



LOCAL 2-21 C.A.T. Letter

Distribution: # 30

Date: July 18, 2009

Once again I find myself forced to reply to a letter that, in the eyes of the bargaining committee, seems very one sided. There are things however, that we agree with whole heartily and I'll elaborate on those as we go through this letter. All of my comments will be in parentheses and bolded.

Dear Escanaba USW Employee,

The purpose of this letter is to outline some of the key features of the contract proposal scheduled for a vote on July 22nd and to ask you to consider accepting this proposal so we can continue working together to keep the Escanaba Mill pointed towards a positive future. ***(Is this supposed to be a threat that if we don't accept this proposal we no longer will work together to keep this mill pointed into a positive direction. Who made the Escanaba mill what it is today? It sure isn't the mill leaders as most haven't even been here long enough to realize we've been through all the threats, intimidation, and poor me stories before.)***

The economic portions of this contract proposal are very fair ***(For whom?)***, particularly in the midst of the difficult and challenging business conditions we are experiencing as a mill, a Company, an industry and our country as a whole. The full mill shutdown and numerous market related machine shutdowns have presented unprecedented challenges for the Escanaba Mill – as many as I have seen in the 25 years I have been in the paper industry. Despite these conditions the Company is offering a very fair economic package with some of the details outlined below: ***(Times are definitely tough, but lucky for the paper industry we have been able to take advantage of the Bio-fuel tax credit to the tune of \$216,000 a day and that's just here in Escanaba. Mike has said that money doesn't stay here or necessarily go back into the mills, for that I say shame on all of you at the top, but don't tell me it wasn't earned here!)***

- The economic offer includes 2% wage increases each year of the four year contract (8% total over the term of the contract). ***(We haven't complained about the economic offer but let's be honest here, it doesn't even cover the cost of inflation. We are asked to accept 4 consecutive years at 2% but the last time in history where there have been consecutive years where inflation has been 2% or less was over 45 years ago, from the years 1959 to 1965. Since then it has happen in single years 3 times, '86, '98 and '02. That should put things in perspective for you.)***
- A \$1 increase in pension for each year of the four year contract (\$4 total over the term of the contract). ***(We were constantly told by the negotiating team that they want us to be the same as the other mills so we can remain competitive, yet many mills, including the recent Covington agreement, front load their pension and gets to the high \$50's by the end of their agreements. Covington will reach \$58.)***
- A&S payments will increase each year to a total of \$435/week. ***(This is about average, some mills are higher, and some are lower.)***
- Shift differential also increases to \$0.25 and \$0.45 per hour for the second and third shifts respectively at the time of ratification. ***(This is a good thing. It's not to where we would like it but it hasn't improved for many years so any movement we good.)***
- A retroactive wage payment of \$1,137.40 will be paid to each active USW employee following ratification (employees who have worked less than 1100 hours during the period of June 1, 2008 to April 30, 2009 will be prorated accordingly). ***(This surprises me. I was surprised Mike was proud of this. It does not cover our lost wages since June 1 of last year. Many contracts make their people whole AND give them a signing bonus. I'm confused why this would be in here as a positive.)***
- The current PPO 1 medical insurance plan provisions remain unchanged with a continuation of the 80/20 cost sharing. Additionally, two other plan options will now be available for those interested. ***(Definitely a strong positive! Thank you Mike.....as in Mike Nantelle for being so prepared with all the facts and figures and for bringing the right people to the table with you, like Paul Baeten.)***
- Wage adjustments will be made for specific jobs significantly affected by the proposed line of progression changes. ***(Once again I'm surprised this is viewed as a positive. Only a fraction of the people affected by the job cuts are being offered any compensation and what is being offered is peanuts compared to the 2 1/2 million dollars saved by these job cuts. The union made a reasonable counter offer to include everyone affected but it was rejected by the company.)***

There are also numerous contract language provisions in the proposal that you will be voting on. I think it's important to address three specific items included in this offer:

• As previously communicated to you, the flexibility proposal is intended to help maximize the efficiency of the Escanaba Mill, improve productivity and protect the employment security of employees with full regard for safe work practices. This language is very similar to that found in the agreements of most of our competitors. It is something we feel is needed in our facility to help ensure we compete as aggressively as possible in the future. ***(It's funny that this is something they want to take from their competitor's language but not the pension or the subcontracting language. I completely agree with Mike Entz about staying competitive but the flexibility language currently in place would be all they need. The problem is this company goes through salaried folks so much they don't even know what they have. We offered to meet the company half way and we offered to educate our people as well as theirs about the current flex language but the company refused our offer.)***

I know there is some concern that flexibility will result in job losses. As has been stated numerous times, the flexibility proposal is not intended to reduce any jobs at the Escanaba Mill. The language includes the commitment that ***"No active employee as of the date of ratification will lose permanent employment as a direct result of the implementation of this article."*** (***"as a direct result"***) (***aahhh, implementation, when have we heard those words before?***)

• We have proposed a reduction of 26 positions (***For a savings of \$2.6 million.***) in the mill through changes in the line of progression language with a commitment that all reductions will be done by attrition. We worked hard with the bargaining committee to try to address and resolve the many effects of these consolidations and have committed to spend the necessary capital to ensure these reductions are done as effectively as possible. (***I agree that we worked hard on this. In fact there were something like 18 revisions to CP-22 and we still didn't agree to the point where we could TA it.***)

• The proposal also includes the elimination of the Christmas shutdown. This means we (***what do you mean "WE"?*** ***The entire negotiating team on the salaried side will be home with their families as will most of the salaried folks at NewPage. Again I ask, what do you mean "we"?***) will run through Christmas on years that we have orders. I understand this may not be considered good news, but believe it is another element in assuring we are as competitive as possible here at Escanaba moving forward. (***Can you believe this line!!!!? Again, picking and choosing what language they want from other locations. By the way, every year since I have been on the committee which is 8 years now, the company has wanted to run at least one machine through the Christmas holiday so don't let the words "on years that we have orders" fool you.***)

I've attempted to highlight in this letter some of the major points in this contract proposal but the proposal contains many other provisions. The package includes numerous items that were tentatively agreed to during the negotiation process reflecting excellent work and cooperation by both parties to reach these agreements. I encourage you to take time to review each of these items as you prepare for the upcoming vote. (***This is the main thing that Mike and I agree on and I will ask you the exact same favor: "to take the time to review each of these items as you prepare for the upcoming vote".***)

Again, this contract proposal is fair and protects the long term best interests of our facility. I urge you to take these perspectives into consideration as you make your decision on July 22nd.

Sincerely,

Mike Entz

Mill Manager

(Please come to the informational meetings where we can and will discuss this letter as well as the complete contract offer in detail. While there are some good things about the offer, probably the best part is that we don't have to accept it.)

In Solidarity,



Bryon Branstrom