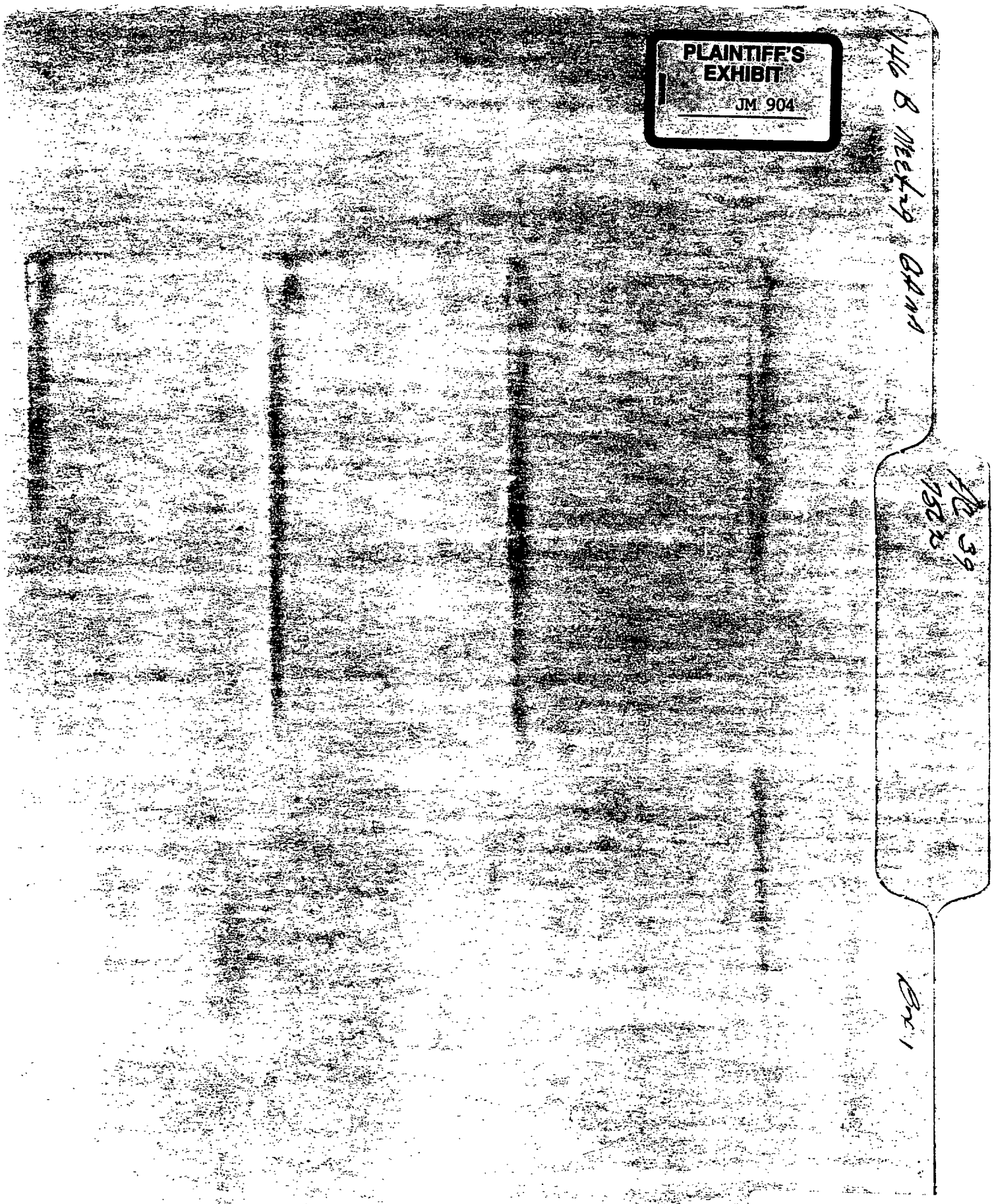
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JM 904

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FILE NAME 146th Board Meeting Agenda

COMMENTS ON GENERAL BUSINESS CONDITIONS

Johns-Manville had a very difficult year in 1975 and was glad to survive. The recovery in 1976, however, is so far very strong. The industrial mineral business is on the increase, fibre-glass is in a strong position due to re-insulation activity because of the energy crisis. The housing business is still important to Johns-Manville, but not as much as it used to be. Asbestos-cement pipe sales are down as a result of municipalities being affected by inflation and consequently allocating less funds for capital spendings. Overseas, business in general is down and no one knows how long it will lag. Everything considered, Johns-Manville expects that 1976 will establish a new record.

1975 was a disastrous year for Asarco. Operating costs went up and the price of copper went down from $1.50 to 0.60 a pound. All the copper produced cannot be sold and as a result 60% is produced at a loss. Lead and zinc production is not too bad, although the demand has fallen off somewhat; silver business is quite good.

On the other hand, the demand for asbestos is strong and will likely be maintained for some time as an indirect effect of the seven-month strike. The outlook for asbestos is good for the next five years. Because of the health problem, several manufacturers are looking for substitutes. If the industry is not careful, some of the business may go to Russia. The A/C pipe business is depressed; more market stability is required, especially on the part of municipalities in the U.S.A.

In spite of all these problems, Asarco looks at the coming year with a certain note of optimism.

Asbestos Corporation believes that there would have been a shortage of asbestos even without a strike. Most of the manufacturing plants around the world are operating at 70% of capacity. If business turns up, where will they buy the fibre?

As already reported, major disasters at Asbestos Hill and Nordenham resulted in considerable unexpected expenditures.

The company expects that 1976 will be the best year ever and projections for the next 15 years point to very strong demand for asbestos.

Turner & Newall Limited had a somewhat better year in 1975 than in 1974. The Atlas Division enjoyed very good business in 1975 which is expected to continue in 1976. As regards the asbestos fibre market, no problem is foreseen for the immediate future, except possibly a little softening at the end of 1976, but the long term looks very good.

As a whole, Jim-Walter Corporation suffered a slight decrease in sales in 1975, but the net income was up by 11%. The company is working towards a decreased dependence on the construction industry, from 61% that it was in 1972 to 54% in 1975 and possibly less than 50% by 1980. The Company expects no increase in earnings in 1976.

Recent difficulties in coal mining developments resulted in set-backs of up to 12 months.

Because of the work stoppage at Carey-Canadian, its contribution to the overall J-W earnings in 1975 was very small. At present, shipments of asbestos floats are below the usual trend. In general, however, it is believed that the market for the asbestos fibre, including shorts, will continue strong over the next few years.