

Dayton Business Journal - March 1, 2006

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DAYTON BUSINESS JOURNAL

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AK Steel locks out workers

Dayton Business Journal - 9:27 AM EST Wednesday by [Tracy Kershaw-Staley](#) DBJ Staff Reporter

AK Steel Corp. locked out about 2,700 hourly workers at its Middletown plant after midnight Wednesday as its labor contract expired without a new agreement.

Leaders of the [Armco Independent Employees Federation](#) and company negotiators spent the last day of the contract in last-minute talks, but were unable to resolve their differences by midnight. The union hotline, updated at 12:01 a.m., said workers were officially locked out and gave instructions for how to file for unemployment.

The company said Wednesday it is operating the plant with salaried employees and temporary replacement workers. AK Steel said that all of its other plants continue to operate normally as scheduled.

The company has been training replacement workers during the past several weeks to prepare for a strike or lockout.

"This is a big gamble by AK's management," said Michael Locker, a steel industry analyst with New York-based Locker Associates and a union consultant. "If they can't meet the customer's demand, they are going to lose customers."

AEIF president Brian Daley could not be reached for comment Wednesday morning.

AK Steel said its last offer to the union included:

- Base wage and incentive rate increases for 84 percent of current AEIF members. More than 2,100, or 80 percent of AEIF members, earned between \$55,000 and \$100,000 in W-2 wages for 2005.
- Existing base wage and incentive rate preservation for all other current AEIF members;
- Industry-comparable profit-sharing plan for all AEIF members;
- Company-provided pension contributions to a secure and portable 401(k) retirement plan;
- Continued full health care benefits, but with some cost-sharing (Under the expired contract, family health care benefits equaled \$850 to \$1,000 per month for AEIF members, which were provided at no cost to employees);
- Streamlined job classifications from more than 1,000 currently to seven;
- Workforce restructuring accomplished largely, if not entirely, through attrition and retirement; and
- A \$10 million comprehensive settlement offer for all unresolved matters related to the expired labor agreement, which included profit-sharing payments for 2005.

According to AK Steel (NYSE:AKS), the union made demands for both a minimum workforce size and individual employment security guarantees that do not exist anywhere else in the U.S. steel industry.

The company said that the union's last contract demand would have increased AK Steel's employment costs at Middletown Works by approximately \$150 million over the 38-month life of the union's proposal.

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