**EXTENDED HEALTH BENEFIT AGREEMENT**
**MADE THIS 1st DAY OF AUGUST 2010**

BETWEEN

**ESSAR STEEL ALGOMA INC.**

-and-

**THE UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (UNITED STEELWORKERS) ON BEHALF OF ITSELF AND ITS LOCAL 2251**
(hereinafter referred to as the Union)

WITNESSETH THAT THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

## ARTICLE 1

## DEFINITIONS

**1.01** In this agreement:

a. "Company" means Essar Steel Algoma Inc.

b. "Union" means Local Union 2251, United Steelworkers**.**

c. "Plan" means the Extended Health Benefit plan established by this agreement.

d. "DB Hourly Plan" means the Defined Benefit Hourly Pension Plan.

e. “DC Hourly Plan” means the Defined Contribution Hourly Pension Plan.

f. "Employee" means a person who is employed full time by the Company in a job which is in the bargaining unit for which the above named Union is the bargaining agent.

g. "Member" means an employee who becomes a member pursuant to Article 2.01.

h. "Dependent" means a person who is dependent pursuant to Article 5.

i. "Committee" means the Joint Compensation/Benefits Committee established pursuant to Article 4.03**.**

j. "Spouse" means either:

   i) a person who is legally married to the member; or

   ii) a person of the same or the opposite sex with whom the member has cohabited in a conjugal relationship for at least twelve months; or

   iii) a person of the same or the opposite sex with whom the member has cohabited in a conjugal relationship of some permanence, if they are natural or adoptive parents of a child.

      i. In any event, where a conflict exists between a legal spouse and the common-law spouse for benefits under this Plan, precedence will be given to the person cohabiting with the member. Under no circumstances will there be a duplication of benefit payments to more than one spouse. Evidence of a common-law relationship shall be presented to the Company by signed and sworn affidavits of the member and common-law spouse. Notwithstanding the provisions of this Article, a common-law spouse and her dependents will not be eligible to be covered as dependents if the member is bound by the terms of a legal separation agreement to provide health care benefits for his separated legal spouse.

k. "Health Plan" means the Ontario Health Insurance Plan (OHIP).

l. "Dental Plan" means a dental care plan equivalent to Great-West Life's Standard Dental Plan with Basic and Orthodontic coverage.

m. "Total and Permanent Disability" means complete inability of the member, due to sickness or injury, to engage in any and every gainful occupation for which he is reasonably fitted by education, training, or experience.

n. Where necessary herein, the masculine pronoun shall be construed to include the feminine pronoun.

## ARTICLE 2

## MEMBERSHIP

### 2.01 Membership in Plan

An employee shall become a member as a condition of employment and be covered for all benefits under this plan except those benefits to which he is not entitled pursuant to Article 2.02:

a. on the date which occurs three months following the date he was last hired if he is at work on such date, or

b. on the effective date of the plan, if he was covered by the former Extended Health Benefit plan and actively at work on the effective date, or

c. on the date on which he returns to work if he was off work because of illness, accident or disability on the date established pursuant to Article 2.01(a) or Article 2.01(b), or

d. on the date on which he enters the bargaining unit if immediately prior to such date he was a member of an Extended Health Benefit plan in effect with the Company, or

e. on the date on which he returns to work if he is a former member whose membership was terminated pursuant to Article 2.03(b), or (c) or (d) provided that this shall not apply if the employee returns to work as a new employee.

### 2.02 Partial Exemption From Coverage

A member whose spouse is also employed with the Company shall not be entitled to coverage, other than coverage for life insurance, accidental death and dismemberment insurance, continuance of earnings and long term disability benefits, if he is covered as a dependent under the spouse's Extended Health Benefit Plan, except that this exemption will not apply when the spouse ceases to be an employee of the Company.

### 2.03 Termination of Membership

An employee shall cease to be a member:

a. Immediately on termination of his employment with the Company, except that if termination is as a result of death, coverage will continue for dependents to the end of the month in which death occurs, or

b. At the end of the 13th week following the week in which he is laid off unless he is on Income Security or, at the time of layoff, he is in receipt of Workplace Safety and Insurance Board benefits for an injury suffered in the employ of the Company not more than one year prior to the date of layoff, in which case he shall cease to be a member on the later of:

    1) the end of the 13th week following the week in which he is laid off, or

    2) the cessation of Workplace Safety and Insurance Board benefits or one year from the date of the injury, whichever comes first, or

c. At the end of the month in which he goes on leave of absence, (except a pregnancy or parental leave granted in accordance with the Employment Standards Act), provided that he may continue as a member for an additional two months if he pays the full cost of benefits for such months in advance, or

d. At the end of the month following completion of an absence of:

    1) thirty-six months, if the absence resulted from an occupational cause for which Workplace Safety and Insurance Board Benefits are payable.

    2) twenty-four months, if the absence resulted from a non-occupational cause, or

e. At the end of the month in which L.T.D. benefits cease.

### 2.04 Special Case

An employee, who is off work on the date provided for in Article 2.01(a) or (b) because of an injury suffered in the employ of the Company less than one year earlier and for which he is receiving Workplace Safety and Insurance Board benefits, shall be deemed to be a member from the date provided until such W.S.I.B. benefits end or until one year from the date of the injury, whichever first occurs.

## ARTICLE 3

## HEALTH AND INSURANCE BENEFITS

### 3.01 How Benefits Provided

Basic hospital and medical benefits provided under the plan shall be provided by the Ontario Health Insurance Plan. Life insurance, accidental death and dismemberment insurance, disability coverage, prescription drug coverage, major medical coverage, semiprivate hospital coverage and dental coverage provided under the plan shall be insured with or administered by a recognised public insurance carrier or carriers.

Notwithstanding anything contained herein, the terms of the contract with the carrier or carriers, the regulations of the Ontario Health Insurance Plan, and the decisions of the Joint Compensation/Benefits Committee shall be controlling in all matters pertaining to benefits hereunder.

### 3.02 Life Insurance for Members

A member's life shall be insured against death for an amount equal to the member's base hourly rate for 2080 hours, exclusive of bonus or incentives, rounded to the next $500**.**

### 3.03 Accidental Death and Dismemberment Insurance for Members

A member's life shall be insured against death resulting from an accident for an amount of $50,000. A member shall be insured against accidental dismemberment resulting from an accident according to the following schedule:

a. Loss of use of both legs (paraplegia) or loss of both arms……………………………………………………………$100,000

b. Loss of use of both arms and both legs(quadriplegia)…... $100,000

c. Loss of use of one arm and one leg on the same side of the body (hemiplegia)………………………………………………… $100,000

d. Loss of both hands, both feet, sight of both eyes, one hand and one foot, one hand and sight of one eye, one foot and sight of one eye..…………………………………………………………….. $50,000

e. Loss of one arm or one leg ……………………………………$37,500

f. Loss of one hand, one foot, sight of one eye, or hearing in both ears ………………………………………....$25,000

g. Loss of thumb and index finger (or at least four fingers) of one hand …………………………$12,500

### 3.04 Life Insurance for Retired Employees on Pension

Members of the Defined Benefit Hourly Pension Plan who retire pursuant to Article 3 shall cease to be a member of this plan pursuant to Article 2.03(a) and the life of such former member shall be insured against death from any cause for $4,000 unless his life insurance is extended pursuant to Article 3.05(1).

Members of the Defined Contribution Hourly Pension Plan who retire pursuant to Articles 7/8 in the DC Hourly Plan shall cease to be a member of this plan pursuant to Article 2.03(a) and the life of such former member shall be insured against death from any cause for $4,000 unless his life insurance is extended pursuant to Article 3.05(1).

### 3.05 Extension of Life Insurance Benefits

1. A member's group life insurance shall continue in effect until 31 days after he ceases to be a member.

2. Group life insurance for a member who develops a total and permanent disability which continues unabated shall continue in effect without cost to him until:

   a. he reaches the age he would be able to retire on an unreduced pension per the DB Hourly Pension Agreement (or age 62 if member of DC Hourly Pension Plan), or

   b. he ceases to be totally disabled, or

   c. he fails, on request of the insurance carrier, to submit annually a doctor's certificate of total disability,

   whichever occurs first.

3. When a person whose group insurance is being continued under this Article meets the provisions of 2(a), (b) or (c) above, his life shall be insured pursuant to Article 3.04 provided he is in receipt of a pension pursuant to Article 3 of the Pension Plan for employees in Local 2251 USW.

### 3.06 Life Insurance Conversion Privilege

During the thirty-one day period after a person ceases to be a member, he may, in accordance with the terms of the contract between the Company and the insurance carrier, change his group life insurance to an individual policy without a medical examination, provided that the amount convertible under this clause shall be reduced by the face value of any insurance to which the person is entitled pursuant to Article 3.04.

### 3.07 Short and Long Term Disability Benefits

*A member must apply for these benefits by filling out the necessary forms with the Company's insurance carrier in order to be paid beyond the seventh consecutive calendar day off.*

### a) Short Term Disability - up to 6 months

A member who is unable to work because of illness, accident or disability shall be entitled to Earnings Continuance for a period of up to 6 months, on the same claim, as follows:

(i)
An hourly employee who is absent from work as a result of illness or injury resulting from a non-occupational cause will normally be carried at base monthly earnings for a period of 15 weeks after the second day of such illness or injury.

If the non-occupational disability continues beyond 15 weeks, the employee is considered to be on vacation until he returns to work or his current vacation, including any "C" days, is used up, whichever occurs first.
When all vacation and "C" days have been used and if the employee is still unable to return to work and such continued non-occupational disability is confirmed by the attending Physician, the employee will revert to full Earnings Continuance (i.e. base monthly earnings).

If vacation was originally scheduled during the period of sickness or injury then:

a. vacation which was in process before the illness or disability began must be taken in its entirety.
b. vacation scheduled to begin after the onset of illness or disability will be cancelled and rescheduled for a later date (employees will not be paid Earnings Continuance and vacation pay at the same time).
c. outstanding vacation remaining at year end will be paid off if the employee returns to work before December 31 and is unable to schedule his remaining vacation.
d. if sickness or injury carries over vacation year end, the previous year's outstanding vacation will be held and applied to weeks of absence in excess of 15 followed by up to 3 weeks of the new vacation year entitlement.

(ii)
If the employee returns to work for less than 4 continuous weeks during this period and is off again he will return to the same claim after the second day he has been off. The 6 month period will be extended by time worked but the 18 month period will not.

If the employee returns to work for 4 or more continuous weeks of work during this period and is off again he will begin a new claim after the second day if he is off for a different disability.

If the employee returns to work for 12 or more continuous weeks of work during this period and is off again he will begin a new claim after the second day if it is for the same disability.

If the employee returns on any Rehabilitation Program or Work Trial he is not considered to have returned to work for purposes of the foregoing.

(iii)
If the disability which keeps the employee off work is of an occupational nature, the equivalent of full earnings, including production supplement payments, will be supplemented by Essar Steel Algoma Inc. Workplace Safety and Insurance Board benefits will be paid directly to the employee and Essar Steel Algoma Inc. will top-up the employee's monthly compensation by an amount that will provide the employee with 100% of his pre-injury or illness "net" earnings and production supplement. Such time off will not count for the purpose of short term disability.

(iv)
Earnings Continuance after the first 15 weeks will be offset by the amount of any C.P.P. Disability Pension benefits, including any dependent benefits, for which an employee is eligible. Where any portion of "other" income is paid on a "net" of income basis, that income will be grossed up to Equivalent Before Tax Earnings for this purpose.

(v)
Active rehabilitation services will be employed at the earliest stage deemed medically advisable.

(vi)
Medical information may indicate that the disabling condition has improved to the extent that the employee may be able to engage in meaningful work, other than his own job, which is compatible with his education, training and experience. In such cases the Company will determine if suitable work, consistent with his condition, is available, first in his own department or failing that, elsewhere in the operation, in which case he will be so assigned.

**b) Short Term Disability - 7 to 18 months**

A member who is unable to work because of illness, accident, or disability in excess of 6 months, on the same claim, shall be entitled as follows:

- Earnings Continuance will cease and be replaced by Reduced Earnings Continuance (REC) which is 55% of base monthly earnings (to the next $1.00) to a maximum of $2,500. This benefit is subject to reduction for "other" income to the extent that his total income exceeds 75% of his base monthly earnings at the time he became disabled. Where any portion of "other" income is paid on a "net" of income tax basis, that income will be grossed up to Equivalent Before Tax Earnings for this purpose.

- Accidental Death and Dismemberment coverage in Article 3.03 ceases.
- Periodic medical certification will be required every 3 months or less unless waived by the Plan Administrator (employee responsible for cost of certification).
- Employees on a Rehabilitation Program or Work Trial will continue on Reduced Earnings Continuance at 55% until they are able to be assigned to meaningful work for a full shift.
- The terms of Article 3.07 a), (v) and (vi) continue to apply.

If the employee returns to work and is off again:

(i) on the same disability, and he

1) has worked less than 12 continuous weeks; after the second day he will be paid REC (55%).
2) has worked 12 or more continuous weeks but less than 6 months; after the second day he will be paid 15 weeks Earnings Continuance at 100% followed by all outstanding vacation and "C" days and then REC (55%).
3) has worked 6 or more continuous months; after the second day he will be paid full Earnings Continuance entitlement at 100%, as in first 6 months above, then REC (55%).

(ii) on a different disability, and he

1) has worked less than 4 continuous weeks; after the second day he will be paid REC at 55%.
2) has worked 4 or more continuous weeks but less than 6 continuous months; after the second day he will be paid 15 weeks Earnings Continuous at 100% followed by all outstanding vacation and "C" days, and then REC at 55%.
3) has worked 6 or more continuous months; after the second day he will be paid full Earnings Continuance entitlement at 100% as in first 6 months above, then REC (55%).

- Time worked in (i),1 or 2, or (ii), 1 or 2, will not extend the 18 month period.

- After 18 months absence from first day on same claim, Reduced Earnings Continuance will cease.

**c) Long Term Disability**

If, at the end of 18 months or any time subsequent to the 18 months, an employee not eligible for an unreduced pension**,** is unable, due to total and permanent disability, to perform any occupation, he is entitled to Long Term Disability benefits (L.T.D.) which will pay him 55% of his base monthly earnings (to the next $1.00) to a maximum of $2,500. Such entitlement ceases upon reaching eligibility for an unreduced pension (i.e. age 58 or 30 pension credits) or age 62 if member of DC Hourly Plan.

This benefit is subject to reduction for “other” income to the extent that his total income exceeds 75% of his base monthly earnings at the time he became disabled. Where any portion of “other” income is paid on a “net” of income tax basis, that income will be grossed up to Equivalent Before Tax Earnings for this purpose.

While drawing L.T.D. benefits, an hourly employee will continue to accrue credited service for pension purposes under the Defined Benefit Pension Plan. Members of the DC Hourly Plan will continue to receive Company contributions for regular hours per week while receiving L.T.D. benefits. They will also continue as members of the Essar Steel Algoma Inc. Extended Health Benefit Plan without premium cost to them and be eligible for all benefits except Accidental Death and Dismemberment.

L.T.D. Benefits will be paid subject to the following conditions:

1. Approval of L.T.D. is based on acceptable medical certification of the employee’s continued total disability, upon proper application by the employee.

2. Unless this requirement is waived by the Plan Administrator**,** the Plan Administrator, (or Essar Steel Algoma’s Medical Department), will periodically request medical certification of continued disability from the L.T.D. recipient’s attending physician, on the appropriate medical form, at the employee’s cost.

3. Where subsequent medical information indicates that the disabling condition has improved to the extent the L.T.D. recipient may be able to engage in meaningful work, other than his own job, which is compatible with his education, training and experience, the company will determine if suitable work, consistent with the L.T.D. recipient’s improved condition, is available, first in his own department, or failing that, elsewhere in the operation.

4. If an L.T.D. recipient is returned to suitable work which meets the requirements set by the Medical Director, he will be considered as returning to work on a rehabilitative basis for three months which may be extended to six months under certain conditions. Should it be necessary for him to stop working again during that rehabilitation period as a result of the same disability, he will immediately be reinstated for L.T.D. benefits.

5. Subject to 6. below, if suitable work for an L.T.D. recipient cannot be found in the plant, the Plan Administrator will be instructed by the Company that L.T.D. benefits are to continue until such time as the employee can be retrained for meaningful work or the condition improves even further so that suitable work can be found or he can return to his own job.

6. L.T.D. benefits will be paid, subject to the other provisions in this Article, only if the employee is completely unable to engage in any and every gainful occupation for which the employee is reasonably fitted by education, training or experience.

7. A plan member must have 3 or more years of corporate service prior to the commencement of the disability to be eligible for any L.T.D. Benefits.

**3.08 Major Medical Benefits**

A member and his eligible dependents shall be covered for Major Medical Coverage. On a reasonable and customary basis, Major Medical Coverage shall reimburse the member for 90% of the actual charges incurred for all eligible expenses in any calendar year. Subject to an automatic annual reinstatement of up to $1,000.00, the lifetime maximum payment for each covered individual shall not exceed $140,000.00. The Company will continue to address those who reach the Lifetime Maximum on a case-by-case basis. The cost of obtaining requested medical documentation to satisfy the need for prescription drugs will be reimbursed by the Company.

a. ELIGIBLE EXPENSES SHALL INCLUDE:

   1) services and supplies furnished by the hospital for medical care therein, and

   2) room and board charges in a licensed nursing home or clinic, and

   3) emergency local ambulance service, and

   4) professional services of any duly licensed physician, surgeon or psychiatrist, and

   5) dental treatment for an accidental injury to natural teeth, and

   6) after the annual OHIP maximum payment has expired, up to $20.00 per visit and a maximum of 20 visits per year for paramedical services rendered by a duly licensed chiropractor, an osteopath, or podiatrist or naturopath, and

   7) charges for the services of a trained, duly licensed nurse, other than a close relative or other person normally resident in your home, when ordered by the attending physician, and

   8) speech therapy by a qualified speech therapist, other than a close relative, to restore speech loss or correct an impairment, due to:

      i) a congenital defect for which corrective surgery has been performed, or

      ii) an accident or illness other than a functional nervous disorder, and

   9) the cost of orthopaedic shoes and elastic support stockings when recommended as necessary by a doctor to a maximum of one pair in any 24 month period, (every 12 months for dependent children under age 18), and

10) the cost of orthotics up to $500 in any 24-month period. (as required for dependent children under age 18) and

11) the cost of drugs and medicines available by prescription only and purchased from a licensed pharmacist, physician or hospital and injectable drugs, sera and vaccines when administered by a qualified person. (Subject to a calendar year deductible of $25.00 single or family but not subject to co-insurance). An employee and their dependents will be restricted in the amount of reimbursement to the dispensing fee in place within the Preferred Provider Network. Where there are no preferred provider pharmacies or no delivery service this Article will not apply and the reasonable and customary dispensing fee will be paid. Patent medicines, food supplements or vitamins available without a prescription are not covered whether prescribed or not, and

12) Medical supplies:

i) blood and blood plasma,

ii) bandages and surgical dressings,

iii) crutches, casts, splints, braces and trusses,

iv) the initial cost of artificial limbs or eyes,

v) oxygen and rental of equipment for its administration,

vi) rental of an iron lung or other mechanical equipment for the treatment of respiratory paralysis, and

13) Radiology, and

14) Physiotherapy, and

15) Up to $20 per visit and a maximum of 20 visits per year for the diagnosis and treatment of mental, nervous or emotional disorders by a duly licensed Psychologist or Social Worker with minimum M.S.W. qualifications.

b) ELIGIBLE EXPENSES (not subject to deductible or co-insurance):

1. Vision Care:

i) up to $225.00 every two years for the purchase of lenses and frames,

ii) ocular examination by refraction,

iii) diagnostic services for suspected disease,

iv) visual training or remedial exercises,

v) contact lenses for a minimum 20/40 vision in the better eye where glasses cannot increase visual capacity to that extent, and

2. Up to $425 every two years or $650.00 every three years for the purchase of a hearing aid when prescribed by a doctor.

c) LIMITATIONS TO ELIGIBLE EXPENSES:

Eligible expenses under this Major Medical Coverage shall exclude:

1) expenses for care or service for which insurance benefits are prohibited by any provincial plan, or other governmental plan or law, or

2) expenses for care or services to the extent that benefits are provided under any provincial plan or other governmental plan or law under which the individual is or could be covered to the extent to which benefits would be provided had the individual met the requirements for having care or services furnished under the plan or law, or

3) expenses for care or services provided by or on behalf of any government, political sub division or governmental agency unless a non-recoverable charge is made to the covered individual, or

4) anything not ordered by a doctor, not reasonably necessary for medical care or charges in excess of those usually made when there is no insurance but not more than the general level in the area for comparable services or supplies, or

5) expenses incurred in treatment of a condition which resulted from an act of war or armed aggression, or

6) expenses in connection with cosmetic surgery unless due to an accident occurring while covered, or

7) treatment of periodontal or periapical disease or any condition involving teeth, surrounding tissue or structure, unless treatment is due to accidental injury occurring while covered, or

8) nursing, speech therapy or physiotherapy rendered by yourself, spouse or a child, brother, sister or parent of yourself or spouse, or

9) charges for an uncomplicated pregnancy and delivery.

### 3.09 Dental Plan

a) A member and his dependents (including dependent children younger than age 21) shall be entitled to benefits under a dental care plan equivalent to Great-West Life's Standard Dental Plan with Basic and Orthodontic coverage. The O.D.A. Schedule of Fees will be updated annually to maintain a 3 year lag behind the current O.D.A. Schedule of Fees.

b) Qualified dependent children younger than age 20 shall be entitled to orthodontic services up to an individual lifetime maximum of $1,500. The amount payable will be 60% of the reasonable and customary charge for the orthodontic services listed below up to the lifetime maximum.

The following are covered orthodontic services:

1. diagnostic services (once only) and surgical services,
2. interceptive orthodontics,
3. comprehensive orthodontics,
4. habit inhibiting appliances.

The following are not covered:

1. myofunctional therapy
2. charges for replacement or repair of an orthodontic appliance
3. motivation of a patient.

### 3.10 Health Benefits on Retirement

An employee who ceases to be a member of this plan because he has retired from active service with the Company, (or the spouse of an employee who died), and who is receiving a pension under the provisions of the Pension Plan for employees in USW Local 2251 (except a pension payable under the "Deferred Pension" provision of Article 4 of the Pension Agreement) shall be covered**,** and his eligible dependents shall be covered, as of the effective date of the pension, for a Prescription Drug Plan. The spouse of a deceased pensioner who retired from active service (and that deceased pensioner's eligible dependents) shall also be covered by the Prescription Drug Plan.

The plan will include drugs or medicines purchased from a licensed pharmacy, a physician, or hospital for which a medical prescription is necessary except that benefits available under a government prescription drug plan will not be duplicated under this plan**.**

The plan will also pay for injectable drugs, sera and vaccines when administered by a qualified person but excludes the actual charge for its administration**.** The plan will pay the full cost of such prescribed drugs and medicines, up to a lifetime maximum of $140,000.00, after a deductible of $15 for one person or $30 for two or more persons in a family has been satisfied in any calendar year.

The plan does not provide the many patent medicines, food supplements, vitamins and other items that normally could be bought over the counter without a prescription whether such items are prescribed or not.

The spouse and dependents of an employee who died while in active service will also be entitled to Dental benefits under Article 3.09 until the later of the youngest dependent attaining age 21 or the former spouse attaining age 60.

The plan will reimburse 50% of the receipted cost of glasses and hearing aids to a maximum of $200 per family for the life of the agreement (i.e. July 31, 2013). This shall also apply to all retirees who retired prior to August 1, 2010.

During the period of August 1, 2010 to July 31, 2013, any retiree or eligible dependent who reaches the Lifetime Maximum Limit (i.e. $140,000) will be provided with the full support of Essar Steel Algoma Inc. to access alternate funding sources to ensure that the claimant is fully compensated for eligible expenses. Essar Steel Algoma Inc. will be the second payer to any and all available government programs. If retirees are unable to access alternate funding, it is agreed that Essar Steel Algoma Inc. will ensure all eligible costs covered under the appropriate Policy are paid.

**3.11 Supplementary Hospital (Semi-Private) Coverage**

In addition to ward hospital care covered under O.H.I.P., this plan shall provide for the additional cost of semi-private hospital care for a member and his dependents as defined in Article 5.01.

## ARTICLE 4

## ADMINISTRATION AND COST OF PLAN

**4.01 Administration**

The plan shall be administered by the Company.

**4.02 Cost**

The cost of the benefits provided under the plan shall be paid by the Company.

### 4.03 Joint Compensation/Benefits Committee

A separate Joint Compensation/Benefits Committee with the local Unions shall be established which will be made up of six members from the Union and three members from the Company. The duties of the Committee shall be to advise on the day-to-day administration of the plan and to deal with problems which may, from time to time, arise concerning the application of the terms of this agreement. This committee shall have all information reasonably necessary to carry out its functions.

### 4.04 Arbitration

Any dispute as to the meaning or application of the provisions of the plan which cannot be settled by the Joint Compensation/Benefits Committee may be submitted by either party to arbitration in accordance with the terms of the labour agreement between the parties to which this plan is an appendix.

## ARTICLE 5

## DEPENDENTS

### 5.01 Definition

Subject to Article 5.02, a dependent is a person who is either the member's spouse (unless legally separated) who has been reported as a dependent in accordance with Article 5.02 or who is a member's unmarried child under 21 years of age or enrolled as a full time student in an educational institution and younger than age 23 and completely dependent upon the member for support and maintenance. "Unmarried Children" shall include step-children, foster children and legally adopted children who have been reported to the Company for coverage. Foster child shall not include any child placed in the care of the member by the Children's Aid Society or any similar government organization.

Relatives such as parents, brothers or sisters are NOT considered as dependents under any circumstances.

### 5.02 Reporting Dependents

When an employee becomes a member, he must certify to the Company the names of his dependents, if any. If a member without dependents acquires one or more dependents on any date after he becomes a member, he shall report such dependent or dependents to the Personnel Services Section of the Company's Human Resources Department within 30 days of such date and coverage for such a person(s) will become effective on the reporting date. If he fails to report them within the 30 day period, dependent coverage for those dependents will be delayed until the first day of the month following the month in which they are reported. If a member with dependents acquires additional dependents he must report those dependents to the Personnel Services Section of the Human Resources Department and dependent coverage for the additional dependents will become effective as of the reporting date.

## ARTICLE 6

## DURATION OF AGREEMENT

**6.01** This agreement shall be effective from August 1, 2010 to July 31, 2013 and thereafter from year to year unless either party gives written notice of termination at the end of a contract year (commencing with the year ending July 31, 2013) not more than ninety days nor less than sixty days prior to July 31 of such year.

# THE ESSAR STEEL ALGOMA INC.
# DEFINED BENEFIT PENSION PLAN FOR HOURLY EMPLOYEES

## DEFINITIONS

a. **"Company"** means Essar Steel Algoma Inc.

b. **"Union"** means Local Union 2251, United Steelworkers**.**

c. **"DB Hourly Plan"** means the Defined Benefit Hourly Pension Plan.

d. **"Frozen DB Members"** means members of the DB Hourly Plan who elected to join the DC Hourly Plan for future service and retain a Frozen DB pension that is deferred until their date of retirement, termination or death. These members will have their credited service and average earnings frozen at the time of their transfer.

e. **"Frozen DB Pension"** means the portion of their DB Hourly pension that was accumulated prior to transferring membership to the DC Hourly Plan. This pension will be calculated using the credited service and average earnings accumulated prior to transferring to the DC Hourly Plan. After transferring members credited service and average earnings will be frozen effective the date of transfer.

## DEFINED BENEFIT HOURLY PENSION PLAN

The following summary is provided for your information and is a generalization of The Essar Steel Algoma Inc. Defined Benefit Pension Plan for Hourly Employees (the "DB Hourly Plan") as at August 1, 2010. The actual terms of the DB Hourly Plan and the laws of Ontario shall govern in the event of any discrepancy between them and this summary.

## 1. MEMBERSHIP

Those hired prior to January 1, 2011 became a member of the DB Hourly Plan on the effective date of the plan, if you were an employee on that date, or on the first day of the month following the month in which you are hired into an Hourly position.

## 2. PENSION PLAN BENEFITS

On retirement, the DB Hourly Plan provides a continuing monthly income, for the balance of your lifetime, which is a non-contributory pension based on your earnings and service.

If you have service under The Essar Steel Algoma Inc. DB Hourly Plan for Salaried Employees, you will receive the benefit you accrued under that plan, in addition to the benefit you earned under the DB Hourly Plan.

## 3. WHEN YOU MAY RETIRE

You may retire as early as age 55 or if you have 30 years of Credited Service provided you give the Company two months' notice.

Note: If you choose to retire early and on your retirement date you are not age 60 and do not have at least 10 years of Credited Service, your pension will be reduced. See 5 - Early Retirement Reductions.

During the term of the current Collective Agreement, there are Early Retirement Windows. See 8 on page 7.

Note: All retirements are on the first day of the month.

## 4. AMOUNT OF PENSION

Since your pension is based on earnings and service these terms should first be clarified.

**"Credited Earnings"** is the monthly equivalent of the average bi-weekly earnings paid to you in the 130 pay periods in which your earnings were highest.

**"Base Earnings"** is Credited Earnings to a maximum of 150% of one-twelfth of the average YMPE (defined below) in the 3 calendar years ending in the year in which you retire. In 2010 maximum Base Earnings are $5,766.64.

**"Hourly Service"** is determined based on 1,800 hours of work constituting one year of hourly service. If you work 1,800 or more hours in a calendar year, you will be credited with one year of Hourly Service. If you work less than 1,800 hours in a calendar year, your Hourly Service for that year will be equal to the hours you worked in the year divided by 1,800. Hours of work includes scheduled vacation with pay, time off for illness, accident, and for certain other reasons as described in Article 6 of the Pension Agreement.

**"YMPE"** is the Yearly Maximum Pensionable Earnings established by the Canada Pension Plan and used in determining your Canada Pension Plan benefit. It is also used for your Bridge Pension calculation.

If you have prior salaried service, the amount of pension you will receive for that service was calculated when you transferred to the DB Hourly Plan. If that service was prior to August 1, 1972 and the amount of pension so calculated is less than your salaried service times the flat formula in effect under the DB Hourly Plan when you retire from active service, you will receive the greater amount.

Total credited service (hourly plus salaried service) is limited to 35 years.

As your earnings increase, your Credited Earnings also increase and so does the value for each year of your service. As your service increases, so does your pension.

**<u>Lifetime or Basic (Age 65) Pension</u>**

For Credited Service prior to August 1, 1972, your pension shall be $48.00 times your years of Credited Service prior to August 1, 1972.

For Credited Service after July 1972 but prior to August 1999, your pension shall be the greater of:

(a) $48.00 times your years of Credited Service after July 1972 but prior to August,1999; and

(b) 1.35% times your Credited Earnings times your years of Credited Service after July 1972 but prior to August, 1999 (Credited Earnings not to exceed $52,000 annual).

For Credited Service after July 1999, your pension shall be the greater of:

(c) $48.00 times your years of Credited Service after July 1999; and

(d) 1.35% times your Credited Earnings times your years of Credited Service after July 1999.

Total Credited Service cannot exceed 35 years. If you have more than 35 years of Credited Service, your last 35 years will be counted towards the determination of your pension.

**Bridge Pension (Before Age 65)**

If on your early retirement date, you are age 60 and have at least 10 years of Credited Service, a bridge benefit will be payable from your early retirement date to age 65, determined as follows:

(a) for Credited Service prior to August 1, 1972, $20.00 times your years of Credited Service prior to August 1, 1972,

(b) for Credited Service after July, 1972 but prior to August,1999, the greater of:

  (i) $20.00 times your years of Credited Service after July, 1972 but prior to August, 1999; or
  (ii) 0.6% times your Base Earnings times your years of Credited Service after July, 1972 but prior to August, 1999 ( Base Earnings not to exceed $52,000 annual)

(c) for Credited Service after July 1999, the greater of:

  (i) $20.00 times your years of Credited Service after July 1999; or

  (ii) 0.6% times your Base Earnings times your years of Credited Service after July 1999.

Total Credited Service under (a), (b)(i) and c(i) cannot exceed 30 years and the aggregate under (a) and (b)(ii) & (c)(ii) cannot exceed 35 years of Credited Service. If you have more than 35 years of Credited Service, your last 35 years will be counted towards the determination of your pension.

If on your early retirement date, you are not age 60 and do not have at least 10 years of Credited Service but you qualified for early retirement at December 31, 2001, a bridge benefit for your service to December 31, 2001 will be calculated as above subject to the reductions outlined in 5 - Early Retirement Reductions.

If on your early retirement date, you are not age 60 and do not have at least 10 years of Credited Service and did not qualify for early retirement at December 31, 2001, you will <u>not</u> receive a bridge benefit.

If you retire from active service before age 53 and you qualified for early retirement at December 31, 2001, you will receive a special supplemental monthly increase of $2.00 multiplied by your years of Credited Service up to 30 years. This special supplemental increase will commence 24 months after your retirement and will cease at the end of the month in which you reach age 55.

**Frozen DB Pension**

Your frozen accrual for Lifetime and Bridge Pension will be calculated as noted above. However no further credited service will be accrued in the DB Hourly Plan beyond your transfer date to the DC Hourly Plan. Credited Earnings will be calculated using the average bi-weekly earnings paid to you in the 130 pay periods in which your earnings were highest prior to your transfer date to the DC Hourly Plan.

Early retirement reductions (See 5 – Early Retirement Reductions) will apply to your Frozen DB Pension if applicable at the time of your retirement from the DC Hourly Plan.

The company will continue to track your hourly service after your transfer date (post-transfer hourly service) in accordance with the DB Hourly Plan for the purposes of determining your eligibility for an unreduced pension. Your post-transfer hourly service will be used to determine your eligibility for an unreduced pension and will not have an impact on your frozen credited service as above.

For example: Frozen Credited Service + Post-transfer Hourly Service is less then 85 Factor will result in a reduction.

**Retiring Allowance for the Defined Benefit Pension Plan**

If you retire from the Company during the life of this agreement with at least 30 pension credits and the total (lifetime and bridge) pension payable in the normal form is less than $2,500 per month, you will receive a retiring allowance equal to $2,500 less your total early retirement pension payable under the normal form. The retiring allowance is payable monthly from your early retirement date to age 65.

Note: Normal form means before any reduction for a Joint & Survivor pension and taxes. Retiring allowance does not apply to Frozen DB Pension.

## 5. EARLY RETIREMENT REDUCTIONS

If you choose to retire early, your Basic Pension at the time you retire will be actuarially reduced from the date you would be age 60 and have 10 years of Credited Service.

If you choose to retire early and you qualified for early retirement at December 31, 2001, your pension will be reduced as follows:

### (a) Service Prior to August 1, 1972

For service prior to August 1, 1972, your Basic and Bridge Pensions will be reduced by 0.5% for each complete month by which your early retirement date precedes your 58th birthday, except that the reduction will not apply if you have 30 or more years of Credited Service, regardless of age.

### (b) Service After July 31, 1972 and Before January 1, 2002

If your Basic and Bridge Pensions for service after July 31, 1972 and before January 1, 2002 are calculated using the $48 and $20 formulas respectively, the reductions on them will be calculated as in (a).

If your Basic and Bridge Pensions for service after July 31, 1972 and before January 1, 2002 are calculated using your Credited and Base Earnings respectively, they will be reduced by the lesser of:

(i) 0.25% for each month that you start your pension before your 62nd birthday, plus an additional 0.25% for each month that you start your pension before your 59th birthday; and

(ii) 0.33% for each month that your age plus service at retirement is less than 85, except that no reduction shall apply if you have 35 years of service at retirement.

**REMEMBER:** The percentage which provides you with the largest pension is used.

### (c) Service After December 31, 2001

For service after December 31, 2001, your Basic Pension will be actuarially reduced from the date you would be age 60 and have 10 years of Credited Service.

## 6. OPTIONAL PENSIONS

The form of pension you receive will depend on whether or not you have a spouse when you retire. If you do not have a spouse, your pension will be payable for your life. If you have a spouse when you retire, the law requires that your pension be paid as a Joint and Survivor pension, unless you and your spouse waive the right to that form of benefit in writing. The Joint and Survivor form pays you a reduced pension for life with 60% of the reduced pension continuing to your spouse after your death. This pension will be equal in value to the lifetime pension that you would receive if you do not have a spouse when you retire.

The Ontario Pension Benefits Act requires a 60% joint and survivorship (J&S) pension for your spouse by taking a slightly smaller pension payable for your lifetime. You and your spouse, however, may elect to take a smaller or larger percentage J&S pension or no J&S pension.

If you elect to take a J&S pension of less than 60% the law requires that both spouses sign a waiver form.

The amount paid to your spouse in the event of your death is dependent on your age at retirement, the age difference between you and your spouse and the percentage amount you elect.

The J&S pension is based on the lifetime portion of the pension only, that is, it does not apply to the bridge benefit.

## 7. POST-RETIREMENT INDEXING OF BASIC PENSION

If you retire from active service, have been retired for at least 24 months and are at least age 55, you will have a portion of your Basic Pension increased on July 1, 2011, July 1, 2012 and July 1, 2013 based on the Percentage Adjustment which shall be calculated as the lesser of:

(a) 80% of the average annual percentage increase in the Consumer Price Index in the immediately preceding calendar year subject to an annual maximum of 3%, and
(b) the difference between the rate of return on the assets of the pension fund in the preceding calendar year and the solvency interest rate for the current calendar year plus 1.5%.

If the Percentage Adjustment is zero or negative, no indexing will be paid. Any negative balance in the Percentage Adjustment will be carried forward to future years.
The maximum portion of your Basic Pension which will be increased is equal to $48 per month times your years of Credited Service (Salaried and Hourly to a maximum of 35 years) plus increases previously granted to you.

## 8. EARLY RETIREMENT WINDOWS

If you retire during one of the following periods:

(a) August 1, 2010 to October 31, 2010

(b) January 1, 2011 to October 31, 2011

(c) January 1, 2012 to October 31, 2012

(d) January 1, 2013 to July 31, 2013

your Basic and Bridge Pensions will be calculated using the reductions outlined in Sections 5(a) and (b) of this booklet, with Section 5(b) applying to all years of Credited Service after July 31, 1972.

*Remember: All retirements are on the first of the month. For example, the last opportunity to retire under these early retirement windows will be on July 1, 2013.*

## 9. PLANT CLOSURE BENEFIT

If the plant closes and you were a Member of the DB Hourly Plan on December 31, 2001, your Basic and Bridge Pensions will be calculated using the reductions outlined in Sections 5(a), (b) and (c) of this booklet.

This benefit will not be pre-funded and will impact the funded status of the DB Hourly Plan in the event of a plant closure.

## 10. INTEGRATION WITH GOVERNMENT PLANS

Although full Canada Pension Plan (CPP) benefits do not become payable until age 65 (unless you become totally disabled), you may take a reduced CPP benefit as early as age 60. Old Age Security is payable at age 65. Since the DB Hourly Plan provides you with the option to retire before you are eligible for the Government benefits, the DB Hourly Plan provides an extra amount of pension (Bridge Pension) if you decide to retire before age 65 and if you meet the qualifying criteria. When you reach age 65 the Bridge Pension ceases. If you choose to take your CPP before age 65, the Bridge Pension will still continue to age 65.

## 11. SURVIVOR BENEFITS

In the event of your death before retirement from any cause, your surviving spouse will be entitled to receive an on-going monthly survivor pension under the terms of the DB Hourly Plan.

The Survivor Benefit payable under the DB Hourly Plan is the greater of:

- half of your Basic Lifetime (Age 65) pension entitlement earned to your date of death, or
- the commuted value of your pension earned from January 1, 1987.

The Survivor Benefit monthly income is payable for the lifetime of your spouse.

If you do not have a surviving spouse, your designated beneficiary will receive a lump sum payment equal to the commuted value of your deferred pension accrued from January 1, 1987. If you have not designated a beneficiary or if your beneficiary predeceases you or dies before receiving all payments to which the beneficiary is due, any remaining benefits payable to the beneficiary will be paid as a single lump sum to your estate or the estate of your beneficiary, respectively.

A surviving spouse and surviving dependents under the DB Hourly Plan also receive, at Company cost:

- Prescription drugs at 100% coverage
- Dental Plan coverage until the spouse reaches age 60 or there are no dependent children, whichever occurs last.

In all cases of the death of an employee and/or a surviving spouse, the Company will assist beneficiaries in any way possible.

## 12. TERMINATION OF EMPLOYMENT

If you terminate your employment with the Company prior to becoming eligible for an early retirement pension and you have at least 24 months of continuous service, you shall be entitled to receive a deferred pension. You will receive as a minimum the value of your basic lifetime (at age 65) pension. You will have the option of transferring the commuted value of your deferred DB pension to your new employer's pension plan (if it will accept the funds), or to your own locked in Retirement Account (such as a RRSP) or using it to purchase a Deferred Life Annuity.

You will have 60 days to make your election. If you do not make an election, you will be deemed to have elected not to transfer the commuted value of your deferred pension from the DB Hourly Plan.

## 13. ESTIMATED PENSION CALCULATION

When you are approaching retirement contact Employee Benefits for an estimate of your pension entitlement.

# THE ESSAR STEEL ALGOMA INC.
# DEFINED CONTRIBUTION PENSION PLAN FOR HOURLY EMPLOYEES

## DEFINITIONS

a. **"Company"** means Essar Steel Algoma Inc.

b. **"Union"** means Local Union 2251, United Steelworkers**.**

c. **"DB Hourly Plan"** means the Defined Benefit Hourly Pension Plan.

d. **"DC Hourly Plan"** means the Defined Contribution Hourly Pension Plan.

e. **"Account Balance"** means all company contributions, voluntary contributions and money transferred from another employer's pension plan or personal retirement vehicle plus related investment earnings.

f. **"Frozen DB Members"** means members of the DB Hourly Plan who elected to join the DC Hourly Plan for future service and retain a Frozen DB pension that is deferred until their date of retirement, termination or death. These members will have their credited service and average earnings frozen at the time of their transfer.

g. **"Frozen DB Pension"** means the portion of their DB Hourly pension that was accumulated prior to transferring membership to the DC Hourly Plan. This pension will be calculated using the credited service and average earnings accumulated prior to transferring to the DC Hourly Plan. After transferring, members credited service and average earnings will be frozen effective the date of transfer.

## DEFINED CONTRIBUTION HOURLY PENSION PLAN

The following summary is provided for your information and is a generalization of The Essar Steel Algoma Inc. Defined Contribution Pension Plan for Hourly Employees (the "DC Hourly Plan") as at August 1, 2010. The actual terms of the DC Hourly Plan and the laws of Ontario shall govern in the event of any discrepancy between them and this summary. The DC Hourly Plan will be administered by a third party.

The foregoing must be in compliance with government legislation at all times.

## 1. MEMBERSHIP

Hourly employees hired after December 31, 2010 are members of the DC Hourly Plan on their date of hire.

Frozen DB Members will be a member of the DC Hourly Plan on the day they transfer from the DB Hourly Plan to the DC Hourly Plan. They will remain a member of the DB Hourly Plan with a deferred Frozen DB Pension as per the Defined Benefit Pension Plan.

## 2. VESTING PERIOD

The vesting period will be immediate.

## 3. BASE COMPANY CONTRIBUTION (as per collective agreement)

- Effective January 1, 2011 - $2.50 per qualifying hour
- Effective January 1, 2012 - $2.55 per qualifying hour
- Effective January 1, 2013 - $2.65 per qualifying hour

## 4. QUALIFYING HOURS

All hours for which an employee receives wages including hours for vacation, paid statutory holidays and approved union leaves under Article 8.05 of the applicable Collective Agreement.

Any contributions for paid overtime hours will be compensated on a straight time basis.

## 5. COMPANY CONTRIBUTIONS DURING APPROVED LEAVES OF ABSENCE

Company contributions will continue for regular working hours per week during periods of short-term disability, long-term disability, WSIB, Income Security and leaves of absence where contributions are required to continue under the Employment Standards Act.

Hours of work includes scheduled vacation with pay, paid time off for illness, accident, and for certain other reasons as described in Article 6 of the Pension Agreement. It excludes unpaid leaves and any periods of less than full WSIB coverage.

## 6. SPECIAL COKEMAKING CONTRIBUTIONS

Consistent with the DB Hourly Plan, the Company will contribute an additional 20% of employer contributions following 5 years of Cokemaking service in positions outlined in the DC Hourly Plan. A lump sum retroactive contribution will be made for the time spent in the DC Hourly Plan at the rates in effect during that 5 year period. Consistent with the Letter of Agreement RE: Special Pension Credit Allowance, these Special Cokemaking Contributions will apply to the jobs outlined in that letter and until stipulated in that letter.

## 7. WHEN YOU MAY RETIRE

You may retire as early as age 55 under the DC Hourly Plan provided you give the Company two months' notice.

The normal retirement date under the DC Hourly Plan is age 65.

<u>Note</u>: All retirements are on the first day of the month.

## 8. RETIREE HEALTH BENEFITS

You must retire to be eligible for retiree health benefits. For purposes of retiree benefits eligibility, employees must also have 2 years of continuous service, consistent with the vesting period in the DB Hourly Plan. Should the DB Hourly Plan vesting period be eliminated in the future, so will the 2 year requirement outlined herein.

## 9. RETIREMENT OF EMPLOYEE ON LONG-TERM DISABILITY OR WSIB

Employees who are on Long-term Disability or in receipt of full WSIB benefits will have their Company contributions cease at age 62 at which point the employee will be considered retired.

## 10. RECEIVING PENSION BENEFITS UPON RETIREMENT

Upon retirement the member will have pension income options facilitated through the plan administrator, in accordance with government regulations.

## 11. SURVIVING BENEFITS

The Ontario Pension Benefits Act requires a 60% joint and survivorship (J&S) pension for your spouse by taking a slightly smaller pension payable for your lifetime. You and your spouse, however, may elect to take a smaller or larger percentage J&S pension or no J&S pension.

If you elect to take a J&S pension of less than 60% the law requires that both spouses sign a waiver form. The selection of a J&S pension is done through the plan administrator at the time of retirement.

## 12. PRE-RETIREMENT DEATH BENEFITS

If a member dies prior to retirement a lump sum payment of the account balance will be paid out to the spouse or beneficiary as applicable. The spouse has the option of a deferred or immediate annuity or portability.

A surviving spouse and surviving dependents under the DC Hourly Plan also receive, at Company cost:

- Prescription drugs at 100% coverage
- Dental Plan coverage until the spouse reaches age 60 or there are no dependent children, whichever occurs last.

In all cases of the death of an employee and/or a surviving spouse, the Company will assist beneficiaries in any way possible.

## 13. TERMINATION OF BENEFITS

If a member's employment is terminated prior to retirement the company contribution portion of account balance can be transferred to a locked-in vehicle, to purchase an annuity from an insurer or transfer to another registered plan if that plan so permits.

The voluntary account balance can be transferred into a lump sum, annuity purchase or transferred to a Registered Retirement Income Fund (RRIF) or Registered Retirement Savings Plan (RRSP).

**14. INVESTMENT OPTIONS**

Various investments funds will be available through the plan administrator. These fund options will be reviewed annually and updated as required.

**15. ADMINISTRATION FEES**

Administration fees, expenses and investment management fees (IMF) are deducted by the plan administrator on a pro-rata basis from each member’s account.

**16. ADDITIONAL EMPLOYEE CONTRIBUTIONS**

The employee is not required to contribute any amount, but can choose to contribute a voluntary fixed, whole dollar amount per pay period to the plan up to the limits prescribed in the Income Tax Act. This amount will not be matched by the Company.

**17. PLANT CLOSURE**

In the event the Company ceases to operate and you are a member of the DC Hourly Plan your company contributions will stop. This benefit will not be pre-funded.

**18. INTEGRATION WITH GOVERNMENT PLANS**

Although full Canada Pension Plan (CPP) benefits do not become payable until age 65 (unless you become totally disabled), you may take a reduced CPP benefit as early as age 60. Old Age Security is payable at age 65.

**19. ESTIMATED PENSION CALCULATION**

When you are approaching retirement you can contact the plan administrator or use their online tools in order to obtain an estimate of your pension benefits.