Summary

of the

Proposed Agreement

between

ArcelorMittal USA

and the

United Steelworkers

May 2016

Contents

Introduction: A Contract for All of Us

In June 2015, we started negotiating with ArcelorMittal. We all knew it was going to be a challenge, but we assumed that good faith bargaining would eventually lead us to a fair and equitable contract.

What we did not anticipate was the depth of management's determination to force our members and the retirees into accepting concessions that would immediately and dramatically lower their standards of living.

Without question, the steel industry in the U.S. has suffered as a result of unfair trade and currency manipulation, and ArcelorMittal USA has recorded losses of hundreds of millions since our 2012 negotiations.

Although we had issues with the Company's inclusion of non-cash liabilities and branding fees paid to the parent company in London in its reports, we were just as concerned about the long term financial health of ArcelorMittal USA.

For most of the last 20 years, our union has fought to stop subsidized and illegally imported foreign products from flooding the domestic market, creating downward pressure on prices and disruptions throughout the supply chain. The solution to the problem is to enforce the law – not demand unnecessary concessions of the workers. The company needs to be smart, not greedy.

The security and stability of our jobs, earnings and benefits are too important to leave up to management to fix, so we tried to approach these negotiations with a desire to solve the problems that we share with management.

Unfortunately, from the beginning, it was obvious that ArcelorMittal set out to cut costs by dividing our membership with proposals designed to create conflict within our ranks and between our facilities, while holding our retirees' benefits hostage.

ArcelorMittal's initial proposals for a three-year contract included:

- Reducing incentive payments while eliminating incentive altogether for workers in Labor Grade 1;
- Reductions in vacation pay and sickness and accident benefits;
- Major changes to health care for both active and retired workers designed to reduce coverage and increase costs to our members;
- Monthly premium contributions for active employees of $150 for single coverage and $250 for families;
- Significant increases in monthly premium contributions for current and future retirees that would more than triple their current contributions;
- Reduce Supplemental Unemployment Benefits;
- Restrict Severance Pay;
- Stopping all contributions to the VEBA; and
- A lower, two-tier system of compensation and benefits for new hires.

At the facilities currently owned by ArcelorMittal, our experience, training and dedication make us the most efficient and productive steel making workforce in the world, and we have earned contracts that provide fair wages and benefits to support our families and sustain our communities.

For generations, the USW has been fighting to make jobs in the steel industry safer and more secure, but our achievements only came through the power of union solidarity and after decades of hard work and sacrifice. Management's nearsighted focus on short term profitability instead of sustainable, long-term viability in these negotiations threatened the progress we have made.

Obviously, we told management that we could not allow the Company to divide our facilities against each other or pit current workers against new hires or retirees. The unity and solidarity of Steelworkers company-wide gave us the strength we needed to fight ArcelorMittal's regressive proposals at the table.

While our brothers and sisters marched in the streets and rallied against the Company's divisive and concessionary proposals, we repeated to management that we would not allow the company to pick on new hires or retirees and demanded a fair contract that would meet the needs of **all of us**.

Thanks to the hard work of CAT coordinators, activists and volunteers at each of the plants throughout the summer of 2015 and even as our bargaining stretched eight months past the expiration of our 2012 agreement, we never missed an opportunity to remind management that we were united in spite of the Company's divisive tactics.

On the morning of Wed., Jan. 27, 2016, about 100 USW members, retirees and supporters rallied at rush hour outside ArcelorMittal's corporate offices in downtown Chicago and delivered the loud, clear and unified message directly to chairman and CEO, Lakshmi Mittal, "We deserve a fair contract now!"

Mittal and then-North American CEO Lou Schorsch were drawn to the USW rally from their offices and invited a delegation of USW members into the corporate offices for a brief discussion of the issues. Once inside, the delegation told Mittal and Schorsch that tens of thousands of active and retired members stand in solidarity against the Company's contract demands, that the USW could not allow the company to take away the rights and benefits that members have earned and that we would not allow management to triple retiree health insurance premiums.

Each of our ArcelorMittal locals organized sticker days, gate rallies and participated in national days of action to mobilize support for our negotiations and show solidarity for USW brothers and sisters at U.S. Steel, ATI and Cliffs Natural Resources, all of whom faced similar demands from management.

Early in the process, we committed to our members and retirees that we would not allow the company to use a temporary downturn in our industry as an excuse to reverse decades of collective bargaining progress.

As a committee, our simple goal was to negotiate a fair agreement that preserved our wages, benefits and other contractual protections without lowering the standard of living for current or future retirees.

Since winning our first steel industry contracts in the 1930s and 1940s, we Steelworkers have turned jobs that were once looked upon with scorn into dignified, family-supporting careers at facilities that form the backbone of our communities.

Our commitment always has been to respect the past while building a more secure future; we have helped make the steel industry a world leader in safety, productivity and environmental responsibility. Through lean markets and booms, we have continued to fight for our jobs and domestic steel manufacturing – because they are worth it.

Between 1998 and 2002, when 50 North American steel companies went bankrupt as the result of unfair and often illegal foreign trade, USW members led 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 innovative contracts we negotiated in 2002 made possible the resurgence of the industry. Its flexibility and the productivity of Steelworkers allowed ArcelorMittal to survive the worst economic crisis in 2009 since the Great Depression.

Through our committee's dedication to meet the challenges in these negotiations and through the efforts and solidarity of each and every steelworker, we have won a tentative agreement that ensures our jobs will remain worth the fight for **all of us**.

Some of the highlights from the proposed tentative agreement include:

- A $2.5 billion capital expenditure program, which includes Repair and Maintenance (R&M);
- Improved protection for wages, transfer rights and employment security for employees impacted by the company's operational "footprint" plan;
- Combined all the active PIBs into one with no premiums;

- Kept the 90/10 health care plan coverage with minor increases in co-pays and an increase in the out of pocket maximums, along with some improvements in coverage and administrative procedures;
- Maintained a prescription drug plan with co-pays of $10/$20/$30, an improvement for many employees and retirees;
- Put all active members and pre-Medicare retirees into the Steelworkers Health and Welfare Fund;
- Vision Coverage for current and future retirees at no cost;
- Medicare eligible retirees will participate in a Medicare Advantage 90/10 United Health Care plan, with premiums of $50 single/$100 family;
- Improved coverage for Legacy Retirees in the VEBA by introducing a Medicare Advantage plan which provides medical and prescription drug coverage. The legacy retirees previously were limited to only a prescription drug plan;
- Converted the $25 million per quarter fixed contribution into the VEBA to a variable contribution based on 5% of the company's quarterly profits;
- Improved the Inland Defined Benefit pension with a 10-year certain and an increase in the multiplier to $105 for future years of service retroactive to Jan. 1, 2016;
- Increased Steelworkers Pension Trust contribution by $0.05 per hour, per year (total of $0.15), retroactive to Sept. 1, 2015;

- Introduced a Hot Rolled Bonus program that pays quarterly when hot band prices go above $600 per ton;
- Improved and expanded the Parental Leave provision under FMLA;
- Established an Experimental Child Care Program; and
- New hiring preference for relatives of USW employees.

The journey from management's one-sided initial proposals designed to weaken our union and extract concessions from our members and retirees to the proposed new agreement was long and difficult, but we proved once again that our trust in membership solidarity and commitment to the collective bargaining process were not misplaced.

As a result, one by one, slowly but surely, management's unreasonable demands fell off the table.

Finally, after ten months of nearly continuous bargaining and sustained loud, visible support from membership, we reached a tentative agreement on a fair contract that our negotiating committee has unanimously recommended for ratification by **all of us**.

In solidarity,

Your USW Negotiating Committee

Leo W. Gerard
USW International President

David McCall, Chairman
USW District 1 Director

Michael Millsap, Secretary
USW District 7 Director

Billy Thompson
USW District 8 Director

Daniel Flippo
USW District 9 Director

Bobby "Mac" McAuliffe
USW District 10 Director

Emil Ramirez
USW District 11 Director

Dan Boone
USW Local 979
Cleveland

Tom Hargrove
USW Local 1010
Ind. Harbor East & Riverdale

Lonnie Asher
USW Local 1011
Indiana Harbor West

Sheldon Gregg
USW Local 1165
Coatesville

Rich Sayers
USW Local 1375-07
Warren Coke

Ray Napoli
USW Local 1688
Steelton

Mark Glyptis
USW Local 2911
Weirton

Dave Bombich
USW Local 6115
Minorca Mine

Pete Trinidad
USW Local 6787
Burns Harbor

James Sanderson
USW Local 7898
Georgetown

Kameen Thompson
USW Local 9462
Conshohocken

Al Caldwell
USW Local 2342-01
Columbus Processing

Todd Kegley
USW Local 9231
I/N Tek and I/N Kote

Randy Wade
USW Local 9309
Columbus Coatings

Summary

We urge you to 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 2012 contract remain unchanged.

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

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

Term

If ratified, the proposed agreement will be effective retroactive to Sept. 1, 2015, and expire on Sept. 1, 2018 at 11:59 p.m. Eastern time.

Hot-Rolled Steel Bonus

Given the tough environment facing the company and the industry overall as 2015 developed, it was a struggle to develop a mechanism to deliver a bonus when hot rolled steel prices increase.

The mechanism we developed was a bonus that is based on the price of Hot Rolled Steel. While the price of Hot Rolled steel declined throughout 2015, we know that since early 2011, the price of Hot Rolled Steel has averaged above $600 per ton.

While we cannot predict when prices will climb again to $600 per ton, the industry cannot sustain itself at the prices that existed in the last half of 2015. As our trade cases and continuing actions to combat

unfairly traded steel and irresponsible global overcapacity continue to be successful, we feel that steel prices will once again rebound and return to the sustainable levels we've seen in the recent past.

When prices average above $600 per ton for a fiscal quarter, the bonus mechanism will begin to pay out. To make sure there was a fair, independent view of the price of Hot Rolled steel, we based the pricing on data reported by American Metal Market.

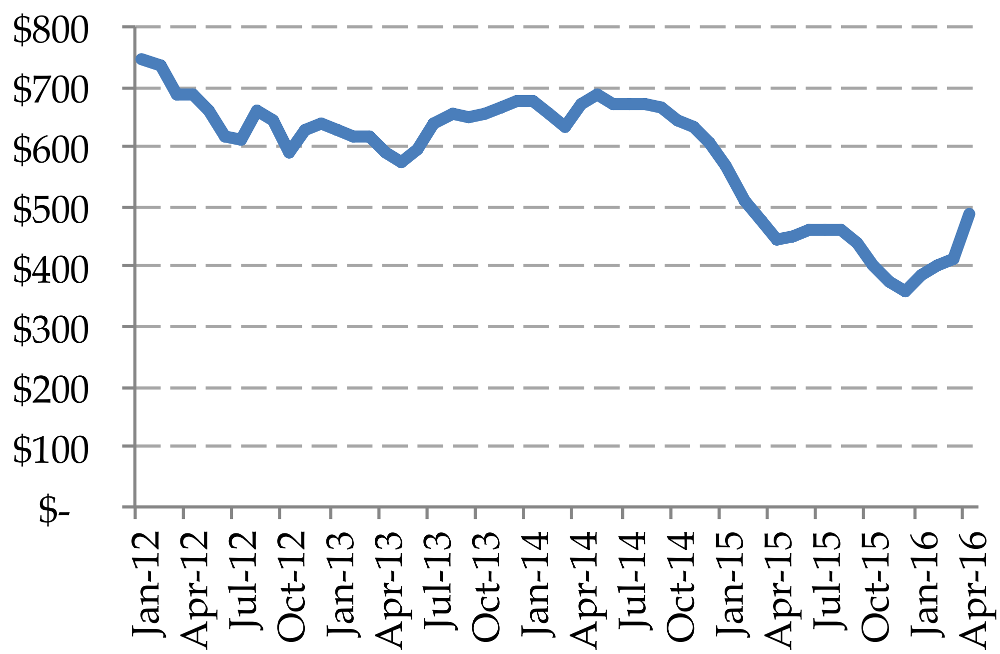
The bonus amounts are listed in the table below and the payment will be a lump sum bonus based on the hours worked in a week, including Vacation and Holiday hours.

Hot Rolled Steel Price, U.S. Ton:	Payment Per Eligible Hour:
$600 - $650.99	$0.50
$651 - $700.99	$0.75
$701 - $750.99	$1.00
Above $751	$1.25

For eligible fiscal quarters, the Hot Rolled Steel Price Bonus will be paid within 30 days of the publishing of American Metal Market's Monthly Averages data.

Historical Monthly Steel Prices – Hot Rolled Steel

January 2012 – March 2016



During the 17 fiscal quarters from Jan. 2012 to March 2016, the bonus plan would have paid out during 11 of them. On average, the Hot Rolled Steel Price Bonus would have paid about $343 per quarter, or $1,257 per year.

Profit Sharing

Our profit sharing plan will continue to consist of 7.5% of the company's profits (defined as Earnings before Interest and Taxes, or EBIT) each quarter with a clarification that income or losses incurred under extraordinary circumstances (as defined by U.S. Generally Accepted Accounting Principles, or GAAP) are excluded from the calculation. Examples include: onerous contracts, plant closures or asset sales.

Pensions

Effective Jan. 1, 2016, for those covered by the Inland Defined Benefit Pension Plan, the proposed contract increases the defined benefit multiplier from $100 to $105 per year for future years of service and improves the five-year certain provisions to ten-year certain. We also retained the $400 Supplement and the calculation formula for the Special Payment.

For those covered by the Steelworkers Pension Trust or the Weirton 401(k) plan, the tentative agreement also improves hourly contributions to the SPT or Weirton 401(k) plan by $.05 per year, for each hour worked in each year of the proposed contract.

If ratified, the first increase will be retroactive to Sept. 1, 2015, with subsequent increases on Sept. 1, 2016 and 2017. Over the course of the agreement, SPT contributions increase from $2.65/hour to $2.80/hour.

PEP

We have retained the $10,000 Pension Enhancement Payment (PEP) for Steelworkers age 57 or above as of Sept. 1, 2015 at former ISG locations (including Weirton) who retire after turning 60 during the term of the proposed agreement.

Active Health Care

At the outset of our negotiations, ArcelorMittal proposed major decreases in benefits for our members and up to $250 monthly family premium contributions. Management also proposed to divide us with a two-tier healthcare system, including a high deductible plan for New Hires.

The proposed agreement will provide us with one healthcare plan for all active employees instead of the four separate plans we currently have. Having one plan gives us more leverage in bargaining and saves some costs for the Company without reducing our benefits.

There will be no employee premium contributions, and we will maintain the excellent coverage our families deserve. If ratified, these changes would become effective Jan. 1, 2017, and until then, all coverage remains unchanged.

If your spouse (who is not eligible for Medicare) works more than 32 hours per week and is offered health insurance through their employer, then they will be required to enroll in that coverage as the primary covered adult and the ArcelorMittal health care plan will cover your spouse as secondary coverage which means your spouse (and family) will have the full coverage that the ArcelorMittal plan provides.

ArcelorMittal will reimburse you for the amount of your spouse's contribution to their employer's plan. We will not be required to enroll dependent children in their spouse's employer's plan, children will be covered as primary under the ArcelorMittal plan.

ArcelorMittal indicates this will provide additional savings by taking advantage of duplicate benefits without sacrificing any of our coverage. Members will be required to fill out a form about their spouse's other coverage in the Fall of 2016 for purposes of identifying anyone who has duplicate coverage.

Although this program is new to former ISG employees, former Inland plan participants should recognize that the Working Spouse Premium Program offers a higher reimbursement level than the current program by eliminating the $120 threshold and it is now streamlined. The proposed agreement also eliminates the requirement that a spouse provide a form filled out by their employer.

A new deductible will be in place of $200 for Single coverage and $400 for Families. The deductible will be waived for members who choose to participate in an annual routine physical from a certified physician or an urgent care center (you will pay a copay at an urgent care center) by Sept. 30th prior to each Plan Year.

There is no cost to you for this annual routine physical that includes a discussion of the appropriate exams, screenings and procedures recommended by the physician, however no individual information will be shared with the Company.

If your spouse is covered under the plan, they must also get a physical in order to have the family deductible waived for In Network and reduced for Out of Network coverage. This provides the former Inland employees a method to have their deductibles waived, a benefit they were not able to do under the previous agreement.

For those former Inland employees who have an annual physical, you will now also have the deductible waived for In Network and reduced deductible if you choose to go Out of Network. The prior former Inland plan had a $200 Single and $300 Family deductibles.

When you participate in the annual routine physical, a new company contribution will be made into a 401(k). So, not only is your deductible completely eliminated, but also you will receive $200 into your 401(k) account if you're enrolled in Single coverage and $400 if your spouse participates as well. If you choose to have the payment made in cash, you may do so, but it will then be subject to appropriate withholding taxes.

Most In Network services will cost you 10% of the negotiated fee or a flat copayment up to the out of pocket maximum. Any medical deductibles, coinsurance, and copayments apply to the Out of Pocket Maximums.

Schedule of Benefits (Active)

Benefit	In-Network	Out-of-Network
Benefit Period	Calendar Year	
Deductible (per benefit period) Individual Family	 $200 $400 (waived if participant and spouse if applicable completes annual health initiative)	 $500 $1,000 (reduced to $300/$600 if participant and spouse if applicable completes annual health initiative)
Plan Payment Level – Based on the Allowed Fee	90% after deductible until out-of-pocket maximum is met, then 100%	70% after deductible until out-of-pocket maximum is met; then 100%
Out-of-Pocket Maximums Individual Family	 $1,500 $3,000	 $2,000 $4,000
Lifetime Maximum (per person)	Unlimited	Unlimited
Physician Office Visits	100% after $20 copayment	70% after deductible
Specialist Office Visits	100% after $20 copayment	70% after deductible
Preventive Care		
Adult		
Routine Physical exams	100% (copayment does not apply)	70% after deductible
Adult Immunizations	100%	70% after deductible
Routine gynecological exams, including a PAP Test	100% (copayment does not apply)	70% after deductible
Mammograms, annual routine	100%	70% after deductible
Colorectal Cancer Screening	100%	70% after deductible

Benefit	In-Network	Out-of-Network
Diagnostic services and procedures	100%	70% after deductible
Pediatric Routine physical exams	100% (copayment does not apply)	70% after deductible
Pediatric immunizations	100%	70% after deductible
Diagnostic services and procedures	100%	70% after deductible
Emergency Room Services	100% after $50 copayment (waived if admitted)	
Urgent Care Facility	100% after $30 copayment	
Spinal Manipulations	100% after $20 copayment	70% after deductible
	Limit: 18 visits/calendar year	
Physical Medicine and Occupational Therapy	100% after $20 copayment	70% after deductible
	Combined Limit: 60 visits/calendar year	
Speech Therapy	100% after $20 copayment	70% after deductible
Allergy Extracts	90% after deductible	70% after deductible
Allergy Injections	100% (if performed in a doctor's office)	70% after deductible
Ambulance	100%	
Assisted Fertilization Procedures	Not Covered	
Dental Services Related to Accidental Injury	90% after deductible	70% after deductible
Diabetes Treatment	90% after deductible	70% after deductible
Diagnostic Services (except physician office services) – *Basic Diagnostic Services* (standard imaging, diagnostic medical, lab/pathology, allergy testing)	90% after deductible	70% after deductible
Diagnostic Services – *Advanced Imaging* (MRI, CAT Scan, PET scan, etc.)	90% after deductible	70% after deductible
Durable Medical Equipment, Orthotics and Prosthetics	80% after deductible	60% after deductible
Enteral Formulae	90% after deductible	70% (after deductible)
Hearing Aids	Limit: $1,700 maximum per ear in a 3-year period	
Home Infusion Therapy	90% after deductible	70% after deductible
Home Health Care	90% after deductible	70% after deductible Limit: 30 visits/calendar year
Hospice	100%	
Hospital Services – Inpatient	90% after deductible	70% after deductible
	Limit: 60 days physical medicine and rehabilitation	
Hospital Services – Outpatient	90% after deductible	70% after deductible
Infertility Counseling, Testing and Treatment	90% after deductible	70% after deductible
Maternity (facility & professional services)	90% after deductible	70% after deductible
Medical/Surgical Expenses (Except Office Visits)	90% after deductible	70% after deductible
Mental Health – Inpatient	90% after deductible	70% after deductible
Mental Health – Outpatient	100% after $20 copayment	70% after deductible
Registered Dietician	100% after $20 copayment	70% after deductible
	Limit: 8 visits/calendar year	
Pediatric Extended Care Services	90% after deductible	70% after deductible

Benefit	In-Network	Out-of-Network
	Limit: 100 days/calendar year	
Radiation Therapy	90% after deductible (if performed in a doctor's office, 100% after $20 copayment)	70% after deductible
Respiratory Therapy	90% after deductible	70% after deductible
Skilled Nursing Facility Care	90% after deductible	70% after deductible
Substance Abuse – Inpatient Detoxification	90% after deductible	70% after deductible
Substance Abuse – Inpatient Rehabilitation	90% after deductible	70% after deductible
Substance Abuse – Outpatient	$20 copayment for initial visit, 100% thereafter	70% after deductible
Therapy Services (Cardiac Rehab, Infusion Therapy, Chemotherapy, and Dialysis)	90% after deductible	70% after deductible
Transplant Services	100%	70% hospital coverage, 80% all other coverage
Precertification Requirements	Provider is responsible	Member is responsible

The In Network Medical Out of Pocket Maximum is increased in this agreement for both former Inland and former ISG participants.

For former ISG participants, this increase is from $1,000 Single and $2,000 Family to $1,500 Single and $3,000 Family.

For former Inland participants, the Out of Pocket maximums under the prior plan were $900 Single ($200 deductible + $700 Out of Pocket Maximum) and $1,000 Family ($300 deductible and $700 out of pocket maximum).

For Inland participants, most will see <u>lower</u> out of pocket medical costs since they will now be subject to flat copayments, rather than coinsurance. For many services that members used to pay 20% of the cost, they will now pay a flat copayment of $20 or 10% of the cost.

<u>Active Prescription Drug Coverage</u>

Drug costs are the fastest growing piece of healthcare costs. The committee worked tirelessly to maintain drug coverage that is affordable and doesn't restrict doctors from prescribing the medication they think is best for you.

	In Network	Out of Network
Deductible	$0	$0
Up to a 30 day supply		
Generic	$10	50% of the cost of the drug
Preferred Formulary	$20	50% of the cost of the drug
Non-Preferred Formulary	$30	50% of the cost of the drug
Up to a 90 day supply		
Generic	$15	Not covered
Preferred Formulary	$30	Not covered
Non-Preferred Formulary	$60	Not covered
Out of Pocket Maximum	Single $1,500 Family $3,000	

Under this Agreement, prescription drug coverage is now flat copayments for In Network drugs. There is an Out of Pocket maximum on drug costs to protect you and your family from skyrocketing drug prices.

This Out of Pocket maximum includes all your drug costs, Retail and Mail Order. Former ISG locations had no “Stop Loss” on drugs and Inland had a “Stop Loss” that applied only to Mail Order drugs. Your copay will be determined by whether your prescription is for less than 30 days of medication or 31-90 days of medication.

You will be able to order non maintenance drugs through mail order if you choose. You will be required to get your Specialty medication from a Specialty Mail Order Pharmacy.

For former Inland participants who are taking brand name drugs, you will see a decrease in out of pocket costs by moving to flat dollar copayments instead of a percentage. This is especially true in a time where the cost of drugs is increasing at 10% or more per year.

In addition, former Inland participants and their doctors will have more access to brand name drugs than in the past under the new formulary structure.

Although the “Stop Loss” on drugs under the former plan was viewed as a very valuable benefit, the new all-inclusive Out of Pocket Maximum will protect our families better, since it comes with flat dollar copayments.

For instance, a member family would need to have 14 prescription fills of the most expensive drug to hit the old “Stop Loss.” Under this design, families have more predictable and generally lower costs. Under the former Inland plan the average cost of a Brand name drug at retail was $78 in 2014.

Under the new plan, families will pay either a $20 or $30 copayment for the same drug. The old “Stop Loss” did not limit the costs of retail drugs, so the members were not protected.

<u>Other Active Healthcare Highlights</u>

- 3D mammography will be covered after a prior authorization;
- No balance billing for anesthesiologists or radiologists at In Network facilities;
- For former Inland members, elimination of the 5 year requirement on prosthetic replacements. Prosthetics will be replaced when medically necessary;
- Until an adequate dental network is established for our members at Minorca Mines and I/N Tek and I/N Kote, the benefit level will be increased from 90% of the UCR to 99%;

- Under the Proposed Agreement, employees and their families will participate in a Vision plan through the Steelworkers Health and Welfare Fund. The plan uses the Davis Vision network which includes major retailers (Pearle Vision, VisionWorks, JC Penney, and Sears among others). Eye exams will be covered every 12 months at 100% in network. Lenses (including contacts) will be covered every 12 months for children under age 19 and every 24 months for adults unless the prescription changes, in which case, lenses will be covered after 12 months. Frames will be covered every 24 months. In network, some frame options will be available with no cost sharing ($75 retail allowance). If no adequate vision network is established for the Minorca Mines or I/N Tek and I/N Kote, then the reimbursement schedule will be $10 higher for those members; and
- The USW Health and Welfare Fund will administer all the Active and Non Medicare eligible retirees' medical benefits. This ensures that management does not have access to HIPPAA protected information and provides our members with access to the Blue Cross and Blue Shield network.

<u>Other Active Benefits Improvements</u>

- Elimination of 21 day filing guideline for S&A;
- Elimination of the Company's right to recover S&A benefits if the affected employee files a lawsuit and receives an award;
- Elimination of the discipline language in the PIB's Right to Recovery Section;
- Limit on Company's Right to Recover: the Company can only collect amounts after legal expenses have been paid, an important protection for members who receive an award or settlement;
- Spouses who are both Bargaining Unit employees can be dependents on one or the other's plan;
- For former Inland employees, there will be additional healthcare continuation during layoff; and
- For former ISG employees, there will be additional healthcare continuation during disability leaves.

Benefit Trust

Given the large, persistent losses ArcelorMittal USA has experienced in recent years and its significant concessionary proposals, it was clear that both Retiree Healthcare and the VEBA Trust would be central issues in 2015 bargaining. One issue for the Company was the fixed contribution they must put into the VEBA every quarter. Management's first proposal, which was unchanged for many months, was to stop the contributions and not replace them.

This would cause the trust to run out of money and inflict extensive hardship on our current and future retirees.

Facing continued losses and the significant problems confronting the industry, we agreed to suspend the fixed contributions.

However, we could not simply stop the flow of money into the fund that both provides benefits to those who lost their retiree health care in the bankruptcies earlier this century and the VEBA Trust helps offset the cost of benefits for current and future retirees of ArcelorMittal.

Therefore, beginning with the first quarter of 2018, a five percent (5%) share of the Company's profits will be contributed into the VEBA.

Like Active Profit Sharing, this program is based on Earnings Before Interest and Taxes (EBIT), has the same list of add-backs/adjustments and also adds back any payments for the Active Profit Sharing plan (making any profits larger).

Another major issue was that the management proposed huge increases in retiree premiums. We vowed to not let our retirees be subjected to massive increases in what they paid for their healthcare.

We knew, however, that the change to the funding stream of the VEBA did mean that we needed to think creatively about how to best position the VEBA to continue to provide benefits and reduce the impact of the retiree healthcare caps into the future.

One innovative way to accomplish this was to move the Legacy Retirees (those receiving benefits from the VEBA) to a Medicare Advantage plan option.

Medicare Advantage plans are new to the steel industry but can offer – as was the case here – superior benefits to the old plan at much less expense. The new plan will provide both medical and prescription drug coverage, instead of the current prescription drug benefit.

The VEBA will be communicating the new plan design and other details in the coming months, but we are very pleased that we can improve coverage and improve the finances of the VEBA with this change.

Retiree Healthcare

For months, following its first proposal, ArcelorMittal kept insisting that retirees pay monthly premiums that were more than triple the current levels. We vowed that we would not allow our retirees to be hit with massive premium increases when the VEBA was still so well-funded. The other result of saving money by moving to a Medicare Advantage plan was that it moved management off of its excessive premium proposals.

In the end, this agreement calls for modest increases to retiree premiums.

Early in bargaining, ArcelorMittal proposed a high deductible plan for our Non Medicare eligible retirees with $510 monthly premiums for a couple. They also proposed sending our Medicare eligible retirees to a "Private Medicare Exchange" run by a consultant to buy their own individual coverage.

Your committee rejected any attempt to dismantle the benefits of current and future retirees who worked many years to earn those benefits.

The Company wanted to drastically increase the monthly payments for retiree coverage. After months of holding strong, your committee negotiated monthly premiums of $100 for Non Medicare eligible retirees and $50 for Medicare eligible retirees. These amounts are per covered adult, as under the prior agreement and increases the premiums from the current amounts of $35 and $70.

In addition, the committee has negotiated a retiree only dental plan. It will be fully retiree paid through monthly premiums. This will be a group plan sponsored by the Steelworkers Health and Welfare Fund which should make it much more affordable than an individual plan.

It will be offered to both Non Medicare and Medicare eligible retirees. The exact plan design will be negotiated and eligible retirees will be notified prior to open enrollment for 2017.

Retiree households will also be required to take advantage of spousal coverage. If a retiree's Non Medicare eligible spouse works more than 32 hours per week and is offered health insurance through their employer, then they are required to enroll in that coverage as primary.

If a retiree's Non Medicare eligible spouse is retired and offered retiree coverage, they must enroll in that coverage. ArcelorMittal will cover them as the secondary plan, and we have negotiated that the Company will reimburse participants for your spouse's contribution to their employer's plan.

This saves ArcelorMittal money by taking advantage of duplicate benefits without sacrificing any of our coverage. Retirees will be required to fill out a form about their spouse's other coverage in the Fall of 2016. Medicare eligible spouses are not required to enroll in any other coverage and are eligible for primary coverage under the ArcelorMittal Plan.

<u>Non Medicare Eligible Retirees</u>

Under the agreement negotiated by your committee, retirees, surviving spouses and dependents that are not eligible for Medicare will participate in a plan of coverage that is identical to the Active Healthcare Plan above without dental coverage.

The only difference is that preventive services will be covered at 90% or after the appropriate copay is paid and the out of pocket maximum on drugs will not apply. Since drug costs will all be based upon flat dollar copayments, people are protected from excessive costs even without the out of pocket maximum. See discussion and examples above in the Active Prescription drug section. This Plan would be effective Jan. 1, 2017.

A new deductible of $200 for Single coverage and $400 if married will be in place under the Non Medicare eligible plan. The deductible will be waived when retirees choose to participate in an annual routine physical (identical to the one in the Active plan). If the retiree's spouse is covered under the Plan, they must also get a physical in order to have the deductible waived and reduced. If you (and your spouse if applicable) participate in the annual physical, then you will receive a cash payment of $200 ($400 if you are enrolled in family coverage).

Non Medicare eligible participants will also enjoy a vision plan identical to the Active plan. This is a new benefit for many of our retiree families and is included in the plan at no additional cost.

<u>Medicare Eligible Retirees</u>

For our Medicare eligible retirees, spouses, and dependents, we have negotiated a Medicare Advantage Plan. These types of plans provide a lot of value for retirees. The plan will have $0 deductible, free preventive services with most other services will be covered at 90% and a $1,250 (per plan participant Out of Pocket maximum. The plan includes vision coverage, home visits, Silver Sneakers, Nurse on Call, and comprehensive drug coverage with no gap.

The Medicare Advantage Plan would be effective July 1, 2016. The Company has agreed that if a Medicare eligible participant exceeds $1,250 in out of pocket medical costs during the calendar year 2016 (including their costs under the prior plan) then they will be reimbursed any costs above $1,250.

Also, your committee negotiated that a dependent child of an employee who died while eligible for retiree health insurance or a dependent child of a retiree will have coverage under the Retiree Health Insurance Plan, even if there is no surviving spouse.

Medicare Advantage Plan Schedule of Benefits

	Non-Differential
Description	**In-Network Services**
Annual Medical Deductible	None
Is Annual Medical Deductible combined for IN and OUT of network?	N/A
Annual Medical Out-of-Pocket Maximum	$1,250
Is Annual Medical Out-of-Pocket Maximum combined for IN and OUT of network?	Yes
PHYSICIAN SERVICES Primary Care Physician Office Visit (includes Non-MD office visits)	$20
Specialist Office Visit	$20
INPATIENT SERVICES Inpatient Hospital Stay Benefit Period in days. (A "benefit period" begins the first day of admission and ends when the member hasn't received any hospital care for 60 days in a row. If you go into a hospital after one benefit period has ended, a new benefit period begins and the copay cycle starts over.)	Unlimited
Inpatient Hospital Stay	10% Per Admit
Skilled Nursing Facility Care - prior hospital stay requirement waived?	Yes
Skilled Nursing Facility Care - Benefit Period (In days)	Unlimited
Skilled Nursing Facility Care	$0 days 1-20, 10% after*
Inpatient Mental Health Lifetime Maximum number of days	190 Days
Inpatient Mental Health in a Psychiatric Hospital	10% Per Admit
OUTPATIENT SERVICES Outpatient Surgery	10%
Outpatient Hospital Services	10%
Outpatient Mental Health/Substance Abuse (Individual Visit)	$20
Outpatient Mental Health/Substance Abuse (Group Visit)	$20
Partial Hospitalization (Mental Health Day Treatment) per day	5%
Comprehensive Outpatient Rehabilitation Facility (CORF)	$20
Occupational Therapy	$20
Physical Therapy and Speech/Language Therapy	$20
Cardiac/Pulmonary Rehabilitation	$20
Kidney Dialysis	10%
MEDICARE-COVERED SPECIALIST VISITS Chiropractic Visit (Medicare-covered)	$20
Podiatry Visit (Medicare-covered)	$20
Eye Exam (Medicare-covered)	$20
Hearing Exam (Medicare-covered)	$20
Dental Services (Medicare-covered)	$20
AMBULANCE/EMERGENCY ROOM/URGENT CARE Ambulance Services	10%
Ambulance Copay Waived if Admitted?	No
Emergency Room (Includes Worldwide Coverage)	$40
Emergency Room Copay Waived if Admitted within 24 hours?	Yes
Urgently Needed Care (Includes Worldwide Coverage)	$40
Urgent Care Copay Waived if Admitted within 24 hours?	Yes
PART B DRUGS AND BLOOD Part B Drugs - Immunosuppressives, Anti-nausea, Inhalation Solutions, Hemophilia Clotting Factors, Antigens, Outpatient Injectable Medications Administered in a Physician's Office	10%
Chemotherapy Drugs	10%
Blood	$0
Blood 3 pint deductible waived?	Yes
DURABLE MEDICAL EQUIPMENT (DME) AND SUPPLIES	

Durable Medical Equipment	10%
Prosthetics	10%
Orthotics	10%
Diabetic Shoes and Inserts	10%
Medical Supplies	10%
Diabetes Monitoring Supplies	$0
HOME HEALTHCARE AGENCY & HOSPICE Home Health Services	10%
Hospice (Medicare-covered)	$0
PROCEDURES Clinical Laboratory Services	10%
Outpatient X-ray Services	10%
Diagnostic Procedure/Test (includes non-radiological diagnostic services)	10%
Diagnostic Radiology Service	10%
Therapeutic Radiology Service	10%
PREVENTIVE SERVICES (MEDICARE-COVERED) Cardiovascular Screenings	$0
Immunizations (Flu, Pneumococcal, Hepatitis B Vaccines)	$0
Pap Smears and Pelvic Exams	$0
Prostate Cancer Screening	$0
Colorectal Cancer Screenings	$0
Bone Mass Measurement (Bone Density)	$0
Mammography	$0
Diabetes - Self-Management Training	$0
Medical Nutrition Therapy and Counseling	$0
Annual Wellness Exam and One-time Welcome-to-Medicare Exam	$0
Smoking Cessation Visit	$0
Abdominal Aortic Aneurysm (AAA) Screenings	$0
Diabetes Screening	$0
HIV Screening	$0
Screening and Behavioral Counseling Interventions in Primary Care to Reduce Alcohol Misuse	$0
Screening for Depression in Adults	$0
Screening for Sexually Transmitted Infections	$0
High Intensity Behavioral Counseling to Prevents STIs and Intensive Behavioral Therapy for Cardiovascular Disease	$0
Screening and Counseling for Obesity	$0
Glaucoma Screening	$0
Kidney Disease Education	$0
Dialysis Training	$0
Hepatitis C Screening	$0
ADDITIONAL BENEFITS/PROGRAMS (Non Medicare-covered)	
Routine Podiatry	$20
Routine Podiatry – Number of visits per year	6
Routine Eye Exam Refraction - every 12 months	$0
Routine Vision Eyewear (Eyeglasses or contact lenses)	$0 copay for standard eyeglass frames, lenses or contact lenses, every 2 years. $100 allowance for specialty frames and $100 allowance for contact lenses
Routine Hearing Exam for Hearing Aids - every 12 months	$0
Hearing Aid Allowance - includes Digital Hearing Aids	$1,700
Benefit per ear or combined	Per ear
Number of Hearing Aids	Unlimited
Hearing Aid period in months	36
Annual Routine Physical Exam	$0

WELLNESS/CLINICAL PROGRAMS NurseLine	Included
Access Support	Included
Fitness	SilverSneakers
Disease Management - Chronic Heart Failure (CHF)	Included
Disease Management - Coronary Artery Disease (CAD)/Diabetes	Included
Disease Management - End Stage Renal Disease (ESRD)	Included
Group Retiree Case Management	Included
Advanced Illness Care Management	Included
Preferred Diabetic Supply Program	Included
Hi Health Discount Program	Included
Housecalls Program	Included
Outpatient Prescription Drug Coverage	
Prescription Drug Plan	Custom Plan
Part D Gap Coverage	Full Gap Coverage
Formulary	Standard Formulary H
Bonus Drug List	Standard List U with 8 ED per 30 day period
Formulary Edits (step therapy, quantity limits, prior authorization)	Standard: Edits On
Rx Deductible	None
Part D Retail Copay (up to a 30 day supply)	
Tier 1: Generic	$10
Tier 2: Preferred Brand Tier 3: Non-Preferred Brand	$15 $45
Tier 4: Specialty Tier	$50
Part D Preferred Mail Order Copay (up to a 90 day supply)	
Tier 1: Generic Tier 2: Preferred Brand	$20 $30
Tier 3: Non-Preferred Brand Tier 4: Specialty Tier	$90 $100
Initial Coverage Limit	$3,310
TrOOP Threshold	$4,850
Catastrophic Coverage over TrOOP (greater amount of)	Custom
Copay for generics	$10
Copay for all other drugs	$10
OR Coinsurance	N/A

Retiree Life Insurance

The life insurance benefit for retirees over age 62 will be increased from $15,000 to $20,000.

New Hire Retiree Healthcare

Employees hired after ratification of this agreement will not be eligible for the retiree medical or life insurance benefits. Instead, they will receive a Company contribution of 50 cents per hour worked into their 401(k) savings account to be used for healthcare upon their retirement.

Separate sub-accounts will be established within the employee's savings plan account for these contributions, and the funds in this sub-account will not be available to the employee for withdrawal or loans.

Contributions to the sub-account will be immediately vested (non-forfeitable) and placed in a professionally managed investment fund, which is automatically adjusted based on the employee's projected retirement age.

The employee will have the right to change the investments of this fund if they so choose. The employee's sub-account will be available for withdrawal upon retirement or termination of their employment for any reason.

Wellness

Under the proposed agreement, we will jointly develop a new wellness program covering all USW members at ArcelorMittal that may include flu shots, tobacco cessation and education about the benefits of walking, exercising and eating healthy.

FMLA

The committee negotiated significant enhancements to the FMLA provisions of the contract. The proposed agreement provides for intermittent parental leave; this means a member doesn't have to take all of their FMLA time at once. The proposed agreement will also allow an additional six weeks of FMLA leave during the 13th – 18th months after the birth of a child. During this time, a member's benefits will continue.

Other Issues

Footprint

As bargaining began ArcelorMittal proposed to restructure its steel production capacity at Indiana Harbor in an attempt to balance production, improve capacity utilization and lower the fixed cost of production. The proposal consolidates operations at Indiana Harbor which will include the idling of 84" Hot Strip Mill at Indiana Harbor West.

It will also idle #2 Steel Shop at IHE and increase steelmaking to a new upgraded #3 Steel Shop with a new caster at IHW and the #4 Steel Shop at IHE. Part of the plan will be to also idle #1 Aluminize line and the #5 Continuous Galvanize Line.

The #2 Continuous Galvanize Line will be re-started and re-loaded to full operating capabilities. The Company will invest over $200 million dollars to upgrade the 80" HSM and casters at Indiana Harbor.

Recognizing the need for continuing capital investment and the operational efficiencies the "footprint project" will produce, we determined that our priority needed to be focused on earnings security and job protection/opportunities of the employees that would be impacted by the implementation of the project.

We were able to first and foremost secure an agreement that no employees would be laid off as a result of the project and we were able to secure and maintain the wages and incentive earnings for any employee impacted by the consolidation of the facilities.

We also achieved a new agreement that will allow impacted employees an opportunity to transfer (after internal plant bidding) to any other Northwest Indiana plants and Riverdale and still be able to maintain their wage protection.

Investment Commitment

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 $2.5 billion over the term 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 competiveness of ArcelorMittal USA.

Georgetown

Prior to the start of negotiations, management made a decision to permanently shut down the Georgetown plant. Although we attempted to convince management to re-consider the decision, they were determined to shutter the plant. When no interested buyer stepped forward, we bargained a special extension to the contract that will keep the facility under our BLA through the term of this contract. Many of our brothers and sisters at Georgetown have taken advantage of the IJOP transfer rights and transferred to other ArcelorMittal plants. Others have taken advantage of the Severance provisions or decided that before using their IJOP rights or accepting the Severance to remain on layoff with continued health care and to collect SUB benefits.

Training

The tentative agreement maintains our current maintenance training programs. To ensure access to these programs, 40% of annual plant-wide maintenance postings must be filled with Maintenance Technician Trainees.

Eligible employees will be admitted to the program as Tier 2 Maintenance Technician Trainees with a minimum score of 50 on the Ramsay MTM or MTE test and provided with up to 320 hours of training to pass the Ramsay Mechanical test with a score of 84 or Ramsay Electrical test at 73.

Tier 1 Maintenance Technician Trainees will be given up to 320 hours of instruction and 720 hours of on the job training and practical experience. During this time, the trainee is required to pass five of the ten factor tests.

While in Tier 1, the trainee may complete an additional 320 hours of instruction and 720 hours of actual work to pass the remaining factor tests. After passing the factor tests, Tier 1 trainees become fully qualified Mechanical or Electrical Maintenance Technicians.

Hiring Preference, Recruiting Veterans

The proposed contract strengthens hiring preference for direct relatives of USW members and also sets out a plan for outreach to returning U.S. military veterans for job opportunities.

Experimental Child Care Program

The new contract, if ratified, establishes an experimental program to reimburse employees up to $1,800 per year for child care provided by a licensed day care provider. Employees must submit an invoice from the provider and only for periods of time they are either scheduled to work or job related travel.

Health and Safety

In the proposed new agreement, we have guaranteed that the joint safety committee will have full access to accident sites for investigation and all relevant information, including audio and video recordings.

Ratio of Steelworkers to Non-Represented Employees

In the tentative agreement, ArcelorMittal has agreed to take all reasonable steps to achieve a ratio of no more than one non-bargaining unit employee (which now will include all Engineers) for each four members of the bargaining unit and has committed to provide a report on June 1st each year that will reflect the actual ratio numbers.

United Steelworkers
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