

## Stephens & Henley Talk to Retirees

*Since our last newsletter, Tom Stephens, Chairman, President and Chief Executive Officer, spoke to a group of retirees in Denver about business conditions, the Asbestos Trust, retiree issues and other areas of interest.*

*Ann Henley, Director of Benefits, also spoke to a similar group of retirees about various activities in the Benefits area.*

Our thanks to  
Tom and Ann!

*We appreciate  
the time spent  
to bring us  
abreast of*

*current conditions. We also thank both Tom and Ann for their help in making this information available to Manville Retiree Association members.*

*Here are excerpts of each talk and a few of the questions and answers discussed after Ann Henley's talk.*

### Tom Stephens November 10, 1992

#### Business Conditions

We have picked up a lot of market share. The ship is stable again. We had the Board in the Winder Plant and [it was] running flat out. Their business was very good.

#### The Asbestos Trust

We elected three of the trustees (there are four trustees in the trust) to the Manville Board. We have been trying to get the trustees to join us at the Board table for several years. It just works a lot better when everyone hears the same thing at the same time and you build up a sense of trust. The new trustees are a hard working bunch and dedicated to making this thing work.

"We have a lot of  
learning to do."

I find myself  
in a difficult

position—to represent the company and negotiate with them because they are 80% shareholders and own \$600 million of our debt. Have you ever tried to negotiate with your boss? You can make a lot of noise but ultimately you have to persuade him as to the merits of what you are trying to do. We have a lot of learning to do. There has never been an arrangement like this but I think we are off to a great start.

Just let me pass along what the trustees have laid out as their objectives.

#### First,

It is their intention to have a majority of Directors be independent non-trustees. There will be various representatives—a representative from the minority shareholders, a plaintiff's lawyer, bankers. There are trustees—but, the majority of the Board is made up of people who don't have a vested interest in any one constituency. The idea is to create as much value as we can for all constituents.

#### Secondly,

Not only do they hold stock, they hold debt. They want to be able to sell those bonds and they want our credit quality to be as high as possible. Nobody is more interested in a credit-worthy company than the trustees themselves.

#### Thirdly,

They want to make sure that the value of Manville is worth as much as possible over time. When you have someone sitting on your board that owns 80% of your stock and owns most of your debt, their interests are just like yours. Certainly the trust is going to need all the money that it can get. A new report—a study that was

commissioned by the court—said there would be at least 600,000 asbestos claims.

The ticket for the Manville Trust is probably \$20 billion. If you add up our cash, our stocks and our bonds, we are worth at most about \$4 billion. We have this allocation problem and the trustees are going to be struggling with the issue—how do you take a little bit of money and allocate it to an awful lot of people?

We have been trying to ... set the company up and manage it [with] a maximum amount of flexibility—and maximize the opportunity to generate shareholder value. We are the one company that can stand up and say, "We know some day for us there will be change in control."

"If you are an 80% shareholder and you need to cash in your chips, there are three ways that you can do it."

If you are an 80% shareholder and you need to cash in your chips, there are three ways that you can do it.

#### [Option One]

You can sell your shares in the stock market. The only problem is the market says we are worth \$8.00 per share. But if you looked at the portfolio, you can easily do your arithmetic and say that is not enough. If you are a fiduciary, you don't sell your stock for less than it is worth.

#### Option two

is to sell all your stock at one time to some big company that can use the tax benefits. We've got a billion dollars worth of tax benefits, so some tax paying company could buy us, utilize the tax benefits and get the assets pretty cheap.

### The third option

is—break it up and sell off the pieces and dividend the cash out to the shareholders.

What we have been trying to do with the holding company, Manville, and with Riverwood and Schuller is to have the option at any one time to do whatever the market says is the best way, but at the same time minimize the pain on our employees.

### Retiree Issues

First of all, let me say that the pension plan is in good shape. It is solidly funded. That's the last thing that I would worry about.

"There is probably no more controversial area today than retiree medical."

On retiree medical—we booked the FASB 106. For those of you who aren't accountants, that is recognizing the promise to pay future medical benefits as debt and showing it on your balance sheet as debt. It's a promise to pay and promises to pay should be recorded on your books and records. So, we have put that on the books because we want to make sure that everyone who is involved in the Manville case knows that this is a real- live obligation that cannot be walked away from.

### Retiree Medical

There is probably no more controversial area today than retiree medical. General Dynamics told its employees that, in essence, they are going to be out of business in four years. International Harvester is renegeing on their promise. The escalation and cost in retiree medical is just about to put many companies to their knees. Companies have been going into bankruptcy because they can't uphold promises.

It is a national problem, not just a Manville problem. Something has

to give when your economy is growing at 2%, but your medical costs are going up at 18% to 25%. We simply, as a society, cannot afford that. At some point in time, working with government, working with private enterprise—somehow, we have to find a way to crack that nut and get those costs under control.

There is a limit to what a \$2 billion dollar company can afford. I don't want to go back and see Judge Lifland again. I swore when I got out of there that one time was enough, and I sure don't want to go back because we can't keep our promises.

The Board and the management of the company are committed to do the right thing. I don't know what that is. I don't have the solution to the nation's health care problems, but I think it means that we have to push the decision making down to the person who is making the choice. When you go to the hospital or the doctor, you are going to have to, at some point in the future, make some economic decisions.

As a consequence of our social policy, everyone has a right to free medical care no matter how much it costs and you can guess what has happened. It's going at a double digit rate. The owners, investors, drug companies and hospitals are getting rich and we have a real problem on our hands.

"Today the health care cost per retiree and per employee is \$5,000 per year and going up at the rate of 20-25% every year."

We ultimately have to push down the decision making. Here is how much money you have. Spend it wisely. Today the health care cost per retiree and per employee is \$5,000 per year and going up at the rate of 20-25% every year. Sometimes I wonder if we might be better off just to say, "Here is a \$5,000 check. We are out of the insurance business. You, as the

consumer, decide how you want to spend that money and provide for your health care."

It's a problem. But we have made a commitment. There is no intention of backing away from it. If there is some sort of legislation or national move, somehow we are going to have to work into that so that it works for everybody.

### Retiree Relations

I know some of you got material at home on feedback from a meeting of a group of retirees and myself. I would have preferred that some of the quotes be said a little differently. I think it came out a little more harsh than I remember meaning. We are committed to working with representatives of the retiree community in every way possible. I give you my personal commitment to give it all the energy and all the insight that I possibly can.

Let's work together. I am going to be in your shoes probably sooner than later. I think I'm also an empathic enough a person to know that you built this company. You have a stake in it and I'm not trying to do anything to destroy what you have earned and which you are entitled to. We will find a solution, but we can find it better working together.

"We are committed to working with representatives of the retiree community in every way possible."

Communication with active employees is tough.

Communication between the company and retirees is just awful. We don't have any structural mechanism of keeping each other posted on how things are going, and I think very high on our agenda is how to keep each other in the loop.

I have a way of trying to deal with employee communication. I feel like I don't know what is going on,

so once a quarter I have 15 people from around the company—from hourly union employees to plant managers to sales[reps]—we get together for two days a quarter. Their sole job is to—number one, make sure I know what is going on—and number two, help me be a better communicator.

One of the conclusions at the last meeting [is] we need a member of the retiree community on that council, so that we can get the benefit of your point of view and your counsel about how we communicate going forward.

### In Closing

The economy is going to get better. When it does, our costs are in shape and our house in order, and we can begin to recover some of the levels of prosperity that we have had in the past. I don't know what the trust might ultimately do, but let me tell you that we are committed to minimizing the impact on employees and certainly minimizing the impact on any promises that we made to you.

Thanks again for your patience. I enjoy, as always, a chance to come back to see familiar faces—and new faces. If there is ever, ever, anything I can do to help, just let me know. I think the trick to working through our issues is sitting down and working together and not against each other, because we are really trying to accomplish the same thing. Any time I can do anything to help anybody in our ever decreasing bureaucracy, just give us a buzz. Thanks for the invitation.

**Ann Henley**  
January 5, 1993



We haven't planned any changes at this time for retiree benefit plans in 1993. People generally ask me, "When are we going to get a cost of living increase?" That is probably not going to happen because of accelerating health care benefit

costs. Our challenge is, what can we do to continue to provide affordable, quality health care? That is our goal.

"...when you say, 'affordable, quality health care', the 'affordable' always comes into play."

Of course, when you say, "affordable, quality health care," the "affordable" always comes into play. So at what level can we honor that commitment? That is going to be an extremely big challenge.

Before we can attack the health care problem, we've got to figure out where are we today. We did a claims analysis on three years of claims paid by John Hancock. An analysis on pre-65 retirees [showed] our usage was high and our prices were high. Our big risk factors were smoking, alcohol and high blood pressure. We are going to use that data to help us focus on wellness and prevention programs.

We had a 35% increase in medical costs from 1990 to 1991. I guess it was 18% overall, but 35% for retirees. The good news is this year [1992], the retiree costs are down 12%.

In 1992, the company spent \$26 million on health care for Schuller/Manville employees, \$13 million for Riverwood and \$21 million for the retirees—a total of \$60 million. Our profit for Schuller is between \$90 - \$100 million, so ... \$21 million is about 21% of the profits. It is a big issue for all of us.

Our three strategies to contain costs:

### 1. Managed Care

Basically, it is a system whereby you reduce medical costs by contracting with health care providers at a discount. The prime examples are the HMOs. You choose the primary care physician and then they coordinate your care

with specialists.

We want to move more people into HMOs and other forms of managed care. We have put out for bid to managed care vendors such as Blue Cross/Blue Shield, Cigna, Travelers, etc. We'll get those back in February.

A good HMO... is the best option our active employees have. They can still get the indemnity plan, but the lowest deductible is \$500. We are looking at expanding our managed care to retirees through HMOs and when we get responses back from the vendors, we hope to offer some options. It probably will be 1/1/94 before some of this is available.

### 2. Preventive Care

There are a few things that we can do to control costs. Prescription drugs are a big expense. I don't know why we have never offered mail order drugs or some other form of managed care prescription program to retirees. However, that is something we are also reviewing.

### 3. Better Communications

Our third strategy is to provide better communications to employees and retirees on health care issues.

The Clinton administration?—we'll have to wait and see how it goes, but it appears they are going to managed care, so we think we are on the right track.

### Questions and answers after the talk:

*Q: Will managed care mean that I can't go to the doctors who have been caring for me for 15 years?*

*A: This is possible if your doctors are not included in the managed care network offered. We will attempt to give more than one choice. (HMOs and [current type] indemnity plans) We would also have a broad base of doctors for our managed care plan.*

*Q: What if managed care will not take care of us outside our service area?*

A: We'll try to get a national company such as Blue Cross/Blue Shield so that you can get care nationwide.

*Q: The doctors that are listed with Alliance—I understand they are supposed to perform the services based on what the contract is going to pay. What do you do if they don't?*

A: You should first contact Alliance. They monitor these billings. Or, you can call Diane Persons at WHQ.

*Q: Any thoughts to providing long term health care?*

A: We are looking at this in 1993. We will try to negotiate a group rate if a quality product is available.

*Q: What are the statistics for over 65 retiree medical expenses?*

A: It is about \$1,000 a year - \$90 a month, and a lot of that is prescription drugs. The \$21 million represents all retirees—under and over 65.

**Member Mailing List**  
**Bill Snyder**

This is the first mailing using the Manville Retiree Association's membership list. All prior mailings have been done by Manville Corporation (for which we thank them many times) to their list of those receiving pension checks.

A team of over twenty volunteer members has spent many, many hours finding missing four digit zip codes, adding retiree numbers and entering 2,560 names and addresses into our data bank. We have made mistakes, many of which we caught and corrected. However, some mistakes probably remain and we apologize for these. So please, if your name or address is incorrect, or if we called you Ms.



instead of Mr., drop us a small note or address change card and we'll make the correction for future mailings.

By the way, we've added the ability to handle two addresses (summer and winter) for each retiree. The November and February issues will go to the winter address and the May and August issues will go to the summer address. If you'd like us to use two addresses for your mailings, drop us a note with the details. Sorry, we can't change our assignments of summer and winter.

If a member dies, the surviving spouse automatically assumes that membership, but please send us a notice of name change so we can correct our mailing list.

Also, a reminder—Manville does not accept address changes from our association. You must notify them directly. Please send those changes to:

Marilyn Thomas, 2-02  
P. O. Box 5108  
Denver, CO 80217.

**Election of Officers**  
**Carl Vander Linden**

The process of electing officers for the coming year began in January with the Board of Directors selecting a nominating committee of five members:

- Jerry Attridge
- Nate Henn
- Al Moore
- Andy Sokal
- Carl Vander Linden

Carl Vander Linden was chosen as Chairman by the Committee. The following nominations have been made and all have agreed to serve:

- Vice Pres 2 yr term Dan Gallagher
- Treas 2 yr term Ed Stoltz
- Director 1 yr term Hugh Jackson
- Director 1 yr term Emma Lee



- Director 2 yr term Bernard Coleman
- Director 2 yr term Lou Gallo
- Director 2 yr term John Leasher

Note—the nominating committee has recommended starting with one director from outside the Denver area for a one year period, to evaluate the feasibility, cost, communications, etc.

The positions of the President (Ed Bettinardi), Secretary (Bill Snyder) and the two Directors (Tom Winter and Fern Bengtson) remain as they are until the second annual meeting. At that time, nominations will be received for those positions for a two year term (as well as for the two directors elected to one year terms this year).

According to the by-laws, nominations also may be made by any five or more members with the permission of the candidate(s). Nominations must be filed with the Secretary (Bill Snyder) within thirty days of the mailing of this newsletter, and include both printed names and signatures of the five supporting members. If no additional nominations are received from members, the nominating committee slate will be elected by acclamation at the annual meeting.

If other nominees are received by the Secretary, ballots listing all candidates will be sent to each member for voting. These ballots (your vote) must be received no later than ten days before the Annual Meeting which will be held May 25, 1993 at the Elks Club in Littleton, CO.

Note: A copy of the By-laws containing the above guidelines will be sent with the next mailing.

Brief biographies of the nominees:

**Dan Gallagher**

Manville, Waukegan, Long Beach & Richmond, IN plants. General Production Manager F/G & IPD. Current MRA Vice-President;

served on organizing committee since inception.

### Ed Stoltz

Sales & Marketing in Baltimore, Wheeling, Pittsburgh & Chicago. Project Manager in NY & Denver, IPD & Pipe. Current MRA Treasurer.

### Hugh Jackson

Waukegan and WHQ in Finance, Industrial Relations, Manager of Industrial Health and VP & Director of Management Training. Served on the organizing committee.

### Emma Lee

St. Louis sales office and served as San Francisco Office Manager covering five western offices. Currently edits the Quarter Century newsletter for the west coast and serves as San Francisco regional representative.

### Bernard Coleman

Waterville plants 1&7 and WHQ as Manager of Employee Relations and Manager of Employee Benefits. Served on the organizing committee.

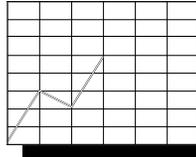
### Lou Gallo

Waukegan, Cleveland, Rockdale and WHQ with Building Products and Industrial Specialties—in Finance and as Manager of Services, Division Controller, Admin Assistant to Sr. VP and Manager of Internal Auditing. Served on the organizing committee.

### John Leasher

Manville Plant (P&FM), Funderne and WHQ with assignments as Accounting Supervisor, Director of Accounting Methods and General Auditor. Started Denver Credit Union and was president. Served on the organizing committee.

### MRA Membership Watch



We now have 2,500 members. That's over 62% of the total retirees and surviving spouses.

### Letters to the Editor

...my wife and I commend the retirees in the Denver area in taking the leadership in developing this organization. It's a very necessary action in view of increasing medical costs and what to do about it in the business, secular and political world of change...

*Norman J. Adams*

...congrats on your latest issue. It was most informative and very timely. A day does not go by when you don't see some article on some corporation who is trying to eliminate or curtail retiree health benefits...

*Roy W. Hillmer, Parker CO*

...This is for a good cause for everyone interested and I'll keep in touch with your address in Littleton, Colorado for more information.

*Louise Bergman, Arlington Hgts, IL*

...appreciate all your work on behalf of Manville retirees!

*M.J. Cave, Bandera, TX*

Just want to say "Hi" to all those familiar names on the "Association" listing. It sends a message of confidence to all us retirees. Keep up the good work!

*Connie Huddy, Little Marsch, PA*

### Mutual Benefit Life Hotline

For those concerned with Mutual Benefit Life thrift plan funds, you can call,

**1-800-435-3191**

to get the latest information. The court date was January 28, 1993.

### Questions and Answers

Tom Van der Veer

**Q:** I go to Florida in the winter & North in summer. I send Change of Address cards to Manville but the change does not get to the Q.C.C. so all information is late getting to me. Can you help?

**A:** You are doing the correct thing to send the Change of Address card to Manville, att'n Retiree Dept. 2-02, but you need to do more to assure that the Q.C.C. is advised. The Retiree Dept. gets many Changes of Address and does not know you are a Q.C.C. member unless you tell them. Either enclose the card in an envelope with a note requesting them to advise the Q.C.C. of the change, or send a separate Change of Address to Manville - att'n Q.C.C. Ronnie Lostak.

**Q:** Regarding those Retirees who have monies held in escrow due to the Mutual Benefit Life situation—can we elect to write off a portion or all of these funds on our income tax, and claim any later proceeds as income when received? (revised for brevity)

**A:** The word we received from an I.R.S. person is that you cannot write off the Mutual Benefit retained amount as a loss at this time because it has some value and cannot be considered a total unrecoverable loss. When the issue is finally resolved, and if a loss is actually incurred, you *may* be able to claim all or part of the loss. There doesn't appear to be a "one size fits all" answer to the

question. We are told that I.R.S. Bulletin #550, "Investment Income and Expense", covers this situation. It is available from the I.R.S.

**Q:** What about retirees with asbestos related problems and/or those that worked in that environment? This issue needs immediate attention and an action plan would be in order.

**A:** The Manville Retirees Association cannot give advice. Asbestos issues are very complex and it is an individual choice as to what a person should do. An entire legal profession has developed around these issues. As a first step, an individual with a possible asbestos or other health problem related to Manville work experience should write or call Jim Hoppe, 4-12, Manville Corp, P.O. Box 5108, Denver, CO. 80217-5108, (315) 978-4937. Jim is responsible for Workmen's Compensation and will work with you in obtaining an evaluation of the problem.

**Q:** What about the Manville N.J. dispensary? This is a vital need for employees who have worked in asbestos related business. Dr. Liss is an expert in this health care field.

**A:** According to Manville HS& E sources, the Manville Dispensary was closed on 10/1/92 and Dr. Liss retired. Dr. Liss is now working for another Company and has no private practice. We were told that the New Jersey area people using the Dispensary were advised of the closure and provided alternative sources for care. For more information, contact Ann Marie Hannon, Manville Corp., 380 Foothill Rd., Suite 103, Bridgewater, N.J. 08807, (908) 725-2390. Ms. Hannon works for Jim Hoppe and is assigned to follow the New Jersey workload, handling old, active, or new claims. If you are anywhere other than the N.J. area, contact Jim Hoppe in Denver (see preceding

questions).

**Q:** What is the retirement cut-off date for retirees using this umbrella organization, i.e.—is there a limited group of retirees that can be members of the M.R.A.?

**A:** No, we welcome all retirees—surviving spouses and vested, deferred retirees. Membership funds our efforts and keeps you abreast of the news via the Newsletter. You do need to be a member to receive the newsletter.

---

**Thanks for the Help**  
Bill Snyder

This newsletter will be the first using our own membership mailing list and many members assisted me in getting this list together.



Many thanks to:

<u>Editing</u>	<u>Computer</u>
<u>Entry</u>	
Paul & Evelyn Larivee	Walt Gulick
Carol Gibson	Dick Ducey
Gloria Jensen	Gene Fouts
Bill Albe	Lou Gallo
Don Lockard	Bill
Randolph	
Bill Johnson	Andy Sokal
Al Roth	Steve
Painter	
LaNelle Gilmore	Bob Ford
Al Trepanier	

---