



## **MEDIA RELEASE**

*USW Local 1005, November 2, 2005*

### **United Steelworkers Local 1005 Proposal to Bring Stelco Out of CCAA Bankruptcy Protection**

*- Rolf Gerstenberger, President -*

USW Local 1005 in Hamilton reiterates its profound concern that Stelco be viable and its view that this requires protecting the wages and working conditions of the active labour force and the pensions of the retired workers. At its Thursday meetings, Local 1005 has been discussing a plan to deal with Stelco's Companies' Creditors Arrangement Act (CCAA) bankruptcy protection and the urgent need to exit successfully. People concerned for the future of their steel communities, and other Canadians deeply worried about the direction of the country and the current disregard for nation-building on the part of business and political leaders should consider Local 1005's proposal with an open mind.

The uncertainties surrounding the present Brascan restructuring plan are cause for alarm. Bondholder and shareholder groups representing mainly U.S. finance capital are appealing the CCAA approval of the Brascan proposal in the Ontario Court of Appeal. If their court appeal is unsuccessful, they are vowing to defeat the plan at the November 15 affected-creditors meeting in Toronto.

Brascan supporters declare that Stelco will be liquidated if their plan is defeated in court or on November 15. The Stelco applicants say that if the court overturns the CCAA sanction of the Brascan plan, "chaos" will ensue. For their part the mass media speculate that liquidation will likely mean a break-up of the company, with subsidiaries and the Lake Erie Works being sold as continuing operations, the venerable Hamilton Hilton Works cratered and the Ontario government's Pension Benefits Guarantee Fund assuming responsibility for Stelco's defined-benefit pension plans at considerable expense to the government and loss to active and retired steelworkers.

It is certainly time for a clear alternative to be discussed centred on provincial and federal government intervention to save Stelco in its entirety and lay the foundation for a stronger national steel industry serving the public good and social economy, and acting as a block to the destruction of Canada's industrial base.

The provincial and federal governments are the only parties that can intervene forcefully and with enough resources to put an end to the destructive wrangling among the various groups that have a current financial interest in Stelco and those who are attempting to seize control. To put an end to the years of infighting the various governments could lend Stelco enough capital to pay off the secured and unsecured creditors, current shareholders, the Brascan group, the insolvency in the pension plans, upgrading of Lake Erie and Hilton Works and construction of the co-generation plants. The same interest rates and fee structure proposed in the Brascan plan could be applied to the government loan with one proviso: all interest and fees paid to the government should be invested in social programs, acting as new social funding not supplanting previously committed funding for social programs. The interest and fees would provide considerable income for the governments involved. Stelco's assets would

secure the loan and in the event of a downturn in the steel business cycle a government commission could investigate alternatives to another bout in CCAA, such as a temporary moratorium on interest payments and government intervention to manage national steel price stability.

Local 1005 estimates that about \$1 billion would be necessary. This would include an amount that could function in replacement of the proposed \$600 million asset-based loan (ABL), which would only be required until some stability in operations has been regained.

The sell-off of the Stelpipe subsidiary should be the last with the others taken off the market and given a chance to expand within the Stelco group.

Secured loans would be paid off in full. All legally confirmed unsecured trade debt should be paid off in full.

Investigations and discussions could begin surrounding all unsecured loans to determine the amount paid by the current owners of debt. Unsecured loans should receive only what they paid for the loans on the market plus interest accrued.

Current shareholders could receive an amount equal to an average market price for the month prior to the announcement of government intervention. With the payout of shareholders, the Stelco stock would be de-listed.

The same Brascan/Ontario government 10-year proposal for the pension plans could be followed. The Brascan break fee should be paid if the Ontario Court of Appeal does not overturn the CCAA court approval of the Brascan plan.

The various governments would publicly appoint a Board of Directors and executive management. With the announcement of the government plan and loan and an arrangement worked out in the Ontario Superior Court, all payments associated with the Stelco CCAA process would cease and all connection of lawyers and consultants to the Stelco CCAA process would be immediately severed. All secret deal-making affecting the spirit and letter of the agreed upon arrangement would have to be made illegal.

Local 1005's proposal if enacted would serve the public good, social economy and nation-building. Local 1005 calls on active and retired members and their families to fight for a viable Stelco. All out for the Stand Up for Stelco Rally! Fight for the dignity of labour and our rights, including pensions!

**STAND UP FOR STELCO RALLY**  
**Monday, November 7 @ 12:00 noon**  
**Hamilton City Hall**  
***All Out for the Rally!***