

COLLECTIVE: AGREEMENT

JANUARY 1, 1996 - JULY 31, 1999
AS AMENDED AUGUST 1, 1999 - JULY 31, 2000
AS AMENDED FEBRUARY 1, 2000 - JULY 31, 2002

BETWEEN

ALGOMA STEEL INC.

AND

**THE UNITED STEEL WORKERS; OF AMERICA
ON BEHALF OF ITSELF AND ITS LOCAL, 2724**

SAULT STE. MARIE:, ONTARIO, CANADA

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NOTE: **Members** requiring information on Letters of Agreement should consult with their Steward.

**AGREEMENT' made this 1st day of January, 1996
AS AMENDED AUGUST 1, 1999 - JULY 31, 2000
AS AMENDED FEBRUARY 1, 2000 - JULY 31, 2002**

Between

ALGOMA STEEL INC.
(hereinafter referred to as the Company)

-and-

**THE UNITEID STEELWORKERS OF AMERICA
ON BEHALF OF ITSELF AND ITS LOCAL 2724**
(hereinafter referred to as the Union)

WITNESSETH THAT THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

GENERAL ARTICLLE

**JOINT DECISION MAKING, JOINT WORKPLACE REDESIGN AND
EMPLOYEE PARTICIPATION PROCESS**

1. MISSION STATEMENT

The parties are committed to a successful Algoma Steel Inc, founded upon principles of tolerance and respect between a strong independent union and a strong independent management and a recognition of the value of every employee.

As equal partners, **Algoma** and the United Steelworkers of **America** make as top priority, the creation of an organization that is dedicated to the economic security and empowerment of employees and to continuing improvements in productivity and quality.

2. OBJECTIVES

The parties recognize the necessity of redesigning the workplace so that it becomes less authoritarian, safer **and** more fair. They agree that costs must be reduced, performance improved, and the skill content of jobs enhanced and that this will require substantial changes in how work is organized, a significant change to the role of supervision, reduction of overhead, the creation of

opportunities for employees to solve operating problems and the continual upgrading of the skills of the workforce.

In order to manage change, the parties commit to ongoing consultation, problem solving, and discussion between management and the union and among employees at all levels. As part of these consultations, management is committed to providing the Union and employees with the opportunity to participate in decisions related to change as early as possible.

The parties agree on the following objectives, and agree to implement changes in the workplace during the life of this collective agreement which will:

redefine the role and function of supervisors so that they emphasize coaching and coordinating

upgrade the skill content of jobs on a progressive and ongoing basis, and provide employees with greater opportunity for training. In upgrading the skill level of trade jobs, an important objective will be to increase knowledge within the trade;

eliminate health and safety hazards, including ergonomic hazards;

ensure workers are trained in safe production practices;

provide workers with greater influence, accountability, responsibility, and control over day-to-day operations of their workplace;

lead to continual improvements in productivity and quality based on working smarter, using better equipment, and reducing waste;

flatten the organizational structure.

In order to meet these objectives, redesign the workplace and to take advantage of the firsthand knowledge and experience of employees to solve operational problems, the parties will continue to develop and implement the workplace participation process.

3. JOINT STEERING COMMITTEE

a) Mandate and Purpose

A Joint Steering Committee has been established for the following purposes:

- i) to ensure that changes are implemented in the workplace which will achieve the objectives agreed to in Section 2 and in the Strategic Plan.
- ii) to jointly manage employment levels at Algoma in accordance with the Strategic Plan. Employees shall not be laid-off or hired without the approval of the Joint Steering Committee.
- iii) to work with the Company's President and Chief Executive Officer and senior management on business matters generally and in particular with respect to the achievement of the goals and objectives of the Strategic Plan, Annual Business Plans and other general business goals and objectives of the Company. For the purposes of this collective agreement the Strategic Plan is the Strategic Plan as approved and amended by the Company's Board of Directors from time to time.
- iv) to jointly direct the workplace participation and redesign processes, plans and programs in order to achieve the objectives set out in Section 2.

The parties agree that the process of redesigning the workplace must be a joint endeavour. The Company agrees not to initiate any action, program or change with respect to worker participation, workplace restructuring or training without the agreement of the Joint Steering Committee. For the purpose of this Section workplace restructuring will be defined to include the combination, amalgamation, creation, or elimination of tasks, jobs **or** lines of sequence, and the establishment of operating work groups or teams or job rotation systems.

- v) to jointly direct workplace training programs and authorize an Annual Training Plan and Budget.
- vi) to jointly direct the process of technological change;
- vii) to jointly direct the Company's Human Resource policies and procedures;
- viii) to act as an on-going forum for senior management and union officials to discuss and resolve issues related to the workforce and the company.
- ix) to direct all other joint committees which are established by the Joint Steering Committee or the collective agreement

b) **Composition**

The Joint Steering Committee will consist of 18 members as follows:

a co-chair as appointed from time to time by the Company President and CEO.

a co-chair as appointed from time to time by the United Steelworkers Director of District 6.;

eight senior management personnel as selected by the President and CEO; and

seven executive officers of USWA Local 2251.

one union official of USWA Local 2724.

Members of the Committee shall complete a training program as approved by the Joint Steering Committee within 6 months of appointment to the Committee.

The District 6 and/or National Director of the Union may attend meetings of the Steering Committee on the invitation of either co-chair.

c) Duties and Responsibilities

i) Human Resources Matters

Algoma's Human Resource policies and administrative procedures shall be established by the Joint Steering Committee, in accordance with the provisions of this collective agreement.

On advice of the Joint Steering Committee, the co-chairs of the Committee shall establish the administration of the Company's Human Resources functions including workplace restructuring and redesign, technological change, problem solving and cost savings, joint training board, training administration, wage and salary administration, benefits administration, pension administration, collective agreement administration, medical and personnel services, and employee assistance program. For these Human Resources functions the co-chairs of the Joint Steering Committee shall jointly determine the number of people required to fulfil various functions; and the duties and task, and job descriptions required to fulfil the functions.

The Joint Steering Committee has the authority to determine the best method of delivering negotiated employee benefits, including the selection of insurance carriers or self-insurance. The Joint Steering Committee will ensure that employee benefits are provided on a cost effective basis, and are provided to employees and their dependents in a fast and courteous manner.

The Joint Steering Committee will not:

- determine individual benefit entitlement;
- deal with any disciplinary matter;
- have access to confidential personnel files (unless approved by the individual on authorized forms);
- assume any of the functions of an employer under any legislation of Canada or Ontario.

The Joint Steering Committee will make policy with respect to employee communications.

iii) **Business Matters**

The Joint Steering Committee will:

- work with the President and CEO and senior management towards achievement of the company's business goals and objectives as set out in the Strategic Plan, and in particular as they relate to facilities, manning objectives including attrition and other matters which impact the company's employees.

- review any amendment or other change to the Company's Strategic Plan before it is presented to the Company's Board of Directors.

- review Annual business plans before they are presented to the Company's Board of Directors.

- periodically review and monitor progress toward meeting performance, sales, employment, and other targets set out in the Strategic Plan and Annual Business Plan;

- monitor capital expenditure programs agreed to in the Strategic Plan;

- review proposed major sale, lease or rental of assets, and review major purchases for materials and supplies, and the tender selection process;

- establish corporate travel policy for bargaining unit members;

- direct and set policy for Department Steering Committees and to establish, where appropriate, and set policy for similar committees within Business Units.

review Appropriation Requests (AR's) before they are presented to the Company's Board of Directors.

review Annual plans of the Department Steering Committees, particularly respecting manning and other objectives of the Strategic Plan.

iii) Training

The Joint Steering Committee shall exercise its responsibilities regarding training through the Joint Training Board (JTB).

The Joint Training Board shall review the training needs of all employees, and develop a comprehensive training plan and budget for Algoma to be recommended to the Joint Steering Committee. The training plan will include both shorter term and longer term components, a timetable, and be designed to ensure that the objectives **set** out in Section 2 are achieved. The Joint Training Board will determine the need for apprentices in the skilled trades and crafts.

The plan shall include **a** process that would allow each employee to help design an individual training plan with the long term objective of entitling each employee to 80 hours of off-the job training per year.

The Joint Training Board shall consist of five members appointed by the Union and four members appointed by the Management.

The Joint Training Board will review and recommend! training policy, govern overall training, ensure the training plan is implemented, and give priority of training required.

The parties agree to establish **a** corporate wide system to track training costs for those purposes established by the Joint Steering Committee.

iv) Major Technological Change

No major technological change shall be introduced prior to review by the Joint Steering Committee. Technological change is defined as technological changes in method of operations, materials and process, including the introduction of new or modified equipment which substantially alters the manner in which work is performed.

The Joint Steering Committee will evaluate technological changes based on their contribution to achieving the objectives set out in Section 2 and in

the Strategic Plan and set policies and procedures to be followed in respect of major technological change.

Employees who will be affected by a proposed technological change must be involved in the process of designing and implementing that change.

The Joint Steering Committee will establish a joint sub-committee, the Joint Technology Design Team, to ensure the joint development of technological change, and the participation of workers.

A Joint Project Team will be established when proposed technological changes will change, modify or eliminate work duties or methods, impact on skill requirements, impact on health and safety, or require new training as referred to in the Template. The Joint Project Team would bring together workers who will actually use the new technology, and the designer!; of that equipment or system, on a project by project basis. Appropriate expertise and training for the development of the project will be provided to the Joint Project Team.

The Joint Project Team will be responsible for the development of the technology.

The Joint Project Team will provide the following information to the Joint Technology Design Team and/or Joint Steering Committee:

- a description of the purpose and function of the technology, and how it would fit into existing operations and process;
- the estimated cost of the technology, and a cost justification of the technology;
- any service or maintenance warranties or contracts provided by the vendor (if any);
- the number of jobs which would be eliminated or changed by the technology;
- the anticipated impact on the skill requirements of the work force;
- the anticipated impact on established lines of sequence;
- a review of the technology for health and safety hazards;
- details of any training programs connected with the new technology.

v) General

The Company will pay lost time wages and expenses for union members of the Committee for their Committee activities, including time union members spend preparing for such meetings.

The Committee will make decisions by consensus which does not necessarily mean unanimity but does require the agreement of both co-chairs.

Any matter within the scope of the Committee which cannot be resolved by the Committee, that is not clearly defined in the collective agreement, may be referred by either co-chair to the Company's Board of Directors for a decision.

The Steering Committee will select consultants, advisors and instructors retained by the Company to facilitate and support any process and programs related to work redesign, worker participation and training and will determine assignments and duties of such consultants, advisors and instructors.

The Joint Steering Committee may from time to time define and amend as appropriate the roles and responsibilities inherent in structures and jobs involved in workplace restructuring and redesign

4. EMPLOYEE PARTICIPATION PROCESS

The parties have established a program of employee participation, which shall continue.

The employee participation program has the following features:

it will not consider or accept ideas which are not consistent with the terms of this collective agreement and which will negatively impact on rights, benefits, and protection employees have under the collective agreement. This program will not consider or accept ideas which will eliminate jobs:

is company wide;

provides opportunities for involvement to all employees who wish to participate;

ensures that all ideas which are submitted are seriously considered, and that employees whose ideas are not implemented are told why;

has a clear set of criteria which will be used to prioritize and determine which ideas are to be implemented;

a graduated approval process designed to allow employees themselves to make implementation decisions on ideas which require minimal expenditure and impact only on their work areas, and to have input into decisions of a larger magnitude;

5. DEPARTMENT STEERING COMMITTEES

a) Mandate and Purpose

The parties will establish Department Steering Committees in various departments of the Company (see list of departments in Appendix A). Each of these committees shall report to and be subject to the direction of the Joint Steering Committee. The purpose of the Department Steering Committee shall be to:

direct the implementation of change in the workplace which will achieve the jointly agreed to objectives set out in Section 2 and in the Strategic Plan.

direct the achievement of the department's goals and objectives as set out in the Strategic Plan and annual business plan, in particular as they relate to facilities and manning,

direct the application, within the department, of the Human Resources policies and procedures as established by the Joint Steering Committee.

direct departmental workplace redesign, restructuring and technological change activities.

b) Compositions

Each Department Steering Committee shall have the following members:

the Department Head who shall be a co-chair,

a bargaining unit co-chair selected by the Union,

union stewards and union health and safety representatives selected by the Union;

other employees within the department as selected from time to time by the co-chairs.

Members of the Committee shall complete a training program approved by the Joint Steering Committee within 6 months of appointment to the Committee, which shall include a component of union designed and delivered training for union members.

C) Duties and Responsibilities

develop and submit to the Joint Steering Committee for approval, an Annual Department Plan to achieve goals and objectives from the strategic plan, in particular as they relate to facilities and manning.

direct the implementation of the department's annual plan as approved by the Joint Steering Committee.

direct the application of the Human Resources policies and procedures agreed upon by the Joint Steering Committee, within the department.

development, implementation and monitoring of training plans (including training for SDWG) and plans for improving quality of worklife, including plans for the achievement of objectives set out in Section 2.

implement workplace restructuring and redesign within the department with authority to make broad based decisions affecting the department (using consensus) covering elements of manpower scheduling and seniority such as lines of sequence, job combinations, multiskilling, job rotation, and hours of work, within the provisions of this collective agreement, and provided individual employees affected have been involved in the planning process.

changes considered in workplace restructuring and redesign must be reviewed by the department joint health and safety representatives for their potential impacts on employee health.

ensure Joint Project Teams for technological change are functioning in Department.

ensure self directed work groups are functioning in Department according to the provisions of this collective agreement and guidelines set down by the Joint Steering Committee.

reviews issues, suggestions, and problems raised through the EPU system, and monitors the EPU process in the Department.

monitors contracting out and overtime hours (excluding replacement hours) in excess of 10% of all hours worked in a 12 month period in any specific functions or jobs in the department and initiates any action required in accordance with the policies and administrative processes established by the Joint Steering Committee.

monitors and reviews all other issues governed by the Joint Steering Committee.

the union co-chair may be a full-time position as deemed appropriate by the Joint Steering Committee

the Company will pay lost time wages and expenses for union members of the Committee for their Committee activities.

the Committee will make decisions by consensus which does not necessarily mean unanimity but does require the agreement of the co-chairs. Where consensus is not reached the matter may be referred to the Joint Steering Committee by a co-chair.

Restructuring task forces and teams established by the Joint Steering Committee will provide support, training and assistance to the Department Steering Committees as required to meet their objectives.

6. GUIDELINES FOR WORKPLACE RESTRUCTURING AND PARTICIPATION PROCESS

The parties agree to abide by the following guidelines in all matters pertaining to workplace redesign, training, and the workplace participation process.

General Guidelines are:

- a) The workplace participation process and workplace redesign initiatives shall be consistent with and supportive of local and international union structures. The worker participation process shall be consistent with and supportive of the terms of this collective agreement, including the grievance procedure.
- b) The workplace participation process shall not be used to discipline employees.
- c) The participation of individual employees in the worker participation process shall be strongly encouraged through a training program but shall

be entirely voluntary ; however, new entrants to groups involved in worker participation must commit to participating in the process. Participation in such process will be scheduled during normal working hours, and employees will be paid at their regular rates for their time.

- d) Union officers and appointees involved in work redesign or any joint committee must be offered the opportunity of participating in Union designed training.
- e) It is understood that as part of the workplace participation process the union representatives on various committees, task forces, and other groups may wish to meet separately from management representatives, and that attendance at such meetings is part of the participation program, and shall be paid by the company. The Joint Steering Committee shall establish guidelines respecting the holding of such meetings and for the payment of employees who attend.
- f) Employees have a right to participate in the process where they have a stake in the outcome and something to contribute.
- g) So as to encourage informed and meaningful participation employees shall have access to relevant information and the necessary resources and expertise.
- h) The parties recognize there is no one best way to participate. Each workplace participation group shall have broad latitude and freedom to shape their own process within the guidelines of this Agreement, and by any guidelines established by the Joint Steering Committee.
- i) Decisions shall be made by consensus. In the event consensus cannot be reached there shall be access to an appellate process.
- j) No action will be taken with respect to worker participation, workforce restructuring or training in the absence of consensus. Where there is no consensus there shall be access to an appellate process.
- k) In order for participation to be meaningful, participation shall run from the very formative stage of a project to its conclusion.
- l) Employees participating in the process shall receive the necessary training to prepare them to play a meaningful role.
- m) All employees will be provided with an informational overview of the overall process.

Principles for the Introduction of Self Directed Work Groups and other Work Reorganization Initiatives.

The following principles must be incorporated in the design, implementation, and operation of SDWG or any other work reorganization initiative:

reasonable workload

maintain rights to access or egress to and from jobs.

- in compliance with principles of Employment Equity.

Provisions for replacement workers, as appropriate, (For vacation, sickness, approved absence, or training) can be made available either from within the SDWG or from outside the SDWG.

Compensation shall be based on an agreed to plant-wide job evaluation system and matters of compensation, including wages, premiums, bonus, and gainsharing, will not be addressed by SDWG.

The concept of peer review shall not be incorporated into any SDWG. Discipline (including discipline related to work performance) will remain a management responsibility.

7. RESTRUCTURING SUPPORT AND PROCESSES

In order to ensure that the workplace participation process is effective the Management and the Union are committed to providing appropriate training and support. As part of this support the Management agrees to:

- i) pay lost-time wages for a one day union orientation session for union employees within the first year of the collective agreement:
- ii) pay lost-time wages for three days of union orientation for up to X union delegates/stewards in the first year of the collective agreement and two days per year for each subsequent year; and
- iii) pay lost-time wages for five **days** of union training per year for up to Z union representatives on the Steering Committee and designated committees and task forces.
- iv) pay lost-time wages for a minimum of four (4) weeks of union training for all the union co-chairs of Department Steering Committees in the first 12

months of the collective agreement, and at least one (1) week per year after.

In addition, Management and the Union agree to create a team of internal personnel dedicated to supporting the participation process. The Union shall select one employee to act as Union Co-ordinator and another employee to act as Assistant Union Co-ordinator. Management shall appoint counterparts to work jointly with the Union appointees. The Union Co-ordinator shall work under the direction of, and report to, the Union Co-chair of the Joint Steering Committee. The Assistant Union Co-ordinator shall work under the direction of, and report to the Union Co-ordinator.

The Union Co-ordinator may attend meetings of the Joint Steering Committee and sub-committees or task forces, at the invitation of the Union Co-chair of the Joint Steering Committee. In a corresponding fashion Management may have its Co-ordinator attend meetings of the Joint Steering Committee. The Union Co-ordinator will be responsible for making regular reports to the Union Co-chair and the other union members of the Joint Steering Committee on the progress of the workplace participation process and any other matters they require. At the joint request of the Union and Management Co-chairs the Union Co-ordinator shall make reports to the Joint Steering Committee.

The wages and benefits of the Union Co-ordinator and Assistant Union Co-ordinator will be paid by the Company, and they will continue to be covered by the provisions of their respective collective agreements. The Company will provide the Co-ordinators with an office, equipment and access to clerical support.

The Company shall provide the Union Co-ordinator with a resources budget of \$50,000 on the first day of each quarter to be used to support the activities of the Co-ordinator and Assistant Co-ordinator, including, but not limited to, assistance, travel and expenses, training, workshops, external consultation and educational material. The resources budget shall be approved by the Union Co-chair. If at the end of each quarter the resources budget has not been allocated, the resources budget for the next quarter shall be reduced by the unused amount. The resources budget will be held in a separate bank account.

The Company shall provide up to two additional people, selected by the Director of District 6, to assist the Union Co-chair of the Joint Steering Committee in carrying out his functions related to the Joint Steering Committee. Wages and benefits will be on the same basis as the Union Co-ordinator and Assistant Co-ordinator.

The union co-chairs of the Department Steering Committees shall be provided with office space and office equipment.

Union Evaluation

Every other year (or more often as may be approved by the Joint Steering Committee) the union shall be provided the opportunity and resources to undertake an evaluation of the workplace change process. This evaluation shall be conducted solely by the union, under the direction of the union staff representative, and shall be independent of any joint activities of the union and the company.

The primary objective of the evaluation will be to find out the extent to which employees believe their jobs and work environment have been made better or worse as a result of workplace change. The evaluation will try to find out what union members feel about (a) the workplace restructuring and job redesign process, (b) changes in their own job and work environment, (c) the employee participation process, and (d) the union.

The evaluation will **have two** parts:

1. Survey of all employees.

All employees will have the opportunity to participate in the survey.

2. Focus Groups.

The focus groups will be made up of groups of 6 randomly selected union members. Each year fifty (50) focus groups will be run.

The resources required to conduct the evaluation will be provided by the Company to the Union.

The Company agrees to provide the following:

- a) Funds to develop, administer and analyze the employee survey. In the first year \$30,000, in each subsequent year \$10,000. Access to a computer able to compile and analyze results;
- b) Paid time for employees to participate in the survey at the work place to a maximum of 1 hour per employee;
- c) Lost time for focus group participants to a maximum of 300 participants for an average of 4 hours each (1,200 hours);
- d) Two weeks training in leading focus groups for 7 focus group leaders selected by the union in the first year, and one week training in each subsequent year;

- e) Lost time for focus group leaders to conduct focus groups and compile and review results (4 weeks per focus group leader).

8. OVERTIME, CONTRACTING OUT, AND EMPLOYMENT LEVELS,

The parties agree to monitor and review the levels of overtime and the levels and type of contracting out on an ongoing basis.

Each Department Steering Committee will provide the Joint Steering Committee with a quarterly report for their area.

The Joint Steering Committee will take appropriate action to eliminate or reduce any overtime or contracting out deemed to be excessive.

APPENDIX A - LIST OF DEPARTMENTS

For the purposes of this Agreement, the company shall be deemed to be divided into the following departments:

Accounting
Automotive Repairs
Cokemaking
Cold Rolled Strip and Unfinished Parts
Human Resources
Environmental Control
ICS Operations,
Ironmaking
Maintenance*
Maintenance Services
Metallurgical Labs
Plate and Strip - Hot Mills
Plate and Strip - Finishing
Order Acceptance and Product Control*
Purchasing and Stores
Quality Engineering - Hold and Release
Steelmaking
Transportation
Utilities
Welded Beam Division

* For purposes of the Department Steering Committees, assigned personnel will participate in the committee for their assigned area.

The foregoing list of departments may be amended as necessary by agreement of the Joint Steering Committees.

ARTICLE 1

UNION RECOGNITION

1.01.10 The Company recognizes the Union as the sole bargaining agent for all employees of Algoma Steel Inc. at Sault Ste. Marie, and Burlington, save and except Department Heads, persons above the rank of Department Head, persons covered by a subsisting collective agreement(s) or a certificate granted by the Ontario Labour Relations Board, Human Resources Officer - Industrial Relations, Human Resources Officer - Personnel Services/Industrial Relations, Supervisor - Industrial Relations/Medical Services, Supervisor - Employee Benefits, Supervisor - Wage and Salary Administration, Supervisor/Co-ordinator - Personnel Services, Sales employees, and secretaries to the President and CEO, the Vice Presidents, General Counsel and Corporate Secretary, and the Manager of Human Resources.

Clarity Note: For the purposes of clarity, it is understood that technical service employees are not sales employees and are included in the bargaining unit.

1.011.11 The Company will notify the Union in writing of new jobs established, other than Department Heads and jobs above the rank of Department Head, which are to be excluded from the bargaining unit. Such notification shall include a summary of job functions, responsibilities, date of establishment, and shall name incumbents assigned to the new job. If the Union does not agree that the job is properly excluded it may file a grievance of a General Nature within 21 days of such notification in order to discuss and/or to conduct an on-site examination of the job and incumbents.

1.01.12 When existing jobs are changed or new jobs are to be established which contain duties being performed by employees of the Local 2724 bargaining unit, or similar duties, as well as duties which may be appropriate for another bargaining unit, the Company will advise the Union as far as possible in advance of the establishment of such jobs. The Company and Union will attempt to agree on the proper placement of such jobs in a bargaining unit and to agree on any other relevant matters such as seniority rights of employees affected.

If agreement is not reached, the matter shall be referred to referees, one named by each party, who will attempt to resolve any outstanding issues. Agreement by the referees will be binding on both parties. If agreement is not reached by the referees, the Union may file a grievance of a General Nature.

1.02.10 Except as agreed to by the Local Union, work normally performed by employees within the bargaining unit or similar work which it has been past practice to have performed by employees within the bargaining unit shall continue to be performed by employees within the bargaining unit except when employees with the necessary skills are not available for such work. Every effort will be made to train existing employees to perform such work where practical. No employee will be displaced from his job or be laid off as a result of the Company contracting out such work. The Company may contract out work not normally performed by employees within the bargaining unit, but shall, whenever practicable, and especially during layoffs, have such work performed by employees within the bargaining unit.

1.02.11 The guiding principle to be followed by Algoma Steel Inc. is that employee (owners find it unacceptable that work that they are capable of performing should be contracted out. Further, when work being considered for contracting out is beyond the skill level possessed by available employees, it is agreed that every effort will be made to train and 'develop employees as quickly as possible so that they may be assigned now or in the future.

A Joint Local Union-Management Committee, will be established with a mandate to review all work which is being considered for contracting out. Evaluation of all of the facts involved with such work will be weighed by the Joint Committee, with the overriding principle being that the parties are seeking ways and means to retain such work for bargaining unit employees but at the same time assures the ability to operate the plant facilities. Included in this evaluation will be the option to retain desirable work in-house and to substitute less desirable work for contracting out. All of the facts and circumstances being considered will be openly shared by all members of the Joint Committee. The decision whether to contract out shall be made by the Joint Committee based on consensus, If agreement cannot be reached at the Joint Contracting Out Committee and the Company contracts out this work, the Union may exercise its right to file a General Nature grievance. If the decision is to contract out, management shall select the supplier and in doing so, consideration shall be given to all relevant factors. Upon request the management shall review all such information with the Joint Committee.

All information requested associated with contracting out will be provided in a timely manner.

A semi-annual evaluation will be conducted of all contracted out work so as to determine if such work should be assigned within the bargaining unit and within what time frame. The contracted out work under this review shall include work performed by contractors inside the plant as well as work which is performed by contractors off site. Notwithstanding the foregoing, the parties recognize that

work of an emergency nature may be contracted out if the alternative would be to place the facilities and/or employees in jeopardy. The reasons and details for such will be forwarded to the Joint Committee for evaluation.

In recognition of Algoma Steel Inc. and the United Steelworkers of America commitment to the community of Sault Ste. Marie and the District of Algoma, when the Joint Contracting Out Committee has made a decision to contract out work, preference shall be given to suppliers in the City of Sault Ste. Marie or District of Algoma.

1.02.20 Employees within the bargaining unit have no claim to jobs outside the bargaining unit. Except as expressly provided in this Agreement, employees outside the bargaining unit have no claim to jobs within the bargaining unit.

1.02.30 Except by mutual agreement, employees excluded from the bargaining unit defined in this article shall not perform work of employees covered by this Agreement, except in cases of emergency if no other qualified employee is available either on shift or off shift. It is recognized that excluded employees do certain routine work and this clause does not apply to such persons, provided that any work so performed shall not have the effect of jeopardizing employment in the bargaining unit.

1.03 The Union shall not solicit membership on the Company's time.

1.04. The Company shall give each employee entering the bargaining unit a copy of this Agreement within 30 days of the employee entering the bargaining unit.

1.05 The Local Union shall elect or appoint an appropriate number of stewards for each department, and shall, as such elections are held or appointments made, give written notice of the names of such stewards in each department, to the Manager of Human Resources and the Department Head concerned.

1.06 The Company and authorized Union committees (which may include the International Representatives of the Union) shall meet when necessary for the proper administration of this and other agreements between the parties.

1.07 All negotiations between the Company and the Union shall be carried on through the regular procedures established by this Agreement, and the Company shall not recognize or bargain separately with any individual or group of employees within the bargaining unit. This Agreement shall not be altered or amended except by agreement between the Company and the executive of the Local Union.

1.08 When hiring new employees the Company shall give consideration to applicants who are former employees.

ARTICLE 2

DEDUCTION OF UNION DUES

2.01 When used herein and in authorizations assigning to the Union an amount equivalent to Union dues, the expression "Union dues" means the amount of the regular Union dues payable by members of the Union as confirmed from time to time by written notice to the Company from the officers of the Union

2.02 As a condition of employment, each employee entering the bargaining unit shall be required by the Company to sign an authorization in duplicate assigning to the Union until the employee leaves the bargaining unit an amount equivalent to Union dues, and shall send one copy of the authorization to the Union.

2.03 Deductions of the amounts authorized under 2.02 shall be made by the Company monthly from the earnings of all of the employees in the bargaining unit who have authorized such deductions. A cheque for the full amount of money so deducted, payable to the International Secretary-Treasurer of the United Steelworkers of America, shall be remitted monthly by the Company to the Financial Secretary of the Union.

ARTICLE 3

DISCRIMINATION

3.01 No employee shall be discriminated against by the Company or the Union because he is or is not a member of the Union, because of Union activities, or because of exercising any right provided by law or by this Agreement.

3.02 The Company and Union agree there shall be no discrimination against any employee in contravention of the Ontario Human Rights Code, Statutes of Ontario, 1981, Chapter 53 or as amended from time to time.

ARTICLE 4

MANAGEMENT

4.01 The management of the plant and the direction of the workforce will be jointly administered to the extent provided for in Section 3 of the General Article of this agreement. Management retains the right to discipline but shall do so in a manner consistent with the principles and objectives set out in this collective agreement.

4.02 Employees who perform supervisory functions shall continue to be responsible for ensuring that employees of the Company work in compliance with the workplace rules and regulations and the Health and Safety rules and regulations in accordance with the Practices and Procedures of the Company, the Health and Safety Manual, the Employees' Conduct Rules and the contractual obligations of the Company.

ARTICLE 5

HOURS OF EMPLOYMENT AND OVERTIME

5.01 .10 Except as provided in Article 5.02.10, normal hours of work shall be as follows:

- operating and service salary scale - 40 hours per week and 8 hours per day.

- administrative and staff salary scale - 38 3/4 hours per week and 7 3/4 hours per day.

5.01.20 The work day shall be a period of 24 hours beginning at 12:01 a.m. or the shift starting time closest thereto. For the purposes of Sunday premium pay and statutory holiday premium pay a shift beginning at or after 4:30 p.m. will be considered to be a shift of the following day.

5.01.30 The work week shall be a period of seven work days beginning at 12:01 a.m. Sunday or the shift starting time closest thereto.

5.01.40 If changes are contemplated to existing schedules the Company shall consult with the Local Union prior to implementing such changes. Factors to be considered when changing a schedule may include the efficiency of operations and the wishes of the employees involved. Except in emergency situations, the changed schedule will be implemented through agreement with the Local Union.

5.02.10 Employees shall be scheduled as provided in this Agreement for the work which is available. The Company and Union recognize there are situations where it may be beneficial to establish special scheduling arrangements of up to twelve hours per shift and forty-eight hours per week. Where such a scheduling arrangement is implemented, it must be approved by the President of Local 2724 and the Manager of Human Resources in the form of a binding Letter of Agreement which will specify the type of schedule to be worked, identify the scheduling areas and employees affected, and the terms of such agreement. All such scheduling arrangements shall specify:

- the hours and shift cycle to be worked including an example of the schedule;
- what hours qualify for shift and Sunday premiums (provided that there is no increase in premiums to be paid);
- how overtime is to be distributed;
- how vacation is to be booked ; and
- how Statutory Holiday provisions shall apply and how weeks in which Statutory Holidays fall are to be scheduled (provided there is no net increase in wages resulting from any such schedule).

Once a special scheduling arrangement has been agreed to, the Company will apply for any necessary approval or permit from the Employment Standards Branch on behalf of the Company and Union.

5.03.10 The parties agree that overtime must be kept to a minimum, but will co-operate in meeting situations where it is necessary.

5.03.20 Overtime rates shall be one and one-half times the hourly equivalent of the base monthly salary.

5.03.30 There shall be no doubling up or pyramiding of overtime rates. Any hour or hours of work paid for at overtime rates shall not again be counted as hours worked for the calculation of overtime pay.

5.03.40 Notwithstanding anything contained in this Agreement, overtime rates shall be paid only for authorised periods worked .

5.04.10 Overtime rates shall be paid to an employee for authorized periods worked:

1. in excess of 8 hours per shift for employees on the operating and service salary scale or in excess of 7 3/4 hours per shift for employees on the administration and staff salary scale.
2. in excess of 8 hours in any 16 hour period,
3. in excess of 8 continuous hours,
4. in excess of 40 hours in a work week for employees on the operating and service salary scale or in excess of 38 3/4 hours per week for employees on the administration and staff salary scale.
5. on his designated days off.
6. for the second and any succeeding scheduled short change in any 7 day period unless the schedule is agreed to by the employee prior to the short changes being worked. A short change occurs when there is less than 16 hours between shifts.

5.04.11 Where requested by the employees, overtime work shall as far as possible be equitably distributed among the employees within a vacation scheduling group.

Where time does not permit, equitable distribution need not be applied and employees who are already at work may be called upon to work the necessary overtime.

5.04.20 An employee not scheduled to work on a statutory holiday for which he is paid Statutory Holiday pay shall be deemed to have worked on that day for the purposes of Article 5.04.10(4).

5.05.10 An employee may agree to work overtime or the Company may require an employee to work overtime in cases of work urgently required to be done, or which is necessary to avoid serious interference with the ordinary working of the plant. Where the Company requires an employee(s) to work overtime and in the event no one agrees to work overtime, the most junior qualified employee available will be required to work the overtime.

5.06.10 An employee who is called out to work and reports on the job during hours for which he is not scheduled and then leaves the plant, shall be paid a minimum of four hours pay provided he reports within a reasonable time of being called. If such employee works more than two hours and forty minutes for which he is not scheduled, he shall be paid at overtime rates for all such hours worked.

5.016.20 Notwithstanding Article 5.06.10, when an employee is directed by his Department Head to be available to answer calls and/or report to work on short notice on days which he is not scheduled to work he shall be paid standby pay of 4 hours at straight time for each such day. In the event the employee is required to work more than 2 1/2 hours on such day he shall be paid overtime rates for all such hours in lieu of the 4 hours standby pay. On call work shall, as far as possible, be equitably distributed among the employees within a vacation scheduling group.

On a "down" statutory holiday, as defined in Article 6.04.20, an employee shall be paid 6 hours at straight time for standby, or double time for all hours worked in lieu of the standby pay, if he is required to work in excess of 3 hours.

On days where an employee is scheduled to work and is directed by his Department Head to be available to answer calls and/or report to work on short

notice for the remainder of that day and/or part of the following day, the employee shall be entitled to 2 hours at straight time for each 6/8 hour period in excess of his regular work day.

5.06.30 Authorized hours spent at home committed to resolving urgent problems via a home terminal or telephone shall be paid for at overtime rates.

5.07.10 The Company shall pay to any employee required to work in excess of ten hours in a shift an overtime meal allowance of \$6.25. This amount shall be added to the employee's regular cheque.

ARTICLE 6

STATUTORY HOLIDAYS

6.01 Statutory holiday means the work day on which New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday, Labour **Day**, Thanksgiving Day, Remembrance Day, (Christmas Day or Boxing Day is celebrated.

6.02.10 Operations shall be reduced as much as possible on the days on which Canada Day, Labour Day and Christmas Day are celebrated, keeping in mind a return to normal operations after such day in the least possible time.

6.02.20 Employees required to work on statutory holidays are under obligation to report for work and work just as on any other work day.

6.03.10 Statutory Holiday pay means regular earnings for a work day based on the employee's base monthly salary.

6.03.20 Every employee shall be paid statutory holiday pay in respect of a statutory holiday unless:

1. he has been employed for less than three months since his last date of hire, or
2. he is required to work on the statutory holiday and fails to do so,

3. he is on layoff or on leave of absence on the statutory holiday,
4. he is in receipt of Income Security, Workers Compensation Total Temporary Benefits, Salary Continuance, Weekly Indemnity, LTD or any other such payment made to the individual by the Company (except vacation pay) for the week in which the statutory holiday falls.

6.04.10 In addition to any statutory holiday pay to which he may be entitled under this article an employee who works on a statutory holiday other than Canada Day, Labour Day, or Christmas Day shall be paid overtime rates for all hours worked, provided that he shall be paid double the hourly equivalent of his base monthly salary for time worked which also qualifies for overtime rates.

6.04.20 In addition to any statutory holiday pay to which he may be entitled under this article an employee who works Canada Day, Labour Day, or Christmas Day, shall be paid double the hourly equivalent of his base monthly salary for time worked, provided that he shall be paid two and one half times the hourly equivalent of his base monthly salary for time worked which also qualifies for overtime rates.

ARTICLE 7

SENIORITY

7.01.101 An employee's bargaining unit seniority shall be determined as follows:

Employees who were members of S.A.G. on May 1, 1992, shall have their plant service date as their bargaining unit date except for employees in the Mississauga Sales department.

Employees who were on salary on May 1, 1992 and were not included in S.A.G. and are in Local 2724 on the date of ratification of this agreement shall have their plant service date as their bargaining unit date.

All other employees shall have their date of entry into the bargaining unit as their bargaining unit date.

7.01.20 The Company shall post in each department a list showing seniority as per Article 7.01.10 within 60 days of the effective date of this agreement and annually thereafter. Two copies of this list shall be sent to the Union.

7.01 .30 Complaints by employees regarding errors or omissions in the list posted in accordance with Article 7.01.20 shall be corrected by agreement, reached by consensus, of the Company and the Union provided such error or omission relates to the period subsequent to the date of the previous list. Nothing contained herein will prohibit the parties from correcting administrative errors or omissions by consensus.

Establishment

7.02 The seniority provisions of this Article do not apply to any employee with less, than three months of continuous service from his most recent date of hire. The purpose of this establishment period is to allow the Company to decide whether it wishes to retain an employee in the plant, the department, or the job concerned.

Loss of Seniority

7.03 An employee's employment shall be considered terminated and his seniority permanently cancelled when:

1. he quits his employment, or
2. he is discharged for cause, or
3. he overstays a leave of absence without reasonable cause, or
4. he is absent from work for ten consecutive scheduled working days without reasonable excuse, or
5. he does not return to work within ten days of the delivery of notice of recall, by registered mail, to his last address in the Company records provided that the ten day period may be extended by a leave of absence from the Manager of Human Resources if he applies in writing for such leave of absence within 5 days of the delivery of notice of recall, or
6. he is laid off for a period in excess of twelve calendar months if he has less than two years seniority at the time of layoff, or

7. he is laid off for a period in excess of twenty-four calendar months if he has less than three years seniority at the time of layoff, or
8. he is retired under the terms of the pension agreement

7.04

Departments

For the purposes of 'this Agreement, the plant shall be deemed to be divided into the following departments:

Assigned Maintenance - Electrical & Mechanical
Automotive Repairs
Central Maintenance, Masonry & Project Services
Cold Mill
Security & Environment, Health & Safety
Customer Services and Technical Services
D.S.P.C.:
Engineering
Finance and Accounting
Human Resources and Medical
Information and Control Systems & Manufacturing Technology
Ironmaking
Logistics (including Traffic)
Material Handling
Metallurgy, R&D and Quality Assurance
Plate and Strip Hot Mill & (Roll Shop)
Plate and Strip Finishing
Purchasing and Stores
Quality Blanks International
Raw Materials & By-Products
Steelmaking
Utilities
Welded Beam

The foregoing list of departments may be amended as necessary by agreement of the Company and Local Union.

Progressioin

7.05 Progression is the means by which an employee moves to the higher level of a job within a department (e.g.) - "analyst to senior analyst". A list of these jobs will be developed and agreed to by the Company and the Local Union.

7.06

Job Posting

7.06.10 All vacancies will be posted within the bargaining unit except those jobs which have been agreed to in Article 7.05 or except as agreed to by the Local Union and the Company.

7.06.11 All job postings will include; job class, location, reporting structure, qualifications and duties.

7.06.12 The Company and the Local Union will agree by consensus on the qualifications required for each job prior to posting.

7.06.13 The Local Union and Company will participate jointly in the screening process to determine which applicants are qualified. The senior qualified applicant will be selected and offered the job.

7.06.14 Every effort will be made to move the successful applicant to the new position as quickly **as** possible. If such move has not been possible within the period as outlined in the Joint Steering Committee Policy or 3 months, whichever is less, the employee shall be paid the rate offered for the new position if it is higher than his current rate.

7.06.15 An employee who is selected and transferred to a job as a result of a posting, shall not again be permitted to apply for another posted vacancy for a period of 6 months from the date of the transfer, but in any event no more than 9 months from the date of the offer. This restriction shall not apply if the vacancy would be a promotion.

7.07

Demotion

7.07.10 Demotion is the means by which an employee is reverted to a lower **job** because of inability to do his job.

7.07.11 The Company shall not unreasonably demote an employee for inability to do the job and the Department Head shall discuss any such case with the steward before making the demotion. If the Union believes that the demotion is unjust, it may within twenty-one (21) days of the demotion refer the matter to Step 2 of the grievance procedure.

7.08

Assignment & Reassignment

7.08.10 Where there is a temporary assignment to be filled under this article the Company will consult with and advise the Local Union, prior to the assignment being made if possible. The Company will endeavour to ensure that such assignment is less than 1 month and, should such assignment exceed 1 month the process detailed in 7.08.20 will be followed.

7.08.20 The Company and the Local Union will agree by consensus on the process for selection and reassignment to be used when it is necessary to reassign an employee to a different position for any reason. (Factors to be considered will include the efficiency of the operation, the ability of the employee to perform the work, inconvenience to the employee, salary, and relative seniority of the employees concerned.)

7.08.40 Where there is a temporary vacancy due to vacation, illness or leave of absence, the Department Head will consult with the Local Steward prior to the assignment being made. The senior qualified employee will be given the opportunity to fill the vacancy but will not be forced if a qualified junior employee is available. This assignment may be extended beyond a month with the agreement of the Local Union.

Layoff and Reduction in Force

7.10.10 If, during the term of this agreement it is found to be necessary to lay off employees the Company and the Local Union will agree on the process to be used prior to any lay off taking effect. No employee will be laid off if there is a junior employee on a job which the senior employee is capable of doing given reasonable training.

7.10.20 An employee with 1 or more years of service who has been laid off for 35 weeks in any period of 52 consecutive weeks, or who has been advised in writing by the Company's Human Resources Department that his return to work is unlikely, may elect to receive severance pay as outlined below provided he abandons his recall rights under the Collective Agreement, terminates his employment with the Company. The Company shall add to the amount payable in accordance with the applicable legislation sufficient monies to ensure that such employee receives, in total, the equivalent of two normal non-overtime weeks for each year of service to a maximum of fifty-two (52) weeks.

Recall and Increase in Force

7.11 If during the term of this agreement it is found to be necessary to recall employees the Company and the Local Union will agree on the process to be used prior to any recalls taking effect. Unless otherwise agreed to by the Local Union, the most senior employee laid off will be recalled to a vacancy provided he can do the job with reasonable training.

In instances where a position needs to be filled for 4 days or more (for vacation or other reasons) the opportunity to fill that position will be offered to any qualified employee who is laid off and can perform the job with minimal training. This will be done prior to filling the position with an employee from outside the Local or working scheduled overtime.

7.12

Reversion Rights

7.12.10 An employee who was or is established in the bargaining unit permanently promoted or transferred to a job not in this bargaining unit and who is later removed from such position but still in the employ of the Company shall be reassigned in accordance with Article 7.08.20.

Effective January 1, 2000 an employee will not accrue seniority while outside the bargaining unit and will have his seniority date adjusted equal to the time he was out of the bargaining unit.

If the employee is returned to the bargaining unit, the employee will have the right to apply for any job vacancy which may be posted.

7.12.11 The Company shall notify the Union of all persons so promoted or transferred out of the Local.

New Departments

7.13 If new departments are established, the Company and the Local Union shall achieve consensus, on the selection of employees for such departments.

ARTICLE 8

LEAVE: OF ABSENCE

8.01 A leave of absence is permission granted by the Company to an employee to be absent from his job without pay for a specified period. The Company reserves the right to refuse to grant a leave of absence.

8.02 An employee may apply for a leave of absence by completing the approved form at the Employment Office. When approved and signed by the Supervisor - Industrial Relations & Medical Services and the Department Head a copy of the signed form will be returned to the employee.

8.03 Copies of approved leave of absence forms shall be sent to the Union.

8.04 Notwithstanding Article 8.01, the Company and Union shall agree by consensus on the granting of leaves of absence to enable employees to accept elected or appointed positions with the United Steelworkers of America, provided that such leaves of absence shall expire ten days after the date any such employee concerned ceases to hold such elected or appointed position. Such employees shall be reassigned with their original seniority date held when the leave of absence commenced.

8.05 Leave of absence for the transaction of Union Business shall be given to delegated members of the Union in the plant if proper application is made by the Union and approved by the Manager - Human Resources. Requests for such leaves shall be submitted as far in advance as possible.

8.08 Employees qualifying under the provisions of the Employment Standards Act shall, upon request, be granted a maternity leave of absence for a period not to exceed nine months. Maternity leave may be initiated by the Company when in the opinion of the Company Medical Director the duties of the employee's job cannot reasonably be performed by a pregnant woman or her work is materially affected by her pregnancy. In such cases the Company Medical Director will consult with, and consider information provided by, the employee's physician..

ARTICLE 9

JUSTICE AND DIGNITY

9.01.10 When it is the intention of the Company to meet with an employee to discuss any matter relating to discipline, or which may lead to discipline, the employee will be informed that he is entitled to be accompanied by a union steward.

The Department Head shall meet with the employee and, where requested, a union steward prior to issuing discipline.

9.01.20 When it is the Company's intention to discharge an employee for the accumulation of 100 demerit points, the Company will first convene a meeting between Human Resources and the Union. Except in cases where the final incident that results in the accumulation of 100 demerit points under the Employees' Conduct Rules is an offence involving:

- significant theft, or
- sabotage, or
- a concerted or individual refusal to work, or
- an incident that creates a situation where continued employment would threaten the safety of the disciplined employee, or other employees, or the plant,

The employee shall continue working provided his performance is satisfactory, provided work is available, until a grievance, which may have been filed protesting the intention of the Company to discharge the employee, has been

finally resolved through the Problem Resolution and Grievance Procedure, Notwithstanding the provisions for an employee's return to work, an employee will not be allowed to return to work if he would present a danger to the safety of employees or equipment in the plant. The meeting will be convened as soon as possible and will constitute the Step II meeting of the Grievance Procedure in the event a grievance is filed. Such grievance must be filed within twenty-four hours of the meeting on discharge.

9.02 When an employee is disciplined the disciplinary action shall be taken within 21 days of the Company's first reasonable opportunity to have knowledge of the circumstances giving rise to the discipline. The department steward shall be informed of the reason for such discipline and the penalty assessed. Where available information indicates the issuance of discipline may be warranted and the potential recipient is not available, management may agree with the employee or his representative to extend the 21 day time period. If the penalty is not considered warranted, the matter may be referred to the grievance procedure.

9.03 In dealing with grievances arising out of Article 9.01 or Article 9.02, an arbitrator may uphold, remove, or modify any discharge or other penalty imposed by the Company.

ARTICLE 10

SAFETY AND HEALTH

10.01 The Company and the Union, realizing the benefits to be derived from a safe and healthy place of employment, agree that they and all employees, members of the grievance committee and supervisors at all levels will co-operate to the fullest extent to promote fire prevention, safe work practices, health conditions and the enforcement of safety rules.

10.02 The Company and Union shall establish a Joint Health and Safety Committee consisting of employees selected by the Local Union in accordance with the Occupational Health and Safety Act 1978, and an equal number of management representatives selected by the Company. This committee shall ensure that safety meetings are held at various levels to conform to the requirements of the Occupational Health and Safety Act 1978.

10.03 Algoma's Health and Safety Manual for the Joint Health and Safety Committee contains the procedures and practices to be followed in implementing the provisions of the Occupational Health and Safety Act, 1978 as it relates to the functioning of the Joint Health and Safety Committees. The provisions of this manual will be considered as representing commitments of the parties.

Sections of the manual requiring Company and Union Agreement may be amended from time to time by agreement of the Joint Health and Safety Committee members representing the Company and Union.

10.04 When required, the Union and Company shall meet for the purpose of agreeing on the use of compulsory safety devices, and where agreement is reached shall work together to see that all employees follow the rules for the use of such devices.

10.05 The Company shall furnish protective equipment and safety devices in accordance with present practices subject to such improvements or changes as may from time to time be agreed to.

10.06 The Company shall provide adequate welfare facilities and lockers for employees as required and such facilities shall be no less than the minimum standards required by the regulations pursuant to the Occupational Health and Safety Act 1978.

10.07 The Company shall maintain adequate medical services, including ambulance service, for the treatment of employees during working hours.

10.08 If an employee is injured on the job and unable to continue working, he shall be paid for his regularly scheduled hours or the time worked on the shift, whichever is greater.

10.09 Any employee covered by this agreement shall have a credit of \$60.00 which will be applied to any purchase of work boots or work gloves that the employee makes between January 1 and December 31 next. An employee may not however, make such purchases while laid off or on a leave of absence. Any unused portion of the \$60.00 will be carried forward to the next year except that the amount carried forward plus the \$60.00 annual allotment may not total more than \$120.00.

ARTICLE 11

LETTERS OF AGREEMENT

11.01 The current Letters of Agreement are supplemental to this agreement, but nothing contained herein shall affect the termination dates or any other provision of such Letters of Agreement.

ARTICLE II 2

NOTICES

12.01 Except as otherwise provided, when under any of the provisions of this Agreement the Company is required to notify an employee, the employee shall be deemed to have been notified if he is told personally or is called by telephone at the most recent local telephone number shown in the records of the Company at the Company's Employment Office, and

1. the message is given to the employee, or
2. the employee is not available and the message is given to a person accepting the call who consents to give the employee the message, or
3. two calls are made at least one-half hour apart and no answer is received or the person answering the calls does not consent to give the employee the message.

ARTICLE 13

PROBLEM RESOLUTION AND GRIEVANCE PROCEDURE

The Company and the Union recognize the mutual benefits to be derived by resolving issues of concern of employees and/or the Union in a reasonable and expeditious manner. The parties recognize that all consultation processes and resources at their disposal should be exhausted in the problem resolution process prior to the implementation of the written grievance procedure at Step 2.

13.01 The Local Union shall form a Grievance Committee which may include an International Staff Representative of the U.S.W.A. to represent the Union in

processing grievances, and shall give the Company written notice of the members of the Committee and any changes therein.

13.02 Step I

If a matter arises which an employee wishes to take up with the Company, it shall first be discussed by the employee with his Department Head or the Department Head's representative in an attempt to resolve the matter. The employee may elect to have a Union steward in attendance.

13.03 Step II

If the matter is not resolved to the satisfaction of the employee, and the matter relates to the collective agreement the employee may file a grievance with a Union representative. The Union may deliver a written complaint to the Manager of Human Resources within 21 calendar days of the occurrence of the fact or event giving rise to the matter in dispute, specifying the reasons why the employee and/or the Union believes the named section has been wrongly applied by the Company.

13.04 A meeting will be scheduled by mutual agreement and held within 30 calendar days to review the facts and attempt to resolve the matter in dispute. This meeting will be attended by the employee, a Union representative, the Manager - Human Resources or his representative and any others who the parties agree would be helpful in seeking a resolution to the dispute. There will be a full disclosure by all parties of all pertinent information at this meeting.

Within 7 calendar days following the meeting the Manager - Human Resources or his representative will deliver a written response to the employee and the Union stating the Company's position on the matter in dispute.

13.05 Step III

If the Union disagrees with the answer of the Manager - Human Resources it may within 21 calendar days deliver a written notice referring the matter to arbitration or the concern will be considered resolved. Unless otherwise agreed by the parties, the company will notify the arbitrator within 7 days of receiving the referral.

For the term of this agreement, the arbitrator will provide a hearing date within 60 calendar days from the date the matter was referred to arbitration. If the

arbitrator is unable to respond to the matter within these time limits, the parties must mutually request the selection of another arbitrator. The arbitrator shall render a written decision within 30 calendar days of the hearing based on the facts and with reference to this collective agreement.

At the time of the appointment of the arbitrator the parties may agree to direct the arbitrator to provide an oral award as an alternative to a written decision. In all presentations to the arbitrator, the parties encourage the sharing of pertinent information and, wherever possible, submit joint statements of fact.

The arbitrator shall not alter, modify, or amend any part of this collective agreement or make any decision inconsistent with its provisions.

The decision of the arbitrator shall be binding on the parties.

All arrangements for the hearing shall be made jointly, and expenses of the arbitrator shall be borne equally by the Company and the Union.

Any matter dealing with a discharge **case** may be introduced into this appeal procedure at Step II within 7 calendar days of the occurrence of the event giving rise to the dispute.

13.06 Any grievance filed by either party claiming a violation of the provisions of this agreement may be filed as a grievance of a General Nature at Step 2 of the grievance procedure.

13.07 Arbitrator Selection

Selections and appointments for the following panel of 4 arbitrators will be made on a rotation basis in alphabetical order to hear concerns referred under the Step III provisions of this procedure.

P. Barton
J. Devlin
I. Hunter
M. Mitchnik

The Manager - Human Resources and the President of Local 2724 will agree on the selection of an arbitrator to fill any vacancy that may occur on the panel of arbitrators.

ARTICLE 14

VACATIONS WITH PAY

14.01

Regular Vacation

14.01.10 The Company and Union recognize the necessity for all personnel to get away from their regular work environments on annual vacation. Therefore employees who meet the following service year requirements at January 1 annually are entitled to vacation as follows:

Less than one service year	1 day for each complete .08 portion of a service year - max. 2 weeks.
1 service year but less, than 5 service years	2 weeks
5 service years but less than 9 service years	3 weeks
9 service years but less than 15 service years	4 weeks
15 service years but less than 20 service years	5 weeks
20 service years but less than 25 service years	6 weeks
25 service years and more	7 weeks

14.01.20 Service **for** the purposes of vacation entitlement shall normally accrue from the first of the month following the employee's date of hire.

14.01.30 An employee who works 6 months or more (except in his first year of employment) will be entitled to full vacation for the following year in accordance with 14.01.10. An employee who misses work due to a compensable injury or illness will be deemed to have worked 6 months or more.

14.01.40 An employee who has worked less than 6 months in the year, because of illness or disability of a non-occupational nature, will be entitled to vacation in the subsequent year in accordance with the following calculation:

(Full months worked 6) X regular vacation entitlement

14.01 .50 An employee who has worked less than 10 months in the year due to leave of absence will be entitled to vacation in the subsequent year in accordance with the following calculation:

(Full months worked + 10) X regular vacation entitlement

14.01.60 All employees will receive one service year for each year of service except that an employee who requests and is granted a leave of absence for the following reasons will receive one service year less that proportion which weeks on leave of absence during the year bears to 52 weeks (to the nearest hundredth).

1. leave for personal reasons other than a parental or maternity leave.
2. leave to accept an elected or appointed position with the United Steelworkers of America.
3. leave to accept an elected or appointed position with any level of government or an agency thereof.

14.02

Vacation Bonus

All employees are entitled to a vacation bonus for each week of regular vacation. The bonus will be in the form of extra cash or, as may be mutually agreed by the Department Head and the individual employee, extra time off.

AMOUNT OF REGULAR VACATION	AMOUNT OF VACATION BONUS AS A % OF FEBRUARY'S SALARY	DAYS OF EXTRA VACATION IN LIEU OF VACATION BONUS
1 week but less than 2	5%	1 day
2 weeks	10%	2 days
3 weeks	15%	3 days
4 weeks	20%	4 days
5 weeks	25%	5 days
6 weeks	30%	6 days
7 weeks	35%	7 days

The vacation bonus will be paid automatically by separate cheque in March based on the preceding month's salary (exclusive of any Production Supplement or incentive) unless the Department Head authorizes the bonus to be converted to additional vacation days as indicated in the preceding table.

14.03

Scheduling Vacations

Subject to the following guidelines and procedures which should be adhered to as much as possible employees are to work out within their appropriate scheduling group, an equitable method of scheduling their vacations allowing the maximum number to be off at any one time without disrupting the efficiency of the operation.

1. Vacations must be scheduled in the calendar year and every effort should be made to keep scheduling groups to a minimum size. It is recommended that no more than 5 people be in any scheduling group.
2. Subject to his scheduling group's guidelines and the needs of the operations, an employee may:
 - take all of his vacation at one time or in separate weeks;
 - take one years vacation at the end of the year and the next year's vacation at the beginning of the succeeding year;
 - take his, vacation in periods of less than a **week**.
3. Employees must take all of their vacation as scheduled in the year in which they are entitled. Where the employee fails to take vacation because of a specific request by the employee or his Department Head, on mutual agreement between the employee and his Department Head, the vacation may be carried forward and added to the next year's vacation. Carry-forward for more than one year is not permitted. If it is in the interest of operations the Department Head may recommend pay in lieu of vacation which cannot be scheduled as time off in the current year. Subject to the provisions of the Extended Health Benefit Agreement, an employee who is unable to schedule his vacation as time off by the end of the year because of an illness or injury will receive pay in lieu of any outstanding vacation pay.
4. An employee who is disabled due to sickness or accident on a working day immediately prior to going on scheduled vacation may reschedule that period of vacation at a time later in the year which will not interfere with any vacation already scheduled by other department personnel.

5. An employee who is off on regularly scheduled vacation and who becomes disabled due to sickness or accident will continue to be on vacation until the scheduled vacation period is complete. However any subsequent vacation, which was scheduled prior to the disability occurring, may be rescheduled if the employee is still disabled when the vacation period is due to commence. The rescheduled vacation should not interfere with any vacation already scheduled by other department personnel.
6. When a person's employment is to be terminated as a result of retirement, any vacation to which he is entitled as of January 1st must be scheduled in accordance with departmental vacation scheduling procedures' and must be taken as scheduled unless the employee retires prior to his scheduled vacation time or his failure to take such vacation was because of a specific request by the Division Manager or General Manager. In such cases he will receive pay in lieu of any vacation which is not taken as time off prior to retirement. An employee may, with the agreement of his department head, pull ahead and take vacation time off which had originally been scheduled to be taken after the effective date of his retirement.
7. Required Use of Vacation in Current Year When Absences Due to Disability Extend Beyond 15 weeks:

An employee who is eligible for Salary Continuance during disability will normally have his salary continued for up to 15 weeks. However, if absences as a result of disability add up to 15 weeks in a 12 month period and the disability continues, the employee will be required to take his vacation entitlement for the current year at the end of that cumulative 15 week period. He will continue to be on vacation until his full vacation for the current year has been used up or until he returns to work, whichever comes first.

Should an employee return to work from a disability before all his vacation is used up and he later becomes disabled again within 12 months after returning to work for a period of at least 2 weeks, he will be considered on vacation again immediately until his remaining vacation entitlement has been used.

If a continuous absence due to non-occupational disability carries over into a new year, any unused vacation from the previous year must first be used at the end of the cumulative three-month period to be then followed by any new vacation to which the disabled employee becomes entitled on January 1st, to a maximum of three weeks. The scheduling of any balance of new vacation will then be

determined on a monthly basis according to individual circumstances. This determination will be made by Human Resources and the Department Head.

- 8. When a person’s employment is terminated for any reason he will receive pay for the regular vacation earned but not taken as of the date of leaving.

ARTICLE 15

15.01

Salaries

15.01.10 The Manual for Job Description and Classification is incorporated into this Agreement as Appendix “A” and its provisions shall apply as if set forth in full herein. The Company and the Union will each appoint one person to an evaluation committee which is responsible for describing and classifying 2724 occupations.

15.01.20 The Administration Manuals of The Algoma Production Supplement Plan and the Welded Beam Bonus Plan are incorporated into this Agreement as Appendix “B” and their provisions shall apply **as** if set forth in full herein.

15.02 Each job shall be described and classified and a rate of pay applied to each job in accordance with the provisions of this Agreement.

15.03 Salaries

ADMINISTRATIVE AND STAFF SALARY SCALE

Effective FEBRUARY 1, 2000 (WITH LEVEL 3 P.S.P. FOLD-IN)

Grade	Standard								
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	H	I
803					3159	3317.37	3483		
804				3159	3317	3407.57	3578	3757	
805				3317	3408	3494.61	3669	3852	4045
806	2852	2995	3145	3302	3467	3640.40	3822	4013	4214
807	2928	3074	3228	3389	3558	3735.84	3923	4119	4325
808	3002	3152	3310	3476	3650	3832.31	4024	4225	4436
809	3082	3236	3398	3568	3746	3932.99	4130	4337	4554

810	3164	3322	3488	3662	3845	4036.85	4239	4451	4674
811	3247	3409	3579	3758	3946	4143.81	4351	4569	4797
812	3336	3503	3678	3862	4055	4258.15	4471	4695	4930
813	3430	3602	3782	3971	4170	4378.74	4598	4828	5069
814	3529	3705	3890	4084	4288	4502.49	4728	4964	5212
815	3627	3808	3998	4198	4408	4628.33	4860	5103	5358
816	3734	3921	4117	4323	4539	4765.74	5004	5254	5517
817	3839	4031	4233	4445	4667	4899.99	5145	5402	5672
818	3950	4148	4355	4573	4802	5042.59	5295	5560	5838
819	4069	4272	4486	4710	4946	5193.63	5453	5726	6012
820	4190	4400	4620	4851	5094	5348.84	5616	5897	6192

OPERATING AND SERVICE SALARY SCALE

Effective February 1, 2000 (With Level 1 & 2 P.S.P. Fold-in):

GRADE	Standard								
	A	B	C	D	E	F	G	H	I
906		3126	3282	3446	3618	3799.17	3989	4188	4397
907	3086	3240	3402	3572	3751	3938.28	4135	4342	4559
908	3204	3364	3532	3709	3894	4088.85	4293	4508	4733
909	3326	3492	3667	3850	4042	4243.73	4456	4679	4913
910	3458	3631	3813	4004	4204	4414.27	4635	4867	5110
911	3597	3777	3966	4164	4372	4591.01	4821	5062	5315
912	3730	3916	4112	4318	4534	4760.49	4999	5249	5511
913	3867	4060	4263	4476	4700	4935.19	5182	5441	5713
914	4014	4215	4426	4647	4879	5123.46	5380	5649	5931
915	4167	4375	4594	4824	5065	5318.04	5584	5863	6156
916	4328	4544	4771	5010	5260	5523.07	5799	6089	6393

OPERATING AND SERVICE SALARY SCALE

Effective February 1, 2000 (With Level 3 P.S.P. Fold-in)

GRADE	Standard								
	A	B	C	D	E	F	G	H	
906		3038	3190	3349	3516	3691.51	3876	4070	4274
907	2990	3139	3296	3461	3634	3815.26	4006	4206	4416
908	3093	3248	3410	3581	3760	3948.47	4146	4353	4571
909	3202	3362	3530	3707	3892	4086.86	4291	4506	4731
910	3321	3487	3661	3844	4036	4237.90	4450	4673	4907
911	3443	3615	3796	3986	4185	4394.17	4614	4845	5087
912	3562	3740	3927	4123	4329	4545.20	4772	5011	5262
913	3683	3867	4060	4263	4476	4699.36	4934	5181	5440
914	3813	4004	4204	4414	4635	4867.16	5111	5367	5635
915	3949	4146	4353	4571	4800	5040.21	5292	5557	5835
916	4091	4296	4511	4737	4974	5222.68	5484	5758	6046

15.04

Cost of Living

15.04.10 Following the release of the Consumer Price Index for July 1999 by Statistics Canada based on the 1981 equals 100 index, the Company shall compare such index with the Consumer Price Index for April 1999.

15.04.20 Effective with the first pay period following the release of the Consumer Price Index for July 1999, and on a similar basis quarterly thereafter, a cost of living allowance will be paid on the basis of one cent for each .125 increase for the comparison periods listed below:

**FOLLOWING THE
RELEASE OF
THE INDEX FOR**

BASED ON THE COMPARISON OF

July 1999	July 1999 with Apr. 1999
Oct. 1999	Oct. 1999 with July 1999
Jan. 2000	Jan. 2000 with Oct. 1999
Apr. 2000	Apr. 2000 with Jan. 2000
July 2000	July 2000 with Apr. 2000
Oct. 2000	Oct. 2000 with July 2000
Jan. 2001	Jan. 2001 with Oct. 2000
Apr. 2001	Apr. 2001 with Jan. 2001
July 2001	July 2001 with Apr. 2001
Oct. 2001	Oct. 2001 with July 2001
Jan. 2002	Jan. 2002 with Oct. 2001
Apr. 2002	Apr. 2002 with Jan. 2002

1504.30 Such allowance will, be paid for straight time hours worked only, and will not be paid for overtime hours, premium' hours or used as a basis for calculation of overtime or incentive payment.

15.014.40 Should the Consumer Price Index in its present form based on the formula 1981 equals 100 become unavailable, the parties shall attempt to adjust this article or, if agreement is not reached, request Statistics Canada to provide the appropriate conversion or adjustment which shall be applicable as of the appropriate adjustment date and thereafter.

1504.50 The cost of living allowance referred to in Article 15.04.20 will be reduced on the same basis as the increases provided for herein if the Consumer Price Indices on the review date specified herein are below the indices used for comparison purposes.

15.04.60 Effective August 1, 2000, the total amount of the cost of living allowance in effect at July 31, 2000 will be added to the Standard Salary Grid,

15.04.70 Effective August 1, 2001, the total amount of the cost of living allowance in effect at July 31, 2001 will be added to the Standard Salary Grid.

15.05

Premiums

15.05.10 The Company shall pay employees a shift premium on the following basis:

Afternoon Shift - 3 p.m. to 11 p.m. or 4 p.m. to 12 midnight

Night Shift - 11 p.m. to 7 a.m. or 12 midnight to 8 a.m. or on any scheduled shift beginning at or after 4:30 p.m.

Sunday - the twenty-four hour period beginning 12:01 a.m. Sunday or the shift starting time closest thereto

Shift Worked	<u>Payment per Shift</u>
Afternoon	\$1.20
Night	\$2.00
Sunday	\$2.80

The Sunday premium will be paid in addition to the afternoon or night premium if either one of those is also applicable.

15.05.20 Shift and Sunday premiums will not be paid for part shifts worked and will not be used as part of the hourly rate for the purpose of calculating overtime rates.

15.05.30 Shift premiums and Sunday premiums shall not form a part of the calculation of individual Production Supplement Plan Payments or other plans described in Article 15.01.20

Base Monthly Salary

15.06.10 Base monthly salary is defined as the employee's base salary exclusive of any Out of Line Differential, Production Supplement Plan Payment, shift and Sunday differential, etc.

15.06.20 An employee who is assigned to work on **a** higher paying job in the bargaining unit will receive a replacement rate in addition to his regular rate under any of the following conditions:

1. He works on the higher job for at least a full work week, or
2. He works on the higher job for at least 5 days during a calendar month, or
3. **He** does not satisfy #1 or #2 but continuously replaces on the higher job to the point that he is proficient on and **can** perform the full scope of the job, even when promoted for short periods.

The replacement rate is not intended to be paid for intermittent or isolated shifts.

The replacement rate will normally be an amount of not less than 5% and not more than 10% of the employee's basic rate of pay. His total rate will not exceed the standard rate (F rate) for the job on which he is replacing. When an employee has been continuously replacing for 12 months he will be entitled to an increase in his replacement rate provided that this total rate does not exceed the standard rate for the job on which he is replacing. Where his total rate equals the standard rate for the higher job, he will be paid the standard rate for the higher job until such time as he returns to his former occupation.

Where an employee works overtime on the job on which he is replacing he shall receive O/T rates on the replacement rate. Where an employee takes vacation while replacing on **a** higher job he shall receive the replacement rate while on vacation provided that he has replaced for at least one month during the period in question and has replaced for at least one week both before and after his vacation.

Pay Days

15.07 Normally employees shall be paid on the first day of every month,

Jury Pay

15.08 An employee who is called for jury duty, or subpoenaed to appear as a witness in a court of law, will be paid for each day of jury or witness duty his regular salary for his regular shift. The employee will present proof of service.

Funeral Pay

15.09 An employee shall be permitted time off from work for the purpose of arranging and attending the funeral of a member of his immediate family, up to a maximum of three days. Where any of such days fall on a scheduled working day for the employee, he shall be paid a funeral pay allowance for each day equivalent to 8 times (or 7 3/4 times, whichever is appropriate) the hourly equivalent of his base monthly salary. Immediate family shall mean spouse, son, daughter, mother, father, sister, brother, mother-in-law, father-in-law, son-in-law, daughter-in-law, sister-in-law, brother-in-law, grandmother, grandfather, grandchild, common-law spouse as defined in Article 1.01 of the Extended Health Benefit Agreement and the parents of such common-law spouse.

Bereavement Pay

15.10 An employee, not entitled to funeral pay under Article 15.09, shall be permitted, upon request, one **day** off work with pay in the event of the death of a member of this immediate family as defined in Article 15.09. He shall be paid a bereavement pay allowance for such **day** of 8 times (or 7 3/4 times, whichever is appropriate) the hourly equivalent of his base monthly salary. Such time off will be given on the day of the death or on the first or second day immediately following or the date of the funeral or memorial service.

Correction of Errors;

15.11 Any mathematical or clerical errors made in the preparation, establishment or application of job descriptions, job classifications, or standard monthly rates shall be corrected to conform to the provisions of this Agreement.

15.12

Out of Line Differentials

15.12.10 An out-of-line differential (O.L.D.) shall be established for any employee(s) whose job is re-evaluated such that total monthly compensation is permanently reduced.

15.12.20 The out-of-line differential shall be equal to the difference in the total compensation between the former and the new rate for the occupation.

15.12.30 Except as provided below, the out-of-line differential shall continue to be paid to the employee(s) for whom the O.L.D. is established during such time the employee(s) continues to occupy the occupation for which the O.L.D. is established.

15.12.40 If an employee with an out-of-line differential accedes to a job having a higher total monthly compensation, then the differential shall be reduced by the amount of the increase in the total monthly compensation.

15.12.50 If an employee with an out-of-line differential is assigned to another job and under the terms of this Agreement a lower total monthly compensation is applicable, then the out-of-line differential shall be terminated.

15.12.60 Such O.L.D. shall be reduced by the amount of any salary grid increase and Cost of Living Allowance until the employee's total monthly compensation based on the salary grid exceeds his O.L.D. earnings.

Inequity Grievances

15.13 Except as otherwise provided herein, no basis shall exist for an employee covered by this Agreement, to allege that a salary rate inequity exists, and no grievance on behalf of an employee alleging a salary rate inequity shall be filed or processed during the term of this Agreement.

ARTICLE 16

STRIKES AND LOCKOUTS

16.01 There shall be no lockout by the Company and no interruption of work, work stoppage, strike, sit-down, slow-down or any other interference with production by an employee or employees during the term of this Agreement.

16.02 In the event of a strike or work stoppage and unless the Union by its recognized officers renounces said unauthorized strike or work stoppage, either general or partial, within twenty-four hours after the commencement of such strike or work stoppage, and declares any picket line set up in connection therewith to be unauthorized and not binding on the Union, the deduction of Union dues under this Agreement may be suspended by the Company for a period of not less than one or more than six months. Such suspension shall be for such period as the Company deems reasonable having regard to all the circumstances and the exercise of its discretion may be reviewed by the Arbitrator set up as provided in 13.05.

ARTICLE 17

PENSION, EXTENDED HEARTH BENEFIT AGREEMENTS

17.01 The Company agrees to provide a defined benefit pension plan. The terms and conditions of the Pension Plan are set out in the Pension Agreement (which is the legal Plan text as filed with the pension authority under the name "The Algoma Steel Inc. Salaried Employees Pension Plan" - dated January 1, 1996). The Pension Agreement is incorporated into, and forms part of this Collective Agreement.

17.02 The Extended Health Benefit and S.U.B. Agreements between the Company and the Union are supplemental to this Agreement, but nothing contained herein shall affect the termination dates or any other provisions of such agreements.

ARTICLE 18

DURATION OF AGREEMENT

18.01 This agreement shall be effective from January 1, 1996 to July 31, 2002 and thereafter from year to year unless either party gives written notice of termination at the end of a contract year (commencing with the year ending July 31, 2002) not more than ninety (90) days nor less than sixty (60) days prior to July 31 of such year.

IN WITNESS WHEREOF the parties hereto have executed this agreement.

ALGOMA STEEL INC.

BY

P.C. Finley

S. Boniferro

D. James

B. Wilding

J.A. Pearce

B. Bos

S.D. Orr

**UNITED STEELWORKERS OF AMERICA
LOCAL UNION 2724**

H. Hynd

I. Kersley

L. McCracken

A. Greco

R. Whitfield

D. Clement

**EXTENDED HEALTH BENEFIT AGREEMENT
MADE THIS 1ST DAY OF JANUARY, 1996
AS AMENDED FEBRUARY 1,2000**

BETWEEN

ALGOMA STEEL INC.

-and-

**THE UNITED STEELWORKERS OF AMERICA
ON BEHALF: OF ITSELF AND ITS LOCAL 2724**
(hereinafter referred to as the Union)

WITNESSETH THAT THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

ARTICLE 1

DEFINITIONS

1.01 In this agreement:

- a. "Company" means Algoma Steel Inc.
- b. "Union" means Local Union 2724, United Steelworkers of America,
- c. "Plan" means the Extended Health Benefit plan established by this agreement.
- d. "Employee" means a person who is employed full time by the Company in a job which is in the bargaining unit for which the above named Union is the bargaining agent.
- e. "Member" means an employee who becomes a member pursuant to Article 2.01.
- f. "Dependent" means a person who is dependent pursuant to Article 5.
- g. "Committee" means the Joint Compensation/Benefits Committee established pursuant to Article 4.03.

- h. "Spouse" means either:
 - i) a person who is legally married to the member; or
 - ii) a person of the same or the opposite sex with whom the member has cohabited in a conjugal relationship for at least twelve months; or
 - iii) a person of the same or the opposite sex with whom the member has cohabited in a conjugal relationship of some permanence, if they are natural or adoptive parents of a child.

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

- i. "Health Plan" means the Ontario Health Insurance Plan (OHIP).

"Dental Plan" means a dental care plan equivalent to Great-West Life's Standard Dental Plan.
- k. "Total and Permanent Disability" means complete inability of the member, due to sickness or injury, to engage in any and every gainful occupation for which he is reasonably fitted by education, training, or experience.
- l. Where necessary herein, the masculine pronoun shall be construed to include the feminine pronoun.

ARTICLE 12

MEMBERSHIP

2.10 Membership in Plan

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

- a. on the date on which he was last hired if he is at work on such date, or
- b. on the effective date of the plan, if he was covered by the former Extended Health Benefit plan and actively at work on the effective date, or
- c. on the date on which he returns to work if he was off work because of illness, accident or disability on the date established pursuant to Article 2.01 (b), or
- d. on the date on which he enters the bargaining unit if immediately prior to such date he **was a** member of an Extended Health Benefit plan in effect with the Company, or
- e. on the date on which he returns to work if he is a former member whose membership was terminated pursuant to Article 2.03(b), or (c) or (d).

2.02 Partial Exemption From Coverage

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

2.03 Termination of Membership

An employee shall cease to be a member:

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

- b. At the end of the 13th week following the week in which he is laid off unless he is on Income Security or, at the time of layoff, he is in receipt of Workplace Safety and Insurance Board benefits for an injury suffered in the employ of the Company not more than one year prior to the date of layoff! in which case he shall cease to be a member on the later of:
 - 1) the end of the 13th week following the week in which he is laid off, or
 - 2) the cessation of Workplace Safety and Insurance Board benefits or one year from the date of the injury, whichever comes first, or
- c. At the end of the month in which he goes on leave of absence, (except a pregnancy or parental leave granted in accordance with the Employment Standards Act), provided that he may continue as a member for an additional two months if he pays the full cost of benefits for such months in advance, or
- d. At the end of the month in which L.T.D. benefits cease.

2.04 Special Case

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

ARTICLE 3

HEALTH AND INSURANCE BENEFITS

3.04 How Benefits Provided

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

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

3.02 Life Insurance for Members

A member's life shall be insured against death for an amount equal to the member's base monthly salary for one year, exclusive of bonus or incentives, rounded to the next \$500.

3.03 Accidental Death and Dismemberment Insurance for Members

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

- a. Loss of both hands, both feet, sight of both eyes, one hand and one foot, one hand and sight of one eye, one foot and sight of one eye or, use of arms or legs by reason of paraplegia or quadriplegia. \$50,000
- b. Loss of one arm or one leg \$37,500
- c. Loss of one hand, one foot, sight of one eye, or hearing in both ears \$25,000
- d. Loss of thumb and index finger (or at least four fingers) of one hand * \$12,500

3.04 Life Insurance for Retired Employees on Pension

A member who retires pursuant to Article 4 of the Pension Plan for employees in Local 2724 USWA shall cease to be a member of this plan pursuant to Article 2.03(a) and the life of such former member shall be insured against death from any cause for \$4,000 unless his life insurance is extended pursuant to Article 3.05(1).

3.05 Extension of Life Insurance Benefits

1. A member's group life insurance shall continue in effect until 31 days after he ceases to be a member.
2. Group life insurance for a member who develops a total and permanent disability which continues unabated shall continue in effect without cost to him until:
 - a. he reaches the age he would be able to retire on an unreduced pension per the current Pension Agreement, or
 - b. he ceases to be totally disabled, or
 - c. he fails, on request of the insurance carrier, to submit annually a doctor's certificate of total disability,whichever occurs first.
3. When a person whose group insurance is being continued under this Article meets the provisions of 2(a), (b) or (c) above, his life shall be insured pursuant to Article 3.04 provided he is in receipt of a pension pursuant to Article 4 of the Pension Plan for employees in Local 2724 USWA.

3.06 Life Insurance Conversion Privilege

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

3.07 Short and Long Term Disability Benefits

a) Short Term Disability - up to 6 months

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

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

If the non-occupational disability continues beyond 15 weeks, the employee is considered to be on vacation until he returns to work or his current vacation, including any "C" days, is used up, whichever occurs first.

When all vacation and "C" days have been used and if the employee is still unable to return to work and such continued non-occupational disability is confirmed by the attending Physician, the employee will revert to full Earnings Continuance (i.e. base monthly salary).

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

- a) vacation which was in process before the illness or disability began must be taken in its entirety
 - b) vacation scheduled to begin after the onset of illness or disability will be cancelled and rescheduled for a later date (employees will not be paid Earnings Continuance and vacation pay at the same time)
 - c) outstanding vacation remaining at year end will be paid off if the employee returns to work before December 31 and is unable to schedule his remaining vacation
 - d) if sickness or injury carries over vacation year end, the previous year's outstanding vacation will be held and applied to weeks of absence in excess of 15 followed by up to 3 weeks of the new vacation year entitlement
- (ii) If the employee returns to work for less than 4 continuous weeks during this period and is off again he will return to the same claim, after the second day he has been off, The 6 month period will be extended by time worked but the 18 month period will not.

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

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

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

- (iii) If the disability which keeps the employee off work is of an occupational nature, the equivalent of full salary, including production supplement payments, will be supplemented by Algoma. Workplace Safety and Insurance Board Benefits will be paid directly to the employee and Algoma will top-up the employee's monthly compensation by an amount that will provide the employee with 100% of his pre-injury or illness "net" salary and production supplement.
- (iv) Earnings Continuance will be offset by the amount of any C.P.P. Disability Pension benefits, including any dependent benefits, for which an employee is eligible. Where any portion of "other" income is paid on a "net" of income basis, that income will be grossed up to Equivalent Before Tax Earnings for this purpose.
- (v) Active rehabilitation services will be employed at the earliest stage deemed medically advisable.
- (vi) Medical information may indicate that the disabling condition has improved to the extent that the employee may be able to engage in meaningful work, other than his own job, which is compatible with his education, training and experience. In such cases the Company will determine if suitable work, consistent with his condition, is available, first in his own department or failing that, elsewhere in the operation, in which case he will be so assigned.

(vii) **Short Term Disability - 6 to 18 months**

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

Earnings Continuance will cease and be replaced by Reduced Earnings Continuance (REC) which is 55% of base monthly salary (to the next \$1.00) to a maximum of \$2500. This benefit is subject to reduction for "other" income to the extent that his total income exceeds 75% of his base monthly salary at the time he became disabled. Where any portion of "other" income is paid on a "net" of income tax basis, that income will be grossed up to Equivalent Before Tax Earnings for this purpose.

Personal Accident Insurance coverage in Article 3.03 ceases, Periodic medical certification will be required every 3 months or less unless waived by the Plan Administrator (employee responsible for cost of certification).

Employees on a Rehabilitation Program or Work Trial will continue on Reduced Earnings Continuance at 55% until they are able to be assigned to meaningful work for a full shift.

The terms of Article 3.07 a) (v) and (vi) continue to apply.

If the employee returns to work and is **off again**:

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

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

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

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

c) Long Term Disability

If, at the end of 18 months an employee not eligible for an unreduced pension, is unable, due to total and permanent disability, to perform any occupation, he is

entitled to Long Term Disability benefits (L.T.D.) which will pay him 55% of his base monthly salary (to the next \$1.00) to a maximum of \$2,500. Such entitlement ceases upon reaching eligibility for an unreduced pension (i.e. age 62, 35 pension credits or age and service equal 90)

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

While drawing L.T.D. benefits, a salaried employee will continue to accrue credited service for pension purposes. He will also continue as a member of the Algoma Extended Health Benefit Plan without premium cost to him and be eligible for all benefits except Personal Accident Insurance (P.A.I.).

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

1. Approval of L.T.D. is based on acceptable medical certification of the employee's continued total disability, upon proper application by the employee.
2. Unless this requirement is waived by the Plan Administrator, the Plan Administrator, (or Algoma's Medical Department), will periodically request medical certification of continued disability from the L.T.D. recipient's attending physician, on the appropriate medical form, at the employee's cost.
3. Where subsequent medical information indicates that the disabling condition has improved to the extent the L.T.D. recipient may be able to engage in meaningful work, other than his own job, which is compatible with his education, training and experience, the company will determine if suitable work, consistent with the L.T.D. recipient's improved condition, is available, first in his own department, or failing that, elsewhere in the operation.
4. If an L.T.D. recipient is returned to suitable work which meets the requirements set by the Medical Director, he will be considered as returning to work on a rehabilitative basis for three months which may be extended to six months under certain conditions. Should it be necessary for him to stop working again during that rehabilitation period as a result of the same disability, he will immediately be reinstated for L.T.D. benefits.
5. Subject to 6. below, if suitable work for an L.T.D. recipient cannot be found in the plant, the Plan Administrator will be instructed by the Company that L.T.D. benefits are to continue until such time as the employee can be retrained for meaningful work or the condition improves

even further so that suitable work can be found or he can return to his own job.

6. L.T.D. benefits will be paid, subject to the other provisions in this Article, only if the employee is completely unable to engage in any and every gainful occupation for which the employee is reasonably fitted by education, training or experience.
7. A plan member must have 3 or more years of corporate service prior to the commencement of the disability to be eligible for any L.T.D. Benefits.

3.08 Major Medical Benefits

A member and his eligible dependents shall be covered for Major Medical Coverage. On a reasonable and customary basis, Major Medical Coverage shall reimburse the member for 90% of the actual charges incurred for all eligible expenses in any calendar year. Subject to an automatic annual reinstatement of up to \$1,000.00, the lifetime maximum payment for each covered individual shall not exceed \$75,000.00.

a. **ELIGIBLE EXPENSES SHALL INCLUDE:**

- 1) services and supplies furnished by the hospital for medical care therein, and
- 2) room and board charges in a licensed nursing home or clinic, and
- 3) emergency local ambulance service, and
- 4) professional services of any duly licensed physician, surgeon or psychiatrist, and
- 5) dental treatment for an accidental injury to natural teeth, and
- 6) after the annual OHIP maximum payment has expired, up to \$12.00 per visit and a maximum of 20 visits per year for paramedical services rendered by a duly licensed chiropractor, or osteopath, or podiatrist or naturopath, and
- 7) charges for the services of a trained, duly licensed nurse, other than a close relative or other person normally resident in your home, when ordered by the attending physician, and

- 8) speech therapy by a qualified speech therapist, other than a close relative, to restore speech loss or correct an impairment, due to
 - i) a congenital defect for which corrective surgery has been performed, or
 - ii) an accident or illness other than a functional nervous disorder, and
- 9) the cost of orthopaedic shoes and elastic support stockings when recommended as necessary by a doctor to a maximum of one pair in any 24 month period, and
- 10) the cost of drugs and medicines available by prescription only and purchased from a licensed pharmacist, physician or hospital and injectable drugs, sera and vaccines when administered by a qualified person. (Subject to a calendar year deductible of \$25.00 single or family but not subject to co-insurance). Patent medicines, food supplements or vitamins available without a prescription are not covered whether prescribed or not, and
- 11) Medical supplies:
 - i) blood and blood plasma,
 - ii) bandages and surgical dressings,
 - iii) crutches, casts, splints, braces and trusses,
 - iv) the initial cost of artificial limbs or eyes,
 - v) oxygen and rental of equipment for its administration,
 - vi) rental of an iron lung or other mechanical equipment for the treatment of respiratory paralysis, and
- 12) Vision Care (not subject to deductible or co-insurance):
 - i) up to \$140 every two years for the purchase of lenses and frames.
 - ii) ocular examination by refraction,
 - iii) diagnostic services for suspected disease,

- iv) visual training or remedial exercises,
- v) contact lenses for a minimum 20/40 vision in the better eye where glasses cannot increase visual capacity to that extent, and
- 13) Up to \$425 every two years for the purchase of a hearing aid when prescribed by a doctor. (Not subject to deductible or co-insurance), and
- 14) Radiology, and
- 15) Physiotherapy, and
- 16) Up to \$20 per visit and a maximum of 20 visits per year for the diagnosis and treatment of mental, nervous or emotional disorders by a duly licensed Psychologist or Social Worker with minimum M.S.W. qualifications.

b) **LIMITATIONS TO ELIGIBLE EXPENSES:**

Eligible expenses under this Major Medical Coverage shall exclude:

- 1) expenses for care or service for which insurance benefits are prohibited by any provincial plan, or other governmental plan or law, or
- 2) expenses for care or services to the extent that benefits are provided under any provincial plan or other governmental plan or law under which the individual is or could be covered to the extent to which benefits would be provided had the individual met the requirements for having care or services furnished under the plan or law, or
- 3) expenses for care or services provided by or on behalf of any government, political sub division or governmental agency unless a non-recoverable charge is made to the covered individual, or
- 4) anything not ordered by a doctor, not reasonably necessary for medical care or charges in excess of those usually made when there is no insurance but not more than the general level in the area for comparable services or supplies, or
- 5) expenses incurred in treatment of a condition which resulted from an act of war or armed aggression, or

- 6) expenses in connection with cosmetic surgery unless due to an accident occurring while covered, or
- 7) treatment of periodontal or periapical disease or any condition involving teeth, surrounding tissue or structure, unless' treatment is due to accidental injury occurring while covered, or
- (8) nursing, speech therapy or physiotherapy rendered by yourself, spouse or a child, brother, sister or parent of yourself or spouse, or
- 9) charges for an uncomplicated pregnancy and delivery.

3.09 Dental Plan

- a) A member and his dependents shall be entitled to benefits under a dental care plan equivalent to Great-West Life's Standard Dental Plan. For services rendered on or after January 1, 1995 the Plan will provide benefits up to the amounts outlined in the 1992 Ontario Dental Association Schedule of Fees for dental services provided by general practitioners. The O.D.A. Schedule of Fees will be updated annually thereafter to maintain a 3 year lag 'behind the current O.D.A. Schedule of Fees.
- b) Qualified dependent children younger than age 20 shall be entitled to orthodontic services up to an individual lifetime maximum of \$1,500. The amount payable will be 60% of the reasonable and customary charge for the orthodontic services listed below up to the lifetime maximum.

The following are covered orthodontic services:

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

The following are not covered:

1. myofunctional therapy
2. charges for replacement or repair of an orthodontic appliance

3. motivation of a patient.

3.10 Health Benefits on Retirement

An employee who ceases to be a member of this plan because he has retired from active service with the Company, (or the spouse of an employee who died), and who is receiving a pension under the provisions of the Pension Plan for employees in Local 2724 USWA (except a pension payable under the “deferred pension” provision of Article 5) of the pension agreement) shall be covered, and his eligible dependents shall be covered, as of the effective date of the pension, for a Major Medical Plan (including prescription drugs) and a Semi-Private Hospital Plan. The spouse of a deceased pensioner who retired from active service (and that deceased pensioner’s eligible dependents) shall also be covered by the Major Medical and Semi-Private Hospital Plans.

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

The plan will also pay for injectable drugs, sera and vaccines when administered by a qualified person but excludes the actual charge for its administration. The plan will pay 80% of the cost of such Major Medical expenses including prescribed drugs and medicines, up to a lifetime maximum of \$75,000, after a deductible of \$25 for each person to a maximum of \$75 per family has been satisfied in any calendar year. The plan will also pay 100% of a hospital’s standard Semi-Private room daily rate, for the retiree and his eligible dependents.

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

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

3.11 Supplementary Hospital (Semi-Private) Coverage

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

ARTICLE 4

ADMINISTRATION AND COST OF PLAN

4.01 Administration

The plan shall be administered by the Company.

4.02 cost

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

4.03 Joint Compensation/Benefits Committee

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

4.04 Arbitration

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

ARTICLE 5

DEPENDENTS

5.01 Definition

Subject to Article 5.02, a dependent is a person who is either the member's spouse (unless legally separated) who has been reported as a dependent in accordance with Article 5.02 or who is a member's unmarried child under 21 years of age or enrolled as a full time student in an educational institution and

younger than age 23 and completely dependent upon the member for support and maintenance. "Unmarried Children" shall include stepchildren, foster children and legally adopted children who have been reported to the Company for coverage. Foster child shall not include any child placed in the care of the member by the Children's Aid Society or any similar government organization.

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

5.02 Reporting Dependents

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

ARTICLE 6

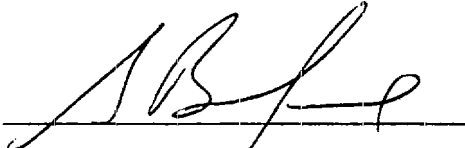
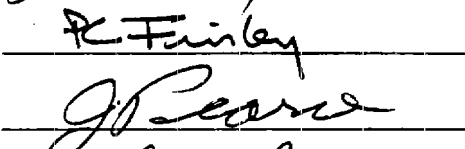
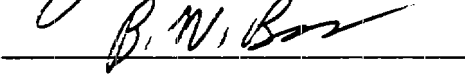
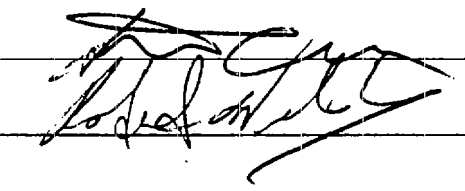
DURATION OF AGREEMENT

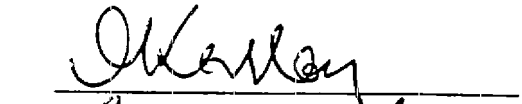


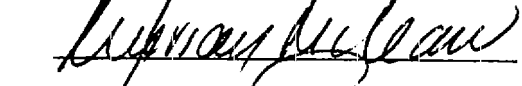
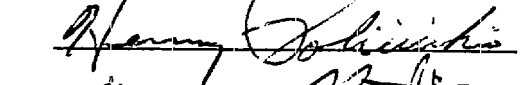
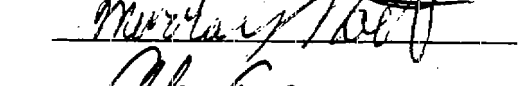
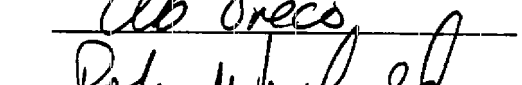
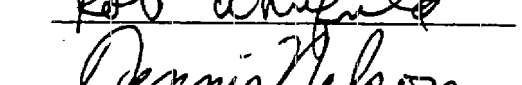

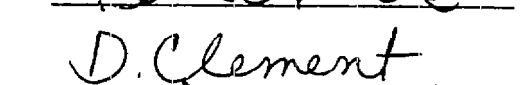

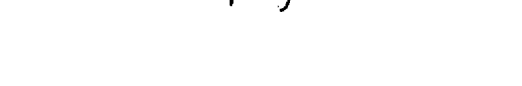
6.01 This agreement shall be effective from January 1, 1996 to July 31, 2002 and thereafter from year to year unless either party gives written notice of termination at the end of a contract year (commencing with the year ending July 31, 2002) not more than ninety days nor less than sixty days prior to July 31 of such year.

IN WITNESS WHEREOF the parties hereto have executed this agreement.

ALGOMA STEEL INC.

UNITED STEELWORKERS OF
AMERICA - LOCAL UNION 2724


R. Fairley

J. Pearce

B. W. Bon

[unclear]


[unclear]

L. M. Greckan

[unclear]

[unclear]

[unclear]

[unclear]

Alb Greco

Rob Whiford

Dennis Nelson

Peter Stever

D. Clement

J. Wypych

ALGOMA STEEL INC. SALARIED EMPLOYEES PENSION PLAN

The following summary is provided for your information and is a generalization of the Salaried Pension Plan. The actual terms of our Salaried Pension Plan and the laws of Ontario shall govern, however, in the event of any discrepancy between them and this summary.

SALARIED PENSION PLAN

1. MEMBERSHIP

You become a member of the Pension Plan on the first day of the month following the month in which you are hired or permanently promoted into a Salaried position, unless you are promoted on the first day of the month, in which case you become a member on that day.

2. PENSION PLAN BENEFITS

On retirement the Pension Plan provides a continuing monthly income, for the balance of your lifetime, which is the sum of:

- a) a non-contributory pension based on your earnings and service, and
- b) a contributory pension based on your voluntary decision to contribute to the plan and your earnings. (The ability to contribute was discontinued on January 1, 1988).

3. WHEN YOU MAY RETIRE

You may retire as early as age 55 or if you have 35 years of credited service provided you give the Company 6 months notice.

You may elect to receive pension benefits equivalent to those provided in the Local 2251 U.S.W.A. Pension Plan provided that pension is determined to be worth more to you actuarially than the salary pension and you retire directly from continuous service.

If you have not retired earlier, you must retire on the first day of the month following your 65th birthday.

4. INTEGRATION WITH GOVERNMENT PLANS

Full Canada Pension Plan (CPP) benefits do not become payable until age 65 (unless you become totally disabled), although you may take a reduced CPP benefit as early as age 60. Old Age Security/Seniors Benefits are payable at age 65 as well. Since the Company plan provides you with the option to retire before you are eligible for the Government benefits, the pension formula provides an extra amount: of pension (Bridge) if you decide to retire before age 65. When you reach age 65 this Bridge ceases. If you choose to take your CPP before age 65, the Bridge will still continue to age 65.

5. EARLY RETIREMENT REDUCTIONS

If you choose to retire before age 62, or before you have 35 years of credited service or before your age plus service equals 90, your pension will be reduced. In determining the amount of this reduction, the reduction factor based on your age and the reduction factor based on your "Age Plus Service = 90" are compared and the smaller reduction factor is used.

- a) **Reduction Based on Age** - Your pension will be reduced by 0.25% for each complete month that you retire prior to your 62nd birthday plus an additional 0.25% for each complete month that you elect to retire prior to your 59th birthday.
- b) **Reduction Based on "Age Plus Service = 90"** - Your pension will be reduced by 0.33% for each complete month that your age plus service at retirement is less than 90.

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

NOTE: FOR SERVICE EARNED AFTER JULY 31, 1999 THE AGE PLUS SERVICE FORMULA TO BE USED WILL BE 85. THE 90 FACTOR STILL APPLIES TO SERVICE EARNED BEFORE THAT DATE. IN OTHER WORDS, IF YOU RETIRE IN AUGUST 2003 WITH MORE THAN 85 BUT LESS THAN 90, THERE WILL BE A REDUCTION TO YOUR PENSION EARNED PRIOR TO AUGUST 1, 1999 BUT NO REDUCTION TO THE 4 YEARS EARNED BETWEEN AUGUST 1,1999 AND JULY 31,2003.

6. AMOUNT OF PENSION

a) **NON-CONTRIBUTORY PENSION**

Since the **salaried** non-contributory pension is based on earnings and service these terms should first be clarified.

“Credited Earnings” is the monthly average of basic salary and production supplements paid to you in the 60 consecutive months in which your earnings were highest.

“Base Earnings” is Credited Earnings to a maximum of 1-1/2 times the monthly average maximum earnings on which Canada Pension Plan retirement pensions are calculated in the 3 calendar years ending in the year in which the member retires. In 2000 maximum base earnings are \$4,662.50. (See the calculation on the Pension sample).

“Salaried Service” is the number of years that you have been a salaried employee.

If you were a salaried employee on January 1, 1965 all years of service before 1965 (back to your most recent date of hire) count as salaried service as do all years as a salaried employee after January 1, 1965.

If you were hired or promoted after January 1, 1965 any time spent on a salaried occupation counts as salaried service while any time spent on an hourly occupation counts as Prior Hourly Union Service provided your service was continuous.

Prior Hourly Union Service pension amounts are calculated under the Hourly formula in effect when you retire. Total credited service (hourly plus salaried service) is subject to the greater of:

a) service to December 31, 1993 (to a maximum of 40 years) or

b) 35 years

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

“YMPE” is the Yearly Maximum Pensionable Earnings established by the Canada Pension Plan and used in determining your Canada Pension. It is also used for your Bridge Pension calculation. See **“Base Earnings”** above.

Lifetime or Basic (Age 65) Pension

- 1) 1.35% of your Credited Earnings multiplied by your Credited Service. If you retire prior to August 1, 2000, your pension in respect of Credited Service prior to December 31, 1989 is 1.45% of your Credited Earnings multiplied by such Credited Service.

Plus

- 2) If you contributed to a previous plan in 1965, 0.25% of your Credited Earnings multiplied by your Credited Service before January 1, 1965.

Bridge Pension (Before Age 65)

A bridge benefit equal to 0.6% of Base Earnings multiplied by your years of Credited Service payable from your early retirement date to age 65. If you retire prior to August 1, 2000, the Bridge benefit for Credited Service prior to December 31, 1989 is equal to 0.5% of Base Earnings multiplied by such years of Credited Service.

b) CONTRIBUTORY PENSION

If you elected to contribute to the plan for service to December 31, 1987 your contributory pension shall be the sum of:

- a) 0.75% of your Credited Earnings or \$31.25, whichever is less, multiplied by your Contributory Service, if any, prior to January 1, 1968, and
- b) 0.5% of your Credited Earnings or \$20.83, whichever is less, multiplied by your Contributory Service, if any, after December 31, 1967, and prior to January 1, 1973 and
- c) 0.65% of your Credited Earnings or \$33.85, whichever is less, multiplied by your Contributory Service, if any, after December 31, 1972 and prior to January 1, 1988.

In the event of your death before retirement, any contributions plus interest will be returned to your spouse or to your estate.

7. OPTIONAL PENSIONS

The form of pension you receive will depend on whether or not you have a spouse when you retire. If you do not have a spouse, your pension will

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

a) **Joint and Survivorship Option**

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

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

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

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

b) **Guarantee Option**

You may also elect to have your basic (lifetime) pension guaranteed for a period of 5, 10 or 15 years from your retirement date by accepting a percentage reduction in your pension. The reduction is based on your age at retirement and the length of the guarantee period elected. If, for example, you retired and elected a 10 **year** guaranteed pension and you died one (1) year after retiring, the pension amount payable at age 65 would continue to be paid for the balance of the nine (9) years in the guaranteed period.

The additional contributory pension which you may have provided for yourself by your own contributions is also subject to the guarantee option in the event you elect that option.

c) **Combination Option**

You may also elect a combination of the joint and survivorship and the guaranteed pension.

8. POST-RETIREMENT INDEXING OF: BASIC PENSION

If you retire from active service on or after February 1, 1992 and you have been retired for at least 24 months and you are at least age 55, you will have a portion of your normal pension increased on August 1st of each year by 80% of the average annual percentage increase in the Consumer Price Index in the immediately preceding calendar year subject to an annual maximum of 3%. The maximum portion of your Basic Pension which will be increased is equal to \$48 per month times your years of Credited Service (and Prior Hourly Union Service to a combined maximum of 35 years).

9. SURVIVOR BENEFITS

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

NOTE: (Not eligible for a Survivor Pension would be the surviving spouse of an employee who previously elected not to be covered for this benefit in favour of group life insurance coverage of 2-1/2 times annual salary, rather than one times.)

The Survivor Benefit payable under the Salaried Pension Plan is the greater of:

- * half of your Basic Lifetime (Age 65) pension entitlement earned to your date of death, or
- * 20% of your basic monthly salary at time of your death, plus an additional 10% if you have one or more dependent children.

If the 20% (plus 10%) survivor benefit is applied, any contributions you paid into the Salaried Pension Plan will be returned with earned interest.

Any contributions which are returned will be paid to your surviving spouse in a lump sum, if desired, or the contributions may be transferred to a Registered Retirement Savings Plan (RRSP) in your spouse's name.

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

Dependent children will be eligible for the 10% survivor benefit even if there is no surviving spouse or if a surviving spouse later dies, in which case the 10% dependent child benefit will be paid to the child's guardian until the

end of the year the child attains age 18, or until age 21 if a full time student or until no longer dependent.

The minimum death benefit is the commuted value of your pension earned after January 1, 1987 and a refund of your contributions with interest made prior to January 1, 1987.

A surviving spouse and surviving dependents under the Salaried Pension Plan also receive, at Company cost:

- * Major Medical protection, including prescription drugs, at 80% coverage
- * Semi-private Hospital accommodation at 100% coverage
- * Dental Plan coverage until the spouse reaches age 60 or there are no dependent children, whichever occurs last.

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

10. TERMINATION OF EMPLOYMENT

If you terminate your employment with the Company prior to becoming eligible for an early retirement pension and you have at least 24 months of continuous service, you shall be entitled to receive a deferred pension. You will receive as a minimum the value of your non-contributory basic lifetime (at age 65) pension and the return of your contributions with interest made prior to January 1, 1987. You will have the option of transferring the commuted value of your deferred pension to your new employer's pension plan (if it will accept the funds), *or* to your own locked in Retirement Account (such as a RRSP) or using it to purchase a Deferred Life Annuity.

11. ESTIMATED PENSION CALCULATION

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

