Manville

1982 Annual Report and Form 10-K

1982... A year of significant challenges, accomplishments

Contingent liabilities for asbestos-health claims cause Manville to file for Chapter 11 reorganization to deal equitably with creditors and claimants.

Considerable progress in productivity improvements and expense controls.

Re-examination of business mix potential; appropriate divestments and acquisitions effected.

Fiber glass, forest products and roofing emerging as major, core businesses.

Before unusual adjustments, Manville operations profitable despite severe recession.

Losses on asset dispositions, adjustments for asset impairments and other unusual charges total $137 million.

Manville Corporation*
Annual Report and Form 10-K
for the fiscal year ended
December 31, 1982

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Annual Report and Form 10-K

This 1982 Annual Report to Shareholders incorporates data required in Manville's Annual Report on 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 in the above Table of Contents.

* "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.

Securities and Exchange Commission
Washington, D.C. 20549

Form 10-K Annual Report

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

December 31, 1982

Commission file number 1-8247

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 X No __

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of March 1, 1983 was approximately $263,900,000.

As of March 1, 1983, there were approximately 23,990,000 shares of the registrant's sole class of common stock outstanding.

Manville Facts

Manville Corporation is the parent corporation of diversified manufacturing, mining and forest products subsidiaries. Headquartered in Denver, Colorado, the Company continues businesses begun 125 years ago.

Manville is:

- **the developer and world's largest producer of fiber glass-based roofing shingles**
- **one of the world's leading insulation manufacturers**
- **a major producer of beverage carrierboard and cartons**
- **the largest producer of diatomite, a filtering agent used for beverages, pharmaceuticals and foods**
- **engaged in mining asbestos, diatomite and perlite.**

The New York Stock Exchange listed company and its subsidiaries employ 20,550 persons worldwide and have total assets of approximately $2 billion. Manville operates more than 75 plants, mines, and sales and administrative offices, about one-third of which are outside of the U.S.

Financial Highlights (Thousands of dollars except per share amounts)

Years Ended December 31	**1982**	1981	1980	1979	1978
Net Sales from Continuing Operations	**$1,772,229**	$2,021,783	$2,080,928	$2,030,422	$1,400,074
Earnings (Loss) from Continuing Operations	**$ (87,676)**	$ 63,396	$ 82,242	$ 106,677	$ 109,908
Funds Provided by Continuing Operations	**$ 108,021**	$ 126,298	$ 178,833	$ 222,444	$ 166,665
Long-Term Debt and Redeemable Preferred Stock	**$ 312,749**	$ 808,420	$ 819,573	$ 831,828	$ 842,135
Total Assets	**$2,236,104**	$2,297,814	$2,338,159	$2,323,172	$2,216,955
Per Common Share Data:					
Earnings (Loss) from Continuing Operations	**$(4.73)**	$1.66	$2.54	$3.77	$5.88
Dividends	**$ .68**	$1.92	$1.92	$1.89	$1.80

Notes:

1 Net sales and earnings information for 1978 through 1981 have been restated to segregate the results of discontinued operations. Refer to Note 16 in Notes to Consolidated Financial Statements.

2 Long-Term Debt for 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.

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MANVILLE CORPORATION 1982 ANNUAL REPORT AND FORM 10-K

ERRATUM

NOTE: There is a misprint on page 33 in the second paragraph under the section captioned "Employees".

The paragraph should be changed to read as follows:

"During 1982, the Company embarked on a program to reduce the number of salaried employees through early retirement incentives and consolidation of jobs. The number of salaried employees was decreased by approximately ***1500*** as a result of the program. In addition, the Company reduced the number of hourly employees by ***2000*** during the course of the year. On December 31, 1982, the Company's domestic pipe operations were sold resulting in a further reduction of 765 hourly and 290 salaried employees."

Dear Shareholder,

Your management continues to respond to its two primary responsibilities: resolving our Chapter 11 proceedings in a manner that permits the Company to continue to operate its businesses efficiently and profitably and that achieves the highest possible recoveries for creditors and shareholders.

The Company is developing a plan of reorganization which will ultimately be filed with the bankruptcy court. Since adoption of such a plan requires approval of each class of affected creditors, the Company is continuing its efforts to negotiate with these creditors' representatives and reach substantial agreement on the important elements of a plan prior to filing a formal plan.

Until a plan of reorganization is approved by creditors and confirmed by the court, no dividends can be paid. In this regard, no dividend has been declared on the Company's cumulative preferred or common stock since the Chapter 11 filing. The reorganization plan will specify how equity securities of the Company will be affected by the Chapter 11 proceedings and whether unpaid dividends, if any, can be paid. Both the common and preferred stock continue to trade on the New York Stock Exchange. Both issues should be considered as speculative investments with significant risk to the investor.

The Company has not scheduled a 1983 Annual Meeting of Shareholders due to the pending Chapter 11 proceedings.

Manville earned $49.2 million from continuing operations in 1982, but unusual charges of $136.9 million related to asset impairments, business dispositions and other nonrecurring items resulted in a reported loss from continuing operations of $87.7 million and a net loss for 1982 of $97.6 million.

The Company achieved increased efficiencies in 1982 by completing its corporate-wide downsizing program, implementing additional productivity improvements and expense controls, and disposing of businesses no longer compatible with Manville's overall business objectives. Despite these measures, the performance of the Company's operations was negatively impacted by the worldwide recession which severely affected the Company's sales to the construction and automotive markets. We anticipate that steady improvement in our operating results will occur in what appears to be a determined economic recovery.

We remain committed to meeting the challenges and opportunities presented to us. Your active support in this endeavor is important to a successful conclusion.

Sincerely yours,

John A. McKinney
Chairman of the Board
and President

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 (the "Debtor Corporations") filed separate petitions seeking reorganization under Chapter 11 of the Bankruptcy Reform Act of 1978. 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

In December 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. Consequently, the consolidated results of operations for all periods presented have been restated to segregate the results of the discontinued business. The following comparisons of "1982 vs. 1981" and "1981 vs. 1980" have been prepared after eliminating the effects of the discontinued operations except where specifically stated.

1982 vs. 1981

The worldwide recession, which continued in 1982, is the primary reason for a 12% 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 Company believes that the filing under Chapter 11 has had no significant effect on the level of net sales.

The current U.S. recession in construction-related markets has adversely affected operating results since late 1979. The volume of shipments of U.S. manufactured products was approximately 13% lower in 1982 than in 1981, which is 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 are 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.

Net sales of Canadian operations decreased 28% in 1982 from comparable 1981 levels as a result of substantial reductions in volumes of shipments of both asbestos fiber and manufactured products coupled with the decline in the value of the Canadian dollar relative to the U.S. dollar. Selling price increases of Canadian manufactured products were more than offset by selling price declines experienced in asbestos fiber markets. In addition, U.S. dollar net sales by overseas subsidiaries decreased more than 8% 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 $8.3 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 remained virtually unchanged 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. During 1982, the Company's major production facilities generally operated at 50% to 65% of effective capacity. However, these negative impacts were partially offset by the initial effects of the overhead reduction program completed in 1982 which enabled the Company to lower its break-even production levels and due to the liquidation of LIFO inventories of $8.5 million.

The 22% 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. The Company did experience improvements, however, in the second half of 1982, primarily as a result of the programs to control expenses and improve productivity.

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 has not been accrued after the filing date of the petitions for reorganization.

The Company recorded three major unusual items during 1982:

- —recognition of permanent impairment of the asset carrying amounts related to its open-pit asbestos mine in Quebec, Canada and of investments in two Mexican subsidiaries totaling $82.1 million, including income taxes;
- —a $33.9 million net earnings charge for loss on dispositions of various operations; and
- —a $20.9 million after-tax provision for employee separation and retirement incentive costs.

These three major items combined to reduce earnings before income taxes by $149.7 million and net earnings by $136.9 million, or $5.75 per common share. For additional information relating to these charges, see "Notes to Consolidated Financial Statements."

Asbestos-health costs, which consist primarily of workers' compensation costs and legal fees, increased from $12.8 million in 1981 to $16.1 million in 1982 as a result of increased activity in the litigation and disposition of asbestos-health claims prior to the filing of petitions for reorganization. Substantially all pending lawsuits against the Debtor Corporations at the date of the filings have been stayed. In addition, the Company incurred $2.1 million of expenses related to the Chapter 11 proceedings during 1982 and has reflected these costs in a separate caption on the consolidated statements of operations.

Excluding the effects of asset impairments and dispositions, the 1982 income tax rate of 48.1% increased over the 46.8% tax rate on continuing operations for 1981. The higher effective tax rate occurred in spite of a $4 million accrual in 1981 relating to a domestic international sales corporation (DISC). The effect of this 1981 accrual on the year-to-year comparison was more than offset by the effects on a lower pre-tax earnings amount of a relatively flat level of tax on U.S. foreign source income and higher U.S. state and local taxes.

In December 1982, the Company sold substantially all the assets of its Pipe Products and Systems business segment for approximately $55 million, resulting in a $2.8 million loss on sale of discontinued operations. The loss on sale of discontinued operations includes a pre-tax earnings effect of $27.8 million relating to the liquidation of LIFO inventories. In accordance with generally accepted accounting principles, the Company's consolidated statements of operations have been restated for the three years ended December 31, 1982 to segregate the loss from operations of the discontinued business. The following table summarizes the restatement effect for the years ended December 31:

	(Thousands of dollars)		
	1982	1981	1980
Net Sales	**$141,201**	$164,222	$185,876
Loss from Operations	**$(12,360)**	$ (5,061)	$ (2,282)
Interest Expense	**$ 1,015**	$ 1,082	$ 1,115
Net Loss	**$ (7,079)**	$ (3,076)	$ (1,606)

Although the timing and extent of the long-awaited rebound of construction activity cannot be accurately predicted, signs of a recovery appear in economic indicators such as housing starts and durable goods. The Company believes that its operating results will show steady progress in what appears to be a determined improvement in the markets in which the Company operates. For additional comments and a discussion of the impact of inflation on the operations of the Company, see "Supplemental Information on Inflation and Changing Prices" beginning on page 20.

1981 vs. 1980

Net sales in 1981 were $59 million (2.8%) below the level of the prior year. With the exception of relative strength in residential fiber glass insulation, lighting, industrial specialty, and diatomite products, demand remained weak across a wide spectrum of the Company's products and markets. The volume of shipments of U.S. manufactured products was roughly 5% lower in 1981 than in 1980, while average U.S. selling price increases of around 7% during 1981 failed to keep pace with raw material and labor cost escalation. Canadian net sales dropped by 3% between 1980 and 1981. Lower asbestos fiber volume more than offset higher asbestos fiber selling prices and the improved performance of Canadian manufacturing operations. Also, net sales by overseas subsidiaries decreased approximately 15% in terms of U.S. dollars, with the major contributing factors being the recession in European economies and Brazil and the U.S. dollar's strength relative to most major foreign currencies.

Other revenues increased by over $12 million in 1981. The increase was largely due to a payment received from the grant of exploration rights on mineral acreage owned by Manville Forest Products Corporation in Louisiana.

The ratio of cost of sales to net sales rose for the third consecutive year in 1981 to 78.4%. The continuing deterioration in the gross profit margin is principally attributable to a lower level of capacity utilization than the prior year and the Company's inability to completely offset labor and raw material cost increases with higher selling prices. During 1981 many of the Company's major businesses operated at only about 50% to 75% of their effective production capacities.

The $7.3 million increase in interest expense in 1981 resulted for the most part from a higher average U.S. prime interest rate and from increased borrowings in Brazil.

The effective income tax rate on pre-tax earnings from continuing operations declined by 2 percentage points between 1981 and 1980 (46.8% versus 48.8%), principally due to the effects of relatively flat investment tax credit and timber capital gains benefit on a lower pre-tax earnings level. This lower effective income tax rate occurred despite the $4 million accrual in 1981 for income taxes relating to a DISC.

Earnings from continuing operations were $63.4 million in 1981, a 23% reduction from 1980, and included the following items that are not of a recurring nature:

—strike and strike-related expenses at four production facilities in California of approximately $4 million, net of income taxes;

—an accrual for income taxes relating to a DISC, which reduced earnings from continuing operations by $4 million;

—a $3 million write-off, net of income taxes, associated with the closing of Advocate Mines, Ltd., an asbestos mine in Newfoundland, Canada in which Johns-Manville Corporation has a 30.6% interest; and

—a resolution of litigation, which increased net earnings by $2.7 million with the reversal of a portion of the litigation reserves established at the time of the acquisition of the company now named Manville Forest Products Corporation.

During 1981 the Company elected to implement the accounting and reporting requirements of Financial Accounting Standards Board Statement No. 52, "Foreign Currency Translation". The new standard was adopted effective January 1, 1981. Had the standard been applied to operating results for 1980, it would not have significantly changed net earnings.

Capital Resources and Liquidity

The Company's Chapter 11 filings were precipitated by contingent liabilities resulting from claims, whether or not currently asserted, and litigation 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 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 availability 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 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.

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. While the Company operates under Chapter 11 proceedings, however, certain constraints on capital spending may be imposed by the Bankruptcy Court. Furthermore, parties in interest could seek to restrict the Company's ability to utilize proceeds from disposition of capital assets while the Company is in Chapter 11. No payments of pre-petition 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 cumulative preferred or common stock.

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 many 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 stocks 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, inventories generally increase during the winter months and decrease during the construction season.

During 1982, however, this typical pattern was interrupted for several reasons. Since the worldwide recession continued throughout 1982 and adversely impacted many of the Company's operations, programs instituted during 1981 to conserve working capital by closely monitoring inventory levels were intensified. These programs are responsible for a $30 million reduction in inventory levels between the end of 1981 and the end of 1982. In addition, inventory levels decreased an additional $30 million between the two year-ends as a result of the sale of the U.S. pipe business and the Company's Belgian subsidiaries.

Customer receivables outstanding followed a typical seasonal pattern, but on a more reduced level due to the decline in net sales. An increase of approximately $20 million early in the year 1982 was followed by a somewhat larger decline at the end of the year. The Company believes that the Chapter 11 filings have not had a significant effect on the level of receivables outstanding or in the pattern of collections.

To the extent that seasonal working capital requirements and other cash needs in 1981 and for the period in 1982 prior to the Chapter 11 filings were not financed from operations, the Company borrowed funds at competitive rates. The amount of seasonal financing outstanding during 1981 rose from zero at the beginning of the year to a month-end high of $88 million in July, then declined to zero at December 31, 1981. During 1982, these seasonal borrowings peaked at a month-end high of $95 million at the end of April, then declined to approximately $62 million at the time of the filings under Chapter 11.

As of December 31, 1982, the Company had in excess of $200 million invested in short-term securities of which $36 million was restricted as to use. The amount invested is cash principally generated since the date of the filings related to the deferral of payments of trade payables, principal and interest due on debt instruments and other obligations 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 U.S. pipe operations in late 1982 and the disposition of eight container plants during 1981.

In recent years the Company has undertaken several large-scale capital expenditure programs which have substantially increased production capacity in many major product lines. Most of these programs had been largely completed by the end of 1980. As a result, the

Company is now positioned to participate fully in the expected growth in many of its markets during the 1980's. Significant unused production capacity currently exists in many operating areas which will permit large sales volume increases from the present production base. Effort will now be directed principally at improving productivity and cost efficiencies at existing operations. Consequently, the projected level of capital expenditures in 1983 is expected to be approximately $100 to $120 million.

The Company believes that its cash flow provided by operations will improve when the U.S. economy strengthens. Greater cash flow from operations is expected in future years from a combination of higher utilization of production capacity and a return of profit margins in the U.S. to more normal levels. It is unknown at this time what effects the Chapter 11 proceedings will have on the amounts of cash generated by future 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 provision will be made in any plan of reorganization for creditors and shareholders is uncertain at this time.

If a successful plan of reorganization is developed, it is anticipated that a substantial amount of cash will be paid out upon confirmation of such a plan. 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 court approval of significant capital expenditure projects or acquisitions outside the normal course of business;

—certain restrictions placed upon cash generated from divestitures under the asset management program and 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.

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. During 1983, the Company anticipates that the efforts on the part of both the creditors' committees and the Company will enable operations to progress in what appears to be an improving economy.

Manville Corporation

Consolidated Balance Sheets

December 31, 1982 and 1981

(Thousands of dollars)

Assets	**1982**	1981
Current Assets		
Cash *(including time deposits of $8,837 in 1982, $9,208 in 1981) (Note 3)*	**$ 11,532**	$ 14,081
Marketable securities, at cost *(approximates market) (Note 3)*	**205,666**	12,013
Receivables *(net of allowances of $7,555 in 1982, $7,054 in 1981)*		
Trade	**266,408**	288,702
Other	**44,382**	37,933
Inventories *(Notes 2b and 4)*	**151,879**	211,129
Prepaid expenses *(principally deferred income taxes)*	**16,583**	18,810
Total Current Assets	**696,450**	582,668
Property, Plant and Equipment, at cost *(Note 2c)*		
Land and land improvements	**108,002**	119,174
Buildings	**331,802**	363,308
Machinery and equipment	**1,090,337**	1,202,490
	1,530,141	1,684,972
Less, Accumulated depreciation and depletion	**546,712**	524,747
	983,429	1,160,225
Timber and timberlands, less cost of timber harvested	**402,034**	406,205
Property, plant and equipment, net	**1,385,463**	1,566,430
Other Assets *(principally investments and long-term receivables)*	**154,191**	148,716
	$2,236,104	$2,297,814
Liabilities		
Current Liabilities		
Short-term debt	**$ 11,892**	$ 29,437
Accounts payable	**85,867**	120,295
Compensation and employee benefits	**63,234**	77,477
Income taxes	**31,544**	30,335
Other accrued liabilities	**28,772**	58,031
Total Current Liabilities (Note 5)	**221,309**	315,575
Liabilities Subject To Chapter 11 Proceedings *(Note 5)*	**736,499**	
Long-Term Debt *(Notes 5 and 6)*	**11,949**	507,620
Other Non-Current Liabilities *(Note 5)*	**59,988**	86,411
Deferred Income Taxes *(Notes 2e and 15)*	**140,320**	184,924
	1,170,065	1,094,530
Contingencies and Commitments *(Notes 1 and 7)*		
Preferred Stock		
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: 1982 and 1981—4,627,689 shares *(Notes 1 and 8)*	**300,800**	300,800
Common Shareholders' Equity *(Note 1)*		
Common Stock, $2.50 par, authorized 50,000,000 shares; issued: 1982— 24,068,902 shares, 1981—23,640,675 shares *(Note 9)*	**60,172**	59,102
Capital in Excess of Par *(Note 9)*	**178,400**	173,950
Earnings Reinvested	**568,322**	695,362
Cumulative Currency Translation Adjustments *(Notes 2g and 10)*	**(39,234)**	(22,443)
	767,660	905,971
Less, Cost of treasury stock, 1982—79,389 shares, 1981—114,020 shares *(Note 9)*	**2,421**	3,487
	765,239	902,484
	$2,236,104	$2,297,814

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 (*Notes 2a and 16*)
(Thousands of dollars except per share amounts)

Operations	**1982**	1981	1980
Revenues			
Net sales	**$1,772,229**	$2,021,783	$2,080,928
Other income, net	**33,849**	42,120	29,545
Total	**1,806,078**	2,063,903	2,110,473
Costs and Expenses			
Cost of sales	**1,391,261**	1,584,591	1,613,157
Selling, general and administrative	**222,440**	237,916	240,215
Research, development and engineering	**28,821**	30,993	31,819
Total	**1,642,522**	1,853,500	1,885,191
Income from Operations	**163,556**	210,403	225,282
Interest Expense (*Note 1*)	**51,555**	71,579	64,264
Provision for Asset Impairments (*Note 12*)	**67,994**		
Loss on Dispositions of Assets (*Note 13*)	**42,470**	7,005	385
Employee Separation and Retirement Incentive Costs (*Note 14*)	**39,285**		
Asbestos Health Costs	**16,103**	12,756	
Chapter 11 Costs (Note 1)	**2,090**		
Earnings (Loss) from Continuing Operations Before Income Taxes	**(55,941)**	119,063	160,633
Income Taxes (*Notes 2e and 15*)			
Current	**33,307**	60,395	47,519
Deferred	**(1,572)**	(4,728)	30,872
Total	**31,735**	55,667	78,391
Earnings (Loss) from Continuing Operations	**(87,676)**	63,396	82,242
Discontinued Operations (*Note 16*)			
Loss from operations, net of income tax benefits of $6,296, $3,067 and $1,791, respectively	**(7,079)**	(3,076)	(1,606)
Loss on disposition, net of income tax benefit of $270	**(2,829)**		
Loss from Discontinued Operations	**(9,908)**	(3,076)	(1,606)
Net Earnings (Loss)	**$ (97,584)**	$ 60,320	$ 80,636

Earnings Reinvested			
Earnings Reinvested at Beginning of Year	**$ 695,362**	$ 704,725	$ 692,420
Net Earnings (Loss)	**(97,584)**	60,320	80,636
Dividends on Preferred Stock (*Notes 1 and 8*)	**(12,495)**	(24,987)	(24,919)
Dividends on Common Stock (*Note 1*)	**(16,096)**	(44,472)	(43,378)
Loss on Dispositions of Treasury Stock (*Note 9*)	**(865)**	(224)	(34)
Earnings Reinvested at End of Year	**$ 568,322**	$ 695,362	$ 704,725

Earnings (Loss) Per Common Share (*Notes 2f and 9*)			
Continuing Operations	**$(4.73)**	$1.66	$2.54
Discontinued Operations	**(.41)**	(.13)	(.07)
Net Earnings (Loss)	**$(5.14)**	$1.53	$2.47

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 *(Notes 2a and 16)*

(Thousands of dollars)

Funds Provided By	**1982**	1981	1980
Continuing Operations			
Earnings (Loss)	**$ (87,676)**	$ 63,396	$ 82,242
Items Not Requiring (Providing) Working Capital			
Depreciation and depletion	**79,614**	77,530	74,703
Provision for asset impairments	**75,918**		
Provision for the dispositions of assets	**34,246**	4,218	
Provision for retirement incentive costs	**29,600**		
Deferred income taxes (*non-current portion*)	**(24,238)**	(17,807)	16,392
Other, net	**557**	(1,039)	5,496
Funds Provided from Continuing Operations	**108,021**	126,298	178,833
Discontinued Operations *(Note 16)*			
Loss from Operations, Net of Items Not Requiring (Providing) Working Capital	**(2,676)**	1,372	2,518
Loss on Disposition, Net of Items Not Requiring Working Capital	**22,671**		
Funds Provided from Discontinued Operations	**19,995**	1,372	2,518
	128,016	127,670	181,351
Current Liabilities Subject To Chapter 11 Proceedings	**219,818**		
Dispositions of Property, Plant and Equipment	**16,514**	19,673	12,177
Issuance of Long-Term Debt	**5,780**	13,764	110,892
Issuance of Common Stock, Including Treasury Stock	**5,721**	12,178	13,128
Increase in Other Non-Current Liabilities	**330**	11,881	3,994
Issuance of Cumulative Preferred Stock		371	978
Reduction in Non-Current Assets Resulting from Exchange Rate Changes	**23,598**	19,247	
	$399,777	$204,784	$322,520
Funds Used For			
Additions to Property, Plant and Equipment	**$ 61,283**	$ 86,201	$129,745
Increase in Other Assets	**34,622**	35,837	13,001
Reduction in Long-Term Debt	**21,907**	22,939	124,125
Dividends on Common Stock *(Note 1)*	**16,096**	44,472	43,378
Dividends on Preferred Stock *(Notes 1 and 8)*	**12,495**	24,987	24,919
Net Change in Working Capital (includes $219,818 in 1982 related to reclassifications to liabilities subject to Chapter 11 proceedings)	**208,048**	(38,437)	(12,648)
Reduction in Non-Current Liabilities and Common Shareholders' Equity Resulting from Exchange Rate Changes	**45,326**	28,785	
	$399,777	$204,784	$322,520
Working Capital Changes			
Current Assets			
Cash	**$ (2,549)**	$ (5,618)	$ 1,007
Marketable securities	**193,653**	(171)	2,163
Trade receivables	**(22,294)**	(25,942)	(13,548)
Other receivables	**6,449**	2,441	2,049
Inventories (includes $23,238 in 1982 related to discontinued operations)	**(59,250)**	(2,846)	(12,239)
Prepaid expenses	**(2,227)**	(1,023)	(10,654)
Net Increase (Decrease)	**113,782**	(33,159)	(31,222)
Current Liabilities			
Short-term debt	**17,545**	(7,688)	10,659
Accounts payable	**34,428**	5,427	8,888
Compensation and employee benefits	**14,243**	2,714	(7,205)
Income taxes	**(1,209)**	(8,646)	13,143
Other accrued liabilities	**29,259**	2,915	(6,911)
Net Increase (Decrease)	**94,266**	(5,278)	18,574
Net Change in Working Capital	**$208,048**	$(38,437)	$(12,648)

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

Notes to Consolidated Financial Statements

Note 1—Chapter 11 Proceedings

On August 26, 1982, Manville Corporation and substantially all of its United States and Canadian consolidated subsidiaries (the "Debtor Corporations") filed separate petitions in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") seeking reorganization under Chapter 11 of the Bankruptcy Reform Act of 1978, as amended (the "Bankruptcy Code"). The filings were precipitated by contingent liabilities resulting from pending and potential litigation related to the asbestos-health issue. See the discussion provided in Item 3. Legal Proceedings, regarding the pending Chapter 11 proceedings.

Under Chapter 11, substantially all litigation and 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. Interest on unsecured obligations of the Debtor Corporations has not been accrued in the consolidated financial statements since the date of the filing of the petitions for reorganization. In addition, no dividend has been declared or accrued on the Company's cumulative preferred or common stock since that date.

On August 26, 1982, litigation was pending 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 one or more of the Debtor Corporations. On the basis of epidemiological and statistical reports, using conservative assumptions favorable to Manville, Manville Corporation projected that more than 32,000 additional asbestos-health related lawsuits would be filed against one or more of the Debtor Corporations by the year 2001.

Those reports also resulted in the conclusion that the Company's disposition costs for the asbestos-health related claims, whether or not currently asserted (the "A-H Claims"), if they continued to be resolved through conventional tort litigation, would average at least $40,000 per claim. The $40,000 per claim projection was estimated in the reports through the use of statistical smoothing techniques applied to the Company's recent disposition cost excluding punitive damages (as opposed to historical averages). Included in this $40,000 amount is approximately $7,500 per claim for Manville's outside legal expenses. If the disposition cost (including legal fees) of the A-H Claims were to average approximately $40,000 per claim as projected, the aggregate cost of disposing of the A-H Claims through conventional tort litigation would be at least $1.9 billion. The Company's historical average disposition cost for all cases disposed of through December 31, 1982 (approximately 4,110 claims) is $16,845 per claim excluding legal costs and verdicts on appeal.

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 A-H Claims and other liabilities, whether or not currently asserted, in full when due.

In addition to 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").

On February 5, 1983, the Debtor Corporations filed a complaint in the Bankruptcy Court petitioning the Court to estimate the number of and the value attributable to all A-H Claims against the Debtor Corporations (the "Estimation Proceeding"). Unless a consensual Chapter 11 plan is adopted, the Company believes that until the Bankruptcy Court estimates and fixes the total amount allowable for the class of contingent asbestos-health claimants, any plan of reorganization may be delayed. The Debtor Corporations have not petitioned the Bankruptcy Court for a determination of the respective rights, as among class members, to any portion of the amount so estimated or as to the merits of a particular class member's claim for relief. Determination of such rights will be made in connection with the formulation and approval process of a plan of reorganization.

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 and Other Claims (collectively the "Claims") to the Debtor Corporations. The uncertainties include:

—the resolution of the above-referenced Estimation Proceeding;

—the method by which the A-H Claims will be satisfied;

—the effect of the Chapter 11 filing and attendant publicity on the number 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 is resolved; and

—the method by which the Other Claims will be estimated and satisfied.

The litigation pending against the Company's insurers is discussed in this report at Item 3. Legal Proceedings.

Because of these uncertainties, the eventual disposition of the Claims cannot be predicted at this time and the ultimate loss to the Debtor Corporations, after application of estimated insurance recoveries, cannot be reasonably determined in accordance with Financial Accounting Standards Statement No. 5, "Accounting for Contingencies". Accordingly, while the ultimate liability of the Debtor Corporations could have a material adverse effect on Manville's consolidated financial position and future results of operations, no 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 Company's ability to pay and continuation of the Company's businesses. While it is possible that full recoveries will be realized, there can be no assurance at this time that the liabilities of the Debtor Corporations will not be found to exceed their assets. This could result in claims being provided for at less than 100% of their face value and the equity of the Company's common and preferred shareholders being diluted or cancelled. It is impossible at this time to predict the actual recovery which different classes of creditors and shareholders will realize.

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.

(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 thirty 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. Past and prior service costs are amortized over periods of up to 30 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.

(g) Foreign Currency Translation

Effective January 1, 1981, the Company conformed to the accounting standard prescribed by the Financial Accounting Standards Board (FASB) in its Statement No. 52, "Foreign Currency Translation".

(h) Formation of Holding Company

Effective October 30, 1981, Johns-Manville Corporation was reorganized into a holding company structure with Manville Corporation, a Delaware corporation, as the parent company.

Note 3—Cash and Marketable Securities

Pursuant to an order of the Bankruptcy Court, the Company has been required to place certain funds in segregated interest-bearing accounts. The $36 million total funds restricted as of December 31, 1982 are principally related to proceeds on the sale of assets and classified as Marketable Securities.

Note 4—Inventories

The major classes of inventories were as follows:

	(Thousands of dollars)	
	1982	1981
Finished goods and goods-in-process	**$ 78,695**	$110,457
Raw materials	**47,799**	70,823
Supplies	**25,385**	29,849
	$151,879	$211,129

The opening and closing balances of inventories and the approximate excess of current values over amounts for financial reporting were as follows:

	(Thousands of dollars)	
	Financial Reporting Amounts	Excess of Current Values
Years ended December 31:		
1982	$151,879	$112,740
1981	211,129	156,535

Note 5—Liabilities Subject To Chapter 11 Proceedings

The Current Liabilities, Long-Term Debt and Other Non-Current Liabilities reflected on the Company's December 31, 1982 consolidated balance sheet relate to post-petition liabilities of Debtor Corporations and/or obligations not subject to Chapter 11 proceedings.

At December 31, 1982, 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 Court proceedings):

		(Thousands of dollars)
Debt and other borrowings:		
Secured	$109,623	
Unsecured	427,691	$537,314
Accounts payable		87,972
Other accrued claims		111,213
		$736,499

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.

Note 6—Long-Term Debt

Long-term debt consisted of the following:

	(Thousands of dollars)	
	1982	1981
Mortgages and loans (*principally of foreign subsidiaries*), 6.00% to 13.55%, due 1983 through 1994	**$14,098**	$ 38,586
Capitalized lease obligations, 7.7% to 10.4%, maturing 1983	**128**	54,030
Term loan		100,000
Registered notes		100,000
Notes payable to insurance companies		88,088
Registered sinking fund debentures		75,000
Mortgage loan on headquarters building		68,065
	14,226	523,769
Less, Current maturities	**2,277**	16,149
	$11,949	$507,620

Long-term debt maturities at December 31, 1982 were as follows:

	(Thousands of dollars)
1983	$ 2,277
1984	4,058
1985	4,833
1986	1,251
1987	942
After 1987	865
	$14,226

At December 31, 1982, the Long-Term Debt reflected on the Company's consolidated balance sheet relates to obligations not subject to Chapter 11 proceedings (see Note 5).

Note 7—Leases

Total rental expense charged to continuing operations was $19,387,000 in 1982, $21,960,000 in 1981, and $24,014,000 in 1980.

At December 31, 1982, minimum rental commitments of the Company and its subsidiaries under long-term noncancelable operating leases were as follows:

	(Thousands of dollars)
1983	$ 7,302
1984	5,487
1985	3,873
1986	3,604
1987	2,183
After 1987	10,293
	$32,742

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. The sinking fund provision may be affected by a plan of reorganization (see Note 1).

Preferred stock dividends have not been declared or accrued since the second quarter of 1982. The amount of dividends that have not been declared or accrued are $12,495,000 ($2.70 per share).

Note 9—Common Stock

Activity relating to common stock was as follows:

	Common Stock		Capital in Excess of Par	Treasury Stock	
	(Thousands of dollars)				
	Shares	Amount	Amount	Shares	Amount
Balance at January 1, 1980	22,456,693	$56,142	$152,228	142,879	$ 4,369
Common stock issued in connection with:					
Employee stock purchase plan	513,687	1,284	10,390		
Exercise of common stock options	40,053	100	976		
Treasury stock issued in connection with:					
Employee stock ownership plan				(8,844)	(270)
Deferred compensation plans				(2,091)	(64)
Exercise of stock appreciation rights				(2,548)	(78)
Balance at December 31, 1980	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

Under the Company's incentive programs, stock options have been granted to certain key employees to purchase shares of the Company's common stock. These options expire ten years, and are exercisable one year, after the date of grant. Stock appreciation rights have been granted on some stock options and 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 are no significant charges to operations relating to the programs.

At December 31, 1982, 314,785 options (including 114,000 subject to stock appreciation rights) were outstanding at prices ranging from $10.00 to $34.50 per common share, of which 97,385 were exercisable. Total proceeds for options exercised amounted to $187,000 in 1981 and $592,000 in 1980. During 1982, 217,400 options (including 114,000 subject to stock appreciation rights) were granted, 74,093 were cancelled and none were exercised. At December 31, 1982, there were 382,600 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 23,825,000 in 1982, 23,166,000 in 1981 and 22,586,000 in 1980.

Note 10—Foreign Currency Exchange and Translation

Effective January 1, 1981, the Company adopted the foreign currency translation standard prescribed by FASB Statement No. 52. Earlier adoption of this standard would not have materially affected consolidated earnings for 1980; consequently, no restatement was made.

An analysis of changes in the Cumulative Currency Translation Adjustments included in Common Shareholders' Equity at December 31, 1982 and 1981 is as follows:

	(Thousands of dollars)	
	1982	1981
Cumulative currency translation adjustments as of January 1	**$ (22,443)**	$ (987)
For the year ended December 31:		
Currency translation adjustments	**(36,083)**	(22,040)
Income taxes related to currency translation adjustments	**408**	124
Amounts related to asset impairments and dispositions	**18,884**	460
Cumulative currency translation adjustments as of December 31	**$ (39,234)**	$ (22,443)

In 1982 the Company charged operations for accumulated foreign currency translation losses related to the permanent impairment of its open-pit asbestos mine and its Mexican subsidiaries and the disposition of its Belgian subsidiaries.

Included in 1982 results from continuing operations are $5.3 million of foreign currency transactional gains. The effect on 1981 and 1980 net earnings was not material.

Note 11—Pensions

Total pension expense from continuing operations was $23,403,000 in 1982, $26,115,000 in 1981, and $30,503,000 in 1980. During 1981, the Company changed actuarial assumptions for computing pension costs for certain U. S. plans, principally revising interest assumptions to more properly reflect economic conditions, which reduced pension expense by $7,414,000.

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	
	1982	1981
Actuarial present values of accumulated plan benefits:		
Vested	**$388,029**	$368,088
Nonvested	**20,061**	20,038
	$408,090	$388,126
Market value of net assets available for benefits	**$476,904**	$476,221

The actuarial present values of accumulated plan benefits were 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 December 31, 1982 consolidated balance sheet includes a $29,600,000 accrual for the cost of the Company's early retirement program. The effects of this program are not reflected in the January 1, 1982 values presented above.

Note 12—Provision for Asset Impairments

In the fourth quarter of 1982, the Company recorded a provision for permanent impairment in the carrying amounts of the assets related to its open-pit mining operation in Asbestos, Quebec and its investment in two subsidiaries located in Mexico. The commercial recoverability of asbestos ore at the Company's Quebec mine has been adversely affected by the continued weakness in demand and the projected costs of overburden removal programs. The permanent impairment in the Mexican operations is because of future uncertainty of the Mexican economy and recent changes in the cost to repatriate funds from Mexico into the United States. These provisions resulted in a charge to earnings from continuing operations of $82.1 million.

Note 13—Loss on Dispositions of Assets

Included in earnings from continuing operations for 1982 is a $33.9 million charge associated with the provisions for the loss on dispositions of various operations. The principal items included a provision for the loss on 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.

Note 14—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 resulted in a charge to earnings from continuing operations of $14.5 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 15—Income Taxes

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

	(Thousands of dollars)		
	1982	1981	1980
Earnings (loss) from continuing operations before income taxes			
U.S.	**$(44,465)**	$ 28,906	$ 56,619
Foreign	**(11,476)**	90,157	104,014
	$(55,941)	$119,063	$160,633
Income tax expenses on continuing operations			
Current:			
U.S. federal	**$ 1,248**	$ 17,305	$ 68
U.S. state and local	**5,547**	2,727	4,793
Foreign			
Canadian federal and provincial	**9,680**	21,929	11,723
Canadian provincial mines	**2,629**	7,172	5,307
Other	**14,203**	11,262	25,628
	33,307	60,395	47,519
Deferred:			
U.S.	**19,985**	(11,104)	23,354
Foreign			
Canadian federal and provincial	**(21,738)**	1,450	1,222
Canadian provincial mines	**(797)**	1,328	2,641
Other	**978**	3,598	3,655
	(1,572)	(4,728)	30,872
Income tax expense on continuing operations	**$ 31,735**	$ 55,667	$ 78,391

The cumulative undistributed earnings of subsidiaries outside the United States on which the Company had not provided deferred income taxes at December 31, 1982 were approximately $169,000,000.

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

	(Thousands of dollars)		
	1982	1981	1980
Excess of tax over financial statement depreciation	**$15,929**	$26,613	$34,407
Provision for asset impairments	**(23,293)**		
Foreign tax credit carryforward	**11,000**	(24,660)	
Undistributed earnings of foreign subsidiaries	**12,872**	(9,456)	(4,931)
Provisions for asset dispositions	**(10,550)**	2,418	906
Provision for retirement incentive costs	**(13,965)**		
Income recognition of exploration rights	**4,111**		
Other, net	**2,324**	357	490
	$ (1,572)	$ (4,728)	$30,872

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:

(Thousands of dollars)

	1982		1981		1980	
	Amount	%	Amount	%	Amount	%
Pre-tax earnings (loss) from continuing operations	**$(55,941)**		$119,063		$160,633	
Provision for asset impairments	**67,994**					
Provision for dispositions of assets	**42,470**		7,005		385	
Pre-tax earnings from continuing operations before asset impairments and dispositions	**$ 54,523**		$126,068		$161,018	
U.S. federal income tax at statutory rate	**$ 25,081**	**46.00%**	$ 57,991	46.00%	$ 74,068	46.00%
Increase (decrease) resulting from:						
Tax on U.S. foreign source income	**6,469**	**11.86**	6,725	5.33	9,689	6.02
U.S. investment tax credit	**(2,579)**	**(4.73)**	(6,482)	(5.14)	(6,136)	(3.81)
Capital gains on timber	**(6,719)**	**(12.32)**	(6,901)	(5.47)	(6,082)	(3.78)
Difference between U.S. federal statutory rate and foreign effective rates	**(2,024)**	**(3.71)**	5,513	4.37	2,910	1.81
Accrual for income taxes relating to DISC			4,000	3.17		
U.S. state and local, net of federal benefit	**2,974**	**5.46**	805	.64	2,340	1.45
Minimum tax on tax preference items	**1,900**	**3.48**	2,325	1.84	2,109	1.31
Excess of tax over financial statement depletion—U.S.	**(1,757)**	**(3.22)**	(1,771)	(1.40)	(1,656)	(1.03)
Excess financial statement acquisition values over tax amounts	**1,549**	**2.84**	339	.27	1,096	.68
Other, net	**1,308**	**2.40**	(3,433)	(2.72)	(41)	(.02)
Total income taxes on continuing operations before asset impairments and dispositions	**26,202**	**48.06%**	59,111	46.89%	78,297	48.63%
Tax on asset impairments	**14,057**					
Tax (benefit) on dispositions of assets	**(8,524)**		(3,444)		94	
Total income taxes on continuing operations	**$ 31,735**		$ 55,667		$ 78,391	

The effective income tax rate on the provisions for asset dispositions of 20.1% differs from the U.S. federal statutory rate principally because of lower tax benefits associated with capital losses and investment tax credit recaptures. The income tax expense related to the provision for asset impairments is principally because of the reversal of tax credits previously recognized for financial reporting purposes that the Company will not be able to recognize in the future.

Note 16—Discontinued Operations

In December 1982, the Company sold eight U. S. manufacturing facilities and their related inventories which represent 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. Net sales of discontinued operations were $141,201,000 in 1982, $164,222,000 in 1981 and $185,876,000 in 1980.

Note 17—Business Segment Information

See "Consolidated Major Business Segments and Geographic Areas Information" on pages 18 and 19 for summarized financial information relating to the Company's operations in different businesses and geographic areas.

Note 18—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 20.

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, 1982 and 1981, 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, 1982. 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. The financial statements of Canadian subsidiaries, which reflect total assets and net sales ranging from 6% to 10% of the related consolidated totals, were examined by other auditors whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to amounts included for Canadian subsidiaries examined by other auditors, is based solely upon their reports.

As discussed in Note 1 to the consolidated financial statements, Johns-Manville Corporation (a wholly-owned subsidiary of Manville Corporation) is a defendant 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, based upon our examinations and the reports of other auditors, 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, 1982 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, 1982 and 1981, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

February 22, 1983
Denver, Colorado

Manville Corporation

Consolidated Major Business Segments and Geographic Areas Information

(Thousands of dollars)

	Years Ended December 31		
Revenues (c)	**1982**	1981	1980
Fiber Glass Products	**$ 609,010**	$ 625,300	$ 610,071
Forest Products	**435,634**	554,612	508,199
Non-Fiber Glass Insulations	**231,571**	257,508	279,449
Roofing Products	**210,701**	208,890	249,996
Asbestos Fiber	**91,923**	138,340	158,946
Industrial and Specialty Products and Services	**294,207**	355,187	373,862
Corporate revenues, net	**15,037**	19,381	14,303
Elimination of intersegment sales (a)	**(82,005)**	(95,315)	(84,353)
	$1,806,078	$2,063,903	$2,110,473
Income (Loss) From Operations (c and e)			
Fiber Glass Products	**$ 75,264**	$ 89,760	$ 91,060
Forest Products	**48,091**	39,434	37,001
Non-Fiber Glass Insulations	**11,373**	19,964	26,606
Roofing Products	**(6,425)**	(17,455)	9,417
Asbestos Fiber	**16,434**	36,821	35,048
Industrial and Specialty Products and Services	**29,175**	54,771	54,579
Corporate expense, net	**(17,834)**	(15,852)	(32,477)
Eliminations and adjustments (f)	**7,478**	2,960	4,048
	$ 163,556	$ 210,403	$ 225,282
Depreciation and Depletion (c)			
Fiber Glass Products	**$ 25,519**	$ 23,770	$ 23,419
Forest Products	**28,791**	27,831	26,037
Non-Fiber Glass Insulations	**7,104**	6,818	6,548
Roofing Products	**3,449**	3,558	2,897
Asbestos Fiber	**5,574**	5,996	6,377
Industrial and Specialty Products and Services	**6,403**	6,829	6,823
Corporate	**2,774**	2,728	2,602
	$ 79,614	$ 77,530	$ 74,703
Additions to Property, Plant and Equipment			
Fiber Glass Products	**$ 15,496**	$ 25,002	$ 32,403
Forest Products	**26,788**	31,874	43,442
Non-Fiber Glass Insulations	**5,340**	6,295	16,465
Roofing Products	**2,292**	7,217	10,300
Pipe Products and Systems	**2,678**	2,706	4,312
Asbestos Fiber	**143**	1,604	6,177
Industrial and Specialty Products and Services	**8,254**	8,867	12,360
Corporate	**292**	2,636	4,286
	$ 61,283	$ 86,201	$ 129,745

	December 31		
Assets	**1982**	1981	1980
Fiber Glass Products	**$ 548,724**	$ 566,905	$ 575,416
Forest Products	**813,600**	822,900	846,488
Non-Fiber Glass Insulations	**176,660**	187,966	201,394
Roofing Products	**113,336**	123,945	116,938
Pipe Products and Systems (c)		158,330	165,538
Asbestos Fiber (d)	**63,226**	142,543	147,394
Industrial and Specialty Products and Services	**181,080**	194,364	200,200
Corporate (g)	**462,288**	246,962	202,592
Eliminations and adjustments (f)	**(122,810)**	(146,101)	(117,801)
	$2,236,104	$2,297,814	$2,338,159

Revenues (c)	1982	Years Ended December 31 1981	1980
United States	**$1,359,140**	$1,539,988	$1,539,576
Canada	**186,441**	273,190	279,624
Overseas	**286,947**	312,165	368,590
Corporate revenues, net	**15,037**	19,381	14,303
Elimination of intergeographic sales (b)	**(41,487)**	(80,821)	(91,620)
	$1,806,078	$2,063,903	$2,110,473

Income From Operations (c and e)			
United States	**$ 110,487**	$ 121,339	$ 143,068
Canada	**20,786**	57,453	34,908
Overseas	**42,628**	44,768	75,190
Corporate expense, net	**(17,834)**	(15,852)	(32,477)
Eliminations and adjustments (f)	**7,489**	2,695	4,593
	$ 163,556	$ 210,403	$ 225,282

Assets	1982	December 31 1981	1980
United States (c)	**$1,486,921**	$1,639,104	$1,681,685
Canada (d)	**123,347**	221,655	227,034
Overseas	**286,872**	336,164	344,774
Corporate (g)	**462,288**	246,962	202,592
Eliminations and adjustments (f)	**(123,324)**	(146,071)	(117,926)
	$2,236,104	$2,297,814	$2,338,159

Notes:

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

	1982	Years Ended December 31 1981	1980
Fiber Glass Products	**$48,851**	$51,993	$48,571
Forest Products	**11,216**	12,698	
Roofing Products	**2,111**		223
Asbestos Fiber	**8,003**	15,833	20,124
Industrial and Specialty Products and Services	**11,824**	14,791	15,435
	$82,005	$95,315	$84,353

(b) Intergeographic sales were as follows *(at prices approximating market)*:

United States	**$17,853**	$37,308	$38,131
Canada	**22,124**	42,190	50,902
Overseas	**1,510**	1,323	2,587
	$41,487	$80,821	$91,620

(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 all periods presented have been restated (see Note 16).

(d) In 1982, the Company reduced the asset carrying amounts related to its open-pit asbestos mine in Canada (see Note 12).

(e) Income From Operations for 1981 by Major Business Segments and Geographic Areas was favorably impacted by changes in certain actuarial assumptions in computing pension expense (see Note 11). For Geographic Areas, the full effect of reduced pension expense was attributable to the United States. The following table summarizes increases in reported Income From Operations by Major Business Segments for this item (millions of dollars):

	Pension Costs
Fiber Glass Products	$2.7
Non-Fiber Glass Insulations	1.2
Roofing Products	1.0
Industrial and Specialty Products and Services	1.2
Corporate expense, net	1.3
	$7.4

In addition, 1982 and 1981 Income From Operations for the Forest Products segment were favorably impacted by $8.9 and $8.7 million, respectively, from the grant of exploration rights on its mineral acreage in Louisiana.

(f) 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.

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

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 1982. These amounts have been computed using various construction and equipment indices. These restated amounts reflect the higher rate of inflation in recent years, which has increased the nominal dollar profit which assets must earn over their useful lives to maintain and recover the present-day value of the original investment. However, 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. As an example due to the discontinuance of the U.S. pipe operations, other dispositions and the permanent impairment of certain of the Company's operating assets there was a significant decrease in the historical, constant dollar and current cost bases of property, plant and equipment as compared to previous years.

The assets related to the Company's open-pit asbestos mine have been included in the general inflation and specific price disclosures for 1982 at their recoverable amount based on value in use. The adjustment to the recoverable amount resulted in a $140.2 million and $125.8 million charge to income from continuing operations before income taxes on a constant dollar basis and current cost basis, respectively.

During 1982 the Company continued to operate in severely depressed markets in many of its businesses and the reported results of continuing operations on a historical cost basis reflect this environment. In addition, these results, adjusted for general inflation and specific prices along with the inflationary impact of income taxes, further reflect the present business environment. 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.

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.

Consolidated Statements of Earnings Adjusted for Changing Prices

for the Year Ended December 31, 1982

(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	$1,806,078	$1,806,078		$1,806,078
Cost of Sales	1,391,261	1,441,468		1,436,364
Other Operating Expenses	251,261	256,583		255,719
Interest Expense	51,555	51,555		51,555
Provision for Asset Impairments	67,994	140,224		125,814
Loss on Dispositions of Assets	42,470	54,583		53,551
Employee Separation and Retirement Incentive Costs	39,285	39,285		39,285
Asbestos Health Costs	16,103	16,103		16,103
Chapter 11 Costs	2,090	2,090		2,090
Total	1,862,019	2,001,891		1,980,481
Loss from Continuing Operations Before Income Taxes	(55,941)	(195,813)		(174,403)
Income Taxes	31,735	31,735		31,735
Loss from Continuing Operations	$ (87,676)	$ (227,548)		$ (206,138)
Gain from Decline in Purchasing Power of Net Amount Owed		$ 36,035		$ 36,035
Increase in General Price Level of Inventories and Property, Plant and Equipment Held During the Year			$102,651	
Decrease in Specific Prices of Inventories and Property, Plant and Equipment Held During the Year *(principally related to the effects of asset impairments and dispositions)*			339,367	
Excess of Increase in General Price Level Over Decrease in Specific Prices of Inventories and Property, Plant and Equipment Held During the Year			$442,018	
Historical Cost versus Current Cost at December 31, 1982:				
Inventories	$ 151,879			$ 269,255
Property, Plant and Equipment, net of Accumulated Depreciation and Depletion	$1,385,463			$2,062,319

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 1982 dollars)
(Thousands of dollars except per share amounts)

	1982	1981	1980	1979
Historical Cost Information Adjusted for General Inflation				
Earnings (Loss) from Continuing Operations	**$ (227,548)**	$ 15,218	$ 44,258	$ 97,184
Earnings (Loss) Per Common Share from Continuing Operations	**$(10.60)**	$(.49)	$.67	$2.99
Net Assets at Year-End	**$ 1,524,169**	$1,889,065	$1,873,497	$1,892,084
Current Cost Information				
Earnings (Loss) from Continuing Operations	**$ (206,138)**	$ 16,065	$ 49,845	$ 97,999
Earnings (Loss) Per Common Share from Continuing Operations	**$(9.70)**	$(.46)	$.91	$3.02
Excess of Increase in General Price Level Over Change in Specific Prices of Inventories and Property, Plant and Equipment Held During the Year	**$ 442,018**	$ 47,842	$ 80,477	$ 34,786
Net Assets at Year-End	**$ 1,541,871**	$1,995,035	$2,048,915	$2,113,419
Translation Adjustment	**$ (20,417)**	$ (13,170)		

	1982	1981	1980	1979	1978
Revenues	**$1,806,078**	$2,182,493	$2,466,011	$2,805,755	$2,278,148
Other Information					
Gain from Decline in Purchasing Power of Net Amounts Owed	**$ 36,035**	$ 87,246	$ 137,225	$ 150,075	
Dividends Per Common Share	**$0.68**	$2.04	$2.25	$2.51	$2.66
Market Price Per Common Share at Year-End	**$10⅛**	$15¼	$27⅝	$30⅜	$32¼
Average Consumer Price Index (CPI-U)	**289.1**	272.4	246.8	217.4	195.4

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 1982 depreciation and depletion expense from continuing operations calculated under the constant dollar basis is $124.5 million, and under the current cost basis is $120.5 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 Pipe Division, 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.

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 to the 1982 presentation: (tons are stated in thousands)

	1982	1981	1980
Asbestos Fiber:			
Proven ore reserves(a)	**20,609 tons**	84,400 tons	91,522 tons
Ore milled	**4,605 tons**	7,165 tons	8,523 tons
Processed production	**300 tons**	453 tons	512 tons
Average market price per ton	**$293**	$329	$310

(a) The commercial recoverability of asbestos ore at the Company's Quebec mine has been adversely affected by the continued weakness in demand and the projected costs of overburden removal programs (see ITEM 2. PROPERTIES—Mining.).

	1982	1981	1980
Diatomite:			
Proven ore reserves	**9,039 tons**	9,047 tons	9,670 tons
Processed production	**318 tons**	337 tons	340 tons
Remaining life	**20-25 years**	20-25 years	25-30 years
Average market price per ton	**$199**	$185	$167
Perlite:			
Proven ore reserves	**3,100 tons**	3,100 tons	3,136 tons
Processed production	**175 tons**	205 tons	253 tons
Remaining life	**8 years**	8 years	8 years
Average market price per ton	**$35**	$34	$32

Selected Quarterly Financial Data (Unaudited)

(Thousands of dollars except per share amounts)

Results for the four quarters of 1982 and 1981 are shown below:

	1982 for the Three Months Ended				1981 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	**$429,598**	**$459,421**	**$466,403**	**$416,807**	$494,661	$522,977	$519,889	$484,256
Gross Profit	**$110,128**	**$107,834**	**$ 85,883**	**$ 77,123**	$117,638	$103,319	$109,088	$107,147
Earnings (Loss)	**$ (93,342)**	**$ 25,958**	**$ (18,041)**	**$ (2,251)**	$ 21,280	$ 12,906	$ 12,402	$ 16,808
Earnings (Loss) Per Common Share	**$(4.15)**	**$.82**	**$(1.02)**	**$(.36)**	$.64	$.28	$.27	$.46
Net Earnings (Loss)	**$ (96,847)**	**$ 24,363**	**$ (19,910)**	**$ (5,190)**	$ 19,435	$ 12,587	$ 11,382	$ 16,916
Net Earnings (Loss) Per Common Share	**$(4.30)**	**$.76**	**$(1.10)**	**$(.48)**	$.56	$.27	$.22	$.47

Notes:

(1) In the fourth quarter of 1982, the Company sold its U.S. Pipe operations, which represent 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). The results for 1982 and 1981 have been restated to segregate the loss from discontinued operations.

The restatement had the effect of deducting the following from previously reported figures:

	1982 for the Three Months Ended			1981 for the Three Months Ended			
	Sept. 30	**June 30**	**Mar. 31**	Dec. 31	Sept. 30	June 30	Mar. 31
Continuing Operations							
Net Sales	**$44,789**	**$39,597**	**$26,436**	$32,708	$41,957	$48,978	$40,579
Gross Profit (Loss)	**$ 2,187**	**$ 2,389**	**$ (12)**	$ 2,325	$ 5,174	$ 4,669	$ 5,967
Earnings (Loss)	**$ (1,595)**	**$ (1,869)**	**$ (2,939)**	$(1,845)	$ (319)	$(1,020)	$ 108
Earnings (Loss) Per Common Share	**$(.06)**	**$(.08)**	**$(.12)**	$(.08)	$(.01)	$(.05)	$.01

(2) Included in results from continuing operations for the fourth quarter of 1982 were the following unusual items: a provision of $82.1 million for permanent impairment in the carrying amounts of the assets related to the Company's open-pit mining operation in Asbestos, Quebec and its investment in two subsidiaries located in Mexico; a $27.8 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 $14.5 million; and a $4.4 million increase due to the liquidation of LIFO inventories. 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.

(3) During the fourth quarter of 1981, the Company elected to implement the accounting and reporting requirements of Financial Accounting Standards Board Statement No. 52, "Foreign Currency Translation". The new standard was adopted effective January 1, 1981, by restating earnings for the first three quarters of 1981.

The restatement had the effect of adding the following to previously reported figures:

	1981 for the Three Months Ended		
Continuing Operations	Sept. 30	June 30	Mar. 31
Gross Profit	**$3,337**	**$2,854**	**$2,146**
Earnings	**$3,307**	**$2,672**	**$2,689**
Earnings Per Common Share	**$.14**	**$.11**	**$.12**

(4) Included in results from continuing operations for the fourth quarter of 1981 were the following unusual items: a change in assumptions for certain of the Company's pension plans, which added $3.9 million; a resolution of litigation, which added $2.7 million with the reversal of a portion of the litigation reserves established at the time of the acquisition of the company now named Manville Forest Products Corporation; and an accrual for income taxes relating to a DISC, which was a $4.0 million charge.

MANVILLE CORPORATION AND SUBSIDIARY CORPORATIONS
Annual Report on Form 10-K for fiscal year ended December 31, 1982

PART I

ITEM 1. BUSINESS

Introduction.

Manville Corporation is a diversified manufacturing, mining and forest products company which, through the operations of its subsidiaries, is recognized as one of the world's leading manufacturers of fiber glass-asphalt shingles and insulation products, a major national producer of beverage carrierboard and cartons and the world's largest producer of diatomite, a mineral used as an industrial filtering agent and filler.

Manville's principal manufacturing businesses consist of the manufacture and sale of fiber glass products, roofing products, and industrial and specialty products. The manufacture of fiber glass represents the most significant portion of these businesses. A substantial portion of the raw materials and intermediate products produced by the Company's fiber glass operations are converted to finished products. The balance of these materials is sold, in both domestic and international markets, to other industrial users.

The Company's forest products businesses include the harvesting of timber and processing of it into lumber, plywood, particleboard, wood pulp and other materials. These materials are then sold or used by the Company to manufacture unbleached kraft paper and paperboard, paper products used in packaging operations and wood products.

The Company also mines and processes asbestos, diatomite and perlite. These minerals are used in a number 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 claims, whether or not currently asserted, and litigation 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. Certain of the Company's operations while in Chapter 11 are subject to review by representatives of creditors and equity security holders and in certain instances require Bankruptcy Court review and approval. A detailed description of these proceedings is provided in ITEM 3. LEGAL PROCEEDINGS commencing at page 43 of this report. 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 Company believes that compliance with existing government regulations and environmental controls and proper work place practices can virtually eliminate health hazards associated with the production and use of asbestos fiber and products containing asbestos, and that asbestos continues to be a product with many important applications and economic advantages. Nevertheless, to minimize the possibility of claims or litigation relating to current and future business activities of the Company, the Company accelerated during the last quarter of 1982 programs under way for many years to substitute other materials for asbestos fiber in products produced and sold by the Company. Additional details relating to the Company's asbestos operations are provided in ITEM 2. PROPERTIES—Mining at page 41.

During the fourth quarter of 1982, the Company sold substantially all of the assets relating to its domestic asbestos-cement and polyvinyl chloride pipe businesses and the telecommunication assets of Transponder Corporation of Denver, Inc. The pipe operations had been conducted at plants located at

Butner, North Carolina; Denison, Texas; Franklin, Pennsylvania; Green Cove Springs, Florida; McNary, Oregon; Pueblo, Colorado; Stockton, California; and Wilton, Iowa. In early 1983, the Company also disposed of its Belgian asbestos-cement operations. Proceeds of such dispositions will be used for working capital or be held to satisfy claims in the reorganization proceedings. A discussion of certain restrictions on the use of proceeds from capital dispositions is included in Management's Discussion and Analysis at page 2.

The Company's wood product facilities were improved by the modernization in 1982 of a sawmill at Huttig, Arkansas and the acquisition in early 1983 of a sawmill and plywood plant at Joyce, Louisiana.

Major Business Segments.

Financial information by major business segments, listed below, and geographic areas can be found in this report at pages 18 and 19. A general description of the markets for the Company's products is provided at page 31.

FIBER GLASS PRODUCTS

FOREST PRODUCTS

NON-FIBER GLASS INSULATIONS

ROOFING PRODUCTS

ASBESTOS FIBER

INDUSTRIAL AND SPECIALTY PRODUCTS AND SERVICES

Description of Products.

FIBER GLASS PRODUCTS

Aerospace Insulation

Air Conditioning Duct Wrap Insulation

Air Conditioning Ducts and Accessories

Air Filtration Media

Appliance Insulation

Automotive Hoodliners, Topliners and Molded Parts

Chopped Strand

Filter Tubes and Cartridges

Industrial Insulating Boards

Mats For Roofing and Industrial Uses

Metal Building Insulation

Mobile Home Insulation

Pipe Insulation

Residential Insulation

Sliver and Yarn

The Company produces two major categories of fiber glass products—thermal insulation and continuous strand fiber glass filament. Fiber glass thermal insulation is used in the construction and retrofitting of residential buildings, including mobile homes, and commercial, industrial and institutional buildings. Fiber glass thermal insulation is also used to insulate appliances, automobiles and pipe. Fiber glass filament—either continuous filament or chopped strand—is sold by the Company as a raw material, principally to the automotive industry where it is used as a reinforcing material in the production of automobiles and automobile parts. The Company also uses its own chopped strand in the production of fiber glass mat which is either sold as an intermediate product to other industrial users or utilized by the Company as a reinforcing material in the production of roofing shingles and roll roofing. Fiber glass mat is lightweight and resistant to deterioration and has substantially replaced organic felt mats in roofing shingles. In addition, Manville manufactures fiber glass air ducts and systems for heating and air conditioning, which are making inroads into a market which has traditionally been dominated by sheet metal ducts.

The principal raw materials used to manufacture fiber glass are borax, phenolic resin, sand, soda ash and zinc oxide. 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.

The Company's fiber glass products are sold primarily in markets servicing residential building, industrial production and nonresidential building. These products are typically distributed direct to the user and to wholesalers, dealers and distributors.

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

FOREST PRODUCTS

Beverage Carriers

Clay Coated Unbleached Kraft Paperboard

Kraft Bags and Sacks

Kraft Paper

Linerboard

Lumber

Mineral Royalties and Lease Payments

Particleboard

Plywood

Specialty Coatings and Laminations

The Company's forest products operations can be divided into two major categories—paper products and wood products.

Paper and paperboard are manufactured in the United States 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 representing 64% of total capacity are in operation.

The West Monroe mill currently produces linerboard, unbleached coated paperboards and kraft paper. These products are sold to other manufacturers and are used by the Company to manufacture beverage carriers, folding cartons, paper bags and sacks.

Approximately 40% of the paper and paperboard produced at the West Monroe, Louisiana mill is converted into packaging products in the Company's plants. 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.

Beverage carriers for the soft drink and beer markets are produced at West Monroe, Louisiana; Cincinnati, Ohio; and Bakersfield, California. The Company also produces folding cartons in Kankakee, Illinois. Two plants in West Monroe produce grocery bags, sacks, and multi-wall bags. Plants in West Monroe, Louisiana produce specialty coatings and laminations for a variety of markets.

The Company's paper operation in Brazil consists of a pulp and paper mill in Igaras, Brazil, a multi-wall bag plant at the same location and a corrugated container plant near Sao Paulo, Brazil. The Brazilian operation is supported by 130,000 acres of fee-owned or contracted land near the Company's mill in Igaras. This timberland is capable of supplying substantially all of the present wood requirements of the pulp and paper mill.

The Company's wood products operations manufacture lumber, plywood and particleboard from southern pine. These products are sold principally in the southern and southeastern United States to building material dealers and industrial end users. During 1982, the Company, modernized its wood products operations at Huttig, Arkansas. On February 17, 1983, the Company acquired a sawmill and plywood plant located at Joyce, Louisiana from Crown Zellerbach Corporation. The Joyce, Louisiana facilities will be used to process pine timber owned by the Company in central Louisiana. It is anticipated that the Company's lumber and plywood facility located at Winnfield, Louisiana will be closed in 1983.

The Company owns approximately 587,000 acres of timberland in Louisiana, Arkansas and Texas. 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 approximately 37% of the raw material requirements of the West Monroe pulp and paper mill in 1982 and is projected to supply 56% in 1983. It is anticipated that this supply will increase as a result of the newly acquired Joyce, Louisiana facility. The balance of the pulpwood and chip 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 wholesale and distributor 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.

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 in the oil, gas and associated hydrocarbons produced and severed from the leased acreage.

NON-FIBER GLASS INSULATIONS

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

This business segment includes products used to insulate equipment and space vehicles, commercial and industrial facilities and industrial processes.

The most important product lines in this segment are (i) refractory fiber, blankets and molded shapes, (ii) calcium silicate insulations, and (iii) perlite and foam insulation boards. The first category is used wherever insulation capable of withstanding extremely high temperatures is required. Accordingly, refractory fiber is used to insulate such diverse products as industrial furnaces, boilers, appliances and catalytic converters in automobiles. Calcium silicate insulations are used wherever both mechanical strength and the capacity to withstand extreme heat are required; for example, in the insulation of petrochemical plants and utilities. Perlite and foam insulation boards are used primarily as roof insulation for new and existing commercial, industrial and institutional buildings. Perlite processed at the Company's No Agua, New Mexico mine (see ITEM 2. PROPERTIES—Mining) is used in the production of this type of insulation. The processed perlite, when heated, expands up to twenty times its original volume and is characterized by low density, low thermal conductivity, high sound absorption and low water absorption.

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

These are make-to-stock businesses that, except for perlite and foam insulation boards, are generally not seasonal. The Company usually maintains up to a three-month supply of inventory due to production lead time. Although the demand for perlite and foam roof 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 typically to wholesalers, dealers and distributors and direct to the ultimate user. These products service the nonresidential building and industrial production markets.

The principal methods of competition include price, service, distribution, warranty and product performance. The Company is unaware of generally reliable statistics pertaining to the competitive position of this segment of its business.

ROOFING PRODUCTS

Built-Up Roofing Products and Systems

Residential Fiber Glass-Asphalt Shingles

Roof Coatings and Accessories

Saturated and Coated Felts

Sales of fiberglass-asphalt roofing shingles, which are used principally in the roofing of residential buildings, account for almost half 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, which are used primarily in the construction of flat-roofed factories, institutions and other large commercial buildings where the use of roofing shingles is not feasible. The Company also manufactures roof coatings and felts which hold in place other roofing materials such as asphalt and act as water and weather barriers. The roof coatings and felts are designed for use with the Company's roofing systems. The Company has completed a program designed to expand its capacity to produce fiber glass mat and has improved its capacity to convert the mat into roofing shingles and roll roofing. The principal raw materials used to manufacture roofing products are asphalt, fiber glass mat and stone granules.

The Company's roofing products are sold primarily in the residential and nonresidential building markets both to the ultimate user and to dealers and distributors.

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 seasonal with inventory build-up during winter months. Inventory is normally at a two to four week supply increasing to a one to two month supply during the winter months.

The principal methods of competition include price, service, distribution, warranty and product performance. The Company believes that its roofing products are competitive in each of these areas. On the basis of available statistics, the Company believes that there is no single competitor or group of competitors who have a major share of the asphalt roofing industry. There are other materials outside of this industry grouping, such as wood shingles and concrete tile, that compete in the same markets.

ASBESTOS FIBER

Asbestos fiber is extracted from asbestos ore. The Company owns an asbestos mine in Quebec, Canada, which provides all of the asbestos ore used in the Company's asbestos fiber mills. Changes in the timing and extent of overburden removal necessary to maintain production levels and decreased demand for asbestos fiber had a material adverse impact on the Company's 1982 estimate of commercially recoverable ore reserves at the Jeffrey mine as discussed further in ITEM 2. PROPERTIES—Mining of this report.

Asbestos fiber is itself a raw material which is used as a reinforcement material in a variety of industrial products, including pipe, sheets, roofing materials, vinyl flooring and brake shoe linings. The Company does not sell asbestos fiber to customers for uses which are not reasonably likely to conform to government regulations as to asbestos dust control.

This is a nonseasonal business with inventory levels traditionally at a four week supply. Asbestos fiber is sold in the industrial production market directly to industrial users and to wholesale distributors. Approximately 60% of the Company's asbestos fiber is sold in international markets, principally Western Europe.

Major Canadian competitors include Asbestos Corp. Ltd., Bell Asbestos Mines, Ltd., C. W. Carey-Canada Inc., Cassiar Resources Ltd. and Lake Asbestos of Quebec, Limited. The Company also competes with producers in other foreign countries.

INDUSTRIAL AND SPECIALTY PRODUCTS AND SERVICES

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

The Company's lighting fixtures business include: commercial and outdoor lighting fixtures, such as highway, parking lot, intersection, and interchange lighting fixtures and floodlights.

The Company uses diatomite, produced principally at its diatomite mine near Lompoc, California (see ITEM 2. PROPERTIES—Mining) in the manufacture of filter media to separate solids from liquids in a variety of industrial processes, including water purification, the removal of impurities in manufactured and food products, and the recycling of processed fluids. In addition, it is used in the manufacture of fillers for use in such products as plastics, paper and paint.

The Company also produces polyvinyl chloride (PVC) pipe and pipe products in Canada. These products are used in construction projects ranging from residential developments to industrial and municipal water, sewer and drainage systems.

The Company's lighting systems, real estate and Canadian PVC pipe businesses are affected by business cycles in the construction industry. The majority of the businesses in this segment are predominantly nonseasonal and make-to-stock as well as make-to-order.

The Company maintains inventories of some products at a three to five month supply due to production lead time. These products are sold in all of the markets described below, but they are primarily sold for industrial production. The Company distributes these product by selling directly to the user, to dealers and distributors and, to a minor extent, on a retail basis.

The principal methods of competition include price, service, distribution, warranty and product quality and performance. The market position of this business segment of the Company cannot be accurately determined since it is a heterogeneous product grouping serving diverse markets. However, based upon industry statistics available to the Company, Manville believes that it is the largest producer of diatomite in the world.

Markets.

The markets for the Company's products are described generally below and are specifically identified under the appropriate business segment information provided above.

Residential Building.

This market includes construction of new single and multi-family housing including manufactured homes; the maintenance, repair, retrofitting and alteration of existing residences; and the conversion of other buildings to residential housing. Approximately one-half of the sales in this market relate to new construction and one-half to retrofitting existing residential buildings.

Nonresidential Building and Other Construction.

This market includes construction of new public and private office, commercial, industrial, institutional and other buildings designed for uses other than as residences, including petrochemical processing plants, electric utilities, highways and water, sewer and other public works projects; and the maintenance, repair, retrofitting and alteration of existing nonresidential buildings. Approximately three-fourths of the sales in this market relate to new construction and one-fourth to retrofitting existing nonresidential buildings.

Industrial Production.

This market includes components, materials and supplies used in connection with the production of raw materials, intermediate and finished goods and services, and the maintenance of machinery and equipment used in such production. Approximately three-fourths of the sales in this market are to manufacturers who use the materials in the production of other products, and one-fourth are finished products which are sold directly to end users.

Consumer Staples.

This market includes producers of nondurable consumer food products, such as beer, soft drinks and cereals and other consumer items.

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 to provide 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 natural gas, propane, electricity and fuel oil. 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. Towards this end, the Company has self-help natural gas drilling programs in Ohio and Louisiana to supplement gas deliveries to its plants in those states, and may from time to time increase these programs or expand into other areas as the Company's needs warrant or as conditions permit. In addition, a substantial percentage of the balance of energy consumed at the Company's manufacturing facilities near 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 businesses of the cost of energy in the United States and elsewhere.

Patents.

The Company presently owns, controls or holds licenses to approximately 975 United States and 1,200 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 $29,000,000 in 1982, $30,200,000 in 1981, and $30,500,000 in 1980 on Company-sponsored research activities related to the development and improvement of its products and services.

Also in 1982, 1981 and 1980, approximately $1,000,000, $1,440,000 and $1,130,000 respectively, were expended on customer-sponsored research activities and, $740,000, $515,000 and $560,000 respectively, for geological exploration and mining research.

Environmental Regulations.

All of the Company's domestic operations are subject to a variety of federal laws and regulations. The most significant of these laws are 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. For some time, OSHA has been considering proposed amendments to the 1976 asbestos standard which would lower the permissible occupational exposure to asbestos from the present standard of two fibers of specified dimensions per cubic centimeter of air. It is the Company's position that the 1976 standard established a level of protection which affords sufficient protection against adverse effects resulting from the workplace. OSHA investigations and proposals dealing with other materials such as 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 minimal. The Company's United States mines are also regulated by the Federal Mining Safety and Health Act which regulates the working environment of mining employees.

Compliance with these and other laws has resulted in increased expenditures by the Company to improve or replace environmental quality control equipment and increased difficulty and expense in securing federal and state permits for expansion of existing buildings and the construction of new facilities. At the present time, the increased 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, 1982, the Company employed 20,550 persons. Approximately 11,230 of these employees are covered by collective bargaining agreements in the United States and Canada. During 1982, seven labor agreements were negotiated, and no work stoppages occurred. Approximately 4,500 United States and Canadian employees are covered by 23 labor agreements that expire during 1983. Four of these agreements have already been successfully negotiated.

During 1982 the Company embarked on a program to reduce the number of salaried employees through early retirement incentives and consolidation of jobs. The number of salaried employees was decreased by approximately 300 as a result of the program. In addition, the Company reduced the number of hourly employees by 775 during the course of the year. On December 31, 1982, the Company's domestic pipe operations were sold resulting in a further reduction of 765 hourly and 290 salaried employees.

ITEM 2. PROPERTIES

1. **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 $67.6 million. The status in the Chapter 11 proceedings of this mortgage is discussed in Item 3. LEGAL PROCEEDINGS of this report.

2. **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, including ore reserve estimates, is provided in the subsection following the description of manufacturing facilities.

Location	Nature of Property	Approx. No. of Sq. Feet of Floor Space	Business Segment	Products Manufactured or Use of Facility
(I) UNITED STATES				
Tucson, AZ	1 one-story manufacturing and office building	43,000	Fiber Glass Products	Internally used components for fiber glass manufacturing equipment.
Huttig, AR	8 one-story manufacturing buildings with offices; 1 one-story office building	434,000	Forest Products	Lumber, plywood.
Bakersfield, CA	1 one-story manufacturing building with interior two-story office; 1 one-story office building	219,000	Forest Products	Soft drink and beer carriers.
Corona, CA	1 multi-story manufacturing building, warehouse, and office; 1 two-story service building	396,000	Fiber Glass Products	Fiber glass industrial, commercial, building, pipe, and aerospace insulation.
Lompoc, CA	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 & Specialty Products & Services	Diatomaceous earth filter aids, fillers and catalyst carriers.
Pittsburg, CA	2 one-story manufacturing buildings; 1 two-story office building; and 4 one-story warehouses	303,100	Roofing Products	Fiber glass-asphalt shingles, asphalt roofing and roll goods.
Willows, CA	1 one-story manufacturing building and warehouse; 1 one-story office building and 1 one-story warehouse	566,400	Fiber Glass Products	Fiber glass building insulations.
Antonito, CO	1 one-story office building; 1 one-story shop; laboratory and 2 miscellaneous one-story buildings	9,780	Industrial & Specialty Products & Services	Shipping, blending & packing plant for processed perlite.

Location	Nature of Property	Approx. No. of Sq. Feet of Floor Space	Business Segment	Products Manufactured or Use of Facility
Savannah, GA	2 one-story manufacturing buildings; boiler house; 1 one-story office building and 3 one-story warehouses	370,722	Roofing Products	Fiber glass-asphalt roofing and shingles.
Winder, GA	1 one-story manufacturing building with warehouse and office	610,000	Fiber Glass Products	Fiber glass building and industrial insulations.
Kankakee, IL	1 one-story manufacturing and office building	156,800	Forest Products	Folding cartons.
Rockdale, IL	1 one-story manufacturing, warehouse and office building	385,400	Non-Fiber Glass Insulations	Perlite and foam roof insulation boards.
Waukegan, IL	3 one-story manufacturing buildings; 1 one-story office building; 3 one-story warehouses and steam generating plant	1,587,466	Roofing Products, Industrial & Specialty Products & Services, Non-Fiber Glass Insulations	Roll roofing and fiber glass shingles; pipe line felt; asbestos-cement sheets and wall panels; pipe and block insulations; asbestos sheet packing; refractory fiber products.
Richmond, IN	1 multi-story manufacturing building and miscellaneous office buildings and warehouses	401,935	Fiber Glass Products	Fiber glass industrial and building insulations.
McPherson, KS	1 multi-story manufacturing and warehouse building; 1 one-story office building	650,000	Fiber Glass Products	Fiber glass insulations.
Joyce, LA	10 one-story manufacturing buildings; 2 office buildings & other miscellaneous buildings	583,000	Forest Products	Lumber, plywood.
Lillie, LA	3 one-story manufacturing buildings and offices	162,000	Forest Products	Particleboard.
Marrero, LA	2 one-story office buildings; 1 one-story mill-type building and boiler house	285,000	Roofing Products	Fiber glass-asphalt shingles, saturated felts, paints and putties and coated roll goods.
West Monroe, LA	1 multi-story manufacturing plant; 5 one-story manufacturing buildings; 1 one-story executive office building; 1 one-story research facility and miscellaneous buildings	1,371,640	Forest Products	Paper; paperboard and converted paper products.

Location	Nature of Property	Approx. No. of Sq. Feet of Floor Space	Business Segment	Products Manufactured or Use of Facility
Lewiston, ME	1 one-story manufacturing building with office and warehouse	35,400	Roofing Products	Roof expansion joint covers, roofing accessories.
North Billerica, MA	2 two-story manufacturing buildings	213,380	Non-Fiber Glass Insulations	Lightweight fire resistant asbestos and non-asbestos wallboard.
Natchez, MS	2 one-story manufacturing buildings; 1 office building, boiler house and 2 one-story warehouses	524,672	Non-Fiber Glass Insulations	Perlite insulation board and perlite and polyurethane insulation.
Nashua, NH	3 one-story manufacturing plants, including office space and 1 one-story warehouse	285,856	Industrial & Specialty Products & Services	Asbestos-cement materials, including flat sheets; electrical insulating materials and boards.
Edison, NJ	1 one-story manufacturing, office and warehouse building	84,000	Industrial & Specialty Products & Services	Plastic lenses for lighting fixtures.
Edison, NJ	1 one-story manufacturing, warehouse and office building	86,535	Fiber Glass Products	PVC pipe covers with fiber glass insulation.
Manville, NJ	12 one-story manufacturing buildings; 1 laboratory building; 1 two-story executive office building; 3 electric steam generating buildings; 3 warehouses and 4 miscellaneous service buildings	1,876,000	Non-Fiber Glass Insulations, Industrial & Specialty Products & Services, Roofing Products	Packings and sealing components; calcium silicate and aerospace insulations; asphalt roofing and fiber glass shingles and various other products.
Penbyrn, NJ	1 multi-story manufacturing, warehouse & office building	407,200	Fiber Glass Products	Fiber glass building insulations.
No Agua, NM	1 six-level mill building; 1 one-story shop and office building and 8 miscellaneous one-story buildings	40,550	Industrial & Specialty Products & Services	Raw perlite.
Laurinburg, NC	1 one-story manufacturing and office building	105,135	Industrial & Specialty Products & Services	Railroad brake shoes and pipe sealing rings.
Cincinnati, OH	1 one-story manufacturing building; 1 office building	283,000	Forest Products	Beverage carriers.

Location	Nature of Property	Approx. No. of Sq. Feet of Floor Space	Business Segment	Products Manufactured or Use of Facility
Defiance, OH	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	Fiber glass industrial, building and pipe insulation; automotive hoodliners and topliners.
Newark, OH	2 two-story office buildings and various manufacturing and miscellaneous buildings	347,250	Industrial & Specialty Products & Services	Glass for refractors and reflectors and assembly of lighting fixtures.
Pataskala, OH	1 one-story manufacturing, office and warehouse building	23,100	Industrial & Specialty Products & Services	Ballasts and electronic circuits for lighting fixtures.
Springfield, OH	1 one-story warehouse and 1 one-story manufacturing building and office	49,000	Industrial & Specialty Products & Services	Die and sand casting of aluminum components for lighting fixtures.
Utica, OH	1 one-story manufacturing building, office and warehouse space	100,000	Industrial & Specialty Products & Services	Formed metal parts and poles for lighting.
Waterville, OH	1 two-story manufacturing building; 1 one-story warehouse; 3 pump houses; 1 water purification building; 1 gas meter building; offices, manufacturing, laboratories and warehouses in 25 one-story buildings	665,400	Fiber Glass Products	Fiber glass, continuous and chopped strand; fiber glass mat; roofing; industrial fiber glass filter media; and fiber glass high temperature insulations.
Zelienople, PA	1 two-story manufacturing building; 8 two-story warehouses and maintenance shops and 1 one-story office building	217,200	Non-Fiber Glass Insulations	Insulating firebrick and refractory cements and insulating cements.
Etowah, TN	1 multi-story manufacturing plant with attached single-story office building and several miscellaneous buildings	358,000	Fiber Glass Products	Fiber glass mat, base fiber, chopped strand fiber glass, and glass marbles.
Cleburne, TX	1 one-story manufacturing building with warehouse and office; silo storage and mixing building	356,000	Fiber Glass Products	Fiber glass industrial and building insulations.

Location	Nature of Property	Approx. No. of Sq. Feet of Floor Space	Business Segment	Products Manufactured or Use of Facility
Ft. Worth, TX	2 one-story manufacturing buildings; 3 warehouses; 1 office building; 1 boiler house; 2 storage buildings and miscellaneous buildings	123,400	Roofing Products	Fiber glass shingles and roll goods.
Richmond, VA	1 one-story manufacturing with two-story office building	88,000	Industrial & Specialty Products & Services	Laminated and coated paper products.
Woodstock, VA	1 one-story manufacturing, office and warehouse building	328,000	Non-Fiber Glass Insulations	Perlite insulation boards.
Parkersburg, WV	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; 3 one-story warehouses; and 4 two-story and 3 one-story residential houses used as a buffer zone around the plant	430,000	Fiber Glass Products	Fiber glass industrial and building insulations; automotive hoodliners and topliners; glass marbles, and filtration media.
Marshfield, WI	1 one-story warehouse and office building	75,000	Fiber Glass Products	Metal building insulation fabrication and mobile home insulation.
(II) CANADA				
Fort Saskatchewan, Alberta	1 one-story manufacturing building; 1 warehouse building and 1 office building	72,600	Industrial & Specialty Products & Services	PVC pipe.
Innisfail, Alberta	1 one-story manufacturing and warehouse building; 1 two-story office building; 8 silos	147,000	Fiber Glass Products	Fiber glass insulations.
Brampton, Ontario	1 one-story manufacturing, office and warehouse building	90,000	Industrial & Specialty Products & Services	Plastic lenses; aluminum components and lighting fixtures.
Scarborough, Ontario	3 one-story mill-type buildings; boiler house, office building and warehouse	450,000	Non-Fiber Glass Insulations	Calcium silicate insulating materials.
Asbestos, Quebec	1 twelve-story milling and processing building; 1 nine-story milling and processing building; 1 one-story conditioning building; 2 office and administration buildings; 2 fiber warehouse buildings; 1 one-story manufacturing building; 1 one-story maintenance complex; and 1 truck maintenance garage	2,691,000	Asbestos Fiber	Processing and storage of asbestos fiber; manufacturing of friction materials and other products.

Location	Nature of Property	Approx. No. of Sq. Feet of Floor Space	Business Segment	Products Manufactured or Use of Facility
Brossard, Quebec	1 one-story manufacturing and warehouse building and attached two-story office	223,900	Fiber Glass Products, Industrial & Specialty Products & Services	Fiber glass building and pipe insulations; PVC pipe.
St. Hyacinthe, Quebec	1 one-story manufacturing, office and warehouse building	38,600	Industrial & Specialty Products & Services	Aluminum components and lighting fixtures.
(III) INTERNATIONAL				
Buenos Aires, D.F., Argentina	1 one-story warehouse	18,900	Industrial & Specialty Products & Services	Warehouse; filter aids.
Matheu, Buenos Aires Province, Argentina	1 one-story manufacturing building	58,100	Fiber Glass Products	Fiber glass insulations and acoustical products.
Igaras, State of Santa Catarina, Brazil	5 manufacturing plants; 1 office building; miscellaneous office and support facilities	410,000	Forest Products	Pulp; paper; paperboard and multi-wall bags.
Jundiai, State of Sao Paulo, Brazil	2 manufacturing plants with offices	178,000	Forest Products	Corrugated containers.
Paulinia, State of Sao Paulo, Brazil	1 one-story manufacturing building and 1 one-story office building	46,200	Non-Fiber Glass Insulations	Calcium silicate insulations.
Milton Keeynes, England	1 two-story manufacturing, office and warehouse building	33,000	Industrial & Specialty Products & Services	Painting and assembly of lighting fixtures.
Hessle, Humbersite, England	1 one-story manufacturing building and office facilities	34,300	Industrial & Specialty Products & Services	Perlite filter aids and aggregates.
Murat, Department of Cantal, France	1 one-story manufacturing building; 2 one-story warehouses; 1 one-story office building	77,000	Industrial & Specialty Products & Services	Filter aids and fillers.
Rueil Malmaison, Department of Haute de Seine, France	1 two-story office building	20,000	All Segments	Offices.
Saint Avold, Moselle Department, France	1 two-story office and sanitary building; 1 one-story auxiliary building; 1 one-story warehouse	281,000	Fiber Glass Products	Fiber glass insulations.

Location	Nature of Property	Approx. No. of Sq. Feet of Floor Space	Business Segment	Products Manufactured or Use of Facility
Saint Marcellin-en-Forez, Loire Department, France	1 one-story manufacturing building; 1 one-story office building; 1 two-story warehouse; and 1 one-story sanitary building	148,000	Non-Fiber Glass Insulations	Perlite and refractory fiber ceraboard; perlite filter aids; railroad brake shoes and insulating siding board.
Wissembourg, Bas Rhine Department, France	4 one-story manufacturing buildings; 3 one-story auxiliary buildings; 1 one-story office building	296,653	Non-Fiber Glass Insulations, Industrial & Specialty Products & Services	Perlite insulation board; perlite filter aids; railroad brake shoes and insulating siding board.
Karlstein, Bavaria, Germany	1 one-story manufacturing building and 1 one-story warehouse	49,300	Fiber Glass Products	Fiber glass mats.
Wertheim-Main, Bavaria, Germany	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	Fiber glass mats, yarn and sliver.
Casalpusterlengo, Lombardy Province, Italy	1 one-story manufacturing building	130,000	Non-Fiber Glass Insulations	Insulating firebrick, castables, and refractory cement.
Tultitlan, Mexico (96% owned by Company)	1 one-story manufacturing, office and warehouse building	56,500	Industrial & Specialty Products & Services	Plastic lenses, lighting fixtures and aluminum components.
Jurong Town, Singapore	1 one-story manufacturing plant and 1 two-story office building	52,500	Fiber Glass Products	Fiber glass insulations and acoustical materials.
Alicante, Province of Alicante, Spain	2 one-story manufacturing plants and 1 one-story warehouse	51,000	Industrial & Specialty Products & Services	Diatomite fillers and filter aids.

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 are 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.

3. Mining.

The Company is engaged in mining and processing asbestos, diatomite and perlite. Moreover, 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 used herein, the term "proven" or "commercially recoverable" reserves refer to estimated quantities of economically recoverable ore so extensively sampled that the risk of failure in the continuity of the ore in such body is reduced to a minimum.

Asbestos.

The Company mines and processes asbestos fiber which is used in numerous manufacturing processes as a reinforcing material. Because asbestos fiber is durable and heat resistant, it is well-suited for products which will be subjected to continuous friction and other wear.

The Company's asbestos mine, the Jeffrey mine, is located in Asbestos, Quebec, Canada. During 1982, the Company processed at the Jeffrey mine a total of 4,605,000 tons of asbestos-bearing rock which yielded 300,000 tons of asbestos fiber (a 6.5% recovery) as compared to 7,165,000 tons processed in 1981 which yielded 453,000 tons of fibers (a 6.3% recovery). The production in 1982 was lower than in 1981 due to a decrease in fiber demand which resulted in three weeks of additional planned shutdowns and a reduction in the work week from six to five days.

Early in 1983, a consultant to the Company, Golder Associates Ltd. of Mississauga, Ontario, Canada reported to the Company that changes in the timing and the extent of overburden removal necessary to maintain production levels will result in significantly higher costs than anticipated. Because of these higher costs and an anticipated decrease in demand, there has been a downward revision of the estimated commercially recoverable ore reserves to approximately 20,609,000 tons at December 31, 1982 from the 1981 estimate of 84,400,000 tons. The Company acknowledged a permanent impairment in the asset value of the mine and recorded a charge to 1982 operations. See Note 12—Provision for Asset Impairments in Notes to Consolidated Financial Statements.

Based upon the conclusions of the Golder Associates, Ltd. report, programs for overburden removal are expected to permit continued mining of commercially recoverable ore at current production levels through at least 1986. The Company is continuing to review the conclusions of the Golder Associates, Inc. report and the data upon which such conclusions were based. The Company expects that by the end of the second quarter of 1983, it will commit to one of several possible mining and business plans with respect to continuing operations at the Jeffrey mine. In addition to the factors described above, such plans shall take into account projected prices obtainable for asbestos fiber, cost of operations which may be affected by changes in mining technology, labor rates, rates of taxation in Quebec and Canada, and the effect of the Company's plans to preclude to the maximum extent possible any potential for asbestos-related litigation or liabilities relating to current and future business activities of the Company.

Diatomite.

The Company believes that it is the world's largest producer of diatomite. Diatomite is used as an industrial filtering and clarifying agent, and as a functional filler in paints, plastics and polishes. The Company's principal diatomite mine is located near Lompoc, California. The average annual rate of production of processed ore at this location during the years 1978-1982 was approximately 285,000 tons. Proven reserves at this location are estimated to be sufficient to continue production at the rate of approximately 300,000 tons per year for more than 20 years.

The Company also owns a 39.8% interest in Kisilidjan h.f., a company which owns a diatomite mine in Lake Myvatn, Iceland. Ore reserves at this location are estimated to be sufficient to continue production at the current rate of 24,500 tonnes (metric) a year for more than fourteen years. Capital costs necessitated by such items as 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 which produces processed product at an annual rate of 29,000 tonnes (metric); a 100% interest in a diatomite mine located at Murat, France which produces processed ore at an annual rate of 13,000 tonnes (metric); and a 100% interest in a diatomite mine located at Alicante, Spain, which produces ore at an annual rate of 18,100 tonnes (metric).

Perlite.

The Company mines perlite at its surface mine in No Agua, New Mexico. 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, filter aids and ceiling tiles. The average annual production of processed ore at the No Agua mine is approximately 227,000 tons. Proven reserves at this location are estimated to be sufficient to maintain production of processed ore at the rate of 240,000 tons per year for a period of approximately eight years. An ore reserve development program to increase ore reserves at the No Agua mine is continuing.

The Company uses processed perlite in its own manufacturing operations and sells perlite ore to other industrial users.

Platinum Group Mining Claims.

The Company owns unpatented mining claims along an approximately 28 mile length of mineralized zone in the Stillwater Complex in Sweetgrass, Park and Stillwater counties in Montana.

Exploration conducted by the Company over the last ten years has indicated concentrations of platinum group metals in this zone in quantities of possible economic interest. Further field work and testing will be required before a final decision is made on whether to proceed with the construction and operation of a mine and mill. The Company and Chevron U.S.A., Inc. formed a partnership ("Stillwater PGM Resources") in 1979 for further evaluation and possible development of these mining claims. Under the terms of the joint venture agreement, funds for further joint exploration and development of the properties are being invested by the partners on an equal basis. A decision on whether to proceed with production may be made in 1984. If the decision is to proceed, initial production could be anticipated in 1987. For so long as the Company remains in Chapter 11, further court approvals may be required in the event Manville elects to participate in a production decision or production operations.

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

4. Timber Resources.

The Company owns approximately 587,000 acres of timberland in Louisiana, Arkansas 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 involving approximately 20,000 acres each year. As a result of this program it is expected that the volume growth of the Company's pine timberlands will more than double during the next thirty years.

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 mill's future wood requirements.

5. 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 Bedminister Townships, New Jersey for residential and commercial use. Early in 1983, a partnership in which the Company is a general partner sold real estate operations in Sun Valley, Idaho.

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, listed below (the "Debtor Corporations"), 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 related to the asbestos-health issue. Under Chapter 11, substantially all litigation and 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.

Although the Debtor Corporations, as debtors-in-possession, are authorized to operate their businesses, they may not engage in transactions outside the ordinary course of business without first complying with the notice and hearing provisions of the Bankruptcy Code.

The discussion below sets forth various aspects of the Chapter 11 proceedings, but is not intended to be an exhaustive survey. For additional information regarding the effect on the Debtor Corporations of these proceedings, reference should be made to the Bankruptcy Code.

On June 28, 1982, the United States Supreme Court 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 October 4, 1982 and later extended such stay until December 24, 1982 in order 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, 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 in a number of other judicial districts. While several bankrupcty courts have reached differing conclusions regarding the validity of the emergency rule, thus far the district courts which have considered the issue and the United States Court of Appeals for the Fifth Circuit have uniformly concluded that the district courts retain jurisdiction over bankruptcy matters, may refer them to bankruptcy courts and supervise them in accordance with the emergency rule. The ultimate validity of the emergency rule, the prospects for remedial legislation and the ultimate effect of jurisdictional issues in the Chapter 11 proceedings are uncertain at this time.

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.

At the present time, three official creditors' committees have been formed and approved in the Chapter 11 proceedings: a committee of commercial (trade and institutional) creditors; a committee of attorneys for asbestos-health related litigants and/or claimants; and a committee representing preferred and common shareholders. The committees have the right to review and object to certain business transactions and are expected to participate in formulation of any plan or plans of reorganization. All three committees are entitled to counsel at the expense of the Debtor Corporations.

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.

Due to the complexities and magnitude of the issues involved, the Debtor Corporations were not able to file a plan of reorganization during the initial 120-day exclusive period. Two extensions of the

120- and 180-day periods have been granted by the Bankruptcy Court. The Debtor Corporations currently have the exclusive right to file a plan or plans of reorganization until April 8, 1983 and, if a plan is filed by such date, to solicit acceptances until June 9, 1983. Certain creditors have appealed the Bankruptcy Court's order extending the exclusive period as it relates to Manville Forest Products Corporation.

If the Debtor Corporations fail to file a plan during the exclusive period or, if such plan has been filed, fail to obtain acceptance of such plan from impaired classes of its creditors and equity security holders during the exclusive solicitation period, any party in interest, including a creditor, an equity security holder, a committee of creditors or equity security holders, or an indenture trustee may file a plan. Additionally, if the Bankruptcy Court were to appoint a trustee (see below), the exclusive period if not previously terminated, would terminate.

Efforts to develop a plan of reorganization for the Debtor Corporations are underway. The Debtor Corporations intend to propose a plan as soon as practicable. Because of the complexity of the formulation process, the Debtor Corporations have sought and may find it necessary to seek further extensions of the exclusive period. There can be no assurance that such extensions, if sought, will be granted.

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 is required to 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.

After a plan has been filed with the Bankruptcy Court, it will be sent, along with a disclosure statement approved by the Bankruptcy Court following hearing, to all classes of its impaired creditors and equity security holders for acceptance or rejection. A plan is considered accepted by a class of creditors if it is 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 that class held by creditors who actually vote. A plan is considered accepted by a class of equity security holders if it is accepted in writing by equity security holders who hold at least two-thirds in amount of the allowed securities held by all equity security holders in such class who actually vote.

Following acceptance or rejection of any plan by impaired classes of creditors and equity security holders, the Bankruptcy Court at a noticed hearing would consider whether to confirm the plan. Among other things, for confirmation the Bankruptcy Court is required to find that (i) each impaired class of creditors and equity security holders will, pursuant to the plan, receive at least as much as the class would have received in a liquidation, (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 and/or equity security holders before provision for a junior class could be made.

If any impaired class of creditors or equity security holders does not accept a plan and assuming that 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 non-acceptance of the plan by an impaired class of creditors or equity security holders if certain requirements of the Bankruptcy Code are met.

At the time of the filings, litigation was pending 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 one or more of the Debtor Corporations. On the basis of epidemiological and statistical reports, using conservative assumptions favorable to Manville, Manville Corporation projected that more than 32,000 additional asbestos-health related lawsuits would be filed against one or more of the Debtor Corporations by the year 2001.

Those reports also resulted in the conclusion that the Company's disposition costs for the asbestos-health claims, whether or not currently asserted (the "A-H Claims"), if they continued to be resolved through conventional tort litigation, would average at least $40,000 per claim. The $40,000 per claim projection was estimated in the reports through the use of statistical smoothing techniques applied to the Company's recent disposition cost excluding punitive damages (as opposed to historical averages). Included in this $40,000 amount is approximately $7,500 per claim for Manville's outside legal expenses. If the disposition cost (including legal fees) of the A-H Claims were to average approximately $40,000 per claim as projected, the aggregate cost of disposing of the A-H Claims through conventional tort litigation would be at least $1.9 billion. The Company's historical average disposition cost for all cases disposed of through December 31, 1982 (approximately 4,110 claims) is $16,845 per claim excluding legal costs and verdicts on appeal.

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 A-H Claims and other liabilities, whether or not currently asserted, in full when due.

In addition to 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").

On February 5, 1983, the Debtor Corporations filed a complaint in the Bankruptcy Court petitioning the Court to estimate the number of and the value attributable to all A-H Claims against the Debtor Corporations (the "Estimation Proceeding"). Unless a consensual Chapter 11 plan is adopted, the Company believes that until the Bankruptcy Court estimates and fixes the total amount allowable for the class of contingent asbestos-health claimants, any plan of reorganization may be delayed. The Debtor Corporations have not petitioned the Bankruptcy Court for a determination of the respective rights, as among class members, to any portion of the amount so estimated or as to the merits of a particular class member's claim for relief. Determination of such rights will be made in connection with the formulation and approval process of a plan of reorganization.

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 and Other Claims (collectively the "Claims") to the Debtor Corporations. The uncertainties include:

—the resolution of the above-referenced Estimation Proceeding;

—the method by which the A-H Claims will be satisfied;

—the effect of the Chapter 11 filing and attendant publicity on the number 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 is resolved; and

—the method by which the Other Claims will be estimated and satisfied.

The litigation pending against the Company's insurers is discussed beginning at page 52 of this report.

Because of these uncertainties, the eventual disposition of the Claims cannot be predicted at this time and the ultimate loss to the Debtor Corporations, after application of estimated insurance recoveries, cannot be reasonably determined in accordance with Financial Accounting Standards Statement No. 5, "Accounting for Contingencies". Accordingly, while the ultimate liability of the Debtor Corporations could have a material adverse effect on Manville's consolidated financial position and future results of operations, no 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 Company's ability to pay and continuation of the Company's businesses. While it is possible that full recoveries will be realized, there can be no assurance at this time that the liabilities of the Debtor Corporations will not be found to exceed their assets. This could result in claims being provided for at less than 100% of their face value and the equity of the Company's common and preferred shareholders being diluted or cancelled. It is impossible at this time to predict the actual recovery which different classes of creditors and shareholders will realize.

The subsidiary Debtor Corporations are:

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

In November 1982, motions to dismiss the Debtor Corporations' petitions for reorganization were filed in the Bankruptcy Court by asbestos-health claimants and certain equity holders of the Debtor Corporations. These motions are currently scheduled to be heard on May 5, 1983. It is the Company's opinion that the petitions for reorganization were properly filed and that such petitions should not be dismissed.

On March 25, 1983, in the Chapter 11 proceedings relating to UNR Industries, Inc., the United States District Court for the Northern District of Illinois denied the application of the debtor, another company with asbestos-health related litigation, 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 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". It is uncertain at this time whether the decision will be appealed. It is also uncertain whether the court's rationale will be adopted in other Bankruptcy Code cases, including, the Company's Chapter 11 proceedings. If the decision were followed in the Company's Chapter 11 proceedings, the Company's options in structuring a Chapter 11 plan might be diminished.

The Bankruptcy Code prohibits creditors who are subject to the jurisdiction of the Bankruptcy Court from attempting to collect their prepetition debts from the Debtor Corporations, either by commencement or continuation of a lawsuit or otherwise, unless the Bankruptcy Court terminates or modifies the automatic stay of litigation that arose upon the filing of the petitions or otherwise authorizes payments by the Company. Accordingly, virtually all actions against the Debtor Corporations were automatically stayed upon the filing of the petitions.

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 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. The Debtor Corporations have from time to time in the Chapter 11 proceedings exercised their rights to assume or reject and continue to study executory contracts and unexpired leases to determine whether assumption or rejection is appropriate.

The Bankruptcy Code may require that payments be made to certain creditors holding secured claims to adequately protect such creditors' interest in collateral while such collateral is being used by the Debtor Corporations. The Debtor Corporations currently are evaluating the positions of their secured creditors to determine the extent, if any, to which payments in respect of adequate protection are appropriate.

Depending upon the outcome of the proceedings and the value of a creditor's collateral, if any, creditors may not be entitled to claim interest on their claims for the period after August 26, 1982. In addition, a creditor's claim will be treated as secured only to the extent of the value of such creditor's collateral, and the balance of such creditor's claim will be treated as unsecured.

New York Life Insurance Company, Inc., holder of the mortgage on the Company's World Headquarters, has commenced litigation in the Bankruptcy Court seeking, among other things, adequate protection of its interest in the World Headquarters or, in the alternative, relief from the automatic stay to foreclose on the mortgage. Pursuant to a stipulation dated March 8, 1983, the parties reserved all their respective rights, the Company's time to respond was extended to June 30, 1983, and the Company agreed to make an initial payment in respect of adequate protection.

The Bankruptcy Code permits the Bankruptcy Court to appoint a trustee on request of any creditor, equity security holder, committee or other party in interest. In order for a trustee to be appointed, a requesting party, after notice and a hearing, must show cause, such as gross mismanagement by current management, or show that such appointment is in the best interest of the creditors in the case. No such request has been made in the Debtor Corporations' Chapter 11 proceedings to date.

Occupational Health and Product Liability Litigation

As of December 31, 1982, the Company and/or several of its subsidiary companies was a defendant or co-defendant in approximately 12,155 lawsuits brought by approximately 17,045 plaintiffs in which the plaintiffs allege damage to their health principally as a result of exposure to asbestos fiber either (i) during manufacturing operations in which asbestos fiber was used as a raw material, or (ii) in the course of handling products containing asbestos. Additionally, a number of asbestos-health claimants and codefendants have filed proofs of claims in the Chapter 11 proceedings not only for claims which are presently pending in a court of law, but also for previously unfiled claims. The procedures to identify and liquidate these proofs of claims, and such other claims as may be filed, have not yet been implemented. For the period August 26, 1982 through December 31, 1982, the Company received 350 new cases brought by 725 new plaintiffs, excluding claims filed as proofs of claims in the Chapter 11 proceeding. The Company believes any lawsuits filed subsequent to the commencement of the Chapter 11 proceedings were filed in violation of the Bankruptcy Court's restraining order and the automatic stay provisions of the Bankruptcy Code. Prior to the filing of the petitions on August 26, 1982, the Company received during 1982 an average of approximately 425 new cases per month brought by an average of approximately 500 new plaintiffs per month. During 1981, the Company received an average of approximately 400 new cases per month brought by an average of approximately 560 new plaintiffs per month, up from the full year 1980 average of 230 new cases per month brought by an average of 365 new plaintiffs per month and the 1979 average of 140 new cases per month and 210 new plaintiffs per month.

During 1982, approximately 1,090 claims were disposed of at an average cost per claim to the Company of $18,100. All disposition cost references exclude legal expenses. This disposition cost average for 1982 ($18,100) is higher than the Company's cumulative average through December 31, 1981 of $16,075. The cumulative average for all claims disposed of through December 31, 1982 (a total of approximately 4,110 claims) is $16,845 per claim excluding legal fees and expenses and cases subject to post-trial motions or appeals. Substantially all of these disposition costs and legal expenses have been charged to applicable insurance maintained by the Company. See the discussion provided below at page 52 relating to the litigation pending against the Company's insurers.

These disposition costs also do not include the verdicts in approximately twenty-five cases which were subject to post-trial motions or appeals brought by the Company at the time the petitions for reorganization were filed. Including these twenty-five verdicts in the Company's historical disposition costs results in an average through December 31, 1982 of approximately $20,165 per claim.

During the first eight months of 1982, thirty-eight cases proceeded to trial, and the Company received defense verdicts in sixteen of these cases. As 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. Significant cases occurring in the first part of 1982 have been summarized in the Company's Legal Proceedings section of its Form 10-Q for the quarters ended June 30, 1982 and March 31, 1982. The more recent cases are discussed below.

As previously reported in 1981, the Company was in that year for the first time found liable by juries for punitive damages in five separate asbestos-related actions. During the first half of 1982, the Company was found liable for punitive damages in five additional cases. Of these ten cases, nine are presently 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. During October 1982, the United States Sixth Circuit Court of Appeals rendered its decision in ***Moran*** v. ***Johns-Manville Corp.***, the first appellate decision involving punitive damages. The Sixth Circuit affirmed the jury verdict rendered in the lower court against the Company for $350,000 in compensatory damages and $500,000 in punitive damages.

The Bankruptcy Court, in an opinion dated January 10, 1983, determined that the verdicts in two cases, which are on appeal by the Company and in which supersedeas bonds had been posted by the Company (the *Hansen* and *Janssens* cases), could proceed to ultimate disposition upon appellate review. As reported in the Company's 1981 quarterly reports, the Company was found liable in the *Hansen* case for $1,060,000 in compensatory damages and $1,000,000 in punitive damages, and in the *Janssens* case for $1,107,600 in compensatory and $750,000 in punitive damages. The effect of the Bankruptcy Court's opinion as to other cases presently on appeal is uncertain; however, the Bankruptcy Court's action in these two cases may be considered precedential wherever the verdicts in other cases on appeal are secured by some form of bond.

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

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

(ii) Employees of the Company subsidiaries who were exposed to asbestos while working at the Company 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 used by such companies 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 otherwise were exposed to asbestos insulation or other products containing asbestos acquired directly or indirectly 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 standard for dust levels for asbestos as recommended by the U.S. 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 applicable federal and state workers' compensation statutes provide the exclusive remedy against the subsidiary employer for employment-related injuries in most of these actions. In cases brought by current and former employees of the Company in California, Illinois, Louisiana, New Jersey and Texas, some plaintiffs seek to avoid the limitations of this remedy by suing outside of 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 (1) his employer fraudulently concealed from the employee his diseases or injury and the cause of such disease or injury and (2) such fraud or concealment resulted in aggravation of harm to the employee, then the employee has the right to maintain an action directly against the employer and not be limited to the remedy provided by the applicable workers' compensation statutes. But for 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 it has 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 claim of a Company employee to proceed outside workers' compensation statutes against the Company and particular non-employer 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.

On December 31, 1982, there were approximately 157 cases involving 850 plaintiffs pending in at least three jurisdictions, against present and former directors, officers and/or employees of the Company or its affiliates seeking damages against such defendants in their individual capacities for damages allegedly suffered by individuals allegedly exposed to asbestos fiber. Pursuant to the terms of its bylaws, the Company believes it owes a duty to defend and indemnify such former and present directors, officers and employees. The impact of Chapter 11 on these cases is uncertain, and some or all of the cases may proceed. In another opinion dated January 10, 1983, the Bankruptcy Court determined that these cases are stayed only as to certain present key employees, not to exceed twenty-five in number, whose services are essential to the administration of the Chapter 11 proceedings. The Company is providing legal representation for the benefit of each named defendant in these actions. The Company intends to renew its request for an expansion of the stay to include all such directors, officers and employees. It is the Company's belief that these present and former directors, officers and employees have substantial defenses to the allegations of the complaints. In addition, the Company has in place policies of insurance covering these claims; however, the insurance carriers are presently contesting the availability of coverage.

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 limited knowledge as the Company of the 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.

It is the Company's belief that 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 the Company 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:

—that since the mid-1970's, the Company has sold asbestos fiber in the United States only in pressure pack, block form or other similar condition and not in a loose form;

—that 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;

—that the Occupational Safety and Health Administration established a maximum exposure standard for asbestos fiber of 5 fibers per cubic centimeter in 1972 and lowered that standard to 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 and is continuing to date; and

—with respect to any use not complying with the OSHA asbestos standards, the Company's defensive posture with respect to claims arising out of such environments will be significantly enhanced.

On December 31, 1982, there were included within the approximately 17,045 cases pending against the Company a series of indemnity actions and seven purported asbestos-health related class actions which are described in more detail below.

Indemnity Actions

Included in the cases pending against the Company were approximately forty claims by former employees of the Company against former contract physicians of the Company alleging that the physicians failed to advise such 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 during the third quarter of 1982 of the claims against the Company for indemnity alleged by these physicians. The impact of the reorganization proceedings on this settlement is uncertain at this time.

There are also two independent actions in which manufacturers of products containing asbestos 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 their products. One of these manufacturers has filed an action seeking indemnification from the Company and its insurers in the Bankruptcy Court. This action has been stayed upon the Company's motion. It is not presently anticipated that this case will proceed in the near future. The Company believes it has substantial defenses to all of 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 the Company who during the course of their employment at the Company's facilities were exposed to asbestos fiber. The Company believes it has substantial defenses to such claims. These employee and former-employee cases and the remaining purported class actions are summarized below:

(i) Four purported class actions have been 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 the plaintiffs seek unspecified general, special and punitive damages; and

(ii) Three purported class actions have been brought involving the third category of plaintiffs—those who allege injury due to exposure during manufacturing operations 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.

School Asbestos Removal Lawsuits

The Company and approximately sixty-one other defendants have been named in a lawsuit captioned *School District of Philadelphia v. Johns-Manville Corp.*, which was filed in the Common Pleas Court for Philadelphia, Pennsylvania. The complaint was received by the Company on July 6, 1982 and seeks damages for the cost of detecting, analyzing, repairing or removing asbestos-containing materials in approximately twenty-four Philadelphia schools.

The Company is named as a defendant in two related alleged class actions captioned *School District of Lancaster v. Asarco* filed in the Court of Common Pleas, Philadelphia, Pennsylvania. Plaintiffs have filed these actions on behalf of the named entity, and among others, all district and multi-district educational institutions operated within the Commonwealth of Pennsylvania. In the first action, plaintiffs seek: (1) compensatory damages for costs incurred for inspection, analysis, containment, removal and replacement of friable asbestos-containing materials in such school buildings; and (2) punitive damages in unspecified amounts. In the second action, which seeks injunctive relief, plaintiffs seek an order that, to the extent any school is required to inspect, analyze, contain, remove, or replace friable asbestos-containing materials, the defendants perform such activities at their own expense.

The Company has also been named as a defendant in *Richland County School District One v. Johns-Manville Sales Corp.* brought in the Court of Common Pleas of Richland County, South Carolina. The complaint in this action alleges that the school district has instituted an action to remove asbestos materials from the schools of Richland County, South Carolina and seeks $3,000,000 in damages from the Company to cover the cost of this removal.

City of Erie vs. Asarco, a purported class action, was filed during the third quarter of 1982 in the Court of Common Pleas for Erie County, Pennsylvania. The action was brought on behalf of "all government entities within the Commonwealth of Pennsylvania, which own or administer buildings and other facilities that contain asbestos products" excluding public school buildings. The plaintiffs were seeking to recover compensatory and punitive damages for economic harm and property damage resulting from the installation of the asbestos products manufactured or installed by the forty-one defendants, including, the Company. In addition, the plaintiffs had requested that the court order the defendants to "inspect, analyze, contain, remove, and/or replace said asbestos products."

With respect to the three class actions, the Company believes that there are insufficient grounds to support class action status. It is not possible for the Company to estimate potential liability should any of the above suits be decided adversely to the Company or should additional claims be asserted by other parties on the same or similar grounds. An unofficial committee representing a portion of the potential claimants in this category has appeared in the Chapter 11 proceedings and asserted the contingent liabilities of such claims approximate $1.0 billion. The representatives of this group have presented no information, factual or otherwise, substantiating the accuracy or reasonableness of this estimate. The Company also believes that it has substantial defenses to the plaintiffs' claims in all four of these cases. All of these actions have been stayed against the Company since the commencement of the Chapter 11 proceedings.

Rescon and Other Product Claims

Prior to its filing for reorganization, a number of claims were pending against the Company alleging damages resulting from breaches of warranty and other claims resulting from the alleged defectiveness of the product, Rescon. Three of these cases were consolidated for trial in a state court in San Diego, California. In July 1982, a jury returned a verdict against the Company in these three cases and awarded $126,000 in compensatory damages to U. S. Capitol Corp. (Global Properties), $5,183,000 to Costa Viva Homeowners Association, and $685,000 to Orleans East Homeowners Association.

An appeal was filed by the Company prior to the filing of the reorganization petitions, which appeal was secured by a bond in the amount of $8,991,000. The automatic stay was lifted as to these three consolidated California actions by agreement of the parties and by order of the Bankruptcy Court thus allowing the Company to pursue its appeal. Other Rescon claims have been automatically stayed by the filing of the petition for reorganization.

The Company is presently named as a defendant in approximately twenty cases seeking damages for personal injuries or property damage alleged to have resulted from formaldehyde vapors emitted from certain products (principally particleboard) manufactured by the Company. In addition, ten claims have been made by defendants in formaldehyde-related litigation in anticipation of naming the Company as a third party defendant. To date, two of these cases involving formaldehyde related claims have been disposed of by the Company. In one of these cases, a jury returned a defense verdict in favor of the Company and another case was settled by the Company.

Insurance Litigation

The Company has maintained over the years various policies of insurance in differing amounts to protect the Company against the cost of liability for product-related personal injury or property damage. 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 coverage and one or more layers of excess coverage. Subsequent to 1976, for product-related liability, 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 1934-1951 period. 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 by that court. All of the Company's domestic carriers (both primary and excess) and two of the Company's Canadian primary insurers are presently named as defendants in the California action. In March 1981, the Company's California action was, by court order, consolidated in a "coordinated" proceeding with three similar California actions involving other asbestos manufacturers and their insurers. Procedural motions have resulted in the disqualification of one judge and the recusal of a second judge. A third judge was appointed in October 1982. A challenge to this appointment was denied on February 16, 1983. Due to these procedural delays, the scope and effect of the coordination have not yet been determined. On March 1, 1983, the court held a pretrial conference in this action and issued extensive discovery orders on an accelerated basis. On March 2, 1983, the 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, $5 billion in punitive damages against these insurers.

The San Francisco action involves certain issues which are also being litigated in separate proceedings pending in Massachusetts and Canada. The Massachusetts action, filed by an insurer 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 1934-1951. That action was automatically stayed by the reorganization petition.

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 such action. The Bankruptcy Court set this matter for hearing on November 2, 1982 and at that time refused to lift the stay imposed under Section 362(a) of the Bankruptcy Act. The insurer then appealed this ruling to the United States District Court for the Southern District of New York. That appeal has been argued, but no decision has been rendered at this time. The Company has since filed a petition to remove this action to the United States Bankruptcy Court for the District of Massachusetts. On January 14, 1983, the Company filed a motion to transfer venue to the United States Bankruptcy Court for the Southern District of New York. A hearing before the United States Bankruptcy Court for the District of Massachusetts with respect to transfer has not yet been set. The United States Court of Appeals for the First Circuit, in which Massachusetts action was filed, recently decided an insurance coverage action involving another company named in asbestos-related litigation. Its opinion, while expressly limited to the facts in that case (which the Company believes are distinguishable from its facts), could, if applied to the Massachusetts action against the Company, result in a loss of insurance coverage for the period 1934-51.

The principal issues involved in the domestic actions (San Francisco and Massachusetts) are interpretations as to the kind 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 claims for personal injury related to asbestos fiber and asbestos-containing products, the method of allocation of coverage and, for certain policy years, the amount of coverage available to the asbestos-related claims.

The Company believes the Canadian action will not be adversely affected by United States Bankruptcy proceedings. The Company's litigation in Canada involves one of its primary carriers and concerns coverage of its Canadian entities. The issue involved in this suit is limited to the Company's duty to disclose to that carrier knowledge it may have had with respect to the harmful effects of excessive exposure to asbestos fiber and dust from asbestos-containing products and the existence of asbestos-health claims against the Company prior to the issuance of the insurance policies. The Company anticipates the Canadian action will proceed to trial in the first half of 1983.

A resolution of the issues raised in the San Francisco, Canadian and Massachusetts actions will provide the Company and its insurance carriers with an improved ability to assess the impact of the cost of insured events including asbestos-related claims. 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 and is continuing to work with the primary and excess carriers to resolve this matter pending ultimate resolution in the litigation described above. Only one excess carrier was providing current funding for such costs and expenses. The funding amounted to an average of approximately 38% of the total 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 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 significant to the completion and approval of a plan of reorganization and in fact failure to resolve these issues timely may impede the approval of a plan. In this regard, efforts to accelerate such resolution are being made.

To protect its interests in light of the above-described insurance litigation, the Company instituted suit against its principal broker, Marsh & McClennan, Inc., on November 23, 1981 in the Superior Court for the State of California, City and County of San Francisco. Among the issues to be resolved in this litigation is whether Marsh & McLennan, Inc. breached its obligations to obtain appropriate insurance coverage for the Company. 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. The court has not yet ruled on this motion.

Securities Litigation

The Company is also a defendant in *Abrams v. Johns-Manville Corporation,* a purported class action commenced 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 10b-5 promulgated thereunder. The plaintiff alleges misrepresentations in, and material omissions from, the Company's published documents with respect to matters relating to the Company's potential liability as a result of asbestos-health related litigation. 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 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 has 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: (1) the court granted the plaintiff's motion for class certification; and (2) the court denied the Company's motion for summary judgment. Class notices were being prepared for mailing and some discovery had been scheduled as of August 26, 1982. This case has been automatically stayed by the Company's filing for reorganization in Bankruptcy Court for the Southern District of New York.

On September 8, 1982, an action was instituted by Jeffrey and Linda Herrmann against eleven present and former Directors of Manville Corporation in the United States District Court for the District of Colorado, *Herrmann v. Beauchemin.* The complaint seeks relief on behalf of the named plaintiffs and a purported class of all persons who purchased the Company'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 section 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 Manville Corporation and twenty of its affiliates. The damages claimed are in an unspecified amount representing the loss suffered through purchases of common stock at market prices allegedly inflated by violation of the securities laws.

The Company is providing legal representation in the *Herrmann* action pursuant to insurance policies purchased for the benefit of each named defendant. The carriers are presently providing such coverage pursuant to a full reservation of rights. Pursuant to the terms of its bylaws, the Company believes it owes a duty to defend and indemnify the named defendants in this action. The ultimate impact of the Chapter 11 proceedings on this case is uncertain at this time. It is the Company's belief that these present and former Directors have substantial defenses to the allegations of the complaints. In granting the Company'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.

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, which in 1981 brought suit against the Company and the owners in the United States District Court for New Hampshire. While 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 petition on August 26, 1982, the Company was negotiating with EPA and the State of New Hampshire to develop a plan for closure of the sites. Subsequent to 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 then filed a request that the court vacate its order staying continuation of the suit, and the United States District Court denied the request. The United States has attempted to appeal the stay order, and the Company has filed a motion to dismiss the appeal. The First Circuit Court of Appeals has not yet ruled on the Company's motion.

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 intends to submit comments indicating why this facility should not have been included on the National Priorities List. The Company does not anticipate that its involvement in this matter will have a material adverse effect on the Company.

The Company is also reviewing and considering certain actions concerning environmental problems associated with former disposal sites at Richmond, Indiana; Coalinga, California; Redwood City, California; Shreveport, Louisiana; and West Monroe, Louisiana. The Company does not anticipate that its involvement at these locations will have a material adverse effect on the Company.

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 the fourth quarter of 1982.

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 indicated on that page, the Company's common and preferred stock are subject to delisting at any time because as a result of its Chapter 11 proceedings, the Company is not in compliance with certain rules of the New York Stock Exchange, Inc.

A two year history of dividend payments is also provided on the inside back cover under the table captioned "Comparative Stock Data". Restrictions on the Company's ability to pay dividends while it is in Chapter 11 are described in Management's Discussion and Analysis of Results of Operations and Financial Condition at page 2 of this report.

Item 6. Selected Financial Data

The information required by Item 6 is provided on the 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

Item 9. Disagreements on Accounting and Financial Disclosure

Inapplicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

(a) Directors*

J. Jacques Beauchemin, Q.C.
Chairman of the Board, Sullivan Mining Group Ltd.
Director since 1969;
Age: 59

Since January 1981, Mr. Beauchemin has been Chairman of the Board of Sullivan Mining Group Limited, East Sullivan Mining Limited, and Economie Mutuelle d'Assurance, a Director of Belmont Park Co. Ltd., National Bank of Canada, Advocate Mines Limited and other Canadian corporations. Prior to that time, Mr. Beauchemin 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.

George C. Dillon
Chairman of the Board and Chief Executive Officer, Butler Manufacturing Company
Director since 1969;
Age: 60

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 that company. On December 11, 1978 he was elected Chairman of the Board and Chief Executive Officer. 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, the Newhall Land and Farming Company and Barber-Greene 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
Partner, Geddes Brecher Qualls Cunningham: Architects, Princeton, N.J.
Director since 1969;
Age: 59

Mr. Geddes was Dean of the School of Architecture at Princeton University from 1965 to 1982 and 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.

* Each Director of Manville Corporation shall hold office until the next Annual Meeting or until his successor is duly elected and qualified.

William C. Janss
Chairman of the Board,
Janss Corporation
Director since 1972;
Age: 64

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 is a Trustee of the United States Ski Educational Foundation. 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
and Chief Executive Officer,
Ideal Basic Industries, Inc.
Director since 1976;
Age: 66

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 he is presently Chairman of the Board and Chief Executive Officer. 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: 67

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 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 of the Board,
Chief Executive Officer
and President
Manville Corporation
Director since 1974;
Age: 59

Mr. McKinney joined Johns-Manville Corporation as a patent lawyer in 1951 and after serving in a number of executive positions, 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 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. He is a member of the Board of Directors of Public Service Company of Colorado.

George B. Munroe
Chairman of the Board, Phelps Dodge Corporation
Director since 1969;
Age: 61

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 Southern Pacific Company, 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.

John P. Schroeder
Former Vice Chairman, Morgan Guaranty Trust Company of New York
Director since 1967;
Age: 64

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 Partner, Davis Polk and Wardwell
Director since 1982;
Age: 65

Mr. Tucker joined the firm of Davis Polk & Wardwell in 1945 and has been a partner of that firm since 1957. 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
President and Chief Executive Officer, Southeast Banking Corporation
Director since 1976;
Age: 56

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 of that company. In January 1982, he was named Chairman of the Board of the newly formed Southeast Bank, N.A. In June 1982, he was named Chairman of the Board of Southeast Banking Corporation. Mr. Zwick also serves on the Board of Directors of Southern Bell Telephone & Telegraph Company.

(b) Executive Officers of the Registrant

The name, age and office of each executive officer of Manville Corporation as of March 1, 1983 is listed below. Each of the officers has during the past five years served in a managerial or executive capacity with the Company.

Officer	Age At March 1, 1983	Office
John A. McKinney	59	Chairman, Chief Executive Officer, President and Director
Robert H. Cuje	56	Senior Vice President
Charles J. DeBiase	56	Senior Vice President
S. Rollins Heath, Jr.	45	Senior Vice President
Charles L. Hite	46	Senior Vice President
Josh T. Hulce	40	Senior Vice President
George R. Johannes	44	Senior Vice President
G. Earl Parker	45	Senior Vice President and Secretary
Chester E. Shepperly	55	Senior Vice President
W. Thomas Stephens	40	Senior Vice President
Chester J. Sulewski	53	Senior Vice President
James F. Beasley	38	Vice President and Treasurer
Edwin D. Cox	62	Vice President
Eileen M. DeCoursey	50	Vice President
John B. Dorsey	50	Vice President
John F. Knoth	52	Vice President and Controller
Curtis G. Linke	40	Vice President
William A. Sells, Jr.	49	Vice President
John H. Swensen	56	Vice President
Michael A. Tappin	53	Vice President
Richard B. Von Wald	40	Vice President and Corporate Counsel

ITEM 11. MANAGEMENT REMUNERATION

Remuneration of Directors and Officers

The Remuneration Table sets forth information concerning the remuneration of (1) each of the five most highly paid executive officers or Directors of the Company, presently serving in such capacity, whose total remuneration exceeds $50,000, and (2) all remuneration of all officers and Directors of the Company as a group for services in all capacities to the Company and its subsidiaries during the last fiscal year.

REMUNERATION TABLE

		(C) Cash & cash equivalent forms of remuneration		
(A) Name of individual or number of persons in group	(B) Capacities in which served	(C1) Salaries, fees, Director's fees, commissions, bonuses	(C2) Securities or property, insurance benefits or reimbursement, personal benefits	(D) Aggregate of contingent forms of remuneration
John A. McKinney	Chairman, Chief Executive Officer and President	$ 443,750	$ 9,530	$ 7,595
Robert H. Cuje	Senior Vice President	$ 203,125	$ 4,712	$ 2,871
Charles J. DeBiase	Senior Vice President	$ 204,625	$ 5,540	$ 3,084
Chester E. Shepperly.........	Senior Vice President	$ 206,875	$ 6,565	$ 3,371
Chester J. Sulewski	Senior Vice President	$ 203,125	$ 5,571	$ 3,480
All Directors and officers of the Corporation as a group (35 persons).....		$4,124,038	$152,465	$46,557

The amounts set forth in Column C2 of the above table include club dues, security services, life insurance premiums, estate planning services and tax preparation services paid for by the Company. The amounts set forth in Column D of the attached table represent Company contributions to the Employees Thrift Stock Purchase Plan. Certain officers of the Company elected the early retirement program offered in 1982 or otherwise terminated their employment with the Company prior to December 31, 1982. For purposes of the Remuneration Table, each such officer and his successor are treated as one person. The total remuneration for all Directors and officers as a group includes the total remuneration received in 1982 by all full year and early termination officers, and the pro rata portion of the remuneration received in 1982 by each successor officer during his term in office.

EMPLOYEE COMPENSATION PLANS

Retirement Plan

Each of the individuals named in the Remuneration Table is a participant in the Manville Salaried Retirement Plan. Such 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 5-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 35 years, and (b) a percentage of the participant's 5-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 non-contributory service to 35 years. Salary, as defined in the Plan, includes payments under the Corporate Bonus Plan.

Average Final Salary	Column A (Contributory Service)	Column B (Non-Contributory Service)
$ 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 & over	62%	23%

The following table shows estimated annual benefits as of December 31, 1982 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			
	20	25	30	35 or more
$200,000	$ 65,858	$ 82,323	$ 98,787	$115,252
300,000	101,287	126,609	151,930*	177,252*
400,000	136,715*	170,894*	205,073*	239,252*
500,000	172,144*	215,180*	258,216*	301,252*

* An asterisk indicates the amounts which for 1982 are subject to reduction because of the annual pension limitations imposed by ERISA. Beginning in 1983, amounts subject to such reduction will be lower because of recently enacted ERISA amendments. The Company has adopted a plan that provides for payment from corporate funds of the difference between the limitation and the amount otherwise payable pursuant to the Salaried Retirement Plan.

On December 31, 1982, the individuals named in the Remuneration Table who participated in the Manville Salaried Pension Plan had the following years of credited service under the Plan: J. A. McKinney—31; R. H. Cuje—28; C. J. DeBiase—26; C. E. Shepperly—34; and C. J. Sulewski—30.

Thrift Plan

The Manville Corporation Employees Thrift Stock Purchase Plan permits all salaried employees of the Company and participating subsidiaries to contribute up to 6% of his or her earnings into the participant's choice of three available investment programs. The Company or participating subsidiary contributes monthly an amount equal to a percentage of the amount contributed by each participant for such month determined on the basis of the net earnings per share of the Company's common stock, before extraordinary items, for the aggregate of the first four of the five calendar quarters next preceding the calendar quarter which includes such month, as follows:

If Net Earnings Per Share of Common Stock is:	Corporate 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%

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 6% or greater return on average assets employed over the life of the cycle. Units awarded to the individuals listed in the Remuneration Table for the four-year cycles indicated are:

Cycle	J. A. McKinney	R. H. Cuje	C. J. DeBiase	C. E. Shepperly	C. J. Sulewski	All present Directors and officers as a group
1979-82	1,246	634	620	634	634	6,114
1980-83	1,358	691	676	691	691	7,704
1981-84	1,635	753	744	753	753	9,186
1982-85	1,775	813	819	828	813	10,363

Each unit will have a minimum value of $25 and a maximum value of $175 if the goals set by the Company's Compensation Committee are attained. It is not anticipated that the goals set by the Committee for the cycles beginning in 1980, 1981 and 1982 will be attained. Accordingly, the units awarded for these cycles are likely to be worthless.

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 present officers who were also officers at that time. Only two of the Company's present officers were not officers in 1981, and these individuals continue to hold options under the 1971 Executive Incentive Program. As of December 31, 1982, these officers collectively held options to purchase 1,650 shares of common stock, none of which presently have a realizable value. No options granted under the 1971 Executive Incentive Program were exercised in 1982. One officer of the Company holds options to purchase 1,576 shares of the Company's common stock (which options became fully exercisable in 1982) granted as substitute stock options issued in connection with the 1979 acquisition of Olinkraft, Inc. No such substitute options were exercised in 1982, 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. Subsequent to that meeting, options to purchase the Company's common stock were granted, but formal contracts have not been executed at this time with the grantees of such options. Under the terms of the 1982 Stock Option Plan, no options are exercisable until one year following the date such options were granted, and thus no options have been exercised to date. Under this plan, each of the five officers named in the Remuneration Table at page 61 was granted options to purchase 8,600 shares of the Company's common stock, except for Mr. McKinney who was granted options to purchase 30,000 shares. All Directors and officers as a group, including named officers, were granted options to purchase 114,000 shares at a price of $10.00 per share. The option price is based on the average high and low trading prices reported in the New York Stock Exchange Composite Tape as of May 5, 1982, the date the options were granted. All of these options have been granted in tandem with stock appreciation rights.

Directors' Fees

Directors who are also employees of the Company receive no fees for serving as a Director. All other Directors receive an annual retainer of $12,000 and a per meeting attendance fee of $600 for each Board Meeting and $300 for each Committee Meeting actually attended. Certain members of the Board received a retainer for participating on the Special Committee appointed in August 1982 to review the studies addressing the Company's asbestos-health issue. Mr. Schroeder, acting as Chairman of the Special Committee, received $10,000; Mr. Tucker received $8,000; and Mr. May received $3,000. Additionally, Mr. Schroeder receives an annual retainer of $12,000 for acting as Chairman of the Company's Executive and Finance Committees.

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 5% of the outstanding shares of the Company's common stock as of February 28, 1983.

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Nature of Beneficial Ownership	Percent of Common Stock Outstanding as of February 28, 1983
Torray, Clark & Co. 6610 Rockledge Drive Suite 450 Bethesda, Md 20817	3,784,000	Direct	15.77%
*Kaufman and Broad, Inc. 10801 National Blvd. Los Angeles, Calif. 90064	*1,800,700	Indirect	7.51%

* Kaufman and Broad, Inc, is the parent corporation of Sun Life Insurance Company of America Inc., which in turn wholly owns Sun Life Group of America, Inc. The latter two companies have reported direct ownership of 894,200 and 906,500 shares, respectively, of the Company's common stock.

(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 officers and Directors as a group. With respect to Directors who are officers of the Company, the number of shares beneficially owned includes shares owned as of January 1, 1982 pursuant to the Manville Corporation Employees Thrift Stock Purchase Plan. Unless otherwise indicated each officer and Director has sole voting and investment power with respect to such shares. No officer or Director owns more than .06% of the issued and outstanding shares of the Company. The shares owned by all Directors and officers represents less than .4% of the issued and outstanding shares of the Company.

Name of Beneficial Owner	Common Shares Beneficially Owned
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*
John P. Schroeder	2,528
William D. Tucker, Jr.	200
Charles J. Zwick	200
All present Directors and officers as a group (32)	82,302

* 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 1982, nor does it anticipate receiving during 1983, 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 1982. The Company did not make during 1982, nor does it anticipate making during 1983, 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 partner at Davis Polk & Wardwell, counsel to the Company.

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 56.
2. Index to Financial Statement Schedules. See page 68.
3. Index to Exhibits required by Form 10-K. See page 75.

(b) Reports on Form 8-K

Manville Corporation filed a report on Form 8-K with the Securities and Exchange Commission during the third quarter of 1982. The report on Form 8-K supplied information under section 5 thereof, captioned "Other Materially Important Events" and related to the August 26, 1982 filing of petitions for reorganization by Manville and twenty of its subsidiaries pursuant to Chapter 11 of the Bankruptcy Reform Act of 1978 in the United States Bankruptcy Court for the Southern District of New York.

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 and with respect to Canadian subsidiaries is based solely upon the report of other auditors, is included on page 17 of this 1982 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 68 of this 1982 Annual Report and Form 10-K.

In our opinion, based upon our examinations and the reports of other auditors, 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 22, 1983
Denver, Colorado

REPORT OF INDEPENDENT CHARTERED ACCOUNTANTS

To the Board of Directors of
MANVILLE CORPORATION:

We have examined the consolidated balance sheets of Johns-Manville Canada Inc. and the balance sheets of Johns-Manville Amiante Canada Inc. as at December 31, 1982 and 1981 and their related statements of earnings and earnings reinvested and changes in financial position for each of the three years in the period ended December 31, 1982; the balance sheets of Manville Canada Inc. and Manville Canada Service Inc. as at December 31, 1982 and the related statements of earnings and earnings reinvested and changes in financial position for the year ended December 31, 1982 and the supporting schedules. 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 the notes to the financial statements (not presented separately herein), Johns-Manville Canada Inc. and Johns-Manville Amiante Canada Inc. are defendants in a substantial number of asbestos-health legal actions. The ultimate liability resulting from these matters cannot presently be reasonably estimated. In our reports dated February 5, 1982, our opinions on these companies' financial positions as of December 31, 1981 were unqualified. However, because of increased uncertainties that developed during 1982 with respect to these matters, our present opinions on their financial positions as at December 31, 1981 as presented herein are different from those expressed in our previous reports. On August 26, 1982, Manville Corporation and substantially all of its United States and Canadian subsidiaries (including all of the companies being reported on herein) 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 (not presented separately herein) present fairly the results of operations and changes in financial position of each of the companies for the periods indicated 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 financial position of the companies at the dates indicated, and the supporting schedules present fairly the information required to be included therein, all in conformity with generally accepted accounting principles applied on a consistent basis.

/s/ CAMPBELL SHARP

CAMPBELL SHARP

February 22, 1983
Montreal, Canada

Manville Corporation

Index to Financial Statement Schedules

to Form 10-K for Fiscal Year Ended December 31, 1982

Manville Corporation

Schedule I—Marketable Securities

for the Year Ended December 31, 1982
(Thousands of dollars)

Col. A Name of Issuer	Col. B Principal Amount	Col. C Cost	Col. D Market Value	Col. E Balance Sheet Amount
U.S. government securities	$119,790	$118,031	$118,673	$118,031
Other	87,518	87,635	88,289	87,635
	$207,308	$205,666	$206,962	$205,666

Manville Corporation

Schedule V—Property, Plant and Equipment (Note e)

for the Years Ended December 31
(Thousands of dollars)

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at Beginning of Period	Additions At Cost	Retirements	Other Changes Add (Deduct)	Balance at End of Period
1982					
Land, including mineral properties, 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 timberland	406,205	3,837	581	(7,427)	402,034
	$2,091,177	$ 61,283	$177,698	$(42,587)(a)	$1,932,175
1981					
Land, including mineral properties, 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
	$2,074,081(b)	$ 86,201	$ 39,866	$(29,239)(c)	$2,091,177
1980					
Land, including mineral properties, and land improvements	$ 114,189	$ 5,204	$ 1,722		$ 117,671
Buildings	348,749	12,468	4,297	$ 182	357,102
Machinery and equipment	1,121,908	106,793	24,456	30	1,204,275
	1,584,846	124,465	30,475	212	1,679,048
Timber and timberlands	409,012	5,280	3	(6,826)	407,463
	$1,993,858	$129,745	$ 30,478	$ (6,614)(d)	$2,086,511

Notes:

(a) Includes the current year translation effect of the Company's foreign operations and $7,427 for the cost of timber harvested.

(b) The January 1, 1981 balance was restated with the implementation of Financial Accounting Standards Board Statement No. 52, "Foreign Currency Translation".

(c) Includes the current year translation effect of the Company's foreign operations and $6,816 for the cost of timber harvested.

(d) Includes $6,826 for the cost of timber harvested.

(e) The range of straight-line depreciation rates within each major classification of depreciable assets is as follows:

Land improvements	1⅔% to 6⅔%
Buildings	1⅔% to 20%
Machinery and equipment	5% to 25%

Depletion of mineral properties is provided at rates per ton of mineral removed which should extinguish the financial statement cost of the mineral properties when the original estimated minimum recoverable tons of mineral have been mined. Since the depletion rates were originally established, the estimated minimum tons of recoverable mineral have increased materially in some cases, but there has been no revision of the depletion rates. Accordingly, most mineral properties are fully depleted for financial reporting purposes.

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 to plantations for the natural forest and during the growth cycle for each plantation.

Manville Corporation

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

for the Years Ended December 31
(Thousand of dollars)

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirements	Other Changes Add (Deduct)	Balance at End of Period
1982					
Mineral properties and land improvements	$ 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
	$524,747	$76,901	$91,711	$36,775 (a)	$546,712
1981					
Mineral properties and land improvements	$ 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
	$474,213(b)	$75,074	$20,193	$(4,347)(c)	$524,747
1980					
Mineral properties and land improvements	$ 38,082	$ 3,823	$ 173		$ 41,732
Buildings	96,149	11,542	2,098	$ 182	105,775
Machinery and equipment	296,217	56,673	16,030	30	336,890
	$430,448	$72,038	$18,301	$ 212	$484,397

Notes:

(a) 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 net of the current year translation effect of the Company's foreign operations.

(b) The January 1, 1981 balance was restated with the implementation of Financial Accounting Standards Board Statement No. 52 "Foreign Currency Translation".

(c) Includes the current year translation effect of the Company's foreign operations.

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		Col. D	Col. E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts (a)	Deductions (b)	Balance at End of Period
1982					
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	$7,054	$4,077	$25,820	$29,396	$7,555
1981					
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	$7,708	$2,960	$27,188	$30,802	$7,054
1980					
ALLOWANCES REDUCING THE ASSETS IN THE BALANCE SHEET:					
Doubtful accounts receivable	$4,834	$3,052		$ 4,057	$3,829
Cash discounts	1,784		$17,660	18,098	1,346
Allowances	2,321	240	13,135	13,163	2,533
Total	$8,939	$3,292	$30,795	$35,318	$7,708

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)

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
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)
1982					
Commercial Paper	-0-		$94,875	$42,383	15.4%
Bank Borrowings	-0-		-0-	3,570	10.3
1981					
Commercial Paper	-0-		88,189	57,011	17.1
1980					
Commercial Paper	-0-		92,295	64,609	12.8

Notes:

(a) At August 26, 1982, the Company had $61.2 million of commercial paper and bank borrowings outstanding, which are included in Liabilities Subject To Chapter 11 Proceedings.

(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)

Col. A	Col. B		
	Charged to Costs and Expenses		
Item	1982	1981	1980
Maintenance and repairs	$125,565	$152,008	$155,531
Taxes other than income and payroll	$ 30,887	$ 29,779	$ 29,538

MANVILLE CORPORATION

EXHIBIT INDEX TO FORM 10-K FOR FISCAL YEAR ENDED DECEMBER 31, 1982

Exhibit	Page
3. Articles of incorporation and bylaws.	Registrant's Articles of Incorporation and Bylaws are incorporated herein by reference to its Registration Statement on Form S-14 (File No. 2-73992), Exhibits 1 and 2(a) respectively.
4. Instruments defining the rights of security holders, including indentures.	Registrant's Articles of Incorporation and Bylaws are incorporated herein by reference to its Registration Statement on Form S-14 (File No. 2-73992), Exhibits 1 and 2(a) respectively. The Company does not have a class of long-term debt outstanding which, as a class, exceeds ten percent of its total consolidated assets. Manville agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any instrument defining the rights of holders of the Company's long-term debt for which financial statements are required to be filed with the Securities and Exchange Commission.
11. Statement re computation of per share earnings.	76
22. Subsidiaries of registrant.	77

EXHIBIT 11

Manville Corporation

Computation of Earnings (Loss) Per Common Share

(Thousands except per share amounts)

	1982	1981	1980
Weighted Average Common Shares Outstanding	23,825	23,166	22,586
Earnings (Loss) from Continuing Operations	$ (87,676)	$ 63,396	$ 82,242
Less, Preferred Dividend Requirements:			
Declared and Paid	(12,495)	(24,987)	(24,919)
Undeclared	(12,495)		
Earnings (Loss) from Continuing Operations after Deduction of Preferred Dividend Requirements	$(112,666)	$ 38,409	$ 57,323
Per Share Amount	$ (4.73)	$ 1.66	$ 2.54
Loss from Discontinued Operations	$ (9,908)	$ (3,076)	$ (1,606)
Per Share Amount	$ (.41)	$ (.13)	$ (.07)
Net Earnings (Loss) Per Common Share	$ (5.14)	$ 1.53	$ 2.47

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

EXHIBIT 22. SUBSIDIARIES OF THE REGISTRANT

Subsidiaries and sub-subsidiaries of Manville, and the jurisdiction in which each company was incorporated are listed below. Unless otherwise indicated parenthetically, 100% 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.

Subsidiary and Sub-Subsidiary	Jurisdiction of Incorporation
*Allan-Deane Corporation	—Delaware
Arkansas & Louisiana Missouri Railway Co.	—Louisiana
Asbestos & Danville Railway Co.	—Quebec
European Overseas Corporation	—Delaware
Glaswerk Schuller G.m.b.H.	—Germany
Holophane Europe Ltd.	—England
Holophane S.A. de C.V.	—Mexico (96%)
Igaras Servicos Agro-Florestais Ltda.	—Brazil
International Manville Corporation	—Delaware
*Johns-Manville Amiante Canada Inc.	—Canada
*Johns-Manville Canada Inc.	—Canada
*Johns-Manville Corporation	—New York
*Johns-Manville Idaho Inc.	—Idaho
*Johns-Manville International Corporation	—Delaware
*Johns-Manville Sales Corporation	—Delaware
*Ken-Caryl Ranch Corporation	—Delaware
Lages Reflorestamenta Ltda.	—Brazil
Manfinance N.V.	—Netherlands Antilles
Manville Australasia Pty. Ltd.	—Delaware
*Manville Building Materials Corporation	—Delaware
*Manville Canada Inc.	—Ontario
*Manville Canada Service Inc.	—Ontario
Manville de France S.A.	—France
Manville Deutschland G.m.b.H.	—Germany
Manville DISC Corporation	—Delaware
Manville do Brasil Isolantes Termicos Ltda.	—Brazil
Manville Espanola S.A.	—Spain
Manville Europe Corporation	—Delaware
*Manville Export Corporation	—Delaware
*Manville Forest Products Corporation	—Delaware
Manville (Great Britain) Ltd.	—United Kingdom

Subsidiary and Sub-Subsidiary	Jurisdiction of Incorporation
Manville h.f.	—Iceland
*Manville International Corporation	—Delaware
*Manville Investment Corporation	—Colorado
Manville Italiana S.p.A.	—Italy
Manville Japan Ltd.	—Japan
Manville Mexicana S.A. de C.V.	—Mexico
Manville Overseas Trade Corporation	—Delaware
*Manville Products Corporation	—Delaware
Manville Produtos Florestais Ltda.	—Brazil
*Manville Properties Corporation	—Delaware
*Manville Service Corporation	—Delaware
Manville Singapore Pte., Ltd.	—Singapore
Manville Sudamericana Ltda.	—Delaware
Rochebrune-Malmaison S.A.	—France
Rocky Mountain International Insurance Co., Ltd.	—Bermuda
*Sunbelt Contractors, Inc.	—Texas
Termoacusticos S.A. de C.V.	—Mexico

* Chapter 11 Debtor Corporations.

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 4th day of March, 1983.

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 4th, 1983.

Signature	Title
Principal Executive Officer:	
/s/ J. A. McKINNEY (J. A. McKINNEY)	Chairman, Chief Executive Officer, President and Director
Principal Financial Officer:	
/s/ G. R. JOHANNES (G. R. JOHANNES)	Senior Vice President, Finance
Principal Accounting Officer:	
/s/ J. F. KNOTH (J. F. KNOTH)	Vice President and Controller
Directors (other than above Officer-Director)	
/s/ J. JACQUES BEAUCHEMIN (J. JACQUES BEAUCHEMIN)	Director

Signature	Title
/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/ 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

Shareholder Information

About Manville Stock

Manville had approximately 23,850 common and 22,550 preferred shareholders of record at February 28, 1983. 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. Both issues of the Company's stock are subject to delisting at any time because as a result of its Chapter 11 proceedings the Company is not in compliance with certain rules of the New York Stock Exchange, Inc.

Annual Meeting— The Company has not scheduled a 1983 Annual Meeting of Shareholders due to the Chapter 11 proceedings.

Additional Information

Shareholders and other individuals interested in receiving additional information about the Company, may call (303) 978-2351 or write to:

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

Attention: Corporate Relations

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

Campbell Sharp
500 Place D'Arms
Montreal H2Y 2J1
Quebec, Canada

General Subject Index

Comparative Stock Data	1982			1981		
	High	**Low**	**Dividend****	High	Low	Dividend
Market Prices Per Common Share*						
For the Quarters Ended						
March 31	**16½**	**13¼**	**$ .48**	26½	21	$ .48
June 30	**14⅛**	**8¾**	**.20**	25½	19⅝	.48
September 30	**11⅝**	**4¼**	—	21	14⅜	.48
December 31	**11⅞**	**5⅛**	—	16⅛	13¾	.48
Market Prices Per Preferred Share*						
For the Quarters Ended						
March 31	**33¾**	**31¼**	**$1.35**	46½	42½	$1.35
June 30	**34**	**26⅝**	**1.35**	43⅜	39½	1.35
September 30	**31¼**	**13⅛**	—	40	32¼	1.35
December 31	**21**	**12**	—	36	31	1.35

*The Company's common and preferred stock are listed on the New York Stock Exchange, Inc. The high and low prices are based on the Composite Tape.
**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.

Manville

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Ken-Caryl Ranch
P.O. Box 5108
Denver, Colorado 80217