

1983 Annual Report
to Shareholders

PLAINTIFF'S EXHIBIT

CT-209

CertainTeed 

CTD036727

Dollars in Thousands, Except for Per Share Amounts

Selected Financial Data

	1983	1982	1981	1980	1979
Net sales	\$1,041,082	\$827,086	\$891,532	\$868,227	\$916,204
Income (loss) from continuing operations	33,207	(7,141)	(9,999)	4,496	23,537
Income (loss) from continuing operations per common share	1.73	-(.86)	(1.07)	—	1.39
Total assets at year-end	744,742	616,903	663,726	693,503	726,461
Long-term obligations and redeemable preferred stock at year-end	161,200	173,091	208,927	192,065	198,798
Cash dividends declared per common share	- 0 -	- 0 -	.675	.90	.90

CTD036728

A Corporate
Profile

CertainTeed 

CTD036729

Responsiveness . . . the concept of reacting quickly and sympathetically to the demands of the marketplace . . . is a recurring theme throughout modern industry. But there's really nothing new about it. In actuality, it's little more than a series of complex steps — market research, research and development, manufacturing, marketing, selling, shipping — undertaken in the hope of finding better ways to meet human needs. When the various steps succeed, both industry and its customers profit.

Since our inception as a roofing manufacturer in 1904, we at CertainTeed have grown and prospered by listening to our customers and responding to what they tell us. Today we're listening more closely than ever before. Our determination to respond with timely, quality products is given added impetus by our association with Group Saint-Gobain, one of the world's foremost industrial corporations and an acknowledged leader in glass and fiber glass technology.

Consider the trio of basic needs we work to satisfy. Shelter. Energy. Water. Each is vital to our well-being. Each presents enormous opportunities. And each constitutes an ever-changing marketplace. How we respond to the needs of those marketplaces will determine our future. Just as it has our past.

Three of our business entities — the Shelter Materials Group, the Vinyl Building Products Division and the Building Materials Distribution Group — serve the shelter market. Others — the Insulation Group and the Fiber Glass Reinforcements Division — provide ways to conserve energy. Still others — the Pipe & Plastics Group and the Utility Supply Group — answer the needs of the water and wastewater markets.

The following pages offer a brief overview of CertainTeed's contribution to today's world as pursued by our employees nationwide. Today, as in 1904, our commitment remains . . . Quality Made *Certain* . . . Satisfaction *Guaranteed*.

Michel Besson

Michel L. Besson
President and
Chief Executive Officer

Industry Segment

Operating Group

Products Offered

1 Fiber Glass Products

Fiber Glass Reinforcements Division

- Chopped Strands
- Chopped Strand Mats
- Continuous Glass Rovings

Insulation Group

- Acoustical Insulations
- Fiber Glass Air Handling Products
- Fiber Glass Pipe Insulations
- Fiber Glass Thermal Insulations

Building Materials Distribution Group

- Building Materials Distribution
- Doors
- Windows

Shelter Materials Group

- Built-Up Roofing
- Roofing Shingles

Vinyl Building Products Division

- Vinyl Siding and Accessories
- Vinyl Window Profiles

2 Piping Products

Pipe & Plastics Group

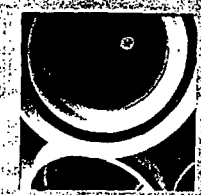
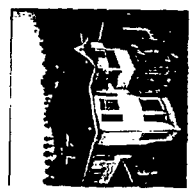
- A/C Pipe
- PVC Pipe
- PVC Well Products

Utility Supply Group

- Pipe and Pipe System Components Distribution
- Water Meters

Markets Served

- Anti-Corrosion
- Appliance/Equipment
- Construction
- Electrical
- Industrial
- Land Transportation
- Marine
- Automotive
- Manufactured Housing
- New Residential Construction
- Non-Residential Construction
- Remodeling
- Manufactured Housing
- New Residential Construction
- Non-Residential Construction
- Remodeling



- Commercial
- Electrical
- Industrial
- Irrigation
- Residential
- Water
- Sewer



The Fiber Glass Reinforcements Division manufactures and markets continuous strand fiber glass products, including various kinds of rovings and mats, with applications for high tech and other industries using both plastics and non-plastics. Since start-up in 1977, FRD's products have gained wide acceptance in the marine, appliance and equipment, construction, land transportation, anti-corrosion and electrical fields. Today, they are integral components in literally thousands of industrial and consumer items including roofing materials, oil tanks, computers, cars, boats and sporting equipment.

CertainTeed's association with Saint-Gobain — a world leader in glass and fiber glass technology — gives FRD an important advantage in the ongoing development of new products to meet specific applications.

FRD's manufacturing facility at Wichita Falls, Texas is one of the largest, most technologically advanced continuous strand fiber glass plants in the U.S.

1. FRD products help industry to shape thousands of items for industrial and consumer use.
2. Woven roving, designed for low pressure contact molding, has application in boat fabrication.

3. An injection molding process combines chopped strands in a resin matrix to form products such as watch casings.
4. Continuous glass fiber rovings have numerous applications including boat decks and hulls, corrosion-resistant equipment, tub and shower units, and business machine housings.



The desire today for energy efficiency, combined with mankind's age-old quest for comfort and safety, places emphasis on reliable, high performance insulating materials. Those needs are met by our Insulation Group, which offers a complete line of fiber glass insulation products for new or existing homes, buildings, equipment and industrial installations. The Group also produces acoustical insulating materials for the automotive industry. IG's state of the art technology for glass fiberizing, along with quality control and performance monitoring, assure manufacturing efficiencies and uniform results.

Widely acknowledged industry breakthroughs... a firm commitment to meet customer needs... six strategically located, modern manufacturing facilities to serve the national market... and innovative packaging techniques give CertainTeed's insulation products a distinct competitive edge.

CertainTeed's state of the art fiberizing process offers manufacturing efficiencies in the production of softer, more reliable products.

1. A complete line of insulated ducting materials make air transmission systems thermally and acoustically efficient.

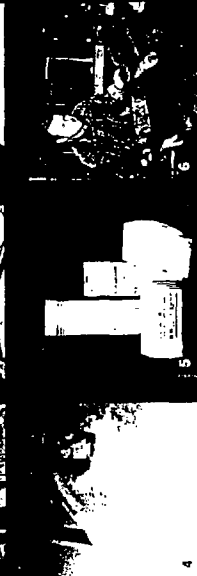
2. Industry has the potential to save millions of dollars in energy costs via a broad array of insulation products.

3. CertiSpray™ — the first fiber glass spray-on insulation — is applied pneumatically and coated with an adhesive so it's self-adhering. Designed for special applications, CertiSpray offers new design freedom to architects and engineers.

4. Insul-Safe®, a unique blown-in fiber glass insulation, was developed by CertainTeed expressly for contractors.

5. Bright, utilitarian packages distinguish CertainTeed's residential insulation products.

6. Automobiles are quieter and more comfortable with CertainTeed's acoustical and thermal insulations.

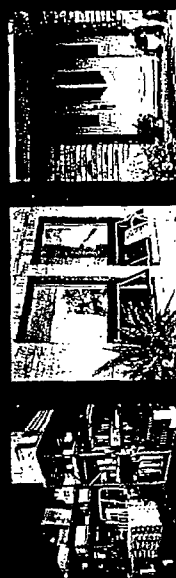


CTD036733

Our Building Materials Distribution Group is comprised of two divisions: William Cameron & Company, a building supplies wholesaler, and Ideal Company, a manufacturer of distinctive millwork products.

Cameron is among the biggest warehouse and distributors of building materials in the United States, and the largest in the Southwest. Its inventories include thousands of items — from nails and hammers to the materials upon which they're used. Cameron branches throughout the state of Texas supply customers with an extensive range of products, including building products manufactured by CertainTeed. BMDG's Ideal Company produces wood and aluminum doors and windows, along with other millwork products.

Workmanship and quality typify Ideal's handcrafted wood doors. 1. Diversity is the hallmark of every Cameron warehouse. 2. Energy efficiency, maintenance-free exteriors and attractive wood interiors characterize Ideal's Qualitybilt® engineered window systems for residential and light commercial use. 3. One of a wide variety of distinctive Ideal® doors available for entrances, patios or interiors.



CTD036734

The Shelter Materials Group, CertainTeed's original business activity, makes and markets felt- and fiber glass-based roofing shingles, along with commercial roofing materials. Its regional approach to manufacturing, selling and shipping allows SMG not only to identify customer needs accurately, but also to respond to those needs quickly. Ongoing research and development projects are linked closely to actual field experience.

New and improved products reflect public demand for beauty and durability at more affordable prices. Efforts to establish a broader marketing thrust, coupled with keen awareness of changes in the marketplace, present sound opportunities for continued growth.

Fiber glass mat and dry felt are produced by the Company and used as base materials for asphalt roofing products.

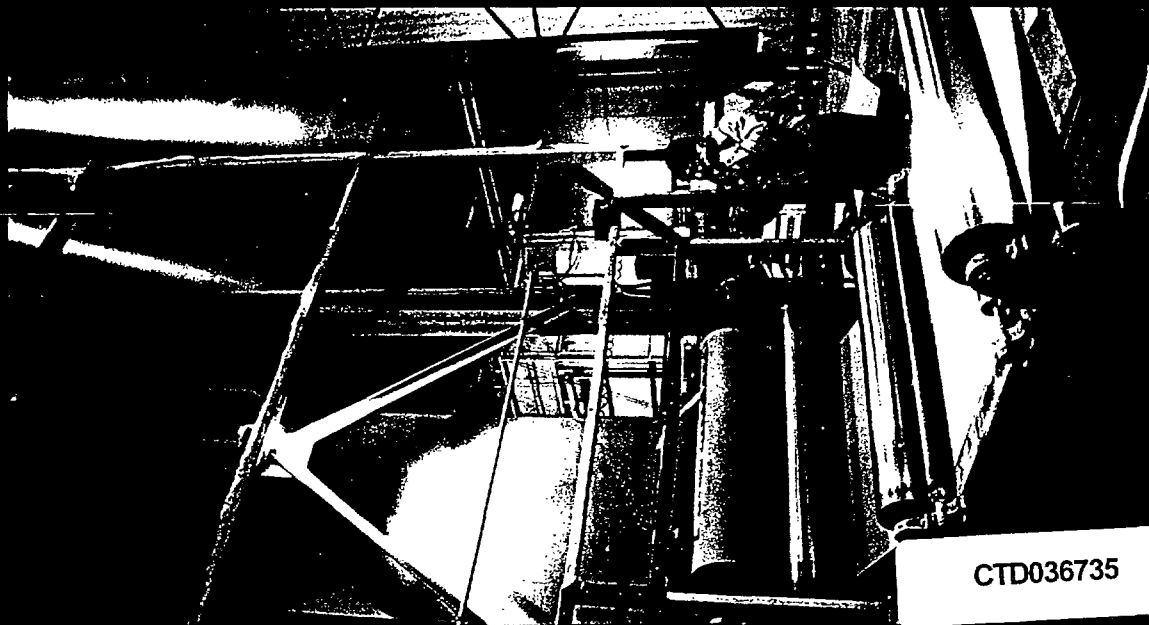
1. Horizon Shingle™ —

the answer to consumer demand for blend of aesthetic appeal and affordability.

2. Glassguard®

CertainTeed's utility fiber glass-based shingle, offers a prorated 20-year warranty.

3. Among several products making inroads into the commercial market is CertainTeed's fiber glass-based Certiglass® built-up roofing.

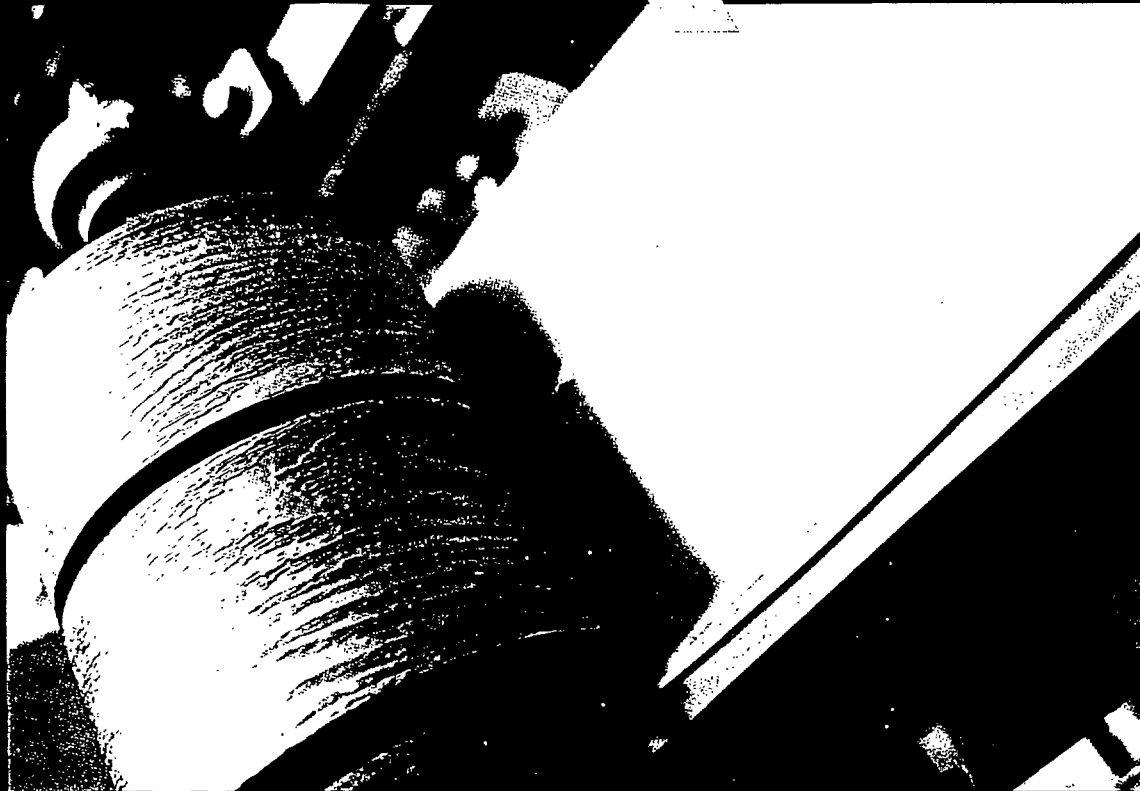


CTD036735



The Vinyl Building Products Division produces durable, maintenance-free solid vinyl siding and accessory items, and vinyl window profiles from CertainTeed's own powdered PVC resin. Products are manufactured via an integrated process utilizing our own specially equipped extrusion plants. Energy-efficient production techniques, and the desirable characteristics of vinyl building products place this division on the cutting edge of a high growth industry making impressive gains against more energy intensive traditional materials.

Although VBPD's primary outlet is the remodeling market, it continues to make inroads into the new construction market. R&D activities are concentrated both on improving existing products and seeking additional building materials for vinyl fabrication.



PVC powdered resin supplied from the Company's Lake Charles, La. plant is the basic raw material used in extrusion facilities equipped with specially designed equipment and monitoring devices.

1. Innovative CertaVent™ solid vinyl soffits offer both solid and ventilated areas in a single panel.

2. Solid vinyl accessories facilitate trouble-free siding and soffit installation, assure attractive, finished look.

3. Variety of colors and sizes, plus clear-through coloration and realism, are features of CertainTeed siding.

4. Vinyl windows are projected to experience above-average growth in both remodeling and new construction.



CTD036736

Our Pipe & Plastics Group is a national, full-service provider of low maintenance, cost-effective piping products. It offers two kinds of corrosion-resistant pipe — PVC and A/C — along with a full line of joining systems, fittings and accessories, and supplies engineering and other support services. Applications include the water, sewer, irrigation, well, electrical, utility and industrial markets.

P&PG's lightweight PVC products are used to update water and sewer systems throughout the United States, and its large diameter sewer pipes and well components have opened new markets for the Company. CertainTeed manufactures its own PVC resin to control supply, quality and uniformity.

Pipe & Plastics Group



CertainTeed operates its own raw materials plant for the manufacture of PVC resin at Lake Charles, La.

1. Large diameter PVC gravity sewer pipe (up to 27 inches) was first manufactured in the U.S. by CertainTeed.

2. Lightweight, corrosion-resistant PVC well casings and screens for use in contractor-installed well systems are an attractive alternative to conventional materials.

3. Easily installed, economical A/C pipe used in water and sewer systems resists chemicals and other corrosive elements.

4. VINYL-Iron[®], CertainTeed's brand of PVC municipal water pipe, features high safety factors and surge resistance.

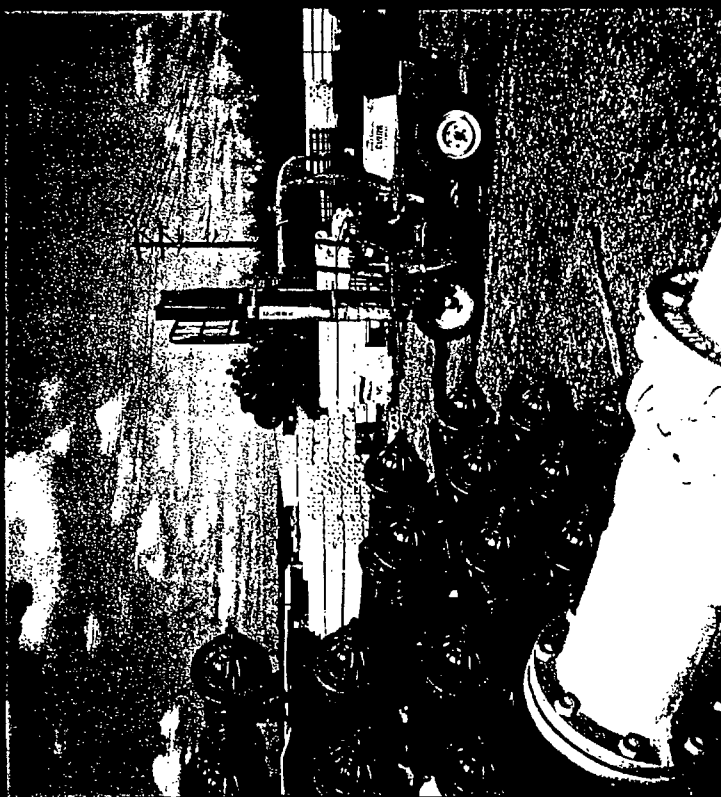


CTD036737

The Utility Supply Group is the largest waterworks distribution network in the United States, and the only one operating wholesale outlets nationwide. USG's extensive line of products is inventoried in 13 states, including Hawaii. Its unique marketing capabilities strengthen the distribution efforts of our Pipe & Plastics Group, whose products constitute some 25 percent of its volume.

USG's manufacturing facilities provide specialized fabrications and fittings for the water, sewer and petrochemical industries; along with residential and commercial water meters.

Utility Supply
Group



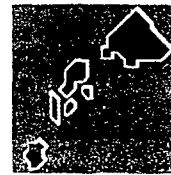
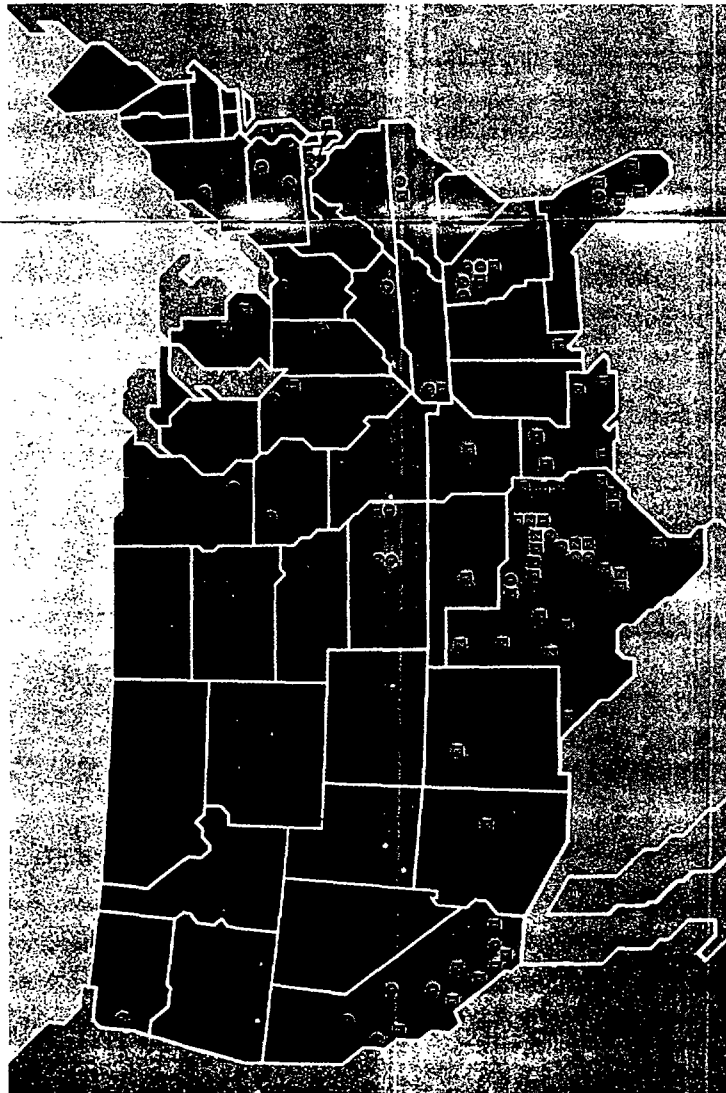
3. Waterworks Manufacturing Company of Marysville, Calif., produces and fabricates custom fittings and other special items for specific customer needs.

USG's complete inventories and multiple locations assure timely delivery of materials to waterworks utility contractors, municipalities, and commercial and industrial customers. 1. and 2. Both residential and commercial water meters are manufactured at Precision Meters in Orlando, Fla., a USG subsidiary.



CTD036738

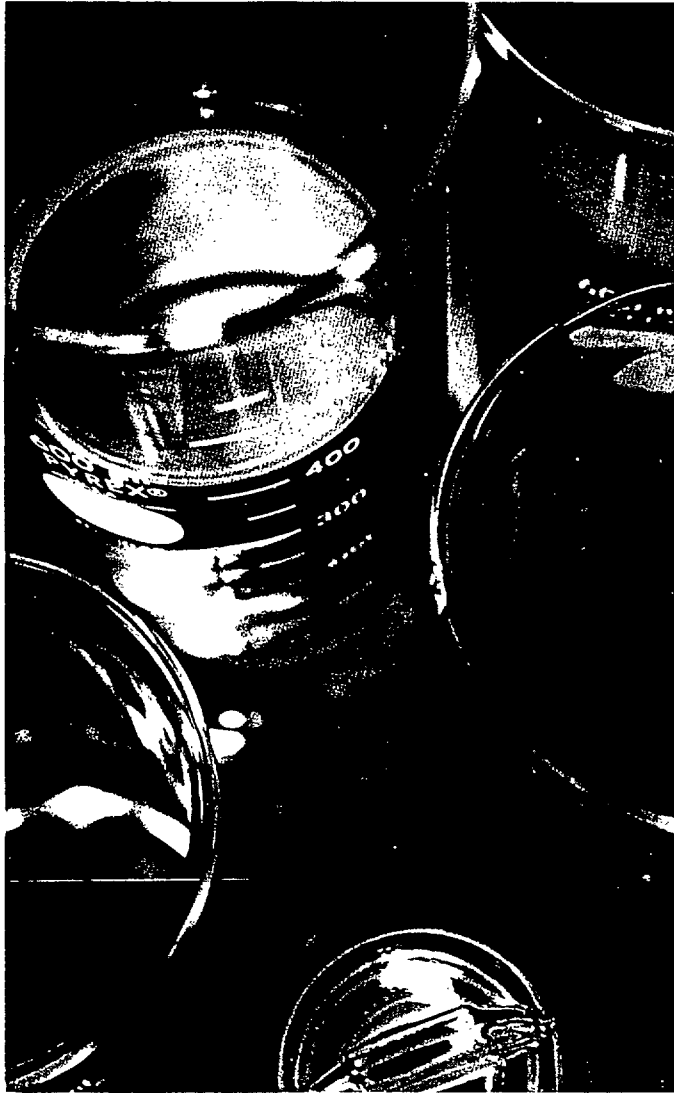
Facilities Map



- Manufacturing
- Distribution
- ▲ Headquarters/Valley Forge, PA

1. **Fiber Glass Products**
 - Flex Duct Facility
Atlanta, GA
 - Insulation Distribution
Baltimore, MD
 - Bensenville, IL
 - Carrollton, TX
 - Chamblee, GA
 - Edison, NJ
 - Kansas City, KS
 - Memphis, TN
 - Insulation Plants
Athens, GA
 - Berlin, NJ
 - Chowchilla, CA
 - Corbin, KY
 - Kansas City, KS
 - Mountaintop, PA
 - Reinforcements Plant
& R&D
Wichita Falls, TX
2. **Building Materials**
 - Cameron Wholesale
Distribution Branches
Abilene, TX
 - Amarillo, TX
 - Baumont, TX
 - Corpus Christi, TX
 - Dallas, TX
 - Fort Worth, TX
 - Harlingen, TX
 - Houston, TX
 - Longview, TX
 - Lubbock, TX
 - Lufkin, TX
 - Odessa, TX
 - San Angelo, TX
 - San Antonio, TX
 - Texas, TX
 - Tyler, TX
 - Waco, TX
 - Wichita Falls, TX
 - Fiber Glass Bonded
Mat Plant
Athens, GA
 - Ideal Wood and
Aluminum Products
Plants
Waco, TX (2)
 - Roofing Distribution
City of Commerce, CA
 - Roofing Plants
Avery, OH
 - Chicago Heights, IL
 - Dallas, TX
 - Oxford, NC
 - Richmond, CA
 - Savannah, GA
 - Shakopee, MN
 - Tacoma, WA
 - York, PA
 - Vinyl Building
Products Plants
Hagerstown, MD
 - McPherson, KS
3. **Piping Products**
 - A/C Pipe Plants
Hillsboro, TX
 - Riverside, CA
 - Land Drainage Pipe
Plants
Geneva, NY
 - Lake Mills, IA
 - Montpelier, IN
 - PVC Pipe Plants
Eads, TN
 - Hagerstown, MD
 - McPherson, KS
 - Shingle Springs, CA
 - Social Circle, GA
 - Waco, TX
 - Polymer Plant
Lake Charles, LA
 - Utility Supply
Distribution Branches
Albuquerque, NM
 - Austin, TX
 - Baton Rouge, LA
 - Birmingham, MI
 - Dallas, TX
 - El Paso, TX
 - Fort Myers, FL
 - Fort Worth, TX
 - Greensboro, NC
 - Hapeville, GA
 - Indio, CA
 - Houston, TX
 - Lake Park, FL
 - Mobile, AL
 - Monroe, LA
 - Moore, OK
 - Moorpark, CA
 - Little Rock, AR
 - Ocean, CA
 - Orlando, FL
 - Phoenix, HI
 - Pearl City, HI
 - Phoenix, AZ
 - Saginaw, MI
 - San Antonio, TX
 - San Bernardino, CA
 - San Marcos, CA
 - Santa Fe Springs, CA
 - Sarasota, FL
 - Shreveport, LA
 - Tyler, TX
 - Waco, TX
 - Westwego, LA
 - Utility Supply
Manufacturing
Marysville, CA
 - Orlando, FL

ertainFeed will
continue to
guide its growth
with a firm commitment to
finding new and better
ways of meeting basic
human needs, as well as to
satisfying changing mar-
ket requirements with
innovative, quality
products and services.



CTD036740

CertainTeed Corporation
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CertainTeed 

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CTD036741

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CTD036742

To Our Shareholders

CertainTeed's prime objective for 1983 as communicated to you in last year's Annual Report was to improve profit performance. Sales for the year were \$1.0 billion, up 26 percent from 1982. Net income, the highest achieved since 1978, was \$33.2 million compared to a loss of \$7.1 million the prior year. This can be attributed to the success of cost reduction programs, new and more efficient technology, lower fixed costs and improved customer demand.

Internal efforts to reduce costs, manifest throughout the corporation, were especially

evident in the fiber glass industry segment. This is of paramount importance since the focus of CertainTeed's expansion program, completed in 1980, was in this area. The fiber glass sector is the most capital intensive of CertainTeed's product lines. The higher level of demand enabled the Company to run the fiber glass plants at consistently favorable levels of utilization resulting in better absorption of overhead and improved profits. In 1983, fiber glass products achieved record sales and profits.

Building materials sales were higher in 1983 than in 1982. Favorable progress in vinyl building products and building materials distribution was offset by unsatisfactory results in roofing. Roofing products were most seriously impaired by the recent recession. A continuation of intense competition resulted in average pricing last year that was below 1982. The short-term prospects for the restoration of more normal pricing levels this year are not positive. Because of programs being introduced to further reduce breakeven levels, the Company continues to view its roofing business as a sound venture for the long term.

Piping products' 1983 results compare favorably to the prior year. Profit margins increased because of an improved product mix in the PVC area. This segment also provides tangible evi-



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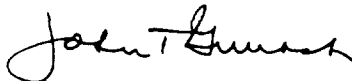
dence of productivity program enhancements. Productivity has increased almost 50 percent since 1978.

CertainTeed has maintained a strong balance sheet despite the problems that have plagued the building materials industry for the past several years. While profitability has been restored, asset control programs remain in place. The 1983 Common Stock public offering and the private sale to Saint-Gobain added \$70 million to equity and enabled CertainTeed to eliminate all short-term borrowings at mid-year when seasonal demand for funds characteristically is at its peak.

CertainTeed is a more productive organization today than several years ago. Internal programs to improve efficiency are permanently in place with cost reductions identified for 1984, 1985 and beyond.

The Company is committed to maintaining a leadership role in supplying materials to the construction industries. While this implies the production of mature, commodity goods in a cyclical industry, the challenge of coping with fluctuating interest rates can be overcome successfully and adequate levels of profitability achieved by managing the Company as though the industry is always at the bottom of its cycle.

CertainTeed responded positively to the economic turnaround in 1983. The Company's prime objective for 1984 and 1985 is to improve profit performance through additional programs to lower costs and increase productivity. This goal becomes particularly important given the lack of consensus among forecasters regarding the strength and durability of economic growth for the next two years. Other company priorities include a special emphasis on development of new and improved products to meet customer needs, as well as quality assurance.



John T. Gurash
Chairman of the Board



Michel L. Besson
President and
Chief Executive Officer

January 24, 1984

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

Results of Operations

Summary

1983

Net sales and earnings for 1983 rose substantially above the depressed results of 1982. Full year 1983 net sales of \$1,041 million increased 26% from 1982 due primarily to higher shipping volumes as the Company responded quickly to improving market conditions. Net income rose from a negative \$7 million in 1982 to a positive \$33 million in 1983. In addition to the higher activity level, the Company's 1983 earnings benefited from ongoing cost reduction programs, improved process technology, lower fixed costs and a sharp decrease in net interest expense.

Shipping volumes increased in 1983 from 1982 in each of the Company's three business segments. Volumes for the fiber glass segment increased 25% while volumes for the building materials and piping products segments increased 26% and 17%, respectively. Pricing from 1982 generally improved with demand in 1983 for the fiber glass and piping products segments. While demand strengthened in the building materials segment, the industry continued to operate well below capacity, which forced 1983 selling prices below 1982 levels as producers aggressively competed for available business.

The Company's improved 1983 sales performance from a year ago was aided by an improved economic environ-

ment which was particularly strong for the residential home construction and remodeling industries which the Company services. These interest-sensitive industries responded to the more favorable interest rates which prevailed during 1983.

Increased demand in 1983 improved utilization of the Company's production capacity, particularly in the fiber glass segment where two mothballed production lines were reactivated. This led to better absorption of fixed costs in the Company's capital intensive fiber glass segment. A felt mill was also reactivated in 1983 due to the demand increase for roofing materials. Cost reduction and manufacturing efficiency programs coupled with decreasing fixed costs further improved the Company's margins from 1982. Pension expense was reduced by \$1.6 million as described in notes to the financial statements.

Operating results in 1983 improved for all three of the Company's business segments although the building materials segment remained unprofitable due to depressed pricing for roofing products.

Selling and administrative expenses for the Company decreased from 13% of 1982's sales to 11% of sales in 1983. The change reflects substantially higher sales in 1983 and a lower provision for doubtful receivables due to the generally more favorable economic conditions.

Interest expense, net of interest income was reduced from \$19 million in 1982 to \$11 million in 1983. Proceeds totaling \$70.2 million from the second quarter 1983 sale of Common Stock transferred the Company from a net short-term borrowing position to a net short-term investing position for the second half of 1983. Prevailing short-term borrowing rates in the first half of 1983 were also lower than the comparable period in 1982.

Other income was substantially lower in 1983 than 1982 due primarily to the 1982 gain on the sale of a West Coast property.

1982

Net sales of \$827 million for 1982 fell 7% from 1981. Deteriorating market conditions caused shipping volumes to fall 6% from a year ago and generally forced lower pricing for the Company's products.

The Company continued to adjust its cost structure to meet competitive market conditions. Cost reduction programs were intensified including the permanent closure of less efficient and underutilized manufacturing facilities, a reduction in employment levels, facility consolidations and organizational realignment. Plant efficiency improvements also were implemented during this period. Due to lower volume levels, the Company utilized approximately two-thirds of its production capacity which represented a modest decrease from 1981. The liquidation of inventories carried at prior years' cost increased gross profit by \$2.5 million.

The tight control of working capital lowered borrowing requirements in 1982. This, combined with generally lower interest rates in 1982 from 1981, reduced interest expense by more than \$6 million.

1981

Net sales rose 3% in 1981 from 1980. The increase reflects modest increases in both shipping volumes and pricing. The shipping volume increase occurred in a period of declining economic activity as evidenced by housing starts that fell nearly 16% from a year ago. While sales performance held up under deteriorating conditions, profits fell sharply. Profit margins were lowered substantially by the Company's inability to fully pass through cost increases to price where demand remained soft. Costs associated with lower utilization of the Company's capacity also increased as manufacturing operations in the building materials and the piping products segments were scaled down due to declining demand.

Liquidity and Capital Resources

The Company manages cash centrally and pays fees to its banks in lieu of compensating balances for its contractual revolving credit facilities and for some noncredit services. Credit facilities are in place to satisfy seasonal cash requirements and provide a variety of short-term borrowing options. The public issuance of 1.43 million shares of Common Stock in June 1983 combined with the simultaneous private placement of an additional 1.87 million Common shares to Saint-Gobain eliminated the need for seasonal short-term borrowing during the course of the second half of 1983, and resulted in a short-term investment position of approximately \$100 million at December 31, 1983.

Capital Spending and Resources

Capital expenditures in 1981 through 1983 were necessary replacements or quality and productivity improvement projects. Funds provided by operations financed the 1981 through 1983 capital expenditures as depreciation charges exceeded capital spending in all three years.

Inflation

The effects of inflation are discussed in Note 11 of the Notes to Consolidated Financial Statements in this report.

Consolidated Balance Sheet

CertainTeed Corporation
December 31, 1983 and 1982

Dollars in Thousands, Except for Per Share Amounts

Assets

	<u>1983</u>	<u>1982</u>
Current Assets:		
Cash (including interest-bearing deposits of \$99,955 in 1983)	\$102,466	\$ 2,538
Accounts and notes receivable	164,983	130,842
Less: Allowances for doubtful receivables (\$4,627 and \$4,039) and discounts and allowances	(11,409)	(9,030)
	<u>153,574</u>	<u>121,812</u>
Inventories at lower of first-in, first-out cost or market:		
Raw materials and supplies	31,206	26,651
Work in process	14,970	12,534
Finished goods	111,953	104,356
	<u>158,129</u>	<u>143,541</u>
Less: LIFO reserve	(44,080)	(40,977)
	<u>114,049</u>	<u>102,564</u>
Deferred Federal income taxes	7,993	11,094
Total current assets	378,082	238,008
Prepaid Expenses and Other Assets	14,230	15,523
Investments in Affiliates	7,707	7,338
Property, Plant and Equipment, at cost:		
Land	8,346	8,770
Buildings	130,686	127,441
Equipment	506,242	488,310
Construction in progress	15,026	8,974
	<u>660,300</u>	<u>633,495</u>
Less: Accumulated depreciation	(318,765)	(281,989)
	<u>341,535</u>	<u>351,506</u>
Intangible Assets, principally patents, at amortized cost	3,188	4,528
	<u>\$744,742</u>	<u>\$616,903</u>

Liabilities and Stockholders' Equity

	<u>1983</u>	<u>1982</u>
Current Liabilities:		
Trade accounts payable	\$ 92,258	\$ 70,596
Accrued Federal income taxes	1,344	-0-
Accrued liabilities	50,616	43,889
Current installments of long-term debt	7,899	8,221
Total current liabilities	<u>152,117</u>	<u>122,706</u>
Long-Term Debt, less current installments	125,200	133,091
Deferred Federal Income Taxes and Other Liabilities	43,426	33,650
Redeemable Preferred Stock:		
Series D, \$1 par value, issued and outstanding 1,440,000 and 1,600,000 shares (\$25 per share liquidation preference and mandatory redemption price)	36,000	40,000
Nonredeemable Preferred Stock:		
Series C Convertible, \$1 par value, issued and outstanding 1,000,000 shares in 1982	-0-	1,000
Common Stock:		
\$1 par value, authorized 40,000,000 shares, issued and outstanding 18,968,587 and 14,317,703 shares	18,969	14,318
Capital in Excess of Par Value	188,957	120,077
Cumulative Translation Adjustments	(8,676)	(8,676)
Retained Earnings	<u>188,749</u>	<u>160,737</u>
	<u>\$744,742</u>	<u>\$616,903</u>

The accompanying notes are an integral part of this statement.

Consolidated Statement of Income

CertainTeed Corporation

Years ended December 31, 1983, 1982 and 1981

Dollars in Thousands, Except for Per Share Amounts

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Net sales	\$1,041,082	\$827,086	\$891,532
Cost of goods sold	860,637	724,834	788,010
Selling and administrative expenses	114,575	106,147	110,300
Operating profit (loss)	65,870	(3,895)	(6,778)
Interest expense (\$14,460, \$20,413 and \$26,583), net of interest income	(11,085)	(19,005)	(25,530)
Other income, net of deductions	1,540	5,615	5,779
Profit (loss) before income taxes	56,325	(17,285)	(26,529)
Income tax provision (credit)	23,118	(10,144)	(16,530)
Income (loss) from continuing operations	33,207	(7,141)	(9,999)
Loss from discontinued operations, net of income taxes	- 0 -	-0-	(917)
Net income (loss)	\$ 33,207	\$ (7,141)	\$(10,916)
Earnings (loss) per common share:			
Continuing operations	\$1.73	\$(.86)	\$(1.07)
Net income (loss)	\$1.73	\$(.86)	\$(1.14)

The accompanying notes are an integral part of this statement.

Consolidated Statement of Changes in Financial Position

CertainTeed Corporation
Years ended December 31, 1983, 1982 and 1981

Dollars in Thousands

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Income (loss) from continuing operations	\$ 33,207	\$ (7,141)	\$ (9,999)
Items not affecting cash:			
Depreciation	45,057	49,663	54,199
Amortization of patents and other intangibles	973	1,077	1,153
Deferred taxes	18,225	(10,357)	2,168
Unremitted earnings of affiliates	(372)	(940)	(3,162)
Cash provided by earnings	<u>97,090</u>	<u>32,302</u>	<u>44,359</u>
Changes in:			
Federal income taxes	(1,680)	18,622	(3,936)
Inventories	(11,485)	3,645	(1,495)
Accounts and notes receivable	(31,762)	(12,945)	10,083
Trade accounts payable and accrued liabilities	28,389	7,327	(20,671)
Other	(636)	723	2,351
Total cash provided by operations	<u>79,916</u>	<u>49,674</u>	<u>30,691</u>
Dividends	<u>(5,195)</u>	<u>(3,050)</u>	<u>(13,219)</u>
Cash provided by operations and retained in business	<u>74,721</u>	<u>46,624</u>	<u>17,472</u>
Investing activities:			
Purchases of property, plant and equipment	(38,188)	(24,043)	(29,886)
Disposals of property, plant and equipment at net book value	<u>3,102</u>	<u>6,764</u>	<u>4,977</u>
Cash available (required) before financing	<u>\$ 39,635</u>	<u>\$ 29,345</u>	<u>\$ (7,437)</u>
Financing activities:			
Proceeds from sale of Common Stock	\$ 70,178	\$ 15,000	\$ - 0 -
Common Stock issued in payment of Series C Convertible Preferred Stock dividends	2,328		
Common Stock issued upon conversion of Series C Convertible Preferred Stock	1,250		
Conversion of Series C Convertible Preferred Stock	(1,250)		
Redemption of Series D Preferred Stock	(4,000)		
Increase in long-term debt	- 0 -	652	25,013
Reduction of long-term debt including current installments	(8,213)	(38,169)	(9,533)
Reduction of short-term debt	- 0 -	(6,500)	(8,610)
(Increase) decrease in cash and short-term investments	<u>(99,928)</u>	<u>(328)</u>	<u>567</u>
Net financing activities	<u><u>\$ (39,635)</u></u>	<u><u>\$ (29,345)</u></u>	<u><u>\$ 7,437</u></u>

The accompanying notes are an integral part of this statement.

Notes to Consolidated Financial Statements

Note 1: Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION:

The accompanying financial statements include the accounts of CertainTeed Corporation and its subsidiaries. Investments in affiliates include 20% to 50%-owned entities accounted for on the equity method.

ACCOUNTING FOR FOREIGN CURRENCY TRANSLATION:

Beginning January 1982, financial statements of the Company's 39%-owned Mexican affiliate are translated to U.S. dollars in conformity with FAS No. 52. Since the Company's affiliate operates in a highly inflationary economy, translation adjustments are being charged to income. The aggregate exchange loss included in the results of operations for 1982 was \$.9 million. The amounts for 1983 and 1981 were not material.

INVENTORIES:

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

DEPRECIATION:

Depreciation on plant and equipment is computed by the double-declining balance method for fiber glass insulation assets and by the straight-line method for other fixed assets based on estimated useful lives of the assets.

INCOME TAXES:

Deferred income taxes are provided to reflect the results of timing differences in computing income for financial and income tax reporting. The principal timing difference results from computing depreciation for financial reporting primarily by the straight-line method and for income tax reporting by accelerated methods. Investment tax credits are applied, as available, as a reduction of income tax expense.

INTANGIBLE ASSETS:

Costs of purchased patents are amortized by the straight-line method over the legal lives of the patents. Cooperating expenses related to new facilities are expensed in the year incurred. Goodwill is insignificant.

EARNINGS PER COMMON SHARE:

Earnings per common share are computed on the weighted average number of common shares and dilutive Common Stock equivalents outstanding each year, after adjustment for the dividend requirements on Series D Preferred Stock.

Note 2: Pension Plans

The Company has several pension plans covering substantially all employees. Total pension expense was \$5.2 million in 1983, \$6.8 million in 1982, and \$8.0 million in 1981. During 1983, changes in actuarial assumptions reduced pension expense by \$1.0 million. During 1982, group annuity contracts covering substantially all retirees as of December 31, 1981 were purchased at favorable terms resulting in an \$8.1 million actuarial gain which is being amortized over ten years. The amounts below at January 1, 1982 include retirees for which annuity contracts were purchased during 1982.

The Company makes annual contributions to the plans equal to the amounts accrued for pension expense, including amortization of past service cost over 30 years. A comparison of accumulated plan benefit information, as estimated by consulting actuaries, and plan net assets is presented below.

Dollars in Thousands	January 1	
	1983	1982
Actuarial present value of accumulated plan benefits:		
Vested	\$ 29,975	\$ 42,890
Nonvested	6,005	6,326
	<u>\$ 35,980</u>	<u>\$ 49,216</u>
Net assets available for benefits	<u>\$ 62,741</u>	<u>\$ 66,269</u>

The interest rate used above to calculate the present value of accumulated plan benefits was 9.3% in 1983 and 10% in 1982, based upon rates issued by the Pension Benefit Guaranty Corporation.

Note 3: Debt

At December 31, 1983, the Company had separate unsecured revolving credit agreements with a number of banks totaling \$90 million currently expiring December 31, 1985 with the expiration date automatically extended each quarter and an unsecured \$50 million revolving credit agreement cancelable upon eleven months' notice. In lieu of compensating balances, the Company pays commitment fees on the unutilized portion of these lending commitments.

Long-term debt, excluding amounts due within one year, consists of:

Dollars in Thousands	1983	1982
Notes payable to insurance companies with average interest at 10.2% payable through 1995	\$ 81,700	\$ 88,250
Industrial revenue bonds with average interest at 6.9% payable through 2010	37,190	38,075
Other	6,310	6,766
	<u>\$125,200</u>	<u>\$133,091</u>

Maturities of long-term debt at December 31, 1983 for each of the five years through 1988 are (in thousands): 1984 — \$7,899, 1985 — \$10,047, 1986 — \$9,483, 1987 — \$9,415, 1988 — \$9,572.

Certain of the Company's loan agreements provide, among other matters, for prepayment options, the maintenance of a prescribed amount of consolidated working capital, and certain limitations on the declaration of cash dividends. Pursuant to the terms of these restrictions, there were \$47.2 million of retained earnings available for payment of dividends on Common Stock at December 31, 1983.

The net book value of property, plant and equipment pledged as collateral under mortgages and industrial revenue bonds approximated \$13.7 million as of December 31, 1983.

Note 4: Income Taxes

The provision for income taxes applicable to continuing operations consists of:

Dollars in Thousands	1983	1982	1981
Current Federal income tax (credits)	\$ 2,640	\$ 163	\$(18,398)
Deferred Federal income taxes	18,225	(10,357)	2,168
State income taxes	2,253	50	(300)
	<u>\$23,118</u>	<u>\$(10,144)</u>	<u>\$(16,530)</u>

Deferred Federal income taxes are the tax effects related to timing differences between amounts allowed for tax purposes and those included in financial reporting, as follows:

Dollars in Thousands	1983	1982	1981
Depreciation	\$ 1,929	\$ 2,651	\$ 4,278
Net operating losses	8,312	(8,312)	0
Investment tax credit	5,683	(1,887)	(2,251)
Reserves for doubtful receivables and allowances	854	(1,745)	117
Other, net	1,447	(1,064)	24
	<u>\$18,225</u>	<u>\$(10,357)</u>	<u>\$ 2,168</u>

A reconciliation of Federal income taxes at the statutory rate to the Company's income tax provision follows:

Dollars in Thousands	1983	1982	1981
Income tax provision at statutory rate	\$25,910	\$ (7,951)	\$(12,203)
Investment tax credit	(1,976)	(1,887)	(2,251)
Income applicable to affiliates	(211)	(519)	(1,513)
Other, net	(605)	213	(563)
Income tax provision	<u>\$23,118</u>	<u>\$(10,144)</u>	<u>\$(16,530)</u>

The Federal income tax returns of the Company have been examined through December 31, 1981 and no adjustments are pending.

Notes to Consolidated Financial Statements

Continued

Note 5: Discontinued Operations

During 1981, the Company incurred a loss of \$.9 million (net of income tax benefit of \$.8 million) under an indemnity agreement with a real estate investment trust.

Note 6: Other Income, Net of Deductions

Dollars in Thousands

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Royalty income	\$ 960	\$ 1,047	\$ 1,640
Income applicable to affiliates	1,371	1,812	4,743
Gain (loss) on disposals of property, plant and equipment, net	(818)	4,275	2,241
Provision for plant shutdown expenses	(182)	(3,957)	(2,754)
Other, net	<u>209</u>	<u>2,438</u>	<u>(91)</u>
	<u>\$1,540</u>	<u>\$ 5,615</u>	<u>\$ 5,779</u>

Note 7: Contingencies

At a retrial in 1983 of a suit brought by a former sales agent, the jury returned a damage verdict on contract and fraud claims in the amount of \$3.8 million which the Company has appealed. It is the opinion of the Company's outside counsel that the verdict is not supportable and will be vacated and that a new trial will be required. It is management's opinion, based in part upon the opinion of the Company's counsel, that the ultimate outcome of this suit will not materially affect the Company's operations or financial position.

The Company is a party to a number of other legal actions arising in the ordinary course of its business. In management's opinion, the Company has adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the Company's operations or financial position.

Note 8: Redeemable Preferred Stock

A total of 4,000,000 shares is authorized collectively for all series of preferred stock. The Series D Preferred Stock is entitled to one vote per share. Dividends are cumulative at an annual rate of 7% and payable quarterly. The mandatory redemption requirements are \$4 million annually on each January 1 in the years 1984 through 1987, and the remaining \$20 million on January 1, 1988. The Company's parent, Compagnie de Saint-Gobain ("Saint-Gobain"), owns 55% of these shares.

Note 9: Changes in Other Stockholders' Equity

Dollars in Thousands

	Series C Convertible Preferred Stock	Common Stock	Capital in Excess of Par Value	Cumulative Translation Adjustments	Retained Earnings
Balance at December 31, 1980	\$ 1,000	\$13,510	\$105,877	\$ -0-	\$195,063
Net loss					(10,916)
Dividends:					
Common Stock (\$.675 per share)					(9,119)
Series C Convertible Preferred Stock (\$1.05 per share)					(1,050)
Series D Preferred Stock (\$1.91 per share)					(3,050)
Balance at December 31, 1981	1,000	13,510	105,877	-0-	170,928
Effect of adopting FAS No. 52 as of January 1, 1982				(1,391)	
Net loss					(7,141)
Sale of Common Stock		806	14,184		
Dividends on Series D Preferred Stock (\$1.91 per share)					(3,050)
Translation adjustments				(7,285)	
Stock options		2	16		
Balance at December 31, 1982	1,000	14,318	120,077	(8,676)	160,737
Net income					33,207
Sale of Common Stock		3,300	66,878		
Dividends:					
Series C Convertible Preferred Stock		99	2,229		(2,450)
Series D Preferred Stock (\$1.91 per share)					(2,745)
Conversion of Series C Convertible Preferred Stock	(1,000)	1,250	(250)		
Stock options		2	23		
Balance at December 31, 1983	\$ -0-	\$18,969	\$188,957	\$ (8,676)	\$188,749

On June 1, 1983, the Company completed the sale of 3,300,000 shares of Common Stock. The Company's parent, Saint-Gobain, purchased 1,870,000 shares, and 1,430,000 shares were sold through a public offering.

During the second quarter of 1983, the Company declared dividends of \$2,450 on the Series C Convertible Preferred Stock which was comprised of \$2,100 of dividend arrearages from October 1, 1981 through March 31, 1983, and the regular quarterly

dividend of \$350. These dividends were paid to Saint-Gobain in the form of 98,884 shares of Common Stock after deducting applicable withholding taxes. On June 30, 1983, Saint-Gobain converted the 1,000,000 shares of Series C Convertible Preferred Stock into 1,250,000 shares of Common Stock.

At December 31, 1983, retained earnings included \$9.4 million of undistributed earnings of affiliates.

Notes to Consolidated Financial Statements

Continued

Note 10: Industry Segments

The Company's industry segments are Fiber Glass Products, Building Materials and Piping Products. "Fiber Glass Products" is comprised of the manufacture and sale of residential, industrial and automotive insulations; and fiber glass reinforcements. "Building Materials" is comprised of the manufacture and sale of

asphalt roofing, vinyl siding and millwork products; and the wholesale distribution of these and other materials. "Piping Products" is comprised of the manufacture and sale of PVC and A/C piping, and the jobber distribution of pipe and pipe system components.

Dollars in Millions

	1983	1982	1981
Net Sales:			
Fiber glass products	\$ 411.7	\$328.1	\$334.6
Building materials	387.2	313.2	329.6
Piping products	260.7	198.2	239.7
Intersegment sales	(18.5)	(12.4)	(12.4)
	<u>\$1,041.1</u>	<u>\$827.1</u>	<u>\$891.5</u>
Operating Profit:			
Fiber glass products	\$ 70.6	\$ 17.8	\$ 14.1
Building materials	(4.2)	(11.6)	(14.2)
Piping products	11.5	.2	4.6
	<u>77.9</u>	<u>6.4</u>	<u>4.5</u>
General corporate expenses	(12.0)	(10.3)	(11.3)
	<u>65.9</u>	<u>(3.9)</u>	<u>(6.8)</u>
Interest expense, net of interest income	(11.1)	(19.0)	(25.5)
Other income, net	1.5	5.6	5.8
Profit (Loss) Before Income Taxes	<u>\$ 56.3</u>	<u>\$ (17.3)</u>	<u>\$ (26.5)</u>
Depreciation and Amortization:			
Fiber glass products	\$ 27.5	\$ 32.3	\$ 36.8
Building materials	11.0	10.8	10.7
Piping products	6.2	6.4	6.8
General corporate	1.3	1.2	1.1
	<u>\$ 46.0</u>	<u>\$ 50.7</u>	<u>\$ 55.4</u>
Capital Expenditures:			
Fiber glass products	\$ 18.1	\$ 12.2	\$ 18.0
Building materials	10.9	7.5	6.7
Piping products	6.1	3.8	4.4
General corporate	3.1	.5	.8
	<u>\$ 38.2</u>	<u>\$ 24.0</u>	<u>\$ 29.9</u>
Identifiable Assets at End of Year:			
Fiber glass products	\$ 288.1	\$289.1	\$301.2
Building materials	186.7	169.1	177.5
Piping products	127.1	118.2	128.7
General corporate	142.8	40.5	56.3
	<u>\$ 744.7</u>	<u>\$616.9</u>	<u>\$663.7</u>

Classes of Products Representing More Than 10% of Consolidated Company Sales:

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Thermal Insulation (Fiber Glass Products)	32.2%	32.9%	31.1%
Roofing (Building Materials)	19.8%	20.6%	21.1%
PVC Pipe (Piping Products)	10.6%	9.4%	10.8%

Note 11: Effects of Inflation (Unaudited)

The primary financial statements contained in this report have been prepared on a historical cost basis, using the actual prices and costs of transactions when they occurred. The supplemental information contained in this footnote is intended to address two different aspects of an inflationary environment: (1) the effect of general inflation on the purchasing power of the dollar (called "Constant Dollar"), and (2) the specific price changes in the resources used by the Company (called "Current Cost"). This information has been prepared in accordance with the requirements of FAS No. 33, "Financial Reporting and Changing Prices."

The effects of general inflation were computed by using the Consumer Price Index for All Urban Consumers to adjust historical costs to 1983 equivalent values. The current cost of properties was primarily calculated by applying appropriate specific indices to historical book values. Although the indices used to compute current costs appear to be compatible with the changing costs experienced by the Company, the actual current costs that will occur upon ultimate replacement of assets in the future could differ significantly. Depreciation was recomputed using the same methods and asset lives as used in the primary financial statements.

The current cost of inventories is based principally on the use of FIFO assumption of inventory usage. The adjustments made to historical cost of sales under inflation accounting methods are small because LIFO, the principal accounting method used by the Company for valuing inventories, effectively results in current cost of sales. The additional amounts charged to cost of sales under these methods reflect the adjustment of non-LIFO valued inventories.

No adjustments have been made in this presentation to the historical basis income tax provisions. Current tax laws do not allow deductions for current cost depreciation, so the taxes levied on the Company exceed the statutory rate, after the data is adjusted for the impact of inflation.

Notes to Consolidated Financial Statements

Continued

Statement of Income from Continuing Operations Adjusted for Changing Prices

Year Ended December 31, 1983

Dollars in Thousands

	As Reported in the Primary Statements (Historical Cost)	Adjusted for General Inflation (Constant Dollar)	Adjusted for Changes in Specific Prices (Current Cost)
Net sales	\$1,041,082	\$1,041,082	\$1,041,082
Cost of goods sold, excluding depreciation	818,534	820,850	820,850
Depreciation	45,057	66,577	64,454
Other expenses, net	121,166	121,166	121,166
Income taxes	23,118	23,118	23,118
Total costs and expenses	1,007,875	1,031,711	1,029,588
Income from continuing operations	\$ 33,207	\$ 9,371	\$ 11,494
Income per common share — continuing operations	\$1.73	\$.38	\$.50
<i>OTHER INFORMATION</i>			
Purchasing power gain from holding net monetary liabilities during the year		\$ 5,036	\$ 5,036
Increase in general price level of inventories and property, plant and equipment held during the year			\$ 25,234
Less effect of increase in specific prices*			16,463
Excess of increase in general price level over increase in specific prices			\$ 8,771

*At December 31, 1983, the current cost of inventory and net property, plant and equipment was \$158.1 million and \$502.8 million, respectively.

**Five-Year Comparison of Selected Supplementary Financial Data
Adjusted for Effects of Changing Prices**

In Average 1983 Dollars
Years Ended December 31.

Dollars in Thousands, Except for Per Share Amounts

	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
Net sales	\$1,041,082	\$853,692	\$976,627	\$1,049,753	\$1,257,568
<i>HISTORICAL COST INFORMATION ADJUSTED FOR GENERAL INFLATION</i>					
Income (loss) from continuing operations . .	9,371	(36,236)	(38,239)	(21,655)	10,372
Income (loss) from continuing operations per common share	.38	(3.01)	(3.19)	(2.00)	.32
Net assets at year-end	604,640	479,512	555,270	590,399	640,302
<i>CURRENT COST INFORMATION</i>					
Income (loss) from continuing operations . .	11,494	(36,108)	(44,757)	(29,777)	473
Income (loss) from continuing operations per common share	.50	(3.00)	(3.67)	(2.60)	(.41)
Net assets at year-end	583,381	506,192	584,299	635,273	683,347
<i>OTHER INFORMATION</i>					
Excess of increase in general price level of inventories and properties over increase in specific prices	8,771	28,153	6,677	33,834	9,463
Purchasing power gain from holding net monetary liabilities during the year	5,036	9,541	20,964	32,748	35,933
Cash dividends per common share	-0-	-0-	.75	1.08	1.24
Market price per common share at year-end .	19.90	18.74	12.33	13.85	19.13
Average consumer price index	298.4	289.1	272.4	246.8	217.4

Notes to Consolidated Financial Statements

Continued

Note 12: Quarterly Data (Unaudited)

Dollars in Thousands, Except for Per Share Amounts

Three Months Ended	March 31, 1983	June 30, 1983	September 30, 1983	December 31, 1983
Net sales	\$221,363	\$266,856	\$293,980	\$258,883
Gross profit	32,825	46,505	55,984	45,131
Net income	2,232	8,786	14,214	7,975
Earnings per share	.08	.48	.71	.38
Average common shares	14,319	16,723	18,969	18,969
Stock price range (c):				
High	22 $\frac{7}{8}$	25	24 $\frac{1}{2}$	23 $\frac{1}{2}$
Low	17 $\frac{7}{8}$	20 $\frac{1}{2}$	19 $\frac{1}{4}$	19 $\frac{1}{2}$

Three Months Ended	March 31, 1982	June 30, 1982	September 30, 1982	December 31, 1982
Net sales	\$168,890	\$207,940	\$242,118	\$208,138
Gross profit	9,228	16,678	39,851	36,495
Net income (loss)	(9,468)	(5,868)	5,450	2,745
Earnings (loss) per share	(.78)	(.52)	.32	.12
Average common shares	13,510	13,510	13,512	13,652
Stock price range (c):				
High	12	12 $\frac{1}{2}$	14	20 $\frac{1}{2}$
Low	10 $\frac{1}{4}$	10 $\frac{1}{2}$	11	13

(a) During 1982, certain inventory quantities were reduced which resulted in the liquidation of inventories carried at prior years' cost. The effect of the reductions increased gross profit by \$.3, \$1.9, and \$.3 million in the second, third, and fourth quarters of 1982, respectively.

(b) Common stock dividends have been omitted since the third quarter of 1981. Additional information is in Note 3.

(c) The New York Stock Exchange is the principal market and prices are based on the Composite Tape. The Company's Common Stock is also listed on the Pacific Stock Exchange. As of December 31, 1983, there were 6,939 holders of record of Common Stock.

Reports on Financial Statements

TO THE SHAREHOLDERS

The management of the Company has prepared the accompanying consolidated financial statements. Their consistency and objectivity are the responsibility of management. These statements were prepared in accordance with generally accepted accounting principles appropriate in the circumstances, based on our best estimates and judgments and giving due consideration to materiality.

The Company maintains internal control systems designed to provide reasonable assurance that the books and records reflect the transactions of the Company and that its assets are protected from loss or unauthorized use. A staff of internal auditors reviews the Company's internal controls and accounting practices.

The Audit Committee of the Board of Directors, composed solely of nonmanagement directors, meets periodically with the independent auditors, management and internal auditors to review the work of each. The independent auditors have free access to this Committee to discuss the results of their audit work, the adequacy of internal accounting controls and the quality of financial reporting.



Michel L. Besson
President and
Chief Executive Officer



J.E. Zimmerman
Senior Vice President and
Chief Financial Officer

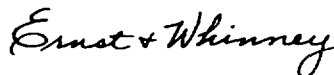
Valley Forge, Pennsylvania
January 20, 1984

BOARD OF DIRECTORS

CERTAINTEED CORPORATION
VALLEY FORGE, PENNSYLVANIA

We have examined the consolidated balance sheet of CertainTeed Corporation as of December 31, 1983 and 1982, and the related consolidated statements of income and of changes in financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of CertainTeed Corporation at December 31, 1983 and 1982, and the consolidated results of its operations and changes in its financial position for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis except for the change, with which we concur, made as of January 1, 1982 in the method of accounting for foreign currency translations which is described in Note 1 to the consolidated financial statements.



Philadelphia, Pennsylvania
January 20, 1984

Directors and Executive Officers

Directors

JOHN T. GURASH
Chairman of the Board
CertainTeed Corporation

MICHEL L. BESSON
Vice Chairman of the Board
President and
Chief Executive Officer
CertainTeed Corporation

JEAN L. BEFFA
President and
Chief Operating Officer
Compagnie de Saint-Gobain

ROGER FAUROUX
Chairman and
Chief Executive Officer
Compagnie de Saint-Gobain

JOHN T. FEY
Chairman of the Board
National Westminster Bank USA

MARY J. HEAD

PHILIPPE MALET

ROGER MARTIN
Chairman Emeritus
Compagnie de Saint-Gobain

ROBERT E. McDONALD
Vice Chairman and
President, Retired
Sperry Corporation

MARTIN MEYERSON
Chairman
University of Pennsylvania
Foundation
President Emeritus and
University Professor
University of Pennsylvania

ALAIN MINC
Chief Financial Officer
Compagnie de Saint-Gobain

Executive Officers

MICHEL L. BESSON
President and
Chief Executive Officer

MYRON P. SIMMONS
Senior Vice President
Administration & Law

JOHN E. ZIMMERMAN
Senior Vice President
Chief Financial Officer

JOHN W. BELT JR.
Vice President
President,
Vinyl Building Products Division

PETER R. DACHOWSKI
Vice President
and Comptroller

THOMAS A. DECKER
General Counsel and Secretary

RICHARD A. DeCOSTE
Vice President
President, Shelter Materials Group

THOMAS A. DOUGHERTY
Vice President
Industrial Relations

JEAN M. FOGLIZZO
Treasurer

RENE GOUTTE
Vice President
President, Insulation Group

DONALD S. HUML
Vice President
President, Utility Supply Group

LESTER F. KAAS
Vice President
Administration

JOHN D. KEOHANE
Vice President
Internal Audit

THEODORE F. MERKEL
Vice President
Information Systems

GLIDDEN D. O'CONNOR
Vice President
President,
Building Materials
Distribution Group

DOUGLAS E. POTTER
Vice President
President,
Fiber Glass
Reinforcements Division

FRED TIMPE
Vice President
President,
Pipe & Plastics Group

TRANSFER AGENT AND REGISTRAR

Manufacturers Hanover Trust Co.
450 West 33rd Street
New York, N.Y. 10001

COMMON STOCK LISTED

New York Stock Exchange
Pacific Stock Exchange

ANNUAL MEETING

The Annual Meeting of Shareholders will be held on Tuesday, May 22, 1984. Information concerning the time and place of the meeting will be provided in the notice of the Annual Meeting.

10-K AVAILABILITY

Requests for the Company's Form 10-K filed with the Securities and Exchange Commission, and any other inquiries from individual and institutional investors, should be directed to:

CertainTeed Corporation
Investor Relations Department
P.O. Box 860
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