

TRANSITION AGREEMENT

By and Between The
International Association of Machinists and Aerospace Workers, AFL-CIO
And The
Armco Employees Independent Federation, Inc.

This Transition Agreement is entered into this 8th day of June, 2006, by and between the Armco Employees Independent Federation, Inc. (AEIF) and the International Association of Machinists and Aerospace Workers, AFL-CIO (IAM).

WHEREAS, the AEIF and the IAM share a common set of goals, including but not limited to: organizing the unorganized; guaranteeing fair wages, hours, and working conditions for all workers; and promoting greater political and legislative influence on behalf of working people, and;

WHEREAS, the AEIF and the IAM have concluded that the interests of their members can best be served by joinder of the AEIF with the IAM, and;

WHEREAS, on or about June 1, 2005 the IAM mounted an AEIF-endorsed organizing drive of AEIF bargaining unit members at the Middletown Works of AK Steel Corporation, and;

WHEREAS, the IAM and AEIF mutually desire a successful organizing campaign, but recognize the complexities involved in subsequently integrating the AEIF with the IAM,

NOW, THEREFORE, the IAM and AEIF agree to a transition period as more fully described below.

1. Beginning on the date of this Transition Agreement, the AEIF and the IAM agree to enter into a process leading to full integration of the AEIF with the IAM, to be referred to as the "Transition Period."

2. The Transition Period will last five years from the date of this Transition Agreement. In the event that the IAM does not receive voluntary recognition from AK Steel Corporation, or final NLRB certification, then the Transition Period and this Transition Agreement shall terminate. Similarly, in the event that voluntary recognition or NLRB certification is revoked, through administrative or judicial proceedings, and upon exhaustion of all appeals, then the Transition Period and this Transition Agreement shall terminate. In all events, the Transition Period and this Transition Agreement may be modified or terminated upon written agreement of the IAM as one party, and the AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, below) as the other party.

3. Upon voluntary recognition or NLRB certification of the IAM, the IAM will charter a new Local referred to for purposes of this Agreement as AEIF/IAM, Local No. 1943

4. For the duration of the Transition Period and this Transition Agreement, AEIF/IAM, Local No. 1943 shall retain and be governed by the AEIF Constitution and By-Laws, and to the extent not inconsistent with the AEIF Constitution and By-Laws, by the IAM Constitution and By-Laws. In the event of any conflict between the provisions of this Transition Agreement, the AEIF Constitution and By-Laws, and the IAM Constitution and By-Laws, the provisions of the respective documents shall take precedent in the following order: the Transition Agreement, the AEIF Constitution and By-Laws, and the IAM Constitution and By-Laws. Upon completion of the Transition Period, and provided that this Transition Agreement has not previously been terminated, the AEIF/IAM shall be governed solely by the IAM

Constitution and By-Laws, and such By-Laws as are enacted by AEIF/IAM, Local No. 1943 in accordance with the IAM Constitution and By-Laws.

5. In all events, both during the term and following the termination of the Transition Period and / or this Transition Agreement, and paragraph 4, above, notwithstanding, all funds, assets, and properties under the control of the AEIF shall remain the sole property of the AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, above).

Similarly, the AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, above) shall retain all rights and obligations arising from all leases, contracts, and property, both real and personal, of the AEIF.

6. As of and effective the date of the chartering of AEIF/IAM, Local No. 1943, all then-current AEIF members in good standing shall be entitled to all rights and privileges of IAM membership and will have their years of good standing membership in the AEIF recognized and credited by the IAM, in accordance with the terms of the IAM Constitution. Among the rights, privileges, and benefits of IAM membership, which will become available to members of the AEIF as a result, are:

- a) Opportunities to attend a full range of courses, training, and classes in leadership training, collective bargaining, grievance and arbitration, new technology, and others at the IAM's William W. Winpisinger Education and Technology Center, and, where appropriate, receive college credit for certain courses;

- b) The full range of IAM Headquarters resources, including the professional services and staff of the IAM's Strategic Resources, Organizing, Legal, Legislative and Political Action, Safety and Health, Collective Bargaining, High Performance Work Organization, Human Rights, Women's, and other Headquarter Departments;
- c) The opportunity to negotiate superior pension and welfare benefits for members through the IAM National Pension Fund and the National IAM Benefit Trust; and
- d) Strike benefits paid from the IAM's Defense Fund.

In addition, AEIF retirees shall be considered retired members of the IAM.

7. The AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, above) may employ such full-time or part-time staff and servicing representatives as it deems necessary to conduct its affairs and will retain the right to employ outside consultants and legal counsel. Upon the date of voluntary recognition by AK Steel Corporation, or upon the date of NLRB certification, and in accordance with the terms of the IAM Constitution, the IAM shall contribute to AEIF/IAM, Local No. 1943 one-half of the funds necessary to support the equivalent of one business agent for each 1,200 AEIF dues paying members, or major fraction thereof.

8. The Secretary-Treasurer of the newly chartered AEIF/IAM, Local No. 1943 shall be provided training and assistance to enable him to meet his reporting responsibilities under the IAM Constitution and federal law, including but not limited to, membership records and reports, and the Centralized Accounting System (CAS). During the transition period prior to

chartering, AEIF/IAM, Local No. 1943 will be afforded the opportunity to implement the CAS system, but there is no requirement to do so until the charter date.

9. In order to assist the IAM with the provision of services, and to minimize the impact of the transition into the IAM on the AEIF, commencing the first full month following voluntary recognition or NLRB certification, AEIF/IAM, Local No. 1943 will remit monthly per capita tax on each of their members to the IAM in the amounts set forth below, and on January 1 each year, the annual Grand Lodge increases will be applied.

January 1, 2006	\$7.00
January 1, 2007	\$7.00 + annual GL increase
January 1, 2008	previous year + annual GL increase + ¼ of the difference between regular GL per capita and the AEIF/IAM per capita
January 1, 2009	previous year + annual GL increase + ¼ of the difference between regular GL per capita and the AEIF/IAM per capita
January 1, 2010	previous year + annual GL increase + ¼ of the difference between regular GL per capita and the AEIF/IAM per capita
January 1, 2011	full GL per capita

The above schedule notwithstanding, if AEIF/IAM, Local No. 1943 finds it advantageous to complete the Transition Period in less than 5 years, they may do so after consultation with the IAM's International President. During the Transition Period, the IAM will be responsible for maintaining per capita payments to the National AFL-CIO, and AEIF/IAM, Local No. 1943 will be responsible for per capita payments to any other organization with which they are affiliated.

The IAM will waive any initiation fees or dues for all AEIF members in good standing as of the charter date.

Dues and fees for each individual bargaining unit member are waived during the term of the existing lockout of the AEIF by AK Steel Corporation, and thereafter until such individual is actually returned to work.

10. Subsequent to the charter date, AEIF/IAM, Local No. 1943 shall elect delegates to the IAM Grand Lodge Convention with voting strength according to the IAM Constitution and By-Laws.

11. The AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, above) shall retain its current internal structure and officer positions subject to revision at its option in accordance with the terms of the AEIF Constitution and By-Laws during the Transition Period, provided: it shall restructure its election process to conform with the IAM Constitution and By-Laws during the Transition Period.

12. The AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, above) shall not be dissolved or be merged with any other IAM entity, nor shall its authority, jurisdiction, functions, or Constitution and By-Laws be altered or impeded without its consent.

13. The AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, above) will have jurisdiction over all employees and classes and crafts of employees it currently represents and those it organizes in the future.

14. The AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, above) shall retain the bargaining rights for all employee groups for which it is recognized, certified, chartered, or otherwise has jurisdiction, including responsibility for the negotiation for all collective bargaining agreements covering such employees. Collective bargaining agreements shall be subject to ratification as set forth in the AEIF Constitution and

By-Laws during the Transition Period, and in accordance with AEIF/IAM, Local No. 1943 By-Laws and the IAM Constitution after completion of the Transition Period, and provided that this Transition Agreement has not previously been terminated. The AEIF (or AEIF/IAM, Local No. 1943 following chartering as set forth in Paragraph 3, above) shall retain all responsibilities for the administration of its collective bargaining agreement, including the processing of grievances and arbitration.

Brian C. Daley
Brian C. Daley, President
AEIF, Inc.

Dennis D. Wright
Dennis D. Wright, Secretary-
Treasurer, AEIF, Inc.

R. Thomas Buffenbarger
R. Thomas Buffenbarger,
IAM International President

Warren L. Mart
Warren L. Mart,
IAM General Secretary-Treasurer

Lynn D. Tucker
Lynn D. Tucker,
IAM General Vice President

Dated: 6-13-06