

The Stel Salaried Pensioners Organization wishes to thank The Hamilton Spectator for permission to post the following article published in the October 5, 2007 edition

Letters@thespec.com

Stelco's pensions safe with U.S. Steel

Re: 'Stelco pension funding at risk over sale: union' (Sept. 28)

We would like to clear up any confusion and relieve any concerns Stelco's employees and pensioners may have about the security of their pensions on the closing of our transaction to buy Stelco.



Haggerty

U.S. Steel has agreed to significantly improve the security of the Stelco pension plans. We did so in two ways. First, we agreed to unconditionally guarantee pension funding obligations at the corporate (as opposed to Canadian subsidiary) level. Thus, instead of

having to rely solely upon Stelco's ability as a stand-alone enterprise to generate the cash necessary to meet pension funding obligations, Stelco's employees and pensioners can now look to the strength of our entire company to do so. Second, we agreed to make an extraordinary payment of \$32.5 million into the plans up front at closing. This is in addition to the pension payment schedule agreed upon by the Ontario pension regulator and Stelco.

In order to make our purchase offer, we asked that two provisions of the Stelco pension agreement be changed: The dividend restriction and free cash sweep. These provisions made sense for Stelco as a stand-alone enter-

prise, but do not make sense if Stelco is part of an integrated company with a large and diverse shareholder base.

Moreover, given Stelco's limited financial means as a stand-alone company, it was clear neither of these provisions would likely result in any meaningful contributions to the Stelco pension plans. By agreeing to amend these two provisions, the province of Ontario was able to require significant improvements to the security of the plans for Stelco's employees and pensioners.

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 pension plan for decades. We take our obligations very seriously and are proud of the fact that today that plan is fully funded. In fact, over the last four years, we have made over \$700 million in voluntary contributions to that plan. We will honour our commitment to the Stelco pension plans. That is our history and track record.

We look forward to closing the transaction, and to Stelco's employees becoming part of U.S. Steel.

— Gretchen R. Haggerty, Pittsburgh,
executive vice-president and chief financial officer,
United States Steel Corporation