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, 1979 — 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	80217
(Address of principal executive offices)	(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
Cumulative Preferred Stock ($5.40 Series) ($1.00 par value)	New York Stock Exchange
7.85% Sinking Fund Debentures Due 2004	New York Stock Exchange
9.70% Notes Due 1985	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. 22,313,814 shares.

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ITEM 5. LEGAL PROCEEDINGS.

Occupational Health and Product Liability Litigation.

At March 1, 1980, the Company was a defendant or co-defendant in 2,857 lawsuits brought by approximately 4,000 plaintiffs in which the plaintiffs allege damage to their health 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. During 1979, the Company was named as a defendant in an average of 146 cases per month as compared with an average of 66 cases per month in 1978. As of March 1, 1980, 540 suits against the Company had been disposed of through trial, settlement or other disposition. The average amount paid by or on behalf of the Company in these suits has been less than $15,000 per case, exclusive of legal expenses. As discussed below, the Company believes it has substantial defenses to all of the pending lawsuits and, based upon the results of dispositions to date and insurance coverages maintained by the Company, that the ultimate liability arising out of these cases will not have a material adverse effect on the Company's consolidated financial position or results of operation.

The plaintiffs in these actions fall into one of three categories:

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

(ii) Johns-Manville employees who were exposed to asbestos while working at Company facilities which used asbestos fiber 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 Johns-Manville 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, intermittently handled or otherwise were exposed to asbestos insulation or other products containing asbestos acquired directly or indirectly from the Company and, typically, a number of other suppliers. This category includes a substantial number of plaintiffs who were employed as shipyard workers either directly by the Federal Government or by private shipyards under Federal Government contract and control, and who were exposed to asbestos fiber in the course of construction, renovation and repair of ships, particularly during World War II.

These plaintiffs allege, that the Company and other defendants failed in their duty to warn of the possible hazard of inhaling asbestos fiber contained in dust emanating from such products. The Company believes that the preponderance of these asbestos-related injuries originated from exposure to asbestos dust in occupational settings many years ago. During the periods of alleged injurious exposure, medical and scientific authorities, government officials and companies supplying products containing asbestos fiber believed that the dust levels to which asbestos insulation workers and other persons handling asbestos containing products were exposed did not constitute a hazard to the health of such workers. Accordingly, the Company maintains that there was no basis for product warnings or hazard controls until the results of scientific studies linking pulmonary disease in 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.

The second category of plaintiffs consists of current and former Company employees who were exposed to asbestos fiber in connection with the Company's asbestos mining, milling or manufacturing operations.

With respect to plaintiffs who were or are employees of the Company, it is the Company's position that applicable federal and state workers' compensation statutes provide the exclusive remedy for employment-related injuries. The estimated cost to the Company of workers' compensation awards has been provided for by policies of insurance covering insured locations or by appropriate re-

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serves on the books of the Company to cover locations where the Company is self-insured. The Company believes such provisions are adequate to cover all but certain non-material costs which might be imposed against it. In cases brought by current and former employees of the Company in California, Illinois, New Jersey and Texas, some plaintiffs seek to avoid the limitations of this remedy by suing outside of the applicable workers' compensation statutes. Recently, a lower court in California ruled that the plaintiffs were, under certain conditions, entitled to maintain such actions. The Company appealed this decision and the California Court of Appeals reversed the trial court's decision. The California Supreme Court has reviewed the decision upon the plaintiffs' motion. Should the California Supreme Court resolve this issue in favor of the plaintiffs, the Company's California employees would not be limited to the remedy provided by workers' compensation statutes but only if such employees allege and prove actual fraud on the part of the Company. Typically these cases name, as defendants, subsidiaries of the Company. The right of a Company employee to proceed outside workers' compensation against particular subsidiaries of the Company remains unsettled. If this issue is ultimately decided in favor of the employee plaintiffs, there are policies of insurance which the Company believes would adequately cover any liability which might be imposed on the subsidiary corporations.

The third category of plaintiffs consists of employees of other companies which used asbestos fiber in their manufacturing operations supplied by Johns-Manville 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 effect of excessive exposure to asbestos dust, 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 plaintiffs in this category of the hazards of exposure to airborne dust containing asbestos fiber rested with the plaintiffs' employers. The actions brought by plaintiffs in this category include five multi-plaintiff cases which were originally brought as class actions; however, the trial court refused to certify the suits as class actions. Accordingly, each plaintiff must now prosecute his or her individual cause of action. These cases include suits by over 500 former employees of Raybestos-Manhattan, Inc. against the Company and numerous other defendants wherein 309 plaintiffs seek compensatory damages of $2,000,000 and punitive damages ranging from $1,000,000 to $50,000,000. The remaining plaintiffs seek unspecified damages. One case in this category has proceeded to trial and resulted in a verdict in favor of the Company.

At March 1, 1980, there were included within the 2,857 cases pending a series of indemnity actions and 22 purported class actions which are described in more detail below.

Indemnity Actions.

In five cases, former employees of the Company have commenced legal proceedings against a former contract physician of the Company alleging that the physician failed to advise such employees that they had contracted pulmonary disease associated with their exposure to absestos fiber. In each case, the defendant physician seeks indemnity from the Company against any damages which may be awarded the plaintiffs. Each plaintiff seeks $800,000 in compensatory damages and $1.5 million in punitive damages. In addition, the defendant physician has asserted independent causes of action against the Company requesting a judgment of $12 million in damages, including $10 million in punitive damages, for breach of contract, misrepresentation and emotional distress. The physician was an unsuccessful defendant in an earlier case brought by a former employee on the same grounds, in which a judgment of $383,026 was awarded to the plaintiff. The physician is presently seeking indemnification from the Company against the judgment in this case.

Purported Class Actions.

The Company is a defendant in 22 purported class actions. Eight of these purported class actions are suits brought by plaintiffs in the second category — former employees of the Company who, during the course of their employment in the Company's facilities were exposed to asbestos fiber. These cases include:

(i) Five purported class actions brought on behalf of all present and former employees of the Company's Manville, New Jersey plant wherein the plaintiffs in one case seek $500,000,000 in damages and in the remaining four seek unspecified general, special and punitive damages;

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(ii) An action filed on behalf of all present and former employees of the Company's Pittsburg, California facility wherein the plaintiffs seek damages for each member of the purported class in the amount of $1,000,000 for fraud and $10,000,000 punitive and unspecified general damages;

(iii) A second action filed on behalf of all present and former employees of the Company's Pittsburg, California plant wherein the plaintiffs seek unspecified compensatory damages and $10,000,000 in punitive damages; and

(iv) An action on behalf of all persons who were ever employed by the Company at its Denison, Texas facility wherein the plaintiffs seek unspecified damages.

Thirteen of the 22 purported class actions involve 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. Four of these cases consist of actions on behalf of all present and former employees of the Raybestos-Manhattan, Inc. manufacturing facility at Passaic, New Jersey wherein the plaintiffs seek unspecified compensatory and punitive damages. These cases are similar to other actions brought by former employees of Raybestos-Manhattan, Inc. which were denied certification as class actions. The Company believes that there are no additional facts which would support class action status by these Raybestos-Manhattan employees.

Other purported class actions brought by plaintiffs in this category include the following: an action on behalf of former employees of the Keene Corporation, Valley Forge, Pennsylvania manufacturing facility wherein each plaintiff seeks $2 million in compensatory damages and $2 million in punitive damages; an action on behalf of all former employees of the New York Shipbuilding Corporation located in Camden, New Jersey wherein each plaintiff seeks $1 million in compensatory damages and $1 million in punitive damages; an action on behalf of all current and former employees of the Raybestos-Manhattan, Inc. Manheim, Pennsylvania manufacturing facility wherein each plaintiff seeks $1 million in compensatory damages and $2 million in punitive damages; an action on behalf of all former employees of the Phillip Carey Manufacturing Company, Inc. facility located in Plymouth Meeting, Pennsylvania wherein each plaintiff seeks $2 million in compensatory damages and $2 million in punitive damages; an action filed on behalf of all former employees, their spouses and the personal representatives of deceased employees of the Phillip Carey Manufacturing Company, Inc. manufacturing facility at Plymouth Meeting, Pennsylvania wherein the plaintiffs seek $62 million in compensatory and $62 million in punitive damages; an action filed on behalf of all present and former employees of General Dynamics Corporation and/or Bethlehem Steel Corporation who reside within the state of Massachusetts, all members of their households who may have asbestos-related disease, and all members of the local Union No. 5 of the Industrial Union of Marine and Shipbuilders Workers of America, wherein the plaintiffs seek unspecified compensatory and punitive damages; an action on behalf of all of the employees of an unnamed manufacturing facility located in McLean County, Illinois which used asbestos fiber as a raw material, wherein the plaintiffs seek over $15,000 in compensatory and punitive damages on behalf of all members of the class; an action filed on behalf of those persons residing within one-half mile of such McLean County, Illinois plant, wherein the plaintiffs seek compensatory and punitive damages in excess of $15,000 on behalf of each member of the class; and an action seeking to represent a class of persons who reside in the households of employees who worked at the McLean County, Illinois plant wherein the plaintiffs seek compensatory and punitive damages on behalf of each member of the class in excess of $15,000.

Matters Relating to Insurance Coverage.

The Company has maintained over the years various policies of insurance in differing amounts to protect the Company against the cost of liability for 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 personal injury liability, the Company has retained a larger self-insured (deductible) layer.

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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 excess insurers, including its principal excess carrier, and other questions have arisen as to the existence of insurance coverage in the 1934-1946 period. In March, 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.

The principal issues involved are interpretations as to the kind of property damages insured against, the dates of injury or occurrence of asbestos-related disease and 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.

In addition to the above-described case filed in the City and County of San Francisco, the Company is involved in litigation with two of its primary carriers involving coverage with respect to its Canadian insured risks. The issues involved in such litigation are substantially similar to those described above. The Company is also involved in litigation in the United States District Court for the District of Massachusetts over the existence of primary coverage for the years 1934-1946.

A resolution of such issues by the San Francisco court, the courts in Canada and the court in Massachusetts 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 personal injury claims. The Company believes that its position with respect to these issues is sound and in accord with the weight of judicial precedents.

The Company further believes that the insurance coverage described above will adequately cover any amount that it may be obligated to pay as a result of the pending asbestos cases 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 or results of operations. 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 remedy to such plaintiffs.

As a result of its insurance coverage and in view of the Company's successful defense of several cases which have proceeded to trial and the average amount of settlements which have been reached with respect to numerous other plaintiffs, it is the Company's opinion that the ultimate liability arising out of pending asbestos health litigation will not have a material adverse effect on its consolidated financial position or results of operations.

Securities Litigation.

The Company is also a defendant in a purported class action commenced May 4, 1979 by one of its shareholders. 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-related health 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. 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 law, 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.

* * *

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.

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