



CONTRACT 2011

**A Tentative Settlement
Between
United Steelworkers Local 1005
And
U.S. Steel Canada Inc.
- Hamilton Works**

Highlights of the **three-year** agreement
Presented October 12th, 2011

Contract 2011:

The Negotiating Committee is presenting this Memorandum of Agreement for you to consider and discuss with a vote to be held on October 15th, 2011 at the Union Hall.



HIGHLIGHTS OF THE MEMORANDUM OF AGREEMENT

OCTOBER 10th, 2011
3 YEAR AGREEMENT

- 40 hours guaranteed for 26 weeks, no Slave Clause. That includes all employees. (“probationary employees”)
- 11 months lockout time to be credited for all employees.
- Sub Fund to be topped up to 2 million dollars.
- Lump Sum payment of \$1,000.00 for retirees who make less than \$1,500.00 per month. (4,208 members).
- Vacation pay for employees who qualify for 2011 vacation pay will be paid pursuant to Section 11 of the Basic Agreement. To be paid 30 days after Ratification.
- Language for benefits for DC Plan Retirees.
- Special Retirement Provision.
- New- Profit sharing formula.
- Bonus of \$3,000.00 to be paid 60 days after Ratification.

Memorandum of Agreement

Between

U. S. Steel Canada Inc. – Hamilton Works ("Company")

-and-

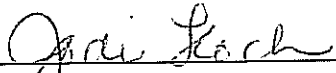
USW Local Union 1005 ("Union")

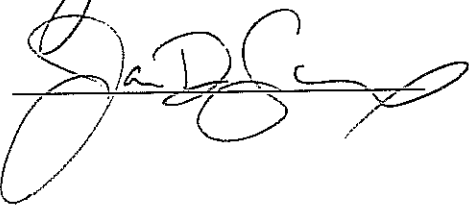
The undersigned representatives of the parties hereby agree to unanimously recommend the terms of this Memorandum of Settlement to their respective principals for ratification:

1. The terms of the Renewal Basic Agreement shall be effective from the date of receipt by the Company of written notice of ratification from the Union and shall expire on the third anniversary of the ratification date.
2. Except as expressly set forth therein, there shall be no retroactivity to any terms of this Memorandum of Settlement
3. The terms of the Renewal Basic Agreement shall include the terms of the Basic Agreement which expired on July 31, 2010, the terms of the Pension Agreement, the terms of the Group Insurance Agreement, and the terms of the Supplementary Unemployment Benefit Plan; subject to the amendments of those various Agreements and Plans as set out in the attached Memorandum of Settlement

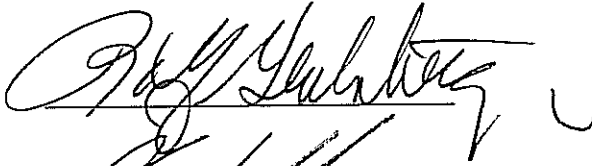
Dated at Burlington, Ontario this 10th Day of October, 2011.

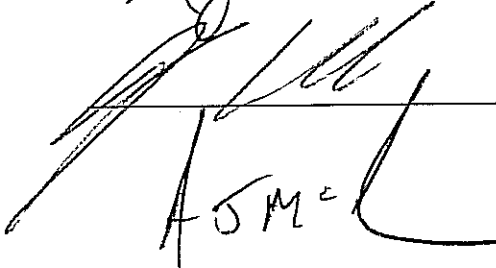
For the Company:

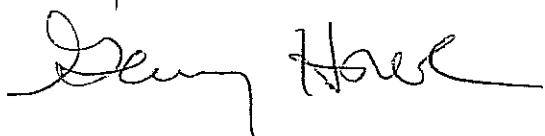





For the Union





ASM




MEMORANDUM OF SETTLEMENT

Term of Agreement Three years from the date of ratification.

Economics

Ratification Bonus A ratification bonus of \$3,000 will be paid to each employee who returns to work upon recall and either remains an employee or retains recall rights sixty (60) days following his/her return to active work on or after the Effective Date (the date of receipt of written notice of ratification of this Agreement). The bonus shall not be used in the calculation of any other pay (including pension), allowance or benefit and shall be subject to all required tax withholdings and union dues.

Profit Sharing A replacement Profit Sharing Plan will be created effective with the fourth quarter 2011. The plan will be calculated quarterly and will pay out of a pool of 6.5% of EBITDA in excess of \$25 Million reported for the Hamilton Works Plant capped at a quarterly payment of \$3,500 per active employee, less applicable deductions.

Wages During the term of this Agreement, there shall be no increases or decreases to the Standard Hourly Wage Rates in effect at the termination of the 2006 Basic Agreement.

Pensions – Current Employees / Pensioners There will be no change to the Basic or Supplemental Rates under the U. S. Steel Canada Inc. Retirement Plan for USW Local 1005 members at Hamilton Works (the "Plan").

Pensions Employees hired on or after the ratification date will not be eligible to participate in the Plan. The definition of "employee" in Section I of the Plan will be amended to exclude any employee hired after the date of ratification.

A new Group RRSP will be established by the Union for employees hired on or after the date of ratification. The Company's contribution to the plan shall be fixed at \$2.50 per hour worked with no further obligation or liability of any kind for funding or pension benefit payments or for the establishment or administration of the plan. The Company will not be the legal sponsor or administrator of the Group RRSP.



Pension Indexing Buyout The Company will no longer index Pensions. The Company will, on a one-time and final basis, make a lump sum cash payment of \$1,000, less applicable deductions, within forty-five (45) days following the Effective Date to Plan participants who (1) as of October 1, 2011 were retired and receiving a monthly Normal Pension under the Plan of \$1,500 or less and (2) are alive on such payment date. For this purpose, Plan participants consist of retired employees (excluding those with deferred pensions) and survivors of deceased retired employees (excluding those with deferred pensions).

Furthermore, the Union will withdraw the policy grievance number 2452 dated August 19, 2010 with prejudice and further agree that it will not allege a violation of Section 86 of the Ontario Labour Relations Act with respect to this subject matter.

Credited Service for
Lockout Period &
Special Retirement
Provision

A Plan member who is an active employee on or after the Effective Date shall receive Credited Service for the period of the lockout.

For any active Employee who, as of the Ratification Date, (1) has attained thirty (30) years of Qualification Service as defined under the Agreement for a Pension Plan or (2) would have attained such thirty (30) years of Qualification Service had he/she been provided with Credited Service for the period of the lockout, the Company will make payable the following in a lump sum payment provided that such qualifying Employee executes retirement documents within seven (7) calendar days after the Ratification Date and retires before any return to active employment at Hamilton Works:

1. 15 weeks of extended vacation calculated in accordance with clause 11.03(a) and (b) of the Basic Agreement;
2. 2011 regular vacation entitlement determined in accordance with clause 11.01 and calculated in accordance with clause 11.03 (a) and (b) of the Basic Agreement; and



3. banked weeks of vacation, if any, calculated in accordance with clause 11.03 (a) and (b) of the Basic Agreement.

In addition, a qualifying Employee in category (2) above, who elects to retire before any return to active employment at Hamilton Works, in accordance with this Special Retirement Provision, shall receive Credited Service for such period of the lockout as is necessary to attain thirty (30) years of Qualification Service.

Benefits

Appendix A Part 3, Health Benefits, Prescription Drug Covered Expenses: Amend to provide for mandatory lowest cost substitution.

Appendix A, Part 3 Health Benefits, Maximum Amount: The Company will continue to provide relief against the \$70,000 lifetime maximum in accordance with historical practice. As a result, however, out of country coverage shall be discontinued and both the Company and the Local Union shall continue to advise employees and pensioners to purchase private coverage when traveling outside of Canada.

Appendix A, Part 3, Health Benefits, Weekly Indemnity: Amend to provide that if an employee is entitled to the Weekly Indemnity benefit during the pre-retirement period, the total vacation and Weekly Indemnity pay (calculated in accordance with the respective relevant clauses of the Basic Agreement) for each week of the pre-retirement period shall not exceed 40 times the average hourly rate of the employee in the pay period immediately preceding the pre-retirement period. The pre-retirement period shall include all regular, banked and extended (grandfathered) weeks of vacation taken immediately prior to retirement.

Post Employment Group Insurance Entitlements For Members of the Group RRSP

Appendix A, Part 3 Table of Eligible Classes of the Hamilton Works Agreement for an Insurance Program shall be amended to provide a new eligible Class Number 003. Class Number 003 will consist of members of the Group RRSP who (1) prior to retirement, were classified as hourly paid bargaining unit members of the United Steelworkers and (2) at the point of retirement, met at least one of the



criteria set out in Section II, paragraphs 1 and 2 of the U. S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works.

Class Number 004 will be amended to include surviving spouses of Class Number 003 individuals.

Cost of Living Allowance Effective with the first pay period following the release of the August CPI (1971 = 100 base), when comparing to the CPI against the prior August, for each 0.30 increase in the CPI, a cost-of-living allowance of one (1) cent per hour shall be paid. The annual increase shall be a soft float and will be added to any existing soft float.

Any increase in the cost-of-living allowance payable will be paid for straight time hours worked only and will not be paid for overtime hours, premiums or used as the basis for calculation of overtime. Further, cost-of-living allowance payments shall not be included for purposes of calculating an employee's vacation and statutory holiday pay entitlement.

Any cost-of-living soft float accumulated under this Basic Agreement shall be rolled into the Base Rate upon ratification of the next Basic Agreement on or before the new termination date.

The current soft float of \$1.67, which accumulated during the term of the 2006 Basic Agreement, will be rolled into the base wage rate on the date of ratification of a new Basic Labour Agreement.

Contracting Out The Parties recognize that the Company may need to utilize retired employees in order to address skills shortages in production and maintenance jobs resulting from significant attrition and unstable business conditions. To address such, the Parties agree to meet and review current and anticipated production and maintenance needs of the plant. In addition the Parties agree to meet to discuss opportunities to improve efficient utilization of bargaining unit forces and develop mutually agreeable training program(s) to address the skills shortages that are critical to Hamilton Works.



Guaranteed Work
Opportunity Following
Ratification

All employees with recall rights, and probationary employees, will be recalled to work as quickly as practical following ratification consistent with an orderly resumption of operations. Following this initial recall, any employee who would otherwise be laid off for lack of work pursuant to Article 7.06 of the collective bargaining agreement, will be retained at work for an extended period, which, in combination with the initial recall will amount to at least twenty-six (26) weeks. While working during an extended period pursuant to this provision, employees will be offered at least forty (40) hours of work per week and shall be paid Job Level 2. Such employees may be scheduled to work other than their normal shifts and shift rotations and may be assigned to perform any job or work assignment during this work opportunity period. The Company will discuss with the union the issues of those employees that would be notionally laid off pursuant to this paragraph and the work assignments of those employees before they are decided.

The work opportunity of forty (40) hours of work per week shall include hours paid for but not worked, disciplinary time off, absenteeism and report off time for Union Business. Furthermore, an Employee on an approved leave of absence or in receipt of a Weekly Indemnity Benefit or WSIB payment shall be considered as having been provided the opportunity for this guarantee during any such week.

2011 Vacation Pay

Employees qualifying for 2011 vacation pay will be paid their outstanding vacation pay pursuant to Section 11 of the Basic Agreement within 30 days from the date of ratification. Vacation time for the balance of the 2011 vacation year will be granted subject to Management approval.

Other

The Union will withdraw the Employment Standards Act Claim Number 70095159-1 and will provide a copy of the withdrawal letter to the Company. The parties further agree that all matters relating to ESA vacation pay, termination pay and severance pay for the period of the lockout from November 7, 2010 to the Effective Date have now been resolved and an Arbitrator or the OLRB shall not have jurisdiction to deal with any such claims by the Union or by any members of the Local 1005 bargaining unit, or by any members of the Local 1005 bargaining unit who have subsequently retired during, on or after the Effective Date.

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Specific BA Changes:

Amend the Basic Agreement to eliminate references to Bloom, Bar & Billet Mill, Hot Strip Mill and Pickling.

- Section 2 Amend Section 2.01, Paragraph C from the term Policeman to Plant Protection Personnel.
- Section 5 The Union will be notified of the scheduling of monthly safety meetings and shall be provided with a proposed agenda. The parties will meet to discuss the scheduling of safety training. Notwithstanding the provisions of Section 5, it is understood that employees may be required to attend the monthly meetings before their normal work day (eight (8) or twelve (12) hours) and such time will be compensated in accordance with the provisions of Section 5. In all other instances hours worked will be governed by the provisions of the Employment Standards act.
- Special SUB Benefits On a one time basis, notwithstanding the actual financial position of the SUB Plan, the Plan upon ratification, will be deemed to be at the Maximum Funding Position of two million dollars (\$2,000,000) for purposes of paying weekly benefits. The parties agree, on a without prejudice or precedent basis, to waive those provisions of the SUB Plan that may disentitle certain employees to a Weekly Benefit, who may be laid off on or after the Effective Date as a result of the commencement of operations after the work stoppage.
- SUB Plan Eliminate Section 4.02 in recognition that the obligation set forth has been met.
- Section 6 – Wages and Job Evaluation: as agreed to July 5, 2010.
 - Section 7.17 – Seniority: as agreed to June 22, 2010.
 - Section 13 – Utilities Department: language regarding Utilities Department has been incorporated into Section 17 – Skilled Trades and Services of the Basic Agreement.
 - Section 17 – Skilled Trades & Services: as agreed to June 22, 2010.
 - Item 4 – Steward Section: as agreed to June 22, 2010.
 - Item 6 – Section 7: as agreed to June 22, 2010.
 - Item 25 – Seniority-Transportation, Basic Oxygen Furnace (BOF) Department: as agreed to June 22, 2010.
 - Item 26 – Seniority-Track, Basic Oxygen Furnace Department: as agreed to June 22, 2010
 - Lines of Progression: as agreed to June 25, 2010.
 - Item XX – Utilities Restructuring: as agreed to June 25, 2010.



- Item XX – Workplace Restructuring and Productivity: as agreed to June 25, 2010.
- Appendix XX – Job Descriptions: as agreed to June 25, 2010.
- Letter of Understanding – Item 5 Designated Jobs: as agreed to June 24, 2010.
- Letter of Understanding – Idling of Divisions: as agreed to June 20, 2010.
- Letter of Understanding – Grandfather Incumbents & Eliminate Old Job Class 1-4: as agreed to June 24, 2010.
- Letter of Understanding – Work Restructuring: eliminate as agreed to June 24, 2010.
- Letter of Understanding – 54” Bloom Mill Roller: eliminate as agreed to June 24, 2010.
- Letter of Understanding - #3 Bloom & Billet Mill Roller Job: eliminate as agreed to June 24, 2010.
- Letter of Understanding – Caster-BOF Realignment: as agreed to June 22, 2010.
- Letter of Understanding – Item 25 Re: Seniority – Transportation, Basic Oxygen Furnace (BOF) Department: as agreed to June 22, 2010.
- Other Letters of Agreement - The Company and the Union agree to meet and discuss the Letters of Agreement that were in existence on the termination of the 2006 Basic Agreement. The parties agree that the letters can either be renewed or amended pursuant to the agreement of the parties.

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