

# MIDDLETOWN JOURNAL

## **AK LOCKOUT: AEIF says it has conceded \$100M in negotiations**

*Daley, consultant Locker make their case.*

By Thomas Gnau, Staff Writer

**July 25, 2006** - Negotiators for hourly workers locked out from Middletown Works have made more than \$100 million in annual concessions, even with proposed wage increases factored in, the president of Armco Employees Independent Federation said Tuesday.

"There is no other AK (Steel) facility that has ever approved those kinds of concessions," said Brian Daley.

But there are some proposed concessions the AEIF simply can't make, Daley said. He said AK has proposed having future retirees pay \$1,100 a month in health care premiums for families.

AK Steel Corp. locked out the AEIF from Middletown Works March 1, after talks that began Nov. 30, 2005, failed to build a new labor contract.

Daley and an AEIF consultant, Michael Locker, organized the conference call with steel industry analysts several hours after AK held its own call. AK is suing Locker and the AEIF in Butler County Commons Court, alleging that they have spread falsehoods about AK's safety and productivity during the lockout. Some steel industry analysts participating in the AEIF's conference call sounded like they thought the AEIF should give more.

Michael Gambardella, an analyst with J.P. Morgan, said about half the steel industry has plucked assets from bankruptcy, freeing itself from legacy and retiree health care costs. Gambardella challenged Daley to compare Middletown Works' costs to those companies.

"I would think you guys have a lot more to concede," Gambardella said.

Daley disagreed, saying the union is comparing itself not just to high-cost producers, but to companies with formerly bankrupt assets.

Alan McCoy, an AK spokesman, contested the idea that AEIF negotiators have agreed to \$100 million in concessions. McCoy said Daley is arriving at that figure by subtracting from a previous base work force guarantee requiring at least 3,114 workers in Middletown. Today, the AEIF has about 2,200 active members, down from about 2,700 when the lockout started.

AK wants no base guarantee at all, saying such provisions are not competitive.

"You can't ignore the fact that this information is false and misleading," McCoy said.

Another 400 AEIF members are still eligible to retire, AK said Tuesday. AK said the sides remain apart on key issues.

"It almost sounds like you guys have irreconcilable differences, and I don't mean that in any light way," said Mark Parr, a KeyBanc Capital steel analyst.

"We've been baffled for months as to what AK Steel wants," Daley said. "We have asked them exactly that, 'What do you want from us?' We get vague and obscure answers."

McCoy said all Daley must do is read "our comprehensive contract proposal."

"That is as clear as it can be," McCoy said.

Contact this reporter at (513) 705-2833 or [tgnaul@coxohio.com](mailto:tgnaul@coxohio.com).