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, 1978 — Commission file number 1-1251

Johns-Manville Corporation

(Exact name of registrant as specified in its charter)

New York	13-0889660
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Ken-Caryl Ranch, Denver, Colorado (Address of principal executive offices)	80217 (Zip Code)

Registrant's telephone number, including area code 303-979-1000

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

Title of each class	Name of each exchange on which registered
Common Stock ($2.50 par value)	New York Stock Exchange
7.85% Sinking Fund Debentures Due 2004	New York Stock Exchange
Cumulative Preferred Stock ($1.00 par value) $5.40 Series	New York Stock Exchange

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 ___.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report. 21,813,137 shares.

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Item 5. Legal Proceedings.

As of March 1, 1979, the Company was the defendant or a co-defendant in 1,370 suits alleging damage to the health of persons exposed to asbestos fiber or asbestos-containing products manufactured or sold by the Company and, in most cases, certain other defendants. The majority of these suits ("typical cases") allege that the Company and other defendants failed in their duty to warn of the hazards of inhalation of asbestos fibers in dust originating from such products. The Company maintains that there was no basis for any warning until publication of scientific studies in 1964, following which appropriate warnings were given. A small number of cases are brought by some of the Company's own employees and by employees of other manufacturing companies that used asbestos fiber in their operations, which fiber was supplied by the Company, and in some cases other suppliers. With respect to the non-Company employees, the Company denies any unique knowledge not in the possession of these plaintiffs' employers which would give rise to any special duty on the part of the Company. With respect to the Company employees, the Company asserts that applicable workers' compensation statutes provide the appropriate and exclusive remedy.

Included within the 1,370 cases are six multi-plaintiff cases, two of which are merely aggregations of 22 plaintiffs but otherwise indistinguishable from the typical cases described above. The other four multi-plaintiff cases and three other groups of cases — indemnity actions, direct employee actions and purported class actions — are described below.

In addition to these current cases, the Company has settled or otherwise disposed of 279 cases. Of eleven cases which have proceeded through trial, five were decided in favor of the plaintiff, the Company received jury verdicts in its favor in five cases and one case is awaiting decision by the Kentucky Supreme Court.

Multi-Plaintiff Cases. Each of the four multi-plaintiff cases mentioned above was filed in the United States District Court for the District of New Jersey, and consists of three cases brought by approximately 500 former employees of Raybestos-Manhattan, Inc., and one case by four former employees of Owens-Corning Fiberglas Corporation, their spouses and all those similarly situated. In each of these cases, the plaintiffs seek damages for various injuries or death claimed to have resulted from exposure to asbestos fiber sold to their employer by the Company and certain other defendants. Of the 500 plaintiffs in the Raybestos-Manhattan, Inc. employees cases, 309 each seek $1,000,000 damages and $1,000,000 in punitive damages and the remainder each seek $4,000,000 damages (including $2,000,000 punitive damages). The Company believes it has substantial defenses to all such claims.

Indemnity Actions. In five cases, brought in Superior Court for Contra Costa County, California, the Company is a cross-defendant in actions by former employees of the Company against a former contract physician of the Company. The plaintiffs' claim in each case is based on the alleged failure of the physician to advise that each had contracted a pulmonary disease associated with asbestos fiber. In each case, the physician has cross-complained against the Company seeking indemnity on the plaintiffs' actions (each plaintiff seeks $800,000 compensatory damages and $1,500,000 punitive damages) and asserting independent causes of action of $12,000,000 damages (including $10,000,000 punitive damages) for breach of contract and misrepresentation. In one other case, also brought in the Superior Court for Contra Costa County, California, the former contract physician of the Company is seeking indemnity from a judgment rendered against him on a case brought by a former employee of the Company on substantially the same grounds as the five cases described above. The trial court has sustained the Company's demurrer to the indemnity actions. The Company believes that it has substantial defenses to all of these actions.

Direct Employee Actions. Included within the 1,370 cases are a series of cases brought directly against the Company by certain of its employees and former employees at several locations seeking damages for injuries claimed to result from exposure to asbestos fiber supplied by the Company. The cases consist of 24 cases (a total of 55 plaintiffs) arising out of the Company's Pittsburg, California plant with each plaintiff seeking $11,000,000 in damages (including $10,000,000 puni-

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tive damages); five cases (with 125 plaintiffs) arising out of the Company's Lompoc, California facility with each plaintiff seeking in excess of $11,000,000 in damages (including $10,000,000 punitive damages); one case (with 15 plaintiffs) arising out of the Company's Waukegan, Illinois facility with the plaintiffs seeking a total of $75,000,000 in damages (including $50,000,000 punitive damages); one case (a purported class-action) arising out of the Company's Manville, New Jersey plants, with each plaintiff seeking $500,000,000 in damages; and one case (a purported class-action) arising out of the Company's Denison, Texas plant, with the plaintiff seeking $2,500,000 in damages. The plaintiff's claim in each case is based principally on the alleged failure of the Company to warn of the hazards associated with such fiber. To date, two similar cases have been disposed of by summary judgments granted in favor of the Company. The Company believes it has substantial defenses to all of these actions, including the defense that applicable workers' compensation statutes provide the exclusive remedies to the plaintiffs.

Purported Class Actions. In addition to the two purported class actions described under "Direct Employee Actions", the Company is a defendant in five other purported class actions also included within the 1,370 cases.

1. *International Brotherhood of Boilermakers, et al vs. Johns-Manville Products Corporation, et al* is a purported class action filed on December 15, 1978 in the United States District Court, Mobile, Alabama against the Company and five other defendants brought on behalf of all past and present employees of the Ingalls Shipbuilding Division in Mississippi alleging injuries from exposure to asbestos-containing products supplied by the defendants. The complaint seeks damages for the named plaintiff in the amount of $100,000 and for the members of the class of $250 million. The plaintiff also seeks injunctive and declaratory judgment relief.

2. *Prudencio Chavez, et al and John Pouncey, et al vs. Johns-Manville Corporation, et al* is a purported class action filed on October 27, 1978 in the Superior Court for the County of Los Angeles, California against the Company and 15 other named defendants. The plaintiffs purportedly represent: (1) all living persons who worked in the employ of the Todd Pacific Shipyards, Los Angeles, and (2) all living persons who worked in the employ of the Long Beach Naval Shipyard, Long Beach, California. The suit seeks damages for injuries allegedly suffered by each of these employees arising from exposure to excessive levels of asbestos fiber from products sold by the defendants. The damages being sought are compensatory damages of $1 million per person, medical testing expenses of $1,500 per person, damages for unjust enrichment of the defendants equal to the defendants' profits from the sale of asbestos products from January 1, 1938 to the present (estimated by the plaintiffs to exceed $1 billion) and punitive damages equal to the profits realized from the sale of asbestos products from January 1, 1938 to the present (estimated by the plaintiffs to exceed $1 billion). Discovery has not yet commenced in this case.

3. *Washington, Willie Lee and Jewel Rivers, et al vs. Johns-Manville Products Corporation is a* purported class action filed on January 25, 1978 in the United States District Court for the District of South Carolina against the Company and eight other defendants on behalf of all past and present employees of the Garco facility in North Carolina alleging injuries from exposure to asbestos-containing products supplied by the defendants. The complaint seeks compensatory and punitive damages in unstated amounts.

4. *M. E. Parson, J. S. Hendricks and C. W. Hendricks, et al vs. Johns-Manville Corporation, et al* is a purported class action filed on December 1, 1978 in the United States District Court for the Southern District of Georgia against the Company and twenty-one (21) other defendants on behalf of all past and present shipyard employees and insulation workers who have been or are exposed to asbestos material in the course of their work. The complaint seeks compensatory and exemplary damages in unstated amounts and also seeks injunctive and declaratory relief.

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5. *Van Harville and Calvin Tillman, et al vs. Johns-Manville Products Corporation, et al* is a purported class action filed in January, 1979 in the United States District Court for the Southern District of Alabama against the Company and five (5) other defendants on behalf of all past and present employees of Alabama Dry Dock and Shipbuilding Company alleging injuries from exposure to asbestos-containing products supplied by the defendants. The complaint seeks damages for the named plaintiffs in the amount of $100,000 and for members of the class of $250 million in compensatory damages and $250 million in punitive damages. The plaintiffs also seek injunctive and declaratory relief.

With respect to each of the purported class actions, the Company believes there are insufficient facts to support class action status, that it has substantial defenses to the claims made and that any recovery will be adequately covered by applicable insurance maintained by the Company.

The Company believes that the preponderance of asbestos-related injuries complained of originated from exposure to concentrations of asbestos dust prevalent many years ago. During the periods of injurious exposure, the Company, government officials and medical and scientific authorities believed the dust levels to which asbestos insulation workers were exposed presented no appreciable hazard to the health of such workers. Since the publication of scientific studies in 1964 linking pulmonary disease in insulation workers to asbestos exposure, the Company has warned workers of the hazards of exposure and has instituted dust control and other safety measures in operations under the Company's control which the Company believes will reduce or virtually eliminate the incidence of future injuries. The Occupational Safety and Health Administration has also prescribed stringent controls and work practices in asbestos-related occupations. Due to long latency periods encountered in the development of asbestos-related disease, new cases continue to arise. Such cases are believed by the Company to relate to earlier exposures.

Of the 290 asbestos health cases tried, settled or otherwise disposed of, the average amount paid by or on behalf of the Company is less than $20,000, with only five cases resulting in damages of more than $100,000 being paid by or on behalf of the Company. During 1978 there was a slight upward trend in the average disposition cost per case in comparison with prior years. As indicated herein, the Company believes it has substantial defenses to each of the above described claims. The Company further believes that any amounts that it may be obligated to pay as a result of the pending asbestos cases will be adequately covered by applicable insurance with the possible exception in some cases of punitive damages directly alleged against the Company and the direct actions by employees and former employees of the Company. With respect to the punitive damages, it is the Company's opinion that such damages, if any, will not be material to the Company's financial position. With respect to the direct actions by employees and former employees of the Company, it is the Company's opinion that applicable workers' compensation statutes provide the exclusive remedies to such plaintiffs.

Based on the defenses and insurance coverage available to the Company and its experience to date, the Company believes that any recovery by the plaintiffs in the pending cases will not materially adversely affect the Company's consolidated financial position or results of operations.

* * *

While the result of any legal proceeding contains elements of uncertainty, it is the present opinion of the Company that the above described actions will not have a material adverse effect on the Company's consolidated financial position or results of operations.

* * *

1st month / quarter day

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