

Greed *is not cheap!*

In December 2005 Sappi rewarded its CEO Jonathan Leslie with a 17% pay increase. He was paid \$1.73 million, including pension contributions and a bonus, up from \$1.43 million earned in 2004.

Leslie's pay raise did not come cheap, in fact it came at much expense.

Sappi posted its first loss in at least ten years, a \$213 million loss for the year ending September 2005, compared to a \$95 million profit the previous year.

Sappi's shares fell 21 percent over the period.

An upset shareholder letter to the editor published by the online Business Reporter on December 22, 2005 exclaimed that the Sappi pay raise was "a disgrace." And the shareholder told Sappi, "Your conduct is one of total greed."

Instead of cutting Leslie's salary and holding him accountable for Sappi's poor performance, Sappi chose to:

- Partially shut down operations and lay off employees at Muskegon.
- Blame our union wherever possible for the company's problems, while demanding union members take monetary concessions to help make Sappi profitable.
- Fail to extend the collective bargaining agreement in Belgium to allow the company and the union to agree on constructive measures for cost saving.

From Sappi's 2005 annual report news release Leslie is quoted as saying:

"In the year ahead we will endeavour to improve the efficiency of all our processes, and further entrench Sappi as an outstanding company and leader. We will continue to work hard to ensure the long-term sustainability of our businesses, as well as achieving improved returns for shareholders."

Mr. Leslie: If you get a pay raise for failure in 2005, will you get another raise if Sappi is not an outstanding leader or fails again to improve shareholder returns in 2006? And will you again scapegoat the Union for the failures of Sappi management and come after your workers for more concessions? We hope Sappi won't make the same mistake of increasing its CEO's pay by tens of thousands of dollars at the expense of your workers and shareholders.

