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JOHNS-MANVILLE CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED INCOME ACCOUNT

	THIRD QUARTER ENDED		NINE MONTHS ENDED	
	Sept. 30, 1937	Sept. 30, 1936	Sept. 30, 1937	Sept. 30, 1936
Sales, net of Returns and Allowances	$16,397,159.56	$14,128,268.17	$46,188,645.63	$34,733,034.34
Less: Manufacturing Cost, Selling and Administrative Expenses	14,467,588.23	11,630,603.53	38,457,289.93	29,388,569.18
Profit before Depreciation, Depletion and Income Taxes	2,929,571.33	2,497,665.14	7,731,345.70	5,344,465.16
Less: Depreciation and Depletion	677,860.18	534,217.78	1,880,794.42	1,524,760.91
Profit after Depreciation and Depletion	2,251,711.15	1,963,447.36	5,850,551.28	3,819,704.25
Less: Provision for Income and Excess Profits Taxes	470,853.79	344,788.18	1,258,360.55	726,143.80
Profit after Income Tax	1,780,857.36	1,618,658.88	4,592,190.73	3,093,560.45
Profit Per Common Share (850,000)	1.94	1.75	4.94	3.18
Dividends Paid on 75,000 Shares of Preferred Stock			393,750.00	393,750.00
Dividends Paid on 750,000 Shares of Common Stock				1,875,000.00
Dividends Paid on 850,000 Shares of Common Stock			2,550,000.00	

This statement is issued subject to year-end adjustments and audit by Messrs. Lybrand, Ross Bros. & Montgomery.

Notes on This Quarter:

Johns-Manville sales for the third quarter of 1937 were up 16.1% over the same quarter of 1936. Earnings for the period were $1.94 per share as compared with $1.75 in 1936.

Johns-Manville Credit Corporation, a wholly owned subsidiary, the earnings of which are not consolidated with those of the parent company, reported net earnings for the first nine months of $159,783, an increase of $30,015, or 23.1%, as compared with the earnings of $129,773 in the first nine months of 1936. Earnings of this subsidiary for the third quarter amounted to $60,983 as compared with $51,873 in the third quarter of 1936.

No provision has been made for surtax on undistributed net income, which may be payable under the Revenue Act of 1936, as any liability for such tax cannot be determined until the end of the year.

The method of compiling the consolidated profit and loss account has been changed beginning with the first quarter of 1937, in that respective sales, manufacturing cost and expenses of certain foreign and minor domestic subsidiaries, have been included in the consolidation, whereas heretofore the net result of the operations of these subsidiaries was applied to the item of manufacturing cost, selling and administrative expenses. The statements for the first three quarters of 1936, as previously issued, have been re-stated accordingly in order to afford a proper comparison with the first three quarters of 1937.

Johns-Manville Corporation paid a quarterly dividend of $.75 a share plus an extra of $.75 a share on its common stock on September 24 to holders of record September 10, 1937, and a quarterly dividend of $1.75 a share on its preferred stock on October 1 to holders of record September 17, 1937. These payments for the third quarter followed disbursements for the first two quarters of $.75 per share to common stockholders on March 30 and June 24, respectively, and of $1.75 per share to preferred stockholders on April 10 and July 1, respectively.

The J-M STOCKHOLDERS' NEWS is issued solely for the purpose of providing the stockholders with statistical and other information considered of interest to them. It is not a representation, prospectus or circular in respect of any stock or security of any corporation and is not transmitted in connection with any sale or offer to sell or buy any stock or security now or hereafter to be issued, or with any preliminary negotiation for such sale.

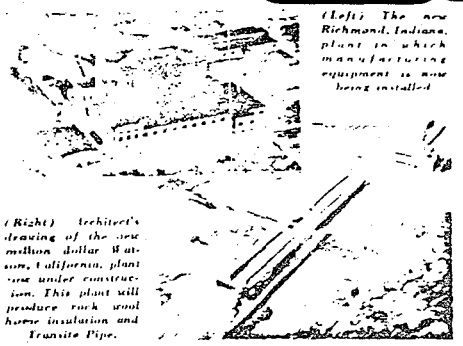
JOHNS MANVILLE

STOCKHOLDERS' NEWS

PRODUCTS

Published in the Interest of Stockholders of Johns-Manville Corporation, 22 E. 40th St., N. Y.

OCTOBER, 1937



(Left) The new Richmond, Indiana, plant in which manufacturing equipment is now being installed

(Right) Architect's drawing of the new million dollar Watson, California, plant now under construction. This plant will produce rock wool home insulation and Transite Pipe.

TWO NEW JOHNS-MANVILLE PLANTS

Johns-Manville's manufacturing facilities will be substantially augmented by two new plants located at Watson, Calif. (near Los Angeles), and Richmond, Ind.

The Watson plant, now under construction at a cost of one million dollars, will begin production early in 1938 with an initial payroll of 300 persons. It will occupy 150,000 square feet in a 50-acre tract. This plant will produce rock wool home insulation, and Transite asbestos-cement Pipe, two products now shipped to this area from J-M's mid-western and eastern plants.

At Richmond, Johns-Manville purchased an existing plant, constructed only a few years ago and in excellent condition. As soon as equipment for the manufacture of a newly developed type of low temperature insulation is installed the factory will begin production with an initial payroll of 150 persons. Three buildings with 150,000 square feet of floor space, and a power plant, all located on a 30-acre plot on a spur of the Pennsylvania Railroad comprise the plant.

MODEL HOME PROGRAM MEETS ENTHUSIASTIC RESPONSE



Two years ago Johns-Manville conceived a new principle of home building—a method of constructing homes with modern building materials which will afford protection against fire, weather and wear. To date, demonstration homes utilizing this principle have been built in 42 states, and have been viewed by about a million and a half persons. There can be no estimate of the full effect of these model homes on sales of J-M materials for private residences.

The complete story of this principle of home building is contained in "The Book of Triple Insulated Homes," illustrated here. This booklet is in color. Free copies may be had by addressing: THE STOCKHOLD-

To STOCKHOLDERS OF
JOHNS-MANVILLE CORPORATION:

The subject of employe relations is recognized as one of the most important considerations to be faced by the manager of a company today.

Johns-Manville is fully cognizant of this and you as a stockholder will no doubt interested in learning through this issue of the STOCKHOLDERS' NEWS what your company has been doing in the field.

It is our belief that the only way to establish and maintain a sound cooperative feeling among the 13,000 men and women who are Johns-Manville is to offer the best possible working conditions, hours, wage rates, and to provide insofar as possible opportunities for social enjoyment and for sharing in the knowledge of the company's varied activities and accomplishments.

To see to it that Johns-Manville policies in this field are carried out, we have a separate department in the company dealing in the province of our relations with our employes and with our neighbors in the towns where our factories and mines are located.

We are taking this opportunity to report to you some of our activities not only because of the natural human interest they offer, but also because of their value to the company from a strictly dollars-and-cents viewpoint.



The Company EVERYBODY Knows . . .

• In the first issues of the STOCKHOLDERS' [illegible]WS we have told about basic raw materials [illegible]ch Johns-Manville fabricates into products for [illegible] control of heat, cold, sound and motion, and [illegible] protection against fire, weather and wear.

[illegible] this issue we turn to the human side of the [illegible] manufacturing story to tell you some interest[illegible] facts about the relationship that exists between [illegible] Manville and the 13,000 persons it employs.

Johns-Manville [illegible] always prided itself on the [illegible] that it conducts its relations with its employees [illegible] fair and honest manner. It believes that its [illegible]loyes should have:

1. Safe and healthful places of work.
2. Assistance when incapacitated, whether by industrial disease, unemployment, or old age.
3. Reasonable short working hours. (The 8-hour day and 40-hour week is an established J-M policy.)
4. Established minimum wage scales and minimum hiring rates below which no employee [illegible] be paid.
5. Opportunity to organize and freely elect their own representatives for collective bargaining on wages, hours and working conditions, and an equal opportunity [illegible] any employee to discuss mutual problems with the management.
6. The right to sign collective labor contracts. (Such contracts have been freely negotiated and signed in all but four of Johns-Manville's plants.)
7. A definite plan for wage and salary advancement for all employees, based on experience and performance.

It is also a policy of Johns-Manville not to hire [illegible] one who is less than 18 years of age.

Basic Principles in Human Relations Remain Unchanged

Since human desires remain basically constant throughout the years, perhaps the simplest way to show the reasons behind Johns-Manville's present day activities in the field of employe relations is to compare modern problems and methods of meeting them with similar situations which were successfully dealt with in the early days of this company's business.

In those early days of the middle eighteen hundreds, the term "employe relations" was practically unheard of, because relations between Mr. H. W. Johns, the founder of the company, and his lone helper, W. W. Hanold, were simple and direct. Mr. Hanold knew practically as much about the business as did Mr. Johns . . . and so realized that if the business prospered, he would prosper.

But, when only last year death closed Mr. Hanold's 64 years of continuous service with the company, Johns-Manville's payroll had grown to include 13,000 persons of many nationalities whose activities in the company's sixteen plants and mines, and 61 sales offices spread throughout the United States, Canada and foreign lands.

A new man joining this organization is apt to feel that the prosperity of the company means very little to his own life, not realizing that Johns-Manville today is merely a multiplication of Mr. Johns and his helper, Mr. Hanold.

Therefore, in order to knit the 13,000 men and women that are Johns-Manville into closely cooperative, mutually helpful organization, Johns-Manville has an industrial relations department which is concerned solely with this activity. The more than 50 persons in this department include personnel and employment men, physicians, nurses, dieticians, safety engineers and clerks.

Their progress in the establishment of entirely new employment and training methods points to [illegible] to the company of a half [illegible] annually in decreased turnover alone, and to steadier work and better annual income for employes.

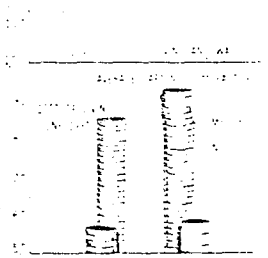
Of course the days when (as was the case with Mr. Johns' lone helper) men were hired to work sixty hours a week for a $5.00 pay check, are gone forever. Today J-M has established the principle of the eight-hour day—the 40-hour week in all factories and offices. This, with minimum wage scales and a minimum hiring rate for hourly paid workers, has been established to assure employes adequate leisure and sufficient annual income to enjoy it.

Again, in Mr. Hanold's day as helper, if the dust in the plant became too bad, he could step out for a little fresh air. Today an engineering specialist devotes his entire time to the study of atmospheric conditions in the plants, recommending and supervising installation of modern ventilating equipment where necessary.

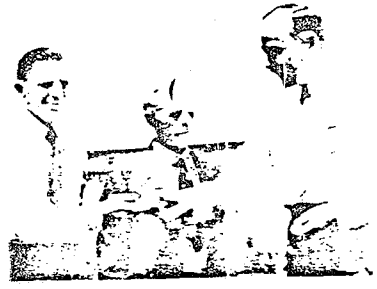
This health measure is, of course, in addition to precautions which are taken to safeguard employes from the dangers of accident, infection and insanitary conditions. First aid rooms in the plants boast the most modern of hospital equipment including X-ray apparatus, etc.

And, since 13,000 persons widely separated, cannot exchange the gossip of the day in casual meetings during work or after, plant newspapers issued from time to time spread the news about Joe and Mary's wedding, the Jones' new baby, the plant's softball teams' successes and new company policies or plans of general interest. At the same time, a man from the industrial relations department goes to the various plants and helps employes with their get-togethers and picnics, where, in the early days of J-M, Mr. Johns might have asked Mr. Hanold and his wife over for dinner.

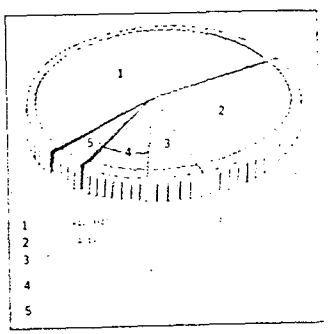
A most important mission of the industrial relations department is, however, one which is of immeasurable value—to serve as a friendly mediator to iron out real or supposed grievances that might arise between employer and employe . . . sore spots that might fester into strikes or other disturbances which are costly both to employe and employer . . . and unnecessary if only a spirit of mutual cooperation, understanding and helpfulness prevails.



(Above) With the reduction of working hours and the establishment of the 40-hour week as company policy, J-M has made every effort to adjust wage scales in keeping with changing costs of living.



(Above) President Lewis H. Brown presents engraved gold watches to Tony Pawlik and George Vano, both of Manville, N. J., plant, as symbols of their 25 years of service with J-M, qualifying them for membership in the Johns-Manville Quarter Century Club. The more than 250 members of this honorary J-M society have a combined service record of 8,000 years.

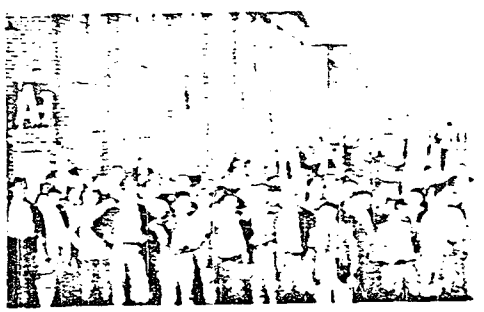


(Above) During the last ten years here is what happened to the average Johns-Manville sales dollar. Employees received nearly one-third of all income. The amount of taxes was more than one-third of the total paid out in dividends.





(Below) Pawlik at one of the Johns-Manville [illegible]



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