

## *Kaiser Aluminum Salaried Retirees Association*

### **A MESSAGE FROM KASRA PRESIDENT**

Dick Kauffman



**Dick Kauffman**

Dear Fellow Retirees,

There are a number of matters relating to the VEBA which I believe will be of interest to you. Therefore, this letter will confine itself to the subject of the VEBA.

The highlights from the VEBA's year-end report are as follows:

- The fair market value of the VEBA's assets on hand at December 31, 2007 was \$75.3 million.
- Benefits paid out during 2007 totaled \$5.6 million.
- There were 4,065 family units eligible to participate in the VEBA at December 31, 2007. At that time, 3,681 family units were enrolled in the VEBA for an enrollment of 90.6%.

The enrollment increase during the year was due in large part to the efforts of KASRA members who participated in a special enrollment program. Once again, thanks very much to all who helped!

In March, the VEBA received a \$500,000 contribution from Kaiser Aluminum pursuant to the Profit Sharing Plan provided for under the Settlement Agreement.

The details of the Profit Sharing Plan as explained by the VEBA are:

For 2006 and subsequent years, Kaiser is required to make variable annual contributions to the VEBA to the extent that profits, if any, are earned under the Profit Sharing Plan. Variable annual contributions are calculated as 14.5% of a profit pool (consisting of 10% of the first \$20 million of Kaiser's annual adjusted pre-tax profit as defined in the Profit Sharing Plan) plus 20% of annual adjusted pre-tax profit above \$20 million. Such variable annual contributions, if earned, are limited to \$2.9 million in any year and are also limited to the extent that payment would cause Kaiser's liquidity to be

less than \$50 million. The amount by which any such annual payment is limited does not carry over to future years.

Under the terms of the Settlement Agreement, the excess of the amounts advanced by Kaiser during reorganization proceedings (\$2.5 million) over Kaiser's initial contribution obligation of \$5.2 million was to be offset and credited against future variable annual contributions under the Profit Sharing Plan. For 2006 and 2007, Kaiser's contribution obligations amounted to \$3 million. Accordingly, the \$2.5 million in excess advances has now been fully offset.

I realize the above may sound a bit complicated. Bottom-line, the VEBA received \$500,000 from Kaiser Aluminum in March based on the company's profitability, and future contributions, if any, will not be reduced by earlier advances.

Whatever your thoughts may be about Kaiser Aluminum and its decision several years ago to terminate retiree medical benefits, it is important to keep in mind that, in years in which Kaiser meets or exceeds certain profit targets, your VEBA will benefit. For that reason, each of us has a continuing stake in the success of the company.

On behalf of your Board of Directors,

Dick Kauffman

### INSIDE THIS ISSUE OF KASRA NEWS

George Binczewski's Article on the State of the Aluminum industry

A Profile with one of the Founders of KASRA, Dick Harrison

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website at  
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## WHAT'S GOING ON



About this time of year, **Earl F. Tidd's** large garden in Otis Orchards, WA, is getting ready to produce enough vegetables and fruits to give away to neighbors. The Tidds celebrated their 65<sup>th</sup> wedding anniversary last year with 11 children, 30 grandchildren, 41 great grandchildren and one great great grandchild. **Norma J. Crull** (Spokane Valley, WA) spends the winter in Lake Placid, FL, enjoys time at her farm in Montana and summer rallies with a motorhome club. After 35 years of waiting, Mead retiree **Bob Jewett** (Colbert, WA) had a successful moose hunt. Imagine he's got the proof on display!

Sons and Fathers...**Dick Hoskinson** of Gratiot, OH, is an assistant to his son who owns a funeral home. Dick also plays in a small band and enjoys golf. **Dennis O. Seymour** (San Diego, CA) is a low paid mate (works for beer) on his son's 32-foot sport fisher charter boat.

The new little lady in **David Douglas'** life is a one year old great great granddaughter. The Gerton, NC, resident who retired from Chalmette enjoys painting landscapes in water colors. Portsmouth retiree **Joe Darling** makes his way back to Bristol, RI, this time every year after spending the fall and winter at his daughter's in Beaufort, SC. Mexico Refractories retiree **James Angerer** (Jefferson, MO) enjoys the casinos and going to church. Wonder if he does both on the same day. **Doris S. Madden** of Mill Valley, CA, loves to usher performances at the San Francisco Opera, SF Jazz Festival and other venues.

Moss Landing retiree **Oran Parrish** (Fayetteville, AR) tinkers in his own upholstery shop. He likes going to Branson, MO, for entertainment every once in awhile. **Rod McMillan** (Mt. Vernon, OH) restores old flat and dome top trunks and likes to buy and sell old tools. Newark, OH, retiree and resident **Robert Andrews** makes joyful noise with the German singing society Maennerehur. **Melita Israel** (Aptos, CA) volunteers every season at the Santa Cruz Follies. Surviving spouse **Mary E. Friend** (Ravenswood, WV) volunteers as a foster grandparent, enjoys dancing, does stained

glass work and church activities.

**Jane Morgan** (Vero Beach, FL) yells Bingo every chance she can, that is, when she's not putting on her game face in the Poker Club. **Robert B. Burke** of Jacksonville, OR, enjoys fishing and traveling to Canada, Alaska and California. Consulting takes him to Ireland this year.

Play ball... At 86, **Dick Tenney** (Bainbridge Island, WA) is the oldest member of the local seniors softball team still seeking its first win against rival Bremerton. This time of year, **Don Varwerck** gets to watch a lot of young athletes play baseball at the Veterans Home in Yountville, CA, where he resides and where there is quite a field of dreams.

On the Move...**Carl Reeder** sold his home on Lake Pend and moved to Spokane Valley, WA, to be near family. Violet and **Don Keen** relocated from Baton Rouge, LA, to Maylene, AL, to be closer to children and grandchildren. **John Boruk** (San Luis Obispo, CA) enjoys hiking, biking and volunteers at the American Cancer Society. **Brookie Henry** of Point Pleasant, WV, went into remission from cancer a year ago. He enjoys hunting, fishing and taking care of the farm. **Robert J. Schoen** (Baton Rouge, LA) is a bee keeper.

## SOUR MASH GOLF TOURNAMENT MAY 29

The third annual revived Kaiser Aluminum Sour Mash Golf Tournament will be held at the upscale Dublin Ranch Golf Course on Thursday, May 29. This Robert Trent Jones Jr. par 63 layout has eleven unique par 3's, five solid par 4's, and two demanding par 5's. Most players will hit every club in their bag during the round. Shotgun starts at 8:00 a.m. with an 18-hole play followed by lunch in the full service restaurant and bar at the golf course. The Dublin Ranch Golf Course is located at 5900 Signal Hill Drive, Dublin, CA. Cost: \$70 includes green fee, power cart, lunch and prizes. Golf only: \$45. Lunch only: \$30. Send in your check by May 10 payable to David Geary at 23 Tamarisk, Moraga, CA 94556. Contact Dave at (925) 376-7031 or email [dsgeary@comcast.net](mailto:dsgeary@comcast.net).



## The Aluminum Story A Look Back--A Look Forward

**By George Binczewski, Former Corporate Metallurgical Manager, Oakland, CA**

There have been more changes within the industry during the past ten years (1998-2008) than occurred in the previous fifty years combined (1946-1996). Most KASRA members tend to relate to 1946, the year Henry Kaiser leased the shutdown government plants at Mead, WA (reduction) and Trentwood, WA (sheet rolling mill). The plants had been financed by the U.S. to assure a needed metal supply for WWII.

Prior to that start up, the previous sixty year history of the U.S. aluminum industry is concisely summarized in an article titled ALUMINUM REBORN which appeared in the September, 1946 issue of Fortune Magazine, the leading business periodical of its day. Quoting from the article:

"The primary aluminum industry of the U.S. in 1939 was a fairly simple thing to assess. It went by the name of the Aluminum Company of America (Alcoa). Alcoa produced and sold all of the aluminum it had the capacity to make, using processes that had been standard for fifty years and unpatented for thirty. It mined or manufactured its own raw materials, transported them on its own ships, and shuttled them on its own railroads. It generated well over half of its large electric-power requirements and turned out two thirds of the products fabricated from primary aluminum. Its 20 cents-a-pound for aluminum ingot was almost twice the cost, and its net profit on the sale of all its products was nearly 20 percent on invested capital. Finally, its highly integrated operations were spotted at key centers in the eastern U.S. - near low cost hydro-electric power, industrial markets, and ports to receive overseas raw materials."

Often recalled is the story of the government sending out 224 telegrams to metal companies shortly after VJ Day inviting them to bid on the wartime built government owned plants under the Defense Plant

Corporation jurisdiction. There were only two positive responses, Kaiser and Reynolds. Others were scared away by the uncertainty involving the Alcoa monopoly that for decades was identified as the past master of the price squeeze. Reynolds was already a producer of 6% of industry production (reduction and foil). Kaiser was the newcomer with intents to supply his other metal consuming enterprises, chiefly autos, with an unknown success potential. The individuals who came to work for Kaiser and who started the shutdown of the Mead and Trentwood plants were, for the most part, former Alcoa employees. After all, these were the only people who had the vital know-how and experience.

Most retirees have spent their careers with Kaiser Aluminum during the 1946-1996 period and are quite familiar with the industry machinations that took place during that timeframe.

As regards the future, there is uncertainty concerning the organizational future of the industry, for the very real "globalization" of the world economy has introduced some intriguing complexities into the aluminum business. Companies that were once industry stalwarts have disappeared. Even the U.S. Justice Department has had to modify its application of the anti-trust laws that were successfully invoked to break the Alcoa monopoly in the 1940's and create competition. An example is Alcoa's 1997 attempt to buy the large Reynolds rolling mill at Listerhill, Alabama, and subsequently, withdrawing its effort when the Justice Department objected. Two years later, Alcoa purchased the whole of Reynolds Metals, the #2 U.S. producer, with Justice Department approval. Also, there was the Alcoa purchase of Alumax, then the #3 U.S. producer. An often heard lament of many Kaiser retirees has been: "Why didn't Alcoa acquire Kaiser Aluminum, the #4 producer, then our medical and life insurance programs would have been continued instead of being terminated by the bankruptcy?"

Continued on page 5

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### Send KASRA Your News & Pictures

Write us your news, travels, stories... humorous tales welcome. Send a note to Mark Murray, Editor, KASRA News, 2471 San Miguel Drive, Walnut Creek, CA 94596 or email: [mamwmpr@aol.com](mailto:mamwmpr@aol.com).

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MAY 2008

## MEMBER PROFILE: DICK HARRISON



*Dick Harrison*

Dick Harrison chuckles when he recalls interviewing for his first job at Kaiser Aluminum. The year was 1950, and Harrison had just graduated from Gonzaga University on the G.I. bill. His studies and major in philosophy with a minor in Latin prompted the question: “Don’t you belong in the ministry?” Fortunately for Harrison, a second major in chemistry opened the right

door. After a 33-year career with the corporation, Harrison retired in 1983 as the head of the Forgings Division.

Retirement gave Harrison a new calling. In 1988, concerned that the corporation’s shaky future would jeopardize retiree benefits, he and a core group (the original Lunch Bunch) formed the Kaiser Aluminum Salaried Retirees Association, KASRA. Thanks to their vision, KASRA would later serve in 2003 as the official organization representing salaried retirees during Kaiser Aluminum’s bankruptcy proceedings. As we all know, this effort led to the establishment of VEBA benefits for salaried retirees. Harrison, a widower since 1999, today resides in Walnut Creek and is always on the lookout for a tennis opponent he can beat.

**Q.** What was your most memorable working experience at Kaiser Aluminum?

**A.** Clearly, it was moving to Berlin in 1963 to start the Electrical Products (EP) business as founding manager of Kaiser Aluminum Kabel Werke (KAKW). Up until then, I worked in EP sales in Portland, OR, Chicago, IL, and Oakland, CA, helping to plan the construction of electrical conductor plants in Bay Minette, AL, and Oakland, CA. Berlin was at the center of the diplomatic crisis during the Cold War, a period of very tense times and constant sonic booms. We lived in an old three story house close to a dairy farm, the university and a temporary museum in Dahlem. My wife, Mary Lou, became a terrific ambassador, helping us integrate into

local society through a lot of entertaining. In 1970, Kaiser sold half of its European assets to Preussag, A.G. and I became manager of the newly formed company, Kaiser –Preussag Aluminium Europe G.m.b.H., headquartered in Germany. It was comprised of the reduction plant then under construction at Voerde, the rolling mill at Koblenz, the Berlin wire and cable plant, and the foil rolling and printing plants in Belgium and Switzerland. I returned to Oakland in 1971 after Preussag assumed management of Kaiser Aluminum Europe (KAE). After spending several years trying to save the ill-fated strontium business, I served as manager of the Forgings Division until my retirement.

**Q.** Describe the early days of KASRA and its vision.

**A.** After I retired, I started going out to lunch every week with other Kaiser retirees. It was a very informal group. We were concerned that the corporation’s declining business condition would take away the lifetime benefits package that we were promised. We decided to outreach other retirees living in the Bay Area to see if they would be interested in organizing. About 300 retirees responded with donations totaling \$5000. That encouraged us to send a letter out to all salaried retirees, advising them of the need to organize, to create a formal association with membership and dues, to retain an attorney and be ready for necessary action, legal or otherwise, to protect our benefits. One month later, in June, 1988, more than 1800 retirees responded and our treasury had \$55,000. That year, I became KASRA’s first president, serving for two years.

**Q.** Fifteen years later, Kaiser Aluminum filed for bankruptcy and in December, 2003 terminated salaried retiree benefits. What important role did KASRA play then?

**A.** Because we were a known entity that had been established for some years, the bankruptcy court recognized KASRA as the official representative of salaried retirees. The KASRA Committee, led by then-President Jed Daniel, was successful in establishing the VEBA. Our organization’s purpose came to fruition.

*Harrison became Kaiser Aluminum Salaried Retirees Association’s (KASRA) first President in June 1988*

### Binczewski – cont. from page 3

These examples would have suggested that Alcoa might have emerged as the dominant player on the aluminum scene. But such is not the case. In fact, a recent article in the Wall Street Journal characterized Alcoa as a "second team player". A brief look at the evolving circumstances provides an explanation.

The effort of Alcoa in achieving a seven-fold increase in aluminum production during the WWII years was remarkable. At the cessation of hostilities, North America Alcoa and Alcan were essentially the only aluminum producers since the European production had been devastated. At that time, production in other parts of the world was inconsequential. Alcan itself was a minor subsidiary of Alcoa until 1928 and, later, was set up as a full-fledged Canadian organization partly to assuage the issues raised by the U.S. Justice Department during the 1940's anti-trust efforts. The irony of this is that in 2007 Alcoa attempted to acquire the whole of Alcan with a \$31 billion offer which was trumped by a \$38 billion bid by Rio Tinto, an Anglo-Australian Mining Conglomerate. Rio Tinto is presently the target of an acquisition offer by BHF, another Anglo- Australian mining complex, heavily involved in iron ore, bauxite and alumina. The financial journals today note that Alcoa itself may be a target of an acquisition or merger attempt. The recent \$14 billion investment in Rio Tinto by Alcoa and Chalco (Chinese Aluminum Company) has interesting implications.

The influential players in today's aluminum production are China, Russia and the Persian Gulf states. Energy availability, cost and raw material resources are primary determinants in the shifting locales of aluminum production. In 2007, China produced eight million tons with its 97 reduction plants, and while many of them are small and inefficient, they do produce metal. Russia exceeded four million tons. The U.S. production approximated 2.5 million tons and it continues to shutdown and dismantle the older facilities. Canada produced 3.2 million tons. Total world production was 38 million tons among 210 operating smelters. The new and emerging alignments, which are ongoing among

companies and nations, indicate a future that will be difficult but promisingly bright. (Readers desiring more information can refer to the April, 2008 issue of Light Metal Age Magazine).

## WHERE ARE THEY NOW?

After starting and running a CPA firm in Spokane, OR, for ten years, former Trentwood Works Controller, **Joe Reger**, sold his accounting business and moved to Boise, ID. He and his wife, Melba, now own and operate three AARONS franchise stores.

Former Vice President, Corporate Environmental Affairs, Healthy & Safety **Chris Laszcz-Davis** (Orinda, CA) runs The Environmental Quality Organization, LLC. Her consulting firm provides solutions for small, midsize and large companies across the U.S., as well as litigation expertise and expert witness services. Chris is an instructor at UC Berkeley's Center for Occupational & Environmental Health. Appointed by the U.S. Commerce Department as an examiner (judge) for the Malcom Baldrige National Quality Award, Chris is also a professional public speaker and writer.

**Mark Varisco** is an advanced training specialist for Marathon Petroleum in Garyville, LA. The Gonzales, LA, resident and his wife, Gail, are now empty nesters, what with their three sons now being on their own.

**Dennis English** resides eight months of the year in Newark, OH, where he is President of the condo association. He spends four months each year in Venice, FL, where he has an interior design business.

Oxnard retiree, **Roger Daugherty** (Green Bay, WI), a logistics coordinator for Apria Healthcare, loves working with and caring for the needs of the elderly. The Veteran of Foreign Wars (VFW) life member volunteers at the Green Bay Packers home games.

Trentwood retiree, **Tom Jefferson** (Spokane Valley, WA), works on federal dam projects all across the country as a senior project manager for a construction contractor.

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Retirees receiving KASRA NEWS as a PDF file by email can click on web addresses and emails contained in the newsletter to directly connect to those sites.

For more retiree news and pictures log onto or link to [www.e-kasra.com](http://www.e-kasra.com)

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**KAISER  
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SALARIED  
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ASSOCIATION**

P.O. Box 1171, Lafayette,  
CA 94549, (925) 685-1313

E-Mail:  
[news@e-kasra.com](mailto:news@e-kasra.com)

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**MAY 2008**

# LUNCH BUNCH

**May 20 Bay Area K.A.R.L.A.**  
Lunch at noon at the Walnut Creek Elks Club, 1475 Creekside Drive. There will be a special tribute to Evo Alexandre and thanks to his wife Martina in appreciation for his service to KASRA. Cost: \$21.00. Send checks payable to KARLA to Sharon Fraetis, 1238 Pleasant Hill Rd., Lafayette, CA 94549. Call for cancellations only at (925) 934-4334 or email [lafnatv@silcon.com](mailto:lafnatv@silcon.com).

**June 2 Los Angeles**  
Lunch at noon at The Elephant Bar, 14303 E. Firestone Blvd., La Mirada. Contact Norm Manger (310) 377-2135 or email [normmanger@cox.net](mailto:normmanger@cox.net). (Meetings held the 1st Monday of each month)

**June 4 Tacoma**  
Lunch at noon at Tacoma Elks Lodge, 1965 South Union. Contact Bob Mohr at (253) 820-6569 or email [bobjanetmohr@comcast.net](mailto:bobjanetmohr@comcast.net).

**June 5 Baton Rouge**  
Lunch at noon at Mansur's, 5720 Corporate Blvd. Call Bob Eisenbach (225) 926-1334 or email [bobeisenbach@cox.net](mailto:bobeisenbach@cox.net). (Baton Rouge meets 1st Thursday of each month)

**May 8 Mead**  
Lunch at 11:30 a.m. at Cathay Inn on North Division. Contact Phil Marksbury at (509) 325-1798 or email [pjmarksb@comcast.net](mailto:pjmarksb@comcast.net).

**June 10 Newark**  
Lunch at 11:00 a.m. at Stacy's Hometown Buffet in Heath, Ohio. Contact Bob Abel (740) 323-2268 or email [rbabel@alltel.net](mailto:rbabel@alltel.net). Cost: \$3.00 matched by Newark plant.

**June 14 Chalmette**  
Lunch 11:30 a.m. at Jasmine French Restaurant (across from the Slidell Train Station on the corner of Teddy Avenue in Olde Town Slidell), 1768 Front Street (US Hwy. 11, Blue Star Hwy. RSVP Sherman Faught (985) 690-4942 or Chuck Schimmel at (985) 643-0437 or email [schimcol@aol.com](mailto:schimcol@aol.com).

**June 21 Ravenswood**  
1 p.m. Picnic at KERA. Call Dave Whitman (304) 273-5548 or email [dwhitman@wirefire.com](mailto:dwhitman@wirefire.com).

## IN MEMORIAM...

Van E. Allain - Slidell, LA

Ralph V. Anderson Jr. - Fort Collins, CO

Shirley F. Barnette - Ripley, WV

Archie C. Boyd - Marrero, LA

James D. Donovan - Moraga, CA

Warren D. Elston - Greenwood, CA

Guy Repts Jones - Baton Rouge, LA

Harold R. Kirby - Smithers, WV

Norma J. Kraszyk\* - Valparaiso, IN

Arthur C. "Art" Letts - Venice, FL

Michael A. Murphy - Slidell, LA

Ellis "Frank" Rush - Lakewood, CO

Samuel A. Schrader, Sr. - Selbyville, DE

Loretta M. Wennerstrom - Oakland, CA

\* Died more than 12 months ago

The KASRA Board of Directors expresses its deepest sympathy to families and loved ones.