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Introduction

The world in 2022 is a vastly different place than it was when we last bargained a new contract for our facilities in 2018, and more has changed than the name of our employer.

The pandemic exposed cracks in the supply chain, and we Steelworkers showed the entire world what it means to be essential workers.

When Cleveland-Cliffs acquired the steelmaking assets of ArcelorMittal USA in 2020, it was clear that Chairman, President and CEO Lourenco Goncalves intended to operate differently from previous owners.

Our committee arrived in Pittsburgh with the main goal of reaching a fair contract with meaningful wage and benefit improvements for the membership based on the feedback we received from members during plant tours, at meetings and through surveys.

When we met, Goncalves shared with our committee his hope to continue investing in our facilities with a focus on long-term sustainability. Goncalves recognizes the importance of providing good jobs and creating goodwill toward the company in the communities where we live and work.

Unlike bargaining with the predecessor company, Cliffs approached these negotiations with an understanding that our plants run best when management and our union work together to solve problems for the benefit of everyone.

In the proposed agreement, our committee negotiated historic wage increases with Cliffs management that ensure that we lead the industry, and these wages will improve our base rates more than 20% over its four-year term. These wages will also “roll-up” and increase incentive earnings, vacation, overtime and holiday pay.

We bargained improvements to health insurance benefits for active workers and retirees without premium contributions, increased the company contribution to Restricted Retiree Healthcare Accounts for newer hires and negotiated long-term security for those who rely on the VEBA trust for benefits.

The tentative agreement includes pension improvements for defined benefit participants and Steelworkers Pension Trust participants and retains the Pension Enhancement Payment.
Cliffs has committed to invest $4 billion during the next four years in its USW facilities to improve production and shorten supply chains in the future, and this commitment goes directly to long-term sustainable employment and success.

We resolved local issues and worked through the articles of the labor agreement with our management counterparts through good faith collective bargaining, and the result is a fair contract that our committee is proud to submit for ratification with the unanimous recommendation that it be approved.

We urge you to review this summary of changes to our contracts carefully and encourage you to ask questions at the explanation meetings that will be scheduled for each local union.

Any specific terms of our previous agreements that are not mentioned in this summary should be considered unchanged.

In solidarity,

Thomas M. Conway  
*USW International President*  
Basic Steel Industry Conference Chairman

David McCall  
*USW International Vice President (Administration)*  
Negotiating Committee Chairman

Donnie Blatt  
USW District 1 Director

Mike Millsap  
*USW District 7 Director*

Larry Ray  
*USW District 8 Director*

Bernie Hall  
*USW District 10 Director*

Emil Ramirez  
*USW District 11 Director*

Dickie Peskar  
*USW Local 979*  
Cleveland

Don Seifert  
*USW Local 1010*  
Ind. Harbor East & Riverdale

Steve Serrano  
*USW Local 1011*  
Indiana Harbor West

Fred Grumbine  
*USW Local 1165*  
Coatesville

Rich Sayers  
*USW Local 1375-07*  
Warren Coke

Ray Napoli  
*USW Local 1688*  
Steelton

Mark Glyptis  
*USW Local 2911*  
Weirton

David Zasadni  
*USW Local 6115*  
Minorca Mine

Pete Trinidad  
*USW Local 6787*  
Burns Harbor

Kameen Thompson  
*USW Local 9462*  
Conshohocken

Todd Kegley  
*USW Local 9231*  
Tek and Kote

Fred Silvia  
*USW Local 9309*  
Columbus Coatings

Tony Montana  
*Technician*  
USW Int’l Headquarters

Rachael Davis  
*Senior Technician*  
USW Int’l Headquarters

Chad Apaliski  
*Senior Technician*  
USW Int’l Headquarters
Summary

Term:
Contingent on ratification by the USW membership, the proposed agreements will take effect Sept. 1, 2022, and expire at 11:59 p.m. on Sept. 1, 2026, a term of four years.

Wages:
Our wage improvements reflect the hard work and dedication of Steelworkers though the pandemic and represent the most dramatic raise the steel industry has seen in at least two generations.

The tentative agreement provides general wage increases according to the following schedule.

<table>
<thead>
<tr>
<th>Labor Grade</th>
<th>Current</th>
<th>09/04/22</th>
<th>09/3/23</th>
<th>09/01/24</th>
<th>09/07/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent Increase</td>
<td>8%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>$23.47</td>
<td>$25.35</td>
<td>$26.36</td>
<td>$27.42</td>
<td>$28.51</td>
</tr>
<tr>
<td>2</td>
<td>$25.69</td>
<td>$27.75</td>
<td>$28.86</td>
<td>$30.01</td>
<td>$31.21</td>
</tr>
<tr>
<td>3</td>
<td>$28.25</td>
<td>$30.51</td>
<td>$31.73</td>
<td>$33.00</td>
<td>$34.32</td>
</tr>
<tr>
<td>4</td>
<td>$29.73</td>
<td>$32.11</td>
<td>$33.39</td>
<td>$34.73</td>
<td>$36.12</td>
</tr>
<tr>
<td>5</td>
<td>$31.58</td>
<td>$34.11</td>
<td>$35.47</td>
<td>$36.89</td>
<td>$38.37</td>
</tr>
</tbody>
</table>

Note: The Starter Rate of Pay (reduction in the base rate during probation) has been suspended for the term of the agreement.

Vacation:
Our committee successfully bargained to improve vacation provisions for everyone from new employees who complete their probationary period to workers now eligible for a newly added sixth week of vacation with 30 years of service or more.

The tentative agreement speeds up the process for USW members to be eligible for more vacation, sooner.

Starting with vacation year 2023, employees will accrue vacation based on their years of continuous service according to the following schedule.
<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Weeks of Vacation</th>
</tr>
</thead>
<tbody>
<tr>
<td>* after Probationary period</td>
<td>1</td>
</tr>
<tr>
<td>* 1 but less than 5</td>
<td>2</td>
</tr>
<tr>
<td>* 5 but less than 15</td>
<td>3</td>
</tr>
<tr>
<td>* 15 but less than 24</td>
<td>4</td>
</tr>
<tr>
<td>* 24 but less than 30</td>
<td>5</td>
</tr>
<tr>
<td>* 30 or more</td>
<td>6</td>
</tr>
</tbody>
</table>

*Effective vacation year 2023

**Holidays:**

We have added Juneteenth as a recognized holiday.

**Pensions:**

One of our consistent goals in bargaining is to secure increases to our pension – ensuring that when we retire we can do so with dignity and have a secure financial footing after we leave a lifetime of work.

This did not change in this round of bargaining and we pushed the company to give us meaningful increases to both the SPT and the Defined Benefit plan. It took until the last day of bargaining before we achieved our intended increase.

For the SPT and the Weirton 401(k) contribution, we increased the contribution by $.50 to $4.00 per contribution hour, effective November 1, 2022. This translates to a **$126 multiplier**, assuming 2,080 hours worked in a year.

We made a similar change to the monthly multiplier for the defined benefit plan that covers the Indiana Harbor-East, Minorca and Tek/Kote facilities. **Effective January 1, 2023**, the multiplier will increase to **$126** for future years of service.

However, we also made it a goal, again this round of bargaining, to correct an inequity that exists within the defined benefit pension plan. This arises because the SPT multiplier benefit can increase due to having more hours for which a contribution is made to the SPT (like working overtime or working holidays), while the pension plan multiplier is a flat, fixed amount.

We have attempted to fix this issue in the past, but could never get the previous owners to agree to any meaningful changes. In this round, Cleveland-Cliffs did engage on the issue, and we jointly investigated creative ways to address this problem.
As a result of our efforts, we have succeeded in the tentative agreement to raise the multiplier to $115 for all years of service for participants who retire on or after January 1, 2023. We based this proposal on the fact that the pension plan AFTAP Certification shows that the plan is overfunded.

**Pension Enhancement Payment (PEP)**

We have maintained the $10,000 Pension Enhancement Payment (PEP) for Steelworkers age 56 or above as of Sept. 1, 2022, who were “day one employees,” at the former ISG locations (including Weirton) who retire after turning 60 during the term of the proposed agreement.

**Sickness and Accident:**

The proposed agreement would move the administration of S&A and FMLA leaves of absence from the Reed Group to MetLife, effective April 2023.

This is the earliest Metlife can take over USW claims.

The union and the company will work jointly to develop all forms and requirements to ensure they comply with our agreements, and Metlife will provide a dedicated representative to resolve union issues.

**Active Insurance Benefits:**

The committee worked to maintain the premium free health insurance that we all have earned. Your negotiating committee was successful and our plans are premium free with no changes to any cost sharing under the plan for the term of the proposed agreement.

Upon ratification, new hires will have 30 days to elect their medical plan, and their coverage will be retroactive to their first day. If they do not make an election, they will be defaulted into the PPO Plan. The USW continues to recommend the PPO plan for all members instead of the optional CDHP Plan.

The requirement for spouses to take other employer-sponsored coverage has been eliminated.

Beginning on January 1, 2023, spouses are no longer required to take their employer-sponsored healthcare coverage. This applies to the active plan and the non-Medicare retiree plan (was not a requirement of the Medicare plan participants).
Spousal premiums will continue to be reimbursed for months prior to January 1, 2023. Spousal premiums for coverage after January 1, 2023, will not be reimbursed, since spouses are not required to take their employers coverage after January 1, 2023.

For members who have a spouse on the retiree plan, the spouse can stay on the active plan and delay Part B, saving them a significant expense.

**Preserving Health Insurance for Same Sex Marriage**

The proposed agreement includes a commitment to maintain the status quo of any eligible same sex spouses under the plan, regardless of a future change in federal or state marriage law.

**Preventive Labwork**

Many of our members have been exposed to high labwork bills because they were coded wrong. The proposed agreement would cover the most common of these lab procedures that were denied as part of a custom preventive schedule.

**Assisted Fertilization**

The proposed agreement includes a new $15,000 lifetime benefit for nine different assisted fertilization treatments.

**Other Enhancements**

The proposed agreement would include coverage for disposable insulin pumps for those who meet certain criteria and dental implants for those who have lost teeth due to medical treatment.

Telemedicine is also an added benefit.

The vision benefit will provide eye exams and either frames and lenses or contact lenses every twelve months, instead of every 24 months regardless of whether there was a change in your vision.

**Retiree Health Care:**

**Retiree Healthcare Account for Post 2016 Hires**

For all those hired after June 23, 2016, the proposed agreement includes a 25% increase to your hourly Restricted Retiree Healthcare Account (RRHA) to $0.75 per hour worked.

This money goes into your 401(k) account and is invested according to your elections. The money is designed to pay for your retiree healthcare needs and provide security for the future.
Effective January 1, 2023, post-June 23, 2016 hires who retire and are receiving an unreduced pension from the SPT and who participated in the RRHA can buy into the existing retiree healthcare plan at the actual cost. Spouses and dependents are also eligible according to the rules of the plan and can also buy in at the actual cost of the coverage.

It’s also important to remember that this benefit becomes immediately vested and portable. An employee does not need to meet the requirements of at least 15 years of service to be eligible for retiree health care, as do employees who were hired prior to June 23, 2016.

This is an important benefit since group coverage typically provides significantly better benefits with more stable costs and it is difficult for retirees to access group plans. The RRHA is designed to pay for part of that cost.

Since we first negotiated this benefit in 2016, we have been successful in raising the hourly contributions into the account.

A person, who was hired in 2016 has the potential to accumulate a meaningful account balance that can be used to purchase retiree healthcare upon retirement.

Using the hourly contributions from 2016 and including the $.75 an hour in this agreement, this person could accumulate over $130,000 by the time he/she would retire.

At the current cost of the VEBA Medicare Advantage plan, a person could purchase healthcare for over 20 years for both the retiree and a spouse.

While we cannot predict what healthcare costs will be that far in the future, it is important to remember that we expect the costs of the Medicare Advantage plan to decrease next year (we will discuss this later in this Summary).

We also have many future contracts in which we can continue to increase the amount of this contribution to provide for an account balance that provides meaningful assistance in purchasing healthcare when you retire.

The following table illustrates how this account could grow assuming the following: a person was 35 when hired, continuously works a 2,080 standard hour work year, achieves six percent annual interest over a 30-year career and retires at age 65.

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Balance</th>
<th>Contributions</th>
<th>Interest</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ -</td>
<td>$ 1,040</td>
<td>$ 31</td>
<td>$ 1,071</td>
</tr>
<tr>
<td>2017</td>
<td>$ 1,071</td>
<td>$ 1,040</td>
<td>$ 95</td>
<td>$ 2,107</td>
</tr>
<tr>
<td>2018</td>
<td>$ 2,071</td>
<td>$ 1,040</td>
<td>$ 164</td>
<td>$ 3,140</td>
</tr>
<tr>
<td>2019</td>
<td>$ 3,140</td>
<td>$ 1,248</td>
<td>$ 242</td>
<td>$ 4,990</td>
</tr>
<tr>
<td>2020</td>
<td>$ 4,990</td>
<td>$ 1,248</td>
<td>$ 331</td>
<td>$ 6,480</td>
</tr>
<tr>
<td>2021</td>
<td>$ 6,480</td>
<td>$ 1,248</td>
<td>$ 426</td>
<td>$ 8,154</td>
</tr>
<tr>
<td>2022</td>
<td>$ 8,154</td>
<td>$ 1,248</td>
<td>$ 527</td>
<td>$ 9,929</td>
</tr>
<tr>
<td>2023</td>
<td>$ 9,929</td>
<td>$ 1,560</td>
<td>$ 643</td>
<td>$ 12,131</td>
</tr>
<tr>
<td>2024</td>
<td>$ 12,131</td>
<td>$ 1,560</td>
<td>$ 775</td>
<td>$ 14,466</td>
</tr>
<tr>
<td>2025</td>
<td>$ 14,466</td>
<td>$ 1,560</td>
<td>$ 915</td>
<td>$ 16,941</td>
</tr>
<tr>
<td>2026</td>
<td>$ 16,941</td>
<td>$ 1,560</td>
<td>$ 1,063</td>
<td>$ 19,564</td>
</tr>
<tr>
<td>2027</td>
<td>$ 19,564</td>
<td>$ 1,560</td>
<td>$ 1,221</td>
<td>$ 22,345</td>
</tr>
<tr>
<td>2028</td>
<td>$ 22,345</td>
<td>$ 1,560</td>
<td>$ 1,387</td>
<td>$ 25,292</td>
</tr>
<tr>
<td>2029</td>
<td>$ 25,292</td>
<td>$ 1,560</td>
<td>$ 1,564</td>
<td>$ 28,416</td>
</tr>
<tr>
<td>2030</td>
<td>$ 28,416</td>
<td>$ 1,560</td>
<td>$ 1,752</td>
<td>$ 31,728</td>
</tr>
<tr>
<td>2031</td>
<td>$ 31,728</td>
<td>$ 1,560</td>
<td>$ 1,950</td>
<td>$ 35,239</td>
</tr>
<tr>
<td>2032</td>
<td>$ 35,239</td>
<td>$ 1,560</td>
<td>$ 2,161</td>
<td>$ 38,860</td>
</tr>
<tr>
<td>2033</td>
<td>$ 38,860</td>
<td>$ 1,560</td>
<td>$ 2,384</td>
<td>$ 42,904</td>
</tr>
<tr>
<td>2034</td>
<td>$ 42,904</td>
<td>$ 1,560</td>
<td>$ 2,621</td>
<td>$ 47,085</td>
</tr>
<tr>
<td>2035</td>
<td>$ 47,085</td>
<td>$ 1,560</td>
<td>$ 2,872</td>
<td>$ 51,517</td>
</tr>
<tr>
<td>2036</td>
<td>$ 51,517</td>
<td>$ 1,560</td>
<td>$ 3,138</td>
<td>$ 56,215</td>
</tr>
<tr>
<td>2037</td>
<td>$ 56,215</td>
<td>$ 1,560</td>
<td>$ 3,420</td>
<td>$ 61,195</td>
</tr>
<tr>
<td>2038</td>
<td>$ 61,195</td>
<td>$ 1,560</td>
<td>$ 3,718</td>
<td>$ 66,473</td>
</tr>
<tr>
<td>2039</td>
<td>$ 66,473</td>
<td>$ 1,560</td>
<td>$ 4,035</td>
<td>$ 72,068</td>
</tr>
<tr>
<td>2040</td>
<td>$ 72,068</td>
<td>$ 1,560</td>
<td>$ 4,371</td>
<td>$ 77,999</td>
</tr>
<tr>
<td>2041</td>
<td>$ 77,999</td>
<td>$ 1,560</td>
<td>$ 4,727</td>
<td>$ 84,286</td>
</tr>
<tr>
<td>2042</td>
<td>$ 84,286</td>
<td>$ 1,560</td>
<td>$ 5,104</td>
<td>$ 90,950</td>
</tr>
<tr>
<td>2043</td>
<td>$ 90,950</td>
<td>$ 1,560</td>
<td>$ 5,504</td>
<td>$ 98,014</td>
</tr>
<tr>
<td>2044</td>
<td>$ 98,014</td>
<td>$ 1,560</td>
<td>$ 5,928</td>
<td>$ 105,501</td>
</tr>
<tr>
<td>2045</td>
<td>$ 105,501</td>
<td>$ 1,560</td>
<td>$ 6,377</td>
<td>$ 113,438</td>
</tr>
<tr>
<td>2046</td>
<td>$ 113,438</td>
<td>$ 1,560</td>
<td>$ 6,853</td>
<td>$ 121,851</td>
</tr>
<tr>
<td>2047</td>
<td>$ 121,851</td>
<td>$ 1,560</td>
<td>$ 7,358</td>
<td>$ 130,769</td>
</tr>
</tbody>
</table>
For those employees hired prior to the ratification of the 2015 BLA and eligible for retiree healthcare:

*Pre-Medicare*

The non-Medicare eligible health insurance plan is amended to include the improvements in the labwork provisions and to cover Telemedicine, otherwise unchanged, and we have maintained the current monthly premiums without any increases.

*Medicare Eligible*

The Medicare Advantage Plan with Drug coverage would be improved under the proposed agreement by adding preventive Dental care and the elimination of prior authorization for Advanced Imaging procedures (MRIs). The benefits are otherwise unchanged, and monthly premiums will not be increased.

The committee also agreed to a voluntary program under which retirees can get $8 generic drugs if they go to a preferred pharmacy.

If they choose to go to a non-preferred pharmacy they will pay the current $10 copayment.

*Retiree Life Insurance:*

Retiree life insurance under the proposed agreement will remain at $25,000 for life instead of decreasing to $20,000 at age 62.

*Benefit Trust:*

The VEBA Benefits for Legacy Retirees have been maintained, and Medicare eligible retirees will again have the choice of electing a $1,000 Part B reimbursement or enrolling on one of the Medicare Advantage with Drug plans, again without any increases in monthly premiums.

Premiums will also remain unchanged in 2023. Any non-Medicare eligible legacy retirees continue to be eligible for VEBA benefits.

For those Defined Benefit Pension surviving spouses who are eligible, they will continue to be eligible for the annual payment, however the annual payment has been increased to $1,200.

We also have been actively “shopping” the Medicare Advantage plans – meaning that both the company and the union have been seeking quotes from the existing and other insurance carriers. From
the quotes that we have received so far, it is obvious that we will be able to provide the same plan design at a **much lower cost**.

This is important in two ways: 1) it will put the cost of Medicare coverage below the existing cap amount, providing the company with important liability relief, and 2) it causes the existing VEBA to be overfunded. This ensures that we will be able to maintain coverage for legacy retirees and over-the-cap protection for retirees with company-sponsored retiree healthcare into the future.

Because the projections for the VEBA show that it will be overfunded (i.e. the VEBA has more money than it needs to pay out benefits), and that overfunding will become greater during this agreement, we felt that we could suspend the profit-sharing stream of funding.

The VEBA will receive a profit-sharing contribution in the third and fourth quarters of 2022. Starting with the first quarter of 2023, and continuing for the remainder of this agreement, there will be no profit-sharing funding. We will continue to monitor the VEBA, and if required, we will once again start contributions from profit-sharing in the next, or future agreements.

**2026 Retiree Medical Cap & New Benefit Trust:**

For years, the issue of retiree medical costs and the accounting that companies must perform to report these benefits have been a significant part of negotiations. Following the 2008 agreement, the accountants for the previous company removed the accounting treatment that previously existed to “cap” these retiree healthcare liabilities, even though the current cap remained in effect.

While we made adjustments to the language in subsequent negotiations to try and restore the lowered accounting treatment, ArcelorMittal’s accountants would never provide the relief we intended. At the start of negotiations, Cleveland-Cliffs proposed putting a new cap in place for employees who retire after January 1, 2026.

The company explained that while it can do nothing to restore the lower liability treatment for the company-sponsored health care for those who have already retired, it could receive liability relief by setting this new cap for future retirements. We were not opposed to this arrangement but made it clear that we would entertain this only if we could control the impact of a new cap on future retirees.

Over the course of negotiations, our technicians from the international union worked with the company’s benefits team and outside consultants to understand the many technical issues around this proposal. They also created their own modeling to understand the amount of a future cap, when/if costs would exceed that amount and how best to cover those costs above the cap, which served to double-check and verify the company’s outside consultants’ analysis.

This tentative agreement proposes to set a cap on how much the company pays for retiree healthcare starting January 1, 2026. There will be one cap for non-Medicare healthcare and a separate one for Medicare eligible retiree healthcare.
Both caps will be based on the medical, prescription drug and certain other costs in calendar year 2025. How this occurs will be the same as the process, language and methodology negotiated as part of the 2008 agreement, so we understand how these calculations work.

This includes certain protections to ensure that the full amount of claims and headcount (regardless whether a person retired before or after January 1, 2026) are used, which guards against high costs due to small populations of retirees.

However, we know that costs will exceed those caps and we anticipate that could happen in either 2026 or 2027, and then grow from that point. When this occurs, the retiree is responsible for covering that amount. This is what occurs now to those who retired/retire from the predecessor companies prior to January 1, 2026 (including ISG, Inland, Mittal & ArcelorMittal).

To address this, the company initially proposed that we wait until the next round of negotiations to create and start to fund a new VEBA for the post-2026 retiree population.

We were adamantly opposed to delaying this, as we knew that we needed to start funding a new VEBA now. We also knew that the initial population that would need resources from the new VEBA will be small at first. Our technicians projected what the initial over-the-cap costs could be, and we knew we could direct a relatively small amount of money to the new VEBA that will provide a cushion to improve upon in subsequent negotiations.

The new VEBA, which will be set up over the course of this agreement, will be jointly-sponsored by the USW and the company. Starting with the fourth quarter of 2022, the VEBA will be credited (and then receive after it has been created) with $500,000 per quarter. This is our money and being provided as part of the change to the profit-sharing plan.

Even with the $500,000 quarterly contribution to the VEBA, we project that you will still see more profit sharing with the new plan. We believe that the $8 million dollars that will be in the new VEBA by the end of this agreement will be more than enough to start covering any over-the-cap amounts.

From that point, we will continue to monitor and make funding this new VEBA adequately into the future a priority—like we have done with the existing VEBA.

**Investment Commitment:**

Cliffs’ management understands that the company cannot remain profitable, sustainable or viable over the long term without investing in our plants.

For that reason, the company has agreed to a plan of $4 billion in capital expenditures over the course of the agreement, providing added job security for current and future USW members and enabling Cliffs to remain competitive and keeping our facilities among the most productive in the world.
Profit Sharing:

Our profit-sharing plan has also been a source of confusion. Since ArcelorMittal took over the company, our profit sharing has been based on a corporate entity (ArcelorMittal USA) that did not report its profits publicly.

How our subsidiary fit into Arcelor’s publicly-reported business segments frustrated all of us.

Additionally, our profitability was held back due to poor ArcelorMittal management decisions that led to a disastrous pricing contract for important raw materials. With the acquisition of our facilities by Cleveland-Cliffs, we felt we had the opportunity to make improvements to the plan.

Our goals included receiving fair treatment for raw material prices, eliminating certain other adjustments and creating a plan that was more transparent so you could understand and calculate the profit-sharing pool using the company’s quarterly financial filings with the Securities and Exchange Commission (SEC).

The changes in the agreement that we describe below demonstrate that we achieved all of our goals.

Calculation Change

Both parties shared a goal of creating a new plan that eliminated the impact of poor ArcelorMittal management decisions. With the acquisition, both parties decided that using corporate-wide profits was the easiest way to eliminate those problems.

The company proposed to use profits from its Steelmaking Segment as the basis for the new plan. This created a problem for us because the profitability of this segment was not currently reported in the quarterly statements.

In response to our concerns, the company will change its public quarterly statements to add more detail that allows us to calculate the Earnings Before Interest and Taxes (EBIT) profits for the Steelmaking business segment. We then needed a mechanism to account for how much of the Steelmaking profits our facilities created. The company’s approach used a ratio of the hours worked across all our facilities to the hours worked in the Steelmaking segment.

This is a reasonable approach and one we have used in other profit-sharing plans. We worried, however, that future acquisitions could result in both lower profits in the segment and also add hours to the total – both results would dilute our share of these lower profits.
To address this, we negotiated a “fixed” ratio of 60 percent of hours worked – an average of the ratio for the last six quarters. This ensures that our proportion of profits is not negatively impacted in the future.

Finally, we spent a great deal of time negotiating the appropriate percentage of profits, because we are now basing our profit sharing at the corporate-wide results.

Over the course of negotiations, we went back-and-forth with the company as we continuously pushed to improve the payouts. In the end, and not until the last two days of bargaining, the company agreed to a six percent (6%) profit sharing figure plus an additional $500,000 per quarter that we will use to the fund the new VEBA (discussed above).

**Payout Results**

Over the last six quarters, our current profit-sharing plan produced an average hourly payout of $5.98 an hour, each quarter. When we modeled out the new language over the same six quarters, the new profit-sharing language would have produced an average of $6.63 an hour payout each quarter.

Remember, however, that this is profit sharing which is variable compensation. Any company can have lower or no profits depending on economic and market conditions.

We are also coming off historic Steel pricing and demand, so we cannot predict that any profit-sharing plan will continue to pay out at this level. We are confident that this plan gives us the opportunity to receive higher profit-sharing payouts than we would have received in our current plan.

**New Formula**

The following is an example of the new formula:

<table>
<thead>
<tr>
<th>Steelmaking Segment EBIT:</th>
<th>$1,000,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Sharing Percentage:</td>
<td>6%</td>
</tr>
<tr>
<td>Profit Sharing Pool:</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>USW Ratio of Hours:</td>
<td>60%</td>
</tr>
<tr>
<td>USW Employee Pool:</td>
<td>$36,000,000</td>
</tr>
<tr>
<td>USW Hours Worked:</td>
<td>6,000,000</td>
</tr>
<tr>
<td><strong>Per Hour Payout:</strong></td>
<td><strong>$6.00</strong></td>
</tr>
</tbody>
</table>
We will be working to create a guide that we will distribute soon that will show you how you can find and calculate the profit sharing results yourself, using the company’s quarterly financial statements.

The new profit-sharing language includes a cap of $11 per hour per quarter. The company wanted to include this provision, which exists in its contracts with our USW-represented mines, since there was so little history of its financial performance as a combined steel company.

While the cap would prevent payouts in excess of $11 an hour in a quarter, it also acts as a “bank.” Should a quarter produce a profit-sharing payout over $11 an hour, that excess amount is held as a credit.

Should a subsequent quarter produce a payout less than $11 an hour in that year, the profit-sharing bank is used (at the end of the year) to increase any previous less-than-$11/hour-payout.

Any unused fund in the bank at the end of the year would then revert to the company. We want to stress that, as we looked at the language and the results of the profit-sharing plan over the last six quarters, we did not see this being an issue.

In the second through fourth quarters of 2021, when spot steel prices approached $2,000 a ton, neither the current, nor this profit-sharing plan, produced a payout in excess of $11 an hour. For that reason, we do not believe that this language is a detriment, or else we would not have agreed to it.
Contract Language

Hiring Preference:
We have added parents and step-parents to the preferential hiring list in the tentative agreement.

Inflation Recognition Payment:
We maintained the CPI Threshold at 285.409 through 9/30/22 then revise the CPI Threshold to 296.825 for the period 10/1/22 through 6/30/23 and then revert to the normal 3% annual increase effective July 1 of each year remaining in the Agreement.

Bidding/Transfers:
In an effort to streamline and improve the process, we have agreed that the company will provide notice to a transfer bid within 30 days of when filling a permanent vacancy.

Workplace Harassment:
It is important that our facilities reflect the values of our union, so workplace harassment has been added to the list of acts that may exclude an individual from protection from immediate suspension pending discharge under Justice and Dignity provisions.

Health and Safety:
The proposed agreement updates and improves our Health, Safety and the Environment language provisions to keep USW members as safe as possible on the job.
The tentative agreement establishes the hierarchy of controls as a guide for installing and maintaining equipment needed to protect employees.
The hierarchy of controls is a way of determining which actions will best control exposures. The preferred order of action based on general effectiveness is:

Elimination
Substitution
Engineering controls
Administrative controls
Personal protective equipment (PPE)

Using this hierarchy can lower worker exposures and reduce risk of illness or injury.

Inclement Weather PPE
The tentative agreement also adds inclement weather PPE to the list of equipment the company will provide at no cost to employees.
Training

In order to address issues where they existed, the proposed agreement ensures that trainers have adequate time to prepare for each class and clean up when it is finished.

Joint Health and Safety Committees and Accident Investigation

The proposed new contract affirms our right to participate with management in a joint health and safety committee at each plant to meet quarterly, discuss issues and review progress.

The agreement also protects the USW’s right to participate in accident investigations when incidents occur.

Parental Leave:

The tentative agreement allows for two weeks of paid parental leave after the birth or adoption of a child in addition to any S&A benefits.

Domestic Violence and Abuse:

In the proposed agreement, we have bargained up to ten days of paid leave for employees to seek medical help, receive treatment and attend to other important matters in order for them to handle situations involving domestic or family violence.
Notes