Proposed Tentative Agreement

Between

United Steelworkers
Local 8782-03

And

U.S. Steel Inc.-Pickle Lines

Presented June 9, 2014

UNITED STEELWORKERS

USW™

UNITY AND STRENGTH FOR WORKERS

(Monetary)

Fully recommended by your negotiating committee

ARTICLE 16 - PREFERENTIAL SENIORITY

16.02 **The Union's Chairperson or Grievance Chairperson or Health and Safety Co-Chair will be relieved of his/her regular duties for total time not to exceed twenty-four (24) hours per month to perform union duties and to meet with the Company to resolve labour and health and safety issues.**

ARTICLE 20 - BEREAVEMENT PAY

20.01 An employee who has attained seniority will be protected from loss of regular scheduled pay for up to three (3) days to make arrangements and attend the funeral of the employees current spouse, child, mother, father, sister, brother, parent of current spouse, daughter-in-law, son-in-law and grandchildren **and up to three (3) days in the event of the death of a step mother or step father provided that the employee attends the funeral.**

The three (3) days off for spouse, children, mother, father, and parents of current spouse are without restriction.

ARTICLE 22 – VACATIONS

22.05 A) An employee on the active payroll of the Company with **fifteen (15)** ~~sixteen (16)~~ years or more Company seniority as of May 1st of the current vacation period will be entitled to five (5) weeks vacation with pay. Vacation pay will be 10% of gross earnings from May 1st of the previous year up to and including April 30th of the current year.

B) An employee on the active payroll of the Company with twenty four (24) years or more Company seniority as of May 1st of the current vacation period will be entitled to six (6) weeks vacation with pay. Vacation pay will be 12% of gross earnings from May 1st of the previous year up to and including April 30th of the current year. **The entitlement to six weeks of vacation shall cease effective the termination date of this agreement, 12:01 a.m. June 28, 2019. From that date forward, the maximum vacation entitlement shall be capped at five weeks. Those employees who have achieved the six weeks of entitlement as of the termination date of this agreement shall be grandfathered to maintain such entitlement.**

22.06 An employee whose hire date is after May 1st will, in their 5th, 10th, 16th and 24th years, be entitled to an additional four hours of vacation time up to a maximum of forty (40) hours for each full month employed between May 1st and April 30th. **The milestone vacation entitlement will cease as of December 31, 2016 for all employees.**

22.11 The Company, starting on the 1st of November will start the vacation schedule for the following **year in accordance with Letter of Understanding "J".** Vacation schedules, once completed in accordance with the mutually agreed vacation schedule procedure and approved by the employer, shall not be changed, other than in cases of emergency, except by mutual agreement between the employee and employer, with two (2) weeks notice. Weeks of vacation, not selected by the employee by April 1st, will be designated by the Company.

22.13 A) An employee shall receive an additional payment 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 Year's Day.

B) An employee may elect to schedule two (2) weeks of his/her annual vacation entitlement in single days. For employees on eight hour shift pattern, the two weeks of single days shall not exceed a total of ten (10) shifts equivalent to eighty (80) hours. For employees on twelve (12) hour shift pattern, the two weeks of single days shall not exceed a total of seven (7) shifts equivalent to eighty-four (84) hours.

ARTICLE 23 - PENSION PLAN

23.02 (iii) For employees and their spouses taking early retirement, the company will provide major medical coverage in Canada that is not covered through government programs **for up to a maximum of five (5) years or age sixty-five (65) whichever first occurs: up to a maximum of $5000 per year for the first three (3) years of early retirement and up to a maximum of $2500 per year for the next two (2) years of early retirement**~~. up to a maximum limit of $5000 per year. This benefit will be available for the first three (3) years of early retirement to age 65.~~

23.03 B Group Registered Retirement Savings Plan (RRSP)

The Company will contribute on behalf of bargaining employees hired on or after the date of ratification of this Collective Agreement to the Standard Life Assurance Company of Canada Group RRSP. The Company contribution to the Group RRSP shall be fixed at **$2.65** ~~$2.50~~ per hour worked, subject to Income Tax Act maximums, with no further obligation or liability of any kind for funding or benefit payments. The Company will not be the legal sponsor or administrator of the Group RRSP.

LETTER OF UNDERSTANDING "A" RE: HOURS OF WORK

Hours of work for Day shift Monday to Friday shall be:

Maintenance	7:00 AM to 3:00 PM with a paid lunch
Tow Motor	8:00 AM to 4:00 PM with a paid lunch

LETTER OF UNDERSTANDING "G"
RE: COST OF LIVING ALLOWANCE

1. 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 Labour Agreement exceeds three percent (3%) per year.

2. 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.

3. 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 2014 Basic Labour 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.

	CPI Threshold *	

6/30/17		
7/1/17 to 9/30/17	CPI for 4/1/14 x $(1.03)^2$	October 2017
10/1/17 to 12/31/17	CPI for 4/1/14 x $(1.03)^2$	January 2018
1/1/18 to 3/31/18	CPI for 4/1/14 x $(1.03)^2$	April 2018
4/1/18 to 6/30/18	CPI for 4/1/14 x $(1.03)^2$	July 2018
7/1/18 to 9/30/18	CPI for 4/1/14 x $(1.03)^2$	October 2018
10/1/18 to 12/31/18	CPI for 4/1/14 x $(1.03)^2$	January 2019
1/1/19 to 3/31/19	CPI for 4/1/14 x $(1.03)^2$	April 2019

*CPI for 4/1/14 shall mean the Consumer Price Index for the month of April 2014 where 2002 = 100 Base.

~~The Company agrees to provide a cost of living allowance during the term of the Agreement as follows:~~

~~1. A cost of living allowance (COLA) shall be calculated using the 1971 base as follows:~~

~~For every 0.3 increase in the consumer price index (CPI-1971=100) there shall be a one cent ($0.01) per hour wage increase to all classifications.~~

~~2. COLA shall be calculated on a quarterly basis and rolled into the base wage. The COLA payment shall be paid at the beginning of the month following the release of the CPI by Statistics Canada.~~

3. ~~COLA adjustments will be made on March 1, June 1, September 1, and December 1.~~

LETTER OF UNDERSTANDING "H" RE: PROFIT SHARING PLAN

The Company will establish a Profit Sharing Plan (P.S.P.) calculated and paid in accordance with the following:

1. An employee will be eligible to participate in the Plan:

   (a) Effective on the day following the date he/she completes his/her probationary period, as specified in the Basic Agreement, and

   (b) Provided the employee is on the payroll of the Company on the last day of the quarterly period for which the payment is calculated, except that an employee whose employment is or was terminated before such date for any of the following reasons shall be considered eligible during the quarterly period in which such termination occurs:

      (1) Retirement on a pension under the provisions of the Pension Plan Agreement,

      (2) Death,

      (3) Laid off for lack of work as provided under Clause 14.04 (e) of the Basic Agreement, in which event, the employee shall be paid the Plan payment on the first regular Plan payment date following the date of his/her return to work after recall as provided in the Basic Agreement. If the former employee fails to return to work within the period specified in the Basic Agreement or ceases to be entitled to recall, he/she shall forfeit his/her entitlement to such Plan payment.

2. The rate applicable under the P.S.P. plan shall be paid for all hours worked plus vacation hours. Such hours will be to a maximum of five hundred (500) hours in a quarter by an employee, but shall not be increased by reason of having been earned in overtime. Hours not worked, with the exception of vacation hours (as referred to above), even though compensated in accordance with a specific provision of the Basic Agreement and deemed to be hours worked for other purposes, shall not be considered to be hours worked for the purpose of this Plan.

3. The Company and the Union have agreed that all employees will be expected to perform their work duties to the full scope of the job, including all the inherent functions which may not be specifically described.

4. It is understood and agreed that any employee eligible under the provisions of this Plan who participates in a strike, shall forfeit the greater of any entitlement to payment from the date of his/her participation to the end of such quarterly period or the entitlement to payment for the last two pay periods in such quarterly period.

   Participation in a strike continuing into the next quarterly period will result in the further application of paragraph ~~(a)~~ above.

5. Payment will be based on Lake Erie Works Profitability, as follows:

   a) Profitability

      Profitability will be calculated on the basis of Lake Erie Works EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization,) as established between the Parties.

   b) Profit Sharing Percentages and Profitability Thresholds

(i) "Lake Erie Component" (Pool) = 6.5% of EBITDA in excess of $25,000,000 ~~$45,000,000~~ (Profitability Threshold).

(ii) "Lake Erie Active Employee Component" = 6.5% of EBITDA in excess of $25,000,000 (Profitability Threshold) multiplied by 80%.

(iii) "Lake Erie Retiree Component" = 6.5% of EBITDA in excess of $25,000,000 (Profitability Threshold) multiplied by 20%.

c) Total Profit Sharing Calculation -Quarterly Profit Sharing Payment per Active Local 8782 Lake Erie Works Employee:

i) ((Lake Erie Quarterly EBITDA minus $25,000,000 ~~$45,000,000~~) X 6.5% X 80%) divided by total hours worked by active Local 8782 Lake Erie Works employees. This rate per hour will be multiplied by the hours worked by individual employees (maximum 500) to calculate the payment for each 8782 Lake Erie Works employee.

ii) Maximum Profit Sharing payment for each quarter is $3,500 per active Local 8782 Lake Erie Works – Pickle Line employee (subject to a maximum of $14,000 per year per active Local 8782 Lake Erie Works employee).

d) Profit Sharing Calculation – Quarterly Profit sharing Payment for Lake Erie Works retired employee.

(i) The "Lake Erie Retiree Component" Profit Sharing Payment will be calculated as ((Lake Erie Quarterly EBITDA minus $25,000,000) X 6.5% X 20%) divided by the total number of Plan Participants as of the end of the quarter for which the calculation is being made. The payment will be distributed amongst retirees on an equal basis (subject to a maximum of $3,500 per quarter, per retired employee and a maximum of $14,000 per year).

(ii) 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).

In accordance with the provisions of Paragraph 2 above, the quarterly profit sharing payments will paid on an hourly basis.

The current period EBITDA shall be calculated based on all tonnage shipped, including shipments to other U. S. Steel business units. Where Lake Erie Works production is shipped to other U. S. Steel entities it is understood that Lake Erie Works will receive fair market value. The profit margin per tonne on these slabs and coils shall not be less than the profit margin on goods shipped to arms length customers. If the margins per tonne on the inter unit shipments is less than the margin on arms length transactions the margin per tonne, and therefore EBITDA, will be adjusted to make it equal to arms length customers.

d) Audit

A mutually agreeable independent accredited auditing firm shall be appointed to audit all data required for the income sharing payment calculations and shall perform such calculations on behalf of the parties.

The independent auditor shall have the authority to recover overpayments and correct underpayments. Overpayments shall be recovered by being offset against the next future payment(s). Underpayments shall be paid as soon as practicable. In any event, payment made with respect to any year shall become final ninety (90) days after the date on which it is paid.

The Company shall pay the reasonable cost of the independent auditor. The Parties shall attempt to minimize this expense through the sharing of information as outlined in Clause 7 below.

e) Accounting Practices

It is recognized that changes in accounting practices or other material changes may impact on the PSP calculations, leading to inconsistencies between the Base Period and the current. In the event of any change in methodology of accounting for any of the components of the Lake Erie Works Profitability which results in the current period Profitability being calculated on a different basis than the Base Period Profitability, the current period Profitability shall be adjusted to the degree necessary to make the percentages comparable to the previous calculations.

If it is necessary to modify the calculation of the Profitability, the Parties shall meet to discuss changes which may be required. If the Parties are unable to agree, the matter shall be referred to the independent auditor for resolution. The auditor shall make a determination based on the following: (a) the terms of this agreement, (b) changes must be consistent with past practice to the greatest degree possible, and (c) changes in the calculation of the Profitability must be such that real changes in Lake Erie performance are recognized.

~~f) Year End Adjustment~~

~~A year-end adjustment will be calculated after the calculations described in 5(c) above have been completed for the fourth quarter of a year. The actual total Profit Sharing entitlement per employee for the year will be calculated. The applicable $/hour (maximum $7.00/hour) payment based on the annual Profit Sharing calculation will be compared to the annual $/hour paid to an individual who fully qualified each quarter.~~

~~If the calculated annual $/hour exceeds the paid $/hour, then an additional payment shall be made. This additional payment shall be calculated in the following manner.~~

~~The calculated annual $/hour will be multiplied by the total annual eligible hours (maximum 2000 hours/year) for each individual to arrive at the annual entitlement. The annual entitlement minus actual payments made~~

~~for the four quarters of the year will equal the year-end adjustment for the individual.~~

~~When the actual Profit Sharing entitlement for the year is less than or equal to the Profit Sharing entitlement specified in 5.(a) above, or the calculated annual $/hour is less than the annual $/hour paid to an individual who fully qualified each quarter, no adjustment payment will be made.~~

6. Plan payments will be paid as soon as practical after the public issuance of United States Steel Corporation's quarterly or annual financial statements.

7. As soon as practicable following the release of United States Steel Corporation's quarterly results the Senior Level Committee will meet to discuss the performance of the business for the preceding quarter. Such discussion will include a review of selling prices, costs, production and other information relating to the Profit Sharing calculations. It is agreed that the review of selling prices will include disclosure of market value assessments for steel transfers between Lake Erie Works and Hamilton Works for the previous quarter and anticipated market values for the next quarter.

8. In recognition of the fact that the P.S.P. has been developed as a means of enhancing retirement incomes, the first two hundred and ten dollars ($210.00) generated in any quarter shall be contributed directly to employees' individual accounts in the Standard Life Account.

Upon the employee's instruction, the Company agrees to transfer all or a portion of the remaining P.S.P. payment directly to the tax sheltered investment provided through the payroll deduction plan agreed to by the Company and Union.

It is understood that this provision is subject to mutual agreement as to the regulations of the Payroll Deduction Plan.

BENEFITS

Appendix A, Part 3, Health Benefits, Prescription Drug Covered Expenses: Amend to provide mandatory lowest cost substitution. Should the participant elect the higher cost drug, the participant's cost for the higher cost drug will be the cost in excess of the price of the lowest cost drug unless the participant has used the lower cost drug and suffered an adverse reaction that has been documented by the attending physician. In such event, the higher cost drug will be a covered expense under the Group Insurance Agreement.

Appendix A, Part 3, Health Benefits, Weekly Indemnity: Amend to provide that if an employee is entitled to the Weekly Indemnity pay, the rate will be paid at $710 per week for a maximum of twenty-six (26) weeks. Employees must complete ninety (90) days of active service to qualify for benefit entitlement (calculated in accordance with the respective relevant clauses of the Basic Agreement).

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

Wages

June 28, 2014 – 1% base wage increase for all employees

June 28, 2015 – $750 lump sum bonus for all employees, $1000 maintenance employee retention bonus

June 28, 2016 – $750 lump sum bonus for all employees

June 28, 2017 – 1% base wage increase for all employees, $500 maintenance employee retention bonus

January 1, 2019 – 1% base wage increase for all employees

In the event of a layoff and a transfer to another U. S. Steel location, the affected employee will be paid at the rate of the job to which they are assigned.

Ratification Bonus	A ratification bonus of $1000 shall be payable to each employee as of the date of ratification. 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 dues.