

# Summary

of the  
Proposed  
Agreement

between

ArcelorMittal USA

and the

**UNITED STEELWORKERS**



**UNITY AND STRENGTH FOR WORKERS**

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## **A Message to USW Members at ArcelorMittal**

Fellow Steelworkers:

Each round of negotiations is different. In good times, when the economy is strong and the company is profitable, we are able to make substantial gains. That was the case in 2008. In difficult times, when the economy is weak and the company is not so profitable, we are sometimes forced to fight to defend what we have. That was the case this year.

As the introduction to this summary explains, the company came into these negotiations with an agenda to lower wages, reduce benefits and strip our seniority protections from the contract. And those outrageous demands remained on the table to the very end.

But your solidarity and determination was too much for them. In the end, we achieved a proposed agreement that, as our stickers said, respected our past and secured our future.

This booklet summarizes the proposed Basic Labor Agreement that covers the Minorca mine, Riverdale, Indiana Harbor East and West, Burns Harbor, Cleveland, Warren Coke, Weirton, Steelton, Conshohocken, Coatesville and Georgetown.

But we were joined in this fight by our brothers and sisters at Indiana Harbor O&T, I/N Tek and Kote, Columbus Processing and Coatings and LaPlace, who retained their common expiration dates and won the same economic gains described in this summary. Our successes are the achievement of us all.

Now, as always, it is up to you. Please read this summary carefully before you vote. Your Negotiating Committee unanimously recommends that you ratify this proposed agreement.

In solidarity,

**Your USW Negotiating Committee**

**Leo W. Gerard**

*USW International President*

**David McCall, Chairman**

*USW District 1 Director*

**Billy Thompson**

*USW District 8 Director*

**John DeFazio**

*USW District 10 Director*

**Mark Granakis**

*USW Local 979*

Cleveland

**Bill Prejsnar**

*USW Local 1375*

Warren Coke

**Paul Gipson**

*USW Local 6787*

Burns Harbor

**Todd Kegley**

*USW Local 9231*

New Carlisle

**Jim Robinson, Secretary**

*USW District 7 Director*

**Dan Flippo**

*USW District 9 Director*

**Mickey Breaux**

*USW District 13 Director*

**Sheldon Gregg**

*USW Local 1165*

Coatesville

**Dave Bombich**

*USW Local 6115*

Minorca Mine

**Albert Caldwell**

*USW Local 2342*

Columbus Processing

**Kinley Porter**

*USW Local 9121*

LaPlace

## **Introduction**

As you know, during the summer of 2008, with our employers reporting record sales and record profits, we negotiated one of the best and most lucrative contracts in the history of the steel industry for steelworkers at ArcelorMittal.

Almost as soon as we ratified that agreement, the housing and financial markets collapsed – dragging with them the automotive and other manufacturing industries that rely heavily on our products – and the demand for steel quickly evaporated.

Over the past four years, USW members and leaders have been dealing with the effects of the prolonged recession and working with ArcelorMittal management to help the company survive and minimize negative financial impact on our families.

We all knew this round of bargaining would be different from anything we experienced prior to the global economic collapse. The challenge of expanding on the achievements of our 2008 agreements while improving job security and building a more stable, sustainable future for all USW members and retirees at ArcelorMittal would require tremendous commitment from everyone involved.

We knew it would not be easy, but your Negotiating Committee came to Pittsburgh already prepared to address economic, non-economic and operating issues during these negotiations in order to help secure the future viability and sustainability of our plants, our jobs, our incomes and our benefits.

Before our negotiations even started, however, management launched a propaganda campaign that included a glossy brochure, a website with “Updates from Pittsburgh” and a Twitter feed about the pressures integrated steel producers face in today’s economy – as if steelworkers, our families and our communities aren’t familiar with pressure from illegally dumped, subsidized foreign steel; the uncertainty of demand for our products from day-to-day; the high cost of energy and raw materials; and the other issues we already know too well.

After all, between 1998 and 2002, when 50 steel companies went bankrupt, the USW and its members lead the fight to save our plants and to restore health insurance benefits to tens of thousands of retirees who had lost them in bankruptcy court.

The company had clearly forgotten that the innovative contracts we negotiated with ISG in 2002 made

possible the resurgence of the industry and record sales and profits prior to the global economic crisis. Our contract’s flexibility and the productivity of USW members are what allowed ArcelorMittal to survive the worst global economic crisis since the Great Depression.

When these negotiations began on May 29, 2012, the company proposed wage and benefit reductions of more than \$28 per hour, including a proposal to allow



them to unilaterally make further cuts if management determined them necessary due to a future downturn in the business cycle.

The company even insisted in the Wall Street Journal and the New York Times that it would reduce costs by \$500 million per year in a bold attempt to force steelworkers to pay for the company's financial losses during the worst global economic downturn in generations.

Toward that end, ArcelorMittal proposed:

- A **lower tier** wage scale for newly hired employees hired after May 29, 2012.
- Dramatically **redesigning** incentive plans to **reduce earnings** opportunities for all workers, especially those in the lower pay grades.
- **Eliminating** retiree health insurance for anyone hired after Sept. 1, 2012, and **eliminating** all pensions for all **new hires**, offering only a 401(k) match.
- **Discontinuing** contributions to our Benefit Trust, which would **increase healthcare costs** to current and future retirees and **demanding** our union waive the right to bargain over retiree healthcare in the future.
- **Reducing** active employee benefits to equal those in the salaried plan, which includes **premiums** and no vision coverage; **reducing** life insurance for both active and retired members.
- **Freezing** the (former Inland) defined benefit pension plan and eliminating the "Sunset Provisions" (including the \$400 "kicker" and the widows payments). They also demanded the right to **withdraw** from the Steelworkers Pension Trust (SPT) as well as **discontinuing** the \$10,000 Pension Enhancement Payment (PEP) for SPT eligible retirees.
- A number of measures **specifically designed to attack** our Supplemental Unemployment Benefits (SUB).
- **Eliminating** voluntary layoff provisions and the **unilateral rights** to schedule 32-hour workweeks and/or **cut wages** during periods of reduced operation.
- **Reducing** Sickness & Accident benefits (S&A) to 60% of base pay only.
- A broad right to **contract out our work**, destroying much of our hard-won contracting out protections.
- A broad right to assign work to **anyone at any time** at a rate of pay **chosen by management**.





In a direct contradiction to what we know is true and heard repeatedly during our March and April plant tours, ArcelorMittal management also said that union members lack involvement, engagement and don't take enough responsibility on the job.

For the past four years, management has ignored our suggestions and input, failed to communicate with us when given many opportunities, denied us explanation and training, added layers of bureaucracy and refused to provide the equipment and parts we need to repair and maintain our plants.

The company also fell \$3 billion short of the capital investment commitment it made to us in 2008.

Your Negotiating Committee repeatedly reminded management that if the company

had invested in our mills at the same rate as its competitors, updated our facilities and followed through on the training provisions of our contract, many of the operations "issues" management brought to the table would not exist.

We know the best way to maintain a viable and sustainable company is to allow the employees to be responsible for their work and to allow for real input into operational issues. We clearly needed to get the message to ArcelorMittal's top management that we could not accept a contract that neither respected our past nor secured our future.

Instead of using the opportunity to build on our relationship and take advantage of many years of knowledge and experience of the USW workforce, management chose to demand ridiculous concessions in wages, benefits, seniority rules and contracting out rights in an attempt to abandon our partnership for a path of archaic and impractical demands that would result in short term profits as opposed to long term sustainability.

Through the tremendous effort of our local union Contract Action Teams and the solidarity and support of the entire membership at ArcelorMittal plants throughout the country, we implemented our strategy to show management that we are united.

Although we never took strike authorization votes, the company provocatively shut down our furnaces in a desperate attempt to scare both members in the plants and the Negotiating Committee in Pittsburgh into accepting its demands with the implied threat of a lockout. We sent a strong message when no one blinked.

Through a series of locally and nationally coordinated membership solidarity actions that included picnics, cookouts, rallies, sticker days, armbands, electrical tape, t-shirts, blaring horns and a national day of “practice” pickets, our union kept pressure on the company to drop its insistence on unnecessary and unreasonable concessions and negotiate a fair contract.

Though progress was very slow and frustrating throughout, taking your Negotiating Committee nearly a full week past the expiration of our 2008 agreement, we watched the company’s ridiculous demands fall off the table one-by-one.

Thanks to the tireless efforts of our committee and the overwhelming solidarity expressed in countless ways by our Contract Action Teams and thousands of steelworkers throughout the country, we fought-off the company’s attempts to destroy or contract and:

- **Won** fair wage increases that track the industry pattern and fought off the two-tier pay scale.
- **Maintained** our incentives.
- **Preserved** our defined benefit and SPT pensions – as well as the PEP.
- **Kept** our Benefit Trust funded to maintain current retiree benefits.
- **Retained** our SUB and S&A benefits.
- **Improved** our health coverage for active members **without premiums**.
- **Protected** our seniority and work rules.



***Summary of the proposed tentative agreement between the United Steelworkers & ArcelorMittal USA***

- **Achieved** capital investment in our plants to enhance the security of our jobs.

Since negotiating our first steel industry contracts in the 1930s and 1940s, the USW has turned jobs that were once looked upon with scorn into family-supporting careers that still form the backbone of the middle class in our communities.

Through our solidarity and determination to respect the past while building a more secure future, we have been the key to making the steel industry in North America a world leader in safety, quality, efficiency and environmental responsibility.

Standing together, working hard and staying strong are what have carried us through difficult times in the past, and we are proud to present to you the fair tentative agreement we reached with the company as a direct result of the support we received from steelworkers in each and every ArcelorMittal facility.

Although negotiations have concluded, the battle for justice and dignity and the fight for a more secure future for ArcelorMittal's workers and retirees will continue. What we do during the next three years will determine the direction of our next contract in 2015.

We believe that it is vitally important to remember the events of the past several months, especially for those who saw for the first time how the company attacked the pay, benefits and protections that our union fought for 70 years to earn and keep.

Copies of the proposed agreement and local issue resolutions are available for your review at your local union. We urge you read this summary carefully and ask any questions you may have at your local explanation meetings.

**Unless modified by the Settlement Agreement, all the provisions of our 2008 contract remain unchanged.**



# **Summary**

## **Term**

If ratified, the proposed agreement will be effective Sept. 1, 2012, and expire on Sept. 1, 2015 at 11:59 p.m. Eastern time.

## **Lump Sums**

Each employee actively at work on Sept. 1, 2012 will be eligible to receive a lump sum payment of \$2,000 within 30 days of ratification of the proposed agreement. Likewise, each employee actively at work on April 1, 2014 will be eligible to receive a \$500 lump sum payment on May 15, 2014.

Employees who are off work and receiving S&A or workers' compensation benefits will receive the payment when they return to work, provided that they were not out for more than two years and return work within one year of the eligibility dates above. Probationary employees will be eligible for lump sum payments only after they have successfully completed their probationary period.

The lump sum payments will not be used in the calculation of any other pay, allowance or benefit and will be subject to all required tax withholding and dues.

## **Wages**

The proposed agreement increases wages for all pay grades over its proposed term. The full standard hourly wage rate table is shown below:

Labor Grade	Current Wage	Proposed Agreement		
		Effective 9/1/13	Effective 1/1/15	Increase Over Term
1	\$19.56	\$19.95	\$20.45	\$0.89
2	\$21.41	\$21.84	\$22.38	\$0.97
3	\$23.55	\$24.02	\$24.62	\$1.07
4	\$24.78	\$25.28	\$25.91	\$1.13
5	\$26.32	\$26.85	\$27.52	\$1.20

The wage chart above reflects:

- Sept. 1, 2013: 2% general wage increase
- Jan. 1, 2015: 2.5% general wage increase

## **Profit Sharing**

Our profit sharing plan will continue to consist of 7.5% of the company's profits each quarter. For the purposes of calculating profit sharing, hours will also include those hours not scheduled less than 40 due to a reduced work week resulting from a Layoff Minimization Plan.

## **Incentive**

Early in these negotiations, ArcelorMittal management tried to force our union to accept a "lower and more variable" wage structure, which included provisions that would have resulted in dramatic and immediate cuts to our incentive pay. Despite the company's effort, the proposed agreement maintains our current incentives, targeted to provide the opportunity to earn an average of 20% on top of base pay, locally negotiated and based on reasonable goals.

## **Pensions**

As outlined previously, ArcelorMittal proposed to eliminate pensions for new hires and offer only a 401(k) match. The company proposed freezing benefit accrual for employees covered by the defined benefit plan and also sought the right to unilaterally withdraw from the SPT with only a 60 day notice.

We maintained our defined benefit (at the current \$100 multiplier) and SPT pensions (at the current \$2.65 hourly contribution rate) with no changes.

## **PEP**

Although the company sought to end the \$10 thousand PEP for SPT eligible retirees, our negotiating committee maintained it through the term of the proposed agreement.



## **Active Healthcare**

- We have negotiated six months of coverage for dependents of an employee who dies.
- We added coverage under the medical plan for dieticians, increased the coverage for hearing aids to \$1,700 per ear and increased protection for denied claims.
- We moved coverage of oral surgery from the medical plan to the dental plan and removed denial exclusion for crowns.
- Medical and Dental plans will pay claims “In Network” if there is no network provider within a 50-mile radius of the participant’s home – applies to former Inland locations.
- The dental plan will cover cost of composite restoration on posterior teeth up to the dental maximum.
- Chiropractic and physical therapy will no longer be subject to a Medical Improvement Evaluation at locations where they were.
- We eliminated the \$150 daily maximum for Hospice care private room charges where it existed and added coverage for ambulance transport from Hospice or the hospital to home where it didn’t.
- In prescription drug coverage, we added the shot for shingles, daily E.D. drugs and implemented a mandatory maintenance mail program for members at former ISG locations, which also allows members to pick up a 90-day supply of maintenance drugs at CVS pharmacies.
- Our negotiating committee also restored coverage for 34 medications the company removed from the plan in April of 2012.



## **Wellness**

We negotiated guidelines for a wellness program that will help to keep steelworkers healthy and hold down insurance costs for the company. The proposed agreement also establishes joint wellness committees at each plant.

## **FMLA**

The company sought to force employees to use vacation before taking any leave under FMLA. In the proposed agreement, however, we were successful in removing the provision that the company may make employees use a week of vacation before allowing FMLA leave.

## **Retiree Healthcare**

The company proposed first to discontinue all retiree health care; then the company sought changes that would allow management to increase retiree premium contributions at any time, unilaterally.

## Summary of the proposed tentative agreement between the United Steelworkers & ArcelorMittal USA

We preserved our retiree healthcare and maintained our existing monthly premiums of \$70 for pre-Medicare and \$35 for Medicare eligible retirees.

Also of note, we extended coverage so that an employee will now receive benefits under the active plan until the end of month in which they retire.

### **New Surviving Spouse Special Payment**

Our committee successfully achieved a breakthrough for those surviving spouses whose spouse retired prior to January 1, 2000 from the Defined Benefit Pension Plan. These surviving spouses will now receive a special payment equal to the annual payments received by the participants of the Benefit Trust to help pay for Medicare Part B.

### **Benefit Trust**

After much discussion, and despite management's deep desire to abandon the retirees whose hard work and sacrifices built the company and are currently receiving their benefits through our Benefit Trust, our committee secured their benefits renewing a \$25 million quarterly contribution throughout the duration of the proposed tentative agreement.

### **Severance**

We increased the total severance for employees under the proposed agreement to \$75 thousand (a \$5 thousand increase).



## Other Issues

### **Bereavement**

The provisions for bereavement leave have been adjusted to allow employees better access to the benefit by expanding the time period to ten days.

### **Investment Commitment**

As you know, the company did not live up to its obligation to invest in our plants during the term of our 2008 agreement. Despite pressure created by the global economic collapse, ArcelorMittal's competitors continued to invest capital into their plants at a much higher rate, leading to some of the production-related problems our union committed to help resolve at the bargaining table.

Simply put, ArcelorMittal cannot expect to remain profitable, sustainable or viable over the long term unless it invests in our plants.

Toward that end, the proposed agreement stipulates that the company will spend \$1.5 billion over the next three years in order to keep our plants among the most productive and efficient in the world.

The company has agreed to developing and reviewing its capital investment and repair and maintenance plans with our union to improve the competitiveness of ArcelorMittal USA.

### **Contracting Out**

Despite the company's attempt to force us to relax limits on contractors, we protected our jobs from supervisors who would rather pay contractors than manage projects themselves. We also kept restrictions on the company's ability to use contractors for non-core work by maintaining our current contract language.

### **Workforce Harassment, Awareness and Prevention**

All employees shall be educated in the area of harassment awareness and prevention on no less than a yearly basis.

### **Permanent Vacancies and Transfer Rights**

Employees who bid and then refuse a transfer or voluntarily return to the unit from which they transferred must now wait six months before seeking another transfer.

### **Grievance Procedure**

Despite ArcelorMittal's attempts in negotiations to undermine our grievance procedure, we negotiated a new mini arbitration process. It will provide prompt and efficient handling of grievances concerning written reprimands and suspensions.

### **Workforce Planning**

The company has agreed to develop and review with our union workforce plans that ensure timely hiring of additional employees under certain circumstances.

### **Job Descriptions**

Job descriptions for Labor Grades 1 and 2 have been updated to reflect that workers in these positions perform and assist in maintenance tasks as directed by Senior Operating Technicians and Maintenance Technicians.

### **Maintenance Training**

The lack of a maintenance training program has been of concern at all of our plants. Under the proposed agreement, training programs will be developed at each plant to allow employees to become fully qualified Mechanical or Electrical Maintenance Technicians. To ensure access to these programs, 40% of annual plant-wide maintenance postings must be filled with Maintenance Technician Trainees.