The plans to unlock the value of Johns Manville and drive sales and earnings growth continue...

Johns Manville

1999 Annual Report

1

Grow the Core Business

Leverage the JM brand and proprietary technologies
to strengthen leading market positions,
especially JM's #1 position in commercial and
industrial markets, world wide.

2

Expand through Accretive Acquisitions

Continue to make accretive acquisitions
that broaden or strengthen JM's ability
to serve customer end-markets.

3

Reduce Costs/Improve Productivity

Utilize technology and ingenuity to
strengthen JM's position as a low-cost producer,
while exceeding customer expectations.

4

Drive Asset Utilization

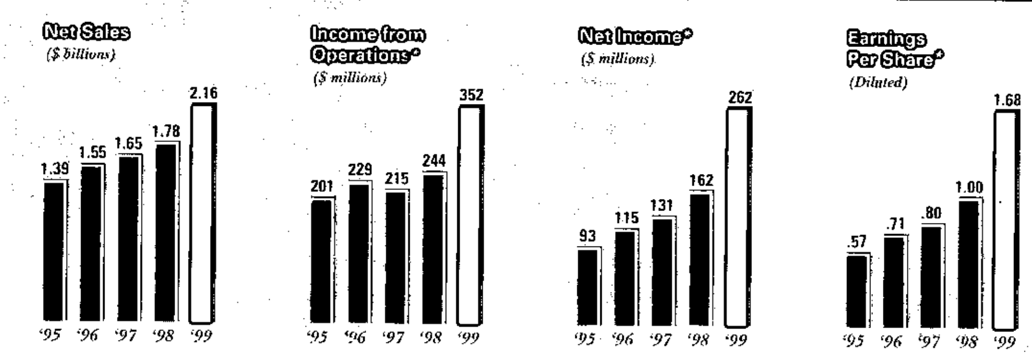
Drive more efficient asset utilization across
the businesses and at the corporate level
to increase cash flow.

1999 YEAR IN REVIEW

FINANCIAL HIGHLIGHTS

In millions of dollars, except per share amounts

For the Years Ended December 31,	1999	1998	1997
Reported Results			
Net Sales	$2,161.8	$1,781.2	$1,647.6
Income from Operations	$ 352.2	$ 279.7	$ 215.4
Net Income	$ 256.1	$ 180.9	$ 150.0
Underlying Results *(As Adjusted for Unusual Items)*			
Income from Operations	$ 352.2	$ 243.7	$ 215.4
Net Income	$ 261.8	$ 162.2	$ 130.5
Earnings Per Common Share *(Diluted)*			
As Reported	$ 1.64	$ 1.12	$ .92
As Adjusted for Unusual Items	$ 1.68	$ 1.00	$ .80
Net Cash Provided by Operating Activities	$ 468.4	$ 226.3	$ 168.7



* *As adjusted for unusual items*

CORPORATE PROFILE

Johns Manville Corporation (NYSE: JM) is a leading manufacturer and marketer of premium quality building products. The 142-year-old Denver-based company had sales of $2.2 billion in 1999. Johns Manville produces and markets insulation products for buildings and equipment; commercial and industrial roofing systems; and engineered products including fibers, fabric and nonwoven mats used as reinforcements in building and industrial applications, high-efficiency filtration media and polyester monofilament used in the paper industry. Johns Manville employs approximately 9,700 people and operates 58 manufacturing facilities in North America, Europe and China. Additional information can be found on the world wide web at **www.jm.com**.

Dear Fellow Shareholders:

From a financial perspective, 1999 was a great year, indeed the best in JM's recent history. Net sales increased 21 percent, underlying income from operations increased 44 percent and earnings per share increased 68 percent. Free cash flow increased three-fold. These results speak to the continued strength in the building and construction markets we serve, reflect the balance and diversity of our products and markets, and demonstrate that the strategies we have been communicating are working.

We continue to believe there is significant value in the JM brand and business. Our plan to unlock that value is unchanged: our goal is to achieve a shareholder return of at least 15 percent on average through a cycle and our strategies, as stated on the cover of this report, are to: 1) Grow the core business; 2) Expand through accretive acquisitions; 3) Reduce costs/improve productivity; and 4) Drive asset utilization. In this letter, I will report on our progress this year, provide insight on the near-term outlook and comment on my decision to retire from JM.

C.L. (Jerry) Henry, Chairman, President and Chief Executive Officer

1999 EPS Up 68 Percent on a 21 Percent Sales Gain

Sales totaled $2.2 billion in 1999, up 21 percent from 1998. This increase was driven by volume gains in all three business segments, the continued price recovery in Insulation products and one full year's contribution from the Hoechst Monobond acquisition, part of our Engineered Products segment, which was completed in January 1999. Underlying income from operations increased 44 percent to $352 million, primarily reflecting the higher sales and improved margins in Insulation and accretion from the Monobond acquisition.

Operating expenses for the year increased less than sales, demonstrating our continuing commitment to operate more efficiently. Net interest expense declined despite the additional debt incurred to finance the repurchase of 12.2 million shares of JM stock from the Manville Trust. This repurchase contributed to our tax rate of 19 percent in 1999, down from 26 percent in 1998. As many of you know, the value of sales of JM stock by the Trust, as well as all dividends paid to the Trust, create tax deductions for the company's U.S.-based business. At year-end, the Trust held 76 percent of JM's 148 million outstanding shares.

Underlying net income was $261.8 million in 1999, or $1.68 per share, up 61 percent from $162.2 million, or $1.00 per share in 1998. These results exclude unusual items, detailed in the financial section, beginning on page 12.

Core Business Growth; Accretive Acquisitions

Our segment performance in 1999 reflects progress on our stated strategies. JM's Insulation business achieved record results in every metric. Continuing the trends evidenced in 1998, construction markets were robust, volumes increased, pricing recovered further and we operated at capacity most of the year. In 1999 we also introduced new products in almost every area of the business, which is a payoff of our recent redirecting of R&D investments.

Roofing Systems' performance was mixed in 1999. Income from operations declined and was below our expectations due to continuing competitive pricing pressures in the polyisocyanurate (polyiso) foam and membranes businesses. However, Roofing Systems' volumes increased and we continued to integrate successfully the numerous acquisitions of the past few years that make JM a full service supplier – and the North American market leader – in roofing products for commercial and industrial (C&I) markets. In September we formed an alliance with Apache Products Company, which improves JM's position in polyiso products and is expected to meet our standards for accretion within the first year.

Engineered Products significantly increased sales and operating income and bettered our expectations for the integration of the Monobond acquisition, the biggest in our recent history. These results were achieved despite softness in some of this segment's businesses, namely filtration and some of our European operations, both of which have stabilized and have begun to show signs of improvement. The integration of the Monobond acquisition was a major focus for us this year and we accomplished this in a manner that was better and faster than we had expected.

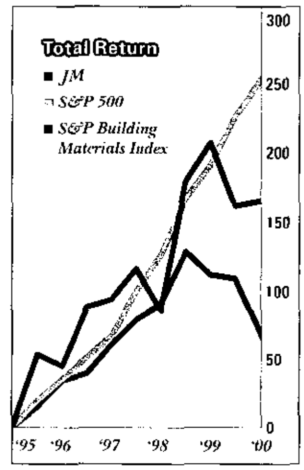
Increased Cash Flow, Increased Opportunities

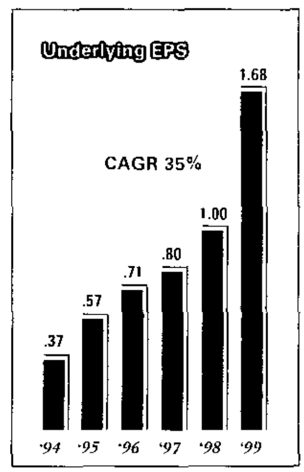
We made a quantum leap in improved cash flow in 1999. Free cash flow (operating cash flow after capital expenditures and the payment of dividends) increased three-fold, reflecting the higher sales and income delivered by our business segments as already described, and the progress we are making in improving asset utilization across the business units and at the corporate level. This continuing process has enabled JM to invest in the new products, technologies and capacity that will further strengthen the core business and drive future growth. In 1999 capital expenditures totaled $153 million, including investments to expand capacity at existing plants in Insulation and U.S. Engineered Products. Depreciation, depletion and amortization totaled $115 million *(see charts on page 12)*. Dividend payments, equal to $.24 per share, totaled $37.5 million in 1999.

This increased cash flow allowed JM to complete the share repurchase from the Trust and still end the year with net debt declining by $125 million from a year ago. With continuing strong prospects for free cash flow, and debt representing 37 percent of total capital, JM has considerable debt capacity to pursue future strategic actions to enhance shareholder value.

Five-Year Track Record: Growth in EPS and Total Return

Our stated goal is to provide shareholders with a total return of 15 percent through a cycle. Total return is measured by stock price change plus dividends. Over the past five years, JM's total return averaged 21 percent growth per year, better than our target and better than the S&P Building Materials Index *(see chart this page)*. This performance was achieved despite the fact that in 1999 JM's total return actually declined slightly because our stock price declined, after a 65 percent increase in 1998.



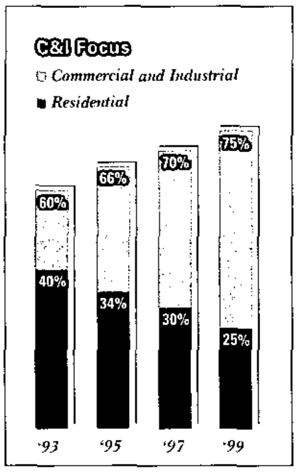


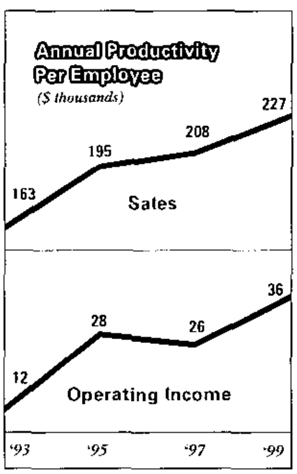
A year ago JM and the Trust embarked on a review of strategic alternatives to maximize JM's shareholder value. That process resulted in the repurchase by the company of 12.2 million shares of JM stock from the Trust, which was completed in July. As noted, the repurchase provided tax deductions that lowered our tax rate and was accretive to earnings. We continue to review ways to maximize value for shareholders, including continuing implementation of our stated strategies to leverage the JM brand, grow the core businesses, make accretive acquisitions, and improve our cost structure and asset utilization.

While today's stock market does not favor cyclical industries and businesses, JM has continued to deliver above-average earnings growth. As noted already, JM's underlying earnings per share (EPS) increased 68 percent in 1999. This brings our five-year compound growth rate in EPS to 35 percent per year, reflecting annual gains *(see chart this page)*.

Strategies That Drive Growth

Our first strategy is to grow the core business. We are doing this by leveraging the JM brand and proprietary technologies to strengthen our leading market positions. While we hold the number-one or number-two position in all of our markets, JM is the number-one commercial and industrial building products company in North America. In 1999 C&I markets represented 75 percent of JM's total sales, up from 60 percent six years ago *(see chart this page)*. Over the past few years we have increased JM's focus on C&I business because we believe these markets are more stable and more profitable. We still see the potential for "organic" growth in our core business.





Our second strategy is to enhance that internal growth and broaden and strengthen JM's ability to serve customer end-markets through strategic acquisitions and alliances. We completed two in 1999 – the Monobond acquisition and the Apache alliance – and a total of 15 aquisitions and alliances over the last four years. All have been accretive to earnings. We believe our industry is ripe for consolidation in many areas and still see numerous opportunities ahead.

Our last two strategies focus on cost reduction, productivity improvements and asset utilization. There are more opportunities in this area as well, particularly in systems development and in our international businesses. These strategies drive the growth in sales, earnings and cash flow that build shareholder value and are the basis for our confidence in JM's future.

About the Cycle: Outlook for 2000

Hopefully I have made a solid case for JM's longer-term future. We believe our goals are competitive and our strategies are working to create value for all shareholders. We are delivering on our commitments to grow sales, earnings and cash flow. I know we are making progress in improving all of our businesses, even though not every business is currently operating at full potential.

The question is the economic cycle and when/how much it will cause our markets to soften. At this writing, the expectation is that U.S. construction markets will decline somewhat in 2000, but still maintain demand at a relatively high level. European construction markets have been much less robust than in the U.S., but are showing signs of improvement. JM's business outside the U.S., which is primarily in Europe, now represents 20 percent of total sales, up significantly from last year due to the Monobond acquisition. So, with our geographic diversification, strengthened market positions through acquisitions, focus on more stable C&I markets and continuing efforts to operate more efficiently, we currently expect our 2000 results to track our long-term goals.

At the same time, we must be sensitive to economic and market changes and be prepared to respond. While no two cycles are the same, we have made changes that improve JM's position. Over the last ten years, we have significantly lowered JM's fixed costs across the businesses, while we strengthened market positions. We continue to be diligent about lowering our costs and improving productivity *(see chart this page)* through investments in process technology and "flexible" capacity that allow JM to adjust to changes in demand.

In early February I announced my intention to retire from JM at the end of March, a time frame that is consistent with my original commitment when I joined the company. This seemed like a good transition point for an orderly change in leadership, coming at a time when the company is growing, when it is focused on its core brand, markets and values, has an excellent management team in place, and is in a very strong position financially. So, in closing, my sincere thanks go to all of JM's 9,700 employees for your support and contribution to re-invigorating JM as a world-class organization, for your accomplishments in 1999 and your commitment to the future.

Sincerely,

C.L. (Jerry) Henry
Chairman of the Board
President and Chief Executive Officer

March 6, 2000

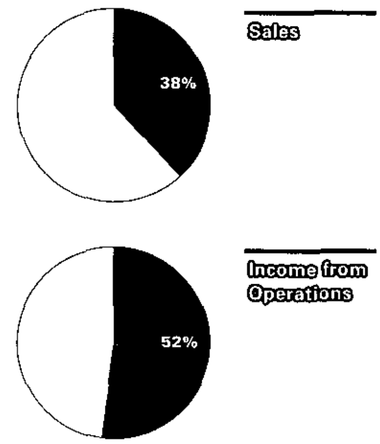
Johns Manville Business Segments At a Glance

MARKET POSITIONS | **DESCRIPTION** | **CONTRIBUTION**

INSULATION

- #1 Commercial/industrial insulation*
- #2 Building insulation*
- #1 Aerospace insulation**
- #1 HVAC equipment insulation*
- #1 Auto fiber glass insulation*

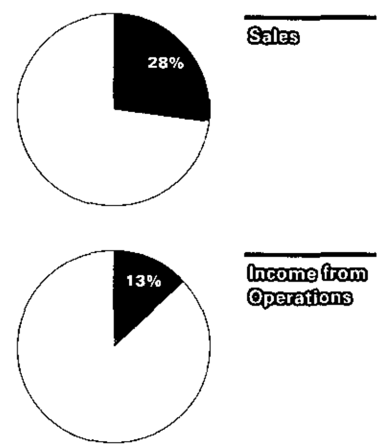
In the $2.8 billion North American fiber glass insulation market, Johns Manville is the #1 producer of commercial and industrial (C&I) building insulation, and is the second-largest producer in residential markets. In specialty insulation sold to original equipment manufacturers (OEM), JM is the North American leader in three markets: aerospace; auto; and heating, ventilating and air conditioning (HVAC) equipment. Johns Manville is also the #1 producer of mechanical insulation for pipe and equipment and air handling in North America and, in 1999, the company began marketing fire protection products to help prevent the spread of smoke and fire in C&I and residential buildings.



ROOFING SYSTEMS

- #1 Commercial/industrial roofing systems*

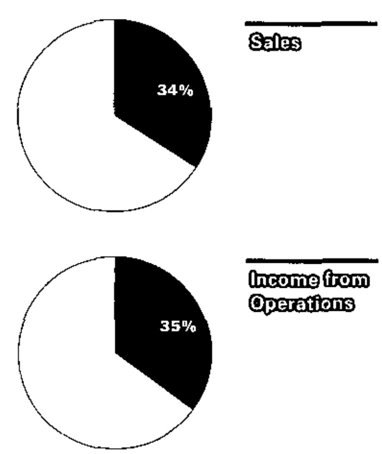
The North American market for commercial and industrial roofing products totals $3 billion. Johns Manville is the #1 producer of C&I roofing systems in this market. Driving this leadership position is JM's total systems approach to providing roofing solutions to its customers. Johns Manville offers the broadest line of complete roofing systems in the industry, including: built-up, modified bitumen and single ply membranes; perlite, fiber glass and polyisocyanurate insulation; roofing accessories; and comprehensive roofing guarantees. Since 1996, the company has acquired eight roofing businesses and has successfully integrated each of them to broaden its product line and further grow the business.



ENGINEERED PRODUCTS

- #1 Nonwoven glass and polyester mats**
- #1 Glass fabric for wall covering**
- #1 Ultra-fine fibers for air filtration**
- #1 Polyester monofilament for the paper industry**

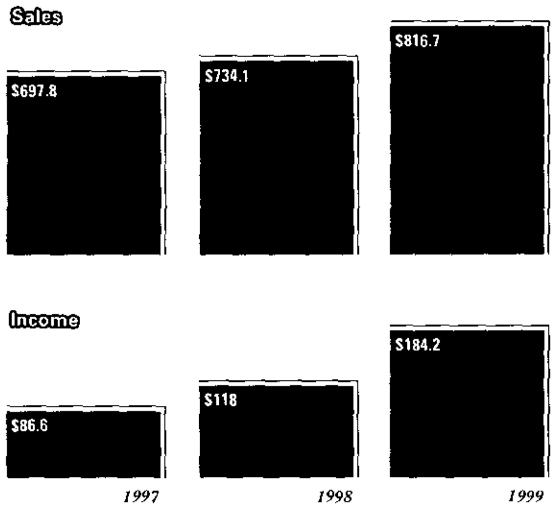
The Engineered Products segment includes mats and fibers, glass fabrics and air filtration products. JM is the worldwide leading producer of base fiber, fiber glass and polyester spunbond mats for roofing and flooring applications, and monofilament used in the paper industry. The company produces fiber to reinforce gypsum wallboard and plastics, and holds the #1 global market position for glass fabrics for wall coverings. In filtration, JM is a leading supplier of both fiber glass and synthetic media for high efficiency air filtration systems, face masks, respirators, vacuum bags, sorbents and liquid filtration applications. Additionally, JM produces fine fibers for filtration media used in air filters for clean rooms and battery separator applications.



** North America*   *** Worldwide*

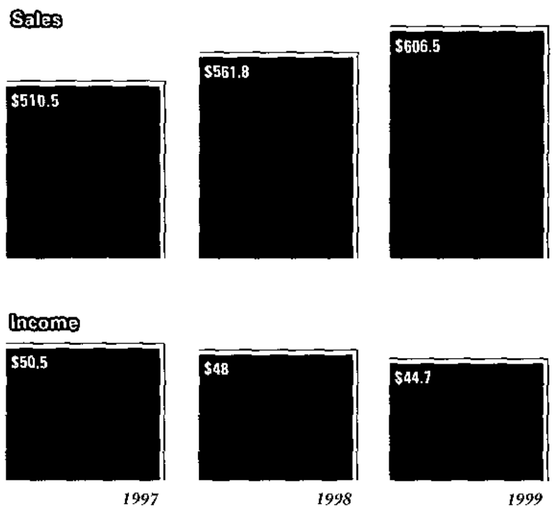
1999 HIGHLIGHTS | **SALES & INCOME FROM OPERATIONS** *($ millions)* | **OUTLOOK**

- *Sales up 11%; income from operations up 56%.*
- *Unit volumes up 4% for the year.*
- *JM maintained or increased market share in each of its insulation product lines.*
- *Strong pricing, sold-out capacity for most of the year, and solid productivity improvements in building insulation; and robust demand in both residential and C&I markets fueled sales and income growth.*
- *JM successfully entered the Fire Protection business through its 1998 joint venture.*



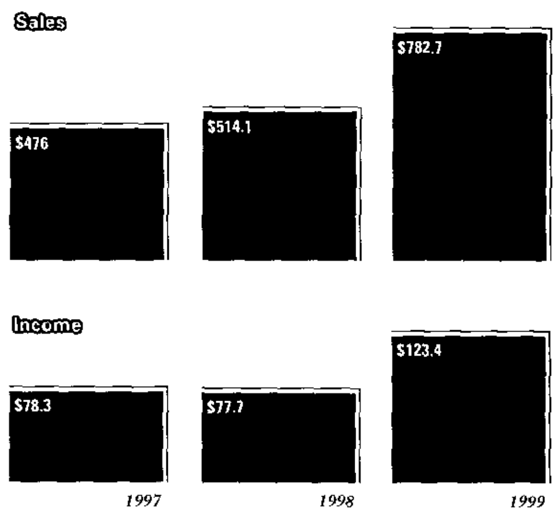
Strong commercial construction markets and a continued focus on manufacturing efficiencies are expected to offset slightly declining housing starts and building insulation pricing, to generate positive results in 2000. New product and technology innovations, and complementary acquisitions will drive growth in this business over the long-term.

- *Sales up 8%; income from operations down 7%.*
- *Unit volumes up 9% including acquisitions.*
- *Record sales, due to recent acquisitions, and cost improvements were more than offset by pricing pressures in certain product lines and slight declines in the commercial roofing market.*
- *Successfully integrated recent acquisitions; and completed the Apache strategic alliance to acquire two and lease three polyiso roofing insulation plants.*
- *Start up of the Macon, Ga. BUR production facility.*



The total C&I roofing market is expected to increase approximately 1% to 2% in 2000, with retrofit markets rebounding from softness in 1999, and stabilizing new construction markets. Pricing pressures are expected to abate, and JM will continue its focus on productivity enhancements to generate improved results in the coming year.

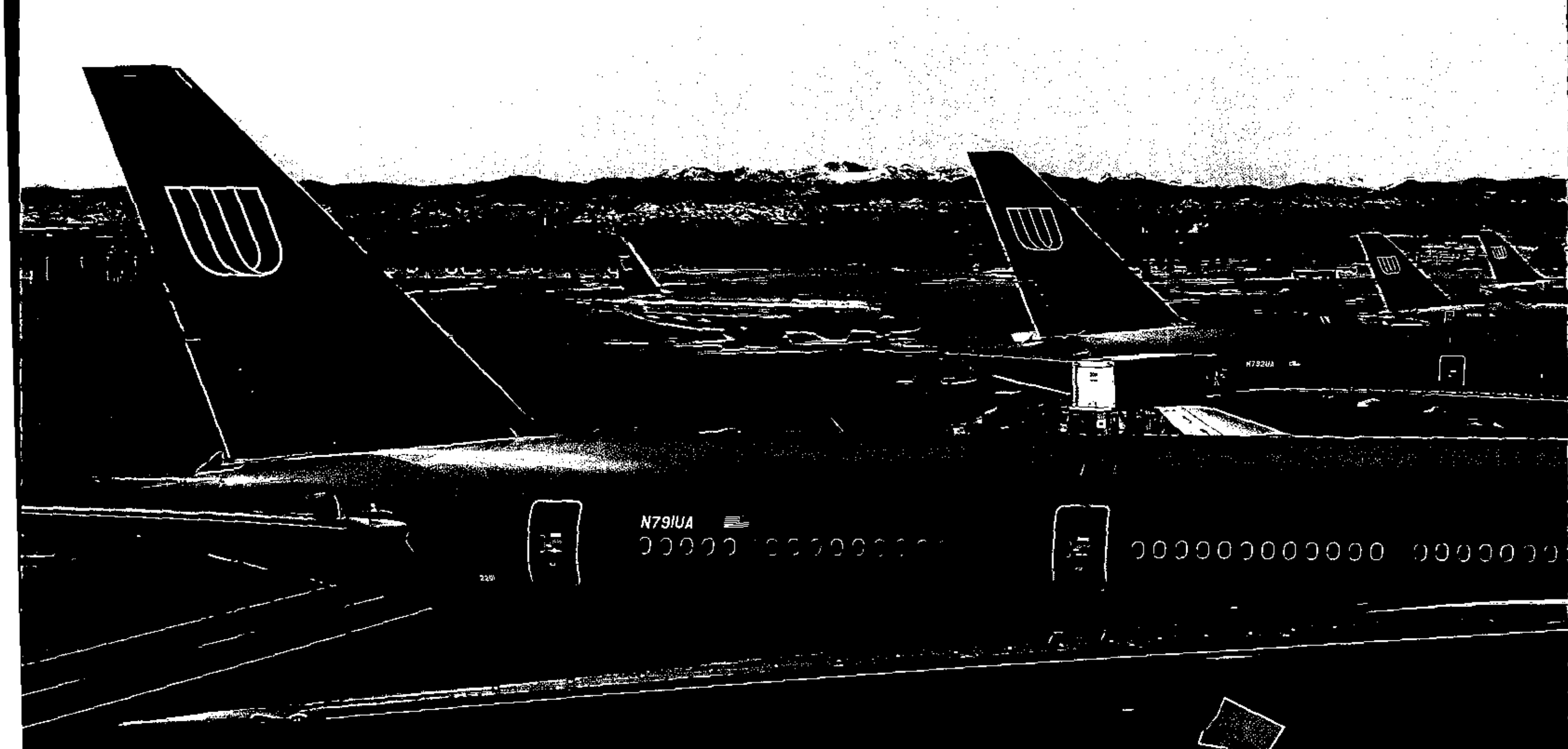
- *Sales up 52%; income from operations up 59%.*
- *Unit volumes up 54% including acquisitions.*
- *Contributions from recent acquisitions and sold-out conditions in North American mats and fibers fueled increases.*
- *Successfully integrated acquisitions, namely the Monobond acquisition, which outperformed expectations in the year and drove significant sales and profit increases.*
- *Filtration improving despite continued weakness in Asian markets.*
- *Continued pricing and margin weakness in European markets, which improved in the fourth quarter of 1999.*



The Monobond acquisition is expected to continue to produce strong results as it is further integrated into the company and product and technology synergies are realized. C&I construction activity will fuel further increases in the North American business, and European markets are expected to gradually improve, as are filtration markets.

INSULATION "Our goal is to be the preeminent supplier of insulation products in North America. In 1999 we took full advantage of the market opportunities before us to generate results that support the achievement of this goal."

THOMAS L. CALTRIDER, Senior Vice President, Insulation Group



Denver International Airport, Denver, Colorado
JM leverages its technologies to participate in multiple insulation markets. We supply extensive acoustical and thermal insulation products, from materials used in automotive insulation, to HVAC duct systems in the airport terminal. JM's aerospace insulation is specified by major worldwide aircraft manufacturers, such as Boeing and Airbus. Microlite AA® is used to insulate the aircraft fuselage and Permacôte® Linacoustic® protects the building's interior from noise.

VALUE DRIVERS

- Strengthen leading market shares.
- Focus on new product innovations and complementary acquisitions.
- Implement manufacturing efficiencies and focused marketing.
- Strengthen the JM brand.

MARKET TRENDS

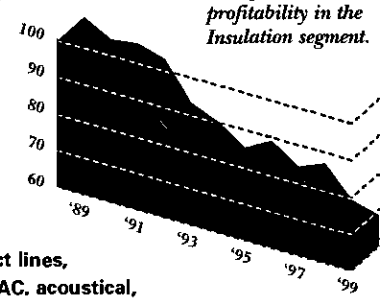
- Relatively low interest rates and strong consumer confidence fueling construction market growth.
- Larger homes and remodeling trends driving higher insulation content per residential project.
- Product innovations and emerging markets, such as interior wall acoustic and fire protection products, across residential and C&I applications.
- More stringent energy and building codes driving growth across building insulation product lines.

1999 HIGHLIGHTS

- Strong pricing, robust demand and sold-out capacity for most of the year in building insulation fueled an 11% sales increase to $816.7 million.
- Productivity enhancements and improved pricing in building insulation produced a 56% increase in income from operations to $184.2 million.
- Integrated the calcium silicate pipe and block insulation and fireproof board plant acquisition to strengthen our industrial market position.
- Successfully entered the Fire Protection business through our 1998 joint venture to manufacture Firetemp™ products that help stop the spread of smoke and fire.
- Expanded building insulation production facilities in Alberta, Canada and Kansas to meet robust demand and to reduce costs.
- Accelerated sales and marketing efforts for ComfortTherm™, a polyincapsulated fiber glass batt product, which helped strengthen the JM brand in residential and commercial markets.
- Robust commercial construction markets contributed to JM's mechanical insulation business, which includes pipe and equipment and air handling products.
- Increased demand and stable pricing produced sales growth across most OEM product lines, which include HVAC, acoustical, appliance, flexible duct, auto and aerospace insulation.

Building Insulation Cost Index

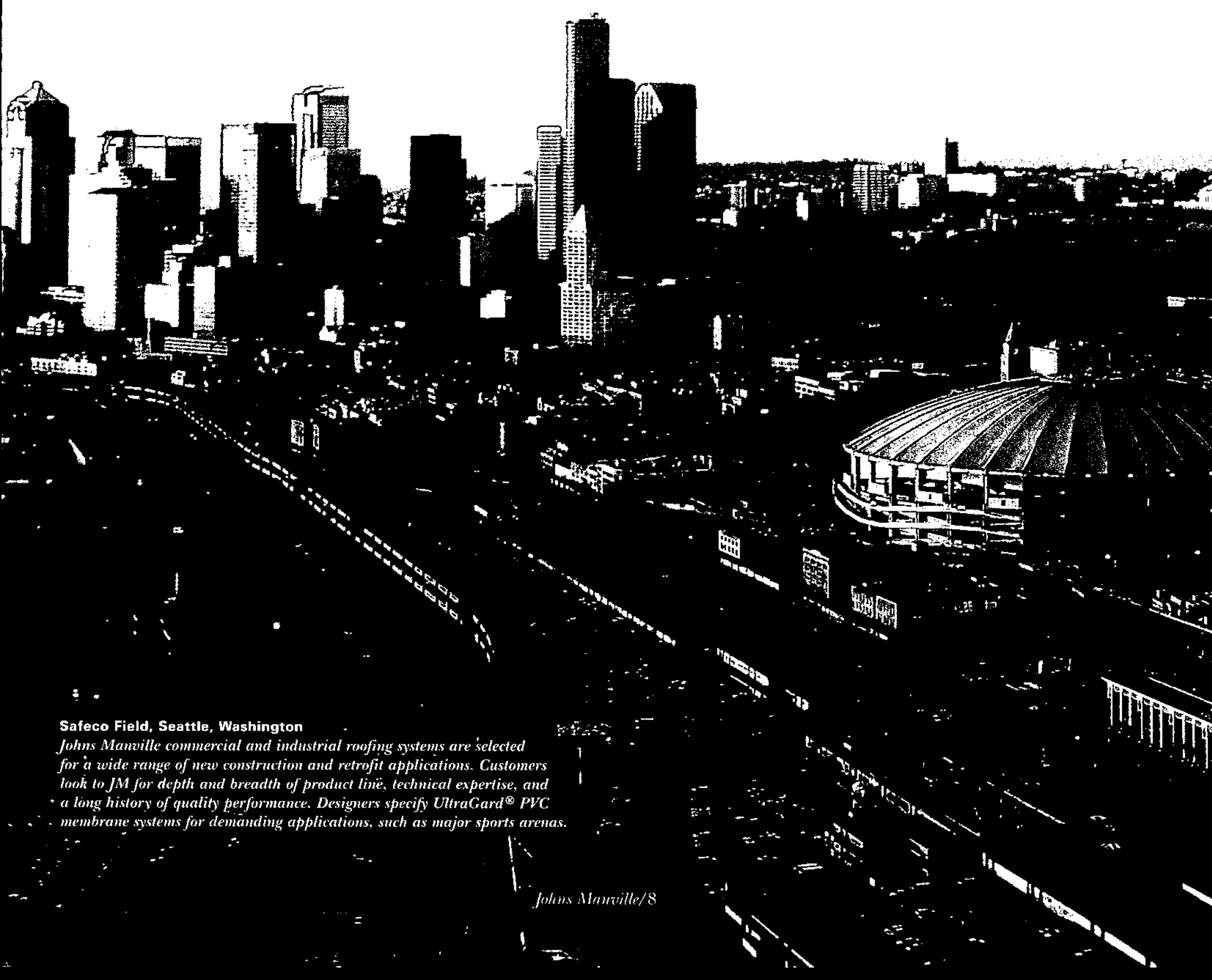
JM has significantly reduced costs in building insulation to improve overall profitability in the Insulation segment.



ROOFING SYSTEMS

"As the largest commercial and industrial roofing company in North America, we provide our customers with complete solutions, helping to build relationships and improve our businesses over the long-term."

BARTLEY E. ROGGENSACK, JR., Vice President and General Manager, Roofing Systems Group



Safeco Field, Seattle, Washington
Johns Manville commercial and industrial roofing systems are selected for a wide range of new construction and retrofit applications. Customers look to JM for depth and breadth of product line, technical expertise, and a long history of quality performance. Designers specify UltraGard® PVC membrane systems for demanding applications, such as major sports arenas.

VALUE DRIVERS

- Continue focus on acquisition integration and product line synergies to increase market share.
- Focus on high-growth market segments, such as the educational sector.
- Emphasize preferred customer account business by developing relationships with building owners and roof consultants.
- Continue to improve manufacturing, sales and marketing productivity.

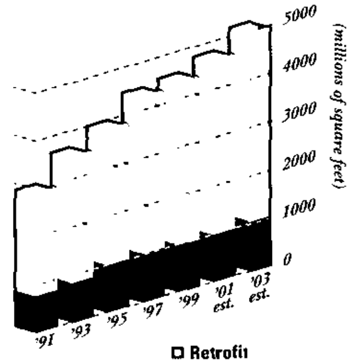
MARKET TRENDS

- Continued growth (1% to 2%) in C&I markets, particularly institutional (schools and government buildings).
- Solid new commercial construction markets.

1999 HIGHLIGHTS

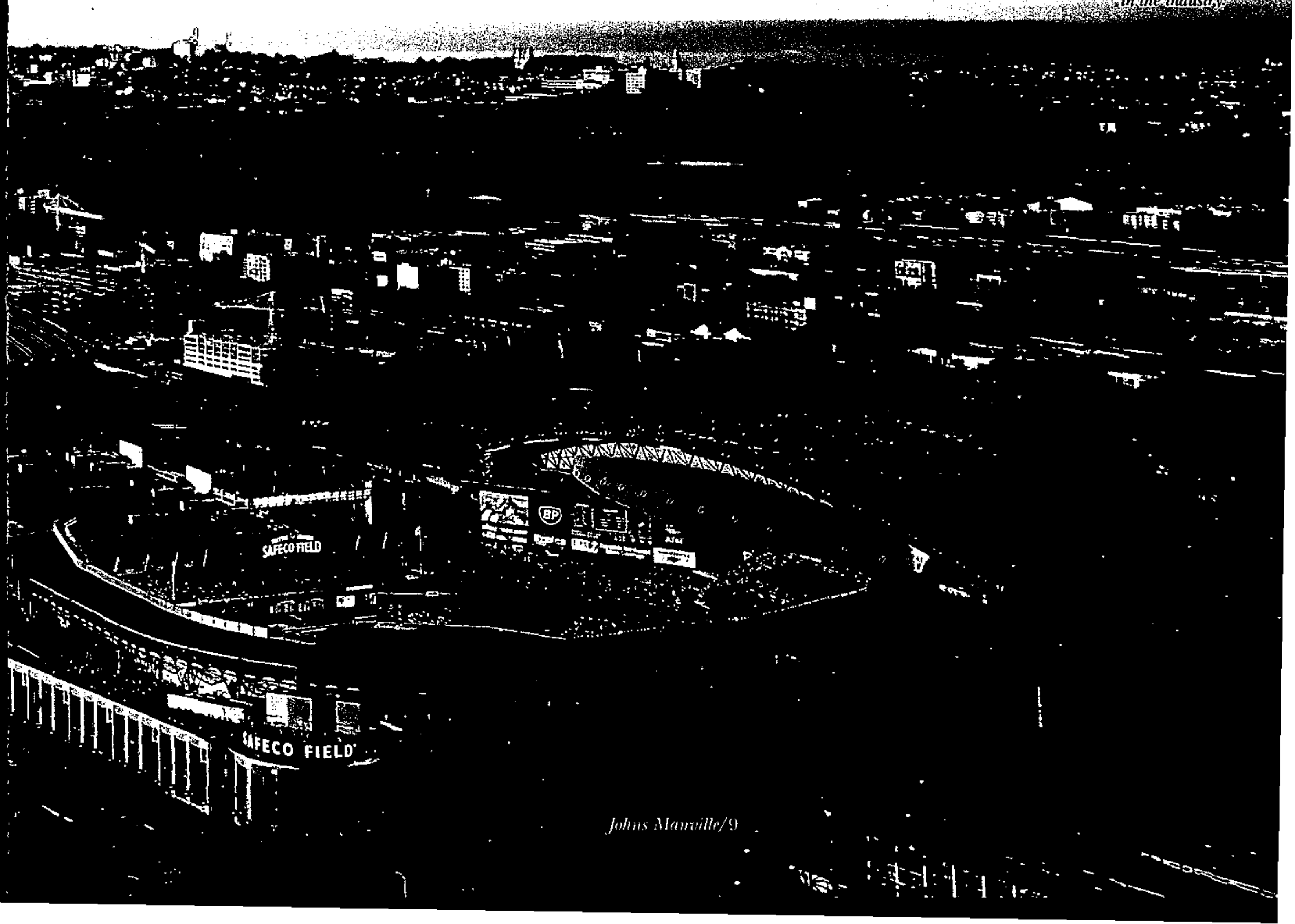
- Volume gains from recent acquisitions produced record sales of $606.5 million, an 8% increase.
- Solid productivity improvements were offset by competitive pricing pressures in polyiso foam roofing insulation products and in membranes, which contributed to a 7% decline in income from operations to $44.7 million.
- Successfully integrated the 1998 perlite insulation board acquisition, expanding our manufacturing operations and enhancing our leading North American position in this market.
- Entered a strategic alliance with Apache Products Company to acquire two and lease three polyiso roofing insulation plants, to build on our polyiso product lines and manufacturing facilities.
- Start-up of the Macon, Ga. BUR production facility, the first new JM plant dedicated in 20 years.
- Emphasized JM's customer-focused preferred account business through enhanced relationships with building owners and roof consultants.

Commercial Roofing Industry Shipment History



□ Retrofit
■ New Construction

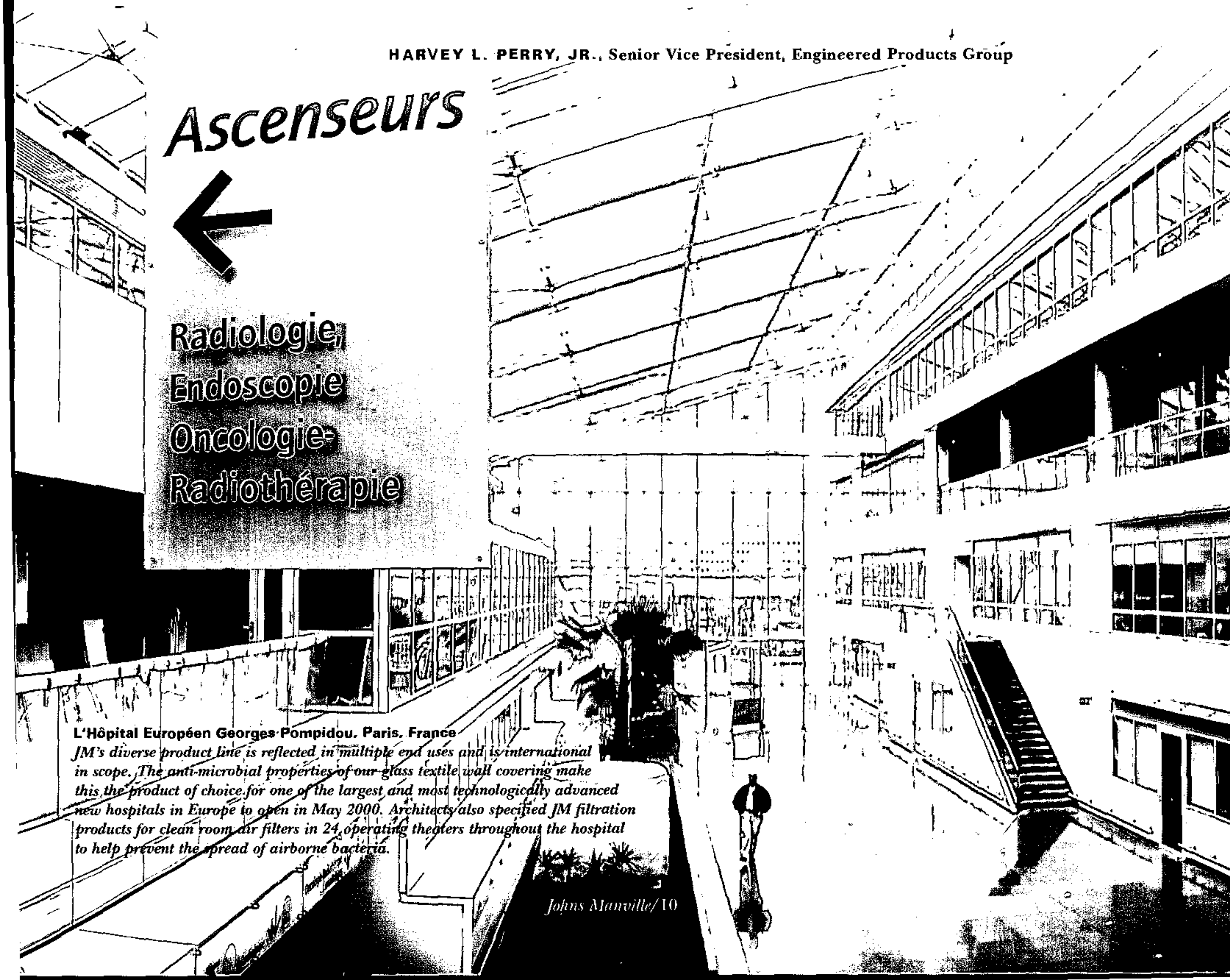
The retrofit segment makes up over 75% of the U.S. commercial roofing industry, and is expected to grow about 10% over the next three years. JM is well positioned to take advantage of growth in the industry.



ENGINEERED PRODUCTS

"Through acquisition integration, the achievement of synergies across businesses and productivity improvements, we strengthened our leadership position while lessening the impact of weakness in some markets."

HARVEY L. PERRY, JR., Senior Vice President, Engineered Products Group



L'Hôpital Européen Georges Pompidou, Paris, France
JM's diverse product line is reflected in multiple end uses and is international in scope. The anti-microbial properties of our glass textile wall covering make this the product of choice for one of the largest and most technologically advanced new hospitals in Europe to open in May 2000. Architects also specified JM filtration products for clean room air filters in 24 operating theaters throughout the hospital to help prevent the spread of airborne bacteria.

VALUE DRIVERS

- Expand product lines geographically.
- Leverage materials and technologies across products lines.
- Strengthen leading market shares.
- Drive growth through product synergies, acquisition integration and cross-selling opportunities.
- Pursue acquisitions for further geographic expansion to strengthen existing markets and to capitalize on emerging opportunities.

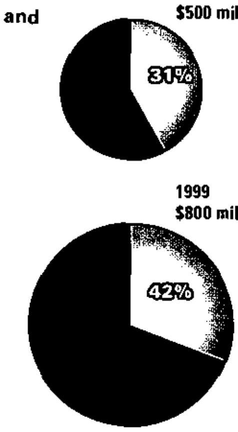
MARKET TRENDS

- Solid construction markets and continued strong housing starts fueling U.S. mats and fibers growth.
- Increasing demand for specialty mat applications.
- Continuing weakness in European economies, though year-over-year comparisons improving.
- Conversion to premium roofing and flooring products in Eastern Europe and Asia.
- Filtration markets improving gradually – long-term positive fundamentals intact.

1999 HIGHLIGHTS

- Contributions from the Monobond acquisition and sold-out capacity in U.S. mats and fibers fueled a 52% sales increase to $782.7 million.
- Strong profits from the Monobond acquisition, robust U.S. mats and fibers demand, and manufacturing efficiencies offset continued weakness in European and filtration markets to produce a 59% increase in income from operations to $123.4 million. European and filtration markets improved in the fourth quarter of 1999.
- Successfully integrated the Monobond acquisition allowing JM to reduce costs and to leverage distribution channels, customers and technology across the businesses.
- Strong construction markets fueled sold-out conditions in the U.S. mats and fibers business. To meet customer demand, JM will complete its Etowah, Tenn. furnace rebuild, conversion and expansion in 2000.
- Volumes in JM's European mats and fibers business are improving gradually despite weakness in European economies. Market conditions in Europe picked up in the fourth quarter of 1999 and are expected to gradually improve in 2000.
- Sales in JM's filtration business are improving due to strengthening clean room build activity in Asia. A focus on product development will drive growth in filtration going forward.

Increased International Exposure

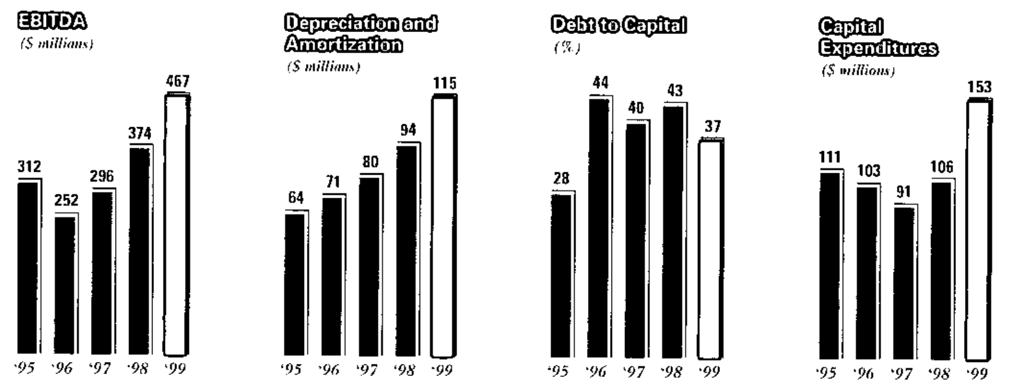


International Sales
North American Sales

Through acquisition, JM has grown its international business in Engineered Products and has increased its geographic diversification to maximize opportunities in emerging markets.

FINANCIAL REVIEW

HIGHLIGHTS



SAFE HARBOR STATEMENT

This report contains "forward looking statements" within the meaning of the federal securities laws with respect to Johns Manville's financial results and its future operations and, as such, concern matters that are not historical facts. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in such statements (see page 26 for more information on forward-looking statements). Important factors relating to such risks and uncertainties are outlined in the Management's Discussion and Analysis section of this report, beginning on page 15.

SELECTED FIVE-YEAR FINANCIAL DATA

In thousands of dollars, except per share amounts

Year Ended December 31,	**1999**	1998	1997	1996	1995
Income					
Net Sales *(Note B)*	**$ 2,161,786**	$ 1,781,179	$ 1,647,645	$ 1,552,429	$ 1,391,522
Income from Operations *(Notes A, B and G)*	**352,189**	279,737	215,422	187,427	201,283
Income from Continuing Operations, net of tax *(Notes A, B and G)*	**261,844**	185,291	130,529	190,525	122,006
Income before Extraordinary Items and Cumulative Effect of Accounting Change *(Note B)*	**261,844**	185,291	150,000	406,771	115,995
Net Income *(Notes B, D, E and F)*	**256,086**	180,946	150,000	90,486	115,995
Financial Position (As of December 31)					
Total Assets *(Note C)*	**$ 2,289,633**	$ 2,207,185	$ 1,980,534	$ 1,946,726	$ 2,474,059
Long-Term Debt, less current portion	**503,148**	587,276	456,294	428,160	447,007
Stockholders' Equity	**868,300**	790,108	693,083	580,462	1,181,307
Additional Data *(Note B)*					
Additions to Property, Plant and Equipment	**$ 299,426**	$ 130,336	$ 125,296	$ 153,000	$ 111,329
Research, Development and Engineering	**39,837**	32,823	31,174	32,663	29,988
Per Share Data *(Note H)*					
Earnings Per Common Share					
Basic:					
Income from Continuing Operations, net of tax *(Notes A, B and G)*	**$1.70**	$1.16	$.81	$ .86	$.79
Income before Extraordinary Items and Cumulative Effect of Accounting Change *(Note B)*	**1.70**	1.16	.93	2.29	.74
Net Income *(Notes B, D, E and F)*	**1.66**	1.13	.93	.20	.74
Diluted:					
Income from Continuing Operations, net of tax *(Notes A, B and G)*	**1.68**	1.15	.80	.85	.78
Income before Extraordinary Items and Cumulative Effect of Accounting Change *(Note B)*	**1.68**	1.15	.92	2.27	.73
Net Income *(Notes B, D, E and F)*	**1.64**	1.12	.92	.20	.73
Common Dividends Declared	**.24**	.20	.14	6.06	
Pro Forma Data *(Note I)*					
Income from Operations	**$352,189**	$ 243,749	$ 215,422	$ 229,367	$ 201,283
Net Income	**261,844**	162,236	130,529	115,267	93,443
Earnings Per Common Share (Diluted):					
Net Income	**$1.68**	$1.00	$.80	$.71	$.57

See notes on page 14.

Notes to Selected Five-Year Financial Data:

(A) During 1996 JM recorded nonrecurring charges totaling $49.2 million. These charges included $41.7 million for the shutdown of current operations, demolition of facilities and site restoration, and $7.5 million of asset write-downs to estimated fair values, partially offset by a gain on the sale of other manufacturing assets.

(B) In 1996 JM disposed of its 81.3 percent interest in Riverwood International Corporation. Accordingly, Riverwood's operations have been reflected as discontinued operations and its operating results have been excluded from the determination of income from continuing operations for all periods presented. Income from continuing operations, net of tax, includes gains on sales of equity investments, interest income, interest expense and profit sharing expense.

Income before extraordinary items and cumulative effect of accounting change and net income include a gain on disposal of discontinued operations of $216.2 million, net of tax, in 1996; a loss on disposal of discontinued operations of $42.5 million, net of tax, in 1995; and income from discontinued operations of $36.5 million in 1995, net of tax.

During 1997 JM recognized an additional net gain on disposal of discontinued operations of Riverwood of $19.5 million, of which $8.2 million related to income taxes.

(C) Total assets at December 31, 1998 include the acquisition deposit of $227.3 million for the January 1, 1999 acquisition of certain Spunbond/Monofilament assets.

The $375.6 million net assets and liabilities of the discontinued operations of Riverwood were classified as net assets held for sale at December 31, 1995.

(D) In 1996 JM recorded an extraordinary loss of $314.3 million, net of taxes of $169.2 million, on the exchange of approximately 32.5 million shares of JM's common stock for the termination of the Manville Personal Injury Settlement Trust's profit sharing right to 20 percent of JM's net earnings (as adjusted).

(E) JM recorded extraordinary losses on early extinguishments of debt, net of taxes, of $5.8 million, $31.8 million and $2 million in 1999, 1998 and 1996, respectively.

(F) Effective January 1, 1998 JM changed its method of accounting for glass furnace rebuild costs. The cumulative effect of this change in accounting principle increased 1998 earnings by $27.4 million, net of taxes of $17.9 million.

(G) JM sold its 5 percent net smelter royalty on certain metals produced by the Stillwater Mining Company for cash resulting in other income of $36 million in 1998.

(H) During 1996 JM redeemed its Cumulative Preference Stock, Series B. Earnings per share amounts prior to 1997 were calculated after the deduction for preference stock dividends/accretion and the $52.1 million premium on preference stock redemption.

(I) Pro forma data has been adjusted to eliminate the effects of nonrecurring charges, certain pension plan settlement gains, gains on sales of equity investments, mining royalty sale proceeds, interest expense on the 9 percent Sinking Fund Debentures, profit sharing expense, an unusual 1996 income tax item, discontinued operations, extraordinary losses, cumulative effect of accounting change, preference stock dividends/accretion, and premium on preference stock redemption, on a consistent basis and adjusted for estimated applicable tax effects. In addition, earnings per share are based on 155.7 million and 161.9 million diluted weighted average shares for 1999 and 1998, respectively, and 163.1 million pro forma diluted weighted average shares for the other periods presented.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Johns Manville Corporation ("JM") manufactures and markets building and equipment insulation; commercial and industrial roofing systems; fibers, fabric and nonwoven mats used as reinforcements in building and industrial applications, and high efficiency filtration media. JM operates 58 manufacturing facilities in North America, Europe and China, and is comprised of three principal business segments: Insulation, Roofing Systems and Engineered Products.

The Insulation segment consists of JM's building insulation business, which manufactures fiber glass wool insulation for walls, attics and floors in residential and commercial buildings; commercial and industrial insulation business, which manufactures pipe and duct insulation for use in commercial buildings, factories, refineries and other industrial applications; and original equipment manufacturers ("OEM") insulation business, which manufactures thermal and acoustic insulation for aircraft, marine vessels, automobiles and heating, ventilating and air conditioning ("HVAC") and other equipment.

The Roofing Systems segment consists of JM's commercial and industrial roofing systems business, which supplies built-up, modified bitumen and single-ply membranes; perlite, fiber glass and polyisocyanurate foam insulations; roof guarantees; and accessories.

The Engineered Products segment consists of mats and fibers, which includes base fiber, fiber to reinforce gypsum wallboard and plastics, fiber glass and polyester spunbond mats for roofing and flooring applications and monofilament used in the paper industry; glass fabrics for wall coverings; and fiber glass and synthetic media for high efficiency air filtration systems, face masks, respirators, vacuum bags, sorbents and liquid filtration applications. Filtration also produces fine fibers for specialty manufacturers who supply filtration media for use in clean rooms and various battery separator applications.

Consistent with JM's internal reporting, business segments discussed below include allocated corporate expenses. The 1998 mining royalty sale proceeds are reported in corporate and eliminations.

1999 vs 1998

Results of Operations

JM's net sales in 1999 increased $380.6 million, or 21.4 percent, to $2,161.8 million compared with $1,781.2 million in 1998. Gross profit increased $144.4 million to $621.6 million from $477.2 million. The gross profit margin for 1999 increased to 28.8 percent from 26.8 percent for 1998 due primarily to an improved pricing environment and strong demand in building insulation, and contributions from acquisitions. Selling, general and administrative and research, development and engineering expenses, combined, increased $19.4 million in 1999 largely due to acquisitions. These expenses were lower as a percentage of sales at 11.2 percent compared with 12.5 percent for 1998.

Other expense, net, for 1999 was $26.6 million compared with other income, net, of $25.9 million for 1998. Other expense, net, for 1999 reflects higher pension expenses and higher goodwill amortization due to JM's acquisition program. Other income, net, for 1998 reflects the proceeds of $36 million from a mining royalty sale. Income from operations for 1999 was $352.2 million, up 44.5 percent, compared with $243.7 million for 1998, excluding the royalty gain. Results of operations for 2000 will be affected by 1999 equity market gains for pension plan assets, positively impacting JM's pension expense (income).

Insulation Segment

Net sales for the Insulation segment increased $82.6 million, or 11.3 percent, to $816.7 million for 1999 from $734.1 million for 1998. Income from operations increased $66.2 million, or 56.1 percent, to $184.2 million compared with $118 million in 1998. Reflecting strength across JM's building insulation business, these increases are due largely to improved selling prices and volume growth, as JM operated at full capacity for most of 1999 due to favorable North American residential and commercial construction markets. The selling price improvements, along with volume increases, also led to strong 1999 margins. In commercial and industrial insulation, higher gross profits on moderate net sales increases, compared with 1998, reflected volume growth and higher selling prices in both mechanical and OEM products.

Roofing Systems Segment

The Roofing Systems segment's net sales increased $44.7 million to $606.5 million in 1999 from $561.8 million in 1998, an 8 percent increase. Income from operations for 1999 was $44.7 million, a 7 percent decline compared with $48 million for 1998. Acquisition-related sales increases were more than offset by continued pricing pressures in polyisocyanurate foam insulation and roofing membranes products.

Engineered Products Segment

Net sales for the Engineered Products segment increased $268.6 million, or 52.2 percent, to $782.7 million in 1999 compared with $514.1 million in 1998. Income from operations in 1999 increased $45.7 million, or 58.7 percent, to $123.4 million from $77.7 million in 1998. The incremental impacts of JM's January 1, 1999 acquisition of Spunbond/Monofilament assets ("Monobond") produced substantial increases in net sales and operating income. The U.S. mats and fibers business experienced significantly higher sales in 1999 on volume growth from increased demand in roofing mats, specialty mats and base fibers. While the higher volumes drove the sales increase for this business, results were adversely affected by costs associated with a scheduled furnace rebuild, which was completed in the first quarter, and raw material cost increases. Meanwhile, sales and operating income declined for European mats and fibers business during 1999, reflecting continued softness in Europe for most of the year, which improved in the fourth quarter. Reduced demand and competitive pressures also led to operating income declines for the European fabrics business. While sales in the filtration business were flat for the year, volumes in the fourth quarter were up significantly due to improvements in microfiber demand, particularly for battery separators, and slight increases in clean room build activity.

Other Income (Expense), net

JM sold its 5 percent net smelter royalty on certain metals produced by the Stillwater Mining Company for cash resulting in other income of $36 million in the second quarter of 1998.

Interest Expense, net

Interest expense, net of interest income, decreased slightly to $29.1 million in 1999, from $29.5 million in 1998. Along with strong operating cash flows, interest expense, net, was reduced by the 1998 repurchase of substantially all of JM's $400 million of 10.875 percent Johns Manville International Senior Notes due 2004 using revolving credit facilities with significantly lower interest rates and the 1999 repayment of bonds payable to the Manville Personal Injury Settlement Trust (the "Trust").

Income Taxes

JM's effective tax rate was approximately 19 percent in 1999 and 26 percent in 1998. JM receives a tax deduction and a related reduction in its effective tax rate when the Trust pays claimants or makes distributions to a specific settlement fund from dividends paid on, or proceeds received from disposition of, JM stock held by the Trust. In both 1999 and 1998, JM benefited from such distribution of dividends and stock sale proceeds to the settlement fund. In addition, JM's 1999 income tax expense benefited from lower effective foreign tax rates and adjustments to prior years' provisions.

Extraordinary Loss on Early Extinguishment of Debt

In June 1999 JM prepaid bonds payable to the Trust in the principal amount of $23.9 million, resulting in a loss on the early extinguishment of debt of $5.8 million, net of taxes of $3.6 million. These bonds consisted of fixed payments totaling $75 million per year in 2013 and 2014 and had been discounted at 13 percent.

During the second quarter of 1998 JM repurchased substantially all of its $400 million of 10.875 percent senior notes. The repurchase resulted in an extraordinary loss on the early extinguishment of debt of $31.8 million, net of taxes of $18.1 million.

Cumulative Effect of Accounting Change

Effective January 1, 1998 JM changed its method of accounting for glass furnace rebuild costs to the capitalization method from the allowance method. The cumulative effect of this change in accounting principle increased 1998 earnings by $27.4 million, net of taxes of $17.9 million. This change resulted in an increase in depreciation expense but eliminated the provision for furnace rebuilds. The pro forma effect of this change on net income was not material.

Earnings Per Common Share

Basic and diluted net earnings per common share for 1999 were $1.66 and $1.64, respectively, as compared with basic and diluted net earnings per common share of $1.13 and $1.12, respectively, for 1998. The extraordinary losses on early extinguishment of debt decreased basic and diluted earnings per common share by $0.04 and $0.20 during 1999 and 1998, respectively. The cumulative effect of a change in accounting principle increased basic and diluted earnings per common share by $0.17 during 1998.

1998 vs 1997

Results of Operations

JM's net sales for 1998 increased $133.6 million, or 8.1 percent, to $1,781.2 million compared with $1,647.6 million for 1997. Gross profit increased $45.7 million to $477.2 million from $431.5 million. The gross profit margin for 1998 increased to 26.8 percent from 26.2 percent due to volume and productivity gains across all segments, partially offset by increased fixed costs and pricing declines in the mats and fibers and filtration businesses. Selling, general and administrative and research, development and engineering expenses, combined, increased $17.6 million, or 8.6 percent, to $223.4 million and were flat as a percentage of sales at 12.5 percent compared with 1997. Other income, net, was $25.9 million for 1998 compared with other expense, net, of $10.3 million for 1997. Other income, net, for 1998 included proceeds of $36 million from a mining royalty sale. Exclusive of the royalty gain, income from operations for 1998 was $243.7 million, up 13.1 percent, compared with $215.4 million for 1997.

Insulation Segment

The Insulation segment's net sales increased $36.3 million, or 5.2 percent, to $734.1 million in 1998 compared with $697.8 million in 1997. Income from operations increased $31.4 million, or 36.3 percent, to $118 million compared with $86.6 million in 1997. The 1998 results for building insulation reflect volume increases due to strong demand, improved operating efficiencies and an improved pricing environment, which began in the latter half of the year. While commercial and industrial insulation businesses reflected moderately higher sales volumes and selling prices for pipe and equipment insulation, gross margins and operating income were negatively affected by downtime for equipment upgrades during 1998. Also in 1998, the use of alternate materials resulted in significantly lower sales and margins in automotive products.

Roofing Systems Segment

Net sales for the Roofing Systems segment increased $51.3 million, or 10.1 percent, to $561.8 million in 1998 compared with $510.5 million in 1997 due primarily to incremental volume increases from thermoplastic membrane acquisitions. Excluding the impact of acquisitions, net sales increased slightly in 1998 compared with 1997. Income from operations, however, decreased to $48 million from $50.5 million in 1998 compared with 1997. Volume gains in 1998 were partially offset by pricing pressures in polyisocyanurate foam products, a less favorable product mix and acquisition-related costs. In addition, adverse weather conditions early in the year limited roofing activity and shipments, and negatively affected 1998 operating margins.

Engineered Products Segment

The Engineered Products segment's net sales increased $38.1 million, or 8 percent, to $514.1 million in 1998 compared with $476 million in 1997. Income from operations decreased slightly to $77.7 million from $78.3 million for the same periods. The sales increases are primarily due to the acquisitions of Mitex and Tasso AB, both European manufacturers of fiber glass wall covering fabrics. However, 1998 sales and operating income were adversely affected by slower economic activity in Asia and Russia. Volume increases in the U.S. mats and fibers business, net of the aforementioned weather-related declines in roofing mat shipments, were partially offset by lower selling prices during 1998. Results in filtration decreased in 1998 due to lower selling prices and a worldwide slowdown in clean room builds.

Other Income (Expense), net

JM sold its 5 percent net smelter royalty on certain metals produced by the Stillwater Mining Company for cash resulting in other income of $36 million in 1998.

Interest Expense, net

JM's interest expense, net of interest income, decreased $10.4 million, or 26.2 percent, to $29.5 million in 1998 compared with $39.9 million in 1997. This decrease is primarily due to the repurchase of substantially all of JM's $400 million of 10.875 percent senior notes in 1998 using revolving credit facilities with significantly lower interest rates. Also during 1998, JM used available cash to repay borrowings under the revolving credit facilities.

Income Taxes

JM's effective tax rate was approximately 26 percent in 1998 and 1997. JM benefited from the distribution of dividend and stock sale proceeds to the settlement fund of the Trust and from the utilization of tax credits in both years.

Discontinued Operations

During 1997 JM adjusted the estimated gain recognized in 1996 on the disposition of Riverwood International Corporation. The adjustment, resulting in an additional net gain on disposal of discontinued operations of $19.5 million, arose from the expiration of certain indemnification obligations to the purchaser of Riverwood and from the determination of certain income tax consequences of the disposition, which were finalized with the completion of JM's 1996 income tax returns.

Extraordinary Loss on Early Extinguishment of Debt

In 1998 JM repurchased substantially all of its $400 million of 10.875 percent senior notes, resulting in an extraordinary loss on the early extinguishment of debt of $31.8 million, net of taxes of $18.1 million.

Cumulative Effect of Accounting Change

The cumulative effect of the change in accounting for glass furnace rebuild costs increased earnings by $27.4 million, net of taxes of $17.9 million, during 1998.

Earnings Per Common Share

Basic and diluted net earnings per common share for 1998 were $1.13 and $1.12, respectively, as compared with basic and diluted net earnings per common share of $0.93 and $0.92, respectively, for 1997. The extraordinary loss on early extinguishment of debt decreased basic and diluted earnings per common share by $0.20 during 1998. The cumulative effect of a change in accounting principle increased basic and diluted earnings per common share by $0.17 during 1998. Gain on disposal of discontinued operations increased basic and diluted earnings per common share by $0.12 during 1997.

Liquidity and Capital Resources

JM broadly defines liquidity as the ability to generate sufficient cash flow to satisfy operating requirements, fund capital expenditures and meet existing obligations and commitments. In addition, liquidity also includes the ability to obtain appropriate financing and convert into cash those assets that are no longer required to meet JM's strategic objectives. Therefore, liquidity should not be considered separately from capital resources, which consist of currently or potentially available funds for use in achieving long-range business objectives and meeting debt service commitments.

JM's agreements with its lenders contain financial and general covenants. These include, among other things, limitations on borrowings, investments and asset dispositions and maintenance of various financial ratios. Noncompliance with these or other covenants, or the occurrence of any other event of default, could result in the termination of existing credit agreements and the acceleration of debt owed by JM and its subsidiaries. At December 31, 1999 JM was in compliance with these covenants.

JM's cash and marketable securities balances increased $48.3 million during 1999 to $64.8 million at December 31, 1999 from $16.5 million at December 31, 1998. Total cash and marketable securities located outside the U.S. and Canada were $20.2 million. At December 31, 1999 JM had approximately $458 million available under its $750 million unsecured multicurrency revolving credit facilities. JM's international subsidiaries had additional borrowing and working capital facilities totaling $19.4 million, of which $12.8 million was available at December 31, 1999. These facilities are principally secured by certain receivables and cash of JM's international subsidiaries.

JM's net operating activities provided $468.4 million of cash during 1999, offset by the premium on the prepayment of bonds payable to the Trust. Operating activities for 1998 provided $226.3 million of cash, including the gain from the sale of the Stillwater mining royalty, partially offset by the premium on the prepayment of the 10.875 percent senior notes. Operating activities for 1997 provided $168.7 million of cash. Cash flows from operating activities are primarily influenced by selling prices, sales volume and working capital requirements. As discussed in "Results of Operations," JM benefited from selling price improvements in building insulation, contributions from acquisitions and volume increases during 1999. Cash provided by operations during 1999 also benefited from improved working capital management.

JM's investing activities used $158.7 million in 1999, $391.1 million during 1998 and $213.4 million during 1997. Investing activities for 1999 used $152.9 million for capital expenditures, principally to increase building insulation capacity and to complete a furnace rebuild for mats and fibers. The 1999 capital expenditures included approximately $60 million related to capacity expansion projects. Cash used for investing activities in 1998 included acquisitions of $92.2 million, net of cash acquired, and capital expenditures totaling $106.4 million, of which approximately $46 million related to capacity expansion projects. Investing activities for 1998 also included JM's $227.3 million deposit for the Monobond acquisition completed in 1999. Cash used in investing activities for 1997 included acquisitions of $136.5 million, net of cash acquired, and capital expenditures totaling $90.5 million, of which approximately $50 million related to capacity expansion projects. Investing activities for 1997 also included proceeds from the disposition of JM's automotive molded parts business.

JM's financing activities for 1999 consisted of issuances of debt totaling $212.8 million, and repayments of debt totaling $275.7 million, net. In July 1999 JM issued $200 million of unsecured senior notes to certain institutional investors in a private debt offering in two tranches: $75 million at 7.71 percent due in 2006; and $125 million at 7.92 percent due in 2009. A portion of the proceeds were used to finance the purchase of 12.2 million shares of JM's common stock from the Trust at $13.675 per share, resulting in the recognition of treasury stock, at cost, of $166.8 million in the third quarter of 1999. The remaining proceeds were used to repay existing indebtedness including prepayment of $23.9 million of bonds payable to the Trust discussed above. JM also repaid $12.5 million of debt assumed in an acquisition in 1999. In December 1999 JM called the remaining $2.5 million of 10.875 percent senior notes due 2004. The aforementioned 1999 debt activity also included issuances of $9 million and repayments of $16 million under foreign credit facilities. JM paid dividends totaling $37.5 million, $28.8 million and $21 million during 1999, 1998 and 1997, respectively. JM's financing activities for 1998 reflected repayments of debt totaling $425.9 million and issuances of debt totaling $540.3 million, net, relating primarily to the second quarter repurchase of its 10.875 percent senior notes. Also in 1998 JM purchased 3.6 million shares of its common stock from the Trust at $13 per share, and recognized treasury stock, at cost, of $46.8 million. During 1997 JM repaid debt totaling $30 million assumed in connection with 1996 acquisitions. JM also borrowed $55 million from international credit facilities to partially finance 1997 acquisitions, of which $10 million was repaid in 1997. The remainder was repaid in 1998.

JM believes that its current cash position, funds available under credit facilities and cash generated from operations will enable it to satisfy its debt service requirements, its ongoing capital expansion program and its other ongoing operating costs. However, JM may need to access capital markets to pay the principal of its credit facilities and senior notes, or in connection with possible significant future acquisitions.

Cyclicality of Demand/Competitive Environment

Demand for JM's products has historically been cyclical due to macroeconomic factors affecting residential and commercial construction markets. Due to their specific market niches, JM's roofing systems used for replacement, and filtration and specialty products are less sensitive to business cycles. Selling prices are subject to factors influenced by the competitive environment in which JM operates, including fluctuations in overall capacity utilization.

Income Taxes

The cash taxes paid by JM in the U.S. were substantially lower than statutory rates due to JM's deductions related to payments made to the Trust and tax credit carryforwards. JM receives a tax deduction for the amount of any dividends paid on shares of JM's common stock held by the Trust. In addition, JM receives a tax deduction when the Trust sells some or all of its shares of JM common stock and distributes the proceeds to its beneficiaries or transfers the proceeds to a specific settlement fund.

As of December 31, 1999 JM will need a cumulative total of approximately $520 million of U.S. federal taxable income to realize its net U.S. deferred tax asset of $182.2 million. Based on JM's historical earnings levels, projected future earnings and the expected timing of the taxable deductions principally related to amounts paid by the Trust or transferred to a specific settlement fund, JM believes it will realize its net deferred tax asset. JM estimates that, as of December 31, 1999, $10.2 million of the gross deferred tax asset may not be realized. This amount relates to remaining foreign tax credit carryforwards that may expire unused. Accordingly, a full valuation allowance has been provided for these amounts. The valuation allowance on JM's deferred tax asset is subject to change as forecasts of future years' earnings and the estimated timing of the utilization of JM's tax benefits and credit carryforwards are revised, including actions by the Trust with respect to its ownership of JM stock.

If the Trust were to sell its JM stock at a price greater than JM's carrying value, JM may receive a tax benefit in excess of the deferred tax asset reflected for financial reporting purposes. Likewise, if the Trust were to sell the stock at a price lower than the carrying value, JM would receive a tax benefit less than the deferred tax asset reflected for financial reporting purposes. To illustrate, using the December 31, 1999 closing market price of $13.9375 per share, the deferred tax asset related to JM's stock held by the Trust would total approximately $550 million, which exceeds the carrying value by nearly $415 million.

Under Section 468B of the U.S. Internal Revenue Code, JM is responsible for income taxes on the taxable income of the Trust's specific settlement fund at a tax rate of 15 percent. Any such taxes paid by JM will generate a tax deduction for JM. JM cannot predict the amount of any such future tax obligations. However, related liabilities could become material in certain situations including the Trust monetizing, and retaining the proceeds of, a significant portion of its investment in JM's common stock or the settlement of this obligation between JM and the Trust. During 1999 and 1998 JM incurred approximately $4.2 million and $3 million of these taxes, respectively, before any U.S. federal or state benefit.

Capital Spending and Capacity Expansion

JM estimates capital spending in 2000 of approximately $178 million excluding acquisitions, of which approximately $109 million will be used in capacity expansion programs. During the third quarter of 1999, JM began construction on a new two-module fiber glass insulation line to expand production capacity at its Winder, Ga. facility. JM anticipates that one module will become operational during the third quarter of 2000, with the second completed during 2002. Also during the third quarter of 1999, JM began a capacity expansion at its Etowah, Tenn. facility for mats and fibers, which is expected to become operational mid-2000. As of December 31, 1999 outstanding purchase commitments relating to capital spending and capacity expansion projects totaled $44 million. JM plans to fund its capital spending from available cash balances and cash flows generated by operations. JM's capacity expansion programs are periodically revised to reflect changes in demand, industry capacity and the results of productivity improvements and technological innovations.

In response to the implementation of the 1990 Amendments to the federal Clean Air Act and requirements of various state air emissions regulations, JM may be obligated to further monitor and reduce air emissions at its manufacturing sites. The Title III air toxics regulations applicable to JM's fiber glass plants were issued in proposed form in 1997. Subsequent proposed amendments to those regulations in the first quarter of 1999 did not change the substantive requirements related to air toxics. JM does not anticipate significant compliance costs as a result of these regulations. Because the other anticipated regulations have not yet been proposed, neither the costs nor timing of compliance can be reasonably anticipated at this time, however, these anticipated regulations could require capital expenditures in 2000 and 2001.

Acquisitions

On January 1, 1999 JM completed the Monobond acquisition. This acquisition expands existing product lines of JM's Engineered Products segment in North America, Europe and China. The cash payment for this acquisition, accounted for under the purchase method, was $227.3 million, financed with borrowings from JM's credit facilities. The acquisition borrowings, drawn during December 1998, were shown as the acquisition deposit on the December 31, 1998 balance sheet. During 1999 the allocated purchase price was adjusted to $209 million, reflecting adjustments for preacquisition and purchase price contingencies.

On September 2, 1999 JM acquired certain polyisocyanurate roofing insulation and sheathing foam business operations. In connection with this acquisition, JM assumed, and subsequently repaid, $12.5 million of debt. This acquisition complements existing JM product lines and is accounted for under the purchase method.

Contingent Product Liability

Between 1988 and 1992 JM manufactured phenolic roofing insulation which may, under certain circumstances, contribute to the corrosion of metal decks on which it is installed. Since 1993 JM has had a program to voluntarily inspect such metal decks and remediate where appropriate. JM has accrued for costs relating to future inspections, remediation and anticipated claims. These accruals are based on JM's historical experience regarding the incidence of corrosion and the cost of remediation and include a number of assumptions related to the types and remaining expected lives of roofs on which phenolic insulation has been installed. Further, these accruals reflect JM's recent experience and expectations for the future inspection and remediation program.

Pursuant to reimbursement agreements with JM's liability carriers and the former owner of the phenolic roofing insulation business, JM is entitled to receive reimbursement for a substantial portion of future costs to be incurred by JM for inspection and remediation.

In 1996 JM and a third party were named as defendants in two class action cases, now consolidated, filed in U.S. District Court in Boston, Mass. The plaintiffs purport to represent all building owners in the U.S. with phenolic insulation installed on their roof decks and seek damages and injunctive relief, including an order requiring the removal and replacement of the phenolic insulation and remediation of any deck corrosion. JM has reached a conditional agreement in principle with respect to the settlement of these cases.

JM has reviewed its historical inspection and remediation experience, its expectations for the future inspection and remediation program, the terms and collectibility of amounts under the reimbursement agreements, and the terms and probability of concluding the conditional settlement agreement in principle discussed above. Based on the information available to date and subject to the assumptions described above, if additional costs are incurred in excess of the accrued and reimbursable amounts, such costs are not expected to have a material adverse effect on JM's financial condition, liquidity or results of operations.

Environmental Contingencies

At December 31, 1999 JM had remediation activities in progress at four sites, out of a total of 15 such sites for which JM has identified environmental conditions requiring remediation. In addition, JM has been identified as a potentially responsible party at 13 non-Company owned or operated sites under the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or similar state legislation. Of these 13 sites, JM's potential liability for 11 sites will be determined pursuant to a global CERCLA order (the "Order") described in the following paragraph. Two of the sites may not be subject to the Order and, accordingly, JM could be jointly and severally liable for costs of remediating these sites. However, both sites have multiple potentially responsible parties working with the regulatory agencies. In addition, JM's disposal percentage is at or near the *de minimis* level at both sites. During 1999 JM settled its CERCLA and Resource Conservation and Recovery Act ("RCRA") liability at three sites under the Order, of which one is final.

In 1994 the U.S. government and JM settled certain litigation concerning JM's disposal activities prior to consummation of its plan of reorganization. The Order, which was made a court order, limits JM's future liability under both CERCLA and RCRA to 55 percent of its share of site-wide response costs and natural resources damages without regard to joint and several liability for disposals made by JM prior to consummation of JM's plan of reorganization. The Order resolved JM's liability at certain historical sites and also covers CERCLA and RCRA liability for other disposal sites at which the U.S. Environmental Protection Agency ("EPA") has incurred or may incur response costs and which were used by JM prior to consummation of the plan of reorganization. The Order provides that the amount JM will be obligated to pay, in the aggregate, for such sites shall never exceed $850,000 during any given year. The EPA and others from time to time commence cleanup activities at such sites and in the future the EPA and others may assert claims against JM with respect to such sites. JM believes that all such activities and claims, if any, will be subject to the Order.

At December 31, 1999 and 1998 JM's balance sheet included undiscounted accruals for environmental remediation costs, including ongoing compliance, maintenance and monitoring costs, of $31.1 million and $34.8 million, respectively. JM paid $3.9 million and $1.7 million for environmental cleanup in 1999 and 1998, respectively. JM believes that amounts paid in 1999 are representative of JM's 2000 environmental cleanup costs. JM further anticipates expenditures relating to costs currently accrued to be made over approximately the next 15 years.

In addition, JM's December 31, 1999 balance sheet included a liability of $21.9 million related to the demolition and restoration of a previously closed manufacturing facility. JM spent $0.6 million in 1999 and expects to spend approximately $7.1 million in 2000, pending federal and state regulatory agency approval. The demolition and restoration is expected to be completed in 2002, with the majority of the liabilities settled by that time.

As a result of factors such as changes in federal and state regulations, the application and effectiveness of remedial actions, the difficulty in assessing the extent of environmental contamination, and the allocation of costs among potentially responsible parties, actual costs to be incurred for environmental cleanup may vary from previous estimates. Subject to the uncertainties inherent in evaluating environmental exposures, and based on information presently available, including JM's historical remediation experience, currently enacted environmental laws and regulations, the Order and existing remediation technology, JM believes that if additional costs are incurred in excess of the accrued amounts, such costs are not expected to have a material adverse effect on JM's financial condition, liquidity or results of operations.

Year 2000 Compliance

JM engaged in a comprehensive project to modify its systems for year 2000 compliance. To date, JM has not incurred any significant problems related to year 2000. JM spent $3.6 million on year 2000 projects and activities through December 31, 1999.

Introduction of the Euro

On January 1, 1999, 11 countries of the European Union established a new single European currency (the "Euro"). The Euro will become a currency in its own right and will completely replace the currencies of the participating countries by 2002. This conversion may affect, among other things, cross-border competition among member countries, product pricing, exchange rate risk and derivatives exposure, and information technology and systems. JM's European businesses, primarily in the Engineered Products segment, accounted for approximately 16 percent of total sales during 1999. JM is addressing issues related to the conversion and, at this time, is not expecting material adverse effects on its financial condition, liquidity or results of operations.

New Accounting Pronouncements

In June 1998 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, along with Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133 – an amendment of FASB Statement No. 133" issued in July 1999, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000 and establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that JM recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. At this time, JM cannot determine the effects, if any, adopting this statement will have on its financial condition presentation or results of operations.

Market Risk

JM is exposed to, among other things, the impact of interest rate changes, foreign currency fluctuations, and changes in commodity prices related to energy. JM is also exposed to political and related economic risks associated with certain of the countries in which it operates. JM employs established policies and procedures to manage its exposure and minimize volatility in earnings and cash flows, lower costs and protect the value of certain foreign currency denominated assets, liabilities and anticipated transactions. To achieve these objectives JM enters into interest rate swaps to manage net exposure to interest rate changes related to its debt obligations, foreign currency contracts that change in value as foreign exchange rates fluctuate and contracts to purchase certain quantities of goods at fixed prices. It is JM's policy to enter into these derivative transactions only to the extent necessary to meet the objectives stated above. Consequently, JM does not enter into these transactions for speculative purposes.

Based on a one percentage point increase in applicable interest rates, the hypothetical pretax loss in earnings on an annual basis related to JM's debt and derivative financial instruments subject to interest rate risk at December 31, 1999 would be approximately $2 million. At December 31, 1999 JM had interest rate swap transactions with notional values totaling approximately $99 million. At December 31, 1999 JM did not have any significant outstanding forward exchange or commodity contracts.

Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements of JM contained in this report concerning matters that are not historical facts, including, without limitation, statements concerning:

- the ability to realize its net deferred tax asset,
- expectations related to the start of operations for the capacity expansions at its Winder, Ga. and Etowah, Tenn. facilities,
- expected levels of capital spending,
- expectations as to contingencies related to taxes, phenolic roofing insulation and environmental liabilities,
- expectations regarding the Euro conversion, and
- the ability to satisfy its debt service requirements, its ongoing capital expansion program and its other ongoing operating costs,

constitute such forward-looking statements. See "Liquidity and Capital Resources."

Forward-looking statements of JM are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in such statements. Important factors relating to such risks and uncertainties are set forth below.

Factors that could affect the forward-looking statements generally are related to demand for JM's products and to overall capacity levels in the industry. Demand for such products is generally cyclical and is influenced by macroeconomic factors that affect demand in residential and commercial construction and replacement markets and demand from original equipment manufacturers, including the general rate of inflation, interest rates, employment rates and overall consumer confidence. Approximately 75 percent of JM's annual sales are made to customers in commercial and industrial markets, while the remainder are to residential construction markets.

Overall capacity levels in the industry directly affect prices and the need for capacity for JM's products. Other factors that may affect prices and capacity levels include the overall competitive environment in which JM operates, the availability and pricing of raw materials, rates of technological development and changes in productivity. In addition, overall demand for JM's products could be affected by the factors described in "BUSINESS – Occupational Health and Safety Aspects of the Company's Products" in JM's Annual Report on Form 10-K for the year ended December 31, 1999. Capacity expansion is also subject to construction and permitting risks.

Factors relating to JM's net deferred tax asset are discussed in "Liquidity and Capital Resources – Income Taxes." For a discussion of factors concerning contingencies related to taxes, phenolic roofing insulation, environmental matters and the introduction of the Euro, see "Results of Operations – Income Taxes" and "Liquidity and Capital Resources – Contingent Product Liability, Environmental Contingencies, and Introduction of the Euro."

Other factors also could affect JM's expected levels of capital spending and funding of current operations, debt service and dividends, including, without limitation, the contingencies and commitments discussed in JM's financial statements included in this report for the year ended December 31, 1999.

CONSOLIDATED BALANCE SHEET

In thousands of dollars

December 31,	1999	1998
Assets		
Current Assets		
Cash and equivalents	**$ 61,140**	$ 12,350
Marketable securities, at cost, which approximates market	**3,633**	4,168
Receivables	**283,102**	264,407
Inventories	**160,340**	131,709
Prepaid expenses	**10,714**	12,560
Deferred tax assets	**39,750**	36,648
Total Current Assets	**558,679**	461,842
Property, Plant and Equipment, at cost		
Land and improvements	**59,067**	55,747
Buildings	**288,762**	256,153
Machinery and equipment	**1,411,059**	1,243,593
	1,758,888	1,555,493
Less accumulated depreciation and depletion	**718,545**	691,335
Property, Plant and Equipment, net	**1,040,343**	864,158
Deferred Tax Assets	**144,027**	164,024
Goodwill, net of accumulated amortization of $43,447 and $27,166, respectively	**289,582**	248,692
Acquisition Deposit *(Note 22)*		227,300
Other Assets	**257,002**	241,169
Total Assets	**$2,289,633**	$2,207,185
Liabilities		
Current Liabilities		
Short-term debt	**$ 10,096**	$ 4,641
Accounts payable	**169,747**	128,688
Compensation and employee benefits	**117,255**	99,320
Income taxes	**16,065**	16,539
Other accrued liabilities	**97,847**	68,781
Total Current Liabilities	**411,010**	317,969
Long-Term Debt, less current portion	**503,148**	587,276
Deferred Income Taxes	**34,184**	43,927
Postretirement Benefits Other Than Pensions	**177,836**	186,949
Other Noncurrent Liabilities	**295,155**	280,956
Total Liabilities	**1,421,333**	1,417,077
Commitments and Contingencies *(Notes 2, 8, and 16)*		
Stockholders' Equity		
Cumulative Preference Stock, Series B, redeemed 1996		
Common Stock, $.01 par value, authorized 300,000,000 shares; issued and outstanding 164,565,507 shares and 147,552,461 shares, respectively, in 1999; and issued and outstanding 163,814,572 shares and 158,997,817 shares, respectively, in 1998	**1,646**	1,638
Treasury Stock, at cost, 17,013,046 shares in 1999 and 4,816,755 shares in 1998	**(229,851)**	(63,067)
Capital in Excess of Par Value	**552,549**	544,667
Unearned Stock Compensation	**(2,511)**	(4,836)
Retained Earnings	**533,879**	314,605
Accumulated Other Comprehensive Income *(Note 20)*	**12,588**	(2,899)
Total Stockholders' Equity	**868,300**	790,108
Total Liabilities and Stockholders' Equity	**$2,289,633**	$2,207,185

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

In thousands of dollars, except per share amounts

For the Years Ended December 31,	1999	1998	1997
Net Sales	**$2,161,786**	$1,781,179	$1,647,645
Cost of Sales	**1,540,206**	1,303,958	1,216,135
Selling, General and Administrative	**202,991**	190,562	174,573
Research, Development and Engineering	**39,837**	32,823	31,174
Other Income (Expense), net	**(26,563)**	25,901	(10,341)
Income from Operations	**352,189**	279,737	215,422
Interest Income	**2,917**	6,433	10,263
Interest Expense	**31,968**	35,912	50,205
Income from Continuing Operations before Income Taxes	**323,138**	250,258	175,480
Income Tax Expense	**61,294**	64,967	44,951
Income from Continuing Operations	**261,844**	185,291	130,529
Gain on Disposal of Discontinued Operations, net of tax *(Note 17)*			19,471
Income before Extraordinary Items and Cumulative Effect of Accounting Change	**261,844**	185,291	150,000
Extraordinary Losses, net of tax *(Note 18)*	**(5,758)**	(31,754)	
Cumulative Effect of a Change in Accounting for Furnace Rebuilds, net of tax *(Note 19)*		27,409	
Net Income	**256,086**	180,946	150,000
Foreign Currency Translation Adjustments, net of tax	**15,692**	(12,186)	(17,384)
Pension Liability Adjustment, net of tax	**(205)**		
Comprehensive Income	**$ 271,573**	$ 168,760	$ 132,616

Earnings Per Common Share *(Note 11)*			
Basic:			
Income from Continuing Operations	**$1.70**	$1.16	$.81
Gain on Disposal of Discontinued Operations, net of tax *(Note 17)*			.12
Income before Extraordinary Items and Cumulative Effect of Accounting Change	**1.70**	1.16	.93
Extraordinary Losses, net of tax *(Note 18)*	**(.04)**	(.20)	
Cumulative Effect of a Change in Accounting for Furnace Rebuilds, net of tax *(Note 19)*		.17	
Net Income	**$1.66**	$1.13	$.93
Diluted:			
Income from Continuing Operations	**$1.68**	$1.15	$.80
Gain on Disposal of Discontinued Operations, net of tax *(Note 17)*			.12
Income before Extraordinary Items and Cumulative Effect of Accounting Change	**1.68**	1.15	.92
Extraordinary Losses, net of tax *(Note 18)*	**(.04)**	(.20)	
Cumulative Effect of a Change in Accounting for Furnace Rebuilds, net of tax *(Note 19)*		.17	
Net Income	**$1.64**	$1.12	$.92

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of dollars

For the Years Ended December 31,	**1999**	1998	1997
Cash Flows from Operating Activities			
Net income	**$ 256,086**	$ 180,946	$ 150,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	**114,637**	93,811	80,163
Deferred taxes	**20,619**	17,099	11,571
Product guarantee income	**2,271**	2,283	4,961
Provision for furnace rebuilds			11,264
Pension and postretirement benefits, net	**20,069**	(1,036)	6,607
Interest accretion	**1,436**	2,626	2,318
Gain on disposal of discontinued operations			(19,471)
Cumulative effect of accounting change		(27,409)	
Other, net	**7,273**	10,638	9,721
(Increase) decrease in current assets:			
Receivables	**35,225**	(30,984)	22,985
Inventories	**(851)**	7,931	(18,423)
Prepaid expenses	**1,744**	965	(4,165)
Increase (decrease) in current liabilities:			
Accounts payable	**30,799**	7,171	(5,217)
Compensation and employee benefits	**17,952**	12,617	(11,373)
Income taxes	**1,917**	11,314	(24,701)
Other accrued liabilities	**(1,056)**	(19,431)	23,264
Decrease in postretirement benefits other than pensions	**(23,017)**	(23,822)	(16,363)
Decrease in other noncurrent liabilities	**(16,709)**	(18,381)	(54,420)
Net cash provided by operating activities	**468,395**	226,338	168,721
Cash Flows from Investing Activities			
Purchases of property, plant and equipment	**(152,918)**	(106,372)	(90,528)
Acquisition deposit		(227,300)	
Acquisitions	**1,461**	(92,205)	(136,521)
Proceeds from sales of assets	**1,817**	6,314	9,351
Purchases of available-for-sale marketable securities	**(9,188)**	(8,388)	(27,664)
Purchases of held-to-maturity marketable securities	**(1,513)**	(2,033)	(14,042)
Proceeds from sales of available-for-sale marketable securities	**9,725**	30,154	45,712
Proceeds from maturities of held-to-maturity marketable securities	**5,196**	15,018	2,538
Increase in other assets	**(13,253)**	(6,322)	(2,233)
Net cash used in investing activities	**(158,673)**	(391,134)	(213,387)
Cash Flows from Financing Activities			
Revolving credit facilities, net	**(219,904)**	535,756	
Issuance of debt	**212,821**	4,560	56,637
Payments on debt	**(55,820)**	(425,901)	(61,170)
Dividends on common stock	**(37,480)**	(28,775)	(20,995)
Treasury stock transactions	**(166,784)**	(46,545)	(281)
Other stock transactions	**6,153**	5,226	330
Net cash provided by (used in) financing activities	**(261,014)**	44,321	(25,479)
Effect of Exchange Rate Changes on Cash	**82**	688	(4,323)
Net Increase (Decrease) in Cash and Equivalents	**48,790**	(119,787)	(74,468)
Cash and Equivalents at Beginning of Year	**12,350**	132,137	206,605
Cash and Equivalents at End of Year	**$ 61,140**	$ 12,350	$ 132,137

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock	Treasury Stock
Balances at December 31, 1996	$1,627	$ (16,241)
Net income for the year		
Currency translation		
Stock compensation plan transactions	1	
Common stock dividends		
Purchase of treasury stock		(281)
Balances at December 31, 1997	1,628	(16,522)
Net income for the year		
Currency translation		
Stock compensation plan transactions	10	
Common stock dividends		
Purchase of treasury stock		(46,545)
Balances at December 31, 1998	1,638	(63,067)
Net income for the year		
Currency translation		
Stock compensation plan transactions	8	
Common stock dividends		
Purchase of treasury stock		(166,784)
Pension liability adjustment		
Balances at December 31, 1999	**$1,646**	**$(229,851)**

The accompanying notes are an integral part of these consolidated financial statements.

In thousands of dollars

Capital in Excess of Par Value	Unearned Stock Compensation	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
$539,423	$(9,124)	$ 38,106	$ 26,671	$ 580,462
		150,000		150,000
			(17,384)	(17,384)
999	1,900			2,900
		(22,614)		(22,614)
				(281)
540,422	(7,224)	165,492	9,287	693,083
		180,946		180,946
			(12,186)	(12,186)
4,245	2,388			6,643
		(31,833)		(31,833)
				(46,545)
544,667	(4,836)	314,605	(2,899)	790,108
		256,086		256,086
			15,692	15,692
7,882	2,325			10,215
		(36,812)		(36,812)
				(166,784)
			(205)	(205)
$552,549	**$(2,511)**	**$533,879**	**$ 12,588**	**$868,300**

Note 1:
Summary of Significant Accounting Policies

Johns Manville Corporation ("JM") manufactures and markets building and equipment insulation; commercial and industrial roofing systems; fibers, fabric and nonwoven mats used as reinforcements in building and industrial applications; and high efficiency filtration media. JM estimates that approximately 75 percent of its annual sales are to commercial and industrial markets, while the remainder are to residential construction markets. JM's products are sold to contractors, mass merchants, wholesale distributors and fabricators throughout North America, Europe and Asia.

The Manville Personal Injury Settlement Trust (the "Trust") owns approximately 76 percent of JM's common stock.

(A) Principles of Consolidation
The consolidated financial statements include the accounts of JM and its majority-owned subsidiaries. All significant intercompany transactions have been eliminated.

(B) Use of Estimates
The preparation of JM's consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements, including disclosures of contingent liabilities.

(C) Cash and Equivalents
Cash and equivalents include money market mutual funds, time deposits and marketable securities with original maturities of three months or less.

Included in accounts payable and compensation and employee benefits are temporary book overdrafts totaling $30 million and $3.9 million, respectively, at December 31, 1999; and $27.5 million and $3.2 million, respectively, at December 31, 1998; due to JM's use of zero-balance cash disbursement accounts funded by separate master accounts.

(D) Financial Instruments
JM uses the amortized cost method of accounting for investments in held-to-maturity debt securities for which it has the positive intent and ability to hold to maturity. Fair value accounting is used for debt securities that are classified as available-for-sale securities. Realized gains and losses are computed on the specific identification method.

Gains and losses on foreign currency transactions and related forward exchange contracts are included in other income (expense), net, for the period in which the exchange rate changes. The discount or premium on forward contracts is accounted for separately from the gain or loss on the contracts and is amortized to other income (expense), net, over the life of the contract.

Amounts related to interest swap transactions qualifying for hedge accounting, payable or receivable, are accrued on a current basis as adjustments to interest expense. Any gains (losses) on the termination of the interest rate swaps are deferred and recognized over periods corresponding to the related obligation being hedged.

(E) Inventories
Inventories are stated at the lower of cost or market. Cost is determined principally on the last-in, first-out (LIFO) basis for all domestic subsidiaries. The first-in, first-out (FIFO) basis is used to determine the cost of inventories for all foreign subsidiaries.

(F) Property, Plant and Equipment
Property, plant and equipment are stated at cost. Depreciation expense is computed using the straight-line method, based upon the estimated useful lives of the assets. Buildings are depreciated principally over 20 to 40 years, and machinery and equipment are depreciated principally over 20 years. JM evaluates the recoverability of property, plant and equipment through its ongoing strategic planning process.

Maintenance and repairs are charged to current period earnings, while replacements and betterments are capitalized.

JM capitalizes the cost of certain internally and externally developed computer software. These capitalized costs, included in other assets, are amortized over three to seven years, using the straight-line method.

(G) Goodwill

Goodwill associated with acquisitions in excess of fair value of net assets acquired is amortized on a straight-line basis generally over 20 years. JM evaluates the recoverability of goodwill through its ongoing strategic planning process.

(H) Revenue Recognition

JM recognizes revenue from product sales upon shipment. JM estimates and records provisions for cash discounts, customer incentives, sales returns, allowances and original warranties in the period the sale is reported, based on its experience.

JM also sells extended roofing product guarantees for periods of 10 to 20 years. These extended guarantees cover the water tightness of roofing systems resulting from defects in materials or deficiencies in workmanship. Revenue on these product guarantees is recognized over the contract period in proportion to costs incurred.

(I) Workers' Compensation

JM accrues a liability for workers' compensation claims at present value, due to the fixed and determinable nature of the claim payments, based upon an evaluation of historical claims data and expected future claims. In addition, JM records a receivable at present value for the portion of outstanding claims covered by third-party insurers.

(J) Advertising Costs

Advertising costs are expensed as incurred and totaled $11.7 million, $11.3 million and $9.8 million in 1999, 1998 and 1997, respectively.

(K) Income Taxes

General business tax credits are accounted for as reductions of income tax expense in the year in which the related expenditures become eligible for investment benefit under applicable tax regulations.

(L) Reclassifications

Certain prior year information has been reclassified to conform with the current year presentation.

Note 2:
Financial Instruments

JM has had limited involvement with derivative financial instruments and does not use them for trading purposes. In order to fix a portion of JM's variable interest rate debt and reduce the aggregate risk to movements in interest rates, JM entered into interest rate swap transactions with notional values totaling approximately $99 million.

In addition to reducing risk, the interest rate swaps have a correlation to the underlying debt obligation, and therefore, qualify for hedge accounting. At December 31, 1999 the fair market value of these instruments reflected unrecognized losses of $0.3 million. (For additional information on fair market value disclosures, see Note 7.)

JM enters into foreign exchange forward contracts to hedge against currency fluctuations on certain material foreign currency exposures and records a receivable/payable which is classified consistently with the related outstanding foreign currency exposure. JM did not have any significant forward exchange or commodity contracts outstanding at December 31, 1999 or 1998.

JM had outstanding letters of credit totaling $14.5 million and $16.5 million as of December 31, 1999 and 1998, respectively. The majority of the outstanding letters of credit at December 31, 1999 were issued under JM's revolving credit facilities (see Note 7), with the remainder collateralized by cash. Of the outstanding letters of credit, $8.5 million relate to JM's guaranty of indebtedness of a joint venture in China, of which JM has a 60 percent interest.

JM maintains cash and cash equivalents and certain other financial instruments with various financial institutions throughout the world. JM invests excess cash in a diversified portfolio of high-quality money market instruments consistent with the preservation of capital and the maintenance of liquidity. JM's investment policies require diversification of investments and include restrictions on maturity and credit quality. JM monitors compliance with these restrictions on an ongoing basis. JM has not experienced any material losses related to these investments.

JM does not obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of counterparties. JM is exposed to credit losses in the event of nonperformance by the counterparties to its financial instruments, but does not anticipate any significant off-balance-sheet credit risk of accounting loss. JM anticipates that counterparties will be able to fully satisfy their obligations under the contracts.

At December 31, 1999 JM held investments in debt securities that were classified as held-to-maturity with an amortized cost basis of $7.2 million, which approximated fair value. JM's investments in held-to-maturity debt securities at December 31, 1999 were classified on the balance sheet as marketable securities of $3.6 million and other assets of $3.6 million, depending upon the nature and maturity of the investments. Of these securities, $3.6 million had contractual maturities within one year; the remainder mature in one to five years. Additionally, at December 31, 1999 JM had investments in available-for-sale debt securities, principally escrowed funds, that were classified on the balance sheet as other assets of $4.7 million. The amortized cost basis of these securities approximated fair value. Of these securities, $4.7 million had contractual maturities within one year.

At December 31, 1998 JM held investments in debt securities that were classified as held-to-maturity with an amortized cost basis of $10.9 million, which approximated fair value. JM's investments in held-to-maturity debt securities at December 31, 1998 were classified on the balance sheet as marketable securities of $4.2 million and other assets of $6.7 million, depending upon the nature and maturity of the investments. Of these securities, $4.2 million had contractual maturities within one year; the remainder mature in one to five years. Additionally, at December 31, 1998, JM had investments in available-for-sale debt securities, principally escrowed funds, that were classified on the balance sheet as other assets of $5.2 million. The amortized cost basis of these securities approximated fair value. Of these securities, $5.1 million had contractual maturities within one year.

During 1999, 1998 and 1997 JM sold securities that had been classified as available-for-sale, resulting in proceeds of $9.7 million, $30.2 million and $45.7 million, respectively, which approximated the carrying value each year.

Note 3:
Receivables

In thousands of dollars

	1999	1998
Trade	**$ 291,784**	$ 281,389
Less allowances	**44,305**	41,528
	247,479	239,861
Other	**35,623**	24,546
	$ 283,102	$ 264,407

Included in allowances are doubtful accounts of $3.9 million and $5 million at December 31, 1999 and 1998, respectively. JM generally requires no collateral on receivables. The provision for doubtful accounts charged (credited) to costs and expenses related to continuing operations was $0.9 million for 1999, $0.4 million for 1998 and $(0.2) million for 1997.

Note 4:
Inventories

In thousands of dollars

	1999	1998
Finished goods	**$ 102,924**	$ 84,393
Work-in-process	**12,542**	13,945
Raw materials	**34,309**	23,813
Supplies	**10,565**	9,558
	$ 160,340	$ 131,709

Inventories in the amounts of $42.7 million and $31.1 million at December 31, 1999 and 1998, respectively, were valued using FIFO. The balance of the inventories was valued using LIFO. The excess of current values over amounts for financial reporting purposes was $50.9 million and $49.8 million at December 31, 1999 and 1998, respectively.

Note 5:
Short-Term Debt and Credit Facilities

In thousands of dollars

	1999	1998
Short-term borrowings	**$ 6,683**	$ 4,074
Current portion of long-term debt	**3,413**	567
	$10,096	$ 4,641

JM's international subsidiaries had borrowing and working capital facilities totaling $19.4 million, of which $12.8 million was available at December 31, 1999 (also see Note 7: Long-Term Debt – "Revolving Credit Facilities"). These facilities are principally secured by certain receivables and cash of JM's international subsidiaries.

Note 6:
Compensation and Employee Benefits

In thousands of dollars

	1999	1998
Compensation and payroll deductions	**$ 45,767**	$ 38,603
Self insured medical and group life coverage	**38,806**	30,678
Accrued vacation	**26,062**	24,486
Other	**6,620**	5,553
	$117,255	$ 99,320

Note 7:
Long-Term Debt

In thousands of dollars

	1999	1998
Unsecured		
Revolving credit facilities	**$ 285,050**	$ 550,007
Johns Manville International Senior Notes	**200,000**	
Notes payable with interest from 6.03 percent to 8.13 percent, payable through 2007	**10,078**	3,377
Bonds payable to the Trust		22,446
10.875 percent Johns Manville International Senior Notes		2,525
Collateralized		
Industrial revenue bonds with interest at floating rates, from 2.45 percent to 8.625 percent, payable through 2009, collateralized by a letter of credit, real property and equipment	**8,700**	9,488
Computer capital lease obligations, 6.0 percent payable through 2003	**2,733**	
	506,561	587,843
Less current portion	**3,413**	567
	$ 503,148	$ 587,276

Revolving Credit Facilities

In 1998 JM arranged unsecured multicurrency revolving credit facilities totaling approximately $750 million at a floating interest rate of LIBOR plus a margin with a termination date of May 15, 2003. The credit facilities were used in May 1998 to repurchase substantially all of the $400 million of 10.875 percent Johns Manville International Senior Notes. The deposit of $227.3 million for the acquisition of Spunbond/Monofilament assets ("Monobond") drawn during December 1998 was also borrowed from the credit facilities. At December 31, 1999 $285.1 million of borrowings under the credit facilities were outstanding at interest rates ranging from 3.82 percent to 6.5 percent. The remaining credit facilities are available for funding acquisitions and capital expenditures, and other corporate purposes.

$200 Million Senior Notes

In July 1999 JM issued $200 million of unsecured senior notes to certain institutional investors in a private debt offering in two tranches: $75 million at 7.71 percent due in 2006; and $125 million at 7.92 percent due in 2009. The proceeds were used to repurchase shares from the Trust (see Note 9) and repay bonds payable to the Trust.

Bonds Payable to the Trust

On June 30, 1999 JM prepaid bonds payable to the Trust in the principal amount of $23.9 million (see Note 18). These bonds consisted of a series of fixed payments totaling $75 million per year in 2013 and 2014, discounted at 13 percent.

10.875 Percent Senior Notes

In December 1999 JM called the remaining $2.5 million principal amount of its 10.875 percent Johns Manville International Senior Notes due 2004.

Long-term debt maturities at December 31, 1999 are as follows:

	In thousands of dollars
2000	$ 3,413
2001	5,482
2002	5,444
2003	285,322
2004	—
Thereafter	206,900
Total	$ 506,561

JM's agreements with its lenders contain financial and general covenants. These include, among other things, limitations on borrowings, investments and asset dispositions, and maintenance of various financial ratios. Noncompliance with these or other covenants, or the occurrence of any other event of default, could result in the termination of existing credit agreements and the acceleration of debt owed by JM and its subsidiaries. At December 31, 1999 JM was in compliance with these covenants.

At December 31, 1999 JM's long-term debt totaled $506.6 million, which approximated fair value. At December 31, 1998 JM's long-term debt totaled $587.8 million and had an estimated fair value of $603.3 million. Generally the fair value of JM's long-term debt is an estimate based on quoted market prices, when available, or the discounted cash flow method.

Note 8:
Commitments and Contingencies

Total rental expense related to continuing operations was $13.4 million in 1999, $14 million in 1998 and $12.5 million in 1997.

At December 31, 1999 minimum rental commitments of JM under long-term, noncancelable operating leases are as follows:

	In thousands of dollars
2000	$ 4,564
2001	4,172
2002	3,710
2003	3,493
2004	1,062
Thereafter	1,050
	$ 18,051

JM has various commitments for sales and purchases in the ordinary conduct of business. In the aggregate, such commitments do not differ significantly from current market prices or anticipated usage requirements.

Contingent Product Liability

Between 1988 and 1992 JM manufactured phenolic roofing insulation which may, under certain circumstances, contribute to the corrosion of metal decks on which it is installed. Since 1993 JM has had a program to voluntarily inspect such metal decks and remediate where appropriate. JM has accrued for costs relating to future inspections, remediation and anticipated claims. These accruals are based on JM's historical experience regarding the incidence of corrosion and the cost of remediation and include a number of assumptions related to the types and remaining expected lives of roofs on which phenolic insulation has been installed. Further, these accruals reflect JM's recent experience and expectations for the future inspection and remediation program.

Pursuant to reimbursement agreements with JM's liability carriers and the former owner of the phenolic roofing insulation business, JM is entitled to receive reimbursement for a substantial portion of future costs to be incurred by JM for inspection and remediation.

In 1996 JM and a third party were named as defendants in two class action cases, now consolidated, filed in U.S. District Court in Boston, Mass. The plaintiffs purport to represent all building owners in the U.S. with phenolic insulation installed on their roof decks and seek damages and injunctive relief, including an order requiring the removal and replacement of the phenolic insulation and remediation of any deck corrosion. JM has reached a conditional agreement in principle with respect to the settlement of these cases.

JM has reviewed its historical inspection and remediation experience, its expectations for the future inspection and remediation program, the terms and collectibility of amounts under the reimbursement agreements, and the terms and probability of concluding the conditional settlement agreement in principle discussed above. Based on the information available to date and subject to the assumptions described above, if additional costs are incurred in excess of the accrued and reimbursable amounts, such costs are not expected to have a material adverse effect on JM's financial condition, liquidity or results of operations.

Environmental Contingencies

At December 31, 1999 JM had remediation activities in progress at four sites, out of a total of 15 such sites for which JM has identified environmental conditions requiring remediation. In addition, JM has been identified as a potentially responsible party at 13 non-Company owned or operated sites under the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or similar state legislation. Of these 13 sites, JM's potential liability for 11 sites will be determined pursuant to a global CERCLA order (the "Order") described in the following paragraph. Two of the sites may not be subject to the Order and, accordingly, JM could be jointly and severally liable for costs of remediating these sites. However, both sites have multiple potentially responsible parties working with the regulatory agencies. In addition, JM's disposal percentage is at or near the *de minimis* level at both sites. During 1999 JM settled its CERCLA and Resource Conservation and Recovery Act ("RCRA") liability at three sites under the Order, of which one is final.

In 1994 the U.S. government and JM settled certain litigation concerning JM's disposal activities prior to consummation of its plan of reorganization. The Order, which was made a court order, limits JM's future liability under both CERCLA and RCRA to 55 percent of its share of site-wide response costs and natural resources damages without regard to joint and several liability for disposals made by JM prior to consummation of JM's plan of reorganization. The Order resolved JM's liability at certain historical sites and also covers CERCLA and RCRA liability for other disposal sites at which the U.S. Environmental Protection Agency ("EPA") has incurred or may incur response costs and which were used by JM prior to consummation of the plan of reorganization. The Order provides that the amount JM will be obligated to pay, in the aggregate, for such sites shall never exceed $850,000 during any given year. The EPA and others from time to time commence cleanup activities at such sites and in the future the EPA and others may assert claims against JM with respect to such sites. JM believes that all such activities and claims, if any, will be subject to the Order.

At December 31, 1999 and 1998 JM's balance sheet included undiscounted accruals for environmental remediation costs, including ongoing compliance, maintenance and monitoring costs, of $31.1 million and

$34.8 million, respectively. JM paid $3.9 million and $1.7 million for environmental cleanup in 1999 and 1998, respectively. JM believes that amounts paid in 1999 are representative of JM's 2000 environmental cleanup costs. JM further anticipates expenditures relating to costs currently accrued to be made over approximately the next 15 years.

In addition, JM's December 31, 1999 balance sheet included a liability of $21.9 million related to the demolition and restoration of a previously closed manufacturing facility. JM spent $0.6 million in 1999 and expects to spend approximately $7.1 million in 2000, pending federal and state regulatory agency approval. The demolition and restoration is expected to be completed in 2002, with the majority of the liabilities settled by that time.

As a result of factors such as changes in federal and state regulations, the application and effectiveness of remedial actions, the difficulty in assessing the extent of environmental contamination, and the allocation of costs among potentially responsible parties, actual costs to be incurred for environmental cleanup may vary from previous estimates. Subject to the uncertainties inherent in evaluating environmental exposures, and based on information presently available, including JM's historical remediation experience, currently enacted environmental laws and regulations, the Order and existing remediation technology, JM believes that if additional costs are incurred in excess of the accrued amounts, such costs are not expected to have a material adverse effect on JM's financial condition, liquidity or results of operations.

Note 9:
Stockholders' Equity

In July 1999 JM purchased 12.2 million shares of its common stock from the Trust at $13.675 per share. Accordingly, treasury stock, at cost, of $166.8 million was recorded. In the second quarter of 1998, JM purchased 3.6 million shares of its common stock from the Trust at $13 per share and recorded treasury stock, at cost, of $46.8 million.

The following is a summary of shares outstanding:

	Common Stock
Balance at December 31, 1996	161,495,930
Issuance of common stock in connection with compensation plans	109,964
Treasury stock acquired	(25,305)
Balance at December 31, 1997	161,580,589
Issuance of common stock in connection with compensation plans	1,022,242
Treasury stock acquired	(3,605,014)
Balance at December 31, 1998	158,997,817
Issuance of common stock in connection with compensation plans	750,935
Treasury stock acquired	(12,196,291)
Balance at December 31, 1999	**147,552,461**

Note 10:
Stock Compensation Plans

General
JM's stock compensation plans grant eligible employees deferred stock rights and options to purchase shares of JM's common stock. JM also has a noncompensatory employee stock ownership plan for its worldwide employees. This plan includes options granted in 1997 and also enables employees to purchase stock directly from the market and through JM savings plans. At December 31, 1999 approximately 2 million and 3.7 million shares were reserved for issuance under stock compensation and noncompensatory plans, respectively.

The amount of compensation expense recognized for all stock-based compensation plans was $0.8 million, $6.2 million and $2.7 million for the years ended December 31, 1999, 1998 and 1997, respectively.

Deferred Stock Rights

Deferred stock rights entitle participants to the receipt of shares of common stock upon vesting and dividend equivalents, but no voting rights prior to vesting. The deferred stock rights are restricted as to disposition and are subject to forfeiture prior to vesting upon certain circumstances. At December 31, 1999 there were 234,834 deferred stock rights outstanding, with vesting through December 31, 2000. Deferred stock rights were granted as follows:

	Deferred stock rights granted	Weighted average market value at grant date
1999	**42,150**	**$13.77**
1998	50,046	$13.28
1997	128,000	$11.36

Stock Options

JM applies APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related interpretations in accounting for its fixed stock options. Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123") was issued in 1995, and if fully adopted would change, among other things, the methods for recognition of expense on JM's plans involving stock options. JM's stock options were granted at exercise prices equal to, or in excess of, market prices on the grant dates, and therefore no compensation cost was recognized in accordance with APB No. 25.

The substantial majority of the options outstanding at December 31, 1999, other than those granted under the noncompensatory plan, vested by December 31, 1997 with the remainder vesting through December 10, 2001. These options expire between December 31, 2005 and December 10, 2008.

Under the noncompensatory plan, JM granted approximately 1.6 million options to employees at $12.19 per share in 1997, of which 1.2 million were outstanding at December 31, 1999. Half of these options vest on July 1, 2000, with the remainder vesting in 2002. These options expire on December 31, 2002.

A summary of the status of JM's stock option plans as of December 31, 1999, 1998 and 1997 is presented below:

	1999		1998		1997	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at Beginning of Year	**7,050,916**	**$12.37**	6,981,862	$11.76	5,235,225	$11.51
Granted	**252,700**	**$14.51**	1,051,861	$15.01	2,234,295	$12.29
Exercised	**(549,368)**	**$11.73**	(811,958)	$10.61	(44,242)	$ 8.62
Forfeited	**(193,280)**	**$13.03**	(170,849)	$12.18	(443,416)	$11.70
Outstanding at End of Year	**6,560,968**	**$12.49**	7,050,916	$12.37	6,981,862	$11.76
Options Exercisable at End of Year	**4,432,100**		4,327,708		4,685,108	

The following table summarizes information about stock options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 4.00	35,000	5.3 years	$ 4.00	35,000	$ 4.00
$ 9.88 - 14.69	5,454,374	5.3 years	$11.93	4,023,360	$11.84
$14.70 - 20.39	1,071,594	8.3 years	$15.57	373,740	$15.55
	6,560,968	5.8 years	$12.49	4,432,100	$12.09

Recognition of compensation expense under SFAS No. 123 is optional. However, had compensation cost been determined based on the fair value at grant dates for stock option awards consistent with SFAS No. 123, JM's net income and earnings per share for the years ended December 31, 1999, 1998 and 1997 would have been reduced to the following pro forma amounts:

In thousands of dollars, except per share amounts

	1999	1998	1997
Net income:			
As reported	**$256,086**	$180,946	$150,000
Pro forma	**$255,581**	$179,406	$144,476
Basic earnings per share:			
As reported	**$1.66**	$1.13	$.93
Pro forma	**$1.66**	$1.12	$.89
Diluted earnings per share:			
As reported	**$1.64**	$1.12	$.92
Pro forma	**$1.64**	$1.11	$.89

The effects of applying SFAS No. 123 in this pro forma disclosure are not necessarily indicative of future amounts.

The fair value of options granted is estimated on the grant date using the Black-Scholes option-pricing model. The weighted average fair values and related assumptions used in determining pro forma compensation expense are as follows:

	1999	1998	1997
Grant date fair value:			
Exercise price equals market	**$3.51**	$4.41	$3.84
Exercise price exceeds market	**$3.18**	$3.35	$2.81
Assumptions:			
Dividend yield per share	**$0.24**	$0.24	$0.16
Expected volatility	**37.8%**	36.1%	31.4%
Risk free rate of return	**5.8%**	4.5%	6.3%
Expected life of options in years	**4.1**	3.9	4.5

Note 11:

Earnings per Common Share

Basic earnings per common share amounts are based on the weighted average number of common shares outstanding during the year. The diluted earnings per common share computation further includes all dilutive potential common shares outstanding during the year. The basic and diluted earnings per common share amounts are determined using the reported net income and the following common equivalent shares:

	1999		1998		1997	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
Common stock	**165,009,000**	**165,009,000**	163,822,000	163,822,000	162,768,000	162,768,000
Dilutive potential common shares:						
Stock options and deferred stock rights		**1,382,000**		1,895,000		1,594,000
Treasury stock	**(10,731,000)**	**(10,731,000)**	(3,799,000)	(3,799,000)	(1,226,000)	(1,226,000)
	154,278,000	**155,660,000**	160,023,000	161,918,000	161,542,000	163,136,000

Stock options to purchase 0.2 million, 1 million and 2.3 million common shares in 1999, 1998 and 1997, respectively, were not included in the computation of diluted earnings per common share because the stock options' exercise prices were greater than the average market price of the common shares.

Note 12:
Pensions

U.S. Pension Plans

JM's pension expense (income) related to the U.S. defined benefit pension plans for the years ended December 31 consists of the following:

In thousands of dollars	1999	1998	1997
Service cost	**$ 8,995**	$ 7,985	$ 7,399
Interest cost	**45,361**	46,158	45,254
Expected return on plan assets	**(57,718)**	(64,330)	(54,903)
Amortization of prior service cost	**1,836**	1,632	1,545
Amortization of transition amount	**(3,892)**	(8,165)	(8,161)
Recognized actuarial loss	**9,011**		126
Total pension expense (income)	**$ 3,593**	$(16,720)	$ (8,740)

Assumptions used in determining the pension expense (income) for the years ended December 31 are as follows:

	1999	1998	1997
Discount rates	**7.00%**	7.50%	7.50%
Rates of increase in future compensation levels	**4.50%**	5.50%	5.50%
Expected long-term rates of return on assets	**9.00%**	9.00%	8.25%

The status of JM's defined benefit plans as of December 31 are as follows:

In thousands of dollars	1999	1998
Change in Projected Benefit Obligation		
Beginning benefit obligation	**$673,997**	$641,560
Service cost	**8,995**	7,985
Interest cost	**45,361**	46,158
Amendments	**7,165**	1,993
Actuarial (gains) losses	**(24,845)**	27,644
Benefits paid	**(52,119)**	(51,343)
Settlements	**(1,056)**	
Ending benefit obligation	**$657,498**	$673,997
Change in Plan Assets		
Fair value of plan assets at beginning of year	**$667,377**	$741,007
Actual return on plan assets	**136,295**	(22,303)
Settlements	**(1,056)**	
Employer contributions	**1,137**	16
Benefits paid	**(52,119)**	(51,343)
Fair value of plan assets at end of year	**$751,634**	$667,377
Reconciliation of Funded Status		
Funded status	**$ 94,136**	$ (6,620)
Unrecognized net actuarial loss	**31,905**	144,490
Unrecognized prior service cost	**17,199**	11,870
Unrecognized transition amount	**44**	(3,848)
Prepaid pension asset	**$143,284**	$145,892

The prepaid pension asset is included in other assets. The projected benefit obligations for the U.S. plans were determined as of December 31, 1999 and 1998 using discount rates of 7.5 percent and 7 percent, respectively, and rates of increase in future compensation levels for salary-related plans of 4.5 percent for both years.

German Pension Plans

Pension expense for the years ended December 31 consists of the following:

In thousands of dollars	1999	1998	1997
Service cost	**$ 719**	$ 665	$ 567
Interest cost	**1,553**	1,727	1,529
Amortization of transition amount	**98**	114	106
Recognized actuarial gain	**(96)**	(134)	(140)
Total pension expense	**$ 2,274**	$2,372	$2,062

Assumptions used in determining the pension expense include discount rates of 6.5 percent in 1999 and 7 percent in 1998 and 1997; and rates of increase in future compensation of 3 percent in 1999, 4 percent in 1998 and 5 percent in 1997.

The status of JM's unfunded German plans as of December 31 is as follows:

In thousands of dollars	1999	1998
Change in Projected Benefit Obligation		
Beginning benefit obligation	**$ 26,484**	$ 23,421
Acquisition assumption	**2,212**	
Service cost	**719**	665
Interest cost	**1,553**	1,727
Actuarial (gains) losses	**1,681**	(16)
Foreign currency exchange rate changes	**(4,067)**	1,857
Benefits paid	**(1,092)**	(1,170)
Ending benefit obligation	**$ 27,490**	$ 26,484
Reconciliation of Funded Status		
Funded status	**$ (27,490)**	$ (26,484)
Unrecognized net actuarial gain	**(1,945)**	(4,363)
Unrecognized transition amount	**390**	570
Pension obligation	**$ (29,045)**	$ (30,277)

Projected benefit obligations were determined using a discount rate of 6.5 percent in 1999 and 7 percent in 1998. The rate of increase in future compensation levels for salary-related plans was 3 percent in 1999 and 4 percent in 1998.

Pension expense and projected benefit obligations under each of these plans are determined using assumptions regarding discount rates, rates of increase in future compensation levels and expected long-term rates of return on assets. These assumptions are subject to prevailing economic conditions and, accordingly, JM believes it is reasonably possible that a change in these assumptions may occur in the near term.

Voluntary Savings Plans

JM provides voluntary savings plans in which eligible U.S. employees of JM may participate. Employees may make contributions of up to 16 percent of their compensation. JM matches up to six percent of certain contributions at rates ranging from 15 percent to 100 percent, depending on JM's performance. JM's contributions to the savings plans were $10.2 million in 1999, $8.8 million in 1998, and $7.1 million in 1997.

Note 13: Other Postretirement Benefits

Medical and life insurance coverage is provided to eligible U.S. and Canadian retirees of JM and their dependents under defined benefit plans. The postretirement benefit expense for the years ended December 31 consists of the following:

In thousands of dollars	1999	1998	1997
Service cost	**$ 1,752**	$ 1,530	$ 1,390
Interest cost	**13,631**	13,488	13,210
Amortization of prior service cost	**(1,838)**	(1,838)	(1,838)
Amortization of actuarial loss	**94**	185	198
Total postretirement benefit expense	**$ 13,639**	$13,365	$12,960

The postretirement benefit expense was calculated using a discount rate of 7 percent in 1999 and 7.5 percent in 1998 and 1997.

JM's unfunded postretirement benefit obligation reconciled with the amounts shown in JM's consolidated balance sheet as of December 31, is as follows:

In thousands of dollars

	1999	1998
Change in Postretirement Obligation		
Beginning benefit obligation	**$ 204,200**	$ 188,831
Service cost	**1,752**	1,530
Interest cost	**13,631**	13,488
Amendments	**(1,288)**	
Actuarial losses	**26,400**	16,173
Foreign currency exchange rate changes	**118**	(435)
Benefits paid	**(21,745)**	(15,387)
Ending benefit obligation	**$ 223,068**	$ 204,200
Reconciliation of Funded Status		
Funded status	**$ (223,068)**	$ (204,200)
Unrecognized net actuarial loss	**35,595**	9,172
Unrecognized prior service adjustment	**(22,151)**	(22,700)
Fourth quarter benefits paid	**10,103**	10,057
Postretirement benefit obligation	**$ (199,521)**	$ (207,671)

The current portions of $21.7 million and $20.7 million of the postretirement benefit obligation are reflected in compensation and employee benefits as of December 31, 1999 and 1998, respectively. The accumulated postretirement benefit obligations were determined as of December 31, 1999 and 1998 using discount rates of 7.5 percent and 7 percent, respectively. JM utilizes a discount rate based on available high-quality corporate bonds. For measurement purposes, a 7 percent annual rate of increase in the per capita cost of covered medical benefits was assumed for 2000; the rate was assumed to decrease gradually to 5.5 percent in 2003 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. Increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated benefit obligation as of December 31, 1999 by $11.3 million, and the aggregate of the service and interest cost components of the periodic cost for the year then ended by $0.9 million. Meanwhile, decreasing the assumed health care cost trend rates by one percentage point in each year would decrease the accumulated benefit obligation as of December 31, 1999 by $10 million, and the aggregate of the service and interest cost components of the periodic cost for the year then ended by $0.8 million.

JM's assumptions regarding the discount rate and annual rate of increase in the per capita cost of covered medical benefits are subject to prevailing economic conditions. Accordingly, JM believes it is reasonably possible that a change in these assumptions may occur in the near term.

Note 14:
Workers' Compensation

The workers' compensation liability and related receivable at gross and present value at December 31 are:

In thousands of dollars

	1999	1998
Workers' Compensation Liability:		
Gross	**$ 107,555**	$ 112,069
Present Value	**63,117**	64,709
Insurance Receivable:		
Gross	**$ 6,843**	$ 7,740
Present Value	**4,145**	4,652

The present value of the liability is reflected in other accrued liabilities and other noncurrent liabilities. The liability and receivable were measured using risk-free discount rates of 6 percent and 5 percent at December 31, 1999 and 1998, respectively, which reflect rates of return on available U.S. Treasury securities with maturities similar to the timing of expected claim payments. Although JM is exposed to credit losses in the event of nonperformance by its insurers, JM anticipates claims for insurance coverage will be fully satisfied.

Discount rates of 5 percent, 6 percent and 6.4 percent were used to measure expense for 1999, 1998 and 1997, respectively.

JM expects to pay the following amounts for its workers' compensation obligations:

	In thousands of dollars
2000	$ 6,500
2001	6,400
2002	6,300
2003	6,200
2004	6,000
Thereafter	76,155
	$ 107,555

Note 15:
Other Income (Expense), net

	In thousands of dollars		
	1999	1998	1997
Amortization of intangible assets	**$ (17,345)**	$ (13,425)	$ (10,516)
Pension and postretirement benefits	**(6,447)**	59	(2,068)
Interest accretion on workers' compensation liabilities	**(2,724)**	(2,910)	(3,072)
Sale of mining royalty		35,988	
Other	**(47)**	6,189	5,315
	$ (26,563)	$ 25,901	$ (10,341)

Pension and postretirement benefits are attributable to retirees of JM's former business operations. Interest accretion on workers' compensation liabilities primarily relates to previous asbestos operations.

Note 16:
Income Taxes

Income taxes payable consists of the following:

	In thousands of dollars	
	1999	1998
U.S. federal and foreign income taxes	**$ 14,945**	$ 15,961
State and local taxes	**1,120**	578
	$ 16,065	$ 16,539

The tax effect of the temporary differences and carryforwards giving rise to the net deferred tax asset is as follows:

	In thousands of dollars	
	1999	1998
U.S. Deferred Tax Assets:		
Trust deductions	**$134,948**	$158,279
Employee benefit accruals	**103,062**	103,865
Other accrued liabilities	**52,927**	50,775
Credit for prior year minimum tax carryforward	**24,071**	21,391
Capitalized research, development and engineering	**15,929**	6,334
Foreign tax credit carryforward	**10,243**	
Deferred compensation	**9,559**	9,106
Deferred state and local taxes	**3,214**	1,960
Other	**11,908**	13,162
	365,861	364,872
Foreign Deferred Tax Assets	**1,544**	2,252
Total Deferred Tax Assets	**367,405**	367,124
U.S. Deferred Tax Liabilities:		
Property, plant and equipment	**116,905**	109,440
Prepaid pension asset	**50,402**	51,138
Other	**6,078**	5,874
Total Deferred Tax Liabilities	**173,385**	166,452
Net Deferred Tax Asset, before valuation allowance	**194,020**	200,672
Valuation Allowance	**(10,243)**	
Net Deferred Tax Asset	**$183,777**	$200,672

The deferred tax asset related to Trust deductions primarily represents common stock held by the Trust that is not yet deductible for income tax purposes. The deferred tax asset related to Trust deductions includes $134.9 million generated from the issuance of stock to the Trust. JM receives a tax deduction for the amount of any dividends paid on shares of JM's common stock held by the Trust. In addition, JM receives a tax deduction when the Trust sells some or all of its shares of JM common stock and distributes the proceeds to its beneficiaries or transfers the proceeds to a specific settlement fund. If the Trust were to sell its JM stock at a price greater than JM's carrying value, JM may receive a tax benefit in excess of the deferred tax asset reflected for financial reporting purposes. Likewise, if the Trust were to sell the stock at a price lower than the carrying value, JM would receive a tax benefit less than the deferred tax asset reflected for financial reporting purposes.

Under Section 468B of the U.S. Internal Revenue Code, JM is responsible for income taxes on the taxable income of the Trust's specific settlement fund at a tax rate of 15 percent. Any such taxes paid by JM will generate a tax deduction for JM. JM cannot predict the amount of any such future tax obligations. However, related liabilities could become material in certain situations including the Trust monetizing, and retaining the proceeds of, a significant portion of its investment in JM's common stock or the settlement of this obligation between JM and the Trust. During 1999 and 1998 JM incurred approximately $4.2 million and $3 million of these taxes, respectively, before any U.S. federal or state benefit.

The Trust transferred approximately $234.6 million and $69.2 million in 1999 and 1998, respectively, to the specific settlement fund within the Trust or to claimants generating corresponding current tax deductions for JM. The cash taxes paid by JM in the U.S. were substantially lower than statutory rates due to JM's deductions related to payments made to the Trust and tax credit carryforwards.

During 1999 JM realized $7.1 million of foreign tax credit carryforwards, which were not previously recognized as JM considered realization remote. JM estimates that, as of December 31, 1999, $10.2 million of the gross deferred tax asset may not be realized. This amount relates to remaining foreign tax credit carryforwards that may expire unused. Accordingly, a full valuation allowance has been provided for these amounts. The 1997 valuation allowance reflected an $18.2 million decrease primarily due to the utilization of general business credit carryforwards that JM previously believed would expire unused. In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," the valuation allowance on JM's deferred tax asset is subject to change as forecasts of future years' earnings and the estimated timing of the utilization of JM's tax benefits and credit carryforwards are revised, including actions by the Trust with respect to its ownership of JM stock.

The tax effect of the temporary differences giving rise to the noncurrent net deferred tax liability is as follows:

In thousands of dollars

	1999	1998
Foreign Deferred Tax Assets	**$ 7,409**	$ 2,376
Foreign Deferred Tax Liabilities:		
Property, plant and equipment	**38,365**	43,327
Other	**3,228**	2,976
Total Deferred Tax Liabilities	**41,593**	46,303
Net Deferred Tax Liability	**$ 34,184**	$ 43,927

The U.S. and foreign components of income from continuing operations before income taxes consist of the following:

In thousands of dollars

	1999	1998	1997
U.S.	**$ 262,555**	$ 215,427	$ 136,277
Foreign	**60,563**	34,831	39,203
	$ 323,138	$ 250,258	$ 175,480

The provision for income tax expense on continuing operations consists of the following:

In thousands of dollars

	1999	1998	1997
Current:			
U.S. federal	**$ 15,684**	$ 25,422	$ 12,875
U.S. state and local	**3,397**	4,530	2,887
Foreign	**21,594**	17,916	17,618
	40,675	47,868	33,380
Deferred:			
U.S.	**16,916**	16,849	13,044
Foreign	**3,703**	250	(1,473)
	20,619	17,099	11,571
	$ 61,294	$ 64,967	$ 44,951

The reported amount of income tax expense on consolidated pretax income from continuing operations differs from the amount of income tax expense that would result from applying the U.S. federal statutory tax rate to consolidated pretax income from continuing operations for the following reasons:

In thousands of dollars

	1999	1998	1997
U.S. federal statutory expense	**$ 113,099**	$ 87,588	$ 61,420
Increase (decrease) resulting from:			
Deduction for shares of stock repurchased from the Trust	**(43,673)**	(12,045)	
Deduction for dividends paid to the Trust	**(9,982)**	(8,795)	(6,298)
U.S. state and local taxes, net of federal benefit	**2,429**	3,600	1,913
Adjustment of estimated income tax (benefit) expense for prior years	**(4,059)**	(3,352)	825
Foreign income taxes, net of credits	**(78)**	(451)	3,924
Utilization of general business credits			(18,188)
Other, net	**3,558**	(1,578)	1,355
	$ 61,294	$ 64,967	$ 44,951

As of December 31, 1999 JM had $24.1 million of U.S. federal credit for prior year minimum tax carryforwards and $10.2 million of U.S. foreign tax credit carryforwards. There is no expiration date on the prior year minimum tax credit; however, it can only be applied against regular tax. The foreign tax credits expire December 31, 2003.

Undistributed earnings intended to be reinvested indefinitely by the foreign subsidiaries totaled $72.6 million at December 31, 1999. The determination of the deferred tax liability related to these undistributed earnings is not practicable.

Note 17:
Discontinued Operations

During 1997 JM adjusted the estimated gain recognized in 1996 on the disposition of Riverwood International Corporation. The adjustment, resulting in an additional net gain on disposal of discontinued operations of $19.5 million, arose from the expiration of certain indemnification obligations to the purchaser of Riverwood and from the determination of certain income tax consequences of the disposition, which were finalized with the completion of JM's 1996 income tax returns.

Note 18:
Early Extinguishment of Debt

On June 30, 1999 JM prepaid bonds payable to the Trust in the principal amount of $23.9 million, resulting in a loss on the early extinguishment of debt of $5.8 million, net of taxes of $3.6 million.

In 1998 JM repurchased, through a cash tender offer, substantially all of the $400 million of 10.875 percent Johns Manville International Senior Notes due 2004. This transaction resulted in an extraordinary loss on the early extinguishment of debt of $31.8 million, net of taxes of $18.1 million.

Note 19:
Cumulative Effect of Accounting Change

Effective January 1, 1998 JM changed its method of accounting for glass furnace rebuild costs to the capitalization method from the allowance method. Under the capitalization method, costs to periodically rebuild the refractory components of the glass furnaces are capitalized when incurred and depreciated on a straight-line basis over the estimated useful life of the rebuild. The capitalization method provides an improved measure of JM's capital investment and is consistent with industry practice. Previously, estimated costs to rebuild furnaces were credited to an allowance and charged to operations over the estimated period to the next rebuild date. The cumulative effect of this change in accounting principle increased 1998 earnings by $27.4 million, net of taxes of $17.9 million. This change resulted in an increase in depreciation expense but eliminated the provision for furnace rebuilds. The pro forma effect of this change on net income was not material.

Note 20:
Comprehensive Income

Comprehensive income generally includes changes in separately reported components of equity along with net income. Components of equity included in comprehensive income were as follows:

In thousands of dollars

	1999	1998	1997
Foreign currency translation adjustments	**$ 25,663**	$(22,156)	$(28,973)
Pension liability adjustment	**(339)**		
	25,324	(22,156)	(28,973)
Income tax (expense) benefit	**(9,837)**	9,970	11,589
Other comprehensive income, net of tax	**$ 15,487**	$(12,186)	$(17,384)

Note 21:
Supplemental Cash Flow Information

In connection with the consolidated statement of cash flows, cash paid for interest related to continuing operations during 1999, 1998 and 1997 was $23.7 million, $33.9 million and $48.1 million, respectively. Cash paid for income taxes during 1999, 1998 and 1997 was $34.8 million, $23.5 million and $48.7 million, respectively.

Note 22:
Acquisitions

Engineered Products Segment

On January 1, 1999 JM completed the acquisition of Monobond. This acquisition expands existing product lines of JM's Engineered Products segment in North America, Europe and China. The cash payment for this acquisition, accounted for under the purchase method, was $227.3 million. The acquisition was financed with borrowings from JM's credit facilities drawn during 1998, shown as the acquisition deposit on JM's December 31, 1998 balance sheet. During 1999 the allocated purchase price was adjusted to reflect the completion of asset valuations, and the determination of preacquisition and purchase price contingencies. The allocation includes the transfer of ownership of a plant located in China, and adjustment of the value of working capital received, which will be finalized in early 2000, pursuant to the purchase contract. JM's December 31, 1999 balance sheet reflects the following purchase price allocation:

	In thousands of dollars
Current Assets	$ 68,640
Noncurrent Assets (including Goodwill)	194,827
Liabilities Assumed	(54,495)
Allocated Purchase Price	$ 208,972

The consolidated results of operations for 1998 on a pro forma basis as if the operations had been acquired as of the beginning of the year are as follows (unaudited):

	In millions of dollars, except per share amounts
Net Sales	$ 2,013
Income before Extraordinary Item and Cumulative Effect of Accounting Change	$ 196
Net Income	$ 191
Diluted Earnings Per Share:	
Income before Extraordinary Item and Cumulative Effect of Accounting Change	$ 1.21
Net Income	$ 1.18

The estimated pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have occurred had the acquisition been completed as of the above date, nor are they necessarily indicative of future results of operations.

Roofing Systems Segment

On September 2, 1999 JM acquired certain polyisocyanurate roofing insulation and sheathing foam business operations. In connection with this acquisition, JM assumed, and subsequently repaid, $12.5 million of debt. This acquisition complements existing JM product lines and is accounted for under the purchase method.

Note 23:
New Accounting Pronouncements

In June 1998 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, along with Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133 – an amendment of FASB Statement No. 133" issued in July 1999, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000 and establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that JM recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. At this time, JM cannot determine the effects, if any, adopting this statement will have on its financial condition presentation or results of operations.

Note 24:
Business Segments and Geographic Area Information

JM reports separately its operating results in the following three principal business segments: Insulation, Roofing Systems and Engineered Products. JM's reportable business segments are strategic business units organized by product. Consistent with JM's internal reporting, business segments include allocated corporate expenses. The 1998 mining royalty sale proceeds are reported in corporate and eliminations.

The Insulation segment consists of JM's building insulation business, which manufactures fiber glass wool insulation for walls, attics and floors in residential and commercial buildings; commercial and industrial insulation business, which manufactures pipe and duct insulation for use in commercial buildings, factories, refineries and other industrial applications; and original equipment manufacturers ("OEM") insulation business, which manufactures thermal and acoustic insulation for aircraft, marine vessels, automobiles and heating, ventilating and air conditioning ("HVAC") and other equipment.

The Roofing Systems segment consists of JM's commercial and industrial roofing systems business, which supplies built-up, modified bitumen and single-ply membranes; perlite, fiber glass and polyisocyanurate foam insulations; roof guarantees; and accessories.

The Engineered Products segment consists of mats and fibers, which includes base fiber, fiber to reinforce gypsum wallboard and plastics, fiber glass and polyester spunbond mats for roofing and flooring applications and monofilament used in the paper industry; glass fabrics for wall coverings; and fiber glass and synthetic media for high efficiency air filtration systems, face masks, respirators, vacuum bags, sorbents and liquid filtration applications. Filtration also produces fine fibers for specialty manufacturers who supply filtration media for use in clean rooms and various battery separator applications.

In thousands of dollars

December 31,	1999	1998	1997
Operating Assets *(Note B)*			
Insulation	**$ 539,035**	$ 512,428	$ 467,828
Roofing Systems	**462,335**	429,342	368,051
Engineered Products	**775,637**	591,839	551,517
Corporate	**(27,325)**	(39,216)	(46,756)
Total Operating Assets	**1,749,682**	1,494,393	1,340,640
Assets Not Directly Assigned to Business Segments	**539,951**	712,792	639,894
Total Assets	**$2,289,633**	$2,207,185	$1,980,534
Years Ended December 31,			
Depreciation, Depletion and Amortization			
Insulation	**$ 38,066**	$ 36,146	$ 34,031
Roofing Systems	**20,139**	17,624	16,197
Engineered Products	**56,432**	40,041	29,935
Total	**$ 114,637**	$ 93,811	$ 80,163
Additions to Property, Plant and Equipment *(Note D)*			
Insulation	**$ 87,880**	$ 65,216	$ 34,687
Roofing Systems	**19,736**	25,154	7,945
Engineered Products	**185,215**	37,803	81,715
Corporate	**6,595**	2,163	949
Total	**$ 299,426**	$ 130,336	$ 125,296

See notes on page 54.

In thousands of dollars

Years Ended December 31,	1999	1998	1997
Insulation			
Net Sales	**$ 814,205**	$ 731,087	$ 694,606
Intersegment Net Sales	**2,509**	3,004	3,239
Costs and Expenses	**630,926**	619,973	611,195
Other Income (Expense), net	**(1,623)**	3,864	(77)
Income from Operations	**$ 184,165**	$ 117,982	$ 86,573
Roofing Systems			
Net Sales	**$ 606,458**	$ 561,787	$ 510,460
Costs and Expenses	**553,614**	506,127	457,108
Other Income (Expense), net	**(8,174)**	(7,618)	(2,841)
Income from Operations	**$ 44,670**	$ 48,042	$ 50,511
Engineered Products			
Net Sales	**$ 741,123**	$ 488,305	$ 442,579
Intersegment Net Sales	**41,603**	25,843	33,375
Costs and Expenses	**650,286**	432,648	393,589
Other Income (Expense), net	**(9,086)**	(3,775)	(4,027)
Income from Operations	**$ 123,354**	$ 77,725	$ 78,338
Corporate and Eliminations			
Intersegment Net Sales *(Note A)*	**$ (44,112)**	$ (28,847)	$ (36,614)
Costs and Expenses	**(51,792)**	(31,405)	(40,010)
Other Income (Expense), net *(Note C)*	**(7,680)**	33,430	(3,396)
Income from Operations	**$ —**	$ 35,988	$ —
Consolidated Total Company			
Net Sales	**$ 2,161,786**	$1,781,179	$1,647,645
Costs and Expenses	**1,783,034**	1,527,343	1,421,882
Other Income (Expense), net	**(26,563)**	25,901	(10,341)
Income from Operations	**352,189**	279,737	215,422
Interest Income	**2,917**	6,433	10,263
Interest Expense	**31,968**	35,912	50,205
Income from Continuing Operations before Income Taxes	**$ 323,138**	$ 250,258	$ 175,480

See notes on page 54.

In thousands of dollars

Years Ended December 31,	1999	1998	1997
Net Sales			
United States	**$ 1,736,482**	$ 1,508,096	$ 1,426,609
Germany	**251,372**	120,316	126,217
Other International	**177,806**	158,103	105,541
Eliminations *(Note A)*	**(3,874)**	(5,336)	(10,722)
Consolidated Total Company	**$ 2,161,786**	$ 1,781,179	$ 1,647,645

December 31,			
Property, Plant and Equipment, net			
United States	**$ 785,017**	$ 679,817	$ 637,638
Germany	**153,716**	106,566	103,881
Other International	**78,875**	62,103	51,216
Corporate	**22,735**	15,672	5,024
Total	**$ 1,040,343**	$ 864,158	$ 797,759

See notes on page 54.

Notes to Business Segments and Geographic Area Information:

(A) Net sales included in eliminations relate principally to the elimination of intersegment and intergeographic sales (at prices approximating market). Intersegment sales principally relate to sales from the Engineered Products segment to the Roofing Systems segment. Intergeographic sales principally relate to insulation shipments from the U.S.

(B) Operating assets primarily include amounts directly assigned to each segment. These include trade receivables; inventory (at standard cost); goodwill; property, plant and equipment; and capitalized software. Capitalized software included in operating assets was $12 million, $10 million and $12 million in 1999, 1998 and 1997, respectively. Corporate operating assets relate principally to the adjustment of business segment inventories to a LIFO basis.

Assets not directly assigned to business segments principally include cash and equivalents, marketable securities, deferred tax assets, acquisition deposit and other assets.

(C) Other income (expense), net, in corporate and eliminations for 1998 includes the mining royalty sale proceeds.

(D) Includes property, plant and equipment purchases and additions to property, plant and equipment from acquisitions. Additions to property, plant and equipment from acquisitions were $146.5 million, $24 million and $34.8 million in 1999, 1998 and 1997, respectively.

MANAGEMENT'S REPORT

The accompanying consolidated financial statements have been prepared by management in conformity with generally accepted accounting principles appropriate under the circumstances. The representations in the financial statements and the fairness and integrity of such statements are the responsibility of management. All of the other financial information in the Annual Report and Form 10-K is consistent with that in the financial statements.

JM maintains internal accounting control systems to provide reliable financial information for the preparation of financial statements, to safeguard assets against loss or unauthorized use and to ensure proper authorization and accounting for all transactions. Management is responsible for maintenance of these systems, which is accomplished through communication of established written codes of conduct, systems, policies and procedures; employee training; and appropriate delegation of authority and segregation of responsibilities. To further ensure compliance with established standards and procedures, JM maintains a substantial program of internal audits. Oversight of management's financial reporting and internal accounting control responsibilities is exercised by the Board of Directors, through an Audit Committee that consists solely of outside directors.

C.L. (Jerry) Henry
Chairman of the Board,
President and Chief Executive Officer

J.P. Murphy
Senior Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Directors of Johns Manville Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income and stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Johns Manville Corporation and its subsidiaries at December 31, 1999 and 1998, 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 accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Denver, Colorado
January 28, 2000

SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

In thousands of dollars, except per share amounts

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Year Ended December 31, 1999					
Net Sales	$495,758	$558,852	$569,331	$537,845	$2,161,786
Gross Profit	135,829	161,899	165,623	158,229	621,580
Income from Operations	65,007	99,176	98,536	89,470	352,189
Income before Extraordinary Items *(Note A)*	37,694	80,395	73,191	70,564	261,844
Net Income *(Notes A and B)*	37,694	74,637	73,191	70,564	256,086
Basic Earnings Per Common Share					
Income before Extraordinary Items *(Note A)*	$ .24	$ .51	$ .49	$ .48	$1.70
Net Income *(Notes A and B)*	.24	.47	.49	.48	1.66
Diluted Earnings Per Common Share					
Income before Extraordinary Items *(Note A)*	$ .23	$ .50	$ .49	$ .47	$1.68
Net Income *(Notes A and B)*	.23	.46	.49	.47	1.64
Year Ended December 31, 1998					
Net Sales	$389,336	$445,224	$488,232	$458,387	$1,781,179
Gross Profit	95,748	119,848	130,164	131,461	477,221
Income from Operations	45,130	100,988	72,361	61,258	279,737
Income before Extraordinary Items and Cumulative Effect of Accounting Change	26,030	64,968	50,671	43,622	185,291
Net Income *(Notes C and D)*	53,439	33,214	50,671	43,622	180,946
Basic Earnings Per Common Share					
Income before Extraordinary Items and Cumulative Effect of Accounting Change	$.16	$.41	$.32	$.27	$1.16
Net Income *(Notes C and D)*	.33	.21	.32	.27	1.13
Diluted Earnings Per Common Share					
Income before Extraordinary Items and Cumulative Effect of Accounting Change	$.16	$.40	$.31	$.27	$1.15
Net Income *(Notes C and D)*	.33	.20	.31	.27	1.12

(A) JM's first quarter 1999 income tax expense at an effective rate of 35 percent did not reflect the July 1999 Trust stock sale proceeds benefit as such proceeds were not anticipated at that time. For the second, third and fourth quarters, the effective tax rates were approximately 13 percent, 19 percent and 15 percent, respectively, reflecting the stock sale proceeds.

(B) On June 30, 1999 JM prepaid bonds payable to the Trust in the principal amount of $23.9 million, resulting in a loss on the early extinguishment of debt of $5.8 million, net of taxes of $3.6 million.

(C) In the second quarter of 1998 JM repurchased, through a cash tender offer, substantially all of its $400 million of 10.875 percent Johns Manville International Senior Notes due 2004. This transaction resulted in an extraordinary loss on the early extinguishment of debt of $31.8 million, net of taxes of $18.1 million.

(D) Effective January 1, 1998 JM changed its method of accounting for glass furnace rebuild costs to the capitalization method from the allowance method. The cumulative effect of this change in accounting principle increased 1998 net income by $27.4 million, net of taxes of $17.9 million.

BOARD OF DIRECTORS

Leo Benatar
Associated Consultant
A.T. Kearney, Inc.
Director since 1996

Mr. Benatar serves as Chairman of the Health, Safety & Environment Committee and is a member of the Audit and Compensation Committees.

Ernest H. Drew
Former Chief Executive Officer of the Industries and Technology Group
Westinghouse Electric Corporation
Director since 1998

Dr. Drew is a member of the Board Organization & Operation, Compensation and Health, Safety & Environment Committees.

Robert A. Falise
Chairman and Managing Trustee
Manville Personal Injury Settlement Trust
Director since 1992

Mr. Falise serves as Chairman of the Executive Committee and is a member of the Audit, Board Organization & Operation, Compensation and Finance Committees.

Todd Goodwin
General Partner
Gibbons, Goodwin, van Amerongen
Director since 1991

Mr. Goodwin serves as Chairman of the Compensation Committee and is a member of the Board Organization & Operation, Executive and Finance Committees.

Michael N. Hammes
Chief Executive Officer and President
Sunrise Medical Inc.
Director since 1993

Mr. Hammes is a member of the Audit, Compensation, Executive and Finance Committees.

Kathryn Rudie Harrigan
Henry R. Kravis Professor of Business Leadership
Columbia University
Graduate School of Business
Director since 1995

Ms. Harrigan is a member of the Finance and Health, Safety & Environment Committees.

Charles L. (Jerry) Henry*
Chairman of the Board, President and Chief Executive Officer
Johns Manville Corporation
Director since 1996

Mr. Henry is a member of the Board Organization & Operation, Executive, Finance and Health, Safety & Environment Committees.

Louis Klein, Jr.
Trustee
Manville Personal Injury Settlement Trust
Director since 1992

Mr. Klein serves as Chairman of the Audit Committee and is a member of the Compensation and Finance Committees.

Christian E. Markey, Jr.
Trustee
Manville Personal Injury Settlement Trust
Director since 1992

Judge Markey serves as Chairman of the Board Organization & Operation Committee and is a member of the Health, Safety & Environment Committee.

William E. Mayer
Founder
Development Capital L.L.C.
Director since 1996

Mr. Mayer serves as Chairman of the Finance Committee and is a member of the Audit, Board Organization & Operation and Executive Committees.

* Mr. Henry announced his retirement from JM, effective March 31, 2000.

CORPORATE OFFICERS

Thomas L. Caltrider
Senior Vice President
Insulation Group

H. MacGregor (Greg) Clarke
Vice President and General Manager
Building Insulation

David S. Cope
Vice President
Taxes

John A. Coppola
Vice President
Research and Development

Ronald L. Hammons
Senior Vice President
Human Resources and Purchasing

Charles L. (Jerry) Henry*
Chairman of the Board, President
and Chief Executive Officer

Brien D. Hodge
Vice President
Purchasing and Transportation

Kenneth L. Jensen
Interim Chief Financial Officer
and Senior Vice President
Corporate Development and
Investor Relations

John J. Klocko, III
Senior Vice President and
General Counsel

D. Fred Lowe
Vice President and General Manager
Johns Manville Europe

Marvin Mitchell
Vice President and General Manager
Engineered Products Division

John P. Murphy**
Senior Vice President and
Chief Financial Officer

Harvey L. Perry, Jr.
Senior Vice President
Engineered Products Group

D. Dion Persson
Vice President, Assistant
General Counsel and Secretary

Channing H. Pollock
Vice President and
Chief Information Officer

Mary K. Rhinehart
Vice President and Treasurer

Bartley E. Roggensack, Jr.
Vice President and General Manager
Roofing Systems Group

John M. Rosebery
Vice President and Controller

*Mr. Henry announced his retirement from JM, effective March 31, 2000.

**Mr. Murphy resigned from JM February 25, 2000.

Securities Information

Johns Manville's common stock is registered on the New York Stock Exchange, Inc. (symbol JM). Its stock also is traded on the Boston, Midwest, Pacific, and Philadelphia exchanges.

A two-year history of high and low sales prices for Johns Manville common stock based on sales transactions reported by the New York Stock Exchange is provided below.

Comparative Common Stock Data

Market prices per share

1999	High	Low
For the Quarters Ended:		
March 31	18¼	15¼
June 30	17⅛	12½
September 30	14¹³⁄₁₆	12⅞
December 31	14	10½
1998	**High**	**Low**
For the Quarters Ended:		
March 31	13⅝	9¹³⁄₁₆
June 30	16⅞	12¾
September 30	17¹³⁄₁₆	11⅜
December 31	16⁷⁄₁₆	10¹⁵⁄₁₆

Johns Manville Corporation

Corporate Headquarters
P.O. Box 5108
Denver, Colorado 80217-5108
(303) 978-2000

Street Address:
717 17th Street
Denver, Colorado 80202

Internet Address:
www.jm.com

Investor Relations Contact

Investor Relations
P.O. Box 5108
Denver, Colorado 80217-5108
(877) JNS-MNVL
(877) 567-6685
or (303) 978-3117

Product Information Center

(303) 978-4900 or
(800) 654-3103
Fax: (303) 978-2318

Transfer Agent and Registrar

First Chicago Trust Company
of New York
c/o Equiserve
P.O. Box 2500
Jersey City, New Jersey 07303-2500
(800) 756-8200
(201) 324-1644

Hearing Impaired:
TDD: (201) 222-4955

Internet Address:
e-mail: equiserve@equiserve.com
www.equiserve.com

Send shareholder address changes to the above address for EquiServe

Johns Manville Annual Meeting

May 12, 2000 8:00 a.m.
Denver, Colorado

Annual Report and 10-K

To obtain a copy of Johns Manville's Annual Report, Form 10-K or Quarterly Reports on Form 10-Q, please call (877) JNS-MNVL or (877) 567-6685.

The Johns Manville Annual Report is a publication of Johns Manville Corporation.

This annual report contains forward-looking statements. Please see page 26 for a review of risk factors associated with these forward-looking statements.

News Releases

Johns Manville news releases, including earnings announcements, are available by fax by calling (877) JNS-MNVL or (877) 567-6685, or on the web at www.jm.com.

Design: genesis, inc. Printing: Graphic Arts Center

Johns Manville Corporation
717 17th Street Denver, CO 80202
www.jm.com

Johns Manville