

IBM employee Jimmy Leas of South Burlington listens to Rep. Bernie Sanders, I-Vt., address a rally at IBM's annual meeting Tuesday in Cleveland's Public Square.



ROADELL HICKMAN, for the Free Press

Vermont IBMers claim moral victory

Pension resolution loses, but support is strong

By Aki Soga

Free Press Business Editor

CLEVELAND — After the conclusion of the IBM annual meeting in Cleveland on Tuesday, Jimmy Leas stood surrounded by reporters.

By a vote of 765 million shares to 300 million, IBM shareholders had just voted

down his resolution asking the company to restore retirement plans that were changed last summer.

The reporters scribbled notes as Leas proclaimed the 28.2 percent share a victory. He had said to win even 10 percent of the vote would be a major accomplishment.

"It's unprecedented," said Leas, a veteran engineer at IBM's Essex Junction, Vt., plant. "I would have been happy with 3 percent. Two hundred and ninety-nine million shares is a phenomenal number."

Leas was just one of the Vermonters who made their mark at the annual meeting

■ CEO defends plan, 13A

of the state's largest employer and the world's largest computer company. More than 20 IBM employees from Essex Junction had traveled to Ohio to attend the meeting, unhappy that their employer had changed retirement benefits for longtime employees. Some flew

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out, others drove with their families.

Still others got together for van rides Monday that took nearly half a day. Those employees who made it to Ohio reveled in their sense of accomplishment.

After the meeting, John Mendes approached a knot of fellow Vermont IBMers, fists raised and a big smile on his face.

"We won," said Mendes, an engineer from Burlington, Vt., and a union organizer at the Vermont plant.

Julie Cohen Drukerman of Essex Junction, a technical writer and editor for IBM, was beaming.

"I'm so pleased," she said. "Twenty-eight percent. It's just amazing." Drukerman was less pleased about not having a chance to speak at the annual meeting.

Few questions allowed

The question-and-answer period was limited to 30 minutes, with only eight of the 650 people at the meeting getting a chance at the microphone. Gavin Wright, a technician working with copper chip technology at Essex Junction, was the second to speak, asking why IBM saw fit to the squeeze the benefits of people who had remained loyal to the company for years.

That prompted IBM Chairman and Chief Executive Louis Gerstner Jr. to respond with a statement about the changes that were necessary in the face of the company's poor performance in the early 1990s, and the job cuts that followed. Changes, including how employees are compensated, were necessary to make the company competitive, he said.

"Today we have roughly 305,000 employees — up about 40 percent since the dark days of 1994," he said. "If we want to protect the jobs of all 305,000 people, our ability to stay attuned to the marketplace, to stay competitive, cannot be forestalled."

At the core is the switch IBM made July 1 from a traditional pension plan with set retirement payments, to a cash-balance plan which depends on how investments perform to determine actual payments. At the same time, IBM also changed its retirement health plan from paying a portion of insurance premiums for life to giving retirees a lump sum to be managed by the retiree to cover such expenses.

IBM sees the moves as bringing the company in line with the rest of the industry, allowing IBM to pay higher wages to younger employees with little interest in pensions. The new retirement plan also allows employees with relatively short tenures at IBM to take their benefits with them when they switch jobs, an increasingly common occurrence in the high-tech industry.

Such changes, IBM says, are necessary to hire the skilled employees it needs. Opponents see the switch as a betrayal of long-time employees who saw their benefits shrink, increasing the insecurities of their post-retirement years. They also say the changes encourage people to leave because they have no long-term stake in the company.

A chorus of boos

Of the eight speakers, only three chose not to speak about retirement plans. Then promptly at 11:30 a.m., Gerstner closed the meeting to a chorus of boos. Though the annual meeting was of average length — about 90 minutes — many of those attend-



ROADSELL HICKMAN, *The Plain Dealer*
Vermonters Julie Cohen Drukerman (left) and Brenda Jewett (foreground) participate in an IBM rally on Tuesday in Cleveland.

ing were caught off guard at its abrupt end, especially because they expected the meeting to last the full two hours allotted.

"It was rude," said Brenda Jewett, another Vermont IBMer. "Downright rude."

One person who did not get to speak was Rep. Bernie Sanders, I-Vt. who was next at the mike when the meeting ended. He had bought five shares in IBM earlier this year so he would have a chance to speak at the annual meeting against the pension changes.

"I find it a great act of cowardice that Mr. Gerstner cut the meeting short by one-half hour because I was the next speaker," he said after the meeting. Sanders got his chance to speak at the rally that followed the meeting.

For Sanders, who stood beaming with fellow congressmen Dennis Kucinich and Sherrod Brown, both Democrats from Ohio, it was a familiar crowd of labor leaders and IBM employees unhappy about changes to their retirement plans.

Even before the meeting began Tuesday, IBM employees from other sites, pension rights activists and labor leaders surrounded the Vermonters as they formed strategies about how to be heard at the meeting.

Sinister feel

There were concerns about stepped up security at the meeting site. Attendees were asked leave cameras, cell phones, beepers and tape records outside the meeting rooms, though this was consistent with past meetings. There were airport-style metal detectors and X-ray machines at the gate, again standard procedure.

For first-time attendees with an agenda, however, it all had a sinister feel. At one point before

the meeting, as Leas handed out talking points to his colleagues in the lobby of the Renaissance Cleveland Hotel, a hotel employee asked the group to disperse.

Seeing an unfamiliar face in the group, Leas asked, "Who are you?"

"I'm with you," said Rick Wasielewski of Milton, Vt., who had made the 11 1/2-hour van trip from Vermont on Monday.

"I didn't know if you were with us or with them," Leas said. But there were no incidents, even at the rally that was held in the shadow of the hotel, people hugging themselves against a chill spring wind off Lake Erie under the eyes of uniformed officers.

As he stood waiting for the rally to start, Glenn Taulton, an IBM technician from Burlington, was warmed by the thought of the morning's events. "Outstanding," he said, as he thought about the 28 percent support for the resolution. "This really should send a message to IBM."

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