



Johns Manville Enters Merger Agreement Bob Feeney

It was approximately one year ago that Jerry Henry, Chairman and CEO of Johns Manville, told a luncheon audience of retirees that the Manville Personal Injury Settlement Trust wished “to move on” and that the primary options for the trust, which owns seventy-six percent of JM stock, were a leveraged buyout or a secondary stock offering by the trust. Option one has been put in play.

The Dallas investment firm Hicks, Muse, Tate & Furst and the New York investment bank of Bear Stearns are working together to acquire JM for \$2.4 billion and the assumption of approximately \$700 million in debt. The trust and key members of JM management, including Mr. Henry, will retain an equity stake in the post-merger company.

According to The Wall Street Journal, “The transaction underscores the growing push by old-line industrial concerns to consider buyouts as a way to boost shareholder value. The Denver company (JM), which has annual sales of \$2.2 billion, trades at less than eight times earnings, and is being sold for about six times cash flow, or earnings before interest, taxes, depreciation and amortization.”

Hicks, Muse, Tate & Furst and Bear Stearns are committing more than \$3 billion, making it one of the biggest leveraged buyouts in recent years, according to the Journal. Shareholders of JM would receive \$13.625 a share, plus \$2 a share in preferred stock with a 13% dividend rate that pays interest in additional shares. Proceeds from the

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sale would give the trust more than \$1.5 billion in cash.

Mr. Henry, who had planned to retire, will continue as Chairman and CEO. This is a significant element of the deal since Mr. Henry has expressed publicly his concern for and interest in the welfare of retirees. He is well aware of the fact that no cost of living increase has been given to retirees in twenty years and has shown particular concern for older retirees. However, no change in retiree benefits is anticipated in the short term.

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In early 1999, when JM first announced that it was exploring the possible sale or merger of the company, Jerry Henry wrote to all retirees stating that “as a Johns Manville retiree, your pension benefits will continue unchanged no matter which strategic alternative JM pursues. Your JM pension is funded through an independent pension trust and insured by the Pension Benefit Guarantee Corporation.”

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According to JM, the transaction is expected to close before the end of the year, subject to

various conditions, including receipt of financing and shareholder and regulatory approvals. A shareholders meeting will be called to consider the merger after filing of a proxy statement with the Security and Exchange Commission and a mailing to shareholders.

Affiliates of Bear Stearns are committing \$1.75 billion in loans and another \$600 million through its bridge loan fund, which is expected to be repaid through the sale of bonds.

Hicks, Muse will contribute \$350 million for a 62% equity stake, and Bear Stearns Merchant Banking will contribute \$150 million for a 26.5% stake. The trust will contribute \$50 million for an 8.5% stake, and company management, including Mr. Henry, will invest \$15 million for approximately 2.6% of the stock in the new company.

Thomas O. Hicks, Chairman and CEO of the Texas investment firm, will play a major role in the future JM. Most Texans know him as the owner of the Dallas Stars hockey club and the Texas Rangers baseball team. However, Hicks, Muse, Tate and Furst has raised \$10 billion of private equity funds and completed \$32 billion in leveraged acquisitions in the last decade, according to the McCombs School of Business at the University of Texas. Hicks, Muse tends to focus on particular industries and concentrates on building the acquired businesses.

According to merger and acquisition analysts, Hicks, Muse is known for "buy and build," a process of acquiring core companies and using capital and expertise to build satellites around the core. In his recent letter to JM retirees, Mr. Henry stated that the investors "are highly respected with excellent reputations in the financial world."

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The Johns Manville Retirees Association will be diligent in keeping track of the merger as it proceeds, with particular interest in

management attitudes and policies directly affecting retiree benefits.

Meanwhile, members of the JMRA board are gratified that Jerry Henry will continue as JM Chairman and CEO.

2000 - 2002 Slate Proposed

The nominating committee was comprised of: Jerry Attridge, Bill Johnson, Bill Russo and Carl VanderLinden. The committee elected Carl VanderLinden as Chairperson. The committee nominates the following:

- President John Leasher (Incumbent)
- Secretary Bill Snyder (Incumbent)
- Director & Newsletter Editor
Fern Balaun (Incumbent)
- Director George Kinzer (Incumbent)
- Director Tom Winter (Incumbent)
- Director Andy Sokal (New nominee)

All of the positions are for two year terms. All nominees have been contacted and have agreed to serve if elected.

Many thanks to Charlie Farr who has served on the Board of Directors since 1996 and will continue to serve as a Regional Representative for the Defiance, Ohio area.

The bylaws state: "Nominations may be made by any five or more Members if filed with the Secretary within thirty days after mailing of the list of nominees, with permission of the candidate(s)." Any additional nominations should be sent to: Bill Snyder, Secretary, Johns Manville Retirees Association, 1952 W. Ridge Road., Littleton, CO 80120 and signed by at least five Association members as well as by the candidate(s) indicating willingness to serve.

If there are additional nominations, secret ballots will be mailed to members. If there are

no additional nominations, a request for proxies will be sent to members and the Secretary will be directed to cast a ballot for the slate proposed by the Nominating Committee at the annual meeting. The time and place for the annual meeting will be announced when the ballots or proxies are mailed to members.

Richmond, IN Regional Representative

We are sorry to report that Al Young, regional representative in Richmond, IN passed away last November. Steve Skrobach has agreed to represent the Alexandria/Richmond area with an assist from Eugene Green in Richmond as needed.

Steve began working for JM in 1939 at the Jarratt, VA plant. He worked at various jobs in the Finishing Department. Prior to going into service during WWII, (where he received two battle stars) he was a Chief Inspector and then a Job Instructor.

In 1948 Steve transferred to the Natchez, MS plant as a Q.C. Supervisor. In 1949, prior to start-up, Steve was assigned to the Finishing Dept. as a Foreman to assist in the set-up and start-up of the Finishing operation. In 1957, he was made Superintendent of Finishing, Shipping and Warehouse.

On a special assignment in 1962, Steve went to Rockdale, IL to set up and to start up the Finishing operation. He was later assigned to the Rockdale plant as Finishing Supt. for an interim period. When the Rockdale Finishing operation and product was transferred to the

Alexandria plant, Steve was assigned to the Alexandria plant as Finishing Supt., responsible for the Panel and Tile operations.

In 1975, Steve was made Industrial Engineering Superintendent, working on projects at Lewiston, ME and Alexandria. After 41 years of service, Steve retired in 1980. Since 1979, he has been President of the local Quarter Century Club.

Steve has now passed his 80th birth date, and sounds like he is in excellent health. His activities are many and varied, though his service with the American Red Cross earned him the honor of "Man of the Year" and later the "Humanitarian Award for Disaster Service."

If you are a retiree in Steve's area, and have a question, please feel free to call him at (765) 724-3644.

In Memory

Marshall Sanders, (Fallbrook, CA)
Bob Eckert (Denver)
Don Coleman (Cape Coral, FL)
Willard "Bill" Graham (Denver)
Roy Seeber (Denver)
Geraldine Young (Denver/Long Beach)
David G. Fowler (Denver)
Sue Calvert (Etobicoke/Denver)
Russell Candee (Denver)
Jim Rust (Denver)
Al Young (Richmond, IN)
Karl Poling (Long Beach, CA)
Anna E. Fierro (Bound Brook, NJ)
Jeanne Beliveau (Stockton, CA)
Edward Luczucki (Goneville, IL)
Ernest Long (Denver)
Chalkey N. Mathis (Lompoc, CA)