



USW/ArcelorMittal Negotiations *Update #25* Feb. 24, 2016



Membership Update

Last June when we began negotiations we all knew it was going to be a challenge, but we assumed that our tradition of good faith bargaining would eventually lead us to a fair and equitable contract. **We still believe that with our continued unity and solidarity we will achieve our goal!** What we did not anticipate was that ArcelorMittal would be so “hell-bent” on ignoring the real issues and would be so focused on insisting that the employees and the retirees pay for the “ills” of the industry.

For decades our industry has struggled to be viable and sustainable. We have adapted to huge technological changes and workplace re-designs so we could be competitive in the global market. In fact, **today**, because of past capital improvements (to the credit of the Company) and because of our efforts to be flexible and improve productivity, quality, yield and customer satisfaction (to the credit of the employees), **we are the most productive steelworkers in the world.**

We all realize (both management and the employees) that the steel industry in the U.S. is currently suffering and continues to experience the negative effects of unfair trade and currency manipulation. However, we will continue to fight to stop subsidized and illegally imported foreign products from flooding the domestic market which creates downward pressure on prices and disruptions throughout the supply chain.

Our “partnership” with the Company to stop the dumping of steel products and the unfair trade issues is the absolute right thing for us to do! Our jobs, our future and our security are too important to just leave it up to management to fix. We must not only work with them, but we need to continue to lead the fight for a “level playing field” in the global steel industry.

When we started bargaining, we wanted to approach negotiations with a desire to solve the problems that we share with the Company so that we could all succeed together. We knew the Company had lost hundreds of millions of dollars since our last negotiations, and although we were concerned about the financial results, we also had issues with some of the financial reporting. Some of the financial reporting has to do with **non-cash** liability issues (which has more to do with stock price than profit and loss), and they report some financial charges which we feel are unjustified, such as tens of millions of dollars per year for branding fees to ArcelorMittal in London, the parent company (remember we are ArcelorMittal USA).

Irrespective of the non-cash and branding issues, ArcelorMittal USA still has problems with long term profitability. Recognizing such, we were more than prepared with ideas, solutions and commitments to help solve the problems and develop a foundation for long term sustainability.

We wanted, and still want, to work with management for the benefit of our members, our retirees, our future and the future of the industry, and we will continue to strive for a positive relationship.

However, it is clear that management's past and current attitude has been "their way or the highway," but neither "their way" nor the "highway" is the right solution!

ArcelorMittal's short term focus and contract demands (including the Company's persistent drive to lower our health care benefits, demands for unreasonable increases in retiree premiums and reduced benefits, demands to lower incentive coverage, weakened Severance and SUB provisions among other ridiculous proposals) does nothing to return the Company to consistent success and does absolutely nothing to address the real problems facing the industry. In fact, we have come to the realization that although we have offered innovative proposals that will reduce costs, management insists on more cuts just on what appears to be "principle" alone.

When we started, the company proposed a contract with no wage increases. We recognized the need for fixed cost stability and offered a contract with a system of lump sum payments based on Hot Band pricing. Our solution is not a perfect one, but frankly, if pricing does not return to the market, our industry will not recover from the attack of unfair trade in steel.

The Company also insisted on major reductions in vacation pay, sickness and accident benefits and a two-tier wage and health care plan for new hires; they have finally withdrawn these demands, while other un-needed demands remain.

Management is still proposing major changes to health care design for both active employees and retirees. Their proposals would reduce coverage and increase employee and retiree costs while at the same time significantly increasing the monthly premium contributions for current and future retirees that will more than double their current contributions. Management also continues to insist on eliminating incentives for employees in Labor Grade 1 jobs. This makes no sense and does nothing to reduce actual costs.

We want to remind you where we started, and although the work is not yet complete, our unity and your solidarity with your Negotiating Committee is still necessary while the struggle for a fair and equitable contract continues. Management has moved off of **some** of the meaningless proposals and adjusted **some** of their more erroneous demands, but as of today, ArcelorMittal is still insisting on demands that will only lower our standard of living and will not be helpful to the long term stability of the Company.

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