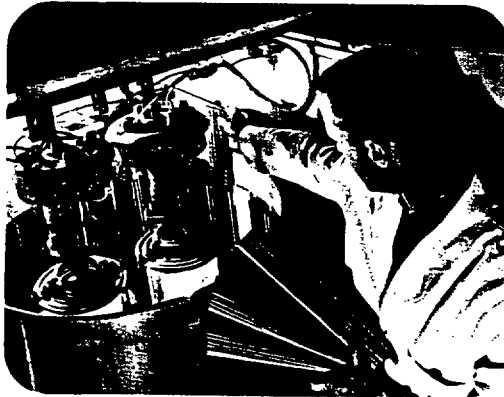
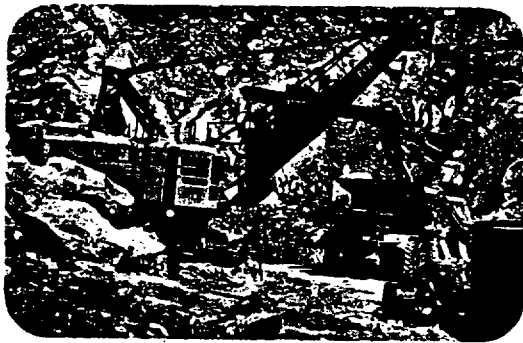


**PLAINTIFF'S
EXHIBIT**
JM 612

JOHNS-MANVILLE CORPORATION

1965 Annual Report



MTC 002245

FINANCIAL HIGHLIGHTS OF THE YEAR

	1965	1964
Net Sales	\$480,180,000	\$458,879,000
Net Earnings	\$ 34,134,000	\$ 32,065,000
Net Earnings per Share	\$4.03	\$3.77
Dividends	\$ 17,375,000	\$ 17,018,000
Dividends per Share	\$2.05	\$2.00

Cash Flow	\$ 54,093,000	\$ 50,739,000
Cash Flow per Share	\$6.39	\$5.96
Working Capital	\$126,937,000	\$114,420,000
Stockholders' Equity	\$324,495,000	\$307,796,000

Depreciation and Depletion	\$ 19,959,000	\$ 18,674,000
Research and Development	\$ 7,417,000	\$ 7,627,000
Capital Expenditures	\$ 21,231,000	\$ 20,105,000
Income Taxes	\$ 29,370,000	\$ 26,200,000
Other Tax Provisions	\$ 10,748,000	\$ 9,652,000
Total Taxes	\$ 40,118,000	\$ 35,852,000
Total Taxes per Share	\$4.74	\$4.21

Stockholders	27,700	30,000
Number of Employees	20,900	20,400

CONTENTS	
President's Letter	1
Mining	2
Production	4
Marketing	6
Research and Engineering	8
Administration	10
Directors and Officers	11
Divisions	12
Operating Facilities	14
Ten-Year Review	15
Financial Statements	16

ANNUAL MEETING—The 1966 Annual Meeting of Stockholders will be held in Boston, Massachusetts on Thursday, March 17. All stockholders are cordially invited to attend. Proxies for this meeting and a reservation card are included with this mailing. All stockholders who cannot attend in person are reminded of the importance of returning their proxies.

FRONT COVER—Four photographs representative of the company's principal operating areas—Mining, Production, Marketing, and Research & Engineering.

MTC 002246

PRESIDENT'S LETTER

February 14, 1966

TO JOHNS-MANVILLE STOCKHOLDERS:

1965 was a year of progress for Johns-Manville. Market momentum in a healthy business economy produced record sales and earnings, despite strikes at eight of our plants.

Mining operations reached the highest levels ever and further strengthened our already important position among asbestos, diatomite and perlite producers.

Eleven of twelve divisions increased sales. Only Building Products, most affected by the strikes, failed to surpass 1964.

Cash flow—net earnings plus provision for depreciation and depletion—was the greatest yet experienced. For the fourth consecutive year, this important indicator bettered the previous year's mark.

These 1965 achievements, coupled with anticipated future growth, encouraged the Board of Directors to raise the dividend in the last quarter to an annual rate of \$2.20 per share.

The high level of construction activity throughout the Free World had a favorable impact on our business.

Construction, in Johns-Manville terms, covers a broad spectrum. It embraces refineries, schools, ships, plants, hospitals, residences—both private homes and apartment houses—shopping centers, water and sewer systems, power lines, oil and gas pipe lines, motels, farm buildings, TV studios and highways. Tooling up to meet this broadening construction market, your company built three plants during the year. One at Hayward, California, is now producing floor tile. Another, at Green Cove Springs, Florida, makes both asbestos-cement and plastic pipe. Overseas, a plant in Ghent, Belgium is now shipping asbestos-cement building materials.

Supporting these new operations were capital investments in J-M mining operations. Our asbestos, diatomite and perlite mines were expanded and modernized to help meet current needs and anticipated demand for these important raw materials.

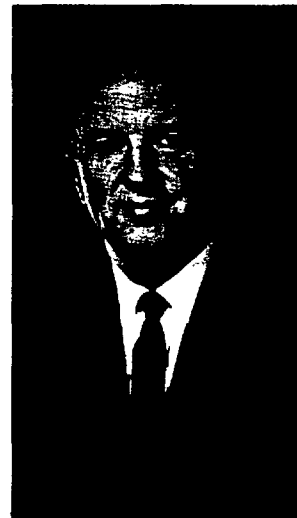
To accelerate our participation in markets outside the construction business, two other important projects were completed: a friction materials plant at Laurinburg, North Carolina; and at Wissembourg, France, a second European perlite processing plant.

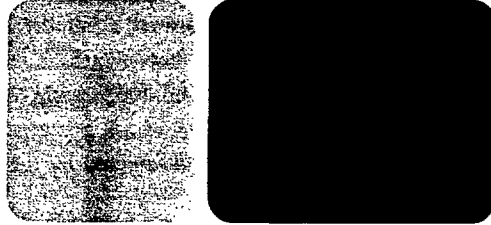
We hope this report gives you a good perspective of Johns-Manville and helps you evaluate the successful operations of 1965.

The Board joins me in extending appreciation for your support of our efforts. Together with the cooperation received from employees, customers and suppliers, it helped make 1965 a good year.



C. B. Burnett
President





MINING

Asbestos fiber, diatomite, perlite and products made from these raw materials accounted for approximately 55% of 1965 sales.

The efficient and economical mining of these three minerals is basic to the successful performance of the company.

Asbestos

Asbestos fiber, Johns-Manville's most important raw material, is mined at Asbestos, Quebec, Canada; Coalinga, California; and Baie Verte, Newfoundland, Canada. It is a basic component of products used in construction, fire protection and insulation.

Customers for J-M asbestos fiber, around the world, bought in record volume last year.

Additions and improvements were made in each of the company's three asbestos mining and milling operations.

At the wholly-owned Jeffrey Mine at Asbestos, a \$4,000,000 investment was authorized, increasing capacity of fiber production 30,000 tons and improving the quality of output. Specialized high-speed equipment for removal of overburden and waste rock at lower cost was part of this expenditure.

At the Coalinga mine, completing its fourth year of operation, milling capacity was increased 15,000 tons annually.

Coalinga yields a high quality white fiber particularly suited for manufacturing asphalt and vinyl asbestos flooring. Johns-Manville owns an

80 percent interest in this excellent California ore body, with Kern County Land Company also a part owner.

Advocate Mine, at Baie Verte, completing its second year of operation, exceeded 1964 production. Fiber quality was improved and added equipment increased the yield. J-M owns 31 percent of the Advocate Mine.

Field work and physical testing on the Reeves property, located in Northern Ontario, has been completed. Decision on the development of the ore body will be made early in 1966.

Diatomite

Diatomite, presently mined by Johns-Manville at Lompoc, California and Santa Catarina, Jalisco, Mexico, is a fossil mineral which the company markets under the name Celite®. It is used for filtering and clarifying liquids ranging from water to molten plastics. It is also used as a filler in paints, plastics, papers and polishes, serving to reduce sheen or to give whiteness.

During the year, with world-wide use of Celite continuing to grow, productive capacity of the wholly-owned Lompoc mine and mill was expanded 20,000 tons.

At Santa Catarina, the mining and milling operation went into full scale commercial production to serve the expanding market for diatomite in Mexico. J-M holds a 40 percent interest in the Santa Catarina operation with the balance held by Mexican nationals.

Perlite

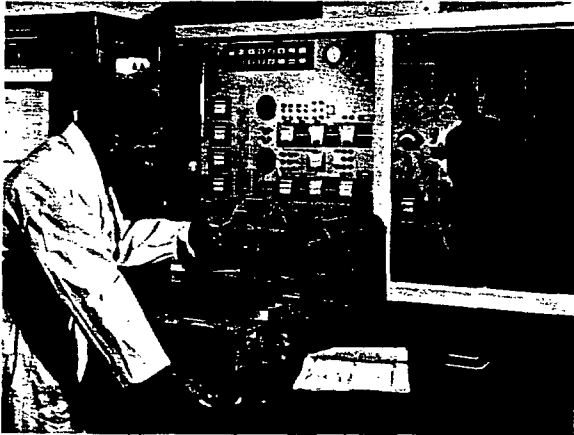
Perlite mining and milling capacity at No Agua, New Mexico was increased 20,000 tons to keep pace with growing demand.

Perlite is a volcanic raw material that has the unique property of expanding like popcorn when heated. The expanded mineral has millions of air cells, is incombustible, and therefore ideal for insulation and other fire retardant building materials.

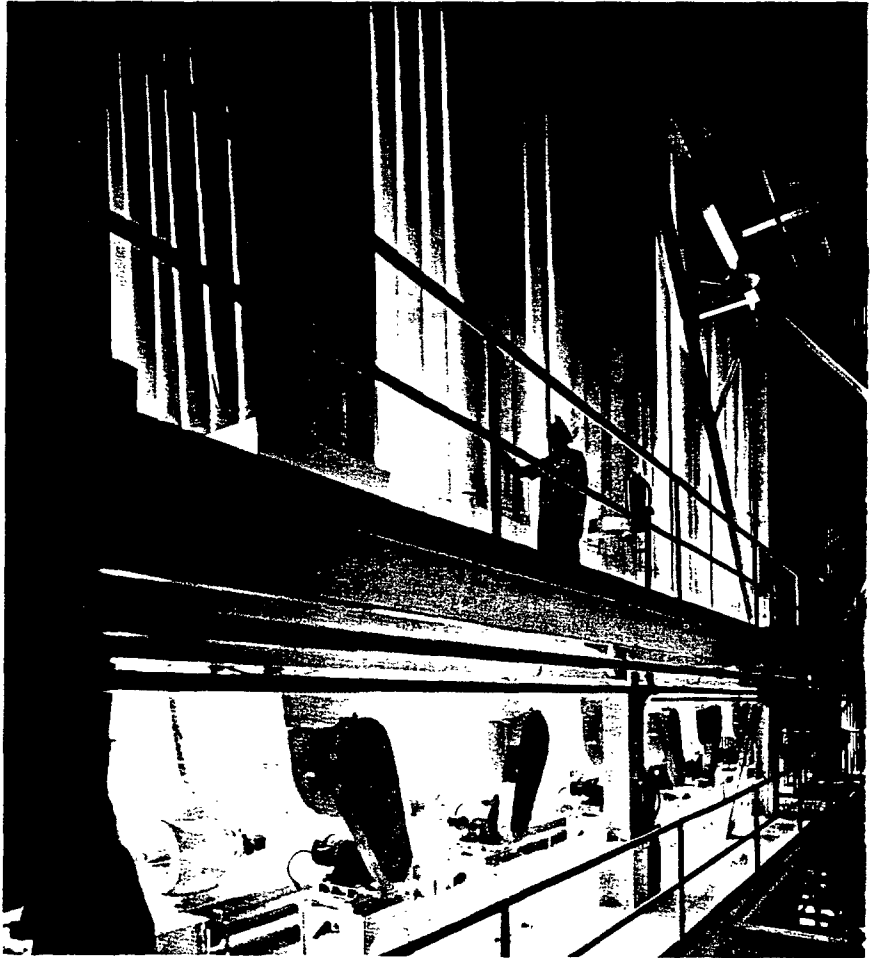
Light in weight, perlite is particularly suited as an aggregate for plaster and concrete.



High speed equipment removes overburden at the rate of 35 tons a minute during stripping operations at the Jeffrey Mine, Asbestos, Quebec.



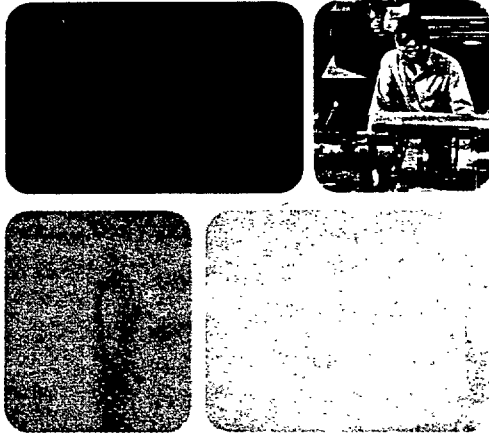
Quality control testing of synthetic silicates produced at Lompoc, California.



New automatic bag collectors installed at Lompoc, California increase diatomite processing capacity.



Panoramic view of asbestos mine and mill, Baie Verte, Newfoundland.



PRODUCTION

Plant construction, expansion and modernization keyed Johns-Manville production activities in 1965.

Five new plants were in operation by year end, bringing the company total to fifty-three. Forty-three are located in the United States; three in Canada, and seven overseas.

New U.S. Operations

A new floor tile plant is operating at Hayward, California, to meet growing demand in the western states for asphalt and vinyl asbestos flooring products.

Market studies of the southeast U.S. pointed up a steadily increasing interest in J-M pipe products in that area. So, a new pipe plant is now located at Green Cove Springs, Florida.

The new plant produces asbestos-cement and polyvinyl-chloride (PVC) plastic pipe for use in municipal water and sewage lines, irrigation and industrial plant piping systems, as well as in new homes.

Laurinburg, North Carolina, is the home of a new J-M friction materials plant, producing Cobra brake shoes for the railroad industry.

New Overseas Plants

Asbestos-cement building board is being made at a new plant in Ghent, Belgium. At Wissembourg, France, another new J-M factory is producing and shipping perlite filter aids to the sugar, beverage, food and chemical processing industries of Europe.

The Wissembourg plant is the second perlite operation the company has established overseas. The first such facility is located in Hull, England.

Modernization and Expansion

Besides building new plants, J-M increased capacity and reduced costs by modernizing or expanding at a number of locations.

At Denison, Texas, new equipment is producing Temp-Tite® pipe, a recently developed J-M product that has a polyurethane plastic core, sandwiched between two sections of Transite® asbestos-cement pipe.

At Manville, New Jersey, equipment was installed to make the newly developed Bel-Air fire resistant shingles. Facilities were also added to hot-form titanium for components the company furnishes for America's defense and aerospace programs.

Manufacturing facilities for fiber glass were expanded at Richmond, Indiana; Defiance and Waterville, Ohio; Parkersburg, West Virginia; and Penbryn, New Jersey.

Asphalt roofing products are now being produced in greater volume at the Savannah, Georgia plant, as a result of an expansion completed during 1965.

Licensing Agreements

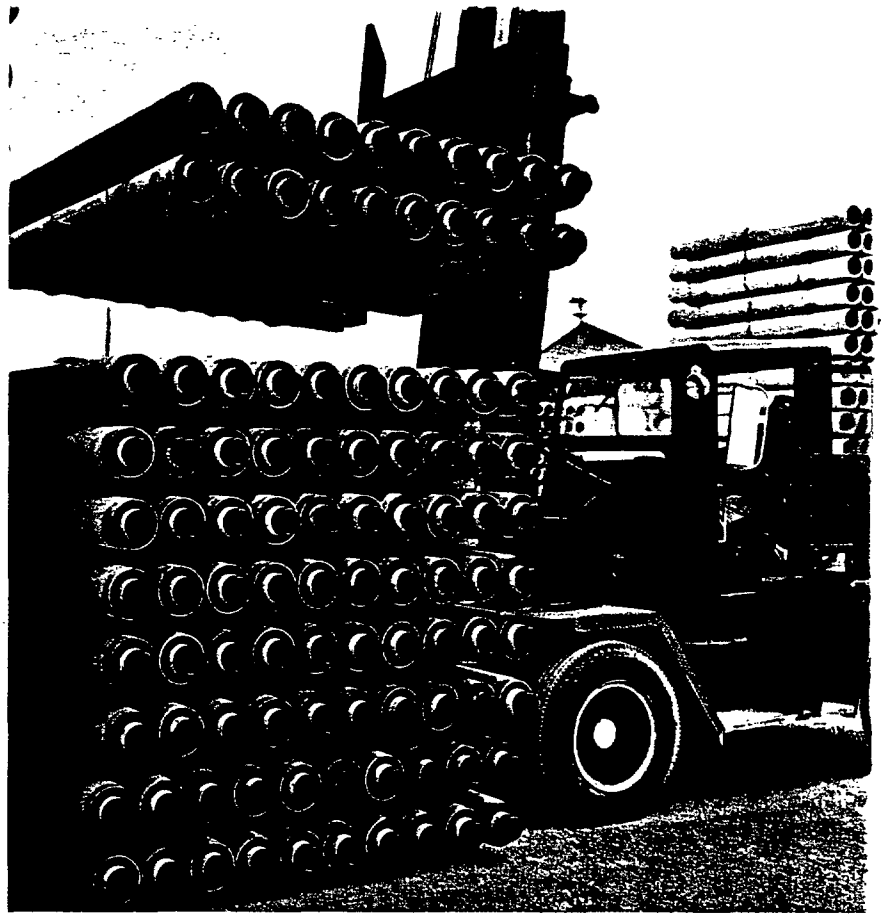
Johns-Manville continued in 1965 to increase its role in important world markets through licensing, technical assistance agreements and minority investments.

At year end, J-M developed products were being manufactured overseas by 64 companies, operating 86 plants in 28 countries.

Of particular interest to overseas manufacturers has been an extrusion process which J-M developed for making asbestos-cement building products. Already, companies in the United Kingdom, Belgium, Denmark and Mexico have signed licensing and technical assistance agreements for this promising production technique.



Manufacturing operations at recently completed friction materials plant, Laurinburg, North Carolina.



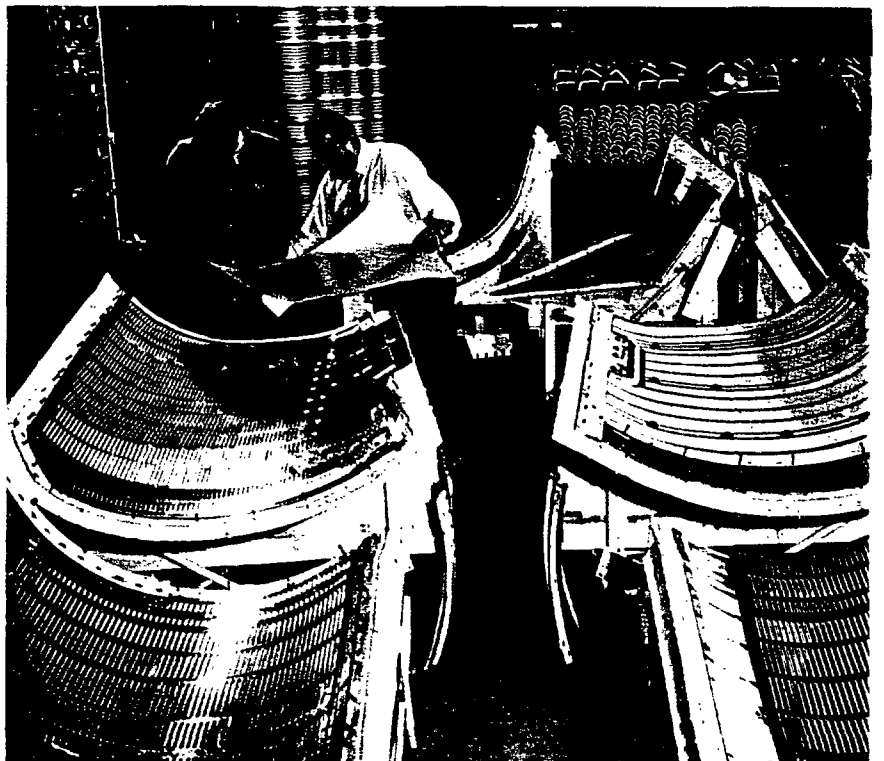
Recently introduced Temp-Tite pipe is stacked prior to shipment from production operation at Denison, Texas.



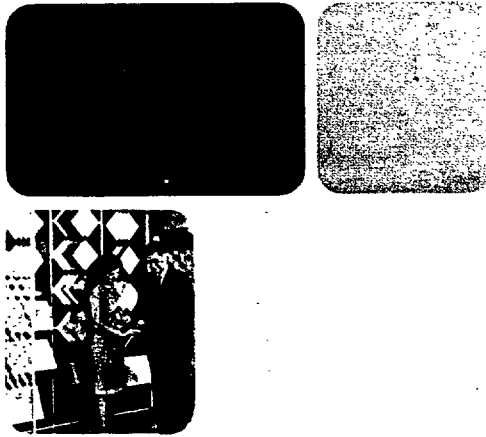
Ground level view of the company's new floor tile plant at Hayward, California.



J-M developed extrusion process is used by Mexican manufacturer to make asbestos-cement products.



Aircraft insulating shrouds for the F-111 tactical fighter receive inspection check at Manville, New Jersey plant.



MARKETING

Johns-Manville markets more than 100 major product lines. They range from disc brake pads for automobiles to built-up roofing for buildings; from pressure-sensitive tapes to fiber glass reinforced plastic panels; from pipe that carries water deep underground to sophisticated insulations that protect U.S. astronauts a hundred miles above the earth.

Because J-M sells these products to a wide variety of major industries—construction, steel, chemical, petroleum, transportation, appliances, electrical, sewage and utilities—the company's sales performance is closely related to the progress, growth and strength of the whole general business economy.

Thus the high national level of capital spending in 1965 helped the sales of J-M industrial products—industrial insulations, perlite, diatomite and friction materials, as well as construction materials—asbestos-cement pipe, building panels, roofing, ceiling and floor tile and insulated hot and cold air ducts.

The slight dip in U.S. housing starts affected the sale of J-M building products, partially offsetting the gains in industrial and commercial construction. Due to its wide product and market diversification, however, Johns-Manville today derives only 15% of its sales from the new home market.

Customer Services Expanded

To improve delivery to J-M's 70,000 customers, a new product distribution center was established at Columbus, Ohio and warehouse

facilities were relocated at Jacksonville; Mt. Vernon, New York; Tulsa; Miami; Minneapolis; and St. John, New Brunswick, Canada.

An important part of the company's marketing program is the intensive product training that is conducted for the sales employees of J-M customers.

In 1965, more than 15,400 such people participated in sales training sessions in major market areas throughout the U.S.

Styling and Design

The sale of J-M building products, in particular, hinges in large measure on good product styling and design. To insure continued progress in this area, the company established a Design Center at Mountainside, New Jersey. Here, design and styling specialists work to upgrade the appearance and utility of well-established J-M lines as well as the newer building materials developed at the company's Research Center at nearby Manville.

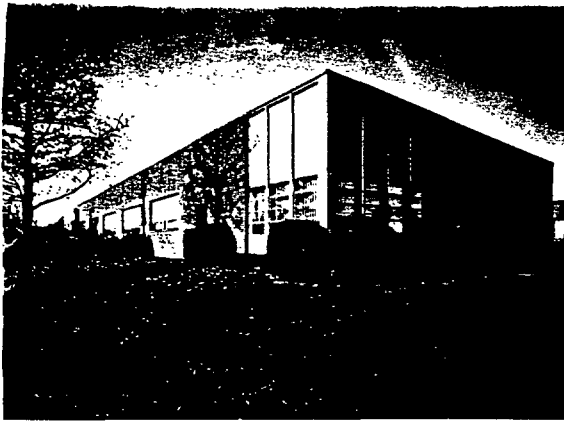
Advertising and Sales Promotion

Advertising and sales promotion activities were intensified during the year, in support of the company's more than 20,000 distributors, dealers, applicators and approved contractors.

More than 200 specialized business publications carried advertisements designed to tell readers more about what J-M products can do for them.

A worldwide advertising campaign—telling the story of Johns-Manville progressiveness, its development of unusual new products, its association with progressive projects like space exploration—appeared in *Newsweek*, *Newsweek International*, *Time International*, *U.S. News & World Report* and *Business Week*.

Progress continued during the year on a program for measuring advertising effectiveness on a market-by-market basis. Computer analysis of various combinations of promotional effort will help formulate future advertising campaigns designed to produce maximum return on the dollar invested.



Newly established J-M Design Center, located at Mountainside, New Jersey.



After a walk in space, a ride through an inferno. A 1/2 inch thermal barrier helped make it safe.

How?

Johns-Manville's Bel-Air fire resistant roofing is a unique product that provides a thermal barrier for spacecraft. It is made of a special mineral fiber that is resistant to high temperatures and is capable of withstanding the intense heat of reentry. The product is available in a variety of colors and textures, and is easy to install. It is a proven solution for the aerospace industry, and is used on a wide range of spacecraft, including the Apollo program. For more information, contact your local Johns-Manville distributor.



Johns-Manville

Advertisement highlighting J-M contributions in aerospace as featured in leading publications.



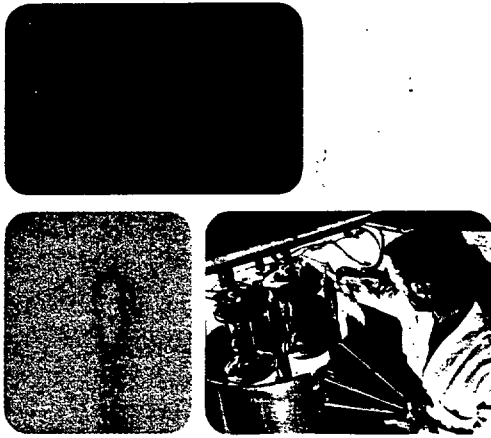
On-site application of the recently introduced Bel-Air fire resistant roofing that provides texture and appearance of natural wood shake shingles.



Building Products exhibit at the 1965 national convention of the American Institute of Architects.



Sales promotional programs include eye-catching point-of-purchase displays in support of the national network of J-M dealers.



RESEARCH AND ENGINEERING

At Manville, New Jersey the company operates the largest research and engineering facility in the world devoted to building materials, insulations and industrial products. Here, J-M scientists concern themselves with the control of heat, cold, sound and motion—with fighting the destructiveness of fire, weather and wear.

In 1965, Johns-Manville invested over \$11 million in research, development, and engineering. A substantial part of this was directed to developing new applications for plastics, products for use in water treatment, and high temperature insulations for the nation's aerospace program. In addition, a number of promising new products were brought from the development stage to commercial production.

Plastics

Efforts continued in 1965 to use plastics to broaden and improve J-M product lines.

To consolidate development efforts in plastic foam materials, a new operating department was organized under the Industrial Insulations Division. Plastic foam products currently include polystyrene, polyurethane and polyvinylchloride for low temperature insulating applications and as insulating core materials for building panels.

Water Treatment

Johns-Manville products have long been of service in the purification and transportation of water. J-M pipe carries potable and industrial process water as well as sewage, safely and eco-

nomically. Diatomite-based filtration products are currently in use in industrial, waste, secondary recovery, swimming pool and municipal water treatment systems.

In view of the growing national concern over the problem of water conservation, J-M research people are currently working with independent laboratories and government authorities to develop new uses for diatomite in purifying salt water and removing iron, hydrogen sulfide, starches, bacteria and detergents from public water systems.

Aerospace

High-temperature insulations developed by Johns-Manville continued to play a key part in the nation's aerospace effort.

Min-K® and Thermoflex® insulations protected U.S. astronauts in the Gemini orbital space flights. Several J-M products, including Min-K and Micro-Quartz® insulations, will shield the occupants of the forthcoming Apollo space vehicles that are scheduled to send men on a round trip to the moon.

Dyna-Flex, J-M trademark for a newly-developed insulating material capable of withstanding temperatures of 2,700 degrees F., is currently undergoing evaluation for future aerospace projects.

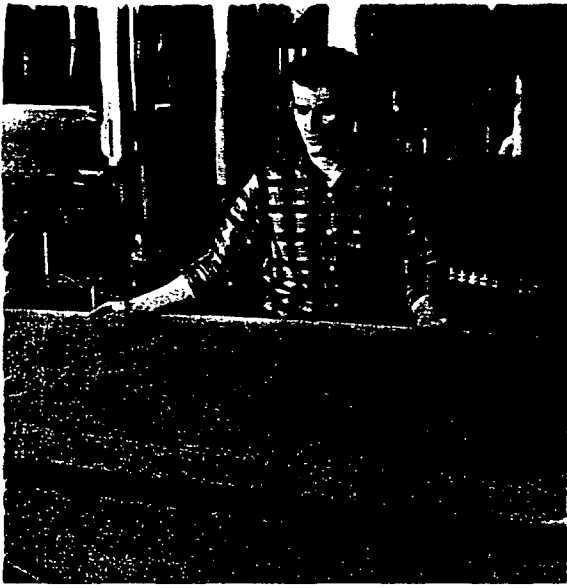
New Products

J-M products that progressed from the research and development stage to commercial production in 1965 included:

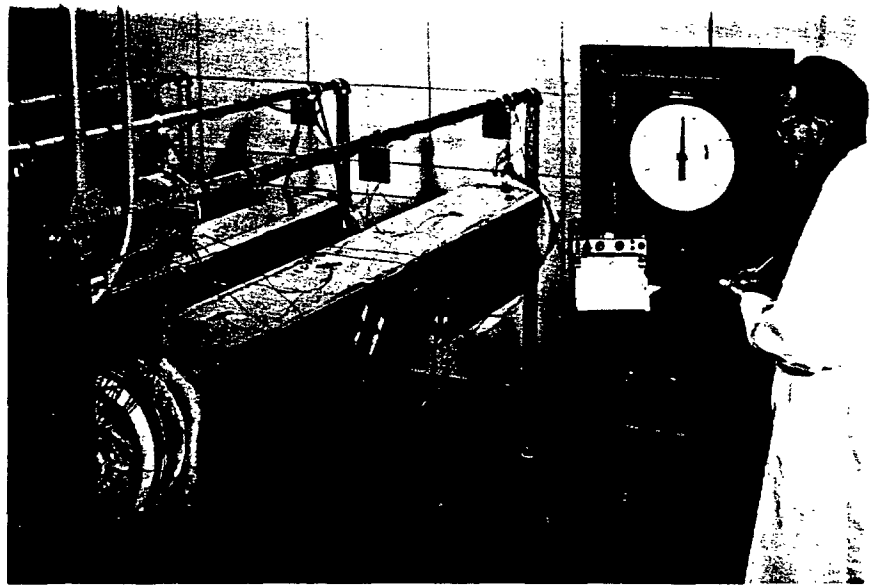
Bel-Air — fire resistant premium roofing material for residential, commercial and institutional buildings. This new material has the texture and appearance of natural wood shake shingles.

Acousti-Clad — incombustible, metal-enclosed ceiling tiles for industrial, institutional and commercial use.

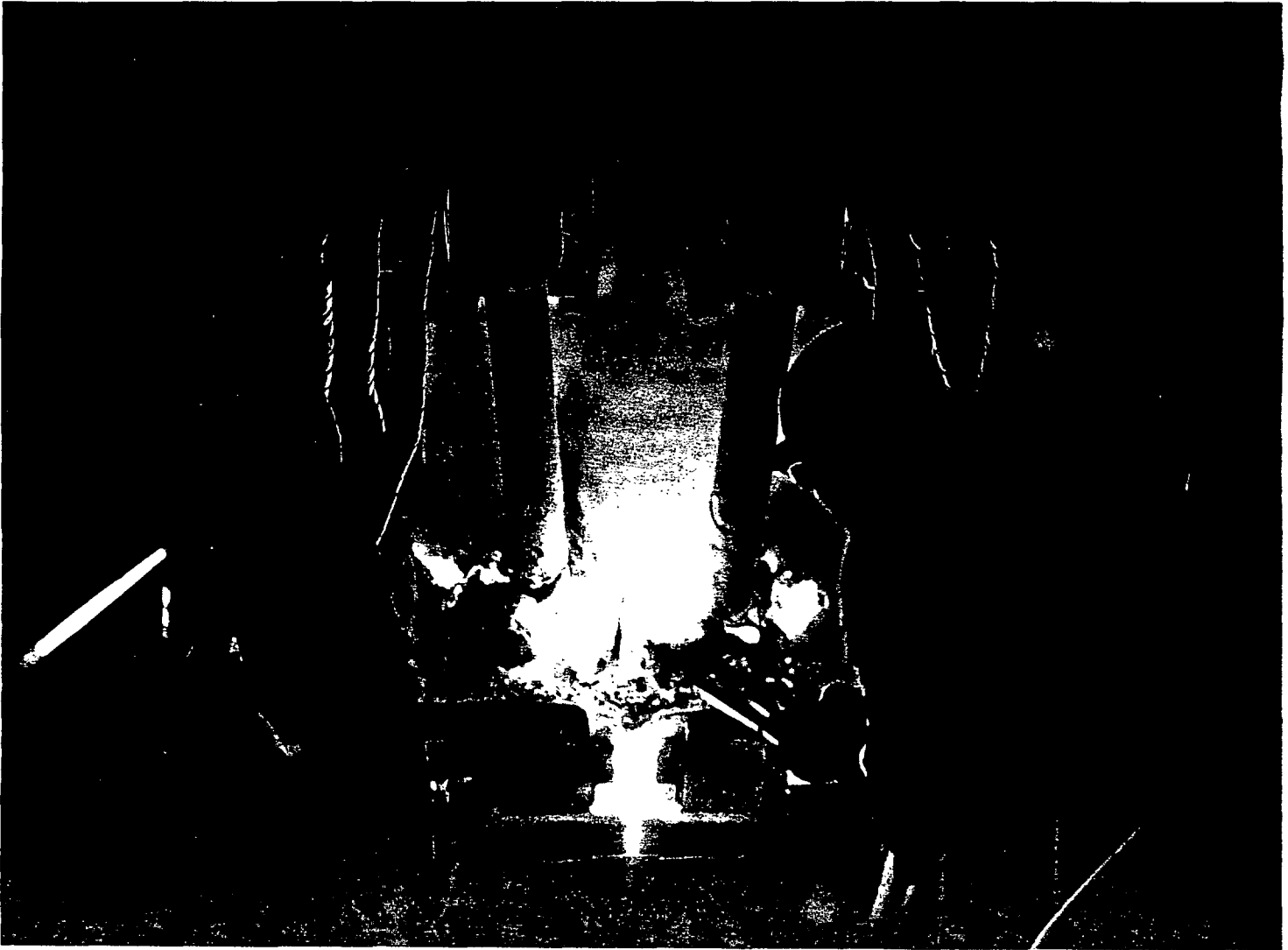
Micro-Aire Duct Board—aluminum-faced fiber glass board for fast fabrication of complete duct systems, for heating and air conditioning applications.



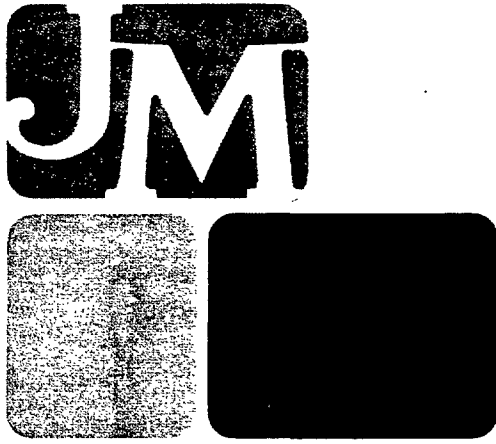
Pilot plant operator inspects new plastic foam product at the J-M Research and Engineering Center.



Laboratory conductivity test is applied to newly developed aluminum-faced fiber glass product for duct systems.



Research technician operates arc furnace used in the development of sophisticated insulating materials for aerospace applications.



ADMINISTRATION

The future strength and growth of Johns-Manville, in an increasingly competitive and complex society, requires that the 20,900 J-M people continually improve their skills, competence and knowledge.

In 1965, some 500 employees participated in supervisory and middle management training, 190 of them completing courses in administrative leadership or product management.

More than 5,000 J-M people were involved in plant training programs and 533 employees took advantage of the company's tuition aid plan to further their individual education at secondary schools and colleges.

Health, Safety and Service

In 1965, Johns-Manville further improved its programs for employee health, safety and industrial hygiene.

From base laboratories located at Asbestos, Quebec; Manville, New Jersey; Waukegan, Illinois and Lompoc, California, professional hygienists periodically visit each J-M plant and mine to determine that air cleanliness, light, heat and noise levels assure pleasant and efficient working conditions.

Johns-Manville continues to be an industrial leader in employee safety. As a result of a comprehensive accident prevention program, the company's safety record during 1965 stands well ahead of the National Safety Council's all-industry average.

During the year, 288 employees completed

25 years of company service, enlarging the ranks of the J-M Quarter Century Club to a total of 3,744 members.

Some 2,100 men and women received retirement income in 1965 from the Johns-Manville Retirement Fund.

Labor Relations

The company currently has fifty-three labor agreements with twenty-one international unions. During 1965, thirty-one contracts, of two or three years duration, were negotiated.

Union attempts at multi-plant bargaining and internal union problems resulted in costly strikes at Waukegan, Natchez, Long Beach, Toronto, Defiance and Hayward.

These unfortunate work stoppages had a substantial effect on both the employees involved and the company. Cost to employees—about \$4,100,000 in lost wages. Cost to the company—1,400,000 lost man hours of work.

Organization Changes

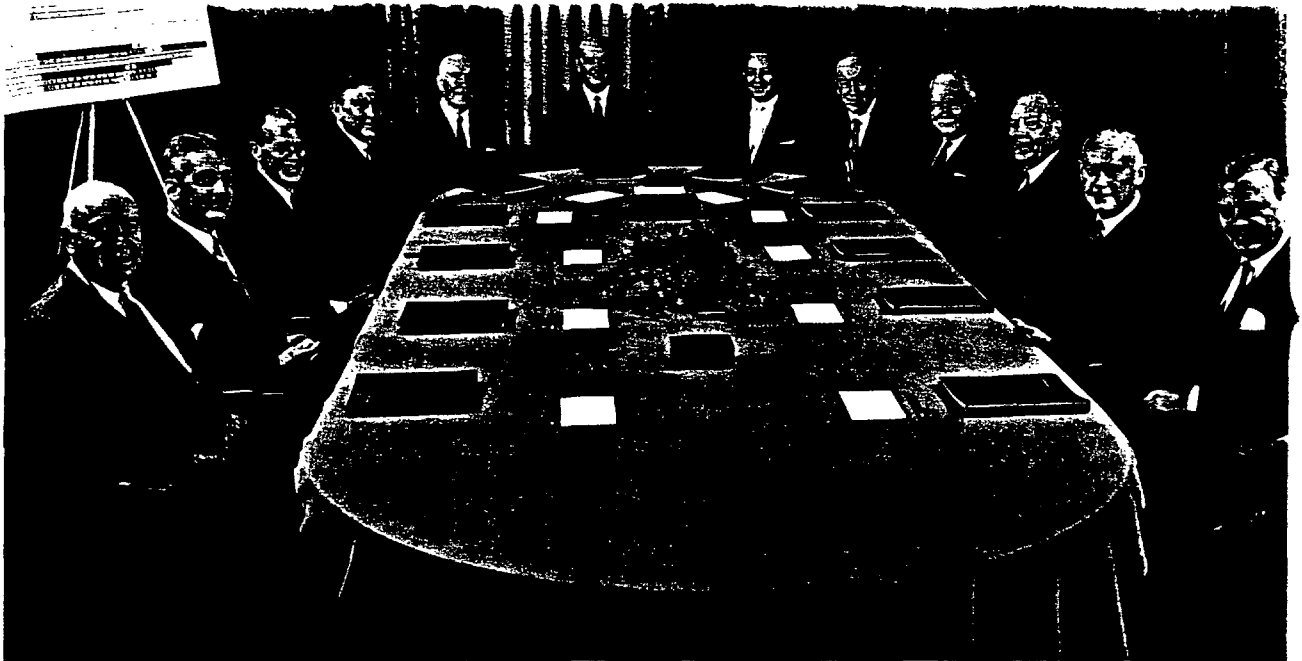
Effective January 1, 1965, Francis E. Dutcher, Vice President of Johns-Manville Corporation, was appointed to the newly created position of Vice President for Building Materials Divisions. In this operating position, Mr. Dutcher is responsible for the overall administration of the J-M Building Products, Flooring and Melamite Divisions.

Murray F. MacDonald, Vice President of Johns-Manville Sales Corporation, succeeded Mr. Dutcher as General Manager of the Building Products Division.

Legal Matters

A civil antitrust action instituted by the Government in 1962 against the Corporation and a related private antitrust action brought against the Corporation in 1964 are still pending.

Counsel is of the opinion that the Corporation has a valid defense to these two actions. Each involves the charges of antitrust violations, made by the Government in a criminal prosecution which ended in 1964 in a judgment of acquittal.



Johns-Manville Directors in session. Left to right, George P. MacNichol, Jr., Francis H. May, Jr., Leslie M. Cassidy, Joseph A. Grazier, Adrain R. Fisher, President Clinton B. Burnett, Secretary Herbert Morton Ball, Thomas E. Sunderland, Roger Hackney, William C. Stolk, Edgar G. Burton and Henry C. Alexander.

BOARD OF DIRECTORS

- Henry C. Alexander.....*Chairman of the Executive Committee, Morgan Guaranty Trust Company of New York*
- Clinton B. Burnett.....*President, Johns-Manville Corporation*
- Edgar G. Burton.....*Chairman, Simpsons Limited (Toronto)*
- Leslie M. Cassidy.....*Director various corporations*
- Adrain R. Fisher.....*Director, American Radiator & Standard Sanitary Corporation*
- Joseph A. Grazier.....*Chairman and President, American Radiator & Standard Sanitary Corporation*
- Roger Hackney.....*Vice President, Johns-Manville Corporation*
- George P. MacNichol, Jr.....*Director, Member of the Executive Committee, Libbey-Owens-Ford Glass Company*
- Francis H. May, Jr.....*Vice President, Johns-Manville Corporation*
- William C. Stolk.....*Director, American Can Company*
- Thomas E. Sunderland.....*Chairman, United Fruit Company*

OFFICERS

- Clinton B. Burnett.....*President*
- Charles W. Hite.....*Vice President for Industrial Relations*
- Roger Hackney.....*Vice President for Mining and International Divisions*
- Robert F. Orth.....*Vice President for Marketing and for Pipe Division*
- Don L. Hinmon.....*Vice President for Industrial Divisions*
- Francis E. Dutcher.....*Vice President for Building Materials Divisions*
- Francis H. May, Jr.....*Vice President for Finance*
- Arthur C. Smith.....*Vice President for Research, Development and Engineering*
- Herbert Morton Ball.....*Secretary and General Attorney*
- James M. Shackelford.....*Treasurer*
- Irving J. Pedly.....*Assistant Secretary*
- Mrs. Consuelo C. Bean.....*Assistant Secretary*
- Richard M. Davis.....*Assistant Treasurer*
- Robert A. Goldthwaite.....*Assistant Treasurer*

OPERATING DIVISIONS

Operation and administration of the company's fifty-three plants, six mines and worldwide network of sales offices is organized into twelve separate operating divisions.

Each division is responsible for production, sales and earnings within the scope of its assigned area.

Corporate departments coordinate operating divisions' efforts in the areas of finance, research, development and engineering, marketing, legal, administrative services, advertising and public relations and industrial relations.

ASBESTOS FIBRE



Karl V. Lindell, General Manager

The Asbestos Fibre Division is engaged in the worldwide exploration, mining and milling of asbestos fiber. It is responsible for operating asbestos mines and mills located at Asbestos, Quebec; Coalinga, California; and Baie Verte, Newfoundland. Headquarters for division activities is located at Asbestos, Quebec.

BUILDING PRODUCTS



Murray F. MacDonald, General Manager

The Building Products Division is a major national producer and supplier of a variety of wood, fiber glass, perlite, asbestos, and plastic based building materials for residential, commercial, institutional and industrial construction. The division operates a total of sixteen manufacturing facilities and a network of sales offices serving major markets throughout the United States.

CANADIAN PRODUCTS



Alfred G. Sinclair, General Manager

The Canadian Products Division with headquarters at Toronto, Ontario is responsible for the manufacture and sale of Johns-Manville product lines throughout the Canadian market. The division operates plants at Asbestos, Quebec; North Bay and Toronto, Ontario.

CELITE



Perry A. Martinson, General Manager

The Celite Division is a major producer of diatomite for industrial applications as filter media and inert filler, and a supplier of perlite and synthetic silicates. Operating facilities include a diatomite mine and mill at Lompoc, California; a perlite deposit and mill at No Agua, New Mexico, and a processing plant at Joliet, Illinois.

DUTCH BRAND



James R. Allen, Operations Manager

The Dutch Brand Division produces and markets a wide variety of pressure-sensitive plastic, rubber, cloth and paper tapes for electrical, industrial and

residential applications—and asbestos papers and board for the electrical and electronic industries. The division also produces and markets adhesives, cork and sponge rubber products for industrial use as sealing and gasketing. The division's production facilities are located at Chicago, Illinois and Tilton, New Hampshire.

FIBER GLASS



William L. VanDerbeek, General Manager

The Fiber Glass Division is responsible for the production of J-M fiber glass insulations marketed by the Building Products and Industrial Insulations divisions. The division also manufactures and sells textile fiber glass and reinforcement materials. Principal manufacturing operations are located at Cleburne, Texas; Corona, California; Defiance, Ohio; Parkersburg, West Virginia; Penbryn, New Jersey and Waterville, Ohio. The division maintains headquarters at Toledo, Ohio.

FLOORING



A. Kenneth Higbee, General Manager

The Flooring Division produces and sells the company's broad line of vinyl asbestos and asphalt asbestos floor tile products for residential, commercial and industrial flooring applications. The division operates plants at Chillicothe, Ohio; Manville, New Jersey; Marrero, Louisiana; and Waukegan, Illinois. A fifth manufacturing plant was placed in operation in 1965 at Hayward, California to meet growing demand in western markets.

MELAMITE



Wallace R. Tyrie, Operations Manager

The Melamite Division produces high-pressure plastic decorative laminates for application as counter tops, wall paneling and as surfacing material by furniture manufacturers. The division's production facilities and headquarters are located at Lawrence, Massachusetts.

INDUSTRIAL INSULATIONS



John B. Jobe, General Manager

The Industrial Insulations Division is a major supplier of industrial and commercial insulating materials. Principal product lines include pipe and block insulations; insulating fire brick; refractory cements; appliance, railroad, marine and automobile insulations; and specialty insulations for aerospace, atomic energy and cryogenic applications.

INTERNATIONAL



Dudley T. Colton, General Manager

The International Division is responsible for the production and marketing of J-M product lines

outside the United States and Canada. The division currently operates seven overseas manufacturing facilities located at Hull, England; St. Marcellin, Wissembourg and Bellegarde, France; Mol and Ghent, Belgium; and at Milan, Italy.

PACKING AND FRICTION MATERIALS



Edward H. Wells, General Manager

The Packings and Friction Materials Division manufactures and markets an extensive line of packings, gaskets, asbestos textiles; automotive and industrial brake linings, brake blocks and clutch facings. The division's production operations are located at Manville, New Jersey; Marshville, North Carolina; North Brunswick, New Jersey; Waukegan, Illinois; and Laurinburg, North Carolina.

PIPE



Robert F. Orth, General Manager

The Pipe Division produces and markets asbestos-cement pipe for home, farm and turf irrigation, public works, water and sewer systems, industrial and process applications. The division is also an important supplier of plastic pipe for water service and gas connections, irrigation systems, conduit, processing and oil lines. Operating facilities are located at Green Cove Springs, Florida; Denison, Texas; Manville, New Jersey; Marrero, Louisiana; Stockton, California; Long Beach, California; Waukegan, Illinois; and Franklin, Pennsylvania.

OPERATING FACILITIES

Plants

Alexandria, Indiana	Long Beach, California
Asbestos, Quebec	Los Angeles, California
Avery, Ohio	Madison, Illinois
Bellegarde, France	Manville, New Jersey
Billerica, Massachusetts	Marrero, Louisiana
Chicago, Illinois	Marshville,
Chillicothe, Ohio	North Carolina
Cleburne, Texas	*Milan, Italy
Cleveland, Ohio	*Mol, Belgium
Corona, California	Nashua,
Defiance, Ohio	New Hampshire
Carpenter Road	Natchez, Mississippi
Defiance, Ohio	New Orleans, Louisiana
Columbus Avenue	North Bay, Ontario
Defiance, Ohio	North Brunswick,
Perry Street	New Jersey
Denison, Texas	Parkersburg,
Fort Worth, Texas	West Virginia
Franklin, Pennsylvania	Penbryn, New Jersey
Ghent, Belgium	Pittsburg, California
Green Cove Springs,	Richmond, Indiana
Florida	Rockdale, Illinois
Houston, Texas	St. Marcellin, France
Hayward, California	Savannah, Georgia
Hull, England	Stockton, California
Jarratt, Virginia	Tilton, New Hampshire
Joliet, Illinois	Toronto, Ontario
Laurinburg,	Waterville, Ohio
North Carolina	Waukegan, Illinois
Lawrence,	Wissembourg, France
Massachusetts	Zelienople,
Lompoc, California	Pennsylvania

Mines

Asbestos, Quebec	Lompoc, California
†Baie Verte,	No Agua, New Mexico
Newfoundland	‡Santa Catarina, Mexico
*Coalinga, California	

Research and Engineering Center

Near Manville, New Jersey

Fiber Glass Research and Technical Center

Waterville, Ohio

*Majority Owned
 †Minority Interest—Operated and Managed by Canadian
 Johns-Manville
 ‡Minority Interest

TEN-YEAR REVIEW OF OPERATIONS

(All dollar figures except those per share are in millions)

	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956
Sales	\$480.2	458.9	414.9	392.3	377.8	365.2	377.6	331.7	308.3	310.4
Earnings Before Income Taxes	\$63.5	58.3	52.6	43.8	43.0	49.9	55.7	42.2	31.2	46.2
Income Taxes	\$29.4	26.2	24.9	19.9	19.1	23.4	24.1	18.8	13.4	21.2
Net Earnings	\$34.1	32.1	27.7	23.9	23.9	26.5	31.6	23.4	17.8	25.0
Earnings per Share*†	\$4.03	3.77	3.25	2.81	2.81	3.12	3.74	2.83	2.48	3.79
% of Earnings to Sales	7.1	7.0	6.7	6.1	6.3	7.3	8.4	7.0	5.7	8.0
Dividends	\$17.4	17.0	17.0	17.0	17.0	17.0	16.7	14.3	14.3	15.0
Dividends per Share*	\$2.05	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25
Investment	\$324.5	307.8	297.3	287.2	283.6	275.7	265.4	245.5	210.2	206.2
% of Earnings to Invest- ment at Start of Year	11.1	10.8	9.6	8.4	8.7	10.0	12.4	11.1	8.6	15.0
Capital Expenditures	\$21.2	20.1	15.8	11.4	20.0	20.0	16.2	12.0	45.3	24.9
Investments in Other Companies	\$3.5	6.3	5.8	6.6	1.8	2.9	.9	.9	.4	1.2
Depreciation & Depletion	\$20.0	18.7	19.2	19.6	16.9	16.8	16.8	15.8	14.5	13.6
Research Development & Engineering Expense	\$11.0	11.8	9.7	11.3	11.4	10.1	8.5	7.7	8.5	7.5
Book Value per Share*	\$38.29	36.32	34.89	33.71	33.30	32.47	31.32	29.63	29.35	28.84
Shares Outstanding at End of Year*	8,475,233	8,474,778	8,510,248	8,519,900	8,517,613	8,490,038	8,474,214	8,283,192	7,163,006	7,148,723
Stockholders	27,700	30,000	31,000	30,500	29,400	29,600	30,100	23,800	20,000	19,200
Employees	20,900	20,400	20,000	20,200	21,200	21,000	22,000	21,800	21,700	21,300
Wages, Salaries & Employee Benefits	\$184.8	175.7	159.2	151.9	150.3	146.3	145.9	135.7	130.9	127.5

*Adjusted for 1956 stock split.

†On average shares outstanding.

FINANCIAL STATEMENTS **Johns-Manville Corporation**

INVESTMENT

December 31

	1965	1964
WORKING CAPITAL		
Cash (including time deposits of \$7,500,000 in 1965)	\$ 17,958,000	\$ 16,453,000
Marketable securities at cost (approximately market)	37,483,000	35,279,000
Accounts and notes receivable	92,750,000	79,710,000
Inventories at the lower of cost (principally last-in, first-out) or market	58,570,000	57,685,000
Total current assets	206,761,000	189,127,000
Less, Current liabilities:		
United States and Canadian income taxes	23,505,000	27,861,000
Other taxes	8,274,000	6,588,000
Wages and compensation	17,415,000	16,139,000
Accounts payable and other accrued liabilities	30,630,000	24,119,000
Total current liabilities	79,824,000	74,707,000
Working capital	126,937,000	114,420,000
MARKETABLE SECURITIES set aside for plant additions	20,000,000	20,000,000
PROPERTIES AND PLANTS, at cost	363,049,000	347,225,000
Less, Accumulated depreciation and depletion	219,743,000	203,864,000
	143,306,000	143,361,000
INVESTMENTS (principally outside U.S.) and other assets, at cost or less		
Investments in unconsolidated subsidiaries	7,494,000	5,709,000
Investments in other companies	22,096,000	20,682,000
Prepaid expenses and deferred charges	4,329,000	3,420,000
Other assets	5,996,000	6,320,000
Total	39,915,000	36,131,000
	330,158,000	313,912,000
LESS:		
Notes payable, 2.7 per cent, principal payable \$250,000 annually to July 15, 1966, balance payable July 15, 1967	1,250,000	1,500,000
Reserves for self-insurance and product guarantees	4,413,000	4,616,000
	5,663,000	6,116,000
INVESTMENT	\$324,495,000	\$307,796,000
REPRESENTED BY:		
Common stock, \$5 par, 25,000,000 shares authorized, 8,582,500 issued. (Note 1)	\$119,484,000	\$119,526,000
Earnings reinvested	211,038,000	194,279,000
	330,522,000	313,805,000
Less: Cost of treasury stock, 1965—107,267 shares; 1964—107,722 shares	6,027,000	6,009,000
	\$324,495,000	\$307,796,000

ACCOUNTANTS' REPORT

*To the Stockholders and Directors of
Johns-Manville Corporation:*

We have examined the statement of investment of **JOHNS-MANVILLE CORPORATION** and its consolidated subsidiary companies as of December 31, 1965 and the related statement of earnings and earnings reinvested for the

year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements of Johns-Manville Corporation and its consolidated subsidiary companies for the year 1964. We

and Consolidated Subsidiary Companies

EARNINGS AND EARNINGS REINVESTED

	1965	1964
Net sales	\$480,180,000	\$458,879,000
Costs and expenses (Note 2):		
Cost of sales	346,173,000	331,542,000
Selling, general and administrative expenses	75,720,000	74,327,000
Total	421,893,000	405,869,000
Income from operations	58,287,000	53,010,000
Other income, net	5,217,000	5,255,000
Earnings before income taxes	63,504,000	58,265,000
Federal, Canadian and state income taxes (Note 3)	29,370,000	26,200,000
Net earnings for the year	34,134,000	32,065,000
Earnings reinvested at beginning of year	194,279,000	179,232,000
	228,413,000	211,297,000
Cash dividends, 1965, \$2.05 per share; 1964, \$2.00 per share	17,375,000	17,018,000
Earnings reinvested at end of year	\$211,038,000	\$194,279,000

Notes

1. At December 31, 1965, 311,658 shares were reserved for issuance under the employees' stock purchase and deferred compensation plans. The Company presently intends to purchase in the open market or otherwise all shares of common stock necessary to meet its obligations under these plans.

At December 31, 1965, an additional 128,075 shares were reserved for issuance in connection with options granted but unexercised under the incentive stock option plan. At January 1, 1965, options outstanding for 136,225 shares at prices ranging from \$41.875 to \$57.00 per share were unexercised. During 1965 no options were granted; options on

6,350 shares were exercised at prices ranging from \$41.875 to \$53.00 per share, and options on 1,800 shares expired. No further options may be granted under the plan.

2. Depreciation and depletion charged to operations amounted to \$19,959,000 in 1965, \$18,674,000 in 1964.

3. The Company has reflected the investment credit as a reduction of Federal income tax expense. The reductions amounted to \$1,055,000 or 12¢ per share in 1965 and \$1,781,000 or 21¢ per share in 1964, of which \$880,000 was applicable to prior years.

did not examine the financial statements of the Canadian subsidiaries, which statements were examined by Sharp, Milne & Co., Canadian chartered accountants, whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for Canadian subsidiaries, is based upon such reports.

In our opinion, the aforementioned financial

statements present fairly the financial position of Johns-Manville Corporation and its consolidated subsidiary companies at December 31, 1965 and 1964 and the results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY
New York, January 26, 1966

612

Johns-Manville

22 East 40th Street • New York, N. Y. 10016

TRANSFER AGENT—MORGAN GUARANTY TRUST COMPANY OF NEW YORK

REGISTRAR—THE CHASE MANHATTAN BANK, NEW YORK

GENERAL COUNSEL—DAVIS POLK WARDWELL SUNDERLAND & KIENDL, NEW YORK

AUDITORS—LYBRAND, ROSS BROS. & MONTGOMERY, NEW YORK • SHARP, MILNE & CO., MONTREAL



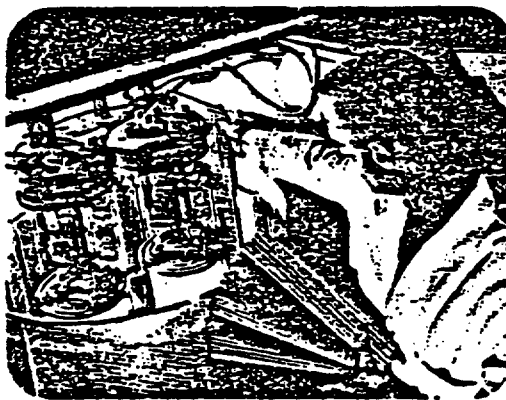
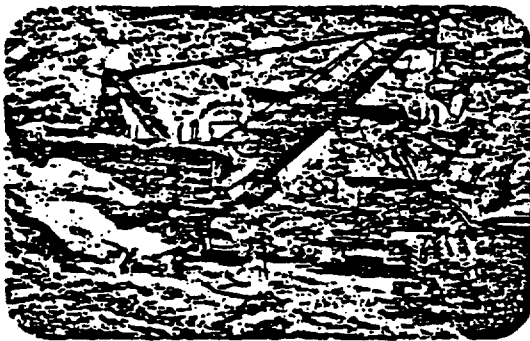
LITHO IN U.S.A.

MTC 002264

0 0 1 7 5 0 1 0 1 7 1

JOHNS-MANVILLE CORPORATION

1965 Annual Report



0 0 1 7 5 0 1 0 1 7 2

FINANCIAL HIGHLIGHTS OF THE YEAR

	1965	1964
Net Sales	\$480,180,000	\$458,879,000
Net Earnings	\$ 34,134,000	\$ 32,065,000
Net Earnings per Share	\$4.03	\$3.77
Dividends	\$ 17,375,000	\$ 17,018,000
Dividends per Share	\$2.05	\$2.00

Cash Flow	\$ 54,093,000	\$ 50,739,000
Cash Flow per Share	\$6.39	\$5.96
Working Capital	\$126,937,000	\$114,420,000
Stockholders' Equity	\$324,495,000	\$307,796,000

Depreciation and Depletion	\$ 19,959,000	\$ 18,674,000
Research and Development	\$ 7,417,000	\$ 7,627,000
Capital Expenditures	\$ 21,231,000	\$ 20,105,000
Income Taxes	\$ 29,370,000	\$ 26,200,000
Other Tax Provisions	\$ 10,748,000	\$ 9,652,000
Total Taxes	\$ 40,118,000	\$ 35,852,000
Total Taxes per Share	\$4.74	\$4.21

Stockholders	27,700	30,000
Number of Employees	20,900	20,400

CONTENTS			
President's Letter	1	Administration	10
Mining	2	Directors and Officers	11
Production	4	Divisions	12
Marketing	6	Operating Facilities	14
Research and Engineering	8	Ten-Year Review	15
		Financial Statements	16

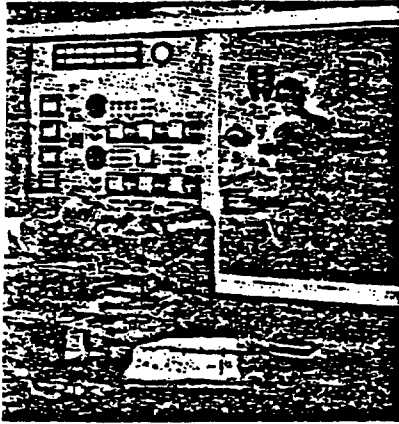
ANNUAL MEETING—The 1966 Annual Meeting of Stockholders will be held in Boston, Massachusetts on Thursday, March 17. All stockholders are cordially invited to attend. Proxies for this meeting and a reservation card are included with this mailing. All stockholders who cannot attend in person are reminded of the importance of returning their proxies.

FRONT COVER—Four photographs representative of the company's principal operating areas—Mining, Production, Marketing, and Research & Engineering.

MTC 002266



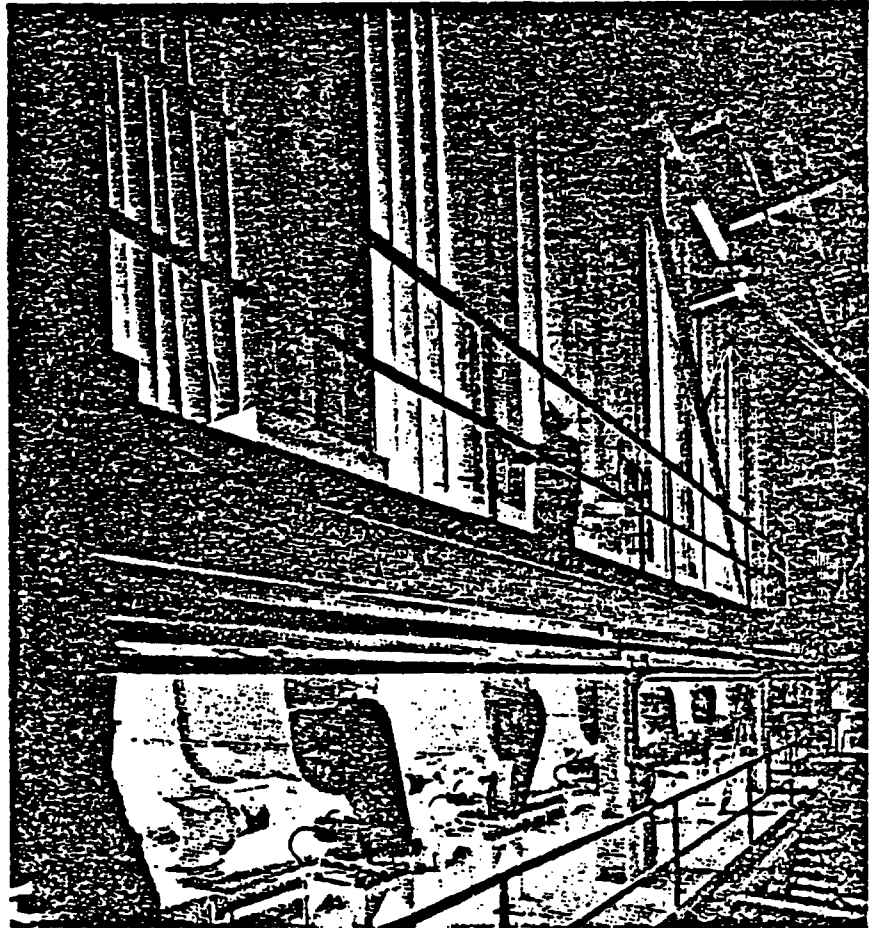
High speed equipment removes overburden at the rate of 35 tons a minute during stripping operations at the Jeffrey Mine, Asbestos, Quebec.



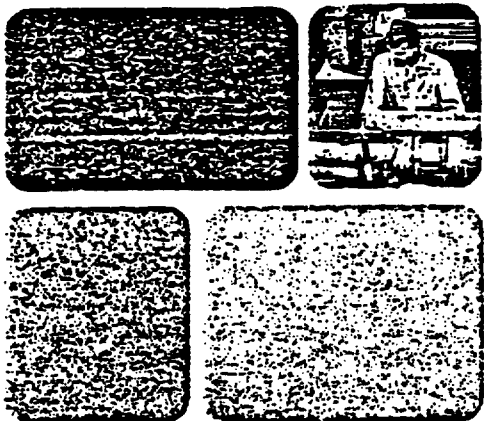
Control testing of synthetic silicates from Lompoc, California.



View of asbestos mine and mill, Baie du Foundland.



New automatic bag collectors installed at Lompoc, California increase diatomite processing capacity.



PRODUCTION

Plant construction, expansion and modernization keynoted Johns-Manville production activities in 1965.

Five new plants were in operation by year end, bringing the company total to fifty-three. Forty-three are located in the United States; three in Canada, and seven overseas.

New U.S. Operations

A new floor tile plant is operating at Hayward, California, to meet growing demand in the western states for asphalt and vinyl asbestos flooring products.

Market studies of the southeast U.S. pointed up a steadily increasing interest in J-M pipe products in that area. So, a new pipe plant is now located at Green Cove Springs, Florida.

The new plant produces asbestos-cement and polyvinyl-chloride (PVC) plastic pipe for use in municipal water and sewage lines, irrigation and industrial plant piping systems, as well as in new homes.

Laurinburg, North Carolina, is the home of a new J-M friction materials plant, producing Cobra brake shoes for the railroad industry.

New Overseas Plants

Asbestos-cement building board is being made at a new plant in Ghent, Belgium. At Wissembourg, France, another new J-M factory is producing and shipping perlite filter aids to the sugar, beverage, food and chemical processing industries of Europe.

The Wissembourg plant is the second perlite operation the company has established overseas. The first such facility is located in Hull, England.

Modernization and Expansion

Besides building new plants, J-M increased capacity and reduced costs by modernizing or expanding at a number of locations.

At Denison, Texas, new equipment is producing Temp-Tite® pipe, a recently developed J-M product that has a polyurethane plastic core, sandwiched between two sections of Transite® asbestos-cement pipe.

At Manville, New Jersey, equipment was installed to make the newly developed Bel-Air fire resistant shingles. Facilities were also added to hot-form titanium for components the company furnishes for America's defense and aerospace programs.

Manufacturing facilities for fiber glass were expanded at Richmond, Indiana; Defiance and Waterville, Ohio; Parkersburg, West Virginia; and Penbryn, New Jersey.

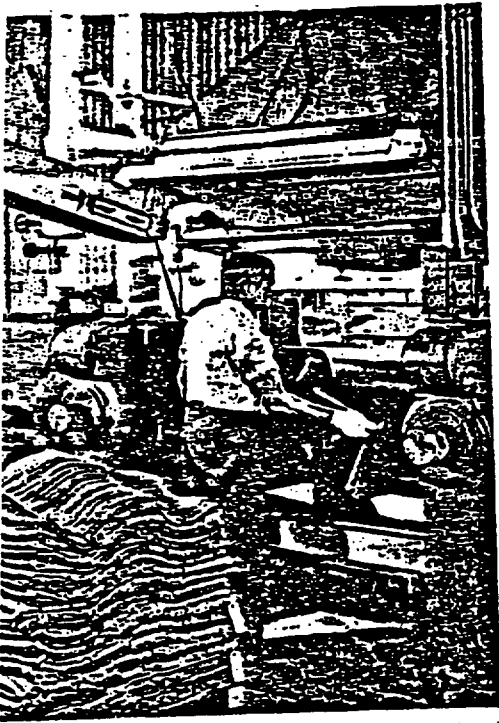
Asphalt roofing products are now being produced in greater volume at the Savannah, Georgia plant, as a result of an expansion completed during 1965.

Licensing Agreements

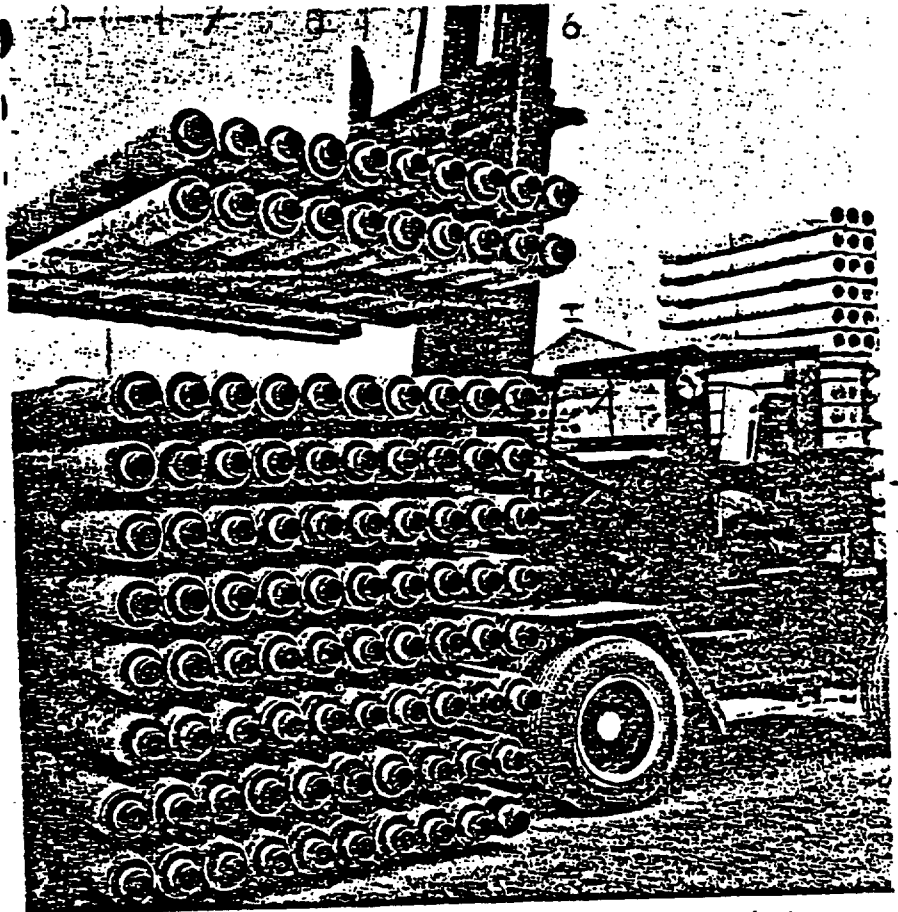
Johns-Manville continued in 1965 to increase its role in important world markets through licensing, technical assistance agreements and minority investments.

At year end, J-M developed products were being manufactured overseas by 64 companies, operating 86 plants in 28 countries.

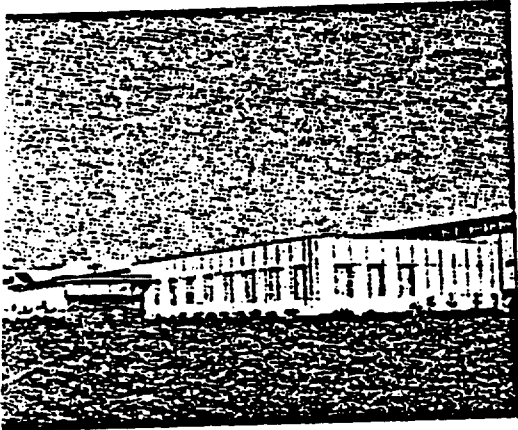
Of particular interest to overseas manufacturers has been an extrusion process which J-M developed for making asbestos-cement building products. Already, companies in the United Kingdom, Belgium, Denmark and Mexico have signed licensing and technical assistance agreements for this promising production technique.



Manufacturing operations at recently completed friction materials plant, Laurinburg, North Carolina.



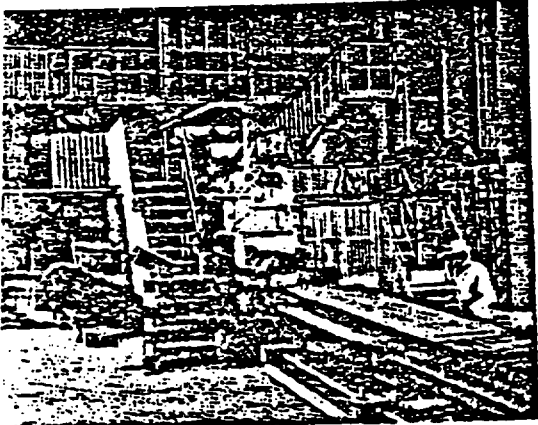
Recently introduced Temp-Tite pipe is stacked prior to shipment from production operation at Denison, Texas.



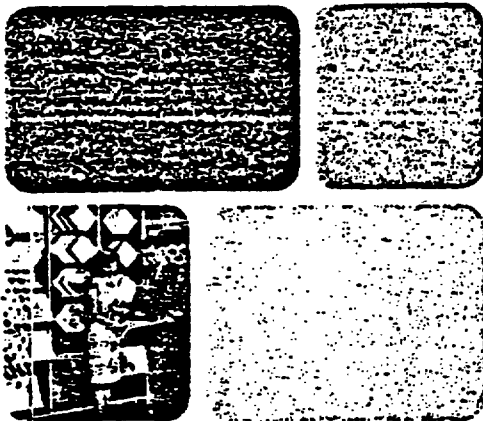
Ground level view of the company's new floor tile plant at Hayward, California.



Aircraft insulating shrouds for the F-111 tactical fighter receive inspection check at Manville, New Jersey plant.



J-M developed extrusion process is used by Mexican manufacturer to make asbestos-cement products.



MARKETING

Johns-Manville markets more than 100 major product lines. They range from disc brake pads for automobiles to built-up roofing for buildings; from pressure-sensitive tapes to fiber glass reinforced plastic panels; from pipe that carries water deep underground to sophisticated insulations that protect U.S. astronauts a hundred miles above the earth.

Because J-M sells these products to a wide variety of major industries—construction, steel, chemical, petroleum, transportation, appliances, electrical, sewage and utilities—the company's sales performance is closely related to the progress, growth and strength of the whole general business economy.

Thus the high national level of capital spending in 1965 helped the sales of J-M industrial products—industrial insulations, perlite, diatomite and friction materials, as well as construction materials— asbestos-cement pipe, building panels, roofing, ceiling and floor tile and insulated hot and cold air ducts.

The slight dip in U.S. housing starts affected the sale of J-M building products, partially offsetting the gains in industrial and commercial construction. Due to its wide product and market diversification, however, Johns-Manville today derives only 15% of its sales from the new home market.

Customer Services Expanded

To improve delivery to J-M's 70,000 customers, a new product distribution center was established at Columbus, Ohio and warehouse

facilities were relocated at Jacksonville; Mt. Vernon, New York; Tulsa; Miami; Minneapolis; and St. John, New Brunswick, Canada.

An important part of the company's marketing program is the intensive product training that is conducted for the sales employees of J-M customers.

In 1965, more than 15,400 such people participated in sales training sessions in major market areas throughout the U.S.

Styling and Design

The sale of J-M building products, in particular, hinges in large measure on good product styling and design. To insure continued progress in this area, the company established a Design Center at Mountainside, New Jersey. Here, design and styling specialists work to upgrade the appearance and utility of well-established J-M lines as well as the newer building materials developed at the company's Research Center at nearby Manville.

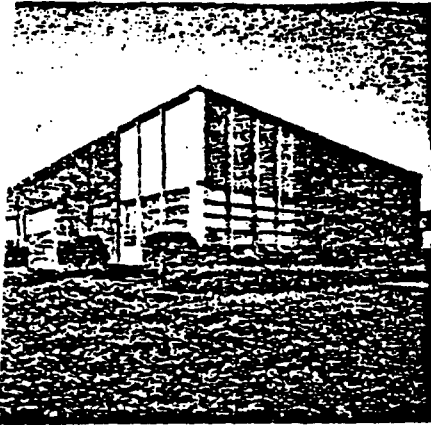
Advertising and Sales Promotion

Advertising and sales promotion activities were intensified during the year, in support of the company's more than 20,000 distributors, dealers, applicators and approved contractors.

More than 200 specialized business publications carried advertisements designed to tell readers more about what J-M products can do for them.

A worldwide advertising campaign—telling the story of Johns-Manville progressiveness, its development of unusual new products, its association with progressive projects like space exploration—appeared in *Newsweek*, *Newsweek International*, *Time International*, *U.S. News & World Report* and *Business Week*.

Progress continued during the year on a program for measuring advertising effectiveness on a market-by-market basis. Computer analysis of various combinations of promotional effort will help formulate future advertising campaigns designed to produce maximum return on the dollar invested.



established J-M Design Center, located at
tainside, New Jersey.



After a walk in space,
a ride through an inferno.
A 1/2 inch thermal barrier
helped make it safe.

How?



Advertisement highlighting J-M contributions in
space as featured in leading publications.



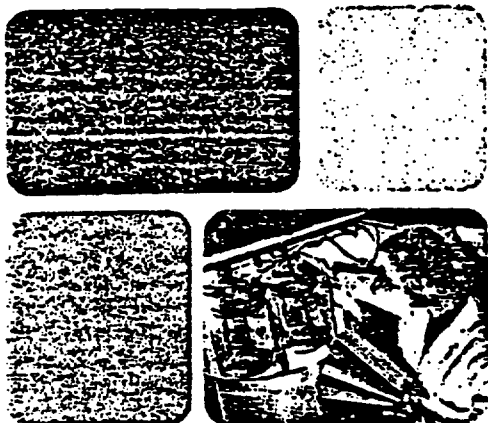
On-site application of the recently introduced Bel-Air fire resistant roofing that
provides texture and appearance of natural wood shake shingles.



Building Products exhibit at the 1965 national convention of the American Institute of Architects.



Sales promotional programs include eye-catching point-of-purchase displays in support
of the national network of J-M dealers.



RESEARCH AND ENGINEERING

At Manville, New Jersey the company operates the largest research and engineering facility in the world devoted to building materials, insulations and industrial products. Here, J-M scientists concern themselves with the control of heat, cold, sound and motion—with fighting the destructiveness of fire, weather and wear.

In 1965, Johns-Manville invested over \$11 million in research, development, and engineering. A substantial part of this was directed to developing new applications for plastics, products for use in water treatment, and high temperature insulations for the nation's aerospace program. In addition, a number of promising new products were brought from the development stage to commercial production.

Plastics

Efforts continued in 1965 to use plastics to broaden and improve J-M product lines.

To consolidate development efforts in plastic foam materials, a new operating department was organized under the Industrial Insulations Division. Plastic foam products currently include polystyrene, polyurethane and polyvinylchloride for low temperature insulating applications and as insulating core materials for building panels.

Water Treatment

Johns-Manville products have long been of service in the purification and transportation of water. J-M pipe carries potable and industrial process water as well as sewage, safely and eco-

nomically. Diatomite-based filtration products are currently in use in industrial, waste, secondary recovery, swimming pool and municipal water treatment systems.

In view of the growing national concern over the problem of water conservation, J-M research people are currently working with independent laboratories and government authorities to develop new uses for diatomite in purifying salt water and removing iron, hydrogen sulfide, starches, bacteria and detergents from public water systems.

Aerospace

High-temperature insulations developed by Johns-Manville continued to play a key part in the nation's aerospace effort.

Min-K[®] and Thermoflex[®] insulations protected U.S. astronauts in the Gemini orbital space flights. Several J-M products, including Min-K and Micro-Quartz[®] insulations, will shield the occupants of the forthcoming Apollo space vehicles that are scheduled to send men on a round trip to the moon.

Dyna-Flex, J-M trademark for a newly-developed insulating material capable of withstanding temperatures of 2,700 degrees F., is currently undergoing evaluation for future aerospace projects.

New Products

J-M products that progressed from the research and development stage to commercial production in 1965 included:

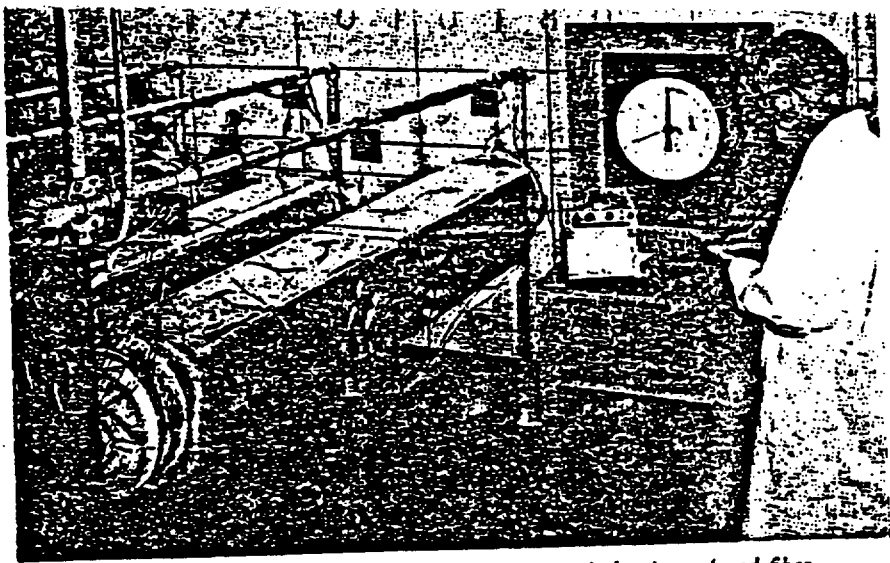
Bel-Air — fire resistant premium roofing material for residential, commercial and institutional buildings. This new material has the texture and appearance of natural wood shake shingles.

Acousti-Clad — incombustible, metal-enclosed ceiling tiles for industrial, institutional and commercial use.

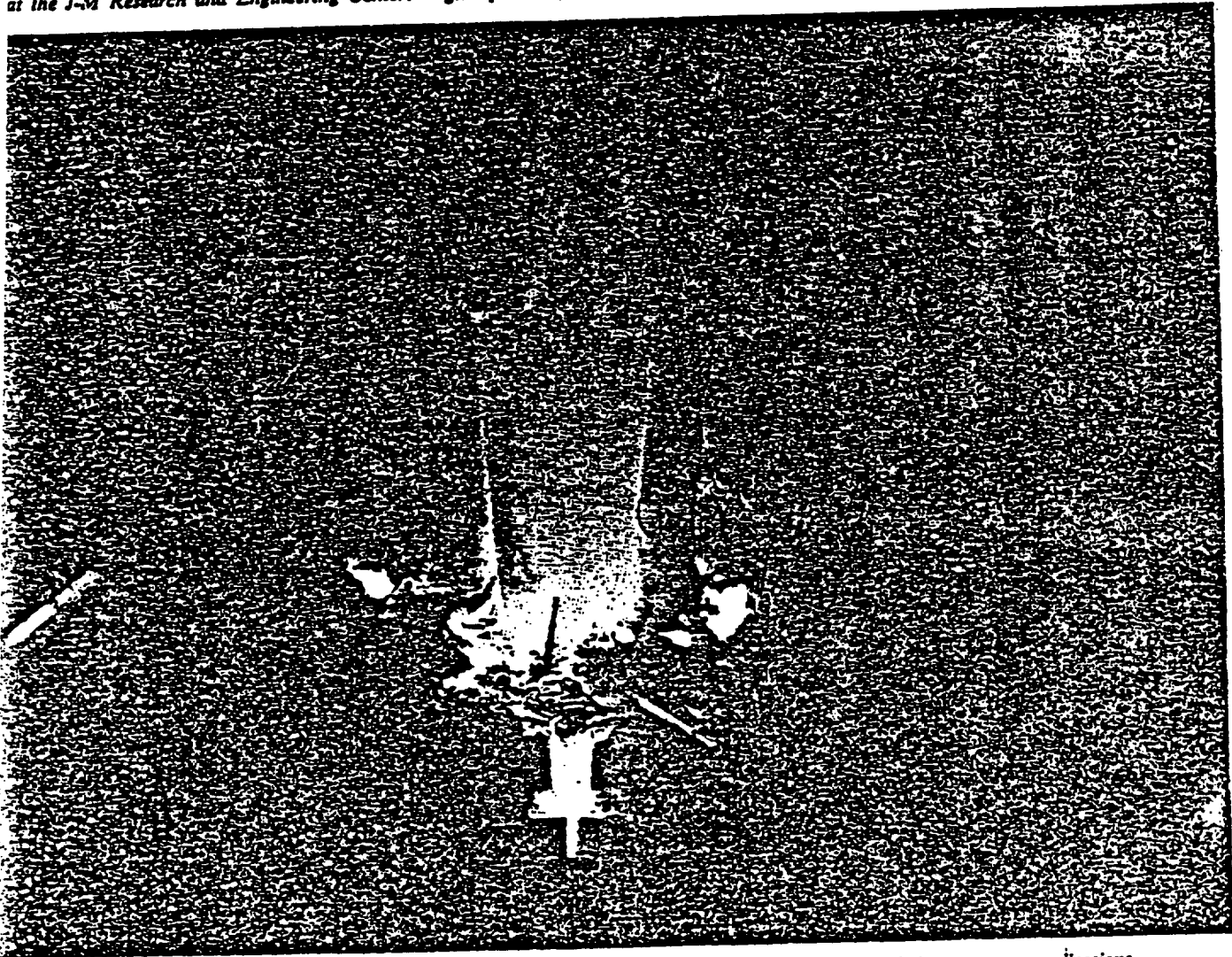
Micro-Aire Duct Board—aluminum-faced fiber glass board for fast fabrication of complete duct systems, for heating and air conditioning applications.



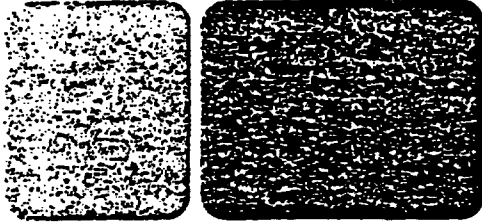
Plant operator inspects new plastic foam product at the J-M Research and Engineering Center.



Laboratory conductivity test is applied to newly developed aluminum-faced fiber glass product for duct systems.



Research technician operates arc furnace used in the development of sophisticated insulating materials for aerospace applications.



ADMINISTRATION

The future strength and growth of Johns-Manville, in an increasingly competitive and complex society, requires that the 20,900 J-M people continually improve their skills, competence and knowledge.

In 1965, some 500 employees participated in supervisory and middle management training, 190 of them completing courses in administrative leadership or product management.

More than 5,000 J-M people were involved in plant training programs and 533 employees took advantage of the company's tuition aid plan to further their individual education at secondary schools and colleges.

Health, Safety and Service

In 1965, Johns-Manville further improved its programs for employee health, safety and industrial hygiene.

From base laboratories located at Asbestos, Quebec; Manville, New Jersey; Waukegan, Illinois and Lompoc, California, professional hygienists periodically visit each J-M plant and mine to determine that air cleanliness, light, heat and noise levels assure pleasant and efficient working conditions.

Johns-Manville continues to be an industrial leader in employee safety. As a result of a comprehensive accident prevention program, the company's safety record during 1965 stands well ahead of the National Safety Council's all-industry average.

During the year, 288 employees completed

25 years of company service, enlarging the ranks of the J-M Quarter Century Club to a total of 3,744 members.

Some 2,100 men and women received retirement income in 1965 from the Johns-Manville Retirement Fund.

Labor Relations

The company currently has fifty-three labor agreements with twenty-one international unions. During 1965, thirty-one contracts, of two or three years duration, were negotiated.

Union attempts at multi-plant bargaining and internal union problems resulted in costly strikes at Waukegan, Natchez, Long Beach, Toronto, Defiance and Hayward.

These unfortunate work stoppages had a substantial effect on both the employees involved and the company. Cost to employees—about \$4,100,000 in lost wages. Cost to the company—1,400,000 lost man hours of work.

Organization Changes

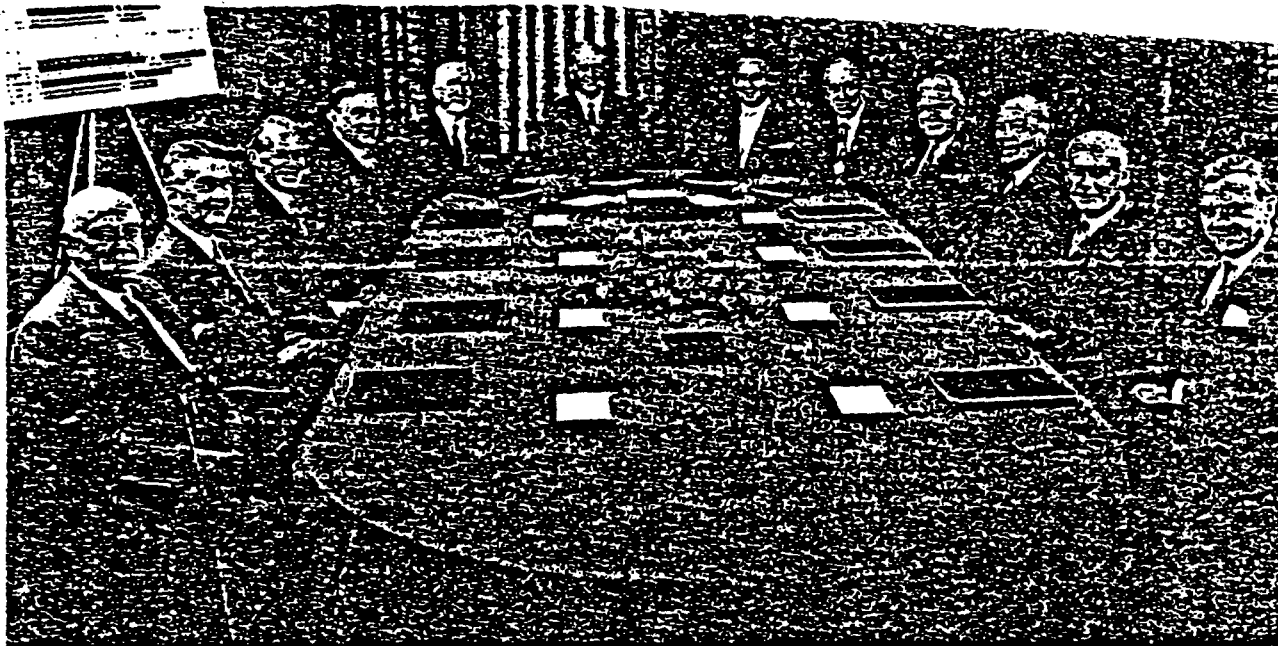
Effective January 1, 1965, Francis E. Dutcher, Vice President of Johns-Manville Corporation, was appointed to the newly created position of Vice President for Building Materials Divisions. In this operating position, Mr. Dutcher is responsible for the overall administration of the J-M Building Products, Flooring and Melamite Divisions.

Murray F. MacDonald, Vice President of Johns-Manville Sales Corporation, succeeded Mr. Dutcher as General Manager of the Building Products Division.

Legal Matters

A civil antitrust action instituted by the Government in 1962 against the Corporation and a related private antitrust action brought against the Corporation in 1964 are still pending.

Counsel is of the opinion that the Corporation has a valid defense to these two actions. Each involves the charges of antitrust violations, made by the Government in a criminal prosecution which ended in 1964 in a judgment of acquittal.



Johns-Manville Directors in session. Left to right, George P. MacNichol, Jr., Francis H. May, Jr., Leslie M. Cassidy, Joseph A. Grazier, Adrain R. Fisher, President Clinton B. Burnett, Secretary Herbert Morton Ball, Thomas E. Sunderland, Roger Hackney, William C. Stolk, Edgar G. Burton and Henry C. Alexander.

BOARD OF DIRECTORS

Henry C. Alexander.....*Chairman of the Executive Committee, Morgan Guaranty Trust Company of New York*
 Clinton B. Burnett.....*President, Johns-Manville Corporation*
 Edgar G. Burton.....*Chairman, Simpsons Limited (Toronto)*
 Leslie M. Cassidy.....*Director various corporations*
 Adrain R. Fisher.....*Director, American Radiator & Standard Sanitary Corporation*
 Joseph A. Grazier.....*Chairman and President, American Radiator & Standard Sanitary Corporation*
 Roger Hackney.....*Vice President, Johns-Manville Corporation*
 George P. MacNichol, Jr.....*Director, Member of the Executive Committee, Libbey-Owens-Ford Glass Company*
 Francis H. May, Jr.....*Vice President, Johns-Manville Corporation*
 William C. Stolk.....*Director, American Can Company*
 Thomas E. Sunderland.....*Chairman, United Fruit Company*

OFFICERS

Clinton B. Burnett.....*President*
 Charles W. Hite.....*Vice President for Industrial Relations*
 Roger Hackney.....*Vice President for Mining and International Divisions*
 Robert F. Orth.....*Vice President for Marketing and for Pipe Division*
 Don L. Hinmon.....*Vice President for Industrial Divisions*
 Francis E. Dutcher.....*Vice President for Building Materials Divisions*
 Francis H. May, Jr.....*Vice President for Finance*
 Arthur C. Smith.....*Vice President for Research, Development and Engineering*
 Herbert Morton Ball.....*Secretary and General Attorney*
 James M. Shackelford.....*Treasurer*
 Irving J. Pedly.....*Assistant Secretary*
 Mrs. Consuelo C. Bean.....*Assistant Secretary*
 Richard M. Davis.....*Assistant Treasurer*
 Robert A. Goldthwaite.....*Assistant Treasurer*

OPERATING DIVISIONS

Operation and administration of the company's fifty-three plants, six mines and worldwide network of sales offices is organized into twelve separate operating divisions.

Each division is responsible for production, sales and earnings within the scope of its assigned area.

Corporate departments coordinate operating divisions' efforts in the areas of finance, research, development and engineering, marketing, legal, administrative services, advertising and public relations and industrial relations.

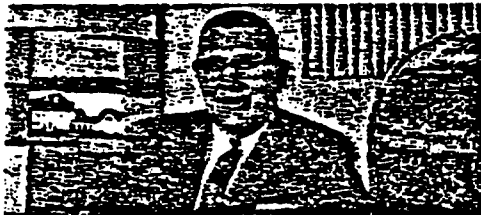
ASBESTOS FIBRE



Karl V. Lindell, General Manager

The Asbestos Fibre Division is engaged in the worldwide exploration, mining and milling of asbestos fiber. It is responsible for operating asbestos mines and mills located at Asbestos, Quebec; Coalinga, California; and Baie Verte, Newfoundland. Headquarters for division activities is located at Asbestos, Quebec.

BUILDING PRODUCTS



Murray F. MacDonald, General Manager

The Building Products Division is a major national producer and supplier of a variety of wood, fiber glass, perlite, asbestos, and plastic based building materials for residential, commercial, institutional and industrial construction. The division operates a total of sixteen manufacturing facilities and a network of sales offices serving major markets throughout the United States.

CANADIAN PRODUCTS



Alfred G. Sinclair, General Manager

The Canadian Products Division with headquarters at Toronto, Ontario is responsible for the manufacture and sale of Johns-Manville product lines throughout the Canadian market. The division operates plants at Asbestos, Quebec; North Bay and Toronto, Ontario.

CELITE



Perry A. Martinson, General Manager

The Celite Division is a major producer of diatomite for industrial applications as filter media and inert filler, and a supplier of perlite and synthetic silicates. Operating facilities include a diatomite mine and mill at Lompoc, California; a perlite deposit and mill at No Agua, New Mexico, and a processing plant at Joliet, Illinois.

DUTCH BRAND

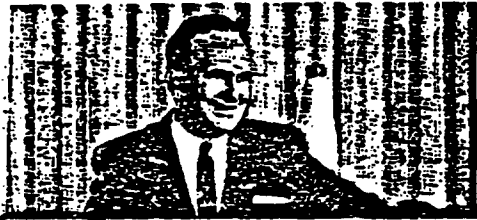


James R. Allen, Operations Manager

The Dutch Brand Division produces and markets a wide variety of pressure-sensitive plastic, rubber, cloth and paper tapes for electrical, industrial and

residential applications—and asbestos papers and board for the electrical and electronic industries. The division also produces and markets adhesives, cork and sponge rubber products for industrial use as seating and gasketing. The division's production facilities are located at Chicago, Illinois and Tilton, New Hampshire.

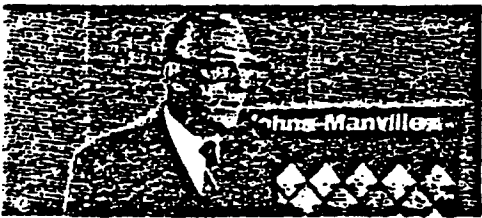
FIBER GLASS



William L. VanDerbeek, General Manager

The Fiber Glass Division is responsible for the production of J-M fiber glass insulations marketed by the Building Products and Industrial Insulations divisions. The division also manufactures and sells textile fiber glass and reinforcement materials. Principal manufacturing operations are located at Cleburne, Texas; Corona, California; Defiance, Ohio; Parkersburg, West Virginia; Penbryn, New Jersey and Waterville, Ohio. The division maintains headquarters at Toledo, Ohio.

FLOORING



A. Kenneth Higbee, General Manager

The Flooring Division produces and sells the company's broad line of vinyl asbestos and asphalt asbestos floor tile products for residential, commercial and industrial flooring applications. The division operates plants at Chillicothe, Ohio; Manville, New Jersey; Marrero, Louisiana; and Waukegan, Illinois. A fifth manufacturing plant was placed in operation in 1965 at Hayward, California to meet growing demand in western markets.

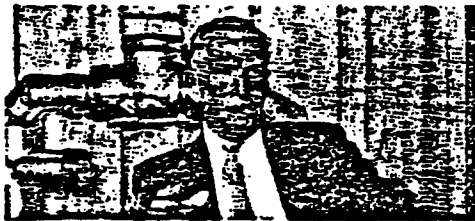
MELAMITE



Wallace R. Tyrle, Operations Manager

The Melamite Division produces high-pressure plastic decorative laminates for application as counter tops, wall paneling and as surfacing material by furniture manufacturers. The division's production facilities and headquarters are located at Lawrence, Massachusetts.

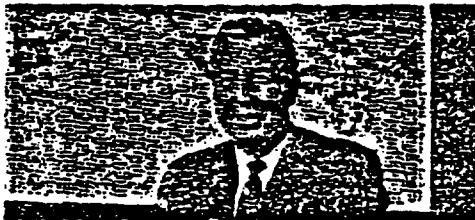
INDUSTRIAL INSULATIONS



John B. Jobs, General Manager

The Industrial Insulations Division is a major supplier of industrial and commercial insulating materials. Principal product lines include pipe and block insulations; insulating fire brick; refractory cements; appliance, railroad, marine and automobile insulations; and specialty insulations for aerospace, atomic energy and cryogenic applications.

INTERNATIONAL



Dudley T. Colton, General Manager

The International Division is responsible for the production and marketing of J-M product lines

outside the United States and Canada. The division currently operates seven overseas manufacturing facilities located at Hull, England; St. Marcellin, Wissembourg and Bellegarde, France; Mol and Ghent, Belgium; and at Milan, Italy.

PACKING AND FRICTION MATERIALS



Edward H. Wells, General Manager

The Packings and Friction Materials Division manufactures and markets an extensive line of packings, gaskets, asbestos textiles; automotive and industrial brake linings, brake blocks and clutch facings. The division's production operations are located at Manville, New Jersey; Marshville, North Carolina; North Brunswick, New Jersey; Waukegan, Illinois; and Laurinburg, North Carolina.

PIPE



Robert F. Orth, General Manager

The Pipe Division produces and markets asbestos-cement pipe for home, farm and turf irrigation, public works, water and sewer systems, industrial and process applications. The division is also an important supplier of plastic pipe for water service and gas connections, irrigation systems, conduit, processing and oil lines. Operating facilities are located at Green Cove Springs, Florida; Denison, Texas; Manville, New Jersey; Marrero, Louisiana; Stockton, California; Long Beach, California; Waukegan, Illinois; and Franklin, Pennsylvania.

OPERATING FACILITIES

Plants

- | | |
|--------------------------|-------------------------|
| Alexandria, Indiana | Long Beach, California |
| Asbestos, Quebec | Los Angeles, California |
| Avery, Ohio | Madison, Illinois |
| Bellegarde, France | Manville, New Jersey |
| Billerica, Massachusetts | Marrero, Louisiana |
| Chicago, Illinois | Marshville, |
| Chillicothe, Ohio | North Carolina |
| Cleburne, Texas | *Milan, Italy |
| Cleveland, Ohio | *Mol, Belgium |
| Corona, California | Nashua, |
| Defiance, Ohio | New Hampshire |
| Carpenter Road | Natchez, Mississippi |
| Defiance, Ohio | New Orleans, Louisiana |
| Columbus Avenue | North Bay, Ontario |
| Defiance, Ohio | North Brunswick, |
| Perry Street | New Jersey |
| Denison, Texas | Parkersburg, |
| Fort Worth, Texas | West Virginia |
| Franklin, Pennsylvania | Penbryn, New Jersey |
| Ghent, Belgium | Pittsburg, California |
| Green Cove Springs, | Richmond, Indiana |
| Florida | Rockdale, Illinois |
| Houston, Texas | St. Marcellin, France |
| Hayward, California | Savannah, Georgia |
| Hull, England | Stockton, California |
| Jarratt, Virginia | Tilton, New Hampshire |
| Joliet, Illinois | Toronto, Ontario |
| Laurinburg, | Waterville, Ohio |
| North Carolina | Waukegan, Illinois |
| Lawrence, | Wissembourg, France |
| Massachusetts | Zelienople, |
| Lompoc, California | Pennsylvania |

Mines

- | | |
|-----------------------|-------------------------|
| Asbestos, Quebec | Lompoc, California |
| †Bais Verte, | No Agua, New Mexico |
| Newfoundland | ‡Santa Catarina, Mexico |
| *Coalinga, California | |

Research and Engineering Center

Near Manville, New Jersey

Fiber Glass Research and Technical Center

Waterville, Ohio

*Majority Owned
 †Minority Interest—Operated and Managed by Canadian Johns-Manville
 ‡Minority Interest

TEN-YEAR REVIEW OF OPERATIONS

(All dollar figures except those per share are in millions)

	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956
Sales	\$480.2	458.9	414.9	392.3	377.8	365.2	377.6	331.7	308.3	310.4
Earnings Before Income Taxes	\$63.5	58.3	52.6	43.8	43.0	49.9	55.7	42.2	31.2	46.2
Income Taxes	\$29.4	26.2	24.9	19.9	19.1	23.4	24.1	18.8	13.4	21.2
Net Earnings	\$34.1	32.1	27.7	23.9	23.9	26.5	31.6	23.4	17.8	25.0
Earnings per Share**†	\$4.03	3.77	3.25	2.81	2.81	3.12	3.74	2.83	2.48	3.79
% of Earnings to Sales	7.1	7.0	6.7	6.1	6.3	7.3	8.4	7.0	5.7	8.0
Dividends	\$17.4	17.0	17.0	17.0	17.0	17.0	16.7	14.3	14.3	15.0
Dividends per Share*	\$2.05	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25
Investment	\$324.5	307.8	297.3	287.2	283.6	275.7	265.4	245.5	210.2	206.2
% of Earnings to Investment at Start of Year	11.1	10.8	9.6	8.4	8.7	10.0	12.4	11.1	8.6	15.0
Capital Expenditures	\$21.2	20.1	15.8	11.4	20.0	20.0	16.2	12.0	45.3	24.9
Investments in Other Companies	\$3.5	6.3	5.8	6.6	1.8	2.9	.9	.9	.4	1.2
Depreciation & Depletion	\$20.0	18.7	19.2	19.6	16.9	16.8	16.8	15.8	14.5	13.6
Research Development & Engineering Expense	\$11.0	11.8	9.7	11.3	11.4	10.1	8.5	7.7	8.5	7.5
Book Value per Share*	\$38.29	36.32	34.89	33.71	33.30	32.47	31.32	29.63	29.35	28.84
Shares Outstanding at End of Year*	8,475,233	8,474,778	8,510,248	8,519,900	8,517,613	8,490,038	8,474,214	8,283,192	7,163,006	7,148,723
Stockholders	27,700	30,000	31,000	30,500	29,400	29,600	30,100	23,800	20,000	19,200
Employees	20,900	20,400	20,000	20,200	21,200	21,000	22,000	21,800	21,700	21,300
Wages, Salaries & Employee Benefits	\$184.8	175.7	159.2	151.9	150.3	146.3	145.9	135.7	130.9	127.5

*Adjusted for 1956 stock split. †On average shares outstanding.

0 0 1 7 5 0 1 0 1 8 7
FINANCIAL STATEMENTS Johns-Manville Corporation

INVESTMENT

December 31

	1965	1964
WORKING CAPITAL		
Cash (including time deposits of \$7,500,000 in 1965)	\$ 17,958,000	\$ 16,453,000
Marketable securities at cost (approximately market)	37,483,000	35,279,000
Accounts and notes receivable	92,750,000	79,710,000
Inventories at the lower of cost (principally last-in, first-out) or market	58,570,000	57,685,000
Total current assets	206,761,000	189,127,000
Less, Current liabilities:		
United States and Canadian income taxes	23,505,000	27,861,000
Other taxes	8,274,000	6,588,000
Wages and compensation	17,415,000	16,139,000
Accounts payable and other accrued liabilities	30,630,000	24,119,000
Total current liabilities	79,824,000	74,707,000
Working capital	126,937,000	114,420,000
MARKETABLE SECURITIES set aside for plant additions	20,000,000	20,000,000
PROPERTIES AND PLANTS, at cost	363,049,000	347,225,000
Less, Accumulated depreciation and depletion	219,743,000	203,864,000
	143,306,000	143,361,000
INVESTMENTS (principally outside U.S.) and other assets, at cost or less		
Investments in unconsolidated subsidiaries	7,494,000	5,709,000
Investments in other companies	22,096,000	20,682,000
Prepaid expenses and deferred charges	4,329,000	3,420,000
Other assets	5,996,000	6,320,000
Total	39,915,000	36,131,000
	330,158,000	313,912,000
LESS:		
Notes payable, 2.7 per cent, principal payable \$250,000 annually to July 15, 1966, balance payable July 15, 1967	1,250,000	1,500,000
Reserves for self-insurance and product guarantees	4,413,000	4,616,000
	5,663,000	6,116,000
	\$324,495,000	\$307,796,000
INVESTMENT REPRESENTED BY:		
Common stock, \$5 par, 25,000,000 shares authorized, 8,582,500 issued. (Note 1)	\$119,484,000	\$119,526,000
Earnings reinvested	211,038,000	194,279,000
	330,522,000	313,805,000
Less: Cost of treasury stock, 1965—107,267 shares; 1964—107,722 shares	6,027,000	6,009,000
	\$324,495,000	\$307,796,000

ACCOUNTANTS' REPORT

*To the Stockholders and Directors of
 Johns-Manville Corporation:*

We have examined the statement of investment of **JOHNS-MANVILLE CORPORATION** and its consolidated subsidiary companies as of December 31, 1965 and the related statement of earnings and earnings reinvested for the

year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements of Johns-Manville Corporation and its consolidated subsidiary companies for the year 1964. We

Consolidated Subsidiary Companies

EARNINGS AND EARNINGS REINVESTED

	1965	1964
Net sales	\$480,180,000	\$458,879,000
Costs and expenses (Note 2):		
Cost of sales	346,173,000	331,542,000
Selling, general and administrative expenses	75,720,000	74,327,000
Total	421,893,000	405,869,000
Income from operations	58,287,000	53,010,000
Other income, net	5,217,000	5,255,000
Earnings before income taxes	63,504,000	58,265,000
Federal, Canadian and state income taxes (Note 3)	29,370,000	26,200,000
Net earnings for the year	34,134,000	32,065,000
Earnings reinvested at beginning of year	194,279,000	179,232,000
	228,413,000	211,297,000
Cash dividends, 1965, \$2.05 per share; 1964, \$2.00 per share	17,375,000	17,018,000
Earnings reinvested at end of year	\$211,038,000	\$194,279,000

Notes

1. At December 31, 1965, 311,658 shares were reserved for issuance under the employees' stock purchase and deferred compensation plans. The Company presently intends to purchase in the open market or otherwise all shares of common stock necessary to meet its obligations under these plans.

At December 31, 1965, an additional 128,075 shares were reserved for issuance in connection with options granted but unexercised under the incentive stock option plan. At January 1, 1965, options outstanding for 136,225 shares at prices ranging from \$41.875 to \$57.00 per share were unexercised. During 1965 no options were granted; options on

6,350 shares were exercised at prices ranging from \$41.875 to \$53.00 per share, and options on 1,800 shares expired. No further options may be granted under the plan.

2. Depreciation and depletion charged to operations amounted to \$19,959,000 in 1965, \$18,674,000 in 1964.

3. The Company has reflected the investment credit as a reduction of Federal income tax expense. The reductions amounted to \$1,055,000 or 12¢ per share in 1965 and \$1,781,000 or 21¢ per share in 1964, of which \$880,000 was applicable to prior years.

did not examine the financial statements of the Canadian subsidiaries, which statements were examined by Sharp, Milne & Co., Canadian chartered accountants, whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for Canadian subsidiaries, is based upon such reports.

In our opinion, the aforementioned financial

statements present fairly the financial position of Johns-Manville Corporation and its consolidated subsidiary companies at December 31, 1965 and 1964 and the results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY
New York, January 26, 1966

0 0 1 7 5 0 1 0 1 8 9

Johns-Manville

22 East 40th Street • New York, N. Y. 10016

TRANSFER AGENT—MORGAN GUARANTY TRUST COMPANY OF NEW YORK

REGISTRAR—THE CHASE MANHATTAN BANK, NEW YORK

GENERAL COUNSEL—DAVIS POLK WARDWELL SUNDERLAND & KIENDL, NEW YORK

AUDITORS—LYBRAND, ROSS BROS. & MONTGOMERY, NEW YORK • SHARP, MILNE & CO., MONTREAL



LITHO IN U.S.A.

MTC 002282