	*Executive Vice President, Operations, Johns-Manville Corporation*
John P. Schroeder	*Vice Chairman, Morgan Guaranty Trust Company of New York*
Charles J. Zwick	*President and Chief Operating Officer, Southeast Banking Corporation*

Committees of the Board

Executive Committee	John P. Schroeder, Chairman George C. Dillon Robert L. Geddes John A. Love John A. McKinney William F. May George B. Munroe
Finance Committee	William F. May, Chairman George C. Dillon Francis H. May, Jr. John A. McKinney John P. Schroeder Charles J. Zwick
Audit Committee	Charles J. Zwick, Chairman J. Jacques Beauchemin Robert L. Geddes William C. Janss John A. Love George B. Munroe John P. Schroeder
Compensation Committee	William F. May, Chairman J. Jacques Beauchemin George C. Dillon William C. Janss George B. Munroe
Nominating Committee	George C. Dillon, Chairman Robert L. Geddes George B. Munroe John P. Schroeder William F. May

Officers

John A. McKinney	*President and Chief Executive Officer*
Francis H. May, Jr.	*Executive Vice President, Finance and Administration*
Fred L. Pundsack	*Executive Vice President, Operations*
E. Paul Burke	*Senior Vice President, Transportation and Business Logistics*
Robert H. Cuje	*Senior Vice President, Building Materials Group*
Charles J. DeBiase	*Senior Vice President, Production and Technology*
Monroe Harris	*Senior Vice President, Mining Group*
Paul Kotin, M.D.	*Senior Vice President, Health, Safety and Environment*
Henry B. Moreno	*Senior Vice President, International Group*
George W. O'Dair	*Senior Vice President, Finance*
Chester E. Shepperly	*Senior Vice President, Marketing and Administration*
Chester J. Sulewski	*Senior Vice President, Industrial and Pipe Products Group*
Leo J. Bartolanzo	*Vice President and Controller*
Lawrence R. Blair	*Vice President, Licensing and Technology Transfer*
Tony Cini	*Vice President, International Operations*
Eileen M. DeCoursey	*Vice President, Employee Relations*
John B. Dorsey	*Vice President, Corporate Marketing and Growth Planning*
S. R. Heath, Jr.	*Vice President, Purchasing*
J. R. M. Hutcheson	*Vice President and Division General Manager, Asbestos*
John F. Matousek	*Vice President, Electronic Data Processing*
G. Earl Parker	*Vice President, General Counsel and Secretary*
William A. Sells	*Vice President, Production and Engineering*
Faustin J. Solon, Jr.	*Vice President, Corporate Relations*
Michael A. Tappin	*Vice President, Labor Relations*
James J. Tracy	*Vice President and Treasurer*
Everett C. Truax	*Vice President and Division General Manager, Fiber Glass Manufacturing Division*
Harold J. White	*Vice President, Administrative Services*
Robert A. Boardman	*Assistant Secretary*
Alcester McCoy	*Assistant Secretary*
Richard M. Davis	*Assistant Treasurer*
B. F. Jansen	*Assistant Treasurer*

Stockholder Information

Stock Profile
J-M has more than 28,000 stockholders of record and is one of the 30 companies included in the Dow Jones Industrial Average. It is registered on the New York Stock Exchange and its stock is traded on the Midwest and Pacific Exchanges.

Quarterly Dividend Increased
In February 1978, the Johns-Manville Board of Directors increased the corporation's regular quarterly dividend by five cents per share of common stock to a total of 45 cents per share. The dividend had been increased to 40 cents a share in May 1977.

Annual Meeting Scheduled for Boston
Stockholders are cordially invited to attend the 1978 Annual Meeting of Stockholders to be held at the New England Life Hall, 225 Clarendon Street, Boston, Massachusetts on Friday, May 5, 1978 at 2:00 P.M. Eastern Time. Proxy materials for the meeting are included with this mailing.

Dividend Reinvestment Offered
A program offering J-M stockholders an automatic dividend reinvestment opportunity completed its third year of operation in 1977. Under this program, participating stockholders may use dividend income to automatically buy additional shares of J-M common stock or may make voluntary cash payments to buy added shares.

Effective with the June 1978 dividend, J-M will pay brokerage commissions and service charges on shares purchased through this plan. Information on the change was mailed with the March 1978 dividend. Inquiries should be directed to the Secretary.

Form 10-K Is Available
Stockholders and members of the financial community interested in receiving a copy of the Johns-Manville Corporation Annual Report on Form 10-K for the year ended December 31, 1977, as filed with the Securities and Exchange Commission, may write to:

Secretary
Johns-Manville Corporation
Box 5723
Denver, Colorado 80217

Transfer Agent and Registrar
Morgan Guaranty Trust Company of New York,
30 West Broadway,
New York, N.Y. 10015

Counsel
Davis Polk & Wardwell,
1 Chase Manhattan Plaza,
New York, N.Y. 10005

Auditors
Coopers & Lybrand,
2300 Prudential Plaza,
Denver, Colorado 80265

Campbell, Sharp, Nash & Field,
715 Victoria Square
Montreal H2Y 2J1
Quebec

Johns-Manville Corporation
Ken-Caryl Ranch
Denver, Colorado 80217
(303) 979-1000

Johns-Manville

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