

IN THE MATTER OF ARBITRATION-MEDIATION

BETWEEN:

Essar Steel Algoma Inc.,  
"the Company"

and

United Steelworkers of America and its  
Local 2251,  
"the Union"

DIRECTION AND ORDER

Arbitrator-Mediator: Paul Haefling

The parties' representatives:

For the Company - Sunil Kapur, counsel

For the Union - Mike daPrat, President

The Arbitrator-Mediator and representatives of the parties had discussion through a teleconference on October 14, 2009.

### Direction and Order

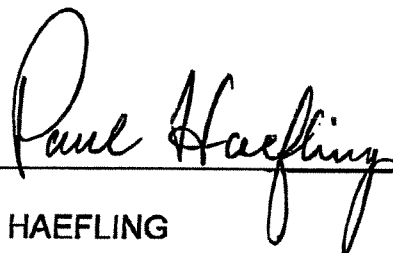
Certain issues arose between the parties in a matter referred to as the "Overtime banking grievance," following an earlier Award, dated April 18, 2008.

This matter concerns the calculation of overtime payments and could potentially affect 1100 employees, that is, approximately one-third of the Company's workforce at Sault Ste. Marie.

In the course of a teleconference call (October 14, 2009), the parties discussed initiating an approach to resolving this matter, and, following that discussion, the parties' representatives consented to my issuing the following initial directions and Order containing terms and a schedule of immediate and subsequent steps to be taken:

1. On or before October 30, 2009, the Company shall undertake to work with the Union to complete and refine the program(s) to be used for calculating the entitlements of individual employees.
2. In each phase and stage, the Company and the Union shall aim to complete the overtime calculations and pay entitlements for up to 250 employees.
3. On or before November 14-15, 2009, the Company shall undertake and complete its first run, and the parties shall meet to determine how well the methodology for those calculations is working.
4. On or before Monday, November 30, the Company and the Union shall meet again to consider progress to date, and shall discuss the approach to be taken in dealing with any "anomalous" circumstances in which the foregoing methodology and standard calculations have not resolved the situations for particular individuals.
5. On or before Friday, December 4, 2009, the parties' and their representatives and the arbitrator shall discuss and, if necessary, arrange a further teleconference call to discuss progress and any subsequent steps to be taken.

Dated at Elora this 27<sup>th</sup> day of October, 2009.

  
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PAUL HAEFLING