



Johns
Manville
Retiree

Johns
Manville
Retirees
Association

March 2004

Write Congress

We need your help to pressure the Department of Labor to tell us how it is progressing in its investigation of Johns Manville's reporting and disclosure of costs of our retiree health plans. You can help yourself and your association by writing to your local member of the House of Representatives and your state Senators, asking that they use their influence to urge the DOL to make a progress report public.

Here are some key points you can consider using in your letter (from The Wall Street Journal Nov. 25, 2003):

- The DOL spent two days last September reviewing the books of Johns Manville, a Berkshire Hathaway company.
- Summary annual reports by Johns Manville filed with the Internal Revenue Service showed that JM paid \$18.3 million in 2000 and \$42 million in 2001 for retiree health benefits. After the initial DOL review, Johns Manville sent a letter to all retirees acknowledging that the amount the company paid for benefits in 2001 wasn't \$42 million after all, but only \$23 million.
- The same letter said JM's costs rose to \$27 million in 2002, stating "...that our costs have increased more than 50% over the past five years." What the letter doesn't mention is that the increase looks so steep because JM is comparing 2002 costs to 1997 costs, which had spiked downward briefly from prior years to \$16 million.
- In fact, over the last 12 years, the financial burden on JM has largely remained flat: Johns Manville paid \$23 million in 1991, the same amount it paid in 2001. On an annualized basis, between 1991 and 2002 the amounts paid have risen about 1.5% a year.

Further, in your letter to members of Congress, you can personalize information by noting that your pension has not increased since 1980; rather it has diminished by the horrific increases taken from your pension to cover your health benefits, based on highly questionable JM accounting. Use real numbers that apply to your situation so that Congress can put a face on this growing destruction of your retirement years.

We urge you to send a copy of your letter to your local newspaper and also to Mr. Charles Reinken, Editorial Page Editor, The Omaha World-Herald, World-Herald Square, Omaha, NE 68102. (Omaha is the home of Warren Buffett, CEO of Berkshire Hathaway.) Send The JM Retirees Association a copy, P.O. Box 3336, Littleton, CO 80161-3336.

Please do it today. Tell Representatives and Senators what's actually happening to seniors.

A View from Washington

This is the first of a series of NRLN quarterly newsletters. The objective is to make sure that our members stay informed on matters that affect them and which are addressed by the NRLN. NRLN is a single issue organization with a single mindedness about its mission—the protection and enhancement of retiree and older Americans' benefits and pensions.

It is with some satisfaction that I'm able to report that the National Retiree Legislative Network (NRLN) is not only alive and well, but making continued progress toward our objectives. To be sure, problems and issues that adversely affect retirees and older workers continue to plague most of us. Nearly every day we read in our local newspapers about another company that has seen fit to attack its retirees with more of what we've learned to call "take aways." It is also true that there remain more problems in this area than there are clean solutions.

Also, admittedly, there does appear to be a heck of a lot of more companies withdrawing or canceling benefits than ever before. All of this, my friends, is a very nasty trend. I could detail over several pages examples of companies and public institutions breaking promises, and even contracts, with their former employees in order to gain financial gain on their ever loving "balance sheets." To explain the obvious, they do this by cutting and eliminating promised benefits in every way the current law allows. Rather than use this space for more of this, I suggest that you peruse your local newspapers where stories about retirees losing benefits they earned are discussed. Let it suffice to say, that like

me, most retirees are “mad as hell and looking for ways to do something about it.”

We got a late start. The NRLN is just barely three years old, and we have a whale of a lot of catching up to do. On the off chance that you may not know much about who we are and what we do, let me briefly explain. The NRLN is a loosely organized federation of Retiree Organizations and At-Large-Members. We all support the notion that somehow and somehow we must find a way to stop the onslaught of benefits and pension deterioration that is taking place all over America. It is being perpetrated against retirees, who, by and large, are defenseless.

The old ERISA laws passed in the 70's to protect retirees has been amended and judiciously interpreted in such a way as to be no longer a protection, but in fact has become a tool of corporate America. The mission of the NRLN, very simply is to protect and enhance both pension and benefits that retirees worked and paid for as active employees.

We are now starting our fourth year, and we have made significant inroads in gaining recognition and reputation of a "class act". We have earned this description by our actions from places where it counts most—in Congress, the newspaper press, and among our members. Through some hard lessons over the last few years that our only progress will come, not from litigation, but from legislation—national legislation. We are a grass roots, by and large voluntary, group of older and retired folks bound together by common objectives—the protection and retention of the benefits that were promised us in retirement.

That is all we do. We do not arrange for travel discounts. We do not sell insurance. We don't look for anybody to sue. We're

non partisan, and we are neither pro-management nor pro-union.

We have drafted a Bill (HR1322) that has been introduced into the House of Representatives. Fundamentally, that Bill would require companies who promised, as part of their employment agreement to provide benefits in retirement, to live up to those promises. In other words, to deliver whatever was promised in retirement. Like the old ERISA protection Bill, our legislation would require employers to fund those benefits during those working years. That Bill has 87 co-sponsors, but it is still in "Committee."

In 2004 our Plan includes the research, the drafting, and the introduction of a new Bill. We think the passage of the Prescription Drug Amendment has offered us an opportunity to capitalize on what many consider a major mistake by Congress. Our new Bill, designed as an amendment to the Prescription Drug Act, would, hopefully, bring a number of new fresh ideas as it concerns health care for Medicare eligible retirees. Almost no one really likes the recently passed drug amendment as it was written and passed. Our work is now underway. Among the principles that our Bill would utilize would be the principles of HR1322. It would offer tax incentives to employers and would offer broad health care coverage to workers in retirement, including prescription drugs. We have concluded that we must offer some tax incentive to employers to garner their support in final passage of the legislation. This support has not been there for 1322.

Two other major efforts of the NRLN for this year: First, the undertaking of the responsibility

of gathering together the ideas and talents of other organizations, foundations, etc. to see if we can develop a plan to address what we choose to call "an affordable health care plan." It may seem to you, as it does to us, a somewhat audacious scheme to attempt to succeed where Hillary Clinton failed. Even with unlimited resources, her plan never got off the ground. Because you, I, and millions of others continue to be impacted by the out of sight costs of health care, this is an issue which someone, somehow must solve. One of our members, an IBM retiree, has taken on the chairmanship—a major effort. If you think you can contribute to his committee, please let me know. You will hear more about this as the year and plan unfold.

Another major effort now underway, is an expansion of our membership to include anyone interested in our cause and who wants to join us in our commitment. This will be a direct mail campaign offering membership to the NRLN in return for a monetary contribution. As you, hopefully all know, we are the only major group in the country who has undertaken as a single cause, the protection of benefits for older Americans.

In future publications, we'll be asking you for help. (We are, after all, a grass roots organization.) We need and are going to ask for a massive uprising of citizens to utilize their votes and voices to affect meaningful changes in Washington. A more detailed description and plan will be in forth-coming newsletters.

Remember, for updated information on NRLN news and its membership, visit this website regularly. [www.NRLN.org]

More to come – good luck.

Jim Norby, President

Michael Gordon

The death of Michael Gordon, Washington attorney, was a huge blow to our retiree association. Many years ago Mr. Gordon was instrumental in enacting the Employee Retirement Income Security Act (ERISA), written to protect retiree pensions. Over the years, Mr. Gordon became the leading authority on pension and health care benefits. More recently he served as general counsel and chief legislative strategist for the National Retirees Legislative Network (NRLN). Mr. Gordon was the JM Retirees Association attorney who wrote the request for an investigation to the Department of Labor on our behalf. Mr. Gordon, age 70, died February 1 of pneumonia. Following is the press release from NRLN regarding his death.

NRLN Board Members Mourn Passing of Retiree Advocate Michael Gordon

Chief Legislative Strategist for NRLN was Preeminent Authority on ERISA Pension Reform Bill

(Washington, Feb. 4, 2004) - Retirees and older citizens across the country lost a good friend and defender of pension and health care benefits on Feb. 1 with the passing of Michael S. Gordon, according to Jim Norby, president of the National Retirees Legislative Network (NRLN). Gordon served as general counsel and chief legislative strategist for the NRLN, which is a Washington-based grassroots coalition of retiree and older worker organizations dedicated to protecting the pension and health benefits of their members.

“Michael was the preeminent authority of ERISA, which he helped write nearly 30 years ago to protect retiree pensions. Throughout his life, he championed ERISA’s core principles by fighting increasing threats to the pension plans of millions of retirees,” Norby said.

“Over the years, Gordon authored numerous bills to prevent post-retirement cutbacks in retiree health care benefits, including the Emergency Retiree Health Benefits Protection Act (HR1322), which is the No. 1 legislative priority for the NRLN in Congress,” Norby said.

“This bill reflects Michael’s commitment to protecting retiree benefit plans from being changed after retirement, while providing some recovery for retirees already affected by health benefit cutbacks. He saw this legislation as reversing the recent trend, which has been called a national crisis in retiree health care,” Norby said.

Last October, Gordon represented NRLN in testimony before the U.S. House Education and Workforce Committee, where he argued for a comprehensive approach to address increasing threats to the pension plans of retirees.

“During that testimony, Michael argued that we are in the midst of the greatest pension underfunding crisis since ERISA was enacted. In what would be his last official testimony, he argued against piecemeal measures like the corporate bond discount rate fix, which he warned could result in a potential meltdown of the Pension Benefit Guaranty Corporation (PBGC).”

In his testimony, Gordon explained, “ERISA was enacted on the premise of a constantly expanding defined benefit plan universe in which only individual employers got sick, not entire industries. Just the reverse is true today and we need to adapt to this new reality.”

“Reading today’s headlines, it seems his concern was well justified. Although his loss is an absolute tragedy and he will truly be missed by retirees everywhere, his friends and associates at NRLN remain dedicated to his ideals and are tightly focused on securing federal legislation that guarantees fair and equipable treatment for all retirees, regardless of the type of benefit program involved,” Norby added.

NRLN Legislative Liaison

Fred Bettinardi has agreed to act as the NRLN Legislative Liaison for our retiree organization. In this role, he will be working with the NRLN Affordable Healthcare committee, members of Congress and others pursuing legislation concerning retiree health benefits.

2004 - 2006 Slate

The 2004 nominating committee was comprised of the following members of the Association: Jerry Attridge, Bill Johnson, Bill Russo, Carl Weber and Carl Vander Linden (elected Chairman). The committee nominated:

Bob Feeny - Vice President*
 Lou Stravato - Treasurer
 Burt Emory - Director*
 Mike Sivetts - Director*

Rocco Russo - Director (to fill the vacancy caused by the death of Roy Hillmer)
 * incumbent

All positions are for two year terms and each nominee has agreed to serve if elected. Many thanks to Dan Gallagher whose term as Past President (2 year term) is now over. Your time and commitment to the association is much appreciated.

Audit Report from Roger DeVries, C.P.A.

Ladies and Gentlemen:

I have examined the disbursements records and other financial records of the Johns Manville Retirees Association for the year 2003.

Paid checks or copies were not available, but we were able to satisfy ourselves as to disbursements by examining underlying documents.

I found the financial operations and record keeping of the Association to be in order.

The enclosed Fund Activity Summary was compiled from the Association records without audit.

As this Summary was not subject to audit, and as it is not accompanied by other financial statements generally considered necessary for full financial presentation, I am unable to express an opinion on this Financial Summary.

Yours very truly, Roger DeVries, CPA

Johns Manville Retirees Association Fund Activity Summary			
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Beginning Balance, Funds on Deposit	\$55,669	\$65,229	\$41,405
Income: Credit Union Dividends	1,484	2,720	3,552
Dues & Corrections	<u>22,610</u>	<u>1,067</u>	<u>31,060</u>
Total Income	24,094	3,787	34,612
Expenditures:			
Public Relations Services	5,569	0	0
Legal & Accounting Fees	5,702	275	210
Travel & Dues	7,112	3,615	2,500
Liability Insurance	3,216	3,216	2,500
Newsletters, Postage & Other	<u>4,476</u>	<u>6,241</u>	<u>5,578</u>
Total Expenditures	<u>26,075</u>	<u>13,347</u>	<u>10,788</u>
Net Change in Funds During Year	<u>-1,981</u>	<u>-9,560</u>	<u>23,824</u>
Ending Balance, Funds on Deposit	\$53,688	\$55,669	\$65,229

Additional nominations—the by-laws 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 Rd., Littleton, CO 80120. The nomination(s) should be signed by at least five association members as well as by the candidate(s) indicating willingness to serve if elected. If there are additional nominations then secret ballots will be mailed to members for their vote. Should there be no additional nominations then 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 of the annual

meeting will be announced when ballots or proxies are mailed to members.

New Regional Representatives

George Jakelsky - Manville NJ

George has agreed to help us out as Regional Representative for the Manville NJ area. If you live in this area and have a question, he is the person to call. George retired in 1995 after a long career with Johns Manville. He worked for JM for 45 years, the last 30 years as Plant Engineer at the Manville Plant. After the plant closed, he worked with various departments who did the cleanup there.



August Swanson - New Hampshire

Mr. Swanson has agreed to be the contact for members of our association in the New Hampshire area—the Nashua Regional Representative. Augie first worked for Johns Manville during summers while he was in college. In 1953, after college, he served in the Army, then returned to Waukegan to work for Johns Manville in the Industrial Engineering Division in 1960. He left Waukegan as Production Superintendent in 1972 and became Plant Manager in North Billerica. He left Billerica in 1977 to become the Production Engineer in Industrial Products in Denver. Augie retired in 1991 and moved back to New Hampshire in 1994.



We welcome George and Augie to our roster of regional representatives. You will find their telephone numbers on the back of your newsletter.

President's Corner

I have received many notes from our members thanking us for the actions we have taken (and are taking) in regard to the unconscionable increases in our health premiums. But occasionally I get one that says, "Why don't you lighten up? Have you considered that JM might just decide to eliminate our health insurance entirely?"

I assure you that the Retiree Association board members deliberated at length before we decided to ask the Labor Department to investigate JM's inaccurate reports to us about the company's retiree health costs. We definitely considered the possibility that JM might retaliate against all retirees by eliminating the health plan entirely, or by taking some other unfavorable actions.

Did you recall that JM told us that only 29% of large companies offer any health coverage at all for their retirees? It's true.

The companies who did eliminate their retiree health coverage almost all followed the same pattern that JM is following: (1) Go from free coverage to a very small premium—so small that no one would complain about it, then (2) in subsequent years, raise the premium by small amounts, then (3) increase the premium by a very large amount, then (4) keep raising the premium until it is unaffordable by substantial numbers of retirees, who opt out of the plan, then (5) eliminate the plan because only a small percentage of retirees are participating in it.

Do you recognize this pattern? It is being sold to companies by so-called health benefits consultants, who earn their fees by advising companies how to make the changes. At one company it had a name: "Creeping Take-Aways."

Companies benefit by reducing their liability for future retiree health costs because accounting rules allow them to take the reduction in the liability directly into earnings. This makes the companies' profitability look better and thereby allows for higher bonuses to be paid. Benefits consultants use this rationale to sell their program.

I am convinced that JM is following this same pattern and that elimination of the health plan was already on the horizon. I think our actions—and the resultant publicity—have caused the company to stop and think about what our reactions might be to any next step.

And I am still quite angry that my pension check, and yours, is being reduced so that Berkshire Hathaway's cash flow can be increased.

Dues, Dues, Dues

-- suspended for 2004.
Look for us in 2005.

Want to know what makes Warren Buffett tick?

Read
"Buffett: The Making of an American Capitalist"
by Roger Lowenstein.

Address & telephone number changes
- let us know!!

In Memory

From the Waukegan QCC Club:

- Paul Bulauskas (Summerville, NJ)
- Eileen DeCoursey (Denver)
- Keith Hart, (Nashua, NH)
- Henry Kazienko (Denver)
- Don Keahon (Denver)
- Charles D. Maguire, Sr. (Denver)
- Charlie Malott (Denver)
- Theresa Matteis (Raritan, NJ)
- Alan Moore (Denver)
- Thomas Pascale (Denver)
- Bert Passerello (Folsom, CA)
- Tony Silva (Denver)
- Jim Springsten (Ruidoso, NM)
- Posey Sullivan (Pha, Atl., Englewood Cliffs & Denver)
- John Waida (Denver)

- Emily Anderlik (2001)
- Frank Angelos
- Kathryn Aslett (3-27-2002)
- Ollie Daniels
- Dorothy Dietz (2002)
- Gladys Evans (2000)
- Roger Graeff
- Verol Harris 9-11-2001)
- Ernest Haataja (10-04-2003)
- Jessie Hartsfield (8-24-2003)
- Eugene Hughes (2-03-2002)
- Willie Martin
- Leonard Miller (2002)
- Evalyn Keller (5/02)
- Vincent Lusch (10-4-2003)
- Margaret Magiera (10-12-2002)
- Odis Roberts (9-24-2003)
- Clone Shaffer