



# SUMMARY

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## **Proposed Agreement between Arcelor Mittal and the United Steelworkers**

**September, 2008**

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## **Introduction**

Brothers and Sisters,

Ensuring our viability and building long term success at ArcelorMittal Steel has been a process of struggle. When LTV Steel shut down in 2001, our Union was in the midst of an unprecedented battle to save our plants and our industry.

We responded to the challenge in many ways, including legislative actions, legal actions, and to bring attention to the crisis, we also planned and executed actions to highlight the need for social justice. One such action was to set up a tent city in Washington, D.C., where we took the problem of “homeless” steelworkers to our Congressmen and Senators. Shortly thereafter, when thirty thousand steelworkers rallied across the street from the White House, we took our issues all the way to the President.

And we won ... when we got tariffs on imported steel to give our industry breathing room to recover.

We then worked with ISG to create a new company and to restart our plants. We negotiated a new contract that maintained our standard of living, maintained decent working conditions, and, for the first time ever, we set up a VEBA Trust fund to provide benefits for our retirees from LTV even though they had never worked for ISG. And, with our pensions taken over by the Pension Benefit Guarantee Corporation, we brought everyone under the multi-employer Steelworkers Pension Trust in order to continue to provide decent pensions for all.

We won again ... when we then turned to the Acme Riverdale and Georgetown plants, with the companies in bankruptcy and those mills also on the verge of being shut down, we worked with the company to bring the plants to ISG.

Then we brought the former Bethlehem Steel plants into the fold, and under the ISG contract, we brought the Bethlehem retirees under the VEBA Trust fund and the active employees under the Steelworkers Pension Trust.

And we won again ... when we brought our brothers and sisters at Weirton into the fold.

When Inland-Ispat tried to extract concessions, we resisted, and when Lakshmi Mittal, through his company Ispat, bought out ISG and created Mittal Steel U.S.A., we brought the former Inland plants and our retirees under the contract as well.

Those victories made possible the current profitability of ArcelorMittal U.S.A. – now the largest, most productive and environmentally friendly steel company in the world. With the steel market experiencing its biggest boom in decades, this round of bargaining presented a

unique opportunity and a challenge.

When we started this round of bargaining, we recognized that our futures are tied to our competitiveness. Our production units must be state-of-the-art to be profitable in a global steel market. Therefore, we demanded \$3 billion in capital investment that ensures that our plants and mills are maintained at world class levels.

The fortunes of North American steel companies have changed dramatically, thanks in large part to the hard work of the steelworkers who make the product and maintain the mines and mills – the men and women who are proud to be members of the USW. Therefore, we put a package of substantial wage and benefit improvements on the table.

And we knew that none of this would have been possible without the hard work of those who went before us, building our industry and our Union. Therefore, we demanded continued funding for our VEBA Trust and continuation of decent and affordable health care for past and future retirees.

Although our bargaining went down to the wire, steelworkers across the company stood firm. When we asked for support by giving the Bargaining Committee and the International Union authorization to call a strike, if necessary, the result was overwhelming. In the face of that determination, the Company reconsidered some of its positions, and we reached a tentative agreement on Saturday morning, August 30. Our ability to achieve our goals was as a direct result of our unity, our determination and your support for your committee.

This new agreement not only assures us of the capital improvements we must have over the next few years, it also provides very significant wage and pension increases and improves our benefit programs. In addition, we have negotiated improved benefits and instituted protections to control the cost of retiree healthcare for our current and future retirees.

We believe that no union in the last decade has been able to not only reduce out-of-pocket expenses for retiree health care but also effectively increase what they have to live on each month by reducing contributions for benefits. In addition, for the first time, we locked in those improvements for the entire four years of the contract.

We should all be proud of our union's commitment to those who came before us.

As you read through this summary of the proposed new labor agreement, we believe that you will agree that, in our unity and our solidarity, we have fulfilled the commitments we made to ourselves, our retirees and our communities.

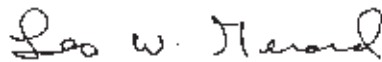
Our negotiating committee reached this tentative agreement for a new contract with ArcelorMittal after bargaining for more than four months. The process was at times frustrating, but, thanks again to your solidarity and support, we were able to frame a contract that benefits all active workers, young and old.

We are confident that we have made significant gains that will benefit us greatly in the years ahead.

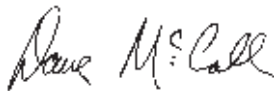
To view an actual copy of the contract language, please contact your Local Union representatives, each Local has a copy of the Settlement Agreement.

We submit this tentative agreement to you with our strong recommendation that you ratify it.

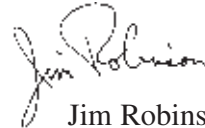
In solidarity,



Leo W. Gerard  
USW International President



Dave McCall  
Chairman of the USW/  
ArcelorMittal Negotiating Committee



Jim Robinson  
Secretary of the USW/  
ArcelorMittal Negotiating Committee



## **Highlights**

### **Term of Agreement:**

Upon membership ratification, the proposed Agreement will be retroactively effective to September 1, 2008 and expire on September 1, 2012; benefits agreements will remain in effect for an additional five months beyond the expiration date.

### **Wage Increases:**

Wage increases of \$1.00 per hour in the first year, 4% in the second year, 4% in the third year and 4% in the fourth year were negotiated for every location.

### **Signing Bonus:**

Each Employee who is actively at work on September 1, 2008 will receive a cash payment of \$6,000 as soon as possible after ratification. Employees who are laid off, receiving Sickness and Accident payments or Workers Compensation payments will receive their 2008 Signing Bonus when and if they return to work before September 1, 2009.

### **Profit Sharing:**

We accomplished our goal of securing a profit sharing plan that pays on the first dollar of profit without a threshold. For the duration of the proposed new contract, the profit sharing pool will consist of 7 ½% of the Company's EBIT and pay out at the end of each quarter.

### **Active Employee Benefits:**

The proposed Agreement provides improvements to the existing medical, prescription drug, dental, vision, life and S&A benefits for all eligible employees. Prescription drug co-pays are unchanged from the previous Agreement.

### **Pensions:**

For current ArcelorMittal employees who are covered under the ArcelorMittal USA Defined Benefit Pension Plan, the minimum pension formula multipliers will be increased as follows:

- UP to 30 years prior to Jan. 1, 2009 -- \$65
- Years of service over 30 years, prior to Jan. 1, 2009 -- \$85
- All years of service after Jan. 1, 2009 -- \$100

For ArcelorMittal employees covered by the Steelworkers Pension Trust (SPT), the contribution rate will be increased from \$1.80 to \$2.65 per hour. This will provide, at current SPT calculation rates, approximately \$100 per month, per year of service (depending on hours credited).

New hires at the former Weirton Steel will participate in the Steelworkers Pension Trust at the same contribution rates as all other ArcelorMittal USA Employees who participate in the SPT, while current Employees at the Weirton Facility will remain in the current 401(k) plan, and the Company will make contributions to the 401(k) plan equal to the contributions made to the SPT.

**Retiree Benefits:**

The proposed Agreement replaces the existing medical program for retirees with a new plan designed to mirror the healthcare plan for active employees. Post-1993 and future retirees from the former Inland plants will remain on their existing plan, and pre-1993 retirees will move up to the post-1993 plan. Retiree premiums for all retirees (including former Inland retirees) will be \$70 per month for pre-Medicare retirees and \$35 per month for Medicare eligible retirees; these amounts are a reduction for most retirees and will remain fixed for the term of the proposed Agreement.

**Funding Retiree Healthcare for the Future:**

Our bargaining committee fought to make sure the VEBA continues to fund benefits for current retirees and protects the healthcare of every ArcelorMittal retiree. To that end, the company will contribute \$25 million per quarter into the VEBA throughout the term of the BLA.

**Safety and Health:**

We have secured a number of important improvements to our Safety and Health language.

**Investment Commitment:**

In order to maintain competitiveness globally, the Company has committed \$3 billion to a capital expenditure program to maintain and improve our plants over the course of the proposed Agreement.

**Bargaining Unit Work:**

We have maintained and strengthened our industry-leading protection against the company's use of outside contractors to do our jobs.

**Training:**

The proposed Agreement expands and improves the existing training programs with improved opportunities for our members to be eligible for training.

**Term**

Upon membership ratification, the proposed Agreement is retroactively effective to September 1, 2008 and will expire on September 1, 2012. Benefits agreements will remain in effect for an additional five months beyond the expiration date.

**Wages and Job Classifications**

**Wage Rates**

Wage increases of \$1.00 per hour in the first year, 4% in the second year, 4% in the third year and 4% in the fourth year were negotiated for every location.

<b>Production &amp; Maintenance Hourly Base Rates of Pay</b>						
Labor Grade	Job Descriptions	Current Rate	Effective Date			
			9/1/2008	9/1/2009	9/1/2010	9/1/2011
1	Utility Person	\$16.39	\$17.39	\$18.09	\$18.81	\$19.56
2	Service Technician Plant Transportation Specialist	\$18.03	\$19.03	\$19.79	\$20.58	\$21.41
3	Operating Technician	\$19.94	\$20.94	\$21.78	\$22.65	\$23.55
4	Maintenance Tech. - Mechanical Maintenance Tech. - Electrical)	\$21.03	\$22.03	\$22.91	\$23.83	\$24.78
5	Senior Operating Tech.	\$22.40	\$23.40	\$24.34	\$25.31	\$26.32

**Signing Bonus**

Each Employee who is actively at work on September 1, 2008 will receive a cash payment of \$6,000. The signing bonus will not be used in the calculation of any other pay, allowance or benefit, but can be deferred to your 401(k) account and will be subject to all required tax withholding and Union dues.

Employees who are laid off, receiving Sickness and Accident payments or Workers Compensation payments will receive their 2008 Signing Bonus when and if they return to work within one (1) year of the Effective Date of the 2008 Basic Labor Agreement.

Probationary Employees will receive their 2008 Signing Bonus upon completion of their probationary period.

**Earnings Protection Rates**

Employees who are currently receiving the earnings protection (or “red circle”) rates will continue to receive that protection.

**Profit Sharing**

The Company will create a profit sharing pool consisting of 7 ½% of the Company's Quarterly Earnings Before Interest and Taxes (EBIT) and distribute the Pool within 45 days of the end of each fiscal quar-

ter. The fourth (4th) quarter payment will be distributed within 15 days following the date of the auditor's opinion of the Company's annual audited financial statements, which may include an adjustment for the correction of errors in prior quarters.

Instead of relying on a minimum threshold for profits to be disbursed, however, the plan has been improved so that it pays 7 ½% on the first dollar of profit.

### **Incentive**

Our incentive language has been changed to make it clear that new and modified incentive plans will be designed to afford Employees the earnings level and opportunity available under current plans. In all other circumstances, existing incentive plans shall remain unchanged.

## **Safety & Health**

### **Health, Safety and the Environment**

The Union was able to negotiate other improvements that will make ArcelorMittal a safer and better place to work.

Your bargaining team has secured a number of important improvements in our Safety and Health language. In order to provide our members with the safest workplaces possible, we have negotiated a minimum of 16 hours of site specific training for hourly and salaried employees who accept either inter-plant or inter-department transfers.

Likewise, all new hires (either hourly or salaried) will receive a minimum of 40 hours of health and safety training on their jobs.

In addition, the proposed new contract lays out a procedure to work with management and update or develop new Job Safety Analyses (or JSAs) for all the work performed in our plants, again giving USW members at ArcelorMittal a stronger voice in the critical area of safety in our plants.

Finally, we added fire and flame resistant clothing to the list of company-provided personal protective gear to which we are entitled.

Other important rights we have protected in the proposed new Agreement:

- The Right to Refuse Unsafe Work
- The Right to a Strong, Effective Union Safety Committee
- The Right to a Safe and Healthful Workplace
- The Right to a Proper Medical Program for Workplace Injuries
- The Right to a Reasonable Policy on Alcoholism and Drug Abuse
- The Union's Right to Participate in a Joint Environmental Efforts
- The Right to Union Safety and Health Representatives
- The Union's Right to Participate in Accident Investigations

## **Grievance and Arbitration**

The USW has always been aggressive in our contract enforcement, and having a grievance procedure that works both well and quickly is important to our members and the local unions. After all, a contract is only as strong as our means of enforcing it.

In addition, we have maintained and improved a “Justice and Dignity” provision in our contract that protects an Employee in cases of suspension or discharge by allowing them to stay on his or her job until the case reaches a final resolution based on the merits of the case.

## **Bargaining Unit Work**

We have been adamant that the Company must use USW represented workers to perform any and all tasks which we are capable of doing. Our protections against the use of outside contractors remain intact, as does our right to add jobs to our bargaining units if work performed by contractors reaches or exceeds the equivalent of one full-time Employee, defined as forty hours per week over a period of time sufficient to indicate that the work is full time.

We have also negotiated a new provision that creates an ongoing Task Force which will identify Work Subject to Transfer from contractors to the Bargaining Unit.

Likewise, in case of a dispute regarding the company’s use of outside contractors, the grievance can be handled under our expedited procedure.

## **Training**

Our bargaining committee and specifically, the training sub-committee, spent a lot of time discussing the need for a better method to ensure that all of our members have every opportunity to receive sufficient training to allow for opportunities to progress within the workforce and maximize their skills to the greatest extent possible.

Likewise, a better trained workforce is a safer workforce. Knowing this, we have negotiated the right for a full-time Training Coordinator at each plant, who will work with the labor-management Plant Training Committee at each location and will be responsible for coordinating and implementing the training program.

Finally, the Plant Training Committees will conduct an annual review of our workforce’s training needs, to be complete by January 15th of each year.

### **Craft Training**

A standardized, Company-wide Training Program to address the growing need for MTMs and MTEs is being established, with expanded opportunities for Union members to be eligible for training before newly hired candidates from the street. Employees will be paid either labor grade 3 or 4 for hours spent in the training program, depending on how far along they are in their advancement.

## Pensions

### ArcelorMittal USA Defined Benefit Pension Agreement (Formerly the Inland Steel Pension Plan)

**Multiplier Increase:** For ArcelorMittal employees who are covered under the ArcelorMittal USA Defined Benefit Pension Plan, the following amounts shall apply under the pension multiplier formula for employees who retire on and after January 1, 2009:

For Each Year of Benefit Service	Amount
Up to 30 Years	\$65.00
Over 30 Years	\$85.00
All Future Years of Service	\$100.00

**Retirement Supplements:** The \$400 Supplement for eligible Permanent Incapacity, 70/80, 30-Year, 62/15 and Rule-of-65 pensioners will continue until the retiree reaches an age sufficient to be eligible for 80% of full Social Security old age insurance benefits at Social Security retirement age. Also, the supplemental payment for retirees receiving less than \$560 will continue.

**Continuous Service Credits:** Employees who sustained a break in continuous service due to layoff between August 1, 1985 and August 1, 1999 and were recalled or rehired before September 1, 2008 will be credited with all lost Continuous Service for pension purposes.

**Supplemental Payments to Certain Surviving Spouses:** The Ad Hoc Increase payments to certain Surviving Spouses will continue and will be increased to \$100 per month for the life of the proposed Agreement. In addition, the biannual payments to certain surviving spouses will continue and will be increased to \$825 per payment for the life of the proposed Agreement.

**New Qualified Optional Survivor Annuity:** Effective for pension benefits which commence on or after January 1, 2008, a 75% Qualified Optional Survivor Annuity will be offered in addition to the existing Qualified Joint and Survivor Annuity. The new 75% Spouse Option, if elected by the participant, will provide a surviving spouse with a monthly payment equal to 75% of the participant's benefit.

### Steelworkers Pension Trust

**Contribution Rate Increase:** The Company has agreed to increase the contribution rate to the Steelworkers Pension Trust (the "SPT") for each Covered Employee's Contributory Hours from \$1.80 to \$2.65 per hour, effective September 1, 2008 (for hours worked in August 2008). At our current accrual rate, this increase would result in a monthly multiplier of \$100; however, the accrual rate is subject to review and change by the SPT Board of Trustees throughout the term of the proposed Agreement.

**Past Service Credit:** The Company will adjust and credit past service dates for former Bethlehem Steel Lackawanna employees who had a break in service and accepted severance pay, and who upon rehire repaid their severance pay.

**Contributory Hours:** The definition of Contributory Hours has been modified to include hours for

absences during which the Employee is receiving Sickness and Accident benefits for up to two years, during which time the Employee will be considered for this purpose alone to have worked forty hours per week.

Pension Enhancement Payment (PEP): The proposed new Agreement provides a \$10,000 lump sum Pension Enhancement Payment for certain Employees who retire between January 1, 2009 and the end of the contract. To be eligible for the PEP, an employee must be at least 56 years old as of Sept. 1, 2008 and at least 60 years old on their retirement.

### **Weirton Facility**

New Hires: All new hires at the Weirton Facility will participate in the Steelworkers Pension Trust at the same contribution rates as all other ArcelorMittal USA Employees who participate in the SPT.

Current Employees: Current Employees at the Weirton Facility will remain in the current 401(k) plan, and the Company will make contributions to the 401(k) plan equal to the contributions made to the SPT, based upon the same terms and conditions as the SPT.

Long Term Disability: Effective January 1, 2009, the Company will provide a long term disability plan for Weirton Facility employees who become disabled during the term of the Proposed Agreement.

### **401(k) Savings Plan**

Eligibility: Effective September 1, 2008, all active Employees and new hires are eligible to participate in the 401(k) Plan; new hires will no longer be required to wait until they complete their probationary period to participate in the Plan.

Contributions: Employees may elect to make, increase, or decrease contributions each pay period, and may contribute from 1% to 50% of their regular compensation and from 1% to 100% of their profit sharing to the Plan.

Loans: Employees may take out up to two loans from their 401(k) Plan account.

Automatic Enrollment for New Hires: Beginning no sooner than January 1, 2009, new hires will be automatically enrolled in the Plan at a 5% deferral rate unless they affirmatively elect to opt out in advance. An employee who is automatically enrolled in the Plan can change or eliminate their deferral election at any time.

## **Employee Benefits**

Note: Unless otherwise noted, the effective date of the benefit changes listed below is January 1, 2009.

During the course of these negotiations, we struggled to align the benefits among all of our facilities and gain the improvements we managed to achieve. The highlights below outline the changes to the PIBs that will be applicable to both the former ISG and Inland plants.

### **Medical Benefits – All Facilities**

Prior to getting into the “meat” of the benefit programs, your bargaining committee spent considerable

time and effort working with the Company to develop a Wellness Program that will be implemented for all Active Employees at all facilities. The Union will continue to participate in the development of these programs and is committed to making sure that these programs work to improve the health and well-being of our members.

In order to achieve this goal, a Joint Wellness Committee will be established to monitor these programs and evaluate new options that may become available during the term of this Agreement. The details of these programs will be communicated to you as they evolve. However, in order to recognize the serious commitment to this initiative, Preventive Care Services will be covered at 100%, without any copayments or being subject to deductibles and coinsurance and the benefit maximum under the former Inland PIB will be eliminated.

The current PPO programs under the former ISG and Inland PIBs will be continued with no changes to the deductibles, coinsurance levels, out-of-pocket maximums or office visit copayments and will be administered by the current vendors.

The following is a list of new benefits that will be included in the Medical program. *Unless otherwise indicated, the benefit changes will be applied consistently to both PPO programs:*

**Hearing Aid Coverage** - Under the new Agreement, hearing aids as well as the exam and fitting or replacement of hearing aids will be covered. The maximum benefit is \$1,500 per ear and is available every three years. Replacements will be covered if three years have passed since the original hearing aids were purchased.

**Wellness Initiative** - We have tentatively agreed to work with the Company to establish a Wellness Program during the term of this Agreement. The details of this program will be communicated to you as they evolve. However, in order to recognize the serious commitment to this initiative, Preventive Care Services will be covered without any copayments. This means that routine physicals for adults and children will not be subject to the \$15 copayment. In addition to the increased coverage for Preventive Care Services, going forward the parties agreed to a bona fide preventive schedule of services and procedures and will review it annually as it may be updated by the vendor.

**Lifetime Maximum** - The lifetime maximum will be increased to \$5,000,000 with an additional \$1,000,000 for transplant services. The lifetime maximum will be reset as of January 1, 2009 for all participants.

**Miscellaneous items** - The proposed Agreement also provides for the following:

- Lap Band Surgery, when medically necessary
- Clarification of Cosmetic Surgery coverage
- Removal of exclusions for elective abortions, reversal of sterilization and artificial/mechanical hearts
- Coverage for penile implants, when medically necessary
- Alignment of coverage for orthotic devices between the two PIBs

### **Prescription Drug Benefits**

The following outlines the changes that will become effective January 1, 2009 for the Prescription Drug plans.

**Weight loss Medications** - These medicines will be covered to the extent that they are medically necessary.

**Smoking Cessation Medications** - The copayment for Smoking Cessation medications purchased at a retail pharmacy will be \$0. The \$700 limit under the former Inland plan is removed.

**Prior Authorization Addition** - Coverage will be added for the ED (erectile dysfunction) class of drugs. These medications will be subject to prior authorization and will be limited to 8 pills per month.

The exclusion for birth control medications and devices will also be removed from the former Inland PIB.

### **Dental Care Benefits**

The following represent the changes under the tentative Agreement that will be applied to the Dental programs effective January 1, 2009.

- Increase Annual Maximum to \$2,000, \$1,500 of which can be applied specifically towards services from non-participating Dental providers.
- Increase Lifetime Orthodontic Maximum to \$2,500

### **Former ISG Plants**

- Eliminate the deductible when using participating providers
- Increase coinsurance for Restorative, Periodontal, Crowns, Inlays and Onlays and Oral Surgery to 85%

### **Former Inland Plants**

- Eliminate \$50 family deductible for out-of-network services

### **Vision Care Benefits**

The structure of the current Vision Care Programs will not change. However, we were able to increase the frequency of services for eye exams, lenses, frames and contacts to once every 12 months, in the event that the member's prescription has changed. The allowance schedule for non-participating providers will be updated as follows:

Type of Lens	Benefit per Lens
Single Vision	\$50
Bifocal	\$55
Trifocal	\$60
Lenticular	\$65
Contact	\$60
Frames*	\$85

\*Frames up to a \$120 retail value are available from a retail network provider at \$60. Purchase of frames is limited to once every two years.

### **Life Insurance**

Effective January 1, 2009, the basic Life Insurance amount for employees of the former Inland plants will be increased to \$50,000.

Effective January 1, 2009, all Employees will be afforded an opportunity to participate in an Optional Life Insurance Program and will be able to purchase an additional \$50,000 without providing Evidence of Insurability (unless previously denied by the insurance company or already at the maximum benefit). Further details about the Optional Life Insurance Program, including the cost will be included in the 2009 Open Enrollment Material.

### **Sickness and Accident Benefits**

Effective as of the date of the BLA, all employees will be covered under one S&A Program that will follow the benefits currently provided to the former Inland Employees.

The new benefit formula for S&A benefits will be equal to 70% of your base rate of pay up to a maximum of 40 hours.

Additional changes to the S&A program include:

- Benefits will begin on the 1st day of disability resulting from accident or the first day of inpatient hospitalization or outpatient surgery and on the 8th day of disability resulting from sickness;
- The 1040 hours requirement for the former ISG plants has been removed;

### **General Provisions**

By no later than January 1, 2010, Employees will also have the ability to purchase Optional Long Term Care insurance.

A joint benefits Committee will be established and will meet at least semi-annually to review issues involving the Active and Retiree programs.

The Waiver of Coverage premium will be increased to \$300 per month. This premium will be paid to Employees who opt out of the PIB and certify that they are enrolled in their spouses plan. You cannot, however, receive both the Working Spouse reimbursement and the Waiver premium, if applicable.

In addition, the following general provisions apply to the former ISG plants:

- Employees with 20+ years of service will be eligible for 24 months of continued coverage in the event of a non-compensable injury or illness;
- Student certification will be performed semi-annually. Coverage for dependent children will continue until the end of the month of the semester in which the child is no longer eligible;
- Any Employee or eligible dependent covered by Medicare as their primary insurance will be reimbursed the entire amount of the Medicare Part B premiums on a quarterly basis.

For the former Inland plants, coverage for new hires will be effective on the first day of employment.

## **Retiree Benefits**

We entered into this round of bargaining with a goal to secure the benefits and financial well-being of our retirees and we were able to do just that.

Effective January 1, 2009 and throughout the term of the BLA, the monthly per adult premiums for

retirees will be as follows:

- Pre-Medicare - \$70
- Medicare Eligible - \$35

In addition to securing the premium payments for our retirees, we were successful in streamlining the benefits from active to retired status. All of the same benefit enhancements listed above for the active healthcare benefits will also be applied to the retiree programs, with the following exceptions.

For the former ISG plants (including Weirton), retirees will enjoy access to the same preventive care benefits, but will be subject to copayments and coinsurance as they are today.

For the former Inland retirees, all those enrolled in the pre-1993 program will be transitioned to the PIB III. The PIB III program will also be modified to remove the \$150 limitation for preventive care and to expand coverage for organ transplants to mirror that of the active PIB.

### **Retiree Life Insurance**

Effective January 1, 2009 all prospective retirees will receive life insurance benefits as listed below:

- Prior to age 62 - \$25,000
- Age 62 and after - \$15,000

### **Funding Retiree Healthcare for the Future**

In the face of much adversity, we fought to ensure the security of our current and retirees as well as our “Legacy” retirees from Acme Riverdale, Bethlehem, LTV and the other predecessor companies, as well as those to come in the future. As many of you know, when bargaining with ISG back in 2002-2003, we established a Benefit Trust (or VEBA) into which certain monies would be placed to fund benefits for the retirees of our former employers.

This has been a successful venture that’s generated valuable benefits for our Legacy retirees. It was important to your bargaining committee that the VEBA continue to fund these types of benefits and protect the healthcare of every ArcelorMittal retiree. To that end, additional monies, in the amount of \$25 million per quarter will be deposited into the VEBA throughout the term of the BLA.

A budget has been established for the Legacy retirees which should make it feasible to continue the current level of benefits. In addition, current and future ArcelorMittal retirees will receive the benefit of fixed healthcare premiums during the term of this contract, the funding of which will come from the VEBA. We should also be left with a significant cushion in the VEBA going into the next round of bargaining to further secure retiree benefits.

## **Other Economic Issues**

### **Inflation Recognition Payment (IRP)**

The proposed Agreement leaves the IRP unchanged from the expiring contract, with only the Thresholds updated. Therefore, it still protects employees from annual inflation greater than three percent. Employees are eligible for an Inflation Recognition Payment (IRP) according to a formula that works on a calendar quarter basis.

At the end of each quarter, the Union and the Company will look at the current consumer price index (CPI) and compare it to thresholds that reflect an annual inflation rate of 3 percent since the beginning of the contract. If inflation rises a full percentage point more than three percent, employees will receive a bonus payment.

The IRP payments remain based on all hours actually worked in the relevant quarter (including over-time hours) and do not “roll in” to any wage rate or other benefit.

### **Bereavement Leave**

We have negotiated improvements to our existing bereavement leave. Under the proposed Agreement, the bereavement leave for the loss of a parent, sibling or grandchild who has lived with the member has been increased to five (5) days.

### **Severance and Relocation**

Increased the maximum severance payment from \$60,000 to \$70,000.

Reduced the distance of an interplant job offer to 50 miles.

Employees who accept an interplant job transfer to a plant more than 100 miles from home will receive a relocation allowance of \$5,000 when they relocate their permanent residence. The previous relocation allowance was \$500.

### **Military Leave**

An employee with six months or more of Continuous Service who is a member of the National Guard or Reserves and who is called to active duty while in active pay status and working will be eligible for a Military Leave of Absence from work. Such employees will receive a pay differential, credit for eight hours per day up to forty hours per week for profit sharing calculation purposes, and continuation of certain benefits in accordance with Company policies.

## **Corporate Issues**

### **Investment Commitment**

It's obvious that our long term security is better protected when our plants are well maintained and modern and this contract sets a new higher world class standard for the level at which our plants are to be maintained. The Company has committed to spend at least \$3 billion to maintain and improve our plants over the course of the proposed Agreement. The company has also committed to acquire and maintain long term stable supplies of coke and iron ore from sources in the United States and Canada. The effort to remain self-sufficient is key to maintaining a strong steel industry in North America and protecting our jobs.

### **Partnership**

The Article on Joint Efforts has been improved in a number of important ways. The Company will now provide joint training off-site joint training to facilitate and enhance our cooperative efforts, including conflict resolution training and communication training. The Company will pay presidents and grievance chairs for partnership meetings.

Also, the Strategic Committee established under the Partnership section of our proposed new Agreement will be responsible for the oversight and implementation of the company's commitment to invest in our plants.

We have increased funding for our Public Policy Fund, through which we drive our Stand up for Steel and Alliance for American Manufacturing issues and continue our unfair trade battles, from 10¢ per ton shipped to 12¢.

### **Energy Efficiency and Carbon Emissions Task Force**

Climate change may be the greatest long-term challenge facing the steel industry and all energy-intensive industries. The Union has been calling for action on climate change for almost twenty years – both to reduce the emissions of greenhouse gases that threaten uncontrolled global warming, and to do so in a way that protects union jobs in our basic industries.

The proposed new Agreement establishes a labor-management Carbon Emissions Task Force to work jointly to identify, analyze, and make recommendations regarding ways to conserve energy, improve energy efficiency and reduce green house gas emissions at the operating facilities of the Company.

## **Other Important Changes**

### **Local Issues**

Each Local Union has negotiated a series of Local issues both economic and non-economic in nature. Your Local can provide an overview of the various accomplishments each Local Union Bargaining Committee achieved.

### **Workforce Planning**

In addition to the other provisions of the contract, the Company has agreed that it will develop workforce plans that ensure timely hiring of additional Employees upon when anticipated attrition will result in a shortage of trained Employees in any unit(s) of the plant or when sustained high levels of overtime worked in any unit(s) of the plant demonstrates that additional forces are needed to return to reasonable levels of overtime. Hiring will, to the extent practicable, be completed in sufficient time to provide training such that the new Employee(s) will be capable of providing for uninterrupted operations without resort to unreasonable overtime to cover the shortfall in Employees.

### **Transfer Delays (Hostages)**

In some plants we have had problems with management refusing to release Employees who have elected to transfer to a new job. A new provision requires the that if the Company does not assign the Employee to the new job on the sixty-first (61st) day, all subsequent hours worked will be calculated at overtime rates until the Employee is assigned to the new job. The parties have agreed to delay the effective date of the overtime penalty provisions associated with Article Five Section E (10) (e) until September 1, 2010.

### **Changes to Certain Paydays**

The former ISG facilities have established paydays on Thursdays. We have agreed to move the Thursday payday to Monday in order to resolve two (2) problems. The Company has agreed to provide

an express check process at each plant so that when a shortage correction or an approved advance is required the check can be processed within 24 hours. More importantly, when a holiday falls on a payday, payday will be moved to the business day prior to the holiday. For plants affected by this move, the Signing Bonus will be paid on Thursday of the week in which the payday is being moved to Monday.

## **Other Non-Economic Changes**

### **Vacations**

We can now use up to 10 days of our allotted vacation time on a day-at-a-time basis. We also removed the company's right to force you to schedule vacation during a shut down.

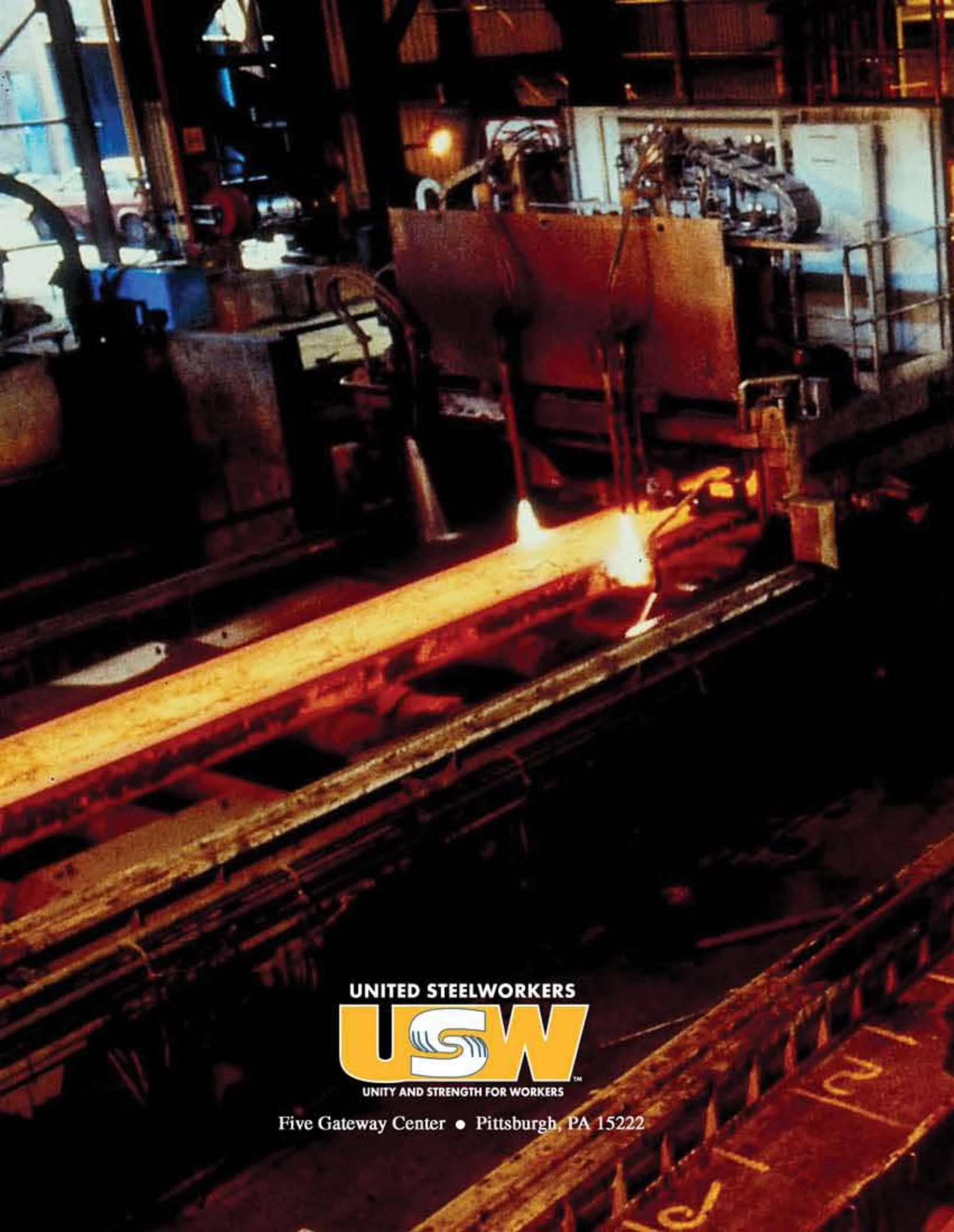
### **Family & Medical Leave Act (FMLA)**

We changed the FMLA Eligibility and Entitlement language to ensure that the company can no longer force us to use FMLA while off on S&A or Workers' Compensation.

### **Hiring Preference**

We have extended our hiring preference language provision to include the direct relatives of retirees in addition to current hourly employees.

# NOTES



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