



October 12, 2018

An Important Message from the Negotiating Committee

Dear Brothers and Sisters,

We have been in bargaining with ArcelorMittal since July, and our frustration with management's negative attitude and unwillingness to reward us for our efforts is growing by the day. The company opened negotiations by telling us how much they appreciated our contributions over the previous three years. **They admitted that since 2015, our productivity had improved and our health care costs had decreased.** The company then began the summer demanding concessions in wages, in both active and retiree health care (including future retirees), in pensions, on security issues and a wide range of other givebacks. Since 2015, the company has made a financial turnaround and has generated hundreds of millions of dollars in cash. While they were improving financially, they continually ignored and violated our contract and disrespected our relationship.

We spent the summer doing our best to convince management to do the right thing, to meet and discuss our proposals in good faith and recognize our investment and contribution to the success of ArcelorMittal. Our contracts cover over 12,000 employees at 14 facilities in 6 states, and when the contracts expired on September 1, 2018, we agreed to extend the agreements, with the right for either party, to terminate the extension given a 48-hour notice.

When progress stalled under the weight of management's predictably unacceptable proposals and unfair labor practices, the membership unanimously authorized our bargaining committee to begin a strike, if necessary, to achieve better agreements. We came back to Pittsburgh, and we thought the company had a new attitude. Unfortunately, while our union has pursued every option to avoid a work stoppage, ArcelorMittal's persistent, onerous and unnecessary demands for concessions may leave over 12,000 members with little choice.

A History of Sacrifice, Which Saved an Industry

We should not forget and cannot let management forget, that there would be no company if not for the Steelworkers at ArcelorMittal who sacrificed throughout the years to save the company and preserve the future of the American steel industry. If it were not for USW members foregoing increases in compensation in order to preserve retiree health care and pensions and to secure the future of our jobs and facilities by requiring management to invest in their mills and mines, the company would not be where it is today.

Steelworkers at ArcelorMittal and across the U.S. domestic industry have lived without wage increases for the past three years, with a total wage increase of only 4.5% since 2012. Inflation has run about 8% during that period, while the average increases of all other private sector workers have risen by almost 15%, according to the Bureau of Labor Statistics.

Our health care plans already require co-pays on medical and prescription drug coverage, deductibles and cost sharing with ArcelorMittal. We are not abusers of health care – it is, in fact, a part of our compensation. We deserve it and have earned it, and we should not have to fight about keeping health care every time we enter into negotiations. Not only is our health care being attacked, but the promise and commitment for our retiree health care is under constant assault by ArcelorMittal. With regard to retiree health care, the company is demanding that the plan design/coverage be reduced and premium contributions be increased by almost 80%. This insulting and unreasonable demand does not save the company even one cent. The demand only increases the retiree premium because the coverage is paid by our VEBA, and the company wants to raid the VEBA of the \$600 million that we set aside through profit sharing and negotiations, while retirees eventually pay the full cost of health care. Moreover, the company's medical trend rate has been negative and drug trend has been flat over the last three years. It is an affordable benefit for the company and a huge burden on current and future retirees (you!). And, by the way, every fiscal quarter – whether or not the company makes a profit, the first \$25 million plus goes directly to the global company for “franchise fees.”

That's right! AMUSA pays ArcelorMittal over \$100 million a year for the use of the ArcelorMittal emblem.

Meanwhile, the CEO describes the demand for increases as “modest.” If retirees were to pay so-called “modest” increases (80% more), the CEO can then probably send a lot more cash to Mittal.

Once again with ArcelorMittal, no good deed goes unpunished; in 2015, the union significantly reduced the company’s health care costs. Retired Steelworkers paid higher premiums towards their health care and made plan design changes while the company’s contributions have been fixed. The company’s current proposal to push more health care costs onto retirees is their false recognition, for doing the right thing.

Employees hired after 2006 no longer participate in the defined benefit pension plan, but are covered through a multi-employer plan which provides a future service benefit based on a fixed contribution per hour. The closure of the Defined Benefit Pension Plan in 2006 to new entrants and due to strong investment returns have resulted in the Plan being well-funded, saving the company millions of dollars in pension contributions. Now, when we ask for adjustments and increases to help with retirement inflation, management refuses to consider our proposals because it might create pension liability that will impact the stock price. Not because they can’t afford it, but because they want to protect the capitalized value of the stock. Besides issues with wages, they refuse to adjust our profit sharing formula to allow for a fair share of profits by insisting on using accounting principles as opposed to a fair share of cash generation. They want to eliminate our full week guarantee and severance pay provisions and they want to attack our active and retiree health care and they are demanding huge increases in retiree health care premiums.

A Productive and Skilled Workforce

The productivity of the workforce has increased steadily and dramatically, with fewer workers producing much more prime product. The industry operates at or under a world class standard of fewer than 1.5 man hours per ton, and some of our plants are even more productive. The workforce operates the mills under productivity incentive plans that help drive this efficiency.

Our jobs are technologically advanced jobs in difficult conditions; the entry level requirements have increased significantly. We all recognize the dangers and hazards of

working in the steel industry and we are American manufacturing leaders that deserve good and safe standards of living.

Fighting Back Against Unnecessary Company Demands

ArcelorMittal's deeply concessionary demands are unfair and unnecessary. At a time when the company, like the rest of the industry, is making more money faster than any of them can remember, management ignores our many years of sacrifice and seeks further concessions attacking our health care plans, bonus payments, security issues and other important benefits. The union has sacrificed wages over many years to maintain decent health care coverage. We have stepped up to help the company significantly reduce its operating costs. Our members and retirees have endured layoffs and losses. In many cases, our pain has been very real personally, in our steel communities and within the businesses we support.

ArcelorMittal is selling their steel at near record prices that have not been realized in the domestic industry for over a decade. They have paid themselves bonuses while the company struggled in the past and while the unionized workforce agreed to forgo wage improvements. They are once again very profitable and stable and have chosen foolishly to pick a fight with us. Management's behavior is inexplicable and unacceptable, and they are provoking a confrontation that baffles industry observers and threatens their customer base, communities where they operate and obligations to their stakeholders. Rather than constructively pursuing a settlement that would allow the company, its workers and stakeholders to share in the gains of a strong American steel industry, ArcelorMittal management is provoking a work stoppage that promises to bring pain to the communities in which it operates.

Stay strong and in support of your committee, we will succeed in our goals as long as we are united.

On behalf of your Local Union Negotiating Committee and in solidarity,



David McCall, Chairman
USW Negotiating Committee &
Director, District 1



Mike Millsap, Secretary
USW Negotiating Committee &
Director District 7