Johns-Manville
Corporation

1978
Annual Report

JM

"...relying upon basic business philosophies and concentrating on superior products and services, controlling expenses and expanding in areas of high return..."

During 1978 the media continued its sensationalized coverage of the lawsuits and government hearings involving occupational health and asbestos-related diseases. It is a credit to the officials of the Environmental Protection Agency and the Occupational Safety and Health Administration that they have maintained a rational and scholarly approach to the asbestos situation in the face of so many exaggerated claims by the media and plaintiff lawyers.

Throughout history whenever there has been adversity or tragedy, men have sought a scapegoat. And, even today, it appears that our legal system is more concerned with finding a fault for every undesired happening than with providing fair and reasonable compensation for the consequences of such happenings.

It is now known that excessive inhalation of asbestos fiber can, over a period of time, cause or contribute to occupational disease. Asbestos-related disease does exist; thus, it is perhaps understandable that people would cast about for an "asbestos scapegoat." What is inexcusable is the manner in which many lawyers, the media, and even some in the "public interest" arena have sought to exploit the tragedy of asbestos-related disease through the repetition of inaccuracies, half-truths and exaggerations.

The evidence does not support the allegations leveled at J-M, and we want you, our shareholders, to know the facts.

Statements on asbestos and health by the media and some officials have been inaccurate, incomplete, exaggerated and sensationalized.

All too familiar are the tendencies of the media to capitalize on and sensationalize tragedy and the eagerness of some in the public eye to grab for quick and easy headlines. Nowhere has this been more evident than in the treatment of asbestos and health issues. While some of the untruths presented by the media and others may be from lack of facts, which in itself is inexcusable, far more often they have resulted from a deliberate distortion in the face of facts and out of a very apparent anti-business bias. For example:

A reporter from a leading New York daily newspaper stating to a person being interviewed about asbestos that she was "not interested in facts—only a story."

A financial daily newspaper failing to publish vital medical information on smoking and its direct relationship to lung cancer in asbestos workers.

Television producers carefully editing answers of J-M officials to conform to an apparently preconceived story line.

A reporter from a Washington, D.C. daily refusing to explore fully the particular dangers of cigarette smoking in conjunction with asbestos exposure because he was only interested in a cover-up story.

A newspaper in Norfolk, Virginia publishing a headline misrepresenting the ruling of a United States District Court judge.

A cabinet official speculating on disease estimates without disclosing the almost total lack of scientific support for the figures.

A Congressman issuing press releases and making inflammatory comments based only upon information supplied by attorneys for people suing the asbestos companies.

A "journalist" attacking J-M in *Environmental Action* magazine, producing an article so inaccurate and vicious as to suggest malice.

These examples are not fiction, but merely a few of many instances we have witnessed which exhibit the philosophy, "a good story at any cost." All too often reporters and others have dutifully published as fact the adversary conclusions fed them by lawyers suing J-M. One can but conclude that fantasy and sensationalism make better copy than fact, and that fantasy and sensationalism it shall be.

The asbestos-related diseases of today are a result of past high exposures which were thought to be safe at the time by the United States Public Health Service.

Unfortunately, asbestos-related diseases have a long latency period; that is, a long period of time between first exposure and onset of any disease. Accordingly, we know that

the asbestos-related disease being seen today is the result of exposure of 20, 30 and 40 years ago when medical knowledge concerning asbestos was only a fraction of what it is today.

In years past people were exposed to airborne asbestos particles in excess of what is now considered a safe exposure level. In 1938, limits for exposure to asbestos were recommended by the U.S. Public Health Service and adopted shortly thereafter by the American Conference of Governmental Industrial Hygienists, and these limits were accepted by industry as safe working conditions for employees. Further, these levels were accepted without criticism by government health officials and the medical and scientific communities for over 30 years. Knowledge subsequently gained has shown the earlier research to be incomplete. This is the simple fact, not sensational ...but true.

Individuals exposed to asbestos-containing insulation materials are particular victims of the incomplete knowledge of earlier years.

Much of the present asbestos litigation involves individuals who were overexposed to dust from industrial thermal insulation materials which contained small amounts of asbestos (usually less than 15 percent). Incidentally, many of these persons worked in environments controlled by the government and used products which were delivered to government specifications. Scientists and physicians studied these workers and repeatedly concluded that their occupational exposures to asbestos were consistently below the "safe level" recommended by the United States Public Health Service. In fact, in 1946, eminent scientists employed by the United States Navy studied several shipyards and concluded that insulation work was "not a dangerous occupation"—a finding which went uncriticized and unchallenged in American medical literature for almost 20 years.

It was not until 1964 that the particular risk to this category of worker was clearly identified by Dr. Irving J. Selikoff of Mt. Sinai Hospital in New York City.

We are asked why earlier knowledge generated from studies of mine, mill and factory situations where workers had been exposed to 100 percent asbestos fiber did not lead to earlier knowledge of a possible hazard to those exposed to industrial insulation products. The completely different work environments and experiences were thought by the medical community to make any extrapolation from one group to another invalid. Dr. Selikoff himself indicated this very clearly and concisely in 1970, stating:

"In the asbestos mining and manufacturing industry, the risk of heavy exposure to the occupational dusts had been recognized for some years. And this primary industry has understood the need to install ventilation systems and other dust control devices to reduce the hazard. Experience had indicated that reduction of dust levels and exposures could result in greatly improved health experience among asbestos factory workers. But the extrapolation of that experience to another classification of workers—specifically those who fabricate and install insulating materials—was a more sophisticated task for clinical medicine and epidemiology."

How different things might have been had modern methods of medical research been available to the U.S. Public Health Service in those early years. How different things might have been had it not taken the scientists and physicians decades to discover that the recommended limits were not stringent enough.

Perhaps it is partly the frustration of "how different things might have been" that causes the shallow thinker to engage in hindsight and raise questions about standards of conduct. Unfortunately, such an exercise contradicts the facts.

J-M has acted responsibly to discover the cause of and eliminate occupational disease among asbestos workers.

Media representatives and some elected officials have consistently ignored J-M's intensive efforts to solve asbestos health problems and, in fact, have untruthfully portrayed those efforts. Whether such untruths have been deliberate, we leave to reasonable men to judge. But, it is clear that J-M's actions have been appropriate and proper. Some examples of action taken by J-M:

Initiation in 1930 of the first American medical studies of possible health hazards from asbestos. This was in response to information that the heavy and constant asbestos exposures in the textile mills of England might be hazardous. These studies preceded by years any independent action by the United States Public Health Service or any medical organization.

Organization in the 1930's of industry support for extended research at the Saranac Laboratories of the Trudeau Foundation, a leading pulmonary disease research facility.

Voluntary adoption and adherence to the recommended exposure limits of the United States Public Health Service.

Physical examination programs available for employees continually since the 1930's; leading research efforts in the early detection of disease.

Information prepared and distributed since the 1930's to inform employees of the work practices and protections necessary to eliminate the hazards recognized at the time.

Respirator programs installed where exposure might exceed "safe exposure levels."

Hundreds of engineering projects and millions of dollars spent for dust control, including the "invention" of equipment where none existed.

The first to place warning labels on asbestos insulation products in 1964 in response to the new evidence that dust from such products might create a hazard to people working with the products.

Continued funding of independent medical and scientific research including that of leading experts such as Dr. Irving J. Selikoff of Mt. Sinai Hospital in New York City.

Cooperative programs with industry and with labor organizations to disseminate information about asbestos and health, and to continue research.

Adoption of mandatory no-smoking programs for workers occupationally exposed to asbestos—the first broad-scale, anti-cancer program in American industry.

The historic concern of Johns-Manville for its employees is exemplified by a 1934 statement stating that it was undertaking investigations to obtain "the best practice possible for the elimination of dust and the protection of employees." Additionally:

In 1938, "It is the policy of Johns-Manville to make working conditions in its factories and mines everywhere safe, healthful and pleasant."

And today, "We equip our plants for the highest degree of personal safety, assuming it is economically and technically possible to do so. When technology is not available, or when it is not feasible economically from a competitive standpoint to make these installations, we will elect to discontinue a particular operation rather than knowingly endanger the health or life expectancy of a single employee."

The numerous allegations made in the public media inferring that Johns-Manville failed to act in a responsible manner in developing and communicating medical and scientific information on the possible health hazards of asbestos in the interest of sales and profits are false and inexcusable. The facts clearly show that nothing could be further from the truth. Johns-Manville's long history of voluntary commitment to the resolution of asbestos-related occupational disease problems is unparalleled in industry, labor or government.

The media and government have ignored the connection between cigarette smoking and lung cancer, the most serious and insidious of diseases in asbestos workers.

If it were not for cigarette smoking, lung cancer would not be a significant occupational disease problem among asbestos workers. This simple, yet crucial, fact has been repeatedly confused by the medical community and continues to be largely ignored by the media and government.

Our knowledge of the relationship of an increased incidence of lung cancer among asbestos workers is of rather recent vintage. A few cases of lung cancer among individuals with

asbestosis were reported in the late 1930's and the 1940's, but the researchers were careful to disclaim a causal relationship. In the 1950's an English study strongly suggested an increased incidence of lung cancer. But, an industry-sponsored study of the type recommended by the American Medical Association failed to disclose any such increased incidence in the North American workers studied. This confirmed a 1956 publication by E. Cuyler Hammond, a noted scientist, Vice President of the American Cancer Society and co-author with Dr. Selikoff of many of the leading articles on asbestos-related diseases. In that study Hammond concluded that sufficient evidence did not exist to causally relate lung cancer and asbestos exposure.

It was not until the mid 1960's that enough evidence became available to show an increased incidence of lung cancer among individuals who smoked cigarettes and who were occupationally exposed to asbestos. To this day scientists disagree as to whether asbestos is causally related to lung cancer or whether it acts only as a modifier for smoking-induced cancer. However, there is agreement in the medical community on the simple fact set forth earlier: *but for cigarette smoking, lung cancer would not have been a significant health factor among people occupationally exposed to asbestos.*

One can but wonder why the media steadfastly refuses to give any significant or serious attention to the role of cigarette smoking in cancer causation. The few mentions in journals are worded so as to minimize the hazard. Courageously, Rep. Millicent Fenwick of New Jersey recognized the cigarette connection and introduced legislation to provide a system of uniform compensation for asbestos-related disease. This bill called upon the tobacco companies to join the asbestos industry and government in funding such compensation. Mrs. Fenwick's bill died in committee while tobacco subsidy payments were approved as usual.

One can but wonder why federal regulatory agencies have made no move to prohibit cigarette smoking among those occupationally exposed to asbestos. J-M has adopted such a non-smoking policy, and amazingly, some of the very same parties who attack J-M for alleged failures to protect employees are now criticizing us for restricting a worker's freedom to smoke. Frankly, it is inconceivable and intellectually dishonest for those who cry cover-up and negligence to ignore the role of cigarette smoking in causing cancer.

Charges of cover-up and conspiracy are unfounded.

Perception often substitutes for fact and reality; untruths repeated often and loudly become accepted as reality. The fact is that there simply is no credible evidence that J-M should have known of particular health hazards associated with asbestos at earlier periods of time than when we did, and there is no evidence that J-M failed to respond appropriately to medical knowledge of possible hazards as the information became available. Faced with this absence of damaging evidence, certain irresponsible members of media, elected officials and lawyers ignore the facts, alleging cover-up and conspiracy, and seek to alter the perception of J-M as a responsible corporation and employer. These allegations are a red herring. A few examples reveal the sham of such allegations:

It is claimed that J-M and others conspired in the 1930's to prevent publication of information on asbestos health issues. The fact is that the documents relied on to demonstrate a conspiracy are dated a full 10 months after the publication by the United States Public Health Service of the results of J-M sponsored asbestos medical studies—the first such studies done in this country. If suppression were a goal, publication in the United States Public Health Service reports would seem a poor vehicle to reach that goal.

J-M and others are claimed to have manipulated the data published by the United States Public Health Service. Unable to ignore the existence of industry-sponsored medical research, our detractors argue that research conducted by Dr. Anthony Lanza was tainted by virtue of pre-publication review of the findings. Pre-publication review is nothing sinister, and, in fact, takes place today for virtually all sponsored medical research including that sponsored by the federal government. Such allegations are deliberate untruths totally unsupported by the

evidence. No one in the media has had the courage to admit that the review of this 1935 paper resulted in no substantive changes as published by the United States Public Health Service *except to accentuate one possible hazard.* This can hardly be called a cover-up. There can be but one motive for such a callous disregard of the truth—to distort, mislead, sensationalize and thereby profit from the adversity of others.

Another charge is that the industry sought to control and suppress the development and publication of medical information concerning asbestos through its research programs at Saranac Laboratories. Some elementary reasoning reveals this argument for what it is—a myth. If suppression were a motive, why would J-M lead an effort to sponsor and fund research at a leading institution? Additionally, if data were suppressed, then how does one explain the published reports of the Director of the Saranac Laboratories which annually reviewed the ongoing research projects and listed the yearly publications in leading medical journals? How does one explain the attendance of the chief medical officer of the United States Public Health Service at the Saranac Symposia to discuss ongoing research? How does one explain the efforts of J-M and others to speed up, complete and publish research even after the death of the director of the laboratory in 1946?

Some allege that J-M's settlement years ago of asbestos disease-related lawsuits meant that we knew of possible hazards to applicators or users of asbestos insulation products long before the medical acknowledgment of such a hazard in the mid 1960's. The fact is that such cases involved neither insulation applicators nor insulation products. They were cases arising out of factory operations in New Jersey, where, due in large part to J-M sponsored research, a possible hazard of continual exposure to raw asbestos fiber in a factory environment had been identified. Neither the product which contained less than 15 percent asbestos nor the work environment were comparable. The workers' claims took the form of lawsuits because in the 1930's asbestos-related illness was not covered by New Jersey workers' compensation laws.

These are facts—unglamorous facts withheld by reporters, public figures and lawyers who must rely on unsupported accusations in an effort to alter perceptions. Perceptions based upon fact are useful in moving the involved parties to a resolution of the problem. But, perceptions based upon untruthful, misleading, inaccurate and unfounded accusations can only delay a much needed consensus on this pressing societal concern.

J-M stands ready to join with responsible parties to seek adequate and uniform compensation for asbestos-related illnesses.

While the incidence of disease is diminishing and will eventually disappear, the tragic fact remains: asbestos-related disease does exist. and people have been disabled.

There are two options for dealing with this reality. J-M can continue to litigate claims in the courts. or we can seek an equitable, uniform compensation system.

Litigation is based upon a finding of fault. and with respect to asbestos-related disease. there simply is no fault on the part of J-M. a fact increasingly recognized by juries throughout the nation. Litigation is. of course, favored and fostered by lawyers in search of lucrative fees and by "media personalities" in search of sensational stories. Litigation carries with it personal hardship for everyone—delay, extraordinary expense, and uneven and uncertain results. Fortunately, there is a choice.

Forward-thinking members of Congress have concluded that the time for dwelling on fault is past. and the time has arrived to address the issue of compensation for asbestos-related disease. They have proposed a system of speedy. equitable and uniform compensation. and have called upon industry and government to share the responsibility of providing the funds necessary to provide compensation. While such a program will be costly. perhaps more costly to J-M than continuing to litigate claims. J-M has endorsed the concept. as has the International Association of Heat and Frost Insulators & Asbestos Workers. whose members are perhaps the

most directly affected. We believe it is the only way in which those injured will be fairly and uniformly compensated without extraordinary delay and expense.

J-M and others who support such legislation have been castigated and criticized for such support. Some claim, perhaps from self interest, that such legislation would be a "bail out" of the industry.

Far from a "bail out," such a system would, in all probability, entail as great or greater costs to J-M than continuing litigation since the evidence clearly supports the conclusion that J-M acted positively and progressively, consistent with medical and scientific knowledge.

A compensation system to replace lawsuits in appropriate situations continues to gain favor among industry, labor, academia, professional task forces within the federal government and members of Congress. It is simply the most effective and efficient way to satisfy a goal of fair compensation for persons suffering from occupational disease. We will continue our support of such programs—it is the right thing to do.

There is no evidence of danger in the use of asbestos in schools or other public buildings.

Much has been made of the use of sprayed insulation containing asbestos on school ceilings. Again, the facts have been ignored in favor of headlines. Johns-Manville neither made nor sold such materials. Further, the facts are that the use of asbestos spray materials in the construction of schools or other public buildings has not been shown to be hazardous. Nevertheless, a well-designed program to determine the presence of airborne asbestos fibers in such buildings would be prudent. Should excessive levels be discovered, programs to seal or remove the material would be in order.

Fibers in most asbestos-containing products are "locked in" and safe.

In most of our asbestos-containing products, the fibers are "locked in" by cement, plastic or other binders; such fibers are not easily released during normal handling and application. We are confident that, with proper precautions, asbestos and asbestos-containing products can continue to be used without a health risk. An example of this is asbestos-cement pipe which has been in useful service in the U.S. for decades.

After an extensive study, the American Water Works Research Foundation, concluded: "No firm evidence shows that the proper use of asbestos-cement pipe poses a hazard to health by reason of ingestion of asbestos fiber."

Summary

Johns-Manville has been a leader in establishing safety precautions and has acted responsibly over the years consistent with the known facts of the health hazards of asbestos fiber. We deeply regret that many people, our friends, colleagues and employees among them, are currently suffering the effects of having years ago inhaled an excessive amount of asbestos fiber. Cigarette smokers have been especially hard hit. However, there is nothing to be gained by witch hunts to determine fault where none exists. Industry, cigarette manufacturers, government, the medical profession, labor, the scientific and academic communities and the media are all involved. Attention today should not be on assessing blame, but on how those suffering from asbestos-related diseases can be properly and fairly compensated. This is why we, as a company, are encouraging legislation which would establish uniform, equitable and comprehensive means of providing compensation for asbestos-related occupational disease.

The events of the past cannot be undone. Johns-Manville has learned from those events and, today, continues to be a leader in American industry in providing healthful working conditions and advanced medical programs for its employees.