PLAINTIFF'S EXHIBIT
JM 607

JOHNS-MANVILLE
CORPORATION
ANNUAL REPORT
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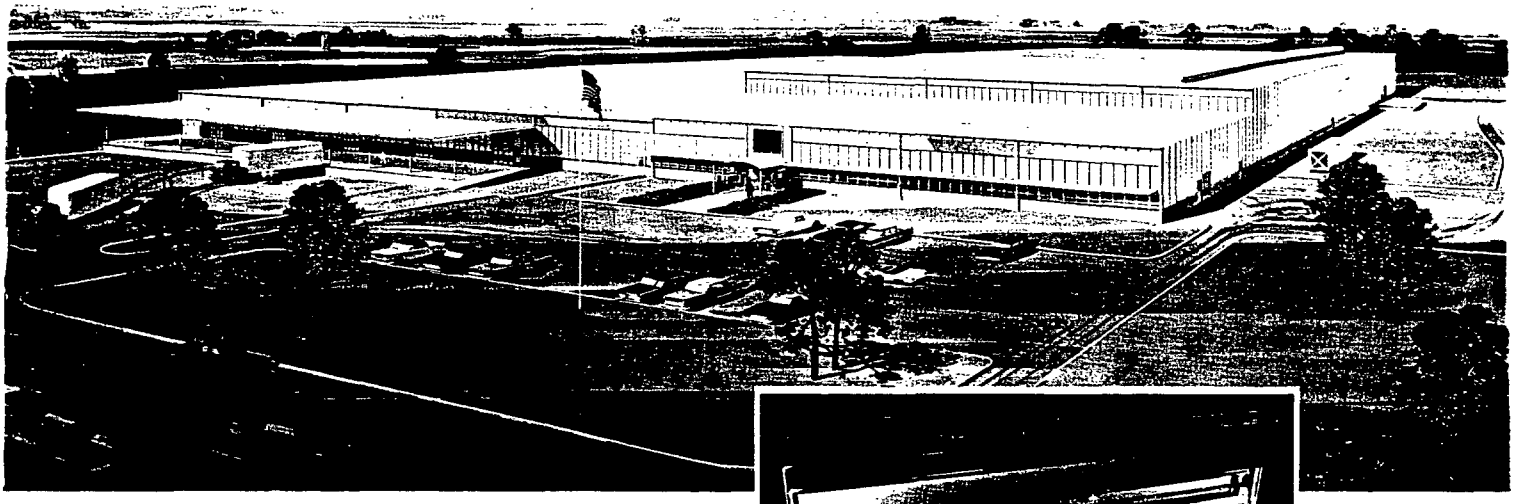
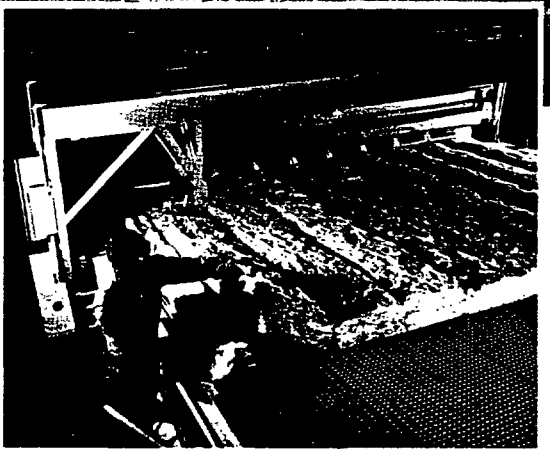




FINANCIAL HIGHLIGHTS OF THE YEAR

	1964	1963
Net Sales	$458,879,000	$414,881,000
Net Earnings	$ 32,065,000	$ 27,681,000
Net Earnings per Share	$3.77	$3.25
Dividends	$ 17,018,000	$ 17,027,000
Dividends per Share	$2.00	$2.00
Cash Flow	$ 50,739,000	$ 46,844,000
Cash Flow per Share	$5.96	$5.50
Working Capital	$114,420,000	$110,118,000
Stockholders' Equity	$307,796,000	$297,349,000
Depreciation and Depletion	$ 18,674,000	$ 19,163,000
Research and Development	$ 7,249,000	$ 7,253,000
Capital Expenditures	$ 20,105,000	$ 15,841,000
Income Taxes	$ 26,200,000	$ 24,900,000
Other Tax Provisions	$ 9,652,000	$ 9,434,000
Total Taxes	$ 35,852,000	$ 34,334,000
Total Taxes per Share	$4.21	$4.03
Stockholders	30,000	31,000
Number of Employees	20,400	20,000

CONTENTS

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

ANNUAL MEETING — In view of the company's growing investments in Texas, the 1965 Annual Meeting will be held at Fort Worth, Texas, on Thursday, March 11. 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 sending in their proxies.

FRONT COVER — Architect's rendering and photo of production operations at J-M's newest fiber glass insulations plant, Cleburne, Texas.

MTC 002177

PRESIDENT'S LETTER

February 11, 1965

TO JOHNS-MANVILLE STOCKHOLDERS:

The year 1964 was one of continued progress and improvement in company operations.

New record levels were achieved in both sales and earnings and substantial advances were made in expanding and modernizing mining and manufacturing facilities.

The increased sales volume reflected the high level of general business activity, improved sales and marketing efforts, availability of increased plant capacity and strong demand for the company's basic raw materials.

The improvement in earnings as compared with last year was the result of increased sales volume, marketing emphasis on the more profitable product lines and reflected the success of our program to control costs and improve profits.

Major developments in the company's growth program included the addition of a new fiber glass insulations plant at Cleburne, Texas; a high pressure plastic decorative sheet plant at Lawrence, Massachusetts; a roofing felt plant at New Orleans, Louisiana; and a plastic, cloth and paper tape plant at Bellegarde, France.

Projects are currently underway for construction of an asphalt and vinyl asbestos floor tile plant at Hayward, California; a friction materials plant at Laurinburg, North Carolina and an asbestos-cement pipe plant at Green Cove Springs, Florida. Overseas construction has been started on a perlite filter aid plant at Wissembourg, France and an asbestos fiber interior building board plant at Ghent, Belgium.

A sound financial position, increased production capacity and aggressive marketing and research organizations have placed the company in an excellent position for continued profitable participation in both domestic and overseas markets.



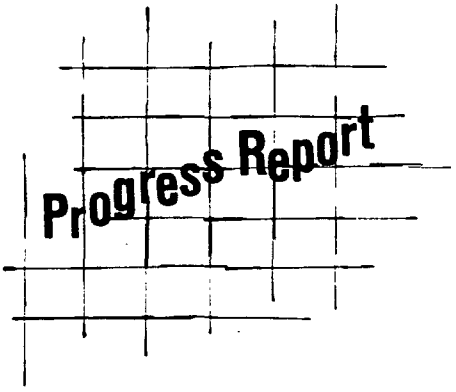
The high level of business activity in the national economy forecasts increasing improvement in company operations during 1965.

Details on the company's progress during 1964 are reviewed on the following pages.

On behalf of your Board of Directors, I extend our appreciation for the support and cooperation you, our employees, customers and suppliers have provided during the year just ended.

C. B. Burnett
President

MTC 002178



MINING

Johns-Manville continued to strengthen its position as a leading world supplier of asbestos fiber, diatomite and perlite.

To meet increasing demand in both domestic and overseas markets, the company intensified its growth and expansion programs in both mining and milling.

Jeffrey Operations Expanded

Changes being made at the Jeffrey Mine, Asbestos, Quebec, will increase capacity by an estimated annual rate of 20,000 tons when they are completed in 1965.

The principal phase of the Jeffrey open pit expansion program in 1964 included the addition of trucks and loading equipment and installation of a high speed skipway for removal of waste material. Additional new trucks and loading equipment will be purchased in 1965.

In the mill the addition of new ore processing and packaging equipment increased output of premium grades of asbestos fiber. This expansion program will continue in 1965.

Operations at the Munro asbestos mine in Northern Ontario were terminated in August, profitably completing the fifteen-year life of the ore body. The mine had been a source of asbestos fiber for use in the manufacture of asbestos-cement products.

Reeves Property

Substantial capital funds have been set aside for development of a new asbestos mine and mill in Reeves Township, 43 miles west of Timmins in Northern Ontario. Extensive core drilling was followed by the sinking of an underground shaft and installation of lateral tunnels so the ore body could be checked at varied depths.

Tonnage samples from both underground and surface are being studied at the Munro mill which has been converted to test ore in various milling processes. The fiber thus produced is being further evaluated in regular production operations at the company's asbestos cement plants.

It is expected that the exploration and development work now in progress at Reeves will be completed during the first quarter of 1965.

The Advocate Mine, located at Baie Verte, Newfoundland, completed its first year of operation on a profitable basis under the management of Canadian Johns-Manville. This asbestos mine, financed by a group of investors headed by CJ-M, is supplying both overseas and domestic markets with grades of asbestos fiber used to manufacture asbestos-cement pipe, panels and other building materials.

New Mexican Diatomite Operation

Johns-Manville, in cooperation with the Banco Nacional de Mexico, completed development of a new mining and milling operation at Santa Catarina, State of Jalisco, Mexico. This facility is supplying diatomite principally to the Mexican market, for use as a filter aid in clarifying such products as sugar, beverages, dry cleaning fluids, oils and chemicals and as a filler for paints, varnishes, soaps and polishes.

To create new markets and uses for basic raw materials, the company intensified customer technical assistance and product development programs during the year.

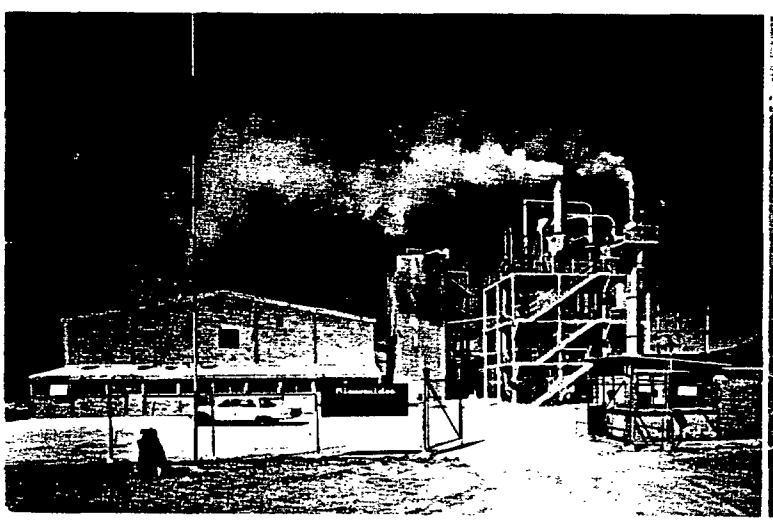
J-M geologists continue to explore worldwide for commercially useful deposits of asbestos, diatomite and perlite.

MTC 002179

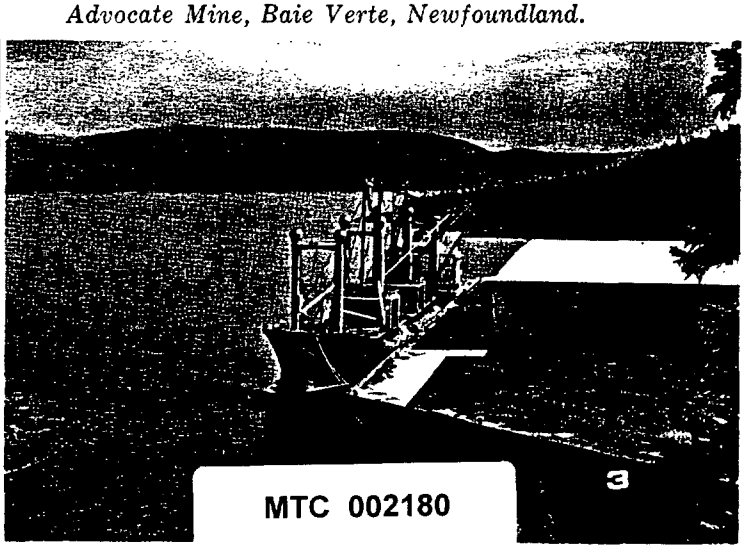


Open pit mining operations at the Johns-Manville Jeffrey Mine, Asbestos, Quebec.

Recently completed diatomite mill at Santa Catarina, State of Jalisco, Mexico.



Docking and warehousing facilities servicing the Advocate Mine, Baie Verte, Newfoundland.



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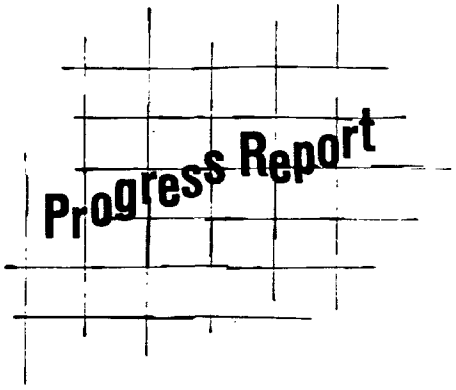


PRODUCTION

Manufacturing capacity was substantially increased in 1964 through new plant construction, acquisitions and expansion of existing operating locations.

This program, designed to meet present and future product demand, resulted in the addition of four plants, bringing the total of company manufacturing facilities to forty-eight.

Projects now underway include the construction of five additional plants.

New Plant Facilities

A new fiber glass insulations plant began operation at Cleburne, Texas in August. This plant, a major expansion of Johns-Manville fiber glass manufacturing capacity, is strategically located in Texas to meet increasing requirements for home insulation in the southwestern market.

As part of the company's program to expand product lines, the assets of the Melamite companies of Lawrence, Massachusetts were acquired in January, 1964. Melamite is now the twelfth Johns-Manville operating division.

Melamite manufactures high-pressure plastic decorative laminates used in the home, in commercial building and by furniture manufacturers.

To meet the growing demand for this new J-M product, a program doubling productive capacity was completed by year end.

The company purchased a plastic, cloth and paper tape plant in Bellegarde, France.

Products of this new facility will broaden the line of J-M industrial and commercial tapes sold throughout the European Common Market.

To meet asphalt roofing product requirements, the company purchased a small felt mill in New Orleans.

Projects Underway

To serve the expanding western market, a new asphalt and vinyl asbestos floor tile plant is being constructed at Hayward, California. Residential and commercial flooring products produced at this location will be sold in the eleven western states.

To satisfy the increasing demand for pipe in the southeastern United States, the company began construction in October of a new plant at Green Cove Springs, Florida.

The new facility, to be completed in the fall of 1965, will produce asbestos-cement pipe products for residential construction, municipal water and sewerage systems, irrigation and industrial process lines.

Construction of a new asbestos friction materials plant at Laurinburg, North Carolina was started in July. When completed, in the Spring of 1965, this plant will manufacture Cobra® brake shoes for the railroad industry under a joint agreement with Westinghouse Air Brake Company.

Overseas, construction is underway for a new perlite filter aid plant at Wissembourg, France and an asbestos fiber board plant at Ghent, Belgium.

All projects now under construction are scheduled for completion by the end of 1965.

Further progress was made in the company's continuing programs for expansion and modernization of manufacturing facilities, streamlining of distribution operations, improving product quality and reducing costs at the production level.

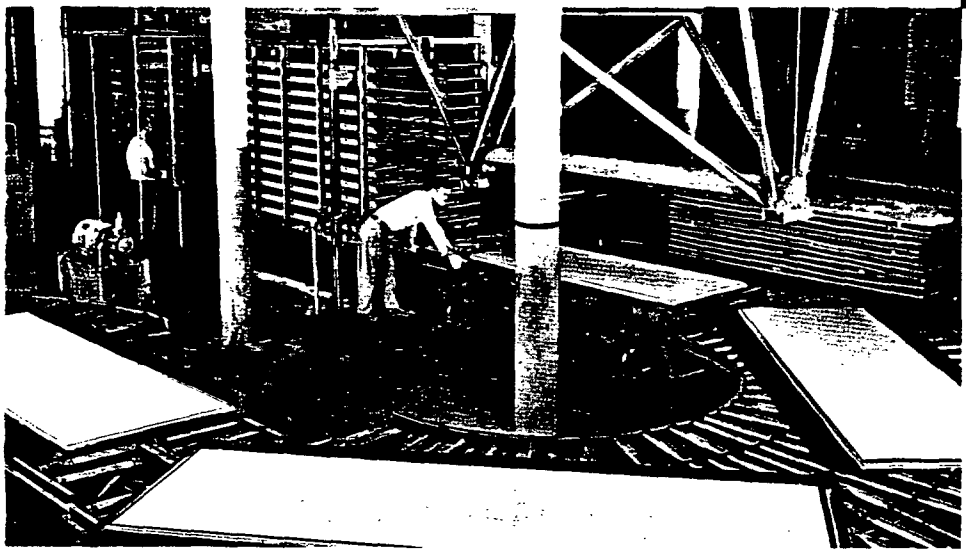
MTC 002181



Quality control pressure test is applied to plastic pipe at the Denison, Texas plant.



Corrulux® fiber glass reinforced plastic panels receive final inspection check prior to shipment from the Houston, Texas plant.

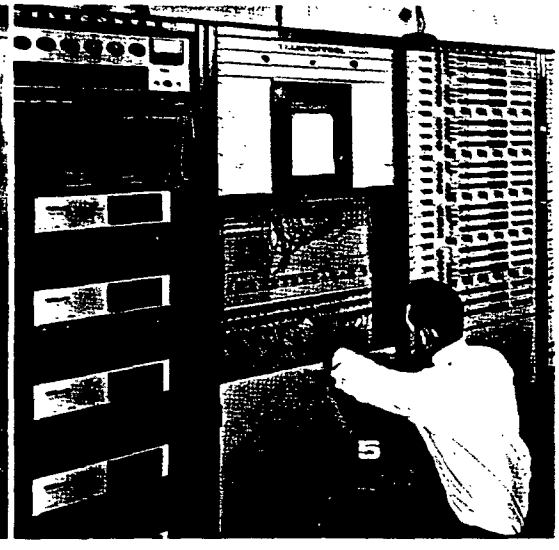


Production of high-pressure decorative laminates at the Melamite plant in Lawrence, Massachusetts.

Inspection and packaging of acoustical tile at the Natchez, Mississippi plant.

Electronic controls speed production of high temperature insulation at Manville, New Jersey.





MTC 002182



MARKETING

For the fourth successive year Johns-Manville sales increased reflecting the growth and strength of the national economy and a high level of construction activity.

Significant contributions to the record volume were made through the company's efforts to strengthen and improve marketing programs and techniques. This included concentration on more profitable markets, sales specialization for deeper penetration of selected markets, improved product distribution systems and customer service, application of test merchandising programs and expansion of distributor training activities.

Diversified Markets

This stepped-up marketing activity coupled with aggressive advertising and promotion campaigns resulted in a substantial increase in the total number of J-M customers.

Marketing efforts were made to increase and balance company participation in all segments of the construction industry and in other industrial markets including steel, chemical, petroleum, transportation, electrical, aerospace and utilities.

Because of its diversification Johns-Manville's performance is closely allied with the progress of the general economy. J-M's sales volume continued to move ahead of the trend of total manufacturers' sales in the United States.

International Operations Expanded

During 1964, J-M continued to expand both manufacturing and marketing activities overseas.

New dealer and distributor outlets have greatly strengthened the company's position in world markets. The number of overseas sales offices was increased to sixteen.

In addition to overseas sales and manufacturing activities, J-M international operations include an extensive program of licensing, technical assistance and minority investments.

At year end the program involved 58 companies operating 77 plants in Africa, South and Central America, Europe, Australia, the United Kingdom and Asia.

Mobile Marketing Unit Added

A "Labmobile" consisting of a completely equipped water treatment laboratory and diatomite filter plant was developed by the Celite Division.

This self-contained mobile unit travels throughout the United States providing on-site demonstrations of J-M filter products at water treatment plants and gathering process data to aid in development of new products.

Advertising and Sales Promotion

Advertising activities were expanded during 1964 to accommodate new products and new markets. Specialized regional merchandising programs were instituted in support of established product lines.

National magazine advertising included Newsweek, U. S. News and World Report, Business Week and TV Guide and regional editions of Life and Sunset.

Spot radio and Sunday supplement newspaper advertising was used in selected marketing areas to promote new building materials and flooring products.

Dealer and distributor support programs included active participation in national trade shows, expanded distribution of sales promotional materials and product advertising in over 200 trade and business publications.

MTC 002183



Building products exhibit at the 1964 National Association of Home Builders convention.



Display of Melamite decorative laminates used by furniture manufacturers for table top surfacing.





J-M acoustical ceiling tile, featured in the Dorothy Draper Dream Home at the 1964-65 New York World's Fair.

1964 advertising included campaigns on radio, in Sunday supplements, national and regional magazines.

MTC 002184



RESEARCH & ENGINEERING

Johns-Manville research and engineering programs stress the development of new and improved products in those areas where the company's control of raw materials, manufacturing know-how, marketing and sales experience offer the greatest profit potential.

Expenditures for research, development and engineering activities in 1964 amounted to over $11 million.

Activity progressed in all areas with particular emphasis on programs providing the basic and applied technology to insure steady growth and stability of company operations.

Plastic Foams

During the year the company emphasized research activity in the plastic foam field to meet growing product potential in the building and industrial insulations markets.

To date company development activities in this area have led to the introduction of a number of polystyrene, polyurethane and polyvinyl chloride plastic foam products for low temperature insulating applications and as insulating core material for building panels.

Application of polyurethane to pipe products led to the development of a new integrally insulated pressure pipe for underground central system distribution of chilled and hot water. Designated Temp-Tite, the pipe is being marketed for institutional, industrial and commercial applications.

Styling and Design

Building product development activities included increased emphasis on product design and styling. As part of the program to intensify efforts in this area the company retained the services of Raymond Loewy/ William Snaith Inc. and the Dorothy Draper organization as design consultants.

Design and styling development programs resulted in the introduction of a new line of acoustical ceiling tile, substantial expansion of the floor tile line and the addition of a new premium fiber glass reinforced roofing shingle.

During 1964 continued emphasis was placed on the development of molded fiber glass insulating parts for the automotive and appliance industries. Successful results in this area have increased the company's participation in these important markets.

Further product penetration of the automotive market was made possible by the J-M development of friction pads for disc brakes. They are currently available on selected 1965 models of Chrysler, Ford and General Motors.

Asbestos-Cement Extrusion

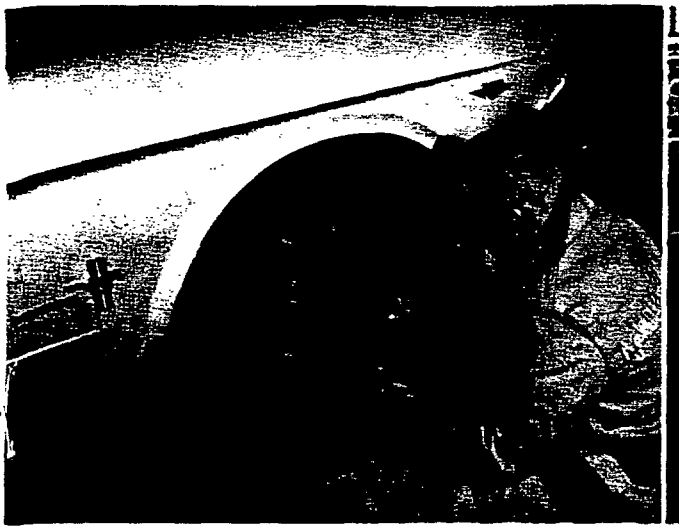
Development and engineering work was completed on an extrusion process for the manufacture and production of asbestos-cement building products.

The new process is specifically designed to meet production requirements and increased demand in overseas markets.

This process is being used at the company's Mol, Belgium plant and is being made available to other overseas manufacturers through technical assistance, licensing and patent agreements.

The company's profit improvement and cost control engineering programs resulted in substantial increases in production efficiency.

MTC 002185

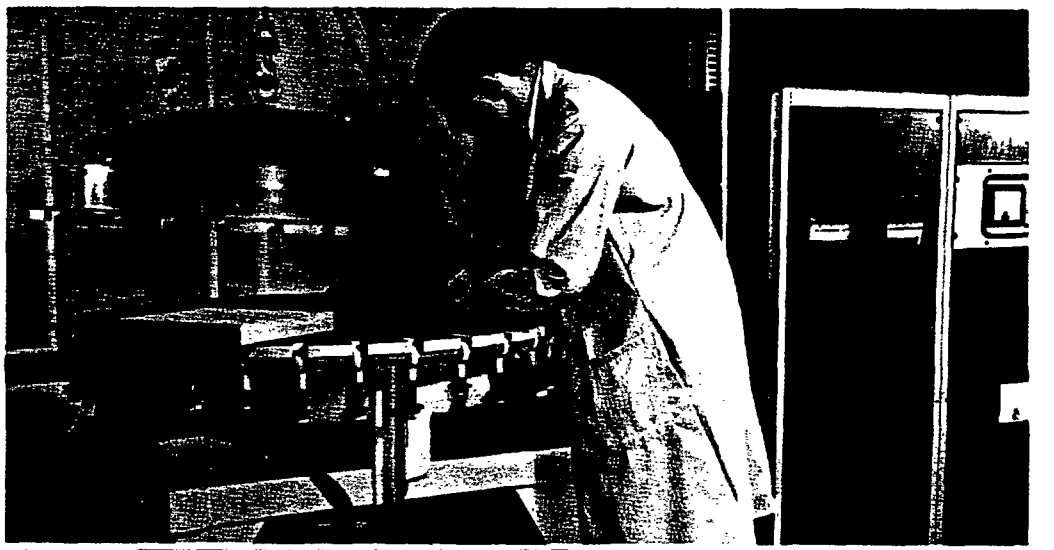


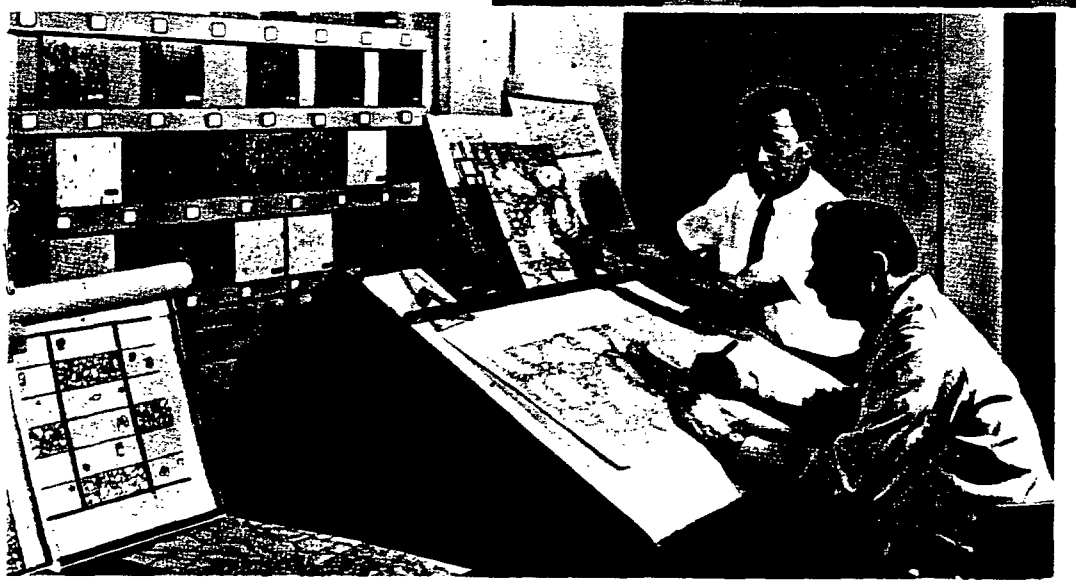
Friction pad developed for disc brakes is given installation inspection on J-M test car.



Company engineers use electronic data processing equipment to advance manufacturing technology.

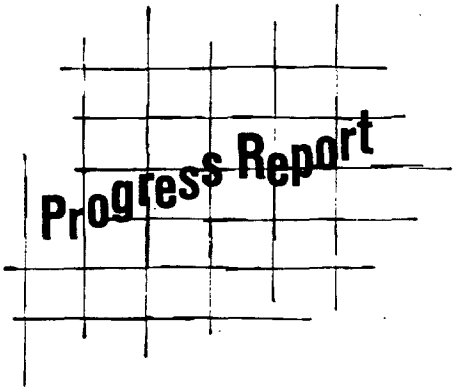
Vacuum thermal conductivity test is applied to plastic foam in new product development program at the Research and Engineering Center, Manville, New Jersey.





Styling experts review new decorative designs for vinyl asbestos and asphalt asbestos floor tile.

MTC 002186



ADMINISTRATION

The dedication, skill and competence of the company's employees are prime factors in effectively and successfully meeting the challenge of the competitive market.

To insure the necessary employee competence essential to continued growth, training activities were intensified among personnel at all organization levels.

During 1964 particular attention was directed to increasing the effectiveness of management personnel through a broad program of executive training seminars on sales management, plant management, market forecasting and profit planning.

In-plant training programs continued to increase manufacturing and technological skills at all operating locations. Training man hours exceeded half a million in 1964. Educational programs included accident prevention, company orientation, labor relations, plant and shop skill development, supervisory development, problem solving and cost reduction.

Employee Relations

Employee health, accident prevention and industrial hygiene programs received continued emphasis in the interest of maintaining the company position as an industrial leader in employee safety.

Labor-management negotiations conducted during 1964 resulted in successful completion of 14 new labor contracts. The company currently maintains forty-seven contracts with twenty-one international unions.

Growth activities during 1964 increased total company employment to 20,400.

During the year a total of 1800 J-M men and women received retirement income from funds accumulated through joint contributions of company and employees.

The number of men and women participating in the Johns-Manville Quarter Century Club increased to a total of 3,518 members in 1964.

Organization Changes

George P. MacNichol, Jr., Chairman of the Executive Committee of Libbey-Owens-Ford Glass Company, was elected a member of the Board of Directors at the Annual Meeting held in March.

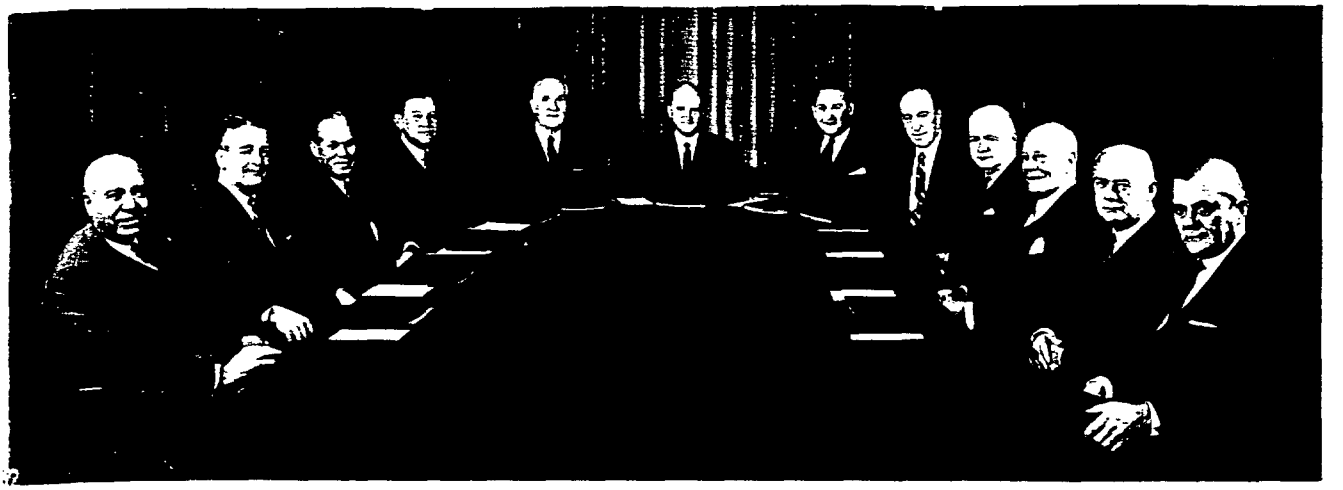
In compliance with the Board of Directors retirement policy the following directors did not stand for reelection in 1964: Enders M. Voorhees, Director, Member of the Executive Committee, United States Steel Corporation; John W. Hanes, Director, Olin Mathieson Chemical Corporation; Clifford F. Rassweiler, retired Vice President for Research, Development and Engineering, Johns-Manville Corporation and John D. Biggers, formerly Chairman, Finance Committee, Libbey-Owens-Ford Glass Company.

Litigation

A trial on the merits, before a judge and jury, of criminal charges of antitrust violations brought by the Government in 1962 against the Corporation, Keasbey & Mattison Company and officers of each resulted in a judgment of acquittal. The trial lasted more than four and a half months. The Government, on its own motion, subsequently dropped similar charges against other officers and employees of the companies.

The civil antitrust action instituted by the Government in 1962 and two private antitrust actions brought against the companies in 1963 and 1964 containing similar allegations are still pending. Counsel is of the opinion that the Corporation has a valid defense to these three actions.

MTC 002187



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, Morgan Guaranty Trust Company, New York*
CLINTON B. BURNETT ..... *President, Johns-Manville Corporation*
EDGAR G. BURTON ..... *Chairman, Simpsons Limited (Toronto)*
LESLIE M. CASSIDY ..... *Director, Texas Gulf Sulphur Company*
ADRAIN R. FISHER ..... *Director, American Radiator & Standard Sanitary Corporation*
JOSEPH A. GRAZIER ..... *President, American Radiator & Standard Sanitary Corporation*
ROGER HACKNEY ..... *Vice President, Johns-Manville Corporation*
GEORGE P. MACNICHOL, JR. ..... *Chairman of the Executive Committee, Libbey-Owens-Ford Glass Company*
FRANCIS H. MAY, JR. ..... *Vice President, Johns-Manville Corporation*
WILLIAM C. STOLK ..... *Chairman, 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 Products Division*
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*

BUILDING MATERIALS

Building Products Division — a major national supplier of a variety of wood, fiber glass, perlite, asbestos and plastic based building materials for residential, commercial, institutional and industrial construction.

Flooring Division — produces and sells the company's broad line of vinyl asbestos and asphalt asbestos floor tile products for application in all flooring markets.

Melamite Division — producing high-pressure plastic decorative laminates used in the home, in commercial buildings and by furniture manufacturers.

Division Managers (left to right) A. Kenneth Higbee — Flooring, Francis E. Dutcher — Building Products and Wallace R. Tyrie, Operations Manager — Melamite review advertising and marketing programs.



INDUSTRIAL PRODUCTS

Dutch Brand Division — producing a wide variety of pressure-sensitive tapes, adhesives and specialities — and high grade asbestos electrical paper and board products.

Fiber Glass Division — producing fiber glass insulations, textile fiber glass and plastic reinforcement materials.

Industrial Insulations Division — one of the nation's important suppliers of industrial and commercial insulating materials for a variety of industrial applications.

Packings and Friction Materials Division — manufactures and markets an extensive line of packings, gaskets, asbestos textiles; and automotive and industrial brake linings, brake blocks and clutch facings.

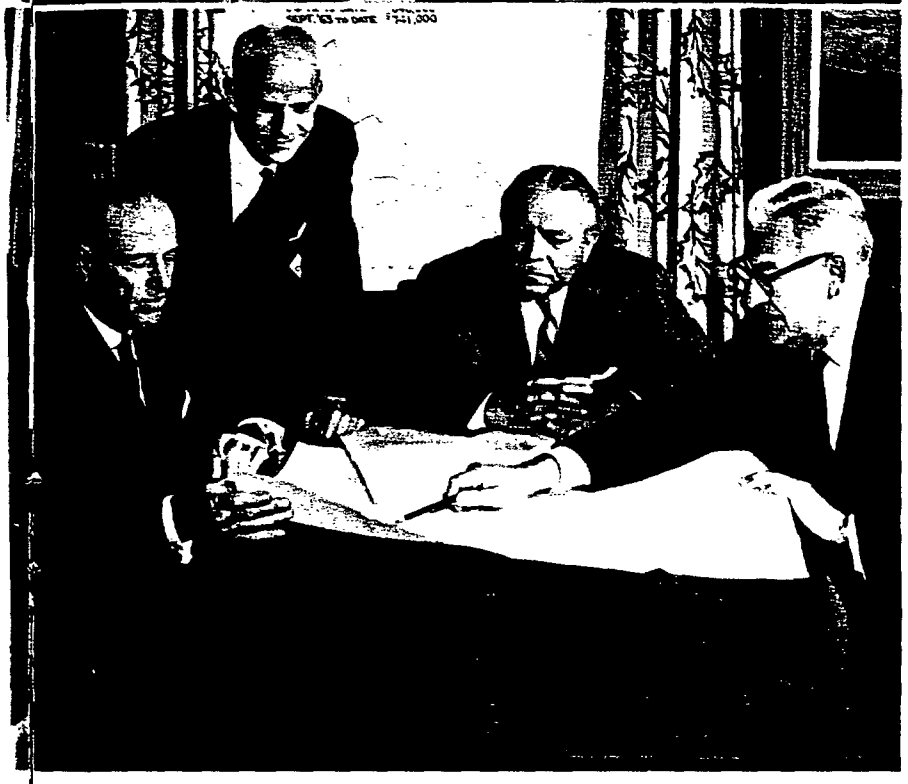
Don L. Hinmon, Vice President for Industrial Divisions (center) discusses growth and profit planning with Division Managers (left to right) John B. Jobe — Industrial Insulations, William L. VanDerbeek — Fiber Glass, James R. Allen — Dutch Brand and Edward H. Wells — Packings and Friction Materials.



MTC 002189

OPERATING DIVISIONS





MINING & INTERNATIONAL

Asbestos Fibre Division — is engaged in world-wide exploration, mining and milling of asbestos fiber.

Canadian Products Division — is responsible for the manufacture and sale of J-M product lines throughout the Canadian Market.

International Division — is responsible for production and marketing of J-M product lines outside the United States and Canada.

Celite Division — a major world producer of diatomite for industrial applications as filter media and inert filler, and a supplier of perlite, synthetic silicates and concrete specialities.

Roger Hackney, Vice President for Mining and International Divisions (left) reviews financial reporting procedures with Division Managers Alfred G. Sinclair — Canadian Products, Karl V. Lindell — Asbestos Fibre, Dudley T. Colton — International and Perry A. Martinson — Celite.

PIPE PRODUCTS

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, irrigations systems, conduit, processing and oil lines.

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

Specialized corporate departments coordinate divisions' efforts on finance, research, development and engineering, marketing, legal, administrative services and industrial relations.

Corporate Officers (left to right) Charles W. Hite — Vice President for Industrial Relations, James M. Shackelford — Treasurer, Robert F. Orth, Vice President for Marketing and for Pipe Division and Arthur C. Smith — Vice President for Research, Development and Engineering review operational plans for new pipe plant at Green Cove Springs, Florida.

MTC 002190

SALES OFFICES

United States and Canada

Akron, Ohio
Albany, N. Y.
Atlanta, Ga.
Baltimore, Md.
Boston, Mass.
Buffalo, N. Y.
Calgary, Alta.
Charlotte, N. C.
Chicago, Ill.
Chillicothe, Ohio
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Dallas, Tex.
Dayton, Ohio
Denison, Tex.
Denver, Colo.
Detroit, Mich.
Edmonton, Alta.
Houston, Tex.
Indianapolis, Ind.
Jacksonville, Fla.
Joliet, Ill.
Kansas City, Mo.
Long Beach, Calif.
Los Angeles, Calif.
Louisville, Ky.
Manville, N. J.
Marrero, La.
Milwaukee, Wis.
Minneapolis, Minn.
Montreal, P. Q.
New Orleans, La.
New York, N. Y.
Ottawa, Ont.
Philadelphia, Pa.
Phoenix, Ariz.
Pittsburgh, Pa.
Providence, R. I.
Richmond, Va.
St. Louis, Mo.
Saint John, N. B.
Salt Lake City, Utah
San Antonio, Tex.
San Francisco, Calif.
Seattle, Wash.
Stockton, Calif.
Syracuse, N. Y.
Tampa, Fla.
Toledo, Ohio
Toronto, Ont.
Tulsa, Okla.
Vancouver, B. C.
Washington, D. C.
Waukegan, Ill.
Wilkes-Barre, Pa.
Winnipeg, Man.

International

Beirut, Lebanon
Buenos Aires, Arg.
Goteborg, Sweden
Hong Kong
Johannesburg, U.S. Afr.
Lagos, Nigeria
Lima, Peru
London, Eng.
Madrid, Spain
Mexico City, Mexico
Milan, Italy
Mol-Donk, Belgium
Nairobi, Kenya
San Juan, P. R.
Sao Paulo, Brazil
Wiesbaden, W. Ger.

OPERATING FACILITIES

Plants

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

Mines

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

Research and Engineering Center

Near Manville, New Jersey

Fiber Glass Research and Technical Center

Waterville, Ohio

*Under Construction **Majority Owned
†Minority Interest–Operated and Managed by Canadian Johns-Manville
††Minority Interest

MTC 002191

TEN-YEAR REVIEW OF OPERATIONS

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

	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955
Sales	$458.9	414.9	392.3	377.8	365.2	377.6	331.7	308.3	310.4	284.7
Earnings Before Income Taxes	$58.3	52.6	43.8	43.0	49.9	55.7	42.2	31.2	46.2	43.7
Income Taxes	$26.2	24.9	19.9	19.1	23.4	24.1	18.8	13.4	21.2	20.2
Net Earnings	$32.1	27.7	23.9	23.9	26.5	31.6	23.4	17.8	25.0	23.5
Earnings per Share*†	$3.77	3.25	2.81	2.81	3.12	3.74	2.83	2.48	3.79	3.68
% of Earnings to Sales	7.0	6.7	6.1	6.3	7.3	8.4	7.0	5.7	8.0	8.3
Dividends	$17.0	17.0	17.0	17.0	17.0	16.7	14.3	14.3	15.0	13.6
Dividends per Share*	$2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.12½
Investment	$307.8	297.3	287.2	283.6	275.7	265.4	245.5	210.2	206.2	166.3
% of Earnings to Investment at Start of Year	10.8	9.6	8.4	8.7	10.0	12.4	11.1	8.6	15.0	15.2
Capital Expenditures	$20.1	15.8	11.4	20.0	20.0	16.2	12.0	45.3	24.9	18.0
Investments in Other Companies**	$6.3	5.8	6.6	1.8	2.9	.9	.9	.4	1.2	.3
Depreciation & Depletion	$18.7	19.2	19.6	16.9	16.8	16.8	15.8	14.5	13.6	12.6
Research Development & Engineering Expense	$11.8	9.7	11.3	11.4	10.1	8.5	7.7	8.5	7.5	6.7
Book Value per Share*	$36.32	34.89	33.71	33.30	32.47	31.32	29.63	29.35	28.84	25.97
Shares Outstanding at End of Year*	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	6,404,126
Stockholders	30,000	31,000	30,500	29,400	29,600	30,100	23,800	20,000	19,200	15,100
Employees	20,400	20,000	20,200	21,200	21,000	22,000	21,800	21,700	21,300	20,500
Wages, Salaries & Employee Benefits	$176.0	159.2	151.9	150.3	146.3	145.9	135.7	130.9	127.5	116.8

*Adjusted for 1956 stock split

†On average shares outstanding

**New investments in unconsolidated subsidiaries and other companies formerly shown under Capital Expenditures

MTC 002192

Investment

	December 31	
	1964	1963
WORKING CAPITAL		
Cash (including time deposits of $6,000,000 in 1964)	$ 16,453,000	$ 19,489,000
Marketable securities at cost (approximately market)	35,279,000	31,912,000
Accounts and notes receivable	79,710,000	72,988,000
Inventories at the lower of cost (principally last-in, first-out) or market	57,685,000	52,190,000
Total current assets	189,127,000	176,579,000
Less, Current liabilities:		
United States and Canadian income taxes	27,861,000	24,284,000
Other taxes	6,588,000	6,817,000
Wages and compensation	16,139,000	14,247,000
Accounts payable and other accrued liabilities	24,119,000	21,113,000
Total current liabilities	74,707,000	66,461,000
Working capital	114,420,000	110,118,000
MARKETABLE SECURITIES set aside for plant additions	20,000,000	20,000,000
PROPERTIES AND PLANTS, at cost	347,225,000	334,246,000
Less, Accumulated depreciation and depletion	203,864,000	192,359,000
	143,361,000	141,887,000
INVESTMENTS (principally outside U. S.) and other assets, at cost or less		
Investments in unconsolidated subsidiaries	5,709,000	4,021,000
Investments in other companies	20,682,000	16,898,000
Prepaid expenses and deferred charges	3,420,000	3,228,000
Other assets	6,320,000	7,433,000
Total	36,131,000	31,580,000
	313,912,000	303,585,000
LESS:		
Notes payable, 2.7 per cent, principal payable $250,000 annually to July 15, 1966, balance payable July 15, 1967	1,500,000	1,750,000
Reserves for self-insurance and product guarantees	4,616,000	4,486,000
	6,116,000	6,236,000
INVESTMENT	307,796,000	297,349,000
REPRESENTED BY:		
Common stock, $5 par, 25,000,000 shares authorized, 8,582,500 issued at December 31, 1964. (Note 1)	119,526,000	119,614,000
Earnings reinvested (Note 4)	194,279,000	178,349,000
	313,805,000	297,963,000
Less: Cost of treasury stock, 1964 — 107,722 shares; 1963 — 12,252 shares	6,009,000	614,000
	$307,796,000	$297,349,000

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, 1964 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

MTC 002193

le Corporation and Consolidated Subsidiary Companies

Earnings and Earnings Reinvested

	1964	1963
Net sales	$458,879,000	$414,881,000
Costs and expenses (Note 2):		
Cost of sales	331,542,000	299,249,000
Selling, general and administrative expenses	74,327,000	67,544,000
Total	405,869,000	366,793,000
Income from operations	53,010,000	48,088,000
Other income, net	5,255,000	4,493,000
Earnings before income taxes	58,265,000	52,581,000
Federal, Canadian and state income taxes (Note 3)	26,200,000	24,900,000
Net earnings for the year	32,065,000	27,681,000
Earnings reinvested at beginning of year (including, in 1964, $883,000 for Melamite, Inc.) (Note 4)	179,232,000	167,695,000
	211,297,000	195,376,000
Cash dividends, $2.00 per share	17,018,000	17,027,000
Earnings reinvested at end of year	$194,279,000	$178,349,000

NOTES

1. At December 31, 1964, 316,466 shares were reserved for issuance under the employees' stock purchase and deferred compensation plans.

   At December 31, 1964, an additional 137,934 shares were reserved for issuance in connection with the incentive stock option plan. At January 1, 1964, options outstanding for 114,795 shares at prices ranging from $37.75 to $57.00 per share were unexercised. During 1964 options were granted on 37,200 shares at $53.875 per share; options on 11,025 shares were exercised at prices ranging from $37.75 to $53.00 per share, and options on 4,745 shares expired. At the end of 1964 options on 136,225 shares were unexercised and 1,709 shares were available for further option.

   Treasury shares were purchased in 1964 in the open market pursuant to a program approved by Directors for acquisitions and for other corporate purposes. The Corporation presently intends to continue purchases for the various stock plans as required.

2. Depreciation and depletion charged to operations amounted to $18,674,000 in 1964, $19,163,000 in 1963.

3. Commencing in 1964 the investment credit, amounting to $901,000, has been recorded as a reduction of Federal income tax. Federal income tax expense for 1964 has been further reduced by $880,000 representing the unamortized balance of the investment credit for 1962 and 1963. Previously, such amount was being amortized over the productive lives of the related assets.

4. As of January 15. 1964 in a combination treated as a pooling of interest, a subsidiary of Johns-Manville Corporation acquired in exchange for 60,000 shares of J-M common stock substantially all of the assets of Melamite Corporation, Melamite Sales, Inc. and Melamite Distributors, Inc. The accompanying statement of earnings for 1964 includes operations of the Melamite companies for the full year.

MTC 002194

necessary in the circumstances. We previously examined and reported upon the financial statement of Johns-Manville Corporation and its consolidated subsidiary companies for the year 1963. We 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, 1964 and 1963 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, 1965

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

JOHNS-MANVILLE CORPORATION

22 EAST 40th STREET, NEW YORK, N. Y. 10016

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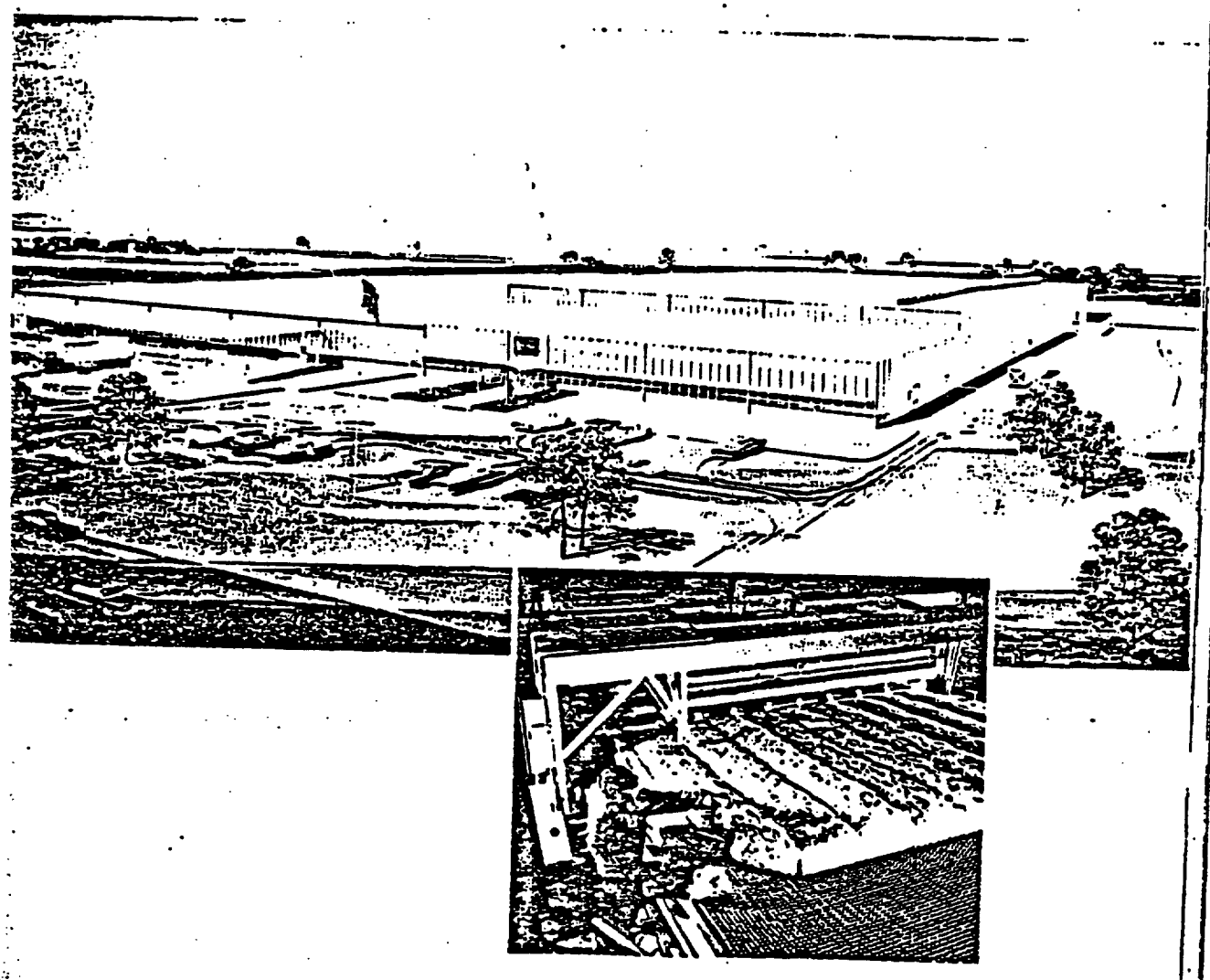
JOHNS-MANVILLE CORPORATION ANNUAL REPORT 1964



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FINANCIAL HIGHLIGHTS OF THE YEAR

	1964	1963
Net Sales	$458,879,000	$414,881,000
Net Earnings	$ 32,065,000	$ 27,681,000
Net Earnings per Share	$3.77	$3.25
Dividends	$ 17,018,000	$ 17,027,000
Dividends per Share	$2.00	$2.00
Cash Flow	$ 50,739,000	$ 46,844,000
Cash Flow per Share	$5.96	$5.50
Working Capital	$114,420,000	$110,118,000
Stockholders' Equity	$307,796,000	$297,349,000
Depreciation and Depletion	$ 18,674,000	$ 19,163,000
Research and Development	$ 7,249,000	$ 7,253,000
Capital Expenditures	$ 20,105,000	$ 15,841,000
Income Taxes	$ 26,200,000	$ 24,900,000
Other Tax Provisions	$ 9,652,000	$ 9,434,000
Total Taxes	$ 35,852,000	$ 34,334,000
Total Taxes per Share	$4.21	$4.03
Stockholders	30,000	31,000
Number of Employees	20,400	20,000

CONTENTS

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

ANNUAL MEETING — In view of the company's growing investments in Texas, the 1965 Annual Meeting will be held at Fort Worth, Texas, on Thursday, March 11. 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 sending in their proxies.

FRONT COVER — Architect's rendering and photo of production operations at J-M's newest fiber glass insulations plant, Cleburne, Texas.

MTC 002197

PRESIDENT'S LETTER

February 11, 1965

To Johns-Manville Stockholders:

The year 1964 was one of continued progress and improvement in company operations.

New record levels were achieved in both sales and earnings and substantial advances were made in expanding and modernizing mining and manufacturing facilities.

The increased sales volume reflected the high level of general business activity, improved sales and marketing efforts, availability of increased plant capacity and strong demand for the company's basic raw materials.

The improvement in earnings as compared with last year was the result of increased sales volume, marketing emphasis on the more profitable product lines and reflected the success of our program to control costs and improve profits.

Major developments in the company's growth program included the addition of a new fiber glass insulations plant at Cleburne, Texas; a high pressure plastic decorative sheet plant at Lawrence, Massachusetts; a roofing felt plant at New Orleans, Louisiana; and a plastic, cloth and paper tape plant at Bellegarde, France.

Projects are currently underway for construction of an asphalt and vinyl asbestos floor tile plant at Hayward, California; a friction materials plant at Laurinburg, North Carolina and an asbestos-cement pipe plant at Green Cove Springs, Florida. Overseas construction has been started on a perlite filter aid plant at Wissembourg, France and an asbestos fiber interior building board plant at Ghent, Belgium.

A sound financial position, increased production capacity and aggressive marketing and research organizations have placed the company in an excellent position for continued profitable participation in both domestic and overseas markets.



The high level of business activity in the national economy forecasts increasing improvement in company operations during 1965.

Details on the company's progress during 1964 are reviewed on the following pages.

On behalf of your Board of Directors, I extend our appreciation for the support and cooperation you, our employees, customers and suppliers have provided during the year just ended.

C. B. Burnett
President

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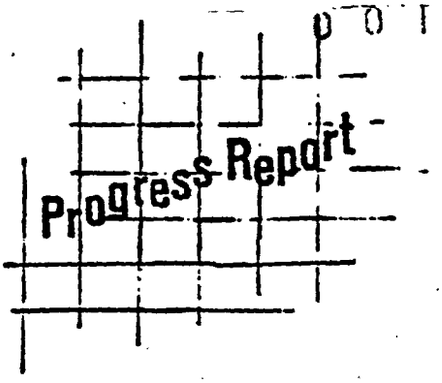

MINING

Johns-Manville continued to strengthen its position as a leading world supplier of asbestos fiber, diatomite and perlite.

To meet increasing demand in both domestic and overseas markets, the company intensified its growth and expansion programs in both mining and milling.

Jeffrey Operations Expanded

Changes being made at the Jeffrey Mine, Asbestos, Quebec, will increase capacity by an estimated annual rate of 20,000 tons when they are completed in 1965.

The principal phase of the Jeffrey open pit expansion program in 1964 included the addition of trucks and loading equipment and installation of a high speed skipway for removal of waste material. Additional new trucks and loading equipment will be purchased in 1965.

In the mill the addition of new ore processing and packaging equipment increased output of premium grades of asbestos fiber. This expansion program will continue in 1965.

Operations at the Munro asbestos mine in Northern Ontario were terminated in August, profitably completing the fifteen-year life of the ore body. The mine had been a source of asbestos fiber for use in the manufacture of asbestos-cement products.

Reeves Property

Substantial capital funds have been set aside for development of a new asbestos mine and mill in Reeves Township, 43 miles west of Timmins in Northern Ontario. Extensive core drilling was followed by the sinking of an underground shaft and installation of lateral tunnels so the ore body could be checked at varied depths.

Tonnage samples from both underground and surface are being studied at the Munro mill which has been converted to test ore in various milling processes. The fiber thus produced is being further evaluated in regular production operations at the company's asbestos cement plants.

It is expected that the exploration and development work now in progress at Reeves will be completed during the first quarter of 1965.

The Advocate Mine, located at Baie Verte, Newfoundland, completed its first year of operation on a profitable basis under the management of Canadian Johns-Manville. This asbestos mine, financed by a group of investors headed by CJ-M, is supplying both overseas and domestic markets with grades of asbestos fiber used to manufacture asbestos-cement pipe, panels and other building materials.

New Mexican Diatomite Operation

Johns-Manville, in cooperation with the Banco Nacional de Mexico, completed development of a new mining and milling operation at Santa Catarina, State of Jalisco, Mexico. This facility is supplying diatomite principally to the Mexican market, for use as a filter aid in clarifying such products as sugar, beverages, dry cleaning fluids, oils and chemicals and as a filler for paints, varnishes, soaps and polishes.

To create new markets and uses for basic raw materials, the company intensified customer technical assistance and product development programs during the year.

J-M geologists continue to explore worldwide for commercially useful deposits of asbestos, diatomite and perlite.

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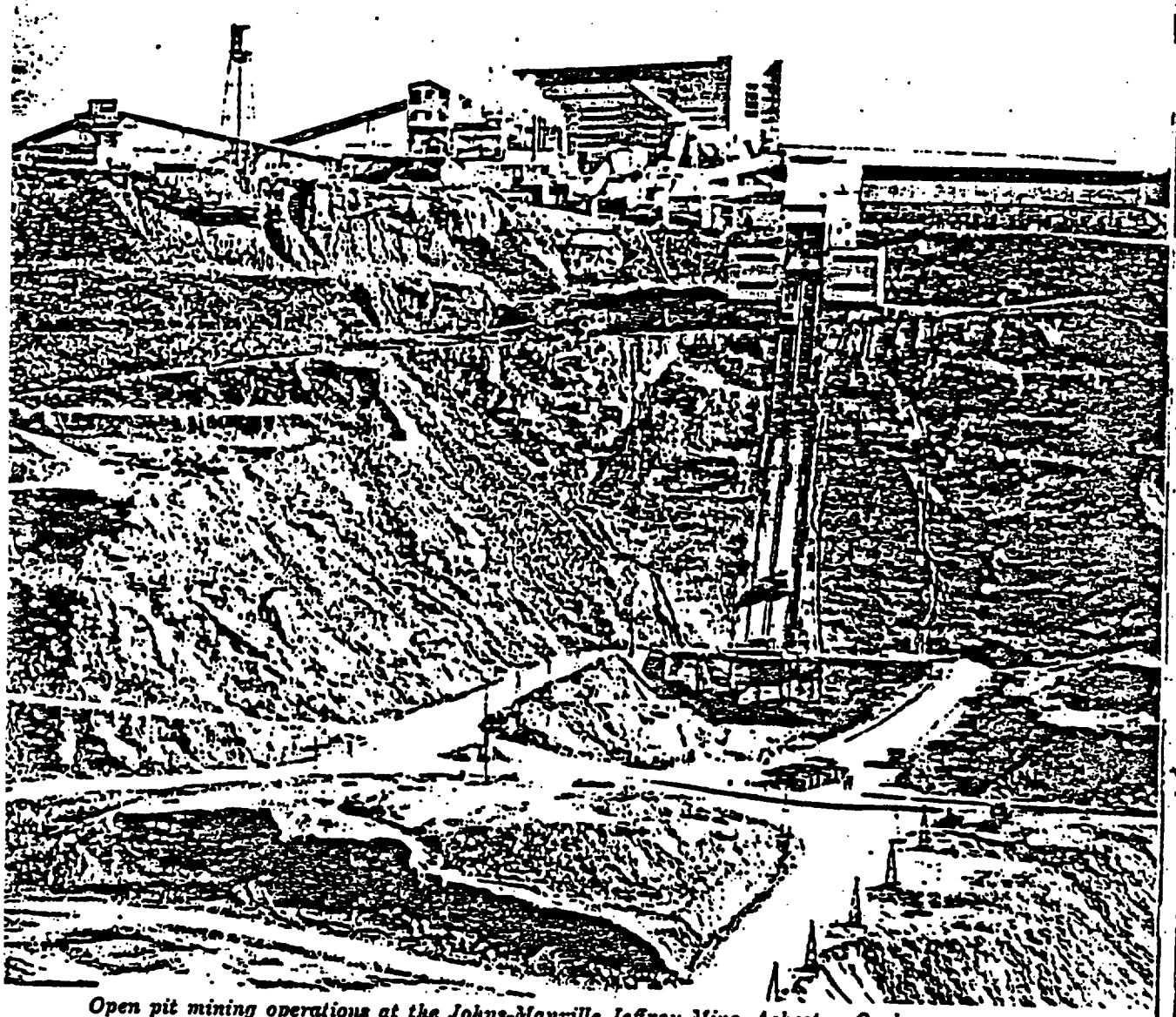
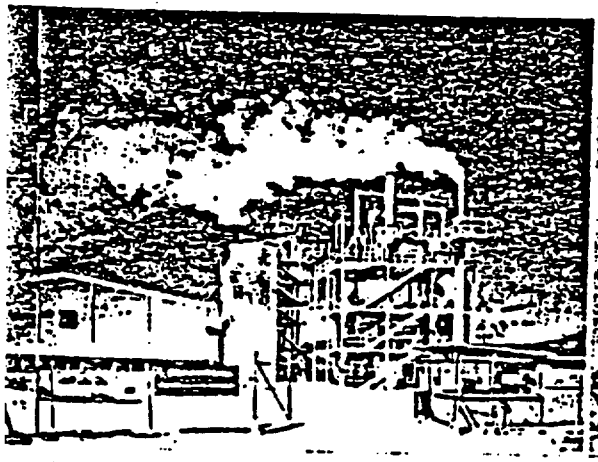
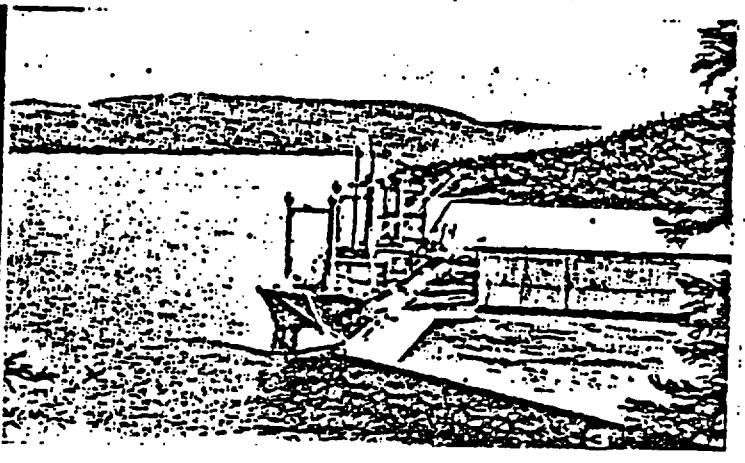


Open pit mining operations at the Johns-Manville Jeffrey Mine, Asbestos, Quebec.

ly completed diatomite mill at Santa Catarina, f Jalisco, Mexico.



Docking and warehousing facilities servicing the Advocate Mine, Baie Verte, Newfoundland.



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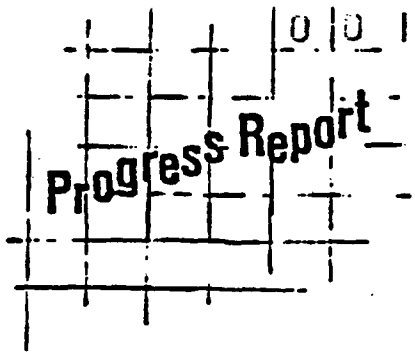

PRODUCTION

Manufacturing capacity was substantially increased in 1964 through new plant construction, acquisitions and expansion of existing operating locations.

This program, designed to meet present and future product demand, resulted in the addition of four plants, bringing the total of company manufacturing facilities to forty-eight.

Projects now underway include the construction of five additional plants.

New Plant Facilities

A new fiber glass insulations plant began operation at Cleburne, Texas in August. This plant, a major expansion of Johns-Manville fiber glass manufacturing capacity, is strategically located in Texas to meet increasing requirements for home insulation in the southwestern market.

As part of the company's program to expand product lines, the assets of the Melamite companies of Lawrence, Massachusetts were acquired in January, 1964. Melamite is now the twelfth Johns-Manville operating division.

Melamite manufactures high-pressure plastic decorative laminates used in the home, in commercial building and by furniture manufacturers.

To meet the growing demand for this new J-M product, a program doubling productive capacity was completed by year end.

The company purchased a plastic, cloth and paper tape plant in Bellegarde, France.

Products of this new facility will broaden the line of J-M industrial and commercial tapes sold throughout the European Common Market.

To meet asphalt roofing product requirements, the company purchased a small felt mill in New Orleans.

Projects Underway

To serve the expanding western market, a new asphalt and vinyl asbestos floor tile plant is being constructed at Hayward, California. Residential and commercial flooring products produced at this location will be sold in the eleven western states.

To satisfy the increasing demand for pipe in the southeastern United States, the company began construction in October of a new plant at Green Cove Springs, Florida.

The new facility, to be completed in the fall of 1965, will produce asbestos-cement pipe products for residential construction, municipal water and sewerage systems, irrigation and industrial process lines.

Construction of a new asbestos friction materials plant at Laurinburg, North Carolina was started in July. When completed, in the Spring of 1965, this plant will manufacture Cobra® brake shoes for the railroad industry under a joint agreement with Westinghouse Air Brake Company.

Overseas, construction is underway for a new perlite filter aid plant at Wissembourg, France and an asbestos fiber board plant at Ghent, Belgium.

All projects now under construction are scheduled for completion by the end of 1965.

Further progress was made in the company's continuing programs for expansion and modernization of manufacturing facilities, streamlining of distribution operations, improving product quality and reducing costs at the production level.

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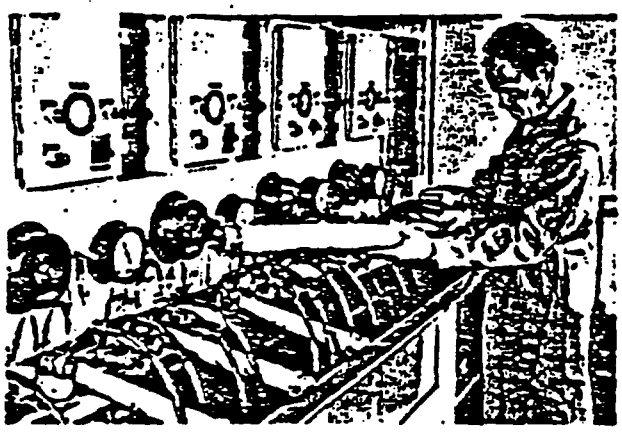
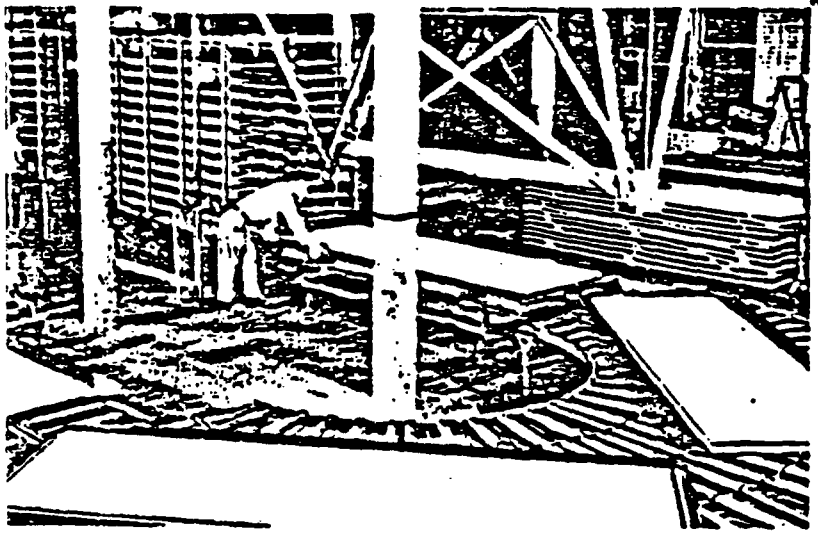


Quality control pressure test is applied to plastic pipe at the Denison, Texas plant.



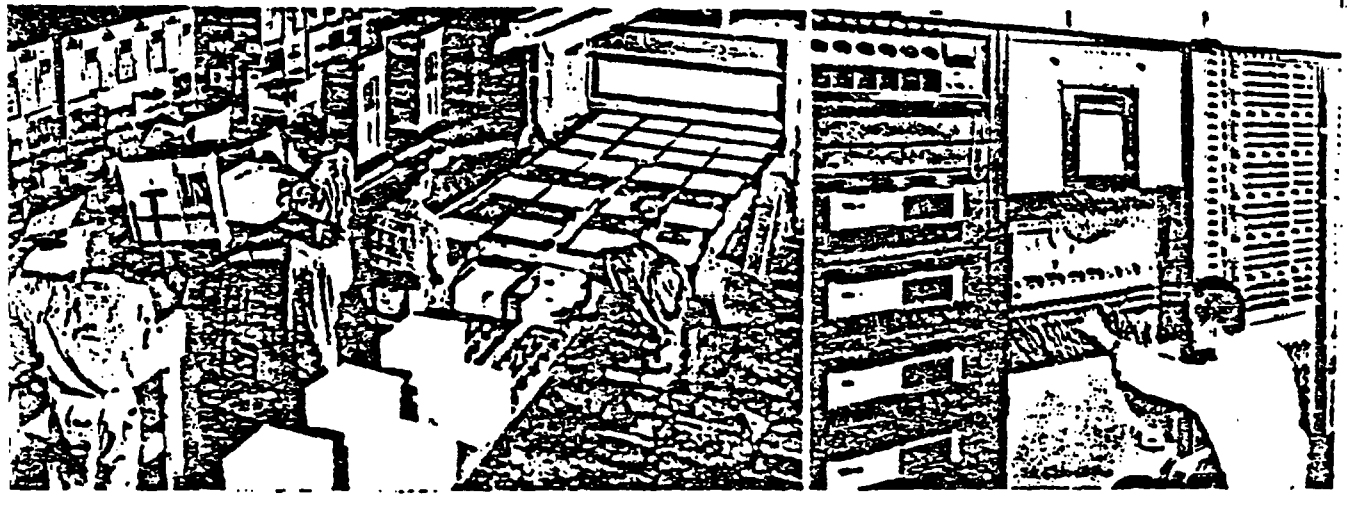
Corrulux® fiber glass reinforced plastic panels receive final inspection check prior to shipment from the Houston, Texas plant.



Production of high-pressure decorative laminates at the Melamite plant in Lawrence, Massachusetts.

spection and packaging of acoustical tile at the Natchez, Mississippi plant.

Electronic controls speed production of high temperature insulation at Manville, New Jersey.



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Progress Report

MARKETING

For the fourth successive year Johns-Manville sales increased reflecting the growth and strength of the national economy and a high level of construction activity.

Significant contributions to the record volume were made through the company's efforts to strengthen and improve marketing programs and techniques. This included concentration on more profitable markets, sales specialization for deeper penetration of selected markets, improved product distribution systems and customer service, application of test merchandising programs and expansion of distributor training activities.

Diversified Markets

This stepped-up marketing activity coupled with aggressive advertising and promotion campaigns resulted in a substantial increase in the total number of J-M customers.

Marketing efforts were made to increase and balance company participation in all segments of the construction industry and in other industrial markets including steel, chemical, petroleum, transportation, electrical, aerospace and utilities.

Because of its diversification Johns-Manville's performance is closely allied with the progress of the general economy. J-M's sales volume continued to move ahead of the trend of total manufacturers' sales in the United States.

International Operations Expanded

During 1964, J-M continued to expand both manufacturing and marketing activities overseas.

New dealer and distributor outlets have greatly strengthened the company's position in world markets. The number of overseas sales offices was increased to sixteen.

In addition to overseas sales and manufacturing activities, J-M international operations include an extensive program of licensing, technical assistance and minority investments.

At year end the program involved 58 companies operating 77 plants in Africa, South and Central America, Europe, Australia, the United Kingdom and Asia.

Mobile Marketing Unit Added

A "Labmobile" consisting of a completely equipped water treatment laboratory and diatomite filter plant was developed by the Celite Division.

This self-contained mobile unit travels throughout the United States providing on-site demonstrations of J-M filter products at water treatment plants and gathering process data to aid in development of new products.

Advertising and Sales Promotion

Advertising activities were expanded during 1964 to accommodate new products and new markets. Specialized regional merchandising programs were instituted in support of established product lines.

National magazine advertising included Newsweek, U. S. News and World Report, Business Week and TV Guide and regional editions of Life and Sunset.

Spot radio and Sunday supplement newspaper advertising was used in selected marketing areas to promote new building materials and flooring products.

Dealer and distributor support programs included active participation in national trade shows, expanded distribution of sales promotional materials and product advertising in over 200 trade and business publications.

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ilding products exhibit at the 1964 National Asso-tion of Home Builders convention.



ay of Melamite decorative laminates used by fur-e manufacturers for table top surfacing.



J-M acoustical ceiling tile, featured in the Doro-thy Draper Dream Home at the 1964-65 New York World's Fair.



1964 advertising included campaigns on radio, in Sunday supplements, national and regional magazines.

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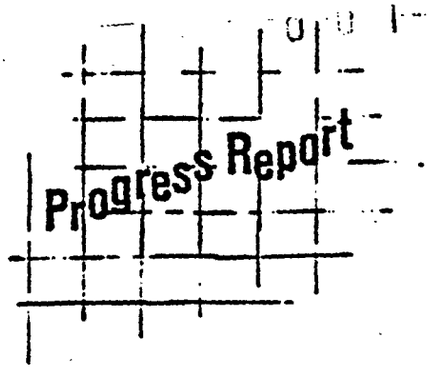


RESEARCH & ENGINEERING

Johns-Manville research and engineering programs stress the development of new and improved products in those areas where the company's control of raw materials, manufacturing know-how, marketing and sales experience offer the greatest profit potential.

Expenditures for research, development and engineering activities in 1964 amounted to over $11 million.

Activity progressed in all areas with particular emphasis on programs providing the basic and applied technology to insure steady growth and stability of company operations.

Plastic Foams

During the year the company emphasized research activity in the plastic foam field to meet growing product potential in the building and industrial insulations markets.

To date company development activities in this area have led to the introduction of a number of polystyrene, polyurethane and polyvinyl chloride plastic foam products for low temperature insulating applications and as insulating core material for building panels.

Application of polyurethane to pipe products led to the development of a new integrally insulated pressure pipe for underground central system distribution of chilled and hot water. Designated Temp-Tite, the pipe is being marketed for institutional, industrial and commercial applications.

Styling and Design

Building product development activities included increased emphasis on product design and styling. As part of the program to intensify efforts in this area the company retained the services of Raymond Loewy/William Snaith Inc. and the Dorothy Draper organization as design consultants.

Design and styling development programs resulted in the introduction of a new line of acoustical ceiling tile, substantial expansion of the floor tile line and the addition of a new premium fiber glass reinforced roofing shingle.

During 1964 continued emphasis was placed on the development of molded fiber glass insulating parts for the automotive and appliance industries. Successful results in this area have increased the company's participation in these important markets.

Further product penetration of the automotive market was made possible by the J-M development of friction pads for disc brakes. They are currently available on selected 1965 models of Chrysler, Ford and General Motors.

Asbestos-Cement Extrusion

Development and engineering work was completed on an extrusion process for the manufacture and production of asbestos-cement building products.

The new process is specifically designed to meet production requirements and increased demand in overseas markets.

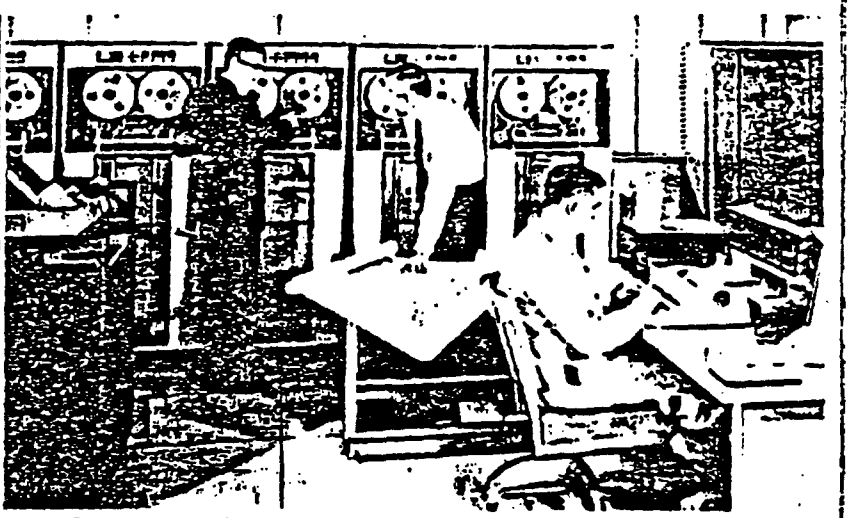
This process is being used at the company's Mol, Belgium plant and is being made available to other overseas manufacturers through technical assistance, licensing and patent agreements.

The company's profit improvement and cost control engineering programs resulted in substantial increases in production efficiency.

MTC 002205

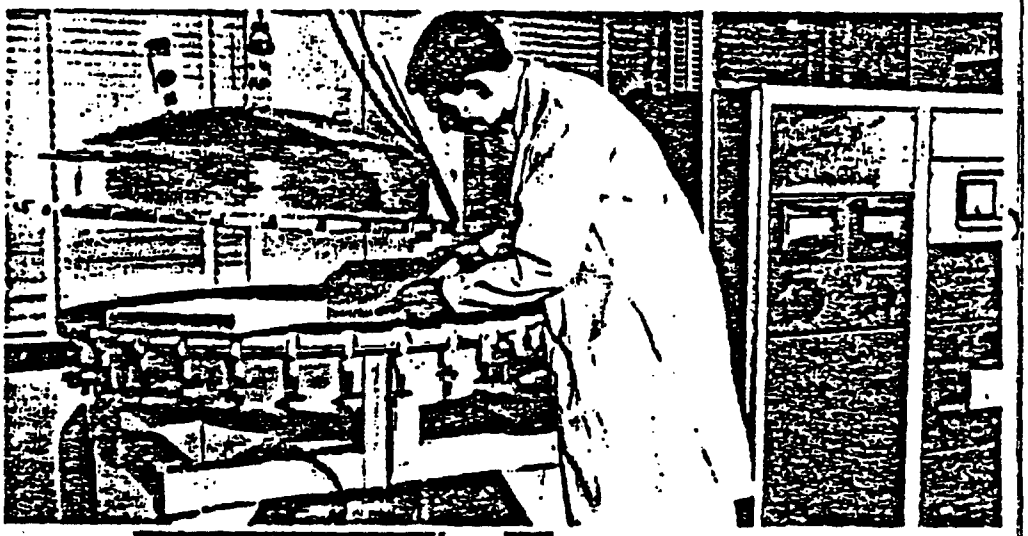


ad developed for disc brakes is allation inspection on J-M test car.



Company engineers use electronic data processing equipment to advance manufacturing technology.

um thermal conductivity applied to plastic foam w product development um at the Research and ering Center, Manville, Jersey.





Styling experts review new decorative designs for vinyl asbestos and asphalt asbestos floor tile.

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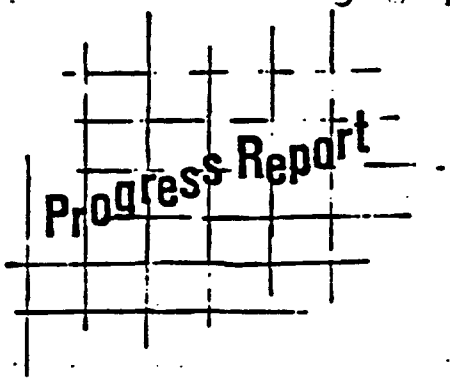
Progress Report



ADMINISTRATION

The dedication, skill and competence of the company's employees are prime factors in effectively and successfully meeting the challenge of the competitive market.

To insure the necessary employee competence essential to continued growth, training activities were intensified among personnel at all organization levels.

During 1964 particular attention was directed to increasing the effectiveness of management personnel through a broad program of executive training seminars on sales management, plant management, market forecasting and profit planning.

In-plant training programs continued to increase manufacturing and technological skills at all operating locations. Training man hours exceeded half a million in 1964. Educational programs included accident prevention, company orientation, labor relations, plant and shop skill development, supervisory development, problem solving and cost reduction.

Employee Relations

Employee health, accident prevention and industrial hygiene programs received continued emphasis in the interest of maintaining the company position as an industrial leader in employee safety.

Labor-management negotiations conducted during 1964 resulted in successful completion of 14 new labor contracts. The company currently maintains forty-seven contracts with twenty-one international unions.

Growth activities during 1964 increased total company employment to 20,400.

During the year a total of 1800 J-M men and women received retirement income from funds accumulated through joint contributions of company and employees.

The number of men and women participating in the Johns-Manville Quarter Century Club increased to a total of 3,518 members in 1964.

Organization Changes

George P. MacNichol, Jr., Chairman of the Executive Committee of Libbey-Owens-Ford Glass Company, was elected a member of the Board of Directors at the Annual Meeting held in March.

In compliance with the Board of Directors retirement policy the following directors did not stand for reelection in 1964: Enders M. Voorhees, Director, Member of the Executive Committee, United States Steel Corporation; John W. Hanes, Director, Olin Mathieson Chemical Corporation; Clifford F. Rassweiler, retired Vice President for Research, Development and Engineering, Johns-Manville Corporation and John D. Biggers, formerly Chairman, Finance Committee, Libbey-Owens-Ford Glass Company.

Litigation

A trial on the merits, before a judge and jury, of criminal charges of antitrust violations brought by the Government in 1962 against the Corporation, Keasbey & Mattison Company and officers of each resulted in a judgment of acquittal. The trial lasted more than four and a half months. The Government, on its own motion, subsequently dropped similar charges against other officers and employees of the companies.

The civil antitrust action instituted by the Government in 1962 and two private antitrust actions brought against the companies in 1963 and 1964 containing similar allegations are still pending. Counsel is of the opinion that the Corporation has a valid defense to these three actions.

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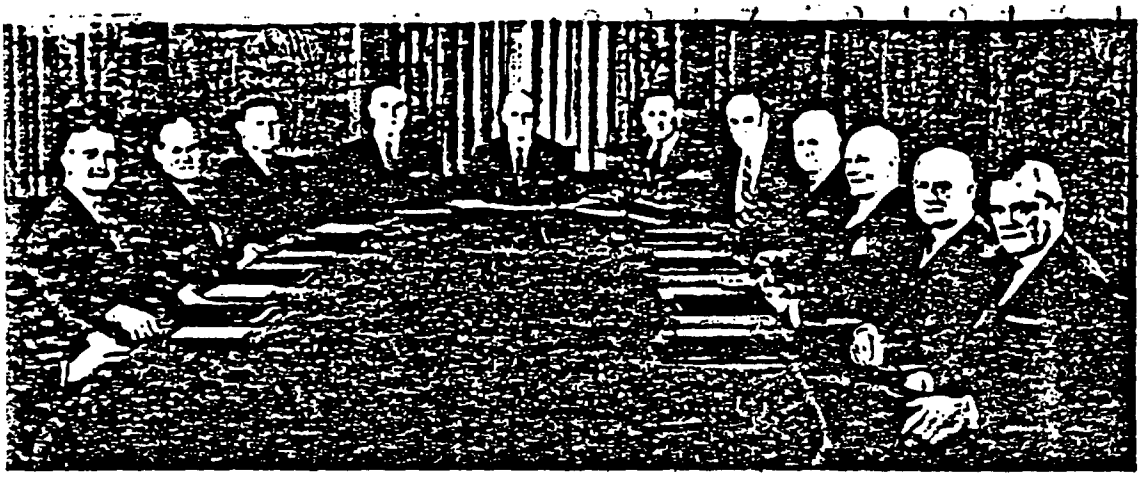

Johns-Manville Directors in session. Left to right, George P. MacNichol, Jr., Francis H. May, Jr., Leslie M. Cassidy, Joseph A. Grazier, Adrain R. Fisher, President Clinton B. Burnett, Secretary Herbert Morton Ball, Thomas E. Sunderland, Roger Hackney, William C. Stolk, Edgar G. Burton and Henry C. Alexander.

BOARD OF DIRECTORS

HENRY C. ALEXANDER ..... *Chairman, Morgan Guaranty Trust Company, New York*
CLINTON B. BURNETT ..... *President, Johns-Manville Corporation*
EDGAR G. BURTON ..... *Chairman, Simpsons Limited (Toronto)*
LESLIE M. CASSIDY ..... *Director, Texas Gulf Sulphur Company*
ADRAIN R. FISHER ..... *Director, American Radiator & Standard Sanitary Corporation*
JOSEPH A. GRAZIER ..... *President, American Radiator & Standard Sanitary Corporation*
ROGER HACKNEY ..... *Vice President, Johns-Manville Corporation*
GEORGE P. MACNICHOL, JR. ..... *Chairman of the Executive Committee, Libbey-Owens-Ford Glass Company*
FRANCIS H. MAY, JR. ..... *Vice President, Johns-Manville Corporation*
WILLIAM C. STOLK ..... *Chairman, 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 Products Division*
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*

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BUILDING MATERIALS

Building Products Division — a major national supplier of a variety of wood, fiber glass, perlite, asbestos and plastic based building materials for residential, commercial, institutional and industrial construction.

Flooring Division — produces and sells the company's broad line of vinyl asbestos and asphalt asbestos floor tile products for application in all flooring markets.

Melamite Division — producing high-pressure plastic decorative laminates used in the home, in commercial buildings and by furniture manufacturers.

Division Managers (left to right) A. Kenneth Higbee — Flooring, Francis E. Dutcher — Building Products and Wallace R. Tyrie, Operations Manager — Melamite review advertising and marketing programs.

INDUSTRIAL PRODUCTS

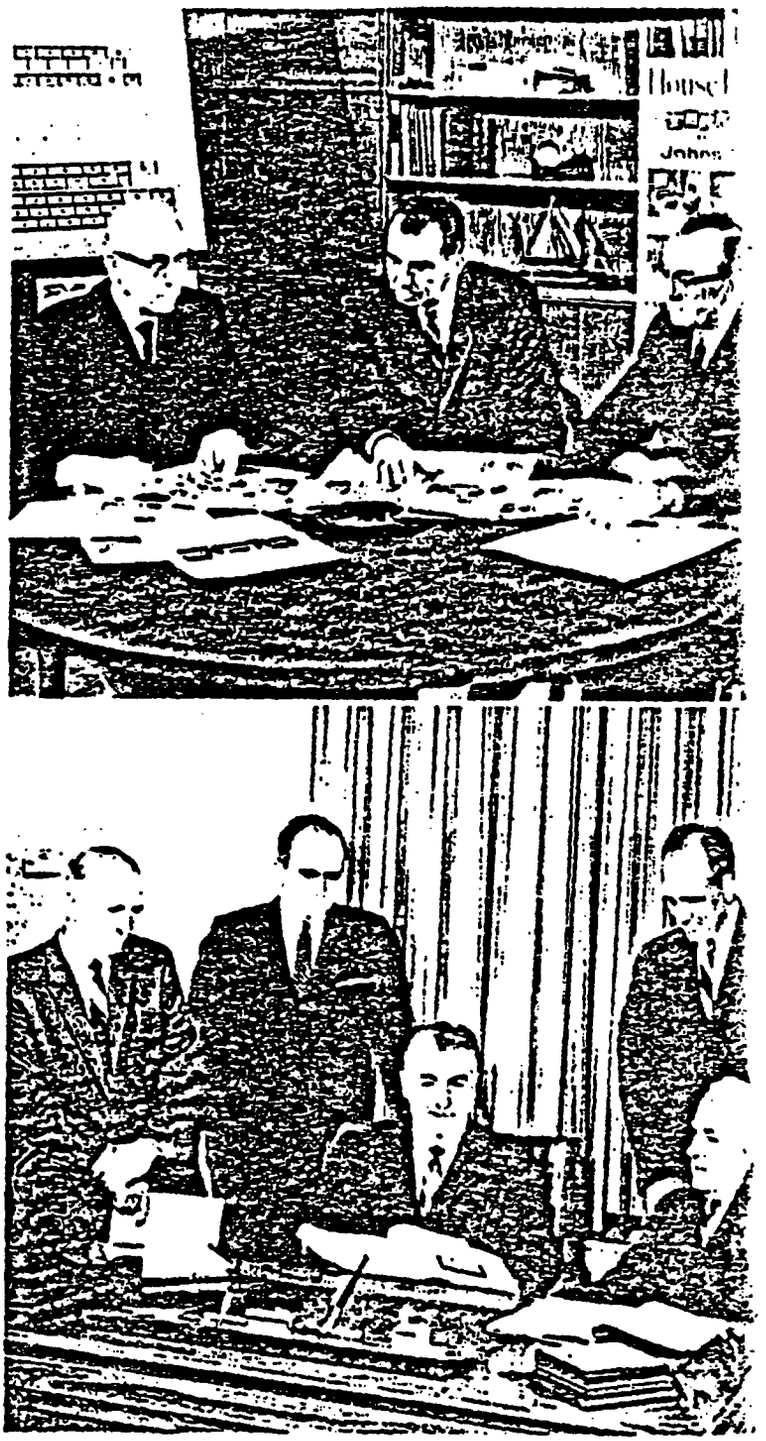
Dutch Brand Division — producing a wide variety of pressure-sensitive tapes, adhesives and specialities — and high grade asbestos electrical paper and board products.

Fiber Glass Division — producing fiber glass insulations, textile fiber glass and plastic reinforcement materials.

Industrial Insulations Division — one of the nation's important suppliers of industrial and commercial insulating materials for a variety of industrial applications.

Packings and Friction Materials Division — manufactures and markets an extensive line of packings, gaskets, asbestos textiles; and automotive and industrial brake linings, brake blocks and clutch facings.

Don L. Hinman, Vice President for Industrial Divisions (center) discusses growth and profit planning with Division Managers (left to right) John B. Jobe — Industrial Insulations, William L. VanDerbeck — Fiber Glass, James R. Allen — Dutch Brand and Edward H. Wells — Packings and Friction Materials.



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:RATING DIVISIONS



MINING & INTERNATIONAL

Asbestos Fibre Division — is engaged in world-wide exploration, mining and milling of asbestos fiber.

Canadian Products Division — is responsible for the manufacture and sale of J-M product lines throughout the Canadian Market.

International Division — is responsible for production and marketing of J-M product lines outside the United States and Canada.

Celite Division — a major world producer of diatomite for industrial applications as filter media and inert filler, and a supplier of perlite, synthetic silicates and concrete specialities.

Roger Hackney, Vice President for Mining and International Divisions (left) reviews financial reporting procedures with Division Managers Alfred G. Sinclair — Canadian Products, Karl V. Lindell — Asbestos Fibre, Dudley T. Colton — International and Perry A. Martinson — Celite.

PIPE PRODUCTS

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, irrigations systems, conduit, processing and oil lines.

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

Specialized corporate departments coordinate divisions' efforts on finance, research, development and engineering, marketing, legal, administrative services and industrial relations.

Corporate Officers (left to right) Charles W. Hite — Vice President for Industrial Relations, James M. Shackelford — Treasurer, Robert F. Orth, Vice President for Marketing and for Pipe Division and Arthur C. Smith — Vice President for Research, Development and Engineering review operational plans for new pipe plant at Green Cove Springs, Florida.

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SALES OFFICES

United States and Canada

Akron, Ohio	Marrero, La.
Albany, N. Y.	Milwaukee, Wis.
Atlanta, Ga.	Minneapolis, Minn.
Baltimore, Md.	Montreal, P. Q.
Boston, Mass.	New Orleans, La.
Buffalo, N. Y.	New York, N. Y.
Calgary, Alta.	Ottawa, Ont.
Charlotte, N. C.	Philadelphia, Pa.
Chicago, Ill.	Phoenix, Ariz.
Chillicothe, Ohio	Pittsburgh, Pa.
Cincinnati, Ohio	Providence, R. I.
Cleveland, Ohio	Richmond, Va.
Columbus, Ohio	St. Louis, Mo.
Dallas, Tex.	Saint John, N. B.
Dayton, Ohio	Salt Lake City, Utah
Denison, Tex.	San Antonio, Tex.
Denver, Colo.	San Francisco, Calif.
Detroit, Mich.	Seattle, Wash.
Edmonton, Alta.	Stockton, Calif.
Houston, Tex.	Syracuse, N. Y.
Indianapolis, Ind.	Tampa, Fla.
Jacksonville, Fla.	Toledo, Ohio
Joliet, Ill.	Toronto, Ont.
Kansas City, Mo.	Tulsa, Okla.
Long Beach, Calif.	Vancouver, B. C.
Los Angeles, Calif.	Washington, D. C.
Louisville, Ky.	Waukegan, Ill.
Manville, N. J.	Wilkes-Barre, Pa.
Winnipeg, Man.	

International

Beirut, Lebanon	Madrid, Spain
Buenos Aires, Arg.	Mexico City, Mexico
Goteborg, Sweden	Milan, Italy
Hong Kong	Mol-Donk, Belgium
Johannesburg, U.S. Afr.	Nairobi, Kenya
Lagos, Nigeria	San Juan, P. R.
Lima, Peru	Sao Paulo, Brazil
London, Eng.	Wiesbaden, W. Ger.

OPERATING FACILITIES

Plants

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

Mines

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

Research and Engineering Center

Near Manville, New Jersey

Fiber Glass Research and Technical Center

Waterville, Ohio

*Under Construction **Majority Owned
†Minority Interest Operated and Managed by Canadian Johns-Manv
††Minority Interest

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TEN-YEAR REVIEW OF OPERATIONS

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

	1962	1963	1962	1961	1960	1959	1958	1957	1956	1955
Sales	$458.9	414.9	392.3	377.8	365.2	377.6	331.7	308.3	310.4	284.7
Earnings Before Income Taxes	$58.3	52.6	43.8	43.0	49.9	55.7	42.2	31.2	46.2	43.7
Income Taxes	$26.2	24.9	19.9	19.1	23.4	24.1	18.8	13.4	21.2	20.2
Net Earnings	$32.1	27.7	23.9	23.9	26.5	31.6	23.4	17.8	25.0	23.5
ngs per Share*†	$3.77	3.25	2.81	2.81	3.12	3.74	2.83	2.48	3.79	3.68
arnings to Sales	7.0	6.7	6.1	6.3	7.3	8.4	7.0	5.7	8.0	8.3
Dividends	$17.0	17.0	17.0	17.0	17.0	16.7	14.3	14.3	15.0	13.6
nds per Share*	$2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.12½
Investment	$307.8	297.3	287.2	283.6	275.7	265.4	245.5	210.2	206.2	166.3
ings to Invest- t Start of Year	10.8	9.6	8.4	8.7	10.0	12.4	11.1	8.6	15.0	15.2
al Expenditures	$20.1	15.8	11.4	20.0	20.0	16.2	12.0	45.3	24.9	18.0
Investments in r Companies**	$6.3	5.8	6.6	1.8	2.9	.9	.9	.4	1.2	.3
ion & Depletion	$18.7	19.2	19.6	16.9	16.8	16.8	15.8	14.5	13.6	12.6
h Development ering Expense	$11.8	8.7	11.3	11.4	10.1	8.5	7.7	8.5	7.5	6.7
ne per Share*	$36.32	34.89	33.71	33.30	32.47	31.32	29.63	29.35	28.84	25.97
s Outstanding t End of Year*	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	6,404,126
Stockholders	30,000	31,000	30,500	29,400	29,600	30,100	23,800	20,000	19,200	15,100
Employees	20,400	20,000	20,200	21,200	21,000	22,000	21,800	21,700	21,300	20,500
s, Salaries & yee Benefits	$176.0	159.2	151.9	150.3	146.3	145.9	135.7	130.9	127.5	116.8

*Adjusted for 1956 stock split

†On average shares outstanding

**New investments in unconsolidated subsidiaries and other companies formerly shown under Capital Expenditures

Investment

	December 31	
	1964	1963
WORKING CAPITAL		
Cash (including time deposits of $6,000,000 in 1964)	$ 16,453,000	$ 19,489,000
Marketable securities at cost (approximately market)	35,279,000	31,912,000
Accounts and notes receivable	79,710,000	72,988,000
Inventories at the lower of cost (principally last-in, first-out) or market	57,685,000	52,190,000
Total current assets	189,127,000	176,579,000
Less, Current liabilities:		
United States and Canadian income taxes	27,861,000	24,284,000
Other taxes	6,588,000	6,817,000
Wages and compensation	16,139,000	14,247,000
Accounts payable and other accrued liabilities	24,119,000	21,113,000
Total current liabilities	74,707,000	66,461,000
Working capital	114,420,000	110,118,000
MARKETABLE SECURITIES set aside for plant additions	20,000,000	20,000,000
PROPERTIES AND PLANTS, at cost	347,225,000	334,246,000
Less, Accumulated depreciation and depletion	203,864,000	192,359,000
	143,361,000	141,887,000
INVESTMENTS (principally outside U. S.) and other assets, at cost or less		
Investments in unconsolidated subsidiaries	5,709,000	4,021,000
Investments in other companies	20,682,000	16,898,000
Prepaid expenses and deferred charges	3,420,000	3,228,000
Other assets	6,320,000	7,433,000
Total	36,131,000	31,580,000
	313,912,000	303,585,000
LESS:		
Notes payable, 2.7 per cent, principal payable $250,000 annually to July 15, 1966, balance payable July 15, 1967	1,500,000	1,750,000
Reserves for self-insurance and product guarantees	4,616,000	4,486,000
	6,116,000	6,236,000
INVESTMENT	307,796,000	297,349,000
REPRESENTED BY:		
Common stock, $5 par, 25,000,000 shares authorized, 8,582,500 issued at December 31, 1964. (Note 1)	119,526,000	119,614,000
Earnings reinvested (Note 4)	194,279,000	178,349,000
	313,805,000	297,963,000
Less: Cost of treasury stock, 1964 — 107,722 shares; 1963 — 12,252 shares	6,009,000	614,000
	$307,796,000	$297,349,000

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, 1964 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

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poration and Consolidated Subsidiary Companies

Earnings and Earnings Reinvested

	1964	1963
Net sales	$458,879,000	$414,881,000
Costs and expenses (Note 2):		
Cost of sales	331,542,000	299,249,000
Selling, general and administrative expenses	74,327,000	67,544,000
Total	405,869,000	366,793,000
Income from operations	53,010,000	48,088,000
Other income, net	5,255,000	4,493,000
Earnings before income taxes	58,265,000	52,581,000
Federal, Canadian and state income taxes (Note 3)	26,200,000	24,900,000
Net earnings for the year	32,065,000	27,681,000
Earnings reinvested at beginning of year (including, in 1964, $883,000 for Melamite, Inc.) (Note 4)	179,232,000	167,695,000
	211,297,000	195,376,000
Cash dividends, $2.00 per share	17,018,000	17,027,000
Earnings reinvested at end of year	$194,279,000	$178,349,000

NOTES

1. At December 31, 1964, 316,466 shares were reserved for issuance under the employees' stock purchase and deferred compensation plans.

   At December 31, 1964, an additional 137,934 shares were reserved for issuance in connection with the incentive stock option plan. At January 1, 1964, options outstanding for 114,795 shares at prices ranging from $37.75 to $57.00 per share were unexercised. During 1964 options were granted on 37,200 shares at $53.875 per share: options on 11,025 shares were exercised at prices ranging from $37.75 to $53.00 per share, and options on 4,745 shares expired. At the end of 1964 options on 136,225 shares were unexercised and 1,709 shares were available for further option.

   Treasury shares were purchased in 1964 in the open market pursuant to a program approved by Directors for acquisitions and for other corporate purposes. The Corporation presently intends to continue purchases for the various stock plans as required.

2. Depreciation and depletion charged to operations amounted to $18,674,000 in 1964, $19,163,000 in 1963.

3. Commencing in 1964 the investment credit, amounting to $901,000, has been recorded as a reduction of Federal income tax. Federal income tax expense for 1964 has been further reduced by $880,000 representing the unamortized balance of the investment credit for 1962 and 1963. Previously, such amount was being amortized over the productive lives of the related assets.

4. As of January 15, 1964 in a combination treated as a pooling of interest, a subsidiary of Johns-Manville Corporation acquired in exchange for 60,000 shares of J-M common stock substantially all of the assets of Melamite Corporation, Melamite Sales, Inc. and Melamite Distributors, Inc. The accompanying statement of earnings for 1964 includes operations of the Melamite companies for the full year.

necessary in the circumstances. We previously examined and reported upon the financial statement of Johns-Manville Corporation and its consolidated subsidiary companies for the year 1963. We 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, 1964 and 1963 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

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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

JOHNS-MANVILLE CORPORATION
22 EAST 40th STREET, NEW YORK, N. Y. 10016

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1965

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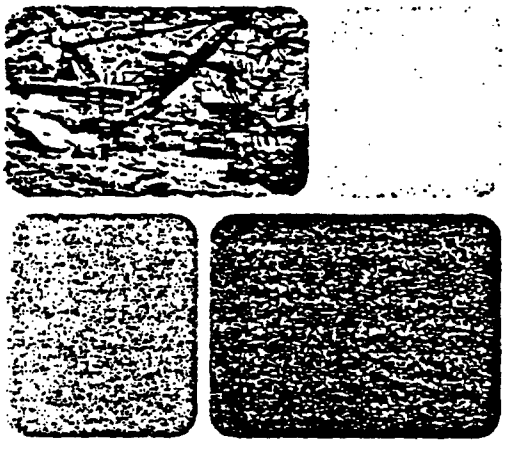

MINING

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.

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JOHNS-MANVILLE
CORPORATION
ANNUAL REPORT
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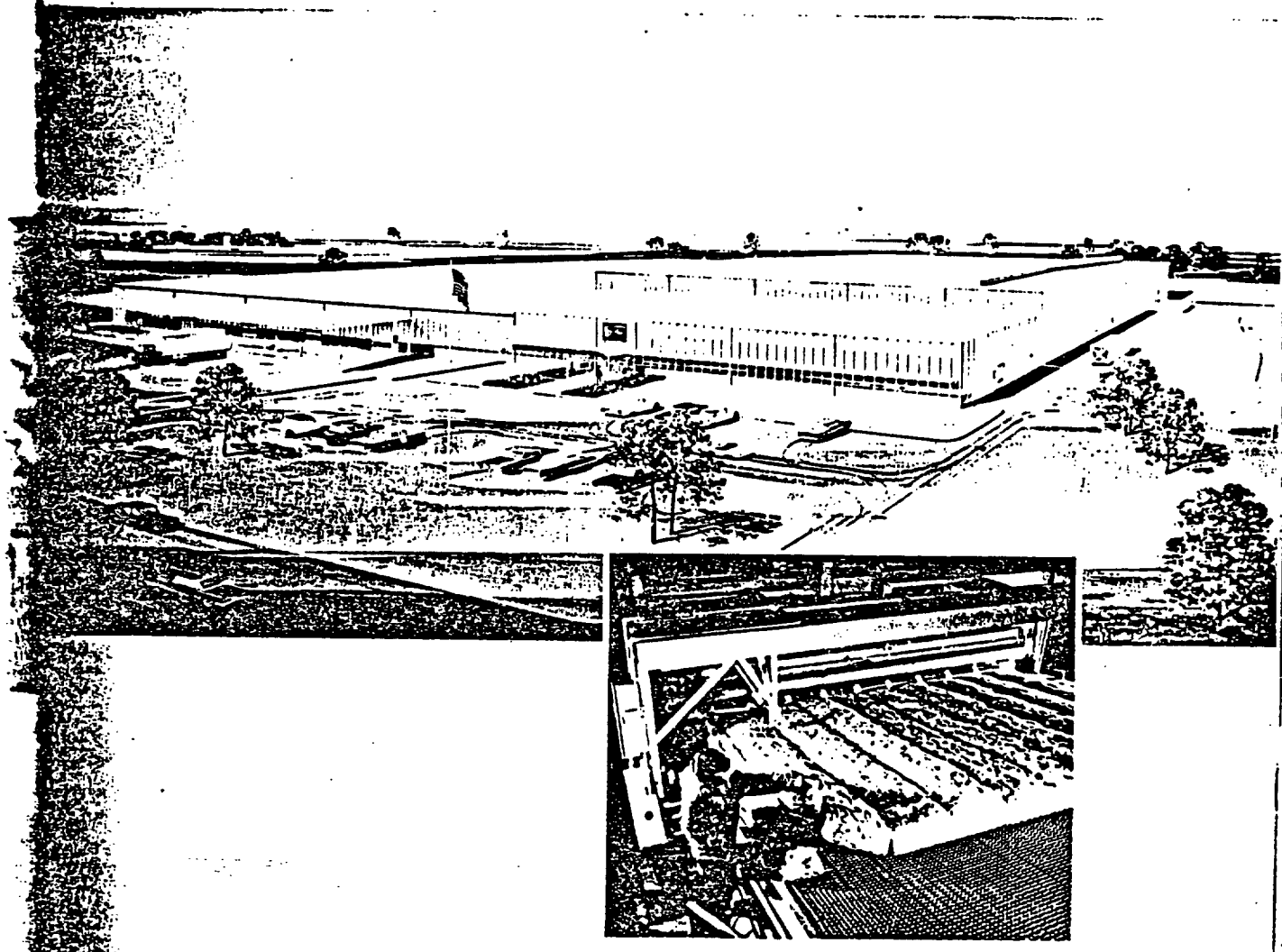

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FINANCIAL HIGHLIGHTS OF THE YEAR

	1964	1963
Net Sales	$458,879,000	$414,881,000
Net Earnings	$ 32,065,000	$ 27,681,000
Net Earnings per Share	$3.77	$3.25
Dividends	$ 17,018,000	$ 17,027,000
Dividends per Share	$2.00	$2.00
Cash Flow	$ 50,739,000	$ 46,844,000
Cash Flow per Share	$5.96	$5.50
Working Capital	$114,420,000	$110,118,000
Stockholders' Equity	$307,796,000	$297,349,000
Depreciation and Depletion	$ 18,674,000	$ 19,163,000
Research and Development	$ 7,249,000	$ 7,253,000
Capital Expenditures	$ 20,105,000	$ 15,841,000
Income Taxes	$ 26,200,000	$ 24,900,000
Other Tax Provisions	$ 9,652,000	$ 9,434,000
Total Taxes	$ 35,852,000	$ 34,334,000
Total Taxes per Share	$4.21	$4.03
Stockholders	30,000	31,000
Number of Employees	20,400	20,000

CONTENTS

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

ANNUAL MEETING — In view of the company's growing investments in Texas, the 1965 Annual Meeting will be held at Fort Worth, Texas, on Thursday, March 11. 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 sending in their proxies.

FRONT COVER — Architect's rendering and photo of production operations at J-M's newest fiber glass insulations plant, Cleburne, Texas.

MTC 002226

PRESIDENT'S LETTER

February 11, 1965

To Johns-Manville Stockholders:

The year 1964 was one of continued progress and improvement in company operations.

New record levels were achieved in both sales and earnings and substantial advances were made in expanding and modernizing mining and manufacturing facilities.

The increased sales volume reflected the high level of general business activity, improved sales and marketing efforts, availability of increased plant capacity and strong demand for the company's basic raw materials.

The improvement in earnings as compared with last year was the result of increased sales volume, marketing emphasis on the more profitable product lines and reflected the success of our program to control costs and improve profits.

Major developments in the company's growth program included the addition of a new fiber glass insulations plant at Cleburne, Texas; a high pressure plastic decorative sheet plant at Lawrence, Massachusetts; a roofing felt plant at New Orleans, Louisiana; and a plastic, cloth and paper tape plant at Bellegarde, France.

Projects are currently underway for construction of an asphalt and vinyl asbestos floor tile plant at Hayward, California; a friction materials plant at Laurinburg, North Carolina and an asbestos-cement pipe plant at Green Cove Springs, Florida. Overseas construction has been started on a perlite filter aid plant at Wissembourg, France and an asbestos fiber interior building board plant at Ghent, Belgium.

A sound financial position, increased production capacity and aggressive marketing and research organizations have placed the company in an excellent position for continued profitable participation in both domestic and overseas markets.



The high level of business activity in the national economy forecasts increasing improvement in company operations during 1965.

Details on the company's progress during 1964 are reviewed on the following pages.

On behalf of your Board of Directors, I extend our appreciation for the support and cooperation you, our employees, customers and suppliers have provided during the year just ended.

C. B. Burnett
President

MTC 002227



MINING

Johns-Manville continued to strengthen its position as a leading world supplier of asbestos fiber, diatomite and perlite.

To meet increasing demand in both domestic and overseas markets, the company intensified its growth and expansion programs in both mining and milling.

Jeffrey Operations Expanded

Changes being made at the Jeffrey Mine, Asbestos, Quebec, will increase capacity by an estimated annual rate of 20,000 tons when they are completed in 1965.

The principal phase of the Jeffrey open pit expansion program in 1964 included the addition of trucks and loading equipment and installation of a high speed skipway for removal of waste material. Additional new trucks and loading equipment will be purchased in 1965.

In the mill the addition of new ore processing and packaging equipment increased output of premium grades of asbestos fiber. This expansion program will continue in 1965.

Operations at the Munro asbestos mine in Northern Ontario were terminated in August, profitably completing the fifteen-year life of the ore body. The mine had been a source of asbestos fiber for use in the manufacture of asbestos-cement products.

Reeves Property

Substantial capital funds have been set aside for development of a new asbestos mine and mill in Reeves Township, 43 miles west of Timmins in Northern Ontario. Extensive core drilling was followed by the sinking of an underground shaft and installation of lateral tunnels so the ore body could be checked at varied depths.

Tonnage samples from both underground and surface are being studied at the Munro mill which has been converted to test ore in various milling processes. The fiber thus produced is being further evaluated in regular production operations at the company's asbestos cement plants.

It is expected that the exploration and development work now in progress at Reeves will be completed during the first quarter of 1965.

The Advocate Mine, located at Baie Verte, Newfoundland, completed its first year of operation on a profitable basis under the management of Canadian Johns-Manville. This asbestos mine, financed by a group of investors headed by CJ-M, is supplying both overseas and domestic markets with grades of asbestos fiber used to manufacture asbestos-cement pipe, panels and other building materials.

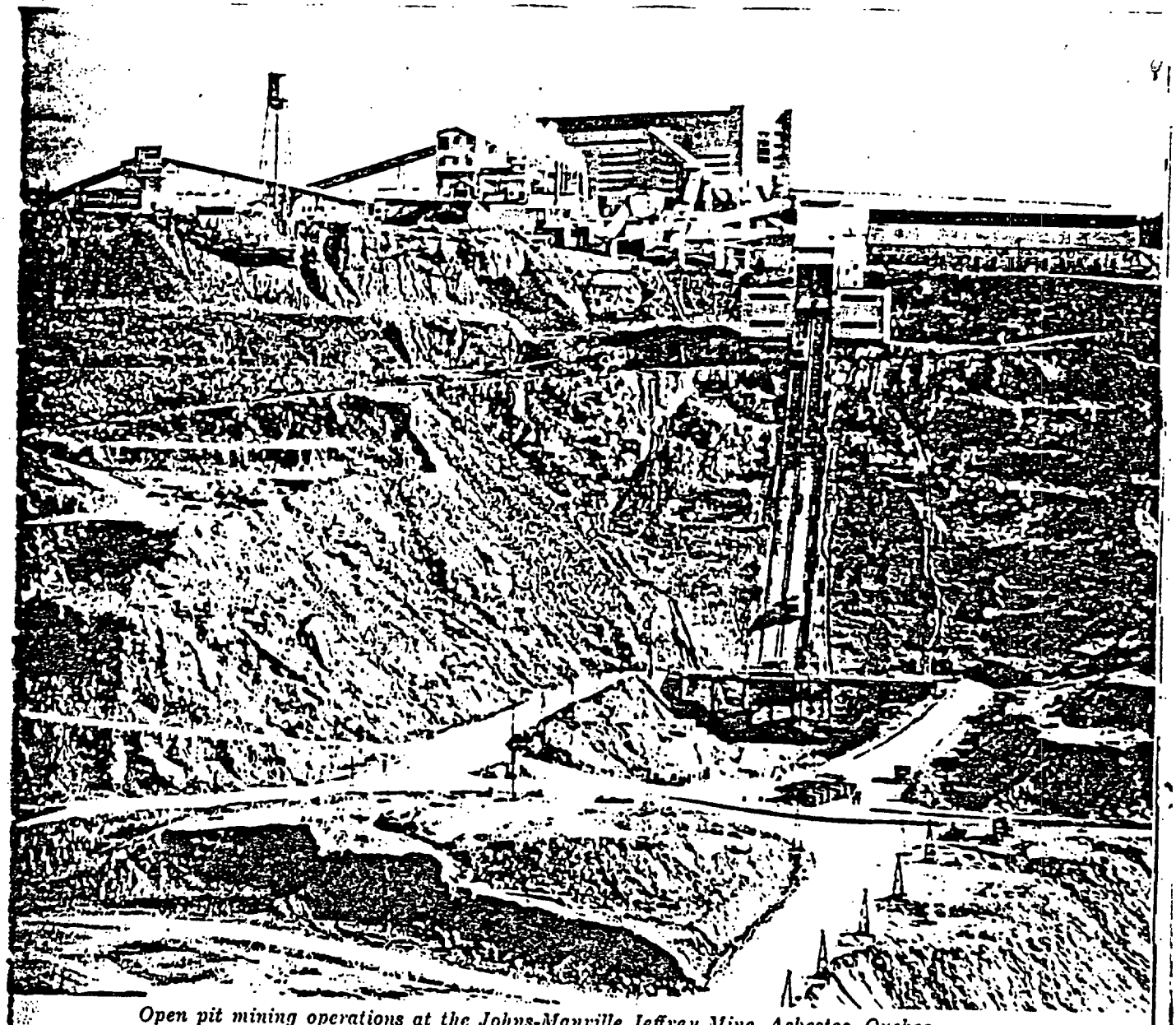
New Mexican Diatomite Operation

Johns-Manville, in cooperation with the Banco Nacional de Mexico, completed development of a new mining and milling operation at Santa Catarina, State of Jalisco, Mexico. This facility is supplying diatomite principally to the Mexican market, for use as a filter aid in clarifying such products as sugar, beverages, dry cleaning fluids, oils and chemicals and as a filler for paints, varnishes, soaps and polishes.

To create new markets and uses for basic raw materials, the company intensified customer technical assistance and product development programs during the year.

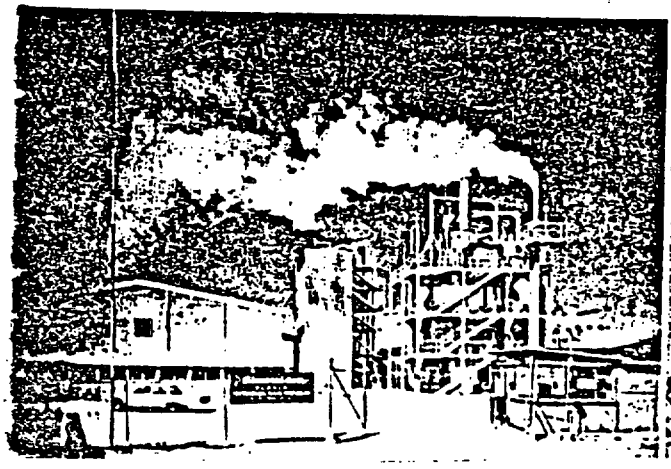
J-M geologists continue to explore worldwide for commercially useful deposits of asbestos, diatomite and perlite.

MTC 002228

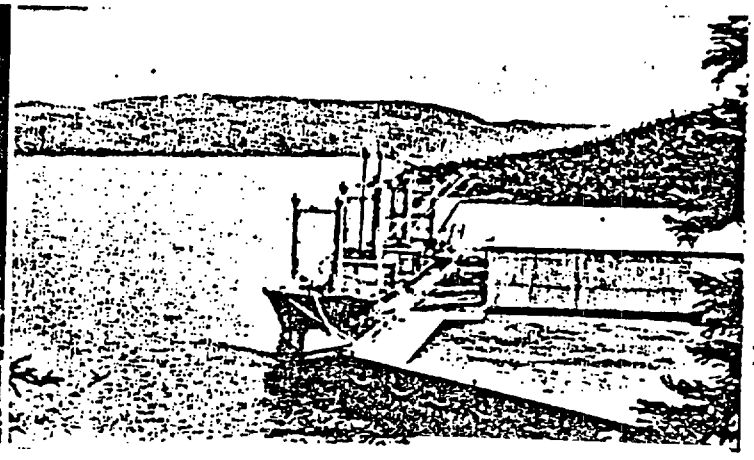


Open pit mining operations at the Johns-Manville Jeffrey Mine, Asbestos, Quebec.

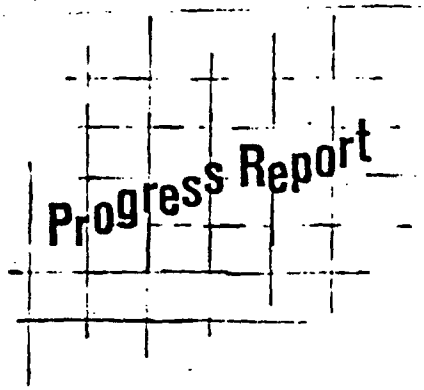
Recently completed diatomite mill at Santa Catarina, State of Jalisco, Mexico.



Docking and warehousing facilities servicing the Advocate Mine, Baie Verte, Newfoundland.



MTC 002229



PRODUCTION

Manufacturing capacity was substantially increased in 1964 through new plant construction, acquisitions and expansion of existing operating locations.

This program, designed to meet present and future product demand, resulted in the addition of four plants, bringing the total of company manufacturing facilities to forty-eight.

Projects now underway include the construction of five additional plants.

New Plant Facilities

A new fiber glass insulations plant began operation at Cleburne, Texas in August. This plant, a major expansion of Johns-Manville fiber glass manufacturing capacity, is strategically located in Texas to meet increasing requirements for home insulation in the southwestern market.

As part of the company's program to expand product lines, the assets of the Melamite companies of Lawrence, Massachusetts were acquired in January, 1964. Melamite is now the twelfth Johns-Manville operating division.

Melamite manufactures high-pressure plastic decorative laminates used in the home, in commercial building and by furniture manufacturers.

To meet the growing demand for this new J-M product, a program doubling productive capacity was completed by year end.

The company purchased a plastic, cloth and paper tape plant in Bellegarde, France.

Products of this new facility will broaden the line of J-M industrial and commercial tapes sold throughout the European Common Market.

To meet asphalt roofing product requirements, the company purchased a small felt mill in New Orleans.

Projects Underway

To serve the expanding western market, a new asphalt and vinyl asbestos floor tile plant is being constructed at Hayward, California. Residential and commercial flooring products produced at this location will be sold in the eleven western states.

To satisfy the increasing demand for pipe in the southeastern United States, the company began construction in October of a new plant at Green Cove Springs, Florida.

The new facility, to be completed in the fall of 1965, will produce asbestos-cement pipe products for residential construction, municipal water and sewerage systems, irrigation and industrial process lines.

Construction of a new asbestos friction materials plant at Laurinburg, North Carolina was started in July. When completed, in the Spring of 1965, this plant will manufacture Cobra® brake shoes for the railroad industry under a joint agreement with Westinghouse Air Brake Company.

Overseas, construction is underway for a new perlite filter aid plant at Wissembourg, France and an asbestos fiber board plant at Ghent, Belgium.

All projects now under construction are scheduled for completion by the end of 1965.

Further progress was made in the company's continuing programs for expansion and modernization of manufacturing facilities, streamlining of distribution operations, improving product quality and reducing costs at the production level.

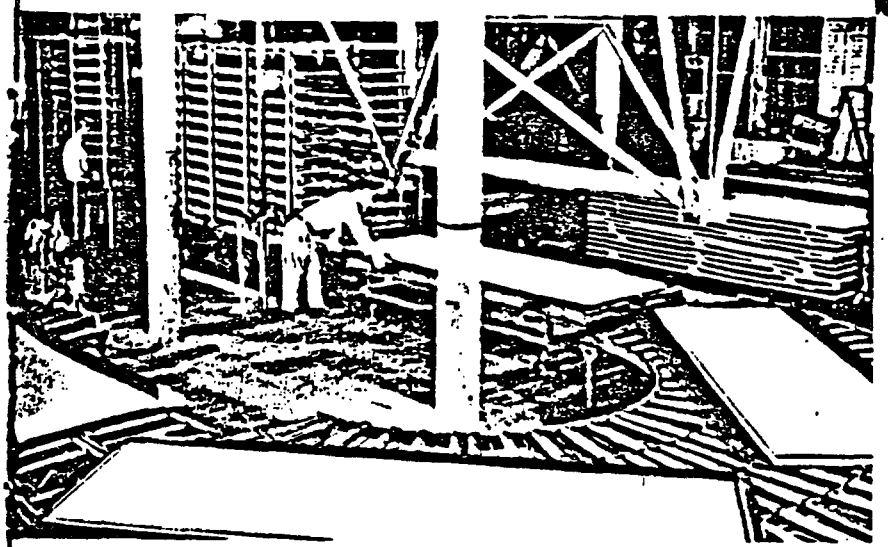
MTC 002230



Quality control pressure test is applied to plastic pipe at the Denison, Texas plant.



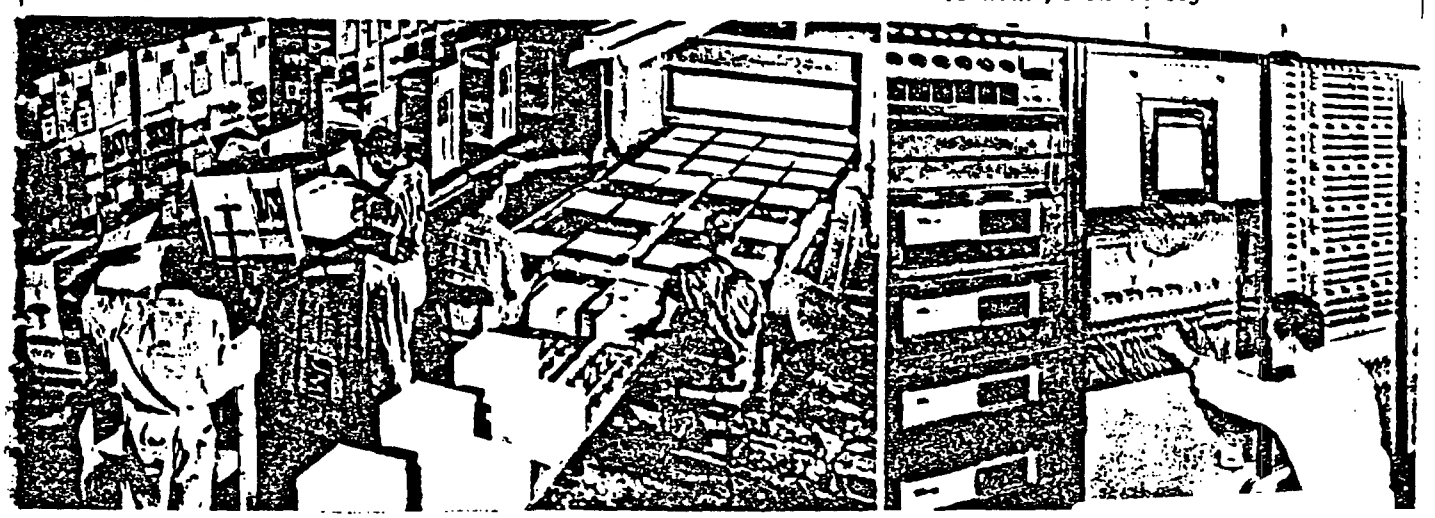
Corrulux® fiber glass reinforced plastic panels receive final inspection check prior to shipment from the Houston, Texas plant.



Production of high-pressure decorative laminates at the Melamite plant in Lawrence, Massachusetts.

Inspection and packaging of acoustical tile at the Natchez, Mississippi plant.

Electronic controls speed production of high temperature insulation at Manville, New Jersey.



MTC 002231

Progress Report

MARKETING

For the fourth successive year Johns-Manville sales increased reflecting the growth and strength of the national economy and a high level of construction activity.

Significant contributions to the record volume were made through the company's efforts to strengthen and improve marketing programs and techniques. This included concentration on more profitable markets, sales specialization for deeper penetration of selected markets, improved product distribution systems and customer service, application of test merchandising programs and expansion of distributor training activities.

Diversified Markets

This stepped-up marketing activity coupled with aggressive advertising and promotion campaigns resulted in a substantial increase in the total number of J-M customers.

Marketing efforts were made to increase and balance company participation in all segments of the construction industry and in other industrial markets including steel, chemical, petroleum, transportation, electrical, aerospace and utilities.

Because of its diversification Johns-Manville's performance is closely allied with the progress of the general economy. J-M's sales volume continued to move ahead of the trend of total manufacturers' sales in the United States.

International Operations Expanded

During 1964, J-M continued to expand both manufacturing and marketing activities overseas.

New dealer and distributor outlets have greatly strengthened the company's position in world markets. The number of overseas sales offices was increased to sixteen.

In addition to overseas sales and manufacturing activities, J-M international operations include an extensive program of licensing, technical assistance and minority investments.

At year end the program involved 58 companies operating 77 plants in Africa, South and Central America, Europe, Australia, the United Kingdom and Asia.

Mobile Marketing Unit Added

A "Labmobile" consisting of a completely equipped water treatment laboratory and diatomite filter plant was developed by the Celite Division.

This self-contained mobile unit travels throughout the United States providing on-site demonstrations of J-M filter products at water treatment plants and gathering process data to aid in development of new products.

Advertising and Sales Promotion

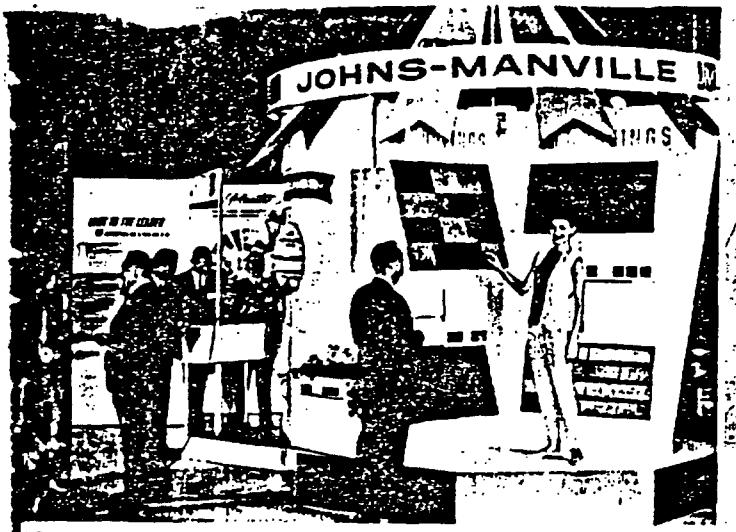
Advertising activities were expanded during 1964 to accommodate new products and new markets. Specialized regional merchandising programs were instituted in support of established product lines.

National magazine advertising included Newsweek, U. S. News and World Report, Business Week and TV Guide and regional editions of Life and Sunset.

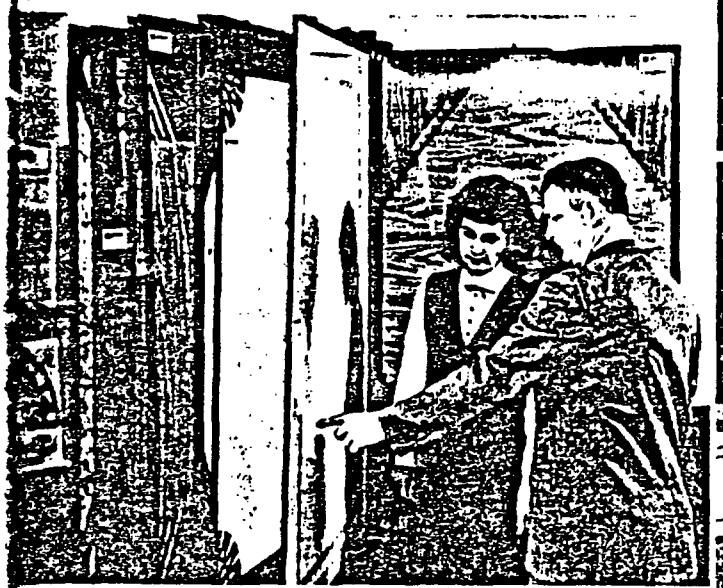
Spot radio and Sunday supplement newspaper advertising was used in selected marketing areas to promote new building materials and flooring products.

Dealer and distributor support programs included active participation in national trade shows, expanded distribution of sales promotional materials and product advertising in over 200 trade and business publications.

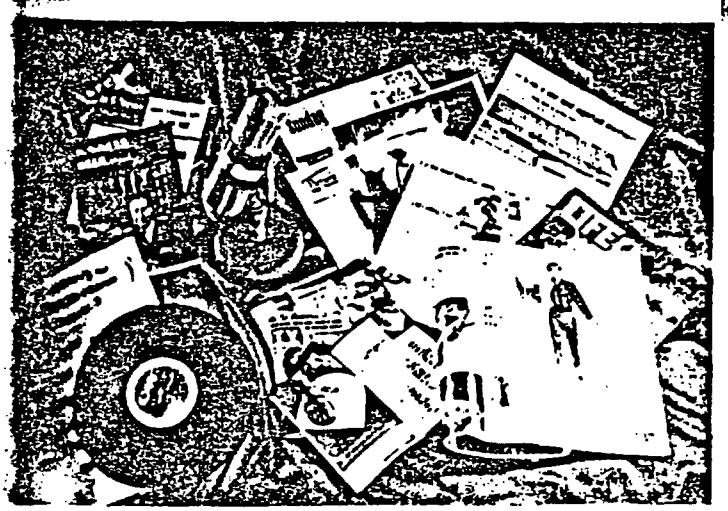
MTC 002232



Building products exhibit at the 1964 National Association of Home Builders convention.



Display of Melamite decorative laminates used by furniture manufacturers for table top surfacing.





J-M acoustical ceiling tile, featured in the Dorothy Draper Dream Home at the 1964-65 New York World's Fair.

1964 advertising included campaigns on radio, in Sunday supplements, national and regional magazines.

MTC 002233



RESEARCH & ENGINEERING

Johns-Manville research and engineering programs stress the development of new and improved products in those areas where the company's control of raw materials, manufacturing know-how, marketing and sales experience offer the greatest profit potential.

Expenditures for research, development and engineering activities in 1964 amounted to over $11 million.

Activity progressed in all areas with particular emphasis on programs providing the basic and applied technology to insure steady growth and stability of company operations.

Plastic Foams

During the year the company emphasized research activity in the plastic foam field to meet growing product potential in the building and industrial insulations markets.

To date company development activities in this area have led to the introduction of a number of polystyrene, polyurethane and polyvinyl chloride plastic foam products for low temperature insulating applications and as insulating core material for building panels.

Application of polyurethane to pipe products led to the development of a new integrally insulated pressure pipe for underground central system distribution of chilled and hot water. Designated Temp-Tite, the pipe is being marketed for institutional, industrial and commercial applications.

Styling and Design

Building product development activities included increased emphasis on product design and styling. As part of the program to intensify efforts in this area the company retained the services of Raymond Loewy/ William Snaith Inc. and the Dorothy Draper organization as design consultants.

Design and styling development programs resulted in the introduction of a new line of acoustical ceiling tile, substantial expansion of the floor tile line and the addition of a new premium fiber glass reinforced roofing shingle.

During 1964 continued emphasis was placed on the development of molded fiber glass insulating parts for the automotive and appliance industries. Successful results in this area have increased the company's participation in these important markets.

Further product penetration of the automotive market was made possible by the J-M development of friction pads for disc brakes. They are currently available on selected 1965 models of Chrysler, Ford and General Motors.

Asbestos-Cement Extrusion

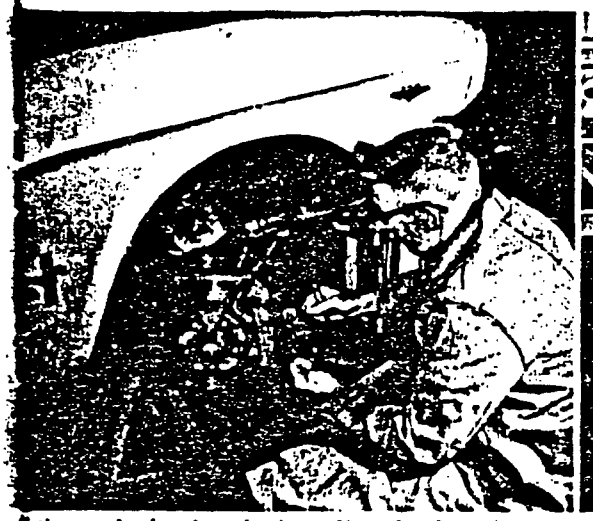
Development and engineering work was completed on an extrusion process for the manufacture and production of asbestos-cement building products.

The new process is specifically designed to meet production requirements and increased demand in overseas markets.

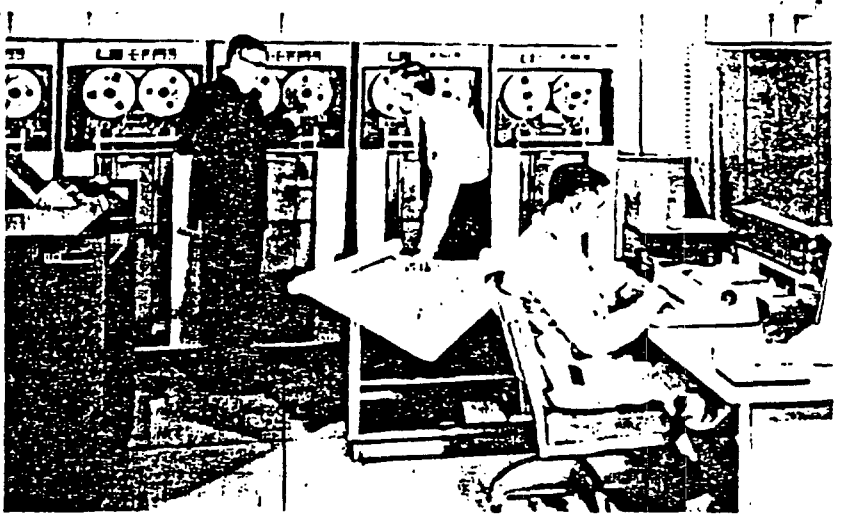
This process is being used at the company's Mol, Belgium plant and is being made available to other overseas manufacturers through technical assistance, licensing and patent agreements.

The company's profit improvement and cost control engineering programs resulted in substantial increases in production efficiency.

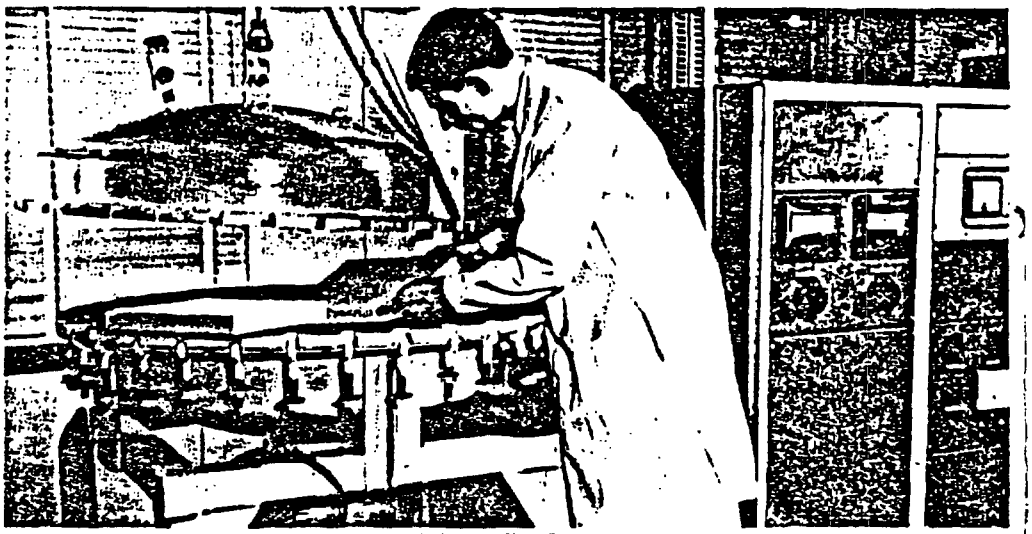
MTC 002234



...pad developed for disc brakes is ...installation inspection on J-M test car.



Company engineers use electronic data processing equipment to advance manufacturing technology.



Vacuum thermal conductivity test is applied to plastic foam in new product development program at the Research and Engineering Center, Manville, New Jersey.



Styling experts review new decorative designs for vinyl asbestos and asphalt asbestos floor tile.

MTC 002235



ADMINISTRATION

The dedication, skill and competence of the company's employees are prime factors in effectively and successfully meeting the challenge of the competitive market.

To insure the necessary employee competence essential to continued growth, training activities were intensified among personnel at all organization levels.

During 1964 particular attention was directed to increasing the effectiveness of management personnel through a broad program of executive training seminars on sales management, plant management, market forecasting and profit planning.

In-plant training programs continued to increase manufacturing and technological skills at all operating locations. Training man hours exceeded half a million in 1964. Educational programs included accident prevention, company orientation, labor relations, plant and shop skill development, supervisory development, problem solving and cost reduction.

Employee Relations

Employee health, accident prevention and industrial hygiene programs received continued emphasis in the interest of maintaining the company position as an industrial leader in employee safety.

Labor-management negotiations conducted during 1964 resulted in successful completion of 14 new labor contracts. The company currently maintains forty-seven contracts with twenty-one international unions.

Growth activities during 1964 increased total company employment to 20,400.

During the year a total of 1800 J-M men and women received retirement income from funds accumulated through joint contributions of company and employees.

The number of men and women participating in the Johns-Manville Quarter Century Club increased to a total of 3,518 members in 1964.

Organization Changes

George P. MacNichol, Jr., Chairman of the Executive Committee of Libbey-Owens-Ford Glass Company, was elected a member of the Board of Directors at the Annual Meeting held in March.

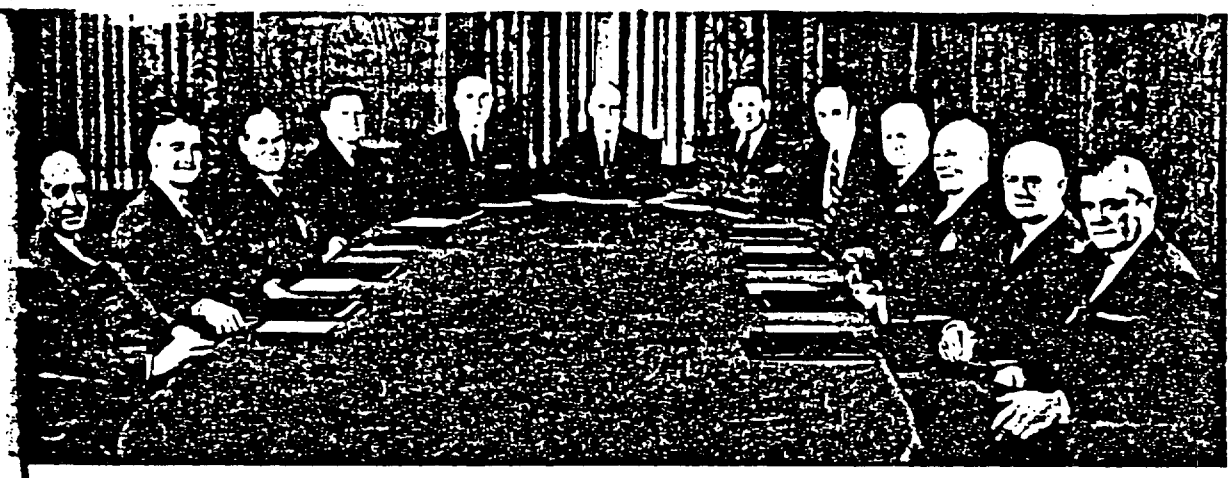
In compliance with the Board of Directors retirement policy the following directors did not stand for reelection in 1964: Enders M. Voorhees, Director, Member of the Executive Committee, United States Steel Corporation; John W. Hanes, Director, Olin Mathieson Chemical Corporation; Clifford F. Rassweiler, retired Vice President for Research, Development and Engineering, Johns-Manville Corporation and John D. Biggers, formerly Chairman, Finance Committee, Libbey-Owens-Ford Glass Company.

Litigation

A trial on the merits, before a judge and jury, of criminal charges of antitrust violations brought by the Government in 1962 against the Corporation, Keasbey & Mattison Company and officers of each resulted in a judgment of acquittal. The trial lasted more than four and a half months. The Government, on its own motion, subsequently dropped similar charges against other officers and employees of the companies.

The civil antitrust action instituted by the Government in 1962 and two private antitrust actions brought against the companies in 1963 and 1964 containing similar allegations are still pending. Counsel is of the opinion that the Corporation has a valid defense to these three actions.

MTC 002236



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, Morgan Guaranty Trust Company, New York*
CLINTON B. BURNETT ..... *President, Johns-Manville Corporation*
EDGAR G. BURTON ..... *Chairman, Simpsons Limited (Toronto)*
LESLIE M. CASSIDY ..... *Director, Texas Gulf Sulphur Company*
ADRAIN R. FISHER ..... *Director, American Radiator & Standard Sanitary Corporation*
JOSEPH A. GRAZIER ..... *President, American Radiator & Standard Sanitary Corporation*
ROGER HACKNEY ..... *Vice President, Johns-Manville Corporation*
GEORGE P. MACNICHOL, JR. ..... *Chairman of the Executive Committee, Libbey-Owens-Ford Glass Company*
FRANCIS H. MAY, JR. ..... *Vice President, Johns-Manville Corporation*
WILLIAM C. STOLK ..... *Chairman, 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 Products Division*
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*

MTC 002237

BUILDING MATERIALS

Building Products Division — a major national supplier of a variety of wood, fiber glass, perlite, asbestos and plastic based building materials for residential, commercial, institutional and industrial construction.

Flooring Division — produces and sells the company's broad line of vinyl asbestos and asphalt asbestos floor tile products for application in all flooring markets.

Melamite Division — producing high-pressure plastic decorative laminates used in the home, in commercial buildings and by furniture manufacturers.

Division Managers (left to right) A. Kenneth Higbee — Flooring, Francis E. Dutcher — Building Products and Wallace R. Tyrie, Operations Manager — Melamite review advertising and marketing programs.

INDUSTRIAL PRODUCTS

Dutch Brand Division — producing a wide variety of pressure-sensitive tapes, adhesives and specialities — and high grade asbestos electrical paper and board products.

Fiber Glass Division — producing fiber glass insulations, textile fiber glass and plastic reinforcement materials.

Industrial Insulations Division — one of the nation's important suppliers of industrial and commercial insulating materials for a variety of industrial applications.

Packings and Friction Materials Division — manufactures and markets an extensive line of packings, gaskets, asbestos textiles; and automotive and industrial brake linings, brake blocks and clutch facings.

Don L. Hinmon, Vice President for Industrial Divisions (center) discusses growth and profit planning with Division Managers (left to right) John B. Jobe — Industrial Insulations, William L. VanDerbeck — Fiber Glass, James R. Allen — Dutch Brand and Edward H. Wells — Packings and Friction Materials.



MTC 002238

OPERATING DIVISIONS



MINING & INTERNATIONAL

Asbestos Fibre Division — is engaged in world-wide exploration, mining and milling of asbestos fiber.

Canadian Products Division — is responsible for the manufacture and sale of J-M product lines throughout the Canadian Market.

International Division — is responsible for production and marketing of J-M product lines outside the United States and Canada.

Celite Division — a major world producer of diatomite for industrial applications as filter media and inert filler, and a supplier of perlite, synthetic silicates and concrete specialities.

Roger Hackney, Vice President for Mining and International Divisions (left) reviews financial reporting procedures with Division Managers Alfred G. Sinclair — Canadian Products, Karl V. Lindell — Asbestos Fibre, Dudley T. Colton — International and Perry A. Martinson — Celite.

PIPE PRODUCTS

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, irrigations systems, conduit, processing and oil lines.

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

Specialized corporate departments coordinate divisions' efforts on finance, research, development and engineering, marketing, legal, administrative services and industrial relations.

Corporate Officers (left to right) Charles W. Hite — Vice President for Industrial Relations, James M. Shackelford — Treasurer, Robert F. Orth, Vice President for Marketing and for Pipe Division and Arthur C. Smith — Vice President for Research, Development and Engineering review operational plans for new pipe plant at Green Cove Springs, Florida.

MTC 002239

SALES OFFICES

United States and Canada

Akron, Ohio	Marrero, La.
Albany, N. Y.	Milwaukee, Wis.
Atlanta, Ga.	Minneapolis, Minn.
Baltimore, Md.	Montreal, P. Q.
Boston, Mass.	New Orleans, La.
Buffalo, N. Y.	New York, N. Y.
Calgary, Alta.	Ottawa, Ont.
Charlotte, N. C.	Philadelphia, Pa.
Chicago, Ill.	Phoenix, Ariz.
Chillicothe, Ohio	Pittsburgh, Pa.
Cincinnati, Ohio	Providence, R. I.
Cleveland, Ohio	Richmond, Va.
Columbus, Ohio	St. Louis, Mo.
Dallas, Tex.	Saint John, N. B.
Dayton, Ohio	Salt Lake City, Utah
Denison, Tex.	San Antonio, Tex.
Denver, Colo.	San Francisco, Calif.
Detroit, Mich.	Seattle, Wash.
Edmonton, Alta.	Stockton, Calif.
Houston, Tex.	Syracuse, N. Y.
Indianapolis, Ind.	Tampa, Fla.
Jacksonville, Fla.	Toledo, Ohio
Joliet, Ill.	Toronto, Ont.
Kansas City, Mo.	Tulsa, Okla.
Long Beach, Calif.	Vancouver, B. C.
Los Angeles, Calif.	Washington, D. C.
Louisville, Ky.	Waukegan, Ill.
Manville, N. J.	Wilkes-Barre, Pa.

Winnipeg, Man.

International

Beirut, Lebanon	Madrid, Spain
Buenos Aires, Arg.	Mexico City, Mexico
Goteborg, Sweden	Milan, Italy
Hong Kong	Mol-Donk, Belgium
Johannesburg, U.S. Afr.	Nairobi, Kenya
Lagos, Nigeria	San Juan, P. R.
Lima, Peru	Sao Paulo, Brazil
London, Eng.	Wiesbaden, W. Ger.

OPERATING FACILITIES

Plants

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

Mines

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

Research and Engineering Center

Near Manville, New Jersey

Fiber Glass Research and Technical Center

Waterville, Ohio

*Under Construction **Majority Owned
†Minority Interest Operated and Managed by Canadian Johns-Manv
††Minority Interest

MTC 002240

TEN-YEAR REVIEW OF OPERATIONS

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

	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955
Sales	$458.9	414.9	392.3	377.8	365.2	377.6	331.7	308.3	310.4	284.7
Earnings Before Income Taxes	$58.3	52.6	43.8	43.0	49.9	55.7	42.2	31.2	46.2	43.7
Income Taxes	$26.2	24.9	19.9	19.1	23.4	24.1	18.8	13.4	21.2	20.2
Net Earnings	$32.1	27.7	23.9	23.9	26.5	31.6	23.4	17.8	25.0	23.5
Earnings per Share*†	$3.77	3.25	2.81	2.81	3.12	3.74	2.83	2.48	3.79	3.68
% of Earnings to Sales	7.0	6.7	6.1	6.3	7.3	8.4	7.0	5.7	8.0	8.3
Dividends	$17.0	17.0	17.0	17.0	17.0	16.7	14.3	14.3	15.0	13.6
Dividends per Share*	$2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.12½
Investment	$307.8	297.3	287.2	283.6	275.7	265.4	245.5	210.2	206.2	166.3
% of Earnings to Investment at Start of Year	10.8	9.6	8.4	8.7	10.0	12.4	11.1	8.6	15.0	15.2
Capital Expenditures	$20.1	15.8	11.4	20.0	20.0	16.2	12.0	45.3	24.9	18.0
Investments in Other Companies**	$6.3	5.8	6.6	1.8	2.9	.9	.9	.4	1.2	.3
Depreciation & Depletion	$18.7	19.2	19.6	16.9	16.8	16.8	15.8	14.5	13.6	12.6
Research Development & Engineering Expense	$11.8	9.7	11.3	11.4	10.1	8.5	7.7	8.5	7.5	6.7
Book Value per Share*	$36.32	34.89	33.71	33.30	32.47	31.32	29.63	29.35	28.84	25.97
Shares Outstanding at End of Year*	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	6,404,126
Stockholders	30,000	31,000	30,500	29,400	29,600	30,100	23,800	20,000	19,200	15,100
Employees	20,400	20,000	20,200	21,200	21,000	22,000	21,800	21,700	21,300	20,500
Wages, Salaries & Employee Benefits	$176.0	159.2	151.9	150.3	146.3	145.9	135.7	130.9	127.5	116.8

*Adjusted for 1956 stock split

†On average shares outstanding

**New investments in unconsolidated subsidiaries and other companies formerly shown under Capital Expenditures

MTC 002241

Investment

	December 31	
	1964	1963
WORKING CAPITAL		
Cash (including time deposits of $6,000,000 in 1964)	$ 16,453,000	$ 19,489,000
Marketable securities at cost (approximately market)	35,279,000	31,912,000
Accounts and notes receivable	79,710,000	72,988,000
Inventories at the lower of cost (principally last-in, first-out) or market	57,685,000	52,190,000
Total current assets	189,127,000	176,579,000
Less, Current liabilities:		
United States and Canadian income taxes	27,861,000	24,284,000
Other taxes	6,588,000	6,817,000
Wages and compensation	16,139,000	14,247,000
Accounts payable and other accrued liabilities	24,119,000	21,113,000
Total current liabilities	74,707,000	66,461,000
Working capital	114,420,000	110,118,000
MARKETABLE SECURITIES set aside for plant additions	20,000,000	20,000,000
PROPERTIES AND PLANTS, at cost	347,225,000	334,246,000
Less, Accumulated depreciation and depletion	203,864,000	192,359,000
	143,361,000	141,887,000
INVESTMENTS (principally outside U. S.) and other assets, at cost or less		
Investments in unconsolidated subsidiaries	5,709,000	4,021,000
Investments in other companies	20,682,000	16,898,000
Prepaid expenses and deferred charges	3,420,000	3,228,000
Other assets	6,320,000	7,433,000
Total	36,131,000	31,580,000
	313,912,000	303,585,000
LESS:		
Notes payable, 2.7 per cent, principal payable $250,000 annually to July 15, 1966, balance payable July 15, 1967	1,500,000	1,750,000
Reserves for self-insurance and product guarantees	4,616,000	4,486,000
	6,116,000	6,236,000
INVESTMENT	307,796,000	297,349,000
REPRESENTED BY:		
Common stock, $5 par, 25,000,000 shares authorized, 8,582,500 issued at December 31, 1964. (Note 1)	119,526,000	119,614,000
Earnings reinvested (Note 4)	194,279,000	178,349,000
	313,805,000	297,963,000
Less: Cost of treasury stock, 1964 — 107,722 shares; 1963 — 12,252 shares	6,009,000	614,000
	$307,796,000	$297,349,000

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, 1964 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

MTC 002242

...vi...poration and Consolidated Subsidiary Companies

Earnings and Earnings Reinvested

	1964	1963
Net sales	$458,879,000	$414,881,000
Costs and expenses (Note 2):		
Cost of sales	331,542,000	299,249,000
Selling, general and administrative expenses	74,327,000	67,544,000
Total	405,869,000	366,793,000
Income from operations	53,010,000	48,088,000
Other income, net	5,255,000	4,493,000
Earnings before income taxes	58,265,000	52,581,000
Federal, Canadian and state income taxes (Note 3)	26,200,000	24,900,000
Net earnings for the year	32,065,000	27,681,000
Earnings reinvested at beginning of year (including, in 1964, $883,000 for Melamite, Inc.) (Note 4)	179,232,000	167,695,000
	211,297,000	195,376,000
Cash dividends, $2.00 per share	17,018,000	17,027,000
Earnings reinvested at end of year	$194,279,000	$178,349,000

NOTES

1. At December 31, 1961, 316,466 shares were reserved for issuance under the employees' stock purchase and deferred compensation plans.

At December 31, 1961, an additional 137,934 shares were reserved for issuance in connection with the incentive stock option plan. At January 1, 1964, options outstanding for 114,795 shares at prices ranging from $37.75 to $57.00 per share were unexercised. During 1961 options were granted on 37,200 shares at $53.875 per share; options on 11,025 shares were exercised at prices ranging from $37.75 to $53.00 per share, and options on 4,745 shares expired. At the end of 1961 options on 136,225 shares were unexercised and 1,709 shares were available for further option.

Treasury shares were purchased in 1961 in the open market pursuant to a program approved by Directors for acquisitions and for other corporate purposes. The Corporation presently intends to continue purchases for the various stock plans as required.

2. Depreciation and depletion charged to operations amounted to $18,674,000 in 1961, $19,163,000 in 1963.

3. Commencing in 1961 the investment credit, amounting to $901,000, has been recorded as a reduction of Federal income tax. Federal income tax expense for 1961 has been further reduced by $880,000 representing the unamortized balance of the investment credit for 1962 and 1963. Previously, such amount was being amortized over the productive lives of the related assets.

4. As of January 15, 1961 in a combination treated as a pooling of interest, a subsidiary of Johns-Manville Corporation acquired in exchange for 60,000 shares of J-M common stock substantially all of the assets of Melamite Corporation, Melamite Sales, Inc. and Melamite Distributors, Inc. The accompanying statement of earnings for 1964 includes operations of the Melamite companies for the full year.

necessary in the circumstances. We previously examined and reported upon the financial statement of Johns-Manville Corporation and its consolidated subsidiary companies for the year 1963. We 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, 1964 and 1963 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

MTC 002243

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



JOHNS-MANVILLE CORPORATION

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