



NEWS RELEASE

September 1, 2011

U.S. Steel Calls Conciliator

- USW Local 1005 -

We are pleased to inform you that on August 31, 2011 we received a call from the conciliator informing us that U.S. Steel had a comprehensive settlement to offer USW Local 1005. A meeting has been organised for September 13, 2011 to put the offer on the table for discussion.

USW Local 1005 can only consider the fact that this meeting has been called by USS to be a positive development. We have of course accepted the invitation to attend the meeting.

In October 2010, before U.S. Steel imposed its phony lockout, it categorically declared that no negotiations on a new contract would take place unless USW Local 1005 agreed to give up indexing of pensions and agree to close the pension plan to new hires. Since USW Local 1005 has definitely not submitted to this dictate, does the fact that USS has called a meeting and is to put a comprehensive offer on the table for discussion mean that it has given up its demand for these two preconditions and that finally we can engage in good faith bargaining?

We sincerely hope so. Nonetheless, we caution our members and retirees and the Hamilton community to remain vigilant and perhaps sprinkle any optimism with a bit of caution.

On the same day that we received the call from the conciliator, the internet edition of the *Hamilton Spectator* ran an article by Mr. Trevor Harris, Manager, Government and Public Affairs, U.S. Steel Canada. Mr. Harris wrote of two issues in dispute according to him.

First, he declared the closing of the defined benefit pension plan to new hires is not a controversial issue. His proof of this is that other plants have given it up specifically our fellow Stelco facility in Nanticoke. Mr. Harris has convinced himself that our refusal to give up the defined benefit plan is a controversial extremist ideological stand while closing the plan is not. He does not mention just what kind of blackmail workers across North America have been subjected to in order to force them to give in on this concession. USS locked out our fellow steelworkers at Lake Erie Works for 8 months to extort this concession. Does that not indicate that it is a controversial issue in particular with workers? We think

it does. But let us leave that aside for the moment and deal with Mr. Harris' second "issue."

Mr. Harris writes: "The union, however, wants more. It has demanded that U.S. Steel Canada add to the pension underfunding by increasing pension payments beyond their current level in the future by adding unfunded cost-of-living adjustments to the mix. Simply put, this is unreasonable."

This is not unreasonable, Mr. Harris, it is a straightforward falsehood and we cannot let it pass. In fact, it is outright mischievous and raises a serious question about whether Mr. Harris just does not understand how pension funding is established or whether he has some other aim in spouting this nonsense. Whatever the case may be, it is just wrong to try to confuse steelworkers, pensioners, and the Hamilton community in this way.

Where did Local 1005 demand to add to the pension underfunding by increasing payments beyond their current level, Mr. Harris? Do you not remember that we offered a stand pat agreement?

By cost of living adjustments Mr. Harris means the indexing, which was not a demand as it already exists! Is Mr. Harris not privy to the due diligence USS undertook before buying Stelco or has no one shown him those details since he became manager of USS Canada? The indexing of pension benefits has been part of the defined-benefit pension plan since 1991. Indexing was not a new Local 1005 demand in 2011 because we made no new demands and more to the point, indexing has been part of calculating the necessary funding of the pension plan since its introduction 20 years ago.

For the information of Mr. Harris, steelworkers are excluded and/or not informed of those actuarial decisions on pension funding today just as they were not informed in the 1990s that Stelco was taking a pension funding holiday, as it was "too big to fail." To be very clear, workers were also not informed of the decision made by the Ontario Superintendent of Finance that USS should be entrusted to meet the commitments of the pension fund because it too is "too big to fail."

Perhaps Mr. Harris should be briefed about the commitments USS Executive Officer in Charge of Finances Gretchen Haggerty made at the time of the

Stelco purchase in her famous October 2007 "Stelco's Pension Safe with U.S. Steel" letter to the *Hamilton Spectator* ("...we agreed to unconditionally guarantee pension funding obligations at the corporate (as opposed to Canadian subsidiary) level. [...] Of course, all laws that presently apply to Stelco will continue to apply, as will all other provisions of the Stelco pension agreement, including those provisions requiring pension contributions to fully fund Stelco's pension plans by 2015. [...] We want Stelco's employees and retirees to know that we understand the fundamental importance of sound pension funding. We have had a large defined benefit plan for decades. We take our obligations very seriously [...] Gretchen R. Haggerty, Pittsburgh, Executive Vice-President and CFO U.S. Steel").

For Mr. Harris now to call pension indexing a "demand to add to the pension underfunding" is a dishonest distortion to say the least. So long as indexing is part of the pension, then it is factored into the plans for the pension funding. If there is a solvency deficiency then of course it contributes to the solvency deficiency but how does this mean that USW Local 1005 made a demand "to add to the pension underfunding?" It is preposterous.

If Mr. Harris wants seriously to address the solvency deficiency then why does he not sit down with Local 1005 and discuss how this might be done? Local 1005 has already proposed to go with USS to the Minister of Finance and request that the period during which level payments can be made be extended from 2015 to 2020, which would cut in half the annual payments USS has to make into the pension fund, a substantial saving indeed. Also, if the indexing creates a problem with the solvency deficiency, Local 1005 proposes that the

index payments could come out of general revenues and not be factored into the pension fund's solvency payments and therefore "contribute" to the solvency deficiency. Both these proposals could be discussed.

Another brief note before we conclude.

We sincerely hope that U.S. Steel's move to call for a meeting with Local 1005 September 13, which is the day after it is supposed to report back to City Council about the status of the water treatment plant, means it is serious about bargaining in good faith. We hope this move is not merely a tactic to tell City Council September 12, that USS has met its requirement to meet with USW Local 1005. We sincerely hope that we are ruled out of order for even suggesting that USS could be so cynical.

Meanwhile, Mr. Harris should be informed that solutions can be discussed and even found if the aim is to identify problems and actually engage in good faith bargaining to find solutions. If however, there is another aim, then of course solutions will not be found and the problems are sure to become worse.

Let us at last bargain in good faith so that the workers can get back to producing steel; they can receive their wages; pensioners can live out their retirement with peace of mind; U.S. Steel can begin to resolve its problems with the city, provincial and federal governments; U.S. Steel owners can make their claims on what we produce, and USS CEO John Surma can claim his multi-million dollar bonuses with a clear conscience of a job well done.

We will keep the workers, pensioners and community abreast of the developments.

*USW Local 1005,
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