

# Manville

1983 Annual Report and Form 10-K





## Manville Corporation\* 1983 Annual Report and Form 10-K

This 1983 Annual Report to Shareholders incorporates data required in Manville's Form 10-K. Our integrated document is designed to provide investors and other interested parties with the latest comprehensive information on Manville. For ease of reference, significant financial information is consolidated in the initial portion of this report. Manville has filed with the Securities and Exchange Commission only that material referenced below in the Table of Contents.

### Table of Contents to Form 10-K

---

#### Part I

1. Business	24
2. Properties	32
3. Legal Proceedings	40
4. Submission of Matters to a Vote of Security Holders	60

---

#### Part II

5. Market for Registrant's Common Equity and Related Security Holder Matters	60
6. Selected Financial Data	60
7. Management's Discussion and Analysis of Results of Operations and Financial Condition	60
8. Financial Statements and Supplementary Data	60
9. Disagreements on Accounting and Financial Disclosure	61

---

#### Part III

10. Directors and Executive Officers of the Registrant	61
11. Management Remuneration	66
12. Security Ownership of Certain Beneficial Owners and Management	69
13. Certain Relationships and Related Transactions	70

---

#### Part IV

14. Exhibits, Financial Statement Schedules and Reports on Form 8-K	71
---------------------------------------------------------------------	----

---

\*"Manville" or "the Company" when used herein refers to Manville Corporation, incorporated in the State of Delaware in 1981, including where applicable, its consolidated subsidiaries or where the context requires Johns-Manville Corporation and its consolidated subsidiaries prior to October 30, 1981.



**Form 10-K**

---

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
for the fiscal year ended

**December 31, 1983**

Commission file number 1-8247

Securities and Exchange Commission  
Washington, D.C. 20549

**Manville Corporation**

---

A Delaware Corporation  
I.R.S. Employer Identification No. 84-0856796

Ken-Caryl Ranch, P.O. Box 5108, Denver, Colorado 80217  
Telephone (303) 978-2000

Securities registered pursuant to Section 12(b) of the Act:

---

Common Stock \$2.50 par value	Registered: New York Stock Exchange, Inc.
Cumulative Preferred Stock \$5.40 Series \$1.00 par value	Registered: New York Stock Exchange, Inc.
7.85% Sinking Fund Debentures Due 2004	Registered: New York Stock Exchange, Inc.
9.70% Notes Due 1985	Registered: New York Stock Exchange, Inc.

---

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of March 26, 1984 was approximately \$243,000,000.

As of March 26, 1984, there were approximately 24,000,000 shares of the registrant's sole class of common stock outstanding.

---



## Manville Facts

Manville Corporation is the parent corporation of diversified manufacturing, forest products and mining businesses. Headquartered in Denver, Colorado, the Company continues businesses begun 125 years ago. Manville Corporation and 17 of its subsidiaries are currently operating under reorganization provisions of Chapter 11 of the Federal Bankruptcy Code.

Manville is:

- the producer of the broadest line of thermal insulation products in the world
- the developer and world's largest producer of fiber glass mat
- a leading national manufacturer of asphalt shingles and roll roofing made from fiber glass mat
- a major producer of beverage carrierboard
- the world's largest producer of diatomite, a filtering agent used for beverages, pharmaceuticals and foods

The New York Stock Exchange listed company and its subsidiaries employ 20,550 persons worldwide and have total assets of over \$2 billion. Manville operates more than 70 plants and mines, approximately one-third of which are outside of the U.S.

## Financial Highlights

(Thousands of dollars except per share amounts)

Years Ended December 31	1983	1982	1981	1980	1979
Net Sales from Continuing Operations	\$1,729,465	\$1,684,588	\$1,895,247	\$1,913,221	\$1,851,776
Earnings (Loss) from Continuing Operations	\$ 60,126	\$ (20,953)	\$ 49,458	\$ 68,734	\$ 85,205
Funds Provided by Continuing Operations	\$ 138,375	\$ 101,733	\$ 101,795	\$ 154,775	\$ 187,874
Long-Term Debt and Redeemable Preferred Stock	\$ 304,860	\$ 312,749	\$ 808,420	\$ 819,573	\$ 831,828
Total Assets	\$2,253,262	\$2,236,104	\$2,297,814	\$2,338,159	\$2,323,172
Per Common Share Data:					
Earnings (Loss) from Continuing Operations	\$ 1.47	\$(1.93)	\$1.06	\$1.94	\$2.80
Dividends	—	\$ .68	\$1.92	\$1.92	\$1.89

### Notes:

1 Net sales and earnings information for 1979 through 1982 have been restated to segregate the results of discontinued operations. Refer to Notes 17 and 18 in Notes to Consolidated Financial Statements.  
 2 Long-Term Debt for 1983 and 1982 does not include pre-Chapter 11 obligations of the Debtor Corporations. Refer to Notes 5 and 6 in Notes to Consolidated Financial Statements and Item 3. LEGAL PROCEEDINGS

## Table of Contents to Financial Information

Management's Discussion and Analysis of Results of Operations and Financial Condition	2
Consolidated Financial Statements	6
Notes to Consolidated Financial Statements	9
Management's Report	16
Accountants' Report	16
Consolidated Major Business Segments and Geographic Areas Information	17
Supplemental Information on Inflation and Changing Prices	19
Selected Quarterly Financial Data	23



March 28, 1984

Dear Shareholder:

The initial disruption which followed the Company's Chapter 11 filing in 1982 gave way to concerted efforts during 1983 to restore stability and confidence to our manufacturing, mining and marketing activities. While complex legal proceedings and multi-party negotiations are continuing, the Company's operations regained a respectable profit level. We are continuing efforts to maintain efficient and profitable operations and the equally important efforts to conclude the Chapter 11 reorganization in an honorable and fair manner.

Manville earned over sixty million dollars from continuing operations in 1983 compared to a loss in 1982 of almost twenty-one million dollars. Revenues for 1983 were \$1.79 billion, only slightly above 1982 revenues from continuing operations of \$1.72 billion. Earnings and revenues from continuing operations do not include results of the asbestos mine which was sold in mid-1983 or the pipe division which was sold at the end of 1982. Toward the end of 1983, we encountered greater difficulty in raising prices sufficiently to offset cost increases. Additional information on the Company's operations is provided in Management's Discussion and Analysis of Results of Operations and Financial Condition, which follows this letter.

Sales of products which carry long-term limited warranties, such as roofing materials, benefited from customer assurance trust funds established to back up those warranties.

In November 1983, the debtor companies filed a proposed joint plan of reorganization providing for the restructuring of the Company and payment of claims, which is discussed in detail in the accompanying report. We are discussing the proposed joint plan with creditors and other interested parties. An alternative concept for a plan of reorganization proposed by a creditor is also being discussed among creditor groups, equity representatives and Company representatives. The alternative proposal contemplates a potential significant dilution of the Company's equity securities. The extent of any such dilution and other related terms are subject to negotiation, agreement of creditors and equity holders and approval of the Bankruptcy Court.

A separate plan of reorganization was also filed for Manville Forest Products Corporation in October 1983. The plan of reorganization for Manville Forest Products Corporation was confirmed by the Bankruptcy Court on March 26, 1984 and is also discussed in this report.

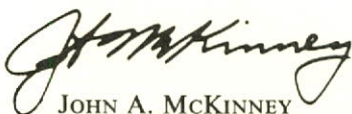
In 1982, the committee representing asbestos-health claimants and other parties in interest to the reorganization proceedings filed motions to dismiss the Company's Chapter 11 filing. In a lengthy opinion issued in January 1984, Bankruptcy Judge Lifland dismissed their assertions of bad faith on the part of management as "unsubstantiated conclusory charges." He further found that Manville's filing was not an abuse of the Bankruptcy Code, but a proper effort to avoid liquidation in keeping with the Code's purpose. In a related opinion, Judge Lifland found that people who have been exposed to excessive amounts of asbestos in the past but who have not yet manifested any related disease are parties in interest in the Manville proceedings. Appeals of these decisions were filed in the United States District Court for the Southern District of New York by other parties in interest in the reorganization proceedings. On March 27, 1984, the District Court denied such parties leave to appeal these decisions. These and other important legal proceedings are discussed in the accompanying report.

Because of continuing uncertainty as to the outcome of our Chapter 11 proceedings, the Company's equity and debt securities must be considered speculative investments with a high degree of risk to the investor. No dividends have been paid on either preferred or common shares since mid-1982. The Company has not scheduled a 1984 Annual Meeting of Shareholders due to the pending Chapter 11 proceedings.

Efforts continue in Congress and in the courts to have the federal government acknowledge its responsibility to the thousands of workers whose asbestos-related impairments occurred as a result of work in shipyards owned or controlled by the government. The Company and certain asbestos companies are urging Congress to establish an administrative system for compensating occupational disease claimants. The recommended system would replace the costly and haphazard tort litigation system with a prompt and efficient compensation plan.

Employees and officers of Manville will continue to work to preserve and enhance the value of the enterprise for the benefit of creditors, claimants and shareholders and to press for an early resolution of the Chapter 11 proceedings. The support of our many shareholders is sincerely appreciated. We have been fortunate to have steadfast people working for the Company at all locations. Their continuing loyalty is essential to a successful future for the Company.

Sincerely yours,



JOHN A. MCKINNEY  
Chairman of the Board  
and President



# Manville Corporation

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

On August 26, 1982 Manville Corporation and substantially all of its United States and Canadian consolidated subsidiaries, including Manville Forest Products Corporation and two Canadian companies that are no longer in reorganization, filed separate petitions seeking reorganization under Chapter 11 of the Bankruptcy Reform Act of 1978, as amended. Manville Corporation and the seventeen subsidiaries still in reorganization are referred to hereafter as the "Debtor Corporations." Under Chapter 11, substantially all litigation and other claims against the Debtor Corporations at the date of the filings have been stayed while the Debtor Corporations continue business operations as debtors-in-possession. The following discussion and analysis should be read in conjunction with ITEM 1. BUSINESS, ITEM 3. LEGAL PROCEEDINGS and ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

### *Results of Operations*

During the third quarter of 1983 the Company completed the sale of two wholly-owned Canadian subsidiaries, Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc., representing the Company's Asbestos Fiber business segment. At the end of 1982 the Company sold its U.S. pipe operations which represented substantially all of the assets included in its Pipe Products and Systems business segment. The consolidated results of operations have been restated to segregate the results of these discontinued businesses.

The following comparisons of "1983 vs. 1982" and "1982 vs. 1981" have been prepared after eliminating the effects of the discontinued operations except where specifically stated. Refer to Notes to Consolidated Financial Statements for additional information concerning the discontinued operations.

### *1983 vs. 1982*

The 3% increase in net sales over 1982 levels reflects an improvement in the U.S. economy offset by decreases in the net sales of foreign subsidiaries and U.S. export operations. As the U.S. economy recovered from the recession which had been experienced since late 1979, the Company's volume of shipments of U.S. manufactured products rose 9% from the level in 1982 with virtually no change in selling prices. Residential insulation, residential roofing and wood products each had significant volume increases with an approximate 27% aggregate net gain. These sales increases were due largely to increased housing starts. In addition, improvements in the U.S. automotive market helped the

sales of certain insulation products. The commercial construction market did not recover to the same extent. Volume declines in industrial lighting, nonresidential roofing, and commercial insulation markets dampened the overall effect. Domestic sales of the Forest Products business segment were adversely affected in 1983 by the Company's withdrawal from some low margin paper markets and lower export shipments due to the increasing value of the U.S. dollar.

Offsetting the overall U.S. net sales volume increases were decreases in the net sales of foreign operations due primarily to the disposition of the Belgian subsidiaries in the fourth quarter of 1982 and extensive flooding at the Brazilian paper-making location during the third quarter of 1983.

Other revenues increased almost \$30 million over 1982 levels. Interest income increased from \$12.2 million in 1982 to \$31.6 million in 1983, mainly due to the investment of a higher level of temporary cash balances. In addition, during 1983 the Company received a \$7.6 million refund relating to prior years' utility costs.

Despite achieving production cost efficiencies, the inability to raise selling prices in line with cost price increases caused the ratio of cost of sales to net sales to remain relatively flat between 1983 and 1982. In 1982 the level of inventory was reduced and a significant LIFO benefit was realized. In 1983, there were no significant decrements from the 1982 inventory level; consequently no comparable LIFO benefit was realized.

The \$4.8 million increase in selling, general and administrative expense is the result of several factors. Savings continued in 1983 from the 1982 staff reduction program but were offset by increases in the cost of employee benefits and normal inflation factors. The ratio of selling, general and administrative expense to revenues decreased slightly in 1983.

Fiber glass research and development projects were primarily responsible for the \$7 million increase in research, development and engineering expense from 1982 to 1983.

The 15% increase in income from operations in 1983 compared to 1982 is due to the aforementioned increase in revenues offset to some extent by increased costs and expenses.

After filing for reorganization under Chapter 11 on August 26, 1982, the Company suspended the accrual of interest expense on unsecured debt. In December 1983,



based upon the probability of Manville Forest Products emerging from Chapter 11 in the first half of 1984, a \$13.1 million accrual for sixteen months of interest expense on unsecured debt and the impaired trade payable claims of this subsidiary was recorded.

Asbestos health costs, which in past years consisted primarily of workers' compensation and legal fees associated with asbestos claims and the Company's litigation against its insurers, rose by \$4.3 million between 1982 and 1983. In 1983 expenses associated with the insurance litigation issue more than offset the suspension of asbestos-health claim settlements and legal expenses. Although workers' compensation claims are not currently affected by the Chapter 11 proceedings, substantially all pending lawsuits against the Debtor Corporations at the date of the filings have been stayed.

The wide disparity between Chapter 11 expenses for 1982 and 1983 is caused by twelve months of extensive activity versus four months of moderate activity in 1982.

The Company recorded two major unusual items during 1982:

- a \$37.8 million net earnings charge for loss on dispositions of various operations and asset impairments and
- a \$20.2 million after-tax provision for employee separation and retirement incentive costs.

These items combined to reduce net earnings by \$58 million, or \$2.43 per common share. For additional information relating to these charges, see Notes to Consolidated Financial Statements.

The 1983 effective income tax rate of 40.1% decreased from the 1982 tax rate of 47.9%, excluding asset dispositions and impairments and the retirement incentive cost accrual. The decrease resulted from a relatively flat level of U. S. state and local tax and lower tax on foreign income combined with higher pre-tax earnings.

Although the U.S. economy is presently in a more favorable position relative to most of the Company's markets, the Company's future results depend to a great extent upon the ability to raise selling prices in excess of cost price increases.

#### *1982 vs. 1981*

The worldwide recession, which continued in 1982, was the primary reason for an 11% decrease in net sales in 1982 as compared to the previous year. These declines from comparable 1981 levels occurred in most of the Company's major product lines.

The U.S. recession in construction-related markets adversely affected operating results from late 1979 through 1982. The volume of shipments of U.S. manufactured products was approximately 13% lower in

1982 than in 1981, which was primarily attributable to sales declines in excess of 25% in the Company's paperboard and packaging products. The principal reasons for this volume decline in paper products were the disposition of eight container plants at the end of 1981 and a 1982 realignment to a more profitable product mix resulting in lower overall volume. Average selling prices in the U.S. increased almost 2%, but did not keep pace with raw material cost escalation which averaged 4% for the Company's U.S. operations. In addition, U.S. dollar net sales by foreign operations decreased from 1981 levels, primarily as a result of reduced volume caused by the recession in Europe and the continued strength of the U.S. dollar relative to most foreign currencies.

The decrease in other revenues in 1982 was \$8 million. This decline was principally due to lower revenues generated by mineral land holdings and increased expenses related to the Company's participation level in a joint venture in Stillwater, Montana.

The 1982 ratio of cost of sales to net sales decreased slightly from 1981, decelerating the trend of an eroding cost ratio experienced in the previous three years. The cost ratio in 1982 continued to be negatively impacted by fixed costs associated with higher unused production capacity and raw material and labor cost escalation. This was partially offset by the initial effects of the overhead reduction program completed in 1982 and by the liquidation of approximately \$8 million of LIFO inventories.

The 15% decline in income from operations in 1982 compared to 1981 is principally related to reduced net sales caused by the recession and the previously mentioned reduction in other revenues.

Interest expense declined by approximately \$20 million in 1982 from the 1981 level. The decline was principally because interest expense on unsecured obligations of the Debtor Corporations was not accrued after the filing date of the petitions for reorganization.

Excluding the effects of asset dispositions and impairments and the retirement incentive accrual, the 1982 income tax rate of 47.9% increased from the 37.6% 1981 rate. The increase was attributable to lower pre-tax earnings in 1982 with a relatively flat level of tax on foreign income and higher U.S. state and local taxes.

#### *Capital Resources and Liquidity*

The Company's Chapter 11 filings were precipitated by contingent liabilities resulting from litigation and claims, whether or not currently asserted, by persons seeking damages for injuries alleged to have resulted from exposure to asbestos fiber or asbestos-containing products manufactured or sold by one or more subsidiaries of the Company. There is substantial



uncertainty whether, in the absence of a confirmed Chapter 11 plan of reorganization, the Debtor Corporations (with or without insurance) would have sufficient resources over the long term to pay these claims and other liabilities in full when due. The filings were not based on Manville's inability at the time to fund normal operating liabilities either on a short-term or long-term basis; therefore, the following discussion of capital resources and liquidity presents a somewhat unusual position of retention of funds compared to that normally associated with many bankruptcy filings and should be read in conjunction with Note 1—Chapter 11 Proceedings in Notes to Consolidated Financial Statements and ITEM 3. LEGAL PROCEEDINGS. Any confirmed plan or plans of reorganization could impose both short- and long-term cash requirements on the Company which could materially affect its liquidity position in the future.

On November 21, 1983 the Debtor Corporations filed a proposed joint plan of reorganization in the Bankruptcy Court. It is difficult to predict the nature and timing of the adoption of an ultimate plan or plans of reorganization. In conjunction with reading the following discussion and for information on Manville's proposed plan of reorganization and an alternative concept for a plan currently under discussion please refer to Note 1—Chapter 11 Proceedings in Notes to Consolidated Financial Statements and ITEM 3. LEGAL PROCEEDINGS.

While Manville's proposed joint plan contemplates that full recoveries will be realized, there can be no assurance that the Debtor Corporations' liabilities will not be found to exceed their assets. This could result in claims being provided for at less than 100% of face value, claims being paid without interest and the equity of the Company's common and preferred shareholders being diluted or cancelled. It is impossible to predict the actual recovery which the various classes of creditors and shareholders will realize. Until confirmation of a plan of reorganization which determines the amount and payment of the litigation and claims, the value of the Company's common and preferred stock will continue to be uncertain. As a result, both the common and preferred stock should be considered speculative investments with a high degree of risk to the investor.

The Bankruptcy Court confirmed a separate plan of reorganization for Manville Forest Products Corporation (MFP) on March 26, 1984. Under bankruptcy law, only impaired classes of creditors are allowed to vote on a company's plan of reorganization. A class of creditors is impaired if the plan reduces, modifies or extends payments to the class of creditors. In the case of MFP, impaired creditors are unsecured creditors other than long-term lenders and administrative claimants. Under the terms of the MFP plan, on a court-designated date,

impaired claimants whose claims are for \$10,000 or less will be paid in full, plus interest, and impaired claimants whose claims are in excess of \$10,000 will be paid \$10,000 plus one-half of the amount in excess of \$10,000 plus interest on the entire amount as of the effective date of the plan (presently anticipated to be April 6, 1984). The balance of the claims plus interest at the prime rate, will be paid on or before January 31, 1985. These claimants accepted the MFP plan by an overwhelming majority. Unimpaired classes are deemed to have accepted the plan because, upon confirmation, they will receive cash for the amount of their claim or future payment of cash in accordance with the original contract terms extended to MFP before Chapter 11. It is expected that a pay-out of approximately \$40 million in cash will be made in connection with the confirmation of the MFP plan. In order to assure the ability to fund seasonal working capital requirements of the MFP operation subsequent to emergence from Chapter 11, a \$30 million line of credit has been established with a group of banks.

The Company defines liquidity as its ability to generate sufficient cash flow to meet all of its obligations and commitments. In addition, considerations of liquidity include the ability to obtain bank credit lines and other types of debt and equity financing and to convert into cash those assets which are no longer required to meet existing objectives. Therefore, liquidity cannot be considered separately from capital resources, which consist of current or potentially available funds for use in achieving long-range objectives.

The Company normally utilizes capital resources in three principal areas: (1) for working capital requirements, (2) to construct or acquire property, plant and equipment and related assets and (3) as a return to shareholders and lenders on their investments. However, certain constraints on capital spending have been sought by Chapter 11 parties in interest and may be imposed by the Bankruptcy Court. Furthermore, no payments of prepetition obligations to unsecured creditors as of the filing date can be made while in Chapter 11 except as permitted by the Bankruptcy Court. In addition, while the Company is in Chapter 11, no dividends have been or will be declared on the Company's preferred or common stock. It is uncertain when Manville Corporation will be able to resume dividend payments after emergence from Chapter 11.

Under usual operating circumstances, the Company's working capital requirements are affected by many diverse factors including the seasonal nature of certain operations; the impact of economic cycles and the level of inflation in the United States, Europe and other parts of the world on various businesses; and the amount and timing of payments. The Company attempts to mitigate the uncertainties associated with these factors by selling



a wide range of products in numerous end-markets, engaging in business in different areas of the world, integrating operations whenever appropriate and carefully monitoring both short- and long-range cash flow activity.

Working capital is required, in part, to maintain adequate inventories of raw materials and saleable finished products and to finance sales until payment is received from customers. Because demand for many of the Company's products is seasonal, and due to scheduling considerations and production lead times, such inventories generally increase during the winter months and decrease during the construction season.

As of December 31, 1983 the Company's domestic portfolio included \$227 million invested in short-term securities, pending resolution of the Chapter 11 proceedings. The amount invested is principally cash generated since the date of the Chapter 11 filings related to the deferral of payments of trade payables, principal and interest due on debt instruments and other claims under the bankruptcy proceedings. The remainder represents cash generated from operations and from the Company's program to identify and dispose of those assets which are no longer required to meet existing objectives. Examples of this asset management program are the sale of the asbestos fiber operation in the third quarter of 1983 and the sale of the U.S. pipe operations in late 1982. In connection with the Chapter 11 proceedings the Company has placed certain funds in escrowed accounts and segregated other amounts on the books and records of the Company. These funds totalled \$143 million as of December 31, 1983 and relate principally to proceeds from the sale of assets. The Company has received Bankruptcy Court approval to use certain of these funds during 1984 in the ordinary course of its business.

Customer receivables outstanding decreased by \$33 million from 1982 to 1983. The 1982 year-end balances included pipe accounts receivable which were collected during 1983 and asbestos fiber receivables which were sold in 1983.

The \$11 million decrease in inventory levels between years is principally related to the sale of the asbestos fiber operation.

The Company's capital expenditure program during the past three years has been restricted to replacement of machinery and improving productivity and cost efficiencies for existing operations. Since the date of the filings, major capital expenditures have had to be reviewed with the creditors' committees and approved by the Bankruptcy Court. The projected level of capital

expenditures in 1984 is expected to be approximately \$120 million, primarily for cost reduction programs and the maintenance of production capacity of present operations.

Substantial uncertainties exist concerning the eventual outcome and ultimate liability to the Company with respect to the asbestos-health issue and the related Chapter 11 proceedings. The Company's objectives in the Chapter 11 proceedings are to develop a plan of reorganization which achieves the highest possible recoveries for all creditors and shareholders and results in a capital structure which will allow for sufficient cash flows after reorganization to meet creditors' obligations and fund future capital expenditures and operations. There can be no assurance, however, that the Company will be able to achieve these objectives, and the extent to which a plan of reorganization will provide for creditors and shareholders is uncertain at this time.

While operating under the Chapter 11 filing, the Company anticipates that the following restrictions and constraints will remain in place:

- limitations on the movement of cash outside of the U.S. to fund foreign operations and investments,
- limitations on the Company's alternatives with respect to the investment of funds,
- prior Bankruptcy Court approval of significant capital expenditure projects or acquisitions outside the normal course of business,
- certain restrictions on cash generated from divestitures under the asset management program and Bankruptcy Court approval prior to disposing of significant assets,
- requirements to place funds in escrow for warranty, bonding and other special needs and
- limitations on the Company's ability to borrow funds, if necessary, at competitive rates.

Greater cash flow from operations in future years is dependent upon increases in the Company's profit margins. The effects that the Chapter 11 proceedings have had or will continue to have on the amounts of cash generated by future operations is unknown at this time.

Since the Chapter 11 filing date, the Company has worked within the confines of the Chapter 11 proceedings and operated substantially in the normal course of business. The Company anticipates that the efforts on the part of both the creditors' committees and the Company will enable operations to progress in 1984.



Manville Corporation  
**Consolidated Balance Sheets**  
December 31, 1983 and 1982  
(Thousands of dollars)

Assets	1983	1982
<b>Current Assets</b>		
Cash (including time deposits of \$14,621 in 1983, \$8,837 in 1982) (Note 3)	\$ 19,180	\$ 11,532
Marketable securities, at cost (approximates market) (Note 3)	240,094	205,666
Receivables (net of allowances of \$8,998 in 1983, \$7,555 in 1982)		
Trade	233,303	266,408
Other	44,343	44,382
Inventories (Notes 2b and 4)	140,886	151,879
Prepaid expenses	21,902	16,583
<b>Total Current Assets</b>	<b>699,708</b>	<b>696,450</b>
<b>Property, Plant and Equipment, at cost (Note 2c)</b>		
Land and land improvements	97,202	108,002
Buildings	302,909	331,802
Machinery and equipment	1,056,009	1,090,337
	1,456,120	1,530,141
Less, Accumulated depreciation and depletion	471,868	546,712
	984,252	983,429
Timber and timberlands, less cost of timber harvested	395,004	402,034
Property, plant and equipment, net	1,379,256	1,385,463
Other Assets (principally long-term receivables)	174,298	154,191
	<b>\$2,253,262</b>	<b>\$2,236,104</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 13,716	\$ 11,892
Accounts payable	93,867	85,867
Compensation and employee benefits	65,142	63,234
Income taxes	9,503	31,544
Other accrued liabilities	26,174	28,772
<b>Total Current Liabilities (Note 5)</b>	<b>208,402</b>	<b>221,309</b>
Liabilities Subject To Chapter 11 Proceedings (Note 5)	712,766	736,499
Long-Term Debt (Notes 5 and 6)	4,060	11,949
Other Non-Current Liabilities (Note 5)	60,791	59,988
Deferred Income Taxes (Notes 2e and 16)	135,579	140,320
	<b>1,121,598</b>	<b>1,170,065</b>
Contingencies and Commitments (Notes 1 and 7)		
<b>Preferred Stock</b>		
Cumulative Preferred Stock, \$1.00 par, authorized 10,000,000 shares; Redeemable \$5.40 series, at stated value of \$65 per share; issued and outstanding: 1983 and 1982—4,627,689 shares (Notes 1 and 8)	300,800	300,800
<b>Common Shareholders' Equity (Note 1)</b>		
Common Stock, \$2.50 par, authorized 50,000,000 shares; issued: 1983 and 1982—24,068,902 shares (Note 9)	60,172	60,172
Capital in Excess of Par (Note 9)	178,400	178,400
Earnings Reinvested	635,313	568,322
Cumulative Currency Translation Adjustments (Note 10)	(40,918)	(39,234)
	832,967	767,660
Less, Cost of treasury stock, 1983—68,944 shares, 1982—79,389 shares (Note 9)	2,103	2,421
	830,864	765,239
	<b>\$2,253,262</b>	<b>\$2,236,104</b>

The accompanying notes are an integral part of the consolidated financial statements.



Manville Corporation

**Consolidated Statements of Operations and Earnings Reinvested**

for the Years Ended December 31 (*Note 2a*)  
(Thousands of dollars except per share amounts)

<b>Operations</b>	<b>1983</b>	<b>1982</b>	<b>1981</b>
Revenues			
Net sales	\$1,729,465	\$1,684,588	\$1,895,247
Other income, net	61,474	32,449	40,504
Total	<u>1,790,939</u>	<u>1,717,037</u>	<u>1,935,751</u>
Costs and Expenses			
Cost of sales	1,370,434	1,328,911	1,505,325
Selling, general and administrative	223,817	218,992	233,909
Research, development and engineering	35,245	28,246	30,596
Total	<u>1,629,496</u>	<u>1,576,149</u>	<u>1,769,830</u>
Income from Operations	161,443	140,888	165,921
Interest Expense ( <i>Notes 1 and 12</i> )	25,694	51,545	71,552
Asbestos Health Costs ( <i>Note 13</i> )	20,429	16,103	12,756
Chapter 11 Costs	18,318	2,090	
(Gain) Loss on Dispositions of Assets and Asset Impairments ( <i>Note 14</i> )	(3,403)	46,299	2,419
Employee Separation and Retirement Incentive Costs ( <i>Note 15</i> )		37,322	
Earnings (Loss) from Continuing Operations Before Income Taxes	<u>100,405</u>	<u>(12,471)</u>	<u>79,194</u>
Income Taxes ( <i>Notes 2e and 16</i> )			
Current	23,473	16,854	36,761
Deferred	16,806	(8,372)	(7,025)
Total	<u>40,279</u>	<u>8,482</u>	<u>29,736</u>
Earnings (Loss) from Continuing Operations	<u>60,126</u>	<u>(20,953)</u>	<u>49,458</u>
Earnings (Loss) from Discontinued Operations			
Asbestos Fiber, net of income tax expense of \$5,547, \$23,253 and \$25,931, respectively ( <i>Note 17</i> )	7,068	(66,723)	13,938
Pipe, net of income tax benefit of \$6,296 and \$3,067, respectively ( <i>Note 18</i> )		(7,079)	(3,076)
Loss on Pipe Disposition, Net of Income Tax Benefit of \$270 ( <i>Note 18</i> )		(2,829)	
Net Earnings (Loss)	<u>\$ 67,194</u>	<u>\$ (97,584)</u>	<u>\$ 60,320</u>
<b>Earnings Reinvested</b>			
Earnings Reinvested at Beginning of Year	\$ 568,322	\$ 695,362	\$ 704,725
Net Earnings (Loss)	67,194	(97,584)	60,320
Dividends on Preferred Stock ( <i>Notes 1 and 8</i> )		(12,495)	(24,987)
Dividends on Common Stock ( <i>Note 1</i> )		(16,096)	(44,472)
Loss on Dispositions of Treasury Stock ( <i>Note 9</i> )	(203)	(865)	(224)
Earnings Reinvested at End of Year	<u>\$ 635,313</u>	<u>\$ 568,322</u>	<u>\$ 695,362</u>
<b>Earnings (Loss) Per Common Share (<i>Notes 2f and 9</i>)</b>			
Continuing Operations	\$1.47	\$(1.93)	\$1.06
Discontinued Operations			
Asbestos Fiber	.29	(2.80)	.60
Pipe		(.41)	(.13)
Net Earnings (Loss)	<u>\$1.76</u>	<u>\$(5.14)</u>	<u>\$1.53</u>

The accompanying notes are an integral part of the consolidated financial statements.



Manville Corporation  
**Consolidated Statements of Changes in Financial Position**  
for the Years Ended December 31 (*Note 2a*)  
(Thousands of dollars)

	1983	1982	1981
<b>Funds Provided By</b>			
Earnings (Loss) from Continuing Operations	\$ 60,126	\$(20,953)	\$ 49,458
Items Not Affecting Funds			
Depreciation and depletion	76,394	73,997	71,793
Provision for the dispositions of assets	9,915	33,878	
Deferred income taxes (non-current portion)	(2,235)	(17,427)	(18,417)
Provision for retirement incentive costs		27,637	
Other, net	(5,825)	4,601	(1,039)
Funds Provided from Continuing Operations	138,375	101,733	101,795
Earnings from Discontinued Asbestos Fiber Operations, Net of Items Not Affecting Funds ( <i>Note 17</i> )	8,906	6,288	24,503
Loss from Discontinued Pipe Operations, Net of Items Not Affecting Funds ( <i>Note 18</i> )		(2,676)	1,372
Loss on Pipe Disposition, Net of Items Not Affecting Funds ( <i>Note 18</i> )		22,671	
	147,281	128,016	127,670
Decrease in Trade Receivables	33,105	22,294	25,942
Dispositions of Property, Plant and Equipment	25,195	16,514	19,673
Decrease in Inventories	10,993	59,250	2,846
Increase (Decrease) in Accounts Payable	8,000	(34,428)	(5,427)
Increase in Other Non-Current Liabilities	6,175	330	11,881
Increase (Decrease) in Compensation and Employee Benefits	1,908	(14,243)	(2,714)
Increase (Decrease) in Short-Term Debt	1,824	(17,545)	7,688
Issuance of Common Stock, Including Treasury Stock	115	5,721	12,178
Decrease (Increase) in Other Receivables	39	(6,449)	(2,441)
Issuance of Long-Term Debt		5,780	13,764
Issuance of Cumulative Preferred Stock			371
	234,635	165,240	211,431
<b>Funds Used For</b>			
Additions to Property, Plant and Equipment	110,696	61,283	86,201
Increase in Other Assets	25,048	34,622	35,837
Decrease (Increase) in Liabilities Subject To Chapter 11 Proceedings	23,733	(219,818)	
Decrease (Increase) in Income Taxes	22,041	(1,209)	(8,646)
Reduction in Long-Term Debt	6,890	21,907	22,939
Increase (Decrease) in Prepaid Expenses	5,319	(2,227)	(1,023)
Decrease in Other Accrued Liabilities	2,598	29,259	2,915
Dividends on Common Stock ( <i>Note 1</i> )		16,096	44,472
Dividends on Preferred Stock ( <i>Notes 1 and 8</i> )		12,495	24,987
	196,325	(47,592)	207,682
<b>Less, Net Change in Non-Current Assets, Non-Current Liabilities and     Common Shareholders' Equity Resulting from Exchange Rate Changes</b>	(3,766)	21,728	9,538
Increase (Decrease) in Cash and Marketable Securities ( <i>Note 3</i> )	\$ 42,076	\$191,104	\$ (5,789)

The accompanying notes are an integral part of the consolidated financial statements.



# Manville Corporation

## Notes to Consolidated Financial Statements

### Note 1—Chapter 11 Proceedings

On August 26, 1982 Manville Corporation and twenty of its subsidiaries filed separate petitions for reorganization under Chapter 11 of the Bankruptcy Reform Act of 1978, as amended (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). The filings were precipitated by contingent liabilities resulting from pending and potential litigation involving (i) individuals exposed to asbestos who have manifested asbestos-related diseases or conditions (holders of "A-H Claims") and (ii) individuals exposed to asbestos who have not yet manifested asbestos-related diseases or conditions (holders of "Future A-H Claims"). Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc. (the stock of which was sold to a third party in 1983) and Manville Forest Products Corporation are no longer in reorganization.

Due to the uncertainties regarding the asbestos-health and other litigation and claims pending against the Company, and their ultimate means of resolution in the Company's reorganization proceedings, Manville Corporation's common and preferred stock should be considered speculative investments with a high degree of risk to the investor. Dividends have not been declared or paid on the Company's preferred or common stock since August 26, 1982 and will not be declared or paid during the pendency of the reorganization proceedings. It is uncertain when Manville Corporation will be able to resume dividend payments after emergence from Chapter 11. Until confirmation of a plan of reorganization which determines the amount and payment of such litigation and claims, the value of the Company's common and preferred stock will continue to be uncertain.

A detailed discussion of the reorganization proceedings, including a description of the proposed joint plan of reorganization for Manville and seventeen of its subsidiaries and the separate plan of reorganization confirmed by the Bankruptcy Court for Manville Forest Products Corporation is provided in this report at ITEM 3. LEGAL PROCEEDINGS.

Under Chapter 11, substantially all litigation and claims against Manville and the seventeen remaining debtor corporations (the "Debtor Corporations") at the date of the filings have been stayed while the Debtor Corporations continue business operations as debtors-in-possession. Except for interest expense on the unsecured debt of Manville Forest Products Corporation, interest expense on unsecured obligations has not been accrued in the consolidated financial statements since the date of the filing of the petitions for reorganization.

In addition to A-H Claims and Future A-H Claims, the Debtor Corporations are alleged to be liable, to some as yet unascertained extent, for (a) claims for damages asserted by or on behalf of owners of property in which asbestos-containing products are located, (b) claims for contribution and indemnity allegedly owing from the Debtor Corporations to other entities which have been, are being or will be sued for asbestos-related personal injury or property damage, (c) claims for personal injury or property damage arising from other products sold by the Debtor Corporations and (d) other nonproduct claims (collectively the "Other Claims").

There is substantial uncertainty whether, in the absence of a confirmed Chapter 11 plan of reorganization, the Debtor Corporations (with or without insurance) would have sufficient resources to pay the A-H Claims, Future A-H Claims, Other Claims and other liabilities, whether or not currently asserted, in full when due.

In addition to the uncertainties which existed at the time the Chapter 11 proceedings were commenced, new and substantial uncertainties exist in the context of such proceedings which preclude any reasonable estimate at this time of the ultimate cost of the A-H Claims, Future A-H Claims and Other Claims (collectively, the "Claims") to the Debtor Corporations. These uncertainties, including those relating to the Debtor Corporations' litigation against their insurers, are discussed in detail at ITEM 3. LEGAL PROCEEDINGS of this report.

Because of these uncertainties, the eventual disposition of the Claims cannot be predicted at this time and the ultimate cost to the Debtor Corporations, after application of estimated insurance recoveries, cannot be reasonably determined in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies." Accordingly, while the ultimate liability of the Debtor Corporations could have a material adverse effect on Manville Corporation's consolidated financial position and future results of operations, no liability has been recorded in the consolidated financial statements.

### Note 2—Summary of Significant Accounting Policies

#### (a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

Investments in associated companies in which the Company's voting stock interest is 50% or less, and where it is deemed that the Company's ownership gives it significant influence over operating and financial policies, are recorded on the equity basis. All other



investments are carried at the lower of cost or net realizable value.

The consolidated statements of operations and changes in financial position have been restated for all periods presented to segregate the effects of discontinued operations.

Certain reclassifications have been made to prior years' consolidated statements of changes in financial position to conform to the 1983 presentation.

**(b) Inventories**

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

**(c) Property, Plant and Equipment, and Depreciation**

Gains and losses from the normal retirement or replacement of property, plant and equipment are reflected in accumulated depreciation with no effect on current period earnings. Gains and losses arising from abnormal dispositions are included in operations currently.

Depreciation and amortization are computed using the straight-line method based on estimated useful lives of the related assets. Depletion of mineral properties is calculated using the unit-of-production method. Expenditures for replacements and betterments are capitalized, while maintenance and repairs are charged against operations as incurred. The Company is engaged in a reforestation program which will convert its natural forest to timber plantations over approximately the next twenty-nine years. Cost of timber harvested is based on the unit cost rates calculated using the total estimated yield of timber to be harvested during the conversion period for the natural forest and during the growth cycle for each plantation.

**(d) Pensions**

The Company and its subsidiaries have pension plans covering substantially all of their employees, who are generally eligible to participate in these plans after no more than one year of service. Pension costs, as actuarially determined under aggregate and entry age normal methods, are funded as accrued with the exception of the 1982 early retirement program (See Note 11). Past and prior service costs are amortized over periods of up to thirty years.

**(e) Income Taxes**

Income taxes are provided at rates applicable in the countries in which the income is earned.

The investment tax credits granted by various countries are accounted for as reductions of income tax expense in the year in which the related capital expenditures become eligible for investment benefit under applicable tax regulations.

Deferred income taxes are provided on items recognized in different periods for financial reporting purposes than for income tax purposes. Deferred income taxes result principally from the use of accelerated methods of depreciation for tax purposes.

Deferred income taxes are also provided on such undistributed earnings of subsidiaries outside the United States as the Company anticipates it will receive as dividends, as well as on undistributed earnings of associated companies in which investments are recorded on the equity basis.

**(f) Earnings (Loss) Per Common Share**

Earnings (loss) per common share are computed using the weighted average number of common shares outstanding during the applicable period. For purposes of this computation, cumulative preferred dividend requirements continue to be deducted, although no dividends have been declared or accrued since the second quarter of 1982.

**Note 3—Cash and Marketable Securities**

In connection with the Chapter 11 proceedings the Company has placed certain funds in escrowed accounts and segregated other amounts on the books and records of the Company. The funds totalled \$143 million and \$36 million at December 31, 1983 and 1982, respectively, and principally relate to proceeds on the sale of assets.

**Note 4—Inventories**

The major classes of inventories were as follows:

	(Thousands of dollars)	
	1983	1982
Finished goods and goods-in-process	\$ 70,560	\$ 78,695
Raw materials	45,724	47,799
Supplies	24,602	25,385
	<b>\$140,886</b>	<b>\$151,879</b>

The approximate excess of current values over amounts for financial reporting were \$100,763,000 and \$112,740,000 at December 31, 1983 and 1982, respectively.

**Note 5—Liabilities Subject To Chapter 11 Proceedings**

The Current Liabilities, Long-Term Debt and Other Non-Current Liabilities reflected on the Company's consolidated balance sheets relate to post-petition liabilities of the Debtor Corporations and/or obligations not subject to Chapter 11 proceedings. The principal categories of claims included in Liabilities Subject To Chapter 11 Proceedings were as follows (includes



amounts which subsequently may be paid in accordance with the Chapter 11 proceedings):

	(Thousands of dollars)	
	1983	1982
Debt and other borrowings:		
Secured	\$105,759	\$109,623
Unsecured	427,291	427,691
Accounts payable	86,061	87,972
Other accrued claims	93,655	111,213
	<b>\$712,766</b>	<b>\$736,499</b>

Substantially all of the debt and other borrowings shown above are in default and are thereby immediately due and payable under the terms of the various borrowing agreements. Most such debt, however, cannot be paid or restructured until the conclusion of the Chapter 11 proceedings. The secured debt relates to a \$67.1 million mortgage on the headquarters building and various industrial revenue bonds.

Upon the effective date of the Manville Forest Products plan of reorganization, approximately \$137 million of Liabilities Subject To Chapter 11 Proceedings will be paid or reclassified to other balance sheet captions.

#### Note 6—Long-Term Debt

Long-term debt consisted of the following:

	(Thousands of dollars)	
	1983	1982
Foreign subsidiaries' mortgages and loans, 8.18% to 13.55% due 1984 through 1993	\$5,613	\$14,098
Capitalized lease obligations		128
	5,613	14,226
Less, Current maturities	1,553	2,277
	<b>\$4,060</b>	<b>\$11,949</b>

Long-term debt maturities at December 31, 1983 were as follows:

	(Thousands of dollars)
1984	\$1,553
1985	1,424
1986	1,054
1987	852
1988	174
After 1988	556
	<b>\$5,613</b>

The Long-Term Debt reflected on the Company's consolidated balance sheets relates to obligations not subject to Chapter 11 proceedings (see Note 5).

#### Note 7—Leases

Total rental expense charged to continuing operations was \$15,478,000 in 1983, \$18,266,000 in 1982 and \$20,681,000 in 1981.

At December 31, 1983 minimum rental commitments of the Company and its subsidiaries under long-term noncancellable operating leases were as follows:

	(Thousands of dollars)
1984	\$ 6,821
1985	4,748
1986	3,211
1987	2,460
1988	2,042
After 1988	9,141
	<b>\$28,423</b>

#### Note 8—Cumulative Preferred Stock

Under the original mandatory sinking fund provision, the Company was required to redeem the \$5.40 series shares between 1987 and 2009 at \$65 per share plus accrued dividends. The annual redemption requirements consisted of varying percentages applied to the number of outstanding shares on October 20, 1986 as follows: 5% annually from 1987 through 1996, 4% annually from 1997 through 2007, 3% in 2008 and all remaining shares in 2009. During the Chapter 11 proceedings, the Company does not expect to make any payments to satisfy dividend or mandatory sinking fund requirements on its cumulative preferred stock. For a more complete discussion concerning the effects of the Chapter 11 proceedings on the equity holdings of the Company, please refer to Note 1—Chapter 11 Proceedings, ITEM 3. LEGAL PROCEEDINGS and ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS.

Preferred stock dividends have not been declared or accrued since the second quarter of 1982. At December 31, 1983 the amount of dividends that has not been declared or accrued is \$37,485,000 (\$8.10 per preferred share).



## Note 9—Common Stock

Activity relating to common stock was as follows:

	(Thousands of dollars)				
	Common Stock		Capital in	Treasury Stock	
	Shares	Amount	Excess of Par Amount	Shares	Amount
Balance at January 1, 1981	23,010,433	\$57,526	\$163,594	129,396	\$ 3,957
Common stock issued in connection with:					
Employee stock purchase plan	621,009	1,553	10,131		
Exercise of common stock options	9,233	23	225		
Treasury stock issued in connection with:					
Employee stock ownership plan				(11,349)	(347)
Deferred compensation plans				(1,662)	(51)
Exercise of common stock options				(2,365)	(72)
Balance at December 31, 1981	23,640,675	59,102	173,950	114,020	3,487
Common stock issued in connection with:					
Employee stock purchase plan	428,227	1,070	4,450		
Treasury stock purchased				1,232	28
Treasury stock issued in connection with:					
Employee stock ownership plan				(34,260)	(1,045)
Deferred compensation plans				(1,603)	(49)
Balance at December 31, 1982	24,068,902	60,172	178,400	79,389	2,421
Treasury stock issued in connection with:					
Employee stock ownership plan				(10,258)	(313)
Deferred compensation plans				(187)	(5)
Balance at December 31, 1983	24,068,902	\$60,172	\$178,400	68,944	\$ 2,103

Prior to the Chapter 11 filings, as part of the Company's incentive programs, stock options were granted to certain key employees to purchase shares of the Company's common stock. While operating under the restrictions of Chapter 11, no stock options have been granted or exercised. The options expire ten years, and are exercisable one year, after the date of grant. Stock appreciation rights were granted on some stock options and were designed to permit an option holder, in lieu of exercising an option, to receive in cash or common stock an amount equal to the excess of the market price of the common stock on the date the right is exercised over the option price of the related option. There were no significant charges to operations relating to the programs.

At December 31, 1983, 288,702 options (including 110,400 subject to stock appreciation rights) were outstanding at prices ranging from \$10.00 to \$34.50 per common share. Total proceeds for options exercised amounted to \$187,000 in 1981. During 1983, 27,083 options were cancelled and none were exercised. At December 31, 1983 there were 381,600 shares reserved for issuance under these plans.

There would be no material dilution of earnings per common share with respect to shares issuable under the above plans. Weighted average common shares outstanding used to compute earnings (loss) per common share were 23,992,000 in 1983, 23,825,000 in 1982 and 23,166,000 in 1981.

For a discussion concerning the effects of the Chapter 11 proceedings on the equity holdings of the

Company, please refer to Note 1—Chapter 11 Proceedings, ITEM 3. LEGAL PROCEEDINGS AND ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS.

**Note 10—Foreign Currency Exchange and Translation**  
Effective January 1, 1981 the Company adopted the foreign currency translation standard prescribed by Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation."

An analysis of changes in the Cumulative Currency Translation Adjustments included in Common Shareholders' Equity at December 31, 1983 and 1982 is as follows:

	(Thousands of dollars)	
	1983	1982
Cumulative currency translation adjustments as of January 1	\$ (39,234)	\$ (22,443)
For the year ended December 31:		
Currency translation adjustments	(11,186)	(36,083)
Income taxes related to currency translation adjustments	53	408
Amounts related to asset impairments and dispositions	9,449	18,884
Cumulative currency translation adjustments as of December 31	\$ (40,918)	\$ (39,234)



In 1983 the Company recorded currency translation adjustments related to the sale of Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc. In 1982 such adjustments were recorded on the permanent impairment of its asbestos mine in Canada and two Mexican subsidiaries, and the disposition of its Belgian subsidiaries.

Included in 1982 results from continuing operations is \$4 million of foreign currency transactional gains. The effect on 1983 and 1981 earnings was not material.

#### Note 11—Pensions

Total pension expense from continuing operations was \$18,203,000 in 1983, \$21,566,000 in 1982 and \$24,405,000 in 1981.

Accumulated plan benefits and plan net assets of the Company's defined benefit plans covering U.S. employees were as follows:

	(Thousands of dollars)	
	January 1	
	1983	1982
Actuarial present value of accumulated plan benefits:		
Vested	\$481,968	\$388,029
Nonvested	16,884	20,061
	<b>\$498,852</b>	<b>\$408,090</b>
Market value of net assets available for benefits, including balance sheet accruals	<b>\$577,600</b>	<b>\$476,904</b>

The actuarial present value of accumulated plan benefits was calculated using an 8% assumed rate of return. Pension plans covering the Company's employees located outside of the U.S. are not subject to reporting requirements similar to those of ERISA and, accordingly, the asset and benefit information as calculated and presented above is not available. For such plans, the net assets and balance sheet accruals exceeded the actuarially computed values of vested benefits.

The January 1, 1983 present value of accumulated plan benefits is significantly higher than at January 1, 1982 and is principally due to the impact of the Company's early retirement program which was completed in 1982.

In connection with negotiations with the various creditors' committees, the Company is studying the possible recovery of excess assets in several of its pension plans while leaving the plans fully funded to meet the

accrued benefits of and liabilities to current employees and retirees. It is uncertain at this time when a decision will be reached regarding the recovery of these excess assets and the method employed to accomplish such a recovery. The valuations in the above table are not necessarily representative of amounts which may be recoverable.

#### Note 12—Manville Forest Products Plan of Reorganization

During the fourth quarter of 1983 Manville Forest Products Corporation (MFP), a wholly-owned subsidiary of Manville Corporation, filed a separate plan of reorganization. Based upon the probability of a final plan of reorganization, a \$7.1 million charge was made to earnings from continuing operations for interest expense on unsecured debt from August 26, 1982 to December 31, 1983. On March 26, 1984 the Manville Forest Products plan of reorganization was confirmed by the Bankruptcy Court.

#### Note 13—Asbestos Health Costs

Asbestos health costs consisted of the following:

	(Thousands of dollars)		
	1983	1982	1981
Workers' compensation	\$ 5,901	\$ 4,538	\$ 6,051
Insurance litigation	12,123	3,523	2,887
Other asbestos health costs	2,405	8,042	3,818
	<b>\$20,429</b>	<b>\$16,103</b>	<b>\$12,756</b>

#### Note 14—(Gain) Loss on Dispositions of Assets and Asset Impairments

Included in earnings from continuing operations for 1982 is a \$37.8 million charge associated with the provisions for the loss on dispositions of various operations and asset impairments. The principal items include a provision for the loss on the sale of the Company's Belgian subsidiaries, a charge for the planned disposition costs of a roofing insulation plant in Alexandria, Indiana, a write-down of a minority interest holding in Mexico, and the estimated loss on the sale of certain assets of a joint venture in Idaho. The Company also recorded a \$4 million provision for the permanent impairment in the carrying value of its investment in two subsidiaries located in Mexico.

There were no single significant items included in the gain or loss on dispositions in 1983 or 1981.



**Note 15—Employee Separation and Retirement Incentive Costs**

In the fourth quarter of 1982 the Company adopted the proposed accounting standard prescribed by the Financial Accounting Standards Board in its exposure draft dated December 28, 1982, "Accounting for Special Termination Benefits Paid to Employees." Adoption of the new standard, which was issued during 1983 as Statement of Financial Accounting Standards No. 74, resulted in a charge to earnings from continuing operations of \$13.8 million relating to the Company's staff reduction program which was completed in 1982. The Company had previously recorded a separate \$6.4 million after-tax charge to operations in 1982 for employee separation costs.

**Note 16—Income Taxes**

Earnings (loss) from continuing operations before income taxes and the related income tax expense consisted of the following:

	(Thousands of dollars)		
	1983	1982	1981
Earnings (loss) from continuing operations before income taxes:			
U.S.	\$ 70,592	\$(32,069)	\$38,345
Foreign	29,813	19,598	40,849
	<u>\$100,405</u>	<u>\$(12,471)</u>	<u>\$79,194</u>
Income tax expense on continuing operations:			
Current:			
U.S. federal	\$ 3,383	\$(6,685)	\$21,647
U.S. state and local	4,271	5,547	2,727
Foreign	15,819	17,992	12,387
	<u>23,473</u>	<u>16,854</u>	<u>36,761</u>
Deferred:			
U.S.	16,628	(5,710)	(11,104)
Foreign	178	(2,662)	4,079
	<u>16,806</u>	<u>(8,372)</u>	<u>(7,025)</u>
Income tax expense on continuing operations	<u>\$ 40,279</u>	<u>\$ 8,482</u>	<u>\$29,736</u>

The cumulative undistributed earnings of subsidiaries outside the United States on which the Company had not provided deferred income taxes at December 31, 1983 were approximately \$97,000,000.

Deferred income tax expense from continuing operations consisted of the following:

	(Thousands of dollars)		
	1983	1982	1981
Excess of tax over financial statement depreciation	\$17,232	\$ 15,285	\$ 25,759
Foreign tax credit carryforward			(24,660)
Undistributed earnings of foreign subsidiaries	(1,300)	(1,823)	(9,456)
Investment tax credit carryforward	(4,976)		
Provisions for asset dispositions	6,140	(10,550)	2,418
Provision for retirement incentive costs	2,053	(12,703)	
Income recognition of exploration rights	4,071	4,111	
MFP interest expense	(6,026)		
Other, net	(388)	(2,692)	(1,086)
	<u>\$16,806</u>	<u>\$ (8,372)</u>	<u>\$ (7,025)</u>

The effective income tax rate on consolidated pre-tax earnings (loss) from continuing operations differs from the U.S. federal income tax statutory rate for the following reasons:

	% of Pre-Tax Earnings		
	1983	1982	1981
U.S. federal statutory rate	46.00%	46.00%	46.00%
Increase (decrease) resulting from:			
Capital gains on timber	(5.46)	53.88	(8.71)
Miscellaneous permanent differences, principally depletion and interest	(4.00)	9.89	(3.38)
U.S. investment tax credit	(3.98)	20.60	(8.19)
Foreign income taxed at higher rates	2.51	(44.89)	5.59
U.S. state and local taxes, net of federal benefit	2.30	(23.85)	1.02
Minimum tax on preference items	1.59	(15.23)	2.94
Accrual of income taxes relating to DISC			5.05
Difference between U.S. federal statutory rate and effective rates on dispositions and asset impairments		(103.14)	
Other, net	1.16	(11.27)	(2.77)
	<u>40.12%</u>	<u>(68.01)%</u>	<u>37.55%</u>

The 1982 effective rate of (68.01)% represents tax expense on a pre-tax loss.



The investment tax credit carryforward for income tax reporting purposes at December 31, 1983 was \$8,624,089 and is comprised of credits generated in 1983, 1982 and 1981 of \$4,975,705, \$3,185,906 and \$462,478, respectively.

#### **Note 17—Discontinued Asbestos Fiber Operations**

Effective July 1, 1983 Johns-Manville Corporation completed the sale of Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc., wholly-owned subsidiaries, for approximately \$117 million (Canadian). Approximately \$70 million (Canadian) is deferred and payable out of 85.5% of available future cash flows from asbestos fiber operations. Based upon the discounted value of projected cash flow in comparison to the carrying value, no significant gain or loss was recognized for financial reporting purposes from this transaction. The purchase price will be adjusted in the event actual cash flows are different, but in no event will the purchase price exceed \$150 million (Canadian).

The two subsidiaries were engaged in the business of mining, milling and distributing asbestos fiber and represented substantially all of the Asbestos Fiber business segment. Johns-Manville Canada Inc. was the owner of the Jeffrey asbestos mine and related property and equipment in Quebec, Canada. The consolidated statements of operations have been restated to segregate the results of the discontinued operation. The following table summarizes the restatement effect:

	(Thousands of dollars)		
	For the Six Months Ended June 30	For the Years Ended December 31	
	1983	1982	1981
Net sales	\$34,959	\$ 87,641	\$126,536
Income from operations	12,241	22,668	44,482
Net earnings (loss)	7,068	(66,723)	13,938

Included in the 1982 results is a \$78.1 million provision for the permanent impairment in the carrying

amount of the assets of the open-pit mining operations. The fourth quarter 1982 provision was made as a result of the commercial recoverability of asbestos ore at the mine being adversely affected by weak demand and projected costs of overburden removal programs.

#### **Note 18—Discontinued Pipe Operations**

In December 1982 the Company sold eight U.S. manufacturing facilities and their related inventories which represented substantially all of the assets included in the Company's Pipe Products and Systems business segment. The \$55 million sales price was reduced by \$10.5 million for the assumption of industrial revenue bonds. Customer accounts receivable of approximately \$17 million at December 31, 1982 were not included in the sale.

The following table summarizes the restatement effect for the years ended December 31:

	(Thousands of dollars)	
	1982	1981
Net sales	\$141,201	\$164,222
Loss from operations	(12,360)	(5,061)
Net loss	(7,079)	(3,076)

#### **Note 19—Business Segment Information**

See "Consolidated Major Business Segments and Geographic Areas Information" on pages 17 and 18 for summarized financial information relating to the Company's operations in different businesses and geographic areas.

#### **Note 20—Unaudited Supplemental Information on Inflation and Changing Prices**

Pronouncements of the Financial Accounting Standards Board require disclosure of selected financial information concerning the effects of general inflation and specific price changes on a business enterprise. For the required disclosure, see "Supplemental Information on Inflation and Changing Prices" beginning on page 19.



## Management's Report

The accompanying consolidated financial statements have been prepared by Management in conformity with generally accepted accounting principles appropriate under the circumstances. The representations in the financial statements and the fairness and integrity of such statements are the responsibility of Management. All of the other financial information in the Annual Report to Shareholders is consistent with that in the financial statements.

The financial statements necessarily include some amounts that are based on Management's best estimates and judgments. Management believes that the financial statements reflect in all material respects the substance of transactions which should be included and appropriately account for or disclose all material uncertainties. Uncertainties exist concerning the eventual outcome of the Chapter 11 proceedings and the ultimate cost of asbestos-related litigation as described in Note 1 of the Notes to Consolidated Financial Statements. Changes, if any, in liabilities or equity structure required by a plan of reorganization would be recorded in accordance with generally accepted accounting principles.

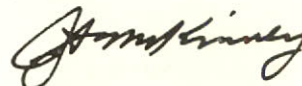
The consolidated financial statements prepared by Management have been examined in accordance with generally accepted auditing standards by Coopers & Lybrand, Independent Certified Public Accountants, whose report is also presented.

Manville maintains internal accounting control systems to provide reliable financial information for the preparation of financial statements, to safeguard assets against loss or unauthorized use and to ensure proper authorization and accounting for all transactions. Management is responsible for maintenance of these systems, which is accomplished through communication

of established written codes of conduct, systems, policies and procedures; employee training; and appropriate delegation of authority and segregation of responsibilities. To further ensure compliance with established standards and procedures, the Company maintains a substantial program of internal audits.

In establishing and maintaining its internal accounting control systems, Management considers the inherent limitations of the various control procedures and weighs their cost against the benefits derived. Management believes that existing internal accounting control systems are achieving their objectives and that they provide reasonable assurance concerning the accuracy of the financial statements.

Oversight of Management's financial reporting and internal accounting control responsibilities is exercised by the Board of Directors, through an Audit Committee which consists solely of outside directors. The Audit Committee meets periodically with financial management, internal auditors and the independent accountants to ensure that each is meeting its responsibilities and to discuss matters concerning auditing, internal accounting control and financial reporting. The independent accountants and the Company's internal audit department have free access to meet with the Audit Committee without Management's presence.



John A. McKinney  
Chairman of the Board,  
Chief Executive Officer  
and President



George R. Johannes  
Senior Vice President  
Finance

## Accountants' Report

To the Shareholders and Directors of

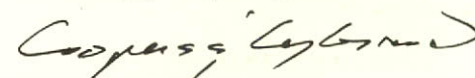
MANVILLE CORPORATION:

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

As discussed in Note 1 to the consolidated financial statements, Manville Corporation and certain of its subsidiaries are defendants in a substantial number of asbestos-health legal actions. On August 26, 1982, Manville Corporation and substantially all of its United States and Canadian subsidiaries filed separate petitions for reorganization under Chapter 11 of the Bankruptcy Reform Act of 1978, as amended, because of contingent

liabilities resulting from pending and potential litigation related to the asbestos-health issue. The ultimate liability resulting from these matters cannot presently be reasonably estimated.

In our opinion, the financial statements referred to above present fairly the consolidated results of operations and changes in financial position of Manville Corporation for each of the three years in the period ended December 31, 1983, and, subject to the effects of adjustments that might have been required had the outcome of the uncertainties referred to in the preceding paragraph been known, the consolidated financial position of Manville Corporation at December 31, 1983 and 1982, in conformity with generally accepted accounting principles applied on a consistent basis.



February 8, 1984, except for Note 12  
as to which the date is March 26, 1984  
Denver, Colorado



Manville Corporation  
**Consolidated Major Business Segments and Geographic Areas Information**  
(Thousands of dollars)

Revenues (Notes c and d)	Years Ended December 31		
	1983	1982	1981
Fiber Glass Products	\$ 720,044	\$ 609,010	\$ 625,300
Forest Products	426,914	435,634	554,612
Nonfiber Glass Insulations	209,325	231,571	257,508
Roofing Products	227,524	210,701	208,890
Industrial and Specialty Products and Services	248,393	285,318	345,129
Corporate revenues, net	34,819	13,983	17,789
Elimination of intersegment sales (Note a)	(76,080)	(69,180)	(73,477)
	<u>\$1,790,939</u>	<u>\$1,717,037</u>	<u>\$1,935,751</u>
<b>Income (Loss) From Operations (Notes c and d)</b>			
Fiber Glass Products	\$ 96,628	\$ 75,244	\$ 89,760
Forest Products	53,201	48,091	39,434
Nonfiber Glass Insulations	9,131	11,341	19,964
Roofing Products	(10,104)	(6,451)	(17,455)
Industrial and Specialty Products and Services	18,467	27,825	53,354
Corporate expense, net	(6,448)	(22,003)	(21,997)
Eliminations and adjustments (Note e)	568	6,841	2,861
	<u>\$ 161,443</u>	<u>\$ 140,888</u>	<u>\$ 165,921</u>
<b>Depreciation and Depletion (Notes c and d)</b>			
Fiber Glass Products	\$ 25,425	\$ 25,519	\$ 23,770
Forest Products	32,476	28,791	27,831
Nonfiber Glass Insulations	6,035	7,104	6,818
Roofing Products	3,437	3,449	3,558
Industrial and Specialty Products and Services	5,519	6,325	6,748
Corporate	3,502	2,809	3,068
	<u>\$ 76,394</u>	<u>\$ 73,997</u>	<u>\$ 71,793</u>
<b>Additions to Property, Plant and Equipment</b>			
Fiber Glass Products	\$ 36,708	\$ 15,496	\$ 25,002
Forest Products	48,800	26,788	31,874
Nonfiber Glass Insulations	3,826	5,340	6,295
Roofing Products	5,458	2,292	7,217
Industrial and Specialty Products and Services	10,218	8,254	8,867
Pipe Products and Systems		2,678	2,706
Asbestos Fiber		143	1,604
Corporate	5,686	292	2,636
	<u>\$ 110,696</u>	<u>\$ 61,283</u>	<u>\$ 86,201</u>
<b>Assets</b>			
	December 31		
	1983	1982	1981
Fiber Glass Products	\$ 568,552	\$ 548,724	\$ 566,905
Forest Products	824,486	813,600	822,900
Nonfiber Glass Insulations	161,625	176,660	187,966
Roofing Products	118,047	113,336	123,945
Industrial and Specialty Products and Services	175,753	181,080	194,364
Pipe Products and Systems (Note c)			158,330
Asbestos Fiber (Note d)		63,226	142,543
Corporate (Note f)	519,142	462,288	246,962
Eliminations and adjustments (Note e)	(114,343)	(122,810)	(146,101)
	<u>\$2,253,262</u>	<u>\$2,236,104</u>	<u>\$2,297,814</u>



Revenues (Notes c, d and g)	Years Ended December 31		
	1983	1982	1981
United States	\$1,453,235	\$1,343,720	\$1,515,996
Foreign	320,382	378,517	440,597
Corporate revenues, net	34,819	13,983	17,789
Elimination of intergeographic sales (Note b)	(17,497)	(19,183)	(38,631)
	<u>\$1,790,939</u>	<u>\$1,717,037</u>	<u>\$1,935,751</u>

**Income (Loss) From Operations (Notes c, d and g)**

United States	\$ 136,730	\$ 114,497	\$ 121,875
Foreign	30,576	41,542	63,447
Corporate expense, net	(6,448)	(22,003)	(21,997)
Eliminations and adjustments (Note e)	585	6,852	2,596
	<u>\$ 161,443</u>	<u>\$ 140,888</u>	<u>\$ 165,921</u>

Assets (Note g)	December 31		
	1983	1982	1981
United States (Note c)	\$1,594,477	\$1,486,921	\$1,639,104
Foreign (Note d)	356,500	410,219	557,819
Corporate (Note f)	416,896	462,288	246,962
Eliminations and adjustments (Note e)	(114,611)	(123,324)	(146,071)
	<u>\$2,253,262</u>	<u>\$2,236,104</u>	<u>\$2,297,814</u>

**Notes:**

(a) Intersegment sales were as follows (at prices approximating market):

	Years Ended December 31		
	1983	1982	1981
Fiber Glass Products	\$59,153	\$48,851	\$51,993
Forest Products	12,327	11,216	12,698
Roofing Products	1,538	2,111	
Nonfiber Glass Insulations	95		
Industrial and Specialty Products and Services	2,967	7,002	8,786
	<u>\$76,080</u>	<u>\$69,180</u>	<u>\$73,477</u>

(b) Intergeographic sales (at prices approximating market) principally relate to U.S. sales to the Company's foreign segments.

(c) In 1982 the Company sold its U.S. pipe operations which represented substantially all assets included in the Pipe Products and Systems segment. Consequently, the results of operations for 1982 and 1981 have been restated (see Note 18).

(d) In 1983 the Company sold its asbestos fiber operations which represented all assets included in the Asbestos Fiber segment. Consequently, the results of operations for all periods presented have been restated (see Note 17).

(e) Includes the elimination of intersegment and intergeographic inventory profits and the adjustment of business segment and geographic inventories, which are carried at standard costs, to the historical inventory bases used in consolidation.

(f) Corporate assets are principally cash, marketable securities, prepaid income taxes, investments and long-term receivables.

(g) With the sale of the Canadian asbestos fiber operations, the classification of geographic area information has been changed to United States and Foreign.



## Manville Corporation

### Supplemental Information on Inflation and Changing Prices (Unaudited)

The following summarized financial information attempts to indicate the effects of changing prices on the Company utilizing the two different computational methods prescribed by the Financial Accounting Standards Board (FASB). The standards require a "constant dollar" restatement of the historical cost of selected financial statement elements into dollars having the same general purchasing power as measured by the Consumer Price Index for All Urban Consumers (CPI-U). In addition, the FASB requires presentation of certain financial statement items on a "current cost" basis, which considers changes in specific prices that may vary from the rate of change in the general purchasing power of the dollar. Also reported is a gain in purchasing power from maintaining a net monetary liability position which reflects that a portion of the burden of inflation is shifted from the Company's common shareholders to creditors.

The restated amounts presented represent adjustments to reflect constant dollar or current cost depreciation, current year liquidations of last-in, first-out (LIFO) inventories and the restatement of that portion of cost of sales using first-in, first-out (FIFO) inventory valuations to the appropriate bases. The constant dollar depreciation and depletion expense is simply a restatement of the historical dollar expense calculated by applying a CPI-U factor (based upon the year of acquisition of the asset) to the related expense. The current cost depreciation and depletion expense attempts to approximate the annual amortization that would have been incurred had Manville replaced its total service potential in property, plant and equipment during the year 1983. These amounts have been computed using various construction and equipment indices. These restated amounts reflect effects of inflation, which increases the nominal dollar profit that assets must earn over their useful lives to maintain and recover the present-day value of the original investment. The computations do not reflect technological and other differences arising in the replacement of assets or the revised pricing strategies that would be in effect had the Company and its competitors begun business during the current year. Because the Company's product mix is continually changing through normal product evolution and technological advances, it may be that in the future the Company may replace some assets with technologically improved assets affording operating savings, some with like kind assets, or some not at all.

Since these management decisions can only be made at the point in time of actual replacement, such replacement plans cannot be adequately considered in the calculations presented. Restated amounts do not represent amounts for which the assets could be sold and therefore should not be considered as a liquidation value.

During 1983 the Company operated in an improving economy. However, the restated results of operations continue to reflect the inflationary erosion of earnings and the disproportionate impact of income taxes. It must be kept in mind, however, that many of the Company's businesses are cyclical in nature and any one-year view of the effects of changing prices may not be appropriate. The Company believes that over a business cycle and under conditions of moderate inflation with a viable plan of reorganization adequate returns will be realized. (For further information on operations and the impacts of inflation see Management's Discussion and Analysis of Results of Operations and Financial Condition on page 2.)

The standards do not permit any adjustment to income tax expense in the determination of net earnings on the restated bases. The existing tax structure fails to adequately compensate for the higher nominal dollar profits a company must earn to maintain the real purchasing power of its capital. As companies have tried to increase their nominal dollar profits to keep up with inflation and the longer lead times for investment recovery in today's regulatory environment, existing laws have required income taxes to be paid on these profits. This situation reflects the need to continue the recent legislative trend toward liberalizing tax incentives on long-term investments if adequate capital expenditures are to be made in the current inflationary environment.

All information presented has been prepared in accordance with the standards prescribed by the FASB; however, due to the experimental nature of the methods involved in accounting for inflation and changing prices and because of the number of assumptions and approximations used in its calculations, the Company cautions against simplistic use of this data. Because of inconsistent methods of calculation, comparability with other companies will not be realized until the experimental nature of these disclosures has been eliminated.



Manville Corporation

Consolidated Statements of Earnings Adjusted for Changing Prices

for the Year Ended December 31, 1983

(Thousands of dollars)

	As Reported in Conventional Statements (Historical Cost)	Adjusted for General Inflation (Constant Dollars)	Adjusted for Changes in Specific Prices (Current Cost)
Revenues	<u>\$1,790,939</u>	<u>\$1,790,939</u>	<u>\$1,790,939</u>
Cost of Sales	<u>1,370,434</u>	<u>1,417,194</u>	<u>1,412,745</u>
Other Operating Expenses	<u>259,062</u>	<u>263,664</u>	<u>262,763</u>
Nonoperating Expenses	<u>61,038</u>	<u>61,038</u>	<u>61,038</u>
Total	<u>1,690,534</u>	<u>1,741,896</u>	<u>1,736,546</u>
Earnings from Continuing Operations Before Income Taxes	<u>100,405</u>	<u>49,043</u>	<u>54,393</u>
Income Taxes	<u>40,279</u>	<u>40,279</u>	<u>40,279</u>
Earnings from Continuing Operations	<u>\$ 60,126</u>	<u>\$ 8,764</u>	<u>\$ 14,114</u>
Gain from Decline in Purchasing Power of Net Amount Owed		<u>\$ 27,582</u>	<u>\$ 27,582</u>
Increase in General Price Level of Inventories and Property, Plant and Equipment Held During the Year		\$86,205	
Increase in Specific Prices of Inventories and Property, Plant and Equipment Held During the Year		<u>23,377</u>	
Excess of Increase in General Price Level Over Increase in Specific Prices of Inventories and Property, Plant and Equipment Held During the Year		<u>\$62,828</u>	
Historical Cost versus Current Cost at December 31, 1983:			
Inventories	<u>\$ 140,886</u>		<u>\$ 245,818</u>
Property, Plant and Equipment, Net of Accumulated Depreciation and Depletion	<u>\$1,379,256</u>		<u>\$2,070,288</u>



Manville Corporation  
**Five Year Summary of Selected Supplemental Financial Data**  
**Adjusted for Effects of Changing Prices**  
for the Years Ended December 31  
(All dollar figures are in average 1983 dollars)  
(Thousands of dollars except per share amounts)

	1983	1982	1981	1980	1979
<b>Historical Cost Information Adjusted for General Inflation</b>					
Earnings (Loss) from Continuing Operations	\$ 8,764	\$ (92,189)	\$ 2,868	\$ 33,225	\$ 73,510
Earnings (Loss) Per Common Share from Continuing Operations	\$(.68)	\$(4.95)	\$(1.06)	\$.13	\$1.87
Net Assets at Year End	\$1,068,204	\$1,573,200	\$1,949,834	\$1,933,765	\$1,952,950
<b>Current Cost Information</b>					
Earnings (Loss) from Continuing Operations	\$ 14,114	\$ (85,641)	\$ 3,706	\$ 38,582	\$ 74,283
Earnings (Loss) Per Common Share from Continuing Operations	\$(.46)	\$(4.68)	\$(1.03)	\$.37	\$1.89
Excess of Increase in General Price Level Over Change in Specific Prices of Inventories and Property, Plant and Equipment Held During the Year	\$ 62,828	\$ 456,237	\$ 49,381	\$ 83,066	\$ 35,905
Net Assets at Year End	\$1,057,229	\$1,591,471	\$2,059,213	\$2,114,827	\$2,181,406
Translation Adjustment	\$ (6,180)	\$ (21,074)	\$ (13,594)		
<b>Other Information</b>					
Revenues	\$1,790,939	\$1,772,272	\$2,120,514	\$2,347,541	\$2,571,835
Gain from Decline in Purchasing Power of Net Amounts Owed	\$ 27,582	\$ 37,194	\$ 90,052	\$ 141,640	\$ 154,903
Dividends Per Common Share		\$.70	\$2.10	\$2.32	\$2.59
Market Price Per Common Share at Year End	\$10¾	\$10½	\$15¾	\$28¾	\$31¾
Average Consumer Price Index (CPI-U)	298.4	289.1	272.4	246.8	217.4

Notes:

(a) Current cost information was estimated as follows:

Inventories—standard manufacturing costs that reflect current cost depreciation or lower recoverable amount.

Property, Plant and Equipment—land at regional market quotations, precious metals used in manufacturing at current producers' market prices; and buildings and machinery and equipment at construction cost or other indices specific to the type of asset or lower recoverable amount. Timber and timberlands have been measured at their historical cost/constant dollar values.

Cost of Sales—for inventories accounted for using the LIFO method, cost of sales for financial reporting purposes adjusted for current cost depreciation and LIFO liquidations; for inventories accounted for using the FIFO method, cost of sales for financial reporting purposes adjusted for current cost depreciation and time lag between incurring inventory costs and their subsequent conversion into sales revenue.

Depreciation and Depletion—estimated on a straight-line basis using the same useful lives and salvage values as for historical financial reporting purposes; average current cost of plant and equipment at the beginning and end of the year was used as a basis for depreciation expense.

Restatement of foreign operations and assets included in these estimates was measured principally using local indices and translated at exchange rates prevailing at the balance sheet date.

(b) Depreciation and depletion expense has been allocated between cost of sales and other operating expenses. The aggregate amount of 1983 depreciation and depletion expense from continuing operations calculated under the constant dollar basis is \$108.3 million, and under the current cost basis is \$104.0 million.

(c) The amount of income tax expense in the computations of earnings adjusted for general inflation and earnings adjusted for changes in specific prices is the same as that charged against earnings in the conventional financial statements. No adjustments have been made for any timing differences that might be deemed to arise as a result of the use of different bases.

(d) The gain from decline in purchasing power of net amounts owed is the net amount of gains and losses of purchasing power resulting from holding more monetary liabilities (those obligations determinable in amount without reference to future prices) than cash or claims to cash in an inflationary period.

(e) Revenues and net earnings (loss) from continuing operations for all years presented excludes the discontinued operations of the Asbestos Fiber and Pipe operations, as presented in the primary financial statements.

(f) Earnings (loss) per common share are computed using the weighted average number of common shares outstanding during the applicable period. For purposes of this computation, cumulative preferred dividend requirements continue to be deducted although no dividends have been declared or accrued since the second quarter of 1982.



# Manville Corporation

## Summary Operating Statistics for Mining Operations

The quantity and price information presented below represent amounts related to the Company's worldwide mining operations. Certain reclassifications have been made to prior years' information to conform all years presented (tons are stated in thousands):

	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>
Diatomite:				
Proven ore reserves	<b>8,627 tons</b>	9,039 tons	9,047 tons	9,670 tons
Processed production	<b>345 tons</b>	318 tons	337 tons	340 tons
Remaining life	<b>20-25 years</b>	20-25 years	20-25 years	25-30 years
Average market price per ton	<b>\$181</b>	\$183	\$185	\$167
Perlite:				
Proven ore reserves	<b>1,900 tons</b>	2,100 tons	2,100 tons	2,100 tons
Processed production	<b>160 tons</b>	175 tons	205 tons	253 tons
Remaining life	<b>8 years</b>	8 years	8 years	8 years
Average market price per ton	<b>\$36</b>	\$35	\$34	\$32

### Asbestos Fiber:

In the third quarter of 1983 the Company sold its asbestos mine at Asbestos, Quebec representing approximately 17 million tons of proven ore reserves.



## Selected Quarterly Financial Data (Unaudited)

(Thousands of dollars except per share amounts)

Results for the four quarters of 1983 and 1982 are shown below:

	1983				1982			
	for the Three Months Ended				for the Three Months Ended			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Continuing Operations								
Net Sales	\$431,379	\$453,490	\$441,778	\$402,818	\$404,175	\$438,300	\$445,751	\$396,362
Gross Profit	84,234	92,755	95,044	86,998	99,530	101,426	83,162	71,559
Earnings (Loss)	1,201	20,324	22,011	16,590	(30,992)	22,818	(9,775)	(3,004)
Earnings (Loss) Per Common Share	(.21)	.59	.66	.43	(1.55)	.69	(.67)	(.40)
Net Earnings (Loss)	1,201	20,324	25,359	20,310	(96,847)	24,363	(19,910)	(5,190)
Net Earnings (Loss) Per Common Share	(.21)	.59	.80	.59	(4.30)	.76	(1.10)	(.49)

Notes:

(a) Effective July 1, 1983 the Company sold Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc., wholly-owned subsidiaries of Johns-Manville Corporation. The two subsidiaries represented substantially all of the assets included in the Company's Asbestos Fiber business segment. The results for 1983 and 1982 have been restated to segregate the effects of the discontinued operation.

The restatement for the discontinued asbestos fiber operation had the effect of deducting the following from previously reported figures:

	1983		1982			
	for the Three Months Ended		for the Three Months Ended			
	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Continuing Operations						
Net Sales	\$16,527	\$18,432	\$25,423	\$21,121	\$20,652	\$20,445
Gross Profit	5,176	8,214	10,598	6,408	2,721	5,564
Earnings (Loss)	3,348	3,720	(62,350)	3,140	(8,266)	753
Earnings (Loss) Per Common Share	.14	.16	(2.60)	.13	(.35)	.03

Included in the fourth quarter 1982 results for the discontinued asbestos fiber operations is a \$78.1 million provision for the permanent impairment in the carrying amount of the assets of the open-pit mining operations in Asbestos, Quebec. The provision was made as a result of the commercial recoverability of asbestos ore at the mine being adversely affected by weak demand and projected costs of overburden removal programs.

(b) During the fourth quarter of 1983 Manville Forest Products Corporation (MFP), a wholly-owned subsidiary of Manville Corporation, filed a separate plan of reorganization. Based upon the probability of a final plan of reorganization, a \$7.1 million charge was made to earnings from continuing operations for interest expense on unsecured debt from August 26, 1982 to December 31, 1983.

(c) In the fourth quarter of 1982 the Company sold its U.S. pipe operations, which represented substantially all of the assets included in the Company's Pipe Products and Systems business segment for a net loss on disposal of \$2.8 million (\$.12 per common share). Results for 1982 were restated segregating the following amounts from previously reported figures:

	1982		
	for the Three Months Ended		
	Sept. 30	June 30	Mar. 31
Continuing Operations			
Net Sales	\$44,789	\$39,597	\$26,436
Gross Profit (Loss)	2,187	2,389	(12)
Loss	(1,595)	(1,869)	(2,939)
Loss Per Common Share	(.06)	(.08)	(.12)

(d) Included in results from continuing operations for the fourth quarter of 1982 were the following unusual items: a \$27.9 million charge associated with the provisions for the loss on dispositions of various operations; the adoption of the proposed accounting standard prescribed by the Financial Accounting Standards Board in its exposure draft dated December 28, 1982, "Accounting for Special Termination Benefits Paid to Employees" which resulted in a charge of \$13.8 million; a \$4.4 million increase due to the liquidation of LIFO inventories; and a \$4.0 million provision for the permanent impairment in the carrying amounts of assets related to the investment in two subsidiaries located in Mexico. The second quarter results from continuing operations were negatively impacted by \$3.6 million as a result of an estimated loss on the sale of certain assets of a joint venture in Idaho and a \$6.4 million charge for employee separation costs relating to the Company's staff reduction program.



## **PART I**

### **ITEM 1. BUSINESS**

#### **Introduction.**

Manville Corporation is a diversified manufacturing, forest products and mining company. The Company manufactures the broadest line of thermal insulation products in the world and is the largest manufacturer of fiber glass mat in the world. The Company is a leading national manufacturer of asphalt shingles and roll roofing made from fiber glass mat. Manville is also a major national producer of beverage carrierboard and is the world's largest producer of diatomite, a mineral used as an industrial filtering agent and filler.

Manville's business segments consist of the manufacture and sale of fiber glass products, nonfiber glass insulation products, paper products and lumber, roofing products and industrial and specialty products. The manufacture of fiber glass is the largest of these businesses. Insulation and continuous strand are the types of fiber glass which are produced. The fiber glass together with the nonfiber glass insulation businesses place Manville in the position of offering the broadest line of insulation products in the world. The roofing products segment supplies both residential shingles as well as nonresidential roofing products. The manufacturing portion of the industrial and specialty products segment consists of lighting products, sealing components and several other product lines.

The Company's forest products business segment consists of vertically integrated operations from timber plantations to lumber, plywood, particleboard and wood chips. The wood chips are further processed into wood pulp, which is used in the production of coated and uncoated paperboard and kraft paper. The paperboard and paper are sold to other manufacturers and are used by the Company to produce beverage carriers, folding cartons and paper bags.

The Company also mines and processes diatomite and perlite, which are included as part of the industrial and specialty products segment. These minerals are used in some of the Company's manufacturing businesses and are also sold to other industrial users.

#### **Significant Developments.**

On August 26, 1982, Manville Corporation and twenty of its subsidiaries filed petitions for reorganization under Chapter 11 of the Bankruptcy Reform Act of 1978, as amended, in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). These filings were precipitated by contingent liabilities resulting from pending and potential litigation related to the asbestos-health issue. As referenced below, two Canadian subsidiaries (the stock of which was sold in 1983) and Manville Forest Products Corporation are no longer in reorganization. During the pendency of the reorganization proceedings, the Company is operating as a debtor-in-possession. Certain aspects of the Company's operations and transactions are subject to review by the official committees created as a part of the proceedings and, in certain instances, these transactions require Bankruptcy Court review and approval.

A detailed discussion of the reorganization proceedings is provided in ITEM 3. LEGAL PROCEEDINGS commencing at page 40 of this report. Descriptions of the joint plan of reorganization proposed by Manville (for itself and seventeen subsidiaries) and the separate plan of reorganization confirmed by the Bankruptcy Court for Manville Forest Products Corporation are provided in that section. These proceedings and their relationship to the Company's operations are also discussed in MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION beginning at page 2 of this report.

The proposed joint plan of reorganization is subject to modification as a result of negotiations between the Company and various interested parties or as a result of court orders. An alternative concept for a joint plan of reorganization proposed by a creditor is also being discussed among creditor groups, equity representatives and the Company's representatives. This proposal contemplates a potential significant dilution of the Company's equity securities. The extent of any such dilution and other related terms are subject to negotiation, agreement of creditors and equity holders and approval of the



Bankruptcy Court. No assurance can be given that either the joint plan currently proposed by the Company or the alternative plan now being discussed will be ultimately confirmed by the Bankruptcy Court.

Manville is no longer in the business of mining, milling and selling asbestos fiber. During the third quarter of 1983, the Company completed the sale of Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc., wholly-owned subsidiaries. In connection with this sale, a separate plan of reorganization for these companies was confirmed on December 13, 1983. Johns-Manville Canada Inc. was the owner of the Jeffrey Asbestos Mine and related property and equipment at Asbestos, Quebec, Canada. At the end of 1982, the Company's United States pipe operations, including its asbestos-cement pipe business, were divested. The Company's Belgian asbestos-cement operations were sold in early 1983. A discussion of certain restrictions on the use of proceeds from these and other sales of assets is included in MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION at page 2 of this report. The Company no longer uses any significant amount of asbestos fiber in manufacturing operations. The few remaining asbestos-containing products have minimal dust potential in manufacture, installation or use. Other materials have been substituted for asbestos in a number of products, and further substitution efforts are underway.

### **Major Business Segments.**

Financial information by major business segments and by geographic areas can be found in this report at pages 17 and 18. The Company's five major business segments are: Fiber Glass Products, Forest Products, Nonfiber Glass Insulations, Roofing Products and Industrial and Specialty Products and Services.

#### ***FIBER GLASS PRODUCTS BUSINESS SEGMENT.***

The principal products in the Fiber Glass Products Business Segment are:

Acoustical Insulation	Commercial Insulation
Aerospace Insulation	Filter Tubes and Cartridges
Air Conditioning Ducts and Accessories	Manufactured Housing Insulation
Air Conditioning Duct Wrap and Liner Insulation	Metal Building Insulation
Air Filtration Media	Pipe Insulation
Appliance Insulation	Residential Insulation
Automotive Hoodliners, Topliners and Molded Parts	Roofing Mat
Chopped Strand	Sliver and Yarn
	Specialty Fiber
	Specialty Mat

The Company produces the two forms of fiber glass produced in the industry—insulation (or wool fiber glass) and continuous strand fiber glass filament. Fiber glass insulation, both thermal and acoustical, is used in the construction and retrofitting of residences (including manufactured houses) and commercial, industrial and institutional buildings. Fiber glass insulation is also used to insulate aircraft, appliances, automobiles and pipes. In addition, Manville manufactures fiber glass air ducts and systems for heating and air conditioning systems. These fiber glass products are making inroads into a market which has traditionally been dominated by sheet metal ducts.

The Company has been involved in developing technologically advanced insulation for the United States space program since its inception. At the start of the space shuttle program, the Company developed a high purity quartz fiber which was a primary ingredient of the insulating tiles used on the early shuttle vehicles. Recently, the Company successfully developed a new product, Quilite®, which is a flexible, high purity silica fiber insulating blanket now being used in place of the tiles in many areas of the spacecraft. These and other new insulations developed for space vehicles are being adapted by the Company to commercial uses particularly in high temperature processes such as in metals processing.



Continuous strand fiber glass filament is used to produce fiber glass roofing mat both for use in the Company's roofing products and for sale to other roofing manufacturers. Fiber glass mat is lightweight and resistant to deterioration and has substantially replaced organic and asbestos felt mats in roofing shingles and built-up roofing. The Company believes it is the world's largest producer of fiber glass mat. Continuous strand fiber glass filaments are sold to other mat manufacturers and are also sold as reinforcement fibers in products serving the automotive and gypsum markets. Specialty mats made from these fibers are sold to different manufacturers for use in battery separators, and in the carpeting, foam insulating board, reinforced plastics and vinyl flooring industries. Specialty continuous strand fiber is used in the manufacture of batteries and specialty papers. These specialty mats and fibers are engineered to provide specific properties to meet the needs and specifications of individual manufacturers.

The principal raw materials used to manufacture fiber glass are aluminous materials, borate minerals, lime, phenolic resin, sand and soda ash. Production of fiber glass materials is maintained at an approximately level rate throughout the year. Demand for the Company's fiber glass products tends to be seasonal, resulting in inventory increases during the winter months and decreases during the construction season.

These products are typically sold directly to users (applicators, contractors and manufacturers) as well as to distributors (dealers, retailers and wholesalers).

The principal methods of competition include distribution, price, product performance, quality, service and warranty. The Company believes that its products are competitive in each of these areas. Based upon industry statistics available to it, the Company believes it is the second largest producer of fiber glass insulation and the third largest producer of continuous strand fiber glass in the United States. Other large producers include Owens-Corning Fiberglas Corporation and Certain-Teed Corporation and, of continuous strand fiber glass, PPG Industries, Inc. In addition, there are several small fiber glass producers as well as nonfiber glass insulation manufacturers which compete in the same markets.

The Company has eleven fiber glass manufacturing plants in the United States (two plants each in California and Ohio, and one plant each in Georgia, Indiana, Kansas, New Jersey, Tennessee, Texas and West Virginia). Two fiber glass manufacturing plants are located in each of Canada and Germany, and one plant each in Argentina, France and Singapore. In addition, there are four support facilities in the United States. Additional information on these facilities is contained in ITEM 2. PROPERTIES of this report.

#### *FOREST PRODUCTS BUSINESS SEGMENT.*

The principal products in the Forest Products Business Segment are:

Beverage Carriers	Lumber
Clay Coated and Uncoated	Paperboard
Unbleached Kraft Paperboard	Particleboard
Corrugated Containers (Brazil)	Plywood
Folding Cartons	Specialty Coatings and
Kraft Bags and Sacks	Laminations
Kraft Paper	

The Company's forest products operations can be divided into two major categories—paper products and wood products with facilities in the United States and Brazil.

In the United States, paper and paperboard are produced at the Company's pulp and paper mill near West Monroe, Louisiana. This facility consists of a pulp mill, power and chemical processing equipment and several paper-making machines. At the present time, three of the six available paper machines are in operation. The mill currently produces coated and uncoated unbleached paperboards and Kraft Paper. These products are sold to other manufacturers and are used by the Company to manufacture beverage carriers, folding cartons, and grocery (kraft) bags and sacks. A significant



portion of the paper and paperboard produced at the Louisiana mill is converted into packaging products in the Company's plants. The Brazilian paper operations are discussed later in this section.

Beverage carriers for the soft drink and beer markets are produced at plants in California, Illinois, Louisiana and Ohio. The Illinois facility also has a folding carton plant. In Louisiana, the Company owns a grocery bag and sack plant and a specialty coating and lamination plant. These packaging facilities convert paper and paperboard from the Company's mill, as well as purchased raw materials, into a variety of packaging end uses. In 1983, a plant that was producing multi-wall bags was closed and the equipment was sold.

The Company's wood products operations include the manufacture of lumber, particleboard and plywood from southern pine. Lumber and plywood products are sold principally in the south, south central and midwestern sections of the United States to both retail and wholesale building material dealers. Particleboard is produced in Louisiana and sold primarily to furniture manufacturers in the south and southeastern portions of the United States. In February 1983, the Company acquired a sawmill and plywood plant located at Joyce, Louisiana. The Joyce facility now processes the southern pine timber owned by the Company in central Louisiana. This timber was previously processed at the Company's facility in Winnfield, Louisiana. The Company closed its Winnfield sawmill and plywood plant and subsequently sold that facility in 1983. The Company also owns and operates a lumber and plywood operation in Arkansas. A sawmill modernization program at this facility was completed in April 1983. The Company's line of lumber products extends from 2" x 4" studs to wide dimension products. Plywood products include both sheathing grades and specialty grades.

The Company owns approximately 587,000 acres of timberland in Arkansas, Louisiana and Texas (see ITEM 2. PROPERTIES—Timber Resources). These timberlands supply raw materials for the Company's lumber and plywood plants. Pulpwood from these lands, together with residual wood chips from the lumber and plywood plants, supplied over half of the wood fiber requirements of the West Monroe pulp and paper mill in 1983. The balance of the wood chip and pulpwood requirements is purchased from other sources.

The Company sells its paper products and wood products primarily in the industrial production and consumer staple markets. Distribution is accomplished primarily by direct sales and on a distributor and wholesale basis.

The Company's forest products businesses are subject to modest seasonality with demand usually increasing in the spring and summer. Inventories for wood products are maintained at minimum levels, while inventories for paper products fluctuate slightly, seldom exceeding a one month supply.

In Brazil, the Company's forest products operations consist of a pulp and paper mill and a multi-wall bag plant in Igaras and a corrugated container plant in Jundiai. An additional corrugated container plant located in Itajai was purchased in November 1983. The Brazilian operations are supported by 130,000 acres of fee-owned or leased land near the Company's mill. This timberland is capable of supplying substantially all of the present pulp wood requirements of the Brazilian pulp and paper mill. Residual materials and by-products generated from processing this timberland also supply most of the fuel consumed in the operations of the pulp and paper mill.

The Company competes in the United States and Brazil with many companies having products with similar uses. Competition in the sale of paper and wood products is focused primarily on servicing the customer by offering products which meet the customer's performance and delivery requirements at competitive pricing.

During the third quarter of 1981, the Company granted Florida Exploration Company the right to explore for oil and gas on Louisiana acreage in which the Company owns mineral interests. The Company receives an annual fee during the five year term of the agreement. If Florida Exploration Company leases any of the acreage covered by the agreement, the Company will receive a royalty interest for any oil, gas and associated hydrocarbons produced and severed from the leased acreage.



## *NONFIBER GLASS INSULATIONS BUSINESS SEGMENT.*

The principal products in the Nonfiber Glass Insulations Business Segment are:

Asphalt Siding	Metal-Clad Aerospace and
Calcium Silicate Insulations	Industrial Insulations
and Accessories	Perlite and Foam Insulation
Insulating Fire Brick	Boards
Insulation Contracting	Refractory Fiber, Blankets
Marine and Industrial	and Molded Shapes
Insulation Boards	

This business segment includes a wide variety of products used to insulate equipment, commercial and industrial facilities and industrial processes.

Asphalt siding for residential and commercial buildings is produced at a plant in France. Calcium silicate insulations are used wherever both mechanical strength and the capacity to withstand high temperatures are required; for example, the insulation of petrochemical plants and power plants. This product is produced at plants in Illinois and New Jersey and in Brazil and Canada. Insulating fire brick is used in applications up to 3200°F and is produced at plants in Pennsylvania and in Italy.

The application of thermal insulation on mechanical systems in nonresidential buildings and on industrial processes constitutes the insulation contracting business. This business is directed from twenty different locations in the United States. Marine and industrial insulation boards are produced at a plant in Massachusetts. Almost all of these board products have been converted to nonasbestos composition, and work is continuing on the complete elimination of asbestos from these products.

Metal-clad aerospace and industrial insulations are produced at a plant in New Jersey. Perlite and foam insulation boards are used primarily as roof insulation for new and existing commercial, industrial and institutional buildings. Plants are located in Illinois, Mississippi and Virginia and in France. Perlite from the Company's New Mexico mine is used in the production of this insulation.

Refractory fiber, blankets and molded shapes are used wherever insulations capable of withstanding temperatures up to 2600°F are required. These products are used in such diverse applications as appliances, boilers, catalytic converters in automobiles, and furnaces. Plants producing refractory fiber are located in Illinois and France. Other plants which produce products from refractory fiber are located in New Jersey and France.

The principal raw materials used to manufacture refractory fiber are alumina and silica sand. The materials for calcium silicate insulations include glass and polyester fibers, lime and silica. The principal raw materials used to produce perlite and foam insulation boards include newsprint, perlite and urethane chemicals.

The Company maintains up to a three month supply of inventory on certain products due to production lead time. These are make to stock businesses that, except for perlite and foam insulation boards, are generally not seasonal. Although the demand for perlite and foam insulation boards is tied somewhat to business cycles in the construction industry, it is balanced to some extent by retrofit demand. Nonetheless, inventory generally increases during the winter months and decreases during the construction season.

The Company's nonfiber glass insulation products are sold primarily to dealers, distributors and wholesalers and directly to the end user. The principal methods of competition include distribution, price, product performance, service and warranty. The Company is unaware of generally reliable statistics pertaining to its competitive position in these businesses.



### *ROOFING PRODUCTS BUSINESS SEGMENT.*

The principal products in the Roofing Products Business Segment are:

Built-Up Roofing Products and Systems	Roof Coatings and Accessories
Residential Fiber Glass- Asphalt Shingles	Saturated and Coated Felts
	Single Ply Membrane Roofing Systems

Sales of fiber glass-asphalt roofing shingles, which are used principally in the roofing of residential buildings, is the largest element of the revenues generated by the Company's roofing products business. The balance of this segment's revenues is represented by sales of built-up roofing systems for factories, institutions and other large commercial buildings. The Company also manufactures roof coatings and felts which are supplied as components to other roofing manufacturers or builders. The Company has completed a program to expand its capacity to produce fiber glass mat and has improved its capacity to convert the mat into roll roofing and roofing shingles. The principal raw materials used to manufacture roofing products are asphalt, fiber glass mat and stone granules.

Roofing products is a make to stock business. The demand for roofing products is divided between reroofing existing buildings and new construction. Reroofing demand is seasonal but relatively stable, while the demand for roofing products for new structures is both seasonal and cyclical. Inventory is normally maintained at a two to four week supply during the construction season increasing to a one to two month supply during the winter months. The Company's roofing products are sold both to dealers and distributors and to end users. The Company has roofing manufacturing plants in California, Georgia, Illinois, Louisiana, New Jersey and Texas, plus an accessory plant in Maine.

The principal methods of competition include distribution, price, product performance, service and warranty. On the basis of available statistics, the Company believes that there is no single competitor or small group of competitors who have a major share of the asphalt roofing industry. There are other materials outside this industry grouping, such as clay tile, concrete tile, wood shingles and other roofing membranes, which compete with the Company's products.

### *INDUSTRIAL AND SPECIALTY PRODUCTS AND SERVICES BUSINESS SEGMENT.*

The principal products and services included in the Industrial and Specialty Products and Services Business Segment are:

Diatomite Filter Aids and Filler Materials	Mechanical and Molded Packings
Engineering Services	Oil Seals
Expansion Joints	Perlite Ore
Industrial and Architectural Sheets	Polyvinyl Chloride Pipe (Canada)
Industrial, Commercial, Highway and Outdoor Lighting Fixtures and Accessories	Real Estate Operations
	Rope and Sheet Packing
	Synthetic Silicates

The Company believes that it is the world's largest producer of diatomite. The product is mined at its diatomite mine in California as well as at mines in France, Iceland and Spain (see ITEM 2. PROPERTIES—Mining). The Company uses diatomite in filter media to separate solids from liquids in a variety of industrial processes, including water purification and the removal of impurities in beverages, chemical processing and food products. In addition, diatomite and synthetic silicates are used as functional fillers in such products as agricultural dilutents, catalytic carriers, paint, paper, plastics and polishes.

Engineering services provided by the Company's Glaswerk Schuller subsidiary in West Germany include design, specification, manufacturing, installation and start-up of complete fiber glass mat machines and components.



The sealing components business consists of various expansion joints, packings and seals product lines. The business also provides engineering technology for the control and prevention of fluid leakage in the industrial production market. The major new thrust of this business is directed toward the elimination of asbestos and development of new nonasbestos-containing products. Many of these new nonasbestos products have already been introduced into the market place and are being well-received.

Industrial and architectural sheets, which are produced in New Hampshire, are supplied to manufacturers of a variety of end products such as exterior wall panels for commercial buildings and laboratory table tops. Some of these products have already been converted to a new generation of mineral panel products which do not contain asbestos. Research is continuing to complete the conversion.

The Company's Holophane lighting systems business is a leader in the design of energy efficient lighting products. The Holophane business manufactures and markets lighting fixtures and accessories for commercial, highway, industrial and outdoor applications. This division has six plants in the United States (one each in California and New Jersey and four in Ohio) as well as two plants in Canada and one each in England and Mexico. The Holophane business continued to demonstrate its leadership in energy-efficient lighting by introducing four new product lines in 1983: the Classics® for commercial lighting, the Primalume® and Enduralume® for industrial lighting and the Predator® for lighting hazardous areas.

The Company's perlite business is discussed in the Mining section of this report (see ITEM 2. PROPERTIES—Mining).

The Company also manufactures and markets polyvinyl chloride (PVC) pipe and accessories in Canada. These products are used in construction projects ranging from residential developments to industrial and municipal water, sewer and drainage systems. The Company has two pipe manufacturing plants in Canada.

The Company's real estate operations are discussed in ITEM 2. PROPERTIES—Other Properties.

The Company's lighting systems, real estate operations and Canadian PVC pipe businesses are affected by seasonality in the construction industry and thus have corresponding inventory patterns. The other businesses in this segment are generally nonseasonal. Most of these businesses produce to stock except for some special items which are made to order. The Company maintains inventories of some products at a three to five month supply due to production lead time. The Company distributes these products by selling directly to dealers and distributors, to the end user and, to a minor extent, on a retail basis. The principal methods of competition include distribution, price, product performance, product quality, service and warranty. The market position of this segment of the Company's business cannot be accurately determined since it is a heterogeneous product grouping serving diverse markets.

#### **Raw Material Availability.**

From time to time, the Company has experienced difficulties in obtaining sufficient quantities of various raw materials used in the production of its products. There can be no assurance that adequate supplies of all raw materials will be available in the future. However, the Company believes that it has taken reasonable precautions for the continuous supply of its critical raw materials.

#### **Energy Supplies.**

Many of the Company's operations, particularly its fiber glass and forest products operations, use substantial amounts of energy, including electricity, fuel oil, natural gas, propane and wood fuel. The Company has supply contracts for most of its energy requirements. While there can be no absolute assurance that adequate supplies of these and other fuels will be available to the Company in the future, the Company believes that it has taken reasonable precautions to insure that its energy needs will be met. Toward this end, the Company has self-help natural gas drilling programs in Ohio to supplement gas deliveries to its Ohio fiber glass plants and may from time to time increase these programs or expand into other areas as the Company's needs warrant or as conditions permit. The Company owns and operates a natural gas pipeline in Louisiana which acts as a collection network for



gas to the West Monroe, Louisiana complex. Current supplies of gas meet substantially all of the present yearly requirements of the West Monroe complex. In addition, a substantial percentage of the balance of energy consumed at the Company's manufacturing facilities at West Monroe is generated from the use of by-products or residual materials from the manufacturing processes. Should energy supplies not be available in the future or be available only at increased costs, the Company's sales and earnings could be adversely affected. The Company is unable to determine at this time the potential effects on its business of the future cost of energy in the United States and elsewhere.

#### **Patents.**

The Company presently owns, controls or holds licenses to approximately 800 United States and 1,100 foreign patents. While the Company regards its patents and licenses as valuable, it does not consider any of its business segments to be materially dependent upon any single patent or license.

#### **Research.**

The Company expended approximately \$33,000,000 in 1983, \$26,200,000 in 1982 and \$27,300,000 in 1981 on Company-sponsored research activities related to the development and improvement of its products and services. Also in 1983, 1982 and 1981, approximately \$740,000, \$1,000,000 and \$1,440,000, respectively, were expended on customer-sponsored research activities. These amounts have been restated to exclude expenditures relating to the asbestos fiber and pipe operations which were divested in 1983 and 1982, respectively.

#### **Environmental Regulations.**

All of the Company's domestic operations are subject to a variety of federal environmental laws and regulations. The most significant of these laws are the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Clean Air Act, the Federal Water Pollution Control Act Amendments of 1977 and the Resources Conservation and Recovery Act, all of which are administered by the United States Environmental Protection Agency ("EPA"). These statutes and the regulations promulgated thereunder impose controls on atmospheric emissions, pollutants discharged in domestic waters and disposal of hazardous materials. In addition, certain state or local jurisdictions have adopted regulations that are more stringent than the federal regulations.

The operations of the Company are also subject to regulation by the Occupational Safety and Health Administration ("OSHA") relating to health and safety standards for employee work environments. OSHA investigations and proposals dealing with materials such as asbestos, silica, fibrous glass, formaldehyde and noise are currently underway. Because of ongoing Company programs in these areas, the impact on the Company's operations from these proposals should be limited. The Company's United States mines are also regulated by the Federal Mining Safety and Health Act which governs the working environment of mining employees.

Compliance with these and other laws has resulted in certain expenditures by the Company to improve or replace environmental quality control equipment and to secure federal and state permits for expansion of existing buildings and the construction of new facilities. At the present time, the costs necessitated by environmental compliance measures have not been material to the Company's financial or competitive position. However, the exact nature of environmental control problems which the Company may encounter in the future cannot be predicted, primarily because of the increasing number, complexity and changing character of the standards being promulgated by federal and state authorities. For a discussion of pending environmental proceedings and activities see ITEM 3. LEGAL PROCEEDINGS.

#### **Employees.**

As of December 31, 1983, the Company employed 20,550 persons. Approximately 8,675 of these employees are covered by collective bargaining agreements in the United States and Canada. During 1983, twenty-one labor agreements were negotiated, and no work stoppages occurred. Approximately 2,200 United States and Canadian employees are covered by nine separate labor agreements that expire during 1984.



## ITEM 2. PROPERTIES

### Headquarters

The Company's headquarters, which consists of 750,000 square feet of floor space, and its principal research and development facility are located on the Ken-Caryl Ranch near Denver, Colorado. The headquarters building is subject to a mortgage loan of approximately \$67.1 million.

### Manufacturing Facilities

A description of the major plants and properties owned and operated by the Company's principal operating subsidiaries is set forth below. Additional information on the Company's mining operations is provided in the subsection following the description of manufacturing facilities.

<u>Location &amp; Nature of Property</u>	<u>Approx. No. of Sq. Feet of Floor Space</u>	<u>Business Segment</u>	<u>Products Manufactured or Use of Facility</u>
<b>(I) UNITED STATES</b>			
<b>Huttig, AR</b>			
8 one-story manufacturing buildings with offices and 1 one-story office building	409,300	Forest Products	Lumber, plywood.
<b>Tucson, AZ</b>			
1 one-story manufacturing and office building	43,000	Fiber Glass Products	Internally used components for fiber glass manufacturing equipment.
<b>Bakersfield, CA</b>			
1 one-story manufacturing and office building and 1 one-story office building	219,000	Forest Products	Beverage carriers.
<b>Corona, CA</b>			
1 multi-story manufacturing, office and warehouse building and 1 two-story service building	396,300	Fiber Glass Products	Acoustical, aerospace, commercial, metal building, manufactured housing, pipe and residential insulation; air conditioning duct wrap and liner insulation.
<b>Lompoc, CA</b>			
17 multi-story production buildings; 5 one-story warehouse buildings; 6 one-story laboratories; 4 multi-story bulk handling buildings; 5 one-story office buildings; 2 one-story lunch and locker room buildings and 9 one-story shops	931,990	Industrial and Specialty Products and Services	Diatomite filter aids and filler materials; synthetic silicates.
<b>Pittsburg, CA</b>			
2 one-story manufacturing buildings; 1 two-story office building and 4 one-story warehouses	303,100	Roofing Products	Built-up roofing products and systems; residential fiber glass-asphalt shingles; saturated and coated felts.
<b>Willows, CA</b>			
1 one-story manufacturing building and warehouse; 1 one-story office building and 1 one-story warehouse	566,400	Fiber Glass Products	Acoustical, commercial, manufactured housing and residential insulation.
<b>Antonito, CO</b>			
1 one-story office building; 1 one-story shop; laboratory and 2 miscellaneous one-story buildings	9,780	Industrial and Specialty Products and Services	Perlite ore.



<u>Location &amp; Nature of Property</u>	<u>Approx. No. of Sq. Feet of Floor Space</u>	<u>Business Segment</u>	<u>Products Manufactured or Use of Facility</u>
<b>Savannah, GA</b> 2 one-story manufacturing buildings; 1 boiler house; 1 one-story office building; 3 one-story warehouses and 1 one-story maintenance facility	380,522	Roofing Products	Built-up roofing products and systems; residential fiber glass-asphalt shingles; saturated and coated felts.
<b>Winder, GA</b> 1 one-story manufacturing, office and warehouse building	610,000	Fiber Glass Products	Acoustical, commercial, manufactured housing, metal building and residential insulation; air conditioning ducts and accessories; air conditioning duct wrap and liner insulation.
<b>Kankakee, IL</b> 1 one-story manufacturing and office building	156,800	Forest Products	Beverage carriers; folding cartons.
<b>Rockdale, IL</b> 1 one-story manufacturing, office and warehouse building	385,400	Nonfiber Glass Insulations	Perlite and foam insulation boards.
<b>Waukegan, IL</b> 3 one-story manufacturing buildings; 1 one-story office building; 3 one-story warehouses and 1 steam generating plant	1,587,466	Industrial and Specialty Products and Services, Nonfiber Glass Insulations, Roofing Products	Industrial and architectural sheets; rope and sheet packing; calcium silicate insulations and accessories; refractory fiber, blankets and molded shapes; built-up roofing products and systems; roof coatings and accessories; single ply membrane roofing systems.
<b>Richmond, IN</b> 1 multi-story manufacturing building and miscellaneous office buildings and warehouses	401,935	Fiber Glass Products	Acoustical, appliance, commercial and residential insulation.
<b>McPherson, KS</b> 1 multi-story manufacturing and warehouse building and 1 one-story office building	650,000	Fiber Glass Products	Acoustical, commercial, manufactured housing, metal building and residential insulation.
<b>Joyce, LA</b> 10 one-story manufacturing buildings; 2 office buildings and other miscellaneous buildings	583,000	Forest Products	Lumber, plywood.
<b>Lillie, LA</b> 3 one-story manufacturing buildings and offices	162,000	Forest Products	Particleboard.
<b>Marrero, LA</b> 1 one-story office building; 1 one-story manufacturing building and boiler house	285,000	Roofing Products	Built-up roofing products and systems; residential fiber glass-asphalt shingles; roof coatings and accessories.



<u>Location &amp; Nature of Property</u>	<u>Approx. No. of Sq. Feet of Floor Space</u>	<u>Business Segment</u>	<u>Products Manufactured or Use of Facility</u>
<b>West Monroe, LA</b>			
1 multi-story manufacturing building; 5 one-story manufacturing buildings; 2 one-story office buildings; 1 one-story research facility and miscellaneous buildings	1,371,640	Forest Products	Beverage carriers; clay coated and uncoated unbleached kraft paperboard; kraft bags and sacks; kraft paper; paperboard; specialty coatings and laminations.
<b>North Billerica, MA</b>			
2 two-story manufacturing buildings	213,380	Nonfiber Glass Insulations	Marine and industrial insulation boards.
<b>Lewiston, ME</b>			
1 one-story manufacturing, office and warehouse building	36,200	Roofing Products	Roof accessories.
<b>Natchez, MS</b>			
2 one-story manufacturing buildings; 1 office building; 2 one-story warehouses and boiler house	524,672	Nonfiber Glass Insulations	Perlite and foam insulation boards.
<b>Laurinburg, NC</b>			
1 one-story manufacturing and office building	105,135	Industrial and Specialty Products and Services	Brake shoes for railroad industry; mechanical and molded packings.
<b>Nashua, NH</b>			
3 one-story manufacturing buildings, including office space and 1 one-story warehouse	285,856	Industrial and Specialty Products and Services	Industrial and architectural sheets.
<b>Edison, NJ</b>			
1 one-story manufacturing, office and warehouse building	86,535	Fiber Glass Products	Pipe insulation fittings.
<b>Edison, NJ</b>			
1 one-story manufacturing, office and warehouse building	84,000	Industrial and Specialty Products and Services	Plastic lenses for lighting fixtures.
<b>Manville, NJ</b>			
9 one-story manufacturing buildings; 1 two-story office building; 1 electric steam generating building; 4 warehouses and 4 miscellaneous service buildings	1,876,000	Industrial and Specialty Products and Services, Nonfiber Glass Insulations, Roofing Products	Expansion joints; mechanical and molded packings; oil seals; rope and sheet packing; calcium silicate insulations and accessories; metal-clad aerospace and industrial insulations; refractory fiber, blankets and molded shapes; built-up roofing products and systems; residential fiber glass-asphalt shingles; roof coatings and accessories; saturated and coated felts.
<b>Penbryn, NJ</b>			
1 multi-story manufacturing, office and warehouse building	407,200	Fiber Glass Products	Acoustical, commercial, manufactured housing, metal building and residential insulation.



<u>Location &amp; Nature of Property</u>	<u>Approx. No. of Sq. Feet of Floor Space</u>	<u>Business Segment</u>	<u>Products Manufactured or Use of Facility</u>
<b>No Agua, NM</b> 1 six-story mill building; 1 one-story office and shop building and 8 miscellaneous one-story buildings	40,550	Industrial and Specialty Products and Services	Perlite ore.
<b>Cincinnati, OH</b> 1 one-story manufacturing building and 1 office building	283,000	Forest Products	Beverage carriers.
<b>Defiance, OH</b> 6 one-story manufacturing buildings; 7 one-story warehouses; 1 three-story warehouse; 2 two-story office buildings; 2 one-story office buildings; 1 one-story maintenance building and several miscellaneous buildings	1,030,000	Fiber Glass Products	Acoustical, commercial, manufactured housing, metal building, pipe and residential insulation; air conditioning ducts and accessories; air conditioning duct wrap and liner insulation; automotive hoodliners, topliners and molded parts; filter tubes and cartridges; glass marbles for internal use only.
<b>Newark, OH</b> 1 one-story manufacturing building; 1 one-story manufacturing and warehouse building; 2 two-story office buildings and miscellaneous buildings	430,826	Industrial and Specialty Products and Services	Industrial, commercial, highway and outdoor lighting fixtures and accessories.
<b>Pataskala, OH</b> 1 one-story manufacturing, office and warehouse building	23,100	Industrial and Specialty Products and Services	Ballasts and electronic circuits for lighting fixtures.
<b>Springfield, OH</b> 1 one-story manufacturing and office building and 1 one-story warehouse	49,000	Industrial and Specialty Products and Services	Die and sand casting of aluminum components for lighting fixtures.
<b>Utica, OH</b> 1 one-story manufacturing, office and warehouse building	100,000	Industrial and Specialty Products and Services	Formed metal parts and poles for lighting.
<b>Waterville, OH</b> 1 two-story manufacturing building; 1 one-story warehouse; 3 pump houses; 1 water purification building; 1 gas meter building and 25 one-story laboratory, manufacturing, office and warehouse buildings	665,400	Fiber Glass Products	Aerospace insulation; chopped strand; roofing mat; sliver and yarn; specialty fiber; specialty mat.
<b>Zelienople, PA</b> 1 two-story manufacturing building; 8 two-story maintenance shops and warehouses and 1 one-story office building	217,200	Nonfiber Glass Insulations	Insulating firebrick.
<b>Etowah, TN</b> 1 multi-story manufacturing building with attached single-story office building and several miscellaneous buildings	358,000	Fiber Glass Products	Chopped strand; glass marbles for internal use only; roofing mat; specialty fiber.



<u>Location &amp; Nature of Property</u>	<u>Approx. No. of Sq. Feet of Floor Space</u>	<u>Business Segment</u>	<u>Products Manufactured or Use of Facility</u>
<b>Cleburne, TX</b> 1 one-story manufacturing, office and warehouse building and silo storage and mixing building	356,000	Fiber Glass Products	Acoustical, commercial, manufactured housing, metal building and residential insulation; air conditioning ducts and accessories; air conditioning duct wrap and liner insulation; glass marbles for internal use only.
<b>Ft. Worth, TX</b> 2 one-story manufacturing buildings; 3 warehouses; 1 office building; 1 boiler house; 2 storage buildings and miscellaneous buildings	106,600	Roofing Products	Built-up roofing products and systems; residential fiber glass-asphalt shingles; saturated and coated felts.
<b>Richmond, VA</b> 1 one-story manufacturing building with two-story office	88,000	Fiber Glass Products	Laminated and coated facings for internal use on fiber glass products.
<b>Woodstock, VA</b> 1 one-story manufacturing, office and warehouse building	328,000	Nonfiber Glass Insulations	Perlite and foam insulation boards.
<b>Marshfield, WI</b> 1 one-story office and warehouse building	72,000	Fiber Glass Products	Warehouse.
<b>Parkersburg, WV</b> 2 two-story office and storage buildings; 2 two-story warehouses; 7 one-story manufacturing buildings; 2 two-story pump houses; 19 one-story maintenance buildings and 3 one-story warehouses	430,000	Fiber Glass Products	Acoustical, aerospace, commercial, manufactured housing and metal building insulation; air filtration media; automotive hoodliners, topliners and molded parts; glass marbles for internal use only.
<b>(II) CANADA</b>			
<b>Fort Saskatchewan, Alberta</b> 1 one-story manufacturing building; 1 warehouse building and 1 office building	72,600	Industrial and Specialty Products and Services	Polyvinyl chloride pipe.
<b>Innisfail, Alberta</b> 1 one-story manufacturing and warehouse building; 1 two-story office building and 8 silos	147,000	Fiber Glass Products	Acoustical, commercial, manufactured housing, metal building and residential insulation.
<b>Brampton, Ontario</b> 1 one-story manufacturing, office and warehouse building	90,000	Industrial and Specialty Products and Services	Industrial, commercial, highway and outdoor lighting fixtures and accessories.
<b>Scarborough, (Toronto) Ontario</b> 1 one-story manufacturing building including boiler house, office and warehouse	202,000	Nonfiber Glass Insulations	Calcium silicate insulations and accessories.
<b>Brossard, Quebec</b> 1 one-story manufacturing and warehouse building and attached two-story office	223,900	Fiber Glass Products, Industrial and Specialty Products and Services	Acoustical, commercial, manufactured housing, metal building, pipe and residential insulation; air filtration media; polyvinyl chloride pipe.



<u>Location &amp; Nature of Property</u>	<u>Approx. No. of Sq. Feet of Floor Space</u>	<u>Business Segment</u>	<u>Products Manufactured or Use of Facility</u>
<b>St. Hyacinthe, Quebec</b>			
1 one-story manufacturing, office and warehouse building	38,600	Industrial and Specialty Products and Services	Commercial and outdoor lighting fixtures and accessories.
<b>(III) INTERNATIONAL</b>			
<b>Buenos Aires, D.F., Argentina</b>			
1 one-story warehouse	20,000	Industrial and Specialty Products and Services	Diatomite filter aids and filler materials.
<b>Matheu, Buenos Aires Province, Argentina</b>			
1 one-story manufacturing building	61,000	Fiber Glass Products	Acoustical, appliance, commercial and metal building insulation; air conditioning ducts and accessories; air conditioning duct wrap and liner insulation.
<b>Igaras, State of Santa Catarina, Brazil</b>			
5 manufacturing buildings; 1 office building and miscellaneous office and support facilities	410,000	Forest Products	Clay coated and uncoated unbleached kraft paperboard; kraft paper; multi-wall bags; paperboard.
<b>Itajai, State of Santa Catarina, Brazil</b>			
1 manufacturing building with offices	86,000	Forest Products	Corrugated containers.
<b>Juandiai, State of Sao Paulo, Brazil</b>			
2 manufacturing buildings with offices	178,000	Forest Products	Corrugated containers.
<b>Paulinia, State of Sao Paulo, Brazil</b>			
1 one-story manufacturing building and 1 one-story office building	47,200	Nonfiber Glass Insulations	Calcium silicate insulations and accessories.
<b>Hessle, Humbersite, England</b>			
1 one-story manufacturing and office building	34,300	Industrial and Specialty Products and Services	Perlite filter aids and filler materials.
<b>Milton Keynes, England</b>			
1 two-story manufacturing, office and warehouse building	33,000	Industrial and Specialty Products and Services	Painting and assembly of lighting fixtures.
<b>Murat, Department of Cantal, France</b>			
1 one-story manufacturing building; 2 one-story warehouses and 1 one-story office building	77,000	Industrial and Specialty Products and Services	Diatomite filter aids and filler materials.
<b>Rueil Malmaison, Department of Haute de Seine, France</b>			
1 two-story office building	20,000	Fiber Glass Products, Industrial and Specialty Products and Services, Nonfiber Glass Insulations	Offices.



<u>Location &amp; Nature of Property</u>	<u>Approx. No. of Sq. Feet of Floor Space</u>	<u>Business Segment</u>	<u>Products Manufactured or Use of Facility</u>
<b>Saint Avold, Moselle Department, France</b>			
1 two-story office and manufacturing building; 1 one-story auxiliary building and 1 one-story warehouse	281,000	Fiber Glass Products	Acoustical, aerospace, commercial, metal building and residential insulation.
<b>Saint Marcellin-en-Forez, Loire Department, France</b>			
1 one-story manufacturing building; 1 one-story office building; 1 two-story warehouse and 1 one-story miscellaneous building	148,000	Nonfiber Glass Insulations	Refractory fiber, blankets and molded shapes.
<b>Wissembourg, Bas Rhine Department, France</b>			
4 one-story manufacturing buildings; 3 one-story auxiliary buildings and 1 one-story office building	296,653	Industrial and Specialty Products and Services, Nonfiber Glass Insulations	Asphalt siding; perlite and foam insulation boards; refractory fiber, blankets and molded shapes.
<b>Karlstein, Bavaria, Germany</b>			
1 one-story manufacturing building and 1 one-story warehouse	49,300	Fiber Glass Products	Roofing and specialty mat.
<b>Wertheim-Main, Bavaria, Germany</b>			
4 multi-story office buildings; 8 one-story manufacturing buildings; 2 multi-story warehouses; 1 one-story warehouse and several miscellaneous buildings	366,580	Fiber Glass Products, Industrial and Specialty Products and Services	Glass marbles for internal use only; roofing mat; sliver and yarn; specialty mat; engineering services.
<b>Casalpuusterlengo, Lombardy Province, Italy</b>			
1 one-story manufacturing building	130,000	Nonfiber Glass Insulations	Insulating firebrick.
<b>Tultitlan, Mexico (96% owned by Company)</b>			
1 one-story manufacturing, office and warehouse building	56,500	Industrial and Specialty Products and Services	Plastic lenses, lighting fixtures and aluminum components.
<b>Jurong Town, Singapore</b>			
1 one-story manufacturing building and 1 two-story office building	52,500	Fiber Glass Products	Acoustical, appliance, commercial, metal building and pipe insulation; air conditioning ducts and accessories; air conditioning duct wrap and liner insulation.
<b>Alicante, Province of Alicante, Spain</b>			
2 one-story manufacturing buildings and 1 one-story warehouse	51,000	Industrial and Specialty Products and Services	Diatomite filter aids and filler materials.

Substantially all of the buildings are adequate and suitable for the businesses of the Company, have been well maintained, are in sound operating condition and in regular use. The Company also leases certain facilities and office space throughout the United States and foreign countries. Except for the Kankakee, Illinois facility, which is controlled under a long-term lease, all of the above facilities are owned in fee.



## **Mining**

The Company is engaged in mining and processing diatomite and perlite. In addition, the Company is engaged on a continuing basis in other mineral exploration and has mining claims and leases in various locations throughout the world. As discussed in the Significant Developments section of this report, the Company divested its asbestos mining operations in 1983. Production and ore reserve information for the Company's mining operations is provided at page 22 of this report.

### *Diatomite.*

The Company believes that it is the world's largest producer of diatomite. Diatomite is used as an industrial filtering and purifying agent and as a functional filler in paints, plastics and polishes. The Company's principal diatomite mine is located near Lompoc, California. The Company also holds a 39.8% interest in Kisilidjan h.f., a company which owns a diatomite mine in Lake Myvatn, Iceland. Capital costs necessitated by environmental controls and seismic phenomenon may affect the future economics of this operation. The Company also owns a 40% interest in a diatomite mine located in Jalisco State, Mexico; a 100% interest in a diatomite mine located at Murat, France; and a 100% interest in a diatomite mine located in the Province of Alicante, Spain.

### *Perlite.*

The Company mines perlite at its surface mine in No Agua, New Mexico and processes ore at plants in Colorado and England. Perlite is a volcanic mineral which expands up to twenty times its original volume when heated. Because it is characterized by low density, low water absorption, low thermal conductivity and high sound absorption, it is an effective insulating material. Perlite is an important component of built-up roofing board, ceiling tiles and filter aids. An ore reserve development program to increase ore reserves at the No Agua mine is continuing. The Company uses processed perlite in its manufacturing operations and sells perlite ore to other industrial users.

### *Platinum Group Mining Claims.*

The Company holds unpatented mining claims along an approximately twenty-eight mile length of mineralized zone in the Stillwater Complex in Sweetgrass, Park and Stillwater counties in Montana. Over the last fifteen years, the Company has delineated concentrations of platinum group metals in this zone in quantities of possible economic interest. The Company and Chevron U.S.A., Inc. formed a partnership in 1979 for further evaluation and possible development of these mining claims. The Company has leased its unpatented mining claims in Montana to the partnership. In 1983, the Company and Chevron U.S.A. executed principles of agreement with Anaconda Minerals Company, a division of Atlantic Richfield Company, for a three-way venture in a limited area of interest in the Stillwater valley. Final partnership documents are expected to be signed in the near future subject to approval of the Bankruptcy Court. A decision on whether to proceed with production may be made in late 1984 or early 1985. If the decision is to proceed, initial production in the limited area of interest could occur in 1987. For so long as the Company remains in Chapter 11, further court approvals may be required in the event the Company elects to participate in a production decision or production operations.

Platinum group metals, which consist of iridium, osmium, palladium, platinum, rhodium and ruthenium, are among the scarcest of metallic elements and are used in the electrical and electronics industries, petroleum refining, the production of catalytic exhaust systems and many other manufacturing operations and uses.

## **Timber Resources**

The Company owns approximately 587,000 acres of timberland in Arkansas, Louisiana and Texas which it manages as a raw material base for its domestic paper and wood products operations. The Company operates its southern pine forests on a sustained yield basis. In 1972, the Company initiated an intensive forestry program to increase the yield from its domestic pine forests through a pine growth improvement program. For 1983, this program involved approximately 20,000 acres. As a result of this program, it is expected that the volume growth of the Company's pine timberlands will more than



double during this thirty-year cycle. The Company also holds long-term leases to approximately 11,000 acres of timberland in Arkansas and Louisiana.

The Company also owns or controls under long-term leases approximately 130,000 acres of land near Igaras, Santa Catarina State, Brazil, which includes 95,000 acres of pine plantations that could supply substantially all of the Brazilian pulp and paper mill's future wood requirements.

### **Other Properties**

The Company is continuing to develop portions of its 10,000 acre Ken-Caryl Ranch near Denver, Colorado and 1,550 acres of real estate in Bernards and Bedminster Townships, New Jersey for residential and commercial use.

## **ITEM 3. Legal Proceedings**

### **Reorganization Proceedings Under Chapter 11 of the Bankruptcy Reform Act of 1978**

On August 26, 1982, Manville Corporation and twenty of its subsidiaries filed separate petitions for reorganization under Chapter 11 of the Bankruptcy Reform Act of 1978, as amended (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). The filings were precipitated by contingent liabilities resulting from pending and potential litigation involving: (i) individuals exposed to asbestos who have manifested asbestos-related diseases or conditions (holders of "A-H Claims") and (ii) individuals exposed to asbestos who have not yet manifested asbestos-related diseases or conditions (holders of "Future A-H Claims"). As discussed below, two Canadian companies the stock of which was sold in 1983 and Manville Forest Products Corporation are no longer in reorganization. Manville Corporation and the seventeen subsidiaries which are still in reorganization are referred to in such context as the "Debtor Corporations".

Under Chapter 11, substantially all litigation against the Debtor Corporations has been stayed while the Debtor Corporations continue business operations as debtors-in-possession. While the Debtor Corporations, as debtors-in-possession, are authorized to operate their businesses in the ordinary course, they may not engage in transactions outside the ordinary course of business without approval of the Bankruptcy Court.

The subsidiary Debtor Corporations are:

Allan-Deane Corporation	Manville Export Corporation
Johns-Manville Corporation	Manville International Canada, Inc.
Johns-Manville Idaho, Inc.	Manville International Corporation
Johns-Manville International Corporation	Manville Investment Corporation
Johns-Manville Sales Corporation	Manville Products Corporation
Ken-Caryl Ranch Corporation	Manville Properties Corporation
Manville Building Materials Corporation	Manville Service Corporation
Manville Canada Inc.	Sunbelt Contractors, Inc.
Manville Canada Service Inc.	

Immediately prior to the Chapter 11 filings, litigation was pending against the Company on behalf of approximately 16,500 persons seeking damages for injuries alleged to have resulted from exposure to asbestos fiber or asbestos-containing products manufactured or sold by the Company. The Company was receiving at that time an average of approximately 425 new cases per month, brought by an average of approximately 500 new plaintiffs per month, and was vigorously defending these lawsuits. The litigation relating to the A-H Claims is described below under the heading, *Occupational Health and Product Litigation*. Until 1982, uncertainties associated with the resolution of A-H Claims and Future A-H Claims precluded the Company from making any reasonable quantification of the ultimate loss that would result to the Company from these claims. In August 1982, studies commissioned by the Company were completed which enabled the Company to make a reasonable quantification of its potential liability for A-H Claims and Future A-H Claims.

In August 1982, on the basis of epidemiological and statistical reports, using conservative assumptions favorable to it, the Company projected that more than 32,000 additional asbestos-health related



lawsuits would be filed against it by the year 2001. These reports also resulted in the conclusion that the Company's disposition costs for A-H Claims and Future A-H Claims, if they continued to be resolved through conventional tort litigation, would average \$40,600 per claim (which amount includes approximately \$7,500 for defense costs) for the projected period. If the disposition cost (including legal fees) of the A-H Claims and Future A-H Claims were to average approximately \$40,600 per claim as projected, the aggregate cost of disposing of such claims through conventional tort litigation would be at least \$1.9 billion. As of December 31, 1983, the Company's historical average disposition cost for all asbestos-health related claims disposed of by the Company (approximately 4,260 claims) was approximately \$16,810 per claim, exclusive of legal costs. This disposition cost average includes the cost of cases disposed of at no cost to the Company (such as dismissals due to the expiration of the statute of limitations or duplicate filings) and certain cases settled prior to August 26, 1982 that have not yet been paid due to the reorganization proceedings, but excludes verdicts subject to post-trial motions and appeals.

Absent filing for protection under Chapter 11, the Company would have been required to record a liability for the projected cost of the A-H Claims and Future A-H Claims in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies". Such a liability would have substantially eliminated the Company's net worth and would have enabled lenders to accelerate substantially all of the Company's medium- and long-term debt. This would have severely threatened the continued viability of the Company's operations. The Company believes that filing for reorganization under Chapter 11 was the only reasonable course of action to preserve the Company's operations and to provide for equitable satisfaction of creditors' claims, including those of asbestos-health claimants, and the equitable treatment of its stockholders.

The Debtor Corporations have been informed that additional claims continue to be filed at the rate of approximately 500 per month against certain codefendants in the asbestos-health litigation. Additionally, counsel representing asbestos-health litigants in the reorganization proceedings have informed the Debtor Corporations that but for the filing of the petitions for reorganization, approximately 7,000 additional asbestos-related claims would have been filed against the Debtor Corporations from August 26, 1982 through December 31, 1983. There is substantial uncertainty whether, in the absence of a confirmed Chapter 11 plan of reorganization, the Debtor Corporations (with or without insurance) would have sufficient resources to pay the A-H Claims, Future A-H Claims and other liabilities, whether or not currently asserted, in full when due.

Since August 26, 1982, approximately 1,150 asbestos-health related lawsuits have actually been filed against one or more of the Debtor Corporations, excluding proofs of claims filed in the Chapter 11 proceedings. The Debtor Corporations believe these lawsuits were filed in violation of the Bankruptcy Court's restraining order and the automatic stay provisions of the Bankruptcy Code. As to the actions instituted after August 26, 1982, counsel to the plaintiffs have been so notified and have been requested to dismiss the lawsuits as to the Debtor Corporations without limiting the plaintiff's right to file a claim in the Bankruptcy Court. Except for a limited number of applications to the Bankruptcy Court to lift the stay, the plaintiffs in these actions have not pursued their claims against the Debtor Corporations in local judicial forums. The Debtor Corporations will continue to seek enforcement of the stay provisions of the Bankruptcy Code and orders of the Bankruptcy Court relating to pending litigation.

Upon motion of the plaintiffs, the Bankruptcy Court has allowed certain asbestos-health cases that were on appeal as of August 26, 1982 to proceed to appellate review. These cases are discussed below under the heading, *Occupational Health and Product Litigation*. The Bankruptcy Court has denied applications to lift the stay in substantially all of the other cases.

The recipient of proofs of claim against the Debtor Corporations, United Merchants Information Services, informed the Debtor Corporations that as of December 31, 1983 approximately 6,650 proofs of claim had been filed against the Debtor Corporations with an aggregate asserted value of \$7.33 billion. The Debtor Corporations consider the gross value stated in these proofs of claims to be a totally unreliable estimate of their liability for these claims. Approximately 200 proofs of claim filed against the Debtor Corporations do not specify the amount of the claim against the Debtor Corporations. More than 2,725 of the 6,650 proofs of claim consist of contested asbestos-related personal



injury and property damage claims. The gross asserted value of these 2,725 claims is \$7.15 billion, of which \$7.04 billion is sought solely by asbestos-health personal injury claimants. Approximately 1,150 of the proofs of claim were filed by claimants who are among the parties in the 17,300 asbestos-related lawsuits and claims pending against the Debtor Corporations. All of these claims will ultimately be determined as to amount (in a manner to be determined at a later time by the Bankruptcy Court) and satisfied pursuant to a confirmed plan of reorganization.

A substantial question has arisen whether holders of Future A-H Claims have claims cognizable in the Debtor Corporations' Chapter 11 proceedings or if not, whether such claimants can nevertheless be provided for in a plan of reorganization. If Future A-H Claims are not claims within Chapter 11 or if they cannot at least be provided for in the Debtor Corporations' plan of reorganization, it is doubtful that the Debtor Corporations can achieve a totally comprehensive plan of reorganization. As discussed further below, two United States district courts have ruled that Future A-H Claims are not claims under the Bankruptcy Code although one court of appeals, in holding that the district court order before it was not yet appealable, indicated some possible disagreement with the reasoning of the district court. The decision of the other district court is pending on appeal before a different court of appeals. These issues have not yet been fully addressed in the Debtor Corporations' proceedings.

On January 23, 1984, the Bankruptcy Court did find that holders of Future A-H Claims are at least "parties in interest" within the meaning of the Bankruptcy Code in the Debtor Corporations' proceedings and authorized the appointment of a legal representative (of a type to be determined at a later date) to represent their interests. This decision does not address the issue of whether Future A-H Claims are cognizable as claims within the meaning of the Bankruptcy Code. The Bankruptcy Court will determine at a later time the type of legal representative that should be appointed for holders of Future A-H Claims as "parties in interest" in the Debtor Corporations' reorganization proceedings. On January 30, 1984, the committee representing asbestos-health claimants and other parties in interest appealed the Bankruptcy Court's January 23, 1984 decision to the United States District Court for the Southern District of New York. Motions filed by the Debtor Corporations and other parties in interest to dismiss these appeals were heard by the District Court on March 8, 1984, which dismissed these appeals on March 27, 1984.

In addition to A-H Claims and Future A-H Claims, the Debtor Corporations are alleged to be liable, to some as yet unascertained extent, for (a) claims for damages asserted by or on behalf of owners of property in which asbestos-containing products are located, (b) claims for contribution and indemnity allegedly owing from the Debtor Corporations to other entities which have been, are being or will be sued for asbestos-related personal injury or property damage, (c) claims for personal injury or property damage arising from other products sold by the Debtor Corporations and (d) other non-product claims (collectively, the "Other Claims").

In addition to the uncertainties which existed at the time the Chapter 11 proceedings were commenced, new and substantial uncertainties exist in the context of such proceedings. These uncertainties preclude any reasonable estimate at this time of the ultimate cost of the A-H Claims, Future A-H Claims and Other Claims (collectively, the "Claims") to the Debtor Corporations. The uncertainties include:

- the resolution of the number and cost attributable to all A-H Claims and Future A-H Claims,
- the method by which the A-H Claims and Future A-H Claims will be determined as to amount and satisfied,
- the effect of the Chapter 11 filing and attendant publicity on the number and asserted amounts of Claims,
- the amount of insurance proceeds ultimately available to apply toward the disposition of the Claims once litigation pending against the Debtor Corporations' insurance carriers (discussed further below) is resolved,
- the method by which the Other Claims will be determined as to amount and satisfied,
- the final resolution of various proceedings and motions pending in the Bankruptcy Court and



—the form and substance of congressional legislation, if any, affecting the jurisdiction and operation of the Bankruptcy Court subsequent to April 1, 1984.

Because of these uncertainties, the eventual disposition of the Claims cannot be predicted at this time and the ultimate cost to the Debtor Corporations, after application of the Debtor Corporations' estimates of insurance recoveries, cannot be reasonably determined in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies". Accordingly, while the ultimate liability of the Debtor Corporations could have a material adverse effect on Manville Corporation's consolidated financial position and future results of operations, no such liability has been recorded in the consolidated financial statements.

Management's objectives in the Chapter 11 proceedings are to achieve the highest possible recoveries for all creditors and shareholders consistent with the Debtor Corporations' ability to pay and continuation of their businesses. There can be no assurance at this time that the liabilities of the Debtor Corporations will not be found to exceed their assets under any proposed plan of reorganization presently under consideration by the Debtor Corporations. This could result in claims being provided for at less than 100% of face value, claims being paid without interest and for the dilution or cancellation of Manville Corporation's common and preferred stock. It is impossible at this time to predict the actual recovery which different classes of creditors and shareholders will realize. Dividends have not been and will not be declared or paid on Manville Corporation's common or preferred stock during the pendency of the reorganization proceedings. Furthermore, it is uncertain when Manville Corporation will be able to resume dividend payments after emergence from Chapter 11. Until confirmation of a plan of reorganization for the Debtor Corporations which determines the amount and payment of such claims and litigation, the value of Manville Corporation's common and preferred stock will continue to be uncertain. As a result, both the common and preferred stock should be considered speculative investments with a high degree of risk to the investor.

The discussion below summarizes various significant aspects of the Chapter 11 proceedings, but is not intended to be an exhaustive survey. For additional information regarding these proceedings and their effect on the Debtor Corporations, reference should be made to the Bankruptcy Code, applicable case law and the official court record of these proceedings in the Bankruptcy Court.

The provisions of Chapter 11 contemplate that the debtor-in-possession will negotiate with creditors and other interested parties to achieve a plan of reorganization that will ultimately be confirmed by the bankruptcy court. The debtor-in-possession is authorized to operate its business in the ordinary course subject to the restrictions provided in the Bankruptcy Code. Additionally, the various committees of creditors and equity holders have the right to review and object to certain business transactions and to participate in the formulation process leading to a plan of reorganization. These committees are charged with the responsibility of protecting the interests of their respective constituencies and assuring that the assets of the debtor's estate are preserved.

As of March 20, 1984, five official creditors committees had been formed and approved in the Debtor Corporations' Chapter 11 proceedings: a committee of commercial (trade and institutional) creditors, a committee representing asbestos-health claimants, a committee representing the unsecured creditors of Manville Forest Products Corporation, a committee representing codefendants in the asbestos-health litigation and a committee representing preferred and common shareholders. All such committees (except the committee of codefendants) are entitled to counsel and the services of other approved professionals at the expense of the Debtor Corporations. In addition, claimants seeking damages against the Debtor Corporations for the removal of asbestos-containing products from various school buildings have been actively participating in the reorganization proceedings as an unofficial committee. As indicated above, the Bankruptcy Court has also indicated it will appoint a representative of some type for the holders of Future A-H Claims.

The Bankruptcy Code prohibits creditors who are subject to the jurisdiction of the Bankruptcy Court from attempting to obtain possession of the Debtor Corporations' property, either by commencement or continuation of lawsuits or otherwise, unless the Bankruptcy Court terminates or modifies the automatic stay that arose upon the filing of the petitions or otherwise authorizes payments by the



Debtor Corporations. Except in certain limited circumstances, including certain asbestos-health cases that were on appeal as of August 26, 1982, the automatic stay enjoining all actions against the Debtor Corporations has been continued in full force and effect and has been extended by certain additional orders entered by the Bankruptcy Court.

As debtors-in-possession, the Debtor Corporations have the right, subject to Bankruptcy Court approval and certain other limitations, to assume or reject certain executory contracts and unexpired leases. In this context, "assumption" means that the Debtor Corporations agree to pay all prepetition amounts due and perform their obligations under the contract or lease and "rejection" means that the Debtor Corporations are relieved from their obligations to perform further under the contract or lease and are subject only to a claim for damages for the breach thereof. Any damages resulting from rejection are treated as a general unsecured claim in the reorganization proceedings. The Debtor Corporations have from time to time in the Chapter 11 proceedings exercised their rights to assume or reject, and they continue to study the remaining executory contracts and unexpired leases to determine whether assumption or rejection is appropriate. The Debtor Corporations have until a plan of reorganization is confirmed to assume or reject such contracts and unexpired leases.

The Bankruptcy Code may require that payments be made to certain creditors holding secured claims to protect adequately any such creditor's interest in collateral which continues to be used by the Debtor Corporations. The Debtor Corporations continue to evaluate the positions of their secured creditors to determine the extent, if any, to which payments in respect of adequate protection are appropriate. In certain instances, the Debtor Corporations have made payments in respect of adequate protection to secured creditors, including payments to the mortgagee of the Company's headquarters. Depending upon the ultimate outcome of the reorganization proceedings and the value of such creditors' collateral, if any, creditors may not be entitled to claim interest on their claims for the period after August 26, 1982.

The Bankruptcy Code permits the Bankruptcy Court to appoint a trustee on the request of any creditor, equity security holder, committee or other party in interest. In order for a trustee to be appointed, a requesting party must show cause, such as gross mismanagement by current management, or show that such appointment is in the best interest of the creditors and equity security holders in the case. On December 19, 1983, the committee representing asbestos-health claimants filed a motion in the Bankruptcy Court requesting the Court to appoint a trustee and to reduce the salaries of certain of Manville Corporation's officers and the fees of its Directors. On its own motion, the committee representing asbestos-health claimants withdrew this motion from the Bankruptcy Court on February 28, 1984.

For 120 days after the date of the filing of a voluntary Chapter 11 petition, a debtor-in-possession has the exclusive right to propose and file a plan of reorganization with the bankruptcy court. If a debtor-in-possession files a plan of reorganization during the 120-day exclusive period, no other party may file a plan of reorganization until 180 days after the date of filing of the Chapter 11 petition. Until the end of this 180-day period, the debtor-in-possession has the exclusive right to solicit acceptances of the plan. The bankruptcy court may extend the 120- and 180-day periods for cause shown.

If a debtor-in-possession fails to file a plan during the exclusive period or if any plan that has been filed by the debtor-in-possession has not been accepted during the exclusive solicitation period by each class of creditors and equity security holders who are impaired by such plan, any party in interest may file a proposed plan of reorganization. Additionally, if the bankruptcy court were to appoint a trustee, the exclusive period, if not previously terminated, would terminate. Unimpaired creditors are considered unaffected by a plan of reorganization and, therefore, only impaired creditors and equity holders may vote on a plan of reorganization. "Impairment" typically exists where the claim or interest of a creditor or equity holder is considered compromised under the provisions of the Bankruptcy Code or applicable case law.

Before solicitations of acceptances or rejections of any plan of reorganization may be made, the Bankruptcy Code requires that a disclosure statement approved by the bankruptcy court and a copy or summary of the plan be sent to those who are being solicited. Before approving a disclosure statement, the bankruptcy court must determine that the disclosure statement contains "adequate information," a



term defined by the Bankruptcy Code to mean information of a kind and in sufficient detail to permit a hypothetical reasonable investor typical of the class being solicited to make an informed judgment about the plan.

To be accepted by a class of creditors, a plan must be accepted in writing by creditors who hold at least two-thirds in amount and more than one-half in number of all allowed claims of each class held by creditors who actually vote. To be accepted by a class of equity security holders, the plan must be accepted in writing by equity security holders who hold at least two-thirds of the securities held by the equity security holders in such class who actually vote.

After impaired classes of creditors and equity security holders have voted on the proposed plan, the bankruptcy court must consider whether to confirm the plan. Before confirming a plan, the bankruptcy court must find, among other things, that (i) each impaired class of creditors and equity security holders will, pursuant to the plan, receive at least as much as such class would receive upon liquidation of the debtor, (ii) each impaired class of creditors and equity security holders has accepted the plan by the requisite vote and (iii) confirmation of the plan is not likely to be followed by the liquidation or need for further financial reorganization of the debtor or any successor unless the plan proposes such liquidation or reorganization. These requirements may necessitate provision in full for senior classes of creditors before any provisions are made for junior classes of creditors or equity security holders, or for senior equity security holders before any provisions are made for junior equity security holders.

If any impaired class of creditors or equity security holders does not accept a plan but all of the other requirements of the Bankruptcy Code are met, the proponent of the plan may invoke the so-called "cram-down" provisions of the Bankruptcy Code. Under these provisions, the bankruptcy court may confirm a plan notwithstanding the nonacceptance of the plan by an impaired class of creditors or equity security holders if certain requirements of the Bankruptcy Code are met.

On November 21, 1983, Manville Corporation filed a proposed joint plan of reorganization in the Bankruptcy Court for itself and the remaining Debtor Corporations (the "Joint Plan"). The key objectives of the Joint Plan (and related filings) are summarized below. The following partial description of the Joint Plan, which is subject to a favorable vote of creditors and security holders and to court review and approval, is qualified in its entirety by reference to the Joint Plan.

The Joint Plan provides for:

- The transfer of substantially all of the Debtor Corporations' current operations to a new company, referred to as M2. M2 will be protected by court order from asbestos lawsuits and other claims so that it can continue as a viable business generating cash for payment to creditors, meeting asbestos-related and other liabilities and maintaining employment for some 20,550 employees.
- The continuation of the existing corporation, referred to as M1, to provide a claims administration organization. M1 will retain all asbestos-related liabilities. M1 will hold certain business operations, substantially all of the Debtor Corporations' present insurance (including all insurance with respect to asbestos-related claims) and their claims against the federal government. M1 will be entitled to share in M2's cash flow as summarized below. M1 will be a wholly-owned subsidiary of M2.
- The existing shares of Manville Corporation's preferred and common stock to be exchanged on a one for one basis for shares in the new parent company, M2. Preferred shareholders will have a right, at their option, to accept either a mandatory redeemable cumulative preferred stock which may be converted into common stock on certain dates, or they may choose a noncumulative issue, convertible into common stock at any time, without mandatory redemption. The ratio for converting preferred stock to common stock has not yet been determined. No dividends on any stock will be paid for some time and mandatory redemption of preferred stock will be postponed for subsequent payment pursuant to certain provisions of the Joint Plan.
- In conjunction with related applications filed in the Bankruptcy Court, the Joint Plan provides for an exclusive means for payment to claimants with currently diagnosable asbestos-related



diseases or conditions as determined under an objective medical classification system to be approved and supervised by the Bankruptcy Court. Compensation will be based upon the individual degree of asbestos-related physical impairment or condition (using medical information provided by the claimant's own doctor) and personal circumstances such as earnings history, age and number of dependents. Claimants shall have the right to appeal medical and compensation decisions to boards appointed by the Bankruptcy Court for such purpose with the additional right of appeal to the Bankruptcy Court itself. No punitive damages shall be allowed. A further protection for claimants will be the continuing right to apply for additional compensation if their impairment worsens. Additionally, the proposed method of resolving asbestos-health claims contemplates a determination by the Bankruptcy Court of fees to be paid by the Company to asbestos-health claimants' attorneys based on time spent and services actually rendered. The Bankruptcy Court has been requested to exercise its inherent right to supervise attorneys by disallowing contingent fee contracts, which normally call for 25% to 40% of any settlement, after expenses, to be paid to a plaintiff's lawyer.

- M1's funds for payment to these claimants and future claimants will come from the business operations retained by M1, the insurance proceeds collected by M1, the funds, if any, recovered from the federal government and the cash paid by M2 to M1 as described below. To the extent M1 does not have cash available to pay a claim when presented, it will be paid in M1 notes.
- Payments are to be made to commercial creditors by M2 through issuance of interest-bearing notes secured by a pledge of the stock of Manville Forest Products Corporation. The notes are to be amortized at a minimum of \$20 million per year with additional amortization in accordance with a formula based on cash flow generated from M2's U.S. operations, following appropriate adjustments to permit retention of cash needed to maintain M2's businesses ("US Cash Flow").
- Establishment of a cash-sharing arrangement under which M2's US Cash Flow will be distributed to M1 for distribution to present and future asbestos-health claimants and other creditors. Initially 50% of M2's US Cash Flow will go to commercial creditors and 50% to M1 for asbestos-related liabilities and other claims. At such time as all commercial creditors have been paid, 100% of US Cash Flow will go to M1 to pay asbestos-related claimants and other claimants and creditors. Payments will be made by M2 to M1 for as long as necessary to meet present and future asbestos-related liabilities of M1, subject to certain over-funding criteria set forth in the Joint Plan.
- A condition precedent to confirmation of the Joint Plan is the issuance of an injunction through a final order of the Bankruptcy Court or a higher court protecting M2 from all asbestos-related litigation or claims and other claims. The issuance of this order will depend on, among other things, resolution of whether Future A-H Claims may be provided for in a plan of reorganization. A further condition is that a final order be issued transferring substantially all of the Debtor Corporations' assets to M2 free and clear of all liabilities and claims.

The proposed Joint Plan is subject to modification as a result of continuing negotiations between the Debtor Corporations and various interested parties or as a result of court orders. An alternative concept for a joint plan of reorganization proposed by a creditor is being discussed among creditor groups, equity representatives and the Debtor Corporations' representatives. This proposal contemplates a potential significant dilution of Manville Corporation's equity securities. The extent of any such dilution and other related terms are subject to negotiation, agreement of creditors and equity holders and approval of the Bankruptcy Court. No assurance can be given that the Joint Plan or the alternative plan now being discussed will be ultimately confirmed.

The Bankruptcy Court has approved extensions of the Debtor Corporations' exclusive time period for soliciting acceptances of the Joint Plan and for filing a disclosure statement relating to the Joint Plan. The Debtor Corporations current extension of such exclusive periods expires on April 19, 1984. It may be necessary for the Debtor Corporations to seek additional extensions of such time periods from the Bankruptcy Court. It is unknown at this time whether such extensions will be granted and when the Debtor Corporations will file a disclosure statement. The committee representing asbestos-



health claimants and one codefendant in the asbestos-related litigation have filed motions in the Bankruptcy Court to terminate the Debtor Corporations' exclusive period relating to the plan of reorganization and to prohibit solicitation of acceptances to the proposed Joint Plan. These motions are scheduled to be heard by the Bankruptcy Court on April 19, 1984.

It is difficult to predict the nature and timing of the ultimate plan of reorganization which will be confirmed for the Debtor Corporations. Motions to dismiss Manville's reorganization cases were heard by the Bankruptcy Court on January 5, 1984. On January 23, 1984, the Bankruptcy Court issued its order denying such motions to dismiss. In its opinion, the Bankruptcy Court stated that the motions to dismiss were based on "unsubstantiated conclusory charges" and that liquidation of the Debtor Corporations would be "wasteful and inefficient." On January 30, 1984, the committee representing asbestos-health claimants and other parties in interest appealed the Bankruptcy Court's order to the United States District Court for the Southern District of New York. Motions to dismiss these appeals were filed in the District Court by the Debtor Corporations and a party in interest. In response to the motions to dismiss the appeals, the District Court on March 27, 1984 denied the committee representing asbestos-health claimants and the other parties leave to appeal the Bankruptcy Court's decision.

Manville Forest Products Corporation ("MFPC") filed a separate plan of reorganization with the Bankruptcy Court on October 17, 1983, which was later modified and superseded. On December 1, 1983, MFPC filed a disclosure statement relating to its amended plan of reorganization. The Bankruptcy Court approved a revised MFPC disclosure statement on January 16, 1984.

The MFPC plan of reorganization classifies the claims against MFPC into the following categories: (i) claims of secured creditors, (ii) claims of general unsecured creditors (including trade creditors and participants in certain deferred compensation plans), (iii) claims of the institutions holding certain promissory notes of MFPC and (iv) certain priority administrative claims which arose after the filing of MFPC's bankruptcy petition. The MFPC plan does not affect Manville's sole ownership of MFPC. Holders of claims in categories (i), (iii) and (iv) above are not impaired under the MFPC plan and were therefore not entitled to vote on the MFPC plan. Holders of claims in category (ii) above are impaired because some of them will receive payment on only a portion of their claims on the effective date of the plan with the balance to be paid not later than January 31, 1985. Under its plan, MFPC will also pay to the holders of claims in category (ii) interest on the full principal amount of their claims from August 26, 1982 or the date of maturity of such claim, whichever is later. This summary of the MFPC plan of reorganization is qualified by reference to that plan.

After the Bankruptcy Court approved the MFPC disclosure statement on January 16, 1984, MFPC solicited acceptances on its proposed plan of reorganization from the impaired class of creditors. Such creditors were required to vote to accept or reject the MFPC plan of reorganization by March 1, 1984. Approximately 1,200 impaired creditors voted to accept MFPC's plan of reorganization, and eight impaired creditors voted to reject the MFPC plan of reorganization. The impaired creditors voting to accept the MFPC plan hold more than two-thirds in amount and more than one-half in number of the allowed claims of the impaired class. On March 26, 1984, the Bankruptcy Court confirmed a further amended MFPC plan of reorganization, and unless a party in interest appeals this order, the order of confirmation will become final and nonappealable on April 6, 1984.

The holders of certain claims against MFPC contend that their claims should include certain interest on interest payments and certain penalty interest aggregating approximately \$3 million. MFPC believes that it is not obligated to pay such interest. MFPC and such holders have agreed to request the Bankruptcy Court to rule on this issue, reserving their rights to appeal any such judgment directly to the United States Court of Appeals for the Second Circuit. These claims will include the contested interest only if, and to the extent that, a court by final order determines that such interest must be paid as a matter of law. The confirmation and implementation of the MFPC plan will not be delayed by the determination of these issues.

On November 2, 1983, a separate joint plan of reorganization and disclosure statement were filed in the Bankruptcy Court for Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc., the two Canadian subsidiaries, the stock of which was sold to a third party in September 1983 pursuant to Bankruptcy Court order. On November 30, 1983, an amended plan of reorganization and an



amended disclosure statement for the two Canadian corporations were submitted to the Bankruptcy Court for approval. The Bankruptcy Court approved the amended disclosure statement on December 1, 1983. On December 13, 1983, the Bankruptcy Court confirmed this joint plan of reorganization, and the order of confirmation became final and nonappealable on December 24, 1983.

On June 28, 1982, the Supreme Court of the United States decided *Northern Pipeline Construction Co. v. Marathon Pipe Line Co.* calling into question the jurisdictional provisions of the Bankruptcy Code. The Supreme Court stayed the effect of its decision in *Northern Pipeline* until December 24, 1982 to allow Congress time to enact remedial legislation. The stay expired on December 24, 1982 and no such remedial legislation has been passed. Since December 24, 1982, the Bankruptcy Court has been operating pursuant to an emergency rule adopted by the United States District Court for the Southern District of New York and by a number of other judicial districts. While several bankruptcy courts have reached differing conclusions regarding the validity of the emergency rule, thus far the United States Courts of Appeals for the Second, Third, Fifth, Sixth and Eighth Circuits and all but one of the district courts that have considered the issue have concluded that (i) federal district courts retain jurisdiction over bankruptcy matters, (ii) may refer them to bankruptcy courts and (iii) may supervise them in accordance with the emergency rule. The district court that reached a contrary conclusion recently held that although the district courts had jurisdiction over bankruptcy cases after the *Marathon* decision, they had no authority to refer such cases to bankruptcy judges.

The current statutory jurisdiction of bankruptcy judges expires under present law on April 4, 1984. Legislation is pending in Congress to resolve the problem. It is uncertain whether or not Congress will act; however, if Congress fails to act, it is uncertain whether United States district courts will be empowered to administer the Bankruptcy Code and whether the district courts can or will use rule making powers to continue to arrange for bankruptcy matters to be handled by the bankruptcy judges. If Congress fails to act and if problems arise in district court administration of bankruptcy cases, considerable uncertainty and difficulty could be introduced into the administration of the Debtor Corporations' Chapter 11 proceedings and, conceivably, those aspects of the Debtor Corporations' operations which require obtaining the approval of the Bankruptcy Court.

On February 22, 1983, the Supreme Court of the United States refused to review a request for writs of prohibition and mandamus to prevent federal courts from continuing to exercise alleged unlawful jurisdiction over bankruptcy matters, including the application of the stay provisions of the Bankruptcy Code as applied to the Debtor Corporations. In June 1983, the United States Court of Appeals for the Second Circuit refused to review a similar request.

On March 25, 1983, in the Chapter 11 proceedings relating to UNR Industries, Inc., another company with asbestos-health related litigation, the United States District Court for the Northern District of Illinois denied the application of UNR Industries, Inc. seeking the appointment of a legal representative for an unknown number of individuals exposed to asbestos who in the future may manifest asbestos-related disease and who in turn might file claims for their injuries. Among other things, the District Court stated that: "Appointing a legal representative to assert claims which are not cognizable under the Bankruptcy Code would be fruitless and a waste of assets of the estate". UNR Industries, Inc. appealed the District Court's ruling on this matter to the United States Court of Appeals for the Seventh Circuit, which concluded this ruling was not yet appealable. In so ruling, the Seventh Circuit indicated some possible disagreement with the reasoning of the District Court regarding the status of future asbestos-health claimants in bankruptcy proceedings.

On May 26, 1983, in the Chapter 11 proceedings relating to Amatex Corporation, another company with asbestos-health related litigation, the Bankruptcy Court for the Eastern District of Pennsylvania issued a report to the United States District Court for the Eastern District of Pennsylvania recommending that a similar application of Amatex Corporation seeking the appointment of a legal representative be denied. This Court also stated in the report that "the alleged claims that this person [the legal representative] would represent are not cognizable under the Bankruptcy Code". The *Amatex* report was submitted to the District Court, which adopted the conclusions of the report. The ruling of the District Court is pending on appeal before the United States Court of Appeals for the Third Circuit.



It is uncertain whether the courts' rationale in these two cases will be adopted in other bankruptcy court cases, including the Debtor Corporations' Chapter 11 proceedings. However, as indicated above, the Bankruptcy Court did on January 23, 1984 find that holders of future asbestos claims are at least parties in interest in the Debtor Corporations' reorganization proceedings and is considering the manner in which they should be represented in the proceedings.

### **Occupational Health and Product Litigation**

As of December 31, 1983, the Company and several of its subsidiaries were defendants or codefendants in approximately 12,400 lawsuits brought by approximately 17,300 plaintiffs in which the plaintiffs allege damage to their health principally as a result of exposure to asbestos fiber either during manufacturing operations in which asbestos fiber was used as a raw material or in the course of handling products containing asbestos. Information on asbestos-related proofs of claim filed against the Company and asbestos-related lawsuits filed against the Company and certain codefendants after August 26, 1982 is provided in the preceding section captioned, *Reorganization Proceedings under Chapter 11 of the Bankruptcy Reform Act of 1978*.

During 1982, approximately 1,120 asbestos-health related claims were disposed of at an average cost per claim to the Company of \$19,225 excluding legal expenses. This disposition cost average for 1982 is higher than the Company's cumulative average through December 31, 1981 of \$16,075 per claim excluding legal expenses. The cumulative average for all claims disposed of through December 31, 1983 (a total of approximately 4,260 claims) is \$16,810 per claim excluding legal expenses. The Company's average disposition cost for asbestos-health related claims represents the average cost of all such claims disposed of by the Company during the indicated periods, including case dispositions without cost to the Company (such as dismissals due to the expiration of the statute of limitations or duplicate filings) and, for periods after August 26, 1982, certain cases settled prior to August 26, 1982 but not yet paid due to the reorganization proceedings. Substantially all asbestos-health related disposition costs and legal expenses have been charged to applicable insurance maintained by the Company. A description of the Company's litigation against certain of its insurers for, among other things, refusing to pay asbestos-health costs and expenses is provided below under the caption, *Insurance Litigation*.

The disposition costs referred to above do not include the verdicts in approximately twenty-four cases which remain subject to post-trial motions or appeals brought by the Company prior to August 26, 1982. Including these twenty-four verdicts in the Company's historical disposition cost average results in an average through December 31, 1983 of approximately \$19,750 per claim, excluding legal expenses.

In 1981, the Company was for the first time found liable by juries in five separate asbestos-health related actions for punitive damages, which are generally not insurable. During the first half of 1982, the Company was found liable for punitive damages in five additional cases. Of these ten cases, eight remain subject to post-trial motions or appeals filed by the Company. The average of the punitive damages awarded against the Company in these ten cases (one of which involved eleven plaintiffs) is approximately \$616,000 per case.

Substantially all lawsuits against the Company have been stayed except certain lawsuits on appeal, which are discussed below under the caption, *Asbestos-Health Cases on Appeal*. On October 4, 1983, the committee representing asbestos-health claimants and other parties in interest filed separate motions in the Bankruptcy Court seeking to have the automatic stay provisions lifted as to all asbestos-health claims pending against the Company and to permit such claims to be prosecuted outside the Bankruptcy Court. The Company opposes the relief sought in these motions and will urge the Bankruptcy Court to deny them. The matter will be heard by the Bankruptcy Court on April 19, 1984.

In early 1983, the Bankruptcy Court issued an order preventing asbestos-health litigants from proceeding directly against the Company's insurers in pending asbestos-health lawsuits. This order was affirmed by the United States District Court for the Southern District of New York in January



1984, which held that insurance affecting the estates of the Debtor Corporations was "property" within the meaning of the Bankruptcy Code.

### *General Information*

The plaintiffs in the asbestos-health related cases typically fall into one of three categories:

(i) Persons who handled finished products which were manufactured by the Company and in most cases a number of other manufacturers and which contained asbestos and emitted asbestos dust when handled,

(ii) Employees of subsidiaries of the Company who were exposed to asbestos while working at the Company's facilities where asbestos fiber was used as a raw material in the production of finished goods, or

(iii) Employees of other companies who were exposed to asbestos fiber which was purchased directly or indirectly from the Company and typically a number of other suppliers and which was used by the plaintiffs' employers to produce finished goods.

The majority of the lawsuits have been brought by plaintiffs in the first category, typically insulation workers and other persons who installed or, for other reasons, handled or were exposed to asbestos insulation or other products containing asbestos acquired from the Company and in most cases a number of other suppliers. The majority of plaintiffs in this category were employed as shipyard workers either directly by the federal government or by private shipyards under federal government contract and control, and were exposed to asbestos fiber in the course of construction, renovation and repair of ships, particularly during World War II. The litigation has disclosed that disease following such shipyard exposure resulted from poor working conditions in the shipyards over which the Company had no control.

This first category of plaintiffs typically allege that the Company and the other defendants failed in their duty to warn of the possible hazards associated with inhalation of asbestos fiber contained in dust emanating from such products. The Company believes these asbestos-related injuries originated from exposure to asbestos dust in occupational settings many years ago. During the periods of alleged injurious exposure, medical and scientific authorities, government officials and companies supplying products containing asbestos fiber believed that the dust levels for asbestos recommended by the United States Public Health Service did not constitute a hazard to the health of workers handling asbestos-containing insulation products. Accordingly, the Company has maintained that there was no basis for product warnings or hazard controls until the results of scientific studies linking pulmonary disease in asbestos insulation workers with asbestos exposure were made public in 1964. Thereafter, appropriate warnings were given, including warning labels on packages, instruction booklets and seminars for insulation contractors and, ultimately, asbestos-containing insulation products were discontinued by the Company.

The second category of plaintiffs consists of current and former employees of the Company's subsidiaries who were exposed to asbestos fiber in connection with the Company's asbestos milling or manufacturing operations. With respect to these plaintiffs, it is the Company's position that in most of these actions, applicable federal and state workers' compensation statutes provide the exclusive remedy against the subsidiary employer for employment-related injuries. In cases brought by current and former employees of the Company's subsidiaries in California, Illinois, Louisiana, New Jersey and Texas, some plaintiffs seek to avoid the limitations of this remedy by suing outside the applicable workers' compensation statutes. The California Supreme Court has ruled that in California such plaintiffs may, under certain conditions, be entitled to maintain such actions. In that decision, the Court held that in situations where an employee alleges that (i) his employer fraudulently concealed from the employee his diseases or injury and the cause of such disease or injury and (ii) such fraudulent concealment resulted in aggravation of existing injury or harm to the employee, then the employee has the right to maintain an action directly against the employer and is not limited to the remedy provided by the applicable workers' compensation statutes. Absent the automatic stay of litigation imposed by the Chapter 11 filing, this decision would allow California employees of the



Company's subsidiaries to maintain actions directly against the subsidiary employer under these limited conditions. Recovery by the employees would require proof of such fraud and aggravation. The Company believes its subsidiaries have substantial defenses to such allegations of fraud and aggravation.

Typically, suits in this second category also name as defendants, the Company and certain subsidiaries of the Company other than the employer subsidiary. The right of a Company employee to proceed outside workers' compensation statutes against the Company and particular nonemployer subsidiaries of the Company remains unresolved, but the Company believes that applicable workers' compensation statutes provide appropriate defenses to many aspects of such claims and that there are substantial defenses to other aspects of these claims.

The third category of plaintiffs consists of employees of other companies which used in their manufacturing operations asbestos fiber supplied by the Company and in most cases other suppliers. With respect to these actions, the Company maintains that the companies to which it sold asbestos fiber had the same knowledge as the Company of any potentially harmful effects of excessive exposure to asbestos dust in factory operations and that, accordingly, the Company had no duty to advise such companies of risks of which they were already aware. Therefore, the Company maintains that the duty, if any, to warn of or protect against any hazards of exposure to airborne dust containing asbestos fiber rested with the plaintiffs' employers.

The Company believes the asbestos-health claims pending and which may arise in the future relate to events and conditions existing in prior years. More specifically, the Company believes, based on the following factors and assumptions, that since at least the beginning of 1978, no significant new potential liabilities have been created for it with respect to diseases known to be related to asbestos and arising from asbestos fiber or asbestos-containing products manufactured or sold by the Company.

- From the mid-1970's to 1983 (when all of the Company's asbestos fiber operations were sold), the Company sold asbestos fiber in the United States only in pressure pack, block form or other similar condition and not in a loose form.
- By 1973, the Company had ceased domestic manufacture of thermal insulation products containing asbestos which are the products principally involved in disease claims made against the Company.
- The Occupational Safety and Health Administration established a maximum exposure standard for asbestos fiber of 2 fibers per cubic centimeter in 1976. Compliance with such standards in the work place was achieved at the Company's facilities within a reasonable time following such promulgation thus reducing exposure to asbestos.
- With respect to asbestos or asbestos-containing products used by others and which use did not comply with the Occupational Safety and Health Administration asbestos standards, the Company's defensive posture with respect to claims arising out of such environments will be significantly enhanced.

#### *Indemnity Actions*

Included in the cases pending against the Company are claims by former contract physicians of the Company seeking indemnity with respect to claims brought by approximately forty former employees of the Company alleging that the physicians failed to advise the employees that they had contracted pulmonary diseases associated with their exposure to asbestos fiber. Prior to the Company's filing for reorganization, the Company had reached a settlement of the indemnity claims alleged by these physicians. The impact of the reorganization proceedings on this settlement is uncertain at this time.

In two independent actions, manufacturers of asbestos-containing products seek indemnification from the Company for sums paid by these manufacturers in separate cases on the grounds that the Company supplied asbestos which was incorporated into the products of these manufacturers. Both of these actions have been stayed as a result of the Company's Chapter 11 proceedings. One of these manufacturers has also filed an action in the Bankruptcy Court seeking such indemnification from the Company and its insurers. This action has been stayed upon the motion of the Company. It is not



presently anticipated that this case will proceed in the near future. The Company believes it has substantial defenses to these indemnity actions.

#### *Purported Asbestos-Health Related Class Actions*

The Company is a defendant in seven purported asbestos-health related class actions, four of which are suits brought by plaintiffs in the second category described above—present and former employees of subsidiaries of the Company, who during the course of their employment were exposed to asbestos fiber. The employee and former-employee cases consist of four purported class actions brought on behalf of all present and former employees of the Company's Manville, New Jersey plant wherein the plaintiffs in one case each seek \$500,000,000 in damages and in the remaining three cases the plaintiffs seek unspecified general, special and punitive damages. The remaining three purported class actions have been brought by plaintiffs in the third category described above—those who allege injury during manufacturing operations due to exposure to asbestos fiber supplied to their employers by the Company and other defendants. The plaintiffs in these cases each seek unspecified compensatory and punitive damages. The Company believes it has substantial defenses to all of these actions, which are presently stayed due to the Chapter 11 proceedings.

#### *Director, Officer and Employee Actions*

On December 31, 1983, there were approximately 270 cases involving approximately 910 plaintiffs pending in at least three jurisdictions against present and former directors, officers and/or employees of the Company seeking damages against such defendants in their individual capacities for injuries allegedly suffered by individuals exposed to asbestos fiber. The Company believes that these present and former directors, officers and employees have substantial defenses to the allegations of the complaints. Pursuant to the terms of its bylaws, the Company owes a duty to defend and indemnify such former and present directors, officers and employees and is providing legal representation for the benefit of each named defendant in these actions. The impact of the Bankruptcy Code and the proposed plan of reorganization on these cases is uncertain. The Company has in place policies of insurance covering these claims; however, the insurance carriers are presently contesting the availability of coverage. A discussion regarding the Company's litigation against its insurers is provided below under the caption, *Insurance Litigation*.

In August 1983, the Bankruptcy Court extended the stay to lawsuits pending against present and former directors, officers and employees of the Company. In September and October 1983, the Bankruptcy Court issued orders clarifying the application of this stay to discovery against present directors, officers and employees who are named as defendants in such lawsuits. These orders have been appealed to the United States District Court for the Southern District of New York by several parties in interest to the Company's reorganization proceedings.

#### *Asbestos-Health Cases on Appeal*

With respect to all asbestos-health related cases filed against the Company through August 26, 1982, ninety-six cases proceeded to trial resulting in fifty-four verdicts rendered in favor of the plaintiffs, forty-one verdicts in favor of the Company and one mistrial. As of December 31, 1983, the verdicts in twenty-four of these trials were subject to post-trial motions or appeals brought by the Company prior to August 26, 1982. As discussed below, as of December 31, 1983, the Bankruptcy Court had authorized nine cases on appeal to proceed to appellate review, including five cases in which punitive damages had been awarded to the plaintiffs.

While substantially all lawsuits against the Company have been stayed, the Bankruptcy Court has allowed, upon motion of the plaintiffs, certain asbestos-health related cases pending on appeal to proceed to appellate review. If a plaintiff's verdict is affirmed by the appellate court, this will result in an uncontested claim against the Company, which will be satisfied under the provisions of a confirmed plan of reorganization. If a new trial is ordered, the case will remain contested and be subject to the provisions of a plan of reorganization addressing all such pending asbestos-health claims. Supersedeas bonds have been posted in a number of the cases presently on appeal. Where bonded, verdicts affirmed by appellate courts will be satisfied from the proceeds of such bonds. It is anticipated that the bonding



company will file a proof of claim in the Bankruptcy Court as a general unsecured creditor to recover payments made under the bond. Other cases which are presently on appeal, whether or not bonded, may follow a similar course of action if the plaintiffs in these cases seek authorization from the Bankruptcy Court to proceed to appellate review.

Three asbestos-health lawsuits have proceeded through appellate review since the commencement of the Chapter 11 proceedings. As previously reported, the United States Court of Appeals for the Sixth Circuit on October 26, 1982 affirmed the lower court's verdict in *Moran v. Johns-Manville Corp.* (N.D. Ohio), in which the Company was found liable for \$350,000 in compensatory damages and \$500,000 in punitive damages. A supersedeas bond had been posted by the Company in the Moran appeal, and the bonding company paid the plaintiff under the terms of the bond. In *Fischer v. Johns-Manville Sales Corp.*, the plaintiff recovered a judgment of \$207,180 in compensatory damages and \$300,000 in punitive damages. On January 31, 1984, the Appellate Division of the New Jersey Superior Court affirmed the plaintiff's recovery of \$92,500 in compensatory damages, interest from the time of judgment and \$300,000 in punitive damages. The Company's portion of this award is \$88,064 in compensatory damages and \$240,000 in punitive damages. The Company has petitioned the Supreme Court of New Jersey for a review of this decision.

In 1982, a jury returned a verdict of \$391,500 in compensatory damages and \$500,000 in punitive damages against the Company and a codefendant in *Jackson v. Johns-Manville Sales Corp.*, an asbestos-health related action tried in the United States District Court for the Southern District of Mississippi. The Company appealed this verdict to the United States Court of Appeals for the Fifth Circuit, which appeal was allowed to proceed pursuant to an order of the Bankruptcy Court. On March 23, 1984, the Fifth Circuit reversed this verdict on a number of grounds and also held that punitive damages were not recoverable in asbestos-health related actions under the laws of the State of Mississippi.

As of December 31, 1983, the Bankruptcy Court granted motions to lift the stay in seven other asbestos-health related cases on appeal. In these seven cases, the average award of compensatory damages against the Company is \$550,100 per case. In five of these cases, punitive damages were awarded to the plaintiffs at an average of \$819,000 per case.

#### *Asbestos-Health Related Litigation Against the United States Government*

On July 19, 1983, the Company filed a lawsuit against the United States of America claiming, among other things, breach of express and implied-in-fact contracts. The suit was filed in the United States Claims Court in Washington, D.C. and seeks approximately \$1 million in damages sustained by the Company in connection with persons whose only exposure to asbestos occurred in government-owned or government-controlled shipyards during World War II. Evidence obtained by the Company indicates that exposure to excessive concentrations of asbestos occurred as a result of the government's knowing noncompliance with governmental standards on asbestos during World War II. On September 16, 1983, the United States filed an answer to the Company's complaint, denying liability and seeking to have the complaint dismissed. On November 30, 1983, the United States filed its first amended answer to this complaint, which included an alleged counterclaim or setoff seeking \$33 billion in damages from the Company. The Company filed its reply to the government's counterclaim on March 2, 1984. The Company believes its case is well-grounded in fact and in law, that it has substantial defenses to the government's alleged counterclaim or setoff and that such is unfounded.

On November 16, 1983, the Company filed a second action seeking to recover \$2.5 million from the United States of America in the United States Claims Court in Washington D.C. on grounds of law similar to those stated above. This second suit seeks to recover damages incurred by the Company in connection with persons whose sole exposure to asbestos occurred in government-owned or government-controlled shipyards during or after 1964. Evidence obtained by the Company indicates that exposure to excessive concentrations of asbestos occurred as a result of the government's knowing noncompliance with governmental standards on asbestos during this time period. The United States has until April 2, 1984 to respond to this complaint.



On January 3, 1984, the Company filed a third action against the United States in the United States Claims Court in Washington, D.C. seeking to recover, on grounds similar to the above suits, \$36 million in damages resulting from the government's knowing noncompliance with governmental standards on asbestos. This suit seeks damages incurred by the Company in connection with lawsuits filed by persons whose exposure to asbestos was not limited to the time period covered in the previous lawsuits. The United States has until April 2, 1984 to respond to this complaint.

In 1981, the Company filed an action against the United States of America in the United States District Court for the Northern District of California seeking to recover all or a portion of a settlement paid to a former federal employee who was allegedly injured by exposure to asbestos while working at the Long Beach and Mare Island Naval shipyards. In early 1983, the District Court dismissed a portion of the Company's suit because it had not previously filed for administrative relief under the Federal Tort Claims Act. The Company subsequently filed an administrative claim and moved to file an amended complaint containing causes of action similar to those which previously had been dismissed. On January 6, 1984, the District Court ruled that the Company could proceed on its amended complaint against the government after finding that the Company had filed an adequate administrative claim. The District Court rejected the government's argument that the Company's amended complaint was barred by the exclusivity provisions of the Federal Employees Compensation Act and rejected the government's contention that its only obligation was to the federal employee and not to any third party such as the Company. The District Court concluded that the government's position had recently been rejected by the Supreme Court of the United States in *Lockheed Aircraft Corp. v. United States of America*. The Company's lawsuit against the United States has been scheduled for trial in November 1984.

As stated above, the Company believes the lawsuits filed against the United States government are well-grounded in fact and in law. The Company anticipates filing additional lawsuits in United States district courts against the government with respect to underlying asbestos-health related cases in which it believes the government has liability.

In January 1984, UNR Industries, Inc., company in reorganization due to asbestos-health related liabilities, filed a lawsuit against the United States government seeking in excess of \$60 million paid by that company in expenses and claims to persons exposed to asbestos. The complaint was filed in the United States Claims Court and asserts that the government knew about and ignored the dangers of asbestos before purchasing huge amounts of asbestos-containing insulation products from UNR's predecessor during the World War II shipbuilding efforts. The claims filed by UNR Industries, Inc. against the government are not inconsistent with those filed by the Company in its actions against the government. In addition, similar litigation has been brought by other manufacturers of asbestos-containing products including Pittsburg Corning Corporation, GAF Corporation and Keene Corporation, a subsidiary of Bairnco Corporation.

#### *School Asbestos Removal Lawsuits*

As of August 26, 1982, three purported class actions were pending against the Company by various school districts or local entities seeking compensatory damages in an unspecified amount and, in two of these cases, punitive damages, for the plaintiffs' cost of detecting, analyzing, repairing or removing asbestos-containing materials from various school buildings located throughout the plaintiffs' state. Also as of August 26, 1982, the Company was named as a defendant in an action filed by a school district seeking \$3 million in compensatory damages and punitive damages in an unspecified amount for the cost of removing asbestos materials from buildings within that school district. All four of these actions have been stayed as to the Company since the commencement of the Chapter 11 proceedings.

During 1983, the Company was notified of two claims by parties seeking removal or recovery for the cost of removal of asbestos-containing materials in certain school districts. In one action, compensatory damages of \$780,000 and punitive damages in an unspecified amount are sought for the alleged negligence of the Company in providing asbestos fiber to a manufacturer of acoustical plaster products installed in the plaintiff's school buildings. During 1983, the Company also received an advisory letter



from a school district notifying it that the school district was removing asbestos-containing materials from its school buildings and requesting the Company to undertake such removal or to reimburse the district for its costs in removing these materials. These claimants were informed that attempts to proceed against the Company were in violation of the stay provisions of the Bankruptcy Code. These claimants have not proceeded against the Company, and such claims are effectively stayed at this time.

The Company believes that it has substantial defenses to all of these actions and claims. With respect to the three class actions, the Company believes there are uncertainties as to whether there are sufficient grounds to certify these cases as class actions. It is not possible for the Company to estimate the potential liability should any of the above suits or claims be decided adversely to it or should additional claims be asserted by other parties on the same or similar grounds. The Company has been informed that but for the institution of the Chapter 11 proceedings, it would have been named as a defendant in a number of similar actions. An unofficial committee representing a portion of the potential claimants in this category has appeared in the Chapter 11 proceedings and has asserted the contingent liabilities of such claims approximate \$1 billion. The representatives of this group have not presented sufficient information to substantiate the accuracy or reasonableness of this estimate.

#### *Other Product Claims*

##### *Rescon Claims*

Prior to filing for reorganization, a number of claims were pending against the Company alleging breaches of warranty and other claims resulting from the defectiveness of Rescon, an exterior wall covering used as a substitute for stucco finishes. Except as described below, Rescon claims pending against the Company have been automatically stayed by the filing of the petitions for reorganization. Although the Company believes it has insurance coverage for some of these claims, the carriers are presently contesting the availability of such coverage in conjunction with other issues described below in the section captioned, *Insurance Litigation*.

In three Rescon cases, which were consolidated for trial in a state court in San Diego, California, a jury returned a verdict in July 1982 against the Company and awarded \$126,000 in compensatory damages to U.S. Capital Corp. (Global Properties), \$5,183,000 to Costa Viva Homeowners Association and \$685,000 to Orleans East Homeowners Association. An appeal from this verdict was filed by the Company prior to the filing of the reorganization petitions, which appeal was secured by a bond. The automatic stay was lifted as to the consolidated action by agreement of the parties and by order of the Bankruptcy Court, which allowed the Company's appeal to proceed to appellate review. On March 22, 1984, the Fourth Appellate District Court of Appeals of California affirmed the plaintiffs' verdict in this action. It is anticipated that this verdict will be satisfied from the proceeds of the bond and that the bonding company will then file a proof of claim in the Bankruptcy Court as a general unsecured creditor to recover payments made under the bond.

##### *Formaldehyde-Related Claims*

As of August 26, 1982, approximately twenty lawsuits were pending against Manville Forest Products Corporation ("MFPC") for alleged personal injuries arising out of exposure to formaldehyde contained in particleboard manufactured or sold by MFPC. Additionally, MFPC was informed that, but for the institution of the reorganization proceedings, twenty additional formaldehyde-related claims would have been filed against it since August 26, 1982. MFPC disputes its liability and believes it has substantial defenses to these actions and claims. Prior to filing for reorganization, MFPC settled three cases involving similar claims for an average of less than \$2,000 per case excluding legal costs. MFPC tried one similar case and judgment was entered in its favor. There is no assurance, however, that MFPC will be able to resolve pending claims for similar amounts. Recently, a judgment in excess of \$500,000 (including punitive damages) was entered against codefendants of MFPC in a similar case; such judgment is presently on appeal.

In the context of MFPC's reorganization proceedings, forty-eight proofs of claims aggregating \$46.5 million had been filed against MFPC as of December 31, 1983 seeking recovery on formaldehyde-related claims. All of these claims are unsecured, contested claims against MFPC which will ultimately be resolved as to liability, if any, and liquidated as to amount. MFPC does not know at this



time the forum or method by which these claims will be resolved. However, it considers the gross value stated in the proofs of claims to be an unreliable measure of any exposure which may ultimately result to MFPC from these claims. MFPC is a party to six lawsuits and is aware of fifteen customer complaints seeking an aggregate recovery of approximately \$2.2 million on formaldehyde-related claims for which proofs of claim have not been filed in the Bankruptcy Court. MFPC believes such claimants are prohibited from pursuing their claims against MFPC since they failed to file proofs of claim in the Bankruptcy Court. In addition, thirty-nine persons have filed claims against MFPC for personal injury arising out of exposure to asbestos or asbestos-containing products manufactured or sold by affiliates of MFPC. MFPC believes it is not liable for any of these claims. MFPC believes the ultimate resolution of all of these claims will not materially adversely affect MFPC's ability to perform its obligations under its plan of reorganization.

Plaintiffs in five separate actions seek to recover damages from subsidiaries of the Company other than MFPC for injuries or property damage allegedly caused by formaldehyde-containing products manufactured by such subsidiaries. The average of compensatory damages sought to be recovered in four of these actions is \$440,000 per case and an unspecified amount of compensatory damages is sought in the fifth case. Also in four of these cases, punitive damages are claimed at an average of \$700,000 per case. The Company believes it has substantial defenses to all of these actions, which have been stayed due to the reorganization proceedings.

#### *Pipe Claim*

On February 3, 1984, the Company was informed that the State of Massachusetts filed a \$7.5 million proof of claim in the Bankruptcy Court for alleged "actual and reasonably expected damages" to the State and some forty-two local entities resulting from the alleged defectiveness of vinyl-lined asbestos-cement pipe purchased between 1968 and 1980 from the Company. The State of Massachusetts has asserted that due to the Company's alleged breaches of implied warranties and statutory violations, tetrachloroethylene has leached out of the pipe and into drinking water supplies. According to the State, the asbestos content of the pipe is not at issue in this claim. The Company presently has no information, other than that filed in the State's claim and published in news articles, regarding the foundation for this claim, which is subject to the stay provisions of the Bankruptcy Code and the reorganization proceedings.

#### **Insurance Litigation**

The Company has maintained over the years various policies of insurance in differing amounts to protect the Company against the cost of casualty liability for product related personal injury or property damage and nonproduct related liability. In years prior to 1976, the insurance purchased was typically in layers with the Company retaining a small self-insured deductible and purchasing a primary layer of casualty coverage and one or more layers of excess coverage. Subsequent to 1976, for casualty liability (both product and nonproduct), the Company has retained larger self-insured layers and in most cases additional per claim deductibles.

The correct interpretation of a number of provisions of the various policies of insurance has been a matter of dispute between the Company and its primary and excess insurers. In addition, other questions have arisen as to the existence of insurance coverage in the years from 1934 to 1951. On March 31, 1980, the Company filed a declaratory judgment action in the Superior Court of the State of California for the City and County of San Francisco seeking to have such questions resolved. All of the Company's carriers with coverage at issue (both primary and excess) are presently named as defendants in the California action. In March 1981, the Company's California action was consolidated in a "coordinated" proceeding with three similar California actions involving asbestos manufacturers and their insurers. Since that time a fourth action has been added to the coordinated proceeding. Procedural motions have resulted in the disqualification of one judge and the withdrawal of a second judge. A third judge was appointed in October 1982, and a challenge to this appointment was denied on February 16, 1983. On March 1, 1983, the Court held a pretrial conference in this action and issued extensive discovery orders on an accelerated basis. Discovery continues to the present time. The California Court has scheduled the trial of this litigation for March 4, 1985.



On March 2, 1983, the California Court permitted the Company to amend its complaint against the insurance carriers in this action. The amended complaint alleges that through an intentional and wrongful course of conduct, a number of the Company's insurance carriers denied insurance coverage for asbestos-health related claims filed against the Company. The amended complaint seeks, among other things, five billion dollars in punitive damages against these insurers.

The San Francisco action involves certain issues which, as of August 26, 1982, were also being litigated in separate proceedings pending in Canada and Massachusetts. The Massachusetts action, filed by Commercial Union Company in the United States District Court for the District of Massachusetts, concerns the existence of primary insurance coverage and the insurance coverage issues described below for the limited period, 1934 to 1951. As a result of the commencement of the Chapter 11 proceedings, the Massachusetts action was stayed. During the fourth quarter of 1982, the insurer in the Massachusetts action filed a complaint in the Bankruptcy Court seeking to have the stay lifted with respect to its action. The Bankruptcy Court refused to lift the stay imposed under the Bankruptcy Code, and this decision was affirmed by the United States District Court for the Southern District of New York. Although this action will not proceed in the Massachusetts forum, the Court in the San Francisco action permitted the Company to amend its complaint during the first quarter of 1983 which will have the effect of allowing the Company to proceed in San Francisco against the carrier involved in the Massachusetts action.

The principal issues involved in the San Francisco action are interpretations as to the kinds of property damages insured against, the dates of occurrence of property damage, the dates of occurrence of asbestos-related disease, the satisfaction by the Company of any duty it may have had to disclose to carriers the Company's knowledge of health risks posed by exposure to asbestos and the existence of claims for personal injury related to asbestos fiber and asbestos-containing products, the method of allocation of coverage, the carriers' duty to defend, the amount of coverage available for asbestos-related and other claims for certain policy years and the interpretation of policy provisions relating to nonproduct coverage. Additionally, some carriers have alleged that certain otherwise insured personal injury and property damage claims against the Company may be excluded from coverage because the Company's knowledge of the potential for such claims made them other than "unexpected and unintended" occurrences.

The litigation in Canada involves one of the Company's primary Canadian carriers, Canadian Indemnity Company, for the approximate period, 1970 to 1976. This action was tried to a Canadian Court during the fourth quarter of 1983. At trial, the primary issue presented to the Court was whether Canadian Indemnity Company could void the insurance policy on the ground that the Company's former Canadian subsidiary allegedly failed to disclose, at the time of the insurance application and its renewal, the existence of medical literature on the health effects of asbestos exposure to insulation workers. The Court is expected to issue its opinion in this action during 1984. The Company believes the Canadian action will not be adversely affected by the United States bankruptcy proceedings. In the event the Canadian action is disposed of in the Company's favor, additional issues concerning this coverage will be litigated in the San Francisco insurance action in which the Canadian carrier is also a party defendant. As to this Canadian carrier, discovery proceedings in the San Francisco action were stayed pending disposition of the Canadian action.

A resolution of the issues raised in the insurance related actions will provide the Company and its carriers with an improved ability to assess the impact of the cost of insured events including asbestos-related claims. The Company believes its position with respect to the insurance and related issues is sound and in accord with the increasing weight of judicial precedent.

On April 2, 1981, the Company was notified by its principal primary insurance carrier that the limits of its primary coverage had been exhausted and the Company must look to its excess (or umbrella) insurance for reimbursement of costs and expenses associated with the asbestos-health litigation. While the Company does maintain substantial amounts of excess coverage, the Company does not agree that its primary coverage has been properly exhausted. Subsequent to the commencement of the California insurance litigation, only one excess carrier provided current funding for such costs and expenses. The funding amounted to an average of approximately 38% of the total indemnity payments



and 35% of legal expenses with the balance being advanced by the Company. The Company believes that substantially all the amounts paid by it to date will be recoverable from its insurers. However, the Company is unable to determine at this time the effect which the Chapter 11 proceeding, and in particular, any plan or plans of reorganization, will have on the application of insurance proceeds to individual claims. The Company does believe, however, that a resolution of the insurance coverage issues discussed above is critical to the completion and approval of a plan of reorganization and that the failure to resolve these issues timely may impede the approval of a plan. In this regard, efforts to accelerate such resolution are being made, including active pursuit of settlement negotiations with the principal insurance carriers of the Company.

To protect its interests in light of the above-described insurance litigation, the Company instituted suit against its principal broker, Marsh & McLennan, Inc., on November 23, 1981 in the Superior Court for the State of California, City and County of San Francisco. The Company seeks to recover in this action damages sustained by the Company as a result of any negligence, malpractice or breaches of duty by the broker with respect to the Company's insurance coverage. On September 29, 1982, certain underwriters in the coordinated insurance action filed a motion seeking to join this broker action to the coordinated proceeding pending in California Superior Court in San Francisco, and that motion was granted in April 1983. Discovery against the broker was initiated by the Company in the coordinated proceeding on June 3, 1983.

### Securities Litigation

The Company is also a defendant in *Abrams v. Johns-Manville Corp.*, a class action commenced on May 4, 1979 by a shareholder in the United States District Court for the Southern District of New York. The complaint charges violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10(b)-5 promulgated thereunder. The plaintiff alleges misrepresentations in, and material omissions from, the Company's published documents on matters bearing on its potential asbestos-health related claims and liabilities. The class purported to be represented by the plaintiff consists of all persons who bought the Company's common stock between April 1, 1975 and October 15, 1978 and who owned such stock on October 15, 1978. The damages claimed are in an unspecified amount representing the loss suffered through purchases of the common stock at market prices allegedly inflated by the Company's violations of the securities laws, followed by a decline in the market value of the common stock allegedly resulting from disclosure of relevant facts in October 1978. The Company denies that it made the alleged misrepresentations and omissions and believes that it has substantial defenses to these charges.

In May 1981, various matters concerning this litigation were submitted to the District Court for rulings. On November 13, 1981, the District Court issued its rulings on two such matters. The District Court granted the plaintiff's motion for class certification and denied the Company's motion for summary judgment. Class notices were being prepared for mailing and limited discovery had been scheduled as of August 26, 1982. This case has been automatically stayed by the Company's filing for reorganization under the Bankruptcy Code.

On September 8, 1982, an action was instituted by Jeffrey and Linda Herrmann against nine present Directors and one former Director of Manville Corporation in the United States District Court for the District of Colorado. The complaint seeks relief on behalf of the named plaintiffs and a purported class of all persons who purchased Manville Corporation's common stock between June 1978 and August 1982. The complaint charges violations of Sections 11, 12(2) and 15 of the Securities Act of 1933 and Sections 10(b) and 15 of the Securities Exchange Act of 1934 and Rule 10(b)-5 promulgated thereunder. The plaintiffs allege misrepresentations in, and material omissions from, the Company's published documents with respect to the Company's alleged dependence on asbestos fiber sales, the potential adverse effect to the Company of the asbestos-health related litigation and the August 1982 filing for reorganization by the Company. The damages claimed are in an unspecified amount representing the loss suffered through purchases of Manville Corporation's common stock at market prices allegedly inflated from the violation of the securities laws.



Manville Corporation believes that these present and former Directors have substantial defenses to the allegations of the complaint. Pursuant to the terms of its bylaws, Manville Corporation owes a duty to defend and indemnify the named defendants in this action. Legal representation is being provided in the *Herrmann* action pursuant to insurance policies obtained by the Company. The carriers are presently providing such coverage pursuant to a full reservation of rights. The ultimate impact of the Chapter 11 proceedings on this case is uncertain at this time. In granting Manville Corporation's motion for a preliminary injunction staying the *Herrmann* litigation, the Bankruptcy Court in its decision dated January 10, 1983 concluded that a stay of the *Herrmann* litigation was "necessary and appropriate" to provide debtor protection under the Bankruptcy Code.

The proposed Joint Plan would dispose of these two stockholder actions as specified in the plan. Any such disposition would require the consent of the plaintiffs in these actions.

### **Environmental Proceedings**

From time to time, the Company receives enforcement inquiries under state and federal environmental laws. In 1980, the Company received orders from the New Hampshire Bureau of Solid Waste Management to assist certain owners of real estate in Hudson, New Hampshire with the closure of inactive asbestos waste disposal sites on the owners' land. The State of New Hampshire subsequently referred this matter to the United States Environmental Protection Agency ("EPA") for disposition. In 1981, the EPA brought suit against the Company and the owners in the United States District Court for New Hampshire. The Company believes it has substantial defenses to liability for any costs associated with closure of the sites. At the time of the filing of the Chapter 11 petitions, the United States District Court on its own motion entered an order staying the continuation of the suit. The United States is no longer appealing the order staying this action.

The Company's landfill at its Waukegan, Illinois facility has recently been added to the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. The Company submitted comments indicating why this facility should not have been included on the National Priorities List. Nevertheless, the Company has proposed and is working with applicable environmental agencies to develop an appropriate clean up program and does not anticipate that its involvement in this matter will have a material adverse effect on its financial position.

The Company is also informed of certain environmental problems associated with former disposal sites (most of which were never owned by the Company) in California, Colorado, Illinois, Indiana, Louisiana, Massachusetts and Ohio. The ultimate impact of the Company's Chapter 11 proceedings on these matters is uncertain at this time. The Company does not presently anticipate that any involvement at these locations will have a material adverse effect on its financial position.



#### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

The security holders of the Company were not requested to vote on any matter during 1983.

### **PART II**

#### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS**

Information concerning the Company's shareholders and capital stock, including market information, is contained on the inside back cover of this report under the caption, "Shareholder Information". As a result of its Chapter 11 proceedings, the Company is not in compliance with certain rules of the New York Stock Exchange, Inc. Accordingly, both issues of the Company's stock as well as its debt securities are subject to delisting at any time.

A two year history of high and low sales prices for the Company's capital stock and a two year history of dividend payments are provided on the inside back cover of this report under the table captioned, "Comparative Stock Data". As referenced in MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION at page 2 of this report, dividends have not been and will not be declared or paid during the pendency of the reorganization proceeding. It is uncertain when Manville Corporation will be able to resume dividend payments after emergence from Chapter 11. Under the terms of the Company's preferred stock, preferred stockholders now have the right to elect two directors to the Company's Board of Directors because six consecutive dividends have not been paid on the preferred stock. Additional information regarding the effect of the reorganization proceedings on the Company's debt and equity securities is provided in this report at page 40 in ITEM 3. LEGAL PROCEEDINGS.

#### **ITEM 6. SELECTED FINANCIAL DATA**

The information required by Item 6 is provided on the inside front cover of this report.

#### **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The information required by Item 7 is provided commencing at page 2 of this report.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The information required by Item 8 is provided as follows:

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	
	<u>PAGE</u>
Consolidated Balance Sheets, December 31, 1983 and 1982.....	6
Consolidated Statements of Operations and Earnings Reinvested, for each of the three years in the period ended December 31, 1983 .....	7
Consolidated Statements of Changes in Financial Position, for each of the three years in the period ended December 31, 1983.....	8
Notes to Consolidated Financial Statements .....	9
Accountants' Report .....	16
Supplementary Data (Unaudited):	
Supplemental Information on Inflation and Changing Prices .....	19
Selected Quarterly Financial Data, for each of the two years in the period ended December 31, 1983 .....	23



## ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Inapplicable.

## PART III

## ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

### Directors

The name, age (as of December 31, 1983) and business experience of each Director of Manville Corporation presently serving in such capacity is provided below. Each Director of Manville Corporation shall hold office until the next Annual Meeting or until his successor is duly elected and qualified. The Board of Directors of Manville Corporation maintains Audit, Compensation, Executive and Finance Committees as well as a Committee on Board Organization and Operation.

J. Jacques Beauchemin, Q.C.  
*Chairman of the Board,*  
*Sullivan Mines Inc.*  
Director since 1969;  
Age: 60

Since January 1981, Mr. Beauchemin has been Chairman of the Board of Sullivan Mines, Inc., which was formed as a result of the merger of Sullivan Mining Group Ltd., East Sullivan Mines Limited and Economie Mutuelle d'Assurances. He is a Director of Belmont Park Co. Ltd., National Bank of Canada, Advocate Mines Limited and other Canadian corporations. Mr. Beauchemin received a law degree in 1947 from the University of Montreal. Until 1972, he practiced law in the City of Montreal, Quebec. He has served on the Advisory Council to the Minister of Industries, Trade and Commerce for the Province of Quebec and also for the Minister of Trade and Commerce in the Canadian Federal Government. Prior to 1981, Mr. Beauchemin had also been acting, for more than 10 years, as President of Sullivan Mining Group Ltd. and East Sullivan Mines Limited and affiliated companies.

George C. Dillon  
*Chairman of the Board*  
*and Chief Executive Officer,*  
*Butler Manufacturing Company*  
Director since 1969;  
Age: 61

Mr. Dillon was graduated from Harvard College in 1943 and the Harvard Graduate School of Business in 1948, after serving in the U.S. Navy during World War II. He joined Butler Manufacturing Company in 1951 and was elected Corporate Secretary in 1954, Treasurer in 1960, Vice President in 1961 and President in 1967. On January 1, 1975, he was named Chairman of the Board as well as President of Butler Manufacturing Company. On December 11, 1978, he was elected Chairman of the Board and Chief Executive Officer of that company. Butler Manufacturing Company is engaged in the manufacture of pre-engineered buildings and equipment for industry and agriculture. Mr. Dillon is a member of the Board of Directors of Phelps Dodge Corporation and the Newhall Land and Farming Company. He also is a member of the Board of Overseers, Harvard University, the Board of Trustees of the Mayo Foundation in Rochester, Minnesota, and the Midwest Research Institute. Mr. Dillon is Chairman of the Audit Committee.



Robert L. Geddes  
*Principal, Geddes Brecher  
Qualls Cunningham;  
Architects, Princeton, N.J.*  
Director since 1969;  
Age: 60

Educated at Yale and the Harvard Graduate School of Design, Mr. Geddes was Dean of the School of Architecture at Princeton University from 1965 to 1982. He has been an active architect in the Cities of Princeton and Philadelphia with the firm, Geddes Brecher Qualls Cunningham, since 1954. Among his major designs are buildings for the Institute for Advanced Study at Princeton, University of Pennsylvania, Southern Illinois University and Mobil Oil Corporation, and urban designs for the City of Philadelphia and the State of New Jersey. He is a Fellow of the American Institute of Architecture and a Director of Butler Manufacturing Company.

William C. Janss  
*Chairman of the Board,  
Janss Corporation*  
Director since 1972;  
Age: 65

Mr. Janss is former Chairman of the Board of Sun Valley Company, Inc. Mr. Janss owned and operated the Sun Valley ski resort in Idaho from 1968 until the sale of that company in 1977. He formerly was President of Janss Cattle Industries, operating cattle feed yards and farming in the Southwest and in Hawaii. A 1940 graduate of Stanford University and a member of the U.S. Olympic Ski Team, Mr. Janss currently is Chairman of the Board of Janss Corporation, which is engaged in land development and commercial and energy-related operations.

John A. Love  
*Chairman of the Board,  
Ideal Basic Industries, Inc.*  
Director since 1976;  
Age: 67

Mr. Love earned his law degree from the University of Denver in 1941. After serving in the U. S. Navy from 1941 to 1945, he entered the private practice of law in Colorado. In 1962, Mr. Love was elected Governor of the State of Colorado. He was re-elected twice to that office. In 1973, Mr. Love was appointed the first Director of the newly created Federal Energy Policy Office. Mr. Love joined Ideal Basic Industries, Inc. in 1974, and is presently Chairman of the Board. Ideal Basic Industries, Inc. is engaged in the production of cement and the mining of potash. Mr. Love is a Director of Ideal Basic Industries, Inc., Frontier Airlines, Inc., United Banks of Colorado, Inc., Great West Life Assurance Company and Golden Cycle Corporation, and is a member of the Colorado and American Bar Associations.

William F. May  
*Dean, Graduate School of  
Business Administration,  
New York University,  
Former Chairman and Chief  
Executive Officer,  
American Can Company*  
Director since 1967;  
Age: 68

Mr. May joined American Can Company in 1938. In 1965, he was named Chairman and Chief Executive Officer of this packaging, consumer products and resource recovery company and served in that capacity until his retirement in 1980. He is currently Dean of the Graduate School of Business Administration of New York University. Mr. May graduated from the University of Rochester (N.Y.) in 1937 as a chemical engineer and is a member of Phi Beta Kappa. He attended the Advanced Management Program at Harvard and holds honorary degrees from Clarkson College of Technology, Livingston University, Lafayette College and Oklahoma Christian College. Mr. May is a member of the Board of Directors of American Can Company, Bankers Trust Company, Bankers Trust-New York Corporation, Business International Corporation, New York Times Company and Phibro-Salomon, Inc., and is a Trustee of the Committee for Economic Development. Mr. May serves as Chairman of the Compensation Committee.



John A. McKinney  
*Chairman, Chief Executive  
Officer and President,  
Manville Corporation*  
Director since 1974;  
Age: 60

George B. Munroe  
*Chairman of the Board,  
Phelps Dodge Corporation*  
Director since 1969;  
Age: 62

G. Earl Parker  
*Senior Vice President,  
Law and Public Affairs,  
Manville Corporation*  
Director since 1983;  
Age: 46

Mr. McKinney graduated from the U.S. Naval Academy in 1945 and from Georgetown University Law School in 1951. Also in 1951, he was admitted to practice law in the District of Columbia and joined Johns-Manville Corporation as a patent lawyer. Mr. McKinney was appointed President of Johns-Manville Corporation in 1976 and Chief Executive Officer in 1977. On February 2, 1979, he was named Chairman of the Board and Chief Executive Officer. Upon the 1981 reorganization of the Johns-Manville corporate structure, Mr. McKinney was appointed Chairman and Chief Executive Officer of Manville Corporation, and in September 1982 was also named President of Manville Corporation.

After graduation from Dartmouth College in 1943, Mr. Munroe graduated from Harvard Law School and Christ Church, Oxford where he was a Rhodes Scholar. Mr. Munroe joined Phelps Dodge Corporation in 1958 and, after serving in a number of executive positions, he was named chief executive officer in 1969. Phelps Dodge Corporation is engaged in the business of mining copper and other metals and manufacturing copper and alloy products. He is also a Director of Manufacturers Hanover Corporation, Manufacturers Hanover Trust Company, New York Life Insurance Company and Santa Fe Southern Pacific Corporation, and a Trustee of Dartmouth College, the Metropolitan Museum of Art and the YMCA of Greater New York. Mr. Munroe serves as Chairman of the Committee on Board Organization and Operation.

Mr. Parker is Senior Vice President, Law and Public Affairs of Manville Corporation. A native of Pascagoula, Mississippi, Mr. Parker is a graduate of the University of Mississippi and the University of Mississippi Law School. He is admitted to practice law in Colorado, Mississippi, New York and the District of Columbia. Mr. Parker joined Johns-Manville in 1968 as an attorney and has held various positions, including Assistant Secretary, General Counsel, Vice President, Secretary and, most recently, Senior Vice President. In July 1983, he was elected to the Board of Directors of Manville Corporation. Prior to joining Manville, he had been in private practice and had served as Assistant Secretary and Counsel of Schick Electric, Inc. Mr. Parker served to the rank of Captain in the U.S. Army, with three years as Staff Judge Advocate at Fort Totten, New York. He holds memberships in Phi Alpha Delta Law Fraternity, Omicron Delta Kappa and Sigma Nu Fraternity. He is a Trustee of the Denver Symphony Orchestra. Mr. Parker and his family reside in Denver, Colorado.



**John P. Schroeder**  
*Former Vice Chairman,  
Morgan Guaranty Trust  
Company of New York*  
Director since 1967;  
Age: 65

Mr. Schroeder was graduated from Yale University in 1941. Following service in the U.S. Navy during World War II, he joined the former J. P. Morgan & Co., Inc. On December 31, 1978, he retired from his positions as Vice Chairman and a Director of both Morgan Guaranty Trust Company of New York, a commercial bank, and its holding company, J. P. Morgan & Co., Inc. Mr. Schroeder has been a Director of Phelps Dodge Corporation since 1965 and Gould, Inc. since 1978. He serves as Chairman of the Company's Executive and Finance Committees.

**William D. Tucker, Jr.**  
*Senior Counsel,  
Davis Polk & Wardwell*  
Director since 1982;  
Age: 66

Mr. Tucker is a graduate of the College of The Holy Cross and Harvard Law School. He joined the firm of Davis Polk & Wardwell in 1945 and was a partner of that firm from January 1, 1957 until October 1, 1983 on which date he became a Senior Counsel to the firm. He is a member of the American Bar Association, the New York State Bar Association and the Bar Association of the City of New York. Mr. Tucker is also a member of the Board of Directors of the Chubb Corporation and its subsidiaries, Federal Insurance Company and Vigilant Insurance Company.

**Charles J. Zwick**  
*Chairman and Chief Executive  
Officer,  
Southeast Banking Corporation*  
Director since 1976;  
Age: 57

Mr. Zwick received his B.S. and M.S. degrees from the University of Connecticut and was awarded a Ph.D. in Economics from Harvard University in 1954. From 1954 through 1956, Mr. Zwick was engaged as an instructor of Economics at Harvard University. After serving in various capacities with The Rand Corporation from 1956 to 1965, he was appointed Assistant Director and later Director of the U.S. Office of Management and Budget. In 1969, Mr. Zwick was elected President and Chief Operating Officer of Southeast Banking Corporation, a bank holding company based in Miami, Florida. In 1979, he was appointed Chief Executive Officer in addition to being President of that company. In January 1982, he was named Chairman of the Board and Chief Executive Officer of the newly formed Southeast Bank, N.A. In June 1982, Mr. Zwick was named Chairman of the Board and Chief Executive Officer of Southeast Banking Corporation. Mr. Zwick also serves on the Board of Directors of Southern Bell.



### Executive Officers of the Registrant

The name, age (as of December 31, 1983) and office of each executive officer of Manville Corporation presently serving in such capacity is listed below. The Company knows of no family relationship among them. Each of the executive officers has during the past five years served in a managerial or executive capacity with the Company.

<u>Officer</u>	<u>Age At December 31, 1983</u>	<u>Office</u>
John A. McKinney	60	Chairman, Chief Executive Officer, President and Director
Robert H. Cuje	57	Senior Vice President
Charles J. DeBiase	56	Senior Vice President
S. Rollins Heath, Jr.	46	Senior Vice President
Charles L. Hite	47	Senior Vice President
Josh T. Hulce	41	Senior Vice President
George R. Johannes	45	Senior Vice President
G. Earl Parker	46	Senior Vice President and Director
Chester E. Shepperly	56	Senior Vice President
W. Thomas Stephens	41	Senior Vice President
Chester J. Sulewski	54	Senior Vice President
James F. Beasley	39	Vice President and Treasurer
Robert A. Boardman	36	Secretary
Edwin D. Cox	63	Vice President
Eileen M. DeCoursey	51	Vice President
John B. Dorsey	51	Vice President
John F. Knoth	53	Vice President and Controller
Curtis G. Linke	41	Vice President
William B. Reitze	59	Vice President
Fred E. Schlachter	60	Vice President
William A. Sells, Jr.	50	Vice President
Andrew L. Sokal	53	Vice President
John H. Swensen	57	Vice President
Richard B. Von Wald	41	Vice President and Corporate Counsel



## ITEM 11. MANAGEMENT REMUNERATION

### Executive Compensation

The Cash Compensation Table sets forth the compensation of (1) each of the five most highly paid executive officers of the Company presently serving in such capacity, and (2) all executive officers of the Company as a group for services in all capacities to the Company and its subsidiaries during the last fiscal year. For purposes of the Cash Compensation Table, all compensation paid to executive officers holding such position at any time during 1983 has been included, as well as compensation paid to certain officers in 1983 prior to the time they were elected to office. No individual named in the Cash Compensation Table received personal benefits valued in excess of \$25,000 during 1983, and the value of personal benefits paid to all executive officers in 1983 did not exceed ten percent of the compensation reported for the group in the Cash Compensation Table.

CASH COMPENSATION TABLE

<u>Name of individual or number of persons in group</u>	<u>Capacities in which served</u>	<u>Cash Compensation</u>
John A. McKinney .....	Chairman, Chief Executive Officer and President	\$ 556,500
Charles J. DeBiase .....	Senior Vice President	\$ 263,925
G. Earl Parker .....	Senior Vice President	\$ 276,600
Chester E. Shepperly .....	Senior Vice President	\$ 259,425
Chester J. Sulewski .....	Senior Vice President	\$ 257,175
All Executive Officers of the Company as a group (24 persons) .....		\$4,535,099

### EMPLOYEE COMPENSATION PLANS

#### Retirement Plan

Each of the individuals named in the Cash Compensation Table is a participant in the Manville Salaried Retirement Plan. The plan is a defined benefit plan that provides for payment of a retirement allowance to participants equal to the sum of (a) a percentage of the participant's five-year average final salary based upon Column A below, less such participant's social security benefit and multiplied by the ratio of the participant's years of contributory service to thirty-five years, and (b) a percentage of the participant's five-year average final salary based upon Column B below, less the participant's social security benefit and multiplied by the ratio of the participant's years of noncontributory service to thirty-five years. Salary, as defined in the plan, includes payments under the Corporate Bonus Plan. Pension benefits payable may be limited to the amounts allowed by the provisions of the Tax Equity and Fiscal Responsibility Act ("TEFRA"). For 1983, retirement benefits payable from the plan are generally limited under TEFRA to \$90,000. The Company has adopted a plan that provides for payment from corporate funds of the difference between the benefits earned pursuant to the Manville Salaried Retirement Plan and the qualified plan limitations imposed by TEFRA.

<u>Average Final Salary</u>	<u>Column A (Contributory Service)</u>	<u>Column B (Noncontributory Service)</u>
\$ 9,000 .....	100%	100%
12,000 .....	100%	97%
18,000 .....	100%	85%
19,000 .....	100%	83%
24,000 .....	94%	74%
36,000 .....	81%	57%
60,000 .....	70%	41%
120,000 .....	64%	32%
180,000 and over .....	62%	23%



The following table lists the estimated annual benefits as of December 31, 1983 payable upon normal retirement based upon different periods of service and rates of pay:

Five-Year Average Final Salary	Annual Allowance for Representative Years of Credited Service				
	15	20	25	30	35 or more
\$200,000	\$ 53,143	\$ 70,857	\$ 88,571	\$106,286	\$124,000
300,000	79,714	106,286	132,857	159,429	186,000
400,000	106,286	141,714	177,143	212,571	248,000
500,000	132,857	177,143	221,429	265,714	310,000
600,000	159,429	212,571	265,714	318,857	372,000
700,000	186,000	248,000	310,000	372,000	434,000

On December 31, 1983, the individuals named in the Cash Compensation Table, all of whom participated in the Manville Salaried Retirement Plan, had the following years of credited service under the plan: J.A. McKinney—32; C.J. DeBiase—27; G.E. Parker—15; C.E. Shepperly—35; and C.J. Sulewski—31.

### Thrift Plan

The Manville Salaried Employees Thrift Plan permits all salaried employees of the Company and participating subsidiaries to make regular contributions of up to six percent (and additional voluntary contributions of up to ten percent) of his or her earnings into the participant's choice of three investment programs. The Company or participating subsidiary contributes monthly, on the basis of the net earnings per share of the Company's common stock before extraordinary items, a percentage of the regular contribution made by each participant.

If Net Earnings Per Share of Common Stock is:	Company Contribution Will Be
Over \$2.40 .....	50%
\$2.11 to \$2.40 .....	45%
\$1.81 to \$2.10 .....	40%
\$1.51 to \$1.80 .....	35%
\$1.21 to \$1.50 .....	30%
Less than \$1.21 .....	25%

Effective January 1, 1984, a participant can elect to have his or her regular contributions be on a pre-tax basis under Section 401(k) of the Internal Revenue Code. Company contributions vest after they have been in a participant's account for twenty-four months or under certain circumstances specified in the plan. The terms of the plan specify a participant's rights regarding management and payment of funds, withdrawals and termination. During 1983, the Company contributed the following amounts to the accounts of the individuals named in the Cash Compensation Table: J.A. McKinney—\$6,896; C.J. DeBiase—\$3,253; G.E. Parker—\$1,708; C.E. Shepperly—\$2,591; and C.J. Sulewski—\$3,181. The Company contributed an aggregate of \$39,541 to the accounts of all executive officers in 1983.

### Long Term Incentive Unit Plan

The Long Term Incentive Unit Plan adopted in 1978 provides for long term unit awards to participants the value of which are determined at the end of a four-year cycle based upon growth in earnings per share and attainment of a minimum of six percent or greater return on average assets



employed over the life of the cycle. Units awarded to the individuals listed in the Cash Compensation Table for the four-year cycles indicated are:

Cycle	J. A. McKinney	C. J. DeBiase	G. E. Parker	C. E. Shepperly	C. J. Sulewski	All Executive Officers as a group
1980-83 . . . .	1,358	676	384	691	691	7,331
1981-84 . . . .	1,635	744	616	753	753	9,004
1982-85 . . . .	1,775	819	678	828	813	10,277

If the goals set by the Company's Compensation Committee are attained, each unit will have a minimum value of \$25 and a maximum value of \$175. It is unlikely that the goals set by the Committee for the cycles will be attained. Accordingly, the units awarded for these cycles are likely to be worthless. No units were awarded subsequent to 1982.

### Stock Options

As a prerequisite to participation in the Long Term Incentive Unit Plan, all participants were required in 1981 to surrender all stock options and related rights held under the 1971 Executive Incentive Program, including participants who were also officers of the Company at that time. Three of the Company's present officers were not participants in the Long Term Incentive Unit Plan in 1981 and continue to hold options under the 1971 Executive Incentive Program. As of December 31, 1983, these officers collectively held options to purchase 2,350 shares of common stock, none of which presently have a realizable value. No such options were exercised in 1983. One officer of the Company holds options to purchase 1,576 shares of the Company's common stock granted as substitute stock options issued in connection with the 1979 acquisition of Olinkraft, Inc. No such substitute options were exercised in 1983, and these options also have no current realizable value.

The 1982 Stock Option Plan was approved by the Company's shareholders at its 1982 Annual Meeting. The plan was adopted to encourage officers and managerial employees to invest in the common stock of the Company thereby increasing their proprietary interest in the successful performance of the Company. The Compensation Committee of the Board of Directors supervises the administration of the plan. The members of the Compensation Committee are ineligible to participate in the plan while serving on the Compensation Committee and for certain periods thereafter. The Compensation Committee is empowered to grant ordinary and incentive stock options for shares of the Company's common stock as provided in the plan, up to an aggregate of 600,000 shares, with a maximum grant of options to purchase 75,000 shares to any individual participant. Any option granted under the plan may include stock appreciation rights at the time of grant, but not thereafter. Stock options and stock appreciation rights granted under the plan cannot be exercised earlier than one year, or later than ten years, after the date granted and must have an option price at least equal to fair market value at the date of grant. As defined in the plan, fair market value is the mean between the high and low trading prices of the common stock as reported by the New York Stock Exchange, Inc. Under the plan, options and stock appreciation rights may be exercised only while the optionee is employed by the Company and are nontransferable except under limited circumstances. Shares purchased by participants upon exercising options may not be delivered until full payment of the option price is received by the Company.

Subsequent to the 1982 Annual Meeting, options to purchase the Company's common stock were granted, however, formal contracts have not been executed at this time with the grantees of such options due to the uncertainties posed by the reorganization proceedings. No options have been exercised to date. Under this plan, each of the five officers named in the Cash Compensation Table was granted options to purchase 8,600 shares of the Company's common stock at a price of \$10.00 per share, except for Mr. McKinney, who was granted options to purchase 30,000 shares at the same price. All executive officers as a group, including named officers, were granted options to purchase 124,400 shares at a price of \$10.00 per share. The option price is based on the average high and low trading



prices reported by the New York Stock Exchange, Inc. as of May 5, 1982, the date the options were granted. Certain of these options have been granted in tandem with stock appreciation rights.

### Termination Agreements

In 1981, the Company executed certain agreements with key employees, including the officers named in the Cash Compensation Table. Upon any termination of employment, other than termination for cause, which occurs at least sixty days prior to or within two years following a change in control of the Company, the terminated employee will be entitled to receive termination payments equal to one month's salary at the rate in effect immediately prior to such termination for each year of credited service with the Company. The employee may, at his option, elect to defer receipt of the payments by reducing the amount by one-half and extending the period of payment to two months for each year of credited service with the Company. During the period for which payments are made, all benefits of employment are continued. For certain key employees who have rendered short-term service to the Company, the employee is entitled to receive a lump sum payment (rather than monthly payments) equal to twice such employee's then-current annual salary upon any such termination. The effect of the Company's reorganization proceedings on these agreements is uncertain.

### Directors' Fees

Directors who are also employees of the Company currently receive no fees for serving as a Director. All other Directors receive an annual retainer of \$14,000, a per meeting attendance fee of \$800 for each Board meeting and \$400 for each Committee of the Board meeting actually attended. Mr. Schroeder receives an additional annual retainer of \$14,000 for acting as Chairman of the Company's Executive and Finance Committees. The Company's reorganization proceedings have imposed additional demands on its Board of Directors, including certain appearances before the Bankruptcy Court and meetings with creditors and claimants of the Company for which a per diem payment of \$800 is made.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### (a) Security Ownership of Certain Beneficial Owners

The following table sets forth the identity of beneficial owners known by the Company to own more than five percent of the outstanding shares of the Company's common stock as of February 1, 1984.

<u>Name and Address of Beneficial Owner</u>	<u>Amount of Beneficial Ownership</u>	<u>Nature of Beneficial Ownership</u>	<u>Percent of Common Stock Outstanding as of February 1, 1984</u>
Soros Fund Management Co., Inc. 10 Columbus Circle New York, NY 10019	1,546,000	Indirect	6.4%
Torray, Clark & Co. 6610 Rockledge Drive Suite 450 Bethesda, MD 20817	3,784,000	Direct	15.77%

Soros Fund Management Co., Inc. ("SFM") is the principal investment adviser to Quantum Fund N.V., an investment corporation which is a controlling person of Quantum Overseas N.V. ("Overseas I") and Quantum Overseas II N.V. ("Overseas II"), companies principally engaged in the business of securities investments. As of February 1, 1984, Overseas I held 877,700 shares of the Company's common stock, and Overseas II held 468,300 shares. Pursuant to its investment advisory contract with Quantum Fund N.V., SFM exercises direct investment discretion over the shares held by Overseas I and Overseas II. Lupa Family Partners ("Lupa") is a New York limited partnership having two general partners, Mr. George Soros and Mr. Paul Soros. The Soros brothers share the power to vote and dispose of securities owned by Lupa. As of February 1, 1984, Lupa held 200,000 shares of the



Company's common stock. As a controlling person of SFM and a general partner of Lupa, Mr. George Soros may be considered the beneficial owner of the shares held by Overseas I, Overseas II and Lupa, an aggregate of 1,546,000 shares of the Company's common stock. SFM may also be considered a beneficial owner of the shares held by Overseas I and Overseas II.

Torray Clark & Co. is an institutional investor registered under section 203 of the Investment Advisers Act of 1940. Mr. Robert E. Torray is a controlling person of Torray Clark & Co. and thus may be considered the beneficial owner of shares held by that company. Mr. Torray does not hold directly any shares of the Company's common stock.

Soros Fund Management Co., Inc. and Torray, Clark & Co. have stated in reports filed with the Securities and Exchange Commission that they plan to hold the Company's stock solely for investment purposes.

#### (b) Security Ownership of Management

The following table sets forth the number of shares of common stock of the Company beneficially owned by all Directors and all executive officers and Directors as a group as of February 1, 1984. With respect to Directors who are executive officers of the Company, the number of shares beneficially owned includes shares owned as of February 1, 1984 pursuant to the Manville Salaried Employees Thrift Plan. As of February 1, 1984, no executive officer or Director held more than .05% of the common stock of the Company. The shares owned by all Directors and executive officers represents less than .2% of the issued and outstanding shares of the Company's common stock.

<u>Name of Beneficial Officer</u>	<u>Common Shares Beneficially Owned</u>
J. Jacques Beauchemin.....	100
George C. Dillon.....	100
Robert L. Geddes.....	100
William C. Janss.....	100
John A. Love.....	200
William F. May.....	1,200
John A. McKinney.....	14,002
George B. Munroe.....	600
G. Earl Parker.....	193
John P. Schroeder.....	2,528
William D. Tucker, Jr.....	200
Charles J. Zwick.....	200
All Directors and Executive Officers as a group (33).....	58,809

As to the stock ownership reported above, one Director and two executive officers have disclaimed beneficial ownership of an aggregate of 136 shares of common stock held directly by members of their immediate family. Each Director and executive officer has sole voting and investment power with respect to all remaining shares. The shares beneficially owned by George B. Munroe include 300 shares held in trust for a relative of Mr. Munroe. Mr. Munroe is the residual beneficiary of such trust. The first National Bank of Joliet, Illinois, as trustee, has voting power over these shares.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the ordinary course of its business, the Company purchases products and services from and sells products to a number of corporations with which Directors of the Company are affiliated as officers or directors. The Company did not receive during 1983, nor does it anticipate receiving during 1984, payments for property or services from any of such companies which exceeded or will exceed five percent of the Company's consolidated gross revenues for 1983. The Company did not make during 1983, nor does it anticipate making during 1984, payments for property or services to any such companies which exceeded or will exceed five percent of the consolidated gross revenues for the last full fiscal year of the applicable company. The Company is not indebted to an entity with which its Directors are affiliated in an amount which exceeds five percent of the Company's total consolidated assets. Mr. Tucker is a former senior partner of Davis Polk & Wardwell, outside counsel to the Company, and is currently a senior counsel to that firm.



## **PART IV**

### **ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K**

#### **(a) Financial statements, financial statement schedules and exhibits filed in this report**

1. Index to Financial Statements and Supplementary Data. See page 60.
2. Index to Financial Statement Schedules. See page 73.
3. Index to Exhibits required by Form 10-K. See page 80.

#### **(b) Reports on Form 8-K**

During the fourth quarter of 1983, Manville Corporation filed two reports on Form 8-K with the Securities and Exchange Commission. A report on Form 8-K, filed in October 1983, supplied information under Items 2 and 7 relating to the sale of the stock of Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc., wholly-owned subsidiaries. These subsidiaries were engaged in the business of mining, milling and selling asbestos fiber. The second report on Form 8-K was filed in December 1983 and supplied information under Item 5 "Other Events" relating to the November 21, 1983 filing in the Bankruptcy Court of Manville's proposed joint plan of reorganization (and related filings) for itself and seventeen of its subsidiaries.



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders and Directors of  
MANVILLE CORPORATION:

Our report on the consolidated financial statements of Manville Corporation, which report is qualified for the reasons indicated therein, is included on page 16 of this 1983 Annual Report and Form 10-K. In connection with our examinations of such financial statements, we have also examined the related financial statement schedules listed in the Index to Financial Statement Schedules on page 73 of this 1983 Annual Report and Form 10-K.

In our opinion, based upon our examinations, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly the information required to be included therein.

---

/s/ COOPERS & LYBRAND

COOPERS & LYBRAND

February 8, 1984, except for Note 12  
as to which the date is March 26, 1984  
Denver, Colorado



Manville Corporation  
**Index to Financial Statement Schedules**  
to Form 10-K for Fiscal Year Ended December 31, 1983

<u>Schedule</u>	<u>Page</u>
I —Marketable securities, at December 31, 1983 .....	74
V —Property, plant and equipment, for each of the three years in the period ended December 31, 1983 .....	75
VI —Accumulated depreciation, depletion and amortization of property, plant and equipment for each of the three years in the period ended December 31, 1983 .....	76
VIII —Valuation and qualifying accounts and reserves, for each of the three years in the period ended December 31, 1983.....	77
IX —Short-term borrowings, for each of the three years in the period ended December 31, 1983 .....	78
X —Supplementary income statement information, for each of the three years in the period ended December 31, 1983.....	79



Manville Corporation  
**Schedule I—Marketable Securities**  
 December 31, 1983  
 (Thousands of dollars)

<u>Col. A</u>	<u>Col. B</u>	<u>Col. C</u>	<u>Col. D</u>	<u>Col. E</u>
<u>Name of Issuer</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>	<u>Balance Sheet Amount</u>
U.S. government securities	\$114,091	\$108,893	\$108,904	\$108,893
Commercial paper	60,001	59,546	59,552	59,546
Other	<u>72,945</u>	<u>71,665</u>	<u>71,624</u>	<u>71,655</u>
	<u>\$247,037</u>	<u>\$240,104</u>	<u>\$240,080</u>	<u>\$240,094</u>



Manville Corporation  
**Schedule V—Property, Plant and Equipment**  
for the Years Ended December 31  
(Thousands of dollars)

<u>Col. A</u>	<u>Col. B</u>	<u>Col. C</u>	<u>Col. D</u>	<u>Col. E</u>	<u>Col. F</u>
<u>Classification</u>	<u>Balance at Beginning of Period</u>	<u>Additions At Cost</u>	<u>Retirements</u>	<u>Other Changes Add (Deduct)(a)</u>	<u>Balance at End of Period</u>
<b>1983</b>					
Land, including mineral prop- erties, and land improvements	\$ 108,002	\$ 2,210	\$ 12,590	\$ (420)	\$ 97,202
Buildings	331,802	6,718	32,462	(3,147)	302,911
Machinery and equipment	1,090,337	99,409	124,993	(8,746)	1,056,007
	1,530,141	108,337	170,045	(12,313)	1,456,120
Timber and timberlands	402,034	2,359	4	(9,385)	395,004
	<u>\$1,932,175</u>	<u>\$110,696</u>	<u>\$170,049</u>	<u>\$(21,698)</u>	<u>\$1,851,124</u>
<b>1982</b>					
Land, including mineral prop- erties, and land improvements	\$ 119,174	\$ 1,237	\$ 10,724	\$ (1,685)	\$ 108,002
Buildings	363,308	2,861	26,905	(7,462)	331,802
Machinery and equipment	1,202,490	53,348	139,488	(26,013)	1,090,337
	1,684,972	57,446	177,117	(35,160)	1,530,141
Timber and timberlands	406,205	3,837	581	(7,427)	402,034
	<u>\$2,091,177</u>	<u>\$ 61,283</u>	<u>\$177,698</u>	<u>\$(42,587)</u>	<u>\$1,932,175</u>
<b>1981</b>					
Land, including mineral prop- erties, and land improvements	\$ 115,958	\$ 4,617	\$ 584	\$ (817)	\$ 119,174
Buildings	356,096	20,155	4,837	(8,106)	363,308
Machinery and equipment	1,194,564	55,866	34,440	(13,500)	1,202,490
	1,666,618	80,638	39,861	(22,423)	1,684,972
Timber and timberlands	407,463	5,563	5	(6,816)	406,205
	<u>\$2,074,081</u>	<u>\$ 86,201</u>	<u>\$ 39,866</u>	<u>\$(29,239)</u>	<u>\$2,091,177</u>

Note:

(a) Includes the current year translation effect of the Company's foreign operations and the following amounts for the cost of timber harvested:

1983	\$9,385
1982	7,427
1981	6,816



Manville Corporation

**Schedule VI—Accumulated Depreciation, Depletion and  
Amortization of Property, Plant and Equipment**

for the Years Ended December 31  
(Thousands of dollars)

<u>Col. A</u>	<u>Col. B</u>	<u>Col. C</u>	<u>Col. D</u>	<u>Col. E</u>	<u>Col. F</u>
<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Retirements</u>	<u>Other Changes Add (Deduct)(a)</u>	<u>Balance at End of Period</u>
<b><u>1983</u></b>					
Mineral properties and land improve- ments	\$ 43,494	\$ 2,761	\$ 10,090	\$ (31)	\$ 36,134
Buildings	120,315	10,503	27,774	(694)	102,350
Machinery and equipment	382,903	55,395	102,920	(1,994)	333,384
	<u>\$546,712</u>	<u>\$68,659</u>	<u>\$140,784</u>	<u>\$(2,719)</u>	<u>\$471,868</u>
<b><u>1982</u></b>					
Mineral properties and land improve- ments	\$ 43,669	\$ 3,435	\$ 5,109	\$ 1,499	\$ 43,494
Buildings	113,225	11,535	14,067	9,622	120,315
Machinery and equipment	367,853	61,931	72,535	25,654	382,903
	<u>\$524,747</u>	<u>\$76,901</u>	<u>\$ 91,711</u>	<u>\$36,775</u>	<u>\$546,712</u>
<b><u>1981</u></b>					
Mineral properties and land improve- ments	\$ 40,395	\$ 3,508	\$ 214	\$ (20)	\$ 43,669
Buildings	103,580	11,497	860	(992)	113,225
Machinery and equipment	330,238	60,069	19,119	(3,335)	367,853
	<u>\$474,213</u>	<u>\$75,074</u>	<u>\$ 20,193</u>	<u>\$(4,347)</u>	<u>\$524,747</u>

Note:

- (a) Includes the current year translation effect of the Company's foreign operations and in 1982 includes \$48,120 permanent impairment provision in the carrying amount of assets related to the Company's open-pit mining operation at Asbestos, Quebec, Canada.



Manville Corporation  
**Schedule VIII—Valuation and Qualifying Accounts and Reserves**  
for the Years Ended December 31  
(Thousands of dollars)

Col. A	Col. B	Col. C Additions		Col. D	Col. E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts (a)	Deductions (b)	Balance at End of Period
<b>1983</b>					
ALLOWANCES REDUCING THE ASSETS IN THE BALANCE SHEET:					
Doubtful accounts receivable	\$4,066	\$2,300		\$ 2,695	\$3,671
Cash discounts	1,649		\$15,240	15,653	1,236
Allowances	1,840		11,757	9,506	4,091
Total	<u>\$7,555</u>	<u>\$2,300</u>	<u>\$26,997</u>	<u>\$27,854</u>	<u>\$8,998</u>
<b>1982</b>					
ALLOWANCES REDUCING THE ASSETS IN THE BALANCE SHEET:					
Doubtful accounts receivable	\$3,474	\$4,077		\$ 3,485	\$4,066
Cash discounts	1,465		\$15,653	15,469	1,649
Allowances	2,115		10,167	10,442	1,840
Total	<u>\$7,054</u>	<u>\$4,077</u>	<u>\$25,820</u>	<u>\$29,396</u>	<u>\$7,555</u>
<b>1981</b>					
ALLOWANCES REDUCING THE ASSETS IN THE BALANCE SHEET:					
Doubtful accounts receivable	\$3,829	\$2,960		\$ 3,315	\$3,474
Cash discounts	1,346		\$17,850	17,731	1,465
Allowances	2,533		9,338	9,756	2,115
Total	<u>\$7,708</u>	<u>\$2,960</u>	<u>\$27,188</u>	<u>\$30,802</u>	<u>\$7,054</u>

Notes:

(a) Charged against sales.

(b) Charges for which reserves were provided, net of recoveries.



Manville Corporation  
**Schedule IX—Short-Term Borrowings**  
for the Years Ended December 31  
(Thousands of dollars)

<u>Col. A</u>	<u>Col. B</u>	<u>Col. C</u>	<u>Col. D</u>	<u>Col. E</u>	<u>Col. F</u>
Category of Aggregate Short-Term Borrowings	Balance at End of Period (a)	Weighted Average Interest Rate	Maximum Month-End Amount Outstanding During the Period	Average Amount Outstanding During the Period (b)	Weighted Average Interest Rate During the Period (c)
<u>1982</u>					
Commercial Paper	-0-		\$94,875	\$42,383	15.4%
Bank Borrowings	-0-		-0-	3,570	10.3
<u>1981</u>					
Commercial Paper	-0-		88,189	57,011	17.1

Notes:

- (a) At August 26, 1982 the Company had \$61.2 million of commercial paper and bank borrowings outstanding, which is included in Liabilities Subject To Chapter 11 Proceedings. Subsequent to filing Chapter 11, the Company has not incurred any domestic short-term borrowing.
- (b) The average amount outstanding is based on the average monthly outstanding balance.
- (c) The weighted average interest rate is based on the monthly accrued interest divided by the average outstanding balance during each month.



Manville Corporation  
**Schedule X—Supplementary Income Statement Information**  
for the Years Ended December 31  
(Thousands of dollars)

<u>Col. A</u> <u>Item</u>	<u>Col. B</u>		
	<u>Charged to Costs and Expenses</u>		
	<u>1983</u>	<u>1982</u>	<u>1981</u>
Maintenance and repairs	\$126,678	\$112,161	\$126,168
Taxes other than income and payroll	25,284	29,639	28,547



# MANVILLE CORPORATION

## Exhibit Index to Form 10-K for Fiscal Year Ended December 31, 1983

<u>Exhibit</u>		<u>Page</u>
2(a)	Stock Purchase Agreement between Johns-Manville Corporation and 122295 Canada Inc. dated September 16, 1983 and related documents	Incorporated herein by reference to Exhibit 28 of Registrant's report on Form 8-K filed with the Securities and Exchange Commission on October 11, 1983.
2(b)	Proposed Joint Plan of Reorganization and related documents for Manville Corporation and certain of its subsidiaries	Incorporated herein by reference to Exhibits 28(a)-(d) of Registrant's report on Form 8-K filed with the Securities and Exchange Commission on December 11, 1983.
3	Articles of Incorporation and By-Laws	Incorporated herein by reference to Exhibits 1 and 2(a), respectively, of Registration Statement on Form S-14 (File No. 2-73992).
4(a)	Articles of Incorporation and By-Laws	Incorporated herein by reference to Exhibits 1 and 2(a), respectively, of Registration Statement on Form S-14 (File No. 2-73992).
4(b)	Registered Notes (9.7%), \$100 million principal amount due 1985	Incorporated herein by reference to Registration Statement on Form S-7 (File No. 2-64226).
4(c)	Registered Sinking Fund Debentures (7.85%), \$75 million principal amount due 2004	Incorporated herein by reference to Registration Statement on Form S-7 (File No. 2-49877).
4(d)	Term Loan, \$100 million principal amount due 1984-1990	Registrant agrees to furnish a copy of such agreement to the Securities and Exchange Commission upon request.
4(e)	Notes Payable to Insurance Companies, \$84 million principal amount due 1982-1996	Registrant agrees to furnish a copy of such agreement to the Securities and Exchange Commission upon request.
11	Computation of Earnings (Loss) Per Common Share	81
13	Annual Report to Security Holders	Registrant's Annual Report to Shareholders for fiscal year ended December 31, 1983 has been substantially incorporated by reference into this Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 30, 1984.
22	Subsidiaries of Registrant	82



Manville Corporation  
**Computation of Earnings (Loss) Per Common Share**

For the Years Ended December 31  
 (Thousands except per share amounts)

	1983	1982	1981
Weighted Average Common Shares Outstanding	23,992	23,825	23,166
Earnings (Loss) from Continuing Operations	\$ 60,126	\$ (20,953)	\$ 49,458
Less, Preferred Dividend Requirements:			
Declared and Paid		(12,495)	(24,987)
Undeclared	(24,990)	(12,495)	
Earnings (Loss) from Continuing Operations after Deduction of Preferred Dividend Requirements	\$ 35,136	\$ (45,943)	\$ 24,471
Earnings (Loss) from Discontinued Operations:			
Asbestos Fiber	\$ 7,068	\$ (66,723)	\$ 13,938
Pipe		(9,908)	(3,076)
	\$ 7,068	\$ (76,631)	\$ 10,862
Per Share Amount:			
Continuing Operations	\$ 1.47	\$ (1.93)	\$ 1.06
Discontinued Operations			
Asbestos Fiber	.29	(2.80)	.60
Pipe		(.41)	(.13)
Net Earnings (Loss) Per Common Share	\$ 1.76	\$ (5.14)	\$ 1.53

Note: Net earnings (loss) per common share assuming full dilution would be the same as above.



## SUBSIDIARIES OF THE REGISTRANT

Subsidiaries of Manville and the jurisdiction in which each company was incorporated are listed below. Unless otherwise indicated parenthetically, all of the voting securities of each subsidiary are owned by the Company. A number of companies not important to an understanding of Manville's businesses have been omitted. Such subsidiaries in the aggregate would not constitute a significant subsidiary. The following subsidiaries are included in the Company's consolidated financial statements.

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
Johns-Manville Corporation	—New York
European Overseas Corporation	—Delaware
Johns-Manville India Ltd.	—Delaware
Johns-Manville International Corporation	—Delaware
Johns-Manville Sales Corporation	—Delaware
Manville Canada Inc.	—Ontario
Rocky Mountain International Insurance Co.	—Bermuda
Termoacusticos S.A. de C.V.	—Mexico
Manfinance N.V.	—Netherlands Antilles
Manville Building Materials Corporation	—Delaware
Manville DISC Corporation	—Delaware
Manville Forest Products Corporation	—Delaware
Arkansas & Louisiana Missouri Railway Co.	—Louisiana
Manville International Corporation	—Delaware
Glaswerk Schuller G.m.b.H.	—Germany
International Manville Corporation	—Delaware
Manville Australasia Pty. Ltd.	—Delaware
Manville de France S.A.	—France
Rochebrune-Malmaison S.A.	—France
Manville Deutschland G.m.b.H.	—Germany
Manville do Brazil Isolantes Termicos Ltda.	—Brazil
Manville Espanola S.A.	—Spain
Manville Europe Corporation	—Delaware
Manville Export Corporation	—Delaware
Manville (Great Britain) Ltd.	—United Kingdom
Manville h.f.	—Iceland
Manville Italiana S.p.A.	—Italy
Manville Japan Ltd.	—Japan
Manville Mexicana S.A. de C.V.	—Mexico
Manville Overseas Trade Corporation	—Delaware
Manville Singapore (Pte.) Ltd.	—Singapore
Manville Sudamericana Ltda.	—Brazil
Manville Investment Corporation	—Colorado
Manville Products Corporation	—Delaware
Holophane Europe Ltd.	—England
Holophane S.A. de C.V. (98%)	—Mexico
Manville Produtos Florestais Ltd.	—Brazil
Lages Reflorestamento Ltda.	—Brazil
Igaras-Servicos Agro-Florestais Ltd.	—Brazil
Manville Properties Corporation	—Delaware
Allan-Deane Corporation	—Delaware
Ken-Caryl Ranch Corporation	—Delaware
Manville Service Corporation	—Delaware
Manville Canada Service Inc.	—Ontario



## POWER OF ATTORNEY

Know all men by these presents that each person whose signature appears below does hereby constitute and appoint **J.A. McKINNEY, G.E. PARKER** and **R.A. BOARDMAN**, and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any of all amendments to this report, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission granting unto said attorney-in-fact and agent, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them, or his substitute or substitutes, lawfully do or cause to be done by virtue hereof.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in the City of New York, State of New York as of the 2nd day of March, 1984.

MANVILLE CORPORATION  
(Registrant)

By ..... /s/ J. A. McKINNEY  
J. A. McKINNEY  
*Chairman, Chief Executive Officer  
and President*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities indicated as of March 2nd, 1984.

<u>Signature</u>	<u>Title</u>
<b>Principal Executive Officer:</b>	
..... /s/ J. A. McKINNEY (J. A. McKINNEY)	Chairman, Chief Executive Officer, President and Director
<b>Principal Financial Officer:</b>	
..... /s/ G. R. JOHANNES (G. R. JOHANNES)	Senior Vice President, Finance
<b>Principal Accounting Officer:</b>	
..... /s/ J. F. KNOTH (J. F. KNOTH)	Vice President and Controller



<u>Signature</u>	<u>Title</u>
<b>Director (other than above Officer-Director)</b>	
/s/ J. JACQUES BEAUCHEMIN ..... (J. JACQUES BEAUCHEMIN)	Director
/s/ GEORGE C. DILLON ..... (GEORGE C. DILLON)	Director
/s/ ROBERT L. GEDDES ..... (ROBERT L. GEDDES)	Director
/s/ WILLIAM C. JANSS ..... (WILLIAM C. JANSS)	Director
/s/ JOHN A. LOVE ..... (JOHN A. LOVE)	Director
/s/ WILLIAM F. MAY ..... (WILLIAM F. MAY)	Director
/s/ GEORGE B. MUNROE ..... (GEORGE B. MUNROE)	Director
/s/ G. EARL PARKER ..... (G. EARL PARKER)	Senior Vice President and Director
/s/ JOHN P. SCHROEDER ..... (JOHN P. SCHROEDER)	Director
/s/ WILLIAM D. TUCKER, JR. ..... (WILLIAM D. TUCKER, JR.)	Director
/s/ CHARLES J. ZWICK ..... (CHARLES J. ZWICK)	Director



## GENERAL SUBJECT INDEX

<u>Subject</u>	<u>Page</u>
Accountants' Report .....	16
Balance Sheets (Consolidated) .....	6
Bankruptcy Matters-Chapter 11 .....	2, 24
Financial Discussion .....	9
Legal Proceedings .....	40
Business Segment Information .....	25
Changing Price Information .....	19
Directors .....	61
Discontinued Operations .....	7, 15
Dividends .....	4, 60
Earnings (Loss) Per Common Share .....	81
Employee Information .....	31
Energy Supplies .....	30
Environmental Regulations .....	31
Executive Officers .....	65
Exhibits .....	80
Fiber Glass Products .....	25
Financial Highlights .....	Front Cover
Forest Products .....	26
Industrial and Specialty Products and Services .....	29
Legal Proceedings .....	40
Environmental Proceedings .....	59
Insurance Litigation .....	56
Occupational Health and Product Litigation .....	49
Reorganization Proceedings under Chapter 11 .....	40
Securities Litigation .....	58
Letter to Shareholders .....	1
Management's Discussion and Analysis of Results of Operations and Financial Condition .....	2
Management's Report .....	16
Management Remuneration .....	66
Mining Operations .....	39
Nonfiber Glass Insulations .....	28
Notes to Financial Statements .....	9
Patents & Licensing .....	31
Product Information .....	25
Properties .....	32
Quarterly Financial Data .....	23
Raw Material Availability .....	30
Research & Development .....	31
Roofing Products .....	29
Security Ownership of Certain Beneficial Owners and Management .....	69
Significant Developments .....	24
Statements of Changes in Financial Positions (Consolidated) .....	8
Statements of Operations and Earnings Reinvested (Consolidated) .....	7















## Shareholder Information

### About Manville Stock

Manville had approximately 20,844 common and 20,490 preferred shareholders of record at March 26, 1984. Manville is registered on the New York Stock Exchange (symbol Man), and its stock is traded on the Boston, Cincinnati, Midwest, Pacific and Philadelphia exchanges. As a result of its Chapter 11 proceedings, the Company is not in compliance with certain rules of the New York Stock Exchange, Inc. Accordingly, both issues of the Company's stock as well as its debt securities are subject to delisting at anytime.

**Annual Meeting**—The Company has not scheduled a 1984 Annual Meeting of Shareholders due to the Chapter 11 proceedings.

### Comparative Stock Data

	1983			1982		
	High	Low	Dividend **	High	Low	Dividend
<b>Market Prices Per Common Share*</b>						
For the Quarters Ended						
March 31	13 <sup>3</sup> / <sub>8</sub>	10	—	16 <sup>1</sup> / <sub>2</sub>	13 <sup>1</sup> / <sub>4</sub>	\$ .48
June 30	16 <sup>5</sup> / <sub>8</sub>	11 <sup>1</sup> / <sub>8</sub>	—	14 <sup>1</sup> / <sub>8</sub>	8 <sup>3</sup> / <sub>4</sub>	.20
September 30	15 <sup>3</sup> / <sub>4</sub>	10 <sup>3</sup> / <sub>8</sub>	—	11 <sup>5</sup> / <sub>8</sub>	4 <sup>1</sup> / <sub>4</sub>	—
December 31	13 <sup>3</sup> / <sub>8</sub>	10	—	11 <sup>7</sup> / <sub>8</sub>	5 <sup>1</sup> / <sub>8</sub>	—
<b>Market Prices Per Preferred Share*</b>						
For the Quarters Ended						
March 31	24 <sup>7</sup> / <sub>8</sub>	17 <sup>3</sup> / <sub>4</sub>	—	33 <sup>3</sup> / <sub>4</sub>	31 <sup>1</sup> / <sub>4</sub>	\$1.35
June 30	33 <sup>1</sup> / <sub>4</sub>	24 <sup>1</sup> / <sub>8</sub>	—	34	26 <sup>3</sup> / <sub>8</sub>	1.35
September 30	29	26	—	31 <sup>1</sup> / <sub>4</sub>	13 <sup>1</sup> / <sub>8</sub>	—
December 31	33 <sup>3</sup> / <sub>4</sub>	23 <sup>3</sup> / <sub>8</sub>	—	21	12	—

\*The high and low sales price of the Company's common and preferred stock is based on the sales transactions reported by the New York Stock Exchange, Inc.

\*\*No dividend has been declared on the Company's common or preferred stock since the filing of the Chapter 11 petitions. See Management's Discussion and Analysis of Results of Operations and Financial Condition.

### Additional Information

Shareholders and other individuals interested in receiving additional information about the Company, may call (303) 978-3882 or write to:

Manville Corporation  
Corporate Relations  
Ken-Caryl Ranch  
P.O. Box 5108  
Denver, CO 80217

For product information  
call (303) 978-4900 or  
Write to:  
Manville Corporation  
Product Information Center  
Ken-Caryl Ranch  
P.O. Box 5108  
Denver, CO 80217

#### Transfer Agent and Registrar

Morgan Guaranty Trust  
Company of New York  
30 West Broadway  
New York, NY 10015

#### Counsel

Davis Polk & Wardwell  
1 Chase Manhattan Plaza  
New York, NY 10005

#### Auditors

Coopers & Lybrand  
2500 Anaconda Tower  
Denver, CO 80202



# Manville

Manville Corporation  
Ken-Caryl Ranch  
P.O. Box 5108  
Denver, CO 80217