

SUB

Supplemental Unemployment Benefit Plan

**For Hourly Bargaining Unit Employees of
Empire Iron Mining Partnership
and Tilden Mining Company L.C.**

**Established Pursuant to Agreement with
The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied
Industrial and Service Workers International Union**



Effective September 1, 2012

Coverage under this Plan is provided under an agreement between the Company and United Steelworkers.

The Plan may be changed or terminated in the future, subject to any then existing agreement between the Company and United Steelworkers.

FOREWORD

This booklet contains the **2012** Supplemental Unemployment Benefit Plan applicable to employees identified on the cover. This Plan is intended to supplement state system unemployment benefits, and not to replace or duplicate them, and to provide other benefits related to unemployment.

The Plan was first established August 3, 1956 and has since been revised, the latest revision being effective **September 1, 2012**. This Plan, as so revised, applies to all weeks ending after **August 31, 2012**.

IT IS ESSENTIAL THAT EACH COVERED EMPLOYEE STUDY THIS BOOKLET SO THAT HE WILL UNDERSTAND HOW ITS PROVISIONS AFFECT HIM. IT IS MOST IMPORTANT THAT HE READ THE PROVISIONS ON PAGES 14 THROUGH 20 SO THAT HE WILL MAKE TIMELY APPLICATION AND TAKE OTHER ACTION NECESSARY TO QUALIFY FOR BENEFITS TO WHICH HE BELIEVES HE IS ELIGIBLE. HE SHOULD ALSO READ THE DISPUTES PROVISIONS ON PAGES 22 AND 23 SO THAT HE WILL TAKE THE PROPER STEPS IN THE EVENT HE DISAGREES WITH A DETERMINATION UNDER THE PLAN.

This booklet describing the Supplemental Unemployment Benefit Plan for Hourly Employees of The Cleveland-Cliffs Iron Company and Its Associated Employers, Established Pursuant to Agreement with United Steelworkers, which was effective **September 1, 2012**, provides you with the summary plan description required by the Employee Retirement Income Security Act of 1974 (ERISA). The headquarters of the United Steelworkers is located at Five Gateway Center, Pittsburgh, Pennsylvania 15222.

The Plan may be changed or terminated in the future, subject to the provisions of any collective bargaining agreement then in effect.

The name of the Plan under which benefits are provided is the Supplemental Unemployment Benefit Plan for Hourly Employees of The Cleveland-Cliffs Iron Company and Its Associated Employers. The Employer Identification Number assigned by the Internal Revenue Service is 34-6505130 and the Plan Number is 501. This is a welfare benefit plan as defined by ERISA. Benefits provided under the plan are funded by employer contributions to a trust fund held by the trustee.

Since coverage under this Plan is provided pursuant to a collective bargaining agreement, you and your beneficiaries may obtain a copy of the collective bargaining agreement from the plan administrator and may inspect such collective bargaining agreement in the personnel representative's office at the plant or office where you are or were employed, or at the plan administrator's office.

As a participant in the Plan you are entitled to certain rights and protections under ERISA. ERISA provides that all plan participants shall be entitled to:

- (i) Examine, without charge, at the plan administrator's office or at the personnel representative's office at the plant or office where you work, all plan documents, including collective bargaining agreements and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed annual reports and Plan descriptions.
- (ii) Obtain copies of all Plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies.

- (iii) Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the SUB Plan or exercising your rights under ERISA. If your claim for a benefit under the SUB Plan is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to appeal this denial in accordance with the provisions outlined in Section 5.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. If you have any questions about your Plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

The Cleveland-Cliffs Iron Company, 200 Public Square, Suite 3300, Cleveland, Ohio 44114, is the plan administrator, under the Plan. The telephone number for the plan administrator is 216-694-5700. The Trustee is the **SEI Private Trust Company, located at One Freedom Valley Drive, Oaks, Pennsylvania 19456**. The agent for service of legal process is **General Counsel, The Cleveland-Cliffs Iron Company, 200 Public Square, Suite 3300, Cleveland, Ohio 44114**.

All the benefits of the Plan are provided without cost to you. Such benefits and cost of administering the Plan are paid by The Cleveland-Cliffs Iron Company and Its Associated Employers. Records of the Plan are kept on a calendar year basis.

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DEFINITIONS

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

“Benefit”: Unless qualified in the text, a Weekly Benefit, Short Week Benefit or relocation allowance.

“Benefit year”: The period used in the applicable state system in connection with establishing the amount and duration of state unemployment benefits, usually also called a “benefit year” under the state system. If no such period is in effect, another period will be used for purposes of the Plan. In the case of an employee who during a continuous layoff ends a state benefit year and cannot start a new one, his existing benefit year shall be extended until he is able to start such new state benefit year or returns to work.

“Company Program of Insurance Benefits”: Any program providing insurance coverage for employees as to which the Company contributes all or some portion of the cost.

“Company”: The Company named on the cover of this booklet, or any subsidiary or associated employer having employees who are covered by the Plan.

“Continuous service”: The continuous service of an employee as determined for pension purposes under the Company’s pension plan applicable to such employee.

“Dependent”: Any person, other than the employee, but including his or her spouse, for whom the employee is entitled to claim an exemption under the federal Internal Revenue Code or similar law, for federal income tax purposes.

“Fund”: The SUB Plan trust fund.

“Income Security Contribution”: The Income Security Contribution shall be 25 cents per Contributory Hour.

“Other compensation”: Any compensation received by the employee as wages or other remuneration from any employer or from self-employment.

“Part-time employee”: An employee who regularly, for his own convenience, is not available for full-time employment.

“Plan”: The 2012 Supplemental Unemployment Benefit Plan set forth in this booklet.

“Prior Plan”: The Supplemental Unemployment Benefit Plan in effect prior to September 1, 2012.

“Short Week Benefit”: The amount of benefit payable to an employee for a week during which he works some, but less than 32, hours for the Company.

“State system”: Any system or program, now in effect or hereafter established by or pursuant to any federal or state law or laws, for paying benefits to persons on account of their unemployment, under which the eligibility of a person for benefit payments is not determined by application of a means test. It is usually referred to as the state unemployment compensation system, but it may be a federal program such as that established under the Manpower Development and Training Act.

“State unemployment benefit”: A benefit payable under a state system.

“Trade Readjustment Allowance”: A benefit payable pursuant to Title 11 of the Trade Act of 1974.

“Week”: The period used for determining state unemployment benefits under the applicable state system, or, where no such period is established, an equivalent period used to determine eligibility for and the amount of a Weekly Benefit, unless it is clear in this Plan that it is intended to refer to a calendar week. With respect to Short Week Benefits and the determination of credit units, “week” means the payroll week.

“Weekly Benefit”: The amount of supplemental unemployment benefit payable under the Plan for a week of layoff.

**2012 SUPPLEMENTAL
UNEMPLOYMENT BENEFIT PLAN**

This Plan is designed to provide a covered employee who becomes wholly or partially unemployed Weekly Benefits to provide income while he is on layoff and Short Week Benefits for any week in which he works some, but less than 32, hours for the Company. Relocation allowances are also provided for certain changes of residence required to enable laid-off employees to accept job opportunities with the Company.

1. AMOUNT OF WEEKLY BENEFITS

Calculating the Benefit

- 1.0** The Weekly Benefit provided for a week of layoff is 26 times the employee's average straight-time hourly earnings plus \$10.00 for each of not more than four dependents, subject to:
- a. The deductions set forth in 1.3 and 1.4,
 - b. The maximums set forth in 1.5, and
 - c. Possible reduction as provided in 1.6.
- 1.1** The term "average straight-time hourly earnings" for the purposes of the Plan means the hourly earnings which would apply if the first week for which a Weekly Benefit is payable in the benefit year were a week of vacation, such earnings to be adjusted to exclude the effect of overtime and Sunday premiums. Payments under an Earnings Protection Plan are also excluded pursuant to a provision of that Plan. Such hourly earnings shall not be changed during a benefit year except to reflect the effect of any intervening general wage change.
- 1.2** The adjustment for any general wage change shall, at the option of the Company, be made on the basis of the percentage relationship of the increase for the average job classification to the average straight-time earnings for the employees covered by the Plan or by determining average straight-time earnings on the basis of the hourly earnings which would apply if the first full week to which the general wage increase applied were a week of vacation. The method selected shall be applied consistently for all general wage increases and shall be applied uniformly to all employees covered by the Plan.

Deductions for State Benefit and Other Income

- 1.3** a. For a week for which the employee receives a state unemployment benefit, there is deducted from the amount determined under 1.0, the maximum amount of state unemployment benefit, including any dependency allowance, to which the employee would be entitled for the week irrespective of any reduction because of receipt of other compensation, recovery of an overpayment or other reason. For purposes of this paragraph, an employee shall be deemed to have received a state unemployment benefit if he fails to receive such benefit solely because the state is withholding the benefit to recoup an overpayment. Likewise, an employee who has exhausted his state unemployment benefits shall be deemed to have received a state unemployment benefit for a number of weeks equal to the number of weeks in the same benefit year as to which he had earlier received a state unemployment benefit but did not receive a Weekly Benefit solely because he did not apply for or confirm an application for such Weekly

Benefit.

- b. For a week for which the employee has other compensation and fails to receive a state unemployment benefit solely for one or more of the reasons set forth in 3.0 b., there is deducted from the amount determined under 1.0 the amount of such other compensation for the week in excess of the amount which would have been disregarded in determining the amount of state unemployment benefit had the employee been entitled to receive a state unemployment benefit for that week.

Deduction for Trade Readjustment Allowance

- 1.4 a. For any week for which an employee receives both a Trade Readjustment Allowance and another state unemployment benefit, the amount of Trade Readjustment Allowance shall not be deducted as a state unemployment benefit under 1.3, and the amount of the Weekly Benefit payable under the Plan for such week shall, therefore, be the same as if the employee had not received a Trade Readjustment Allowance for such week.
- b. For any week for which an employee receives a Trade Readjustment Allowance and does not receive another state unemployment benefit, the deduction of the Trade Readjustment Allowance as a state unemployment benefit under 1.3 shall be limited to the amount of such allowance which is equal to the maximum amount of state unemployment benefit, including any dependency allowance, to which the employee would be entitled for a week of total unemployment assuming he otherwise qualifies for the benefit in all respects.

Weekly Benefit Payable Maximums

1.5 The Weekly Benefit the employee will receive is (unless 1.6 applies) the amount determined by the steps described in 1.0 through 1.4 or one of the following maximums, if lower:

- a. For any week for which he receives a state unemployment benefit, the maximum is determined from the following schedule:

Maximum Benefit
(Plus \$10.00 for Each
Dependent Up To Four)

\$450.00

These maximums shall also apply to any week for which the only reason for an employee's not receiving a state unemployment benefit is the amount of other compensation he is receiving or because he had earlier received state unemployment benefits in the same benefit year for weeks as to which he was not eligible to receive Weekly or Short Week Benefits.

- b. For all other weeks the maximum is determined from the following schedule:

Maximum Benefit
(Plus \$10.00 for Each
Dependent Up To Four)

\$365.00

Possible Reduction of Weekly Benefits

- 1.6 a. A percentage figure representing the Financial Position of the Plan will be calculated for each month, as described in 6.4 b, and will determine whether the Weekly Benefits for each week ending in the month are to be reduced. For any month when this percentage is 35% or higher, the Weekly Benefit will be paid in the amount determined by 1.0 through 1.5. When it falls below 35%, the Weekly Benefit will be reduced to the percentage of such amount indicated in the following table:

When the Financial Position Is:	The Percentage Is:
25% or more but less than 35%	60%
15% or more but less than 25%	30%

When the Financial Position of the Plan is less than 15%, no Weekly Benefits will be paid.

- b. Notwithstanding a. above, Weekly Benefits shall not be reduced or eliminated for an employee who shall have had at least 20 years of continuous service as of the last day worked.

2. DURATION OF WEEKLY BENEFITS

Credit Units

- 2.0 The number of weeks for which an employee may receive Weekly Benefits depends on his number of credit units.
- a. An employee will be credited with the balance of his credit units as of **August 31, 2012**, under the Prior Plan, plus one-half a credit unit for each week thereafter in which he has any of the following hours:
- (1) Hours worked for the Company.
 - (2) Hours not worked but for which he is paid, such as vacation hours or hours for which he received jury allowance.
 - (3) Hours not worked and not paid for but which were lost because:
 - (a) He was performing his duties as a member of the Grievance Committee, or President, Vice-President, Recording Secretary, Financial Secretary and/or Treasurer of a Local of the Union which is his collective bargaining representative, or
 - (b) He was absent because of disability for which benefits are payable under a Workers' Compensation or Occupational Disease law or the Company Program of Insurance Benefits.

- b. Each employee shall be credited with an additional 52 credit units as of the date he attains 20 years of continuous service if he is actively at work as of such date or as of the date he returns to work if he is not actively at work on the date he attains 20 years of continuous service.

However, an employee with less than 20 years of continuous service will not receive credit for weeks occurring when he has 52 credit units, which is the maximum number he may have, and an employee with 20 or more years of continuous service will not receive credit for weeks occurring when he has 104 credit units which is the maximum number he may have.

In addition, an employee may under certain circumstances be granted additional credit units pursuant to Section IV of Appendix A of the Company's pension plan applicable to him.

Cancellation of Credit Units

- 2.1 *An employee cannot receive any Weekly Benefit unless he has one or some fraction of a credit unit. If he has less than required to be cancelled as described in 2.2, he will receive a reduced benefit in proportion to his credit unit balance.*
- 2.2 Normally one credit unit is cancelled for each Weekly Benefit paid. However, if a Weekly Benefit is reduced because of the receipt of other compensation (other than from the Company) only one-half credit unit will be cancelled for that Weekly Benefit.
- 2.3 If an employee willfully falsifies, or willfully withholds, any records or other data on which his Weekly Benefit payments are based, the Company may cancel any or all of his credit units.
- 2.4 Credit units will be cancelled whenever an employee incurs a break in continuous service. He will, thereafter, not be entitled to coverage by, or benefits from, the Plan. However, any individual whose break in continuous service is removed shall have restored any credit units cancelled as a result of such break.

3. ELEGIBILITY FOR WEEKLY BENEFITS

Requirements

- 3.0 In order to be eligible for a Weekly Benefit, an employee must be on a layoff (as defined in 3.11) which occurred in a reduction in force or as a result of the permanent shutdown of a plant, department or subdivision thereof; he must have completed two years of continuous service prior to his layoff; and he must:
 - a. Report and apply in person in the week for which he is claiming a Weekly Benefit at a time and place designated by the Company (except as this requirement is modified by agreement between the International Union and the Company to accommodate special circumstances present at a given location). The place at which reporting and applying are required will be at or near the location where the employee was last employed. If such place is an unreasonable distance from the employee's residence, or if he leaves the area to seek work, the Company shall, upon request of the employee in person, grant permission to report at another Company location where an adequate office for such reporting is maintained. If no such office is within reasonable distance, the Company shall, upon request of the employee in person, grant permission to report and apply by

mail. An employee applying for a Weekly Benefit pursuant to 3.1 may report and apply by mail. The necessary forms and instructions for making SUB applications by mail shall be supplied by the Company to the employee at the time his request for mail reporting is granted.

- b. Receive a state unemployment benefit for the week. However, this requirement will not apply if he fails to receive that benefit only for one or more of the following reasons:
 - (1) He has exhausted his state unemployment benefits.
 - (2) He has other compensation in an amount which disqualifies him for a state unemployment benefit.
 - (3) He has not had sufficient employment to be covered under the state system.
 - (4) He is unable to work by reason of disability. (See 3.1.)
 - (5) He is participating in a federal training program. (See 3.4.)
 - (6) He was laid off during a plant vacation shutdown and he was not entitled to vacation during the shutdown.

No employee shall receive a Weekly Benefit until he shows that he received a state unemployment benefit for the week or failed to receive such benefit for a reason set forth above. This may be done by showing a state check or by some other method, which must reasonably provide for securing such proof. Examples of such methods are described in **7.11**.

- c. Be available for work, and maintain an active registration with the state employment service. These requirements will be considered to have been met for any week for which the employee receives a state unemployment benefit.
- d. Apply for, accept and not voluntarily leave employment with other employers as specified by the Company or otherwise, if the employment is considered suitable under the state system. This requirement will be considered to have been met for any week for which the employee receives a state unemployment benefit.

Disability

- 3.1** An employee who fails to receive a state unemployment benefit because he is not physically able to work shall receive a Weekly Benefit if he is otherwise entitled and if:
 - a. He became disabled while on layoff, and
 - b. He supplies the same certification of disability as would be required for sickness and accident benefits under the Company's Program of Insurance Benefits.
- 3.2** Any disability benefit paid under or pursuant to state or federal law with respect to the period for which a Weekly Benefit is paid under 3.1 shall for the purposes of 1.3 and 1.5 be considered to be a state unemployment benefit.

- 3.3** An employee will not be disqualified from a Weekly Benefit on the basis that he is not “on layoff” if he is recalled from layoff and is not physically able to perform the job to which recalled.

Federal Training Programs

- 3.4** If an employee does not receive a state unemployment benefit solely because he is participating in a training program established under or pursuant to federal law, he shall be entitled to a Weekly Benefit if otherwise eligible. In such case any income received by him under that program is a state unemployment benefit.

Disqualification

- 3.5** An employee will be disqualified from receiving a Weekly Benefit if:

- a. He quit.
- b. He was suspended or discharged.
- c. His unemployment was a consequence of:
 - (1) any strike, slowdown, work stoppage, picketing or concerted action involving persons employed by the Company and covered by the Plan or members of a union which is the collective bargaining agent of the applicant, whether at any operation of the Company or elsewhere, or
 - (2) any strike, slowdown, work stoppage, picketing or concerted action at any operation of the Company, or of any labor dispute of any kind involving persons employed by the Company, when such action interferes with production or the ingress or egress of material or product at the operation where the layoff occurs, or
 - (3) any strike, slowdown, work stoppage, picketing or concerted action or any labor dispute of any kind involving persons employed by transportation or utility companies which directly interferes with production or the ingress or egress of material or product at the operation where the layoff occurs.
- d. His unemployment was the result of a refusal by him to accept assignment to any work at the operation where he was employed or at any other operation of the Company if it is work which he would be required to accept under any applicable labor agreement.

- 3.6** An employee who has been credited with the additional 52 credit units provided by 2.0 b will be disqualified from receiving a Weekly Benefit if:

- a. he has 52 or fewer credit units remaining at the start of the week in question, and
- b. (1) he has refused an offer of “suitable long-term employment” (SLTE) as that term is defined in Section I of Appendix A of the Company’s pension plan applicable to him (or he has refused an offer of what would have been “suitable long-term employment” had he been otherwise eligible for a rule-of-65 retirement) after the expiration of the period during which he would have been permitted to refuse

such offer as set forth in paragraph II-B of such Appendix A, except that the above disqualification will not apply in any of the following circumstances:

- (i) the offer of SLTE is at an employment location listed in Group A of Attachment 1 to such Appendix A that is more than 45 miles from the employee's home plant and commuting to such employment location would result in an extreme personal or financial hardship for reasons unique to the employee;
- (ii) the offer of SLTE is at an employment location in Group A and the employee could become eligible for a 70/80 retirement under the Company's pension plan applicable to him;
- (iii) the offer of SLTE is at an employment location in Group B or C;

provided, however, that an employee who has 20 or more years of continuous service as of his last day worked and who is not otherwise eligible or could not become eligible for a rule-of-65 retirement under the Company's pension plan applicable to him and who accepts an offer of SLTE at his home plant or at an employment location in Group A shall receive all applicable benefits provided by such Appendix A, or

- (2) he is eligible for immediate unreduced pension, other than pension for a 30-year retirement, under the Company's pension plan applicable to him; provided, however, that such disqualification shall apply only to the portion of the value of the Weekly Benefits based on the additional 52 credit units whose sum equals (a) the present value of the incremental pension benefits defined in accordance with Section 19 of the Basic Labor Agreement applicable to the employee and (b) the value of the employee's retiree health benefits as determined in accordance with the provisions of the Age Discrimination in Employment Act of 1967, as amended. Nothing herein shall adversely affect the right of any employee who is otherwise eligible to receive weekly benefits to continue to do so if he is not yet eligible for 70/80 or Rule-of-65 retirement but would become eligible for a 70/80 or Rule-of-65 retirement within two years of his last day worked.

Waiting Weeks

- 3.7** Most states impose a "waiting week" for which no state unemployment benefit is paid. No Weekly Benefit will be paid for such a week, since in order to qualify for a Weekly Benefit, an employee must, under 3.0 b., receive a state unemployment benefit or fail to receive that benefit for one or more of certain specified reasons. Should the parties determine that a second waiting week in a benefit year has been hereafter imposed in any state, an employee will, if otherwise eligible, receive a Weekly Benefit for that week.

Effect of Vacations

- 3.8** a. An employee may receive a Weekly Benefit only if he was not scheduled to be, or was not on, paid vacation; provided that if a layoff coincides in part or in whole with a scheduled vacation period, an employee will be considered to be on layoff only for any part of such period with respect to which he is not entitled to receive vacation pay.

- b. When an employee receives pay-in-lieu for any week or weeks of vacation, the Company will allocate that pay to the week or weeks of scheduled vacation as to which the employee accepted the pay-in-lieu instead of taking vacation. If the week or weeks of vacation had not been scheduled for any period, the pay-in-lieu will be allocated to the week or weeks immediately following the time of payment.
- c. If it is determined that an employee is disqualified from unemployment compensation for a week because the state allocates pay-in-lieu to a week other than the week to which it is allocated by the Company in accordance with b. the parties will develop an arrangement for providing a benefit for such week in that state under the Plan.

Ineligibility

- 3.9**
- a. An employee may not receive a Weekly Benefit for any week:
 - (1) For which he claims and is eligible for sickness and accident or total disability benefit (except as provided in 3.1) whether it is publicly or privately financed or a pension or retirement benefit financed in whole or in part by the Company, or
 - (2) When he is in the military service, including training encampments.
 - b. An employee may not receive a Weekly Benefit for any week when his layoff was the result of:
 - (1) Any war or hostile action of a foreign power, or
 - (2) Government regulations or controls over amount or kind of material or product which the Company may use or sell, except that this provision shall not disqualify an employee from receiving a Weekly Benefit until after the first four weeks (the second through the fifth weeks, if the first such week is a waiting week under the state system) of a layoff resulting from such government regulations or controls relating to pollution or the use of energy or fuel, or
 - (3) Sabotage or insurrection.
 - c. An employee may not receive a Weekly Benefit for any week of layoff which is the result of an Act of God after the first four weeks (the second through the fifth weeks, if the first such week is a waiting week under the state system) of layoff resulting from such cause.
- 3.10** If an employee fails to take all steps necessary to become eligible for a Weekly Benefit within six months of the date the application is made, the application shall thereupon become void unless the reason for failure to complete such steps in such time is a pending dispute concerning a state unemployment benefit determination or is the fault of the Company.

Meaning of “On Layoff”

- 3.11** For the purpose of the Plan, an employee is “on layoff” for any week in which, because of lack of work, he does not work at all for the Company.

4. SHORT WEEK BENEFITS

Eligibility

- 4.0** An employee having two or more years of continuous service at or before the end of the week in question will receive a Short Week Benefit for any week in which some, but less than 32, hours are worked for the Company, unless the sum of the hours described in 4.3 equals or exceeds 32.
- 4.1** Each day of jury or witness duty, funeral leave or annual military encampment, for which an allowance is payable by the Company, shall be deemed to be eight hours worked.
- 4.2** If an employee whose regular turn ends at the end of a payroll week is required to work beyond the end of the turn for four hours or less, such hours will be considered as worked in the payroll week in which his regular turn falls rather than in the next payroll week. If an employee whose regular turn starts at the beginning of a payroll week is required to report four hours or less before the beginning of the turn, such hours will be considered as worked in the payroll week in which his regular turn falls rather than in the preceding payroll week.

Benefit Amount

- 4.3** A Short Week Benefit for a particular week will be calculated by multiplying the employee's standard hourly wage rate (the wage rate applicable to hours worked on a nonincentive job) by the excess of 32 hours over the sum of the hours:
- a. He worked in the week,
 - b. He did not work but for which he was paid by the Company (excluding the first eight hours for which he received pay for unworked Holidays in any week),
 - c. He did not work for reasons other than lack of work, and
 - d. He did not work for the reasons specified in 3.5 a., b., or c.
- 4.4** For the purposes of 4.3, the employee's standard hourly wage rate will be the average such rate in the week for which the Short Week Benefit is paid, except that in the case of an employee with 20 or more years of continuous service prior to the start of the week for which a Short Week Benefit is payable, average straight-time hourly earnings as defined in 1.1, shall be used in place of standard hourly wage rate.
- 4.5** An employee will be deemed to have received pay for an unworked Holiday if he failed to receive such pay and his failure to receive it was solely for reasons other than work not having been performed in the appropriate pay period or periods.
- 4.6** For any week (seven consecutive days) of vacation overlapping two payroll weeks, the employee will be deemed to have been paid for hours equal to one-fifth of the hours of vacation pay for that week on each of the first five days of that week.
- 4.7** If the employee applies for a state unemployment benefit for any portion of the week, he must notify the Company of such application and of the total amount of any such benefit received. One-seventh of the amount of such state unemployment benefit will be deducted from the amount calculated in accordance with 4.3 for each day of the state benefit week which falls within the payroll week for which the Short Week Benefit is paid.

- 4.8** The reduction table in 1.6 shall apply to Short Week Benefits; provided, however, that any Short Week Benefit otherwise payable to an employee with 20 or more years of continuous service prior to the start of the week for which such Benefit is payable shall not be reduced or eliminated.

Payment of Benefit

- 4.9** A Short Week Benefit will be paid to the employee, without application by him, for any week for which he qualifies.
- 4.10** If any Short Week Benefit is payable for a week for which a Trade Readjustment Allowance is received, there shall be no deduction from the Short Week Benefit for such allowance.

Cancellation of Credit Units

- 4.11** One-half credit unit will be cancelled for each Short Week Benefit.
- 4.12** If an employee willfully falsifies, or willfully withholds, any records or other data on which his Short Week Benefit payments are based, the Company may cancel any or all of his credit units.

5. DISPUTES

- 5.0** If an employee disagrees with any determination relating to his eligibility to a Benefit or the amount thereof, he should discuss the matter with a Company representative at the office at which he applies for Benefits. If the dispute is not resolved by that discussion, he must file a SUB grievance on a form provided by the Company, within 30 days of the notice of denial or Benefit payment to which the disagreement applies or within 60 days of the end of any week as to which eligibility for a Short Week Benefit is in dispute. If he does not file such a grievance, the original determination will be final and conclusive.
- 5.1** Even though the determination with which an employee disagrees may apply to more than one week, he should continue to report and apply for each week as to which he claims a Weekly Benefit but he need not file repetitious grievances.
- 5.2** If an employee's eligibility to a Weekly Benefit depends on his eligibility to a state unemployment benefit and his eligibility to a state unemployment benefit is in dispute, the determination of his eligibility for the Weekly Benefit will be postponed until the question is resolved under the state system. At that time a retroactive determination will be made to place him in the same position as he would be in if the determination could have been made promptly upon his application. Nevertheless, he must continue to report and apply each week for which he claims a Weekly Benefit. While the dispute is pending, his credit unit balance and the Fund balance will be treated as though the Weekly Benefit had been paid.

6. ADMINISTRATION AND FINANCING

- 6.0** The Company shall administer the Plan. The Company's procedures and regulations shall be in accordance with and subject to the terms and provisions of the Plan. The costs of administering the Plan shall be borne by the Company and shall not be paid from the Fund.

Trust Fund

- 6.1** The trust fund (“Fund”) in effect under the Prior Plan for the payment of Benefits shall be continued. Cash payments by the Company under the Plan shall be paid into the Fund. The trustee of the Fund (“Trustee”) shall be a corporate trustee or nonprofit corporation selected by the Company. The trustee shall hold, invest and apply the assets of the Fund in accordance with the provisions of the Plan. The assets of the Fund may be held in cash or invested by the Trustee in obligations of the United States Government or other appropriate securities approved by the Company. The reasonable fees and expenses of the Trustees shall be paid from the Fund. Benefits shall be payable only from the Fund. No person shall have any interest in, or right to, the Fund or any part thereof, except as expressly provided in the Plan.
- 6.2** The money in the Fund may not be used for any purpose except the payment of Benefits to or in behalf of eligible employees as described in the Plan and for the Trustees’ fees and expenses, or as provided in 6.10.

Maximum Financing

- 6.3** The Maximum Financing shall be used (1) with reference to the determination of the Company’s financial obligations under the Plan and (2) for purposes of determining the Financial Position of the Plan. The Maximum Financing for any month shall be the lesser of:
- a. The product of 40 cents and the number of Contributory Hours (all hours actually worked for the Company by employees covered by the Plan) in the first 12 of the 14 months next preceding the first day of such month (excluding any month throughout all of which there is in progress a strike involving the Union which is not in violation of any basic labor agreement and which causes the suspension of operations of the Company), or
 - b. 100 times the sum of Benefits paid during the first 60 of the preceding 62 months divided by 60; provided, however, that a month for which the Financial Position of the Plan is less than 15% shall not be considered a “preceding month.” “Benefits paid” shall be adjusted to include benefits not paid because the Financial Position of the Plan is less than 35% but 15% or more.

However, if Weekly Benefits and Short Week Benefits have been reduced or eliminated pursuant to 1.6, Maximum Financing shall not be calculated pursuant to b. above until the twelfth month following the first month for which the financial position of the Plan is 35% or higher.

Total Finances and Financial Position of the Plan

- 6.4** a. The Total Finances of the Plan at the close of business on the last business day of a month are
- (1) The market value of the total assets in the Fund, plus
 - (2) The balance of Collateral Liability (“CL”), before the accrual in (3) and after the reductions required by 6.6, plus
 - (3) The Monthly Obligation accrued with respect to the Contributory Hours for the month; minus
 - (4) Benefits, fees and expenses accrued but not paid.

- b. The Financial Position for any calendar month (called in this paragraph the Benefit Month) shall be the lesser of (1) the percentage determined by dividing (i) the sum of Total Finances of the Plan on the last business day of the second calendar month preceding the Benefit Month by (ii) the Maximum Financing for the Benefit Month or (2) the percentage determined by taking the simple average of the Financial Position of the Plan (as determined in accordance with (1) above) for the current Benefit Month and each of the two Benefit Months next preceding the current Benefit Month. The Financial Position for any Benefit Month shall relate to each week ending within such Benefit Month for the purpose of applying the reduction table set forth in 1.6 of the Plan.
- c. Neither the Maximum Financing nor the Financial Position will be adjusted retroactively on account of any subsequently discovered error in the computations or the data used in making the computations unless the error is substantial. Any error, when discovered, will be corrected in the next month's computation of the Maximum Financing of the Financial Position.

Financial Obligations of the Company

- 6.5** a. The contribution calculated by multiplying the Income Security Contribution times the Contributory hours for all employees covered by the Plan shall first be reduced, with respect to contributions for any Benefit Month for which the Plan is paying Benefits at at least a 60% level by any balance of cash contributions advanced for weeks ending on or after March 1, 1983 pursuant to paragraph b(3) below (and not previously recovered) but only to the extent that such reduction does not cause the Financial Position for such Benefit Month to fall below 25%. Effective for the first Benefit Month in which there is no balance of cash contributions advanced for weeks ending on or after March 1, 1983 to be recovered, the phrase "for weeks ending on or after March 1, 1983" will be eliminated. Effective for the first Benefit Month in which there is no balance of cash contributions advanced for any period of time to be recovered, and Total Finances of the Plan are \$10,500,000 the Income Security Contribution will be eliminated.

The reduced contribution so resulting will be added to 17.5 cents times the Contributory hours for the month of all employees covered by the Plan. The sum of cash contributions to be made to the Fund and the CL to be added to the existing balance of CL (such sum being herein referred to as the Monthly Obligation) shall be the lesser of (1) the amount determined in accordance with the above calculation or (2) the amount which when added to the Total Finances of the Plan as of the end of the preceding month will equal Maximum Financing, except as otherwise provided in 6.13.

Notwithstanding the above, effective for the first benefit month for which the Financial Position would otherwise exceed 40%, the Monthly Obligation with respect to such Benefit Month and for any succeeding Contribution Month shall be reduced by any balance of cash contributions for weeks ending before 3/1/83 advanced pursuant to b.3 below (and not previously recovered) but only to the extent that such reduction does not cause the Financial Position for such Benefit Month to fall below 40%.

The Monthly Obligation shall consist of CL, except that the excess, up to a maximum of 4.5 cents times all Contributory Hours for the month, of (1) the lesser of (a) Maximum Financing, or (b) 10.5 cents times the Contributory Hours for the first 12 of the 14 months preceding the Contribution Month over (2) the Total Finances of the Plan at the

end of the preceding month shall be in cash. The Income Security Contribution will be CL.

- b. The Company's only obligations to make payments to the Fund are as follows:
 - (1) The cash contributions required as the result of the calculation relating to a Contribution Month, described in a. above (to be made as soon as practicable after such month).
 - (2) Cash contributions to the Fund, up to the balance of CL accrued at any time. Such contributions shall not be made unless needed for the payment of Benefits, and when made, an equal amount shall be deducted from CL and cancelled as an obligation of the Company. The balance of Collateral Liability under the Prior Plan as of **August 31, 2012** shall be carried forward as CL under the Plan, and
 - (3) Cash contributions required to pay full Weekly Benefits and Short Week Benefits to employees with 20 or more years of continuous service when the Financial Position of the Plan falls below 35%. Such contributions shall be limited to the excess of the full amount of such Benefits paid over the lesser amount of such Benefits which would have otherwise been payable based on the Financial Position of the Plan. Any such cash contributions shall reduce future Monthly Obligations in accordance with the provisions in a. above.
- c. If the Company at any time shall be required by reason of any federal, state or municipal law or regulation to withhold any amount of a payment to the Fund, the Company shall have the right to deduct such amount from the payment and pay only the balance to the Fund and any such amount shall be treated as through contributed to the Fund in determining Total Finances of the Plan.
- d. Notwithstanding any depreciation or loss of assets in the Fund, whether arising from depreciation of the securities held in the Fund or otherwise, the Company shall not be liable for or be obligated to make any payments under or in respect of this Plan other than those provided in a. and b. above.

Reductions of CL

- 6.6** a. CL shall be reduced by:
- (1) An amount equal to the payments made by the Company to apprentices who are placed in Apprentice-Special Training status, and
 - (2) Any other amount by which CL is to be reduced pursuant to agreement of the Company and the Union.
- b. Any amount by which CL is reduced pursuant to a. above shall be cancelled as an obligation of the Company.

Government Rulings

- 6.7** a. The Company will not incur any obligation under the Plan unless it has a currently effective ruling or rulings by the Internal Revenue Service, satisfactory to the Company,

that payments to the Fund shall constitute a currently deductible expense under the Internal Revenue Code, as now in effect or as hereafter amended, or under any other applicable federal tax law.

- b. The Company shall not incur any obligation under the Plan unless it has a currently effective ruling or rulings by the United States Department of Labor, satisfactory to the Company, that no part of such obligation shall be included in the regular rate of any employee.

Miscellaneous

- 6.8** In the event that any state system is modified to eliminate any “availability” requirement, the presumption relating to availability arising from receipt of a state unemployment benefit pursuant to 3.0 c. shall not apply and the “availability” test theretofore applied under such state system shall be a condition of eligibility to a Weekly Benefit.
- 6.9** Should a state in which there are employees not permit the receipt of Weekly Benefits under the Plan without effect on the state unemployment benefits, the provisions contained in Appendix D to the August 1, 1968 Basic Labor Agreement relating to this matter will again become effective.
- 6.10** Upon termination of the Plan, the assets then remaining in the Fund, and CL shall be subject to all the applicable provisions of the Plan then in effect and shall be used until exhausted to pay Benefits to employees in the order of their entitlement. The provisions with respect to the reduction of Weekly and Short Week Benefits which are set forth in 1.6 of the Plan shall not thereafter be effective. If at any time there are assets in the Fund or there is a balance of CL and all the operations of the Company in which there are employees covered by the Plan shall be permanently shut down, arrangements for disposition of assets, and CL in a manner designed to promote the purposes of the Plan shall be made. Such arrangement shall be by agreement with the collective bargaining representatives of employees covered by the Plan.
- 6.11** Should a difference between the Company and the Union arise with respect to the Plan as to which resolution by processing of a SUB grievance is not appropriate, the applicable portions of the SUB and insurance grievance provisions in the Basic Labor Agreement shall govern the procedure to be followed.
- 6.12** In the event the Company does not have the rulings referred to in 6.7, the Company’s obligations under the Plan will cease as of the date of any withdrawal of such a ruling and the parties will negotiate during the 60 days thereafter with respect to modifying the Plan, at no additional increase in the obligation of the Company, to meet objections of the Internal Revenue Service or the United States Department of Labor or with respect to the use that will be made of the obligations which the Company has incurred or would otherwise be obligated to incur under the Plan; provided, however, that no payment of Benefits provided by the Plan will be retroactive. If during such 60 days the parties shall fail to reach a satisfactory modification of the Plan or fail to agree with respect to the use that will be made of such obligation, either party may thereafter resort to strike or lockout, as the case may be, in support of its position with respect to such matter, the provisions of any other agreement between the parties notwithstanding.
- 6.13** For any month for which the Monthly Obligation is less than the amount calculated in accordance with the first three sentences of paragraph 6.5a, the difference between such amount and the Monthly Obligation shall be reduced to the extent possible by the amount determined in accordance with the 17.5 cent multiplier listed in the **fourth** paragraph 6.5(a) (with such

reduction being cancelled as any obligation of the Company) and the remainder, if any, shall notwithstanding paragraph 6.5(a) to the contrary be additional CL.

7. MISCELLANEOUS

Coverage

7.0 An employee is covered by the Plan only if he is in a group of employees of the Company who are designated for such coverage. An employee cannot receive any Weekly Benefit or relocation allowance, if applicable, unless he is covered by the Plan at the time his layoff commences and cannot receive a Short Week Benefit unless he is covered by the Plan in the week in question.

Relocation Allowance

7.1 Relocation allowances shall be payable under the Plan in accordance with the eligibility provisions contained in applicable labor agreements.

Military Service

7.2 If an employee enters the armed services directly from the employment of the Company, he shall, while in service, be deemed for the purposes of the Plan to be on leave of absence and shall not be entitled to any Benefit. If he is reinstated as an employee of the Company with unbroken continuous service, he shall be credited with the credit units credited to him at the time of his entry into such service plus the credit units which he would otherwise have accrued but for his entry into the armed services.

Family and Medical Leave (FMLA)

7.3 For each full week of FMLA leave which an employee takes in accordance with Appendix I of the Basic Labor Agreement, the employee shall be deemed, for purposes of the Plan, to be on leave of absence and not entitled to any Benefits. If the employee is reinstated as an employee of the Company with unbroken continuous service, the employee shall be credited with the credit units credited to him at the time of the employee's entry on to FMLA leave plus the credit units which he would otherwise have accrued but for his utilization of a full week of FMLA.

Non Duplication

7.4 An employee is not eligible to receive a Weekly or Short Week Benefit if he receives, or is eligible to receive a similar benefit under an arrangement provided by an employer with whom he has more service than with the Company.

Tax Withholding

7.5 Any Benefit an employee is entitled to receive will have deducted from it any amount the Company is required to withhold by reason of any law or regulation of any federal, state or municipal government.

Non-Alienation

7.6 No Benefit shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution, or encumbrance of any kind, and any attempt to accomplish

the same shall be void. If the Company shall find that such an attempt has been made with respect to any Benefit due or to become due to an employee the Company in its sole discretion may terminate his interest in such Benefit and apply the amount of such Benefit to or for the benefit of him, his spouse, parents, children or other relatives or dependents, as the Company may determine, and any such application shall be a complete discharge of all liability with respect to such Benefit.

Death or Incapacity

7.7 Except as provided in 7.6 any Benefits to which an employee may become entitled shall be payable only to him, except that if, after becoming entitled to Benefits but before they are paid, he dies or becomes unable to manage his affairs for any reason, any Benefits then payable to him shall be paid to his duly appointed legal representative, if there be one, and, if not, to his spouse, parents, children, other relatives or dependents or, if there are none such, to his creditors, as the Company in its discretion may determine. Any payment so made shall be a complete discharge of any liability with respect to such Benefit. In the case of an employee's death, no Weekly Benefit shall be payable with respect to any period following the last full week of layoff immediately preceding his death.

Effect on Other Rights

7.8 When an employee receives Benefits under the Plan he shall not by reason thereof be deemed to be working for the Company during such period, nor shall he by reason thereof receive benefits under any other benefit plan to which the Company contributes other than those to which he would be entitled if he were not receiving Benefits.

An employee's rights and the Company's right to discharge him shall not be enlarged or affected by reason of the Plan. Nothing contained in the Plan shall be deemed to enlarge, qualify, limit, or alter in any manner the Company's management responsibilities.

Finality of Determination

7.9 The Company shall have the right to recover overpayments for the Fund and correct underpayments to employees. However, any benefit determination shall become final six months after the date on which it is made if (a) no dispute is then pending, and (b) the Company has not theretofore given notice in writing of an error. The foregoing shall not be construed to prevent the Company from making a new benefit determination when it learns of facts of which it did not have and could not have had knowledge at the time of a prior benefit determination or in a case as to which the prior benefit determination was the result of information fraudulently furnished or withheld by the employee.

Part-Time Employees

7.10 For a part-time employee:

- a. The calculation provided in 1.0 will be made by use of a number in place of 26 which bears the same relation to 26 as the number of hours in his normal workweek bears to 40, and
- b. There shall be substituted for the number 32 whenever it appears in 4.0 and 4.3 a number equal to 80% of the number of regular weekly hours of work of such employee.

Receipt of State Unemployment Benefits

7.11 Following are examples of methods which may be used by an employee to prove receipt of a state unemployment benefit:

- a. A state unemployment benefit check.
- b. A form satisfactory to the Company issued by the state system agency.
- c. In states which do not furnish a form as provided in b. but which do provide the Company with a current and itemized account of unemployment benefits paid and charged to the Company's experience rating account under the state system, the employee's signed statement under information provided on the application showing:
 - (1) The amount of state unemployment benefit paid.
 - (2) The week ending date or other identification of the week covered by the state unemployment benefit payment.
 - (3) The date of the state unemployment benefit check.
 - (4) The number of the check covering the state unemployment benefit payment.

This can be used only if, under the state system and with respect to the state unemployment benefit in question, the accounting for benefits paid and charged to the Company experience rating account under the state system is provided on a reasonably current basis and shows each benefit payment as a separate item, identifies the employee receiving the payment, and shows the amount paid and the week ending date or other identification of the week covered by the payment.

- d. In instances where there is no form as provided in b. or where there is no current and itemized accounting of benefits paid, as outlined in c., or, in the Company's discretion, as an alternate to c., the following evidence may be used:
 - (1) A photostatic copy of the state check; or
 - (2) A certification by a Notary Public, verifying the receipt of a state unemployment benefit.
- e. The above list is illustrative and is not intended to exclude other local arrangements which reasonably provide for securing proof.

Coinciding Weeks

- 7.12** a. For any week which does not constitute a payroll week and as to which an employee fails to qualify for a Weekly Benefit solely because there are days in that week which coincide with days in a payroll week and (1) he worked on one or more such coinciding days or (2) he is entitled to a Short Week Benefit for such payroll week, he will receive a Weekly Benefit as set forth in b. and c.

- b. For the purposes of a. and subject to c., the Weekly Benefit will be calculated in the normal manner; i.e., all compensation applicable to the week shall be regarded as other compensation and the state unemployment benefit paid for the week will be deducted irrespective of the fact that some or all of the compensation may be applicable to the payroll week or that some portion of the state unemployment benefit may be deducted from a Short Week Benefit.
- c. In any case covered by a. in which the employee worked or was paid for a total of less than 32 hours in the payroll week, the Weekly Benefit shall be reduced by one-seventh for each day of the week which coincides with a day of the payroll week.

The Cleveland-Cliffs Iron Company,
As Managing Agent for
Empire Iron Mining Partnership
and Tilden Mining Company L.C.
doing business together as
Cleveland-Cliffs Michigan Operations
By: /s/ Kenneth D. Simmons
Its: General Manager– Labor & Employee Relations

/s/ **Robert Bratulich**
Director-District 11
United Steelworkers

Date: **September 1, 2012**

EXHIBIT A

Bargaining Units Covered by This Agreement

Following are the groups of employees, and their location, in bargaining units to which this Supplemental Unemployment Benefit Plan is applicable.

THE MICHIGAN MINING LOCATIONS

Hourly Production and Maintenance

Empire Iron Mining Partnership Marquette County, Michigan

Tilden Mining Company L.C. Marquette County, Michigan