



Update IAM LL 1943

January 28, 2011



4th Quarter Results

AK Steel reported their fourth quarter results earlier this week. Revenues of \$1.39 billion on shipments of 1.36 million tons resulted in a net loss of \$98.3 million. Excluding some one-time items related to the Ashland coke plant shutdown and Butler VEBA settlement, the Company still suffered a net loss of \$54.5 million, or about \$40 per ton. Since our profit sharing kicks in only when the Company generates \$10 per ton net income, there will not be any profit sharing payments for the fourth quarter. The sales and shipment numbers were very close to the fourth quarter last year, but the costs of iron ore and other raw materials were a lot higher resulting in a net loss. Although the price of raw materials is expected to remain high in 2011, the Company expects to ship more this quarter. Importantly, they have already started charging more for their steel. The Company expects to break even at the operating level in the first quarter of 2011.

Tentative Agreement with Pilot

We reached a tentative agreement with the employer late on Wednesday. The new members will vote on the tentative agreement on Friday February 4th at the Union Hall. The agreement is a first for this Company and contains many provisions that we are accustomed to at AK Steel, but were hard to achieve. The agreement is for 3 years with three wage increases. The first will bring all the members to the highest rate of pay under the old merit system that was in place. Next year's increase will be 1.5%, followed by 2%. The agreement also provides for three lump sum payments averaging 3% of base wages. Improvements were also made to some of the benefit plans, and holidays. Most important for the members are job security provisions with contracting out language, a grievance and arbitration procedure, and just cause. We also have a good article on safety. The negotiating committee stayed together well for the last 6 months and fought hard for everything they achieved. We look forward to seeing these members at our Union meetings and other events.

IAM sues South Carolina governor

The International Association of Machinists and Aerospace Workers (IAM) and the AFL-CIO sue republican governor of South Carolina over her pledge to use state resources to deprive South Carolina citizens of the right to join a union. South Carolina Governor Nikki Haley is facing a big lawsuit after saying that the state will attempt to keep unions out of the Boeing plant in North Charleston. The lawsuit, filed on January 20, 2011 in U.S. District Court in Charleston by the International Association of Machinists (IAM) and the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), asks for a court order telling Haley and her director of the Department of Labor, Licensing and Regulation (LLR) Catherine Templeton to remain neutral and keep out of matters concerning union activities.

The suit charges Republican Governor Nikki Haley with violations of the federal constitutional and statutory rights to free speech, free association and due process by establishing a state governmental policy of hostility to unions and workers seeking to join unions. The IAM and the AFL-CIO filed the suit under a section of the U.S. constitution, which prohibits state officials from acting in a way that deprives citizens of federally-protected rights.

On December 8, 2010, Governor Haley announced she would nominate union avoidance attorney Catherine Templeton to head South Carolina's Department of Labor, Licensing and Regulation (LLR), declaring unequivocally, "**We're going to fight the unions and I needed a partner to help me do it.**" The IAM suit also names Catherine Templeton, head of South Carolina's Department of Labor, Licensing and Regulation (LLR) as a co-defendant.

"**By tasking Ms Templeton to lead the fight against union organizing in South Carolina, and specifically against the IAM at the Boeing facility in North Charleston, Gov. Haley is requesting a state official to violate the very law she is charged with enforcing,**" said IAM southern territory vice president Bob Martinez. "**The state has no business whatsoever taking sides or exerting influence in a worker's decision to join or not to join a union,**" he added.

Members Daughter Verbally Commits to Indiana State

Congrats to Selby Smith, daughter of Rick Smith of Coke Plant Maintenance, for verbally committing to play soccer for Indiana State. Selby currently attends and plays soccer for Bishop Fenwick High School. We would like to extend our congratulations to Selby and wish her luck next year at Indiana State.

Your Executive Committee

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