



GAMMA HOLDING SUBSIDIARY
NATIONAL WIRE FABRIC
ATTEMPTS TO DESTROY UNITED
STEELWORKERS IN ARKANSAS

APRIL 27, 2006

Summary of Events:

The 56 members of the United Steelworkers (USW) Local 1671 at Gamma Holding's subsidiary, National Wire Fabric, Inc. (NWF) in Star City, Arkansas have been on strike since July 23, 2005. Gamma Holding bought NWF in 2001 and this was the first contract negotiation between the company and its union members. Relations between NWF and the union had begun to negatively shift in the months leading up to negotiations and now the USW is deeply concerned about the anti-worker practices that have prevailed at NWF, preventing a full and complete return to work by the union members.

The USW and its representatives believe that the two sides were very close to achieving a labor agreement of mutual benefit, but it fell apart due to NWF's actions at the bargaining table. The USW never believed the two sides had reached impasse, but were forced to strike once NWF threatened to implement its unreasonable contract proposals. In addition, federal mediators were used throughout negotiations but were unable to assist both sides in reaching an agreement. The mediators also became frustrated at the company's conduct during negotiations.

Since the strike began, management has hired approximately 20 to 30 replacement workers in an effort to resume production levels. Even though production has been drastically reduced without the experienced USW members, NWF recently affirmed that it will not remove replacement workers from the facility, even if a new labor agreement is reached.

This action is an obvious attempt to destroy the union at this facility by replacing unionized workers, and is inconsistent with Gamma Holding's code of conduct that states: "*Gamma Holding recognizes the employees' right to organize themselves to protect their collective and individual interests.*" Furthermore, this action is a violation of the 1998 International Labor Organization Declaration on Fundamental Principles at Work to which almost all Dutch companies adhere.

Local 1671's main concern during contract negotiations focused on NWF's proposal to eliminate seniority rights—putting workers in possible unsafe conditions. The issue of replacement workers is now of critical importance to the striking group. Without agreement to immediately return the experienced striking employees to their jobs, the union could be destroyed in this location by a simple vote of only the replacement workers.

As it currently stands, the USW and its members want to go back to work and it is clear their abilities are needed to resume production. However, no negotiations are scheduled. It is baffling to us why NWF insists on protecting the jobs of replacement workers who have not demonstrated the necessary skills to perform the job duties.

Gamma Holding has made it clear to the USW and our allies that it fully supports the use of replacement workers in its only union facility in the United States. We believe NWF is trying to punish the workers for standing up for their collective bargaining rights. We also feel that the decision to strike the company is warranted based on the deteriorating labor relations since Gamma Holding took control and the new unwillingness to cooperate with the union and its members.

Corporate Background:

National Wire is a leading manufacturer of woven synthetic and metallic fabrics for technically demanding forming, pressing and drying applications in the following industries:

- Pulp & Paper
- Non-Wovens
- Fiber Glass Matt
- Building Products
- Corrugated Boxboard

National Wire Fabric was privately owned before being purchased by the Madison Filter Group Ltd., of Great Britain in the early 1990's. Madison Filter was part of the British conglomerate Scapa Group in its Specialty Materials Division. In 1999, Madison Filter Group was sold by Scapa during a management buyout to Madison Filtration S.A., co-founded by a European Venture Capital enterprise.

Gamma Holding N. V. took over all shares of Madison Filtration S.A. effective December 1, 2001, which included NWF among other acquisitions in the 80s and 90s by Scapa. With its acquisition of Madison Filter, Gamma reinforced the strategic expansion of its "Gamma Technologies" segment (currently around 50% of Gamma's consolidated sales).

In 2005, Gamma reorganized the filtration companies of Gamma Technologies into a new subsidiary named "Clear-Edge". Including NWF, other Gamma subsidiaries folded into Clear-Edge include: Madison Filter, Scandia Felt, Verseidig Techfab, Industrial Fabrics Corp. and Crosible Filtration. Clear-Edge has sales and manufacturing plants in the United Kingdom, Sweden, Germany, USA, Australia, New Zealand and South Africa, and sales offices in Finland, Canada, China, Russia and Japan.

Labor Relations Background:

Chartered by the Pulp, Sulphite and Paper Mill Workers Union, a labor union has been on the plant premises since 1963 and the last labor dispute that resulted in a work stoppage occurred in 1988, before Scapa bought the company. The prior 5-year contract was set to expire on February 28, 2005 and was negotiated with Madison Filtration, when there were 93 employees on site. The contract was recognized by Gamma upon taking over management of the facility.

However, in 2002 and 2003 Gamma started to make unilateral contract changes without bargaining with the union, at the time, the Paper, Allied-Industrial, Chemical and Energy Workers International Union (PACE). The union filed several Unfair Labor Practice charges with the United States Federal National Labor Relations Board (NLRB) regarding the company's refusal to bargain appropriately with the union. These charges were withdrawn after NWF finally agreed to meet with the union about these issues. The company also laid off workers in 2003. At the time, the lay off from work was termed temporary by management, yet no workers have been recalled.

In addition, USW International Representative Barry Strange wrote two letters to Gamma Holding Director of Human Resources, Fokko Keun which addressed the unions concerns regarding the state of business affairs at the facility, especially in regards to treatment of the

union employees. Of particular note, is the USW letter dated, 10/05/2004 which expressed the union's goal to have a successful negotiating process in 2005.

Union Commentary on Pre-Strike Negotiations:

Based on the USW's letter to Gamma Holding Corporate Headquarters, it is apparent that we had concerns regarding the company's anticipated actions during upcoming negotiations. The company's disregard for the union when committing its 2002 and 2003 unilateral changes to the contract signaled to us that NWF was going to demand more changes under its terms. These suspicions were furthered when NWF's longtime corporate attorney was terminated shortly before the negotiations. It appeared NWF, now as a Gamma subsidiary, was determined to take a different direction with its union negotiations.

Secondly, after a mere three negotiation sessions, NWF requested the presence of a federal mediator, Federal Mediation and Conciliation Service (FMCS). We feel this was a ploy to force the USW to quickly accept a poor contract. NWF also did not submit all the information requested by the USW. A second Unfair Labor Practice was submitted to the NLRB, but was rejected. Ultimately, the USW members chose to stand up for their rights instead of accept the implemented terms of the NWF contract.

Post-Strike Events:

Final Negotiation Sessions

Since the strike began, the USW and NWF have only had three negotiation sessions. The federal mediator invited the USW and NWF to meet again on 8/20/05 to develop a back to work agreement. The USW proposed that the replacement workers be released to allow all USW members the opportunity to fully return to work. USW's overall proposal, including the discharge of the replacement workers, was rejected by NWF. USW gave NWF one week to reconsider our offer.

Six days later on 8/26/05, the federal mediator coordinated with USW and NWF to hold more negotiations—set for 9/2/05. Before agreeing to meet, USW wanted confirmation that NWF understood clearly our intentions to negotiate a back to work agreement for the strikers. The mediator confirmed NWF's good faith intentions to meet on this important issue.

When the two sides met, NWF informed the federal mediator and FMCS Director that it still refused to release the replacement workers. Upon learning that NWF had gone back on its word, USW immediately ended the bargaining session. The FMCS Director apologized to the USW for the conduct of NWF.

The final negotiation session occurred 1/14/06. At this meeting NWF claimed that it had a full workforce and there were no jobs available for the strikers, even if a contract was settled. NWF said that striking USW members would be placed on a "preferred recall list" and would only be called back to their jobs as vacancies occurred.

Replacement Workers and Contractor Conduct

Under United States labor law, the company has the right to hire replacement workers and did so for the first time on 8/2/05 after placing advertisements in the local newspaper. While replacement employee figures appear to average twenty workers inside the facility at one time, the employment roll has continuously shifted with NWF having difficult time maintaining its workforce. To date, the company has not been able to fill all fifty-six former union positions.

While NWF attempts to revive its flagging production levels, at least three of the replacement workers have been taken to the local hospital for injuries they have received on the job, including several deep cuts and a broken hand.

Unfortunately there have been several altercations between striking USW members and replacement workers, contractors and delivery drivers that we feel have been fostered by NWF's open hostility to the union and its members. A replacement worker exposed his genitalia to female USW picketers through the plant fence line. On October 17th a delivery driver drove his truck into the two members standing vigil outside the plant gate. His collision with union banners, chairs, signs and other property nearly caused the death of the members. The driver was charged with assault by the local police authorities and the two members were treated at the local hospital for their injuries.

USW Actions

- Customer Letters:

The USW has engaged in actions designed to inform NWF customers and potential customers of the current work stoppage. We have written letters to customers and hand-billed leaflets at special conventions and conferences in which NWF has attended.

- USW Delegation to Gamma Headquarters in the Netherlands:

In November 2005, a delegation of USW staff and a striking NWF member were invited to address our concerns regarding the strike directly to Gamma Holding executives, including CEO Meint Veninga and head of Human Resources, Fokko Keun. Supporting the USW delegation were union officials from FNV Bondgenoten, who represent Gamma employees.

The USW was optimistic that when Gamma corporate management understood the issues from our side, they would view the contract obstacles separating the sides as insignificant and encourage NWF management to bring our members back to work.

Gamma management stated that it was not breaking U.S. law by keeping the replacement workers and that it supported the decisions of its Arkansas management. Their position was met with great dismay by the unions. Gamma received very unfavorable press in the Netherlands, where the use of replacement workers to break a strike is against the law. To the USW and FNV Bondegoten it was clear that Gamma Holding management was engaging in union busting tactics in the United States.

- Organization of Economic Cooperation and Development Complaint:

In February 2006, USW drafted a letter to the United States National Contact Point for the OECD, which alleges that Gamma Holding and its subsidiary National Wire Fabric have "engaged in a pattern of conduct that is designed to prevent the employees the benefit of representation of their union, the USW." This conduct, including the refusal of Gamma and its subsidiary to agree to reinstate its employees who engaged in a lawful strike, is a

purposeful effort by the enterprises to prevent settlement of the labor dispute and thereby destroy the union. This and other acts committed by the enterprises represent serious violations of the OECD Guidelines.

To date the U.S. office of the OECD has not officially responded to our charges, but it has suggested it will have a ruling in the near future.

- New Allegations of Unlawful Conduct by NWF:

On February 23, 2006, the USW filed official charges against the employer, NWF, that it violated Sections 8(a)(1) and 8(a)(3) of the U.S. National Labor Relations Act. This is typically termed an Unfair Labor Practice (ULP). The USW alleges that certain members of NWF management, including the plant manager, Billy Yarbrough illegally “encouraged various striking employees to “cross the picket line” and have offered them supervisory jobs for doing unit work.”

It is clear that NWF’s conduct is designed to interfere with the workers’ legal rights of union representation and break the union. The National Labor Relations Board has not made an official ruling, but it has conducted extensive interviews of affected employees.

Conclusion:

It is the USW’s feeling that the original goal of NWF was to either drive its workforce onto the street or implement a contract that would ignore many of the previous rights the workers had that protected their seniority and kept the most experienced workers in the most critical jobs. As NWF management has found out, the work performed by USW members is highly technical and dangerous.

So far NWF has failed to properly train and keep safe its replacement workers, yet it continues to demand that once a contract is reached, these inexperienced replacements should get to keep the jobs ahead of the more experienced and skilled USW members. This is a terrible business decision. The underlying concept behind this tactic is to simply create divisions among workers within the facility with the ultimate goal of voting out the USW in an election where only the replacement workers will probably get to vote. NWF’s failure to reach a settlement on a contract is designed to bust the USW. The direction in labor relations changed once Gamma Holding took over operations- and Gamma has made its union-busting intentions clear. It is up to Gamma to correct its poor decisions; punishing the USW members of Local 1671 in Star City, Arkansas for exercising their legal rights to join a union is clearly the wrong path.

National Wire Fabric/United Steelworkers Negotiations Timeline:

- 2/15/05: Both sides exchange agendas for a three-year agreement
- 2/22/05-2/23/05: First session of negotiation meetings
- 2/28/05-3/1-05: Second session of negotiations
- 4/18/05: NWF announces desire to have neutral government representative from the Federal Mediation and Conciliation Service (FMCS) present at remaining negotiations
- 4/25/05: FMCS mediator arrives for negotiations
- 5/2/05: Negotiations
- 5/5/05: NWF presents “Final Offer”
- 5/10/05: Local 1671 rejects company offer by 100% tally
- 5/14/05: NWF presents “Final Proposal”; NWF maintains that contract talks have reached impasse, USW disagrees
- 5/17/05: Local 1671 rejects company proposal. Local 1671 also approves strike authorization
- 5/17/05: Upon receiving word from USW representative about contract rejection, NWF corporate attorney agrees to schedule a meeting on 6/3/05
- 5/26/05: NWF sends letter to USW Regional Director regarding its intent to terminate the agreement on 6/8/05
- 6/3/05: USW sends letter to NWF corporate attorney stating union’s position that the sides are not at impasse, considering the union has a new written proposal regarding contract flexibility issues
- 6/3/05: In a separate cover, USW submits to NWF an information request regarding the company’s proposed health insurance cost changes
- 6/3/05: Scheduled meeting does not occur
- 6/8/05: Union submits additional information request on work rule changes
- 6/8/05: NWF terminates labor agreement, refuses to deduct union dues and abolishes arbitration system
- 6/13/05: NWF attorney responds in letter to USW regarding information requests
- 6/24/05: USW files Unfair Labor Practice against NWF for failure to provide information for bargaining purposes in a timely manner
- 7/5/05-7/7/05: USW representative receives initial information from NWF, however all information requested is not submitted by NWF
- 7/7/05: Both sides were scheduled to negotiate on this date, but given the USW did not have an opportunity to review supplied materials the USW chose to caucus under advisement of federal mediator
- 7/8/05: Both NWF and USW make proposals and counter-proposals
- 7/23/05: USW makes counter-proposal. NWF claims that sides are at impasse and will implement its last contract offer.
- 7/23/05: USW Local 1671 strikes NWF based on company’s threat to implement its last contract offer

Post-Strike Events

- 8/2/05: NWF hires first permanent replacement workers
- 8/3/05: USW sends letter to NWF customers warning of potential product quality issues without experienced workforce
- 8/20/05: USW and NWF meet; NWF rejects USW offer
- 8/26/05: Federal Mediator claims NWF agrees to discuss back to work language; meeting set for 9/2/05
- 8/29/05: USW confirms with Federal Mediator that NWF will commit to discuss removal of replacement workers
- 9/2/05: At meeting between USW and NWF, company refuses to remove replacement workers
- 9/9/05: USW President Gerard sends letter to Gamma Holding mgmt
- 9/27/05: USW leaflets Paper Trade Show about NWF product quality
- 10/3/05: USW leaflets Composite Wood Trade Show about NWF product quality
- 10/17/05: NWF delivery driver assaults strikers with truck; criminal charges filed
- 11/15/05: USW Delegation and NWF management meet in Helmond, Netherlands at Gamma Holding world headquarters; Gamma commits to keeping replacement workers in Arkansas
- 11/17/05: FNV Bondgenoten and USW leaflet Vlisco, Inc in Helmond, Netherlands
- 11/17/05: Press reports of Arkansas struggle published in Dutch newspapers
- 11/21/05: Int'l Textile, Garment and Leather Workers' Federation condemns Gamma Holding CEO for using strike breakers
- 1/10/06: Gamma Holding responds to ITGLF letter-- mistakenly claiming NWF and USW have a signed agreement
- 1/14/06: USW and NWF meet; no contract settlement is reached
- 2/2/06: USW files complaint with Organization of Economic Cooperation and Development
- USW responds to Gamma Holding letter to ITGLF
- 2/21/06: USW sends quality survey to NWF customers
- 2/23/06: USW files unfair labor practice charges against NWF for illegally contacting strikers to return to work in supervisor positions