

2506
1400 ee

SETTLEMENT AGREEMENT
BETWEEN AK STEEL CORPORATION
AND
UNITED STEELWORKERS OF AMERICA
INTERNATIONAL UNION AND LOCAL 1865

This is to confirm the agreement reached this 31st day of August, 2000 between AK Steel Corporation ("Company") and the United Steelworkers of America AFL-CIO-CLC ("Union") for a successor agreement to the current labor agreement, which consists of the Labor and Benefit Agreements between Armco Steel Company, L.P. and the USWA dated August 1, 1989 as extended by the various extension agreements in 1993 and 1994 and continued and modified by the various agreements entered into during the course of the negotiations in 1993, 1994 and 1995, by the Interest Arbitrator's Decision, and by the March 19, 1997 Letter, and which remain in effect until midnight on August 31, 2005, except as specifically modified by this Settlement Agreement, as follows:

This Settlement Agreement provides for the following:

1. An expiration date of 12:01 a.m. September 1, 2005.
2. Effective March 1, 2001, increase the standard hourly wage rate for each job by \$0.50.
Effective September 1, 2002, increase the standard hourly wage rate for each job by \$0.50.
Effective March 1, 2004, increase the standard hourly wage rate for each job by \$1.00.
Incentive workers will have these rate increases applied to the hourly add-on.
3. Additional changes set forth in the attached Appendices _____ through _____.

1

[Handwritten Signature] 9/11

4th pages

AK STEEL CORPORATION
ASHLAND WORKS

USWA NEGOTIATIONS
COMPANY PROPOSAL
August 31, 2000

• Pensions

For Each Year of
Continuous Service

Effective 9/1/01

Effective Date 9/1/03

(For Retirements on
or After 9/1/00.)

(For Retirements on
or After 9/1/00.)

Up to 30 years
In excess of 30 years

\$52.50
70.00

\$56.25
75.00

• Transition Benefit

Provide a Transition Benefit, for 30-year pensions, of \$300 per month until age 62 or eligibility for Social Security.

• Permanent Incapacity Pension

Accept Union proposal of August 24, 2000. (APPENDIX A)

• Institute for Career Development and Overtime Control Fund Appendix

Accept Union proposal of August 25, 2000. (APPENDIX B-1 & B-2)

• Vacation Eligibility

Years of Service

Entitlement—Weeks of Vacation

1 but less than 3
3 but less than 8
8 but less than 15
15 but less than 24
24 or more

1
2
3
4
5

• REACT Coverage

On the contract effective date, the Company will provide REACT coverage for all employees as set forth below:

- Eliminate paragraph 3.14(e) of the Pension Agreement such that no charges for the Pre-Retirement Survivor Annuity under such paragraph will be made.
- Provide automatic coverage of employees under paragraph 3.14 of the Pension Agreement, except for those participants who continue their coverage under the Pre-Pension Spouse provision under paragraph 3.13 of the Pension Agreement.
- Provide that participants will not be eligible to elect Pre-Pension Spouse Coverage



under paragraph 3.13 Pension Agreement, except for Pension Spouse Coverage that (i) is in effect as of August 31, 2000, and (ii) is not subsequently terminated by the participant.

• Automatic Five-Year Term Certain – Pre-Retirement Death

On the contract effective date, the Company will expand paragraph 3.17 of the Pension Agreement as set forth below:

Pre-Retirement Death

- 3.17(d)(1) In the event a participant who is eligible to retire (on other than a deferred vested pension) makes application for retirement during any calendar month and then dies in the month in which his retirement occurred (while such application for retirement is pending), the benefits provided under this paragraph 3.17 will be paid as if the participant had survived until such requested retirement date. Notwithstanding anything to the contrary contained herein, the protection afforded by this paragraph (1) shall be inapplicable to any participant who has, on or after January 31, 1995, filed an application for retirement and then revoked the same; provided, however, the protection provided by paragraph (2) below shall be applicable.
- (2) In the event a participant who is accruing continuous service and who is eligible to retire on a 30-year, 60/15, 62/15, or normal retirement dies prior to making application for retirement, the benefits provided under this paragraph 3.17 shall be payable in the amount determined in accordance with paragraph 3.3(b) or (c), if applicable, after taking into account the adjustments to be made by paragraphs 3.7 and 3.13(f) as though the participant had retired on the date of his death.

• Automatic Fifty Percent Spouse Option

On the contract effective date, the Company will provide that the automatic 50 percent Spouse Option will:

- a. Provide in paragraph 3.15(g) that if a participant's spouse dies prior to the death of the participant, the net reduced pension otherwise payable to such participant during his remaining lifetime will be increased effective with the month following the month the spouse died, by eliminating the reduction applied in paragraph 3.15 (a); and
- b. Use in paragraph 3.15(a) of the Pension Agreement a revised Table of Percentages, Exhibit B, (which will be mutually agreed upon by the parties) that reflects the additional costs of providing the increased pension benefits payable to the participant subsequent to the death of the participant's spouse.

• Payments to Certain Surviving Spouses

- On the contract effective date, the Company will provide to the existing group of pre-1993 surviving spouses currently receiving these lump sum payments for the

[Handwritten signature]
9/11

term of the contract effective date, Collective Bargain Agreement with annual payments increased by the attached schedule:

	<u>11/00</u>	<u>5/01</u>	<u>11/01</u>	<u>5/02</u>	<u>11/02</u>	<u>5/03</u>	<u>11/03</u>	<u>5/04</u>	<u>11/04</u>	<u>5/05</u>
Pre'74	<u>\$500</u>	<u>\$525</u>	<u>\$525</u>	<u>\$550</u>	<u>\$550</u>	<u>\$575</u>	<u>\$575</u>	<u>\$600</u>	<u>\$600</u>	<u>\$625</u>
Post'74	<u>300</u>	<u>325</u>	<u>325</u>	<u>350</u>	<u>350</u>	<u>350</u>	<u>350</u>	<u>375</u>	<u>375</u>	<u>375</u>

• No Recovery of Certain Pension Overpayment

- Provide that any pension benefit overpayment shall not be deducted from future benefit payments unless the calculation error was caused by the participant's failure to notify the Company of his or her entitlement to Social Security disability benefits, or by a fraudulent or deceptive act of the participant.

• Program of Insurance Benefits (Active Employees)

•• Life Insurance

On the contract effective date, the Company will increase life insurance by \$5,000 for all active employees. On the contract effective date, the Company will increase life insurance for future retirees from \$5,000 to \$7,500. The reduction from the active life insurance amount to the retiree amount occurs at age 62 regardless of age of retirement. . .

•• Sickness and Accident Benefits

On the contract effective date, all classifications of Sickness and Accident Benefits will have the weekly benefits increased as set forth below:

On the Contract Effective Date: \$75 per week
 One Year After the Contract Effective Date: 25 per week
 Three Years After the Contract Effective Date: 25 per week
 Four Years After the Contract Effective Date: 25 per week

•• Vision Benefits

On the contract effective date, the Company will increase the vision benefits to the levels set forth below:

<i>Vision</i>	<i>Benefit</i>
Examination	\$35
Frames	55
Lenses (Per Lens):	
Single Vision	25
Bifocal	30
Trifocal	35
Lenticular	40
Contact	40

5

[Handwritten Signature]
 9/1 9/11/91

•• Dental Benefits

On the contract effective date, the Company will increase the calendar year maximum benefits to \$1,600. Additionally, the orthodontic coverage will be increased to 85 percent with a lifetime maximum of \$1,800.

•• Chiropractic Coverage

On the contract effective date, the Company will increase the Major Medical annual cap for chiropractic services to \$700.

•• Hearing Aids

On the contract effective date, the Company will increase the hearing aid benefit for active employees (including covered dependents) to \$1,000 for the term of the Agreement. Coverage will be included in the Traditional Plan.

•• Major Medical

On the contract effective date, the Company will increase the lifetime maximum to \$500,000.

•• Mammograms, Prostate Examinations and PSA Exams

On the contract effective date, these exams shall be covered by Major Medical.

•• Working Spouse Provision

On the contract effective date, the Company will amend the requirement that a working spouse must purchase health care coverage when made available by his/her employer to apply only to working spouses who are not considered part-time employees; i.e., a part-time employee is one who works 32 hours or less per week. Include premium reimbursement on working spouse, per attached.

APP.
B-3

•• Additions to 401K Plan—per attached side letter.

APPENDIX C

•• Lifetime Maximum Under Community Choice

Increase lifetime maximum for in network to \$2,000,000.

•• Program of Insurance Benefits (Future Retirees)

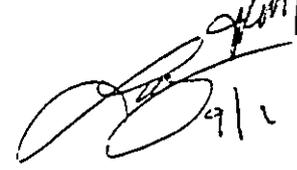
•• Major Medical

Increase lifetime maximum to \$100,000.
Eliminate annual maximum.

•• Mammograms, Prostate Examinations, and PSA Exams

On the contract effective date, these exams shall be covered by Major Medical.

6

 9/11
9/11

•• Lifetime Maximum Under Community Choice

Increase lifetime maximum for in network to \$2,000,000.

•• Working Spouse Provision

Include premium reimbursement on working spouse, per attached.

APP B-3

• Additional Continuous Service

Accept Union proposal, on contract effective date.

APPENDIX D

• Union Committeeman and Officials

Accept August 24, 2000, Union proposal, on contract effective date.

APPENDIX E

• Unpublished Industry Letters

Renew safety and health indemnification (4/15/80), duty of fair representation (3/1/83), and application of no-strike clause to sympathy strikers (3/1/83) unpublished industry letters. No renewal of other unpublished industry letters.

APP
F-1
F-2
F-3

• Seniority Charts

Update within 30 days of contract effective date.

~~APPENDIX C~~

• Resolve Incentive Issues for Clerks and Electric Power

APPENDIX G

~~(Withdraw Unfair Labor Practice Charge Requesting Contracting Out Arbitration Decisions) With Agreement on Trade and Craft/Contracting Out Memorandum~~

• All Other Previously Agreed Tentative Agreements

APP H-1 INVESTIGATIVE SUSP.

~~• Reject All Other Union Proposals~~

H-2 SAFETY SHOES

• Employment Security

H-3 PRINTING PREPARATION

Accept Union proposal of June 7, 2000.

APP, I

H-4 PRINTING CONTRACTS

• Single-Day Vacation

Accept attached proposal.

APP, J

H-5 O.T. AVERAGING

H-6 HOLIDAYS

H-7 FMLA

• Probationary Employees

Accept Union proposal of August 31, 2000.

APP K

• Holiday Scheduling

Company and Union shall meet and discuss issue.

7

mt 9/1
9/1/11

• Assigned Maintenance Seniority Department Chart

Accept Union proposal of August 25, 2000.

APP L.

• Vacation Bonus

Accept Union proposal of June 7, 2000.

APP M

- LAG DATES APP. N
- GRIEVANCE BACK LOG APP O
- CAPITAL INVESTMENT APP P
- UNASSIGNED PERSONNEL APP Q
- NEUTRALITY APP. R
- UNPUBLISHED MEMORANDUM - T+C REVIT
+ CONTRACTING OUT APP S
- UNPUBLISHED M.O.U. ON OVERTIME APP T
- UNPUBLISHED LETTER O+T APP U

DMT 9/1
9/1/91

EXHIBIT 3F

Amend Section 2.5 of the Pension Agreement (Eligibility for Permanent Incapacity Retirement) as follows:

A participant shall be considered to be permanently incapacitated (as "permanently incapacitated" is used herein) only (a) if he has been totally disabled by bodily injury or disease so as to be prevented thereby from engaging in any employment to which he would be entitled according to the terms of the Basic Agreement.

[Handwritten Signature]
at. Jan 19/11

Accept company's proposal on ICD/OCTF
with following modifications:

The current balance of funds in the OCTF
will be shifted to the ICD ledger account.

In the event that the ICD account balance
falls beneath \$200,000.00 during the term of
the agreement the company will begin payment
of the additional .05 per hour worked

APP B-1

Ray 9/11
9/11

Re: Institute for Career Development (ICD)
and Overtime Control Training Fund (OCTF)

The Company agrees to the following: transfer the remaining balance in the discontinued OCTF to the ICD ledger account; all OCTF obligations shall remain eliminated; and the existing ICD agreement shall be continued.

//

[Handwritten signature]
9/11/91

- d. Effective November 1, 1999, spouses of any participant in this Plan who are employed by any employer which offers health care coverage must enroll in that plan if the spouse's employer pays any part of the cost of such coverage. This requirement is not applicable for employees' spouses who work less than 32 hours. In the event the spouse is required to pay more than 50% of the cost of the coverage, the company will reimburse the employee for any premium/cost paid by the spouse which is more than 50% of the cost of coverage for that employee.

9/11
9/11

August 16, 2000

TA

Mr. Ernest R. "Billy" Thompson
Director, District 8
United Steelworkers of America
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

Dear Mr. Thompson:

Re: *Section 401K Retirement Savings Plan*

This confirms the following agreements reached during the 2000 negotiations regarding the Section 401K Retirement Savings Plan applicable to the USWA Production and Maintenance Bargaining Unit, effective [contract effective date].

1. Individual participant Plan contributions will be permitted to the maximum amount allowable by law.
2. Up to and including three additional Plan investment options may be selected by the Union from the available fund options. The Union agrees to meet with representatives of the fund manager prior to notifying the Company of its selection(s).
3. Plan participants who have taken a loan under the Plan provisions for an amount less than the maximum loan available under Plan and legal restrictions will be permitted to take a second loan for the remaining amount up to said restrictions.

Sincerely,

L. W. Gonce
L. W. Gonce
Manager
Industrial Relations

Confirmed:

Ernest R. Thompson
Ernest R. "Billy" Thompson, District Director
United Steelworkers of America

8-16-00
Date

13

[Handwritten signature] 8/9/00
[Handwritten signature] 8/9/00

A.P.D

Exhibit 3B

September 1, 2000

Mr. Ernest R. Thompson
Chairman - Union Negotiating Committee
United Steelworkers of America
Five Gateway Center
Pittsburgh, PA 15222

Dear Mr. Thompson:

This is to confirm our understanding with respect to employees who are accruing pension continuous service as of September 1, 2000 and who incurred breaks in basic labor agreement and pension continuous service due to layoff after January 1, 1980 and who were recalled or rehired prior to September 1, 2000:

1. Employees who meet the above criteria will be credited with one additional year of pension continuous service (and basic labor agreement continuous service) except as they were recalled within three years following the date last worked in which case they will be credited with the lesser of (a) one additional year of pension continuous service (and basic labor continuous service) or (b) a period of pension continuous service (and basic labor continuous service) equal to the period between the date that such employee sustained a break in pension continuous service (and basic labor continuous service) and the date such employee was recalled.
2. Continuous service credited in (1) above will also apply to continuous service for vacation eligibility purposes.

Yours very truly,
AK Steel

Chairman - Negotiating Committee

Confirmed:
United Steelworkers of America

Ernest R. Thompson
Chairman - Union Negotiating Committee

14

[Handwritten signature] Jan 9/11

(b) use in paragraph 3.15(a) of the Pension Agreement a revised Table of Percentages, Exhibit B, (which will be mutually agreed upon by the parties) that reflects the additional costs of providing the increased pension benefits payable to the participant subsequent to the death of the participant's spouse.

OK f. **Additional Continuous Service**

Provide additional pension continuous service and basic labor continuous service in accordance with the provisions of Exhibit 3B.

OK g. **Lag Dates**

Agree to continue the existing benefit lag date system as set forth in Exhibit 3C.

OK h. **Union Committeemen and Officials**

Effective August 31, 2000, amend the definition of earnings contained in paragraph 1.1(h) of the Pension Agreement to add to the group of union committeemen and officials for whom earnings maybe adjusted to be "fairly representative" because they were absent on union business, the following:

ICD Committee

APPENDIX E

i. **Special Payments for Certain Retirees**

Agree to increase pensions for certain retirees as set forth in Exhibit 3D.

OK j. **Payments to Certain Surviving Spouses**

Accept Company's proposal.

k. **Transition Benefit**

Provide a Transition Benefit, for 30-Year Pensions, of \$300 per month until age 62 or eligibility for Social Security Disability.

OK l. **No Recovery of Certain Pension Overpayment**

Agree with Company's proposed language.

OK m. **Three additional elections in 401(k) Plan.**

Form Union committee to work with Fidelity and select elections.

Jan 9/11
9A

APP-F-1

ok
8:30.00

April 15, 1980

Mr. Lloyd McBride, President
United Steelworkers of America
Five Gateway Center
Pittsburgh, Pennsylvania 15222

Dear Mr. McBride:

During the negotiations leading to the August 2, 1980 Agreement, the parties, the Coordinating Committee Steel Companies and the United Steelworkers of America, hereinafter referred to as the Union, discussed the Union's role under Section 14, Safety and Health, of the United States Steel Basic Labor Agreement (and its counterpart provisions in the Basic Labor Agreements of the other Coordinating Committee Steel Companies) and the applicable Federal and state laws.

The Union has reaffirmed that it is each Company's responsibility to make reasonable provisions for the safety and health of its employees at the plants during the hours of their employment and the Union's role in this regard will be supportive in promoting safe and healthful practices and programs. Further, the Union has reaffirmed that it will make every reasonable effort to encourage the active cooperation of its representatives and members with such practices and programs and will discourage premature and/or unnecessary appeals to governmental bodies to intervene in the resolution of any issues.

Paragraph 9 of Section 14 of the United States Steel Basic Labor Agreement (and its counterpart provisions, if any, in the Basic Labor Agreements of the other Coordinating Committee Steel Companies) states the parties' intention that the Union is not liable for any work-connected injuries, disabilities or diseases which may be incurred by employees. In order to effectuate this intent, whether or not it is expressly stated in the Basic Labor Agreements and to encourage the Union to discharge its obligation to cooperate with and assist the Companies in fulfilling their responsibilities under the Basic Labor Agreements and the law, each Company shall indemnify the Union, its committees, officers, agents, and employees, against claims and suits for damages when such claims or suits involve or arise from the Union's participation or involvement in contractual safety and health matters and are based on any injury or illness, including death, of employees of that Company arising or growing out of and in the course of the employment of such employees by that Company, except that this obligation shall not apply to a claim or suit based on an explicit overt act of negligence on the part of the Union or any agent of the Union or to a claim or suit based upon an agreement by the Union to indemnify or insure employees of that Company.

The obligation of each Company to indemnify the Union shall be subject to the following conditions:

1. The Union shall give the Company immediate written notice of any claim made against the Union, its committees, officers, agents and employees and shall effectively tender to the Company control of the defense and settlement of such claim; and
2. The Union, its locals, committees, officers, agents, members, attorneys, and employees shall bring forth all information relevant to the claim against it and cooperate

16

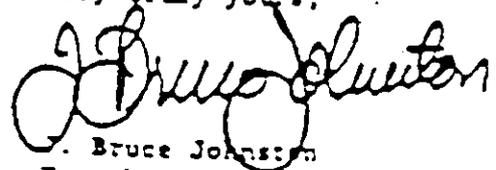
[Handwritten signature]
9/11

fully with the Company, at no expense to the Company, in the investigation and defense of all claims, and shall not have taken and will take no action prejudicial to the successful defense of the claim; and

3. The Company shall have all rights of defense, setoff, counterclaim and subrogation in connection with such claims which may be available to the Union, its committees, officers, agents and employees and any necessary person shall execute such instruments as may be reasonable and appropriate to enable the Company to exercise such rights; and
4. The Company shall have no duty to indemnify the Union, its committees, officers, agents, or employees against any claim resulting in whole or in part from the failure or refusal of a member of the Union to use equipment or procedures established and made known to the employees by the Company when such failure or refusal was overtly condoned or supported in any manner by the Union; and
5. Failure of the Union to comply with Paragraphs 1, 2, and 3 hereof shall relieve the Company of any obligation to indemnify the Union against any claim subject to such failure.
6. The Company may terminate on thirty days' notice its duty to indemnify the Union against claims of which the Company has not had written notice at the time of giving the Union notice of termination. Such termination shall not relieve the Company of any obligation to indemnify the Union against any claim of which the Company had written notice before giving the Union notice of termination.

The provisions of this Agreement shall be subject to and effective according to the applicable provisions of Federal and state laws.

Very truly yours,

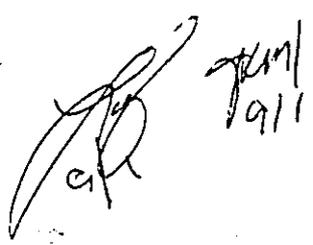


Bruce Johnston
For the Coordinating Committee
Steel Companies

Confirmed:

17

Lloyd McBride, President
United Steelworkers of America



ok
8-30-00
ll
60

APPENDIX F-2

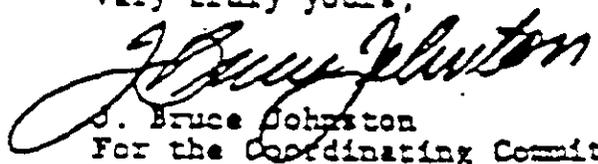
March 1, 1983

Mr. Lloyd McBride, President
United Steelworkers of America
Five Gateway Center
Pittsburgh, PA 15222

Dear Mr. McBride:

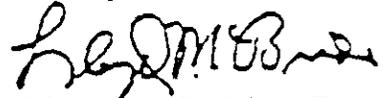
This will confirm our understanding that the Coordinating Committee Steel Companies shall indemnify the Union and hold it harmless against final judicial orders for backpay only in cases in which one of these Companies is held to have discharged an employee without just cause and the Union is held to have breached its duty of fair representation to that same employee due to the manner in which it handled said employee's discharge grievance. As part of this understanding, the Union agrees to cooperate fully with the Companies in vigorously defending all such lawsuits.

Very truly yours,



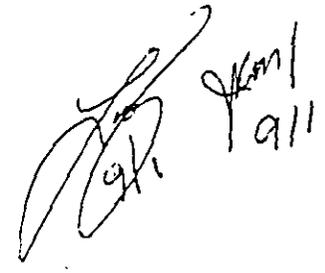
J. Bruce Johnston
For the Coordinating Committee
Steel Companies

Confirmed:



Lloyd McBride, President
United Steelworkers of America

18



APPENDIX F-3 8:30.00
OK
see to

March 1, 1983

Mr. J. Bruce Johnston, Chairman
Coordinating Committee Steel Companies
United States Steel Corporation
600 Grant Street
Pittsburgh, PA 15230

Dear Mr. Johnston:

During the course of our 1983 negotiations a question was raised concerning the application of Section 4-3 of the Basic Labor Agreement between United Steelworkers of America and U. S. Steel Corporation and the comparable provisions in the Agreements with the other Coordinating Committee Steel Companies and those Companies designated in the "Memorandum of Agreement 1980 Iron Ore Negotiations", dated April 9, 1977, in situations where an employee engages in a sympathy work stoppage.

There are two recent arbitration awards which deal with this matter. United States Steel Corporation (Gary Works), Case Nos. USS-15,400; -15,401 and Inland Steel Company, Grievance No. 10-N-32, Appeal No. 1278, Award No. 677. Each of them holds that the broad language of the no-strike provision in the agreement prohibited the conduct of the grievant in refusing to work in support of a strike by non-union employees and, in each, the arbitrator sustained the discipline imposed by the Company.

This letter will confirm and publicly acknowledge the Union's position in the matter. We agree with and thus do not intend to challenge the application and interpretation of the no-strike contract language as determined by the arbitrator in each of the above-mentioned cases. The Union deems itself bound by those awards, in particular the rulings that the broad language of the no-strike clause barred work stoppages or interruptions or impeding of work by individual employees for purposes of expressing sympathy with other unions, organizations, individuals or causes.

Very truly yours,

Lloyd McBride

Lloyd McBride, President
United Steelworkers of America

Confirmed:

J. Bruce Johnston
J. Bruce Johnston, Chairman
Coordinating Committee Steel Companies

19

see to
all

COMPANY PROPOSAL
August 31, 2000

_____, 2000

Mr. Ernest R. "Billy" Thompson
Director, District 8
United Steelworkers of America
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

Dear Mr. Thompson:

Re: *Production and Maintenance Clerks*

This confirms our understandings during the 2000-year negotiations involving the establishment of incentive coverage for the Production and Maintenance Clerks. Those understandings follow:

1. For employees hired after the effective date of the agreement, a new position of Plant Clerk shall be established at a Zone 6.
2. The new Plant Clerk position shall be incentive rated.
3. The new incentive plan shall be designed to provide a 25 percent incentive opportunity, based on twenty-four (24)-hour slab production.
4. The new incentive plan shall become effective within 60 days following the effective date of the new collective bargaining agreement.
5. All existing Production and Maintenance Clerks shall be paid the new incentive rate but shall remain vested in the current seniority units.
6. No work jurisdiction boundaries shall exist between the Production and Maintenance Clerks nor the Plant Clerk assignments.

Sincerely,

L. W. Gonce
Manager
Industrial Relations


9/11

AKK H-1
8/30/00
Company Proposal
August 29, 2000
EAT 8-30-00

MEMORANDUM OF UNDERSTANDING
CONCERNING INVESTIGATIVE SUSPENSIONS

During the negotiations of the 2000 Basic Labor Agreement (the "2000 BLA"), the parties discussed the appropriate use of investigative suspensions and agreed to the following:

1. Employees relieved from duty by the Company for purposes of determining if an employee has violated a work rule or policy shall not be relieved from work for more than ten calendar days. Should the Company conclude, during this period, that the employee has violated a plant rule or policy, the days the employee was relieved from work may be counted towards any suspension issued by the Company for the stated infraction. For days an employee is relieved from work, which are not counted towards an employee suspension for an alleged infraction, the employee will be compensated for lost earnings.

AK STEEL CORPORATION

UNITED STEELWORKERS OF AMERICA

L. William Gonce
Manager, Industrial Relations
AK Steel Corporation

Ernest R. "Billy" Thompson, Chairman
Union Negotiating Committee
United Steelworkers of America

all
9/1

September 1, 2000

Mr. Ernest R. "Billy" Thompson
District Director
United Steelworkers of America
AFL-CIO-CLC, District 8
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

T/A
8/25/00

Dear Mr. Thompson:

Re: *Memorandum of Understanding on Safety Shoe Allowance*
(To Replace Appendix D paragraph 7)

The following understanding has been agreed to regarding safety shoe allowances to replace existing paragraph #7 of Appendix D, August 1, 1989.

7. Memorandum of Agreement on Safety Shoe Allowance

Effective September 1, 2000, the Company will continue its policy dated October 1, 1999 of providing new employees up to \$105.00 for the cost of an initial pair of AK Steel approved safety shoes for wear at the plant. Such payment will be made under procedures established by Ashland Works Management and currently in effect at the facility. The Company will continue its existing practice of providing replacement safety shoes as needed.

Sincerely,

L. W. Gonce
Manager Industrial Relations

Confirmed:

Ernest R. Thompson 8-25-00
Ernest R. "Billy" Thompson, District Director
United Steelworkers of America

22

9/11
9/11

1111
EPA 8.25.00
AK Steel Corporation
Ashland Works
Union Proposal
Preparation for printing of the 2000 BLA
August 25, 2000

8/25/00
11:25 AM

B-17 Printing Preparations (New Contract)

Mr. L. W. Gonce
Manager, Labor Relations
AK Steel Corporation
P. O. Box 191
Ashland, KY 41105-0191

Dear Mr. Gonce;

This will confirm our agreement that within seven days of the ratification of the 2000 agreement, the Union and the Company shall meet for the purpose of reviewing and confirming negotiated changes to the BLA, since 1989, for incorporation in the 2000 agreement.

Sincerely,

Ernest R. "Billy" Thompson, Chairman
Union Negotiating Committee

Confirmed:

L. W. Gonce, Manager, Labor Relations

9/4/00
Vali

HIP H-4

Company Proposal
7-12-00

September 1, 2000

TA

Mr. Ernest R. "Billy" Thompson
District Director
United Steelworkers of America
AFL-CIO-CLC, District 8
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

Dear Mr. Thompson:

Re: *Letter of Agreement on Printing of Contracts*

This will confirm the understanding reached during our 2000 negotiations on the issue of printing the Collective Bargaining Agreements and Benefit Booklets (the "Agreements").

Upon ratification of the new Collective Bargaining Agreement, the parties will create mutually acceptable new Agreements.

Said Agreements shall be printed at the expense of the Company. The printed Agreements will be distributed in a manner mutually acceptable to the parties.

The parties shall make best efforts to complete and distribute the Agreements within three (3) months of the ratification of the Agreements.

The Company will provide the Union with electronic versions of all of the Agreements.

Sincerely,

L.W. Gonze / DLH 8-16-00
L. W. Gonze
Manager Industrial Relations

Confirmed:

Ernest R. Thompson 8-16-00
Ernest R. "Billy" Thompson, District Director
United Steelworkers of America

24

[Signature]
9/1
9/1

AK Steel Corporation
P.O. BOX 191
ASHLAND, KENTUCKY 41105-0191

TELEPHONE 606.327.5847
FACSIMILE 606.329.7217

L. William Gonce
MANAGER
INDUSTRIAL RELATIONS

_____, 2000

Handwritten signature
8/10/00

Mr. Ernest R. "Billy" Thompson
District Director
United Steelworkers of America
AFL-CIO-CLC, District 8
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

Dear Mr. Thompson:

Re: *Overtime Averaging*

This letter is to confirm that during the course of the 2000 negotiations, the Company agreed with the Local Union's request that effective September 1, 2000, the following overtime amendment will be applied to all supplementary agreements in effect at the Ashland Works on September 1, 2000:

Employees transferring between department, units or lines of progression will be given overtime hours equal to the average overtime hours currently in the unit or line of progression to which they transfer. The average overtime hours will be calculated by adding the number of overtime hours (overtime hours worked plus refusals) on the unit overtime list and dividing the total by the number of employees on the list.

This amendment supercedes all supplementary agreement overtime language to the contrary.

Sincerely,

L. W. Gonce
Manager
Industrial Relations

CRH
08/10/00

Confirmed:

Ernest R. "Billy" Thompson, District Director
United Steelworkers of America

Handwritten signature
9/11

25

HPP 17-0

T/A

ZKT 4-11

6/27/00

AK Steel Corporation
Ashland Works
Union Proposal
Holidays
June 7, 2000

A-8 Holidays

Modify Section 11 Subsection "11.321 The Holidays specified are" to include:

Martin Luther King's Birthday.

26

9/4
9/4
9/4

17-1
T/A

SYR 6-27-00
 6/27/00

AK Steel Corporation
Ashland Works
Union Proposal
Family and Medical Leave Act
June 7, 2000

B-11 Family and Medical Leave

Add the following sentence to the first paragraph of the Family and Medical Leave Benefits M.O.U.

"Nothing in this Agreement shall be construed to provide lesser benefits than required under federal law."

27
~~28~~

 9/11
9/11

AK Steel Corporation
Ashland Works
Union Proposal
Employment Security
June 7, 2000

B-2 Employment Security

EMPLOYMENT SECURITY PLAN

Increase the continuous service requirement for purposes of eligibility for the protections of the Employment Security Plan to three years of continuous service for those employees hired on or after September 1, 2000.


9/11 9/11

AK Steel Corporation
Ashland Works
Union Proposal
Vacation Option Plan
June 7, 2000

B.13 Day at a Time Vacation

Mr. Earnest R. "Billy" Thompson, Chairman
Union Negotiating Committee
United Steelworkers of America

Dear Mr. Thompson:

Subject: Single-Day Vacations

Employees entitled to three or more weeks of vacation will be allowed to designate one week of vacation to be taken in single days according to the following procedures.

1. Employees must elect to take this option at the time of scheduling their regular vacation.
2. Employees must notify supervision by 7:00 a.m. Wednesday prior to the calendar week in which the employees desire to take a single day of vacation. However, in case of emergency, this advance notice requirement may be waived by mutual agreement between the employee and supervision.

In the event the employee's schedule is such that he is not scheduled on the requested vacation day, the requested day will not be charged against the employee's vacation allotment.

3. Vacations under these guidelines will be granted at times most desired by employees (longer service employees will be given preference as to choice), but the final right to allot days of vacation is exclusively reserved to the Company in order to insure the orderly operations based on the operating conditions during the week for which the vacation is requested.

Additionally, Management reserves the exclusive right to deny an employee's request for a single day's vacation during a week which contains any of the specified holidays, mill outages, and for other legitimate reasons.


9/10
JMM/9/11

APP K

August 1, 1999

~~Mr. Andrew V. Palm, Chairman
Union Negotiating Committee
United Steelworkers of America
Five Gateway Center
Pittsburgh, PA 15222~~

9/1/00

Dear Mr. Palm:

2000

During the negotiations leading to the ~~1999~~ Basic Labor Agreement it was agreed that the probationary period for new employees and those hired after a break in continuity of service subsequent to ~~August 1, 1999~~ would increase from 520 to 1,000 hours of actual work. This will confirm the understanding of the parties that eligibility for coverage under the Program of Insurance Benefits (PIB) will commence for such employees following 60 calendar days from the date of last hiring rather than at the completion of the probationary period.

Sincerely,

~~Thomas W. Sterling
Vice President
Employee Relations~~

Confirmed:

~~Andrew V. Palm, Chairman
Union Negotiating Committee~~

[Handwritten signature]
9/1/00

32

ASSIGNED MAINTENANCE DEPARTMENT

8-25-00
11:25

UNIT #1	UNIT #2*	UNIT #5	UNIT #6 PLANT PROJECTS
Assigned Maint. Inspector 15	Assigned Maint. Inspector 15	Assigned Maint. Inspector 15	Assigned Maint. Mill Inspector Leader 14
Leader 14	Steel Melting Leader 14	Leader 14	
Repairman SMP 13	Rep SMP 13	Repairman SMP 13	
Repairman A 13	Rep A 13	Repairman A 13	
Repairman B 12	Rep B 12	Repairman B 12	
Repairman C 10	Rep C 10	Repairman C 10	

Maintenance Pool
 Unassigned journeyman (13), (12), (10)
 Apprentices (Scale)

General Unit

Clerical Unit
 Mill Clerk 6

*This is a single Seniority Unit with two lines of progression.

IRONMAKING

Rigger Leader	13
Rigger A	12
Rigger B	11
Rigger C	9
Helper A	7
Helper B	5

STEELMAKING

Rigger Leader	13
Rigger A	12
Rigger B	11
Rigger C	9
Helper A	7
Helper B	5

FINISHING

Rigger Leader	13
Rigger A	12
Rigger B	11
Rigger C	9
Helper A	7
Helper B	5

PROJECTS

Rigger Leader	13
Rigger A	12
Rigger B	11
Rigger C	9
Helper A	7
Helper B	5

Weld

Leader	13
Welder A	12
Welder B	11
Welder C	9

Weld

Leader	13
Welder A	12
Welder B	11
Welder C	9

Weld

Leader	13
Welder A	12
Welder B	11
Welder C	9

Weld

Leader	13
Welder A	12
Welder B	11
Welder C	9

Pipe

Leader	13
Fitter A	12
Fitter B	11
Fitter C	9

Pipe

Leader	13
Fitter A	12
Fitter B	11
Fitter C	9

Pipe

Leader	13
Fitter A	12
Fitter B	11
Fitter C	9

Pipe

Leader	13
Fitter A	12
Fitter B	11
Fitter C	9

Helper A 7
Helper B 5

Electrical Construction

Leader	13
Electrician A	12
Electrician B	11
Electrician C	9
Helper A	7

Electrical Construction

Leader	13
Electrician A	12
Electrician B	11
Electrician C	9
Helper A	7

Electrical Construction

Leader	13
Electrician A	12
Electrician B	11
Electrician C	9
Helper A	7

Electrical Construction

Leader	13
Electrician A	12
Electrician B	11
Electrician C	9
Helper A	7

11/6/01

APP L

P. S. 11. 21. 11. 11. 11. 11.

App M

AK Steel Corporation
Ashland Works
Union Proposal
Vacation Bonus
June 7, 2000

A-7-b Vacation Bonus

Effective August 1, 2001, a vacation bonus of two hundred fifty dollars (\$250.00) per week will be paid to employees for each week of vacation taken in the ten (10) consecutive week period beginning with the first full week following the week containing New Year's Day.

 Jun 9/1

September 1, 2000

Mr. Ernest R. "Billy" Thompson
District Director
United Steelworkers of America
AFL-CIO-CLC, District 8
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

Dear Mr. Thompson:

Re: *Lag Dates*

This letter is to confirm that during the course of the 2000 negotiations the parties agreed that the existing benefit lag date system shall continue in effect unchanged for the term of the new Collective Bargaining Agreement.

Sincerely,



L. W. Gonce
Manager
Industrial Relations

Confirmed:

Ernest R. "Billy" Thompson, District Director
United Steelworkers of America



_____, 2000

Mr. Ernest R. "Billy" Thompson
District Director
United Steelworkers of America
AFL-CIO-CLC, District 8
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

Dear Mr. Thompson:

Re: *Grievance Backlog*

This letter is to confirm that during the course of the 2000 negotiations the parties agreed that cooperative efforts to successfully address both the grievance backlog and continuing disagreements over aspects of contracting out were essential steps towards enhancing Labor-Management relations at the Ashland Works. Consistent with this, and in recognition of the understandings reached in contracting out, the parties agree to the following:

1. All contracting out grievances and requests for expedited arbitration currently pending in the grievance procedure are hereby resolved on a non-precedent setting basis.
2. The Company will make payments totaling \$2,900,000 in accordance with a detailed payment schedule to be developed and provided by the Union.

Sincerely,

L. W. Gonce
Manager
Industrial Relations

Confirmed:

Ernest R. "Billy" Thompson, District Director
United Steelworkers of America


9/1/00

APP P

COMPANY PROPOSAL
August 31, 2000

_____, 2000

Mr. Ernest R. "Billy" Thompson
Director, District 8
United Steelworkers of America
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

Dear Mr. Thompson:

Re: *Capital Investment*

This confirms the Company's commitment that during the term of the new collective bargaining agreement, a blast furnace top charging equipment change for the Amanda Blast Furnace shall be undertaken. The extent and scope of such work will be determined solely by the Company and may consist of the latest technological methods and processes available to the Company at such time as the work commences. Furthermore, the Company restates its intention to maintain the blast furnace to maximize its operation based upon market conditions.

Sincerely,

L. W. Gonce
Manager
Industrial Relations

Confirmed:

Ernest R. "Billy" Thompson, District Director
United Steelworkers of America

Date

37


9/11/91

APP. Q

Union Counter
Proposal
August 31, 2000

_____, 2000

Mr. Ernest R. "Billy" Thompson
District Director
United Steelworkers of America
AFL-CIO-CLC, District 8
85C Michael Davenport Blvd., Suite B
Frankfort, Kentucky 40601

Dear Mr. Thompson:

Re: *Unassigned Personnel*

This letter is to confirm that during the course of the 2000 negotiations, the Company agreed with the Local Union's request that effective (contract effective date), the management will post in the Assigned Maintenance Repair Department the number of permanent vacancies which presently exist in each Assigned Maintenance Repair Unit based upon the number of Assigned Maintenance Repairmen working in the unit who are not incumbent in that unit. Management may delay the transfer of a successful bidder in the event it believes such transfer will dilute the craft. In no event shall such delay last longer than six (6) months.

Sincerely,

L. W. Gonce
Manager
Industrial Relations

Confirmed:

Ernest R. "Billy" Thompson, District Director
United Steelworkers of America

[Handwritten signature]
9/11

App. R

COMPANY PROPOSAL
August 30, 2000

Union Issue B-5 Neutrality

No letter agreement on "Neutrality"

9/1/01
9/1/01

APP 5

COMPANY PROPOSAL
8/31/00

(UNPUBLISHED LETTER)

MEMORANDUM REGARDING
TRADE AND CRAFT REVITALIZATION
AND CERTAIN CONTRACTING-OUT MATTERS

In the negotiations for a new labor agreement, the parties conducted the reviews provided for in the contract provisions concerning the Revitalization of the Trade and Craft forces and the Contracting-Out Annual Review. Comprehensive sets of understanding, set forth below, resulted from these reviews. This Memorandum will become effective on September 1, 2000, and will remain in effect for the term of the Collective Bargaining Agreement.

A. Minimum Craft Workforce Levels

1. The Company will maintain the following minimum craft workforce levels:

<u>Craft Position</u>	<u>Workforce Level</u>
Assigned Maintenance Repairmen	150
Pipefitters	15
Welders	25
Riggers	31
Electrical Construction	19
Electronics	57
Steam Power	16
Electric Power	13
Roundhouse Repairmen	19
Machinists	16
Bricklayers	12
Refrigeration Repairmen	4

The minimum workforce levels identified above are based on the current operation at the Ashland facility, and in the event the Company adds new facilities or operations, the parties shall meet to discuss the appropriate manning levels for such additions.

2. The craft positions of Carpenter, Tinner, and Painter shall be combined to create a single new position known as CPT Technician. Incumbents of these positions shall be paid at the level of Zone 13 with the same incentive earnings as those employees assigned to Unit 6. Additionally, the craft position of Electric Repairman will receive the same incentive earnings as those employees assigned to Unit 6.
3. The craft positions listed below will have no minimum workforce levels. After incumbent employees permanently vacate these positions, any remaining work may be assigned to the crafts listed in Section A, paragraph 1 above.

40

Craft Position
CPT Technician
Electric Repair

Jan 19/1
[Signature]

4. Each employee in the craft positions listed above in Section A, paragraphs 1 and 2 will be scheduled not less than 40 hours in their craft.
5. At least four of the Machinists identified in Section A.1 may be assigned to the present segment repair facility and may be assigned to machining work that is currently being contracted out. The Company shall meet with the local Union Contracting-Out Committee to review the work to be performed in order that the shop can function in the most cost effective manner and so as to optimize the utilization of those additional Machinists. Consistent with the provisions of Section A, the volume of machining work which exceeds that which the total plant force of Machinists are able to cover shall be considered properly contracted out. The four Machinists referenced above shall receive an incentive earnings opportunity consistent with the incentive paid to existing Machinists.
6. The workforce levels established in this Memorandum may be modified as necessary in the event that any of the exceptions set forth in Section B of the Employment Security Plan should apply.

B. Assigned Maintenance Department

1. The craft positions of Rigger, Welder, Pipefitter, and Electrical Construction will be established in Steelmaking, Ironmaking, and the Finishing seniority units of the Assigned Maintenance Department. A new seniority unit, Unit No. 6 (Plant Projects), will be established in the Assigned Maintenance Department to supplement other departments and reduce the number of contractors.
 - a. The craft positions of Rigger, Welder, Pipefitter, and Electrical Construction will be eliminated from the Maintenance Shops seniority department.
 - b. The craft positions newly established in the Assigned Maintenance Department will be posted for bid for employees incumbent to the Rigger, Welder, Pipefitter, and Electrical Construction crafts within 30 days from the effective date of the Collective Bargaining Agreement. All craftsmen currently incumbent to those positions eliminated from the Maintenance Shops seniority department may bid within seven days from the posting of the newly established craft positions in the Assigned Maintenance Department. If a craftsman incumbent to any eliminated position does not make a timely bid, the Company will assign the employee to a newly established craft position in the Assigned Maintenance Department.
 - c. The number of permanent vacancies in each of the newly established crafts in each of the Assigned Maintenance Units will be determined by the Company and initially will not be less than the number of crafts currently assigned.
 - d. Overtime opportunities will be provided to the specific craft in each of the Assigned Maintenance units; i.e., separate overtime logs will be maintained by unit for each craft.
 - e. Vacation scheduling units consisting of the newly created craft positions of Riggers, Welders, Pipefitters, and Electric Construction in each Assigned Maintenance seniority unit shall be maintained.

Went
41

al

[Signature]
8/31/00
9/1

2. Successful bidders in the newly established craft positions in the Assigned Maintenance Units, in accordance with Section B, paragraph 1 above, will receive the regular craft Journeyman wage rate plus the incentive earnings opportunities from the Assigned Maintenance Repairmen Incentive Plan existing in the unit to which they are permanently assigned.

a. The current Assigned Maintenance Incentive Plan for the Finishing Department will be redesigned to provide an increased incentive earnings opportunity of 13 percent. The parties will meet to discuss the Incentive Plan design to ensure a plan target of 25 percent is achievable on a normal operating basis.

b. The incumbent craftsmen in the Plant Project Unit, pursuant to Section B, paragraph 1 above, will have their existing incentive earnings opportunity increased to the average of the Blast Furnace and Finishing Mill Assigned Maintenance Repair Incentive Plan.

c. The inclusion of the newly established crafts in an Assigned Maintenance Incentive Plan will not lower the incentive pay for employees eligible for payments under those Incentive Plans.

C. Overtime Opportunities

1. During outages, craftsmen incumbent in the specific department in which contractors of the same trade or craft are performing outage work in the plant will be provided the opportunity to work 16-hour shifts for the duration of the outage. ~~The Plant Projects group which supplements the department during outages will be provided the opportunity to work 16-hour shifts for the duration of the outage.~~ The Contracting-Out Committee will approve as properly contracted out all contracting-out requests and notices for all non-production work performed during outages.

2. For purposes of this Memorandum, an outage is defined as the period of time a production unit is idled in an operating department for the purpose of performing maintenance work.

3. This Section C will not apply to the contracting out of work as permitted by Section 2.4 of the Collective Bargaining Agreement.

D. Certain Contracting-Out and Other Matters

1. The work items listed on Attachment A will be considered properly contracted out. In the event of any reduction in force resulting in layoffs, the work items listed in Attachment A will be retrieved from the contractor forces and assigned to affected, qualified bargaining unit employees.

2. At the regularly scheduled meetings of the Contracting-Out Committee, the parties will meet and attempt to resolve any problems in connection with the application and administration of this Memorandum. The Committee will continue to discuss contracting-out notices and any other current problems with respect to contracting out brought to the attention of the Committee. Disputes arising from the application or administration of this Memorandum will be processed in accordance with Sections 2.44 - 2.47 or Section 6 of the collective bargaining agreement.

3. The Union withdraws its grievances regarding the initial posting/manning and Incentive Plan at the ESM facility on the basis that the ESM facility Incentive Plan will be modified effective September 1, 2000, to reflect this unit as an indirect incentive under the Steelmaking Unit Incentive Plan.
4. The Company will maintain a minimum workforce level of 28 Masonry Utilitymen.
5. Include Electric Power and Steam Power in Incentive Plans, indexed as indirects to Blast Furnace production.

FOR THE UNION:

FOR THE COMPANY:

LWG/vle

43

Jan 8/31
Jan 9/11

ASHLAND WORKS MEMORANDUM REGARDING
TRADE AND CRAFT REVITALIZATION
AND CERTAIN CONTRACTING-OUT MATTERS

- Grass Cutting/Weed Control
- Snow Removal
- Janitorial Work (Leader Janitor and Janitor on seniority unit chart for Sanitation Dept.)
- Pressure Washing
- Trash Hauling and Dumpster Truck
- Water Truck/Vacuum Truck
- Sludge Hauling and Sludge Handling

- Slag Pot Repair

- Unloading and Loading Materials at the Marquis Terminal

44

Done 8/31
9/11

APP T

COMPANY PROPOSAL
August 31, 2000

(UNPUBLISHED)

MEMORANDUM OF UNDERSTANDING

The parties agree to the following regarding the unpublished Memorandum Regarding Trade and Craft Revitalization and Certain Contracting-Out Matters:

- 1. For purposes of paragraph A.5, any machining work performed by contractors in a week during which the Company has offered Company Machinists an opportunity to work eight hours of overtime in the week shall be considered a volume of machining work which exceeds that which the total plant force of Machinists are able to cover.

Overtime Opportunities

- 2. For weeks in which contractors are in the plant performing work not covered by Section C, paragraph 1, craftsmen incumbent in the specific department in which contractors of the same trade or craft are performing such work will be provided the opportunity to work eight hours of overtime per week. The Contracting-Out Committee will approve as properly contracted out requests and notices for all non-production work performed during weeks for which the Company provides the aforementioned eight-hour per week overtime opportunity.

FOR THE UNION:

FOR THE COMPANY:

Tim Imes
President 1865

L. W. Gonce
Manager, Industrial Relations

John Thompson
Grievance Committee Chairman

Daniel Hines
Industrial Relations Manager

Dennis Ward
Contracting-Out Chairman

45

Imes 8/31
Gonce 9/11

(UNPUBLISHED)
MEMORANDUM
Regarding Office & Technical Bargaining Rights

This will confirm the parties' understandings regarding the Office & Technical unit. The USWA will withdraw all objections to the O&T decertification election as well as any pending O&T grievances. The Company will withdraw its appeal of the Regional Director's decision and agrees there will be no discrimination by the Company against former O&T Bargaining unit employees.

The four (4) O&T coal injection operator jobs will be transferred into the Production and Maintenance unit and will be paid at the next highest zone that corresponds to their current rate of pay. Each incumbent O&T employee on those positions will be afforded the option of becoming a member of the bargaining unit represented by the USWA or remaining as a non-represented employee. Any employee who elects to remain non-represented shall remain in that position until a natural attrition event or transfer causes a permanent vacancy.

All future permanent vacancies in the coal injection operator positions shall be posted for bid in accordance with the terms of the basic labor agreement.

FOR THE UNION

FOR THE COMPANY

46


9/1

Jan/911
DMA 8/31/00
EKA 8-31-00