

MEMORANDUM OF SETTLEMENT  
COMPANY'S FULL AND FINAL POSITION FOR SETTLEMENT

**Term of Agreement**      The Agreement will expire at 12:01 a.m. on September 1, 2018.

**Economics**

**Ratification Bonus**      A ratification bonus of \$2,500 will be paid to each employee who works for at least thirty (30) 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).

In addition, those employees who have executed their retirement documents, and as of the Effective Date of the Agreement, are on their pre-retirement vacation entitlement (including regular vacation, banked vacation and the fifteen (15) week extended vacation), shall be entitled to the \$2,500 ratification bonus.

This 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. The Ratification Bonus may be deferred in part or its entirety to the District 6 Savings Plan.

An employee who is off work and receiving Weekly Indemnity or WSIB benefits for less than two years as of the eligibility date for the Ratification Bonus as set forth above, and who returns to active work within one year of the eligibility date for such Ratification Bonus, shall be eligible for such bonus.

**Profit Sharing**      The Profit Sharing Plan will be modified such that the plan will be calculated quarterly and will pay out of a "pool" of 6.5% of EBITDA for the Lake Erie Plant in excess of \$25 million capped at a quarterly payment of \$3,500 per active employee, less applicable deductions. This change will become effective with the calculation for the 3rd quarter of 2013.

Active employees, including those in receipt of WSIB Benefits, shall receive 80% of the "pool" and retirees shall receive the remaining 20% of the "pool".

The 2010 Basic Agreement includes a "Year-End Adjustment" provision as defined in the 2006 Basic Agreement, Item 17, paragraph 5 (g). It is agreed that the 2013 Basic Agreement will not include such provision.

Wages

The Standard Hourly Wage Rates in effect at the termination of the 2010 Basic Agreement will be increased by \$1.01 pursuant to the provisions of Item 14, paragraph 6 of the 2010 Basic Agreement on the Effective Date. There shall be no further increases or decreases to the Standard Hourly Wage Rates during the term of the Basic Agreement.

Lump Sum Bonus

A lump sum bonus of \$500 shall be payable to each employee actively at work on September 1 of 2014, 2015, 2016 and 2017. Such Lump Sum Bonus shall be paid within 45 days of each respective date.

An employee who is off work and receiving Weekly Indemnity or WSIB benefits for less than two years as of the eligibility date for the Lump Sum Bonuses as set forth above, and who returns to active work within one year of the eligibility date for such Lump Sum Bonuses, shall be eligible for such Lump Sum Bonus.

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 8782 members at Lake Erie Works ("the Plan").

Group RRSP

The contribution rate to the Group RRSP will be increased to \$2.65 per hour. Hours for which contributions are made will be modified to:

1. Hours worked by Covered Employees.
2. Hours for which Covered Employees were paid because of vacation, holiday, jury duty, or bereavement leave, and hours spent on Local 8782 union business, whether paid by the Company or not.
3. Hours for periods on lay-off up to a maximum of 35 weeks, during which time the employee will be deemed for this purpose alone to have worked forty (40) hours per week.
4. Hours for absences during which the Covered Employee:

- a. Is receiving WSIB compensation or Weekly Indemnity benefits.
- b. Is on leave of absence for military service as set forth in the Employment Standards Act.
- c. Is on leave of absence for maternity / parental leave.

Such absences, specified in this paragraph 4, will be credited as contributory hours at the rate of up to forty (40) hours per week.

The definition of contributory hours as identified in paragraphs 1-4 above will be applied on a retroactive basis to the 2010 Basic Agreement at the rate of \$2.50 per hour to those Covered Employees who work for at least thirty (30) days following his/her return to active work on or after the Effective Date. There shall be no interest payable on these amounts.

Contributions to the Group RRSP are subject to and limited by the RRSP maximum contribution limits under the Income Tax Act in each year.

Furthermore, the Union will withdraw the policy grievance number 328 dated April 13, 2011 and group grievance number 543 dated February 7, 2012.

**Credited Service for Lockout Period**

All employees who return to work following ratification, whether they are participants in the U. S. Steel Canada Inc. Retirement Plan for USW Local 8782 members at Lake Erie Works or the Group RRSP, shall receive Credited Service for the period of the lockout. There will be no contributions made to the Group RRSP.

**Cost of Living Allowance**

The COLA provisions will be modified as follows: The Consumer Price Index (CPI) Base will be updated to a 2002 Base (2002 = 100 Base) and will be automatically updated for any changes Statistics Canada may make in regards to a new time base period and will be used for all COLA calculation purposes. The purpose of COLA is to make quarterly lump-sum payments to employees if cumulative inflation, as measured over the life of the Basic Labor Agreement exceeds three percent (3%) per year.

The COLA "float" will be eliminated.

COLA will be paid on a lump-sum basis for all hours worked in full calendar weeks in the applicable quarter. Hours not worked even though compensated in accordance with the Agreement shall not be considered to be hours worked for purposes of COLA. The CPI for the Review Month will be compared to the CPI Threshold for the covered period (as found in the table below), which represents what the CPI would be if total inflation during the term of the 2013 Basic Labor Agreement had averaged three percent (3%) per year. If the actual CPI for the Review Month is higher than the CPI Threshold for the Covered Period, for each 0.30 increase above the CPI Threshold, a COLA of one (1) cent will be paid.

Covered Period	CPI Threshold * CPI for 4/1/13 x (1.03) <sup>n</sup> Where n is the number of covered years from the first calendar year of the 2013 BLA	Review Month
4/1/13 to 6/30/13	CPI for 4/1/13 x (1.03) <sup>1</sup>	July 2013
7/1/13 to 9/30/13	CPI for 4/1/13 x (1.03) <sup>1</sup>	October 2013
10/1/13 to 12/31/13	CPI for 4/1/13 x (1.03) <sup>1</sup>	January 2014
1/1/14 to 3/31/14	CPI for 4/1/13 x (1.03) <sup>1</sup>	April 2014
4/1/14 to 6/30/14	CPI for 4/1/13 x (1.03) <sup>2</sup>	July 2014
7/1/14 to 9/30/14	CPI for 4/1/13 x (1.03) <sup>2</sup>	October 2014
10/1/14 to 12/31/14	CPI for 4/1/13 x (1.03) <sup>2</sup>	January 2015
1/1/15 to 3/31/15	CPI for 4/1/13 x (1.03) <sup>2</sup>	April 2015
4/1/15 to 6/30/15	CPI for 4/1/13 x (1.03) <sup>3</sup>	July 2015
7/1/15 to 9/30/15	CPI for 4/1/13 x (1.03) <sup>3</sup>	October 2015
10/1/15 to 12/31/15	CPI for 4/1/13 x (1.03) <sup>3</sup>	January 2015
1/1/16 to 3/31/16	CPI for 4/1/13 x (1.03) <sup>3</sup>	April 2016
4/1/16 to 6/30/16	CPI for 4/1/13 x (1.03) <sup>4</sup>	July 2016
7/1/16 to 9/30/16	CPI for 4/1/13 x (1.03) <sup>4</sup>	October 2016
10/1/16 to 12/31/16	CPI for 4/1/13 x (1.03) <sup>4</sup>	January 2017
1/1/17 to 3/31/17	CPI for 4/1/13 x (1.03) <sup>4</sup>	April 2017
4/1/17 to 6/30/17	CPI for 4/1/13 x (1.03) <sup>5</sup>	July 2017
7/1/17 to 9/30/17	CPI for 4/1/13 x (1.03) <sup>5</sup>	October 2017
10/1/17 to 12/31/17	CPI for 4/1/13 x (1.03) <sup>5</sup>	January 2018
1/1/18 to 3/31/18	CPI for 4/1/13 x (1.03) <sup>5</sup>	April 2018
4/1/18 to 6/30/18	CPI for 4/1/13 x (1.03) <sup>5</sup>	July 2018
7/1/18 to 9/30/18	CPI for 4/1/13 x (1.03) <sup>5</sup>	October 2018

\*CPI for 4/1/13 shall mean the Consumer Price Index for the month of April 2013 where 2002 = 100 Base.

## Vacations

Section 11.01(a) will be modified to reflect a maximum of five (5) weeks vacation eligibility for all current and future employees. However, employees who are currently entitled to six (6) weeks vacation as of Effective Date of the

Agreement will retain such and there will be no further increases to vacation entitlement during the course of their employment. Employees who currently have seven (7) weeks vacation as of Effective Date of the Agreement will retain such entitlement.

Section 11.01 (b)(i) is eliminated. However, employees with twenty-eight (28) or more years of Qualification Service, as defined in the Lake Erie Works Bargaining Unit Pension Plan, as of Effective Date of the Agreement will be grandfathered with respect to the entitlement to the fifteen (15) weeks of extended vacation immediately prior to his/her retirement date.

Section 11.04 (a) – additional vacation pay will be modified to reflect a maximum of \$250 per week of vacation taken from active work during the first sixteen (16) consecutive weeks of the year beginning with the first full week following the calendar week containing New Years Day. All other vacation pay premiums are eliminated.

Section 11.03(a) will be revised to provide that vacation pay for each week of vacation for employees eligible for less than three (3) weeks of vacation shall be the greater of the calculation provided in the Agreement or the calculation provided by the Employment Standards Act.

Section 11.03 (b)(2) will be amended to provide 520 hours instead of 1,040 hours.

Regarding vacation entitlement for those employees with less than one (1) year of service, the Company will conform to the applicable provisions of the Employment Standards Act.

## Benefits

Appendix A, Part 3, Health Benefits, Prescription Drug Covered Expenses: Amend to provide mandatory lowest cost substitution unless specific brands are prescribed by a Doctor due to drug interactions with other prescribed medications.

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 forty (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.

Effective the date of receipt of written notice of ratification, health care coverage will be restricted to an employee and his/her legal spouse/common-law spouse or former spouse (but not both). There are no changes to the definition of eligible dependent child(ren) under the Agreement for an Insurance Program.

Dental Fee Schedule: The three (3) year lag in the dental fee schedule shall be maintained for the term of the Agreement for an Insurance Program.

**Return to Work  
Following Ratification**

No employee shall be laid off for a period of at least 26 weeks following their return to work after ratification.

**Specific BA changes:**

**Probationary Period**

Section 7.04 (a) will be modified to reflect 1040 hours instead of 520 hours. (This provision will be applied to new employees hired after the Effective Date of the Agreement).

**Co-Op Rates**

First Term Co-Op Rate will be \$18.50 per hour.  
Second term Co-Op Rate will be \$20.50 per hour.

**Other**

- Section 7.04 – As agreed to during negotiations.
- Section 14 - As agreed to during negotiations.
- Item 11 - As agreed to during negotiations.
- Item 30 - As agreed to during negotiations.
- Benefit Administrative Issues – As agreed to during negotiations.
- Letters of Understanding – As agreed to during negotiations.

- Skilled Trades Administrative Issue – As agreed to during negotiations.

Note: All dollar amounts shown above are in Canadian dollars