

# AGREEMENT

between

EMPIRE IRON MINING PARTNERSHIP

and

TILDEN MINING COMPANY L.C.

DOING BUSINESS TOGETHER AS

CLIFFS MICHIGAN OPERATIONS



and

UNITED STEELWORKERS,  
AFL-CIO



SEPTEMBER 1, 2012



**THIS AGREEMENT APPLIES TO EMPLOYEES AT THE  
FOLLOWING PROPERTIES:**

**CMO – Empire**

**CMO – Tilden**

**Cliffs Michigan Operations**

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## BASIC AGREEMENT

THIS AGREEMENT, made this First day of September, 2012 by and between Empire Iron Mining Partnership, and Tilden Mining Company L.C., doing business together as Cliffs Michigan Operations or their successors, hereinafter collectively referred to as "the Company" and UNITED STEELWORKERS, AFL-CIO, or its successors, hereinafter referred to as "the Union." The provisions of this Agreement shall become effective September 1, 2012 except as otherwise expressly provided herein.

The Union having been designated the exclusive collective bargaining representative of the employees of the Company as defined in Section II., Scope of the Agreement, the Company recognizes the union as such exclusive representative. Accordingly, the Union makes this Agreement in its capacity as the exclusive collective bargaining representative of such employees. The provisions of this Agreement constitute the sole procedure for the processing and settlement of any claim by an employee or the Union of a violation by the Company of this Agreement. As the representative of the employees, the Union may process grievances through the grievance procedure, including arbitration, in accordance with this Agreement or adjust or settle the same.

## SECTION I: INTENT AND PURPOSE

The parties recognize that for their joint benefit, increases in wages and benefits should be consistent with the long term prosperity and efficiency of the steel and iron ore industries.

The parties are concerned that the future for these industries in terms of employment security and return on substantial capital expenditures will rest heavily upon the ability of the parties to work cooperatively to achieve significantly higher productivity trends than have occurred in the recent past. The parties are acutely aware of the impact upon the industries and their employees of the sizable penetration of the domestic steel market by foreign producers and the importation of foreign iron ores. Thus it is incumbent upon the parties to work cooperatively to meet the challenge posed by foreign competitors in recent years. It is also important that the parties cooperate in promoting the use of American-made steel.

It is the intent and purpose of the parties hereto to set forth herein the Basic Agreement between them for the term hereof covering rates of pay, wages, hours of employment and other conditions of employment to be observed between the parties hereto.

The representatives of the Company and the Union shall continue to provide each other with such advance notice as is reasonable under the circumstances on all matters of importance in the administration of the terms of this Agreement, including changes or innovations affecting the relations between the local parties.

## SECTION II: SCOPE OF THE AGREEMENT

### Subsection 1. Definitions

- A. The term "mine" as used in this Agreement is understood to include mines, shops, and plants.
- B. The term "employee" as used in this Agreement shall mean all production and maintenance employees of the Company, excluding foremen, assistant foremen who are not working foremen in the mine, supervisors in charge of any class of labor who are not working supervisors, policemen, watchmen (except employees who perform certain duties of a watchperson but a major portion of whose time is occupied by duties other than those of a watchperson), clerical and salaried employees. Provided, however, that during the term of this Agreement, the Company will not convert an hourly rate job which is within the bargaining unit to a salaried job where there is no substantial change in the job content, without agreement by the Union.

### Subsection 2. Recognition

- A. The Company recognizes the Union as the exclusive representative of all production and maintenance employees of the Company at said mines for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment and other conditions of employment, but subject to and in accordance with applicable provisions of federal law.
- B. The Company agrees that it will recognize the Union as the exclusive bargaining agency for similar employees in any other of the Company's iron ore mines in the Lake Superior region for whom the Union may, during the life of this Agreement, be certified by the National Labor Relations Board as the exclusive bargaining agent. It is mutually agreed that the appropriate Agreement now being entered into between the parties hereto for a similar mine in the same locality shall include such other employees at the similar mine as of the date the certification is received by the Company.

### Subsection 3. New or Changed Jobs

When Management establishes a new or changed job in a mine so that duties involving a significant amount of production or maintenance work, or both, which is performed on a job within the bargaining unit (or, in the case of new work, would be performed on such a job) are combined with duties not normally performed on a job within the bargaining unit, the resulting job in the mine shall be considered as within the bargaining unit. This provision shall not be construed as enlarging or diminishing whatever rights exist in respect of withdrawal of non-bargaining unit duties from a job in the bargaining unit, provided that where non-bargaining unit duties are placed in a job in the bargaining unit under this provision, such duties may be withdrawn at any time. Management shall, on request, furnish to the Union reasonable information to permit determination of questions of compliance with the provision.

### Subsection 4. Supervisors Working

Any supervisor at a mine shall not perform work on a job normally performed by an employee in the bargaining unit at such mine; provided, however, this provision shall not be construed to prohibit supervisors from performing the following types of work:

- A. experimental work;
- B. demonstration work performed for the purpose of instructing and training employees;
- C. work required of the supervisors by emergency conditions which if not performed might result in interference with operations, bodily injury, or loss or damage to material or equipment; and
- D. work which, under the circumstances then existing, it would be unreasonable to assign to a bargaining unit employee and which is negligible in amount.
- E. Work which is incidental to supervisory duties on a job normally performed by a supervisor, even though similar to duties found in jobs in the bargaining unit, shall not be affected by this provision.

If a supervisor performs work in violation of this Subsection 4. and the employee who otherwise would have performed this work can reasonably be identified, the Company shall pay such employee the applicable Standard Hourly Wage Rate for the time involved or for four hours, whichever is greater.

**Subsection 5. Temporary Supervisors**

- A. An employee who is assigned as a temporary Supervisor as of the effective date of this Agreement or who is thereafter so assigned shall not cease to be an employee, although assignment to such position and the terms and conditions of the employment applicable to the position shall continue to be solely as determined by the Company.
- B. Such assignments shall be limited to:
  - 1. The short-term absence of a Supervisor for reasons such as sickness, jury duty or vacation.
  - 2. A Supervisor position resulting from increases in operating requirements over and above normal levels. Such a position shall not be filled by the assignment of any employee as a temporary Supervisor for a period in excess of ten consecutive months, provided however, that such period may be extended by mutual agreement.
  - 3. Twenty-first shift coverage on continuous operations.
  - 4. Evaluation as a candidate for a managerial position for up to eight months.
  - 5. Management shall notify the Local union of such assignment.
- C. An employee assigned as a temporary Supervisor on a weekly basis will not work in the bargaining unit during the week in which s/he is assigned as a temporary Supervisor. An employee will not be assigned as a temporary Supervisor merely as a means of retaining them in employment or of recalling them from layoff at a time when the application of his/her bargaining unit seniority would not otherwise result in his/her retention in employment.
- D. When a bargaining unit employee who is regularly assigned steady day shift is moved to a fill-in shift supervisor on shift work for more than two (2) weeks, the next senior shift-worker in that department will be moved to steady day shift for the duration of the fill-in period. No change will be made if the fill-in person is taken from shift work.
- E. An employee assigned as a temporary Supervisor will not issue discipline to employees, provided that this provision will not prevent a temporary Supervisor from relieving an employee from work for the balance of the shift for alleged misconduct. An employee will not be called by either party in the grievance procedure or arbitration to testify as a witness regarding any event involving discipline which occurred while the employee was assigned as a temporary Supervisor.

**Subsection 6. Contracting Out of Work**

The parties recognize the seriousness of the problems associated with contracting out of work both inside and outside the mine and have accordingly agreed as follows.

The parties have existing rights and contractual understandings with respect to contracting out. In addition, the following provisions shall be applicable to all contracting out issues subject to, and arising on or after the effective date of, this Agreement.

- A. **Basic Prohibition**

In determining whether work should be contracted out or accomplished by the bargaining unit, the guiding principle is that work capable of being performed by bargaining unit employees shall be performed by such employees. Accordingly, the Company will not contract out any work for performance inside or outside the mine unless it demonstrates that such work meets one of the following exceptions.
- B. **Exceptions**

Section II: Scope of the Agreement (Cont.)

1. Work in the Mine

- a. Production, service, all maintenance and repair work, all installation, replacement and reconstruction of equipment and productive facilities, other than that listed in Subparagraph B.-1.-b. below, all within a mine, may be contracted out if (a) the consistent practice has been to have such work performed by employees of contractors and (b) it is more reasonable (within the meaning of Paragraph C. below) for the Company to contract out such work than to use its own employees.
- b. Major new construction including major installation, major replacement and major reconstruction of equipment and productive facilities, at any mine may be contracted out subject to any rights and obligations of the parties which as of the beginning of the period commencing August 1, 1963, are applicable at the mine in the case of any mine which was in operation on or before August 1, 1958. With respect to any other mine, the period commencing date shall be the date five years after the date on which the mine started operations.

A project shall be deemed major so as to fall within the scope of this exception if it is shown by the Company that the project is of a grander or larger scale when compared to other projects bargaining unit forces at the mine are normally expected to do. Such comparison should be made in light of all relevant factors. In addition, distinct maintenance and repair items, distinct projects, or work on individual lines shall not be accumulated into a single item or project where the prevailing practice has been to treat such items or projects as separate or distinct.

As regards the term "new construction" above, except for work done on equipment or systems pursuant to a manufacturer's warranty, work that is of a peripheral nature to major new construction, including major installation, major replacement and major reconstruction of equipment and production facilities and which does not concern the main body of work shall be assigned to employees within the bargaining unit unless it is more reasonable to contract out such work taking into consideration the factors set forth in Paragraph C. or it is otherwise mutually agreed. For purposes of this provision, the term "work of a peripheral nature" may in certain instances include, but not be limited to demolition, site preparation, road building, utility hook-ups, pipe lines and any work which is not integral to the main body.

2. Work Outside the Mine

- a. Should the Company contend that maintenance or repair work to be performed outside the mine or work associated with the fabricating of goods, materials or equipment purchased or leased from a vendor or supplier should be excepted from the prohibitions of this Subsection, the Company must demonstrate that it is more reasonable (within the meaning of Paragraph C. below) for the Company to contract for such work (including the purchase or lease of the item) than to use its own employees to perform the work or to fabricate the item.

Notwithstanding the above, the Union recognizes that as part of the Company's normal business, it may purchase standard components or parts or supply items produced for sale generally ("shelf items"). No item shall be deemed a standard component or part or supply item if:

- i. Its fabrication requires the use of prints, sketches or detailed manufacturing instructions supplied by the Company or at the Company's behest or by another company engaged in producing iron ore or it is otherwise made according to detailed Company specifications or those of such other company; or
- ii. it involves a unit exchange; or

- iii. it involves the purchase of electric motors, engines, transmissions, or converters under a core exchange program (whether or not title to the unit passes to the vendor/purchaser as part of the transaction), unless such transaction is undertaken with an original equipment manufacturer, or with one of its authorized dealers, provided that the items in the core exchange program that are sold to the Company are rebuilt using instructions and parts supplied by the original equipment manufacturer (or, if the part or parts are not stocked by the original equipment manufacturer, approved by such manufacturer).

It is further provided that adjustments in the length, size or shape of a shelf item, so that it can be used for a Company specific application, shall be deemed for the purposes of this Section II., Subsection 6.-B.-2.-a. to be fabrication work performed outside the plant.

With respect to shelf items, the Company may purchase goods, materials and equipment, where the design or manufacturing expertise involved is supplied by the vendor as part of the sale.

- b. Production and maintenance work may be performed outside the mine only where the Company demonstrates that it is unable because of lack of capital to invest in necessary equipment or facilities, and that it has a continuing commitment to the iron mining business. In determining whether there is capital to invest in particular equipment or facilities, the Company is entitled to make reasonable judgments about the allocation of scarce capital resources among its mines represented by the Union and their supporting facilities.

3. Mutual Agreement

Work contracted out by mutual agreement of the parties pursuant to Paragraph G. below.

C. Reasonableness

In determining whether it is more reasonable for the Company to contract out work than use its own employees, the following factors shall be considered:

1. Whether the bargaining unit will be adversely impacted.
2. The necessity for hiring new employees shall not be deemed a negative factor except for work of a temporary nature.
3. Desirability of recalling employees on layoff.
4. Availability of qualified employees (whether active or on layoff) for a duration long enough to complete the work.
5. Availability of adequate qualified supervision. Bargaining unit employees in crew coordinator or equivalent positions shall be considered in applying this factor.
6. Availability of required equipment either on hand or by lease or purchase, provided that either the capital outlay for the purchase of such equipment, or the expense of leasing such equipment, is not an unreasonable expenditure in all the circumstances at the time the proposed decision is made.
7. The expected duration of the work and the time constraints associated with the work.
8. Whether the decision to contract out the work is made to avoid any obligation under the collective bargaining agreement or benefits agreements associated therewith.
9. Whether the work is covered by a warranty necessary to protect the Company's investment. For purposes of the subparagraph, warranties are intended to include work performed for the limited time necessary to make effective the following seller guarantees:

Section II: Scope of the Agreement (Cont.)

- a. Manufacturer guarantees that new or rehabilitated equipment or systems are free of errors in quality, workmanship or design.
- b. Manufacturer guarantees that new or rehabilitated equipment or systems will perform at stated levels of performance and/or efficiency subsequent to installation.

For equipment or systems ordered after August 1, 1999, and for the purposes of this factor only, the warranties referenced in a. and b. above may not be relied upon by the Company for more than 18 months following acceptance; provided, however, warranties of a longer duration may be relied upon if the Company (i) demonstrates that at the time of the sale such longer warranties are the manufacturer's published standard warranties actually offered to customers in the normal course of business; and (ii) reviews the documents relating to the warranty and the sales price with the union members of the contracting out committee at or near the time of the purchase.

Warranties are commitments associated with a particular product or service in order to assure that seller representations will be honored at no additional cost to the Company. Long term service contracts are not warranties for the purposes of this subparagraph.

10. In the case of work associated with leased equipment, whether such equipment is available without a commitment to use the employees of outside contractors or lessors for its operation and maintenance.
11. Whether, in connection with the subject work or generally, the local union is willing to waive or has waived restrictive working conditions, practices or jurisdictional rules (all within the meaning of "local working conditions" and the authority provided by this Agreement).

D. Contracting Out Committee

1. At each mine a regularly constituted committee consisting of not more than four persons (except that the committee may be enlarged to six persons by local agreement), half of whom shall be members of the bargaining unit and designated by the Union in writing to the Management and the other half designated in writing to the Union by the Management, shall attempt to resolve problems, in connection with the operation, application and administration of the foregoing provisions.
2. In addition to the requirements of the Paragraph E. below, such committee may discuss any other current problems with respect to contracting out brought to the attention of the committee.
3. Such committee shall meet at least one time each month.

E. Notice and Information

Before the Company finally decides to contract out an item of work as to which it claims the right to contract out, the Union committee members will be notified. Except as provided in Paragraph J. below (Shelf Item Procedure), such notice will be given in sufficient time to permit the Union to invoke the Expedited Procedure described in Paragraph H. below, unless emergency situations prevent it. Such notice shall be in writing and shall be sufficient to advise the Union members of the committee of the location, type, scope, duration and timetable of the work to be performed so that the Union members of the committee can adequately form an opinion as to the reasons for such contracting out. Such notice shall generally contain the information set forth below:

1. Location of work.
2. Type of work:
  - a. Service
  - b. Maintenance



- c. Major Rebuilds
- d. New Construction
- 3. Detailed description of the work.
- 4. Crafts or occupations involved.
- 5. Estimated starting date and duration of work.
- 6. Anticipated utilization of bargaining unit forces during the period.
- 7. Effect on operations if work not completed in timely fashion.

Within ninety (90) days following the effective date of this agreement, Headquarters representatives of the parties shall develop a form notice for the submission of the information described above. Either the Union members of the committee or the Company members of the committee may convene a prompt meeting of the committee. Should the Union committee members believe a meeting to be necessary, they shall so request the Company members in writing within five (5) days (excluding Saturdays, Sundays and holidays) after receipt of such notice and such a meeting shall be held within three (3) days (excluding Saturdays, Sundays and holidays) thereafter. The Union members of the committee may include in the meeting the Union representative from the area in which the problem arises. At such meeting, the parties should review in detail the plans for the work to be performed and the reasons for contracting out such work. Upon their request, the Union members of the committee will be provided any and all relevant information in the Company's possession relating to the reasonableness factors set forth in Paragraph C. above. Included among the information to be made available to the committee shall be the opportunity to review copies of any relevant proposed contracts with the outside contractor. This information will be kept confidential. The Management members of the committee shall give full consideration to any comments or suggestions by the Union members for the performance of the work by bargaining unit personnel. Except in emergency situations, such discussions, if requested shall take place before any final decision is made as to whether or not such work will be contracted out.

Should the Company committee members fail to give notice as provided above, then not later than thirty (30) days from the date of the commencement of the work a grievance relating to such matter may be filed under the complaint and grievance procedure. Should it be found in the arbitration of a grievance alleging a failure of the Company to provide the notice or information required under this Paragraph E. that such notice or information was not provided, that the failure was not due to an emergency requirement, and that such failure deprived the Union of a reasonable opportunity to suggest and discuss practicable alternatives to contracting out, the Impartial Umpire shall have the authority to fashion a remedy, at his/her discretion, that s/he deems appropriate to the circumstances of the particular case. Such remedies, if afforded, may include earnings and benefits to grievants who would have performed the work, if they can be reasonably identified.

F. Remedy for Repeated Notice Violations

Notwithstanding any other provision of this Agreement, where, at a particular mine, it is found that the Company (i) committed violations of Paragraph E. that demonstrate willful conduct in violation of the notice provision or constitutes a pattern of conduct of repeated violations or (ii) violated a cease and desist order previously issued by the Impartial Umpire in connection with a violation of Paragraph E., the Impartial Umpire may, as circumstances warrant, fashion a suitable remedy or penalty.

G. Mutual Agreement and Disputes

The committee may resolve the matter by mutually agreeing that the work in question either

## Section II: Scope of the Agreement (Cont.)

shall or shall not be contracted out. Any such resolution shall be final and binding but only as to the matter under consideration and shall not affect future determinations under this Subsection.

If the matter is not resolved, or if no discussion is held, the dispute may be processed further in accordance with either of the following:

1. By filing a grievance relating to such matter under the complaint and grievance procedure described in Section XI.; or
2. By submitting the matter to the Expedited Procedure set out in Paragraph H. below.

No agreement entered into after August 1, 1999, whether or not reached pursuant to this Section, which directly or indirectly permits the contracting out of work on an ongoing basis, shall be valid or enforceable unless it is in writing and signed by both the President and the Chairperson of the Grievance Committee of the affected local Union.

### H. Expedited Procedure

In the event that either the Union or Company members of the committee request an expedited resolution of any dispute arising under this Subsection, except Paragraph J. (Shelf Item Procedure), it shall be submitted to the Expedited Procedure in accordance with the following:

1. In all cases except those involving day-to-day maintenance and repair work and service, the Expedited Procedure shall be implemented prior to letting a binding contract.
2. Within three (3) days (excluding Saturdays, Sundays and holidays) after either the Union or Company members of the committee determine that the committee cannot resolve the dispute, either party (chairperson of the grievance committee in the case of the Local Union and the Area Manager-Human Resources in the case of the Company) may advise the other in writing that it is invoking this expedited procedure.
3. An expedited arbitration must be scheduled within three (3) days (excluding Saturdays, Sundays and holidays) of such notice and heard at a hearing commencing within five (5) days (excluding Saturdays, Sundays and holidays) thereafter. The Impartial Umpire, or his/her appointee, shall hear the dispute and, if no Umpire is available to hear the dispute within five (5) days, another arbitrator shall be selected by mutual agreement of the Step 4 representative of the Union and the Vice President-Human Resources of the Company.
4. The arbitrator must render a decision within forty-eight (48) hours (excluding Saturdays, Sundays and holidays) of the conclusion of the hearing. Such decision shall not be cited as a precedent by either party in any future contracting out disputes.
5. Notwithstanding any other provision of this Agreement, any case heard in the Expedited Procedure before the work in dispute was performed may be reopened by the Union in accordance with this paragraph if such work, as actually performed, varied in any substantial respect from the description presented in arbitration, except where the difference involved a good faith variance as to the magnitude of the project. The request to reopen the case must be submitted within seven (7) days of the date on which the Union knew or should have known of the variance and shall contain a summary of the ways in which the work as actually performed differed from the description presented in arbitration. As soon as practicable after receipt of a request to reopen, an arbitration hearing date shall be scheduled. In a case reopened pursuant to this paragraph, the Impartial Umpire shall determine whether the work in dispute, as it actually was performed, violated the provisions of Section II., Subsection 6., and, if so, the remedy. The prior decision regarding the subject work shall be considered in the determination and given weight in the subsequent dispute, except to the extent that it relied on an erroneous description.

I. Contractors Testifying in Arbitration

No testimony offered by an outside contractor may be considered in any proceeding alleging a violation of Section II., Subsection 6., unless the party calling the contractor provides the other party with a copy of each contractor document to be offered at least forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before commencement of that hearing.

J. Shelf Item Procedure

1. No later than June 1, 1994, and, except as provided herein, annually thereafter, the Company shall provide the Union members of the committee with a list and description of anticipated ongoing purchases of each item which the Company claims to be a shelf item within the meaning of Paragraph B.-2.-a. above. If the Union members of the committee so request, the list shall not include any item included on a previous list where the status of that item, as a shelf item, has been expressly resolved. Within sixty (60) days of the submission of the list, either the Union members of the committee or the Company members may convene a prompt meeting of the committee to discuss and review the list of items and, if requested, the facts underlying the Company's claim that such items are shelf items.
2. The committee may resolve the matter by mutually agreeing that the item in question either is or is not a shelf item. With respect to any item as to which the Union members of the committee agree with the Company's claim that it is a shelf item, the Company shall be relieved of any obligation to furnish a contracting out notice until the June 1 next following such agreement and thereafter, if the Union has requested that a resolved item be deleted from the shelf item list in accordance with Paragraph J.- 1.
3. If the matter is not resolved, any dispute may be processed further by filing, within thirty (30) days of the date of the last discussion, a grievance in Step 4 of the complaint and grievance procedure described in Section XI. Except as provided in Paragraph J.-5., such a grievance shall include all items in dispute. However, where a number of items raise the same or similar issues, those items may be grouped in a single class or category.
4. An item which the Company claims to be a shelf item, but which was not included on the list referred to above because no purchase was anticipated, shall be listed and described on a contracting out notice provided to the Union not later than the regularly scheduled meeting of the contracting out committee next following the purchase of the item. Thereafter, the parties shall follow the procedures set forth in Paragraphs J.-2. and J.-3. above.
5. The Union may file a grievance in accordance with Paragraph G. or H. of this Section II., Subsection 6. with respect to any unresolved item of maintenance, repair work or work associated with the fabrication of goods, material or equipment performed outside the mine notwithstanding the inclusion of such item on the shelf item list previously furnished to the Union by the Company, provided such grievance is filed within thirty (30) days of the date on which the Union knew or should have known of the performance of the work.

K. Annual Review

Commencing on or before January 2 of each year the Company committee members shall meet with the Union committee members for the purpose of (i) reviewing all work whether inside or outside the mine which the Company anticipates may be performed by outside contractors or vendors at some time during the following twelve (12) months, (ii) determining such work which should be performed by bargaining unit employees and (iii) identifying situations where the elimination of restrictive practices would promote the performance of any such work by bargaining unit employees. The Union committee members shall be entitled in conducting this study to review any current or proposed contracts concerning items of work

## Section II: Scope of the Agreement (Cont.)

performed by the Company by outside contractors and vendors and shall keep such information confidential.

By no later than February 1 of each year these Local Union and Company committee members shall jointly submit a written report to the International President and the Chief Executive Officer of the Company or their designees describing the results of this review. Specifically, the report should list (a) all items of work which the parties agree will be performed by bargaining unit employees during the following twelve (12) calendar months, (b) all items of work which the parties agree should be performed by outside contractors and vendors, and (c) those items on which the parties disagree. If the parties disagree, the report will state the reason for such disagreements.

As to individual items of work, the International President and the Chief Executive Officer of the Company may (a) affirm the mine recommendation, (b) disagree with respect to the mine recommendation as to specific items and either (i) refer their dispute to arbitration under a procedure to be established by the parties and the Impartial Umpire or (ii) refer the matters back to the mine without resolution in which event the specific disputes will be handled under the provisions of this section at the time they may arise.

### L. General Provisions

Where at a particular mine, it is found in a case arising subsequent to August 1, 1999, that the Company (i) engaged in conduct which constitutes willful or repeated violations of Paragraph B.-1. or B.-2., the first of which occurred on or after August 1, 1998; or (ii) violated a cease and desist order previously issued by the IOI Board of Arbitration prior to July 31, 2004 and the Cliffs Board of Arbitration thereafter in connection with a violation of Paragraph B.-1. or B.-2. arising on or after August 1, 1998; or (iii) in cases, the earliest of which arose on or after August 1, 1999, engaged in a pattern of conduct of repeated violations of Paragraph B.-1. or B.-2. but where no remedy was otherwise appropriate because of practical overtime limits or the unavailability of employees to perform the improperly contracted out work, the IOI Board of Arbitration prior to July 31, 2004 and the Cliffs Board of Arbitration thereafter shall, as circumstances warrant, fashion a remedy or penalty specifically designed to deter the behavior described in (i), (ii) or (iii), above.

### M. District Director/Company Employee Relations Representative

It is the intent of the parties that the members of the joint mine contracting out committee shall engage in discussions of the problem involved in this field in a good-faith effort to arrive at mutual understanding so that disputes and grievances can be avoided. If either the Company or the Union members of the committee feel that this is not being done, they may appeal to the District Director of the Union who has jurisdiction of the mine in question and the appropriate representative of the Company Headquarters for review of the complaint about the failure of the committee to properly function. Such appeal shall result in a prompt investigation by the District Director or his/her designated representative and the Company's Vice President-Human Resources for such review. This provision should in no way affect the rights of the parties in connection with the processing of any grievance relating to the subject of contracting out.

### N. Training on Contracted Work

It is the intention of the Company to provide training opportunities for qualified employees so that the use of contractors on day to day maintenance be minimized. The Company will request any contractor to give consideration to any qualified laid off Company employees when performing work on Company property. In the case of material or equipment covered by warranties or guarantees, the Company will continue to have the manufacturer or supplier furnish labor in cases where use of Company personnel would affect the terms of the guarantee or warranty.

## SECTION III: RESPONSIBILITY

### Subsection 1. Intent

It is the intent of the parties to bind the Union and all local and international officers and representatives of the Union, all employees as defined in Section II. hereof, the Company, its officers and representatives to observe and adhere to the terms of this Agreement.

The Union emphasizes its agreement with the objective of achieving the highest level of employee performance and efficiency consistent with safety, good health, and sustained effort, and agrees that the Union, its agents and members will not take, authorize, or condone any action which interferes with the attainment of such objective.

### Subsection 2. Responsibilities

The Company agrees it will not interfere with the rights of its employees to become members of the Union. There shall be no discrimination, interference, restraint, or coercion by the Company or any of its agents against any employee because of membership in the Union. The Union agrees that neither it nor any of its officers or members will engage in any Union activity on Company time, or engage other employees in any Union activity, while such employees are on Company time and will not discriminate against employees on the job because of membership or non-membership in the Union, solicit membership, collect dues, hold meetings, or carry on any Union activity either on Company time or on property of the Company in any manner which shall interfere or tend to interfere with the Company's operations, or prevent or attempt to prevent the access of employees or anyone to any of the Company's premises during the life of this Agreement. The Union, its officers, and members shall not intimidate or coerce employees into joining the Union or continuing their membership therein.

The Union, its officers, agents and members agree that for the duration of this Agreement there shall be no strikes, sitdowns, slow downs, stoppages of work or any acts of any similar nature which would interfere with production, no picketing of any kind or form, however peaceable, and that it will not otherwise permit, countenance or suffer the existence or continuance of any of these acts. The Company agrees that for the duration of this Agreement, there shall be no lockouts. Failure or refusal on the part of any employee of the Company fully to observe and obey any and all provisions of this Section shall, at the option of the Company, be sufficient grounds for discharge. Under no circumstances shall the Company or its representatives be required to discuss the grievance in question or any other matter while a work interruption, impeding or suspending of work is in effect.

It is the continuing policy of the Company and the Union that the provisions of this Agreement shall be applied to all employees without regard to race, color, religious creed, national origin, or sex. The representatives of the Union and the Company in all steps of the grievance procedure and in all dealings between the parties shall comply with this provision.

### Subsection 3. Employee Orientation Program

The Employee Orientation Program will include the development and utilization of necessary color training films. The Union will be allotted up to two hours, including one film presentation. Subjects may include:

1. Distribution and discussion of the Basic Labor Agreement, the Seniority and Posting Agreement, and Local Issue Agreements.
2. Discussion of the history and achievements of the USW International and the Local Union.
3. Discussion of the structure of the International and the Local Union and the services provided.
4. Discussion concerning the Grievance procedure and the probationary period.
5. Discussion of Safety Programs and Safe Job Procedures.

Section III: Responsibility (Cont.)

6. An opportunity for questions and answers.

The Orientation Programs of each party, the Union and the Company, will be reviewed jointly prior to implementation. The Union will be responsible for wages of Union instructors and costs in developing their portion of this Program.

In addition, and separate and apart from the above, within ten (10) days of the completion of their probationary period, the Company shall provide each employee with four (4) hours of paid time off (at their regular rate of pay) to attend an orientation session conducted by the Union at a location designated by the Union.

**Subsection 4. Understanding On Plant Closings**

The parties recognize the potential, far reaching impact of permanent shutdowns of facilities and the need to cooperate in attempting to lessen this impact. Accordingly, in the event of the permanent shutdown of a plant, Company and International Union representatives shall meet to determine whether appropriate Federal, State, or local government funds are available to establish an employee training, counseling, and placement assistance program for that facility. If such funds are available, the Company and Union shall work jointly to secure such funds to establish a program to provide; alternative job training for affected employees for job opportunities, counseling for affected employees on available benefit programs and job opportunities within the Company and the area; and job search counseling.

In implementing such program, the Company will cooperate with the involved local union and the state unemployment agency, other appropriate public or private employment agencies, and area employers in an effort to seek job opportunities for displaced employees. To further assist affected employees, both the Company and the Union will designate specific representatives at the time of any such permanent plant closing to answer questions by employees pertaining to their rights under the Basic Labor Agreement and various benefits programs.

## SECTION IV: MANAGEMENT AND LOCAL WORKING CONDITIONS

### Subsection 1. Management Rights

The management of the mines, and the direction of the working force and the operations at the mines, including the hiring, promoting and retiring (subject to the provisions of the Pension Agreement currently in effect) of employees, the suspending, discharging or otherwise disciplining of employees, the laying off and calling to work of employees in connection with any reduction or increase in the working forces, the scheduling of work and the control and regulation of the use of all equipment and other property of the Company, are the exclusive functions of the Company; provided, however, that in the exercise of such functions, the Company shall not alter any of the provisions of this Agreement and shall not discriminate against any employee or applicant for employment because of his/her membership in or lawful activity on behalf of the Union.

### Subsection 2. Local Working Conditions

The term "local working conditions" as used in this Subsection means specific practices or customs which reflect detailed application of the subject matter within the scope of wages, hours of work, or other conditions of employment and includes local agreements, written or oral, on such matters. It is recognized that it is impracticable to set forth in this Agreement all of these working conditions, which are of a local nature only, or to state specifically in this Agreement which of these matters should be changed or eliminated. The provisions set forth below provide general principles and procedures which explain the status of these matters and furnish necessary guideposts for the parties hereto and the impartial arbitrator. The provisions of this Subsection are not intended to prevent the Management from continuing to make progress. Any arbitrations arising hereunder shall be handled on a case-by-case basis on principles of reasonableness and equity.

- A. It is recognized that an employee does not have the right to have a local working condition established, in any given situation or mine where such condition has not existed, during the term of this Agreement, or to have an existing local working condition changed or eliminated, except to the extent necessary to require the application of a specific provision of this Agreement.
- B. In no case shall local working conditions be effective to deprive any employee of rights under this Agreement. Should any employee believe that a local working condition is depriving them of the benefits of this Agreement, s/he shall have recourse to the grievance procedure and arbitration, if necessary, to require that the local working condition be changed or eliminated to provide the benefits established by this Agreement.
- C. Should there be any local working conditions in effect which provide benefits that are in excess of, or in addition to, the benefits established by this Agreement, they shall remain in effect for the term of this Agreement, except as they are changed or eliminated by mutual agreement or in accordance with Paragraph D. below.
- D. The Management shall have the right to change or eliminate any local working condition if, as the result of action taken by Management under Subsection 1. hereof, the basis for the existence of the local working condition is changed or eliminated, thereby making it unnecessary to continue such local working condition; provided, however, that when such a change or elimination is made by the Management, any affected employee shall have recourse to the grievance procedure and arbitration, if necessary, to have the Management justify its action.
- E. No local working condition shall hereafter be established or agreed to which changes or modifies any of the provisions of this Agreement, except as it is approved in writing by an International Representative of the Union and Labor Relations Executive of the Company.
- F. Any local working condition that conflicts with the terms of the "Operations and Maintenance Productivity Improvement Agreement" Appendix C. will be changed or modified to the extent necessary to implement the Agreement.

Section IV: Management and Local Working Conditions (Cont.)

The settlement of a grievance prior to arbitration under the local working conditions provisions of the Agreement shall not constitute a precedent in the settlement of grievances in other situations in this area.

Each party shall as a matter of policy encourage the prompt settlement of problems in this area by mutual agreement at the local level.



## SECTION V: UNION MEMBERSHIP

### Subsection 1. Maintenance of Membership

Each employee who on the effective date of this Agreement is a member of the Union in good standing and each employee who becomes a member after that date shall, as a condition of employment, maintain his/her membership in the Union. Each employee hired on or after July 1, 1962, shall as a condition of employment, beginning on the 30th day following the beginning of such employment or the effective date of this Agreement, whichever is the later, acquire and maintain membership in the Union. For the purposes of this Section, an employee shall not be deemed to have lost his/her membership in the Union in good standing until the International Treasurer of the Union shall have determined that the membership of such employee in the Union is not in good standing and shall have given the Company a notice in writing of that fact.

In states in which the foregoing provisions may not lawfully be enforced, the following provisions to the extent that they are lawful, shall apply. Each employee who would be required to acquire or maintain membership in the Union if the foregoing Union security provisions could lawfully be enforced, and who fails voluntarily to acquire or maintain membership in the Union, shall be required as a condition of employment, beginning on the 30th day following the beginning of such employment or the date of this Agreement, whichever is later, to pay to the Union each month a service charge as a contribution toward the administration of this Agreement and the representation of such employees. The service charge for the first month shall be in an amount equal to the Union's regular and usual initiation fee and monthly dues, and for each month thereafter in an amount equal to the regular and usual monthly dues.

The parties shall make such arrangements as may be necessary to adapt the foregoing check-off provisions to the check-off of the service charge referred to above pursuant to voluntary authorizations therefore.

### Subsection 2. New Employees

At the time of his/her employment the Company will suggest that each new employee voluntarily execute an authorization for the check-off of Union dues in the form agreed upon. A copy of such authorization card for the check-off of Union dues shall be forwarded to the Financial Secretary of the Local Union along with the membership application of such employee.

An employee who is transferred from a position within the bargaining units herein set forth to a position excluded from such units and who subsequent to the date of this Agreement is returned to a position within such units shall be reinstated to Union membership if s/he was a member of the Union at the time of his/her transfer out of the bargaining units. At the time of his/her return to the bargaining units, the Company will suggest that such employee voluntarily execute an authorization for the check-off of Union dues.

### Subsection 3. Check-Off Of Dues

Upon receipt by the Management's representative at any mine of the voluntary written authorization by an employee at such mine, the Company will deduct from each pay of such employee thereafter during the existence of such authorization his/her periodic Union dues as designated by the International Treasurer of the Union, and the Company shall also deduct any assessments against them which shall be general and uniform among employees who shall at the time be members of the Union, and, if owing by them, an initiation fee, all as payable to the Union in accordance with its constitution and by-laws. Dues will be deducted on a per pay-period basis and remitted monthly for the pay-periods closed in the month for which dues are being deducted. The Company shall promptly remit any and all amounts so deducted to the International Treasurer of the Union, at the address which s/he authorizes for this purpose, who shall notify the Company in writing of the respective amounts of the dues, initiation fees and assessments which shall be so deducted.

The Company will implement the dues check-off provisions of its collective bargaining agreement in accordance with the following uniform formulations:

## Section V: Union Membership (Cont.)

- A. The monthly membership dues for each employee who has provided a voluntary check-off authorization and shall be an amount equal to 1.3% of said employee's total earnings during the month provided that monthly dues shall not be less than \$5.00 and provided further that monthly dues shall not be more than 2.5 times the employee's average hourly earnings. For lump sum payments, dues shall be calculated separately by applying the 1.3 % to such payments. The International Executive Board shall issue appropriate interpretive rulings. Verifications of such exception shall be made in writing by the Treasurer of the International Union to the Companies operating at locations where such exception exists.
- B. Dues are calculated by multiplying "adjusted total earnings" by 1.3% and comparing the result with the product of "average hourly earnings" times 2.5 (or other appropriate multiplier, if the earnings period is other than a one month period.)
- "Average hourly earnings" are "adjusted total earnings" divided by the hours with which they are associated. The adjusted total earnings figure which should be used consists of the same components which are used in the calculation of the current dues but with the addition of holiday pay both worked and unworked. The "hours" figure used will thus be the hours in the current dues calculation plus the appropriate number of hours associated with the inclusion of holiday pay.
- The dues for the period will be the lesser of 1.3% times adjusted total earnings or average hourly earnings times the multiplier.
- The determination of "earnings" and "hours" shall be in accordance with the Guidelines adopted by the Company and the Union in this Agreement and in any other Agreement that the parties may hereafter adopt.
- C. In cases of earnings insufficient in any such calculation pay period to cover deduction of dues, the dues shall be calculated on the basis of and deducted from earnings in the next pay period in which there are sufficient earnings, subject to present provisions and practices as to accumulation of dues.
- D. At those locations where, due to procedures or mechanical accounting equipment, the Company will be unable to comply with the procedures contained herein, the International Treasurer of the International Union, or his/her designee, and the Company shall promptly arrange for alternative means of complying with the intent of the procedures contained herein.
- E. This understanding shall not be deemed to alter the meaning of "average hourly earnings" as that term may be used for purposes other than dues calculation.

### Subsection 4. Certified Lists

On or before the 25th day of each month, the Union shall submit to the Company a certified list showing separately for each mine the name, address and check number of each employee who shall have become a member in good standing of the Union (other than through the procedures is provided in Subsection 2. hereof) since the last previous list of members of the Union in good standing was furnished to the Company, and showing the amount of any initiation fee to be deducted from the wages of such employee in the succeeding month. Deductions on the basis of authorization cards submitted to the Company shall commence with respect to dues for the month in which the Company receives such authorization card or in which such card becomes effective, whichever is later.

### Subsection 5. Exoneration

No deduction shall be made unless the employee was entitled to pay for at least five (5) days in such month for which the dues are paid. If such employee does not have earnings during the pay period for which the dues are payable such deduction shall be made from the next pay period in which s/he has sufficient earnings; provided, however that the accumulation of dues shall be limited to two (2) months. The International Treasurer of the Union shall be provided with a list of those employees for whom double deduction has been made. In cases of earnings less than five

(5) days in any month no dues shall be owing for that month.

**Subsection 6. Non-Transmission of Dues**

The Union will be notified of the reason for non-transmission of dues in case of inter-mine transfer, lay-off, discharge, resignation, leave of absence, sick leave, retirement, death, insufficient earnings. In the event an employee transfers from a mine owned and/or operated by said Company for which the Union has been certified as the collective bargaining agent to a mine owned and/or operated by said Company where the Union has not been certified as the bargaining agent, the Company will honor the current check-off authorization card of the employee (in the event the employee has executed such an authorization) for the purposes of checking off dues only. Dues so deducted will be credited to the Local Union in which s/he holds membership.

**Subsection 7. Indemnification**

The Union shall indemnify the Company and hold it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action that shall be taken by the Company for the purpose of complying with the foregoing provisions of this Section, or in reliance on any list, notice or assignment which shall have been furnished to the Company under any of such provisions.

**Subsection 8. Federal and State Laws**

The provisions of this Section shall be effective in accordance and consistent with applicable provisions of federal and state law.

## SECTION VI: RATES OF PAY

### Subsection 1.

The Standard Hourly Wage Scales of rates for the respective job classes are those set forth below:

Job Class	9/1/2012 SHWR	9/1/2013 SHWR	9/1/2014 SHWR
1-2	23.012	23.472	24.059
3	23.342	23.809	24.404
4	23.671	24.144	24.748
5	24.000	24.480	25.092
6	24.329	24.816	25.436
7	24.659	25.152	25.781
8	24.988	25.488	26.125
9	25.318	25.824	26.470
10	25.646	26.159	26.813
11	25.976	26.496	27.158
12	26.306	26.832	27.503
13	26.635	27.168	27.847
14	26.965	27.504	28.192
15	27.293	27.839	28.535
16	27.623	28.175	28.880
17	27.952	28.511	29.224
18	28.282	28.848	29.569
19	28.612	29.184	29.914
20	28.941	29.520	30.258
21	29.270	29.855	30.602
22	29.599	30.191	30.946
23	29.929	30.528	31.291
24	30.258	30.863	31.635
25	30.588	31.200	31.980

**Subsection 2. Application of the Standard Hourly Wage Scales**

- A. The Standard Hourly Wage Scale Rate of each job class shall be the Standard Hourly Wage Rate for all jobs classified within such job class, and shall be applied in accordance with the applicable provisions of the Job Evaluation Manual. Such manual is hereinafter referred to as the "Job Evaluation Manual," and shall be a supplement to and part of this Agreement.
- B. Each Standard Hourly Wage Rate established under the foregoing Subsection 2.-A. is recognized as the rate of a fair day's pay on the job and is the established rate of pay for all hours of work or allowed time on a job.
- C. The established rate of pay for each production and maintenance job (other than trade and craft and apprentice jobs, if any, as defined in said Job Evaluation Manual or learner jobs) shall apply to any employee during such time as the employee is required to perform such job and is assigned to the respective rate classification in accordance with the applicable provisions of said Job Evaluation Manual.
- D. The established starting rate, intermediate rate, or standard rate of pay for the trade or craft job shall apply to each employee during such time as the employee is assigned to the respective rate classification in accordance with the applicable provisions of said Job Evaluation Manual.
- E. Learner rates of pay for learner periods which may be hereafter agreed to shall apply to an employee in accordance with procedures to be negotiated.
- F. Rates for heavy mobile equipment engaged in direct mining and stripping operations shall be as provided for in Appendix A.
- G. Training periods for trade or craft "on-the-job training" and training periods for trade or craft "on-the-job apprenticeship" to be administered in accordance with the provisions of the Job Evaluation Manual are as follows:

Section VI: Rates of Pay (Cont.)

*On-The-Job-Training Program*

*Rate Schedule*

*Training Periods of 1040 Hours*

Trade or Craft Job Classes	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>
Automotive Mechanic	7	8	9	10	11	12	13		
Carpenter	7	8	9	9	10	11	12		
Electrician-Field	8	9	10	11	11	12	13	14	15
Electrician-Shop	7	8	9	10	10	11	12	13	
Machinist	8	9	10	11	11	12	13	14	15
Maintenance Mechanic	7	8	9	10	10	11	12	13	
Painter	7	8	8	9	10				
Plant Repairperson	7	8	9	10	10	11	12	13	
Plumber	7	8	9	9	10	11	12		
Sheet Metal Worker	8	9	10	11	11	12	13	14	
Welder	8	9	10	10	11	12	13		

*Apprentice Rate Schedule*

Trade or Craft Job Classes	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>
Automotive Mechanic	7	8	9	10	11	12	13		
Carpenter	7	8	9	10	11	12			
Electrician-Field	8	9	10	11	12	13	14	15	
Electrician-Shop	7	8	9	10	11	12	13		
Electronic Repairperson	9	10	11	12	13	14	15	16	
Machinist	8	9	10	11	12	13	14	15	
Maintenance Mechanic	7	8	9	10	11	12	13		
Painter	7	8	9	10					
Plant Repairperson	7	8	9	10	11	12	13		
Plumber	7	8	9	10	11	12			
Sheet Metal Worker	8	9	10	11	12	13	14		
Welder	8	9	10	11	12	13			

**Subsection 3. Description and Classification of New or Changed Jobs**

In the interest of the effective administration of the Job Description and Classification procedures as set forth in the Manual, a Mine Union Committee on Job Classification (hereinafter called the Mine Union Committee) consisting of three (3) employees designated by the Union shall be established in each mine.

The job description and classification for each job in effect as of the date of this Agreement shall continue in effect unless (1) Management changes the job content (requirements of the job as to training, skill, responsibility, effort, and working conditions) to the extent of one full job class or more; (2) the job is terminated or not occupied during a period of one year; or (3) the description and classification are changed in accordance with mutual agreement of officially designated representatives of the Company and the Union.

When and if from time to time the Company, at its discretion, establishes a new job or changes the job content (requirements of the job as to training, skill, responsibility, effort, and working conditions) of an existing job to the extent of one full job class or more, a new job description and classification for the new or change job shall be established in accordance with the following procedure:

- A. Management will develop a description and classification of the job in accordance with the provisions of the Manual.
- B. The proposed description and classification will be submitted to the Mine Union Committee for approval, and the Standard Hourly Wage Scale Rate for the job class to which the job is thus assigned shall apply in accordance with the provisions of Subsection 2. of this Section. Copies of the proposed description and classification shall be sent to a designated representative of the International Union. If the job involved new-type facilities or a new-type job, special designation of this fact shall be made.
- C. The Mine Union Committee and Management shall discuss and determine the accuracy of the job description.
- D. If Management and the Mine Union Committee are unable to agree upon the description and classification, Management shall install the proposed classification, and the Standard Hourly Wage Scale Rate for the job class to which the job is thus assigned shall apply in accordance with provisions of Subsection 2. of this Section. The Mine Union Committee shall be exclusively responsible for the filing of grievances and may at any time within thirty (30) days from the date of installation file a grievance with the management representative designated by the Company alleging that the job is improperly described and/or classified under the provisions of the Manual. Thereupon the Mine Union Committee and Management shall prepare and mutually sign a stipulation setting forth the factors and factor codings which are in dispute. Thereafter such grievance shall be referred by the respective parties to their Fourth Step Representatives for further consideration. In the event the Fourth Step Representatives are unable to agree on the description and classification within thirty (30) days, they shall prepare and mutually sign a stipulation, (which may amend the stipulation set forth by the Mine Union Committee and Management) setting forth the factors and factor codings which are in dispute, copy of which shall be sent to a designated representative of Management and the aforementioned representative of the International Union.
- E. Upon request of either party's Fourth Step Representative the matter may be referred to the aforementioned designated representative of the International Union or a designated representative of Management respectively who may request that the proposed description and classification be submitted to them for their review and resolution. In the event either of said representatives request such review, they shall meet for this purpose and shall, within sixty (60) days, advise the Fourth Step Representatives of their agreement or failure to reach agreement.
- F. If said representatives fail to reach agreement within the 60-day period, the Union's Fourth Step Representative may, within fifteen (15) days thereafter request that the issues in dispute

## Section VI: Rates of Pay (Cont.)

be submitted to arbitration. If submitted to arbitration, the issue shall be limited to the factors stipulated at that time by the respective Fourth Step Representatives as being in dispute and the decision shall be effective as of the date when the new job was established or the change or changes installed.

- G. In the event the parties fail to agree as provided, and no request for review or arbitration is made within the time provided, the classification as prepared by the Company shall be deemed to be approved.
- H. In the event Management does not develop a new job description and classification, the Mine Union Committee may, if filed promptly, process a grievance under the grievance and arbitration procedures of this Agreement requesting that a job description and classification be developed and installed in accordance with the provisions of the manual. The resulting classification shall be effective as of the date when the new job was established or the change or changes installed.

When and if from time to time the Company, at its discretion, changes the job content (requirements of the job as to training, skill, responsibility, effort, and working conditions) of an existing job to an extent less than one full job class, a Form G will be prepared setting forth the change in job content and the effect, if any, on the classification of the job.

### Subsection 4. Pay Periods

- A. All employees will have their earnings computed for each workweek (as defined in Section VII., Subsection 3.).
- B. All payroll checks will be mailed on the second Tuesday following the close of the pay period unless intervening holidays or similar circumstances interfere.
- C. The Company shall show the hours worked at each rate of pay separately as well as overtime on payroll stubs or due bills.

### Subsection 5. Wage Rate Inequity Grievances

After the Standard Hourly Wage Rate Scale becomes effective as provided in accordance with the terms of this Agreement no basis shall exist for an employee to allege that a wage rate inequity exists and no grievance on behalf of an employee alleging a wage rate inequity shall be filed or proposed during the term of this Agreement.

### Subsection 6. Changes to Time Cards

Employees must be notified by the supervisor or coordinator prior to any changes being made to an employee's pay rate, allowances, or hours of work. The notification shall be made by the supervisor or coordinator initiating such change. Notification shall be during the shift in which such change takes place.

### Subsection 7. Correction of Errors

Notwithstanding any provisions of this Agreement, errors in application of rates of pay shall be corrected.

### Subsection 8. Daily Posting of Employee Pay

A daily (except on the weekends or Holidays) sheet showing what employees were paid will be posted in their respective department.

### Subsection 9. Transfers During Shift

Any employee transferred during a shift to an occupation having a lower rate of pay shall be paid for all hours worked in that shift at the rate at which s/he commenced work; any employee transferred during a shift to an occupation having a higher rate of pay shall receive such rate of pay for the time worked at such occupation.

### Subsection 10. Shift Differentials

For all hours worked on the afternoon shift a premium rate of thirty (30) cents per hour will be paid.



For all hours worked on the night shift a premium rate of forty-five (45) cents per hour will be paid.

For the purposes of applying the aforesaid shift differentials, all hours worked by an employee during the workday shall be considered as worked on the shift on which s/he is regularly scheduled to and does start work, except:

- A. An employee regularly scheduled for the day shift or afternoon shift who completes his/her regular eight (8) hour shift and continues to work into the afternoon or night shift in excess of four (4) hours, shall be paid the applicable shift differential only for all hours worked in excess of four (4) on the afternoon or night shift.
- B. An employee regularly scheduled for the day or afternoon shift who completes his/her regular eight-hour shift and after leaving the Company's premises is called out for the succeeding afternoon or night shift, shall be paid the applicable shift differential for the hours worked on the afternoon or night shift.
- C. An employee who after working eight (8) hours on the night shift, continues to work into the day shift, shall be paid the night shift differential for all hours worked on such day shift.

Shift differentials shall be included in the calculation of overtime compensation. Shift differential shall be computed by multiplying the hours worked by the applicable differential and the amount so determined added to earnings.

The shift differential shall be paid for allowed time or reporting time when the hours for which payment is made would have called for the shift differential if worked.

**Subsection 11. Shift Starting Times**

1. Shifts shall be identified in accordance with the following:
  - A. Day shift includes all shifts regularly scheduled to commence between 6:00 A.M. and 9:00 A.M., inclusive.
  - B. Afternoon shift includes all shifts regularly scheduled to commence between 2:00 P.M. and 5:00 P.M., inclusive.
  - C. Night shift includes all shifts regularly scheduled to commence between 10:00 P.M. and 1:00 A.M., inclusive.
2. An employee who starts to work on a shift which commences at a time not specified in this Subsection 9., Paragraph 1. above, shall be paid as follows:
  - A. For hours worked which would fall in the prevailing day shift no shift differential shall be paid.
  - B. For hours worked which would fall in the prevailing afternoon shift the afternoon shift differential shall be paid.
  - C. For hours worked which would fall in the prevailing night shift the night shift differential shall be paid.

**Subsection 12. Sunday Premiums**

- A. All hours worked by an employee on Sunday, which are not paid for on an overtime basis, shall be paid at one and one-half times the regular rate of pay.
- B. For the purpose of this provision, Sunday shall be deemed to be the 24 hours beginning with the shift-changing hour nearest to 12:01 A.M. Sunday.
- C. Sunday premium based on the Standard Hourly Wage Rate shall be paid for reporting allowance hours.
- D. Regular rate of pay, as the term is used in Paragraph A. of this Subsection, shall mean the hourly rate which the employee would have received for the work had it been performed during non-overtime hours.

**Subsection 13. Inflation Recognition Payment**

1. General Description

*The below general description is qualified in its entirety by Paragraphs 2. through 6. below.*

The purpose of the Inflation Recognition Payment (IRP) 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.

At the end of each calendar quarter, the Consumer Price Index (CPI) for the final month of that quarter will be compared to a CPI Threshold (as found in the Table in Paragraph 5. below) which represents what the CPI would be if total inflation since the beginning of the Agreement had averaged three percent (3%) per year. If the actual CPI is higher than one percent (1.0%) by which the actual CPI is higher than the CPI Threshold, multiplied by the Regular Rate of Pay (overtime rates if applicable) for each position worked by an Employee for all hours actually worked in full calendar weeks in the fiscal quarter (hereafter referred to as "earnings").

Thus, if in a given quarter three percent (3%) annual inflation since the beginning of the Agreement would have produced total inflation of ten percent (10%) and the actual CPI indicates that inflation since the beginning of the contract has been twelve percent (12%) and an Employee had earnings as defined in the paragraph above during the quarter of \$15,000, then that Employee would receive a lump-sum payment of two percent (2%) (12% actual inflation minus a 10% CPI Threshold) times \$15,000 or \$300.

2. IRP Payments

a. Beginning the period ending **December 31, 2012**, the Company shall, on each Payment Date, make to each Employee an IRP payment equal to:

- (1) their total earnings as defined above for the Covered Period, multiplied by
- (2) each full percentage (1.0%), by which the CPI for the Measurement Month exceeds the CPI Threshold for the Measurement Month.

b. No IRP will be made for any Covered Period unless the CPI for the Measurement Month is greater than the CPI Threshold; in the event the CPI is lower than the CPI Threshold there shall be no recoupment of any kind.

The IRP shall be a lump-sum payment and shall not be part of the Employee's Standard Hourly Wage Rate of Pay or used in the calculation of any other Pay, allowance or benefit.

3. Definitions

a. CPI shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average, All Items, Not Seasonally Adjusted (1982-84=100) as published by the Bureau of Labor Statistics. If the Consumer Price Index in its present form and on the same basis as the last Index published prior to **June 2012** becomes unavailable, this Subsection shall be adjusted to produce as nearly as possible the same result as would have been achieved using the Index in its present form.

b. Payment Date shall be the forty-fifth (45th) day after the last day of the Measurement Month.

c. Measurement Month shall be the last month of a Covered Period.

d. Covered Period(s) shall be as shown in Paragraph 5 below.

e. CPI Threshold(s) shall be as shown in Paragraph 5 below, based on the formula in Paragraph 6 below.

4. Example:

Covered Period	10-01-14 thru 12-31-14
Measurement Month	December 2014
Hypothetical CPI in Measurement Month	248.2
CPI Threshold for the Covered Period	243.4
The amount, of full percentage point(s), by which the CPI for the Measurement Month exceeds the CPI Threshold for the Covered Period	
	$((248.2 - 243.4) / 243.4) = 2.0\%$
Earnings in Covered Period	<u>\$15,000</u>
IRP Payment (\$15,000 x 2.0%)	<u>= \$300</u>

Section VI: Rates of Pay (Cont.)

5. Covered Periods and CPI Thresholds

Covered Period	CPI Threshold
07-01-12 – 09-30-12	None
10-01-12 – 12-31-12	229.4
01-01-13 – 03-31-13	236.3
04-01-13 – 06-30-13	236.3
07-01-13 – 09-30-13	236.3
10-01-13 – 12-31-13	236.3
01-01-14 – 03-31-14	243.4
04-01-14 – 06-30-14	243.4
07-01-14 – 09-30-14	243.4
10-01-14 – 12-31-14	243.4
01-01-15 – 03-31-15	250.7
04-01-15 – 06-30-15	250.7
07-01-15 – 09-30-15	250.7
10-01-15 – 12-31-15	250.7

6. Formula to Calculate CPI Threshold

The CPI Threshold shown in the Table above is the CPI for the month of June 2012 multiplied by 1.03 per year as expressed in the following formula:

$$\text{CPI-W for 6-12} \times (1.03)^n$$

Where n is the number of Covered Years from the first calendar year of 2012 to the Covered Year in which the calculation is made.

**Subsection 14. 401(k) Plan**

1. Description of the Plan

The 401(k) Plan is designed to provide eligible employees with an opportunity to increase the value of their earnings and to provide increased retirement benefits through tax-advantaged savings.

Monies directed into the Plan on a pre-tax basis will not be taxed for Federal Income Tax purposes or (most) State Tax purposes. You can now contribute to the Plan on an after-tax basis. Interest and/or dividend earnings are not taxed until distribution.

2. Eligibility

All active employees who have attained age 21 and have completed the 720 hour probationary period with the Company shall be eligible to participate in the Plan.

3. Plan Administration

a. General

The Plan shall be administered by the Company and the Company shall bear payroll administrative costs associated with the Plan. The per participant, trustee, recordkeeping, transaction and other administrative fees will be borne by the Plan.

The Plan record keeper, trustee and investment vehicles will be determined following a joint analysis by the Company and the Union. However, final selection of the record keeper, trustee and investment vehicles shall be made by the Union from among options acceptable to the Company, to assure that third party administrative requirements and Company systems are compatible.

Effective July 17, 1992, the Company and the Union agreed that the Plan's record

keeper is to be Fidelity Institutional Retirement Services Company and the Plan's trustee is to be Fidelity Management Trust Company.

The Company will conduct periodic anti-discrimination tests as required by law. In the event that discrimination relative to contributions of the higher-paid employees is discovered, the higher paid employees may be directed to lower their contribution.

b. Vesting

All contributions are immediately vested.

c. Withdrawals

Withdrawals from the Plan are available in the event of retirement, death, disability, termination, at age 59-1/2 or in the event of hardship, as set forth by the Internal Revenue Service.

d. Additional Plan Requirements

Internal Revenue Service approval must be obtained.

e. The Company has arranged for participants to access their accounts through the Internet, utilizing a system of PIN numbers and passwords.

4. Investment Options

a. Participants shall have several investment options into which they may direct their funds. These funds include a range of investment objectives and risk. **Current investment options include:**

- Davis NY Venture Y Fund
- DFA US Large Cap Value Fund
- Fidelity Contrafund K Fund
- Fidelity OTC K Fund
- Harbor Capital Appreciation Institutional Fund
- Spartan 500 Index Institutional Fund
- Fidelity Low-Priced Stock K Fund
- Spartan Extended Market Index Fund
- American Beacon Small Cap Value Institutional Fund
- Loomis Sayles Small Cap Growth Fund
- American Funds EuroPacific Growth Fund—Class R6
- American Funds Small Cap World Fund—Class R6
- DFA Emerging Markets Value I Fund
- Dodge & Cox Institutional Stock Fund
- Fidelity Balanced K Fund
- Fidelity Freedom K 2000 Fund
- Fidelity Freedom K 2005 Fund
- Fidelity Freedom K 2010 Fund
- Fidelity Freedom K 2015 Fund
- Fidelity Freedom K 2020 Fund
- Fidelity Freedom K 2025 Fund
- Fidelity Freedom K 2030 Fund
- Fidelity Freedom K 2035 Fund
- Fidelity Freedom K 2040 Fund
- Fidelity Freedom K 2045 Fund
- Fidelity Freedom K 2050 Fund

**Fidelity Freedom K 2055 Fund**  
**Fidelity Freedom K Income Fund**  
**Fidelity Managed Income Portfolio II Fund**  
**Fidelity Inflation-Protected Bond Fund**  
**Fidelity Investment Growth Bond Fund**  
**Putnam High Yield Institutional Fund**  
**Fidelity Retirement Money Market Fund**

- b. Effective January 1, 2009, the 401(k) savings plan will be amended to establish a Roth 401(k) option.
5. Plan Funding and Investment Transfer Options
    - a. Participants may defer from one percent (1%) to thirty-five percent (35%) (Subject to Internal Revenue Code Regulations) of their earnings. Participants shall have the option to direct any portion of any bonus/profit sharing or other similar payment(s) be allocated to their accounts. Contributions to the Plan shall not exceed the maximum permissible by law.
    - b. Employees, who are 50 years and older within the current calendar year, may elect to have a Catch-up Contribution up to the maximum permissible by law. Effective January 1, 2009, these contributions may be made from Bonus-Type Payments.
    - c. Employees eligible to participate in the Plan may elect participation in the Plan on a bi-weekly basis. Such election must be made in writing, on a form provided by the Company, at least two weeks prior to the pay date when it is to be effective.
    - d. Employees participating in the Plan may elect to suspend contributions at any time; however, such suspension must remain in effect for at least a six month period. Such suspension must be made in writing, on a form provided by the Company, at least two weeks prior to the pay date when it is to be effective.
    - e. Participating employees may increase or decrease their contributions to the plan on a bi-weekly basis. Such increase or decrease in contributions must be made in writing, on a form provided by the Company, at least two weeks prior to the pay date when it is to be effective.
    - f. Participating employees may change investment options for existing balances and future contributions on a daily basis by calling Fidelity. The amounts transferred may be in percents or dollars.

Participants may make exchanges between the Managed Income Portfolio and non-competing investment options. Non-competing investment options are the Balanced Fund, the U.S. Equity Index Portfolio and the Magellan Fund. Monies exchanged between the Managed Income Portfolio and competing options must first be placed in a non-competing fund for 180 days. Competing Options are the Retirement Money Market Portfolio and the Investment Grade Bond Fund.
  6. Loan Provision

The 401(k) Plan will have the following loan provisions:

    - a. The minimum amount that can be borrowed is \$1,000, provided the participant's account balance is at least \$2,000.
    - b. The maximum amount that can be borrowed is 50% of the participant's account balance or \$50,000, whichever is less.
    - c. Loan amounts must be in multiples of \$100.
    - d. Only two loans may be outstanding at one time.
    - e. The interest rate charged for a loan is established at the prime bank lending rate in

effect at the time of the loan application. The rate will remain the same throughout the term of the loan.

- f. Interest payable on the loan is not tax deductible. Because it is considered earnings in a participant's account, the interest will eventually be taxable when it is received either through a withdrawal or distribution from the plan.
- g. There are two types of loans:
  - i. General Purpose Loan  
For any purpose other than purchase of a participant's principle residence. Term of this type of loan is limited to five years.
  - ii. Real Estate Purchase Loan  
Can be used to finance the purchase of a participant's principle residence. Term of this type of loan is limited to ten years.
- h. Repayment of a loan occurs through automatic payroll deductions. Payments must be made in equal installments over the term of the loan; however, pre-payment of the remaining balance can be done at any time without penalty.
- i. During an involuntary interruption of employment such as layoff, disability or strike, payments must continue for a period up to 12 months. If the participant has not returned to work in 12 months, the loan becomes due and payable.
- j. The loan will be in default and will become due and payable in full in the event of the following:
  - Payments are not made in a timely manner.
  - Termination of employment.
  - Retirement.
  - Death.
  - Breach of any loan security provisions.If the loan is not repaid when due, the loan balance will be processed as a taxable withdrawal with the appropriate income taxes and penalties.
- k. The trustee of the plan may charge fees for originating and maintaining loans. At the current time, those fees are:
  - \$10.00 for origination fee charged to the participant's account balance at the time of the loan.
  - \$15.00 annual maintenance fee charged to the participant's balance quarterly.The participant is responsible for all loan fees which may change from time to time.

#### **Subsection 15. Earnings Protection Plan**

##### **1. Purpose**

The purpose of the Earnings Protection Plan (EPP) is to protect a level of earnings for hours worked by employees with particular emphasis on employees displaced in technological change, through provision of a benefit to be known as a Quarterly Income Benefit (QIB) which, when added to an employee's average earnings for hours worked in a quarter, will increase such average earnings for hours worked during a base period preceding such quarter.

##### **2. Definitions**

When used in the EPP or in any agreement relating thereto, the following terms are intended to have the meaning set forth below:

"Average earnings" Average straight-time hourly rate of earnings, determined by dividing total earnings (excluding shift differentials and Sunday and overtime premiums) for all hours worked by the number of hours worked.

## Section VI: Rates of Pay (Cont.)

"Base period" The pay periods paid in the calendar year preceding the benefit quarter, provided, however, that with respect to any employee who has twenty or more years of continuous service at the start of the first benefit quarter in any calendar year, the base period shall be the pay periods paid in the second calendar year next preceding the benefit quarter if his/her base period rate for such calendar year is higher than his/her base period rate for the calendar year immediately preceding the benefit quarter.

"Base period rate" The average earnings for the base period, plus the amount per straight-time hours worked of any QIB paid for straight-time hours worked in the base period.

"Benefit quarter" The pay periods paid in a calendar quarter with respect to which benefit determinations are to be made.

"Benefit quarter rate" The average earnings for the benefit quarter.

"Continuous Service" Continuous Service as determined under the Company's non-contributory pension provisions.

"Eligible employees" Employees who have two or more years of continuous service as of the end of the benefit quarter and who have worked 160 or more hours during the base period.

### 3. Quarterly Income Benefits

- a. Each eligible employee shall receive a QIB subject to all the provisions of the EPP, for any benefit quarter for which his/her benefit quarter rate does not equal or exceed 85% of his/her base period rate; provided, however, that any employee who has 20 or more years of continuous service at the start of the first benefit quarter in any calendar year shall receive a QIB, subject to all the provisions of the EPP, for any benefit quarter for which his/her benefit quarter rate does not equal or exceed 90% of his/her base period rate.
- b. Subject to the provisions of "c" and "d" below, the amount of the QIB for an employee shall be determined with reference to the hours worked by them in the benefit quarter by multiplying (i) the sum of the number of such hours paid for at straight time plus 1.5 times the number of such hours paid for at overtime rates by (ii) the amount, if any, by which his/her benefit quarter rate was less than 85% of his/her base period rate; provided, however, that with respect to any employee who has twenty or more years of continuous service at the start of the first benefit quarter in any calendar year, the amount of the QIB shall be determined with reference to the hours worked by them in the benefit quarter by multiplying (i) the sum of the number of such hours paid for at straight time plus 1.5 times the number of such hours paid for at overtime rates by (ii) the amount, if any, by which his/her benefit quarter rate was less than 90% of his/her base period rate.
- c. In determining the amount of a QIB, the base period rate and the benefit quarter rate shall be appropriately adjusted to neutralize the effect of any general wage change occurring after the start of the base period.
- d. Any QIB otherwise payable shall be adjusted to the extent necessary to avoid a payment under this plan which would duplicate a payment under a workmen's compensation or occupational disease law or under any other arrangement which provides an earnings supplement.

### 4. Disqualification

- a. An employee shall not be paid any QIB for any benefit quarter if it is determined that his/her benefit quarter rate was significantly lower than it otherwise would have been because of any of the following (occurring in or before such benefit quarter):
  - (1) Assignment of his/her own request or due to his/her own fault to a job with lower earning opportunities or failure to accept assignment, or to assert assignment rights, to a job with higher earning opportunities except in the case of assignments



related to the manning of a new facility or other situations where it is clear from the surrounding circumstances that such event should not affect eligibility for a QIB.

- (2) Any occurrence which would disqualify the employee from a Weekly Benefit pursuant to Paragraph 3.5-c.-(1), (2) and (3) of the SUB Plan.
  - b. If any employee quits or is discharged, no QIB shall be payable for the benefit quarter in which such quit or discharge occurs.
5. General
- a. Any QIB payable in accordance with the terms of this Plan shall be paid promptly after the end of the benefit quarter for which it is payable, shall be considered wages for the purposes of the applicable law, and shall be included in calculating earnings for the purposes of the Company's non-contributory Pension provisions and vacations, but not for the SUB Plan or any other purpose. For the purposes above provided, the QIB shall constitute wages for the calendar quarter in which it is paid.
  - b. The Union shall be furnished, on forms and at times to be agreed upon, such information as may be reasonably required to enable the Union to be properly informed concerning the operation of the EPP. In addition, with respect to any benefit quarter, the Chairperson of the Grievance Committee, if s/he so requests, shall be furnished with a list of employees represented by such Committee who received QIB's and the amount of such QIB's and a list of employees represented by such Committee who did not receive QIB's because of one of the disqualifications listed in Paragraph 4.-a.-(1), (2) or (3).
  - c. Any employee whose benefit quarter rate for a benefit quarter is less than 85% of his/her base period and who does not receive a QIB for that benefit quarter because of one of the disqualifications listed in Paragraph 4.-a.-(1), (2), or (3) shall be notified of the reason for his/her disqualification in writing with a copy to his/her Grievance Committee Chairperson.

#### **Subsection 16. Special Rates of Pay**

##### **A. High Work Premium**

The Company and the Union agree that at all surface operations the Company will pay a special allowance to an employee when working under the following conditions:

1. The location of work requires the use of safety harnesses, and
2. The work is performed more than 25 feet above ground level or solid working surface, and
3. The work involves climbing to connect, plumb, weld or bolt basic structural steel, climbing to weld or perform mechanical or electrical maintenance work.

Such allowance will be one-half hour allowed time paid for each four (4) hour period in which any high work is performed during the shift.

It is agreed that the intent of this allowance is to compensate employees for work which is performed under conditions not accessible to aerial work platforms and or man-lifts unless such work requires the employee to leave the confines of such platform or manlift.

Any disagreement as to the application of this special allowance may be processed as a grievance under the provisions of the Basic Labor Agreement.

##### **B. Fire Brigade Premium**

Members of the Fire Brigade shall be entitled to a special Hazard Pay rate of Job Class 25 while fighting fires. Such rate shall only be paid while actually engaged in fighting fires and the rate of pay for training for Fire Brigade shall be the employee's regular rate of pay for the shift on which the training is given. Such training rate shall be paid to fire brigade members who are responding to the alarms and attending fire fighting incidents as observers.

Section VI: Rates of Pay (Cont.)

C. Pay During Major or Minor Repairs

Employees assigned to work directly related to major or minor repairs shall receive no less than the Plant Repairperson Helper rate.

D. Painting

Subject to Section VI, Subsection 9, employees assigned to perform rough painting (e.g., hand rails, floor grating) will be paid at the Plant Repairperson Helper rate. Employees assigned to other painting (e.g., offices, hallways) will be paid at the Painter Starter rate.

E. Miscellaneous Equipment Operation

Subject to Section VI, Subsection 9, employees operating vans or pickup trucks for the purpose of transporting other personnel or materials will be paid at the rate of Truck Driver – Service. Employees assigned to operate manlifts, forklifts, and plant loaders (i.e., skid steer type and size), will be paid at the rate of Loader Operator.

**Subsection 17. Reimbursement For Union Business**

All lost time for Union business shall be paid by the Company at the scheduled rate of pay and shall be repaid by the Union to the Company once per month, which reimbursement shall include repayment of all taxes paid and deductions and withholdings lawfully incurred by the Company or reimbursement for overtime premium paid due to union business hours being included in the employee's work hours. All such lost time will be used in the calculation of pension service credits, overtime and vacations. For purposes of this Section, the Union shall designate by the beginning of each payroll year no more than ten (10) Local Union members who shall be eligible to receive such reimbursement during said payroll year.

## SECTION VII: HOURS OF WORK

### Subsection 1. Basis For Overtime – Not Work Guaranty

This Section is intended to provide a basis for calculating overtime and to define the normal hours of work, and shall not be construed as a guarantee of hours of work per day or per week.

### Subsection 2. Normal Hours of Work

The normal hours of work shall be eight (8) per day and forty (40) per week. Daily hours of work shall be consecutive and twenty (20) minutes shall be allowed for lunch on the job. The Company shall continue its present practices for scheduling the twenty (20) minute lunch period.

### Subsection 3. Definition of Workday and Workweek

For the purpose of computing overtime under this Section and not as a limitation upon the scheduling of employees for work, the workweek shall be a period of seven (7) consecutive days commencing at 12:01 A.M. Sunday or the shift-changing hour nearest to that time and the workday shall be a period of twenty-four (24) hours commencing at the shift-changing time nearest to 12:01 A.M. on such day. An employee called to begin work not to exceed one (1) hour before commencement of the night shift of his/her department in a workday, or who remains at work not to exceed one (1) hour after the end of the afternoon shift of a day, shall be considered as working in the workday, and workweek of such night or afternoon shift.

### Subsection 4. Overtime

Unless worked pursuant to an agreed upon Alternative Work Schedule, overtime at the rate of one-and-one-half times the Standard Hourly Wage Rate shall be paid for hours worked:

- A. In excess of eight (8) hours in any workday;
- B. In excess of forty (40) hours in any workweek;
- C. When an employee on the afternoon shift of any workday (as defined in Subsection 3. hereof) completes that shift and works additional consecutive hours at the termination thereof s/he shall be paid overtime for such consecutive hours worked in excess of eight (8) although they may fall within the succeeding workday.
- D. On any day in any workweek after an employee shall have worked five (5) previous days in such workweek; provided, that in the case of any employee who has worked on five (5) previous days but has not worked forty (40) straight-time hours on said five (5) days due to absence from work for personal reasons of the employee, this Paragraph D. shall not apply until the hours worked on the sixth or seventh day of the workweek bring the straight-time hours worked up to forty (40) hours for the workweek. In determining whether absence from work was for personal reason of the employee, the Company agrees that any grievance committee chairperson who performs work during a shift and who is required to lose time from that shift in order to attend a scheduled mine grievance meeting, shall be given credit for this time off from scheduled work for the purpose of computing sixth or seventh day overtime under this Subsection 4.- D.
- E. On any sixth or seventh work day of a 7-consecutive-day period during which the first five (5) days were worked by the employee whether or not all of such days fall within the same workweek as defined in Subsection 3. of this Section VII. except when that day is worked pursuant to a schedule approved by the Grievance Committee; provided, however, that no overtime compensation under this provision will be due unless the employee shall notify his/her Supervisor of a claim for overtime within a period of thirty (30) days after such sixth or seventh day is worked; and provided further that on shift changes the 7-consecutive-day period of 168 consecutive hours may become 152 consecutive hours depending upon the change in the shift. For the purposes of this Paragraph E. all working schedules now normally used in any department of any mine shall be deemed to have been approved by the Grievance Committee. Such approval may be withdrawn by the Grievance Committee by

## Section VII: Hours of Work (Cont.)

giving sixty (60) days' prior written notice thereof to the Management.

- F. Double time and one-half shall be paid for hours worked on a holiday in accordance with Section IX. of this Agreement.

Overtime payment shall not be duplicated for the same hours worked under the terms of this Agreement but the higher of the applicable premiums shall be used. To the extent that hours are compensated for at overtime rates under one provision they shall not be counted as hours worked in determining overtime under the same or any other provision; provided, however, that when a holiday occurs on any day for which overtime would not otherwise be paid, the hours worked on such holiday shall be counted as hours worked in determining overtime.

When employees qualified to perform the work could be recalled from layoff because it is reasonably foreseeable that there will be work for such employees for a period of two or more weeks, then Management will notify the Union if it decides to have such work performed on an overtime basis instead of recalling employees. Upon the request of the appropriate Grievance Committee chairperson, Management will discuss with them the reason for its decision and any suggested alternative. Such discussion will constitute full compliance with the requirements of this provision, without prejudice to any other rights which may exist under any other provision of the Agreement.

- G. The Company will consider an Employee's request to be excused from non-voluntary overtime work and shall accommodate those requests which are practicable and reasonable under these circumstances.

### Subsection 5. Working Time

Working time shall include the time required to perform duties in connection with the employment before or after the shifts when specifically agreed to and only after such work is specifically agreed to and shall exclude travel time to and from the actual working place whether or not said travel shall be by conveyance furnished by the Company.

In open pit operations where transportation is provided by the Company, it is agreed that employees will travel one way on their time and one way on Company time. Travel on the employee's time shall not exceed ten minutes. The period of travel on the employee's time may be prior to the shift or at the end of the shift, but there shall be no combination of these periods. In the event travel time exceeds ten (10) minutes of the employee's own time on the shift, all travel time on that shift will be counted as hours worked by the employee.

### Subsection 6. Reporting and Call-Out Pay

Employees who are regularly scheduled or who are notified to report and who do report for work shall be allowed; (A) in the event no work for which they were scheduled or for which they were notified to report, or called out, is available, for two (2) hours' work at the Standard Hourly Wage Rate of the occupation to which they were scheduled or for which they were notified to report or called out; (B) employees who actually begin work shall be paid for at least four (4) hours; (C) employees who work more than four (4) hours shall be paid for eight (8) hours; **and (D) employees on a 12-hour shift who work more than eight (8) hours shall be paid for twelve (12) hours**, provided, that at Management's discretion, any such employees may be assigned to other substantially equivalent work for which they are qualified and prepared; provided, further, that if such other work is at a lower rate of pay than the average hourly earnings for the job for which scheduled or notified to report s/he shall be paid his/her scheduled job average hourly earnings for the hours worked or allowed; provided, further, that this Subsection (except for reporting pay provided in item (A) hereof) shall not apply in the cases where work is not available due to causes beyond the reasonable control of the Company, and that no part hereof is applicable where work is not available because of strikes, work stoppages or work interruptions of that character. Employees recalled to work after leaving the Company's premises or called out for work on off days, shall be paid for at least four (4) hours.

There shall be no duplication of hours paid for whether worked or allowed. Allowed time, not worked, shall not be paid for as overtime nor included in computing overtime. Any additions provided by Subsections 8 and 9 of Section VI and Subsection 9 of this Section VII shall apply.

#### **Subsection 7. Scheduling**

The Company will, so far as practicable, arrange the working schedule so that employees will have two consecutive rest days in each workweek, and the Company's determination as to what is practicable shall be final, provided that if the Grievance Committee at any mine feels that the Company is arbitrarily failing to arrange working schedules so as to allow two (2) consecutive days of rest, so far as practicable, such questions may be presented as a grievance and the same shall be subject to the grievance procedure of Section XI. hereof. Determination of the starting time of the daily and weekly work schedule shall be made by the Company and such schedules may be changed by the Company from time to time to suit varying conditions of the business; provided, however, that indiscriminate changes shall not be made in schedules solely for the purpose of avoiding payment of overtime and provided further, that changes deemed necessary by the Company shall be made known to the Grievance Committee of the Union as far in advance of such changes as is practicable. Should changes be made in schedules contrary to the foregoing so that an employee is laid off and does not work on a day that s/he was scheduled to work, s/he shall be deemed to have reported for work on such day and shall be eligible for a reporting allowance of four (4) hours in accordance with the provisions of Subsection 6 of this Section VII. The Company will also endeavor to give employees notice of any changes in the weekly working schedules in time to enable them to make changes in their plans in order to meet such schedules. Work schedules shall be posted by Wednesday. Changes in such schedules shall be posted not later than Friday of the preceding week, however, changes made after noon on Thursday will be verbally communicated to affected employees. **Employees not scheduled to work Wednesday day shift through Saturday afternoon shift will return to work on their next regularly scheduled shift unless otherwise notified.** If, after such posting, changes are made in the schedules so that an employee is laid off on any day within the five (5) scheduled days for any reason except breakdown, power failure, storms, inability to obtain railway cars, or other matters beyond the control of Management, and is required to work on what would otherwise have been the sixth or seventh workday of that workweek, the employee shall be paid for such sixth or seventh day worked at overtime rates in accordance with Subsection 4 hereof. The Company shall give as much advance notice as is practicable in the case of layoff of any employee.

When an employee is transferred from one job to another, (a) to fill a permanent vacancy, or (b) to return to his/her former job or (c) to fill a job under the range-wide displacement procedure, or (d) to fill a temporary vacancy, and as a result thereof s/he and other employees affected by such transfer are scheduled to work in excess of five (5) consecutive days to effect the transfer, it is agreed that the schedules of such employees shall be deemed to have been approved by the Grievance Committee and no grievance shall be filed or processed there under.

#### **Subsection 8. On-The-Job Injury**

In the event an employee is injured in the course of his/her employment and such injury necessitates his/her being absent from his/her work for a portion of one shift, such employee shall be paid for the balance of that shift (including any allowances/additives normally received) and the hours not worked shall be used for computing overtime, provided, however, that such absence occurs within five (5) days of such injury. In the event an employee who has returned to work following an on-the-job injury requires therapy or treatment, such care will be scheduled by management on company time and the employee will be compensated at his/her regular rate of pay (including any allowances/additives normally received) for any time lost in receiving therapy or treatment and such time will be counted as time worked for the purpose of determining overtime pay.

- a. Allowances/Additives may be an item, such as Equipment Additives, Hot Shift, etc.

## Section VII: Hours of Work (Cont.)

If management cannot schedule therapy or treatment on company time, any employee so scheduled will be paid **two (2) hours** of allowed time for each scheduled therapy or treatment. Such time will be counted as time worked for the purpose of determining overtime pay. Any employee who schedules or reschedules therapy or treatment, and as a result receives therapy or treatment on his/her own time, will be eligible to receive one (1) hour of allowed time.

An employee who is working in or enters the immediate vicinity of and is a witness to a serious injury or fatal accident shall not be required to work the remainder of that shift and, unless required for investigation purposes, may leave the property without penalty or loss of pay after notification to his/her supervisor.

### **Subsection 9. Jury or Witness Duty**

An employee who is called for jury service or subpoenaed as a witness shall be excused from work for the days on which s/he serves. (Service, as used herein, includes required reporting for jury or witness duty when summoned, whether or not s/he is used.) Such employee shall receive, for each day of service on which s/he otherwise would have worked, the difference between the payment s/he receives for such service in excess of \$5 and the amount calculated by the Company in accordance with the following formula. Such pay shall be based on the number of days the employee would have worked had s/he not been performing such service (plus any holiday in such period which s/he would not have worked) and the pay for each day of service shall be eight (8) times his/her average straight-time hourly rate of earnings) (excluding shift differentials and Sunday and overtime premiums) during the last payroll period worked prior to such service. The employee will present proof that s/he did serve or report as a juror or was subpoenaed and reported as a witness, and the amount of pay, if any, received therefore.

### **Subsection 10. Funeral/Bereavement Leave**

When death occurs to an employee's legal spouse, mother, father, brother, sister, grandchildren, son or daughter (including step-children when they have lived with the employee in an immediate family relationship), an employee, upon request, will be excused and paid for up to a maximum of five (5) scheduled shifts (or for such fewer shifts as the employee may be absent) which fall within a seven (7) consecutive calendar day period. When death occurs to an employee's mother-in-law, father-in-law, son-in-law, daughter-in-law, or grandparents (including step-father, step-mother, step-brother or step-sister when they have lived with the employee in an immediate family relationship), an employee, upon request, will be excused and paid for up to a maximum of three (3) scheduled shifts (or for such fewer shifts as the employee may be absent) which fall within a seven (7) consecutive calendar day period; provided, however, that in either of the above cases, (1) such calendar day shall be the day of the funeral or memorial service (provided it shall apply to only one memorial service) and it is established that the employee attended the funeral or memorial service. Payment shall be eight (8) times his/her average straight-time hourly earnings (as computed for jury pay). An employee will not receive funeral/bereavement pay when it duplicates pay received for time not worked for any other reason. Time thus paid will not be counted as hours worked for purposes of determining overtime or premium pay liability. However, if an employee is on vacation, he/she will receive additional days off equal to what his/her funeral/bereavement leave would have been had such employee been working.

### **Subsection 11. Volunteer Firemen and EMTs**

If as a result of performing duties as a Volunteer Fireperson or an E.M.T. an employee is late in reporting for his or her scheduled shift, the employee will be offered the opportunity to make up the lost time at the end of that shift or at the end of a subsequent scheduled shift in the same week. Elections to make up lost time must be in writing on a form provided by the Company.

Employees who elect to make up time will be paid at their posted rate of pay and shall not be eligible for an overtime lunch. It is understood that the employee will be assigned to available work once he or she reports; and further, that work assigned on the following shift will be made after all

other employees on the oncoming crew have been assigned.

It is further understood that, notwithstanding Section VII., Subsection 4.-A., no overtime will be paid for make-up time exceeding an employee's normal eight hour day.

**Subsection 12. Alternative Work Schedule**

The Company may adopt alternative work schedules consisting of ten (10) or twelve (12) hour per day scheduling with the approval of the Local Union President, the Grievance Chair, and sixty percent (60%) of the Employees who are impacted by the alternative schedule.

Approval of an alternative work schedule may be revoked at any time more than six (6) months after its implementation by a simple majority vote of the bargaining unit Employees who are impacted by that schedule. Following such revocation, the Company shall reinstate the previous schedule as promptly as possible however no later than the 4th week after revocation, provided that further changes to the schedule may be made pursuant to the applicable provisions of the Basic Labor Agreement.

**Subsection 13. Work Assignments and Schedules**

**A. Schedules During Major Pellet Plant Repairs**

The Company will notify employees and post work assignments in the case of major and minor repairs as far in advance as practical. Employees will not be required to work more than seven (7) consecutive afternoon shifts or seven (7) consecutive night shifts during major pellet plant repairs.

**B. Use of Leaders**

It is the policy of the Company to have leaders perform only the duties normally associated with the job of Leader, such as assigning work, checking time, working with a crew, and instructing and directing a crew in the proper and safe performance of its work.

In the Company's Michigan operations, the Company will discontinue the use of the Leader position except as provided herein.

It is understood that the current permanent Leader positions as agreed to by the Company and Union may be continued by the Company provided, however, that any vacancies in these positions will be filled in accordance with the applicable posting and seniority provisions of the Basic Labor Agreement. It is further understood that, on occasion, the Company may assign a temporary Leader on a job-to-job basis which assignment shall be made under the provisions of Section X., Subsection 15. of the Basic Labor Agreement relative to temporary vacancies. Such assignment shall be for a period not exceeding two (2) weeks unless expanded by mutual agreement of the Company and local Grievance Committee. Such temporary Leaders will perform the functions as set forth in this Paragraph B. and in the Leader Convention of the Job Classification Manual.

**C. Overtime Assignments**

Operating and maintenance employees who are on crews regularly scheduled on a four-crew, 21 shift rotation schedule, may be assigned, but shall not be required to work on the four-day weekend which occurs once every four weeks.

If an employee refuses such assignment, the Company will attempt to obtain a replacement from other operations and, if unsuccessful, will notify the Grievance Committee of its intent to obtain manpower from other sources.

It is understood that present maintenance crew schedules at any operation may be changed so that they do not regularly coincide with the operating crew schedules.

**D. During the 1993 labor negotiations an issue involving certain summer vacation replacement work assignments was discussed. It is understood that for a limited number of special day shift assignments the Company will make every effort to be sensitive to the desires of permanent employees prior to assigning summer vacation replacements to such work.**

## SECTION VIII: VACATIONS

### Subsection 1. Vacation Eligibility

- A. An eligible employee who has attained the years of continuous service indicated in the following table in any calendar year during the continuation of this Agreement shall receive a vacation corresponding to such years of continuous service as shown in the following table:

Years of Service	Weeks of Vacation
1 but less than 3	1
3 but less than 10	3
10 but less than 17	4
17 but less than 25	5
25 or more	6

- B. To be eligible for a vacation in any calendar year during the term of this Agreement, the employee must:
1. Have one year or more of continuous service; and
  2. Not have been absent from work for six (6) consecutive months or more in the preceding calendar year; except that in case of an employee who completes one (1) year of continuous service in such calendar year, s/he shall not have been absent from work for six (6) consecutive months or more during the twelve (12) months following the date of his/her original employment; provided that an employee with more than one (1) year of continuous service who in any year shall be ineligible for a vacation by reason of the provisions of this paragraph as a result of an absence on account of layoff or illness shall receive two (2) week's vacation with pay in such year if s/he shall not have been absent from work for six (6) consecutive months or more in the twelve (12) consecutive calendar months next preceding such vacation.
  3. Any period of absence of an employee while on vacation pursuant to this Section or while in military service in the year of his/her reinstatement to employment, shall be deducted in determining the length of a period of absence from work for the purposes of this Subsection, but shall not be considered an interruption of the consecutive period of absence.
  4. Time lost by an employee because of injuries sustained in his/her employment within the period for which compensation is payable shall not be included in the total pay periods of six (6) months' absence during the year in which such injuries occur nor in the year in which s/he returns to work. In addition, employees absent from work for all or part of the preceding calendar year due to occupational disability shall be deemed, for vacation eligibility requirements, to have worked during all or part of such year during which s/he was absent on account of such occupational disability in the year of his/her reinstatement to employment.
- C. Continuous service shall be determined by the employee's first employment by the Company and in accordance with the provisions for determination of continuous service as set forth under Section X. hereof.
- D. An employee, even though otherwise eligible under this Subsection 1. forfeits the right to receive vacation benefits under this Section if s/he quits or is discharged prior to January 1 of the vacation year. An employee who retires under the Company Pension Plan prior to January 1 of a vacation year will be paid regular vacation in January if otherwise qualified. Such payment will not affect pension benefits. The surviving spouse of a deceased active employee or retiree will be paid any regular vacation benefits in January of the year following death or retirement if the employee was otherwise qualified.



**Subsection 2. Scheduling of Vacations****A. General**

1. Prior to scheduling of vacations, Management and the Union Committee at each mine will meet to discuss the application of the provisions of this Subsection 2. and the Supplemental Understandings of Vacation Matters (Subsection 9. of this Section VIII.) and Vacation By Days (Subsection 10. of this Section VIII.).
2. Promptly after October 1 of each calendar year each eligible employee shall be requested to specify the vacation period s/he desires in the next calendar year. Vacations will so far as practicable, be granted at times most desired by employees (longer service employees being given preference as to choice); but the final right to allot vacation periods and to change such allotments is exclusively reserved to the Company in order to insure the orderly operation of the mine; provided that vacations may be scheduled at any time between January 1 and December 31 of each calendar year. The vacation schedule for each department at a mine will be posted in that department upon completion of the schedule, but not later than January 1 of the vacation year.
3. An employee transferring to another mine or department will carry his/her vacation schedule for the year with them unless such vacation would cause a shortage of qualified employees in the department. No employee senior to the transferee will have grounds to grieve the vacation of the employee entering the department.

**B. Regular Vacations**

1. A one week's vacation shall consist of 7 consecutive days, a two week's vacation of 14 consecutive days, a three weeks' vacation of 21 consecutive days, a four weeks' vacation of 28 consecutive days, a five weeks' vacation of 35 consecutive days, and a six weeks' vacation 42 consecutive days; provided, however, that in the event the orderly operations of the mine requires, the two weeks' vacation may be scheduled in two periods of 7 consecutive days each and the three weeks' vacation may be scheduled in two periods of 7 and 14 consecutive days, or with the consent of the employee, in three periods of 7 consecutive days each and the four weeks' vacation may be scheduled in two periods of 14 consecutive days each or in two periods of 7 and 21 consecutive days, or, with the consent of the employee, in three periods of 7, 7, and 14 consecutive days, or in four periods of 7 consecutive days and the five weeks' vacation may be scheduled in two periods of 14 and 21 consecutive days or 7 and 28 consecutive days or, with the consent of the employee, in five periods of 7 consecutive days, or in three periods of 7, 14, and 14 consecutive days, and the six weeks' vacation may be scheduled in two periods of 14 and 28 consecutive days or 21 and 21 consecutive days or, with the consent of the employee, in six periods of 7 consecutive days, or in three periods of 14, 14, and 14 consecutive days.
2. The Company may, with the consent of the employee, pay them vacation allowance, in lieu of time off for vacation, for any weeks of regular vacation in excess of two (2) weeks in any one (1) calendar year.

**Subsection 3. Calculation of Vacation Pay**

- A. Each employee granted a vacation under this Section VIII. will be paid at his/her average rate of earnings per hour for the prior calendar year. Vacation pay will be paid to an employee in advance of the scheduled vacation where adequate notice is given.

Average rate of earnings per hour (for the purposes of this Section) shall be computed by:

1. Totaling (a) pay received for all hours worked (total earnings including holiday premium overtime and Sunday premiums and shift differential), (b) vacation pay, including pay in lieu of vacation and (c) pay for unworked holiday, and

Section VIII: Vacations (Cont.)

2. Dividing such earnings by the total of (a) hours worked, (b) vacation hours paid for, including hours for which pay in lieu of vacation was paid, and (c) unworked holiday hours which were paid for.

Such average rate of earnings will be adjusted to reflect intervening general wage changes, and retroactive pay adjustments, if any, for the job or jobs performed or paid for.

- B. Hours of vacation pay for each vacation week shall be the average hours per week worked by the employee in the prior calendar year. Any weeks not having 32 hours of actual work shall be excluded for the calculation. Average hours per week worked shall be computed by:

1. Totaling the following hours in payroll weeks with 32 or more hours of actual work:
  - a. Hours worked
  - b. Hours paid for unworked holiday or vacation hours falling in such week
  - c. Hours paid for funeral leave
  - d. Hours paid for jury service
  - e. Hours paid for witness service
  - f. Hours excused from scheduled work and not paid for because of Union business, and
2. Dividing such hours by the number of such weeks in which 32 or more hours were worked.

The minimum number of hours paid for each week of vacation shall be 40 and the maximum number of hours paid for each week of vacation shall be 48.

Any employee who did not work in the prior year shall have his/her vacation pay computed on the basis of his/her last calculated vacation rate and hours, adjusted in accordance with the last sentence of Paragraph A. above.

The definitions contained herein are designed for and shall be used exclusively for the purpose of calculating vacation pay.

**Subsection 4. Pay in Lieu of Vacation**

- A. The Union and the Company agree that their mutual objective is to afford maximum opportunity to the employees to obtain their vacations and to attain maximum production. All employees eligible for vacation shall be granted their vacation from work except as provided in Subsection 2.- B.- 2. of this Section. Pay in lieu of vacation due an employee shall be computed as provided in Subsection 3. above.
- B. Any payment of vacation allowance shall not require the Company to reschedule the vacation of any other employee.

**Subsection 5. Part-Time Employees**

- A. A part-time employee is an employee who regularly, for his/her own convenience, is not available for full-time employment.
- B. The 40-hour-per-week minimum referred to in Subsections 3. and 4. above shall not apply to part-time employees.

**Subsection 6. Expedited Procedure**

In the event that either the Union or the Company requests an expedited resolution of any dispute arising under Subsection 1. or 2. above, it shall be submitted to the Cliffs Board of Arbitration in accordance with the following Expedited Procedure:

1. Within ten (10) days (excluding Saturdays, Sundays and Holidays) after Step 4, either the Union or Company may advise the other in writing that it is invoking this expedited procedure.

2. An expedited arbitration must be scheduled within ten (10) days (excluding Saturdays, Sundays and Holidays) of such notice and heard at a hearing commencing within thirty (30) days thereafter. The arbitrator, or his/her appointee, shall hear the dispute and, if no arbitrator is available to hear the dispute within thirty (30) days, another arbitrator shall be selected by mutual agreement of the District Director of the Union or his/her designee and the Vice President-Human Resources of the Company or his/her designee.
3. The arbitrator must render a decision within forty-eight (48) hours (excluding Saturdays, Sundays and Holidays) of the conclusion of the hearing. Such decisions shall not be cited as a precedent by either party in any future disputes.

**Subsection 7. Vacation Bonus**

A vacation bonus of \$250 per week or \$50 per day will be paid to employees for each week of vacation taken in a 10-week period to be specified. The Local Union and Company shall attempt to mutually agree upon the 10-week period prior to beginning vacation scheduling for the year to which the bonus is applicable. Failing to agree upon the specific 10-week period will result in that period being the 10 consecutive week period beginning with the first full week following the week containing New Year's Day.

Vacation weeks taken in accordance with Section VIII, Subsection 9.D. that fall within the specified 10-week period are eligible for the weekly vacation bonus, but only one bonus amount is applicable to each vacation week taken.

**Subsection 8. Vacation Shutdown**

In case Management desires to schedule vacations for employees eligible therefore during a production shutdown period instead of in accordance with previously established vacation schedules for that year, Management shall give affected employees sixty (60) days notice of such intent; in absence of such notice an affected employee shall have the option to take his/her vacation during the shutdown period or to be laid-off during the shutdown and to take his/her vacation at the previously scheduled time. When a total shutdown of one or both of the plant facilities occurs and a vacation shutdown is scheduled, the parties will meet to discuss the procedure to be utilized to determine who continues to work, and who is part of the vacation shutdown, in each of the various departments.

Up to two (2) weeks of vacation may be scheduled during a vacation shutdown so long as it is during the months of June, July or August. Notwithstanding the above, all employees will be allowed to reserve one week of vacation eligibility outside of the shutdown period. Further, vacation quotas will not be recalculated as the result of a vacation shutdown. **All vacation time forced into such period shall be full weeks only.**

**Subsection 9. Supplemental Understandings on Vacation Matters**

I. General Understandings

- A. The Company will continue its present practice of permitting employees to take so-called "back-to-back" vacations where practicable. The Company also agrees to pay vacation pay prior to the taking of this type vacation where adequate notice is given.
- B. This will continue our understanding that any employee otherwise entitled to vacation pursuant to the Section entitled "Vacations" of any labor agreement between us in the calendar year in which s/he retires under the terms of any Pension Agreement between us which makes them eligible for a special initial pension amount, but who has not taken such vacation prior to the date of such retirement, shall not be required to take a vacation in that calendar year and shall not be entitled to vacation pay for that calendar year.
- C. The calendar week containing New Year's Day may be taken as a week of vacation for either the year preceding New Year's Day or the year in which New Year's Day falls,

Section VIII: Vacations (Cont.)

except when New Year's Day falls on Sunday, provided such vacation week has been scheduled as vacation in accordance with this Section. If the Company in its sole discretion schedules a shutdown of any operation during the calendar week containing Christmas Day, any employee who is not scheduled to work due to the shutdown in such week and who has completed his/her vacation entitlement for that year may elect to reschedule a week of regular vacation for which the employee has qualified and will be entitled in the following calendar year into the shutdown week; provided, however, that vacation pay for such vacation week, calculated as though the week were scheduled and taken in the next following year will be paid on the regular payday for the pay period in which the shutdown vacation falls; and provided further that no vacation pay for a vacation rescheduled hereunder will be paid to an employee who quits, or is discharged prior to January 1 of the year from which the shutdown vacation was rescheduled. In the application of this Paragraph 1.-C., when the basis for calculation of an employee's vacation pay for the following calendar year is not available, his/her vacation payment hereunder shall be made on the basis for calculation of his/her vacation pay in the current calendar year with appropriate adjustment to be made when the basis for the following calendar year becomes available.

- D. With regard to employees whose vacations are scheduled prior to May 1 it is understood that such employee will be permitted to begin his/her vacation on any day of the week.
- E. Employees shall not be forced to work on their normally scheduled days off when those days coincide with a prescheduled Vacation Week or Vacation Day.

II. Understandings on Vacation Scheduling

In this Agreement the parties have two main objectives:

- 1. To give maximum flexibility to long-service employees in the scheduling of all types of vacations in the order of their length of service, and in a manner that will insure orderly operation of the mine.
- 2. To achieve even distribution of the vacation obligation in order to have the minimum effect on the operations due to skill dilution.

A. Regular Vacations

- (1) The scheduling of regular vacations will continue to be handled on an annual basis in accordance with the terms of the Basic Labor Agreement and prevailing practices. Where operations permit, the Company will consider the scheduling of vacation shutdowns in order to provide the opportunity for prime vacation time to the maximum number of employees.
- (2) At those operations where vacation shutdown is not possible, the quota principle will be followed based on total man-weeks of vacations.

B. Vacation Scheduling General

- (1) Notwithstanding any of the procedures outlined above the Company will attempt to accommodate the vacation desires of individuals. The Company will post for an appropriate period of time and on a continuous basis, all openings (including openings which result from an employee exercising his/her option to take pay in lieu of vacation) which occur in the original schedule for regular vacations, unless such posting would continue vacation schedules in excess of the original vacation quotas in a department. Interested employees may request a change in their vacation schedule. Changes are to be awarded on the same basis as original vacation schedules are determined. It is agreed that nothing in the above shall affect the Company's final right to allot vacation periods and to change such

allotments in order to insure the orderly operation of the mines as provided in the various agreements covering these matters.

- (2) These understandings do not amend or modify the provisions of the Basic Labor Agreement, or other agreements related thereto except to the extent necessary to implement the provisions of these understandings and they shall not increase the Company's financial obligation under the Plan.
- (3) The parties agree to meet at any time that problems arise in the application of this Agreement and to make the necessary changes which may be required.

C. Time off for Holidays During Vacation

The Company will provide, at the employee's option, a maximum of one day off either preceding or following the employee's vacation for each Holiday which occurs during any week of the employee's vacation. The allowed days off, if taken, are without pay and must be scheduled at the time the employee schedules vacation and will be either the last scheduled shift before the vacation commences or the first scheduled shift after the vacation ends.

**Subsection 10. Vacation By Days**

The following guidelines will apply:

1. Employees will be polled as to their desire to split one week of their vacation entitlement prior to that year's vacation scheduling poll.
2. The total number of weeks designated to be split will be used to reduce the next year's entitlement prior to determining regular vacation allotments.
3. Regular vacation allotments will be determined as per the normal practice of each location.
4. Split weeks will be scheduled one day at a time with no more than two consecutive days or no more than two days falling in one week.
5. Existing vacation scheduling guidelines will apply.
6. The allotment for single day vacation scheduling is one in any vacation scheduling group.
7. The one day shall be in addition to the weekly allotment.
8. The Company may permit additional single day vacation based upon its needs.

**Subsection 11. Miscellaneous Vacation Matters**

A. Job Vacancies During Vacations

Prior to the taking of a vacation an employee may indicate his/her desire to apply for specific jobs in the event an opening in any such jobs occurs while s/he is on vacation. If any such job is posted during the vacation period, his/her application will be considered along with any other applications.

B. Receipt of Vacation Pay

An employee may elect to receive vacation pay for the beginning of his/her vacation prior to commencement of vacation. However, the vacation earnings would be included in taxable earnings for the year in which payment is received.

C. Rate of Vacation Allowance and Hours

At the start of the vacation year, the Company will advise each employee of the hours and rate of pay which will be used to calculate vacation pay for that year.

## SECTION IX: HOLIDAYS AND PERSONAL DAYS

### Subsection 1. Designated Holidays

Whenever used in this Agreement, the term "Holiday" means one of the following days: January 1, Washington's Birthday, which shall be a floating holiday, Good Friday, Memorial Day, July 4th, Labor Day, opening day of deer hunting firearms season, Thanksgiving Day, the day after Thanksgiving Day, the day before Christmas Day, and Christmas Day. If any of such holidays shall fall on a Sunday, the following Monday (and not such Sunday) shall be observed as such holiday.

### Subsection 2. Pay For Un-worked Holiday

An eligible employee who does not work on a holiday shall be paid eight (8) times his/her average straight-time hourly rate of earnings (excluding overtime, shift and Sunday premiums) during the payroll period next preceding the payroll period in which the holiday is observed; provided, however, that if an eligible employee is scheduled to work on any such holiday, but fails to report and perform his/her scheduled or assigned work, s/he shall become ineligible to be paid for the unworked holiday, unless s/he has failed to perform such work because of sickness or because of serious sickness or death in the immediate family (mother, father, [including in-laws], children, brother, sister, husband, wife and grandparents) or because of similar good cause. As used in this Section, an eligible employee is one who.

- A. has worked thirty (30) shifts since his/her last hire;
- B. performs work or is on vacation in the semi-monthly period in which the holiday is observed; or if s/he is laid off for such semi-monthly period, performs work or is on vacation in both the semi-monthly period preceding and the semi-monthly period following the semi-monthly period in which the holiday is observed, and
- C. works as scheduled or assigned both on his/her last scheduled workday prior to and his/her first scheduled workday following the day on which the holiday is observed; unless s/he has failed to so work because of sickness or because of serious sickness or death in the immediate family or because of a similar good cause.

Holiday allowance shall be adjusted by an amount per hour to reflect any general increase in effect at the time of such holiday, but not in effect in the period used for calculating holiday allowances.

### Subsection 3. Holiday During Vacation

An eligible employee who would otherwise be entitled to pay for an unworked holiday and who shall be scheduled pursuant to the provisions of Section VIII. to take a vacation during a period when a holiday occurs, shall be paid for the unworked holiday at the time s/he is paid his/her vacation pay.

### Subsection 4. Part-Time Employees

An eligible part-time employee shall receive pay for holidays in accordance with the foregoing provisions of this Section, but the pay that s/he shall receive for any such holiday shall be an amount equal to his/her applicable hourly rate (as defined in Subsection 2.) times the lesser of 8 or the average number of hours worked by them per day in the preceding two pay periods.

### Subsection 5. Premium Pay For Worked Holiday

No employee shall receive pay for hours worked on any holiday at a rate in excess of double time and one-half.

### Subsection 6. Holiday Considered As Day Worked

In determining whether an employee has worked on more than five days in any week for the purpose of Section VII., Subsection 4.- D., E. and Subsection 7. of this Section IX., a holiday occurring in such week shall be considered as a day worked by them whether or not s/he shall have worked on such holiday and regardless of whether it was scheduled as a day of work or a day of rest.

**Subsection 7. Start of Holiday**

A holiday shall be deemed to be the 24-hour period beginning at the shift changing time nearest to 12:01 A.M. on such holiday.

**Subsection 8. Agreement on Floating Holiday**

The parties agree to provide, a floating holiday to each employee who is eligible to receive his/her full vacation benefit under Section VIII., Subsection 1. of the Basic Labor Agreement. The floating holiday shall replace Washington's Birthday under Section IX. of the Basic Labor Agreement.

Floating holidays will be paid as an unworked holiday, per Subsection 2., above.

The administration of this provision will be by the local parties with the understanding that there will be situations when the floating holiday will not be granted such as:

- A. When the time off would exceed minimum restrictions during holiday periods.
- B. When the time off would exceed minimum restrictions under special scheduling agreements.

The scheduling of a floating holiday shall not result in an employee being entitled to overtime that would not normally occur in his/her work schedule.

Employees who do not take their floating holiday during the calendar year will be paid for the day on the fourth pay period during the following payroll year.

**Subsection 9. Personal Day**

The Parties agree to provide one (1) personal day per calendar year to each employee who has completed his or her probationary period. The Personal Day is defined as a regularly scheduled day of work for which an employee is absent because of unavoidable reasons such as personal illness or emergency; or for a personal reason which was excused by the Department Superintendent seven (7) days in advance. Only a full shift of absence will be counted as a Personal Day.

Personal Days will be paid as an unworked holiday, per Subsection 2., above.

**Unused personal days will be paid at the rate of one and a half (1½) times the employee's Standard Hourly Wage Rate for eight (8) hours in the fourth pay period closed during the following year.**

**Subsection 10. Holiday Work Schedules**

It is the intent of Management at each property to schedule the minimum crew required for necessary work to be performed on holidays.

## SECTION X: SENIORITY

### Subsection 1. Seniority Factors

At each mine on the Marquette Range in Michigan in all cases of promotion (except promotion in positions excluded from the appropriate bargaining units as defined in Section II. of this Agreement) and for the purpose of layoffs in connection with the decreasing of the working forces and of the recalling to work of men so laid off, the following factors shall be considered; and if factors B. and C. are relatively equal, the length of continuous service shall govern:

- A. Length of continuous service with the Company
- B. Physical fitness, and
- C. Ability to perform the work.

### Subsection 2. Marquette Range Operations

It is understood that each of said mines and shops shall be separate seniority units for the purposes of Subsection 1.; provided, however, in the application of Subsection 1., to mines on the Marquette Range during layoffs in connection with the decreasing of the working forces and of the recalling to work of employees so laid off, the provisions of Section III. of the Seniority and Posting Agreement, dated **September 1, 2012** shall govern.

Any new mine which comes within the terms of this Agreement shall be included within the above seniority unit for the purposes of this Subsection 2. and shall be a separate unit for the purposes of Subsection 1.

### Subsection 3. Termination of Groups or Classifications

When requested in writing by either party, determination of the groups or classifications at the particular mine to which the above factors shall be applied and the applicable continuous service in each such group or classification shall be made and may likewise be changed or modified by agreement in writing by the Management and the Grievance Committee at the particular mine involved.

### Subsection 4. Computation of Length of Continuous Service

Computation of length of continuous service with the Company shall be based on the length of continuous service lists heretofore posted by the Company under the provisions of previously existing contracts between the Company and the Union as corrected in accordance with the procedure under such contracts insofar as all employees appearing on such lists are concerned; in case of employees not appearing on such lists, length of continuous service with the Company shall be computed from the most recent date of employment with the Company. The Company shall furnish the Union with a new seniority list at six-month intervals or more frequently, if needed. Copies of such lists will be posted at the mine.

### Subsection 5. Availability of Records

The Company will make available to the Union any record information which it has that is necessary to settle specific disputes as to seniority rights and in the case of a dispute the matter shall be adjusted in accordance with the grievance procedure set forth in this contract beginning with the second step thereof.

### Subsection 6. Break In Service

In computing length of continuous service there shall be no deduction of any time lost which does not constitute a break in the continuous service. Continuous service is broken by:

- A. Voluntarily quitting the service.
- B. Absence due to discharge, termination, suspension, or leave of absence any of which continues for more than six (6) months.
- C. Absence due to disability or layoff in accordance with the following conditions:



1. If an employee is absent because of layoff or physical disability in excess of two years, he shall continue to accumulate continuous service during such absence for two years and for an additional period equal to (a) three years, or (b) the excess, if any, of his/her length of continuous service at commencement of such absence over two years, whichever is less. Any accumulation in excess of two years during such absence shall be counted, however, only for purposes of this Section X., including local agreements there under, and shall not be counted for any other purpose under this or any other agreement between the Company and International Union. In order to avoid a break in service within the above period after an absence in excess of two years, an employee absent because of layoff or physical disability must report for work promptly upon termination of either cause, provided, in the case of layoff, the Company has mailed a recall notice to the last address furnished to the Company by the employee.
  - (i) For the purpose of applying Section X., Seniority, Subsection 6.-C.-1., an employee will continue to accumulate continuous service during the period of a non-compensable physical disability without regard to the length of disability or the giving of annual notices required by this Subsection.
  - (ii) It is understood that the provisions of Section X., Seniority, Subsection 6.- C.-1., shall not apply to employees hired prior to August 1, 1971, where such an employee would otherwise experience a break in service due to absence because of layoff under the provisions of this Subsection.
2. Employees absent due to compensable injury shall accumulate credit for continuous service if returned to work within thirty (30) days after the expiration of the period for which statutory compensation is payable.
3. If an employee is rehired after a break in continuous service as determined by Subsection 6.-C.-1. of Section X. and the employee is either eligible for an immediate or deferred vested pension or such employee's pension service is restored in accordance with Section 5.1(c) of the Pension Agreement, the employee's pension continuous service shall be deemed the employee's continuous service when applying all of the provisions of the Basic Labor Agreement, Seniority and Posting Agreement, Supplemental Unemployment Benefit Agreement, Program of Insurance Benefits and Program of Hospital Medical Benefits. Notwithstanding the above, the employee's seniority shall be the greatest of that determined pursuant to Section X. or as determined in accordance with this provision or Appendix Y.
- D. Failing within fifteen (15) days after mailing of written notice by the Company addressed by registered mail to his/her last known address on record with the Company, to report for available work or to obtain a leave of absence there from.
- E. Failing within fifteen (15) days after mailing of written notice by the Company by registered mail addressed to his/her last known address on record with the Company, to indicate his/her desire by registered mail to be continued on the records of the Company as available for immediate recall to work.

#### **Subsection 7. Probationary Employees**

New employees and those hired after a break in continuity of service will be regarded as probationary employees for the first 720 hours actually worked and receive no continuous service credit during such period. The probationary period may be extended in individual cases by mutual agreement between mine management and the Grievance Committee. During the period of probationary employment, probationary employees may be laid off or discharged as exclusively determined by Management, provided that this provision will not be used for the purpose of discrimination because of race, color, religious creed, national origin or sex or because of membership in the Union. Probationary employees continued in the service of the Company subsequent to such probationary period shall receive full continuous credit from the beginning of

## Section X: Seniority (Cont.)

the probationary period. Where a probationary employee is relieved from work because of lack of work and his/her employment status terminated in connection therewith, and he/she is subsequently rehired at a mine covered by the same Basic Labor Agreement within one year from the date of such termination, the hours of actual work accumulated by such probationary employee during his/her first employment shall be added to the hours of actual work accumulated during his/her second employment in determining when the employee has completed 720 hours actually worked; provided, however, that should such an employee complete 720 hours actually worked in accordance with this sentence, his/her continuous service date will be the date of hire of his/her second hiring, unless the employee was prevented from completing his/her probationary period prior to layoff because of military service, in which case, his/her Company and continuous service date will be the date of hire for his/her prior employment. If, however, such an employee is rehired within two weeks of his/her last termination from employment at the same mine, his/her continuous service date will be the date of hire for his/her prior employment.

Students hired for temporary employment shall be considered probationary employees for the purposes of Subsection 7. for 120 calendar days following the date of hire. Hours shall not accumulate from year to year for students hired for temporary employment. The Company will notify the Union's International Representative of the status of such temporary student employee.

### **Subsection 8. Leave For Union Office**

An employee having a length of continuous service with the Company of one (1) year or more who shall be appointed or elected to an office in the Union local or International, may upon the written request of the Union, be granted a leave of absence for a period of two (2) years, which such leave of absence may be extended or renewed for a further period of three (3) years. Such employee's length of service record shall be computed as though the employee was continuously employed by the Company during such leave of absence.

### **Subsection 9. Leave for Public Office**

Leave of absence will be granted to the end of elected office for employees elected or appointed to term limited offices at the state and federal level. During such period, the employee shall accumulate continuous service up to a maximum of two (2) years and shall retain their accumulated continuous service for an additional period equal to their term of elected office. If such employee does not return to work within thirty (30) days after their term of office ends, their continuous service shall be broken.

An employee shall be granted a leave of absence for a period not to exceed one (1) year without loss of continuous service to enter a training program conducted by the state or federal government for the purpose of qualifying for a civil service position.

### **Subsection 10. Special Leave of Absence**

An employee working in a permanent job or a laid-off employee at the time of his/her recall to a permanent job may make application for a special leave of absence by submitting a written request, on a form provided by the Company, to the Mine Human Resources Department. In the case of a non-craft employee, a special leave of absence shall be granted provided there is a qualified replacement available at a mine or on the range-wide recall list. In the case of a craft employee, a special leave of absence shall be granted provided there is a replacement available at a mine or on the range-wide recall list who has held the same classification. An employee granted a special leave of absence shall forfeit his/her permanent job posting. Vacancies resulting from special leaves of absence shall be posted as permanent vacancies (Leave of absence forms are set forth in Appendix M.).

The special leave of absence will not exceed a period of two (2) years. In the case of an employee working in a permanent job, the two (2) year period shall commence upon the date of the last shift worked by the employee. In the case of a laid-off employee scheduled to be recalled to a permanent job, the two (2) year period shall commence upon the date he was scheduled to be

recalled. An employee may obtain a special leave of absence only once during the term of a Labor Agreement.

Upon commencement of the special leave of absence, the employee's continuous service for the purposes of Section X. of the Labor Agreement and Section III. of the Seniority and Posting Agreement shall continue to accumulate in the same manner as that of a laid-off employee pursuant to Section X., Subsection 6.-C.-1. of the Labor Agreement.

Notwithstanding any provisions of the Labor Agreement and/or Pension Agreement to the contrary, the employee's continuous service for pension purposes shall break on the effective date of the special leave of absence. Upon recall to work, the employee will be credited with his/her length of continuous service accrued prior to the break.

Notwithstanding Section 8.14 (Coverage in the Event of Ceasing Work Because of Leave of Absence) of the January 1, 2013 Program of Insurance Benefits booklet, all group insurance coverage, eligibility for and S.U.B. Benefits, shall cease on the effective date of the special leave of absence. An employee's group insurance coverage and entitlement (if any) to S.U.B. Benefits will be re-instituted when he returns to work from the special leave of absence.

At any time during the special leave of absence an employee may, by written notification, advise the Mine Office that he desires to terminate his/her special leave of absence and be returned to the range-wide layoff list and subject to recall in accordance with Section III., Subsection 2. of the Seniority and Posting Agreement.

An employee who fails to notify the Mine Labor Relations Department in writing within the thirty (30) day period prior to the expiration of the two (2) year special leave of absence of his/her desire to return to work shall be deemed to have voluntarily terminated and shall have no rights hereunder to recall.

Notwithstanding the above, when no non-craft employees are on layoff, no more than ten (10) employees may be on leave at any one time from either the Empire or Tilden. This special leave of absence provision is not available to individuals hired as summer vacation replacements.

#### **Subsection 11. Short-Term Leave for Union Representatives**

Where it will not substantially interfere with production, elected or appointed representatives of the Union shall be granted leaves of absence of not more than fourteen (14) days except as extended by mutual agreement for the purpose of attending Union conventions, district meetings or other similar Union functions. Whenever possible, notification of need for such leaves of absence will be presented to the employee's supervisor at least forth-eight (48) hours prior to the end of the last shift to be worked by the employee.

#### **Subsection 12. Employee Transferred to Non-Bargaining Position**

An employee who is transferred prior to January 1, 1975 from a position within the bargaining unit herein set forth to a position excluded from such unit and later returned to a position within such unit, shall have his/her length of service determined in accordance with Subsection 14. of Section XI. of the August 1, 1971 Basic Labor Agreement.

Subsequent to January 1, 1975, a bargaining unit employee who is transferred to a position outside the bargaining unit will continue to accumulate length of service for a maximum period of one (1) year from the date of the transfer. If such employee does not return to a job within the bargaining unit within the one (1) year period, his/her accumulated length of service shall be frozen for the purpose of Section X. of the Basic Labor Agreement and the Seniority & Posting Agreement.

If such employee should return to a bargaining unit position within one (1) year of the transfer, he shall be credited with the length of service at the time of his/her transfer plus the length of service in such excluded position.

#### **Subsection 13. Seniority of Union Officers and Committee Chairpersons**

The members of the Grievance Committee at the mine and the officers of the Local of the Union

## Section X: Seniority (Cont.)

designated as the collective bargaining agency at such mine (if employees), not exceeding a combined total of ten, for their respective terms of office shall have top seniority rights in their respective seniority units for the purpose of layoffs in connection with the decreasing of the working force in such units and for the recalling to work of employees so laid off; provided, however, that no such committeeperson or officer need be retained in the employ of the Company unless work which he can perform is available in his/her seniority unit, and provided further that such top seniority rights for recall purposes shall apply only at the mine from which he was laid off. The District Director of the Union shall designate in writing to the Area Manager-Labor Relations the names of such committeemen and officers (not exceeding ten as above provided) who shall have top seniority rights in accordance with the foregoing provisions.

### Subsection 14. Reduction of Work-Week

If as a result of the decrease in work, other than decreases which may occur from day to day, the average scheduled hours of work of the employees in a seniority unit shall be reduced for a period of two (2) consecutive weeks to less than thirty-two (32) hours per week and in the judgment of the Company that level of work will continue for an extended period of time, the Company will either (a) reduce the working forces in such unit to an extent which shall be sufficient to enable the employees working there to average thirty-two (32) hours per week, or (b) if the Company reduces the hours of work to less than thirty-two per week with a view to distributing the work available between all employees so far as practicable, the Company will lay off any employee who objects to working on a schedule of less than thirty-two (32) hours per week if and when requested to do so by any such employee.

### Subsection 15. Temporary Vacancies

In cases of temporary vacancies the Company shall, to the greatest degree consistent with efficiency of the operation and safety of employees, assign the employee with highest seniority, provided he is qualified.

### Subsection 16. Trade and Craft Transfer Rights

This will confirm our understanding that where local agreements or practices do not now so provide, appropriate plant management and local Union representatives agree that trade or craft vacancies in assigned maintenance will be filled from among craft employees in the same trade or craft who wish to transfer from another department before such vacancies are filled by less senior graduate apprentices.

### Subsection 17. Preferential Hiring

1. An employee with more than **one (1) year** of continuous service on the date of his/her layoff and who is continuously on layoff for at least sixty (60) days and not expected to be recalled within sixty (60) days, shall be given priority over new hires and probationary employees for permanent job vacancies at a Mine other than his/her own Mine, as described below (For purposes of this Subsection, a "Mine" shall mean either United Taconite, Hibbing Joint Venture or Empire Iron Mining Partnership and Tilden Mining doing business together as Cliffs Michigan **Operations**):
  - a. The employee must file with his/her home Mine, on a form provided by the Company, a written request for such transfer preferential hiring specifying the other Mine or Mines at which s/he would accept employment.
  - b. Employees who apply shall be given priority for permanent vacancies at other Mines which are not filled from within the particular Mine in the order of their continuous service as determined by their continuous service at the Mine from which they are coming (the earlier date of birth to control where such service is identical), provided the employee has the necessary qualifications to perform the job and advance in the promotional sequence. In determining qualifications, the employee shall be treated as if the job were an opening at his/her Mine.

- c. An employee laid off from his/her Mine who is offered and accepts a job at another Mine, will have the same obligation to report at work there as though s/he were laid-off employee at that Mine. During his/her employment at the Mine, s/he will be subject to all the rules and conditions of employment in effect at that Mine. S/he will be considered as a new employee at that Mine and therefore such employee's mine service shall be defined in accordance with the seniority agreement at that Mine.
  - d. An employee shall be deemed to reject such job if s/he does not affirmatively respond within 5 (five) days of the time the offer is made, which offer shall be directed to his/her last place of residence as shown on the written request referred to in Paragraph 1.-a. above. If an employee rejects such job pursuant to this provision, his/her name shall be removed from those eligible for priority hereunder, and s/he may apply, pursuant to Paragraph 1.- a. of this Subsection, for reinstatement.
  - e. An employee who accepts employment at another Mine under this Subsection will continue to accrue mine service for seniority purposes only at his/her home Mine in accordance with the applicable seniority rules of his or her home Mine. If s/he is recalled to work at his or her home Mine and s/he elects to return, his/her continuous service for seniority purposes at the other Mine will be cancelled. If s/he elects to remain at the other Mine, his/her continuous service for seniority purposes at his/her home Mine will be cancelled.
  - f. When an employee is recalled to his/her home Mine, the Company may require the employee to remain at such other Mine for the calendar week following the calendar week during which such recall occurs.
2. An employee who accepts a job at another Mine, pursuant to this Subsection, more than **one hundred** (100) miles from his/her home Mine, will receive a relocation allowance of **One Thousand Five Hundred Dollars** (\$1,500.00) promptly after the commencement of employment at the Mine to which s/he is relocated. The relocation allowance shall be paid by the Mine to which the employee relocates.

## SECTION XI: ADJUSTMENT OF GRIEVANCES

### Subsection 1. Purpose

- A. Should differences arise between the Company and the Union as to the meaning and application of the provisions of this Agreement, or should grievances of any kind arise at any time, there shall be no suspension of work on account of such differences but an earnest effort shall be made to settle such grievances promptly.

### Subsection 2. Definition of a Grievance

- A. Definition of Grievance. "Grievance" as used in this Agreement is limited to a complaint which has not been settled as a result of the discussions required by Step (1) or Step (2) and which involves the interpretation or application of or compliance with the provisions of this Agreement, or any other existing agreement between the Company and the Union.

### Subsection 3. Grievance Procedure

- A. The time limits referenced in this Section exclude Saturdays, Sundays and Holidays.

#### STEP 1 WITH THE EMPLOYEE AND HIS/HER SUPERVISOR

An employee who has a complaint may request a hearing with his/her immediate Supervisor within fifteen (15) days after the employee knew or should have known if he/she exercised reasonable diligence and attention that the cause of the grievance had occurred in order to become the basis for a claim. The hearing will be conducted on Company time within three (3) days of the request. The Supervisor must provide an answer to the complaint within three (3) days following the hearing.

If the hearing or the answer to the hearing is not provided within the designated time limits or the response does not resolve the complaint, the employee may request further processing of the complaint in Step 2 through his/her Supervisor. The employee must make the request for a Step 2 meeting no later than nine (9) days after his/her initial request for a Step 1 hearing. Management will provide a copy of the Step 2 request to the Union and the employee.

#### STEP 2 WITH THE EMPLOYEE, AND UP TO TWO (2) GRIEVANCE COMMITTEE CHAIRPERSONS, THE EMPLOYEE'S SUPERVISOR AND UP TO TWO (2) ADDITIONAL MANAGEMENT REPRESENTATIVES

The Step 2 meeting will be held at a mutually satisfactory time and place within three (3) days of the request for processing in Step 2. Management must provide an answer to the complaint within three (3) days following the hearing.

If the hearing or the answer to the hearing is not provided within the designated time limits or the response does not resolve the complaint, the complaint may be presented in writing and appealed to Step 3 of the grievance procedure; provided, however, that grievances dealing with the scheduling of vacation matters (excluding vacation pay issues) may be appealed directly from Step 2 to Step 4, at the request of the Local Union Grievance Committee Chairperson.

Grievances appealed to Step 3 shall be reduced to writing on forms provided by the Company (available from either a Union Grievance Committee chairperson or the Human Resources Department) dated and signed by the aggrieved employee and returned to either a Union Grievance Committee chairperson or the Human Resources Department.

Each grievance when reduced to writing shall contain a clear and concise statement of the subject matter of the grievance, the relief sought and such statement may be revised not later than at the first meeting in Step 4 to state the

numbers of the Sections and Subsections of this Agreement under which the claimant believes they are entitled to relief. No written grievance statement may contain more than one grievance. Any grievance which does not comply with this Paragraph shall be returned by the Company to the Grievance Committee without action.

The appeal to Step 3 must be made no later than nine (9) days after the request for a Step 2 meeting.

**STEP 3 WITH THE AGGRIEVED EMPLOYEE AND GRIEVANCE COMMITTEE CHAIRPERSON DESIGNATED BY THE UNION AND LOCAL MANAGEMENT REPRESENTATIVES**

The Step 3 meeting will be held at a mutually satisfactory time and place within fifteen (15) days of the appeal to Step 3. Management must provide an answer to the grievance within ten (10) days following the Step 3 meeting or the grievance shall be considered settled in favor of the Union with an appropriate remedy.

Grievances not appealed to Step 4 within ten (10) days of the Company answer shall be considered settled on the basis of such answer and shall not be eligible for further appeal.

Management will provide a record of the meeting with the Step 3 answer (Form G3).

**STEP 3 -- GRIEVANCE RECORD -- FORM G3**

1. Grievant: \_\_\_\_\_
2. Grievance Number: \_\_\_\_\_
3. Date Grievance Written: \_\_\_\_\_
4. Date and Place of Meeting: \_\_\_\_\_
5. Names and Positions of Those Present:  
Union: \_\_\_\_\_  
Company: \_\_\_\_\_
6. Statement of Union Position: \_\_\_\_\_
7. Company Step 3 Answer (including appropriate relief):  
\_\_\_\_\_
8. Signature: \_\_\_\_\_  
Name \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_
9. Date Step 3 Answer to Union: \_\_\_\_\_

**STEP 4 -- GRIEVANCE RECORD -- FORM G3**

1. Grievant: \_\_\_\_\_
2. Grievance Number: \_\_\_\_\_
3. Date Grievance Written: \_\_\_\_\_
4. Date and Place of Meeting: \_\_\_\_\_
5. Names and Positions of Those Present:  
Union: \_\_\_\_\_  
Company: \_\_\_\_\_
6. Statement of Union Position: \_\_\_\_\_
7. Statement of Company Position: \_\_\_\_\_

Section XI: Adjustment of Grievances (Cont.)

8. Company Step 4 Answer (including appropriate relief)

9. Signature For the Company: \_\_\_\_\_  
Name \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

10. Union Step 4 Response:  
a. Resolved \_\_\_\_\_  
b. Withdrawn \_\_\_\_\_  
c. Abeyance until (Date) \_\_\_\_\_  
d. Appeal to Mediation \_\_\_\_\_  
e. Appeal to Arbitration \_\_\_\_\_

11. Signature For the Union: \_\_\_\_\_  
Staff Representative: \_\_\_\_\_ Date \_\_\_\_\_

STEP 4. WITH THE AGGRIEVED EMPLOYEE, REPRESENTATIVES OF THE LOCAL AND INTERNATIONAL UNION AND MANAGEMENT REPRESENTATIVES.

The Step 4 meeting will be held at a mutually satisfactory time and place within twenty (20) days of the appeal to Step 4 or from the date processed and not resolved in grievance mediation. Management must provide the information and answer to the grievance (on the attached form G4) within twenty (20) days following the Step 4 meeting or the grievance shall be considered settled in favor of the Union with an appropriate remedy. Notwithstanding, if the Company has not objected to the relief sought during the processing of the grievance (including Step 4 meeting) and the time limits for answer of Step 4 expires the grievance will be settled in favor of the Union on the basis of the relief sought.

Grievances not appealed to arbitration within twenty (20) days of the Company answer shall be considered settled on the basis of such answer and shall not be eligible for further appeal.

Company representatives shall prepare formal minutes of the Step 4 meetings within 30 working days of the appeal of the grievance to arbitration. Four (4) typed copies will be sent to the International Representative of the Union. The Step 4 minutes will be signed jointly by Company and Union representatives.

The minutes shall contain the following information:

- (1) Date and place of meeting
- (2) Names and positions of those present
- (3) Description of grievance discussed
- (4) Statement of Union position
- (5) Statement of Company position
- (6) Summary of discussion

B. Step (3) and (4) meetings shall not be postponed except in unusual circumstances. Any party requesting a postponement shall do so in writing, giving the reason and stating that the meeting shall take place at a prompt later date. A copy of the written postponement request shall be included with the quarterly report provided for in Section XI., Subsection 8., Paragraph 1.

C. A Grievance Committee chairperson will, upon request to his/her supervisor, be granted permission to leave his/her work to discuss a grievance with an employee during working hours. It is understood that this provision is made only to provide for prompt and expeditious handling of grievances and that it will not be abused. If the Committee person's absence would substantially interfere with production or maintenance work, the Committee person may



designate an alternate to resolve the matter under the provisions of this Section.

- D. An employee who is summoned to meet with a supervisor for the purpose of discussing possible disciplinary action shall be advised that s/he is entitled to be accompanied by a grievance committee chairperson if s/he so requests. If such representative is not immediately available, the employee's attendance at such meeting shall be deferred only for such time during that shift as is necessary to provide opportunity for arrangements to be made for the attendance of such representative.
- E. The entire Grievance Committee shall be designated by the Union and will be afforded such time off without pay as may be required in matters connected with grievances of employees, provided such time off shall not substantially interfere with production and that not more than five (5) members of the Committee shall attend grievance meetings. Such time off shall be only for the purpose of attending regularly scheduled committee meetings, if any, with Company representatives pertaining to discharges or other matters which cannot reasonably be delayed until the time of the next regular meeting.
- F. Either the Company or the Union may request the attendance at a grievance meeting of any employee, including a supervisory employee, when such employee is a material witness in the grievance and the examination of such employee shall be confined to the facts directly related to the grievance.
- G. Since it is the purpose of this Section to provide procedure for prompt, equitable adjustment of alleged grievances, failure to file alleged grievance complaints within the time limit above provided is construed to be inconsistent with the intent of this Section and shall void the grievance. Failure to answer grievances promptly in each Step is likewise construed to be inconsistent with the intent of this Section. Neither the Company nor the Union will withhold evidence which is pertinent to the grievance procedure.

#### **Subsection 4. Time Limit Extensions**

The Company shall not have the right to invoke the time limits under this Agreement to disallow a grievance unless the Union Representative responsible for appealing the grievance to the next step is first notified in writing of the Company's intention to invoke the time limits. The Union Representative shall sign and date the notice. The Union Representative shall have the additional time (described below) after the expiration of the time limits to appeal such grievance(s). The Company's liability for any retroactive payment resulting from the application of the preceding sentence shall exclude the period of the delay in the appeal.

The Union shall not invoke the time limits under this Agreement unless the appropriate Company Representative is notified in writing of the Union's intent to invoke the time limits. The Company Representative shall sign and date the notice. The Company Representative shall have the additional time (described below) after the expiration of the time limits to correct such failure without incurring the penalty.

The additional time period, after notification, for either party to correct its failure to process the complaint or grievance shall be six (6) calendar days (excluding Saturdays, Sundays, holidays). In exceptional cases, involving, for example, a large number of complaints or grievances a reasonable extension of time beyond the six (6) calendar days shall be agreed to in writing.

By mutual agreement and for good cause, reasonable extensions of time in Steps 3 and 4 will be given either party in writing and agreement to such extensions of time shall not be arbitrarily withheld by either party. Any dispute resulting from the application of this penalty procedure shall be processed solely through the complaint procedure under Section XI.

#### **Subsection 5. Retroactive Payments**

Adjustment of grievances may or may not be retroactive as the equities of particular cases may demand but the following limitation shall be observed in any case where the adjustment is retroactive. The retroactive date for adjustment of grievances relating to: (a) Suspension and

## Section XI: Adjustment of Grievances (Cont.)

discharge cases or cases involving rates of pay for new or changed jobs or new incentives shall be determined in accordance with the provisions of Section XIII. and Section VI. respectively. (b) In seniority cases it shall be the date the employee notified his/her supervisor that s/he is entitled to the job under the provisions of Section X. Seniority, or the date of filing the written grievance in Step 3 of this Section Adjustments of Grievances, whichever is earlier. (c) Rates of pay (other than new or changed jobs), overtime, allowed time, and vacations shall be the date of the occurrence or non-occurrence of the event upon which the grievance is based, provided such grievance to be entitled to consideration and adjustment must be presented as above provided within fifteen (15) days from the date upon which the employee or employees affected should have known of such occurrence or non-occurrence but in no event longer than sixty (60) days from the date of such occurrence or non-occurrence.

Unless otherwise mutually agreed, in the event an Arbitration Award or a grievance settlement requiring monetary payment is not paid within thirty (30) days after the identity of the payee(s) and the specific amount owed each payee been determined or could have been determined with reasonable diligence, the affected payee(s) will be paid interest at the current annual passbook savings account rate of the bank on which the check is drawn until the payments have been made. The provision will be applicable to the Arbitration Awards issued and grievance settlements concluded after the effective date of this Agreement. Disputes resulting from the application of the provision shall be processed solely through the grievance procedure under Section XI.

In instances where an employee is entitled to back pay as a result of an Arbitration Award or a grievance settlement, earnings of such an employee from outside the Company during any part of the period in question will not be deducted from the amount owed to the employee.

In cases involving large numbers of employees, extended periods of retroactivity in order to expedite payment, the parties shall, wherever possible, agree upon the identity of the payees and the specific procedures for determining the amounts owed or equitable approximations of such amounts. Management commits itself, following such agreement, to make payment at the earliest date in light of the procedures agreed upon and will, within two weeks following such agreement, notify the Grievance Committee Chairperson of the date when such payment will be made.

### **Subsection 6. Appeal To Arbitration**

When either party concludes further conferences in Step 4. cannot contribute to the settlement of the grievance, such grievance may be appealed by either party to arbitration. Such appeal shall be served upon the other party in writing and shall be subject to the provisions of Appendix K.

### **Subsection 7. Union Grievances**

The grievance procedure may be utilized by the Union in processing grievances which allege a violation of the obligations of the Company to the Union as such. In processing such grievances, the Union shall observe the specified time limits in appealing and the Company shall observe the specified time limits in answering. In the event an employee dies, the Union may process on behalf of his/her legal heirs any claim s/he would have had relating to any monies due under any provision of this Agreement.

### **Subsection 8. Understanding On Grievances and Arbitration**

The following Understandings have been reached:

1. On a quarterly basis the Company shall transmit to a headquarters' representative of the International Union available reports containing the statistics of the grievance procedure at each mine and at each step above Step I including expedited or permanent arbitration.
2. A copy of the Company's statistical record concerning the experience at each mine which utilizes the Expedited Arbitration Procedure shall also be furnished to the Union on a quarterly basis. The record shall include the mines at which such expedited procedure is being utilized, the names of the arbitrators selected there under, the

number of cases handled, average number of cases heard per hearing, and average cost per case.

3. Special Grievance Review Committee

The Company and the International Union agree to designate a headquarters' representative to serve as a Special Grievance Review Committee in relation to the workings of the grievance and arbitration procedure at each of the mines of the Company represented by the Union. Such Committee will have the following duties and powers:

- a. It will conduct a monthly review of cases appealed to the regular arbitration procedure to see whether any such cases shall be referred for handling through Expedited Arbitration.
- b. It will periodically examine the records of performance of the grievance and arbitration procedure for the Company and each of its mines; in no event will such review be held less than quarterly.
- c. It will review the pending grievance load wherever it finds that backlogs or delays have developed or threaten to frustrate prompt settlement of employee complaints and grievances. Such review can include any or all of the following:
  - (1) Examination of the causes for the backlog or delays.
  - (2) Review of specific grievances with the right by agreement of the members of the Committee to refer them to be handled through Expedited Arbitration by the local parties with a timetable the Committee deems to be appropriate.

The parties may designate alternates to serve on the Committee as they see fit.

It is our intention that the provisions herein, when used, should result in increasing the degree to which the local parties at the lowest possible step in the grievance procedure effectively dispose of the problems before them. In order to further such objectives, the members of the Committee shall be empowered to take such measures as they may agree to be necessary to dispose of any backlog of grievances and to increase the effectiveness of the grievance and arbitration procedures.

4. Processing of Discipline Grievances

It is recognized that it is in the best interest of management and employees to resolve grievances concerning discipline as promptly as practicable. Toward that end we agree to the following:

- a. Where grievances concerning written reprimands or suspensions of five days or less are to be arbitrated, they shall be arbitrated in the Expedited Arbitration Procedure unless appropriate representatives of the parties agree that such a grievance should be arbitrated in the regular arbitration procedure; provided, however, that where grievances concerning any discipline involving concerted activity, or multiple grievances arising from the same event are to be arbitrated, they shall be arbitrated in the regular grievance procedure.
- b. Where grievances concerning suspensions of more than five days or discharge are to be arbitrated, they shall be arbitrated in the regular arbitration procedure; provided, however, that the Company shall provide that such grievances will be docketed, heard, and decided within 60 days of appeal unless the permanent arbitrator determines that circumstances require otherwise.
- c. Notwithstanding the foregoing, appropriate representatives of the parties may agree that grievances concerning suspensions of more than five days or discharge may be arbitrated in the Expedited Arbitration Procedure.
- d. To assure proper implementation of this understanding, the representatives of the

## Section XI: Adjustment of Grievances (Cont.)

Company and the International Union shall make whatever arrangements are necessary toward this end and shall be empowered to make alternative arrangements as to any location where it is concluded that Expedited Arbitration is not available.

### Subsection 9. Grievance Mediation

The parties recognize the need to resolve grievances whenever possible to foster better labor relations and to avoid the expense and delay associated with arbitration. Thus, the parties enter into this Agreement to use mediation on a trial basis in conjunction with the grievance procedure contained in Section XI. of the Collective Agreement.

The following procedures will be followed in the use of mediation:

1. The grievance may be presented at a Mediation Conference before it is scheduled for arbitration.  
Mediation will normally occur after Step 3, but may be scheduled after Step 4 by mutual agreement of the parties. If mediation occurs after Step 3 it will not eliminate a Step 4 if the issue is not resolved by mediation.
2. The parties may agree to mediation at any time after receipt of the Company's disposition to either Step 3 or Step 4 grievance meeting, as long as present time limits are observed. Within 15 days of such request, the parties will schedule a Mediation Conference to be held at the earliest available date of a member on the mediation panel. The Mediation Conference will normally be held in either a Company or Union facility. Should the availability of a mediator unnecessarily delay the processing of the grievance in the opinion of either party, either party may request that the mediation step be bypassed and the grievance be scheduled for Step 4 or arbitration as appropriate.
3. The spokesperson for the Company will normally be the Director-Employee Relations. A Union designee will represent the grievant and be his/her spokesperson.
4. The Mediation Conference will normally be attended by the grievant, the Local President, and the grievant's supervisor. Attendance at the Mediation Conference shall not be limited.
5. All written material that is presented to the mediator or to the other party shall be returned to the party presenting the material at the termination of the mediation conference.
6. Proceedings before the mediator shall be informal in nature. The presentation of evidence is not limited to that which has been presented in the grievance proceedings, however, the issue mediated will be the same as the issue the parties have tried to resolve through the grievance process. The rules of evidence will not apply, and no record of the Mediation Conference shall be made.
7. The mediator will have the authority to meet separately with any person or persons, but will not have the authority to compel the resolution of a grievance.
8. The Company and Union spokespersons at the Mediation Conference may accept the resolution proposed by the mediator and such settlement or any other settlement resulting from the conference shall not be precedent setting, unless both parties agree.
9. If no settlement is reached during the Mediation Conference, the mediator shall provide the parties with an immediate oral advisory opinion, unless both parties agree that no opinion shall be provided.
10. The mediator shall state the grounds of his/her advisory opinion.
11. If no settlement is reached at the Mediation Conference, the grievance will be scheduled for Step 4, if none has occurred, or for arbitration in accordance with Section XII.

Section XI: Adjustment of Grievances (Cont.)

12. In the event that a grievance which has been mediated subsequently is arbitrated, no person serving as a mediator between these parties may serve as arbitrator. Nothing said or done by the mediator may be referred to at arbitration. Any settlement proposal made by either party at the Mediation Conference shall not be referred to at the arbitration meeting.
13. The parties shall mutually agree upon a panel of Mediators. The parties may, by mutual agreement, use the Federal Mediation and Conciliation Service on a case-by-case basis.

The parties agree to share equally the costs associated with mediation.

This agreement shall be effective for the term of the new collective bargaining agreement.

## SECTION XII: ARBITRATION

### Subsection 1. Regular Arbitration

- A. The Company and the Union have agreed to use the Cliffs Arbitrator to resolve grievances which have not been settled in Step 4 and which have been appealed by either party for further processing.
- B. The appointed arbitrator, however, shall only hear and decide a grievance which is a complaint that was not settled as a result of the discussions required by Step (1) and is a complaint which involves interpretation or application of or compliance with the provisions of this Agreement, and provided, further, that except as in this Agreement otherwise expressly provided, any grievance which involves any claim that any then existing wage rate shall be changed shall not be submitted to arbitration under the provisions of this Section unless the Company and the Union shall specifically agree in writing to so submit such grievance or unless such claim is that such wage rate was established or increased or decreased in contravention of the provisions of the Agreement.
- C. An arbitrator issuing an award arising from an operation covered by the Basic Labor Agreement shall set forth the following information as a separate item:
  - 1. Date of filing of grievance.
  - 2. Dates of appeals and meetings in each step of the grievance procedure.
  - 3. Date of appeal to arbitration.
  - 4. Date of hearing.
  - 5. Date of award (including date of receipt of transcript, if any).At the arbitration hearing, the Company shall supply the arbitrator with information relating to items 1 through 4 above.
- D. The arbitrator shall observe the limitations set forth in Section XI., Subsection 5., in any retroactive adjustment which is awarded.
- E. The arbitrator shall have authority and jurisdiction only to interpret and apply the provisions of this Agreement insofar as shall be necessary to the determination of the merits of such grievance, but s/he shall not have jurisdiction nor authority to add to or detract from or alter in any way the provisions of this Agreement. The decision of the arbitrator shall be final subject to the limitations herein specified.
- F. The Company agrees that it shall not subpoena or call as a witness in arbitration proceedings any bargaining unit employee in the mine from which the grievance arises. The Union agrees that it shall not subpoena or call as a witness in such proceedings any non-bargaining unit employee.
- G. The expense and salary incident to the services of the arbitrator shall be shared equally between the Company and the Union.

### Subsection 2. Expedited Arbitration

Notwithstanding any other provision of this Agreement, the following expedited arbitration procedure is designed to provide prompt and efficient handling of routine grievances, including certain grievances concerning discipline as provided in Section XI., Subsection 8. of this Agreement.

- A. The expedited arbitration procedure shall be implemented in light of the circumstances existing in each mine, with due regard to the following:
  - 1. In accordance with the understanding made by the staff representative of the Union designated pursuant to the Basic Labor Agreement and his/her Company counterpart, the local union and the local management shall appeal the grievance to an arbitrator under this expedited arbitration procedure by mutual agreement of the parties.
  - 2. The appeal shall be made within ten (10) calendar days of receipt of the Step 4 minutes.

3. All grievances appealed to Step 4 of the grievance procedure shall be reviewed by each respective Fourth Step Representative, and within 10 days after receipt of appeal of such grievance either Fourth Step Representative may communicate with the other and then jointly determine whether such grievance does not warrant disposition in the Fourth Step but is rather appropriate for expedited arbitration and therefore agree to refer such grievance back to the Third Step parties for review and disposition. Any grievance so referred back to the Third Step parties and for which no agreement can be reached for disposing of the same, may then be appealed by the chairperson of the grievance committee to the expedited arbitration procedure. Such appeal shall be made within fifteen (15) days (excluding Saturdays, Sundays, and holidays) after the date the grievance is referred to Step 3. If the grievance is not so appealed to the expedited arbitration procedure, it shall be considered withdrawn.
  4. As soon as it is determined that a grievance is to be processed under this procedure, the local parties shall notify the Administrative Secretary of the area panel. The appeal shall include the date, time and place for the hearing. Thereafter the Rules of Procedure for Expedited Arbitration shall apply.
- B. The hearings shall be conducted in accordance with the following:
1. The hearing shall be informal.
  2. No briefs shall be filed or transcripts made.
  3. There shall be no formal evidence rules.
  4. Each party's case shall be presented by a previously designated local representative.
  5. The Arbitrator shall have the obligation of assuring that all necessary facts and considerations are brought before them by the representatives of the parties. In all respects, s/he shall assure that the hearing is a fair one.
  6. If the Arbitrator or the parties conclude at the hearing that the issues involved are of such complexity or significance as to require further consideration by the parties, the case shall be referred to the Fourth Step and it shall be processed as though appealed on such date.
- C. The Arbitrator shall issue a decision no later than 48 hours after conclusion of the hearing (excluding Saturdays, Sundays and holidays). His/her decision shall be based on the records developed by the parties before and at the hearing and shall include a brief written explanation of the basis for his/her conclusion. These decisions shall not be cited as a precedent in any discussion at any step of the grievance or arbitration procedure. The authority of the Arbitrator shall be the same as that provided in Section XI. and XIII. of the Agreement.
- D. Any grievance appealed to this expedited arbitration procedure must be confined to issues which do not involve novel problems and which have limited contractual significance or complexity.

## SECTION XIII: SUSPENSION AND DISCHARGE CASES

### Subsection 1. Procedure

In the exercise of its rights as set forth in Section IV., Management agrees that an employee shall not be given a suspension from work or be discharged until forty-eight (48) hours have elapsed from the time the employee is notified in writing that Management has concluded that his/her conduct justifies a suspension or discharge. The Chairperson of the Grievance Committee will be provided with a copy of such notice. During such forty-eight (48) hour period the employee shall be entitled, upon his/her request, to a hearing before Management with or without a member or members of the Grievance Committee present. At such hearing the facts concerning the case shall be made available to both parties. The hearing once requested will be held during the employee's next five (5) scheduled shifts unless extended by mutual agreement.

After the expiration of such forty-eight (48) hour period, unless the period has been extended by mutual agreement, Management may impose the disciplinary action it determines to be appropriate. Such disciplinary action shall be imposed as soon after the expiration of the 48-hour period as is reasonably practicable under the circumstances of each case. In the event disciplinary action is imposed the employee may, within five (5) days, appeal in writing from such disposition, and the provisions of Section XI., commencing with appeal from Step (3) to Step (4) of the grievance procedure, and the provisions of Section XI., Subsection 8. shall apply. Should it be determined by the Company, or by an arbitrator in accordance with Subsection 6. of Section XI. of the grievance procedure, that the employee has been suspended or discharged without just cause, the Company shall reinstate the employee and pay full compensation at the employee's regular rate of pay for the time lost. In suspension and discharge cases only, the arbitrator may, where circumstances warrant, modify or eliminate the offset of such earnings or other amounts as would not have been received except for such suspension or discharge.

### Subsection 2. Arbitrator's Jurisdiction

Should it be determined by the arbitrator that an employee has been suspended for just cause, the arbitrator shall not have jurisdiction to modify the degree of discipline imposed by the Company. If an employee has been discharged and the arbitrator determines that a lesser discipline would have been proper, the arbitrator shall have the authority to modify the penalty and to provide reinstatement and compensation for time lost as s/he may deem appropriate.

In applying Section XIII., Subsection 2., of this Agreement no deduction from back pay awards or settlements under Section XIII., Subsection 2. shall be made for governmental assistance (excluding unemployment compensation and any similar payments), welfare, Trade Readjustment Allowance benefits, or private charity received by an affected employee, except that, in calculations made in accordance with Section III., Subsection 4.-C. of the Seniority & Posting Agreement, Trade Readjustment Allowance benefits will be deducted. This understanding shall also be effective for any grievance or arbitration case now pending, and shall be without prejudice to the respective positions of the parties in disputes concerning any matter not covered in this Subsection.

### Subsection 3. Employees Suspended for Balance of Shift

Notwithstanding the provisions of Subsection 1. of this Section, whenever Management determines that an employee's conduct or condition is such that s/he might endanger themselves, other employees, or Company property or impair normal operations, s/he may be suspended for the balance of the shift without such hearing, provided, however, that such suspension shall be subject to the grievance procedure set forth in Subsection 1. of this Section XIII. In the event an employee is suspended at the beginning of the shift in accordance with the provisions of this paragraph, s/he shall not be entitled to reporting pay.

Management in its discretion shall have the right to defer the imposition of disciplinary action but shall notify the employee of such deferral.



**Subsection 4. Disciplinary Records**

- A. Offenses, other than major offenses, appearing in the record of an employee will not be used in an arbitration to justify disciplinary action where such offense occurred more than three (3) years prior to the disciplinary action in dispute. Major offenses are such offenses as serious safety violations, theft, assault, reporting for work while intoxicated and threatening other Company personnel.
- B. Written records of disciplinary action against an employee involved for the violation of a safety rule but not involving a penalty of time off will not be used by the Company in any arbitration proceeding where such action occurred one or more years prior to the date of the event which is the subject of such arbitration.
- C. When an employee has worked for one year without an unexcused absence, prior unexcused absences will not be used as a basis for disciplinary action. The Company will notify the Union at the monthly meeting of those employees whose absenteeism record is such that continued absenteeism may result in disciplinary action.

**Subsection 5. Understanding of Justice and Dignity On The Job**

The following understandings have been reached for Justice and Dignity on the Job applicable to discharge and suspension cases only. During the term of the 2012 Basic Labor Agreement and thereafter by mutual agreement, the Procedure set forth below shall be applicable to The Cleveland-Cliffs Iron Company as Operating Agent for Empire Iron Mining Partnership and Tilden Mining Company L.C. doing business together as Cliffs Michigan Operations. For any mine to which this Procedure is applied, the Basic Labor Agreement as applied to such mine shall be deemed to be modified insofar as is necessary by this Procedure.

- 1. Management, after converting a disciplinary suspension to discharge, or imposing a suspension, shall not remove the affected employee from active work on the job to which his/her seniority entitles them upon such conversion or imposition prior to a final determination of the merits of the discharge or suspension in accordance with the applicable provisions of the Basic Labor Agreement should the employee elect to file a complaint or grievance protesting Management's decision. For purposes of the operation of the option not to be removed from the job pursuant to this Procedure, a complaint or grievance protesting a discharge or suspension must be filed within five (5) calendar days after notice of the conversion to discharge or imposition of the suspension, as the case may be. In the event no complaint or grievance is filed within such time limit, the Company will not suspend or remove the affected employee from active work on the job to which his/her seniority entitles them prior to the day following the expiration of the time limit set forth in this paragraph. For any purpose other than operation of the option set forth above, the time limits for filing a complaint or grievance protesting a discharge or suspension shall continue to be those set forth in the Basic Labor Agreement.
- 2. The parties recognize that it is essential that a proper balance be maintained between the right of any employee to be retained under this Procedure and the right of Management to manage the mine. Accordingly, to insure that balance, this Procedure will be inapplicable to discharges or suspensions involving any offenses which endanger the safety of other employees or members of supervision or the mine and its equipment. Such offenses shall include, but are not limited to: theft, use and/or distribution on Company property of drugs, narcotics, and/or alcoholic beverages; possession of firearms on Company property; destruction of Company property; threatening bodily harm to, and/or striking, a member of supervision; fighting; and such insubordination as endangers the safety of other employees or members of supervision or the plant and its equipment. In addition, this Procedure will be inapplicable to a discharge or suspension involving activity prohibited by the provisions of Section III.,

Section XIII: Suspension and Discharge Cases (Cont.)

Subsection 2., 2<sup>nd</sup> paragraph of the Basic Labor Agreement.

3. When an employee is retained pursuant to Paragraph 1., and the employee's discharge or suspension is finally determined in the grievance procedure or in arbitration to be for just cause, the removal of the employee from the active employment rolls shall be effective for all purposes the day following the date of final resolution of the grievance.
4. Nothing in this Procedure shall restrict or expand Management's right to relieve an employee for the balance of such employee's shift under the terms of the Basic Labor Agreement.

## SECTION XIV: SAFETY AND HEALTH

### Subsection 1. Obligations of the Parties

The Company and the Union will continue to cooperate toward the objective of eliminating accident and health hazards and will encourage employees to work safely. The Union will cooperate with the Company in the formulation, application and enforcement of all safety rules. New safety rules and equipment will be discussed with the Union Safety Committee at each property.

The Company shall continue to make reasonable provisions for the safety and health of its employees at all times at the mines. The Company, the Union and the employees recognize their obligations and/or rights under existing Federal and State laws with respect to safety and health matters.

Insofar as reasonably practicable considering the nature and requirements of the respective operations, suitable heating and ventilating systems shall be provided and maintained in good working condition. At operations where radiation devices are used, the Company will continue to maintain safety standards with respect to such devices not less rigid than those adopted from time to time by the Nuclear Regulatory Commission and will maintain procedures designed to safeguard employees, and will instruct them as to safe working procedures involving such devices. When the Company uses a material of known toxic value it shall inform the affected employees what hazards, if any, are involved and what precaution shall be taken to insure the safety and health of the employees. Upon the request of the Union Chairperson of the Safety and Health Committee, the Company shall provide in writing requested information from material safety data sheets or their equivalent on toxic substances to which employees are exposed in the work place; provided that when the information is considered proprietary, the Company shall so advise the Union Co-Chairperson, and provide sufficient information for the Union to make further inquiry. The proper use of toxic materials shall also be discussed with all employees who are required to use them prior to such assignment. The Company will continue its program of periodic in-plant air occupational monitoring level testing under the direction of qualified personnel. The Company will provide results of these tests to the Union Safety Committee. Where the Chairperson of the Union Safety Committee alleges a significant on-the-job health hazard due to in-plant employee occupational health exposures, the Company will also make such additional tests and investigations as are necessary and shall notify the Chairperson of the Union Safety Committee when such a test is to take place. A report based on such additional tests and investigations shall be reviewed and discussed with the Safety Committee. For such surveys conducted at the request of the Union Chairperson of the Safety and Health Committee, a written summary of the sampling and testing results and the conclusions of the investigation shall be provided to the Safety and Health Committee. Results of personal sampling will also be reviewed with affected employees. Over exposures will be reviewed with affected employees and the Union Safety Committee Chairperson. If it is determined after employee occupational health monitoring that any employee overexposure exists to current MSHA regulated substances, appropriate health evaluations, as determined by the Company Physician, will be completed on all employees who have an overexposure. Results of these evaluations will be communicated to the applicable employees.

The Company shall provide adequate first aid for all employees during their working hours.

Employees hired or transferred to a new job or department shall be given safety training for the job to which they are assigned. The Safety Committee may make recommendations on these and other matters.

In order to help prevent problems arising for employees returning from periods on workers' compensation or sickness and accident benefits, the Company will now notify the Chairperson of the Local Union Workers' Compensation Committee when any hourly employee goes on compensation or S&A. In addition, the Compensation Chairperson, Coordinator, Labor Relations Representative and Nurse will meet to discuss any work restrictions, before the employee returns to work.

**Subsection 2. Protective Devices and Wearing Apparel**

- A. Protective devices, wearing apparel and other equipment necessary to properly protect employees from injury shall be provided by the Company in accordance with the practices now prevailing at each mine, or as such practices may be improved by the Company from time to time. Within thirty (30) days from the execution of this contract the Company shall furnish the Local Union at such mine with a list of the protective devices, wearing apparel and other equipment furnished by the Company hereunder and a statement of the conditions under which furnished. Goggles (including colored safety sunglasses or clip on sunglasses where needed), gas masks, face shields, special purpose gloves, fireproof or acid-proof protective clothing, electric cap lamps and belts, dust respirators, safety belts, welders' helmets and masks shall be provided to employees without cost. Hard hats and prescription glasses will be paid for by the Company, provided that only one pair of such glasses will be furnished by the Company in any twelve-month period because of a change in prescription. Replacements for glasses and hats and liners damaged in the line of duty will be supplied by the Company at its own cost. Where required by the job, the Company will provide work gloves to employees on an exchange basis. The Company may charge an employee a reasonable amount for any loss or willful destruction of any of the foregoing by such employees.
- B. When the Company introduces new personal protective apparel or extends the use of protective apparel to new areas or issues new rules relating to the use of the protective apparel, the matter will be discussed with the members of the Safety Committee at the mine in advance with the objective of increasing cooperation. Should differences result from such discussions, a grievance may be filed in the Fourth Step by the Chairperson of the Grievance Committee within thirty (30) days thereafter. In the event that the grievance progresses through the grievance procedure to arbitration, the arbitrator shall determine whether such rule or requirement is appropriate to achieve the objective set forth in Subsection 1. of this Section.

**Subsection 3. Safety Shoe Allowance**

The Company will make available a choice of several different styles of safety foot protection. The styles and manufacturers will be chosen by management after consultation with the Joint Safety Committee. Each active employee who has accrued twelve (12) months of continuous service by January 1 of the calendar year will have the opportunity to select one pair of safety shoes each calendar year during the term of this agreement.

Safety shoes will be provided to new employees (excluding summer students) upon hire. Thereafter, they shall be eligible on the same basis as all other active employees.

Company-selected vendors will provide these shoes at Company expense. The requirement for mandatory metatarsal foot protection for specific jobs with a high foot injury exposure will be determined in consultation with the Joint Safety Committee. Special footwear, which may be medically necessary, will be subsidized in the amount equal to the cost of the Company-provided foot protection. Selection of shoes will be on an off-shift basis.

**Subsection 4. Safety Committee, Inspections and Investigations**

The Union may designate employees with at least one (1) year's experience at the mine, not more than ten (10) in number (consistent with current practices, these employees are a Union/Management Safety Committee as described in Appendix M., Section II.- A.), to form with a similar number of representatives designated by the Management, the Safety Committee at the mine. The members named by the Union may be designated as representatives of particular departments of the mine. In any month in which no Federal inspection has been made, the safety inspector and the Union representative shall, within five days prior to a monthly safety meeting, make an inspection tour of the mine which may take up to one day to complete, and such employee shall receive his/her regular rate of pay while engaged in making such regular routine

inspection. There shall be a monthly meeting of the Safety Committee at which recommendations with respect to safety conditions may be made and at which time the action taken upon recommendations previously made shall be discussed. The Company will notify a Union designated member of the Union Safety Committee of any serious accident, and any one member of the Union Safety Committee may accompany Management on its investigation, any hearings, interrogation of witnesses, or other meetings in connection with such accident. The above notification shall not delay the Company in pursuing any of the above investigation steps. If the Chairperson of the Union Safety Committee or his/her designee is not at work, s/he shall be granted access to the mine at all reasonable times for the purpose of conducting the legitimate business of the committee after notice to the head of the department to be visited or his/her designated representative. A copy of the accident report which is prepared at each property on all accidents reported to supervision, will be given to the Chairperson of the Union Safety Committee and to the employee.

**The Union Safety Representative and Union Safety Chairperson will continue to receive a copy of the notification from CIForm via email, employees are welcome and encouraged to participate in the investigation, and will be provided a copy of the completed report on request. Employees may comment on the report and their comments will be reflected in CIForm.**

A designated Safety Committeeperson and the Local Union President or Union Chairperson of the Safety and Health Committee may also accompany any County, State or Federal Mine Inspector during an on-site inspection of their respective property(s) over which they have jurisdiction. The Company shall promptly notify these officials when it learns that an inspection is to be conducted. The Safety Committeeperson and the Local Union President or Union Chairperson of the Safety and Health Committee shall receive their respective regular rate of pay while making such inspection; provided however, that the safety inspection payments made to the Safety Committeeperson and the Local Union President or Union Chairperson of the Safety and Health Committee do not exceed ten (10) days of wages each in any six (6) month period. If further inspections are required during such period, the Company shall pay one-half of the wages lost only by the Safety Committeeperson for such inspections in excess of ten (10) days in the six (6) month period. It is agreed that the Union Safety Committee act hereunder exclusively in an advisory capacity and that the International Union, Local Unions, Union Safety Committee, and its officers, employees and agents shall not be liable for any work-connected injuries, disabilities or diseases which may be incurred by employees. If in the event of special circumstances the Director of the International Union Health, Safety and Environmental Department or a member of his/her staff desires access to a mine, such access may be approved on a case-by-case basis through the office of the Area Manager-Labor Relations. The Area Manager-Labor Relations or his/her designee shall accompany the Union Director.

#### **Subsection 5. Union Representation**

If the Company requires an Employee to testify at the formal investigation into the causes of an incident/accident or disabling injury, the Employee will be advised that she/he may have a Union representative present at the proceedings. The Union will be furnished a copy of such record as is made of the Employee's testimony.

#### **Subsection 6. Non-Retaliation/Discouragement**

No employee will be disciplined or discriminated against in any way solely for suffering an injury or illness or for reporting an accident in good faith. The Company will not establish any program, policy, practice or work rule that is likely to discourage Employees from reporting accidents, injuries or illnesses.

#### **Subsection 7. Disputes**

If any employee believes that the working place in which s/he is required to work is unsafe, s/he shall proceed to remedy such unsafe condition if it is a part of his/her job to do so. If it is not a part

#### Section XIV: Safety and Health (Cont.)

of his/her job to remedy an unsafe condition, s/he shall have the right at his/her option to refuse to work in the place s/he believes to be unsafe after first discussing it with his/her Supervisor, and to leave the property without penalty. However, at his/her request, management will assign the employee to other available work at his/her scheduled rate pending investigation of his/her claim whenever circumstances permit. Should it be determined that an unsafe condition within the meaning of this Subsection 5. existed, and should the employee not have been assigned other available equal or higher work, s/he shall be paid for the earnings s/he otherwise would have received. Should it be determined that an unsafe condition within the meaning of this Subsection 5. did not exist and s/he was not assigned to other work, s/he shall be paid only for hours actually worked. It is recognized that emergency circumstances may exist and the local parties are authorized to make mutually satisfactory arrangements for immediate arbitration to handle such situations in an expeditious manner.

An employee exercising the right to refuse work in the place s/he believes to be unsafe shall have the option, if s/he is available, to relay his/her concerns to an employee subsequently assigned the same work. This communication will take place in the presence of the Supervisor.

#### **Subsection 8. Safety and Health Training**

The Company recognizes the special need to provide appropriate safety and health training to all employees. The Company presently has safety and health training that provides either the training described below or the basis for such training as it relates to the needs of the Company and its various plants.

Training programs shall recognize that there are different needs for safety and health training for newly hired employees, employees who are transferred or assigned to a new job and employees who require periodic retraining.

##### **A. Training of New Hired Employees**

Newly hired employees shall receive training in the general recognition of safety and health hazards, their statutory and basic labor contract rights and obligations and the purpose and function of the Company's Labor Relations, Safety and Health Department, the Joint Safety and Health Committee and the International Union Health, Safety and Environmental Department. In addition, upon initial assignment to a job, they shall receive training on the nature of the operation or process, the safety and health hazards of the job, the safe working procedures, the purpose, use and limitations of personal protective equipment required, and other controls or precautions associated with the job.

The Union Co-Chairperson of the Safety and Health Committee and the International Union Health, Safety and Environmental Department or a designee shall, upon request, be afforded the opportunity to review the training program for newly hired employees at the plant level

##### **B. Training of Other Employees**

The training of employees other than those newly hired by the Company shall be directed to the hazards of the job or jobs on which they are required to work. Such training shall include hazard recognition, safe working procedures, purpose, use and limitations of special personal protective equipment required and any other appropriate specialized instruction.

##### **C. Retraining.**

As required by the employees' job and assignment area, periodic retraining shall be given on safe working procedures, hazard recognition, and other necessary procedures and precautions.

##### **D. Safety Committee Training**

The Company will pay up to 5 days of wages, registration fees, and reasonable travel expenses for designated Safety Committee members to attend a scheduled safety conference or seminar. When a conference or seminar is scheduled to last five days, and if travel is required, up to eight (8) hours of allowed time will also be paid for the period of

travel. Up to four (4) employees may attend in each year (September 1, 2012 to September 30, 2013, thereafter October 1 to September 30) of the collective bargaining agreement. Over the three (3) years of the agreement, up to twelve (12) employees may attend. No employee may attend more than twice during the three (3) years of the agreement except for the Union Safety Chair and Union Safety Representative. The conference or seminar must be held in the United States or Canada.

**E. Electrical Safety Training**

On an annual basis, all electricians and electronic repairpersons shall receive one eight-hour electrical safety training session to include safe work practices with regard to electrical shock, arc flashes and arc blasts. Costs associated with this training will be funded from the Overtime Control Training Fund ("OCTF").

**Subsection 9. MSHA Indemnity**

The parties understand that under the collective bargaining agreement, certain employees have responsibility as team leaders. While such team leaders generally act under the supervision of non-represented personnel, there are occasions when they are required to direct bargaining unit employees in the performance of their work, including applicable safety and health requirements. The parties also understand that there may be other circumstances when bargaining unit employees may be assigned to perform safety and health functions that are ultimately the responsibility of management under the Mine Safety and Health Act of 1977.

This will confirm our understanding that the Company shall be responsible to pay any civil penalty or criminal fine assessed against a bargaining unit employee by the Mine Safety and Health Administration when that employee, acting as an agent of the company, is determined by MSHA to have knowingly authorized, ordered, or carried out a violation of an MSHA standard or order as provided in 30 U.S.C. 820 (c).

As part of this understanding, the Union agrees to cooperate fully with the company in bringing forth all information relevant to the citation, penalty, or fine and to cooperate fully with the company, at no expense to the company, in the investigation and defense of all citations, penalty assessments and fines that involve bargaining unit employees as agents of the employer.

In addition, the company agrees that it will provide periodic training to team leaders or other bargaining unit employees assigned, to MSHA-related responsibilities in the requirements of MSHA standards applicable to their work area or assignment.

**Subsection 10. Union Safety Representative**

This will confirm our agreement that for the term of the 2012 labor agreement, each mine (Tilden, Empire, Hibbing Taconite, and United) will have a full time Company paid Union Safety Representative whose purpose, responsibility and selection is principally described below:

Purpose

The purpose of this position is to function as an operative member of the mine Safety Department to enhance Local Union input and joint participation in the development, implementation and support of the Company's mine-wide safety efforts to achieve their fundamental goal of providing a safe and healthful workplace and ensuring that the mine has a workforce that is utilizing safe production and maintenance practices.

Responsibility

The Union Safety Representative will have a direct reporting line to the mine's Senior Department Manager responsible for mine-wide safety efforts. Such individual will also communicate to an appropriately designated Local Union official to be determined by the Local Union President.

A job description for the position will be jointly developed by the Local Union President and Mine General Manager and may include, but not be limited to, the following:

- Participation in departmental safety inspections.

#### Section XIV: Safety and Health (Cont.)

- Participation in review meetings of the status of or outstanding Safety Committee recommendations from prior months and new recommendations for the current month.
- Participation in all lost time accident investigations, potential serious accident investigations, serious equipment damage investigations and serious accident or incident investigations.
- Participation in inspections by government safety inspectors.
- Participation in the development of and delivery to employees of safety training courses which are integral elements of the mine-wide safety program and accident reduction efforts.
- Participation in corporate safety strategy planning and program development meetings.

#### Selection

After consultation with the Mine General Manager and with consideration of that input, the Local Union President shall appoint a full time Company paid Union Safety Representative at the mine. The incumbent will be selected from bargaining unit employees and paid his/her posted rate of pay with appropriate incentives based upon a 40-hour week day shift schedule.

The incumbent shall be expected to serve in this position for a minimum of two years and preferably during the term of the 2012 labor agreement.

Periodic performance reviews (but no less than annual) of the incumbent will be conducted by the Senior Department Safety Manager and Local Union President. The incumbent will be provided appropriate training and coaching to facilitate personal development and maximum effectiveness in this important role as the Union Safety Representative of the Safety Department.

A replacement for the incumbent may be appointed by the Local Union President after consultation with the Mine General Manager.

#### **Subsection 11. Ergonomics**

The parties will establish a program to identify ergonomic risks in the plant and recommend controls.

#### **Subsection 12. Safety Welding**

The Union will be provided with a list of names of the employees at each unit who have passed the welders tests for welding in all four positions and are therefore qualified to perform safety welding. Management will review, with advice of bargaining unit, the list of names on the Safety Welding list. Management will instruct supervisors to be extra diligent in the assignment of safety welding work. The Union will promptly communicate to Management any concern over safety welding assignments.

#### **Subsection 13. Sound and Dust Monitoring Equipment**

Sound and Dust monitoring equipment shall be available to the full-time safety representative. In that person's absence, a trained designee will have access to such equipment.

#### **Subsection 14. Isolation (Lock-Out / Tag-Out)**

The Company is committed to improving the isolation information available to its employees and to presenting a jointly developed isolation plan (to include the USR's, Safety Committee Chairperson) with final approval by the General Manager. The isolation plan will be presented to the joint Union/Management Safety Committee in the first quarter 2013.

#### **Subsection 15. Safety Rule Book**

The Company will continue to provide a professionally printed safety rule book to employees, jointly developed by the parties, with final approval by the General Manager.

#### **Subsection 16. Asbestos Exposure**

The Company will continue its current practice with respect to asbestos exposure and documentation.



## SECTION XV: EMPLOYEE HEALTH

### Subsection 1. Medical Examinations

- A. The Company shall have the right to require an employee to submit to a medical examination if the employee's physical or mental capabilities appear to be impaired or may be inconsistent with safe operating procedures based on demonstrated judgment, performance, actions or coordination to verify if the employee is capable of performing his/her work assignments.
- B. Should a dispute arise from the results of this required medical examination, the following procedure should be utilized to resolve the dispute:
  - 1. If the initial examination was completed by a Company designated physician, an employee may employ a qualified medical examiner, of his/her own choosing and at his/her own expense, to conduct a further medical examination for the same purpose as the medical examination made by the medical examiner selected by the Company. A copy of the findings of the medical examiner selected by the employee shall be furnished to the Company, and in the event that such findings verify the findings of the medical examiner selected by the Company, no further medical review of the case shall be afforded.
  - 2. If the initial examination was completed by an employee selected physician, a Company designated physician shall have the right, at company expense, to conduct a further medical examination for the same purpose as the medical examination made by the employee selected physician. In the event that the findings from both medical examiners agree, no further medical review of the case shall be afforded.
  - 3. In the event that the findings of the Company and employee medical examiners do not agree, the Company will, at the request of the employee, ask that the two medical examiners agree upon and appoint a third qualified and disinterested medical examiner for the purpose of making a further medical examination of the employee. The findings of such third medical examiner shall determine the disposition of the case. The expense of the employment of such third medical examiner shall be borne by the Company.

### Subsection 2. Occupational Medical Surveillance

- A. The Company shall provide, at Company expense, a routine Occupational Medical Surveillance Program for all employees including (1) audiometric testing every year, (2) pulmonary function testing every three years and (3) chest x-rays every three years.
- B. Chest x-rays taken for the purpose of occupational medical surveillance will be interpreted by a NIOSH certified "B" Reader. A report of the "B" Reader's interpretation will be provided to the employee. "B" Reader to follow guidelines of international labor organization on reporting results.
- C. Specific occupationally related abnormalities resulting from the occupational medical surveillance testing shall result in further evaluation, including a medical examination if appropriate.
- D. At the Company's option:
  - 1. Occupational medical surveillance testing may be completed during an employee's shift and all necessary time spent for this testing, and review of the results, will be considered to be time worked; or
  - 2. Employees may be scheduled for occupational medical surveillance on their off time and will receive two (2) hours of allowed time when this occurs.
- E. It is understood that from time-to-time the content of the occupational medical surveillance testing may be changed to address additional health risks as determined by the Company Medical Director. Changes will be reviewed with the Union prior to implementation.

**Subsection 3. Access to Medical Information**

- A. Any employee who, subsequent to his/her employment, undergoes a medical examination upon the request of the Company shall be entitled to consult and discuss the results of such examination with the examining physician in the same manner as though the examining physician was the employee's own personal physician. The examining physician shall advise the employee of any result of the examination which s/he believes should be brought to the attention of the employee or his/her personal physician. The Company shall maintain the confidentiality of reports of medical examinations of its employees and shall only furnish such reports and findings (including x-rays) to a physician designated by the employee upon the written authorization of the employee. The Company may use or supply such medical examination reports of its employees in response to subpoenas, requests to the Company by any Governmental agency authorized by law to obtain such reports, and in arbitration, mediation, administrative proceedings, or litigation of any claim or action involving the Company.
- B. Whenever the Company physician detects a medical condition which, in his/her judgment, requires further medical attention, the Company physician shall advise the employee of such condition.
- C. Any employee who receives a routine physical examination as provided for in the Program of Insurance Benefits shall sign a release authorizing the physician who performs the physical examination to provide the laboratory results of that examination to the Company Medical Director.
- D. An employee who receives treatment for a compensable injury may, upon request, have a copy of the medical records and x-rays which relate to the treatment of his/her injury or may have these records and x-rays sent to his/her personal physician.
- E. This provision is not intended to restrict any of the Company's rights under State Workers' Compensation Laws.

## SECTION XVI: JOINT EFFORTS

### Subsection 1. Strategic Alliance

#### A. Preamble:

Empire Iron Mining Partnership and Tilden Mining Company L.C. doing business together as Cliffs Michigan Operations, ("the Company") and the USW (the "Parties") recognize the intense competition to the North American steel industry; and more specifically, the intense competition to the iron ore raw materials business. This competition is from foreign iron ore pellets, the use of semi-finished steel as an alternative to hot metal production and substitute virgin iron units. Joint venture iron ore mines which compete in the commercial raw materials markets are particularly vulnerable to these new forms of competition and should be encouraged to adopt flexible work systems that optimize the utilization of the capital equipment, human resources and available technology so that operating costs can be materially reduced in response to these market pressures.

Accordingly, in consideration for the wage and benefit, contracting out and employment security improvements negotiated herein, the parties to this Agreement are committed to significant changes in work systems, work cultures, work practices, local working agreements, and the union/management relationship so that meaningful efficiencies in the workplace can be achieved to bring about improved productivity, full utilization of resources and reductions of any forms of waste. This is a dynamic process; and therefore, throughout the term of this Agreement, the leadership of the Union and Company are committed to work together to achieve the aforementioned improvements. Existing systems and practices that do not contribute to improved mine performance and cost reductions will be reviewed and evaluated.

Everyone (management, labor leadership and all employees) must embrace this new way of thinking to achieve a modern working environment. This approach will require significantly more workforce flexibility and more concern for the efficiency of the operations.

To further facilitate these actions of continuous workplace improvement, the Parties have designated 1 cent per ton of pellets produced for this strategic alliance. These resources will be used for training services, outside consultants, travel and meeting expenses and for other requirements deemed necessary by union and management leadership to achieve this goal. In the event that the Union determines that it is necessary to engage the services of consultants in connection with the Union-only training provided for in this Subsection, the Company will pay the fees and expenses of such consultants (who will be chosen exclusively by the Union), up to a total of twenty-five thousand dollars (\$25,000) of the fund(s) designated herein per full calendar year.

The following are examples, but not an exhaustive list, of the areas that will be considered to bring about continuous improvement in employee productivity, enhancement of work life, employment security, and cultural change required to meet the business challenges that now threaten the long-term future of the (insert name) mine:

- Reduction in non-productive work time.
- Reduction of excessive overtime.
- Assignments, training and transfers of employees that ensure proper skill level expertise and continuity of experience required for the efficiency of the operations.
- Greater worker autonomy with correspondingly increased responsibility and flexibility for their performance and the accomplishment of the mine's operating plans.
- Establishment of new positions that expand scope and flexibility.

The Parties recognize that the total workforce of the future will be smaller and significantly more skilled and flexible than has previously existed. Of the total work to be performed, the parties also pledge that more work will be performed by USW members.

## Section XVI: Joint Efforts (Cont.)

The commitment to this strategic alliance is made at all levels of the Company and Union; and the respective International and Local Union officers will work diligently with their management counterparts to ensure the success of this strategic alliance, the improvement of the (insert name) mine's competitive cost position, to the lower cost third tier of North American pellet facilities and the necessary redesigning of the workplace so that it becomes safer, less authoritarian, and higher skilled, which are keys to cost reduction and productivity improvement.

### Section 1. Purpose and Intent

The purpose of this memorandum is to create a framework for ongoing discussion between the Company and the Union of issues that arise during the contract period, including but not limited to changes in the market or business conditions, adjustments to business strategy, technological change and work re-organization. This Memorandum shall provide for full and continuing access by appropriate Union representatives to the information relevant to strategic plans and changes in the way that work is performed. This Memorandum shall allow the discussion of new and innovative approaches to the way work is performed and the establishment of comprehensive training and education programs.

### Section 2. Objectives

In furtherance of their understanding on operations improvement and long-term employment security, the Parties have agreed to pursue the following objectives and commitments:

- A. Improving the quality, service, productivity and competitiveness of the business and its products and seeking lower costs on a sustained basis;
- B. Work environments that are safer, fairer, more equitable, less authoritarian and less stressful;
- C. The ability to respond rapidly to changes in the marketplace, in products and in customer needs;
- D. Increased worker responsibility and influence in workplace decision-making;
- E. Joint mechanisms by which technology will serve the interests of both the business and the workers affected by the change;
- F. Full and timely access by the Union and all employees to information concerning Company decisions affecting the working lives of employees;
- G. Understanding the current state of competitiveness and its relationship to "World Class" standards;
- H. Reduction of all overhead, including administrative and other non-bargaining costs;
- I. Encouraging the use of problem solving approaches to issues;
- J. Commitment to higher skill development, better jobs, education and more productive utilization of a skilled workforce;
- K. Compliance with public policy and environmental laws and regulations;
- L. Acceptance and support by the Company of the Union and acknowledgement of its role as an essential vehicle in attaining these objectives.
- M. Acceptance and support by the Union of the Company and acknowledgement by the Union of its role as an essential vehicle in attaining these objectives.

### Section 3. Full and Continuing Access to Information

At all times during the term of the Basic Labor Agreement, appropriate Union representatives (including consultants and advisors) shall have access to financial and operational information that is relevant to the development and implementation of the Business Plan (it being understood that, consistent with the Memorandum, the Company shall develop and carry out a Business Plan) as well as a reasonable access to Company employees and advisors who are responsible for such information. As used in this Memorandum, the term "Business Plan" shall refer to the Company's

short-term business plan and long-term strategic and operating plan, including such elements as those involving products, pricing, markets, capital spending, short and long-term cash flow forecasts, and the method and manner of funding or financing the Business Plan. The Company shall further provide the Union with access to information about any contemplated or planned changes in technology or work organization. Without limiting the foregoing, the Company shall provide the appropriate Union representatives with early practicable notification of any contemplated significant transactions, involving mergers, acquisitions, and continuing updates regarding dispositions, joint ventures and new facilities to be constructed or established by the Company, its subsidiaries, joint ventures, or other entities in which the Company has a financial interest. Access to and the use of this information will be covered by a confidentiality agreement in form and substance satisfactory to the parties.

Section 4. Comprehensive Training and Education Program for Committee Members, Bargaining Unit Employees, and Non-Bargaining Unit Employees

It is recognized that ongoing discussions between the Company and the Union may require training for both parties. All training shall be focused on the following objectives: the long-range mutual goals of the Company and Union; problem-solving techniques; communication activities, skills, attitudes, behaviors and techniques for increasing the effectiveness of participation and involvement activities; and methods for determining and achieving joint goals. Without limiting the comprehensiveness or continuity of the training and education required by this Memorandum, such activities will, unless otherwise agreed to, include at least the following minimum standards and guidelines.

- A. Both Company and Union representatives shall receive training by their respective organizations and such training including program implementation, shall, unless otherwise agreed to, include the following minimum levels.
  1. All members of Joint Leadership Committees and Coordinators and Assistants (if any): five (5) days per year.
  2. Joint Problem Solving Teams: one (1) day per year.
- B. By mutual agreement, the Partnership Committee shall sponsor a program for at least annual orientation and appropriate training of all members of joint committees created by this Memorandum.
- C. Each Joint Leadership Committee shall ensure the development of a training program designed to increase the skills of bargaining unit and non-bargaining unit employees concerning the subjects identified in this Section 4. Such program shall commence with instruction on how best to pursue organizational objectives through participation activities, such instruction to satisfy the following minimum levels: for bargaining unit employees, a one-day Union-taught orientation session; for front line supervisors, managers, and other excluded personnel a one-day management-taught orientation session. During the 2004 Labor Agreement, the cost of an eight (8) hour training program at Tilden will be borne by Tilden and the content of such training program shall be mutually agreed upon.
- D. The Company shall fund all training programs referred to in this Section, including paying any reasonable expenses such as travel, instructions, space rental, materials. Employee time spent in such training will be paid by the Company as though it were time worked, at the employee's rate of earnings as determined for vacation pay.
- E. All training provided to union members, other than Union training, shall be jointly developed and implemented.

Section 5. Partnership Mechanisms

- A. Joint Strategic Partnership Committee
  1. Appointment and Composition
 

A Joint Strategic Partnership Committee ("Partnership Committee") shall be established.

Section XVI: Joint Efforts (Cont.)

The Co-Chairmen of this Committee will be the Union Chairperson of the Iron Ore Bargaining and the Cleveland Cliffs' Vice President of Human Resources. The Union and the Company may each appoint up to 5 additional members.

2. Role of the Partnership Committee

The Partnership Committee shall:

- a. provide a forum for the discussion of significant issues and changes as they arise – including but not limited to the formulation and revision of the business plan, changes in technology and work organization, significant changes in the business climate, cost reduction and continuous improvement, etc.
- b. provide a forum where information on particular changes which affect more than one location is provided to the union.

3. Meetings

The Joint Partnership Committee shall, at a minimum, meet quarterly with any additional meetings scheduled as determined by the parties. A review of and discussion of the current business status and future outlook for Cleveland Cliffs, the North American iron ore industry, and domestic steel industry will be a regular agenda item at these meetings. The Union and the Company shall both have an opportunity to place additional items on the agenda. The Joint Partnership Committee shall decide whether to hold an annual meeting of all participating Joint Leadership Committees and to plan the agenda for such meetings.

4. Information

The Partnership Committee shall receive detailed and in-depth reports regarding all significant business and labor matters relating to: the Business Plan; technological changes and plans; manpower planning; safety and health measures; customer evaluation; major organizational issues; facilities utilization; and other significant issues and concerns raised by the members of the Committee.

5. Access to Mine Owners

The Company will implement and continue its practice of involving union officials through informal meetings with management and its owners at the mine Operating Committee Meetings.

B. Joint Leadership Committees

1. Appointment and Composition

The parties shall establish at each mine a Joint Leadership Committee ("Leadership Committee"). The members of this Committee for the Company at each mine will be the Mine Manager, and two other members appointed by the Company. The members for the Union at each plant will be one (1) International Staff Representative, the President of the Local Union and one other appointed by the Union.

2. Role of the Leadership Committees

- a. The role of the Leadership Committees shall be to provide a forum for ongoing discussion of and information exchange on issues of relevance to the plant, including but not limited to contemplated changes in technology and work organization, the business plan, market changes which might affect the mine, etc. Either the Company or the Union may put items on the agenda for Leadership Committee meetings.

3. Meetings

The Leadership Committee shall meet monthly and may meet jointly with other committees or as otherwise agreed to.

## 4. Information

At each meeting, the Leadership Committee shall discuss the general business affairs of the Company and shall review reports of and discuss the prior month's business results and the near-term business outlook as it impacts the areas of responsibility of the Leadership Committee. Such discussions will include a comparison of year-to-date results with the current Business Plan, including significant issues and actions impacting the current Business Plan, major developments affecting the future of the business, cost performance, quality performance, and shipments; the production plan for the next month; manpower planning; investment plans for the Plant and performance compared to those plans; safety and health performance; activities and needs of any area committees or Problem Solving Teams; and other issues and concerns of interest to the parties.

## 5. Scope of Responsibility

## a. Existing Programs

The Leadership Committee shall ensure that all existing and future mechanisms of discussing change are consistent with this agreement and with agreements reached by the Partnership committee.

## b. Technological Change

The Leadership Committee shall establish a new technology development and implementation program (Technological Change Program) which shall include the following elements:

## (1) Advance Notice:

The Company shall provide the Leadership Committee advance notice of any proposed significant technological change no later than the time the Company's outline of various options with respect thereto is first developed. Such notice shall be in writing, shall contain to the extent possible supporting information outlined below, and shall include updates of new or revised information necessary to full and current understanding of the proposed change. In the case of emergency technological changes, the Company shall give the maximum notice and information possible under the circumstances.

## (2) Information:

Within the time periods referred to above, the Company shall give the Leadership Committee the following information:

- (a) a description of the purpose and function of the technological change, and how it would fit into existing operations and processes;
- (b) the estimated cost of the technology, a cost justification of it, and the proposed timetable for it;
- (c) disclosure of any service or maintenance warranties or contracts provided or required by the vendor (if any);
- (d) the number and type of jobs (both inside and outside the bargaining unit) which would be changed; added, or eliminated by the technological change;
- (e) the anticipated impact on the skill requirements of the work force;
- (f) details of any training programs connected with the new technology (including duration, content, and who will perform the training);
- (g) an outline of other options which were considered by the Company before formulating its proposed changes; and

Section XVI: Joint Efforts (Cont.)

- (h) the expected impact of the change on job content, pace of work, safety and health, training needs, and contracting out.

Union representatives on the Leadership Committee may request and shall receive reasonable access to Company personnel knowledgeable about any proposed technological change (including outside consultants and vendor representatives) to review, discuss, and receive follow-up information concerning any technological changes proposed by the Company or Union or their effects on the bargaining unit.

The use of the information contemplated by this subsection will be covered by a confidentiality agreement in form and substance satisfactory to the parties.

- (3) As used herein, the term "technology" shall mean significant advances in machinery, equipment, controls and materials, and changes in software that significantly change the content of bargaining unit jobs. The phrase "technological change" shall mean introduction of new technology, significant changes in existing technology, or both.
- (4) In order to initiate the "Technological Change Program", the Company shall give the Union, as quickly as possible but not later than 4 months after the signing of this agreement, a complete briefing at each plant on the current uses of technology and on any existing plans for the purchase and implementation of new technologies or changes in technology.

c. Work Redesign

Any Work Redesign Program initiated by the Joint Leadership Committee will include the following objectives:

- (1) The development of trained supervisors who emphasize coaching and coordinating.
- (2) The upgrading of employee skills and the provision of greater training opportunities for all workers.
- (3) Providing workers with responsibility, accountability and autonomy over the day-to-day operations of their workplace.
- (4) A safe and healthful workplace and a workforce trained in safe production practices.
- (5) Continual improvements in productivity based on working smarter, technological improvement, and waste reduction.
- (6) A redesign of the organization, resulting in the elimination of unnecessary management and administration and overhead costs.
- (7) The use of attrition and early retirement to achieve any bargaining unit workforce reductions.
- (8) The establishment of operating work groups or teams or self-directed work teams or groups, or the implementation of other new or improved ways of performing work.
- (9) Providing workers with training and knowledge regarding the business issues of the mine/industry and how to achieve necessary economic performance.

C. Area Committees

- 1. The Leadership Committees shall establish Area Committees in specific departments, operational units or divisions for purposes as outlined herein, and as agreed to by the parties. The members of the Area Committee shall be drawn equally from the Company and Union with the Union representatives chosen solely by the Union.



- D. Problem Solving Teams
1. By joint agreement, the Leadership Committee or Area Committees may create one or more Problem Solving Teams to study and report back on a specific problem or project. They shall receive the resources (including problem solving training and information) necessary for them to determine the best solution to specific problems. All bargaining unit members of Problem Solving teams shall be appointed by the Union.
- E. Productivity Improvement Teams
1. The parties will, from time to time at the request of either the Company or the Union, establish Productivity Improvement Teams. Each team shall be made up of an equal number of hourly and salaried employees, not to exceed five of each. Team members shall be experienced in the area to be examined. The specific purpose of each team shall be agreed upon in advance by the Mine General Manager and Local Union President. The general purpose of such teams shall be to examine operating and maintenance standards and practices to seek improvements that meet the guidelines of the Productivity Improvement Commitment of this Agreement. Such teams will meet promptly and regularly when established and will receive required technical assistance from appropriate Company and Union resources. Such teams shall have the duty and responsibility to work in good faith, consistent with this Agreement.
  2. The teams shall develop specific findings and recommendations which shall be delivered jointly to the Mine General Manager and the Local Union President. In the event the teams cannot reach consensus on all findings and recommendations they shall report such findings and recommendations as they may deem appropriate separate and apart from those upon which they do agree. The teams shall be dissolved after they report out unless they are extended by mutual agreement.
  3. Upon receipt of the findings of the teams, the Mine General Manager and Local Union President may: (1) approve the agreed upon findings and recommendations of the teams which shall then be implemented; (2) modify the findings and recommendations of the teams as they may mutually agree and implement them; or (3) disagree, in whole or in part, with the findings or recommendations submitted by the teams. The application of this Agreement will not preclude either party from pursuing their existing rights and obligations under the collective agreement.

Section 6. Safeguards and Resources

- A. Except as may be approved by the Partnership Committee, no joint committee may amend or modify the Basic Labor Agreement.
- B. No committee authorized by this Memorandum may affect any action with respect to contractual grievances.
- C. Service on any Leadership, Area, or Problem Solving Committee or Team created under this Memorandum shall be voluntary. All bargaining unit members of any committee or team shall be appointed by the Union.
- D. Employee participation and training shall normally occur during normal work hours and the employee shall be compensated in the same manner as set forth in Section 4.-D. above.
- E. No committee established under this Memorandum may recommend or effect the hiring, discipline, or discharge of any employee.
- F. At the invitation of either the Co-Chair of any committee created hereunder, appropriate Union representatives, Company representatives or outside experts may attend a committee meeting.
- G. All meeting times, as well as necessary and reasonable expenses of joint committees, shall be paid for by the Company. Employees attending meetings of joint committees shall be compensated in the same manner as set forth in Section 4.-D. above. The parties will

Section XVI: Joint Efforts (Cont.)

develop procedures for determining reasonable expenses to be paid by the Company.

- H. Union members on all joint committees and problem solving teams shall be entitled to adequate opportunity on Company time to caucus for purposes of study, preparation, consultation, and review, and shall be compensated in the same manner as set forth in Section 4.-D. above. Requests for caucus time shall be made to the appropriate Company management representative in a timely manner, and such requests shall not be unreasonably denied.
- I. Joint committees may agree to employ experts from within or outside the Company as consultants, advisors or instructors and such experts shall be jointly selected and assigned.

Section 7. Final Decision Making Authority

- A. The parties have entered into this Partnership Agreement for the purpose of including the Union and the employees in the joint decision making process of the Company. After sharing information and fully discussing and exchanging ideas and fully considering all views about issues of mutual interest and concern to the parties, decisions should be reached that are satisfactory to all. However, it is understood that the parties may not always agree.
- B. With respect to any matter in this Memorandum which deals, in part, with various matters as to which Management has not heretofore had the unilateral right to make decisions, this Memorandum gives Management no greater right or no lesser right to make unilateral decisions regarding such matters than it would have in the absence of this Memorandum.
- C. Finally, while the final decisions of Management with respect to matters over which, absent this Memorandum, Management has the unilateral right to make a decision and are not subject to the grievance procedure, the process of decision making (including the full participation of the Union representatives and employees in the process as provided in this Memorandum and the Company's commitments concerning information, access, and training in this Memorandum) is subject to the grievance procedure and arbitration. As to a particular decision, the Company's failure to follow the procedural requirements of this Memorandum shall not be the basis for preventing the expedited implementation of that decision. The parties will agree on a specially designated arbitrator to hear and decide any such dispute concerning procedural requirements within 30 days of filing. If agreement is not reached on a specially designated arbitrator, the dispute shall be heard within these time limits by the Cliffs Board of Arbitration.

Section 8. Strategic Alliance – CMO Accrual

The accrual rate at Empire and Tilden will be \$0.01 per ton. The accrual will be transferred to the proper account, Tilden or Empire, using the same allocation system that is utilized for Union dues.

Calculation Example: "X" Month

Pellet Production	
Empire	500,000 Tons
Tilden	<u>700,000 Tons</u>
Total CMO	1,200,000 Tons
CMO Strategic Alliance Accrual:	
1,200,000 Tons x \$0.01 Accrual Rate =	\$12,000
Payroll Manpower	
Empire	500 Hourly Employees
Tilden	<u>700 Hourly Employees</u>
Total CMO	1,200 Hourly Employees

Accrual per Employee:	
\$12,000 / 1,200 Employees =	\$10.00 / Employee
Allocated Manpower	
Empire	850
Tilden	350
Fund Contribution	
Empire	850 X \$10.00 = \$ 8,500
Tilden	<u>350 X \$10.00 = \$ 3,500</u>
SA CMO Total	\$12,000

**Subsection 2. Access To Information**

## A. Purpose

- a. The parties hereby declare their intention to achieve a mutually productive improvement in the relationship between the Union and the Company (meaning herein as operating agent **The** Cleveland-Cliffs Iron Company for the Empire Iron Mining Partnership and the Tilden Mining Company L.C. doing business together as Cliffs Michigan **Operations**) through the establishment of a process of information exchange and timely notification of events which impact the terms and conditions of employment so that an adequate sharing of points-of-view and constructive support of plans are facilitated whenever possible prior to the events.

## B. Objectives

- a. In furtherance of their long-term goal to improve working conditions and the competitiveness of the Company, the parties have agreed to pursue the following objectives and commitments:
  - (1) Ensure that the Local Union is the exclusive agent which represents the interests of the bargaining unit.
  - (2) Enhance the Company's economic value and associated job security by increasing product quality and cost competitiveness.
  - (3) Promote a safe, fair, respectful, and rewarding work environment for all employees.
  - (4) Provide early notification to employees of official plans and decisions which affect their work life.

## C. Access to Information

- a. Union officials including the District #11 Director or his/her designee shall have access to financial and operational information which is relevant to the study and/or implementation of the objectives of this Subsection.
- b. Subject to the above Paragraph, the Local Union President or his/her designee and the District #11 Director shall have access to the Company's operating plans which shall include production costs, capital spending, mine development and production tonnage.
- c. The exchange of information contemplated by this Subsection will be covered by individually executed Confidentiality Agreements satisfactory to the Company.
- d. Notwithstanding the above limitations, the Company shall provide the appropriate Local Union officials (President, Vice President and Grievance Committee Chairperson) with early practical notification of significant planned transactions involving mergers, sales of interest, or dispositions of the venture and planned

Section XVI: Joint Efforts (Cont.)

technological changes, manpower forecasts and capital investment programs which can have significant impact upon the work force. Such notification will occur as soon as practical after the possible transaction or change becomes part of the official plan of the Company.

D. Structure

- a. The strength of any organization is enhanced when the combined forces of the leadership and human resources of those organizations are committed to the achievement of common objectives. Senior mine management and the Local Union officials by mutual agreement may establish efficient committee structure(s) for the purpose of information sharing and furthering problem solving and involvement of the work force. To be fully effective, this will require an atmosphere of trust, respect, honesty and sincere intention to work toward new mutually beneficial organizational objectives. Accordingly, the parties recognize that the changes contemplated by this Subsection must evolve through the respective levels of the Union organization and Company. The local parties must have the flexibility to design participative structures that best meet needs at any given time and that can change as circumstances and experience warrant.

E. Technological Change

- a. Because technological change has potentially a significant impact upon the terms and conditions of employment and lives of the work force, the Company shall provide the Local Union leadership (Local Union President, Vice President and Grievance Committee Chairperson) advance notice of significant technological change which are incorporated into an official plan to be recommended to the Company owners.
- b. Information  
Within the time periods referred to above, the Company shall provide the following information:
  - (1) A description of the purpose and formation of the technological change and how it would fit into existing operations and process;
  - (2) The estimated cost of the technology, its economic or other justification and the proposed timetable;
  - (3) The number and type of bargaining unit positions which would be changed, added or eliminated by the technological change;
  - (4) The anticipated impact on the skill requirements of the work force;
  - (5) Details of any training programs connected with the new technology;
  - (6) The expected impact of any change of job content, pace of work, safety and health, training needs and contracting out.
- c. The Local Union leadership shall have access to Company personnel knowledgeable about the proposed technological change to review, discuss and receive follow-up information concerning the changes proposed.
- d. The Company and Union leadership will meet on a timely basis upon the request of the Union leadership and the Company will take into consideration the views expressed by the Union leadership with respect to the technological change prior to management's final decision and approval of the recommendation(s) by the Company owners.

F. Final Decision-Making Authority

- a. The final decision of management with respect to matters for which management has the unilateral right to make such decisions are not subject to the grievance

procedure.

- b. Any matter to which this Subsection refers which Management has not heretofore had the unilateral right to make decisions is not expanded by this Subsection and provides management with no greater right to make such unilateral decisions regarding such matters than it would have had in the absence of this Subsection. Accordingly, this Subsection does not add to or detract from the existing rights and obligations enjoyed by either the Company or the Company owners or the Local Union pursuant to all other provisions of the existing basic and local issues agreements unless otherwise mutually agreed to by the parties.
- c. In the event a grievance is filed by the Local Union President or his/her designee regarding the application of the provisions of this Subsection, the arbitrator's findings and remedies shall be limited solely to the issue of whether the process of access to information and management response pursuant to this Subsection has been followed. The Company's failure to follow the procedural requirements of this Subsection shall not be the basis for deferring or delaying implementation of any decision(s).

### **Subsection 3. Understanding on Productivity**

The parties recognize that employment security and productivity improvements are inseparably linked to attaining sustained profitability and they must address these issues in balance and relationship to each other. Accordingly, the parties agree to jointly develop means by which to maximize the effective utilization of the work force and equipment and achieve continuous improvement through attrition and by implementing new and innovative approaches to the way work is performed.

1. Beginning with the effective date of the Employment Security Agreement, pursuant to the terms of Section XXII. , Subsection 1., this Subsection shall become effective.
2. To accomplish gains in productivity and take advantage of attrition to the fullest extent possible, the Joint Strategic Partnership Committee (Co-Chairperson of the Union and Company Negotiating Committees and their three designees) will work vigorously to institute modern work practices which can include, but are not limited to, self-directed work teams, job restructuring, installation of equipment tender and/or operator technician positions, seniority unit restructuring, job assignment changes, operator-assisted maintenance, elimination of jurisdictional barriers and practice and scheduling changes.
3. This process will be managed by a Joint Leadership Committee (Mine General Manager and Local Union President and their three designees), which will be established by and reports its recommendations to the Joint Leadership Committee. The Joint Strategic Partnership Committee may adopt, modify or reject such recommendations. No recommended changes may be implemented except by approval of the Joint Strategic Partnership Committee. The Joint Leadership Committee shall consist of three representatives of the Union and three representatives of the Company.
4. The Joint Leadership Committee may call upon Area Committees (or such similar departmental committees which may exist) to facilitate changes agreed to pursuant to Paragraphs 2. and 3. of this Subsection, and to avoid backfilling attrition vacancies.  
Such Area Committees will have a duty and responsibility to work in good faith, consistent with this Memorandum, to facilitate the attrition-based force reductions and drive continuous improvement through the establishment of measurements of performance and productivity goals. Goals will be based on meeting the competitive challenge of the World Iron Ore Market and the traditional integrated and market-based nonintegrated steel companies.
5. In November of each year, the Joint Leadership Committee shall provide to each Area

## Section XVI: Joint Efforts (Cont.)

Committee attrition projections for the coming year and shall develop a proposed attrition rate reduction plan and the respective measurements of performance and submit them to the Joint Strategic Partnership Committee. The Joint Strategic Partnership Committee may adopt, modify or reject such proposed plans and measurements, and no plan may be implemented except by approval of the Joint Strategic Partnership Committee.

6. The pace of work force reduction will be continuously monitored by the Joint Leadership Committee. On or about October 1 of each year, an assessment will be made of the attrition reductions to date. In the event that attrition is occurring at a rate which will substantially exceed or fail to reach any goals adopted pursuant to this Memorandum, the parties will modify the attrition reduction plan for the following year.

### Subsection 4. Training and Testing

- I. The Company and the Union have agreed to the following:
  - A. While the Union preserves fully its right to challenge through the grievance procedure the present or future use of tests, the Union and the Company agree that where tests are used by the Company as an aid in making determinations of the qualifications of an employee, such a test must in any event be a job-related test. A job-related test, whether oral, written or in the form of an actual work demonstration, is one which measures whether an employee can satisfactorily meet the specific requirements of that job including the ability to absorb any training which may necessarily be provided in connection with that job. A written test may not be used unless the job requires reading comprehension, writing or arithmetical skills, and may be used to measure the comprehension and skills required for such job.
  - B. All tests shall be:
    1. Fair in their makeup and in their administration.
    2. Free of cultural, racial or ethnic bias.
  - C. Testing procedure shall in all cases include notification to an employee of his/her deficiencies and an offer to counsel them as to how s/he may overcome such deficiencies.
- II. Where a test is used by the Company as an aid in making a determination of the qualifications of an employee and where the use of the test is challenged properly in the grievance procedure, the following is hereby agreed to:
  - A. The Company will furnish to a designated representative of the International Union a copy of the disputed test and all such background and related materials as may be relevant and available.
  - B. All such tests and materials will be held in strictest confidence and will not be copied or disclosed to any other person; provided that such tests and materials may be disclosed to an expert in the testing field for the purpose of preparation of the Union's position in the grievance procedure and to an arbitrator, if the case proceeds to that step. All tests and materials will be returned to the Company following resolution of the dispute.
  - C. Copies of transcripts and exhibits presented in the arbitration of cases involving the challenge to a test will also be held in strictest confidence and will not be copied or otherwise published.
- III. In the determination of the relative ability and physical fitness as used to fill apprenticeship vacancies in accordance with the applicable seniority provisions of the Basic Labor Agreement, the Company shall be limited to use of such examination and testing procedures which are:
  - A. Job related,
  - B. Fair in their makeup and in their administration,

C. Free of cultural, racial or ethnic bias.

The parties agree that the purpose of an apprenticeship training program is to train and qualify individuals to perform the assignments of a given craft and that an applicant for apprenticeship must have the ability to absorb the appropriate training.

Any tests used by the Company as an aid in making determination of the qualifications of an applicant must be job related tests. A job related test, whether oral, written or in the form of an actual work demonstration, is one which measures whether an applicant can satisfactorily meet the special requirements of the given craft including the ability to absorb appropriate training.

Testing procedure shall in all cases include notification to an applicant of his/her deficiencies, and an offer to counsel them as to how s/he may overcome such deficiencies.

IV. Training and Testing Agreement for Maintenance Classifications

A. Any changes necessary to conform the Training and Testing Agreement for Maintenance Classifications with the provisions of Paragraph I. of this Subsection will be made.

B. Provisions of the Training and Testing Agreement for Maintenance Classifications relating to Automotive Mechanics will be deleted and any other changes mutually agreeable to the Company and the Union will be made.

V. Manpower Development and Training Act

In order to serve the basic educational and training needs of employees and unemployed persons and thereby enhance their qualifications for job opportunities and advancement, the Company and the Union have been jointly involved in training programs under the Manpower Development and Training Act (MDTA). It is agreed that these efforts have been sufficiently beneficial to warrant continued exploration of these types of programs for further development under MDTA, other applicable laws and through other mutually agreed upon means.

**Subsection 5. Understanding On Apprenticeship Training**

I. Crafts Training Periods Job Classes

The crafts involved, the training periods and the job classes therefore are set forth in the Basic Labor Agreement. The Company may provide methods for advancement to craft status other than through the apprenticeship program.

II. Retention of Apprentices During Periods of Reduced Operations

Except where circumstances outlined in Paragraphs V.; F., G., and H. are currently applicable, an apprentice who has completed at least 25% of the total hours required to complete the apprenticeship program in which s/he is enrolled at the time that s/he would, by reason of the applicable seniority provisions, be laid off or demoted to a lower rated job, shall be afforded the opportunity to and be required to make a binding election either to:

A. be laid off, and recalled in accordance with all applicable seniority provisions; or

B. be placed in special training status and thereafter identified as Apprentice-Special Training and, in lieu of the rate of pay as would otherwise be determined under the Rate of Pay Section of the Agreement applicable to them, be paid at an hourly rate equal to 1/40 of the 110% of the sum of the state unemployment compensation and Weekly Benefits under the SUB Plan s/he would have received had s/he elected to be laid off without regard to any other SUB eligibility requirements, provided that for any week s/he is engaged in classroom and/or on-the-job type assignments for some but less than 40 hours, less any hours s/he did not participate in such assignments for reasons other than the failure of the Company to make such assignments available or for just cause.

## Section XVI: Joint Efforts (Cont.)

The provisions of the Agreement relating to Sunday premium and shift differential shall not be applicable.

- III. An Apprentice-Special Training will be entitled to the provisions of the Basic Labor Agreement, and will be normally scheduled for 5 consecutive, 8 hour days of training (classroom and/or on-the-job type assignments) per week. S/he will be expected to complete such daily and weekly hours of training which are maximums and will not be exceeded. Further, in weeks containing a holiday, an apprentice will not be scheduled for training on the holiday.
- IV. Such classroom and on-the-job assignments as s/he may be called upon to perform shall be consistent with the apprentice program in which s/he is enrolled provided, however, that such assignments shall not deprive any other employee of employment to which such other employees would otherwise be entitled.
- V. An apprentice who elects to be placed in such layoff training status will only be removed from such status for any of the following:
  - A. upon recall to active employment as an apprentice in accordance with the applicable seniority provisions,
  - B. upon satisfactory completion of his/her apprenticeship program,
  - C. upon suspension of the apprenticeship retention program due to a drop in the financial position of the SUB Plan below 35%,
  - D. upon unsatisfactory performance, including failure to report without just cause for scheduled hours of training,
  - E. upon changing his/her election with the mutual consent of Management,
  - F. upon the abandonment of the craft within any mine as the result of a shutdown of the mine, a portion thereof, or discontinuance of a product line,
  - G. upon the substantial reduction in the number of required craftsmen within any given craft as a result of technological changes in ore treatment processes, practices or equipment,
  - H. upon the mutual agreement between a representative of the corporate office of the Company and the International Union that such special training status within a given craft or crafts should be discontinued or suspended.

An apprentice who is removed from special training status in accordance with B., C., D., E., F., G., or H, as stipulated above will be placed on layoff and recalled in accordance with all applicable seniority provisions.

### **Subsection 6. Educational Assistance Policy**

#### **Purpose:**

The Company recognizes the importance of the educational/skills development of its employees. Educational /skills assistance is available to assist employees in obtaining additional education and skills training to improve their competence at their present jobs and to prepare for future advancement within the Bargaining Unit. In addition, eligible employees may take one course per year that will prepare the employee for advancement to a position in the Company outside the Bargaining Unit.

#### **Payment Policy:**

Upon approval of entry into an educational/skills program, the Company will pay one hundred percent (100%) of tuition, books, and laboratory fees, computer rental, and required supplies and equipment for regular full-time employees on courses of study initiated by the employee and taken in a recognized and approved educational institution and includes web based courses. Courses initiated at the Company's request will be paid by the Company. The courses of study must be intended to assist the employee in performing present duties or prepare the employee for future



responsibilities. Attendance must be after scheduled shifts and should not interfere with the employee's work schedule. In those courses of study which lead to certification or licensure, major course requirements must be completed before, if applicable, elective courses are taken.

1. An application must be completed and approved before courses are taken. Application forms are available in the Human Resources department.
2. Application for educational/skills assistance shall be approved by the employee's department Superintendent and the Human Resources department. Rejected applications will be forwarded to the Joint Committee for review and resolution.
3. Upon enrollment in an approved course or courses of study, the Company will reimburse the employee fifty percent (50%) of the tuition and fifty percent (50%) of the required books, and fifty percent (50%) of laboratory fees, and fifty percent (50%) of computer rental, and fifty percent (50%) of required supplies and equipment at the time of enrollment.
4. Upon successful completion of a course or courses of study, the Company will reimburse the employee for fifty percent (50%) of the tuition, and fifty percent (50%) of the required books, and fifty percent (50%) of laboratory fees, and fifty percent (50%) of computer rental, and fifty percent (50%) of required supplies and equipment, providing the following conditions are met:
  - a. Such applicants who may be entitled to and are receiving, G.I. Bill of Rights, or other educational aid programs may be reimbursed for one hundred percent (100%) of such costs over and above such aid.
  - b. Application must be made for educational/skills assistance before taking the course.
  - c. A grade of "C" or better must be obtained.
  - d. The course must be completed before educational assistance refund is made.
5. Payment for tuition, books, laboratory fees, computer rental and required supplies and equipment will be made only from properly receipted bills. Payment will not be made for unapproved elective courses and/or activity fees, library fees, parking fees, traveling expenses, tools.
6. After successful completion of a pre-approved course(s), a request for reimbursement along with required receipts and documentation shall be submitted to the Human Resources department. Upon approval, a reimbursement check will be requested by the Human Resources department.
7. Payments made under this plan may be subject to income tax and social security tax withholding.
8. Employees who voluntarily leave the service of the Company before completing their course of study shall not be entitled to receive educational assistance under the plan. No retroactive refunds shall be allowed for courses completed prior to the effective date of this plan.

#### **Subsection 7. Workforce Training Program**

1. Commitments
 

The Parties are committed to:

  - a. the Company's workforce being sufficiently skilled so that all Bargaining Unit Work can be performed in accordance with this Agreement by employees; and
  - b. Employees receiving sufficient training to allow for all reasonable opportunities to progress within the workforce and maximize their skills to the greatest extent possible.

Section XVI: Joint Efforts (Cont.)

2. Plant Training Committees

a. Appointment and Composition

The Parties shall establish a Plant Training Committee at each of the Company's facilities. The Plant Training Committee shall be composed of three (3) Union representatives who are employees of the Company and an equal number of Company representatives. The Company members of each Plant Training Committee shall include the Plant Manager, or his/her designee (who shall serve as the Company Chair). The Company Members of the Committee shall be selected and serve at the pleasure of the Plant Manager. The Union members of each Plant Training Committee shall include the Local Union President/Unit Chair (who shall serve as the Union Chair). The Union members of the Committee shall be selected and serve at the pleasure of the Local Union President/Unit Chair at the Plant.

b. Staff

Each Plant Training Committee shall have one (1) full time Training Coordinator who will be responsible for coordination and oversight of the Training Program. The Training Coordinator will be an employee selected by and serving at the pleasure of the Chair of the Union Negotiating Committee, in consultation with the Local Union President(s)/Unit Chair(s) at the Plant, subject to the reasonable approval of the Company. The Coordinators shall be compensated by the Companies in the amount of the appropriate wages, benefits and other fringe benefits s/he would have earned during his/her normal course of employment with the Companies but for this assignment.

3. Study of Workforce Training Needs

Within six (6) months of the Effective Date, each Plant Training Committee shall complete a report (Report) of the expected training needs of the workforce over the term of the Agreement, given the Commitments outlined in Paragraph 1. above. Such Report shall include Findings and Recommendations as described below.

a. Findings

- (1) an age and service profile and the anticipated attrition rates of the workforce over the life of the Agreement;
- (2) an assessment of the current skill requirements (both competencies and anticipated demand) of the Plant, the availability of such skills within the existing workforce and any training practices or programs necessary to assure that the workforce can meet the Plant's anticipated requirements;
- (3) an evaluation of the appropriateness of existing training programs and the necessity of developing additional training programs, giving due consideration to changing technology and future skill needs;
- (4) an examination of current overtime levels and an assessment of whether employees in certain positions are working excessive overtime;
- (5) an examination of methods by which productivity can be improved through additional training of employees;
- (6) an examination of the Plant's business plan, including projected capital spending, planned or potential new technology or technological change and other relevant factors over the term of the Agreement; and
- (7) an assessment of the work practices and the training practices at the Plant, as compared to those of other steel producers represented by the Union.

b. Recommendations

Based on its Findings, the Plant Training Committee shall develop a

comprehensive training program, including a detailed implementation plan and all necessary resources for administration, implementation, delivery and evaluation (Training Program) designed to, on a practical and timely basis, meet the commitments outlined in Paragraph 1. above, consistent with the workplace restructuring contemplated by this Agreement.

- c. Update  
Each year the Plant Training Committee shall prepare an Update that reviews the Findings and modifies them based on changed circumstances, measures the success of the Training Program against its objectives and modifies the Training Program accordingly.
  - d. Separate Statements  
The Report and each Update will include separate statements by the Parties with respect to any Finding or Recommendation as to which they disagree.
4. Action by the Chairs of the Negotiating Committee
    - a. Within thirty (30) days of receipt of the Report or an Update, the Chair of the Union Negotiating Committee and the Chair of the Company Negotiating Committee shall approve a Training Program or Update (including modifications upon which they can agree) or submit those matters on which they do not agree to the Cliffs Board of Arbitration, pursuant to procedures to be agreed upon by the Parties.
    - b. The dispute will be resolved on the basis of a final offer submission by the Parties at a hearing. The Board will determine which of the submissions best meets the Commitments outlined in Paragraph 1. of Subsection 7. above, in light of the Findings referred to in Paragraph 3.-a. above. The Board shall have the power to determine the procedures pursuant to which the hearing is conducted.
  5. Administration and Union Role
    - a. In accordance with Paragraph 1. of Subsection 7. and to facilitate the provisions of Paragraph 3.-b., each Plant Training Committee shall jointly oversee the administration and delivery of its Training Program, the expenditure of Company funds necessary for its operation and an annual audit of such activity.
    - b. In the event that the Union members of the Plant Training Committee propose that the Union or its designee take responsibility for any or all aspects of the administration, delivery or implementation of the Training Program, the Company members of the Committee shall give recognition to the special advantages that such Union responsibility would contribute to the Training Program, including but not limited to the knowledge of the Union concerning the Program and its development, the familiarity of the Union with the capabilities and learning styles of employees and the added credibility that Union responsibility would add to the program. Any dispute over aspects of the administration, delivery or implementation of the Program shall be a matter for resolution under Paragraph 7. below.
  6. Safeguards and Resources
    - a. The Company shall provide the members of the Plant Training Committee and the Training Coordinator with such training as is necessary to enable them to perform their responsibilities under this Section with a high degree of competence. Employee Participation in the Plant Training Committee shall normally occur during normal work hours. All meeting time and necessary expenses of the Plant Training Committee shall be paid for by the Company. The Company will pay necessary expenses and lost time in accordance with local Plant understandings.
    - b. Union members of the Plant Training Committee shall be entitled to adequate

Section XVI: Joint Efforts (Cont.)

opportunity on Company time to caucus for purposes of study, preparation, consultation and review, and shall be compensated in the same manner as set forth in Paragraph a. above. Requests for caucus time shall be made to the appropriate Company representative in a timely manner, and such requests shall not be unreasonably denied.

- c. To the extent that Company facilities are available and appropriate for Training Program activities, they will be made available.

7. Dispute Resolution

In addition to the matters covered by the dispute resolution procedure described in Paragraph 4. above, in the event that the Plant Training Committee is unable to reach agreement on any matter involving the Training Program, the Plant Training Committee shall appeal the matter to the Board, which shall apply the standard set forth in Paragraph 4.-b. to resolve such dispute. The further details of this procedure shall be as agreed to by the Plant Training Committee unless they are unable to reach such agreement, in which case they shall be determined by the Board.

**Subsection 8. Agreement on Pit Productivity Improvement (Cliffs Michigan Operations)**

The Union and the Company agree that improvement of mine productivity is a goal which can be achieved by a highly skilled efficient workforce. It is their purpose to accomplish the foregoing through the following actions:

A. Pit Standards and Performance Improvement Committee

Within thirty (30) days of the date the 1996 Basic Labor Agreement Reopener provisions are implemented, the parties will establish a Pit Standards and Performance Improvement Committee ("Committee") made up of five (5) representatives designated by the Local Union, at least two (2) of whom shall be experienced mine operating employees and two (2) of whom shall be experienced mine maintenance employees. An equal number of representatives shall be designated by the Company, two (2) of whom shall be experienced in mine operating supervision and two (2) of whom shall be experienced in mine maintenance supervision. The Committee will meet regularly and will receive required technical assistance from appropriate Company and Union resources.

B. Study of Pit Standards and Performance Improvement

The Committee shall be responsible for examining the present mine operating and maintenance standards and practices, considering such future changes in mine requirements as can be identified and developing the specific findings and recommendations described below:

1. Review practices utilized during hot relief shift change so as to reduce downtime on mine equipment to the absolute minimum commensurate with safe mining operations.
2. Review loading practices to determine best industry practices for truck and shovel/loader exchange times and truck spotting which can be continued and/or improved at the Michigan Mines.
3. Review the feasibility of modifying scheduled lunch and coffee breaks for pit mobile equipment operators so that continuous operations can be maintained and breaks taken during inherent delays.
4. Review preventive and breakdown maintenance practices to determine how to maximize equipment availability.
5. Review drilling and blasting practices to determine maximum drilling and explosives effectiveness.

6. Identify training requirements for employees to achieve maximum productive capability.
7. Review short and long term mine plans to add field input where possible to improve productivity and costs.
8. Determine employee training requirements to enable full implementation of the Operations and Productivity Improvement Plan.
9. Identify specific practices which will maximize equipment operation productivity such as, but not limited to, truck loading procedures, dumping procedures and operating speeds.
10. Maximize use and operator acceptance of pit dispatching technology.

C. Target Standards and Improvements

The following specific minimum goals are to be achieved by implementation of the Committee's recommendations and findings:

1. Mine productivity increased per mine operating and maintenance employee man-hour to at least \* tons of all material per hourly man-hour on an annual basis.
  - a. Equipment mechanical availability increased to at least \*% on an annual basis for all major mining equipment.
  - b. Hot relief delay time not to exceed twenty (20) minutes from last load to first load at shift change.
  - c. Cycle times without haul and dump (spot and load) improved by at least 20% from July 31, 1996 year-to-date performance.
2. Hourly employment cost per ton of all material reduced to \$.\* or less per ton.

\* Deleted information due to sensitivity of competitive information. Data is available to all employees and union officials when on Company premises with due regard for maintaining confidentiality within the mine.

The above standards shall be subject to periodic review and, if appropriate, revision to adjust for changes at the mine, such as but not limited to, deepening of the pit, capital improvements, changes in the business plan of the Company, changes in the mine plan, and other factors which may impact the standards.

D. Report of the Committee

The Committee shall report its findings and recommendations to the Mine General Manager, the President of Local 4950 or 4974 as applicable, and Chairmen of the Company and Union Negotiating Committee within sixty (60) days of the date of its establishment. In the event the parties cannot reach consensus on all findings and recommendations then they shall report such findings and recommendations upon which they do agree, and each party may make such findings and recommendations as it may deem appropriate separate and apart from those upon which they do agree. The Committee shall be dissolved after it reports its findings and recommendations.

E. Action by the Negotiating Committee Chairmen or Their Designees

Within thirty (30) days of receipt of the findings and recommendations of the Committee, the Chairmen of the Negotiating Committee may: (1) approve the agreed upon findings and recommendations of the Committee which shall then be implemented; (2) modify the findings and recommendations of the Committee as they may mutually agree and implement them; or (3) disagree, in whole or in part, with respect to any findings or recommendations submitted by the Committee. The application of this Agreement will not preclude either party from pursuing their existing rights and obligations under their collective agreement.

**Subsection 9. Training Opportunity**

A permanent notice will be posted at each property notifying employees of the opportunity to indicate an interest in receiving training for or preparing themselves for advancement to a specific job in accordance with the Seniority Section of the Basic Labor Agreement. A form for this purpose will be available in the mine office. Mine management will counsel with the employee regarding his/her aptitude for the job and the steps necessary to put themselves in a position to receive training and/or advancement to the job. If there is disagreement as to the advice given or the determination made in such counseling, the matter shall be subject to the grievance procedure. Where two employees with relatively equal qualifications are interested in the same job, the senior employee will have preference for training opportunities.

## SECTION XVII: SUPPLEMENTAL UNEMPLOYMENT

### BENEFITS PLAN

#### Subsection 1. Description of the Plan

The Supplemental Unemployment Benefit Plan effective September 1, 2012 (The Plan) is contained in a booklet entitled "Supplemental Unemployment Benefits Plan Effective September 1, 2012," a copy of which will be provided each employee. Such booklet constitutes a part of this Section as though incorporated herein.

#### Subsection 2. Coverage

- A. The Plan shall, for the period specified of in the termination provisions of this Agreement, be applicable to the employees, together with other employees represented by the Union.
- B. The Plan, without change, may be applicable to such other groups of employees of the Company who are entitled to overtime compensation on the basis of law, contract or custom as were covered on August 31, 2012, by the Prior Plan (the Supplemental Unemployment Benefit Plan in effect prior to September 1, 2012) and to any other such group, and under such conditions, as the Company and the Union may agree. Any modification of the Plan necessitated by the requirements of federal or state law shall also apply to such other groups to which it is applicable.
- C. There shall be one trust fund under the Plan applicable to all employees covered by the Plan, and any determinations under the Plan will be based on the experience with respect to everyone covered thereby.

#### Subsection 3. Reports to the Union

The Company will provide the Union with information on the forms agreed to by the parties and at the times indicated thereon, and such additional information as will reasonably be required for the purpose of enabling the Union to be properly informed concerning operations of the Plan.

## SECTION XVIII: SUB AND INSURANCE GRIEVANCES

The following procedure shall apply only to disputes concerning the Supplemental Unemployment Benefit Plan (SUB) and the Insurance Agreement (including the Program of Insurance Benefits (PIB)). The International Union shall have the right to file a grievance on behalf of a deceased employee with regards to SUB, the Insurance Agreement (including the PIB), and eligibility for and amounts of death benefits payable. Such proceedings will not apply to the person or persons named to receive such benefits.

If any difference shall arise between the Company and the employee as to the benefits payable to them

- A. pursuant to the SUB, or
- B. pursuant to the Insurance Agreement (including PIB), because his/her claim was denied in whole or in part, or between the Company and the Union as to the interpretation or application of or compliance with the provisions of the SUB or Insurance Agreement (including PIB), and such difference is not resolved by discussion with a representative of the Company at the location where it arises, it shall, if presented in writing under the following provisions, become a SUB grievance or an Insurance grievance (in either case hereinafter referred to as grievance) and it shall be disposed of in the manner described below:
  1. A grievance must, in order to be considered, be presented in writing within thirty (30) days after the action giving rise to such difference on a grievance form to be furnished by the Company which shall be dated and signed by the employee involved and the representative designated by the Local Union to handle such grievances and presented to a local representative of the Company designated to receive and handle such grievances.
    - a. A grievance relating to Short Week Benefits under the SUB must be presented within thirty (30) days after the date of the Short Week Benefit draft if the dispute relates to the amount of the benefit or within sixty (60) days from the end of the week in question if the dispute relates to eligibility for the benefit and
    - b. A grievance related to the Insurance Agreement (including PIB) must be presented within thirty (30) days after the earliest date on which the grievant knew or reasonably should have known of the action on which it is based.
  2. The grievance shall be discussed by such representatives within ten (10) days after it has been presented to the representative of the Company. Management will provide a record of the meeting (minutes).
  3. The representative of the Company shall note in the appropriate place on the form his/her disposition of the grievance, his/her reasons therefore, and the date thereof and shall return two copies of the form and the official minutes to the local representative of the Union within ten (10) days after the date on which it was last discussed by them.
  4. If the representative of the Local Union disagrees with the accuracy of the minutes as prepared by the Company, s/he shall set forth in writing and sign his/her reasons for such disagreement with the minutes. Except for such disagreement, the minutes shall be regarded as agreed to.
  5. Unless the grievance is appealed as set forth below within ten (10) days after the date of delivery of the disposition and minutes to the representative of the Local Union, it shall be deemed to have been settled.
  6. In order for a grievance to be considered further, written notice of appeal shall be served to a local representative of the Company designated to receive and handle such grievances within ten (10) days after receipt of the disposition and minutes described above, by the step 4 representative of the Union as defined in Section XI: Adjustment of



Grievances,. Such notice shall state the subject matter of the grievance, the identifying number and objections taken to the previous disposition.

7. A grievance which has been so appealed shall be discussed within thirty (30) days of such appeal by the designated step 4 representatives, in an effort to dispose of the grievance. Minutes and the disposition of the grievance shall be prepared by the representative of the Company, his/her reason therefore and the date thereof, shall be delivered to the step 4 representative of the Union within ten (10) days after the discussion is held.
8. The step 4 representative of the Union shall sign such minutes and shall deliver a copy to the representative of the Company or in the event s/he shall disagree with the accuracy of the minutes as prepared by the Company, s/he shall set forth in writing and sign his/her reasons for such disagreement. Except for such disagreement, the minutes shall be regarded as agreed to.
9. If the appeal from the action taken with regard to the grievance in accordance with the foregoing procedure is not made in the manner set forth below, the grievance shall be deemed to have been settled.
10. If the procedure described in Paragraphs 1 thru 8 has been followed with respect to a grievance and it has not been settled, it may be appealed to arbitration by the step 4 representative by written notice served on the certified representative of the Company described in Paragraph 1 above within twenty (20) days after the date of delivery of the minutes and disposition to the representative of the Union.

The decision of the arbitrator on any grievance, which has properly been referred to them, shall be final and binding upon the Company, the Union and all employees involved in the grievance.

## SECTION XIX: MILITARY SERVICE

### Subsection 1. Re-Employment

Employees, other than temporary employees, who enter the armed forces of the United States or who have left or who subsequent to the date thereof leave their positions for the purpose of being inducted into, enlisting in, determining their physical fitness to enter or to perform training duty in said armed forces, shall be reinstated in accordance with the applicable Federal statutes. A reasonable program of training shall be afforded to an employee who shall not be qualified to perform the work on the job which s/he might have attained, if s/he had not been absent in such service.

### Subsection 2. Leave For Study

An employee who is entitled to re-employment at any mine under the provisions of this Section and who desires to pursue a course of study in accordance with the laws of the United States granting them such opportunity, shall be granted a leave of absence for such purpose, provided s/he applies for such leave of absence at the time s/he makes application for re-employment as prescribed by law or within one year of his/her return to work, as the case may be. Such leave of absence shall not constitute a break in his/her length of continuous service and the period of such leave shall be included in his/her length of continuous service, if such employee shall report promptly for re-employment after the completion or termination of such course of study and if s/he shall at least once each year notify the Management and the Union in writing of his/her intention to return to work at such mine at the completion or termination of such course of study.

### Subsection 3. Disabled Veterans

An employee who is entitled to re-employment in accordance with the provisions of this Section and who has been disabled in the course of such service in the armed forces shall, during the period of such disability, be assigned without regard to the provisions of Section X. hereof relating to seniority to any vacancy which shall be suitable to his/her disability, provided that the disability of such employee is of such nature that it shall be onerous or impossible for them to return to his/her own job or department and provided further that s/he shall have the minimum physical requirements for the work available.

### Subsection 4. Vacations

If any employee who would otherwise have been entitled in any year to a vacation with pay under the provisions of Section VIII. of this Agreement shall during such year enter the armed forces of the United States before s/he shall have taken such vacation or been paid an allowance in lieu of such vacation and if s/he shall furnish to the Company at least fourteen (14) days' prior written notice of his/her intention to enlist, s/he shall be paid an allowance in lieu of such vacation equal to the amount of vacation pay which s/he would have been entitled to receive for the period of such vacation. Any employee who shall be re-employed under the provision of this Section and whose length of continuous service with the Company, determined as provided in Section X. of this Agreement shall qualify them for a vacation with pay in the year in which s/he shall so be re-employed shall receive such vacation with pay or a vacation allowance in lieu thereof irrespective of the date in such year on which s/he shall be so re-employed.

### Subsection 5. Military Encampment Allowance

An employee who attends **training** or a summer encampment of the Reserve of the Armed Forces or the National Guard shall be paid, for a period not to exceed **four (4)** weeks in any calendar year, the difference between the amount paid by the Government (not including travel, subsistence and quarters allowance) and the amount calculated by the Company in accordance with the following formula. Such pay shall be based on the number of days such employee would have worked, **up to a maximum of five (5) days per week, 20 total days per calendar year**, had s/he not been attending such **training** or encampment during such **four (4)** weeks (plus any holiday in such **four (4)** weeks which s/he would not have worked) and the pay for each such day

shall be eight (8) times his/her average straight-time hourly rate earnings (excluding shift differentials and Sunday and overtime premiums) during the last payroll period worked prior to the encampment. If the period of such training or encampment exceeds four (4) weeks in any calendar year, the period on which such pay shall be based shall be the first four (4) weeks s/he would have worked during such period.

**Subsection 6. Call to Active Duty from Guard or Reserves**

An employee who is a member of the National Guard or Reserves and is called to active duty and is in active pay status and working will receive a pay differential and continuation of certain benefits in accordance with Company policies on such matters while on an approved Military leave of absence from work.

## SECTION XX: SEVERANCE ALLOWANCE

### Subsection 1. Amount

Each employee of the mine whose employment is terminated by the Company as a result of the permanent closing of that mine (which permanent closing shall be promptly announced by the Company) and who at the time shall have a length of continuous service at the mine of three years, but less than five years, shall receive an allowance of four weeks' pay, each employee so terminated who at the time shall have a length of continuous service of five years, but less than seven years, shall receive an allowance of six weeks' pay, each employee so terminated who at the time shall have a length of continuous service of seven years, but less than ten years, shall receive an allowance of seven weeks pay, and each employee so terminated who at the time shall have a length of continuous service of ten years or more shall receive an allowance of eight weeks pay, all in accordance with the provisions and subject to the limitations herein set forth.

Before the Company shall finally decide to close permanently a mine or discontinue permanently a department of a mine or a substantial portion thereof it shall give the Union advance written notification of its intention. Along with it, the Company shall provide the Union with a detailed statement of the reasons for the proposed action and the information on which it is based. Without limiting the information to be provided under this paragraph, the Company shall furnish the Union, where available, and on a confidential basis, profit and loss statements for the operations that are the subject of the proposed action for the last 24 months of operations preceding it, studies or evaluations assessing the feasibility of continuing the operations, and a detailed breakdown of the costs of maintaining the operations. Such notification shall be given at least 90 days prior to the proposed closure date, and the Company will thereafter meet with appropriate Union representatives in order to provide them with an opportunity to discuss the Company's proposed course of action and to provide information to the Company and suggest alternative courses. Upon conclusion of such meetings, which in no event shall be less than 30 days prior to the proposed closure or partial closure date, the Company shall advise the Union of its final decision. The final closure decision shall be the exclusive function of the Company. This notification provision shall not be interpreted to offset the Company's right to lay off or in any other way reduce or increase the working force in accordance with its presently existing rights as set forth in Section IV. of this Agreement.

### Subsection 2. Eligibility

Length of continuous service of any employee with the Company shall be computed in accordance with the provisions of Section X. of this Agreement except that so much of any layoff occurring after the date of this Agreement as exceeds six months shall be deducted in computing such time. The amount payable for each week of severance allowance (with respect to the number of hours per week and the rate of pay), shall be computed on the same basis as is provided in the Section of this Agreement covering vacation pay in said year. The payment of a severance allowance to an employee shall be made in a lump sum, and upon such payment the employment and length of continuous service of the employee shall be terminated.

**Subsection 3. Disqualifications**

No employee shall be entitled to severance allowance hereunder if, at the time of such closing: (a) s/he shall be entitled to employment at another mine operated by the Company in the same seniority unit; (b) s/he shall be offered employment at a substantially equivalent or higher job classification at another mine managed by The Cleveland-Cliffs Iron Company on the same Range without loss of vacation rights; if s/he shall be offered employment at such other mine, without loss of vacation rights, in any job of a subsequent equivalent or higher job classification, s/he shall have the option of either accepting such employment, thereby waiving severance allowance, or receiving the severance allowance herein provided.

**Subsection 4. Other Disqualifications**

An employee shall not be entitled to a severance allowance hereunder if s/he shall be entitled to receive from the Company a pension or other allowance under any pension plan, or other agreement or law. If an employee shall be entitled to any discharge, liquidation, severance or dismissal allowance or payment of similar kind (not including statutory unemployment compensation) by reason of any law of the United States or of the state, the total amount of any such payment shall be deducted from the severance allowance to which s/he would be entitled hereunder.

**Subsection 5. Lay-Off Option**

Notwithstanding any other provision of this Agreement, an employee who would otherwise have been terminated in accordance with the applicable provisions of this Agreement and under the circumstances specified in this Section may at such time, elect to be placed upon layoff status for 30 days or to continue on layoff status for an additional 30 days, if s/he had already been on layoff status. At the end of such 30-day period s/he may elect to continue on layoff status or to be terminated and receive severance allowance if s/he is eligible to any such allowance under the provisions of this Section; provided, however, if s/he elects to continue on layoff status after the 30-day period specified above, and is unable to secure employment with the Company within an additional 60-day period, at the conclusion of such additional 60-day period, s/he may elect to be terminated and receive severance allowance, if s/he is eligible for such allowance. Any Supplemental Unemployment Benefit payment received by them for any period after the beginning of such 30- day period shall be deducted from any such severance allowance to which s/he would have been otherwise eligible at the beginning of such 30-day period. If an employee elects to continue on layoff status, s/he shall continue to be in such status notwithstanding the expiration or termination of this Agreement.

**Subsection 6. Age Discrimination**

Notwithstanding any other provisions of this Agreement, any severance allowance payable to an employee who is eligible for an immediate and unreduced pension shall be reduced by (a) the present value of the incremental pension benefits as defined below, and (b) the value of retiree health benefits as determined in accordance with the provisions of the Age Discrimination in Employment Act of 1967, as amended. As used in the preceding sentence, "the present value of the incremental pension benefits" shall be understood to mean the present value of the difference between (a) the total amount of pension payable to such employee prior to age 62; and (b) the portion of such pension not attributable to the occurrence of the contingent event of the permanent closure. The interest rates used to determine present value shall be the PBGC rates for single life annuities in effect for the month in which severance allowance would otherwise be paid.

## SECTION XXI: CORPORATE GOVERNANCE

### Subsection 1. Board of Directors

1. The Company and the Union acknowledge that every member of the Company's Board of Directors (Board, members of such Board, Directors) has a fiduciary duty to the Company and all of its stockholders.
2. The Company's Board has adopted a set of Corporate Governance Principles which specify criteria used in selecting candidates for the Board. Such criteria have been made known to the Union.
3. The Company agrees that the Union shall have the right, subject to the procedures described below and the Director's discharge of his/her fiduciary duties, to designate one (1) individual for consideration to serve on the Board.
  - a. The International President shall provide the Board's Chairperson with the name and resume of the individual whom s/he wishes to have serve on the Board.
  - b. Provided that the individual is acceptable to the Chairperson, such acceptance not to be unreasonably withheld, the Chairperson shall promptly recommend such individual to the Board's Corporate Governance and Public Policy Committee, who absent compelling reasons to the contrary, shall promptly recommend such individual to the full Board for election at its next meeting.
  - c. Once elected, the individual shall be recommended by the Board for election by the shareholders to serve a regular term at the Company's next Annual Meeting of Shareholders.
4. If after election, the individual becomes unwilling or unable to serve or the Union wishes to replace him/her the International President shall inform the individual and the Board's Chairperson and provide the Board's Chairperson with the name of a new individual whom s/he wishes to have serve on the Board and the process outlined above shall thereafter be followed. In such case the individual previously named by the International President shall be deemed to have undergone a significant change in his/her business or professional career and in accordance with the Company's Corporate Governance Principles, such individual shall volunteer to resign from the Board. If such resignation is not accepted, the individual shall no longer be considered to have been designated by the Union.
5. At the time that any person is nominated by the Union as provided in this Subsection 1., said nominee shall acknowledge in whatever fashion such acknowledgement is given by all of the Company's other Directors, that such nominee, if elected to the Board, would have a fiduciary duty to the Company and its stockholders.

### Subsection 2. Investment Commitment

1. The Company agrees to make the capital expenditures required to make the facilities covered by this Agreement world class and to maintain them as such.
2. The Union agrees to contribute to the competitiveness of the facilities and work with the Company to maintain the competitive nature of the facilities.
3. The Company agrees that no Plant covered by this Agreement will operate its facilities at other than full capacity, except during maintenance and repair outages, and directly or indirectly replace the product which could have been produced at such facilities with product obtained from other than Canadian or United States facilities that provide base wages, benefits and protections such as just cause and seniority that are substantially equivalent to those provided in this Agreement.
4. Without in any way limiting the generality of the foregoing, the Company agrees that it will make capital expenditures at the facilities covered by the Agreement of no less than

\$50.15 million (combined for Tilden and Empire) over the term of the Agreement, excluding spending on projects that substantially increase capacity or involve new product lines, with a material portion of such spending made in each year of the Agreement.

5. The Company will not pursue any transaction involving iron ore or iron ore related assets or steel or steel-related in North America without the approval of the USW.

**Subsection 3. Right to Bid**

1. Should the Company decide or be presented with a bona fide offer to sell or otherwise transfer a controlling interest in the corporate entity which owns one or more of its facilities covered by this Agreement, (a Controlling Interest) or all or a portion of one or more of its facilities covered by this Agreement (Facilities) (either or both, the Assets), it will promptly advise the USW in writing and grant to the USW the right to organize a transaction to purchase the Assets (a Transaction).
2. The Company will provide the USW with any information provided to other bidders so that the Union may determine whether it wishes to pursue a Transaction. All such information shall be subject to an executed Confidentiality Agreement.
3. The Company shall promptly notify the USW of the schedule and/or timetable for consideration by the Company of any possible transaction. The Company will provide the USW with the greater of (a) forty-five (45) days or (b) the time provided by the schedule and/or timetable given to other interested parties to submit an offer for the Assets, except in the case of an unsolicited offer for a controlling interest in the Company in which case the USW shall be provided with the time provided by the schedule and/or timetable given to other interested parties.
4. During the period described in Paragraph 3. above, the Company will not enter into any contract regarding the Assets with another party.
5. In the event that the USW submits an offer pursuant to the above, the Company shall not be under any obligation to accept such offer. However, the Company may not enter into an agreement with regard to the Assets with an entity other than the USW unless that transaction is superior to the USW offer. The Company may only deem a proposed transaction superior if its Board of Directors reasonably determines that such transaction is more favorable to the Company and/or its shareholders, taking into consideration such factors as price, form of consideration, certainty of payment, conditions precedent to closing, competitive factors, and other factors which influence which of the transactions is in the best interests of the Company and/or its shareholders.
6. This Subsection shall not cover any public offering of equity or the transfer of any assets between the Company and its wholly-owned subsidiaries.
7. The rights granted to the USW in this Section may be transferred or assigned by the USW but only on a Transaction specific basis and provided further, that:
  - a. in the event the person or entity to whom such right is transferred or assigned is a competitor of the Company, then the Company may reasonably manage the provision of confidential information to said entity;
  - b. the Union and such person or entity have entered into an agreement satisfying the successorship provisions of Section XXI., Subsection 5. of this Agreement; and
  - c. in the event of a transaction that does not involve a Controlling Interest and where the Company decides to only pursue, for legitimate business reasons, a transaction which will result in a sale of less than 100% of the Company's interest in the Assets, the USW's transferee or assignee must be reasonably acceptable to the Company.

**Subsection 4. Right To Bid Additional Provisions**

**EMPIRE**

In connection with the 2008 negotiations between the United Steelworkers ("USW") and Empire Iron Mining Partnership (the "Partnership"), the parties have reached the following "Right to Bid" understandings applicable to interests in the Partnership and in the Partnership's Mine:

1. In the event that a partner(s) in the Partnership (the "Selling Partner") proposes to sell or otherwise transfer Partnership Interests in a transaction which would be within the scope of Section XXI., Subsection 3.1 of the Basic Labor Agreement and the other partners in the Partnership have a right of first refusal to purchase such Partnership Interests in connection with such transaction, then notwithstanding Section XXI., Subsection 3.1 of the BLA the Selling Partner may proceed at its option in accordance with this Subsection 4.
2. If the Selling Partner chooses to proceed in accordance with this Subsection 4., it may negotiate with and enter into a sales contract (a "Sales Contract") with a purchaser for such Partnership Interests without complying with the terms of Section XXI., Subsection 3.1 of the BLA, provided that the Sales Contract shall be specifically subject to the USW's rights under this Subsection 4.
3. Upon entering into a Sales Contract, the Selling Partner shall provide notice to the USW (the "USW Notice") which shall include the identity of the proposed purchaser, a copy of the Sales Contract and other relevant information related to the terms of the proposed transaction.
4. The USW shall have the greater of (a) forty-five (45) days; or (b) the time provided by the schedule and/or timetable given to the proposed purchaser to submit an offer to purchase such Partnership Interests (a "USW Offer") during which period the Selling Partner shall not consummate the transactions contemplated by the Sales Contract. If the USW submits a USW Offer, the Selling Partner may consummate the transactions contemplated by the Sales Contract only if that transaction is superior to the USW Offer, as described in Section XXI., Subsection 3.5 of the BLA. During such period, the USW will be provided all of the information contemplated by Section XXI., Subsection 3.3 of the BLA.
5. The rights of the USW under this Subsection 4. shall be subject to the rights of first refusal with regard to the Partnership Interests held by partners of the Partnership other than the Selling Partner. In the event that any such partners exercise such a right of first refusal with regard to a Sales Contract or with regard to a USW Offer, the rights of the USW hereunder with regard to such Assets shall be of no force or effect. At the option of the Selling Partner, the period in which the other Partners have to exercise any such right of first refusal may occur prior to concurrently with or subsequent to the offer period given to the USW to exercise its rights under this Subsection 4.

**TILDEN**

In connection with the 2008 negotiations between the United Steelworkers ("USW") and the Tilden Mining Company L.C. (the "Company"), the parties have reached the following additional "Right to Bid" understandings applicable to interests in the Company and in the Company's Mine:

1. In the event that a member(s) in the Company (the "Selling Member") proposes to sell or otherwise transfer Company Interests in a transaction which would be within the scope of Section XXI., Subsection 3.1 of the Basic Labor Agreement and the other members in the Company have a right of first refusal to purchase such Company Interests in connection with such transaction, then notwithstanding Section XXI., Subsection 3.1 of the BLA the Selling Member may proceed at its option in accordance with this Subsection 4.



2. If the Selling Member chooses to proceed in accordance with this Subsection 4., it may negotiate with and enter into a sales contract (a "Sales Contract") with a purchaser for such Company Interests without complying with the terms of Section XXI., Subsection 3.1 of the BLA, provided that the Sales Contract shall be specifically subject to the USW's rights under this Subsection 4.
3. Upon entering into a Sales Contract, the Selling Member shall provide notice to the USW (the "USW Notice") which shall include the identity of the proposed purchaser, a copy of the Sales Contract and other relevant information related to the terms of the proposed transaction.
4. The USW shall have the greater of (a) forty-five (45) days; or (b) the time provided by the schedule and/or timetable given to the proposed purchaser to submit an offer for the Company Interests, from its receipt of the USW Notice to submit an offer to purchase such Company Interests (a "USW Offer") during which period the Selling Member shall not consummate the transactions contemplated by the Sales Contract. If the USW submits a USW Offer, the Selling Member may consummate the transactions contemplated by the Sales Contract, only if that transaction is superior to USW Offer, as described in Section XXI., Subsection 3.5 of the BLA. During such period, the USW will be provided all of the information contemplated by Section XXI., Subsection 3.3 of the BLA..
5. The rights of the USW under this letter shall be subject to the rights of first refusal with regard to the Company Interests held by Members of the Company other than the Selling Member. In the event that any such member exercises such a right of first refusal with regard to a Sales Contract or with regard to a USW Offer, the rights of the USW hereunder with regard to such Company Interests shall be of no force or effect. At the option of the Selling Members, the period in which the other Members have to exercise any such right of first refusal may occur prior to concurrently with or subsequent to the offer period given to the USW to exercise its rights under this Subsection 4.

**Subsection 5. Successorship**

1. The Company agrees that it will not sell, convey, assign or otherwise transfer, using any form of transaction, any plant or significant part thereof covered by this Agreement (any of the foregoing, a Sale) to any other party (Buyer), unless the following conditions have been satisfied prior to the closing date of the Sale:
  - a. the Buyer shall have entered into an agreement with the Union recognizing it as the bargaining representative for the Employees working at the plant(s) to be sold, and
  - b. the Buyer shall have entered into an agreement with the Union establishing the terms and conditions of employment to be effective as of the closing date of the Sale.
2. Change of Control is defined as (a) the purchase or acquisition by any person, entity or group, as these terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, of securities that constitute or are exchangeable for a majority of the common equity or securities entitled to vote in the election of directors of the Company; (b) a merger or consolidation in which the holders of the Company's common equity or securities entitled to vote in the election of directors immediately prior to such merger or consolidation hold less than fifty percent (50%) of such common equity or voting securities of the succeeding entity or of its ultimate parent immediately after such merger or consolidation; or (c) the sale of all or substantially all of the assets of the Company.
3. The Company agrees that it will not consummate any transaction resulting in a Change

Section XXI: Corporate Governance (Cont.)

of Control of the Company (a Transaction) unless the ultimate parent company of the entity which gains Control (Newco) has satisfied the following conditions prior to the consummation of the Transaction:

- a. Newco shall have recognized the Union as the bargaining representative for the Employees then employed by the Company;
  - b. Newco shall have provided the Union with reasonable assurances that it has both the willingness and financial wherewithal to honor the commitments contained in all of the agreements between the Company and the Union applicable to the Employees (All USW Agreements);
  - c. Newco shall have assumed All USW Agreements.
4. In addition, within the first sixty (60) days after the occurrence of a Change of Control, the Union shall have the sole right to either: (a) terminate the Agreement; or (b) extend the existing Agreement for three (3) years beyond its then scheduled expiration, with all terms and conditions in the Agreement extended for the three (3) year period, (including those scheduled to expire upon the Agreement's expiration) except that the Parties shall use final offer interest arbitration to determine economic improvements during the period of the extension. The Union shall have no obligation to exercise this right.
  5. This Subsection shall not apply to any transactions solely between the Company and any of its Affiliates, or to a public offering of registered securities.
  6. Notwithstanding the provisions of Section XXIV (Termination and Reopening), this Subsection shall expire one (1) year after the Termination Date.

## SECTION XXII. UNION SECURITY

### Subsection 1. Employment Security Plan

The parties recognize that employment security and productivity improvements must be inseparably linked in order for the Company to attain a level of sustained profitability. To that end, the parties conducted extensive discussions and analysis aimed at developing specific plans to more effectively utilize the acquired skills of employees thereby improving the overall productivity of the Company. The parties have agreed in general terms to those subject areas to be addressed and to implementation procedures. These agreements are set forth in separate documents.

#### A. Effective date

This Employment Security Plan (ESP) shall become effective at each mine for eligible employees, as defined in Paragraph C. below, on September 1, 2012.

#### B. Guarantee

1. Employees eligible for this ESP may not be laid off during the term of this Agreement except as provided below. If a disaster occurs, the ESP will be terminated. For the purpose of this Agreement, disaster is defined as:
  - a. Permanent shutdown of the mine or a substantial portion thereof.
  - b. Permanent shutdown of a blast furnace or basic oxygen furnace of a steel company partner/owner/customer of the mine.
  - c. Bankruptcy of a steel company partner/owner/customer where pellet supply obligations are rejected.
  - d. A petition in bankruptcy for reorganization or liquidation is filed, and the Court finds that it is necessary to reject this ESP Agreement and issues an order under the bankruptcy laws authorizing such rejection.
  - e. Severe financial difficulties short of bankruptcy filing. Such financial difficulties must represent a clear and present danger to the Company's viability. Disputes concerning this paragraph shall be subject to arbitration pursuant to a special emergency procedure to be agreed upon by the parties. Termination can occur only by mutual agreement of the parties or upon a finding by the arbitration, to be effective as of the date notice of termination was given by the Company, that the financial difficulty asserted by the Company does in fact represent a clear and present danger to the Company's continued viability.
  - f. A "customer" is defined as an integrated steel producer to whom there are anticipated sales of one million tons or more from the mine under a contract for the year in which pellet supply obligations are rejected in bankruptcy or when a blast furnace or basic oxygen furnace is permanently shut down.
2. In addition, in the event of a strike, or work stoppage by employees covered by the September 1, 2012 Basic Labor Agreement, the ESP will be suspended for the duration of such a strike or work stoppage.
3. In addition, in the event of a breakdown or outage, which is expected to last for four (4) weeks or more, the ESP may, by mutual agreement, be suspended for affected employees only, for the duration or outage.
4. In addition, in the event of:
  - a. A condition which results in the cessation or a significant decrease (20%-25% or more) in the rate of pellet production, including but not limited to a breakdown, outage, a strike or work stoppage by others, a natural disaster, or lack of business, which lasts for six (6) months or more; or
  - b. Reduction in pellet production in excess of one million tons a year due to a change

Section XXII: Union Security (Cont.)

in commercial market tonnage; or

- c. Pellet inventories of Cliffs **Natural Resources Inc.** or any other subsidiary companies (system-wide) in excess of four million tons for a period exceeding 90 consecutive days; then affected eligible employees may be laid off but only until normal operations are restored.

Exceptions 4.-b. and 4.-c. are not applicable if substantially all of the pellet production otherwise reduced or stockpiled is sold or transferred or otherwise used by another company.

5. In addition, in the event of a significant decrease in the level of mine operations which is expected to last less than six months, employees affected by the decrease in the level of mine operations and eligible for this ESP pursuant to Paragraph C. below may, by agreement of the Joint Leadership Committee, be temporarily scheduled on a thirty-two (32) hours a week basis; or, by mutual agreement, voluntary layoff may be implemented. Any implementation issues or procedures that arise under this paragraph will be addressed by the Joint Leadership Committee.
6. In the case of a permanent shutdown of a department or a substantial portion of a department, layoffs will be permitted but only in accordance with the following:
  - a. The appropriate local parties shall promptly meet and consider alternatives designed to provide employment to displaced workers, including assignment to non-traditional tasks, in accordance with agreed-upon procedures. Absent agreement, Subparagraph 6.-b. shall apply.
  - b. Displaced employees in such departments or displaced employees on occupations traditionally, routinely, and regularly dedicated to such departments, and displaced maintenance employees which are displaced from their line of progression as a result of a shutdown of the department or a substantial portion of the department (as the term "substantial portion" has historically been understood by the parties), shall be entitled to displace junior employees in accordance with existing local seniority agreements and/or practices. Displaced employees, including those displaced as the result of the exercise of bumping rights referred to in this subparagraph, may be laid off and, if laid off, shall have no entitlement to the protections of this ESP until they are subsequently recalled and become eligible for such protections pursuant to the provisions of this ESP.
  - c. Any local agreement which provides a greater measure of employment security than is provided for under this ESP shall continue in full force and effect.
7. The guarantee provided to active eligible employees by this ESP, except as provided in Paragraph B., Subparagraph 4., is defined as the opportunity to earn forty (40) hours of pay (including hours paid for but not worked, work opportunities declined by the employee, disciplinary time off, absenteeism, report-off for Union business but excluding overtime penalty pay and premium pay), during any payroll week. An eligible employee on approved leave of absence or medically laid off during any payroll week shall be considered as having been provided employment security during that week, it being understood that pay, if any, that such employee is entitled to receive while on approved leave of absence or medical layoff is that provided by applicable law or the labor agreement, not the earning opportunity set forth in the ESP.

C. Eligibility

1. All employees with at least three (3) years of continuous service and who are active as of the effective date of this Plan are eligible for the protection of this ESP. An active employee who does not have at least three (3) years of continuous service as of the effective date of this Plan shall be eligible for this ESP upon attaining three (3) years of continuous service, unless s/he is on layoff at that time, in which case s/he shall

become eligible when s/he returns to active employment. An employee with three (3) years of service and who is inactive as of the effective date of this Plan shall be eligible for this ESP upon his/her return to active status. Employees who are laid off in accordance with Paragraph B., Subparagraph 6. may become eligible for this ESP only when they return to work.

2. Any full-time employee hired after the effective date of this ESP shall be eligible for this ESP under its provisions upon attaining three years of continuous service, unless s/he is on layoff at that time, in which case s/he shall become eligible when s/he returns to active employment.

D. Transfer to Employment Security List

An employee who would have been laid off but for this ESP shall be placed on the Employment Security List (ESL).

E. Job Assignments from the Employment Security List

The local parties at each mine will mutually agree on the placement of employees who would have been laid off but for this ESP. Those agreements will be made part of the ESP and may not be changed except as agreed to by the Joint Leadership Committee.

F. Rate of Pay from Employment Security List

An employee transferred to the Employment Security List shall receive, while performing work on an Employment Security List assignment:

1. the established rate of pay, of the job performed, or
2. in the case of an assignment not falling within the description of an established job, the rate of pay determined by the Joint Leadership Committee; however, where the Joint Leadership Committee is unable to reach agreement, the rate of pay for such an assignment shall be standard hourly wage rate for the job with the lowest classification in the mine.

G. Voluntary Layoff Practices and Agreements

1. Upon the effective date of this ESP, all existing practices, agreements, or working conditions which permit voluntary layoffs will be continued. Future alternative agreements permitting voluntary layoffs may only be entered into the Joint Leadership Committee. In addition, no employee will be permitted to become entitled for a Rule-of-65 or 70/80 pension as a result of any voluntary layoff agreement. However, no employee who elected voluntary layoff shall be disqualified from or lose accrual toward a Rule-of-65 or 70/80 pension by reason of the preceding sentence if, while on such layoff, a triggering event occurs which precludes his/her return to active employment.
2. In addition to any other rights and obligations hereunder, the Company, may, without demonstrating a need for layoffs, offer a Voluntary Layoff Option (VLO) at any time according to mutually acceptable local agreement.

H. Existing Rights

Except as expressly provided in this ESP, nothing in the ESP shall interfere with, limit, detract from, or adversely affect in any way the rights and obligations of the parties set forth in other provisions of the Basic Labor Agreement. Moreover, the 2008 SUB Plan, as revised, and Earnings Protection Plans will continue for the duration of the September 1, 2012 Basic Labor Agreement.

**Subsection 2. Neutrality**

A. Introduction

The Company and the Union have developed a constructive and harmonious relationship built on trust, integrity and mutual respect. The parties place a high value on the continuation and improvement of that relationship.

Section XXII: Union Security (Cont.)

B. Neutrality

1. To underscore the Company's commitment in this matter, it agrees to adopt a position of Neutrality regarding the unionization of any employees of the Company.
2. Neutrality means that, except as explicitly provided herein, the Company will not in any way, directly or indirectly, involve itself in any matter which involves the unionization of its employees, including but not limited to efforts by the Union to represent the Company's employees or efforts by its employees to investigate or pursue unionization.
3. The Company's commitment to remain neutral as defined above may only cease upon the Company demonstrating to the arbitrator under Paragraph G below that in connection with an Organizing Campaign (as defined in Paragraphs C(1) through C(3) below) the Union is intentionally or repeatedly (after having the matter called to the Union's attention) materially misrepresenting to the employees the facts surrounding their employment or is unfairly demeaning the integrity or character of the Company or its representatives.

C. Organizing Procedures

1. Prior to the Union distributing authorization cards to non-represented employees at a facility owned, controlled or operated by the Company, the Union shall provide the Company with written notification (Written Notification) that an organizing campaign (Organizing Campaign) will begin. The Written Notification will include a description of the proposed bargaining unit.
2. The Organizing Campaign shall begin immediately upon provision of Written Notification and continue until the earliest of: (1) the Union gaining recognition under Paragraph C.4.(e) below; (2) written notification by the Union that it wishes to discontinue the Organizing Campaign; or (3) ninety (90) days from provision of Written Notification to the Company.
3. There shall be no more than one (1) Organizing Campaign in a bargaining unit in any twelve (12) month period.
4. Upon Written Notification the following shall occur:

(a) Notice Posting

The Company shall post a notice on all bulletin boards of the facility where notices are customarily posted as soon as the Unit Determination Procedure in Paragraph C.4.(c) below is completed. This notice shall read as follows:

\*NOTICE TO EMPLOYEES

We have been formally advised that the United Steelworkers is conducting an organizing campaign among certain of our employees. This is to advise you that:

1. The Company does not oppose collective bargaining or the unionization of our employees.
2. The choice of whether or not to be represented by a union is yours alone to make.
3. We will not interfere in any way with your exercise of that choice.
4. The Union will conduct its organizing effort over the next ninety (90) days.
5. In their conduct of the organizing effort, the Union and its representatives are prohibited from misrepresenting the facts surrounding your employment. Nor may they unfairly demean the integrity or character of the Company or its representatives.
6. If the Union secures a simple majority of authorization cards of the employees in [insert description of bargaining unit provided by the Union] the

Company shall recognize the Union as the exclusive representative of such employees without a secret ballot election conducted by the National Labor Relations Board.

7. The authorization cards must unambiguously state that the signing employees desire to designate the Union as their exclusive representative.
8. Employee signatures on the authorization cards will be confidentially verified by a neutral third party chosen by the Company and the Union."

Following receipt of Written Notification, the Company may only communicate to its employees on subjects which directly or indirectly concern unionization on the issues covered in the Notice set forth above or raised by other terms of this Neutrality Section and consistent with this Section and its spirit and intent.

(b) Employee Lists

Within five (5) days following Written Notification, the Company shall provide the Union with a complete list of all of its employees in the proposed bargaining unit who are eligible for Union representation. Such list shall include each employee's full name, home address, job title and work location. Upon the completion of the Unit Determination Procedure described in Paragraph C.4.(c) below, an amended list will be provided if the proposed unit is changed as a result of such Unit Determination Procedure. Thereafter during the Organizing Campaign, the Company will provide the Union with updated lists monthly.

(c) Determination of Appropriate Unit

As soon as practicable following Written Notification, the parties will meet to attempt to reach an agreement on the unit appropriate for bargaining. In the event that the parties are unable to agree on an appropriate unit, either party may refer the matter to the Dispute Resolution Procedure contained in Paragraph 7. below. In resolving any dispute over the scope of the unit, the arbitrator shall apply the principles used by the National Labor Relations Board.

(d) Access to Company Facilities

During the Organizing Campaign the Company, upon written request, shall grant continuous access to well-traveled areas of its facilities to the Union for the purpose of distributing literature and meeting with unrepresented Company employees. Distribution of Union literature shall not compromise safety or production or unreasonably disrupt ingress or egress or the normal business of the facility. Distribution of Union literature and meetings with employees shall be limited to non-work areas during non-work time.

(e) Card Check / Union Recognition

- (1) If, at any time during an Organizing Campaign which follows the existence of a substantial and representative complement of employees in any unit appropriate for collective bargaining, the Union demands recognition, the parties will request that a mutually acceptable neutral (or an arbitrator from the American Arbitration Association if no agreement on a mutually acceptable neutral can be reached) conduct a card check within five (5) days of the making of the request.
- (2) The neutral shall confidentially compare the authorization cards submitted by the Union against original handwriting exemplars of the entire bargaining unit furnished by the Company. If the neutral determines that a simple majority of eligible employees has signed cards which unambiguously state that the signing employees desire to designate the Union as their exclusive representative for collective bargaining purposes, and that cards were signed

Section XXII: Union Security (Cont.)

and dated during the Organizing Campaign, then the Company shall recognize the Union as the exclusive representative of such employees without a secret ballot election conducted by the National Labor Relations Board.

- (3) The list of eligible employees submitted to the neutral shall be jointly prepared by the Union and the Company.

D. Hiring

1. The Company shall, at any facility which it builds or acquires, give preference in hiring to qualified employees of the Company then accruing Continuous Service under the Agreement. In choosing between qualified applicants, the Company shall apply standards established by Section X., (Seniority) of the Agreement.
2. The hiring provision set forth above shall not apply where the employer for the purposes of collective bargaining is or will be a Venture (as defined in Paragraph E.1. below); provided, however, that in a case where a Venture could have an adverse impact on employment opportunities for then current employees, then the hiring provision set forth above shall apply to such Venture as well.
3. Before implementing Paragraphs D.1. and D.2., the Company and the Union will decide how this preference will be applied.
4. In determining whether to hire any applicant (whether or not such applicant is an employee covered by the Agreement), the Company shall refrain from using any selection procedure which, directly or indirectly, evaluates applicants based on their attitudes or behavior toward unions or collective bargaining.

E. Definitions and Scope of this Agreement

1. For purposes of this Section, the Company includes (in addition to the Company) any entity which is either an Affiliate or Venture of the Company.
2. An Affiliate shall mean any business enterprise that Controls, is under the Control of, or is under common Control with the Company. Control of a business enterprise shall mean possession, directly or indirectly, of either: fifty percent (50%) of the equity of the enterprise; or the power to direct the management and policies of said enterprise.
3. Venture shall mean a business enterprise in which the Company owns a material interest.
4. The Company agrees to cause all of its existing Affiliates and/or Ventures to become a party/parties to this Section and to achieve compliance with its provisions.
5. The Company agrees that it will not consummate a transaction which would result in the Company having or creating (1) an Affiliate or (2) a Venture, without ensuring that the New Affiliate and/or New Venture, above, agrees to and becomes bound by this Section.

F. Bargaining in Newly-Organized Units

Where the Union is recognized pursuant to the above procedures, the first collective bargaining agreement applicable to the new bargaining unit will be determined as follows:

1. The employer and the Union shall meet within fourteen (14) days following recognition to begin negotiations for a first collective bargaining agreement covering the new unit. In these negotiations the parties shall bear in mind the wages, benefits and working conditions in the most comparable operations of the Company (if any comparable operations exist), and those of unionized competitors to the facility in which the newly recognized unit is located.
2. If after ninety (90) days following recognition the parties are unable to reach agreement for such a collective bargaining agreement, they shall submit those matters that remain



in dispute to the Chair of the Union Negotiating Committee and the Chair of the Company Negotiating Committee, who shall use their best efforts to assist the parties in reaching a collective bargaining agreement.

3. If after thirty (30) days following the submission of outstanding matters the parties remain unable to reach a collective bargaining agreement, the matter may be submitted to final offer interest arbitration in accordance with procedures to be developed by the parties.
4. If interest arbitration is invoked, it shall be a final offer package interest arbitration proceeding. The interest arbitrator shall have no authority to add to, detract from or modify the final offers submitted by the parties, and the arbitrator shall not be authorized to engage in mediation of the dispute. The arbitrator shall select one or the other of the final offer packages submitted by the parties on the unresolved issues. The interest arbitrator shall select the final offer package found to be the more reasonable when considering (1) the negotiating guidelines described in Paragraph F.1. above, (2) any matters agreed to by the parties and therefore not submitted to interest arbitration and (3) the fact that the collective bargaining agreement will be a first contract between the parties. The decision shall be in writing and shall be rendered within thirty (30) days after the close of the interest arbitration hearing record.
5. Throughout the proceedings described above concerning the negotiation of a first collective bargaining agreement and any interest arbitration that may be engaged in relative thereto, the Union agrees that there shall be no strikes, slowdowns, sympathy strikes, work stoppages or concerted refusals to work in support of any of its bargaining demands. The Company, for its part, likewise agrees not to resort to the lockout of employees to support its bargaining position.

G. Dispute Resolution

1. Any alleged violation or dispute involving the terms of this Subsection may be brought to a joint committee of one (1) representative each from the Company and the Union. If the alleged violation or dispute cannot be satisfactorily resolved by the parties, either party may submit such dispute to the arbitrator. A hearing shall be held within ten (10) days following such submission and the arbitrator shall issue a decision within five (5) days thereafter. Such decision shall be in writing and need only succinctly explain the basis for the findings. All decisions by the arbitrator pursuant to this Subsection shall be based on the terms of this Subsection and the applicable provisions of the law. The arbitrator's remedial authority shall include the power to issue an order requiring the Company to recognize the Union where, in all the circumstances, such an order would be appropriate.
2. The arbitrator's award shall be final and binding on the parties and all employees covered by this Subsection. Each party expressly waives the right to seek judicial review of said award; however, each party retains the right to seek judicial enforcement of said award.
3. For any dispute under this Subsection and the interest arbitration procedure described in Paragraph F. above, the parties shall submit the matter to the Chairperson of The Cliffs Board of Arbitration.

**Subsection 3. PAC and SOAR Check Off**

- A. **The Company will deduct Political Action Committee (PAC) contributions for active Employees who have submitted authorization for such deductions from their wages and for retirees who have submitted authorization for such deductions from their pension. Such deductions shall be on a form reasonably acceptable to the Company and shall be promptly remitted to the Secretary-Treasurer of the USW PAC Fund.**

Section XXII: Union Security (Cont.)

- B. For retirees who are or wish to become members of the Steelworkers Organization of Active Retirees (SOAR) and who have submitted authorization for such deductions from their pension, the Company will deduct SOAR dues from their pension. Such deductions shall be on a form reasonably acceptable to the Company and shall be promptly remitted to the International Union Secretary-Treasurer.
- C. The Union shall indemnify the Company and hold it harmless against any and all claims, demands, suits and liabilities that shall arise out of or by reason of any action taken or not taken by the Company for the purpose of complying with the foregoing provisions of this Subsection 3, or in reliance on any list, notice, or assignment furnished under such provisions.

### SECTION XXIII: PRIOR AGREEMENTS

The terms and conditions established by this Agreement replace those established by the Agreement of **September 1, 2008**, effective as of September 1, **2012** except as otherwise provided in this Agreement.

Any grievance which as of the date of this Agreement has been presented in writing and is in the process of adjustment under the grievance procedure of the **September 1, 2008** Agreement may be continued to be processed under the grievance and arbitration procedures of this Agreement and settled in accordance with the applicable provisions of the applicable prior Agreement, for the period prior to the effective date of this Agreement and for any period thereafter in accordance with the applicable provisions of this Agreement.

Any grievance filed on or after the effective date of this Agreement which is based on the occurrence or non-occurrence of an event which arose prior to the date of this Agreement must be a proper subject for a grievance under this Agreement and processed in accordance with the grievance and arbitration procedures of this Agreement. Such grievance shall be settled in accordance with the applicable provisions of the **September 1, 2008** Agreement for the period prior to the effective date of this Agreement, and for any period thereafter in accordance with the applicable provisions of this Agreement.

**SECTION XXIV: TERMINATION AND REOPENING**

Except as otherwise provided below, this Agreement shall terminate at the expiration of sixty (60) days after either party shall have given written notice of termination to the other party but in any event shall not terminate earlier than **12:01 a.m. on October 1, 2015**.

If either party gives such notice, it may include therein notice of its desire to negotiate with respect to insurance, pensions, and Supplemental Unemployment Benefits (existing provisions or agreements as to Insurance, Pensions, and Supplemental Unemployment Benefits to the contrary notwithstanding), and the parties shall meet within thirty (30) days thereafter to negotiate with respect to such matters. If the parties shall not agree with respect to such matters by the end of sixty (60) days after the giving of such notice, either party may thereafter resort to strike or lockout as the case may be in support of its position in respect to such matters as well as any other matter in dispute (the existing agreements or provisions with respect to Insurance, Pensions, and Supplemental Unemployment Benefits to the contrary notwithstanding).

Notwithstanding any other provisions of this Agreement, or the termination of any or all other portions hereof, the Supplemental Unemployment Benefit Plan shall remain in effect until expiration of 120 days after written notice of termination served by either party on the other party on or after **November 2, 2015**. Any notice to be given under this Agreement shall be given by registered mail; be completed by and at the time of mailing; and if by the Company, be addressed to the United Steelworkers, 2829 University Avenue SE, Suite 100 Minneapolis, MN 55414 and if by the Union, to the Company in care of Cliffs Michigan Operations, at **200 Public Square, Suite 3300, Cleveland, Ohio 44114**. Either party may, by like written notice, change the address to which registered mail notices to it shall be given.

The foregoing Agreement was entered into between the Empire Iron Mining Partnership and the Tilden Mining Company L.C., doing business together as Cliffs Michigan Operations, by The Cleveland-Cliffs Iron Company, its Operating Agent, and the United Steelworkers, AFL-CIO, for the production and maintenance employees at Cliffs Michigan Operations, Marquette County, Michigan.

**UNITED STEELWORKERS,  
AFL-CIO**

**THE CLEVELAND-CLIFFS IRON COMPANY,  
as Operating Agent**

Leo W. Gerard  
Bob Bratulich  
Mike Bellmore  
John Rebrovich  
Jim Jarvi  
Mark Poirier  
Tony Lakenen  
Jack Drummond  
Wayne Johnson  
Ron Lovel  
Ann Beauchaine  
Chad Korpi  
Justin Richards  
Pete Heikkila

James R. Michaud  
Kenneth D. Simmons  
Eugene W. Bryant  
Lyle Goward

**APPENDIX A: Memorandum of Understanding  
Iron Ore Mining Pit Production Jobs**

Since the time the jobs were described and classified, there have been substantial changes in the size and technology of shovels, production trucks, bulldozers, rotary drills and front-end loaders used in mining activities. As a result the following direct mining and stripping production jobs shall be changed as follows:

**Production Truck Driver – Job Class 11**

<u>Truck Size (Manufacturers Rating)</u>	<u>Job Class Additive</u>
50 Tons and under	1 Job Class
Over 50 to and including 84 Tons	2 Job Classes
Over 84 to and including 150 Tons	3 Job Classes
Over 150 to and including 200 Tons	4 Job Classes
Over 200 to and including 300 Tons	5 Job Classes
<b>Over 300 Tons</b>	<b>6 Job Classes</b>

**Front-End Loader Operator – Job Class 10**

<u>Bucket Size</u>	<u>Job Class Additive</u>
5 cubic yards and under	1 Job Class
Over 5 to and including 12 cubic yards	3 Job Classes
Over 12 to and including 18 cubic yards	5 Job Classes
Over 18 cubic yards	8 Job Classes

Front-end Loader Operators who are utilizing a loader with a bucket size greater than 18 cubic yards as a shovel will be paid the Shovel Operator rate of Job Class 19.

**Shovel Operator - Job Class 17**

<u>Bucket Size</u>	<u>Job Class Additive</u>
5 cubic yards and under	1 Job Class
Over 5 to and including 25 cubic yards	2 Job Classes
Over 25 to and including 35 cubic yards	3 Job Classes
Over 35 to and including 45 cubic yards	4 Job Classes
<b>Over 45 cubic yards</b>	<b>5 Job Classes</b>

**Rotary Drill Operator - Job Class 10**

<u>Capacity (Drill Hold-Down Pressure)</u>	<u>Job Class Additive</u>
50,000 lbs. and under	1 Job Class
Over 50,000 to and including 100,000 lbs.	2 Job Classes
Over 100,000 lbs.	3 Job Classes

**Bulldozer Operator - Job Class 9**

<u>Size</u>	<u>Job Class Additive</u>
199 Horsepower and under	1 Job Class
Over 199 Horsepower to and including 499 Horsepower	3 Job Classes
Over 499 Horsepower	5 Job Classes

**Grader Operator - Job Class 9**

<u>Size</u>	<u>Job Class Additive</u>
199 Horsepower and under	1 Job Class
Over 199 Horsepower to and Including 499 Horsepower	3 Job Classes
Over 499 Horsepower to and Including 599 Horsepower	5 Job Classes
Over 599 Horsepower to and	6 Job Classes
Including 700 Horsepower Over 700 Horsepower	7 Job Classes

- II. (a) If at any location, the present Job Class is equal to or in excess of the above respective Job Classes, no additive application shall be made which would result in the rate of pay (for the category involved) being in excess of the rate resulting from the above guidelines for the particular equipment category involved.
- (b) Other variously titled jobs which operate the above equipment in the direct mining production cycle shall be reviewed by the parties for determination of the above principles.
- III. The parties will make the determination required under II. above as soon as practicable and shall promptly seek agreement as to the following types of seniority problems:
  - (a) Temporary assignment of employees from one job class to another within the above classifications to meet varying operating conditions.
  - (b) Possible initial realignment of employees within any of the above job classifications in accordance with applicable seniority provisions.
  - (c) Moves of the type described in a. and b. above are to be accomplished without seriously affecting the efficiency of the operation.
- IV. If the parties fail to reach agreement the Company shall install such arrangements as it deems proper under the above guidelines and the matters in dispute shall then be referred to arbitration for resolution.
- V. It is agreed that in determining equipment size or capacity, for additive application, the manufacturers' rating is to be used as the standard. However, if as a result of permanent type engineering modification the Company either decreases or increases such manufacturers' rating, then the new size or capacity rating shall apply. It is further agreed that various equipment loading factors (over loading and under loading) will not be considered in determining capacities for additive purposes.

**APPENDIX B: Memorandum of Understanding  
On Contracting Out Matters**

The following understandings have been agreed to regarding contracting out matters.

**1. LETTER AGREEMENT REGARDING EMPLOYEE HOURS OF PAY GUARANTEE.**

September 1, 2012  
Mr. Leo Gerard, President  
United Steelworkers  
Five Gateway Center  
Pittsburgh, Pennsylvania 15222

This will confirm our understanding that for the term of the September 1, 2012 Basic Labor Agreement a trade and craft employee in an iron ore operation working on a trade and craft job as defined in the CWS Manual shall be guaranteed 40 hours of pay per week at his/her SHWR so long as there are craft employees of contractors working in the plant on the same trade and craft functions and duties which would otherwise be performed by the employees for whom the guarantee is provided. This guarantee shall apply only to those trade and craft plant employees who receive less than 40 hours of pay in a week or who are on lay-off and would otherwise perform the work so long as they are available for work.

The 40-hour guarantee provided by the preceding paragraph shall be extended to trade and craft helpers and to employees occupying maintenance non-craft jobs in Job Class 6 and above who would otherwise have been assigned to work with the trade and craft employees for those hours to which the 40-hour guarantee is applicable under the preceding paragraph.

Yours very truly,

/s/ Kenneth D. Simmons  
General Manager – Labor & Employee Relations  
On behalf of The Cleveland-Cliffs Iron Company,  
as Operating Agent for Empire Iron Mining Partnership and  
Tilden Mining Company L.C.

**2. SUPPLEMENTAL UNDERSTANDING REGARDING CONTRACTING OUT**

The Company and the Union agreed in the December 1, 1987 Basic Agreement in Appendix E as to contracting out various work. It is agreed that the status quo will be maintained with respect to that agreement for the term of the successor Basic Agreement and that the parties will use as guiding principles their agreements and results of arbitration for purposes of future contracting out decisions.

United Steelworkers

The Cleveland-Cliffs Iron Company as  
Operating Agent for  
Empire Iron Mining Partnership and  
Tilden Mining Company L.C.  
doing business together as  
Cliffs Michigan Operations

By:/s/Robert J. Bratulich  
Title: Director - District 11

By:/s/Kenneth D. Simmons  
Title: General Manager  
—Labor & Employee Relations

Date: September 1, 2012

Date: September 1, 2012

**3. WORK, I.E., "AS IS, WHERE IS"**

September 1, 2012

Mr. Robert J. Bratulich  
Director - District 11  
United Steelworkers  
2829 University Avenue SE, Suite 150  
Minneapolis, MN 55414

Re: Letter Agreement on Work, i.e., "As Is, Where Is"

Dear Mr. Bratulich:

This will confirm our understanding that an "As Is, Where Is," sale of assets is a legitimate commercial transaction that is a business decision not designed to deprive bargaining unit employees of work assignments.

If such sale of assets involves the use of a vendor or contractor to perform a service (i.e., scrap preparation) and such assets are subsequently returned for use or sale by the Company, such transaction shall be considered as contracting out and subject to the provisions of Section II., Subsection 6. of this Agreement.

Sincerely,

THE CLEVELAND-CLIFFS IRON COMPANY  
AS OPERATING AGENT FOR  
EMPIRE IRON MINING PARTNERSHIP AND  
TILDEN MINING COMPANY L.C.  
DOING BUSINESS TOGETHER AS  
CLIFFS MICHIGAN OPERATIONS  
/s/Kenneth D. Simmons  
General Manager—Labor & Employee Relations

Confirmed:

/s/Robert J. Bratulich  
Director - District 11

**4. ACCUMULATION OF WORK**

September 1, 2012

Mr. Robert J. Bratulich  
Director-District 11  
United Steelworkers  
2829 University Avenue SE, Suite 150  
Minneapolis, MN 55414

Re: Change to Section II, Subsection 6- B-1-b., M.P.28 (1999 Agreement)

(Michigan)

Dear Mr. Bratulich:

During negotiations leading to the August 1, 1999 contract, the Parties agreed to modify the above-referenced contract language by adding a sentence dealing with the accumulation of work. This will confirm our understanding that such language relates only to the Concentrator Line rebuilds outstanding as of the date of that Agreement.



Very truly yours,  
/s/Kenneth D. Simmons  
General Manager—Labor & Employee Relations

The Cleveland-Cliffs Iron Company as  
Operating Agent For  
Empire Iron Mining Partnership and  
Tilden Mining Company L.C.  
doing business together as  
Cliffs Michigan Operations

Confirmed:  
/s/Robert J. Bratulich  
Director-District 11  
United Steelworkers

**5. MAJOR REPAIR OR MAJOR REBUILDS**

**A. Purpose**

For the term of the September 1, 2012 Collective Bargaining Agreement the following agreement will establish a process for assigning work to the bargaining unit and determining work to be contracted out during Major Repairs and Major Rebuilds of certain equipment as defined below.

The local parties at each mine and plant will meet to negotiate a Major Repair or Major Rebuild Agreement to cover that facility for the term of the labor agreement. If the local parties are unable to reach agreement, the following will apply.

**B. Major Repairs or Major Rebuilds Defined**

a. Major Plant Repair or Major Rebuild (as these terms have been historically understood) is defined as an outage involving either a kiln line or Empire IV concentrating line(s) or roll press.

**C. Pre-Major Repair or Major Rebuild Work Review**

The Company will identify and provide the Union Contracting Out Committee a detailed description of the work to be performed during the Major Repair or Major Rebuild and the length of the outage. The notice shall include a listing of crafts or occupations involved and the duration of the work. The notice shall further include an estimate of the man-hours for each of the various crafts and occupations involved.

**D. Work Schedules for Bargaining Unit Employees**

The Company and Union shall jointly discuss work schedules for employees during the Major Repair or Major Rebuild. Without limiting the right of the Company to require overtime, all affected employees will be offered overtime up to sixty eight (68) hours per week (unless the parties otherwise agree) while contractors are on the property. Employees may volunteer for additional hours if so requested.

Appendix B (Cont.)  
Memorandum of Understanding on Contracting Out Matters

E. Allocation of Work

Using the number of man hours available from affected crafts and occupations, the Company and Union shall jointly select the work in the Major Repair or Major Rebuild that will be performed by the bargaining unit, provided (a) such work is work that bargaining unit members are capable of performing; and (b) provided further that the division of work shall, subject to the provisions of this agreement including Paragraph D., and to the greatest extent practicable, divide the work so that composite crews of bargaining unit and contractor employees are not created; and (c) allocation shall be made without reference to rights and obligations acquired during the first five (5) years of operations or arbitration decisions from cases heard prior to this agreement; and (d) the Company retains the right to decide disagreements; and (e) the Union retains the right to grieve (and both parties the right to arbitrate in the expedited contracting out procedure) the work allocation to the bargaining unit; and (f) all remaining work may be performed by contractors.

F. New or Additional Work

Should the Company add new or additional work to the Major Repair or Major Rebuild based upon the discovery that such work is required during the course of the Major Repair or Major Rebuild, the Company shall notify the Contracting-Out Committee of such work and discuss it with the Committee. The Company will consider suggestions as to the reallocation of bargaining unit members to perform such work recognizing that this reallocation of hours may require the work formerly assigned to the bargaining unit, to be performed by contractors until such time bargaining unit employees are available.

G. Post Major Repair or Major Rebuild Work Review

The Contracting-Out committee will, on the completion of the Major Repair or Major Rebuild, review the performance of the work for man-hours used, additional or new work discovered, planning problems and contractor performance.

H. Intent as to Work force

It is not the intent of this Agreement to permit fulltime contractors to be on the premises. The Company has indicated its intention to reduce its headcount levels through attrition (which is defined as an employee who quits, dies or retires) by the use of this Agreement. If the Company is using contractor employees on a continuous basis (where total hours worked by employees of contractors inside the plant reach or exceed the equivalent of one (1) full time employee, defined as forty (40) hours per week over a period of time sufficient to indicate that the work is full time,) in lieu of permanent hourly employees as a result of this Agreement, then the Company will add hourly employees to replace such contractor employees.

a. The parties agree that the Union may at any time enforce the obligations described above, irrespective of the Company's compliance with any other obligation in this Section or any other part of the Agreement, and that an arbitrator shall specifically require the Company to meet the above Commitment, including imposing hiring orders and penalties.

b. The Company shall supply the Union Contracting Out Committee with all requested information regarding compliance with these Commitments.

I. Other work

Other work not defined by Paragraph B. of this agreement is subject to the provisions of the Contracting out language in the Basic Labor Agreement.

J. Local Agreements

The local parties may deviate from this Agreement by mutual agreement.

6. MISCELLANEOUS CONTRACTING OUT AGREEMENT

The Company and Union agree to the following matters as a supplement to their agreement on contracting out:

A. Surge Maintenance Work

Surge Maintenance Work is that portion of maintenance and repair work which is required by bona fide operational needs performed on equipment where the Company temporarily uses contractors to supplement bargaining unit forces and where: (a) the use of contractors would materially reduce the downtime of the equipment; and (b) the work cannot reasonably be performed by bargaining unit forces.

The Company may use contractors to perform Surge Maintenance Work provided that the Company has offered all reasonable and appropriate requested overtime to all qualified bargaining unit employees who, by working such overtime, could reduce the amount of Surge Maintenance Work performed by contractors in an efficient manner.

B. It is not the intent of this Agreement to permit fulltime contractors either on or off premises. The Company has indicated its intention to reduce its headcount levels through attrition (which is defined as an employee who quit, dies or retires) by the use of this Agreement. If the Company is using contractor employees on a continuous basis (where total hours worked by employees of contractors inside or outside the plant reach or exceed the equivalent of one (1) full time employee, defined as forty (40) hours per week over a period of time sufficient to indicate that the work is full time,) in lieu of permanent hourly employees as a result of this Agreement, then the Company will add hourly employees to replace such contractor employees.

(1) The parties agree that the Union may at any time enforce the obligations described above, irrespective of the Company's compliance with any other obligation in this Section or any other part of the Agreement, and that an arbitrator shall specifically require the Company to meet the above Commitment, including imposing hiring orders and penalties.

(2) The Company shall supply the Union Contracting Out Committee with all requested information regarding compliance with these Commitments.

C. Status Quo on Agreed to Contracting Out Lists

The status quo will be maintained as to the work the parties have mutually agreed may be contracted out under the Predecessor Basic Labor Agreement or Local Agreements. Where the status quo and the terms of this agreement are in conflict, the status quo shall prevail.

The parties may mutually agree to amend agreed to work during the term of this Agreement.

D. Letter Agreement Regarding Employee Hours of Pay Guarantee

The Letter Agreement Regarding Employee Hours of Pay Guarantee will be continued.

E. Letter Agreement on Work, i.e., "As is, Where is"

The Letter Agreement dealing with "As is, Where is" of work will be continued.

F. Letter Agreement on Accumulation of Work

The Letter Agreement on Accumulation of Work will be continued.

G. Non-Core Work

The Company may contract out janitorial work, grounds keeping, and paved access road maintenance service and parking lot service as the number of current incumbents performing such work is reduced by attrition and provided there are no employees on layoff at the time. Further, light duty employees will continue to perform janitorial work when their restrictions limit them to this work. Attrition is defined as any voluntary permanent move of a current incumbent from such job, as well as leaving the workforce. Work so contracted out shall not be considered subject to the Contracting Out provisions.

## APPENDIX C: Operations and Maintenance Productivity Improvement Agreement

The parties are aware that intense domestic and international competition in steel, including that of electric furnace mini-mills and Asian and Central-European suppliers of steel products, demands aggressive steps to allow the Company to remain a supplier to a viable domestic integrated-mill steel industry. The Company can only attract capital from its owners for necessary improvements so long as productivity improvements and other cost reductions resulting from those investments to justify the investment. Investment alone, however, will not ensure competitive, high quality products. The parties agree that even though Company employees have made contributions to improve productivity, much more must be accomplished. The way that work has traditionally been performed must change in order to ensure the future viability of the Company and enable it to provide its employees the quality of life they deserve. Employees must be less restricted and more flexible in the performance of their jobs. Employees will be required to function as they have not been required in the past. Accordingly, the parties have agreed to jointly develop means by which to maximize the effective utilization of the work force and equipment through implementing new and innovative approaches to the way work is performed which include, but are not limited to, the following commitments set forth in this Agreement:

### Multi-Skill Utilization

Company craftsmen who are capable (has current skills) in craft skills that historically have been predominantly performed by employees in another craft such as welders, plant repairmen, maintenance mechanics, auto mechanics, electricians, electronic repairmen and electronic technicians will be available to perform the work for which they are capable in these crafts. In addition, additional training may be provided to add to the skill set of craftsmen. This flexibility will help the Company meet its operating and maintenance needs, without being hampered by any past practice restriction and allowing the Company to meet changing or varied operating and maintenance conditions.

### Operations Positions Overlap, Craft Assist, and Craft Overlap

The operations position overlap, craft assist, and craft overlap lists below were agreed to by the parties to help achieve the productivity improvements envisioned by this Agreement. The lists are not intended to be all-inclusive or intended to restrict the parties from being innovative or creative in finding other ways to improve productivity.

#### OPERATIONS POSITION OVERLAP

##### MOBILE EQUIPMENT OPERATORS, SHOVEL OPERATORS AND DRILLERS:

After proper training will perform minor maintenance and assembly activities such as but not limited to:

- Use cutting torch
- Assist in changing shovel trip cables
- Assist in change out of hoist and suspension cables
- Assist in changing cutting edge on dozers, graders, and loaders
- Replace headlights and other lights on pit equipment
- Assist in changing shovel and loader bucket teeth and dozer ripper teeth
- Perform minor mechanical adjustments on equipment
- Make minor adjustments to door handles, door panels, mirrors, etc.
- Replace fuses on 12-volt systems
- Replace wiper blades
- *Provide assistance to maintenance personnel as required in the repair of equipment*

Appendix C (Cont.)  
Operations and Maintenance Productivity Improvement Agreement

- Gang tool boxes will be installed on supervisor pickups for use of by bargaining unit employees
- Mobile Crane Operators will assist maintenance employees in repair, maintenance and change out/installation of equipment when not performing Crane Operator duties
- Utilize computers and other technology as tools of the job as required (For example, data entry and retrieval; job-related problem solving)

CRUSHER, CONCENTRATOR, AND PELLET PLANT ATTENDANTS/OPERATORS:

After proper training will perform minor maintenance and assembly activities such as but not limited to:

- Use cutting torch
- Adjust pump packing
- Adjust scrapers
- Adjust or replace skirting
- Remove/Install spray nozzles
- Tighten leaking mill liner bolts
- Remove and replace spray bars, and associated integrated systems piping and valves
- Replace dust filters as required
- Perform lubrication work such as changing oil filters, check reducer levels, change empty grease barrels, add oil to trunnion lube system, etc.
- Perform minor mechanical repairs such as changing V-belts, small pump motors, and taking samples
- Replace 110 volts light bulbs and 110 volt or less indicator bulbs
- Provide assistance to maintenance personnel as required in repair of equipment
- Utilize computers and other technology as tools of the job as required

ALL DEPARTMENTS:

After proper training, operators of service and small fleet vehicles will jump start vehicles, change small vehicle tires, and perform routine upkeep of service and small fleet vehicles including adding fluids, changing wiper blades, bulbs, batteries, buggy whips, buggy whip lights, headlights, tail lights, fuses, handles, etc.

MAINTENANCE POSITION OVERLAP

CRAFT ASSIST

After proper training, on any particular assignment, a craft employee may be assisted by one or more craft employees from another craft. In all cases, craft employees performing assist work must be adequately trained to safely perform the work. This craft assist provision does not mean that craft employees cannot work alone and it does not constrain craft overlap and multi-skill utilization as described herein.

CRAFT OVERLAP

WELDERS:

After proper training, will perform the following functions in addition to those normally performed by their craft.

- Perform minor repair to service and small fleet vehicles (See Exhibit A for detail)
- Perform facility maintenance in shop areas\*
- Mechanically remove and replace chute probes and zero speed units to perform assigned maintenance

- Replace ends on welders and welding leads
- Remove and replace chute liners and guards to facilitate assigned work
- Perform equipment/steam cleaning required to facilitate a job
- Utilize computers and other technology as tools of the job as required
- Perform other work they are capable of performing

**MAINTENANCE MECHANICS AND PLANT REPAIRMEN:**

After proper training, will perform the following functions in addition to those normally performed by their craft.

- Perform welding, minor fabrication and cutting with electric arc equipment
- Disconnect and reconnect 550 volt or less motors that have plug connectors
- Perform minor repair to service and small fleet vehicles (See Exhibit A for detail)
- Perform Mason work at Mason rate of pay or their normal rate of pay, whichever is higher
- Mechanically remove and replace chute probes and zero speed controls to perform assigned maintenance
- Replace shovel, loader and backhoe teeth
- Perform equipment/steam cleaning required to facilitate job
- Perform equipment radio repair such as replacing antennas or fuses
- Perform carpentry work as required at the carpenter rate of pay or their normal rate of pay, whichever is higher
- Replace ends on welders and welding leads
- Remove and replace resistance temperature devices
- Utilize computers and other technology as tools of the job as required
- Perform other work they are capable of performing

**ELECTRONIC REPAIRPERSON / ELECTRONIC TECHNICIAN:**

After proper training, will perform the following functions in addition to those normally performed by their craft.

- Perform minor repair to service and small fleet vehicles (See Exhibit A for detail)
- Remove and replace guards to facilitate work
- Perform facility maintenance in shop areas\*
- Perform equipment/steam cleaning required to facilitate job
- Radio repair to be performed by any Electronic Repairperson regardless of department
- Install 110-volt power to instruments
- Repair/replace scale idlers and perform scale alignment
- Replace electric motors in conjunction with electronic repair assignments
- Perform welding, minor fabrication and cutting with electric arc equipment
- Use torch for heating and minor cutting
- Remove and replace sheaves, belts and couplings, align couplings
- Rack out of 4160 volt equipment
- Utilize computers and other technology as tools of the job as required
- Perform other work they are capable of performing

**ELECTRICIAN / Including ELECTRONIC TECHNICIAN:**

After proper training, will perform the following functions in addition to those normally performed by

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their craft.

- Perform welding and minor fabrications
- Connect and disconnect motor/bearing resistance temperature devices as required
- Use torch to heat sheaves, bearings, pinions, couplings and other shaft mounted components for installation and removal. Perform minor cutting
- Perform minor repair to service and small fleet vehicles (See Exhibit A for detail)
- Connect/disconnect and replace thermocouples on off shift
- Perform work on the 24 volt system on production trucks without having an Automotive Mechanic present (See Exhibit B for detail)
- Perform equipment/steam cleaning required to facilitate job
- Perform facility maintenance in shop areas\*
- Assist MMG's and plant repairmen in all work associated with change out of electric motors such as uncouple, unbolt, rig, align, etc.
- Remove and replace sheaves, belts and couplings, align couplings
- Replace (bolt and unbolt) motors, exciters, blowers, etc. in conjunction with electrical assignments
- Utilize computers and other technology as tools of the job as required
- Perform other work they are capable of performing, including but not limited to Electronic Repair functions

AUTOMOTIVE MECHANICS:

After proper training, will perform the following functions in addition to those normally performed by their craft.

- Perform heating and burning with oxy-acetylene and/or propane in conjunction with jobs normally assigned to them
- Perform electric arc welding and minor fabrication (See Exhibit C for detail)
- Hook up and disconnect wheel motors and exciters when change out is required
- Perform equipment/steam cleaning required to facilitate job
- Perform minor building equipment repairs (See Exhibit D for detail)
- Perform facility maintenance in shop areas\*
- Repair all components on hydraulic crawler backhoes, mobile cranes. Maintenance Mechanics may also perform this work with the exception of engines
- Utilize computers and other technology as tools of the job as required
- Perform other work they are capable of performing

FOOTNOTES

For All Crafts and Plant Attendants:

- Facility Maintenance includes the following types of assignments changing light bulbs (110 V or less), when no electrical line truck required, maintaining man doors and doorknobs, grinders, tool lockers, non-skilled painting, installing ceiling tiles, installing portable air conditioners, etc.

The Company shall have no greater right to eliminate posted jobs than it currently has as a result of this Agreement.

The two (2) job class additives for craftsmen will be continued.



**EXHIBIT A**

Maintenance Mechanics, Plant Repairmen, Electricians, Electronic Repairmen and Welders will perform minor repairs on service and small fleet vehicles as follows:

After proper training, work that could be done by Maintenance Mechanics, Plant Repairmen and Welders would include but not be limited to the following items:

1. Change Out (C/O) Tires – Up to ¾ Ton Trucks, not on Cranes
2. C/O Windshield Wipers
3. C/O Lights - Including Headlights, Taillights, Buggy Whips
4. C/O Seats
5. C/O Batteries
6. Jump Starting
7. Tighten Loose Nuts and Bolts.
8. Hydraulic Systems - From the Pump Back Including Troubleshooting, C/O Hoses and Fittings, Cylinders Control Valves and Levers, Booms, Outriggers, Hooks, Etc.
9. C/O Fuses

Items that MM's and Plant Repairmen would specifically not work on, unless they are capable:

1. Engine
2. Transmission and Drive Train
3. Brakes
4. Automotive PM – Fluid and Filter Changes
5. Body Work
6. Suspensions

Also, Electricians and Electronic Repairmen could do the same work listed above for the MM's except:

1. Hydraulic Work
2. However, electricians could work on service and small fleet 24V system (lighting circuits, fuses, non-engine control)

Work generally would be limited to minor, running repairs or modifications. Trucks in the MSB Shop for PM's would be worked on by Automotive Mechanics. Trucks in Shop for major repairs would be worked on by Automotive Mechanics.

**EXHIBIT B**

Electricians/Electronic Technicians Working on the 24-Volt System:

Electricians will be able to work on the 24-volt system on the production trucks without having them assigned to the 24-volt system along with an Automotive Mechanic. Current practice is that an Electrician will only work on the 24-volt system with an Automotive Mechanic to assist in locating a problem.

Examples of work to be done:

1. 24-volt system portion of the production truck PM
2. Troubleshoot reported problems associated with the 24-volt system
3. Complete all repairs on 24-volt system after the problem has been located, including:  
Repairs to wiring to on the dash warning system lights, any and all control wiring, wiring to and from truck microprocessors, wiring to and from sensors in the DDEC engine monitoring system, wiring and change out of the electronic control modules in DDEC, change out of any dash lights, light bulbs, switches (pressure, flow, etc.), repair wiring to clearance, head, tail brake and back-up lights, repair any wiring to and from the batteries and battery charging alternators, and change out batteries and change out battery charging alternators.

This would not preclude Automotive Mechanics from also being assigned to work on the 24-volt system either with or without an Electrician being present. Assignments to Automotive Mechanics could include any and all work that they presently perform on the 24-volt system.

EXHIBIT C

Employees in the Automotive Mechanic classification will perform electric arc tack welding and minor fabrication. Examples of the type of tack welding that Automotive Mechanics will perform are listed below. Also listed are examples of the type of welding that Automotive Mechanics will not perform. The lists themselves are not all inclusive, but are intended to be representative of the intent of this agreement. Items 1-21 below can be performed by both Automotive Mechanics and Welders.

After proper training, Automotive Mechanics will perform heating and burning with oxy-acetylene and/or propane, in conjunction with jobs and equipment normally assigned to them.

Tack welding Examples:

1. Cutting edge bolts and nuts - dozers, crawlers, graders
2. Bucket tooth and adapter wedges and c-clamps
3. All forms of bucket and blade pins and keepers
4. Other pin keepers except as related to steering and brakes
5. Bucket wear shoes and keepers
6. Hydraulic cylinder pin keepers
7. Tractor side frame rock guards
8. Tractor side frame wear strips
9. Hydraulic hose guards (half-rounds and angle irons)
10. Hydraulic hose brackets
11. Electrical wiring support brackets and conduit brackets
12. Light brackets
13. Mirror brackets
14. Box limit switch brackets
15. Small hinge and door repair (not box hinges)
16. Equipment cab repairs (not straightening or rebuilding)
17. Exhaust system repairs (not gas welding)
18. Welding related to removing broken bolts and studs (not pad eyes or pulling fixtures)
19. Removing seized bearings and races
20. Heating tire rims for removal
21. Minor fabrication

Welding Exclusions for Automotive Mechanics, unless they are capable:

1. Blade liners (weld-on)
2. Truck box liners - huck and weld
3. Equipment frame repairs
4. Fuel tanks/reservoirs
5. Hydraulic cylinders and steel hydraulic lines
6. Handrails, steps, ladders, platforms, stairs
7. Lifting devices, stands, manipulators, fixtures, pad eyes
8. Box pad supports
9. Box hinge repairs

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10. Welding buildup of bores
11. Hard facing buildup
12. Fuel and pressure tank supports, brackets
13. Body/frame/cab straightening (accident damage)
14. Any work relating to structural members, safety, lifting, pressure, or otherwise affecting the safety of employees

**EXHIBIT D**

After proper training, Automotive Mechanics, in addition to Maintenance Mechanics, Plant Repairmen and Welder will perform minor building equipment repairs that would include but not be limited to the following:

1. C/O Fuel Nozzles
2. C/O Fluid Nozzles (Grease, Lube, Coolant, Windshield Solvent Water)
3. C/O Air Nozzles/Fittings on Air Supply Lines
4. C/O Light Bulbs in Service Center (when no electrical line truck is required)
5. C/O Hose Reels
6. C/O antifreeze fluids and lube Pumps
7. Tighten Lube Fittings
8. Overhead Doors
9. Pumps

Items that Auto-Mechanics would specifically not work on, unless they are capable, would include but not limited to the following:

1. Overhead Cranes and Jib Cranes
2. Furnaces
3. Steam room equipment

## APPENDIX D: Profit Sharing Plan

### I. INTRODUCTION

The parties agree to establish a Profit Sharing Plan (the Plan). The Plan will be established effective **September 1, 2012** and expiring **September 30, 2015**. Payment for partial periods will be calculated using the Company's financial results for the full calendar quarter prorated based on the number of days that the Plan is in effect during the applicable quarter.

### II. LEVEL OF PAYOUT

The Company agrees that it will create a Profit Sharing Pool (the Pool) consisting of an amount equal to the following percentages of the Quarterly Profits per Ton of the **United States** Iron Ore Segment Product Sold of Cliffs **Natural Resources** Inc. (**CNR**), as defined and calculated below, multiplied by the number of tons of iron ore (including pellets, concentrate and other iron units) produced per calendar quarter by USW-represented bargaining units (United Taconite LLC, Hibbing **Joint Venture**, Empire Iron Mining Partnership and Tilden Mining Company L.C.) and to distribute the Pool within forty-five (45) days of the end of each calendar quarter, in the manner described below. The fourth (4<sup>th</sup>) quarter payment will be distributed within fifteen (15) days following the date of public release of **CNR's** annual audited financial statements, which may include an adjustment for the correction of errors in prior quarters.

- A. Seven and one half percent (7.5%) of all Quarterly Profits above \$10.00 and less than \$50.00 of Profit per Ton of Product Sold (including pellets, concentrate and other iron units); and
- B. Ten percent (10%) of all Quarterly Profits above \$50.00 per Ton of Product Sold (including pellets, concentrate and other iron units).

### III. Maximum Payout and Profit Sharing Bank

- A. In the event that the Profits Sharing Payment for any calendar quarter would have been greater than **eleven** dollars (**\$11.00**) per hour, an amount in excess of eleven dollars (**\$11.00**) per hour will be conditionally "banked."
- B. The amount of the *Profit Sharing Bank* (PSB), which shall not be a negative number, shall equal the difference, measured in aggregate dollars, between the amount of the Pool and the product obtained by multiplying **\$11.00** by the number of eligible hours during the applicable quarter.
- C. The PSB will accrue during the year and shall be distributed, if necessary, as described below, with the Profit Sharing payments for the fourth (4<sup>th</sup>) quarter of the current year and/or the first (1<sup>st</sup>) quarter of the subsequent year.
- D. The PSB shall be distributed following the determination of the Profit Sharing payments for the fourth (4<sup>th</sup>) quarter of the current year, to the extent that any other quarterly Profit Sharing payment in that same calendar year is less than **\$11.00** per hour. The amount of the PSB distributed, if any, shall be distributed based on each Participant's share of the *Profit Sharing Shortfall* (PSS) applicable for the current year, if any. The PSS shall equal the number of eligible hours during the current year for which the Profit Sharing payment is less than **\$11.00** per hour, multiplied by the amount by which the Profit Sharing payment in the current year is less than **\$11.00** per hour. Distribution shall be made until each eligible Participant shall have received **\$11.00** per eligible hour or the PSB is exhausted, whichever comes first (see Attachment A for examples).
- E. Effective with the first (1<sup>st</sup>) quarter of the subsequent year Profit Sharing payment, to the extent that the first (1<sup>st</sup>) quarter of the subsequent year Profit Sharing payment is less than **\$11.00** per hour, the amount of PSB, if any is remaining from the prior year, shall be distributed based on each Participant's PSS for the first (1<sup>st</sup>) quarter of the

subsequent year. Distribution shall be made until each eligible Participant shall have received \$11.00 per eligible hour or the *PSB* is exhausted, whichever comes first.

- F. Any prior year *PSB* remaining after the first (1<sup>st</sup>) quarter of the subsequent year distribution shall expire immediately after the first (1<sup>st</sup>) quarter of the subsequent year *PSS* calculation has occurred and the prior year *PSB* has been distributed, if any is required. For purposes of the subsequent year *PSB* calculation, the prior year *PSB* distributed as a *PSS* in the first (1<sup>st</sup>) quarter of the subsequent year shall not be utilized in calculating the subsequent year carry-forward *PSB* to the following year (see Attachment B as an example).
  - G. All individuals who participated in the Plan during the calendar year shall be eligible for a share of the applicable *PSB* distribution, based on their individual share of the total *PSS* for all Participants during the year (or quarter in the case of the first quarter), including individuals who died, retired, were absent (due to layoff, disability or leave of absence), quit or were terminated.
  - H. The Quarterly Profit per Ton of **United States** Iron Ore Segment Product Sold will be calculated by dividing the current calendar quarter Profit of the **United States** Iron Ore Segment by the **United States** Iron Ore Tons Sold in the same calendar quarter (see Attachment C as an example).
- IV. Calculation of Quarterly Profits per Ton Sold
- A. Profit shall be defined as Earnings Before Interest and Taxes (EBIT) of **CNR's United States** Iron Ore Segment, in accordance with the United States Generally Accepted Accounting Principles (USGAAP), with the following exclusions:
    - 1. Income or loss related to any charges or credits (whether or not identified as special credits or charges) for unusual, infrequently occurring or extraordinary items, including credits or charges for Plant closures, business dispositions and asset sales that are not normal operating charges or credits of **CNR**;
    - 2. Any cost or expense associated with the USW-VEBA Benefit Trust(s);
    - 3. Any cost or expense associated with the Profit Sharing Plan;
    - 4. Any payments, fees or other expenses that are not in the normal course of business paid directly or indirectly to any person or entity that directly or indirectly owns or controls any equity or equity-like interest in **CNR**; and
    - 5. **Any expenditures or expenses incurred with the hiring of replacement workers in connection with the 2012 contract negotiations will be excluded from the profit sharing calculation.**
  - B. Tons of Product Sold shall be defined as long tons of pellets, concentrate or other alternate iron units or steel scrap substitute shipped or transferred by **CNR's United States** Iron Ore Segment to third parties for its own account on a consolidated basis.
  - C. In the event that **CNR** modifies the business segments for which it reports financial results, Profit shall continue to be calculated on the same **United States** Iron Ore Segment as presented in the Company's 2007 annual report (i.e., United Taconite LLC, Hibbing **Joint Venture**, Empire Iron Mining Partnership, Tilden Mining Company L.C., and Northshore Mining Company, collectively the "**United States** Iron Ore Segment").
  - D. In the event that **CNR** establishes operations for the production of alternate iron units or steel scrap substitutes (such as iron nuggets, DRI, HBI, iron carbide or similar products), and those operations are not included in the **CNR's United States** Iron Ore Segment, the transfer prices to such operations will for the purposes of this Plan be on an arm's length basis.
  - E. In the event that **CNR** does not disclose to the public the EBIT (Earnings before Interest

and Taxes) of the **United States** Iron Ore Segment, a schedule will be prepared by **CNR** reconciling the information disclosed to the public to the EBIT for the **United States** Iron Ore Segment with all adjustments (in accordance with USGAAP and taking into account the exclusions defined above) properly identified and submitted in the same manner as described in Paragraph 6(a) of this Profit Sharing Plan.

V. Individual Entitlement

The Pool will be divided among all bargaining unit employees (Participants) on the basis of the Hours (as defined below) of each such Participant in the calendar weeks within each calendar quarter or calendar year for the purposes of the fourth (4<sup>th</sup>) quarter true-up.

- A. Hours shall include the following, but shall not exceed forty (40) hours for any week for any Participant:
1. hours worked (including straight time and overtime hours), vacation and holiday hours at a rate of eight (8) hours for each holiday or day of vacation;
  2. hours on Union business;
  3. hours at the rate of eight (8) hours a day for approved leaves of absence for training or duty in the "uniformed services", (which includes the Army, Navy, Marine Corps, Air Force, Coast Guard, and Public Health Service commissioned corps, as well as the reserve components of each of these services);
  4. hours, at the rate of eight (8) hours a day for leaves for absences on approved FMLA leave;
  5. hours, at the rate of eight (8) hours a day, while receiving Workers' Compensation benefits (based on the number of days absent from work while receiving such benefits); and
  6. **hours, at the rate of eight (8) hours a day, while off work on funeral leave, jury duty/witness duty, HV days and personal days.**
- B. **The Company shall provide each Participant with a quarterly statement that lists the hours credited for that Participant by pay period in that quarter.**
- C. Any payments made to a Participant pursuant to this Plan shall not be included in the Participant's earnings for purposes of determining any other pay, benefit or allowance of the Participant.

VI. Administration of the Plan

- A. The Plan will be administered by the Company in accordance with its terms and the costs of administration shall be the responsibility of the Company. Upon determination of each Quarterly Profit per Ton Sold calculation, such calculation shall be forwarded to the Chair of the Union Negotiating Committee accompanied by a Certificate of Officer signed by the Chief Financial Officer or Chief Accounting Officer of the Company, providing a detailed description of any adjustments made to EBIT and stating that Profit was determined consistent with USGAAP and that Quarterly Profit per Ton Sold was calculated in accordance with this Section.
- B. The Union, through the Chair of its Negotiating Committee or his/her designee, shall have the right to review and audit any information, calculation or other matters concerning the Plan. The Company shall provide the Union with any information reasonably requested in connection with its review and the Union and any outside consultants that it uses shall not disclose any portion of such information that is confidential. The reasonable actual costs incurred by the Union in connection with any such audit shall be paid from the Pool and deducted from the amount otherwise available for distribution to Employees.



- C. In the event that a discrepancy exists between the Company's Profit Sharing calculation and the results obtained by the Union's review, the Chairs of the Union and Company Negotiating Committees shall attempt to reach an agreement regarding the discrepancy. In the event that they cannot resolve the dispute, either Party may submit such dispute to final and binding arbitration under the grievance procedure provided in this Agreement.

VII. Prompt Payment

Notwithstanding Paragraph VI, the Company shall comply with the requirements of Paragraphs II through V based on its interpretation of the appropriate payout. If the process described in Paragraph VI results in a requirement for an additional payout, said payout shall be made no more than fourteen (14) days after the date of the agreed upon resolution or issuance of the arbitrator's decision.

VIII. Summary Description

The Parties will jointly develop a description of the calculations used to derive profit sharing payments under the Plan for each quarter and distribute it to each Participant (see attachment C as an example).

ATTACHMENT A

EXAMPLE 1

Year 1 (Current Year)		
	<u>Pool \$</u>	<u>Per Hr</u>
<u>Quarter 1</u>		
a. Eligible Hours	600,000	
b. Profit Sharing Pool, 1st Quarter	4,200,000	7.00
c. Max Payout ( <u>\$11.00</u> X Eligible Hrs)	<u>6,600,000</u>	<u>11.00</u>
d. Quarterly Payment (lesser of b or c)	4,200,000	7.00
e. Credited to PSB (if b>c, then b-c)	n/a	
f. Shortfall (if c>b, then c-b)	<u>2,400,000</u>	<u>4.00</u>
g. Cumulative PSB, End of Quarter	0	
h. Cumulative PSS, End of Quarter	<u>2,400,000</u>	
<u>Quarter 2</u>		
a. Eligible Hours	600,000	
b. Profit Sharing Pool, 2nd Quarter	12,000,000	20.00
c. Max Payout ( <u>\$11.00</u> X Eligible Hrs)	<u>6,600,000</u>	<u>11.00</u>
d. Quarterly Payment (lesser of b or c)	<u>6,600,000</u>	<u>11.00</u>
e. Credited to PSB (if b>c, then b-c)	<u>5,400,000</u>	9.00
f. PSS (if c>b, then c-b)	n/a	0.00
g. Cumulative PSB, End of Quarter	<u>5,400,000</u>	
h. Cumulative PSS, End of Quarter	<u>2,400,000</u>	
<u>Quarter 3</u>		
a. Eligible Hours	600,000	
b. Profit Sharing Pool, 3rd Quarter	5,700,000	9.50
c. Max Payout ( <u>\$11.00</u> X Eligible Hrs)	<u>6,600,000</u>	<u>11.00</u>
d. Quarterly Payment (lesser of b or c)	5,700,000	9.50
e. Credited to PSB (if b>c, then b-c)	n/a	
f. Shortfall (if c>b, then c-b)	<u>900,000</u>	<u>1.50</u>
g. Cumulative PSB, End of Quarter	<u>5,400,000</u>	
h. Cumulative PSS, End of Quarter	3,300,000	

ATTACHMENT A  
EXAMPLE 1 (cont.)

Quarter 4

a.	Eligible Hours	600,000	
b.	Profit Sharing Pool, 4th Quarter	5,400,000	9.00
c.	Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d.	Quarterly Payment (lesser of b or c)	5,400,000	9.00
e.	Credited to PSB (if b>c, then b-c)	n/a	
f.	Shortfall (if c>b, then c-b)	1,200,000	2.00
g.	Cumulative PSB, End of Quarter	5,400,000	
h.	Cumulative PSS, End of Quarter	4,500,000	

PSB Distribution, 4th Quarter

g.	Cumulative PSB, End of Year 1	5,400,000
h.	Cumulative PSS, End of Year 1	4,500,000
i.	Distribution (lesser of g or h)	4,500,000
j.	PSB Carry-Forward to 1st Quarter of Subsequent Year	900,000

(if g>h then g-h)

Profit Sharing Bank Distribution

Example of Individual Entitlement (Calculation)

$$\frac{\text{Individual PSS}}{\text{Total PSS For all Participants}} \times \text{Lesser of Year End Cumulative Profit or Cumulative PSS} = \text{Individual Share of PSB Distribution}$$

Example (individual participant with PSS of \$5,000)

$$\frac{\$5,000}{\$4,500,000} \times \$4,500,000 = \$5,000$$

ATTACHMENT A

EXAMPLE 2

Year 1 (Current Year)		
	<u>Pool \$</u>	<u>Per Hr</u>
<u>Quarter 1</u>		
a. Eligible Hours	600,000	
b. Profit Sharing Pool, 1st Quarter	4,200,000	7.00
c. Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d. Quarterly Payment (lesser of b or c)	4,200,000	7.00
e. Credited to PSB (if b>c, then b-c)	n/a	
f. Shortfall (if c>b, then c-b)	2,400,000	4.00
g. Cumulative PSB, End of Quarter	0	
h. Cumulative PSS, End of Quarter	2,400,000	
<u>Quarter 2</u>		
a. Eligible Hours	600,000	
b. Profit Sharing Pool, 2nd Quarter	9,000,000	15.00
c. Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d. Quarterly Payment (lesser of b or c)	6,600,000	11.00
e. Credited to PSB (if b>c, then b-c)	2,400,000	4.00
f. Shortfall (if c>b, then c-b)	n/a	0.00
g. Cumulative PSB, End of Quarter	2,400,000	
h. Cumulative PSS, End of Quarter	2,400,000	
<u>Quarter 3</u>		
a. Eligible Hours	600,000	
b. Profit Sharing Pool, 3rd Quarter	5,700,000	9.50
c. Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d. Quarterly Payment (lesser of b or c)	5,700,000	9.50
e. Credited to PSB (if b>c, then b-c)	n/a	
f. Shortfall (if c>b, then c-b)	900,000	1.50
g. Cumulative PSB, End of Quarter	2,400,000	
h. Cumulative PSS, End of Quarter	3,300,000	

ATTACHMENT A  
EXAMPLE 2 (cont.)

Quarter 4

a.	Eligible Hours	600,000	
b.	Profit Sharing Pool, 4th Quarter	4,800,000	8.00
c.	Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d.	Quarterly Payment (lesser of b or c)	4,800,000	8.00
e.	Credited to PSB (if b>c, then b-c)	n/a	
f.	Shortfall (if c>b, then c-b)	1,800,000	3.00
g.	Cumulative PSB, End of Quarter	2,400,000	
h.	Cumulative PSS, End of Quarter	5,100,000	

PSB Distribution, 4th Quarter

g.	Cumulative PSB, End of Year 1	2,400,000	
h.	Cumulative PSS, End of Year 1	5,100,000	
i.	Distribution (lesser of g or h)	2,400,000	
j.	PSB Carry-Forward to 1st Quarter of Subsequent Year	0	

(if g>h then g-h)

Example of Individual Entitlement (Calculation)

$$\frac{\text{Individual PSS}}{\text{Total PSS For all Participants}} \times \text{Lesser of Year End Cumulative Profit or Cumulative PSS} = \text{Individual Share of PSB Distribution}$$

Example (individual participant with PSS of \$5,000)

$$\frac{\$5,000}{\$5,100,000} \times \$2,400,000 = \$2,352.94$$

ATTACHMENT B  
YEAR 2

Year 1 PSB Carry-Forward	\$300,000	
Year 2 (Subsequent Year)		
<u>Quarter 1</u>	<u>Pool \$</u>	<u>Per Hr</u>
a. Eligible Hours	600,000	
b. Profit Sharing Pool, 1st Quarter	4,200,000	7.00
c. Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d. Quarterly Payment (lesser of b or c)	4,200,000	7.00
e. Credited to PSB (if b>c, then b-c)	n/a	
f. Shortfall (if c>b, then c-b)	2,400,000	4.00
g. Cumulative PSB, End of Quarter	0	
h. Cumulative PSS, End of Quarter	2,400,000	
<u>PSB Distribution, First Quarter</u>		
g. PSB Carry-Forward, End of Year 1	300,000	
h. Cumulative Shortfall, Quarter 1	2,400,000	
i. PSB Distribution (lesser of above)	300,000	
j. PSB Carry-Forward Expired	0	

Example of Individual Entitlement (Calculation)

$$\frac{\text{Individual PSS}}{\text{Total PSS For all Participants}} \times \text{Lesser of Year End Cumulative Profit or Cumulative PSS} = \text{Individual Share of PSB Distribution}$$

Example (individual participant with PSS of \$5,000)

$$\frac{\$2,500}{\$2,400,000} \times \$300,000 = \$312.50$$

<u>Quarter 2</u>		
a. Eligible Hours	600,000	
b. Profit Sharing Pool, 2nd Quarter	10,200,000	17.00
c. Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d. Quarterly Payment (lesser of b or c)	6,600,000	11.00
e. Credited to PSB (if b>c, then b-c)	3,600,000	6.00
f. Shortfall (if c>b, then c-b)	n/a	0.00
g. Cumulative PSB, End of Quarter	3,600,000	
h. Cumulative PSS, End of Quarter	2,100,000	

ATTACHMENT B  
YEAR 2 (cont.)

Quarter 3

a. Eligible Hours	600,000	
b. Profit Sharing Pool, 3rd Quarter	6,000,000	10.00
c. Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d. Quarterly Payment (lesser of b or c)	6,000,000	10.00
e. Credited to PSB (if b>c, then b-c)	n/a	
f. Shortfall (if c>b, then c-b)	600,000	1.00
g. Cumulative PSB, End of Quarter	3,600,000	
h. Cumulative PSS, End of Quarter	2,700,000	

Quarter 4

a. Eligible Hours	600,000	
b. Profit Sharing Pool, 4th Quarter	4,800,000	8.00
c. Max Payout (\$11.00 X Eligible Hrs)	6,600,000	11.00
d. Quarterly Payment (lesser of b or c)	4,800,000	8.00
e. Credited to PSB (if b>c, then b-c)	n/a	
f. Shortfall (if c>b, then c-b)	1,800,000	1.00
g. Cumulative PSB, End of Quarter	3,600,000	
h. Cumulative PSS, End of Quarter	4,500,000	

PSB Distribution, 4th Quarter

g. Cumulative PSB, End of Year 1	3,600,000
h. Cumulative PSS, End of Year 1	4,500,000
i. Distribution (lesser of g or h)	3,600,000
j. PSB Carry-Forward to 1st Quarter of Subsequent Year	0

(if g>h then g-h)

Example of Individual Entitlement (Calculation)

$$\frac{\text{Individual PSS}}{\text{Total PSS For all Participants}} \times \text{Lesser of Year End Cumulative Profit or Cumulative PSS} = \text{Individual Share of PSB Distribution}$$

Example of individual participant with PSS of \$3,000

$$\frac{\$3,000}{\$4,500,000} \times \$3,600,000 = \$2,400$$

ATTACHMENT C  
Second Quarter 20XX

<u>CNR U.S. Iron Ore Segment</u>	5,500,000
Product Sold (Tons)	
<u>Profit Sharing Tonnage Pool (Production)</u>	<u>Tonnage Produced</u>
<u>Mine</u>	
Hibbing <b>Joint Venture</b>	2,000,000
United Taconite Company	1,350,000
Empire Iron Mining Partnership	1,300,000
Tilden Mining Company L.C.	2,000,000
Total Qualifying Tons	6,650,000
<u>CNR U.S. Iron Ore Earnings</u>	\$137,500,000
<u>CNR U.S. Iron Ore EBIT/ton</u>	25
<u>Profit Sharing Monetary Pool</u>	
EBIT/ton >\$10 but < \$50	7.50%
EBIT/ton >\$50	10.00%
<u>EBIT/ton &gt;\$10 but &lt;\$50</u>	
EBIT/ton	25
Minimum	<u>10</u>
EBIT/ton >\$10 but <\$50	15
<u>Profit Sharing Monetary Pool Calc.</u>	
EBIT/ton >\$10 but <\$50	15
Applicable Profit Sharing %	7.50%
Qualifying Tons	<u>6,650,000</u>
Monetary Pool	<u>\$7,481,250</u>
<u>Profit Sharing Eligible Hrs</u>	
Hibbing <b>Joint Venture</b>	286,000
United Taconite Company	208,000
Empire Iron Mining Partnership	260,000
Tilden Mining Company L.C.	<u>304,000</u>
Total Eligible Hrs	1,058,000
<u>Profit Sharing Eligible Per Hr</u>	
Profit Sharing Monetary Pool	\$7,481,250
Qualifying Hrs	1,058,000
Payout Per Eligible Hour	\$7.07



## APPENDIX E: Crew Coordinators

1. The parties hereby agree that the Company may establish and implement procedures for the utilization of Bargaining Unit Crew Coordinators in Production and Service units as well as in Trade and Craft units.

To further the objective of attaining maximum utilization of the production facilities, Trade or Craft units, and service units and to promote orderly operations, Crew Coordinators will be selected from the bargaining unit involved and remain in the bargaining unit. The Crew Coordinators will be proficient on all jobs over which they provide direction or they will have proficiency and knowledgeable of the area they are functioning in. They will regularly perform such work in addition to directing the crews and providing administrative services.

The prerequisites and responsibilities of the Crew Coordinator will include:

- a. Either Proficiency in the jobs with the crew which they are directing, or proficiency and knowledge in the area they are functioning as a Crew Coordinator.
  - b. Regular participation in the work tasks in addition to the responsibilities of directing crews and performing administrative services.
  - c. Planning the work and expediting material for particular jobs as assigned.
  - d. Assignment of work to crew members.
  - e. Instruction of crew members.
  - f. Coordination of the assigned jobs including supporting occupations requested or assigned to assist on that job.
  - g. Communications with the crew, supervision, and related occupations.
  - h. Written and/or oral reporting to supervision including progress reports, identification of problems, recommendations, and explanation as required.
  - i. All Crew Coordinators will be paid Job Class 25.
2. The procedure for selection and implementation of Crew Coordinator shall be as follows:
    - a. The procedure for selection and implementation of Crew Coordinator Jobs in Production and Service units shall be effective as soon as practical.
    - b. Bids for the job of Crew Coordinator will be accepted from interested employees in the Trade and Craft unit, Production and Service unit, or department involved. The bid notice will include the identity of whom to contact for a background data form.
    - c. The bidder will complete the background data form to date or supplement personnel records prior to interviewing for the job.
    - d. An interview with supervision will be conducted, wherein job responsibilities will be explained.
    - e. Where proficiency in the jobs is required in non-craft areas, the bidder must pass a written test.
    - f. Final selection will be based on approval by the Mine Manager or his/her designee. Due consideration will be given to the criteria of the seniority provisions of the Basic Labor Agreement and Seniority and Posting Agreement if all other qualifications are equal.
    - g. Employees who qualify and are selected to function as Crew Coordinators will be provided the training required to perform the administrative tasks required of the job and any other training that may be developed to assist the Crew Coordinators.
    - h. Periodic performance reviews will be conducted not less than quarterly for the first year and not less than semiannually thereafter, including completion of a rating form. Such

Appendix E (Cont.)  
Crew Coordinators

performance reviews will be conducted by supervision. The ratings will be reviewed in person with the Crew Coordinator and recorded in their personnel record at that time. Upon request, the Crew Coordinator shall be provided with a copy of the completed rating form.

- i. The selection or removal of employees from the Crew Coordinator Job may be subject to dispute in the grievance procedure.
- j. Should removal be necessary after discussions regarding proficiency and areas of deficiencies and attempts to correct same, then the employee shall be reassigned to their posted position.
- k. The utilization of the Crew Coordinator Job will be at management's discretion and direction and will be based on operating/maintenance requirements.
- l. The Crew Coordinator shall not issue or effectively recommend discipline or discharge of other bargaining unit employees.
- m. Crew Coordinating is an assignment, not a posted position. The fact an employee is being assigned as a Crew Coordinator does not provide for benefits that the employee would not receive based on his/her seniority and posted position.
- n. Subsequent to the annual Shift & Area moves the list of employees interested in being assigned as Crew Coordinators will be refreshed by Interest Pollings being conducted. If the Interest Poll results in someone senior to the existing fill-in Crew Coordinator being interested in the Crew Coordinator position, that one individual will be provided training to become the fill-in Crew Coordinator.
- o. When employees qualify and accept a "full-time" assignment as a Crew Coordinator they will continue in that assignment until they voluntarily relinquish the assignment, however, through Shift and Area or force reductions, this assignment will be lost if the employees seniority and posted position will no longer allow working on their current crew schedule, or a senior qualified Crew Coordinator who has worked in the area is assigned to the area through the Shift & Area moves, or management determines the Crew Coordinator position is no longer warranted. Upon removal, the employee will be returned to their posted position.

United Steelworkers

Empire Iron Mining Partnership and  
Tilden Mining Company L.C.  
doing business together as  
Cliffs Michigan Operations

By /s/Robert J. Bratulich  
Title: Director - District 11

By: /s/Kenneth D. Simmons  
Title: General Manager  
—Labor & Employee Relations

Date: September 1, 2012

Date: September 1, 2012

## APPENDIX F: Shift and Area Agreement

March 28, 2005

### I. General

It is understood that this agreement does not alter or amend the Basic Labor Agreement unless specifically set forth in the following understanding.

The following represents the local parties understanding on the Shift and Area preference program at CMO.

Nothing in this agreement shall be construed as establishing the number of employees assigned to any job.

This agreement only covers the movement of employees to permanent positions.

### II. Designation of Facilities & Departments

The departments and facilities within which seniority groups are established are as follows:

<u>West (Tilden) Facility</u>	<u>East (Empire) Facility</u>	
<u>West Plant East</u>	<u>East Plant</u>	<u>Mining</u>
Concentrator Operating	Plant Operating	Operations
Pellet Plant Operating	Plant Maintenance	Maintenance
Maintenance	General Plant	
Electrical		
General Plant		

### III. Procedures and Special Rules

#### A. General

In permanent craft jobs and operating jobs which are common to two or more departments, employees will be given an opportunity to indicate their preference for facility, department, area, and shift assignment on a single poll prior to the scheduling of vacations. A copy of the rack-up sheet reflecting order of department, area and shift preference and assignment for each group polled will be furnished to the Local Union President and Local Union Grievance Chairman at each facility at least one week prior to the movement of employees. Employees will be transferred in accordance with their seniority as defined in Section X., Subsection 1. of the Basic Labor Agreement.

#### B. Shift Preference

In classifications not eligible for Shift and Area per Section III., A. of this Agreement, that are scheduled to both steady day shift and shift work, employees will be provided a Shift & Area election form for the purpose of shift preference. The shift preference elections will be administered within each facility.

#### C. Annual Shift & Area Election

When employees are requested to complete their CMO Annual election forms for the annual CMO Shift and Area moves, they can change this election up to the polling deadline on the election form. **Forms will be addressed and provided to each active employee eligible for shift and area.**

#### D. Jobs Not Covered

Unless specified otherwise in this document, this procedure does not apply to jobs that have the same title but cannot displace each other per the Range Wide Immediate Training List from the Range Wide Seniority Provision of the Seniority and Posting

Agreement.

E. CMO Annual Assignments

Once polling is completed, CMO moves will be made **as soon as practical but no later than the third Sunday in February, unless otherwise agreed.** Employees will be rescheduled on the basis of seniority in accordance with their preference. It must be recognized that the transition must occur in an orderly manner to prevent dilution of employees qualified on specific jobs or equipment.

F. Shift and Area Maintenance Moves

The filling of permanent vacancies in jobs covered by shift and area, other than the annual total CMO moves, will be considered "maintenance" moves.

Vacancies that require filling subsequent to the annual moves are maintenance moves and the procedures to be utilized are as follows:

Day shift vacancies that require filling and are not vacancies created by attrition, will be done within the facility.

Day shift vacancies that require filling and have been caused by attrition will be filled by the senior non-day shift employee in the classification, CMO-wide, who desires the day shift assignment. The total number of maintenance moves that will be made during the year within a given job classification from one facility to the other shall be limited to 10% of the total number in that job classification at that facility at the time of the annual moves. Moves in excess of 10% are at Management's discretion.

Attrition is defined as: retirement, posting out of classification, death, quitting, termination, or transferring out of the bargaining unit.

All other maintenance moves are done within the facility. If it is determined by Management that a subsequent permanent vacancy needs to be filled, the senior employee within the facility who can improve his/her shift position in accordance with the poll will be transferred. It is understood the move is to the vacated position and will not involve a crew selection.

It is understood that transfers to a day shift will occur once the replacement for the shift crew employee is in place and that the move is to the vacated position and will not involve crew selection.

In the event a vacancy is to be filled, Shift and Area "Maintenance" moves will be made to fill the vacancy. If the vacancy is posted the successful applicant will fill the vacancy created by the "Maintenance" moves.

**Employees displaced as a result of the elimination of a day shift position shall displace the most junior day shift employee within craft at their facility. Subsequent shift regression will be determined by each displaced employee's shift and area preference within facility.**

G. Labor Pool Understanding

1. When a permanent employee is hired to a labor pool job, the senior labor pool employee who can improve his/her Department-Shift preference will be allowed to make such transfer and the new employee will replace him/her. The Chairman of the Grievance Committee will also be notified at the time a new employee is hired for a Labor Pool assignment. Nothing in this is to be construed as limiting Management's right to determine the size of the labor pool is required.
2. Pit Laborers will be required to accept training on mobile equipment in the Pit and will be assigned to operate such equipment as necessary.

H. Election Form Changes for Maintenance Moves

An employee may elect to change his/her shift and area elections after the annual assignments have been made. The revised elections will be in effect for Shift and Area maintenance moves thirty (30) days subsequent to the date the employee filled his/her changed elections.

An employee hired into or transferred to a different department may be retained on the day shift until he/she has completed that department's new employee orientation and training requirements.

Employees who pass to or are assigned to a permanent position covered by this Agreement will be required to complete an election form. This individual will be considered for subsequent permanent vacancies that occur after his/her form is received.

MISCELLANEOUS UNDERSTANDINGS

A. Apprentices

It is understood that craft apprenticeship programs are designed so that apprentices in the program are required, during apprenticeship, to work on a variety of shifts and crews in various departments. These assignments do not constitute permanent or temporary vacancies as defined in this understanding.

B. Orientation

New craftspeople requiring orientation may also, as part of their orientation, be assigned to all shift/area and crews during the orientation period and such assignments do not constitute a permanent or temporary vacancy as defined in this understanding.

The orientation period is as follows:

Electrician – Field/ Electronic Repairperson – up to 12 weeks

Plant Repairperson & Welders – up to 30 days

C. Orientation Period

New craft employees, during their orientation period, and apprentices will not be counted against shift area allotments for day shifts elections.

D. Apprentices to Craft Status

Apprentices who move from apprenticeship to craft status in the subsequent calendar years will be included in their respective craft for Shift and Area elections for the CMO Total Assignment that will occur in these years.

E. Miscellaneous

1. Whenever a permanently assigned employee vacated a day shift job and Management determined to not fill the vacancy, the Company will advise the Grievance Committee of the reason.
2. The Company will place an asterisk on the shift and area selections where the Company intends to utilize Crew Coordinators in the subsequent year. It is understood that this designation is not a guarantee that a Crew Coordinator will be ultimately utilized in these areas, nor does this preclude Management from utilizing a Crew Coordinator on areas not so designated.
3. The Company and Union understand that the procedures contained in this understanding may not be appropriate to all situations and circumstances and the parties agree that this understanding may be reviewed, revised, or changed by mutual agreement to reflect the then current desires of the parties.

## APPENDIX G: Alternative Work Schedule

### 1. LETTER OF AGREEMENT ON ALTERNATIVE WORK SCHEDULE

September 1, 2012

Kenneth D. Simmons  
General Manager—Labor & Employee Relations  
The Cleveland-Cliffs Iron Company  
200 Public Square, Suite 3300 Cleveland, Ohio 44114

Dear Mr. Simmons:

During 2008 bargaining the parties agreed to an Alternative Work Schedule Section. Pursuant to that Section, the approval of the applicable Local Union President and Grievance Chairman is required before an alternative work schedule may be adopted. This letter is to confirm that such approval will not be unreasonably withheld as long as the attached CNR/USW Guidelines on Alternative Work Schedules is addressed and complied with.

Very Truly Yours,  
/s/Robert Bratulich  
Director, District 11

### 2. CNR/USW GUIDELINES ON ALTERNATIVE WORK SCHEDULES

Alternative Work Schedules (AWS), as contemplated by the 2008 Basic Labor Agreement, involve the use of ten (10) and twelve (12) hour per day scheduling without the payment of daily overtime. The process through which such schedules may be adopted is set forth in Section VIII., Subsection 12. of this Agreement. In addition, the parties herewith express their understanding of how certain other contractual matters, impacted through the use of AWS, are to be handled when an AWS is utilized.

#### Overtime

An employee on an AWS shall only receive overtime pay for hours worked in excess of their scheduled shift or hours worked in excess of forty (40) hours in a payroll week, subject to the non-duplication provisions.

#### Shift Premium

An employee on an AWS shall receive either the applicable shift differential (\$0.00) for all hours worked on the day shift or the applicable shift differential (\$0.45) for all hours worked on the night shift.

#### Holiday

An employee on an AWS, and who is eligible to receive pay for a holiday not worked pursuant to Section IX., Subsection 2., shall receive eight (8) hours pay for each holiday not worked. Should an employee otherwise scheduled to work a holiday subsequently be directed not to report due to a lack of work, they shall receive ten (10) or twelve (12) hours pay (depending on their AWS) for the holiday not worked.

An employee who works on a holiday will be paid 2.5 times for hours worked on the holiday.

#### Sunday Premium

The effect of 12 hour shifts on Sunday premium pay, if any, will be determined by the Local Union and Company representatives.

#### Bereavement Leave

An employee on an AWS who is excused from scheduled work and is eligible for Bereavement Leave pursuant to Section VIII., Subsection 10., shall be paid as though they had worked their

scheduled shift.

Jury / Witness Duty

An employee on an AWS who is excused from scheduled work and is eligible for Jury or Witness Duty pursuant to Section VII., Subsection 9., shall be paid the difference between their daily Jury / Witness allowance and what they would have earned had they worked their scheduled shift.

Military Encampment Allowance

An employee on an AWS who is excused from scheduled work and is eligible for Military Encampment Allowance pursuant to Section XIX., Subsection 5., shall be paid the difference between their military encampment allowance and they would have earned had they worked as scheduled during the encampment period.

Vacations

*Regular Vacation*

An employee on an AWS and eligible for vacation pursuant to Section VIII., Subsection 1., shall receive forty (40) hours of vacation pay for each week of scheduled vacation. Single day vacations shall be paid at eight (8) hours per day. It is understood that if an AWS is implemented during a vacation year it may be necessary to reschedule vacations.

*Daily Increment Option*

An employee group (the group of employees impacted by the AWS and used for purposes of determining the 60% approval) working pursuant to an AWS may elect to receive their annual vacation entitlement entirely in daily increments as follows:

Each employee's total annual vacation entitlement shall be calculated in hours (40 hours for each week of vacation entitlement) and all vacations shall be taken and paid in daily increments while on an AWS. Each day of vacation taken while on an AWS shall reduce the employee's total annual hourly vacation entitlement by 10 ten (10) or twelve (12) hours (depending on their AWS), the employee shall only receive payment for the balance of their remaining hourly vacation entitlement but shall receive the remainder of that final vacation day off work as unpaid vacation time.

The daily Increment Option must be mutually agreed upon by the local parties and elected by more than 50% of the employees in the employee group for each vacation year. Such approval and election must take place by August 31 of the year preceding the vacation year and the entire employee group must schedule their vacations in daily increments in accordance with Section VIII., Subsection 10., of the BLA.

Upon the initial implementation of an AWS and with the mutual agreement of the local parties, an employee group may elect to take the balance of their vacation entitlement for the current vacation year pursuant to the Daily Increment Option. Such election must take place prior to the start of the AWS. If such election is made, the remaining vacation entitlement for each employee in the employee group shall be calculated on an hourly basis consistent with the guidelines above, re-scheduled if necessary and taken in daily increments following the start of the AWS. Similarly, an employee that transfers or is permanently assigned to a job covered by an AWS with vacations administered pursuant to the Daily Increment Option shall have their remaining vacation entitlement calculated on an hourly basis, re-scheduled if necessary and shall take vacation in daily increments following their transfer or assignment.

Should an employee group with vacation schedule pursuant to the Daily Increment Option elect to revoke their approval of an AWS, the Company may reschedule the remainder of each employee's vacation entitlement in weekly increments with the balance of any vacation less than a full week scheduled in daily increments. Similarly, should an employee with vacation scheduled pursuant to the Daily Increment Option transfer or be permanently assigned to a job not covered by an AWS or to a job covered by an AWS with vacations administered pursuant to the Regular Vacation provisions of this agreement, the Company may reschedule the remainder of the employee's vaca-

Appendix G (Cont.)  
Alternative Work Schedule

tion entitlement in weekly increments with the balance of any vacation less than a full week scheduled in daily increments.

Full Week Guarantee

The Company shall be deemed to have met its obligations under Section VII., Subsection 12. provided an employee scheduled to work an AWS has an opportunity to work as scheduled or take vacation and is paid in accordance with these guidelines.

Earnings Security

The Company shall be deemed to have met its obligations under Section VII., Subsection 12. provided an employee scheduled to work an AWS has an opportunity to work as scheduled or take vacation and is paid in accordance with these guidelines.

Eligibility

A 12-hour AWS shift will qualify as 1.5 shifts worked and a 10-hour AWS shift will qualify as 1.25 shifts worked, where shifts are used to determine eligibility in the Basic Labor Agreement or Program of Insurance Benefits.



## APPENDIX H: Union Officer Bidding Rights

The parties recognize that employees should be neither advantaged or disadvantaged because of their involvement in the Union. The parties also recognize the legitimacy of the Company's need to insist upon making regular and dependable attendance a requirement when making assignments to jobs where maintaining continuity is an important element of the position.

This will confirm our understanding that, in order to balance and accommodate the concerns referenced above, no local union officer eligible to bid for a promotion shall be denied a job award and incumbency status on the position sought solely because of that employees' unavailability for work due to the duties attendant their local union positions.

However, where a local union officer is awarded a job and becomes incumbent to a position that otherwise would have been denied to them because of unavailability due to his/her local union position, the Company, at its discretion, may decide to withhold assigning such employee to that position until such time as s/he is available to perform the job as required. Instead, during any period of unavailability, the Company may assign another employee, who can meet the job's attendance requirements, to work the position.

When a local union officer is working below his/her incumbency status solely because of such management action, s/he shall receive a special allowance reflecting any difference in wages between what the local union officer earned while at work on the lower position and what the employee, assigned by Management to work on his/her incumbent position, was paid on turns when the local union officer was working on the lower position.

This understanding supersedes prior inconsistent arbitration awards. It will apply to jobs posted and permanent vacancies awarded for on or after August 1, 2004.

## APPENDIX I: Family Medical Leave Act

The Company shall comply with the Family and Medical Leave Act of 1993 (FMLA) and further agrees to the following regarding employee eligibility and entitlement. Nothing in this Appendix shall be construed to provide lesser treatment than that required under the FMLA or to deprive any Employee of any right or forum there under.

1. General
  - a. A copy of a summary of the law and Employee rights there under is available at the Company's Personnel Services Office for review and will be issued upon request and at the time any FMLA leave is requested. The required posting under the FMLA will be maintained by the Company.
2. Eligibility and Entitlement
  - a. Leave under this Appendix shall be available to any Employee who has six (6) months or more of Continuous Service calculated pursuant to the Seniority provisions of this Agreement. There shall be no hours-worked requirement for eligibility.
  - b. Any eligible Employee shall be entitled to up to twelve (12) weeks of unpaid leave for FMLA eligible reasons in any twelve (12) month period. This period shall be measured on a rolling twelve (12) month basis, measured backward from the date any FMLA leave is used. Any time taken off in connection with any of the situations covered by the FMLA shall be counted toward the twelve (12) week period, except as otherwise excluded.
3. Pay During FMLA Leave
  - a. The Company will not require that vacation time be used for family and medical leave purposes.
  - b. An Employee may request to utilize paid vacation during the FMLA leave time. The Company reserves the right to approve such a request where it involves a change in the vacation schedule.
  - c. Except for the substitution of paid vacation and the utilization of Sickness and Accident, or Workers' Compensation benefits, all time off provided shall be unpaid and except as otherwise provided shall be considered as time not worked for all other matters.
  - d. Seniority will continue to accrue during the leave period and the leave will not constitute a break in continuous service;
  - e. Employees on such leave will be considered in layoff status for benefit purposes under the Insurance Agreement and benefit coverage will apply to employees with less than two years of service; and
  - f. An Employee on FMLA leave is not eligible for Supplemental Unemployment Benefits in the event of a layoff, until following the termination of the leave.
  - g. An employee unable to return to work due to injury, sickness or accident while on FMLA shall be eligible to receive sickness and accident benefits following termination of the leave.

## APPENDIX J: Public Policy Activities

### 1. PUBLIC POLICY ACTIVITIES

The Company and Union hereby agree to establish a jointly administered public policy fund (Public Policy Fund) meeting the following guidelines.

- a. Purpose and Mission: The purpose of the Fund shall be to:
  - (1) support public policies promoting the interests of the Company and the Union on such subjects as health care, legacy costs, international trade, currency valuation, and other public policy issues of importance to the parties; and
  - (2) to contribute to and promote greater cooperation between labor and management; and
  - (3) to assist the Company and Union in solving problems of mutual concern that are not susceptible to resolution through collective bargaining.
- b. The Public Policy Fund will pursue its mission through labor-management cooperative endeavors such as public and political education, issue advocacy, research, and the coordination of such activities with other like-minded groups.
- c. The Fund will have a six-person Governing Committee. The Company representatives shall include the Chairperson of the Company's Board of Directors or his/her designee, the Chief Executive Officer of the Company or his/her designee, and one (or two in the event the CEO is also the Chairperson of the Board) other senior officer(s) of the Company. The Union representatives shall include the International President of the USW or his/her designee, the Secretary of the Union's Basic Steel Industry Conference and the USW District Director serving as the Chair of the Union Negotiating Committee.
- d. The Public Policy Fund will be financed as follows:
  - (1) Initial Contribution: The existing Stand Up For Iron Ore Fund on August 1, 2004 shall be divided equally between Stand Up For Steel and Stand Up For Iron Ore.
  - (2) Per Ton Contribution: Commencing on the Effective Date, an accrual of \$0.02 for each ton of iron ore, taconite, hematite or electric arc or blast furnace feed shipped by any facility owned, operated or managed by the Company.
- e. All activities of the Public Policy Fund shall be subject to approval by the Governing Committee, provided that:
  - (1) In the event that the Union members of the Governing Committee propose that the Union or its designee take responsibility for any or all aspects of the content, administration, delivery or implementation of any programs or activities conducted under the auspices of the Fund, the Company Members of the Governing Committee shall give recognition to the special advantages that such Union responsibility would contribute to such programs or activities, including but not limited to the knowledge and experience of the Union, the familiarity of the Union with target audiences, and the added credibility that Union responsibility would add to such programs or activities.
  - (2) The document creating the Governing Committee will contain a procedure for the quick and binding resolution of any dispute over the administration, delivery, or implementation of programs or activities conducted under the auspices of the Fund.
- f. It is expected that 50% of the Contributions described in 1.-d.(2) above shall be allocated to Stand Up For Steel as described in Paragraph 2. below; and that 50% shall be allocated to Stand Up For Iron Ore as described in Paragraph 3. below; provided however, that upon the reasonable request of the Union, the allocation may be modified from time to time. The parties will develop a report form to track accrued obligations

and expenditures on a regular basis.

2. STAND UP FOR STEEL
  - a. The Company agrees to join the Stand Up For Steel Labor/Management Committee (Stand Up For Steel) effective on the Effective Date.
  - b. The parties agree that Stand Up for Steel will serve as a focal point for industry-wide joint activities in combating unfair trade in steel and related products and other subjects as agreed to by the parties. The parties will continue to pursue other activities separately as appropriate and the funding and structure contemplated herein shall not be applicable to litigation to enforce the nation's trade laws.
  - c. Stand Up For Steel will have a Governing Board consisting of an equal number of Union and company representatives. The Board will be co-chaired by the President of the USW and a CEO selected by the participating companies.
  - d. All activities conducted under the banner of Stand Up For Steel shall be approved by the Governing Board.
  - e. The parties will jointly recruit all American steel (carbon and stainless) and iron ore companies and others to join the organization under the terms described in this Section. The Company agrees to work with the other participating companies so that the company representatives on the Governing Board will represent the interests of all participating companies.
3. STAND UP FOR IRON ORE
  - a. The parties agree to maintain the organization, called Stand Up For Iron Ore (SUFIO).
  - b. SUFIO will be financed by a credit in the amounts specified above plus one half of any remaining accrued contribution under the terms of the 1999 labor agreement. The parties will develop a report form to track accrued obligations and expenditures on a regular basis.
  - c. The organization will have a Governing Board consisting of six Union and six Company representatives, including each local union president or his/her designee. The Board will be co-chaired by the USW District 11 Director or his/her designee and the Company's CEO or his/her designee.
  - d. The parties will jointly recruit other American iron ore companies, including those wholly owned by steel companies, and others to join the organization under the terms described herein. The Company agrees to work with the other participating companies so that the company representatives on the Governing Board will represent the interest of all participating companies.
  - e. All activities conducted under the banner of Stand Up For Iron Ore shall be approved by the Governing Board.

## APPENDIX K: Cliffs Board of Arbitration

The Union and Company have agreed to the arrangement for a Cliffs Board of Arbitration through **September 30, 2015**. This Board of Arbitration applies to Cliffs' USW represented properties in Michigan and Minnesota. Terry Bethel will be Board Chairperson and Atul Mararaja will be Associate Arbitrator and Jeanne Vonhof will be Associate Arbitrator on an as-needed basis for cases other than contracting out. The parties have agreed to review existing rules of arbitration and mutually agree to changes if needed.

In the processing of grievances under this Agreement, the Cliffs Board of Arbitration will be bound by all of the provisions of this Agreement except as modified in this Appendix.

### SCHEDULING RULES FOR CLIFFS BOARD OF ARBITRATION

When either party elects to appeal a grievance to arbitration pursuant to the grievance procedure applicable to that Mine it shall serve notice of appeal upon the other party in writing in accordance with its agreed to appeal procedure. Upon receipt of the appeal, the Company Area Manager of Human Resources shall be responsible to copy to the Company's General Manager of Labor and Employee Relations or his designee and the Union Local President or the Grievance Chairperson shall copy the International Union Staff Representative responsible for that Mine (unless the letter is from that Staff Representative).

Upon receipt of an appeal of a grievance to arbitration, the General Manager of Labor and Employee Relations shall contact the Cliffs Board of Arbitration Chairperson and request dates for the hearing of the grievance in arbitration and copy the Union Staff Representative for the Mine involved. Except in grievances dealing with suspension or discharge or where grievances including contracting out issues are otherwise contractually provided to be expedited, such dates shall allow a minimum of sixty days from the date of receipt of the appeal by the General Manager of Labor and Employee Relations so that each party may adequately prepare for arbitration. Upon receipt of the request for arbitration the Board will advise the General Manager of Labor and Employee Relations and the Union Staff Representative for the Mine involved in the appeal of the offered dates and they shall mutually agree upon one of those dates or, if none are acceptable to them, request additional dates from the Chairperson, in which case the same procedure shall be followed but should not exceed a total of ninety days. If more than one grievance is appealed to arbitration by the Union, the Union shall set the order in which those grievances are scheduled for hearing. Changes to the date set for arbitration shall be limited to those provided for in Board of Arbitration Rules.

The dates set by the Board of Arbitration for the remainder of **2012** shall remain in place. For any grievance(s) appealed to arbitration other than the dates already established for **2012** shall be secured according to the above procedure.

Nothing in these rules shall move any grievance(s) appealed to arbitration that is being held in abeyance by mutual agreement of the parties on September 1, **2012** to arbitration until one of the parties requests it be removed from abeyance. Further, nothing in this procedure shall prohibit the parties from mutually agreeing to place a grievance appealed to arbitration in the future in abeyance.

## APPENDIX L: Agreement on Overtime Distribution

The following provisions will be applicable to govern overtime (time and one-half) distribution at each property:

- I. Company and Union representatives at each property will determine the job classifications or groups of jobs in which the Company will attempt to equalize overtime distribution and the types of overtime work to be included in the equalization records. Distribution of overtime on the above basis will be equalized insofar as is practicable and consistent with good management and safe operation.
- II. It is Understood that the Company cannot assure the equalization of overtime as of any particular date or within any particular period, and therefore the Company will not be subject to a penalty for a difference in overtime between employees in a job classification or other grouping as long as it is making continuing efforts to equalize overtime.
- III. An employee who believes that s/he is not receiving an equal share of overtime in his/her classification (or such other group as may be agreed upon) may discuss the matter with Management.
- IV. Whenever overtime is refused for any reason, the amount of overtime so refused will be counted as if worked for purposes of distributing overtime. An employee who does not want to work when an overtime opportunity is offered to them, shall sign a record of this refusal. This record will be available to the Grievance Committee in the event of disputes as to overtime distribution.
- V. An employee who refuses four consecutive offers of overtime work will not again be offered an opportunity to work overtime until s/he has submitted a written notice to the Company that s/he is willing to work overtime. The employee will be notified when s/he has four refusals for the purpose of this provision. Forms for these purposes will be provided. When an employee is reinstated s/he shall, at that point, be considered to be equal to the other employees in his/her group or classification for the purpose of overtime distribution.
- VI. Records will be kept of overtime worked and overtime refused. At the end of each calendar quarter, Management and the Grievance Committee will review the distribution of overtime under this Agreement.
- VII. In the event that an employee is not satisfied in the discussions held as provided in III. above, or if the Grievance Committee believes as a result of quarterly conference provided in VI. above, that the Company is not making reasonable efforts to distribute overtime equally, a grievance may be filed. In such case an arbitrator shall have the authority only to require that employees be given the opportunity to work such overtime as may be necessary to accomplish the equalization determined by the arbitrator.
- VIII. The Company retains the right to require employees to work overtime. As a policy, however, it will not require employees to work overtime if there are other employees in the job classification or group who are willing and qualified to perform the overtime work.
- IX. When employees qualified to perform the work could be recalled from layoff because it is reasonably foreseeable that there will be work for such employees for a period of two or more weeks, then Management will notify the Union if it decides to have such work performed on an overtime basis instead of recalling employees. Upon the request of the appropriate grievance committee person, Management will discuss with them the reason for its decision and any suggested alternative. Such discussion will constitute full compliance with the requirements of this provision, without prejudice to any other rights which may exist under any other provision of the Agreement.

*\* Deleted information due to sensitivity of competitive information. Data is available to all employees and Union officials when on Company premises with disregard for maintaining confidentiality within the mine.*

## APPENDIX M: Letter on Miscellaneous Understandings

- I. Union Notification**
  - A. Notice of Layoffs
  - B. Notices of a Disciplinary Nature
  - C. Notice of Rules
- II. Committees and Meetings**
  - A. Union Management Safety Committee
  - B. Civil Rights Committee
  - C. Economic Displacement
  - D. Annual Labor Relations Meeting
  - E. Environmental, Ecology and Energy Committee
  - F. Legislative Cooperation
  - G. Work Schedules Monthly Local Union Meeting
- III. Apprenticeship Matters**
  - A. Performance Review
  - B. Apprentice Hours
  - C. Assignments
- IV. Miscellaneous**
  - A. Absenteeism
  - B. Alcoholism and Drug Abuse
  - C. Union Recognition at New Operations
  - D. Travel Expense On-the-Job Injuries
  - E. Replacement of Tools
  - F. Garnishment of Wages
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  - L. Scrap Program
  - M. Bottled Water
  - N. Belt Repair Training
  - O. Dry Facilities
  - P. Firearms
  - Q. Training Mileage Allowance
  - R. Posting of United Steelworker Logo/Name
  - S. Review of Plant Repairperson & Maintenance Mechanic Welding Factors
  - T. Gatorade
- V. New Forms**
  - A. Notification of Improper Recall / Displacement / Assignment
  - B. Voluntary Layoff Election Form
  - C. Special Leave of Absence Form
  - D. Notice of Employees Decision to Terminate a Special Leave of Absence

**I. Union Notification**

**A. Notice of Layoffs**

The Company will give the Union as much advance notice as possible of economic or seasonal layoffs. Such notices may be changed as circumstances require.

**B. Notices of a Disciplinary Nature**

Copies of notices and discussion sheets of a disciplinary nature will be sent to the employee involved and to the Grievance Committee Chairperson.

**C. Notice of Rules**

The Company will provide the Local Union with a copy of operating rules, safety rules or rules of a general nature which may be issued in the future.

**D. Weekly Overtime Report**

The Company will provide a copy of the current weekly overtime report or an equivalent report if the current report is discontinued for the Tilden and Empire Operations.

**E. Attrition**

The Company will provide a bargaining unit attrition report to both Local Unions on a monthly basis.

**F. Questionnaire or Survey**

The Company will provide the Union with a copy in advance of distribution of any CMO generated questionnaire or survey distributed to members of the bargaining unit that requires a response.

**II. Committees and Meetings**

**A. Union-Management Safety Committee**

A Union-Management Safety Committee has been established at each property of the Company. This Committee shall meet monthly unless mutually agreed otherwise. These meetings will not depend on monthly inspections. Union representatives attending such meetings, not exceeding ten (10) in number, will be paid their regular rate of pay, and the time will count as time worked if it falls within their regular work schedule. Such monthly committee meetings will be held at a mutually agreeable time and place.

1. The scope of the Committee shall include items for discussion as follows:

- a. Accidents, major and minor, reported since the prior meeting.
- b. Results of inspections held since the last meeting in which the Union Safety Committee has participated.
- c. Written recommendations submitted on the Union's safety recommendation form. The Company agrees that at the next meeting following the submission of such recommendations, written replies will be made in regard to those recommendations which are not adopted or which are still under investigation.
- d. Any matter involving safety practices or procedures, unsafe conditions, violation of rules, and other subjects pertaining to the safety of operations which have come to the attention of any member of the Committee.
- e. Any problems or potential problems regarding alcoholism or drug abuse of which the Committee is aware.

2. The function of the Committee is not to replace the attention which must be given



by employees and Management to safety problems which require immediate attention nor does it in any way replace the inspections of the Safety Department. Members of the Safety Department, the Labor Relations Department, or the Representative of the Union may attend the monthly meetings. Copies of recommendations made at monthly safety meetings will be sent to the Safety Department.

3. The establishment of the practice of monthly meetings as outlined above in no way affects the rights of either party as provided in the Safety and Health Section of the Basic Agreement.
4. The Company will provide the Union with copies of its minutes of meetings held with members of the Union Safety Committee in connection with the monthly Union-Management Safety meetings, safety inspections and accident investigations.

The Company has established a Management Safety Committee comprised of Managers and Mine and Department Superintendents. The Committee is responsible for the investigation of all fatalities and serious injuries. The Union shall be entitled to have a representative from each seniority unit on such Committee during its conduct of investigations. The Union shall furnish the Company with a list of names from which such representative can be selected. If the Local Union President is not the Union representative on such an investigation, the President will be notified so that s/he can also participate. The Company shall designate the Chairperson of the Committee who shall govern the conduct of the investigation and the orderly examination of witnesses. Upon completion of the investigation of a fatal accident, the Committee shall reconvene for the purpose of reviewing the findings and any recommendations resulting there from. As an aid in assisting the Committee's determination of the need to convene, serious injuries will include such injuries as loss of a limb, eye or a fracture of the skull or back.

The Company will, from a single source at the Company headquarters level, provide the International Union, Health, Safety and Environmental Department with prompt notification of any accident resulting in a fatality to a Union member. This notification shall be either oral or written and include the date of the fatality, the plant or unit location of the fatality and, if known, the cause of fatality. The Company will provide the International Union, Health, Safety and Environmental Department with a copy of the fatal accident report that is given to the local union safety and health committee when such report becomes available. Any necessary discussion or other communication on this data between the Company and the International Union will be with the individual designated to provide such information.

5. An annual meeting will be held in Michigan for the purpose of discussing accidents which were serious or particularly significant. Up to three Union safety committeemen and the Local Union President from each seniority unit may participate and time lost from a scheduled shift will be reimbursed by the Company. Such time lost will be counted as time worked for the purposes of determining overtime pay.
6. The International Union and the Company shall each designate three representatives to a joint Company level committee on safety and health which shall meet at least annually to review the operation of the Safety and Health Section of the Agreement, with a view to achieving maximum understanding as to how the Company and Union can most effectively cooperate in achieving the objectives of Subsection I. of that Section XIV.

B. Civil Rights Committee

1. A joint Committee on Civil Rights shall be established at each mine. The Union representation on the Committee shall be no more than three members of the Union, in addition to the President and Chairperson of the Grievance Committee. The Union members shall be certified to the superintendent by the Union and the Company members shall be certified to the Union.
2. The Company and Union members of the joint Committee shall meet at mutually agreeable times, but no less than once each month. The joint Committee shall review matters involving Civil Rights and advise with the Company and the Union concerning them, but shall have no jurisdiction over the filing or processing of grievances. This provision shall not affect any existing right to file a grievance nor does it enlarge the time limits for filing and processing grievances.

C. Committee on Economic Displacement

The parties recognize the social and economic impact of job displacement on employees, their families and the local community. Accordingly, the parties hereby establish a Joint Committee on Economic Displacement to discuss and coordinate the parties' efforts to lessen the impact of job displacement. The committee shall determine whether appropriate federal, state or local government funds are available to promote employee retraining, counseling, placement assistance, and other remedial programs for displaced miners. The committee shall consist of four (4) Union representatives and four (4) Company representatives. The committee shall meet no less than once per year and more frequently if there is job displacement as a result of layoff.

Time lost from work for such four Union representatives shall be paid as time worked when serving on the Joint Committee on Economic Displacement up to a total of not more than twelve (12) scheduled shifts in a calendar year. Time spent serving on the Joint Committee on Economic Displacement during nonscheduled work hours shall be paid at allowed time.

Additional payment for lost time and reasonable expenses for the Union representatives on the Committee on Economic Displacement shall be paid from existing funds such as Strategic Alliance or Overtime Control Funds.

D. Annual Labor Relations Meeting

A meeting will be held in Michigan annually (or more often by mutual agreement) between representatives of the Company and representatives designated by the Union from each unit to discuss the application of the Agreement and problems which may have arisen there from.

E. Environmental, Ecology and Energy Committee

An Environmental, Ecology and Energy Committee is hereby established by the parties for the purpose of discussing and coordinating on significant matters in the areas of environment, ecology and energy which are of mutual concern to the Company and the Union. The Union members shall be two representatives of the International Union together with the Local Union Presidents, and Management shall designate an equal number of representatives. The members of this Committee may be supplemented from time to time with Company and Union representatives from a property which is directly involved. The Committee will meet on a mutually agreeable schedule and the Company shall keep minutes of each meeting.

F. Legislative Cooperation

It is the intent of the Company to cooperate fully with the Union to implement legislation which is in the mutual interest of the U.S. Steel and Iron Ore Industries, and to support a

public information program that raises the awareness of the public to the importance of the basic steel and natural resources industries to our nation's economy.

The Company will cooperate in every way with the Union toward this end and agrees to establish a committee comprised of management representatives at the corporate, divisional and plant level to work with local and international union representatives toward this end. The committee will meet at least once a year and more often if desired by the parties.

G. Work Schedules Monthly Local Union Meeting

Upon request, the Company will revise the work schedule of the Local Union President, the Grievance Committee Chairperson and the Safety Committee Chairperson at each property, together with not more than three additional union officials at each property so that they may attend the monthly local union meeting without loss of working time. The Union will notify management at the property, in writing, of the names of the employees to which this provision shall apply.

III. Apprenticeship Matters

A. Performance Review

A performance review will be held between the Instructor and Apprentice at the conclusion of each session at the training center. The Apprentice's supervisor at the property will also conduct a performance review at least once every six months. During the review the Apprentice will be furnished a copy of any Performance and Achievement Report completed during the training period.

B. Apprentice Hours

The Company will credit an apprentice with all hours of related work regardless of the rate of pay received for such hours.

C. Assignments

Apprentices will be assigned to both day shift and shift work schedules, in various departments, to get appropriate experience throughout the apprenticeship program. The joint training committee will provide recommendations on the length of time apprentices should be assigned to the various areas of the operation.

IV. Miscellaneous

A. Absenteeism

The Company and Union are aware of the problem of absenteeism existing at the various operations. The Union will cooperate with the Company in reasonable programs and rules designed to reduce or eliminate unwarrantable absenteeism. Unwarranted absenteeism consists of absences without a reason or an insufficient reason, repeated reliance on illness without substantiation thereof, etc.

B. Alcoholism and Drug Abuse

Alcoholism and drug abuse are recognized by the parties to be treatable conditions. Without detracting from existing rights and obligations of the parties recognized in the other provisions of this Agreement, the Company and the Union agree to cooperate at the plant level in encouraging employees afflicted with alcoholism or drug abuse to undergo a coordinated program directed to the objective of their rehabilitation.

C. Union Recognition at New Operations

It is agreed that the United Steelworkers, AFL-CIO, will be recognized as the bargaining agent at any new operation of The Cleveland-Cliffs Iron Company which may be opened in the States of Michigan, Minnesota, or Wisconsin within the jurisdiction of

Appendix M (Cont.)  
Letter on Miscellaneous Understandings

District 2 and District 11 of the United Steelworkers Union. The Basic Labor Agreement then in effect will apply to such new operation at the time of recognition with the exception of the Seniority Section and Seniority and Posting Agreement which will become effective ninety (90) days after the commencement of production.

D. Travel Expense On-the-Job Injuries

In the event an employee requires medical treatment as a result of an on-the-job injury and does not meet current requirements of the Worker's Compensation Law for payment of mileage for obtaining such treatment, the Company will pay such employee for all miles traveled to obtain treatment at the current rate paid under the Worker's Compensation Law.

E. Replacement of Tools

The Company agrees to continue its present practice of replacing tools where there is evidence that they were lost or worn out on the job.

F. Garnishment of Wages

Employees whose wages have been garnished will not be disciplined because of such garnishments.

G. Employee Transfer Request

An employee may place on file with the Company one (1) request for a transfer to a specific property. Where an interchange of employees in the same classification can be arranged, without adverse seniority implications for jobs covered by the Shift and Area provision, management may make such transfers without posting. Employees may withdraw their request before a transfer is arranged but then must wait six (6) months to submit another request. Transfer request forms may be obtained from the mine Human Resources Department.

When a transfer is arranged pursuant to this provision, employees will be transferred; there is no option to decline the transfer that was requested.

Transfer requests will expire on December 31 of the year filed. Employees will be required to fill out a new form after January 1 of the subsequent year if they want to keep their request on file.

H. Union Bulletin Boards

The Company agrees to provide the Union a minimum of one (1) bulletin board at each property. The board will be at least four (4) feet by eight (8) feet, glass enclosed, provided with a lock and properly illuminated.

It is understood that this bulletin board is for the use of the Local Union in communicating with its members, but with due regard for good Labor-Management relations.

I. Payroll Deposit

Upon request by an employee, arrangement will be made to deposit a designated amount of his/her full paycheck in either a local credit union or bank.

J. Pensioners List

Once each year the Company will provide the Union with an updated list of all persons receiving pension benefits complete with addresses.

K. South Access Road

The Company agrees to re-open the south access road as safe access can be achieved with the new security gate.

- L. Scrap Program  
Management agrees to **continue the scrap program. The approximate value will be increased to \$25.00 per scrap slip, with a maximum of one scrap slip per week and twelve scrap slips per calendar year.**
- M. Bottled Water  
The Company agrees to continue the present practice of providing bottled water and coolers. An inventory of bottled water (24) and water coolers (4) will be established in the Empire main warehouse.
- N. Belt Repair Training  
The Company will provide training to maintain an adequate number of qualified belt repairpersons.
- O. Dry Facilities  
All bargaining unit employees shall have separate dry facilities from the salaried employees. Current female dry at Tilden must remain at current property.  
**Preventative Maintenance will be scheduled on the heating and ventilation systems in the dries and these systems will be maintained in proper working order.**
- P. Firearms  
No firearms will be permitted on CMO property unless in a personal vehicle, unloaded and encased, and stored in compliance with state laws. Removal of the firearm from a personal vehicle while on CMO property, for any reason, is strictly prohibited.
- Q. Training Mileage Allowance  
Management agrees to pay mileage for 8-hour MSHA training and other Company mandated training. Mileage will not be paid for attending apprenticeship classes or craft skills testing.
- R. Posting of United Steelworkers Logo/Name  
The Company will place the Steelworkers logo and name on the next set of signs placed at the three (3) main entrances to the operations, which is anticipated to be in the fall of 2008. The logos and names of the Company and the Union will be of comparable size.
- S. Review of Plant Repairperson and Maintenance Mechanic Welding Factors  
At the conclusion of negotiations, Management will agree to meet to discuss what may be more appropriate Plant Repairperson and Maintenance Mechanic welding factors. It is further understood that any agreement reached on the above will not change the Plant Repairperson and Maintenance Mechanics that appear on the current Safety Welding List.
- T. Gatorade  
The Company will provide Gatorade or equivalent in areas where employees are required to work in extreme heat for extended periods of time. In addition, Gatorade or equivalent will be available for all employees during the months May through September.
- U. **Vehicle Assistance**  
**Management will continue to have starting units available during periods of cold weather and will provide assistance with flat tires and relocating disabled vehicles creating a safety hazard on mine property.**

Appendix M (Cont.)  
Letter on Miscellaneous Understandings

V. New Forms

A. Notification of Improper Recall/Displacement/ Assignment

Name of Employee: \_\_\_\_\_

Employee Number: \_\_\_\_\_

Seniority Date: \_\_\_\_\_

Mine from which laid off: \_\_\_\_\_

1. A more junior employee has been recalled to the job of \_\_\_\_\_  
\_\_\_\_\_ at the \_\_\_\_\_ Mine. OR

2. I have been improperly displaced from the job of \_\_\_\_\_ at the  
\_\_\_\_\_ Mine by \_\_\_\_\_, a more junior employee. OR

3. I should have displaced a more junior employee on the job of \_\_\_\_\_ at  
the \_\_\_\_\_ Mine. OR

4. I have been improperly assigned to the job of \_\_\_\_\_  
and should have been assigned to the job of \_\_\_\_\_  
at the \_\_\_\_\_ mine held by \_\_\_\_\_.

Date of improper recall/displacement/assignment: \_\_\_\_\_

(Signature) \_\_\_\_\_

(Date) \_\_\_\_\_

cc: Mine Human Resources Department

Local Union

International Union

B. Voluntary Layoff Election Form

I hereby elect voluntary layoff under the terms of Section II., Subsection 1.-C., of  
the Seniority and Posting Agreement.

Date Voluntary Lay off Commences \_\_\_\_\_

Anticipated Length of Voluntary Layoff: \_\_\_\_\_

Benefit Position of S.U.B. Fund at the Time of Layoff \_\_\_\_\_ %

It is understood that employees with S.U.B. guarantees electing voluntary layoff  
will receive S.U.B. benefits based on the financial position of the plan in the same  
manner as employees without such S.U.B. guarantees.

In the event the shutdown exceeds the "anticipated length of voluntary layoff" by  
more than one (1) week, the employee will be re-pollled to determine whether s/he  
prefers to extend his/her voluntary layoff or return to work in accordance with  
his/her seniority.

Employee \_\_\_\_\_

Employee Number \_\_\_\_\_

Seniority Date \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Present Union Representative \_\_\_\_\_

Company Representative \_\_\_\_\_

cc: Payroll  
Personnel File  
Mine Human Resources Department  
Local Union  
International Representative

C. Special Leave of Absence Form

I hereby request a special leave of absence under the terms of Section X., Subsection 10. of the Basic Labor Agreement.

- (1) Date special leave of absence commences: \_\_\_\_\_
- (2) Two (2) year period of special leave of absence terminates: \_\_\_\_\_
- (3) You must notify us between \_\_\_\_\_ and \_\_\_\_\_ of your desire to terminate your special leave of absence.

Employee \_\_\_\_\_

Date \_\_\_\_\_

Company Representative \_\_\_\_\_

Union Representative \_\_\_\_\_

D. Notice of Employee's Decision to Terminate a Special Leave of Absence

I hereby notify the Company of my decision to terminate my special leave of absence under the terms of Section X., Subsection 10. of the Basic Labor Agreement.

I understand that my employee status will terminate unless this form is received by the Company between \_\_\_\_\_ and \_\_\_\_\_.

Date \_\_\_\_\_

Employee Signature \_\_\_\_\_

PLEASE SEND THIS FORM TO THE MINE HUMAN RESOURCES DEPARTMENT THAT GRANTED YOUR SPECIAL LEAVE OF ABSENCE.

## APPENDIX N: Overtime Control Training Fund

The parties have established an Overtime Control Training Fund ("OCTF") for each mine (Hibbing Joint Venture, Empire Iron Mining Partnership and Tilden Mining Company L.C., and United Taconite Company L.C.). The OCTF will be jointly administered by the OCTF Committee (the Committee) consisting of three (3) members at each mine, one (1) chosen by the Company and two (2) chosen by the Union.

The Union members of the Committee shall be the local Union President and one (1) designee appointed by the Union Chairperson of the Negotiating Committee. The Company member of the Committee shall be the Area Manager of Human Resources.

- a. Funding: The Company shall credit \$10.00 per hour to the OCTF for one-half (50%) of the hours worked at the mine in excess of 56 hours within a payroll week that an Employee is paid at overtime rates.
- b. Purpose: The OCTF is to be used to fund job-related training and education, provided that such training is directly related to pre-apprenticeship preparation programs, apprenticeship programs, craft training, non-craft described and classified job training and other job related training. The parties will also seek and use funds from federal, state and local governmental agencies.
- c. Approval: No expenditure may be charged to the OCTF unless such expenditure is specifically approved in writing by both the Union and Company Co-Chairmen of the Committee.
- d. Annual OCTF Plan: The Committee shall jointly develop a plan each year setting forth the projected amount of plant OCTF allocable to specific mine training and education programs. An information copy of such annual plan shall promptly be sent to the International President of the Union and the Company and Union Chairmen of the Negotiating Committee.
- e. Reporting: The Company shall furnish to the International President, the Company and Union Chairmen of the Negotiating Committee, and the Committee a quarterly report (i) itemizing credits and charges to the OCTF, relating each such credit and charge to a specific program contained in the Annual OCTF Plan, (ii) stating the current level of the OCTF and (iii) showing, by each department in the mine, the hours worked by each employee in such department during each pay period in the quarter for which an Overtime Control credit has been incurred pursuant to this Appendix.
- f. Auditing: Upon request of the Union Chairperson of the Negotiating Committee an audit of Company reports and of the underlying program activities shall be made in accordance with the following: The Company and the Union shall jointly select an independent outside auditor. The reasonable fees and expenses of the auditor shall be paid from the OCTF.
- g. Dispute Resolution: Any dispute regarding the administration of the OCTF shall be referred to the Company and Union Chairperson of the Negotiating Committee for resolution. If they are unable to resolve the dispute, it shall be subject to expedited resolution by the Cliffs Board of Arbitration pursuant to procedures to be developed by the parties leading to resolution of the dispute within two weeks after the dispute resolution procedure is invoked.



## APPENDIX O: Side Letter on Trade and Craft Revitalization

September 1, 2012

Robert J. Bratulich  
Director-District 11  
United Steelworkers  
2829 University Avenue SE, Suite 150  
Minneapolis, MN 55414

Re: Trade and Craft Revitalization

Dear Mr. Bratulich:

This letter will confirm the understandings reached during the negotiation of the 1999 collective bargaining agreement concerning trade and craft training.

### A. Renewal of Commitment to Revitalization of Trade and Craft Training

The local parties at each mine hereby renew their commitment to the revitalization of trade and craft training. Within thirty (30) days following the effective date of this agreement, the local parties at each mine shall meet to discuss whether to continue or modify their existing arrangements concerning trade and craft training for the life of the current agreement or, instead, to undertake the process set forth in the Memorandum of Agreement on the Revitalization of Trade and Craft Training.

Should the existing or modified arrangements at either or both mines address ongoing maintenance needs expected during the life of this Agreement, the parties at that mine(s) may, with the written approval of the President of the Local Union and the Chairperson of the Union Negotiating Committee, approve such arrangements. Should the existing arrangements not be explicitly continued or modified, the parties shall undertake the process set forth in the Memorandum of Understanding on the Revitalization of Trade and Craft Training.

### B. Pre-Trade and Craft Training Programs

Regardless of the outcome of the discussions held pursuant to A above, the following program shall be established at each mine of the Company effective January 1, 2000:

1. To ensure that non-trade and craft bargaining unit employees have a reasonable opportunity to take advantage of trade and craft training programs, pre-trade and craft training programs ("PTCT" Programs) will be made available. These PTCT Programs will provide employees with the opportunity to acquire the skills and knowledge necessary to qualify for the trade and craft training programs that exist or as may be developed. The PTCT Programs will meet the following minimum criteria:
  - a. Entrance to the PTCT Programs will be determined by a mine-wide posting and selection process conducted in the same manner as that described in Section 1. of the Seniority and Posting Agreement and Section X., Subsection 1. of the Basic Labor Agreement. No incumbency rights will be gained or lost solely as a result of participation in a PTCT Program.
  - b. Employees selected in accordance with Subparagraph a. above, will, as a condition of entrance to a PTCT Program, be required to demonstrate that they possess the reading comprehension, writing, and mathematics skills required to absorb the particular training to be offered. Such demonstration may be in the form of tests developed and administered by the Company in accordance with Section XVI., Subsection 4. of the Basic Labor Agreement.
  - c. While the length of participation in a PTCT Program will vary based on the individual needs of the employee and the nature of the particular PTCT Program, employees

Appendix O (Cont.)  
Side Letter On Trade and Craft Revitalization

will be afforded up to 400 hours of training if needed.

- d. After an employee enters a PTCT Program, progress will be periodically evaluated and the employee must demonstrate continuous progress in order to remain in the PTCT Program. No employee in a PTCT Program will be removed from that PTCT Program before being notified of any deficiency, given an opportunity for remedial training to overcome such deficiency, and provided a second opportunity to meet program requirements. Time taken for such remedial training will be included in the 400 hours described in Subparagraph c. above.
  - e. Time spent by employees in PTCT Program training will be on Company time and paid for at the standard hourly wage rate of Job Class 6. Up to fifty percent of the OCTF funds generated at either mine, if any, (and any other available training funds) will be allocated to reimburse the Company for such PTCT Programs at that mine, including amounts paid employees pursuant to this sub-paragraph e.
2. Commencing with calendar year 2000, the Company will provide opportunities for entrance into PTCT Programs at the rate of four (4) employees per mine per full calendar year.
  3. Should the Union at the mine believe that the Company has failed to comply with the terms of this letter agreement at either mine, the Chairperson of the Grievance Committee may file a grievance directly in Step 2 of the complaint and grievance procedure. Such grievance, if appealed to the Cliffs Board of Arbitration, shall be expedited by the Cliffs Board of Arbitration to ensure that the PTCT Program is not unduly delayed by the resolution of the dispute.
  4. It is understood that in the event that there are more applicants than the opportunities described in Paragraph B.-2. above, the parties will conduct a review of the facts to determine whether or not to increase the number of opportunities. Any such increase is to be implemented only upon mutual agreement of the Union and Company Co-Chairmen of the respective Negotiating Committees.

Very truly yours,

/s/Kenneth D. Simmons

General Manager—Labor & Employee Relations

The Cleveland-Cliffs Iron Company As Operating Agent for Tilden Mining Company L.C. and Empire Iron Mining Partnership doing business together as Cliffs Michigan Operations

Confirmed:

/s/Robert J. Bratulich, Chairperson  
Union Negotiating Committee

September 1, 2012

## **APPENDIX P: Memorandum of Understanding On The Revitalization of Trade and Craft Training**

The parties are committed to the establishment and preservation of a highly skilled, efficient maintenance work force in sufficient number to carry out a successful maintenance program at the mine covered by the Basic Labor Agreement. It is also their purpose to accomplish the foregoing as much as possible with bargaining unit employees and without excessive overtime.

### **A. Maintenance Plan Committee**

Within six (6) months of the effective date of the Basic Labor Agreement, the local parties will establish a mine-level Joint Maintenance Plan Committee ("JMPC") made up of three (3) representatives designated by the local union, at least two (2) of whom shall be experienced mine maintenance employees, and an equal number of representatives designated by the Company, at least two (2) of whom shall be experienced in maintenance supervision or maintenance management. The JMPC will meet regularly and will receive required technical assistance from appropriate Company or Union resources.

### **B. Study of Maintenance Work Force**

The JMPC will be responsible for examining the present maintenance work force considering such future changes in maintenance requirements that can be identified and developing the specific information described below:

1. Determine the numbers of maintenance employees in each trade or craft whether in assigned maintenance or central maintenance;
2. Develop an age profile for all craft employees;
3. Assess the anticipated attrition rates for the maintenance work force over the next five (5) years;
4. Assess the availability of employees in the mine's work force who are qualified to enter craft training programs;
5. Identify potential avenues by which employees can receive basic education training to qualify for craft training programs;
6. Evaluate the appropriateness of existing and new craft training programs and the necessity of developing additional craft training programs giving due consideration to changing technology and future skill needs. Recommend changes to standards, type and length of training as appropriate;
7. Examine current craft overtime levels and assess whether certain crafts are working excessive overtime;
8. Examine methods by which productivity can be improved through additional training of craft employees;
9. Examine the mine's projected new construction, replacement and rehabilitation program during the next five years, recognizing that such programs are susceptible to termination, modification, and scheduling change, and assess potential craft involvement in such work;
10. To the extent practicable and relevant, assess the maintenance practices and maintenance training practices at the mine under this review versus those of other iron ore producers represented by the Union;
11. Assess the level of mine trade and craft forces necessary to meet reasonably anticipated long-term future maintenance needs bearing in mind all the above items.

The Study will commence immediately upon the establishment of the JMPC.

C. Maintenance Training Plan

Within six (6) months from the date of its establishment, the JMPC will submit a report to the Joint Leadership Committee setting forth its findings with respect to the matters set forth in Section B. In addition, the JMPC will develop a recommendation for implementation of a Maintenance Training Plan ("MTP") designed to fill anticipated maintenance needs. The recommended MTP will include an implementation date, the minimum number of employees to be trained or retrained in each trade or craft within a defined period, the method of training, and provisions for upgrading the skills of incumbent trade or craft employees. In developing the MTP, the following guidelines/goals shall apply:

1. Provide sufficient numbers of trained trade and craft employees to meet reasonably anticipated attrition and long-term future maintenance needs without the use of excessive overtime, in accordance with the contracting out provisions of the BLA, in light of modern work practices that have been agreed upon and recognizing the parties' commitment to continuous productivity improvement, as outlined in Section XVI., Subsection 3. (Understanding on Productivity).
2. Make every reasonable effort to draw qualifiable trainees for trade and craft occupations from the ranks of the current work force.
3. Complete training as quickly as feasible consistent with the actual requirements of the trade or craft job, as determined by the Joint Leadership Committee, and giving due consideration to the cost of such training.

The JMPC report will include separate statements by the parties with respect to any finding or recommendation to which they disagree.

D. Action by the Joint Leadership Committee

Within sixty (60) days of receipt of the report submitted by the JMPC, the Joint Leadership Committee may: (1) approve an agreed upon MTP submitted by the parties; (2) modify any MTP as they may mutually agree; or (3) disagree, in whole or in part, with respect to any recommendations contained in a submitted MTP. With respect to any MTP components as to which the Joint Leadership Committee disagrees, the dispute will be promptly referred to the Cliffs Board of Arbitration (or such other Neutral as may be agreed upon by the Company's Vice President-Human Resources and the Union's Director of Collective Bargaining Services) pursuant to procedures to be agreed upon by the Joint Leadership Committee. The dispute will be resolved on the basis of a "final offer" submission by the parties at a hearing. The Cliffs Board of Arbitration (or other Neutral) will determine which of the submissions best meets the guidelines and goals spelled out in Section C. of this Memorandum of Understanding. The Cliffs Board of Arbitration (or other Neutral) shall have the power to determine the procedures pursuant to which the hearing is conducted.

E. Preservation of Plan

Except where the training or continued training of additional trade and craft employees is no longer justified due to changed conditions such as depressed economic periods and/or facility shutdowns, the MTP shall not be discontinued during the term of the Basic Labor Agreement.

## APPENDIX Q: Contract Coordinators

September 1, 2012

Mr. Robert J. Bratulich  
Director – District 11  
United Steelworkers  
2829 University Avenue SE, Suite 150  
Minneapolis, MN 55414

Dear Mr. Bratulich:

This letter will confirm the understanding reached during the 2008 negotiations:

1. In 2008 negotiations, the parties committed themselves to a number of joint undertakings crucial to the success of Hibbing Joint Venture, Empire Iron Mining Partnership, Tilden Mining Company L.C. and United Taconite L.L.C. (the "Companies"), employees and the Union. Even a partial listing of these programs would include the Memorandum of Understanding on Partnership, the Memorandum of Understanding on the Revitalization of Trade and Craft Training, the Employment Security Agreement, the Memorandum of Understanding on Productivity and the New Employee Orientation. These recent initiatives build on other joint initiatives that have long been in effect.

In recognition of the crucial role being served by the Union in accomplishing the joint goals of the parties, the parties agree as follows:

- a. Each of the District 2 and District 11 Directors shall select and direct one (1) Company-level Coordinator (one for the Minnesota Mines, and one for the Michigan Mines) who shall be responsible throughout their District for implementation and ongoing monitoring of joint undertakings of mutual interest to the Companies and the Union, including the OCTF, Partnership and Trade and Craft Training Revitalization. It is expected that the Coordinators will visit each of the Companies' locations in their District on a regular basis in the performance of his/her duties.
  - b. The Coordinators shall be employees of the Companies. An employee selected as a Contract Coordinator will be paid at a weekly rate equivalent to the Company job class 23 Standard Hourly Wage Rate effective September 1, 2008 of \$26.607. The Contract Coordinator rate shall be adjusted each September 1, throughout the term of the Company's September 1, 2012 Basic Labor Agreement. Additionally, each Coordinator will receive 13 hours of overtime pay per week at the above rate adjusted each September 1<sup>st</sup> as per the Company's September 1, 2012 Basic Labor Agreement. In addition, said Coordinators shall be reimbursed from OCTF funds for out-of pocket expenses including, but not limited to, travel, (coach airfare, hotel and per diem) incurred in connection with this assignment, up to a maximum of \$20,000 per year. In order to receive such lost time payments and expense reimbursements, supporting vouchers must be provided by the Coordinators.
2. The arrangement described herein shall be in addition to and fully separate from any existing arrangements regarding Companies' support of such programs and activities.

Appendix Q (Cont.)  
Contract Coordinators

Sincerely,

/s/Kenneth D. Simmons  
General Manager—Labor & Employee Relations  
Cliffs Mining Company  
As Operating Agent for Hibbing Joint Venture  
and United Taconite L.C.,  
And The Cleveland-Cliffs Iron Company  
As operating agent for Cliffs Michigan Operations

Confirmed:  
/s/Robert J. Bratulich  
Date: September 1, 2012  
United Steelworkers

## APPENDIX R: Family Needs

### Child Care, Elder Care and Dependent Care

1. The Parties agree to identify programs that meet the changing needs of working families, particularly in regard to dependent care.
2. At each location covered by this Agreement the Parties shall create a Dependent Care Committee, comprised of a Contract Coordinator and a designee of the Plant Manager and the Local Union President/Unit Chair. The Committee shall meet and be responsible for the identification and, where appropriate, development of dependent care programs. The Committee will utilize local community resources which are able to support the issues of child, elder and dependent care.
3. The Committee's efforts shall include fact-finding and identifying working model programs during the term of this Agreement, such as:
  - a. twenty-four (24) hour resources and referral systems;
  - b. subsidy and/or reimbursement provisions for dependent care services;
  - c. pre-tax programs;
  - d. near-site or on-site dependent care centers;
  - e. before and after work care for extended workdays;
  - f. holiday, emergency and sick care on workdays; and
  - g. development of community-based groups with other unions and companies in the region to cost effectively provide dependent care services.

## APPENDIX S: Institute for Career Development Benefit Equivalent

The Company and Union will not create an Institute for Career Development. In lieu of such an arrangement, effective September 1, 2012 the amount of \$.05 per employee hour worked shall be allocated to an employee benefit designated by the United Steelworkers. The designation for said benefit by the USW shall be a clothing allowance, distributed on an annual basis in the last pay period of each year.

### **APPENDIX T: Workplace Harassment, Violence, Awareness, and Prevention**

The Joint Safety and Health Committee at each mine will receive training on how to deal with workplace harassment and violence situations and from that specific training, the Joint Safety and Health Committees will develop specific contacts on the subject which will be communicated to all employees. Additionally:

1. All Employees shall be educated in the area of workplace harassment, violence awareness and prevention on a periodic basis.
2. A representative of the Union's Grievance Committee and a representative designated by the Company's Human Resources Department will work together to develop joint harassment, violence and prevention education, with input from the Plants and Local Unions.
3. Within six (6) months of the Effective Date of this Agreement, members of the Grievance Committee will be trained in matters relative to this provision.
4. All new Employees (and all current Employees) will be scheduled to receive one (1) to two (2) hours of training or retraining as to what harassment and violence is, why it is unacceptable, its consequences for the harasser and what steps can be taken to prevent it.
5. All Employees shall be compensated in accordance with the standard local Plant understandings for time spent in training referred to in this Appendix.

### **APPENDIX U: Union Role in Negotiation of Benefits**

In recognition of the Union's role in achieving the goals of the enterprise, the Company agrees to adopt such a practice in the manner detailed in this letter.

This understanding shall apply to payments separately made by the Company of the following: performance bonus payments; lump sum payments; inflation recognition payments; severance payments; special payments under the pension plan ("Separate Payments") as well as any special communication from the Company to bargaining unit employees which discusses most or all of their wage and benefit package.

In the case of a Separate Payment, upon Union request, the following text shall be included:

"This (identify the particular payment) is being made pursuant to a contract negotiated on your behalf by your Union, the United Steelworkers."

In the case of a special communication by the Company discussing employee wages and benefits as described above, the Company will include the following text upon Union request:

"Your wages and benefits are negotiated on your behalf by your Union, the United Steelworkers. The Company and the Steelworkers have a constructive relationship built on trust, integrity and mutual respect." The understandings set forth shall become effective September 1, 2012.



## APPENDIX V: Local Union Elections

Upon request and adequate notice, the Company will provide the Local Union with a suitable area on Company property for conducting a Union election. The Company will not be required to provide an area which will interfere with Plant operations or with ingress or egress.

## APPENDIX W: Steelworkers' Coalition

September 1, 2012

Mr. Robert J. Bratulich  
Director - District 11  
United Steelworkers  
2829 University Avenue SE, Suite 150  
Minneapolis, MN 55414

Dear Mr. Bratulich:

Re: Steelworkers' Coalition

This letter is to confirm the understanding reached during our 2004 labor negotiations, that the Company shall establish a payroll deduction option for employees to sign up and make contributions directly to the Steelworkers' Coalition, as long as the Coalition maintains its I.R.S. Sec. 501(C)(3) trust status. The Union will provide the Company with standard indemnification and hold harmless language as provided under the Basic Agreement relative to dues deductions. The Company agrees initially to allow two enrollment periods annually and will discuss with the Union the feasibility of additional enrollment periods if necessary.

The Union will continue to provide support to the Company's annual United Way campaign consistent with the degree of its past support.

Sincerely,

The Cleveland-Cliffs Iron Company as Operating Agent for Empire Iron Mining Partnership and Tilden Mining Company L.C. doing business together as Cliffs Michigan Operations

/s/Kenneth D. Simmons  
General Manager—Labor & Employee Relations

Confirmed:  
/s/Robert J. Bratulich  
Director - District 11  
United Steelworkers

## APPENDIX X: Pit Productivity Improvement

### Cliffs Michigan Operations Mines Operator Relief (Hot Relief)

It is agreed that a program of Operator (Hot) Relief may be instituted for Pit Operations at the Cliffs Michigan Operations (CMO).

Details of the program will be agreed to by the local parties but will, in all important respects, conform to the present CMO understanding.

The Union will cooperate in the development of the program and with communication of the details of the program to the affected employees.

## APPENDIX Y: Broken Service and Service Restoration For Purposes of Pension and Seniority

September 1, 2012

Mr. Robert J. Bratulich  
Director - District 11  
United Steelworkers  
2929 University Avenue SE, Suite 150  
Minneapolis, MN 55414

Re: Recognition of Broken Service for Purposes of Pension Benefits and Seniority Under the Basic Labor Agreement - Active Employees

Dear Mr. Bratulich:

Notwithstanding anything to the contrary in the Basic Labor Agreement, Seniority and Posting Agreement or Pension Agreement between the parties, the Company will recognize prior service with the Company based upon the following limited events:

1. If an employee was placed on layoff status and is recalled or rehired by the Company after a break in continuous service, pursuant to any provisions of the Basic Labor Agreement, the Company will recognize the employee's prior continuous service accrued to the date of layoff plus up two (2) years of additional service (creep), pursuant to the applicable continuous service sections of the Basic Labor Agreement, for purposes of establishing an adjusted seniority date for seniority rights under the Basic Labor Agreement and Seniority and Posting Agreement.
2. If an employee voluntarily terminated employment and is rehired, the Company will recognize the employee's prior continuous service accrued to the date of voluntarily termination for purposes of establishing an adjusted seniority date for seniority rights under the Basic Labor Agreement and Seniority and Posting Agreement.
3. An employee who incurs a break in continuous service prior to becoming eligible for an immediate or deferred vested pension, shall upon reemployment, have such break in continuous service removed. The continuous service shall be determined by Section 5.1-b.1., 2., 3., 4.(i) of the Pension Agreement.

**Broken Service and Service Restoration For Purposes of Pension and Seniority**

The period after a break in service and before the date of reemployment shall not be creditable as continuous service.

4. It is understood by the parties that the application of this letter is not intended nor requires recognition of any time on layoff in excess of the two years accrued service (creep) provided by the Basic Labor Agreement or Pension Agreement for purposes of seniority or pension benefits.
5. This letter is applicable only to former, permanent employees

Sincerely,

The Cleveland-Cliffs Iron Company as operating agent for the Empire Iron Mining Partnership and the Tilden Mining Company L.C. doing business together as Cliffs Michigan Operations.

/s/Kenneth D. Simmons  
General Manager—Labor & Employee Relations

Confirmed:  
/s/ Robert J. Bratulich  
Director-District 11  
United Steelworkers

## APPENDIX Z: Memorandum of Understanding on Rate Retention

Appendix R of the April 9, 1977 Settlement Agreement between the Coordinating Committee Steel Companies and the United Steelworkers sets forth the parties' intent to establish a Rate Retention Program for Production and Maintenance employees who become disabled so as to be unable to perform the duties of their regular jobs. Pursuant to such understanding, the following Rate Retention Program is agreed upon.

1. Eligibility
  - a. The Rate Retention Program shall become effective on January 1, 1978 and will be applicable only to Production and Maintenance employees with two or more years of continuous service whose disability is attributable in whole or in part to employment with the Company and who are removed from their regular jobs as a result of such disability on or after January 1, 1978.
  - b. The Program will be applicable to only those employees whose work-related disability permits them to continue active employment with the Company, working on a job other than their regular job. Employees whose work-related disability precludes active employment with the Company are not covered by this Program. Employees whose work-related disability precludes active employment with the Company during a recuperative period are not covered by this Program during that period. Requests for qualification under this Program may be initiated by either the Company or an employee.
  - c. Company medical personnel shall be responsible for making the determination as to whether a disability is work related and whether, then, an employee is entitled to rate retention under this Program. Should there be a disagreement with the determination of the Company medical personnel, a second medical opinion may be secured under a mechanism to be established by representatives of the Coordinating Committee Steel Companies and the International Union. The cost of developing and operating such a mechanism shall be paid from the monies contributed by the Coordinating Committee Steel Companies to the Research Projects Committee. The opinion of the agreed-upon medical doctor as to whether an employee's disability is work related and, then, entitled to rate retention under this Program, shall be final and binding upon the parties for purposes of this Rate Retention Program.
2. Rate Retention Payments
  - a. A personal disability rate shall be computed for an employee whose disability is determined to entitle them to rate retention under this Program.
  - b. The personal disability rate shall be the Standard Hourly Wage Rate which is nearest to the employee's average Standard Hourly Wage Rate in the 13 consecutive weekly pay periods or 7 consecutive biweekly pay periods (whichever is applicable) immediately prior to his/her entitlement to rate retention as provided in a. above.
  - c. An employee's personal disability rate shall not, in any event, exceed the Standard Hourly Wage Rate in effect for Job Class 11 on the date s/he is removed from his/her regular job under this Program.
  - d. For the hours in each pay period that are compensated (except vacation and SUB payments) after a reassignment under this Program, an employee shall be paid the higher of:
    - (1) his/her average hourly earnings using his/her personal disability rate as applied to his/her new job(s); or
    - (2) his/her average hourly earnings at the established rate of pay for his/her new job(s) in that pay period.

- e. An employee's personal disability rate shall be adjusted only for general wage increases and it shall not be adjusted for any increases in Job Class increments.
- f. An employee's personal disability rate shall be terminated for all purposes on the occurrence of any one of the following:
  - (1) Company medical personnel, after an examination of the employee, determine that the employee's disability no longer exists or that the employee has recuperated from the disability to the extent that s/he may be assigned to his/her regular job. Any disagreement between the parties as to whether the employee's disability no longer exists, or whether the employee has recuperated from the disability to the extent that s/he may be assigned to his/her regular job, shall be determined by a second medical opinion secured under the mechanism established in Paragraph 1.-c. above. That opinion shall be binding until such time that the Company medical personnel reexamine the employee for the purpose of determining whether that employee may be assigned to his/her regular job.
  - (2) His/her average hourly earnings on his/her new job(s) over 26 consecutive weekly pay periods or 13 consecutive biweekly pay periods (whichever is applicable) exceed his/her average earnings as calculated by use of his/her personal disability rate.
  - (3) 104 consecutive weeks elapse after the date of the commencement of his/her assignment to a job under this Program.
  - (4) S/he, except by reason of his/her disability, refuses to promote or fails to take an opportunity for a permanent promotion to a higher job (for which s/he is qualified) in his/her line of progression or seniority unit unless s/he has worked less than 30 days since entry into such line or unit or since his/her last preceding permanent promotion in such line or unit.
  - (5) S/he twice fails to qualify, except by reason of his/her disability, for permanent promotion to the same next higher job in the line of progression provided that two or more such failures to qualify within a 30 working day period shall count as only one failure.
- 3. The provision or denial of benefits under this Program will not be utilized in cases involving claims for benefits under other programs or under state or federal laws, such as Worker's Compensation laws.
- 4. If the special commission established by the Department of Labor develops guidelines with respect to programs of this type, this Program herein established will not be changed to conform to such guidelines, except to the extent required by law.
- 5. Benefits under this Program shall be adjusted to the extent necessary to avoid duplicating payments under Worker's Compensation or occupational disease laws or under other arrangements which provide an earnings supplement.
- 6. Any employee determined under this Program to be disqualified so as to be unable to perform the duties of his/her regular job shall be reassigned to a job consistent with the applicable seniority provisions of existing agreements. However, nothing in this Program is intended to guarantee any employee whose disability is work related active employment.

## APPENDIX AA: Letter Agreement On Pay In Lieu of Vacation

September 1, 2012

Mr. Robert J. Bratulich  
Director District 11  
United Steelworkers  
2829 University Avenue SE, Suite 150  
Minneapolis, MN 55414

Dear Mr. Bratulich:

This letter will confirm our understanding that for the period beginning with the effective date of the **September 1, 2012** Basic Labor Agreement and ending **September 30, 2015**, the provisions of Section VIII., Subsection 2.-b.(2) of The Cleveland-Cliffs Iron Company. Agreement will not be invoked with respect to any employee who is then actively at work.

Very truly yours,

The Cleveland-Cliffs Iron Company for as Operating Agent for Empire Iron Mining Partnership and Tilden Mining Company L.C. doing business together as Cliffs Michigan **Operations**.

/s/Kenneth D. Simmons  
General Manager—Labor & Employee Relations

CONFIRMED:  
/s/Robert J. Bratulich  
Director District 11  
United Steelworkers

## APPENDIX BB: Hiring Preference

1. In all hiring for bargaining unit positions, the Company shall, subject to its obligations under applicable equal employment opportunity laws and regulations, give consideration, to the full extent of interest, to applicants who are the direct relatives (children, children-in-law, step-children, spouse, siblings, grandchildren, nieces and nephews) of all employees who meet established hiring criteria.
2. Such hiring shall conform to applicable lines of progression, bidding, promotion and other requirements under this Agreement.
3. The Company shall, subject to these and other applicable provisions, make the final decision to accept or reject a particular applicant for employment.
4. No preference will be given to relatives of salaried employees over those of hourly employees.

## APPENDIX CC: Side Letter On Neutrality

September 1, 2012

Mr. Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee  
2929 University Avenue, S.E., Suite 150  
Minneapolis, MN 55414

Dear Mr. Bratulich:

This letter will confirm our understanding reached during discussions leading to our agreement to incorporate a new Neutrality Subsection into the successor agreement to the August 1, 2008 Basic Labor Agreement.

Notwithstanding the provisions of that Subsection, the parties agree as follows:

1. The Neutrality Subsection will under no circumstances apply to unrepresented employees of Cliffs **Natural Resources** Inc. ("the Company") located at its Headquarters offices. The Company's Headquarters is currently located at **200 Public Square**, Cleveland, Ohio 44114.
2. The Neutrality Subsection will under no circumstances apply to any facility located outside of the United States and its territories or Canada.
3. The Neutrality Subsection will under no circumstances apply, solely by operation of said Subsection to an Affiliate or Venture of the Company which employs workers represented by a labor organization.
4. The Neutrality Subsection will apply to Ventures of the Company but will under no circumstances apply to Affiliates of those Ventures of the Company.
5. The Neutrality Subsection will apply only to the Company, parent, Affiliates or Ventures that are engaged in the business of mining, processing, refining or transporting iron units, or that are engaged in the making, finishing, processing or transportation of steel. The Neutrality Subsection shall not apply to the business of mining or processing coal in the United States of America.

Very truly yours,

Cliffs Natural Resources Inc.  
Kenneth D. Simmons  
General Manager—Labor & Employee Relations on behalf of  
The Cleveland-Cliffs Iron Company on behalf of  
Tilden Mining Company, L.C., and  
Empire Iron Mining Partnership

Confirmed:  
Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee

## APPENDIX DD: Corporate Guarantee

September 1, 2012

Mr. Robert Bratulich  
Chairman  
USW/Cliffs Negotiating Committee  
2829 University Avenue SE, Suite 150  
Minneapolis, MN 55414

Dear Mr. Bratulich:

In connection with the labor agreements, executed by and between the Empire Iron Mining Partnership (EIMP), Tilden Mining Company L.C. (TMC), Hibbing Joint Venture, United Taconite LLC (UTac) and the United Steelworkers (Union), dated September 1, 2012 (Agreements), Cliffs **Natural Resources** Inc. (Company) agrees as follows with respect to a Company guarantee and governance provisions:

### Guarantee

Subject to approval by the Board of Directors of the Company, the Company will, to the extent of its direct or indirect ownership interest in EIMP, TMC, and UTac guarantee the retiree medical and pension obligations of EIMP, TMC, and UTac established pursuant to the Programs of Hospital – Medical Benefits for Eligible Pensioners and Surviving Spouses of EIMP, TMC, and UTac and the Pension Agreements for EIMP and TMC, all such Agreements being with the United Steelworkers.

### Corporate Governance

#### Section A. Board of Directors

1. The Company and the Union acknowledge that every member of the Company's Board of Directors (Board, members of such Board, Directors) has a fiduciary duty to the Company and all of its stockholders.
2. The Company's Board has adopted a set of Corporate Governance Principles, which specify criteria used in selecting candidates for the Board. Such criteria will be made known to the Union.
3. The Company agrees that the Union shall have the right, subject to the procedures described below and the Directors' discharge of his/her fiduciary duties, to designate one (1) individual for consideration to serve on the Board.
  - a. The International President of the Union shall provide the Board's Chairperson with the name and resume of the individual whom s/he wishes to have serve on the Board.
  - b. Provided that the individual is acceptable to the Chairperson, such acceptance not to be unreasonably withheld, the Chairperson shall promptly recommend such individual to the Board's Board Affairs Committee, who absent compelling reasons to the contrary, shall promptly recommend such individual to the full Board for election at its next meeting.
  - c. Once elected, the individual shall be recommended by the Board for election by the shareholders to serve a regular term at the Company's next Annual Meeting of Shareholders.
4. If, after election, the individual becomes unwilling or unable to serve or the Union wishes to replace him/her, the International President shall inform the individual and the Board's Chairperson and provide the Board's Chairperson with the name of a new individual whom s/he wishes to have serve on the Board and the process outlined above, shall thereafter be followed. In such case, the individual previously named by the International President shall be deemed to have undergone a significant change in his/her business or professional career and in accordance with the Company's Corporate Governance Principles, such individual



shall volunteer to resign from the Board. If such resignation is not accepted, the individual shall no longer be considered to have been designated by the Union.

5. At the time that any person is nominated by the Union as provided in this Section A., said nominee shall acknowledge in whatever fashion such acknowledgement is given by all of the Company's other Directors, that such nominee, if elected to the Board, would have a fiduciary duty to the Company and its stockholders.

#### Section B. Investment Commitment

1. The Company agrees to make the capital expenditures required to make the facilities covered by the Agreements world class and to maintain them as such.
2. The Company's Board of Directors shall not be required to approve any project which, in its reasonable judgment, would be imprudent.
3. The Union agrees to contribute to the competitiveness of the facilities and work with the Company to maintain the competitive nature of the facilities.
4. The Company agrees that no Plant covered by the Agreements will operate its facilities at other than full capacity, except during maintenance and repair outages, and directly or indirectly replace the product which could have been produced on such facilities with product obtained from other than Canadian or United States facilities that provide base wages, benefits and protections such as just cause and seniority that are substantially equivalent to those provided in the Agreements.
5. Without in any way limiting the generality of the foregoing, the Company agrees that it shall make its proportional share of all capital expenditures at the facilities covered by the Agreements, as provided in these Agreements (\$50.15 million at EIMP and TMC combined, \$46.65 million at UTac, and \$51.50 million at Hibbing Joint Venture) over the term of these Agreements, excluding spending on projects that substantially increase capacity or involve new product lines, with a material portion of such spending made in each year of the Agreements.
6. The Company agrees to carefully consider further acquisitions of iron ore and iron ore related companies and/or assets suggested by the Union, including growth opportunities in the area of the value-added manufacturing of iron ore products.
7. The Company will not pursue any transaction involving iron ore or iron ore related assets or steel and steel related assets in North America without the approval of the Union. Steel and steel related assets include those assets used in the making, finishing, processing, or transportation of steel but do not include those assets used to produce raw materials used in making steel (other than iron ore or iron ore related assets).

#### Section C. Right to Bid

1. Should the Company decide or be presented with a bona fide offer to sell or otherwise transfer a controlling interest in the corporate entity which owns one or more of its facilities covered by the Agreements, (a Controlling Interest) or all or a portion of one or more of its facilities covered by the Agreements (Facilities) (either or both, the Assets), it will promptly advise the Union in writing and grant to the Union the right to organize a transaction to purchase the Assets (a Transaction). This Paragraph 1 shall not apply to transfers among parties within such entities or facilities nor to the sale of the Company.
2. The Company will provide the Union with any information provided to other bidders so that the Union may determine whether it wishes to pursue a transaction. All such information shall be subject to an executed Confidentiality Agreement.
3. The Company shall promptly notify the Union of the schedule and/or timetable for consideration by the Company of any possible transaction. The Company will provide the Union with the greater of (a) forty-five (45) days or (b) the time provided by the schedule

Appendix DD (Cont.)  
Corporate Guarantee

and/or timetable given to other interested parties to submit an offer for the Assets, except in the case of an unsolicited offer for a controlling interest in the Company, in which case the Union shall be provided with the time provided by the schedule and/or timetable given to other interested parties.

4. During the period described in Paragraph 3 above, the Company will not enter into any contract regarding the Assets with another party.
5. In the event that the Union submits an offer pursuant to the above, the Company shall not be under any obligation to accept such offer. However, the Company may not enter into an agreement with regard to the Assets with an entity other than the Union unless that transaction is superior to the Union offer. The Company may only deem a proposed transaction superior if its Board of Directors reasonably determines that such transaction is more favorable to the Company and/or its shareholders, taking into consideration such factors as price, form of consideration, certainty of payment, conditions precedent to closing, competitive factors, and other factors which influence which of the transactions is in the best interests of the Company and/or its shareholders.
6. This Section C. shall not cover any public offering of equity or the transfer of any assets between the Company and its wholly-owned subsidiaries.
7. The rights granted to the Union in this Section C. may be transferred or assigned by the Union but only on a transaction specific basis and provided further, that:
  - a. in the event the person or entity to whom such right is transferred or assigned is a competitor of the Company, then the Company may reasonably manage the provision of confidential information to said entity;
  - b. the Union and such person or entity have entered into an agreement satisfying the Successorship Provisions of the Agreements covering these assets; and
  - c. in the event of a transaction that does not involve a controlling interest and where the Company decides to only pursue, for legitimate business reasons, a transaction which will result in a sale of less than 100% of the Company's interest in the Assets, the Union's transferee or assignee must be reasonably acceptable to the Company.)

Section D. Lean Management

The Company agrees to minimize the ratio of non-bargaining unit employees at the facilities covered by the Agreements, including full-time or full-time equivalent contractors of any sort performing services historically performed by the Company's non-bargaining unit employees and other employees of the Company who work at other locations but whose work is associated with, related to or supports the activities at the facilities (non-bargaining unit employees), to bargaining unit employees and shall take all reasonable actions (including transferring responsibilities and duties to bargaining unit employees) with the objective of achieving a ratio of no more than one (1) non-bargaining unit employee for each five (5) bargaining unit employees, with an absolute commitment to a ratio of no more than one (1) non-bargaining unit employee for each four (4) bargaining unit employees.

Section E. Successorship

1. The Company agrees that it will not sell, convey, assign or otherwise transfer, using any form of transaction (any of the foregoing, a Sale), any plant or significant part thereof which is covered by one or more of the Agreements to any other party (Buyer), unless the following conditions have been satisfied prior to the closing date of the Sale:
  - a. The Buyer shall have entered into an agreement with the Union recognizing it as the bargaining representative for the Employees working at the plant(s) to be sold; and
  - b. The Buyer shall have entered into an agreement with the Union establishing the terms and conditions of employment to be effective as of the closing date of the Sale.

2. Change of Control is defined as (a) the purchase or acquisition by any person, entity or group, as these terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, of securities that constitute or are exchangeable for a majority of the common equity or securities entitled to vote in the election of directors of the Company; (b) a merger or consolidation in which the holders of the Company's common equity or securities entitled to vote in the election of directors immediately prior to such merger or consolidation hold less than fifty percent (50%) of such common equity or voting securities of the succeeding entity or of its ultimate parent immediately after such merger or consolidation; or (c) the sale of all or substantially all of the assets of the Company.
3. The Company agrees that it will not consummate any transaction resulting in a Change of Control of the Company (a Transaction) unless the ultimate parent company of the entity which gains Control (Newco) has satisfied the following conditions prior to the consummation of the Transaction:
  - a. Newco shall have recognized the Union as the bargaining representative for the Employees then employed by the Company;
  - b. Newco shall have provided the Union with reasonable assurances that it has both the willingness and financial wherewithal to honor the commitments contained in all of the agreements between the Company and the Union applicable to the Employees (All USW Agreements);
  - c. Newco shall have assumed All USW Agreements.
4. In addition, within the first sixty (60) days after the occurrence of a Change of Control, the Union shall have the sole right to either: (a) terminate the Agreement; or (b) extend the existing Agreement for three (3) years beyond its then scheduled expiration, with all terms and conditions in the Agreement extended for the three (3) year period, (including those scheduled to expire upon the Agreement's expiration) except that the Parties shall use final offer interest arbitration to determine economic improvements during the period of the extension. The Union shall have no obligation to exercise this right.
5. This Section shall not apply to any transactions solely between the Company and any of its Affiliates, nor to a public offering of registered securities.
6. Notwithstanding the provisions of the Articles dealing with the terms of the Agreements, this Section shall expire one (1) year after the Termination Date of the Agreements.

Section F. General Provisions

1. In the event of any disputes under this Letter Agreement, the International President of the Union and the Company's Chairperson of the Board and Chief Executive Officer, or their designees shall meet and in good faith attempt to resolve the dispute.
2. If they are unable to do so, they may agree upon an arbitration or other mechanism to resolve the dispute. If such alternative arrangements are not agreed to, either party may proceed to file a lawsuit in the United States District Court for the Northern District of Ohio.
3. Each party hereby irrevocably consents to the jurisdiction of such Court and waives any and all objections they may have concerning venue or similar issue.

Very truly yours,

CLIFFS NATURAL RESOURCES INC.

Kenneth D. Simmons  
General Manager—Labor & Employee Relations

Confirmed and Agreed  
UNITED STEELWORKERS  
Robert Bratulich

## APPENDIX EE: Tilden Pit Service Building

September 1, 2012

Mr. Robert J. Bratulich  
Director, District 11  
United Steelworkers  
2829 University Avenue SE, Suite 150  
Minneapolis, Minnesota

Dear Mr. Bratulich:

This letter will confirm that the Pit Services Building at the Tilden Mine is subject to the provisions of the Successorship clause in the Basic Labor Agreement.

Very Truly Yours,

Kenneth D. Simmons  
General Manager—Labor & Employee Relations

## APPENDIX FF: Printing of Contracts

1. Immediately following the Effective Date of this Agreement, the Parties will create mutually acceptable labor and benefit agreements. Range wide issues that are agreed to by both parties will be discussed and mutually agreed as to proper placement in BLA or local books. These agreements shall, at the expense of the Company, be printed by a Union printer in a form (size, paper stock, number of copies, etc.) and a manner of distribution reasonably designated by the Union. The distribution shall occur within three (3) months of the Effective Date.
2. The Company shall provide the Union with electronic versions of all agreements between the Parties. These books will be in Word form and PDF if so requested.
3. The formatting of all contract book page headings, paragraph numbering, alphabetical indexes, table of contents, etc. shall be formatted as per the 1999 BLA and agreed to by the Local Unions and Management before printing.

## APPENDIX GG: Side Letter on Successorship

September 1, 2012

Mr. Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee  
United Steelworkers  
2929 University Avenue, S.E., Suite 150  
Minneapolis, MN 55414

Re: Investment Commitment

Dear Mr. Bratulich:

As you know, Section XXI, Subsection 5, Successorship, of our 2012 Agreement contains a provision allowing the Union, upon a Change of Control of the Company to "extend the existing Agreement for three (3) years beyond its then scheduled expiration, with all terms and conditions in the Agreement extended for the three (3) year period (including those scheduled to expire upon the Agreement's expiration) except that the Parties shall use final offer interest arbitration to determine economic improvements during the period of the extension."

This letter will clarify our intent regarding the extension.

1. There are numerous items in the Agreement and related agreements between us that provide for payments on particular calendar dates or for the duration of the Agreement.
2. The Parties intend the extension to include the continuation of all such items whether contained in the Agreements or in other related agreements, with the dates adjusted accordingly.
3. Said continuation would include, where the Parties have at times increased the level of benefits in successive Agreements, (such as payments to certain Surviving Spouses) an increase consistent with the increase negotiated in prior agreements.
4. Regarding Retiree Health Care, the formula for calculation of premiums actually paid and the health care plans made available to retirees, dependents, and surviving spouses shall be continued with no change during the extension period.
5. Regarding the improvements contemplated during the extension, the Parties expect those improvements to be consistent with the improvements negotiated in the 2012 Agreement and related agreements.
6. The above examples are not meant to be exhaustive but solely to illustrate the intent of the Parties on this issue.

Very truly yours,

/s/Kenneth D. Simmons

General Manager—Labor & Employee Relations  
on behalf of The Cleveland-Cliffs Iron Company, as Managing Agent for Empire Iron Mining Partnership and Tilden Mining Company L.C.

Confirmed

/s/Robert J. Bratulich

Chairman  
USW/Cliffs Negotiating Committee

## APPENDIX HH: Side Letters on Investment Commitment

Side Letter on Investment Commitment (1)

September 1, 2012

Mr. Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee  
United Steelworkers  
2929 University Avenue, S.E., Suite 150  
Minneapolis, MN 55414

Re: Investment Commitment

Dear Mr. Bratulich:

This will confirm our understandings reached during negotiation of the 2012 Basic Labor Agreement regarding the capital expenditures required by Section XXI, Subsection 2 ("Investment Commitment"). The parties have agreed that:

1. The Company's Board of Directors shall not be required to approve any project which, in its reasonable judgment, would be imprudent.
2. A number of capital investment projects at the Mines covered by the 2012 Basic Labor Agreement have been announced. Most of the spending for these projects has yet to occur. The Company also discussed with the Union the possibility of certain additional capital projects at the Mines. It is agreed that the spending, regardless of method of financing, which occurs during the term of the 2012 Basic Labor Agreement on all projects described above, shall count toward the commitment described in the Section XXI, Subsection 2, Paragraph 4 of the 2012 Basic Labor Agreement.
3. In the event the Union chooses to extend the Agreement in accordance with its rights under Section XXI – Corporate Governance, Subsection 5, Successorship, the extended Agreement shall obligate the Company to spend no less than one fourth of the amount in Section XXI, Subsection 2, Investment Commitment in each year of the extension period.

The Company agrees to update the Union periodically on the progress of these identified projects.

Very truly yours,  
/s/ Kenneth D. Simmons  
General Manager—Labor & Employee Relations  
on behalf of The Cleveland-Cliffs Iron Company, as Managing Agent for Empire Iron Mining Partnership and  
Tilden Mining Company L.C.

Confirmed  
/s/ Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee

Side Letter on Investment Commitment (2)

September 1, 2012

Mr. Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee  
United Steelworkers  
2929 University Avenue, S.E., Suite 150  
Minneapolis, MN 55414

Re: Investment Commitment

Dear Mr. Bratulich:

This will confirm our understandings reached during the negotiation of the 2012 Basic Labor Agreement regarding the capital expenditures required by Section XXI, Subsection 2 ("Investment Commitment").

The Parties have agreed that some of the projects responsive to the commitments described in Section XXI, subsection 2 may be subject to governmental permits or approvals. The Union agrees to take reasonable affirmative actions, consistent with the Parties' commitment that the facilities will be operated using the most responsible environmental technology available, to assist the Company in acquiring such permits and approvals. The Parties recognize that the processes involved may impact the timing of particular capital expenditures.

Very truly yours,  
/s/Kenneth D. Simmons  
General Manager—Labor & Employee Relations  
on behalf of The Cleveland-Cliffs Iron Company, as Managing Agent for Empire Iron Mining Partnership and  
Tilden Mining Company L.C.

Confirmed  
/s/Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee

Appendix HH (Cont.)  
Side Letters on Investment Commitment

Side Letter on Investment Commitment (3)

September 1, 2012

Mr. Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee  
United Steelworkers  
2929 University Avenue, S.E., Suite 150  
Minneapolis, MN 55414

Re: Investment Commitment

Dear Mr. Bratulich:

This will confirm our understandings reached during the negotiation of the 2012 Basic Labor Agreement regarding the Company's commitment not to pursue any transaction involving iron ore or iron ore related assets or steel and steel related assets in North America without the approval of the USW (Section XXI, Subsection 2 – Investment Commitment). It is our mutual understanding that steel and steel related assets include those assets used in the making, finishing and processing of steel but do not include those assets used to produce raw materials used in making steel (other than iron ore and iron ore related assets).

Very truly yours,  
/s/Kenneth D. Simmons  
General Manager—Labor & Employee Relations  
on behalf of The Cleveland-Cliffs Iron Company, as Managing Agent for Empire Iron Mining Partnership and Tilden Mining Company L.C.

Confirmed  
/s/Robert J. Bratulich  
Chairman  
USW/Cliffs Negotiating Committee



## APPENDIX II: Bonuses

The Company agrees to pay the following bonuses during the term of the Agreement:

1. Each Employee who is actively at work on September 1, 2012 will receive a cash payment of Three Thousand Dollars (\$3,000.00) on or before thirty (30) days following the ratification of the Labor Agreement by such unit(s) as are counted together by the Union for purposes of ratification. The Signing Bonus shall not be used in calculation of any other pay, allowance or benefit. This Signing Bonus shall be subject to all required tax withholdings and Union dues and is also eligible for contribution to the 401(k) savings plan.
2. Each Employee who is actively at work on January 1, 2014 will receive a cash payment of Seven Hundred Fifty Dollars (\$750.00) which shall be paid on or before January 31, 2014. The Bonus shall not be used in calculation of any other pay, allowance or benefit. This Bonus shall be subject to all required tax withholdings and Union dues and is also eligible for contribution to the 401(k) savings plan.
3. Each Employee who is actively at work on January 1, 2015 will receive a cash payment of Five Hundred Dollars (\$500.00) which shall be paid on or before January 31, 2015. The Bonus shall not be used in calculation of any other pay, allowance or benefit. This Bonus shall be subject to all required tax withholdings and Union dues and is also eligible for contribution to the 401(k) savings plan.

The parties clarify their intent regarding eligibility for these Bonuses as follows:

1. Probationary Employees shall not be eligible for the Bonuses until such time as they have successfully completed their probationary periods.
2. An Employee who has been off work and receiving Sickness & Accident or Workers' Compensation benefits for less than two years as of the **eligibility date for a Bonus** and who returns to active work **within one (1) year of the eligibility date for a Bonus** shall be eligible for a Bonus.
3. Notwithstanding the above, employees will be eligible to receive a **Bonus** if they were absent from work **on the eligibility date for a Bonus** due to: (a) an approved leave of absence for training or duty in the "uniformed services," (which include the Army, Navy, Marine Corps, Air Force, Coast Guard, and Public Health Service commissioned corps, as well as the reserve components of each of these services), or (b) FMLA leave.

## APPENDIX JJ: Union Offices at the Mine

1. In the spirit of working together cooperatively and resolving issues in a timely manner, the Company will continue to provide each Local Union President with an office at the mine per the following guidelines, established in December, 2004:
  - A. A secure office has been provided for use by the Local Union President or his designee, however, it is recognized that before and after scheduled meetings with management additional Union representatives may utilize this office.
  - B. A phone with long distance access has been provided. It is expected that this will not be abused.
  - C. Use of this office is during day shift, Monday through Friday, on an as-needed basis.
  - D. A computer with internet access and a printer has been provided. It is expected that this will not be abused.

The parties are committed to using this office to promote positive labor relations. The above guidelines will be reviewed periodically and additional guidelines may be added as required.
2. The Company will provide the top five Union officers, Grievance and Safety Chairs, USR and the Training Coordinator at each property with E-mail, Internet, Intranet, and safety related systems. Mutual agreement will be required for additional access. Computer access will be available in the Union office (2) and the USR office (1).

## APPENDIX KK: Emergency Medical Technicians and First Responders

Mine EMTs and First Responders who are active participants in responding to the needs of emergency medical care for Cliffs Michigan Operations' personnel qualify for:

1. UP-EMS Seminar Fee Reimbursement  
Cliffs Michigan Operations agrees to reimburse all or part of the annual UP Medical Service Regional Conference seminar registration fee not otherwise paid in whole or in part by a sponsoring governmental unit.
2. Scheduled Shift Reimbursement
  - a. Time lost from a regularly scheduled straight time shift will be paid by the Company. Time reimbursed will be counted as time worked for the purposes of determining overtime pay.
  - b. Training done during a non-scheduled shift will be paid at allowed time and not counted for the purpose of determining overtime pay.
  - c. Technicians and First Responders will receive the lost time allowance to attend a seminar in each year of the three-year period between certification.
3. State Certification Reimbursement  
The Company agrees to reimburse all or part of the State of Michigan recertification fee not otherwise paid in whole or in part by a sponsoring governmental unit.

## Appendix LL: Nuggets Facilities

Mr. Robert Bratulich  
USW/Cliffs Bargaining Chairman  
United Steelworkers  
2929 University Avenue, S.E.  
Suite 150  
Minneapolis, MN 55414

Subject: Nuggets Facilities

Dear Mr. Bratulich:

Attached to this letter is an Outline Summary Conditional Agreement that sets forth our agreement regarding nuggets plants built adjacent to a facility owned by Cliffs **Natural Resources Inc.** or one of its affiliates' existing locations. The parties commit to bargain diligently and in good faith for a full labor agreement according to its terms or as otherwise mutually agreed.

Very truly yours,  
Kenneth D. Simmons  
General Manager—Labor & Employee Relations  
Cliffs Natural resources Inc.

Confirmed:  
Robert Bratulich  
USW/Cliffs Bargaining Chairman

### Outline Summary Conditional Agreement September 1, 2012

This Outline Summary Conditional Agreement shall apply provisionally and conditionally between Newco and United Steel, Paper and Forestry, Rubber Manufacturing, Energy, Allied Industrial and Service Workers International Union (Union) upon proof of majority status by the Union among employees employed in the production and maintenance unit of Newco for the facility to be built adjacent to a current Cliffs **Natural Resources Inc. (CNR)** or one of its affiliates existing mine and facility.

Newco does hereby agree to recognize the USW as the exclusive collective bargaining representative of the production and maintenance employees at the Newco facility to be built adjacent to **CNR** or one of its affiliates existing locations upon the USW's showing of majority support of these employees. The USW may make such a showing by obtaining the signatures of fifty percent of these employees, plus one, on legally valid union recognition cards designating the USW as their collective bargaining representative, and by presenting such cards to Newco.

Should there be disputes on whether the USW has made a majority showing, Arbitrator Terrance Bethel shall quickly resolve any such disputes between the parties. (e.g., over whether there are valid signatures, etc.).

1. Union Recognition/Union Security
  - Language comparable to current Tilden/Empire, Utac and Hibtac USW Agreement (BLA)

Appendix LL (Cont.)  
Nuggets Facilities

2. Management Rights/Local Working Conditions
  - Language comparable to current BLA
3. Union Dues/Membership
  - Language comparable to current BLA
4. Non-Discrimination
  - Language comparable to current BLA
5. Grievance
  - Language comparable to current BLA
  - Arbitration with Cliffs Board of Arbitration
  - Decisions non precedent setting for current mining operations.
6. Discipline
  - Language comparable to current BLA
7. Arbitration
  - Same Cliffs Board and rules of arbitration
8. Seniority
  - Language comparable to current BLA
  - ADA accommodation similar to current BLA
9. Reduction and Restoration
  - Stand alone company
10. Contracting Out
  - Language comparable to current BLA
  - Major repair/rebuild agreement for Nuggets operation comparable to Major Repairs or Major Rebuild Agreement for kiln lines
  - Tilden/Empire, not part of Newco for purpose of employees to be considered when contracting out
11. Summer Students
  - Language comparable to current BLA
12. Work Week/Basic Day/Work Schedule
  - Seven (7) day work week
  - Twenty four (24) hour work day
  - Work schedules of up to twelve (12) hour shifts
13. Overtime
  - After scheduled shift
  - After scheduled shift
  - After forty (40) hours per week
  - One and one-half (1½) times rate of pay
  - Equalization of overtime by agreement of local parties
14. Jobs
  - Three (3) job classes to Five (5) job classes
  - Tech II combines operating and mechanical or electrical craft skills; a learner job
  - Tech I combines operating and mechanical or electrical skills; a full scope job

- Senior Tech combines operating and mechanical or electrical skills; directs the crew
15. Rates of Pay
    - Pay consist of base rate plus incentives
    - Incentives to be determined comparable to Arcelor Agreement
    - Factors such as quality, cost and safety to be considered
    - Current base rates plus incentives to reflect combined job responsibility compared to current BLA total compensation of base wage plus performance bonus
    - Shift differential comparable to current BLA
    - IRP comparable to current BLA
    - Increases comparable to 2008 BLA bargaining changes
  16. Vacations
    - Vacation allotment comparable to current BLA
  17. Safety and Health
    - Language comparable to current BLA
    - Same safety shoe allowance as current BLA
  18. Holidays
    - Language comparable to current BLA
  19. Benefit Plans
    - Active employee benefit comparable to current BLA as changed in 2012 bargaining
    - Retiree Medical Benefits with value comparable to current BLA as changed in 2012 bargaining
  20. Leaves of Absence
    - Language comparable to current BLA
  21. Clothing and Tools
    - Safety clothing/eye protection/hard hats as per current BLA
    - Employees to own their own tools and receive annual tool allowance
    - Specialty tools provided by Newco
  22. No Strike/No Lock Out
    - Language comparable to current BLA
  23. Problem Solving/Information Sharing
    - Quarterly meetings of Mine General Manager and Union President to discuss operations/plans/issues/information
  24. Term
    - Expires forty-five (45) days after expiration of the 2012 BLA between Tilden/Empire, Hibtac and Utac-USW
  25. Pensions
    - Employees part of SPT
    - Past service contributions for employees leaving Tilden/Empire, Hibtac and Utac and to be employee of Newco for eligibility only
    - Five year vesting
  26. 401 (k)
    - Language comparable to current BLA
  27. Preferential Hiring
    - Language comparable to current BLA but limited to Tilden/Empire, Hibtac and Utac.

Appendix LL (Cont.)  
Nuggets Facilities

28. Severance Allowance
  - Amounts comparable to Arcelor Agreement
29. SUB
  - Amounts comparable to current BLA as adjusted by 2008 bargaining
30. Prior Service
  - Those who leave Tilden/Empire, Hibtac and Utac to take employment shall have their service at those operations recognized by Newco for purposes of determining pension eligibility and vesting but not for pension benefit accrual
  - Service at Tilden/Empire, Hibtac and Utac recognized for vacation eligibility and for eligibility and vesting under Newco's Program of Insurance Benefits
31. Government Changes to Health Care
  - If the Federal government enacts health care legislation that impacts the delivery of Program of Insurance Benefits to employees, the parties will reopen the applicable agreement with the objectives of delivering substantially equivalent benefits to the extent permissible under the legislation
  - Failure to agree subject to last-best-offer (baseball) arbitration
32. Successorship
  - Language comparable to current BLA
33. No Employee Crossover
  - Newco is a separate jurisdiction and employees from one jurisdiction shall not be required by either party to work in the other jurisdiction
34. Pass Through of 2008 Bargaining Changes
  - Where appropriate, changes in any applicable item of the current BLA resulting from 2008 bargaining will be passed through in the conditional basic labor agreement between Newco and the USW

Based upon this Outline Summary Conditional Agreement the parties will begin immediately and diligently work to complete a conditional basic labor agreement as outlined herein. This Outline Summary Conditional Agreement covers substantially all of the elements of the proposed basic labor agreement.

For the USW

For Newco

\_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SENIORITY**  
**and**  
**POSTING AGREEMENT**

between

**EMPIRE IRON MINING PARTNERSHIP (EMPIRE)**

and

**TILDEN MINING COMPANY L.C. (TILDEN)**

**DOING BUSINESS TOGETHER AS**

**CLEVELAND-CLIFFS**  
**MICHIGAN OPERATIONS (CCMO)**

and

**UNITED STEELWORKERS,**  
**AFL-CIO-CLC (USW)**

**SEPTEMBER 1, 2012**

The provisions of the Seniority and Posting Agreement shall be applied in conformance with the provisions of Subsection 1. and Subsection 2. of Section X.-Seniority, of the Agreement Between The Empire Iron Mining Partnership (Empire) and Tilden Mining Company L.C. (Tilden), doing business together as Cliffs Michigan Operations (CMO), and United Steelworkers, AFL-CIO-CLC (USW), Effective September 1, 2012, (hereinafter referred to as the "Basic Labor Agreement").

#### Section I. Job Posting

- A. Permanent vacancies (vacancies which require filling and are due to the previous occupant's continuity of service being terminated or the permanent promotion, demotion, or lateral transfer of another employee or the permanent establishment of a new job or an additional job opening) in any job classification above Job Class 2, will be posted at both CMO facilities. Other vacancies are temporary. Whenever a permanently assigned employee vacates a job and the Company does not post a vacancy for such job within fifteen (15) days, the Company shall advise the Grievance Committee of the respective facility of the reason for not posting the vacancy. Management and the Grievance Committee may mutually agree to allow an employee who has been temporarily removed from a posted job to return to such job without posting when a vacancy occurs.
- B. The Company shall post a notice of a permanent vacancy for a period of six (6) working days in such manner as may be appropriate. The notice shall specify the job title, classification, job group, facility, and rate of pay, together with the number of vacancies existing in that job, and the date on which the posting will be closed. A copy of the agreed upon job description shall be placed adjacent to each job posting. During such period the vacancy may be filled by assignment of the employee with the highest seniority, who is qualified and readily available.
- C. Employees in the seniority unit who wish to apply for a vacancy must do so in writing. For jobs identified as Group II jobs in Section IV. (Job Groups) the Company shall, in its judgment there are applicants qualified for the vacancy, fill the same from among such applicants in accordance with the provisions of Subsections 1. and 2. of Section X. of the Basic Labor Agreement. Jobs identified as Group I jobs in Section IV. will be filled on the basis of seniority and physical fitness. Certain Group II jobs, as follows, will also be filled on the basis of seniority and physical fitness. They are Production Truck Driver, Warehousemen, Heating Plant Attendant (Empire) Grader Operator, and Concentrator Plant Attendant (Empire). These Group II jobs will be treated as such for all other purposes including displacement, layoff, and recall. All applications must be received by the Company within the posting period of six (6) working days and if no applications are received within said six (6) day period the Company may fill such vacancy in any manner which it desires. If the vacancy is filled from the existing work force, due consideration will be given to the desires and seniority of the available qualified employees of the department in which the vacancy exists.
- D. A copy of each application shall be furnished to the Union and the name of the successful applicant shall be posted on the bulletin board within ten (10) days after the posting has been closed; provided that if an applicant is not selected for the vacancy within such ten (10) day period the vacancy will be reposted before being filled and provided further that such ten (10) day period may be extended by mutual agreement. In the event that the successful applicant for a job posting has not been transferred to the job which s/he has been awarded within **thirty (30) days**, s/he shall be compensated at the new rate for any work performed on the job from which s/he posted, **including equipment additives per Appendix A and Hot Relief per Appendix X**. Applications received in excess of the needs prompting any one posting will be destroyed. The applicants not accepted at a posting may reapply for any other postings of the same or other jobs.
- E. An applicant selected to fill a posted vacancy in accordance with Paragraph C., may elect to



be returned to his/her former job if such election is made at any time during the first five (5) shifts of work on the new job. If, however, the successful applicant has held the job on a permanent basis at the same facility, the election to be returned to his/her former job is inapplicable.

- F. If a vacancy is not filled as a result of posting, and no employees are on involuntary layoff, no grievance may be filed on the manner in which such vacancy is filled. The Company shall not be required to transfer more than 10% of the employees in a classification from one facility within a six-month period, that is, January through June and July through December.
- G. Where there is a qualified employee who is able to replace them, an employee shall have the right to apply for a job in an equal or lower job class. An employee 50 years of age or over with 5 or more years of service in his/her job will, on a one-time basis, be permitted to post downward or laterally without regard to the availability of a qualified replacement. **In the event this provision prohibits an employee from consideration for a job posting, the Company and Local Unions shall have a discussion to explore whether there is a qualified employee available to replace him/her and, if not, consider modifying the job posting requirements on a case by case basis.**
- H. Posting and Range-Wide Seniority

Application to Welder Layerout

1. Job Posting

Permanent Welder Layerout vacancies that are posted will be filled as follows:

- a. Only those applicants who are currently holding the classification of Welder Standard or who have held the classification of Welder Standard will be considered.
- b. Those applicants eligible in accordance with (A) above will in seniority order be administered the Welder Layerout written tests. The most senior applicant who passes these written tests will be awarded the vacancy as a Welder Layerout Intermediate, job class 71818, and be subject to the Welder Layerout craft determination tests to determine whether or not the employee qualifies at the Standard Rate, job class 73120.
- c. Employees who are awarded the vacancy in accordance with (B) above and who do not qualify for the Standard Rate will then be subject to the provisions of the Job Description and Classification Manual dealing with advancement to the Standard Rate.

2. Range-Wide Displacement and Recall

When it is necessary to apply Section III., Subsection 2. of the Seniority and Posting Agreement, Welder Standards will have displacement and recall rights as follows:

- a. Welder Standards affected by a force reduction will have the right to displace the most junior welder or welder layerouts on the range. In the event the most junior employee at the time of displacement is a Welder Layerout, the Welder displacing this employee will be assigned on an interim basis as a Welder Layerout Intermediate, job class 71818.
- b. Employees, whose incumbency for recall purpose is Welder Standard, will have the right to be recalled as Welder Layerout Intermediate, job class 71818.
- c. Employees assigned to the Welder Layerout Intermediate classification in accordance with one (1) or two (2) above will continue to have incumbency to the job of Welder Standard and are not eligible for reclassification while on such assignment. When the incumbency job of Welder Standard becomes available,

## Seniority and Posting Agreement (Cont.)

employees assigned on an interim basis as Welder Layerout Intermediates will be required to return to their incumbent job of Welder Standard.

### Section II. Shifts and Area Assignments

#### A. Exchange of Shifts by Elected Officers

An employee holding an elective city, school or township office or a county, state or federal office, either elective or appointive, who misses work to attend regular scheduled meetings required by that office will be excused without penalty or will be permitted to make arrangements to exchange shifts with a qualified employee who agrees to such exchange.

#### B. Work Assignments - Grievance Committee chairperson

A Grievance Committee chairperson who is late in reporting for work, as a result of a meeting between the Grievance Committee and the Management, will receive the rate of the work performed or the rate of the job for which s/he was assigned or notified to report whichever is higher.

#### C. Shift Assignment of Grievance Committee Chairperson, The Safety Committee Chairperson, and President of the Local Union

The Grievance Committee Chairperson, the Safety Committee Chairperson, and the President of the Local Union shall be permitted to work the shift on which the largest number of employees are working, provided that a change in the schedule of the officer does not result in other employees being required to work a schedule which is not normally worked in the department.

Union officers who are scheduled in accordance with this provision will be scheduled on a Monday through Friday basis.

#### D. Special Assignments

It is further agreed that on a case by case basis, the Union and the Company may mutually waive any of the seniority or scheduling provisions of the Basic Labor Agreement in an effort to provide a suitable job or work schedule for employees with physical handicaps or other problems that require special consideration. Such action shall not result in the laying off of an employee with greater length of continuous service.

#### E. Day Shift Assignment

As permanent vacancies occur on steady day shift crews, not covered by Shift and Area, the senior employee in the classification desiring such assignment will be assigned to the vacancy.

#### F. Labor Pool Requests

An employee who has been assigned to a job on a full-time basis for one year or more may request assignment to a permanent vacancy in the labor pool in his/her department. Such requests will be filled on the basis of the continuous service of the applicants as permanent vacancies occur.

### Section III. Decreasing of the Working Force

#### Subsection 1. Short-Term Decrease (90 days or less)

##### A. Intent and Purpose

It is agreed that for short-term decreases (layoffs of 90 days or less) of the working forces at a mine, it may be more efficient, desirable and beneficial to the employees, the Union and the Company to retain the working force of that mine as a single seniority unit and ultimately to return employees to the posted classification held prior to the decrease of the working forces (hereinafter referred to as prior incumbent(s)).

Accordingly, when layoffs of 90 days or less are estimated at a mine due to the discontinuance in whole or in part of mine operations, the Company may elect to defer the application of the long-term decrease procedure (Range-Wide Displacement Procedure) set forth in Subsection 2. hereof and to adopt the following procedure:

- B. Reduction Procedure
  - 1. Management will decide the number of employees needed in each department by job classification at the mine where the decrease in workforce is to be made. The employees who remain in these jobs will be determined by applying the factors set forth in Subsection 1., Section X., Seniority, of the Basic Labor Agreement and Paragraph C. of this reduction procedure.
    - a. At the Empire Facility the departments are defined as follows: Mining, Mining Maintenance Plant Operating, Plant Maintenance, and General Plant.
    - b. At the Tilden Mine the departments are defined as follows: Concentrator Operating, Pellet Plant Operating, Plant Maintenance, Electrical, and General Plant.
    - c. In the event another mine begins operations and is covered by the provisions of Section III., the Union will be notified of the departmental structure of that operation.
    - d. Should management restructure either facility, the President and Grievance Committee Chairperson will be provided a copy of the new department structure that will replace (a) or (b) above.
- C. Voluntary Layoff Option
  - 1. Senior employees in each classification to be retained will be given the option of electing to be laid off (hereinafter referred to as voluntary layoff) for the duration of the reduction or shutdown if the number of incumbents in the classification exceeds the number to be retained. Employees who are current incumbents of classifications to be retained during the reduction or shutdown will be polled in each department until the number desiring to work equal the number to be retained. Employees in like classifications will not displace across departments to fill vacancies except for the jobs of Plant Repairperson, Welder, Maintenance Technician, Lubrication Technician and Toolroom Attendant. If no employees desire the assignment, the most junior employees in the classification shall be required to fill the vacancies. Once selected, employees will be required to work the entire reduction or shutdown except for previously scheduled vacation periods.
  - 2. Should the actual duration of the shutdown exceed the original anticipated duration of layoff by more than one week which the employee elected as voluntary layoff, the Company will re-poll the employees on voluntary layoff to determine whether they want to extend their voluntary layoff or return to work and displace in accordance with seniority the employees currently working in the department.
- D. Filling of Temporary Vacancies
  - 1. Temporary vacancies will be filled in the following sequence:
    - a. By the most senior laid-off employee from the department in the classification who is on involuntary layoff and who elects to fill the vacancy;
    - b. If this vacancy is not filled in accordance with (a) above the most junior employee from the department in the classification who is on voluntary or involuntary layoff resulting from Paragraph C.-1. above will be required to fill a vacancy.
    - c. If the vacancy cannot be filled in accordance with (a) or (b), the senior qualified employee working in that department or on layoff from that department will be

## Seniority and Posting Agreement (Cont.)

offered the vacancy.

- d. An employee who declines an offer of a temporary vacancy shall be subject to the provisions of Section III., Subsection 2.-E.5.
  - e. In the event the vacancy cannot be filled in accordance with (c) above, the most junior qualified employee in that department on involuntary layoff as a result of Paragraph C.-1. above will be required to fill that vacancy.
2. Employees eligible for guaranteed Supplemental Unemployment Benefits pursuant to the current SUB Agreement who elect voluntary layoff will be only eligible for SUB benefits based upon the financial position of the Plan in the same manner as employees without such guaranteed benefits. Employees electing voluntary layoff will be required to sign a Voluntary Election Layoff form confirming this waiver of Supplemental Unemployment Benefits. (This form is set forth in Appendix M.)
  3. During the period of Short Term Decreases, permanent vacancies will not be posted.
  4. In the event Section III., Subsection 2. (Long Term Decreases) is invoked on the Marquette Range, all voluntary layoff elections pursuant to this section will be terminated and all employees will be subject to displacement and/or recall pursuant to Section III., Subsection 2.
- E. Restaffing Procedure (Permanent Jobs)
1. The Company will designate a date upon which the mine departments will resume complete operations. Complete operations may be at production levels equal to or lower than the production levels in effect immediately prior to the short-term shutdown. As vacancies occur in those departments, those vacancies will be filled with the prior incumbents either working at the mine or on layoff (voluntary and involuntary) in accordance with their seniority. Voluntary layoffs will terminate on the date of recall.
  2. Notwithstanding Paragraph 1. above, if the mine is scheduled to resume production in stages to the same level of production that was in effect immediately prior to the short-term shutdown, the Company will recall employees to such staged vacancies in the same sequence that is provided in Section III., Subsection 1.-D.
  3. Upon the resumption of mine operations, to the extent required based upon operating plans, it is the intention of the parties that all employees, including apprentices, shall be returned to the jobs which they held prior to the decrease of the working forces. An employee who is in a job line of progression will first be subject to the progression provisions applicable to his/her job line.
  4. It is understood that an employee shall not be recalled to a job in a higher classification than the one from which s/he was reduced.

F. Extension of Short-Term Decrease

Should the short-term decrease exceeds 90 days and if this procedure is not extended by mutual agreement of the parties, placement of affected employees will be governed by the procedures as set forth in Subsection 2. Long-Term Decreases.

Timing of range-wide displacements shall be accelerated so all displacements will be accomplished within (90) days of the change from short-term to long-term status but shall not be less than 25% by the first fifteen (15) days, 25% by the next fifteen (15) days, 25% within the next thirty (30) days and the final 25% within the remaining thirty (30) days.

### Subsection 2. Long-Term Decrease (more than 90 days)

A. Intent and Purpose

The Company and the Union agree that it is the intent and purpose of this Range-Wide Displacement Procedure applicable to long-term decreases in the working forces to provide

continuity of employment and earnings protection for longer service employees covered by this Procedure to the greatest extent possible consistent with the efficiency of the operations.

When the duration of the decreases of the working forces at a mine exceeds 90 days due to reduced production of iron ore; or when layoffs at a mine occur due to a permanent discontinuance of operations in whole or in part; or when the Company does not elect to utilize the short-term procedure as set forth in Subsection 1. of Section III. during short-term decreases of the working forces, the following procedure shall apply.

B. Reduction Procedure

1. Management will decide the number of employees needed in each job classification at the property or properties where the reduction is to be made. The employees who will remain in these jobs will be determined by applying the factors set forth in Subsection 1. of Section X., Seniority, of the Basic Labor Agreement.
2. Any employee who is a regular incumbent in a Group II job and is reduced in accordance with Paragraph 1. above or an employee who is reduced or laid off at his/her home property resulting from application of Paragraph B.- 1. of Subsection 1., may displace the employee who is most junior to them in the same classification at any mine in the District provided s/he can meet the qualifications set forth in Paragraph 5. below. The parties recognize that there are differences in jobs even though the job descriptions do not vary. They agree that they will review the jobs in Group II prior to arranging any transfers to determine which jobs are sufficiently similar so as to permit such displacements to be made.
3. In reductions which do not constitute a closing of the property, an employee may elect not to exercise the displacement rights provided above if it results in his/her transfer to another property. In such event s/he shall then be entitled to displace only the employee most junior to them in Group I at his/her property.

**Effective December 31, 2012, all existing option forms will be void.**

**Each January, the Company will post a notice advising of the election option. Option forms will be available from the office administrators.**

Completed option forms will be retained and utilized by the Company in determining placement unless revoked in writing by the employee. Such waiver may be revoked at any time prior to an announced shutdown or force reduction.

The Company may periodically request employees to complete or update the option form.

4. An employee who is displaced from a Group II job in accordance with Paragraph 2. above or who is unable to displace a junior employee in the same classification may displace the employee who is most junior to them in any other Group II job which s/he has held on a permanent posting.
5. In order to be eligible to displace the most junior employee in the classification under either Paragraph 2. or 4., an employee must have:
  - a. held the job on a permanent posting, or
  - b. in the case of a craft job, have progressed through the apprenticeship program or qualified for the craft through testing.
6. If an employee in a Group II job is unable to displace another employee in accordance with Paragraphs 2. and 4. above, s/he may displace the employee who is most junior to them in the District in a job which is considered to be immediate training for the job from which s/he is being displaced. For the purposes of this Paragraph the parties have agreed to a list of training jobs.

Seniority and Posting Agreement (Cont.)

7. Displaced employees from Group II jobs who are unable to displace other employees in accordance with the procedure outlined above, together with employees who are being displaced from Group I jobs will displace employees in the District junior to them in the highest job class in Group I subject to Paragraph 8. below provided, however, that in determining employees who are to be laid off the provisions of Subsection 1. of Section X., Seniority of the Basic Labor Agreement will apply.
8. It is understood that an employee shall not be entitled to displace into a job in a higher classification than the one from which s/he is being displaced.
9. Permanent Leader Jobs will be Group II jobs and subject to the displacement provisions applicable to Group II.
  - 1.) Permanent Leaders and supervisors who have continuous service rights in the bargaining unit shall be entitled to displace junior employees in Group II jobs in the same manner as all other bargaining unit employees.

C. Timing of Displacements (Long-Term Decreases)

It is recognized that the displacement of employees under the terms of this procedure may cause operating problems which require special consideration. Accordingly, it is agreed that:

1. The assignment of employees displacing into Group I jobs will be made giving due consideration to the qualifications required for each job with longer service employees being assigned to the higher-paid jobs wherever consistent with efficiency of the operations.
2. The displacement of employees under the terms of this Procedure will be made within the following time intervals with more rapid placement being made if consistent with the efficiency of the operations.

One to 125 employees to be displaced:

Twenty-five employees to be displaced during the first month following layoff and up to twenty employees each subsequent month thereafter to a maximum of five months.

Over 125 employees to be displaced:

Twenty percent of the employees to be displaced during the first two months following layoff and twenty percent of the employees each month thereafter to a maximum of six months to complete the aforementioned.

In following the above time schedule every effort will be made to place the longer service employees first consistent with the efficiency of the operations and the particular problems which can result within certain classifications.

D. Recall from Layoff Due to Long Term Decreases (More Than 13 Weeks)

Recalls from layoff under Section X., Subsection 2. of the Basic Labor Agreement.

1. The recall of employees to Group I jobs will be made on the basis of length of continuous service provided the employee has the physical qualifications to perform the work.
2. Group II jobs will be filled by first recalling the senior laid off employee who has held the job on a permanent basis. If no such employee is on layoff, the following factors shall be considered; and if factors b. and c. are relatively equal the length of continuous service shall govern:
  - a. length of continuous service with the Company,
  - b. physical fitness, and
  - c. ability to perform the work.

Restaffing the Working Force from Long-Term Decrease

- (1) When production levels are increased resulting in a permanent addition to the work force, employees working and those to be recalled will be assigned in accordance with Section III., Subsection 2.-D. of the Seniority and Posting Agreement based upon the employee's incumbency job.

The employee's incumbency job will be the position permanently held prior to the reduction of the workforce.

Job vacancies which do not result from changes in production levels, or for which there is no incumbent, will be posted and filled in accordance with Section I. of the Seniority and Posting Agreement.

E. Recall from Long-Term Layoff Due to Long-Term Decreases to Temporary Jobs

1. In selecting employees for recall to temporary jobs in Group I or II Management will follow the provisions of Paragraph D. - Recall from Layoff Due to Long-Term Decreases.
2. If Management recalls an employee from layoff to a temporary job it will notify the union that the recall is of a temporary nature and such employee will not be considered to be an employee of that mine for the purpose of applying Section X. of the Basic Labor Agreement and the appendices thereto.
3. If employees on temporary recall at one mine are reduced and would otherwise be placed on layoff, they shall have the right to displace temporary employees at another mine who are junior in service provided they are in the same job classification.
4. While working at a mine on a temporary recall, an employee will continue to be carried on the laid-off list as eligible for recall or permanent jobs within the seniority unit under the provisions of Section X. of the Basic Labor Agreement and the appendices thereto. If an employee would otherwise have been recalled to a permanent job except that Management continues to need them on the temporary job, s/he will at that time be considered as a transfer to the temporary job from the mine where the permanent job exists. When s/he is no longer needed on the temporary job, s/he will be transferred to the permanent job. Any employee who may have been recalled from layoff to fill the permanent job in his/her absence will be considered as a temporary recall within the meaning of this displacement procedure.
5. If an employee does not wish to be considered for recall to temporary jobs, s/he will be asked to sign a waiver of recall rights to all temporary jobs only and such waiver shall remain in effect until 10 days following receipt by Management of a written notice from the employee that s/he again wishes to be considered for recall to temporary jobs. Giving of such notice by the employee does not entitle them to displace junior employees who may be working at that time on temporary recall. Such waiver shall have no effect on his/her rights to recall to permanent jobs. A copy of such waiver will be sent to the International Representative of the Union.
6. In any event, if a temporary job which has been filled by recall continues for a period of six months, Management will then fill the job as a permanent vacancy in accordance with Section X. of the Basic Labor Agreement and the appendices thereto; provided, however, that if such recall was to a job vacated due to the illness or injury of the incumbent employee or due to other similar circumstances, Management will discuss the matter with the International Representative of the Union and by mutual agreement the job may continue to be treated as temporary.

**Subsection 3. Simultaneous Start-up of the Mines**

A. Intent and Purpose

The Company and the Union agree that whenever two or more facilities have been temporarily shut down (partial or complete) and start-up plans provide for resumption of all or

## Seniority and Posting Agreement (Cont.)

part of such operations within 30 days of one another, employees on layoff shall first be recalled to the mine where they last worked and to the job from which they last held on a permanent basis prior to the reduction of the working forces in accordance with their seniority.

Accordingly, recall of the laid off employees under this Subsection shall be on the basis of the following principles.

### B. Recall Procedure

1. As operations resume, to the extent required based upon operating plans, incumbent employees will be recalled or returned to their home facility and to the posted job which they last held on a permanent basis prior to the reduction of the working forces. These vacancies shall be filled with prior incumbents either working or who are on layoff in accordance with their seniority.
2. Employees on layoff who were most recently permanently assigned and worked at the facility(ies) resuming operations and who, due to the manpower requirements of the operating plan, are not recalled to their home facility in the former classification held prior to the reduction of the working forces and who have greater seniority than incumbents in equal or lesser classifications in Group I jobs, will be recalled to their home facility on an interim basis to jobs as needed.
3. Employees not recalled to work pursuant to 1. or 2. above and who otherwise have seniority rights to jobs in accordance with Subsection 2. of Section III. of the Seniority and Posting Agreement will displace into those jobs as soon as practical, however, consistent with the efficiency of the operation.
4. Thereafter, when vacancies occur at a property they will first be filled by prior incumbents in accordance with their seniority regardless of the job currently held by the incumbent at the facility at which s/he is working. It is agreed that the job posting provisions of the agreement shall not be applicable to jobs filled in accordance with these paragraphs.
5. The parties have the option to mutually agree to apply the aforementioned principles of recall to circumstances to which recalls from layoffs due to long-term decrease apply.

### Subsection 4. General Provisions

- A. At the time the Company determines that a decrease in the workforce will occur, it will advise the Union of such determination, the time it will occur, and the anticipated duration of such decreases.

The Company will also advise the Union if relevant changes occur in connection with the above.

- B. Nothing in these procedures shall be construed to restrict the right of Management to transfer employees under the terms of Section IV. of the Basic Labor Agreement.
- C. **Displacement and Recall lists shall be posted and maintained by the Company. New lists shall also be posted and maintained as changes occur. All lists shall be electronically supplied to the Local Unions for posting on their respective websites. Such lists shall include names, seniority dates, dates of displacement or recall, job classification, department and mine.**

If an employee believes that s/he has been improperly recalled, displaced or assigned in accordance with these provisions, s/he may process his/her claim in the following manner:

1. The employee must notify the Company of his/her specific claim by submitting written notice to the Facility Human Resources Department and Grievance Committee Chairperson on the form attached hereto as Exhibit A (This form is set forth in Appendix M.).



The Company will not be liable for any retroactive payments to the employee with respect to any period prior to four (4) days or the beginning of the work week, whichever is later, after receipt by the Mine Human Resources Department of the completed form described above.

2. Within forty-eight (48) hours of receipt of the form, the Human Resources Department shall notify, in writing, the employee and Grievance Committee Chairperson of its answer regarding the alleged improper recall, displacement or assignment.

A written grievance may be submitted during the ten (10) day period following receipt of the Company's answer. To be valid such a grievance must be reviewed and signed by the International Union Representative.

The International Union Representative will discuss the grievance with his/her counterpart in Human Resources and they shall process said grievance starting in Step 3 of the grievance procedure provided in Section XI. of the Basic Labor Agreement.

- D. Should general questions arise as to the meaning and application of this Section III., the Company and the International Union Representative will discuss such questions and will make such changes as are mutually agreeable. General questions involving the interpretation and application of these procedures, which are not resolved by the above discussions, will be subject only to a grievance filed by the International Union Representative and the final resolution of the question will be applied on a prospective basis. Such grievance will be processed in accordance with the grievance procedure of the Basic Labor Agreement beginning with Step 3.

- E. Job groups. The parties have agreed to the grouping of jobs within the bargaining unit into two categories in accordance with the following general principles:

Group II Jobs

Critical jobs requiring special aptitude and/or responsibility for which qualified employees must be provided or jobs that serve as a training area for other jobs of this type.

Group I Jobs

All remaining jobs.

- F. It is understood that under any of the Subsection Provisions of this Section III. an employee shall not be entitled to displace or be recalled into a job in a higher classification than the one from which s/he permanently held immediately prior to layoff. Notwithstanding, an apprentice who has been involuntarily removed from the Apprenticeship Program shall be placed based upon the job s/he permanently held immediately prior to entry into the Apprenticeship Program.

Notwithstanding any other provision of this Section III., a senior employee who has previously permanently held a higher rated Group II job than his/her incumbency job, and who otherwise would be on layoff, will be allowed, on an interim basis, to displace or be recalled to such higher rated job; provided, however, such move shall not affect any employee above the Group I cutoff line.

At the time the employee's incumbency job becomes available, s/he will be required to return to such incumbency job.

No employee will have grounds to grieve the interim placement of the employee who makes the upward move.

- G. Former apprentices shall be returned to their prior apprenticeship as needed by first returning the senior employee who has successfully completed all performance testing. In the event all employees who have completed the performance factors have been returned to the program, then the senior employee who had attained the highest classification within the program will be given first preference.

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- H. The Company and Union understand that the procedures contained in this Section III. may not be appropriate to all situations and circumstances and the parties agree that this Section III. may be reviewed, revised or changed by mutual agreement to reflect the then current desires of the parties.

## Section IV. Job Groups

## GROUP I JOBS

Automotive Mechanic Helper	57806
Bin Attendant	30605
Blaster	35011
Cable Winder	15809
Carpenter Helper	55705
Crane Hooker	38204
Crushing System Attendant	20807
Dryperson	10101
Electrician Helper-Shop and Field	56106
Fan Floor Attendant	20608
General Laborer	30502
General Laborer (Pit)	29802
Hose Handler	15106
Light Fixture Cleaner	54206
Loader Operator	15208
Lubrication Technician	60809
Machinist Helper	56405
Maintenance Mechanic Helper	59406
Pellet Plant Utilityperson	33709
Pitman Crane Operator	15609
Plant Repairperson Helper	59806
Plumber Helper	59906
Serviceperson Mining	15411
Sweeper Operator	20104
Toolroom Attendant	57710
Tripper Attendant (Tilden)	19206
Truck Crane Helper	81205
Truck Driver-Heavy Duty	82710
Truck Driver-Service	15508
Utilityperson - Concentrator	19408
Utilityperson (Garage)	52006
Utilityperson - Maintenance	19008
Water Truck Driver	15709
Welder Helper	60406

## GROUP II JOBS

Air Conditioning Repairperson Starter	61114
Air Conditioning Repairperson Intermediate	63116
Air Conditioning Repairperson Standard	65018
Assistant Operator-Concentrating Plant	18613
Assistant Operator-Pellet Plant	35913
Automotive Mechanic Starter	65514
Automotive Mechanic Intermediate	68916
Automotive Mechanic Standard	71918

Seniority and Posting Agreement (Cont.)

Balling & Grate Feed Area Attendant	20310
Bulldozer Operator	15909
Carpenter Starter	64513
Carpenter Intermediate	67815
Carpenter Standard	71117
Concentrator – Utilities	18112
Concentrating Plant Attendant	18411
Concentrating Plant Operator	18519
Crane Operator	17212
Crusher Operator-Primary	33310
Dryer Operator (Tilden)	35712
Electrician Starter-Field	69416
Electrician Intermediate-Field	72018
Electrician Standard-Field	74420
Electronic Repairperson Starter	75018
Electronic Repairperson Intermediate	71720
Electronic Repairperson Standard	76322
Equipment Operator (Yard)	39912
Fire Systems Technician	53010
Front End Loader Operator (Production)	38810
Grader Operator	34909
Heating Plant Attendant (Empire)	36610
Heating Plant Attendant (Tilden)	36411
Lining Technician	69914
Lining Technician Intern	69616
Lining Technician Std	72618
Machine Driller	33909
Machinist Starter	69716
Machinist Intermediate	72218
Machinist Standard	74620
Maintenance Mechanic Starter	66614
Maintenance Mechanic Intermediate	69816
Maintenance Mechanic Standard	72318
Maintenance Technician	66714
Mason Starter	68215
Mason Intermediate	71317
Mason Standard	73819
Mill Linerperson	68010
Painter Starter	61311
Painter Intermediate	64813
Painter Standard	68315
Pellet Plant Attendant	35311
Pellet Plant Operator (Empire)	36219
Pellet Plant Operator (Tilden)	20119
Plant Repairperson Starter	66814
Plant Repairperson Intermediate	69916
Plant Repairperson Standard	72518

## Seniority and Posting Agreement (Cont.)

Plumber Starter	64913
Plumber Intermediate	68415
Plumber Standard	71417
Quality Technician -I	19812
Quality Technician -II	19610
Quality Technician -III	19508
Reagent Handler	19710
Rotary Drill Operator	35410
Shop Machine Operator-Starter	61407
Shop Machine Operator-Intermediate	61509
Shop Machine Operator-Standard	65111
Shovel Operator	18217
Truck Driver-Production	16711
Vacuum Truck Operator	15012
Warehouseperson	33208
Welder Starter	67114
Welder Intermediate	70516
Welder Standard	73018
Welder Layerout Starter-Shops	67916
Welder Layerout Intermediate-Shops	71818
Welder Layerout Standard-Shops	73120

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DECEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
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JANUARY						
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JULY						
Su	Mo	Tu	We	Th	Fr	Sa
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FEBRUARY						
Su	Mo	Tu	We	Th	Fr	Sa
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AUGUST						
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MARCH						
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SEPTEMBER						
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APRIL						
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OCTOBER						
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MAY						
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NOVEMBER						
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JUNE						
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DECEMBER						
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JANUARY						
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JULY						
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FEBRUARY						
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AUGUST						
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MARCH						
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APRIL						
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OCTOBER						
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MAY						
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NOVEMBER						
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DECEMBER						
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JANUARY						
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JULY						
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FEBRUARY						
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AUGUST						
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MARCH						
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SEPTEMBER						
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APRIL						
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OCTOBER						
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MAY						
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NOVEMBER						
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JUNE						
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DECEMBER						
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