



**Ken Neumann**  
National Director/ Directeur national

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## **Crown Reports Spending \$18 Million, 3% of Net, and \$0.08 per Share in Costs Related to Strike in Toronto**

Dear Shareholder of Crown Holdings, Inc. :

As you may be aware, Crown is currently in an ongoing labour dispute at its major manufacturing plant in Canada. On September 6, 2013 Crown forced 120 United Steelworkers (USW) members on strike at its Toronto, Ontario plant by a demand to gut the wages of its lowest paid workers by 42% to levels that existed 28 years ago. The workers took a stand for the next generation, and have now been on strike for 14 months. The company has been attempting to run the plant with replacement workers.

In its most recent quarterly report, Crown reported 'other costs' of \$18 million for the nine months ending September 30, 2014 as "primarily related to incremental costs associated with the temporary relocation of production due to an ongoing labor dispute in the Company's Americas Beverage segment" (CCK-9.30.2014-Q3) in reference to the strike in Toronto.

The "Net Income Attributable to Crown Holdings" for the same period totaled \$374 million. After assuming a statutory corporate tax rate of 35%, the cost to attempt to break the strike and destroy the union is more than 3% of Crown's net income for the period. This is equivalent to \$0.08/share or \$1.34 in lost stock price (using P/E = 15.8).

The \$18 million cost distributed among 120 striking workers results in an approximate average cost of \$150,000 per worker through Q3 2014. We estimate that this is almost as much as five times higher than the costs that would have been incurred for the wages of its experienced employees, had there been no strike and no "incremental" costs for replacing lost production in Toronto.

To end the strike, the union has made proposals that included accepting major cuts, even though cuts are unjustified in a facility that Crown recognized just prior to the strike as its North American "Plant of the Year." More recently, Crown informed the USW that it is interested in bringing back only 26 striking workers, even if workers agree to all of Crown's demands, and that it intends to keep its replacement workforce despite production shortfalls. Of course, for union workers to accept this position would mean agreeing to give their jobs away and getting nothing in return. This makes an agreement to end strike impossible unless Crown makes a new proposal.

Formal complaints against Crown have been lodged with the Ontario Labour Relations Board and with National Contact Point in the U.S. under the OECD Guidelines for Multinational Enterprises. More complaints are forthcoming.

We hope that you find this information useful. Please contact me at [jdrexler@usw.ca](mailto:jdrexler@usw.ca) with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Joseph Drexler".

Joseph Drexler, PhD  
Director of Strategic Campaigns  
United Steelworkers (Canada)