

**U. S. Steel Canada Inc.**

**RETIREMENT PLAN FOR USW LOCAL 8782 MEMBERS AT  
LAKE ERIE WORKS**

**Actuarial Valuation Report as of December 31, 2010**

Registration #0698761

August 2011

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**U. S. STEEL CANADA INC.**  
**Retirement Plan for USW Local 8782 Members at Lake Erie Works**

**SUMMARY OF VALUATION RESULTS (\$000s)**

<b>VALUATION DATE</b>	<b>12/31/2010</b>	<b>12/31/2009</b>
<b>PLAN MEMBERSHIP DATA</b>		
Number of Members:		
Active members	714	805
Retired members and beneficiaries	519	487
Former employees with deferred vested benefits	79	59
Transferred members	52	59
Total Members	1,364	1,410
Annual pensions	\$ 9,245	\$ 8,679
Annual bridge pensions	\$ 3,458	\$ 3,387
Deferred annual pensions	\$ 277	\$ 197
<b>FUNDING</b>		
Market Value of Assets	\$ 187,996	\$ 171,826
Going Concern Actuarial Liability	216,509	207,537
Going Concern Funding Excess (Deficiency)	\$ (28,513)	\$ (35,711)
% Funded - Ongoing Basis	86.8%	82.8%
Solvency Assets	\$ 187,860	\$ 171,685
Solvency Liability	333,451	317,144
Solvency Excess / (Deficiency)	\$ (145,591)	\$ (145,459)
% Funded - Solvency Basis	56.3%	54.1%
<b>FUNDING REQUIREMENTS</b>		
	<b><u>2011</u></b>	<b><u>2010</u></b>
Prescribed contributions	\$ 8,552	\$ 7,240
Special payments for benefit improvements	2,268	1,935
Total annual minimum contribution	\$ 10,820	\$ 9,175
PBGF Assessment (capped at \$100 per Ontario member)	\$ 136	\$ 141

## Comments on Summary of Valuation Results as of December 31, 2010

This report has been prepared for and at the request of U. S. Steel Canada Inc. (the “Company” or “USSC”) and presents the actual results of the actuarial valuation of the U. S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works (the “Plan”) as of December 31, 2010. All dollar amounts referenced in this report are in Canadian dollars.

The purpose of the valuation is to determine:

- The funded status of the Plan as at December 31, 2010 on-going-concern, solvency and wind-up bases and
- The minimum and maximum funding requirements for 2011 and
- To form part of the government filings, as required by the Financial Services Commission of Ontario (“FSCO”) and the Canada Revenue Agency (“CRA”) for statutory and tax purposes.

The terms of our engagement and these tasks were conducted in accordance with the Canadian Institute of Actuaries Standards of Practice for Pension Plans (the “Standards of Practice”) and all relevant regulations.

The next actuarial valuation of the Plan will be required as of a date not later than December 31, 2011 or as at the date of an earlier amendment to the Plan, in accordance with the requirements of the regulations to the *Ontario Pension Benefits Act*.

Effective October 31, 2007, United States Steel Corporation (“U. S. Steel”) acquired Stelco Inc. As a result of the acquisition, effective October 31, 2007,

- Stelco Inc. was renamed U. S. Steel Canada Inc.
- The Plan was renamed as shown in this report from the Bargaining Unit Pension Plan for Lake Erie Steel Members of USW Local 8782; and
- Lake Erie Steel GP Inc. was dissolved ceased to be a participating employer and transferred its obligations under the Plan to the Company.

In conjunction with a 2006 Plan of Arrangement and Reorganization under the Companies’ Creditors Arrangement Act (CCAA) and upon the acquisition of Stelco Inc. by U. S. Steel, there remains in effect a special Pension Agreement amongst the parties Stelco Inc., U. S. Steel, the Superintendent of Financial Services and the Minister of Finance in the Province of Ontario dated August 26, 2007 (the “Special Pension Agreement”) that provides for the minimum funding requirements of USSC’s four main pension plans:

- The U. S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works (the “Hamilton Hourly Plan”) Registration #0354878

- The U. S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works, (the “Lake Erie Hourly Plan”) Registration #0698761
- The U. S. Steel Canada Inc. Retirement Plan for Salaried Employees at Hamilton Works, (the “Hamilton Salaried Plan”) Registration #0338509
- The U. S. Steel Canada Inc. Retirement Plan for Salaried Employees at Lake Erie Works, (the “Lake Erie Salaried Plan”) Registration #0698753

Key features of the funding arrangement are as follows:

1. The election under Section 5.1 of the regulations to the *Ontario Pension Benefits Act* which exempts the plans from funding on a solvency basis, no longer applies to the plans.
2. Contributions otherwise required under the general regulations to the *Ontario Pension Benefits Act* are replaced by the following provisions for future years:

- a. Level contributions, payable monthly, are allocated between the four plans:

2008 – 2010	\$65.0 million per annum
2011 – 2015	\$70.0 million per annum

- b. Additional contributions are required in respect of improvements (amendments) to plan benefits after December 31, 2005. Such contributions are determined under the general regulations to the *Ontario Pension Benefits Act*.
3. The Special Pension Agreement ends on December 31, 2015 or at an earlier date if all four plans become fully funded on a solvency basis (with respect to the benefit provisions in effect at December 31, 2005).

The minimum contributions for the Plan for 2011 include \$8,552,000 for Original Benefits and \$2,268,000 for Benefit Improvements in effect at December 31, 2010 for a total of \$10,820,000. The maximum contribution that the Company may make to the Plan in 2011 is \$151,927,000 which is the wind-up deficiency plus the normal cost. Contributions in excess of the minimum required are subject to required allocation between the four plans under the Special Pension Agreement.

This report reflects the requirements of the Special Pension Agreement, including presenting separately the financial position and contribution requirements for the Original Benefits (i.e., provisions of the Plan as at December 31, 2005) and Benefit Improvements (i.e., plan amendments made after December 31, 2005 which increase the normal cost, the going-concern or solvency liabilities).

This valuation reflects the provisions of the Plan in effect at December 31, 2010. Prior Benefit Improvements were either (i) retiree COLA adjustments or (ii) service credit for the 8-month lockout period in 2009-2010 for all Plan members who returned to active employment at the time of new CBA ratification (April 15, 2010). All Benefit Improvements are fully reflected in this valuation. A summary of the plan provisions is provided in Appendix V.

At December 31, 2010, the going-concern valuation discount rate is 6.75%. For solvency calculations as of December 31, 2010, commuted value rates of 3.3% for the first 10 years and 5.0% for all years thereafter were used as well as annuity purchase rates of 4.5%. See Appendix IV for all other important assumptions relative to the valuations.

For Plan assets, we have relied on the audited financial statements of the Plan as of December 31, 2010, audited by KPMG LLP. Assets have been allocated to Benefit Improvements according to requirements of the Special Pension Agreement.

Pension fund assets are held in trust by CIBC Mellon and invested in a diversified portfolio managed by several managers and United States Steel & Carnegie Pension Fund ("UCF") in accordance with the investment policy. (With U. S. Steel Corporation's purchase of USSC and adoption of its benefit plans, the Board of Directors of USSC delegated authority for certain administrative responsibilities for the plans, including this Plan, to UCF, subject to the ongoing oversight of USSC as sponsoring employer and administrator.) On May 1, 2009, UCF took over the investment responsibilities for most of the Plan's non-Canadian equity holdings. Over time, UCF expects to absorb additional investment responsibilities for the Plan's other holdings.

The solvency and wind up assumptions were updated to reflect market conditions at the valuation date. The assumption for wind-up expenses is \$100 per participant, which reflects that the majority of the tasks required to wind-up the plan would be done internally at U. S. Steel at a lower cost than if performed by an outside vendor.

We are unaware of any subsequent events from the date of the last interim valuation to the Plan to the submittal of this report that would influence the results herein. This report has been prepared by UCF's actuarial staff and the results certified as reasonable by Buck Consultants, an independent actuarial company.

The information contained in this report was prepared for the Company's internal use and for filing with the Financial Services Commission of Ontario and with the Canada Revenue Agency and is not intended to be used for other purposes.

## Financial Position – Going Concern Valuation

The financial position of the Plan on a going concern basis is determined by comparing the actuarial value of assets to the actuarial accrued liability. The Special Pension Agreement requires the Plan to use the actual market value of net assets as the actuarial value of assets for the Plan.

Going Concern Position at December 31, 2010				
In \$000s	Total Plan Benefits	Original Benefits	Benefit Improvements	
<i>Assumptions for Funded Status Position:</i>				
Going-Concern Rate	6.75%			
Normal Cost to EOY	\$ 3,181	\$ 3,215	\$ (34)	
Expected Benefit Payments	13,317	13,016	301	
<i>Funded Status Position:</i>				
Actuarial Value of Assets	\$ 187,996	\$ 185,148	\$ 2,848	
Actuarial Accrued Liabilities				
Active Members	\$ 79,132	\$ 75,346	\$ 3,786	
Transferred Members	4,920	4,920	-	
Pensioners and Survivors	131,526	129,499	2,027	
Deferred Vesteds	931	920	11	
Total Actuarial Accrued Liabilities	\$ 216,509	\$ 210,685	\$ 5,824	
Funding Excess / (Deficiency)	\$ (28,513)	\$ (25,537)	\$ (2,976)	
% Funded Ongoing Basis	86.8%			

Going Concern Position at December 31, 2009				
In \$000s	Total Plan Benefits	Original Benefits	Benefit Improvements	
<i>Assumptions for Funded Status Position:</i>				
Going-Concern Rate	6.75%			
Normal Cost to EOY	\$ 3,509	\$ 3,509	\$ -	
Expected Benefit Payments	12,399	12,232	167	
<i>Funded Status Position:</i>				
Actuarial Value of Assets	\$ 171,826	\$ 170,844	\$ 982	
Actuarial Accrued Liabilities				
Active Members	\$ 76,286	\$ 76,286	\$ -	
Transferred Members	5,151	5,151	-	
Pensioners and Survivors	125,371	123,443	1,928	
Deferred Vesteds	729	729	-	
Total Actuarial Accrued Liabilities	\$ 207,537	\$ 205,609	\$ 1,928	
Funding Excess / (Deficiency)	\$ (35,711)	\$ (34,765)	\$ (946)	
% Funded Ongoing Basis	82.8%			

## Financial Position – Solvency Valuation

The Pension Benefits Act (Ontario) requires a measure of solvency based on assumptions, which are prescribed by the Act, to assess the financial status of the Plan under a worst case scenario of Plan termination and wind up. The financial position of the Plan on a solvency basis is determined by comparing the market value of assets reduced by termination expenses, to the solvency liability, as prescribed by the Act. The solvency liability is the present value of benefits, as determined under the Act, earned for service prior to the valuation date, calculated as if the pension plan were terminated on that date. The solvency deficiency is \$145,591,000 as of December 31, 2010.

Solvency Position at December 31, 2010				
In \$000s	Total Plan Benefits	Original Benefits	Benefit Improvements	
<u>Assumptions for Funded Status Position:</u>				
Annuity Purchase Rate:	4.50%			
Commuted Value Rates:	3.30 % first 10 yrs./ 5.00 % thereafter			
Incremental Solvency Cost (Credit)	\$	(2,241)		
<u>Funded Status Position:</u>				
Market Value of Assets	\$	187,996	\$	185,148
Termination Expenses		(136)		(136)
Solvency Assets <sup>1</sup>	\$	187,860	\$	185,012
			\$	2,848
Solvency Liabilities				
Active Members	\$	159,013	\$	151,902
Transferred Members		9,666		9,666
Pensioners and Survivors		163,206		160,686
Deferred Vesteds		1,566		1,544
Total Solvency Liabilities	\$	333,451	\$	323,798
			\$	9,653
Funding Excess / (Deficiency)	\$	(145,591)	\$	(138,786)
% Funded Solvency Basis		56.3%		(6,805)

Solvency Position at December 31, 2009				
In \$000s	Total Plan Benefits	Original Benefits	Benefit Improvements	
<u>Assumptions for Funded Status Position:</u>				
Annuity Purchase Rate:	4.50%			
Commuted Value Rates:	3.90 % first 10 yrs./ 5.40 % thereafter			
<u>Funded Status Position:</u>				
Market Value of Assets	\$	171,826	\$	170,844
Termination Expenses		(141)		(141)
Solvency Assets <sup>1</sup>	\$	171,685	\$	170,703
			\$	982
Solvency Liabilities				
Active Members	\$	150,227	\$	150,227
Transferred Members		9,862		9,862
Pensioners and Survivors		155,962		153,550
Deferred Vesteds		1,093		1,093
Total Solvency Liabilities	\$	317,144	\$	314,732
			\$	2,412
Funding Excess / (Deficiency)	\$	(145,459)	\$	(144,029)
% Funded Solvency Basis		54.1%		(1,430)

<sup>1</sup> The assets reported for the PBGF assessment do not include the termination expenses.

## Financial Position – Wind-Up

The wind-up liabilities are equal to the solvency liabilities plus liabilities for certain employees who are not yet eligible, but who on the date of valuation would have grown into eligibility for special early retirement benefits had they been able to work until they attained age 55 and had at least 10 years of service, absent a termination of their employment.

Wind-Up Position at December 31, 2010			
	Total Plan Benefits	Original Benefits	Benefit Improvements
In \$000s			
Total Solvency Liabilities	\$ 333,451	\$ 323,798	\$ 9,653
Consent Benefits Not In Solvency Liabilities	3,257	3,823	(566)
Total Wind-Up Liabilities	\$ 336,708	\$ 327,621	\$ 9,087
Solvency Assets	187,860	185,012	2,848
Wind-Up Excess / (Deficiency)	\$ (148,848)	\$ (142,609)	\$ (6,239)

Transfer Ratio (Solvency Assets / Wind-Up Liabilities less Consent Benefits)

56.3%

Wind-Up Position at December 31, 2009			
	Total Plan Benefits	Original Benefits	Benefit Improvements
In \$000s			
Total Solvency Liabilities	\$ 317,144	\$ 314,732	\$ 2,412
Consent Benefits not in Solvency Liabilities	3,885	3,885	-
Total Wind-Up Liabilities	\$ 321,029	\$ 318,617	\$ 2,412
Solvency Assets	171,685	170,703	982
Wind-Up Excess / (Deficiency)	\$ (149,344)	\$ (147,914)	\$ (1,430)

Transfer Ratio (Solvency Assets / Wind-Up Liabilities)

53.5%

The Plan's transfer ratio is determined by dividing the market value of assets by the solvency liabilities. As of December 31, 2010, the Plan has a transfer ratio of 0.56.

Because the transfer ratio of the plan is less than 1.0, the Plan can pay out only 56% of the commuted value of a benefit payable on termination or death, unless the Company makes an additional contribution equal to 44% of the commuted value to cover the shortfall. This shortfall is referred to as the "transfer deficiency". However, commuted values may be paid in full without the requirement to cover the transfer deficiency if the sum of all transfer deficiencies made since the date of the last actuarial review is less than 5% of the market value of assets as of December 31, 2010 (that is, if the sum of all commuted values is less than \$21,363,000).

## Discount Rate Sensitivities

It should be noted that the results of this valuation are presented at a single point in time. Both the going concern and solvency funded positions of the Plan can change with time and the potential for such variations must be borne in mind when using this report as a guide for the funded positions, now or in the future.

This section provides details on the sensitivity of the valuation results to an increase or decrease of 1% (i.e. 100 basis points) to our current discount rate assumptions.

<b>Discount Rate Sensitivities</b>				
		<b>December 31, 2010</b>	<b>December 31, 2009</b>	
<i>Liabilities</i>				
Actuarial Accrued Liabilities	\$	216,509	\$	207,537
Normal Cost (with expenses) to EOY		3,181		3,509
Solvency Liabilities		333,451		317,144
- 1% change on rates				
Actuarial Accrued Liabilities		242,257		232,944
Normal Cost (with expenses) to EOY		3,756		4,160
Solvency Liabilities		376,816		358,888
+ 1% change on rates				
Actuarial Accrued Liabilities		195,184		186,555
Normal Cost (with expenses) to EOY		2,729		2,999
Solvency Liabilities		298,135		283,079
Effect of -1% change				
Actuarial Accrued Liabilities		25,748		25,407
Normal Cost (with expenses) to EOY		575		651
Solvency Liabilities		43,365		41,744
Effect of +1% change				
Actuarial Accrued Liabilities		(21,325)		(20,982)
Normal Cost (with expenses) to EOY		(452)		(510)
Solvency Liabilities		(35,316)		(34,065)

## Reconciliation of Funded Status - Going Concern Basis

The going concern funding deficiency is \$28,513,000 at December 31, 2010. The deficiency decreased by \$7,198,000 from December 31, 2009, due primarily to the better than expected investment returns in 2010 of \$8,825,000. All decrement experience changes were insignificant.

In \$000s	Reconciliation of Funded Status on a Going Concern Basis - From December 31, 2009 through December 31, 2010		
	Total Plan Benefits	Original Benefits	Benefit Improvements
Actuarial Value of Assets at December 31, 2009	\$ 171,826	\$ 170,844	\$ 982
Company Contributions	9,192	7,257	1,935
Investment Gains / (Losses), net of expenses	20,287	20,071	216
Benefit Payments	(13,309)	(13,024)	(285)
Change in Actuarial Value of Assets	16,170	14,304	1,866
Actuarial Value of Assets at December 31, 2010	\$ 187,996	\$ 185,148	\$ 2,848
Average Annualized Rate of Return	12.0%		
Actuarial Accrued Liabilities at December 31, 2009	\$ 207,537	\$ 205,609	\$ 1,928
Normal Cost to End of Year	3,488	3,509	(21)
Interest on Liabilities to End of Year	13,793	13,446	347
Amendments	5,078	-	5,078
Benefit Payments	(13,309)	(13,024)	(285)
(Gain) or Loss from All Other Factors	(78)	1,145	(1,223)
Change in Accrued Liabilities	8,972	5,076	3,896
Actuarial Accrued Liabilities at December 31, 2010	\$ 216,509	\$ 210,685	\$ 5,824
Funding Excess / (Deficiency) :			
At December 31, 2009	\$ (35,711)	\$ (34,765)	\$ (946)
Net Change during 2010	7,198	9,228	(2,030)
At December 31, 2010	\$ (28,513)	\$ (25,537)	\$ (2,976)
Discount Rate	6.75%	6.75%	6.75%
Funded Status Ratio at December 31, 2010	86.8%		

## Reconciliation of Funded Status - Going Concern Basis

The going concern funding deficiency is \$35,711,000 at December 31, 2009. The deficiency increased by \$7,578,000 from December 31, 2008, due primarily to a retirement experience loss of \$24,275,000 caused primarily by greater than expected voluntary retirements. Approximately 21% of the active workforce retired in 2009 in the midst of an eight month lockout period beginning in August with the expiration of the prior CBA and earlier in the year due to a downturn in the steel business economic cycle. This loss was partly offset by better than expected investment returns in 2009 of approximately \$13,000,000 and a \$3,726,000 gain due to lower than expected service accruals occurring with the lockout period. All other decrement experience changes were insignificant.

In \$000s	Reconciliation of Funded Status on a Going Concern Basis - From December 31, 2008 through December 31, 2009		
	Total Plan Benefits	Original Benefits	Benefit Improvements
Actuarial Value of Assets at December 31, 2008	\$ 149,982	\$ 149,500	\$ 482
Company Contributions	7,299	6,738	561
Investment Gains / (Losses), net of expenses	23,086	22,981	105
Benefit Payments	(8,541)	(8,375)	(166)
Change in Actuarial Value of Assets	21,844	21,344	500
Actuarial Value of Assets at December 31, 2009	\$ 171,826	\$ 170,844	\$ 982
Average Annualized Rate of Return	15.5%		
Actuarial Accrued Liabilities at December 31, 2008	\$ 178,115	\$ 176,170	\$ 1,945
Normal Cost to End of Year	5,021	5,021	-
Interest on Liabilities to End of Year	11,739	11,613	126
Benefit Payments	(8,541)	(8,375)	(166)
Retirement Experience Loss	24,275	24,275	-
Service Accrual Gain	(3,726)	(3,726)	-
(Gain) or Loss from All Other Factors	654	631	23
Change in Accrued Liabilities	29,422	29,439	(17)
Actuarial Accrued Liabilities at December 31, 2009	\$ 207,537	\$ 205,609	\$ 1,928
Funding Excess / (Deficiency) :			
At December 31, 2008	\$ (28,133)	\$ (26,670)	\$ (1,463)
Net Change during 2009	(7,578)	(8,095)	517
At December 31, 2009	\$ (35,711)	\$ (34,765)	\$ (946)
Discount Rate	6.75%	6.75%	6.75%
Funded Status Ratio at December 31, 2009	82.8%		

## PBGF Assessment for 2011 (In Dollars)

There is an annual assessment payable for Ontario Plan Beneficiaries to the Guarantee Fund pursuant to the Pension Benefits Act (Ontario).

The PBGF Assessment Base shown below is to be used for annual filing purposes until a new actuarial report is filed:

### PBGF Assessment Base:

PBGF Liabilities at December 31, 2010 (Solvency Liabilities)		\$	333,451,000
Ontario Asset Ratio Assumed	100.0%		
Solvency Assets at December 31, 2010			<u>187,996,000</u>
PBGF Assessment Base		\$	<u>145,455,000</u>

### Development of PBGF Assessment Fees:

As % PBGF Liabilities at December 31, 2010	Threshold - % of Liabilities	Threshold or Excess over Assess. Base	% Charge	
- On 10% of Total	\$ 33,345,100	\$ 33,345,100	0.50%	\$ 166,726
- On 10% of Total	33,345,100	33,345,100	1.00%	333,451
- On 20% of Total	<u>66,690,200</u>	<u>78,764,800</u>	1.50%	<u>1,181,472</u>
Plus \$1 per Ontario Plan Beneficiary				<u>1,364</u>
Preliminary PBGF Calculation				\$ <u>1,683,013</u>
PBGF Cap on Assessment at \$100 per Member				\$ 136,400
PBGF Assessment Equals Minimum of Preliminary PBGF Calculation Or Cap				\$ 136,400
Retail Sales Tax at 8%				<u>10,912</u>
Total Annual PBGF Assessment Fee				\$ <u>147,312</u>

# Employer Contributions – Original Benefits & Total Plan

In \$000s	Hamilton Bargaining Plan	Lake Erie Bargaining Plan	Hamilton Salaried Plan	Lake Erie Salaried Plan	Total
Total Members	10,122	1,364	3,518	450	15,454
<b><u>Allocation of 2011 Prescribed Contributions - Original Benefits</u></b>					
<b><u>Going-Concern Basis as of</u></b>					
<b><u>December 31, 2010:</u></b>					
Market Value of Assets	\$ 1,414,908	\$ 185,148	\$ 831,627	\$ 137,774	\$ 2,569,457
Actuarial liabilities (Original)	1,696,481	210,685	845,516	143,141	2,895,823
Unfunded Liability	\$ (281,573)	\$ (25,537)	\$ (13,889)	\$ (5,367)	\$ (326,366)
<b><u>Solvency Basis as of</u></b>					
<b><u>December 31, 2010:</u></b>					
Market Value of Assets	\$ 1,414,908	\$ 185,148	\$ 831,627	\$ 137,774	\$ 2,569,457
Termination Expenses *	(1,012)	(136)	(352)	(45)	(1,545)
Solvency Assets	1,413,896	185,012	831,275	137,729	2,567,912
Solvency Liabilities (Original)	2,158,883	323,798	1,038,180	183,057	3,703,918
Solvency Deficiency	\$ (744,987)	\$ (138,786)	\$ (206,905)	\$ (45,328)	\$ (1,136,006)
<b><u>Allocation of Contributions for Year 2011:</u></b>					
Initial allocation percentage **	65.58%	12.22%	18.21%	3.99%	100.00%
Initial allocation of prescribed contribution	\$ 45,905	\$ 8,552	\$ 12,749	\$ 2,794	\$ 70,000
<b><u>Check for Minimum Limitation:</u></b>					
2011 normal cost to midyear***	\$ 3,311	\$ 3,112	\$ 3,670	\$ 1,278	\$ 11,371
Affected plan ****	No	No	No	No	

## **Total Plans' Funded Status, including Original & Benefit Improvement Liabilities**

<b><u>Going-Concern Basis as of</u></b>					
<b><u>December 31, 2010:</u></b>					
Market Value of Assets	\$ 1,458,479	\$ 187,996	\$ 831,627	\$ 137,774	\$ 2,615,876
Actuarial liabilities	1,759,777	216,509	845,516	143,131	2,964,933
Unfunded Liability	\$ (301,298)	\$ (28,513)	\$ (13,889)	\$ (5,357)	\$ (349,057)
% Funded Ongoing Basis	82.9%	86.8%	98.4%	96.3%	88.2%
<b><u>Solvency Basis as of</u></b>					
<b><u>December 31, 2010:</u></b>					
Market Value of Assets	\$ 1,458,479	\$ 187,996	\$ 831,627	\$ 137,774	\$ 2,615,876
Termination Expenses *	(1,012)	(136)	(352)	(45)	(1,545)
Solvency Assets	1,457,467	187,860	831,275	137,729	2,614,331
Solvency Liabilities	2,236,477	333,451	1,038,180	183,057	3,791,165
Solvency Deficiency	\$ (779,010)	\$ (145,591)	\$ (206,905)	\$ (45,328)	\$ (1,176,834)
% Funded Solvency Basis	65.2%	56.3%	80.1%	75.2%	69.0%

## **Total 2011 Minimum Contribution - Prescribed and Benefit Improvements**

Annual Prescribed Contribution	\$ 45,905	\$ 8,552	\$ 12,749	\$ 2,794	\$ 70,000
Benefit Improvements	12,301	2,268	-	-	14,569
Total Minimum Required in 2011 (payable 1/12 monthly)	\$ 58,206	\$ 10,820	\$ 12,749	\$ 2,794	\$ 84,569

\* Termination expense = \$0.1 per participant.

\*\* Allocated in proportion to Solvency Deficiency for each plan

\*\*\* Normal cost includes normal costs and estimated administrative expenses for the salaried plans.

The bargaining plans are not allowed to have investment and administrative expenses charged against the Trusts.

\*\*\*\* Plan for which 2011 adjusted normal cost exceeds initial allocation of prescribed contribution

# Employer Contributions – Benefit Improvements

## Funding Requirements - Benefit Improvements

### Normal Cost

The normal cost (credit) associated with the Benefit Improvements at December 31, 2010 is \$ (34,000).

Total Special Payments as of December 31, 2010					
In \$000s	Rate	Effective Date	Current Special Payments	Remaining Period as of December 31, 2010	Present Value of Remaining Payments at 12/31/2010
<i>Type of Liability Bases</i>					
Going-concern	6.75%	April 30, 2010	\$ 532	7.00	\$ 2,976
Total Ongoing Bases					\$ 2,976
Going-concern	4.20%	April 30, 2010		5.00	2,408
Solvency	4.20%	April 30, 2010	1,770	2.66	4,397
Total Solvency Bases					\$ 6,805
Total Special Payments			\$ 2,302		
Normal Cost (Credit)			(34)		
2011 Funding Requirement--Benefit Improvements			\$ 2,268		

Special Payments Determined as of April 30, 2010			
In \$000s	Effective Date	Current Special Payments	Remaining Period as of April 30, 2010
<i>Type of Deficit</i>			
Going-concern	August 1, 2007	\$ 71	3.92
Going-concern	August 1, 2008	76	13.25
Going-concern	April 30, 2010	532	15.00
Total		\$ 679	
Solvency	December 31, 2006	\$ 8	1.67
Solvency	August 1, 2007	109	2.25
Solvency	December 31, 2007	13	2.67
Solvency	August 1, 2008	125	3.25
Solvency	December 31, 2009	18	4.67
Solvency	April 30, 2010	1,770	5.00
Total		\$ 2,043	

## Minimum Required Employer Contributions – Total

In \$000s	Funding Requirements - Total Plan		
	Total Plan Benefits	Original Benefits	Benefit Improvements
Prescribed contributions	\$ 8,552	\$ 8,552	\$ -
Normal Cost	(34)	-	(34)
Special Payments			
Going-concern	532	-	532
Solvency	1,770	-	1,770
<b>Total</b>	<b>\$ 10,820</b>	<b>\$ 8,552</b>	<b>\$ 2,268</b>

In respect of the Original Benefits, the Special Pension Agreement prescribes the contributions required to be made for the four main pension plans in 2011, in lieu of contributions otherwise required under the general regulations to the Ontario Pension Benefits Act. In particular, the Special Pension Agreement requires a total contribution of \$70 million payable in 12 level monthly installments for the period January 1, 2011 to December 31, 2011 for the four main plans. The \$70 million is allocated pro-rata according to the Adjusted Solvency Deficiency of the four main plans at December 31, 2010, subject to a minimum allocation to each plan which is not less than their adjusted normal cost. The adjusted normal cost is defined as “T” – “U”, where “T” equals the normal cost and “U” is the lesser of the excess of market value of assets over going concern liabilities and the excess of solvency assets over solvency liabilities, if any. The total contribution to be allocated to the four main plans will remain at \$70 million payable in 12 level monthly installments annually for the period January 1, 2011 through December 31, 2015.

The Special Pension Agreement requires additional monthly contributions for any benefit improvements made to the plan. The amount of the contribution is the amount required under the Ontario Pension Benefits Act and the General Regulations thereof, determined as if the benefit improvements alone were being provided by the pension plan.

Normal Cost represents the present value of benefits allocated to the current year of service under the actuarial funding method used for the Plan for all active members of the Plan on the basis of a going concern valuation. For all of the Benefits Improvements made to the Plan that are Cost of Living Adjustments for retirees, there is no normal cost for benefit improvements. A small negative normal cost accompanies the April 30, 2010 Benefit Improvement that restored lockout service to active members.

## Maximum Permissible Employer Contributions

The maximum permissible employer contribution for 2011 is \$151,927,000, the sum of the wind-up unfunded liability revealed as of December 31, 2010 plus the expected normal cost for 2011. The Company must not make contributions in excess of the maximum permissible amounts, as this may cause the Plan to be revoked of its registered status under the Income Tax Act.

# **Actuarial Cost Certificate and Opinion (\$000)**

**With respect to the Actuarial Valuation as at December 31, 2010  
of The U. S. Steel Canada Inc. Retirement Plan  
for USW Local 8782 Members at Lake Erie Works  
Registration #0698761**

In our opinion, for purposes of this actuarial valuation report, the data is sufficient and reliable, the assumptions are appropriate and the methods employed in the valuation are appropriate.

The report has been prepared, and our opinion has been given, in accordance with accepted actuarial practice. The actuarial valuation has been conducted in accordance with the funding and solvency standards prescribed by the Pension Benefits Act (Ontario) and Regulation, and in conformity with requirements of Income Tax Act (Canada) and Regulation. This actuarial opinion forms an integral part of the report.

Based on the results of this actuarial valuation report as of December 31, 2010, we certify that in our opinion:

In respect of the Original Benefits under the Plan:

1. The Plan does not have a prior year credit balance or prepaid contribution balance.
2. In accordance with the Special Pension Agreement, the employer contribution to the Plan in 2011 is equal to \$8,552,000, payable in twelve monthly installments from January 1, 2011 to December 31, 2011.
3. The employer's normal cost for 2011 is \$3,112,000. No payment to the Plan is required in respect of the normal cost beyond the contribution requirement identified above.
4. The Plan has an unfunded liability on a going-concern basis of \$25,537,000 as of December 31, 2010.
5. The Plan has a solvency deficiency of \$138,786,000 as of December 31, 2010.
6. The solvency liabilities do not include the value of consent benefits other than funded consent benefits that may be contingent upon wind-up. The value of these excluded benefits is \$3,823,000.

In respect of the Benefit Improvements under the Plan at December 31, 2010:

1. The employer's normal cost (credit) for 2011 is \$(34,000).

2. The Benefit Improvements under the plan would be fully funded on a going concern basis with an additional \$2,976,000 of assets as of December 31, 2010. In order to comply with the Ontario Pension Benefits Act, the unfunded liability must be liquidated by annual special payments, payable 1/12 monthly.
3. The Benefit Improvements under the plan would be fully funded on a solvency basis with an additional \$6,805,000 of plan assets as of December 31, 2010. In order to comply with the Ontario Pension Benefits Act, the unfunded liability must be liquidated by annual special payments, payable 1/12 monthly.
4. Total annual special payments, payable 1/12 monthly, in respect of Benefit Improvements under the Plan are \$2,302,000.

In respect of the Total Plan:

1. The assessment base determined for the Pension Benefit Guarantee Fund (PBGF) is \$145,455,000 and the assessment is \$136,400. The PBGF liabilities are \$333,451,000.
2. If the plan had been wound up on the valuation date, the market value of assets would have been \$148,848,000 less than wind-up liabilities, with allowance for wind up expenses in the amount of \$136,000.
3. The transfer ratio, as defined by the Regulation to the Pension Benefits Act (Ontario), is 56.3%.
4. The Plan has an incremental solvency cost (credit) of \$(2,241,000) for the period starting December 31, 2010 and ending at the next valuation at December 31, 2011.
5. There is no excess surplus pursuant to Section 147.2(2) of the Income Tax Act (ITA).
6. The ITA permits the employer to make contributions up to the sum of the normal cost and the wind-up unfunded liability, less the special payments made in respect of periods since the valuation date. This maximum contribution level is allowed provided that at the time the contribution is made, all assumptions made in this valuation remain reasonable and the wind-up unfunded liability still exists. As of the valuation date, the maximum permissible employer contributions for 2011 are estimated to be \$151,927,000.
7. In accordance with the Regulation to the Pension Benefits Act (Ontario), the next actuarial valuation report should be prepared with a valuation date not later than December 31, 2011.
8. We are unaware of any subsequent events since the completion of this valuation that would have a material affect on the results of this report.

The undersigned is available to answer any questions with respect to this valuation report.



September 9, 2011

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Normand Frenette  
Fellow, Society of Actuaries  
Fellow, Canadian Institute of Actuaries

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Date

# Appendix I

## Plan Membership and Benefit Data

Tests have been applied for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), credited service, and pensions to retirees and other members entitled to a deferred pension. Lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data is summarized below for the current and prior year valuations.

<i>VALUATION DATE</i>	<i>12/31/2010</i>	<i>12/31/2009</i>
<b><i>PLAN MEMBERSHIP DATA</i></b>		
<b><i>Active Members</i></b>		
Number	714	805
Average years of pensionable service	18.4	16.3
Average age	46.1	44.6
Normal Cost		
• With Interest to Mid-Year	\$ 3,079,000	\$ 3,396,000
• With Interest to End of Year	\$ 3,181,000	\$ 3,509,000
<b><i>Transferred Members</i></b>		
Number	52	59
Average years of pensionable service	14.6	13.9
Average age	48.5	47.3
<b><i>Former Employees with Deferred Vested Benefits</i></b>		
Number	79	59
Annual pensions	\$ 277,000	\$ 197,000
Per capita annual pensions	\$ 3,506	\$ 3,339
Average age	44.2	46.5
<b><i>Retired Members and Beneficiaries</i></b>		
Number	519	487
Annual pensions	\$ 9,245,000	\$ 8,679,000
Annual bridge pensions	\$ 3,458,000	\$ 3,387,000
Per capita annual pensions	\$ 17,813	\$ 17,821
Per capita annual bridge pensions	\$ 9,994	\$ 9,991
Average age	61.4	60.8

## Reconciliation of Membership, 2010 and 2009

The membership data was provided by U. S. Steel Canada Inc. and was reviewed for reasonableness and consistency and found to be sufficient and reliable for the purposes of the valuation. Below is a reconciliation of plan membership for 2010 and 2009.

### Reconciliation of Membership 2010

	Active Members	Transferred Members	Deferred Pensioners	Pensioners and Survivors	TOTAL
<b>Total at 12-31-2009</b>	805	59	59	487	1,410
New Entrants	-				-
Terminations					
--Deferred pensions	(19)	(2)	21		-
--CV Transfers/refunds	(26)	(3)	(1)		(30)
--Non-vested terminations	(14)				(14)
Deaths					
--with surviving spouse	(1)	(1)		(1)	(3)
--no surviving spouse	(1)			(2)	(3)
--new survivor pension				3	3
Retirements	(30)	(1)		31	-
Adjustments/Data Corrections				1	1
Transfers					
<b>Total at 12-31-2010</b>	714	52	79	519	1,364
Change in counts	(91)	(7)	20	32	(46)

### Reconciliation of Membership 2009

	Active Members	Transferred Members	Deferred Pensioners	Pensioners and Survivors	TOTAL
<b>Total at 12-31-2008</b>	1,055	64	64	248	1,431
New Entrants	-				-
Terminations					
--Deferred pensions	(4)	(1)	5		-
--CV Transfers/refunds	(11)		(8)		(19)
--Non-vested terminations	(1)				(1)
Deaths					
--with surviving spouse	(1)			(1)	(2)
--no surviving spouse				(1)	(1)
--new survivor pension				2	2
Retirements	(234)	(4)	(1)	239	-
Adjustments/Data Corrections	1		(1)		-
Transfers					-
<b>Total at 12-31-2009</b>	805	59	59	487	1,410
<b>Change in counts</b>	(250)	(5)	(5)	239	(21)

## Appendix II

	2011 Contribution Requirements				
	Assuming Use of the General Regulation to the Ontario Pension Benefits Act				
	Hamilton Bargaining Plan	Lake Erie Bargaining Plan	Hamilton Salaried Plan	Lake Erie Salaried Plan	Total
In \$000s					
Total Members	10,122	1,364	3,518	450	15,454
<b>Funded Status of Plans:</b>					
<b>Going-Concern Basis as of December 31, 2010:</b>					
Market Value of Assets	\$ 1,414,908	\$ 185,148	\$ 831,627	\$ 137,774	\$ 2,569,457
Actuarial liabilities (Original)	<u>1,696,481</u>	<u>210,685</u>	<u>845,516</u>	<u>143,131</u>	<u>2,895,813</u>
Unfunded Liability	(281,573)	(25,537)	(13,889)	(5,357)	(326,356)
Present Value of previously established GC payments	<u>281,573</u>	<u>25,537</u>	<u>13,889</u>	<u>5,357</u>	<u>326,356</u>
New (unfunded liability)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Solvency Basis as of December 31, 2010:</b>					
Market Value of Assets	\$ 1,414,908	\$ 185,148	\$ 831,627	\$ 137,774	\$ 2,569,457
Termination Expenses	<u>(1,012)</u>	<u>(136)</u>	<u>(352)</u>	<u>(45)</u>	<u>(1,545)</u>
Solvency Assets	1,413,896	185,012	831,275	137,729	2,567,912
Solvency Liabilities (Original)	<u>2,158,883</u>	<u>323,798</u>	<u>1,038,180</u>	<u>183,057</u>	<u>3,703,918</u>
Subtotal - Solvency Deficit	(744,987)	(138,786)	(206,905)	(45,328)	(1,136,006)
Present value of special payments over next 5 years					
-going-concern	150,815	16,926	12,401	4,936	185,078
-solvency	<u>378,952</u>	<u>76,537</u>	<u>153,547</u>	<u>28,599</u>	<u>637,635</u>
New solvency (deficiency)	\$ (215,220)	\$ (45,323)	\$ (40,957)	\$ (11,793)	\$ (313,293)
<b>2011 contribution requirements under General Regulation</b>					
Normal Cost to midyear	\$ 3,311	\$ 3,112	\$ 3,670	\$ 1,278	\$ 11,371
<b>Minimum special payments:</b>					
Effective December 31, 2007	5,289	-	-	-	5,289
Effective December 31, 2008	28,223	2,782	11,425	1,640	44,070
Effective December 31, 2009	-	957	-	-	957
<b>Solvency special payments:</b>					
Effective December 31, 2006	2,948	4,506	-	313	7,767
Effective December 31, 2007	28,501	6,840	9,610	856	45,807
Effective December 31, 2008	63,110	10,019	35,807	5,776	114,712
Effective December 31, 2009	39,051	8,292	9,323	2,820	59,486
Effective December 31, 2010	<u>47,823</u>	<u>10,012</u>	<u>8,735</u>	<u>2,480</u>	<u>69,050</u>
Total Minimum on Original Ben.	218,256	46,520	78,570	15,163	358,509
Benefit Improvements	<u>12,301</u>	<u>2,268</u>	-	-	<u>14,569</u>
Total Minimum Required	\$ 230,557	\$ 48,788	\$ 78,570	\$ 15,163	\$ 373,078

### Notes

- 1) Estimated contribution requirements determined as if the plans were new plans as of December 31, 2005. The Initial Contribution to the plans as of March 31, 2006 (as calculated under the Special Pension Agreement) was reflected in the December 31, 2005 financial position for determining special payments.
- 2) Unfunded liability special payments are scheduled to be fully amortized within 15 years.

For informational purposes only. Actual contribution requirements for the plans are determined under the Special Pension Agreement.

## Appendix III

### Schedule of Active Membership Data

*SCHEDULE OF ACTIVE PARTICIPANT DATA AS OF 12/31/2010  
DISTRIBUTED BY AGE AND SERVICE*

Age	Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 20								
20-24	17	1	0	0	0	0	0	18
25-29	22	21	0	0	0	0	0	43
30-34	22	29	10	0	0	0	0	61
35-39	25	26	19	0	0	0	0	70
40-44	9	18	23	0	15	0	0	65
45-49	14	19	12	1	16	54	9	125
50-54	9	7	9	1	9	104	95	234
55-59	0	4	3	1	3	32	37	80
60-64	1	1	1	1	1	6	6	17
65+	0	0	0	0	0	0	1	1
<b>Total</b>	<b>119</b>	<b>126</b>	<b>77</b>	<b>4</b>	<b>44</b>	<b>196</b>	<b>148</b>	<b>714</b>

## Appendix IV

### Actuarial Assumptions and Methods

#### Actuarial Assumptions and Methods – Going Concern Basis

The assumptions and methods used in the going concern valuation are described below. If actual plan experience differs from the assumptions below, gains and losses will arise. Any changes to assumptions from the previous valuation are noted.

#### Decrement and other Actuarial Assumptions

##### Ongoing Discount Rate:

6.75% as of December 31, 2010 (6.75% as of December 31, 2009)

For the plan's asset trust, U. S. Steel's investment strategy provides for a diversified mix of large and mid-cap equities, high quality corporate and government bonds and selected smaller investments with a target allocation for plan assets of 65 percent equities.

Actual Allocation at 12/31/2010

Asset Class	% of total
Equities	64%
Debt Securities	9%
Government Bonds	24%
All Other	3%
Total	100%

UCF oversees the investment management of most non-Canadian equity holdings and plans to absorb other investment responsibilities in future years. Currently, the Plan agreement reflecting the terms of the latest CBA with the USW does not allow for investment management or administrative expenses to be paid from the Plan's Trust. No rate adjustments were made for adverse deviations or for investment management or administrative expenses.

##### Mortality:

UP 1994 Table with 1 year setback for males, projected on a generational basis from 2007 using Scale AA. This table was selected based on a study conducted in 2007 which considered actual plan experience during years 2004 – 2006 and to allow for future mortality improvements.

**Retirement Age:**

The following rates of retirement were assumed per 100 employees for those eligible:

<u>Age</u>	<u>Age 60 With At Least 10 &amp; Less Than 15 Years of Service</u>	<u>Age 60 With 15 or More Years of Service</u>	<u>30 Years of Service</u>	<u>With More than 30 Years of Service</u>	<u>Normal</u>
47			16.0	8.5	
48			16.0	8.5	
49			16.0	8.5	
50			16.0	8.5	
51			16.0	8.5	
52			16.0	8.5	
53			16.0	8.5	
54			16.0	8.5	
55			17.7	10.6	
56			20.5	11.0	
57			22.5	12.2	
58			24.5	14.2	
59			30.0	16.9	
60	2.0	4.6	30.0	20.0	
61	2.0	9.4	30.0	23.5	
62	4.0	37.5	60.8	55.2	
63	4.0	23.1	51.6	34.7	
64	4.0	17.6	44.4	32.2	
65					51.2
66					33.3
67					33.3
68					33.3
69					33.3
70					100.0

In addition, if under 30 Years of Service but over Age 55 with Age + Service at least 85, the retirement assumption is 2.0 per 100 employees.

These rates were chosen off of retirement rates USS uses for its own Steelworker population in the U. S. Given the 30 year benefit structure, makeup and proximity of the plant populations to USS's own steelworkers, U. S. Steel believes these rates are more appropriate to use until a formal study can be accumulated from a normal retirement period.

**Withdrawal Rates:**

The following rates of pre-retirement withdrawal were assumed per 100 employees (rates do not apply to those eligible for retirement):

Age	<u>Less Than 15 Years of Service</u>	<u>15 or More Years of Service</u>
25	5.0	
30	4.0	1.3
35	3.5	1.3
40	3.5	1.2
45	3.5	0.9
50	3.5	0.6
55	3.5	0.4
60	3.5	0.0

These rates were chosen from withdrawal rates USS uses for its own Steelworker population in the U. S.

**Disability Rates:**

The following rates of disability were assumed per 100 employees:

<u>Age</u>	<u>Disabilities</u>
20	.03
25	.03
30	.04
35	.06
40	.10
45	.16
50	.30
55	.55
60	1.00

**Disabled Mortality:**

GATT Pre-95 Disability Mortality set forward 1 year.

**Marital Assumptions:**

80 percent of employees eligible for death benefits are assumed to be married. Wives are assumed to be three years younger than their husbands.

**Economic Assumptions****Investment Return:**

6.75% as of December 31, 2010 (6.75% as of December 31, 2009)

**Commuted Value (Lump Sum)**

**Interest Rate:** 4.3% per year for the first 10 years following December 31, 2010, 5.0% per year thereafter (used for pre-retirement death benefits).

**Administrative Expenses:** No allowance is made for administrative expenses, since none are charged to the trust.

**Methods**

**Actuarial Cost:** Unit Credit.

**Actuarial Value of Assets:** Market value of assets.

**Actuarial Assumptions and Methods – Solvency Basis**

The assumptions and methods used in the Solvency valuation are described below and are for the most part prescribed by regulation. Any changes to assumptions from the previous valuation are noted.

**Assumptions and Method****Commuted Value (Lump Sum)**

**Interest Rate:** 3.3% per year for the first 10 years following December 31, 2010, 5.0% per year thereafter (3.9% per year for the first 10 years following December 31, 2009, 5.4% thereafter for the prior valuation).

**Annuity Purchase Rate:** 4.50% per year (4.50% per year for the prior valuation).

**Blended Discount Rate:** 4.20% per year used to determine special payments on a solvency basis (4.27% per year for the prior valuation)

**Mortality:** UP 1994 Table projected to year 2020, Scale AA for annuities and for commuted values

**Withdrawal Rates:** None, each member is assumed to terminate on the valuation date.

**Disability Rates:** None, each member is assumed to terminate on the valuation date.

**Marital Assumptions:** Same as for going concern valuation.

<b>Termination Expenses:</b>	\$136,000 (\$100 per participant).
<b>Actuarial Cost:</b>	Present Value of Accrued Benefits (Unit Credit Method).
<b>Actuarial Value of Assets:</b>	Market value of assets.
<b>Benefits Included:</b>	Benefits valued on a wind-up basis as of the valuation date. Members whose age plus service total 55 on the valuation date are assumed to retire at a retirement age which produced the greatest present value. Members ineligible to retire (under age 55 with less than 30 years of service) are entitled to deferred pension payable from age 65 or such earlier age for which plan eligibility requirements have been satisfied as of December 31, 2010.
<b>Benefits Excluded:</b>	Members whose age plus service total 55 or more may, with employer consent, grow into a special early retirement basic retirement benefit and bridge supplement at age 55 with 10 years of service. We have excluded these benefits for members who have not yet met these requirements at the valuation date.
<b>Wind-up Valuation:</b>	The assumptions and methods used to determine the wind-up liability are those described above for the solvency valuation. The benefits excluded from solvency were included in the wind-up liabilities which consist of unfunded consent benefits. Unfunded consent benefit liabilities are the value for employees growing into special early retirement benefits that may be granted at the option of U. S. Steel Canada to an employee who has attained age 55 and has at least 10 years of service.

# Appendix V

## Summary of Plan Provisions

### *Introduction*

This valuation is based on the plan provisions in effect as of December 31, 2010, which are summarized below.

### *Eligibility*

The Plan was closed to new entrants effective April 16, 2010. Prior to that date, each full-time bargaining unit employee who was a member of the USW union was automatically a member of the Plan upon hire. Also, effective April 16, 2010, continuous service will be honored for periods of lay-off for lack of work up to a maximum of 12 months for each period.

### *Normal Retirement*

Normal retirement takes place on the last day of the month in which the member attains age 65. A minimum of 2 years of service is required to receive a retirement benefit at or after age 65.

### *Early Retirement*

Early retirement is permitted upon attaining age 60 with 10 years of service, after completion of 30 years of service, or upon attaining age 55 with years of age plus service totaling 85 or more. The member's pension is calculated in the same way as for normal retirement and reduced by 0.5% per month for each month, if any, by which the member's early retirement date precedes age 62. In any event, no reduction will apply if the member has 30 years of service.

### *Special Early Retirement*

A member who has attained age 55 with 10 years of service may be retired from the service of the Company at the option of the Company or at the request of the employee with the consent of the Company. The pension amount is calculated in the same way as for normal retirement subject to a reduction of 0.25% per month for each month, if any, by which the member's early retirement date precedes the earliest of:

- Attaining age 60;
- Attaining a total of age plus service of 80; or
- Completion of 30 years of service

### ***Disability Retirement***

A member who has completed 10 years of service, and who becomes permanently and totally disabled before attainment of age 65, may retire and receive a disability pension calculated in the same manner as a normal retirement pension, subject to a minimum amount of \$750 per month.

### ***Pension Benefit***

The monthly pension payable on normal retirement is the sum of the following:

- A Basic pension of \$58.00 per month for each year of credited service, not exceeding 40 years; and
- A Supplemental pension of \$30.00 per month for each year of credited service not exceeding 30 years, reduced by the amount of the member's Old Age Security Pension and Canada/Quebec Pension Plan benefits as determined at retirement.

Additional service credit of 20% is provided for each year, if any, in which a member was employed in the ironmaking division.

### ***Contributions***

No employee contributions are required or permitted to be made to the Plan.

### ***Death Benefits***

#### ***Before Retirement***

On the death of a member, prior to normal retirement date, that has at least 2 years of service, his spouse or beneficiary is entitled to receive the commuted value of that portion of the member's vested accrued pension for service on or after January 1, 1987. However, on the death of a member who dies after completion of 10 years of service there will be payable to his spouse or beneficiary a pension equal to 70% of the member's accrued pension, without reduction for early retirement.

#### ***After Retirement***

For a member without a spouse at the pension commencement date, pension payments will be made for the lifetime of the member, ceasing with the payment made in the month of the member's death.

A member with an eligible spouse at the pension commencement date will receive a pension which will be equal to 95% of his normal pension. A reduced pension will continue to his spouse after his death, the reduced pension being 74.5% of the pension the member was receiving. This benefit may be waived by the member and spouse.

### ***Termination Benefits***

On termination after two years of service, the normal pension based on accrued credited service will be fully vested and payable as a deferred life annuity from age 65. A terminating member may elect to have his deferred life annuity commence after attainment of age 55 and prior to age 65, in which event it will be reduced by 0.5% for each month between commencement of pension and age 65.

A member who terminates prior to being eligible for retirement, elects to defer his pension, and who has an eligible spouse at the pension commencement date will not be eligible for the 95% spousal pension option, but will instead be entitled to a 60% joint and survivor pension of actuarial equivalent value to a lifetime pension to the member.

### ***Cost of Living Adjustments***

The current CBA provides for no further COLA adjustments to retiree pensions in the future.

### ***Income Tax Act Limitations***

Benefits payable under the plan are subject to limitations resulting from regulations under the Income Tax Act.

## Appendix VI

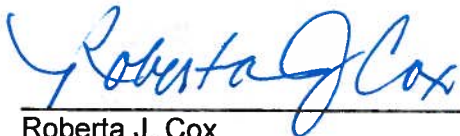
### Employer Certification

**U. S. Steel Canada Inc.  
Retirement Plan for USW Local 8782 Members  
Registration #0698761**

I hereby certify that to the best of my knowledge and belief:

1. The Plan Provisions summarized in Appendix V are complete, accurate and up-to-date for the purpose of representing member benefit entitlements that significantly affect the financial condition of the Plan;
2. The membership data summarized in Appendix I is complete and accurate for all persons who are entitled or will become entitled to benefits under the Plan in respect of service up to the date of the valuation;
3. The asset information used in this valuation is complete and accurate; and
4. There have been no subsequent events that would materially change the plan's financial position since the valuation date.

U. S. Steel Corporation



Roberta J. Cox  
General Manager –  
Benefits Analysis & Accounting  
Comptroller –  
United States Steel & Carnegie Pension Fund

9-1-11

Date